CONTENTS

These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008, as amended (Companies Act).

Preparer

The financial statements have been prepared under the supervision of Stephen Lucas CA(SA).

Published

22 June 2020

Stor-Age Property REIT Limited

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the company has lodged with the Companies and Intellectual Property Commission of South Africa all the returns required by a public company in terms of this Act and that all such returns appear to be true, correct and up to date.

HH-O Steyn CA(SA)
Company Secretary
22 June 2020

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 March 2020

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Stor-Age Property REIT Limited, comprising the statements of financial position at 31 March 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group and company annual financial statements

The group and company annual financial statements of Stor-Age Property REIT Limited, as identified in the first paragraph, were approved by the board of directors on 22 June 2020 and signed on their behalf by:

GA Blackshaw
Chairman

GM Lucas
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee (the audit committee) takes pleasure in presenting its report for the year ended 31 March 2020.

1. Terms of reference

The audit committee is a formal committee of the board of the company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act of South Africa, the recommendations of the King Code on Governance (King IV) and certain responsibilities delegated by the board.

The main responsibilities of the audit committee include:

- Reviewing the ongoing effectiveness of the internal financial controls
- Reviewing the interim and preliminary results, the annual financial statements and other content in the integrated annual report, and making a formal recommendation to the board to adopt the same
- Ensuring compliance with IFRS and the relevant requirements of the Act and the Johannesburg Stock Exchange (JSE) with respect to financial reporting
- Overseeing the appointment and independence of the external auditors and reviewing their external audit reports
- Determining a policy for the provision of non-audit services by the external auditors
- Monitoring the risk management framework adopted by the company and its subsidiaries (the group) and reviewing any risk management reports in this regard
- Reviewing management's assessment of the group and company to continue as a going concern

The audit committee confirms that it has fulfilled all its statutory obligations as well as its terms of reference for the year under review.

The audit committee has monitored and confirms that it is in compliance with the risk management policy which is in accordance with the industry practice and prohibits the company from entering into speculative derivative transactions not in the ordinary course of business.

2. Members of the audit committee, attendance of meetings and evaluation

The audit committee comprises three independent non-executive directors as detailed in the corporate governance report and is chaired by Gareth Fox CA(SA). Meetings and attendance are also detailed in the corporate governance report. Certain executive directors, senior management as well as the external auditors attended audit committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 31 March 2020. The outcome of the evaluation performed on 1 June 2020 was satisfactory.

3. External auditors

The audit committee nominated KPMG Inc. as external auditors for the current year, having satisfied itself that they are independent of the group. The audit committee noted Ivan Engels as the designated auditor and confirmed that both he and KPMG Inc. are accredited with the JSE as required. The external auditors have unrestricted access to the audit committee.

The audit committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the group and company annual financial statements for the year ended 31 March 2020.

The audit committee adopted a formal framework for the pre-approval of allowable non-audit services above certain predetermined thresholds.

4. Significant matters

Valuation of investment property

The major risk relating to investment property is the valuation of investment property. This has been highlighted as an area of critical judgement and is detailed in note 3 of the annual financial statements. Each property is externally valued at least every three years. Where an external valuation is not obtained, the directors determine the fair value of each property, using the valuation methodology in note 3. Through discussion with the executive directors, the audit committee is satisfied with the valuation methodology and inputs. A number of non-executive directors have extensive experience in the property industry and the board as a whole approves the valuations. The audit committee also monitors differences between internal and independent external valuations and is satisfied overall that the fair value of investment properties is not materially misstated.

REIT status

As income contains elements which may be deemed to be non-property related income, there is a risk that the company does not meet the requirements to be classified as a REIT as stipulated in section 25BB of the Income Tax Act. Management performs an assessment, on an ongoing basis, to ensure that the company's "rental income" is above the 75% threshold as set out in section 25BB. Management has also taken appropriate external advice in its determination as to whether the requirements set out in section 25BB have been met. Through discussion with management and inspection of financial records, the audit committee is satisfied that the company meets the criteria to be classified as a REIT.

5. Internal audit

The audit committee continues to assess the requirement to have an internal audit function as the company grows. At this point in time, the audit committee has satisfied itself that the size and complexity of the group does not warrant an internal audit function.

6. Financial director

In terms of JSE Listings Requirements paragraph 3.84 (h), the audit committee has considered the expertise and experience of the financial director, Stephen Lucas CA(SA), and is satisfied that they are appropriate for his role.

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2019 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2020.

8. Internal financial controls

The audit committee reviewed the risk management and internal control framework presented by management and matters raised by the external auditors report as to the efficiency of the group's internal financial controls.

In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. Approval of annual financial statements

The audit committee confirms that it formally recommended the adoption of the group and company annual financial statements to the board of directors.

GBH Fox CA(SA)
Audit and risk committee Chairman
22 June 2020

DIRECTORS' REPORT
for the year ended 31 March 2020

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of the Stor-Age Property REIT Limited group and company for the year ended 31 March 2020.

Nature of business

Stor-Age Property REIT Limited is a fully integrated and internally managed real estate investment trust which owns, operates and develops self storage facilities. The group and company operate in South Africa and in the United Kingdom through its subsidiary Betterstore Self Storage Holdings Limited (refer to note 6).

Period of operations

The company was incorporated on 25 May 2015 and the group formed on the effective date of 16 November 2015. The company has traded for 12 months in the 2019 and 2020 financial years.

Financial results

The financial results for the year ended 31 March 2020 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Stated capital

The company's authorised stated capital consists of 1 000 000 000 ordinary shares of no par value. The following shares were issued during the year:

Date of issue	Purpose	Number of ordinary shares issued	Issue price per share
June 2019	Acquisition issue	18 519	R12.96
December 2019	Acquisition issue	29 647	R13.15
December 2019	Dividend re-investment programme	4 813 818	R14.00

At 31 March 2020 there were 397 848 842 shares in issue. Subsequent to year end, the company issued 128 279 new ordinary shares at R13.10 per share in April 2020 to acquire sectional title units and 21 097 046 new ordinary shares, as part of an accelerated bookbuild, were issued at R11.85 per share on 26 May 2020.

416 574 167 of the shares in issue rank for the dividend declared for the year ended 31 March 2020. Refer to note 13 for further information regarding the shares in issue at year end.

Dividend distribution

A dividend of 54.89 cents per share was declared by the directors for the interim period ended 30 September 2019. A further dividend of 57.16 cents per share was declared for the 6 month period ended 31 March 2020. The dividend for the full year amounts to 112.05 cents per share (2019: 106.68 cents per share).

The dividend has been declared from distributable earnings and meets the requirements of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962 (as amended). The company has chosen dividend per share as its measurement metric as per the JSE Listings Requirements.

Borrowings

The group has an average borrowing cost of 5.90% (2019: 7.02%) at 31 March 2020 and 79.1% (2019: 110%) of borrowings were subject to fixed interest rates on a net debt basis. The group's borrowing capacity amounts to R3.034 billion (2019: R2.626 billion) and facilities utilised at year end amounted to R2.375 billion (2019: R2.040 billion). The group has undrawn facilities of R658.2 million (2019: R585.6 million) and a gearing ratio of 30.1% (2019: 23.8%). Details of the group's long-term borrowings are set out in note 16.

Subsidiaries

Details of the company's interest in its subsidiaries are set out in note 6.

Directorate

During the year ended 31 March 2020 the following directors held office:

	Appointment date	Resignation date
Executive		
GM Lucas (chief executive officer)	25 May 2015	
SC Lucas (financial director)+	25 May 2015	
SJ Horton	25 May 2015	
Non-executive		
PA Theodosiou (chairman)#+	2 September 2015	31 December 2019
GA Blackshaw (chairman)	2 September 2015	
GBH Fox#+	2 September 2015	
JAL Chapman	2 January 2020	
KM de Kock#	2 May 2018	
MS Moloko#	12 October 2015	
P Mbikwana#	2 May 2018	

\# *Independent*
\+ *British citizen*

In terms of the memorandum of incorporation, the following directors retire at the forthcoming annual general meeting and are eligible for re-election: KM de Kock and P Mbikwana.

Details regarding the directors' shareholding in the company and remuneration are set out in notes 29.3 and 29.4.

Significant events

The group completed the following acquisitions during the year:

Effective date	Acquisition	Consideration R'million
December 2019	Flexi Store Self Storage Limited	260.0

Further details of the acquisitions are set out in note 24.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2020

Subsequent events
Information on material events that occurred after 31 March 2020 is included in note 34 to the financial statements.

Going concern
The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the company and group are in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

The directors consider that the company and group have adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

Details of the directors' assessment of going concern is set out in note 33.

Secretary
The company secretary is HH-O Steyn CA(SA)
Business address: 216 Main Road, Claremont, 7708
Postal address: PO Box 53154, Kenilworth, 7745

UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	2020 R'000	2019 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	104 887	257 566
Adjusted for:		
Fair value adjustment to investment properties	104 407	(85 675)
Fair value adjustment to investment properties (NCI)+	(1 225)	70
Impairment loss on intangible asset	–	4 000
Headline earnings	208 069	175 961
Distributable earnings adjustment	244 861	212 087
Depreciation and amortisation	10 837	6 679
Equity-settled share-based payment expense	7 466	190
Fair value adjustment to financial instruments	194 397	133 080
Restructure of loans and borrowings	–	13 590
Restructuring cost	551	–
Deferred tax	(3 647)	2 689
Unrealised foreign exchange loss on loan	14 851	–
Foreign exchange gain available for distribution	3 700	10 149
Transaction and advisory fees	–	357
Antecedent dividend on share issues*	16 706	45 353
	452 930	388 048
Other adjustments		
Non-controlling interests in respect of the above adjustments	(467)	(357)
Distributable earnings^	452 463	387 691
Dividend declared for the 6 months ended 30 September	214 348	172 824
Dividend declared for the 6 months ended 31 March	238 115	214 867
Total dividends for the year	452 463	387 691
Shares entitled to dividends – interim ('000)	390 505	336 889
Shares entitled to dividends – final ('000)	416 574	387 987
Dividend per share September (cents)	54.89	51.30
Dividend per share March (cents)	57.16	55.38
Total dividend per share for the year (cents)	112.05	106.68

The Board declared a final dividend of 57.16 cents (2019: 55.38 cents) per share for the six months ended 31 March 2020. This represents growth of 5.03% in the total dividend over the comparative period.

* *In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as a result of the issue of shares during the period for which the company did not have full access to the cash flow from such issue.*

\+ *Non-controlling interest.*

^ *Distributable earnings includes the dividend declared for shares issued subsequent to 31 March 2020 which are entitled to participate in the final dividend.*

	2020 R'000	2019 R'000
Dividend declared as per the statement of changes in equity	440 332	387 468
Dividend declared relating to shares issued subsequent to year end	12 131	223
Total dividends for the year	452 463	387 691

UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS
(continued)

	Group 2020	Group 2019	Company 2020	Company 2019
Net asset value*				
Number of shares in issue	397 848 842	392 986 858	397 848 842	392 986 858
Net asset value per share (cents)	1 157.57	1 176.82	971.90	1 028.65
Net asset value per share excluding non-controlling interest (cents)	1 149.25	1 169.65	971.90	1 028.65
Net tangible asset value per share (cents)	1 119.29	1 140.98	952.09	1 008.72
Net tangible asset value per share excluding non-controlling interest (cents)	1 110.98	1 133.82	952.09	1 008.72

	31 March 2020	31 March 2019
Key reporting ratios*		
Total property cost-to-income ratio	27%	27%
Based on the total direct property costs divided by property revenue.		
Administrative cost-to-income ratio	8%	9%
Based on the administration expenses divided by total revenue.		

* *The ratios are computed based on IFRS reported figures and have not been audited by the group's external auditors. Property revenue and total revenue excludes the rental guarantee.*

The second edition of the SA REIT Association's Best Practice Recommendations is effective for Stor-Age's year ending 31 March 2021.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Stor-Age Property REIT Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Stor-Age Property REIT Limited (the group and company) set out on pages 91 to 199, which comprise the statements of financial position as at 31 March 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

Refer to notes 1.6, 3, 27 and 28 to the consolidated and separate financial statements

Key audit matter	How the matter was addressed in our audit
The group and company's most significant assets are its investment property portfolio comprising of investment properties with a consolidated fair value of R7.1 billion and R0.49 billion within the company's separate financial statements. The preparation of the fair value estimate for the valuation of investment properties involves significant judgments, assumptions and estimation uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements. This was further heightened with the existence of the COVID-19 pandemic, which introduced a level of uncertainty relating to projected net property operating income in the short to medium term. The group and company's accounting policy is to obtain independent valuations for at least one third of the number of properties each year such that all properties are independently valued every three years. The independent valuations were performed at 31 March 2020 for 36 of 71 of the trading properties. The remaining trading properties (35 of 71) were internally valued by the board of directors at 31 March 2020. The fair value of investment properties is determined by using a discounted cash flow model of the net property operating income over a ten-year period and notional sale of the asset at the end of the tenth year. In the UK, 16 of the 21 properties were independently valued as at 31 March 2020. The remaining five properties relate to asset acquisitions concluded in December 2019 and were independently valued at the acquisition date. The data used in the discounted cash flow models incorporated significant unobservable inputs including expected market rental escalations, occupancy rates, expected expense growth, discount rates and exit capitalisation rates. Due to the significant judgments, assumptions and estimation uncertainties involved in the determination of the fair value, the involvement of external experts, the significance of the balance and the work effort from the audit team, the valuation of investment property was considered a key audit matter for the consolidated and separate financial statements.	The audit procedures we performed included the following: • We engaged our own valuation specialists as part of our audit team to assess the appropriateness of the overall valuation methodology and key assumptions including the discount rate, rental escalation, occupancy rates and exit capitalisation rate used in the calculation of the fair value estimate over a sample of properties. These procedures, with particular considerations to the impact of COVID-19, included: i. Comparing discount rates and exit capitalisation rates used to available industry data for similar investment properties; ii. Assessing the reasonableness of rental escalation rates based on available industry data for similar investment properties; and iii. Assessing the reasonability of the COVID-19 related adjustments made by the board of directors relating to expected occupancy rates, rental rates and expected impairment losses on tenant receivables in the short to medium term. • We challenged the appropriateness of the rental escalation, occupancy rates and operating costs inflation assumptions based on actual rental escalations, historic increases in expenses and occupancy rates realised through retrospective comparisons. • We performed sensitivity analyses to determine the effect of changes in the discount rates, exit capitalisation rates and rental income on the valuation of investment properties. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards, including those disclosures related to significant accounting judgments, assumptions and estimates. • We evaluated the sensitivity analysis calculations and disclosures in note 3 to the financial statements using our understanding obtained from our testing in light of changes and uncertainties of COVID-19 factored into the valuations performed and reviewed by specialists and challenged these based on currently available market indicators. • For externally valued properties, we have also evaluated the competencies, capabilities and independence of the external valuators and compared the results of the externally valued properties to those performed by the board of directors.

Accounting for Asset Acquisition

Refer to notes 1.3, 1.5.1 and 24 to the consolidated financial statements

The key audit matter	How this matter was addressed in our audit
The group made one significant acquisition during the year when it acquired 100% of the issued share capital of Flexi Store Self Storage Limited owning five self storage properties. The group has early adopted the amendments of IFRS 3 Business Combinations during the previous financial year, which sets to clarify the definition of a business. The amendments include an optional test to identify concentration of the fair value of the gross assets acquired to a single identifiable set of assets or group of assets (in this case, investment properties). If the concentration test is met, the set of activities and assets is determined not to be a business and therefore treated as an asset acquisition. Management's calculation of the concentration test for the asset acquisition showed that more than 90% of the gross assets were concentrated to the value of the investment properties and therefore deemed to be an asset acquisition. The accounting assessment made by management of whether the acquisition is accounted for as a business combination or asset acquisition under IFRS 3 requires judgment which is complex and could materially affect the consolidated financial statements. The significance of the judgments applied by management used in determining the fair value of the assets acquired made this a key audit matter.	• We evaluated management's assessment in accounting for the acquisition as either a business combination or asset acquisition by reviewing the terms of the purchase agreement against the requirements of IFRS 3. • We inspected the purchase agreements to determine the effective date of the acquisition. • We compared the transactional details and total purchase consideration to underlying legal agreements and bank statements. • We evaluated the fair value of the identifiable assets and liabilities arising from the acquisitions for reasonableness based on our knowledge of the industry. • We compared the fair value of investment properties acquired at acquisition date to the fair value reported by the external valuator as part of our file review of the component auditors. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards including those disclosures related to significant accounting judgments.

INDEPENDENT AUDITOR'S REPORT (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Consolidated and Separate Annual Financial Statements of Stor-Age Property REIT Limited" for the year ended 31 March 2020, which includes the Audit and risk committee report, Directors' report and the Declaration by company secretary as required by the Companies Act of South Africa, the Unaudited distributable earnings and ratios, Unaudited property portfolio information and Unaudited shareholder analysis, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Stor-Age Property REIT Limited for five years.

KPMG Inc.
Registered Auditor

Per IM Engels
Chartered Accountant (SA)
Registered Auditor
Director
22 June 2020

4 Christiaan Barnard Street
Foreshore, Cape Town
South Africa
8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2020

	Note	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets		7 463 998	6 644 781	4 655 379	4 573 696
Investment properties	3	7 074 287	6 242 413	485 653	398 702
Property and equipment		17 653	8 793	7 144	1 395
Stor-Age share purchase scheme loans	4	185 737	184 739	185 737	184 739
Goodwill and intangible assets	5	152 276	140 842	78 819	78 321
Investment in subsidiaries	6	–	–	3 889 417	3 896 010
Investment and long-term interests in joint venture	7	3 527	–	3 527	–
Other receivables	10	–	9 929	–	9 929
Unlisted investment		5 082	4 600	5 082	4 600
Deferred taxation	21	25 436	18 829	–	–
Derivative financial assets	8	–	34 636	–	–
Current assets		228 239	384 085	596 343	733 873
Trade and other receivables	10	146 210	119 273	33 925	38 960
Inventories		5 676	5 239	1 548	1 129
Intercompany receivable	9	–	–	353 307	357 146
Cash and cash equivalents	11	76 353	259 573	23 242	185 085
Dividend receivable	12	–	–	184 321	151 553
Total assets		7 692 237	7 028 866	5 251 722	5 307 569
EQUITY AND LIABILITIES					
Total equity		4 605 378	4 624 751	3 866 687	4 042 453
Stated capital	13	4 360 033	4 292 941	4 360 033	4 292 941
Non-distributable reserve	14	210 839	490 839	(19 595)	(258)
Accumulated loss		(261 904)	(206 533)	(481 407)	(250 420)
Share-based payment reserve	15	7 656	190	7 656	190
Foreign currency translation reserve		255 657	19 149	–	–
Total attributable equity to shareholders		4 572 281	4 596 586	3 866 687	4 042 453
Non-controlling interest		33 097	28 165	–	–
Non-current liabilities		2 506 683	1 706 902	957 940	676 422
Loans and borrowings	16.1	2 045 723	1 493 450	926 112	667 319
Derivative financial liabilities	16.2	152 706	21 298	29 309	9 103
Lease obligations	30	308 254	192 154	2 519	–
Current liabilities		580 176	697 213	427 095	588 694
Loans and borrowings	16.1	160 000	248 861	160 000	248 861
Trade and other payables	17	157 978	206 062	11 645	71 156
Provisions	18	2 858	6 266	2 422	5 768
Lease obligations	30	33 357	21 157	1 293	–
Intercompany payable	9	–	–	25 752	48 042
Dividends payable		225 983	214 867	225 983	214 867
Total equity and liabilities		7 692 237	7 028 866	5 251 722	5 307 569

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Note	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Property revenue		698 822	524 351	37 561	16 847
– Rental income		633 973	485 284	36 526	15 800
– Other income		64 849	39 067	1 035	1 047
Impairment losses recognised on tenant debtors		(3 808)	(3 230)	(63)	(14)
Direct property costs		(178 186)	(135 837)	(4 607)	(2 290)
Net property operating income		516 828	385 284	32 891	14 543
Other revenue		4 730	11 065	347 992	267 692
– Management fees		4 730	11 065	2 912	13 609
– Dividend income from subsidiaries		–	–	345 080	254 083
Administration expenses	20	(55 461)	(43 805)	(34 820)	(38 725)
Operating profit		466 097	352 544	346 063	243 510
Transaction and advisory fees		–	(357)	–	–
Restructure of loans and borrowings		–	(13 590)	–	–
Fair value adjustment to investment properties	3	(104 407)	85 675	(17 006)	2 089
Other fair value adjustments to financial instruments	19	(175 593)	(120 431)	(25 221)	(5 760)
Unrealised foreign exchange loss on loan		(14 851)	–	(14 851)	–
Impairment of intangible asset		–	(4 000)	–	(4 000)
Impairment of investment in subsidiary		–	–	(76 020)	–
Depreciation and amortisation		(10 837)	(6 679)	(4 439)	(1 769)
Profit before interest and taxation		160 409	293 162	208 526	234 070
Interest income		58 258	48 917	24 910	16 527
Interest expense		(116 625)	(81 786)	(66 318)	(53 600)
Profit before taxation		102 042	260 293	167 118	196 997
Taxation expense	21	3 175	(2 398)	–	471
– Normal taxation		(472)	291	–	471
– Deferred taxation		3 647	(2 689)	–	–
Profit for the year		105 217	257 895	167 118	197 468
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign operations		242 420	143 183	–	–
Other comprehensive income for the year, net of taxation		242 420	143 183	–	–
Total comprehensive income for the year		347 637	401 078	167 118	197 468
Profit attributable to:		105 217	257 895		
Owners of the company		104 887	257 566		
Non-controlling interest		330	329		
Total comprehensive income attributable to:		347 637	401 078		
Owners of the company		341 398	397 452		
Non-controlling interest		6 239	3 626		

	Note	Group 2020	Group 2019
Earnings per share	22	Cents	Cents
Basic earnings per share		26.76	80.01
Diluted earnings per share		26.62	79.99

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2020

Group	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 15) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2018	3 175 075	523 006	(108 855)	(120 732)	–	3 468 494	25 765	3 494 259
Total comprehensive income for the year	–	–	257 566	139 886	–	397 452	3 626	401 078
Profit for the year	–	–	257 566	–	–	257 566	329	257 895
Other comprehensive income	–	–	–	139 886	–	139 886	3 297	143 183
Transactions with shareholders, recognised directly in equity								
Issue of shares	1 117 866	–	–	–	–	1 117 866	–	1 117 866
Proceeds	1 126 512	–	–	–	–	1 126 512	–	1 126 512
Share issue costs	(8 646)	–	–	–	–	(8 646)	–	(8 646)
Transfer to non-distributable reserve	–	(32 167)	32 167	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	190	190	–	190
Dividends	–	–	(387 468)	–	–	(387 468)	(1 174)	(388 642)
Total transactions with shareholders	1 117 866	(32 167)	(355 301)	–	190	730 588	(1 174)	729 414
Changes in ownership interests								
Acquisition of non-controlling interest without a change in control	–	–	57	(5)	–	52	(52)	–
Balance at 31 March 2019	4 292 941	490 839	(206 533)	19 149	190	4 596 586	28 165	4 624 751

STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 31 March 2020

Group	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 15) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Total comprehensive income for the year	–	–	104 887	236 511	–	341 398	6 239	347 637
Profit for the year	–	–	104 887	–	–	104 887	330	105 217
Other comprehensive income	–	–	–	236 511	–	236 511	5 909	242 420
Transactions with shareholders, recognised directly in equity								
Issue of shares	67 092	–	–	–	–	67 092	–	67 092
Proceeds	68 023	–	–	–	–	68 023	–	68 023
Share issue costs	(931)	–	–	–	–	(931)	–	(931)
Transfer to non-distributable reserve	–	(280 000)	280 000	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	7 466	7 466	–	7 466
Dividends	–	–	(440 332)	–	–	(440 332)	(1 236)	(441 568)
Total transactions with shareholders	67 092	(280 000)	(160 332)	–	7 466	(365 774)	(1 236)	(367 010)
Changes in ownership interests								
Acquisition of non-controlling interest without a change in control	–	–	74	(3)	–	71	(71)	–
Balance at 31 March 2020	4 360 033	210 839	(261 904)	255 657	7 656	4 572 281	33 097	4 605 378

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2020

Company	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Share-based payment reserve (note 15) R'000	Total R'000
Balance at 1 April 2018	3 175 075	3 413	(64 091)	–	3 114 397
Total comprehensive income for the year	–	–	197 468	–	197 468
Profit for the year	–	–	197 468	–	197 468
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	1 117 866	–	–	–	1 117 866
Proceeds	1 126 512	–	–	–	1 126 512
Share issue costs	(8 646)	–	–	–	(8 646)
Transfer to non-distributable reserve	–	(3 671)	3 671	–	–
Equity settled share-based payment charge	–	–	–	190	190
Dividends	–	–	(387 468)	–	(387 468)
Total transactions with shareholders	1 117 866	(3 671)	(383 797)	190	730 588
Balance at 31 March 2019	4 292 941	(258)	(250 420)	190	4 042 453
Total comprehensive income for the year	–	–	167 118	–	167 118
Profit for the year	–	–	167 118	–	167 118
Other comprehensive income	–	–	–	–	–
Restructure of subsidiaries*	–	22 890	–	–	22 890
Transactions with shareholders, recognised directly in equity					
Issue of shares	67 092	–	–	–	67 092
Proceeds	68 023	–	–	–	68 023
Share issue costs	(931)	–	–	–	(931)
Transfer to non-distributable reserve	–	(42 227)	42 227	–	–
Equity settled share-based payment charge	–	–	–	7 466	7 466
Dividends	–	–	(440 332)	–	(440 332)
Total transactions with shareholders	67 092	(42 227)	(398 105)	7 466	(365 774)
Balance at 31 March 2020	4 360 033	(19 595)	(481 407)	7 656	3 866 687

* *Refer to note 6 for further details regarding the restructure.*

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2020

	Note	Group 2020 R'000	Group Restated* 2019 R'000	Company 2020 R'000	Company Restated* 2019 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	23.1	448 725	341 252	(14 198)	(50 348)
Interest received	23.2	53 995	44 982	21 910	16 218
Interest paid	23.3	(119 417)	(75 283)	(83 964)	(57 011)
Dividends paid	23.4	(430 452)	(325 696)	(429 216)	(324 514)
Dividend received	23.5	–	–	308 608	270 458
Taxation (paid)/refund	23.6	(857)	471	–	471
Net cash outflow from operating activities		(48 006)	(14 274)	(196 860)	(144 726)
Cash flows from investing activities					
Additions to investment properties	3	(193 227)	(292 539)	(142 266)	(242 629)
Advance of Stor-Age share purchase scheme loans	4	(18 707)	(21 096)	(18 707)	(21 096)
Repayment of Stor-Age share purchase scheme loans	4	20 709	17 318	20 709	17 318
Acquisition of property and equipment		(8 123)	(6 352)	(3 379)	(1 276)
Acquisition of intangible assets	5	(2 574)	(764)	(975)	(453)
Acquisition of unlisted investment		(550)	(4 600)	(550)	(4 600)
Investment in joint venture		(3 527)	–	(3 527)	–
Asset acquisitions, net of cash acquired	24	(269 500)	(426 130)	–	–
Net cash outflow from investing activities		(475 499)	(734 163)	(148 695)	(252 736)
Cash flows from financing activities					
Advance of loans and borrowings		832 164	735 526	700 502	1 183 551
Repayment of loans and borrowings		(545 421)	(507 460)	(545 421)	(502 960)
Repayment of loans from previous shareholder of RSI 2 and RSI 3	23.7	–	(326 389)	–	–
Additional investment in subsidiaries	6	–	–	–	(1 091 341)
Repayment of loan from subsidiaries	9	–	–	–	298 878
Advance of loan to subsidiaries	9	–	–	(36 502)	(411 740)
Proceeds from the issue of shares		67 393	1 112 512	67 393	1 112 512
Share issue costs		(931)	(8 646)	(931)	(8 646)
Repayment of lease obligations		(30 448)	(22 310)	(1 329)	–
Net cash inflow from financing activities		322 757	983 233	183 712	580 254
Effects of movements in exchange rate changes on cash held		17 528	2 954	–	–
Net cash (outflow)/inflow for the year		(200 748)	234 796	(161 843)	182 792
Cash and cash equivalents at beginning of year		259 573	21 823	185 085	2 293
Cash and cash equivalents at end of year	11	76 353	259 573	23 242	185 085

* *Refer to note 32 for details relating to the restatement of the statement of cash flows.*

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

Stor-Age Property REIT Limited (the company) is a company domiciled in South Africa. The address of the company's registered office is 216 Main Road, Claremont, Cape Town.

The consolidated financial statements include the financial statements of Stor-Age Property REIT Limited, its subsidiary companies and equity-accounted investments (together referred to as the group).

1.2 Basis of preparation

Statement of compliance

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 22 June 2020.

1.3 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties, unlisted investments and derivative financial instruments which are measured at fair value.

The financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently across the group and company, unless otherwise stated.

When the reporting period of the holding company is different to that of the subsidiary or joint venture, the subsidiary or joint venture prepares, for the use of the holding company, financial statements as at the same date as the consolidated financial statements of the group.

Functional and presentation currency

These financial statements are presented in South African Rand (R), which is the company's functional currency and group's presentation currency. Amounts have been rounded to the nearest thousand, unless otherwise indicated.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in the current reporting period commencing 1 April 2019:

- IFRS 16 *Leases*
- *Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28*
- *Annual Improvements to IFRS Standards 2015 – 2017 Cycle*

In the prior reporting period, the group elected to early adopt the IFRS 3 amendment to the definition of a 'business' for acquisitions. Any deferred tax assets or deferred tax liabilities arising on initial recognition of the acquired assets and liabilities are not recognised in terms of IAS 12.

The group has changed its accounting policies with the adoption of IFRS 16. The impact of the adoption of this standard is disclosed in note 31. The other amendments adopted did not have any impact on the amounts recognised in the prior period.

Standards, amendments and interpretations issued but not yet effective at the reporting date

A number of new standards, amendments to standards and interpretations have been published that are not mandatory for the current reporting year-end and have not been applied in preparing these financial statements. All standards will be adopted at their effective date.

Title of standard or interpretation	Nature of change	Impact on financial statements
Amendments to References to Conceptual Framework in IFRS Standards – Effective for the financial year ending 31 March 2021	Revised definitions of an asset and a liability and new guidance on measurement and derecognition, presentation and disclosure	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.
Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimated and errors – Effective for the financial year ending 31 March 2021	Definition of material	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.
Classification of liabilities as current or non-current (Amendments to IAS 1) – Effective for the financial year ending 31 March 2022	Assist with the consistent application and clarify the requirements on determining if a liability is current or non-current	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

The preparation of group and company financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are discussed in note 28.

1.5 Basis of consolidation

1.5.1 Investment in subsidiaries

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss.

The group has applied the IFRS 3 amendment to the definition of a ‘business’ to the acquisitions that occurred from October 2018 and this had no impact on the comparative results. The group has applied a concentration test to determine whether the acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The group financial statements incorporate the financial statements of the company and its subsidiary companies. Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date on which control commences until the date on which control ceases.

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated.

The accounting policies of the subsidiary companies are consistent with those of the holding company.

In the company’s separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

1.5.2 Investment in joint venture

A joint venture is an arrangement whereby the group has joint control and derives benefits from the net assets of the arrangement.

In the consolidated financial statements the investment in joint venture is recognised using the equity method of accounting. In the separate financial statements the investment in joint venture is accounted for at cost.

Under the equity accounting method the investment is initially recognised at cost, which includes transaction costs. Subsequently the consolidated financial statements include the group’s share of profit or loss and other comprehensive income of joint venture until the date on which the group loses joint control.

Unrealised gains and losses arising from transactions with the joint venture are eliminated to the extent of the group’s interest in the joint venture. Unrealised losses are only eliminated to the extent that there is no indication of impairment.

Where the group has a long-term loan with a joint venture, whose carrying value has been reduced to nil due to the group’s share of losses, the group first recognises any expected credit losses on the long-term loan. The group only recognises further equity accounted losses for the current year to the extent that the remaining long-term loan balance allows.

1.6 Investment properties

Investment properties are properties held to earn rental income and appreciate in capital value.

The cost of investment properties comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment properties is capitalised when it is probable that future economic benefits from the use of the asset will be derived. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Subsequent to initial recognition investment properties are measured at fair value. Fair values are determined annually on the open market value basis, using the discounted cash flow method. Valuations are performed as at the reporting date, either internally by the directors or externally by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of investment properties being valued. These valuations form the basis for the carrying amount in the financial statements. The fair value of investment properties do not reflect purchaser's cost, future capital expenditure that will improve or enhance the property and do not reflect the related future benefits from this expenditure other than those a rational market participant would take into account when determining the value of the property. Realised and unrealised gains or losses arising from changes in fair value are included in profit or loss for the period in which they arise and are transferred to the non-distributable reserve as they are not available for distribution.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last financial reporting period (plus any subsequent capital expenditure post the reporting date) is charged or credited to profit or loss. The net gain or loss on the sale of investment properties is transferred to the non-distributable reserve and is not available for distribution.

When the group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on the fair value model.

Investment properties under development

Property that is being constructed or developed for future use as investment properties is classified as investment properties under development and is measured at cost.

All costs (including salary costs) directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Leasehold investment properties

Leasehold properties that are leased under operating leases are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor for the building element of the leasehold is included in the statement of financial position at the present value of the minimum lease payments at inception, and is shown within note 30. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities necessary to prepare the asset for its intended use are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs continues until the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings incurred specifically for development purposes, net of any investment income earned on the temporary investment of those borrowings, or, with regard to that part of development cost, financed out of general funds, the weighted average cost of borrowings.

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Property and equipment

Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis, over the current estimated useful lives of the assets. The estimated useful lives of the assets for the current periods are:

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of useful life and the lease term
Right-of-use assets	Shorter of useful life and the lease term
Fire and safety equipment	3 years
Solar panels	25 years

Depreciation methods, useful lives and residual values are reassessed annually. Subsequent expenditure relating to an item of property and equipment is capitalised when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other subsequent expenditure is expensed in profit or loss in the period in which it is incurred.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on the disposal of property and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

1.8 Financial instruments

A financial instrument is recognised when the group becomes a party to the contractual provisions of the instrument.

1.8.1 Non-derivative financial instruments

The group determines the classification of its financial assets on initial recognition when it becomes party to the contractual provisions of the instrument. Financial assets are classified at fair value through profit or loss, fair value through other comprehensive income or at amortised cost depending on the group's business model for managing the assets and the contractual terms of the cash flows. Subsequently financial assets are not reclassified unless the group amends its business model for managing these financial assets.

On initial recognition financial assets are measured at fair value plus, for financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently the group measures financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The group measures financial assets at amortised cost if both of the following conditions are met:

- the objective is to hold assets to collect contractual cash flows, in line with the group's business model, and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

The group's financial assets consist of:

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance, as the group holds trade and other receivables with the objective to collect the contractual cash flows. Tenant debtors are amounts due from customers for the leasing of space and are recognised initially at the amount of consideration that is unconditional. Tenant debtors do not have a significant financing component. Tenants predominantly settle their debts within 30 days and are therefore classified as current assets.

The group adopts the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Further details about the group's impairment policies is set out in note 1.12.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost which approximates fair value.

Loan receivable

Loans receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method, less a loss allowance.

Stor-Age share purchase scheme loans

Stor-Age share purchase scheme loans are granted to employees and the executive directors to purchase Stor-Age shares. Stor-Age share purchase scheme loans are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method, less a loss allowance.

Unlisted investment

The group measures the unlisted investment initially at fair value and subsequently at fair value through profit or loss. Transaction costs incurred on initial recognition is expensed to profit or loss. Any returns earned on the investment is recognised in profit or loss as income when the group's right to receive payment is established.

The group derecognises financial assets when its rights to receive cash flows from the financial assets have expired or substantially all of the risks and rewards of ownership of the financial asset are transferred.

1.8.1.1 Financial liabilities

Initial recognition of financial liabilities is at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method except for the derivative financial liabilities which are measured at fair value through profit or loss. A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expires.

1.8.1.2 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statements of financial position only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are offset only to the extent that their related instruments have been offset in the statements of financial position.

1.8.2 Derivative financial instruments and hedge accounting

The group's derivative financial instruments comprise interest rate swaps, cross currency interest rate swaps and forward exchange contracts and that are either assets or liabilities. The group utilises the derivative instruments to hedge its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading or speculative purposes. The group does not apply hedge accounting.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. Both realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Goodwill and intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method as at the acquisition date. Goodwill only arises on acquisition of a business and represents the difference between the consideration transferred for the acquisition and the fair value of the net identifiable assets acquired on acquisition date.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Goodwill is allocated to cash generating units and is tested annually for impairment. A gain on bargain purchases arising on acquisition is recognised directly in profit or loss and transferred to non-distributable reserves.

Intangible assets

Intangible assets acquired are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated intangible assets, as well as goodwill, is recognised in profit or loss as an expense as incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Intangible assets with a definite useful life is tested for impairment at any point when indicators of impairment are present.

The estimated useful lives for the period is as follows:

Intangible asset relating to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited	Indefinite
Storage King UK and European brand*	Indefinite
Website	3 years

* *Storage King owns the UK and European brand rights in perpetuity.*

1.10 Leases

1.10.1 Policy applicable for the year ended 31 March 2020

The group leases certain properties classified as investment properties and head office space. The lease contracts entered into are for fixed periods without options to extend the lease term.

In the comparative period leases were classified as either an operating or finance lease. Refer to note 1.10.2 for the full policy applicable for the year ended 31 March 2019. From 1 April 2019 leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group.

On initial recognition the right-of-use assets and corresponding lease liabilities are recognised at the net present value of future lease payments. The lease payments include fixed payments, plus initial direct costs less any lease incentives received. The lease payments are discounted at the group's incremental borrowing rate. To determine the incremental borrowing rate the group utilised its weighted average incremental borrowing rate adjusted for specific terms of each lease. Lease payments are allocated between interest expense, recognised in profit or loss, and reducing the lease liability.

Subsequently the right-of-use asset for leasehold properties is measured in terms of IAS 40 *Investment Property* and recognised at fair value. The right-of-use asset for leased office space is recognised in terms of IAS 16 *Property, Plant and Equipment* and depreciated using the straight-line method from the inception of the lease to the earlier of the end of the useful life of the asset or the end of the lease term.

Lease payments made under short-term contracts for equipment and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases have a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Refer to note 31 for the approach applied for the adoption of IFRS 16 *Leases*.

1.10.2 Policy applicable for the year ended 31 March 2019

A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer to the lessee substantially all the risks and rewards incidental to ownership.

Operating leases

Operating lease payments are recognised as an expense on a straightline basis over the lease term with the exception of leasehold properties.

Leasehold properties that are held under operating leases are classified as investment properties and recognised in the statement of financial position at fair value. The lease obligation to the lessor is recognised in the statement of financial position at the present value of minimum lease payments at inception. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation.

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the internal rate of return relating to the lease payments.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out (FIFO) principle.

The cost of inventories includes the costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition for sale.

Inventories relate to packaging materials. No write-down of materials occurred in the current year.

1.12 Impairment

1.12.1 Financial assets

For financial assets recognised at amortised cost, the group recognises a loss allowance for expected credit losses.

In performing a significant increase in credit risk assessment the group considers reasonable and supportable information that is available without undue cost or effort. This includes forward-looking information, historical experience, quantitative and qualitative experience. The following indicators are considered:

- actual or anticipated significant adverse changes in business or economic conditions that is expected to cause a significant change to the related party’s ability to meet its obligations
- actual or anticipated significant changes in the operating results of the borrower
- significant increase in credit risk on other financial instruments of the related party
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit

The group measures the loss allowance at an amount equal to lifetime expected credit losses except for cash and cash equivalents and counterparties to derivative financial assets for which credit risk has not increased significantly since initial recognition. The group adopts the policy for loss allowances for trade receivables and contract assets to be measured at an amount equal to the lifetime expected credit losses. The group estimates the expected credit losses over the maximum contractual period it has exposure to credit risk.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Impairment (continued)

1.12.1 Financial assets (continued)

The group defines the default on a financial asset when the counterparty fails to make contractual payments within 60 days of when they fall due. The group also considers a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered. For tenant debtors, the outstanding balance is only written off after proceeds are received from the auction of the tenant's goods.

Expected credit losses are discounted at the effective interest rate of the financial asset and represent a probability-weighted estimate of credit losses.

Financial assets subsequently measured at amortised cost are disclosed net of a loss allowance.

1.12.2 Non-financial assets

The carrying amount of the group's non-financial assets, other than investment property and investment property under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of the other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash generating units are first allocated to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets on a pro-rata basis. Impairment losses in respect of goodwill are not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

1.13 Provisions

Provisions are recognised when the group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amount of the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Details pertaining to the group's provisions are set out in note 18.

1.14 Revenue

Property revenue

Rental income is measured based on the consideration set out in the lease agreements with tenants. Rental income, insurance and fees are recognised over the term of the lease.

Revenue from the sale of packaging materials is recognised when the group satisfies the performance obligation by transferring the packaging materials to the customer. Revenue from the sale of packaging material is recognised at the transaction price, excluding Value Added Tax.

Other revenue

Other revenue comprises management fees and dividends income from subsidiaries. Management fees include property management fees, asset management fees, licence fees, acquisition fees and development fees.

Property management fees, asset management fees and development fees are recognised in profit or loss when the performance obligations are met. The performance obligations are satisfied over a period of time and therefore revenue is recognised in profit or loss over a period of time. Acquisition fees are recognised in revenue once the performance obligations are settled at a point in time when earned.

Dividends income from subsidiaries are recognised in profit or loss when the shareholder's right to receive payment has been established. Revenue for the company also includes dividends income from subsidiary companies, which is recognised in the period in which they are declared.

1.15 Direct property costs

Direct property costs include all expenses incurred in the daily operations of the investment property such as repairs and maintenance, marketing expenses, rates charges as well as other utility costs. Direct property costs are expensed in the period in which they are incurred.

1.16 Interest expense

Interest expense comprises interest on borrowings and is recognised in profit or loss at the effective interest rate of the instrument.

1.17 Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method for financial assets measured at amortised cost. Interest income is calculated on the gross carrying amount of the financial assets by applying the effective interest rate unless subsequently the financial asset is credit-impaired. Interest income on credit-impaired financial assets are calculated by applying the effective interest rate to the carrying amount of the financial asset, less the loss allowance.

1.18 Operating profit

Operating profit is defined as profit before fair value adjustments, restructure of loans and borrowings, unrealised foreign exchange movements, impairments of assets (excluding tenant debtors), amortisation, depreciation, interest and taxation.

1.19 Net property operating income

Net property operating income is defined as revenue from rental income and other income less direct property costs.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Tax

The tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the period, using the tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Except for investment property, the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are only offset if certain criteria are met.

In terms of the applicable REIT legislation, the distribution to shareholders qualifies as a deduction against its taxable income provided that not less than 75% of its total income relates to rental income. Each company is assessed individually as to whether it meets the qualifying criteria. Should the qualifying distribution exceed the taxable income, the deduction is limited to the taxable income. Should the qualifying distribution be less than the taxable income then the remaining taxable income will be taxed at normal tax rates as applicable.

In terms of the REIT legislation, any capital gains/losses determined in respect of the sale by a REIT or a controlled property company of (1) investment property, (2) a share in a REIT or (3) a share in a controlled company, will be disregarded for capital gains. The capital gains/losses will vest in the shareholders hands upon sale of the shares.

1.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision-maker reviews the internal management reports quarterly. The group has determined that its chief operating decision-maker is the chief executive officer of the company.

Segmental information is based on the nature of the business activities for which the properties are used. The group earns revenue in the form of rentals from the tenants of its investment properties.

The group comprises the following main geographical operating segments:

- South Africa
  - Western Cape
  - Gauteng
  - Free State
  - KwaZulu-Natal
  - Eastern Cape
- United Kingdom

IFRS has been used for measurement and recognition of the segment results. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment on a reasonable basis.

1.22 Employee benefits

The cost of all short term employee benefits is recognised as an expense during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date.

1.23 Stated capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown as a deduction of the issue proceeds, net of tax, within equity.

1.24 Non-distributable reserve

All unrealised surpluses or deficits arising on the fair value measurements of investment properties, interest rate swaps and unrealised foreign exchange contracts are transferred to the non-distributable reserve and are not available for distribution. Similarly, all realised surpluses or deficits arising on the disposal of investment properties are transferred to a non-distributable reserve and are not available for distribution. Gain on bargain purchases are also transferred to a non-distributable reserve and are not available for distribution. Profits arising from the restructure of directly held subsidiaries are recognised directly in equity and not available for distribution.

1.25 Foreign currency

1.25.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the average exchange rates for the relevant month. These average exchange rates approximate the spot rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of profit or loss and other comprehensive income.

1.25.2 Foreign currency translation reserve

Foreign operation assets and liabilities are translated into the group's presentation currency at the exchange rates at the reporting date. The statement of profit or loss and other comprehensive income of foreign operations are translated into the group's presentation currency at the exchange rates at the dates of the transaction (the group uses an average exchange rate per month).

On consolidation, exchange rate differences arising from the translation of foreign controlled subsidiaries are recognised in other comprehensive income. These exchange differences are accumulated in the foreign currency translation reserve, except where the translation differences are allocated to non-controlling interests. The cumulative amount is reclassified to profit or loss when the foreign operation is disposed of.

1.26 Share-based payment

The share-based payment reserve relates to the grant-date fair value of the equity-settled share-based payment arrangement granted to executive directors and employees over the vesting period of the awards. The corresponding share-based payment charge is recognised in administration expenses in profit or loss.

The group's conditional share plan comprises performance awards and retention awards, which are classified as equity-settled share based payment arrangements. The awards are granted to employees in exchange for services to be rendered to the group over the vesting period. The share-based payment charge recognised in profit or loss is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. At the reporting date, the group revises its estimate of the number of shares granted that are expected to vest.

Diluted earnings and diluted headline earnings per share is calculated by taking into account the impact of conditional shares granted.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.27 Non-controlling interest

The non-controlling interest reserve represents the portion of equity ownership in the subsidiary that is not attributable to the parent company.

The group makes the election to measure non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the investee's' identifiable net assets at the acquisition date. The policy choice for the measurement of non-controlling interest is made on a combination-by-combination basis.

Changes in the group's ownership of the subsidiary that do not result in a gain or loss of control are accounted for as equity transactions.

1.28 Dividends declared

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

1.29 Earnings and headline earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of shares that are not entitled to receive dividends, in the current year and is based on the profit after tax for the year attributable to the parent. Headline earnings per share is calculated in terms of the requirements set out in Circular 1/2019, issued by SAICA.

2. FINANCIAL RISK MANAGEMENT

The group and company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- capital risk management

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the executive directors. The executive directors report to the board of directors on their activities. The group audit committee oversees how the executive directors monitor compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group and company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the group's and company's activities.

2.1 Credit risk

Credit risk is the risk of financial loss to the group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's trade and other receivables, loans, derivative financial assets and cash and cash equivalents. Credit risk to the company is the risk of financial loss to the company if a subsidiary for whose loans security has been provided, fails to meet its contractual obligations.

Trade and other receivables

Trade and other receivables relate mainly to the group's tenants and deposits with municipalities and local councils. The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The diversified tenant base ensures that there is no significant concentration risk.

Management has established a credit policy whereby the terms and conditions of the rental agreement require, in the majority of the cases, the provision of a deposit of at least one month's rental (South Africa only). Tenant's goods are also pledged as security for the fulfilment of the tenant's payment obligations in terms of the rental agreement.

Stor-Age share purchase scheme loans

The group's and company's exposure to credit risk is influenced by the security provided for the loans and also the characteristics of each borrower who is an employee of the group. The risk of defaults on the repayment of the loans is low as the loans are only issued via the scheme to directors and employees and the shares are pledged as security. The group recognises an impairment loss allowance based either on the 12-month expected credit loss or lifetime expected credit loss depending on the outcome of the significant increase in credit risk assessment.

Cash and cash equivalents

The group and company limits its exposure to credit risk by only placing funds with reputable financial institutions for investing and cash handling purposes. The Moody's credit ratings for these financial institutions are as follows:

	Short-term
First National Bank	P-3
Investec Bank	NP
Standard Bank	NP
Nedbank	NP
Royal Bank of Scotland	P-2
Lloyds Bank	P-1

Impairment losses on cash and cash equivalents is measured on a 12-month expected credit loss basis. The group considers that its cash and cash equivalents have low credit risk based on the Moody's external credit ratings of these financial institutions.

2. FINANCIAL RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

Derivative financial assets

The group and company mitigates its exposure to credit risk by entering into derivative contracts with reputable counterparties. The Moody's credit ratings for these counterparties are as follows:

	Short-term
Investec Bank	NP
Standard Bank	NP
Nedbank	NP
Lloyds Bank	P-1

2.2 Liquidity risk

Liquidity risk is the risk that the group and company will not be able to meet its financial obligations as they fall due. The group's and company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group and company monitor cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 16.

2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the group's and company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The group and company is mainly exposed to interest rate risk and adopts a policy of ensuring that an appropriate amount of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk. All such transactions are carried out within the guidelines set by the board of directors.

Currency risk

The group is exposed to currency risk on its initial capital exposure as well as the underlying earnings as a result of operations in the United Kingdom. The group uses cross currency interest rate swaps as part of its treasury management, effectively matching the currency of debt with the currency of an asset. Cashflows from its operations in the United Kingdom are exposed to movements in the Rand/Pound exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging projected forward net cashflow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings.

Price risk

The group is exposed to price risk due to its investment in an unlisted investment. The risk to the group is not material and no hedges have to been put in place to manage this risk.

2.4 Capital risk management

The group and company policy is to maintain a strong capital base, comprising its shareholders' interest so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the group and company's stated purpose to deliver long-term sustainable growth in dividends per share. The board of directors monitors the level of dividends to shareholders and ensures compliance with regulations and that no profits of a capital nature are distributed. There were no changes in the group's approach to capital management during the period. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
3. INVESTMENT PROPERTIES				
3.1 Fair value of investment properties				
Historical cost	5 876 424	5 540 159	307 748	302 971
Right-of-use assets	17 298	–	–	–
Subsequent expenditure capitalised	393 718	242 248	188 001	88 821
Fair value adjustment	324 906	429 313	(10 096)	6 910
Exchange differences	461 941	30 693	–	–
Carrying amount at end of year	7 074 287	6 242 413	485 653	398 702
Movement in investment properties:				
Carrying amount at start of year	6 242 413	4 034 430	398 702	88 601
Acquisitions made through asset acquisitions	331 488	1 547 684	–	–
Additions to investment property	4 777	269 965	4 777	256 799
Right-of-use assets	17 298	–	–	–
Subsequent expenditure capitalised*	151 470	90 099	99 180	51 213
Fair value adjustment	(104 407)	85 675	(17 006)	2 089
Exchange differences	431 248	214 560	–	–
Carrying amount at end of year	7 074 287	6 242 413	485 653	398 702

* *Includes interest capitalised of R17.691 million (2019: R12.019 million) for the group and R16.566 million (2019: R9.877 million) for the company.*

A register of investment properties is available for inspection at the company's registered office. Details pertaining to the group's leasehold properties are set out in note 30.

All investment properties, except for those under development, have generated rental income during the current year. The carrying amount of investment properties under development amount to R179.660 million (2019: R264.296 million).

Investment properties with a fair value of R6.48 billion (2019: R5.77 billion) at the reporting date are pledged as security for the loans and borrowings set out in note 16.

Capital commitments pertaining to improvements to existing investment properties and new property developments are set out in note 3.2.

The fair value measurement for investment properties has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used. The level 3 reconciliation is set out in note 27. There have been no transfers to or from Level 3 in the year.

The group's policy is to have at least one-third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the directors of the company using the same methodology applied by the external valuers.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

In line with this policy, the table below sets out the number of properties the board elected to have externally valued at 31 March 2020.

	South Africa		United Kingdom		Total	
	Number of properties	Value (R million)	Number of properties	Value (R million)	Number of properties	Value (R million)
Internally valued	30	2 486.3	5	349.8	35	2 836.1
Externally valued	20	1 466.0	16	2 592.5	36	4 058.5
	50	3 952.3	21	2 942.3	71	6 894.6

The remaining five properties in the UK comprise the acquisition of Flexi Store in December 2019 which were independently valued by Cushman and Wakefield at 30 November 2019. The board is satisfied that the internal valuation of the five-property Portfolio at 31 March 2020 is not materially different from the independent valuation performed at 30 November 2019.

Measurement of fair value on investment properties

Details of valuation – South Africa

The property valuations determine the current market value for the properties as may be achieved on the market after due consideration of all market forces. The property and its value-forming attributes are benchmarked against the current market and fair consideration is then applied in order to indicate what the value of the property may realise in the broader investment or end user market based on the principle of willing buyer and willing seller.

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who are independent and members of the South African Institute of Valuers, independently valued 20 properties in the South African portfolio at 31 March 2020.

COVID 19 – Material Valuation Uncertainty statement extracted from Mills Fitchet Magnus Penny's valuation report

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, I, the RICS regulated member consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in South Africa, as well as the significant unobservable inputs used:

South African properties		
Valuation technique	**Significant unobservable inputs**	**Interrelationship between key unobservable inputs and fair value measurements**
The valuation methodology for freehold and long leasehold properties is based on a discounted cash flow of the net operating income over a 10 year period and notional sale of the asset at the end of the tenth year. (a) Net operating income is based on the projected revenue less projected operating costs, including a property management fee subject to a cap and collar. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on management's estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation.	(a) Financial information used to calculate forecast net income – e.g., stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 13.750% and 15.250% (2019: between 16.125% and 18.375%). The lower discount rates in 2020 is a function of the lower growth rates applied to rentals. (c) Capitalisation rate for the notional sale in year 10 – between 8.00% and 9.50% (2019: between 7.625% and 9.0%). (d) The rental escalation for year 1 of the 10 year projection is between 3% and 4% with the exception of one property which was 5% (2019: between 8% and 10% with the exception of six properties which were 12.5%). For year 2 and 3 the rental escalation is between 6% and 8% with the exception of one property which was 10% (2019: same assumptions as year 1). A rate of 6.0% is applied for years 4 to 10 (2019: 8.0% to 8.5%). (e) The operating costs inflation assumption is 6% (2019: 6.0%). In determining the valuations, we have adopted a conservative view on the forecasted cash flows from the properties due to the uncertainty as a result of COVID-19. In addition, we have not yet taken account of any potential cost savings arising from our response to managing the financial impact of the pandemic.	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Sensitivity analysis

	SA properties R million	UK properties R million	Total R million
Sensitivity analysis to exit capitalisation rates			
Exit capitalisation rate minus 0.1%	20.4	16.0	36.4
Exit capitalisation rate plus 0.1%	(19.9)	(15.5)	(35.4)
Sensitivity analysis to market rentals			
Market rental minus 1%	(49.4)	(66.5)	(115.9)
Market rental plus 1%	49.5	68.8	118.3
Sensitivity analysis to discount rates			
Discount rate minus 0.1%	23.1	15.9	39.0
Discount rate plus 0.1%	(22.9)	(15.8)	(38.7)

Details of valuation – United Kingdom

In the UK 16 of the 21 properties have been valued as at 31 March 2020 by external valuers, Cushman & Wakefield (C&W), who are Registered Valuers of The Royal Institution of Chartered Surveyors (RICS) in the UK. The valuation has been carried out in accordance with the current edition of the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors (the Red Book). The valuation of each investment property has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential.

The valuation has been provided for annual financial statements purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book.

In compliance with the disclosure requirements of the Red Book, C&W has confirmed that:

- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the group since April 2017;
- C&W does not provide other significant professional or agency services to the group;
- in relation to the preceding financial year of C&W, the proportion of total fees payable by the group to the total fee income of the firm is less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

COVID-19 – Material Valuation Uncertainty statement extracted from C&W's valuation report

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that Stor-Age keep the valuation of these properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in the United Kingdom, as well as the significant unobservable inputs used:

United Kingdom properties		
Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
The valuation of the properties has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated lease-up, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for these properties. For freehold properties the valuation is based on a discounted cash flow of the net operating income over a 10 year period and a notional sale of the asset at the end of the tenth year. (a) Net operating income is based on projected revenue received less projected operating costs, including a property management fee based on a percentage of revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date. The net operating income in future years is calculated assuming either straight line lease-up from day one actual occupancy or variable line lease-up over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. (b) The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each property. For short leasehold properties, the same methodology has been used as for freeholds, except that no sale of the property in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.	(a) Financial information used to calculate forecast net income – e.g., stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 8.625% and 13.25% (2019: between 9.125% and 15.625%). (c) Capitalisation rate for the notional sale in year 10 – between 5.875% and 10.75% (2019: between 6.125% and 12.875%). (d) The rental escalation is between 2.75% and 3.00% (2019: between 2.75% and 3.25%). (e) The operating costs inflation assumption is 2.5% (2019: 2.75%).	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease-up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3.2 Capital commitments authorised

	Group 2020 R'000	Group 2019 R'000
Contracted for	172 679	76 900
Authorised but not contracted for	57 540	179 177
	230 219	256 077

The capital commitments relate to improvements to investment properties and new property developments. The commitments will be funded from the group's borrowing facilities (see note 16).

4. STOR-AGE SHARE PURCHASE SCHEME LOANS

At the inaugural meeting held on 20 October 2015, shareholders approved and adopted the Stor-Age Share Purchase and Option Scheme (the 'Scheme). The rules of the Scheme were amended in 2018 to increase the maximum number of shares which may be granted to the participants from 17 687 634 shares to 20 000 000 shares in the company at any time.

	2020 Number of shares	2019 Number of shares
Maximum number of shares available for the Scheme	20 000 000	20 000 000
Original Shares issued to participants		
At start of year	16 620 580	15 589 440
Sold during the year	(222 441)	(98 860)
Issued during the year	–	1 130 000
At end of year	16 398 139	16 620 580
Shares available for the Scheme	3 280 560	3 280 560

The shares sold by scheme participants may not be reissued under the scheme limit to other participants.

4. STOR-AGE SHARE PURCHASE SCHEME LOANS (continued)

Reconciliation of share movement in the current year

	Number of shares at 1 April 2019	Shares issued	Shares sold	Number of shares at 31 March 2020
Issue 1	11 580 000	–	(154 000)	11 426 000
Issue 2	230 580	–	(13 441)	217 139
Issue 3	200 000	–	–	200 000
Issue 4a	730 000	–	(55 000)	675 000
Issue 4b	1 050 000	–	–	1 050 000
Issue 5	1 700 000	–	–	1 700 000
Issue 6	1 130 000	–	–	1 130 000
	16 620 580	–	(222 441)	16 398 139

	Number of shares at 1 April 2018	Shares issued	Shares sold	Number of shares at 31 March 2019
Issue 1	11 610 000	–	(30 000)	11 580 000
Issue 2	269 440	–	(38 860)	230 580
Issue 3	200 000	–	–	200 000
Issue 4a	760 000	–	(30 000)	730 000
Issue 4b	1 050 000	–	–	1 050 000
Issue 5	1 700 000	–	–	1 700 000
Issue 6	–	1 130 000	–	1 130 000
	15 589 440	1 130 000	(98 860)	16 620 580

Reconciliation of movement in loan

	Opening balance at 1 April 2019	Interest charged	Dividends paid	Settlement of loan	Advance of loan for new issue/ re-advance of loan	Closing balance at 31 March 2020
Issue 1	122 173	12 895	(12 698)	(1 641)	3 150	123 879
Issue 2	2 277	186	(254)	(131)	64	2 142
Issue 3	2 220	177	(231)	–	55	2 221
Issue 4a	8 752	593	(774)	(626)	150	8 095
Issue 4b	12 684	932	(1 158)	–	282	12 740
Issue 5	22 292	1 598	(1 875)	–	299	22 314
Issue 6	14 341	1 131	(1 321)	–	195	14 346
	184 739	17 512	(18 311)	(2 398)	4 195	185 737

	Opening balance at 1 April 2018	Interest charged	Dividends paid	Settlement of loan	Advance of loan for new issue/ re-advance of loan	Closing balance at 31 March 2019
Issue 1	119 602	9 668	(11 855)	(394)	5 152	122 173
Issue 2	2 318	194	(246)	(102)	113	2 277
Issue 3	2 154	175	(204)	–	95	2 220
Issue 4a	8 830	689	(776)	(353)	362	8 752
Issue 4b	12 223	932	(1 072)	–	601	12 684
Issue 5	21 834	1 584	(1 736)	–	610	22 292
Issue 6	–	577	(580)	–	14 344	14 341
	166 961	13 819	(16 469)	(849)	21 277	184 739

	Interest rate	Outstanding balance R'000	Fair value of shares R'000
Issue 1	8.00%	123 879	142 254
Issue 2	8.31%	2 142	2 703
Issue 3	8.00%	2 221	2 490
Issue 4a	7.46%	8 095	8 404
Issue 4b	7.46%	12 740	13 073
Issue 5	7.19%	22 314	21 165
Issue 6	7.90%	14 346	14 069
Shares balance at 31 March 2020		**185 737**	**204 158**
Shares balance at 31 March 2019		184 739	215 848

Loans to directors and employees

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Directors				
– SC Lucas	49 494	48 387	49 494	48 387
– GM Lucas	49 494	48 387	49 494	48 387
– SJ Horton	49 494	48 387	49 494	48 387
Employees	37 255	39 578	37 255	39 578
	185 737	184 739	185 737	184 739

The terms of the loans to directors and employees are as follows:

- The loans bear interest at a fixed interest rate per annum compounded monthly and capitalised to the loan.
- Dividends received on the shares held by the beneficiaries are applied against the interest payable.
- The loans are secured by a pledge and cession of the shares to the company.
- The maximum period for the repayment of the loans is ten years from the date of issue.
- In the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year.
- In the event of the retrenchment or death of a beneficiary, the loans are repayable within two years.
- If at the maturity date of the loan, the fair value of the shares is less than the outstanding loan balance, the beneficiary will be liable for settling the difference.
- The loans are repayable in cash.

Dividends of R18.311 million (2019: R16.469 million) declared during the current year have been applied against the interest on the loans of R17.512 million (2019: R 13.819 million).

No impairment allowances were made on the outstanding loan balances as at the end of the year.

	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
5. GOODWILL AND INTANGIBLE ASSETS						
Group						
2020						
Cost	128 907	–	4 000	5 586	19 603	158 096
Opening balance	121 013	–	4 000	2 945	17 329	145 287
Additions during the year*	–	–	–	2 574	–	2 574
Reclassification	–	–	–	–	–	–
Foreign exchange movement	7 894	–	–	67	2 274	10 235
Accumulated amortisation	–	–	–	(1 820)	–	(1 820)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(1 375)	–	(1 375)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	128 907	–	–	3 766	19 603	152 276
2019						
Cost	121 013	–	4 000	2 945	17 329	145 287
Opening balance	89 013	32 000	4 000	2 181	17 058	144 252
Additions during the year	–	–	–	764	–	764
Reclassification	32 000	(32 000)	–	–	–	–
Foreign exchange movement	–	–	–	–	271	271
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	121 013	–	–	2 500	17 329	140 842

^ *Management agreements relate to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited and Fernwood Asset Management Proprietary Limited on listing in November 2015.*

* *Additions made to the website are internally generated.*

Company	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
2020						
Cost	279	77 400	4 000	2 062	–	83 741
Opening balance	279	77 400	4 000	1 087	–	82 766
Additions during the year*	–	–	–	975	–	975
Accumulated amortisation	–	–	–	(922)	–	(922)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(477)	–	(477)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	279	77 400	–	1 140	–	78 819
2019						
Cost	279	77 400	4 000	1 087	–	82 766
Opening balance	279	77 400	4 000	634	–	82 313
Additions during the year	–	–	–	453	–	453
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	279	77 400	–	642	–	78 321

^ *Management agreements relate to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited and Fernwood Asset Management Proprietary Limited on listing in November 2015.*

* *Additions made to the website are internally generated.*

The carrying amount of goodwill has been allocated to the different cash-generating units below:

	Initial goodwill R'000	Foreign exchange movement R'000	Accumulated impairment loss R'000	Goodwill 31 March 2020 R'000	Goodwill 31 March 2019 R'000
Stor-Age management agreement (note 5.1)	77 697	–	–	77 697	77 697
Storage RSA (note 5.2)	1 769	–	–	1 769	1 769
Betterstore Self Storage (note 5.3)	41 547	7 894	–	49 441	41 547
Carrying amount at end of year	121 013	7 894	–	128 907	121 013

5. GOODWILL AND INTANGIBLE ASSETS (continued)

5.1 Goodwill acquired as part of the Stor-Age Self Storage business combination

The company acquired Stor-Age Self Storage Proprietary Limited (the Operator) on 16 November 2015, for a purchase consideration of R100 million settled by the issue of 10 million ordinary shares (the Consideration Shares). In terms of the amalgamation and merger agreement entered into between the shareholders of the Operator and the company, the shareholders of the Operator agreed to not have full entitlement to any distributions paid by the company in respect of the Consideration Shares until after 31 March 2020 in accordance with the specific provisions set out in the agreement and disclosed in the prospectus. The fair value of the discounted purchase consideration is R77.7 million.

In the company's separate financial statements the purchase consideration of R77.7 million is recognised as an intangible asset. On consolidation, the purchase consideration of R77.7 million is recognised as goodwill.

On consolidation, with the acquisition of Roeland Street Investments 2 Proprietary Limited (RSI 2) and Roeland Street Investments 3 Proprietary Limited (RSI 3), the property management fee payable by all subsidiaries to the company are intercompany transactions. As the company cannot have an asset for its own management, the amount paid in respect of the intercompany management fee has been reclassified to goodwill.

For purposes of impairment testing, goodwill acquired has been allocated to the property management contract, ceded to the company as part of the amalgamation and merger of the Operator. Goodwill has been allocated to segments but the same inputs as disclosed below have been used for each cash generating unit given that the underlying properties are in large metropolitan areas. Management has tested these cash flows using a discounted cash flow valuation over a 10 year period on a standalone basis, using the following assumptions:

	2020	2019
Discount rate	17%	17%
Exit capitalisation rate	9.5%	9.5%
Growth rate	9%	9%
Cost inflation	6%	6%

There was no indication of impairment of the cash generating units at 31 March 2020.

5.2 Goodwill acquired as part of the Storage RSA business combination

The group acquired Storage RSA on 28 February 2017. The recoverable amount of the goodwill relating to Storage RSA is based on the consolidated net asset value of the business. At the reporting date, the net asset value of Storage RSA was greater than the net asset value at the acquisition date.

No impairment loss has therefore been recognised during the current year.

5.3 Goodwill acquired as part of the Betterstore business combination

The company, through its wholly-owned subsidiary Roeland Street Investments (RSI), acquired Betterstore Self Storage Holdings Limited (Betterstore) on 2 November 2017. Goodwill of R 41.565 million arose on acquisition. The Dividend Growth Model was used to determine the value in use for the Betterstore self storage business. The model is appropriate because dividends are the correct reflection of free cashflows of the business. Management has tested the expected dividend cash flow using the dividend growth model over a 5 year period on a stand alone basis, using the following assumptions:

	2020	2019
Dividend growth	4.0%	8.0%
Exit capitalisation rate	6.0%	6.0%
Discount rate	9.13%	10.75%
Exchange rate (GBP/ZAR)	23.00	18.50
Terminal growth rate	2.75%	2.75%

No impairment loss has therefore been recognised during the current year.

5.4 Intangible assets

Following the acquisition of RSI 2 and RSI 3, the company no longer charges management fees to the entities. As a result the company fully impaired the Fernwood Management agreement in the prior year.

5.5 **Sensitivity analysis**

In respect of the goodwill acquired as part of the Stor-Age Self Storage business combination and Betterstore business combination, the impact of a reasonable change in the assumptions are listed below:

	R'million
Stor-Age Self Storage	
Discount rate minus 1%	5.71
Discount rate plus 1%	(5.23)
Long run growth rate minus 1%	(5.62)
Long run growth rate plus 1%	5.88
Betterstore	
Dividend growth rate minus 1%	(82.44)
Dividend growth rate plus 1%	85.49
Discount rate minus 1%	82.17
Discount rate plus 1%	(77.93)

6. INVESTMENT IN SUBSIDIARIES

The investment in subsidiaries is accounted for at cost by the company. Details of the company's interest in directly held subsidiaries at the reporting date are as follows:

Name of subsidiary	Country of incorporation	Percentage held	Investment 2020 R'000	Investment 2019 R'000
Roeland Street Investments Proprietary Limited	South Africa	100%	2 947 193	2 743 243
Roeland Street Investments 2 Proprietary Limited	South Africa	100%	942 224	997 781
Roeland Street Investments 3 Proprietary Limited	South Africa	100%	–	93 485
N14 Self Storage Proprietary Limited ('N14')	South Africa	100%	–	12 516
Wimbledonway Investments Proprietary Limited ('WWI')	South Africa	100%	–	48 985
			3 889 417	3 896 010

There are no restrictions on the company's ability to use the subsidiaries' assets or settle its liabilities.

In the current year, in order to simplify its group structure, Stor-Age transferred its directly held investments in N14, RSI 3 and WWI to RSI in terms of the provisions of sections 113 and 116 of the Companies Act and section 44 of the Income Tax Act No. 58 of 1962. The company recognised a profit of R22.9 million in its non-distributable reserves stemming from the group restructure. The company also impaired its investment in RSI 2 by R76.0 million in the current year due to the decline in the fair value of investment properties held in RSI 2.

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's indirectly held interest in subsidiaries at 31 March 2020 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2020	Interest % held as at 31 March 2019
Storage RSA Investments Proprietary Limited (Storage RSA)*	–	South Africa	–	100%
Storage RSA Trading Proprietary Limited	USS	South Africa	100%	100%
Gauteng Storage Properties Proprietary Limited	USS	South Africa	100%	100%
Storage RSA The Interchange Proprietary Limited*	–	South Africa	–	100%
Storage RSA AP Lubbe Building Proprietary Limited*	–	South Africa	–	100%
Units 1-4 Somerset West Business Park Proprietary Limited*	–	South Africa	–	100%
Unit Self Storage Proprietary Limited (USS)	RSI	South Africa	100%	100%
Stor-Age Properties KZN Proprietary Limited*	–	South Africa	–	99.9%
Stor-Age International Proprietary Limited (SAI)	RSI	South Africa	100%	100%
Betterstore Self Storage Holdings Limited (Betterstore)	SAI	Guernsey	97.8%	97.6%
Betterstore Self Storage Properties I Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Properties III Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Operations Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Holdings Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Limited	Betterstore	United Kingdom	100%	100%
Capital Storage Limited	Betterstore	United Kingdom	100%	100%
Betterstore Properties UK Limited	Betterstore	United Kingdom	100%	100%

* *The net assets of these companies were transferred to other subsidiaries in the group in terms of sections 113 and 116 of the Companies Act and section 44 of the Income Tax Act No. 58 of 1962.*

7. INVESTMENT AND LONG-TERM INTERESTS IN JOINT VENTURE

Name	Principal place of business	Effective interest	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Sunningdale Self Storage Proprietary Limited (Sunningdale)*	South Africa	50%	3 527	–	3 527	–
Carrying amount			3 527	–	3 527	–

* *Stor-Age subscribed for 100 ordinary shares at R1 per share on incorporation of Sunningdale.*

Sunningdale is a joint venture with Garden Cities, initiated in the current year, to develop a new self storage property in Sunningdale, Cape Town. Construction of the self storage will commence in the 2021 financial year.

In terms of the shareholder's agreement, Stor-Age has a right to appoint two of the four directors of Sunningdale and participates in all significant financial and operating decisions.

Stor-Age advanced a loan to Sunningdale of R3.5 million. The loan is unsecured and bears interest at the prime interest rate applicable in South Africa. The group does not expect the loan to be recovered in the short-term.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
8. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts			–	–
Balance at the beginning of the year	34 636	51 712	–	–
Unrealised loss	(34 636)	(29 725)	–	–
Realised gain	–	12 649	–	–
Balance at the end of the year	–	34 636	–	–

The balance at the end of the year has been classified as derivative financial liabilities. Refer to note 16.2.

Details pertaining to the valuation of the derivative instruments are set out in note 27.

	Company 2020 R'000	Company 2019 R'000
9. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Wimbledonway Investments Proprietary Limited	–	13 574
Unit Self Storage Proprietary Limited	2 372	–
Roeland Street Investments 2 Proprietary Limited	23 380	34 468
	25 752	48 042
Intercompany receivable		
Roeland Street Investments Proprietary Limited	352 517	210 400
Gauteng Storage Properties Proprietary Limited	790	–
N14 Self Storage Proprietary Limited	–	28 728
Storage RSA Trading Proprietary Limited	–	117 423
Stor-Age Properties KZN Proprietary Limited	–	595
	353 307	357 146

The intercompany loan balances mainly comprises working capital amounts and dividends declared to the company at 30 September 2019 that was not settled at 31 March 2020.

No interest is charged on intercompany balances. The intercompany payable/receivable is repayable on demand and will be settled/recovered in the short-term.

		Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
10.	**TRADE AND OTHER RECEIVABLES**				
	Financial instruments				
	Tenant debtors net of loss allowance	16 827	15 593	179	725
	Gross tenant debtors	18 533	17 444	211	741
	Loss allowance	(1 706)	(1 851)	(32)	(16)
	Staff loans	89	77	89	70
	Related party receivables	13 314	60	14 827	5 179
	Other receivables: Rental guarantee^	10 041	32 232	10 041	32 232
	Variable consideration held in escrow	22 584	–	–	–
	Amount due from previous shareholder of Viking	–	10 378	–	–
	Sundry receivables	25 192	25 972	7 684	8 714
		88 047	84 312	32 820	46 920
	Non-financial instruments				
	Pre-payments+	56 829	44 649	1 105	993
	Taxation receivable	1 334	241	–	–
	VAT	–	–	–	976
		58 163	44 890	1 105	1 969
	Total trade and other receivables	146 210	129 202	33 925	48 889
	Split between non-current and current portion				
	Current assets	146 210	119 273	33 925	38 960
	Non-current assets	–	9 929	–	9 929
		146 210	129 202	33 925	48 889
	Categorisation of trade and other receivables				
	Trade and other receivables are categorised as follows in accordance with IFRS 9:				
	At amortised cost	136 169	96 970	23 884	16 657
	At fair value through profit or loss	10 041	32 232	10 041	32 232

^ *The rental guarantee relates to the acquisition of RSI 2 and RSI 3.*
+ *For the group this balance includes property rates relating to the UK properties that have been paid in advance for the year.*

Information about the group and company's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 26.

		Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
11.	**CASH AND CASH EQUIVALENTS**				
	Cash on call	18 408	181 201	18 408	181 201
	Current account	57 945	78 372	4 834	3 884
		76 353	259 573	23 242	185 085

The effective interest rates are set out in note 26.2.

	Company	
	2020 R'000	2019 R'000
12. DIVIDEND RECEIVABLE		
Wimbledonway Investments Proprietary Limited	–	2 760
N14 Self Storage Proprietary Limited	–	570
Roeland Street Investments Proprietary Limited	139 106	103 533
Roeland Street Investments 2 Proprietary Limited	45 215	40 618
Roeland Street Investments 3 Proprietary Limited	–	4 072
	184 321	151 553

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
13. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
In issue at the beginning of the year	4 292 941	3 175 075	4 292 941	3 175 075
Accelerated book-builds	–	985 000	–	985 000
Stor-Age share incentive scheme	–	14 001	–	14 001
Purchase of investment properties	630	–	630	–
Vendor consideration placement	–	52 000	–	52 000
Dividend re-investment programme	67 393	75 511	67 393	75 511
Share issue costs	(931)	(8 646)	(931)	(8 646)
In issue at the end of the year	4 360 033	4 292 941	4 360 033	4 292 941
Reconciliation of number of issued shares				
In issue at the beginning of the year	392 986 858	301 864 102	392 986 858	301 864 102
Shares issued during the year	4 861 984	91 122 756	4 861 984	91 122 756
In issue at the end of the year	397 848 842	392 986 858	397 848 842	392 986 858

The unissued shares are under the control of the directors (subject to limitations set by shareholders' resolutions) until the next annual general meeting.

Refer to shareholder analysis for further information regarding significant shareholders.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
14. NON-DISTRIBUTABLE RESERVE				
Fair value adjustment on investment properties	324 906	429 313	(10 096)	6 910
Fair value adjustment on financial instruments	(118 862)	56 731	(32 389)	(7 168)
Restructure of subsidiaries	–	–	22 890	–
Gain on bargain purchase	4 795	4 795	–	–
	210 839	490 839	(19 595)	(258)
Movements for the year				
Balance at beginning of year	490 839	523 006	(258)	3 413
Adjustment to fair value of investment properties	(104 407)	85 675	(17 006)	2 089
Adjustment to fair value of financial instruments	(175 593)	(120 431)	(25 221)	(5 760)
Transaction costs capitalised on acquisition of subsidiary	–	2 589	–	–
Restructure of subsidiaries	–	–	22 890	–
Balance at end of year	210 839	490 839	(19 595)	(258)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
15. SHARE-BASED PAYMENT RESERVE				
Opening balance	190	–	190	–
Expense recognised in profit or loss	7 466	190	7 466	190
Shares issued during the current year	–	–	–	–
Closing balance	7 656	190	7 656	190

In terms of the Conditional Share Plan (CSP), approved and adopted by shareholders on 19 February 2019, the company has granted conditional shares to the executive directors and staff. The full details of the scheme are included in the remuneration report.

Details of conditional shares awarded are set out below:

	Tranche 1	Tranche 2	Total
GM Lucas	171 625	305 111	476 736
SC Lucas	171 625	305 111	476 736
SJ Horton	171 625	305 111	476 736
Other employees	717 012	714 217	1 431 229
Total awards granted at 31 March	1 231 887	1 629 550	2 861 437

At 31 March 2019, 627 918 conditional share awards had been granted to other employees in respect of tranche 1 and, as at this date, a further 103 206 conditional share awards were still to be granted. The actual number of conditional shares awarded by the company as part of tranche 1 was 89 094 and the balance of 14 112 conditional shares were not awarded.

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the CSP has been measured using the Black-Scholes formula.

Details of assumptions

Expected volatility of 16.42% has been based on an evaluation of the historical volatility of the company's share price since listing. The expected forfeiture rate has been based on historical experience and general employee behaviour. On an annual basis, assumptions are adjusted with the availability of objective evidence. Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit or loss in the year the adjustment is made.

	Tranche 1	Tranche 2
Opening number of unvested instruments	1 142 793	–
Awards granted during the current year	89 094	1 629 550
Closing number of unvested instruments	1 231 887	1 629 550
Grant date	13 March 2019	30 August 2019
Vesting date	1 September 2022	1 September 2022
Issue price (30 day VWAP)*	13.11	13.11
Forfeiture rate	7.0%	10.0%
Dividend yield	8.15%	8.77%
Performance condition factor	90.0%	90.0%

The shares awarded under tranche 1 comprise performance shares (75%) which are subject to a 3.5 year service period and the achievement of certain financial and individual performance measures and retentions shares (25%) which are subject to a 3.5 year service period only.

The shares awarded under tranche 2 comprise performance shares only and are subject to a 3 year service period and the achievement of certain financial and individual performance measures.

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period.

No conditional shares vested or were forfeited during the year.

* *Volume-weighted average price.*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
16. FINANCIAL LIABILITIES				
16.1 Loans and borrowings				
Reconciliation of loans and borrowings:				
Opening balance at 1 April	1 742 311	641 556	916 180	235 569
Acquired through asset acquisitions	–	806 997	–	–
New borrowing facilities	270 246	–	270 246	–
Withdrawals	561 918	735 526	430 256	1 183 551
Repayments	(545 421)	(507 460)	(545 421)	(502 940)
Foreign exchange movement	14 851	–	14 851	–
Foreign currency translation reserve	161 818	65 692	–	–
Closing balance at 31 March	2 205 723	1 742 311	1 086 112	916 180
Current borrowings	160 000	248 861	160 000	248 861
Non-current borrowings	2 045 723	1 493 450	926 112	667 319
– Long-term borrowings	2 215 355	1 791 769	1 095 744	965 638
– Surplus cash paid into loan facility	(169 632)	(298 319)	(169 632)	(298 319)

The outstanding loan facilities with financial institutions are set out below:

31 March 2020

ZAR denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2020 R'000
Nedbank C	Nov-23	5 years	Jibar plus 1.73	350 000	298 350
Nedbank D	Oct-21	3 years	Prime less 1.40	375 000	372 150
Nedbank F	Dec-23	3 years	Jibar plus 1.78	300 000	–
Standard Bank C	Oct-21	3 years	Jibar plus 1.66	370 000	300 147
Investec	May-22	3 years	Prime less 1.40	150 000	–
Futuregrowth	Apr-20	Rolling 3 months	Jibar plus 0.70	160 000	160 000
				1 705 000	1 130 647

GBP denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2020 R'000
Lloyds Bank	Nov-24	6 years*	Libor plus 2.75	52 000	1 119 611
Standard Bank D	Sep-21	3 years	Libor plus 2.10	8 000	125 097
				60 000	1 244 708
Total gross loans and borrowings for the group					2 375 355

* *Comprises a four-year term with two 12-month extensions.*

31 March 2019

ZAR denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2019 R'000
Nedbank B	Dec-19	3 years	Prime less 1.50	150 000	149 322
Nedbank C	Nov-20	5 years	Prime less 1.40	350 000	296 012
Nedbank D	Nov-21	3 years	Prime less 1.40	375 000	369 378
Nedbank E	Nov-19	1 year	Prime less 1.50	100 000	99 539
Standard Bank B	Nov-21	3 years	Jibar plus 1.33	520 000	300 248
Investec	Nov-21	3 years	Prime less 1.40	150 000	–
				1 645 000	1 214 499

GBP denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2019 R'000
Lloyds Bank	Nov-24	6 years*	Libor plus 2.75	52 000	826 131
				52 000	826 131
Total gross loans and borrowings for the group					2 040 630

* *Comprises a four-year term with two 12-month extensions.*

All borrowing facilities are interest only facilities.

As at 31 March 2020, Nedbank facilities C and D, the Standard Bank, Futuregrowth and Lloyds Bank facilities were utilised. Surplus cash is placed in the Nedbank C annex facility up to R200 million. The surplus cash paid into the annex facility earned interest at the prime overdraft rate as applicable in South Africa less 1.90%. There are no restrictions on the availability of the cash placed in the facility.

On 26 March 2020 Nedbank facility C was renegotiated. The facility term has been extended to 18 November 2023 and bears interest at Jibar plus 1.73%. Capital repayments of R10 million per month will be made from September 2023.

Interest rate swaps to the value of R500 million (2019: R680 million) and R200 million (2019: R200 million) have been entered into with Nedbank Limited and Standard Bank Limited respectively for the ZAR denominated facilities. Interest rate swaps to the value of £39.4 million (2019: £39.2 million) and £5.0 million have been entered into with Lloyds Bank and Standard Bank Limited respectively for the GBP denominated facilities. Further details are set out in note 26.

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The loans and borrowings are secured as follows:

Investec

- 2014 Old North Coast Road, Mt Edgecombe (Stor-Age Glen Anil)

Nedbank

- Section numbers 4, 5 and 6 in the sectional title scheme known as Trafalgar Place (Stor-Age Sea Point)
- Remainder Erf 15331 Milnerton (Stor-Age Table View)
- Erf 136 Greenbushes (Stor-Age Greenbushes)
- Remainder Erf 6042 Cape Town (Stor-Age Gardens)
- Remainder of Plot 63 Estoire Settlement, Bloemfontein (Stor-Age Bloemfontein)
- Erf 2026 Esther Park Extension 31 Township and Erf 2027 Esther Park Extension 32 Township (Stor-Age Kempton Park)
- Portion 159 (a Portion of Portion 4) of the Farm Allandale No 10 (Stor-Age Midrand)
- Erf 134 Village Main Township, Gauteng (Stor-Age JHB City)
- Erf 900 Kosmosdal Extension 12 Township, Gauteng (Stor-Age Samrand)
- Portion 853 (a Portion of Portion 175) of Klipfontein No. 83, Gauteng (Stor-Age Boksburg)
- Erf 39208 Bellville, Western Cape (Stor-Age Bellville)
- Erf 17299 Durbanville, Western Cape (Stor-Age Durbanville)
- Portion 63 (a Portion of Portion 2) of the Farm Brakfontein No. 399, Gauteng (Stor-Age Hennopspark)
- Portion 871 of the Farm Knopjeslaagte No. 385, Gauteng (Stor-Age Mnandi)
- Remaining Extent of Portion 55 (a Portion of Portion 5) of the Farm Doornkloof No. 391, Gauteng (Stor-Age Lyttelton)
- Portion 337 (a Portion of Portion 194) of the Farm Zwartkop No. 356, Gauteng (Stor-Age Zwartkop)
- Section number 2 in the sectional title scheme known as Flip Du Toit Industrial Park, Gauteng (Stor-Age Pretoria West)
- Remaining Extent of Portion 13 (Portion of Portion 1) of the Farm Grootfontein No. 394, Gauteng (Stor-Age Garsfontein)
- Lease over Erven 412, 413, 414, 415 and 416 Springfield (Stor-Age Springfield)
- Erf 177012 (a Portion of Erf 127260) Cape Town (Stor-Age Tokai)
- Sectional plan number 128/2007, Cape Town in the sectional title scheme known as Edgemead Self Storage Park (Stor-Age Edgemead)
- Sectional plan number 566/2008, Maitland in the sectional title scheme known as City Vault (Stor-Age Maitland)
- Sectional plan number 342/2010, West Rand (Stor-Age West Rand)
- Erf 2650 Westering (Stor-Age Westering)
- Portion 19 (of Erf 3) of Erf 17 Mount Edgecombe (Stor-Age Mount Edgecombe)
- Erf 891 Brooklyn (Stor-Age Brooklyn)
- Portion 1 of Erf 217 Six Fountains Extension 7 Township (Stor-Age Silver Lakes)
- Section number 3 in the sectional title scheme known as Rietfontein 738 in extent 2599 square metres (Stor-Age Mooikloof)
- Erven 1624 & 1625 Sunninghill Ext 163 Township (Stor-Age Sunninghill)

Standard Bank

- Erf 16694 Somerset West (Storage RSA Somerset West)
- Erf 8190 and Erf 8183 Stellenbosch (Storage RSA Stellenbosch)
- Portion 1 of Erf 877 Louwlardia Extension 13 (Storage RSA Midrand)
- Erf 4885 Weltevredenpark Extension 139 (Storage RSA Constantia Kloof)
- Erf 17350 a portion of Erf 15744 Durbanville (Storage RSA Durbanville)
- Headlease over remainder of Erf 995 Contantia Kloof (Stor-Age Constantia Kloof)
- Erf 14804 Somerset West (Storage RSA Heritage Park)
- Erf 1203 Wetton (Stor-Age Ottery)
- Erf 174177, Claremont, Cape Town (Stor-Age Claremont)
- Erf 97, Essexworld, Gauteng (Stor-Age Edenvale)
- Portion 2,3 and 27 of Erf 692 Brickfield, Kwazulu-Natal (Stor-Age Berea)
- Erf 149, Kensington B, Gauteng (Stor-Age Randburg)

Lloyds Bank

Leasehold Properties

- Unit 2, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930804 (Storage King Aylesford)
- Unit 3, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930806 (Storage King Aylesford)
- Unit 1, Carnival Close, Basildon, SS14 3WN, Title number EX802441 (Storage King Basildon)
- Units 5 and 6, Epsom Trade Park, Blenheim, Road, Epsom, KT19 9DU, Title number SY773210 (Storage King Epsom)
- Unit 1, Nimbus Park, Porz Avenue, Houghton Regis, Dunstable, LU5 5WZ , Title number BD260385 (Storage King Dunstable)
- Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ , Title number BK414791 (Storage King Woodley)
- Units 4, 5 and 6, Base 329, Headley Road East, Woodley, RG5 4AZ , Title number BK423724 (Storage King Woodley)
- Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ, Title number NT440635 (Storage King Nottingham)
- 1 Colville Court Winwick Quay Warrington, Title number, WA2 8QT, Title number CH560305 (Storage King Warrington)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The loans and borrowings are secured as follows:

Freehold Properties

- Land on south east side of Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB25763 (Storage King Cambridge)
- Land at Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB269504 (Storage King Cambridge)
- Land at 505 Coldhams Lane, CBl 3JS, Title number CB30113 (Storage King Cambridge)
- 599 to 613 Princes Road, Dartford, DA2 6HH, Title number K342977 (Storage King Dartford)
- Units 8-14, Hansard Gate, West Meadows, industrial Estate, Derby, DE21 6AR, Title number DY490969 (Storage King Derby)
- 1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH, Title number SYK429163 (Storage King Doncaster)
- Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX, Title number GR408472 (Storage King Gloucester)
- 39 Barton Road, Bletchley, Milton Keynes, MK2 3BA, Title number BM116594 (Storage King Milton Keynes)
- Land at 1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN shown edged with red on the plan of the Title filed with the Land Registry, Title number ON164847 (Storage King Oxford)
- Site at 1 Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number, CH653432 (Storage King Chester)
- The Wash Shop, Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number CH254305 (Storage King Chester)
- Unit 2, Weston Road, Crewe CW1 6AA, Title number CH666094 (Storage King Crewe)
- Land at the south east side of Caxton Road, Elms Farm Industrial Estate, Bedford, MK14 0HT, Title number BD43327 (Storage King Bedford)
- Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF, Title Number SY767961 (Storage King Weybridge)
- Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR, Title number WM866739 (Storage King Dudley)
- Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA, Title number SL148790 (Storage King Shrewsbury)

The following covenants are applicable to the year ended 31 March 2020:

Investec

- Loan to Value shall not exceed 0.50:1
- The interest cover ratio shall be greater than or equal to 2.5:1

Nedbank

- At all times total debt shall not exceed 50% of total assets
- Interest cover is to remain at a level of at least 1.8:1

Lloyds Bank

- Cashflow cover[1] shall not at any time be less than the ratio of 1.1:1
- Loan to market value shall not, at any time, exceed 50%
- Loan to closed market value shall not, at any time, exceed 85%
- Leasehold to portfolio value shall not, at any time, exceed 25%
- Interest cover shall not at any time be less than the ratio of 2.0:1

Standard Bank

- Group LTV shall not exceed 45%
- The ratio of aggregate net rental income to all interest payable in respect of all loan facilities shall not be less than 1.8

No covenants were breached during the year.

[1] *Cashflow cover means the ratio of Cashflow to Debt Service (Debt service means the aggregate of finance charges, repayments of borrowings and the amount of the capital and interest payable under any finance lease due during the relevant period).*

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
16.2 Derivative financial liabilities				
Forward exchange derivatives	6 564	–	–	–
Cross currency interest rate swaps	81 889	4 573	–	–
Interest rate swaps	64 253	16 725	29 309	9 103
– ZAR denominated facilities	28 610	9 103	28 609	9 103
– GBP denominated facilities	35 643	7 622	700	–
	152 706	21 298	29 309	9 103

These amounts represent the marked-to-market adjustments of the above derivative financial instruments.

Derivative	Risk mitigation
Forward exchange contracts	The group enters into forward exchange contracts to manage its exposure to foreign exchange risk by forward selling foreign currency at predetermined prices.
Cross currency interest rate swaps	Wherever possible, funding is secured in a currency to match the currency of the underlying cash flows to minimise foreign exchange volatility through natural hedges. Where this is not possible, Rand denominated funding is obtained for foreign acquisitions and the group then enters into cross currency interest rate swaps to hedge foreign currency investments.
Interest rate swaps	The group has entered into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
17. TRADE AND OTHER PAYABLES				
Financial instruments				
Trade creditors	32 676	28 572	1 745	1 964
Security deposits	19 774	19 571	1 975	1 095
Other payables	6 135	25 149	1 810	1 834
Related party payables	–	55 500	–	56 927
Property accruals	30 537	27 743	5 263	8 341
Tenant deposits	614	650	613	589
	89 736	157 185	11 406	70 750
Non-financial instruments				
Income received in advance	51 937	38 542	405	406
VAT	16 305	10 335	(166)	–
	68 242	48 877	239	406
Total trade and other payables	157 978	206 062	11 645	71 156

Information about the group and company's exposure liquidity risk is included in note 26.4.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
18. PROVISIONS				
Balance at beginning of year	6 266	16 331	5 768	–
Movement in provision	(3 408)	(10 065)	(3 346)	5 768
Balance at end of year	2 858	6 266	2 422	5 768

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
19. OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS				
Fair value adjustment to derivative financial instruments	(151 067)	(110 431)	(25 153)	(5 760)
Fair value adjustment to other financial instruments	(24 526)	(10 000)	(68)	–
	(175 593)	(120 431)	(25 221)	(5 760)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
20. ADMINISTRATION EXPENSES BY NATURE				
20.1 Employee benefits				
Salaries and wages	31 156	31 958	17 198	26 950
Other staff costs	2 010	1 331	1 579	1 243
	33 166	33 289	18 777	28 193
20.2 Operating and administration expenses				
Office rental expense^	–	1 543	–	1 270
Equity-based share based payment expense	7 466	190	7 466	190
Other administration expenses	5 373	2 837	4 218	7 266
Professional fees	5 717	2 353	1 780	795
Auditors remuneration*	3 739	3 593	2 579	1 011
	22 295	10 516	16 043	10 532
Total	55 461	43 805	34 820	38 725

^ *The prior year's rental expense relates to operating lease payments made under IAS 17 for leased head office space.*

* *R160 217 (2019: R 164 000) was paid to KPMG for non-audit services in the current year. Foreign subsidiaries were audited by BDO. An amount of R238 500 (2019: R476 239) was paid to BDO for non-audit services and R1 838 285 (2019: R856 098) for audit services.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
21. TAXATION				
Normal taxation				
Income tax charge for the year	(472)	291	–	471
Deferred taxation				
Deferred tax charge for the year	3 647	(2 689)	–	–
Taxation for the year	3 175	(2 398)	–	471
The taxation charge is reconciled as follows:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses*	2.21%	0.80%	0.57%	0.40%
Exempt income	(22.66%)	(0.20%)	0.00%	(0.20%)
Fair value adjustments	46.03%	(9.50%)	15.60%	0.30%
Other timing differences	(3.15%)	(0.40%)	0.00%	0.00%
Tax rate difference due to foreign operations	20.66%	(0.70%)	0.00%	0.00%
Qualifying distribution	(80.78%)	(22.70%)	(49.33%)	(30.00%)
Unrecognised deferred tax asset	6.59%	5.70%	5.16%	1.30%
Effective taxation charge	(3.10%)	1.00%	0.00%	(0.20%)
Deferred taxation asset				
Assessed losses carried forward	17 528	18 829	–	–
Property valuations	7 908	–	–	–
	25 436	18 829	–	–

Deferred tax movement reconciliation – group^

	Assessed losses R'000	Investment property R'000	Total R'000
2020			
At beginning of the year	18 829	–	18 829
Profit or loss	(3 963)	7 611	3 648
Exchange differences	2 662	297	2 959
At end of year	17 528	7 908	25 436
2019			
At beginning of the year	19 098	–	19 098
Asset acquisitions	107	–	107
Profit or loss	(2 689)	–	(2 689)
Exchange differences	2 313	–	2 313
At end of year	18 829	–	18 829

* *Relates to professional fees and depreciation not deductible*
^ *No reconciliation was disclosed for the company as there was no movement in the company's deferred tax for the year.*

The group has an assessed loss of R406.1 million (2019: R425.5 million) in South Africa. Management has decided, in light of the impact of the REIT legislation, not to recognise a deferred taxation asset relating to the assessed loss as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

With the exception of four UK subsidiaries, the group up until now was taxed at the company standard rate of 0% under the Income Tax (Zero Ten) Guernsey Law, 2007. Guernsey companies however are taxed on net UK rental income as a non-resident landlord in the UK at the company standard rate of 19%. From April 2020 these Guernsey companies, with the exception of Betterstore Self Storage Holdings Ltd, according to the change to the UK corporate tax legislation, are taxed as UK companies at the rate of 19%. The Betterstore group has tax losses available to carry forward and utilise against future profits of £4.1 million (2019: £6.2 million) which has been recognised as a deferred tax asset.

22. EARNINGS AND HEADLINE EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the weighted average number of shares in issue during the year and a profit attributable to shareholders of the parent.

	Group	
	2020 R'000	2019 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the period (attributable to shareholders of the parent)	104 887	257 566
Basic earnings	104 887	257 566
Headline earnings adjustments	103 182	(81 605)
Fair value adjustment to investment properties	104 407	(85 675)
Fair value adjustment to investment properties (NCI)+	(1 225)	70
Impairment of intangible asset	–	4 000
Headline earnings attributable to shareholders	208 069	175 961
Number of shares		
Total number of shares in issue ('000)	397 849	392 987
Shares in issue entitled to dividends at 31 March ('000)	395 349	387 987
Weighted average number of shares in issue ('000)	394 448	326 937
Weighted average number of shares in issue entitled to dividends	391 948	321 937
Add: Weighted potential dilutive impact of conditional shares	2 012	57
Diluted weighted average number of shares in issue	393 960	321 994
Earnings per share		
Basic earnings per share (cents)	26.76	80.01
Diluted earnings per share (cents)	26.62	79.99
Headline earnings per share		
Basic headline earnings per share (cents)	53.09	54.66
Diluted headline earnings per share (cents)	52.81	54.65

\+ *Non-controlling interest.*

		Group 2020 R'000	Group Restated* 2019 R'000	Company 2020 R'000	Company Restated* 2019 R'000
23.	NOTES TO THE STATEMENTS OF CASH FLOWS				
23.1	Cash generated from operations				
	Profit before taxation	102 042	260 293	167 118	196 997
	Adjusted for:				
	Dividends received	–	–	(345 080)	(254 083)
	Interest income	(58 258)	(48 917)	(24 910)	(16 527)
	Interest expense	116 625	81 786	66 318	53 600
	Impairment of intangible asset	–	4 000	–	4 000
	Change in provision estimate	(3 408)	(10 065)	(3 346)	5 768
	Depreciation and amortisation	10 837	6 679	4 439	1 769
	Related party management fee	–	–	–	(5 000)
	Equity-settled share-based payment expense	7 466	190	7 466	190
	Unrealised foreign exchange loss on loan	14 851	–	14 851	–
	Impairment of investment in subsidiary	–	–	76 020	–
	Fair value adjustment to investment properties	104 407	(85 675)	17 006	(2 089)
	Fair value adjustment to financial instruments	181 813	127 517	25 221	5 760
		476 375	335 808	5 103	(9 615)
	Changes in working capital, net of assets acquired	(27 650)	5 444	(19 301)	(40 733)
	(Increase)/decrease in trade and other receivables	(119)	7 154	(9 533)	(37 437)
	Increase in inventory	(24)	(1 044)	(419)	(666)
	Decrease in trade and other payables	(27 507)	(666)	(9 349)	(2 630)
		448 725	341 252	(14 198)	(50 348)
23.2	Interest received				
	Interest income per statement of profit or loss	58 258	48 917	24 910	16 527
	Outstanding interest income accrual on loan	(4 263)	(3 935)	(3 000)	(309)
	Interest received	53 995	44 982	21 910	16 218
23.3	Interest paid				
	Interest charge per statement of profit or loss	116 625	81 786	66 318	53 600
	Interest capitalised to investment properties (refer to note 3)	17 691	12 019	16 566	9 877
	Realised losses on interest rate swaps	4 947	–	4 947	–
	Outstanding interest expense accrual on loan	(3 843)	(9 569)	(3 437)	(6 466)
	Interest on lease obligations	(16 003)	(8 953)	(430)	–
	Interest paid	119 417	75 283	83 964	57 011

* *Refer to note 32 for further details relating to the restatement.*

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
23.4	**Dividends paid**				
	Balance payable at beginning of year	214 867	151 913	214 867	151 913
	Dividend declared*	440 332	387 468	440 332	387 468
	Dividends paid by subsidiary to non-controlling interest	1 236	1 182	–	–
	Balance payable at end of year	(225 983)	(214 867)	(225 983)	(214 867)
	Dividends paid	430 452	325 696	429 216	324 514
	***Dividends declared**				
	Dividend declared based on shares in issue at year end	440 332	387 468	440 332	387 468
	Antecedent dividend relating to shares issued after year end^	12 131	223	12 131	223
	Distributable earnings	452 463	387 691	452 463	387 691
	^ *Details of the shares issued after year end are set out in note 34.*				
23.5	**Dividend received**				
	Balance receivable at the beginning of year	–	–	151 553	167 928
	Dividend income from subsidiary	–	–	345 080	254 083
	Final restructured subsidiary dividend	–	–	(3 704)	–
	Balance receivable at end of year	–	–	(184 321)	(151 553)
	Dividend received	–	–	308 608	270 458
23.6	**Taxation refund**				
	Balance receivable at the beginning of year	–	–	–	–
	Taxation (paid)/refund	(857)	471	–	471
	Balance receivable at end of year	–	–	–	–
	Taxation (paid)/refund	(857)	471	–	471

The taxation paid in the current year relates to a pre-acquisition balance of a UK subsidiary acquired in March 2019.

		Group	
		2020 R'000	2019 R'000
23.7	**Repayment of loans from previous shareholder of RSI 2 and RSI 3**		
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	–	(315 694)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	–	(10 695)
		–	(326 389)

24. ACQUISITION OF FLEXI STORE SELF STORAGE LIMITED

In December 2019 Stor-Age, through its UK subsidiary Betterstore, acquired 100% of the issued share capital of Flexi Store Self Storage Limited (Flexi Store).

In line with the group's accounting policy to early adopt the amendment to the definition of a "business" in terms of IFRS 3 *Business Combinations*, the group has treated these transactions as asset purchases on the basis that more than 90% of the fair value of the gross assets acquired is attributable to investment property.

The details of the transactions are set out below:

	Group R'000
The assets and liabilities arising from the acquisition on 10 December 2019 are as follows:	
Investment property*	313 204
Investment in subsidiary	2
Plant and equipment	286
Trade and other receivables	7 081
Intangible asset	428
Cash and cash equivalents	8 804
Inventory	257
Deferred tax liability	(837)
Lease liabilities	(74 599)
Trade and other payables	(14 393)
Fair value of net identifiable assets acquired	240 233
Total purchase consideration	240 233
Net cash outflow on acquisition	269 500
Consideration financed by cash	278 304
– Paid directly to sellers	240 233
– Acquisition-related costs	18 278
– Variable purchase consideration receivable – cash held in escrow	19 793
Cash and cash equivalents acquired	(8 804)

Acquisition-related costs of £942.126+ (R18.28 million) that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
\+ *Amounts have been translated at GBP1=R19.40 at the date of acquisition.*

25. SEGMENTAL INFORMATION

Segmental information is based on the geographic location of each investment property. The group trades in five of the nine provinces in South Africa and in the United Kingdom through its subsidiary Betterstore Self Storage Holdings. The group is managed on a consolidated basis and inter-segmental transactions have been eliminated. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, impairment losses, fair value adjustments to investment properties and direct property costs
- On the statement of financial position: Investment properties, tenant debtors, inventories, goodwill and intangible assets, loans and borrowings and lease obligations

The chief executive officer reviews the segmental information on a quarterly basis.

Segment property operating income for the year ended 31 March 2020

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	140 890	194 543	4 639	46 554
– Other income	10 584	20 954	365	5 270
Impairment losses recognised on tenant debtors	(951)	(1 282)	(103)	(289)
Direct property costs	(34 282)	(45 954)	(2 006)	(12 944)
Operating profit	116 241	168 261	2 895	38 591
Fair value adjustment to investment properties	(31 186)	(36 207)	6 452	13 107
Segment property operating income	85 055	132 054	9 347	51 698

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	14 028	400 654	233 319	633 973
– Other income	2 277	39 450	25 399	64 849
Impairment losses recognised on tenant debtors	(217)	(2 842)	(966)	(3 808)
Direct property costs	(4 658)	(99 844)	(78 342)	(178 186)
Operating profit	11 430	337 418	179 410	516 828
Fair value adjustment to investment properties	(982)	(48 816)	(55 591)	(104 407)
Segment property operating income	10 448	288 602	123 819	412 421

25. SEGMENTAL INFORMATION (continued)

Reconciliation of segmental results to profit for the year in the statement of profit or loss and other comprehensive income

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	698 822	698 822	–
– Rental income	633 973	633 973	–
– Other income	64 849	64 849	–
Impairment losses recognised on tenant debtors	(3 808)	(3 808)	–
Direct property costs	(178 186)	(178 186)	–
Net property operating income	516 828	516 828	–
Other revenue	4 730	–	4 730
– Management fees	4 730	–	4 730
Administration expenses	(55 461)	–	(55 461)
Operating profit	466 097	516 828	(50 731)
Fair value adjustment to investment properties	(104 407)	(104 407)	–
Unrealised foreign exchange loss on loan	(14 851)	–	(14 851)
Other fair value adjustments	(175 593)	–	(175 593)
Depreciation and amortisation	(10 837)	–	(10 837)
Profit before interest and taxation	160 409	412 421	(252 012)
Interest income	58 258	–	58 258
Interest expense	(116 625)	–	(116 625)
Profit before taxation	102 042	412 421	(310 379)
Taxation expense	3 175	–	3 175
Profit for the year	105 217	412 421	(307 204)
Translation of foreign operations	242 420	–	242 420
Other comprehensive income for the year, net of taxation	242 420	–	242 420
Total comprehensive income for the year	347 637	412 421	(64 784)

Group segment assets as at 31 March 2020

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 626 077	1 857 341	35 200	487 782
Tenant debtors	1 573	2 503	122	622
Inventories	2 100	2 011	83	253
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 332)	(3 155)	–	(18 248)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	125 600	4 132 000	2 942 287	7 074 287
Tenant debtors	274	5 094	11 733	16 827
Inventories	111	4 558	1 118	5 676
Goodwill and intangible assets	–	–	69 044	69 044
Loans and borrowings	–	–	(1 244 708)	(1 244 708)
Lease obligation	–	(43 735)	(293 374)	(337 109)

25. SEGMENTAL INFORMATION (continued)

Group segment assets, reserves and liabilities as at 31 March 2020

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	7 463 998	7 143 331	320 667
Investment properties	7 074 287	7 074 287	–
Property and equipment	17 653	–	17 653
Stor-Age share purchase scheme loans	185 737	–	185 737
Goodwill and intangible assets	152 276	69 044	83 232
Investment and long-term interests in joint venture	3 527	–	3 527
Other receivables	–	–	–
Unlisted investment	5 082	–	5 082
Deferred taxation	25 436	–	25 436
Derivative financial assets	–	–	–
Current assets	228 239	22 503	205 736
Trade and other receivables	146 210	16 827	129 383
Inventories	5 676	5 676	–
Cash and cash equivalents	76 353	–	76 353
Total assets	7 692 237	7 165 834	526 403
Equity and liabilities			
Total equity	4 605 378	–	4 605 378
Stated capital	4 360 033	–	4 360 033
Non-distributable reserve	210 839	–	210 839
Accumulated loss	(261 904)	–	(261 904)
Share-based payment reserve	7 656	–	7 656
Foreign currency translation reserve	255 657	–	255 657
Total attributable equity to shareholders	4 572 281	–	4 572 281
Non-controlling interest	33 097	–	33 097
Non-current liabilities	2 506 683	1 550 067	956 616
Loans and borrowings	2 045 723	1 244 708	801 015
Derivative financial instruments	152 706	–	152 706
Lease obligations	308 254	305 359	2 895
Current liabilities	580 176	31 750	548 426
Loans and borrowings	160 000	–	160 000
Trade and other payables	157 978	–	157 978
Provisions	2 858	–	2 858
Lease obligations	33 357	31 750	1 607
Dividends payable	225 983	–	225 983
Total equity and liabilities	7 692 237	1 581 817	6 110 420

Segment property operating income for the year ended 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	125 551	140 510	3 866	31 616
– Other income	5 444	10 638	184	2 086
Impairment losses recognised on tenant debtors	(760)	(888)	(88)	(314)
Direct property costs	(28 828)	(33 397)	(1 595)	(8 947)
Operating profit	101 407	116 863	2 367	24 441
Fair value adjustment to investment properties	53 586	26 257	2 802	4 886
Segment property operating income	154 993	143 120	5 169	29 327

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	10 586	312 129	173 155	485 284
– Other income	815	19 167	19 900	39 067
Impairment losses recognised on tenant debtors	(75)	(2 125)	(1 105)	(3 230)
Direct property costs	(2 882)	(75 649)	(60 188)	(135 837)
Operating profit	8 444	253 522	131 762	385 284
Fair value adjustment to investment properties	1 064	88 595	(2 920)	85 675
Segment property operating income	9 508	342 117	128 842	470 959

25. SEGMENTAL INFORMATION (continued)

Reconciliation of segmental results to profit for the year in the statement of profit or loss and other comprehensive income

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	524 351	524 351	–
– Rental income	485 284	485 284	–
– Other income	39 067	39 067	–
Impairment losses recognised on tenant debtors	(3 230)	(3 230)	–
Direct property costs	(135 837)	(135 837)	–
Net property operating income	385 284	385 284	–
Other revenue	11 065	–	11 065
– Management fees	11 065	–	11 065
Administration expenses	(43 805)	–	(43 805)
Operating profit	352 544	385 284	(32 740)
Transaction and advisory fees	(357)	–	(357)
Restructure of loans and borrowings	(13 590)	–	(13 590)
Fair value adjustment to investment properties	85 675	85 675	–
Other fair value adjustments to financial instruments	(120 431)	–	(120 431)
Impairment of intangible asset	(4 000)	–	(4 000)
Depreciation and amortisation	(6 679)	–	(6 679)
Profit before interest and taxation	293 162	470 959	(177 797)
Interest income	48 917	–	48 917
Interest expense	(81 786)	–	(81 786)
Profit before taxation	260 293	470 959	(210 666)
Taxation expense	(2 398)	–	(2 398)
Profit for the year	257 895	470 959	(213 064)
Translation of foreign operations	143 183	–	143 183
Other comprehensive income for the year, net of taxation	143 183	–	143 183
Total comprehensive income for the year	401 078	470 959	(69 881)

Group segment assets as at 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 588 030	1 838 579	28 600	443 869
Tenant debtors	2 254	2 142	64	796
Inventories	1 918	2 027	78	308
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 608)	(3 104)	–	–

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	126 000	4 025 078	2 217 335	6 242 413
Tenant debtors	256	5 512	10 081	15 593
Inventories	127	4 458	781	5 239
Goodwill and intangible assets	–	–	58 894	58 894
Loans and borrowings	–	–	(826 131)	(826 131)
Lease obligations	–	(25 712)	(187 599)	(213 311)

25. SEGMENTAL INFORMATION (continued)

Group segment assets, reserves and liabilities as at 31 March 2019

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	6 644 781	6 301 307	343 474
Investment properties	6 242 413	6 242 413	–
Property and equipment	8 793	–	8 793
Stor-Age share purchase scheme loans	184 739	–	184 739
Goodwill and intangible assets	140 842	58 894	81 948
Other receivables	9 929	–	9 929
Unlisted investment	4 600	–	4 600
Deferred taxation	18 829	–	18 829
Derivative financial instruments	34 636	–	34 636
Current assets	384 085	20 832	363 253
Trade and other receivables	119 273	15 593	103 680
Inventories	5 239	5 239	–
Cash and cash equivalents	259 573	–	259 573
Total assets	7 028 866	6 322 139	706 727
Equity and liabilities			
Total equity	4 624 751	–	4 624 751
Stated capital	4 292 941	–	4 292 941
Non-distributable reserve	490 839	–	490 839
Accumulated loss	(206 533)	–	(206 533)
Share-based payment reserve	190	–	190
Foreign currency translation reserve	19 149	–	19 149
Total attributable equity to shareholders	4 596 586	–	4 596 586
Non-controlling interest	28 165	–	28 165
Non-current liabilities	1 706 902	1 018 285	688 617
Loans and borrowings	1 493 450	826 131	667 319
Derivative financial instruments	21 298	–	21 298
Lease obligations	192 154	192 154	–
Current liabilities	697 213	21 157	676 056
Loans and borrowings	248 861	–	248 861
Trade and other payables	206 062	–	206 062
Provisions	6 266	–	6 266
Lease obligations	21 157	21 157	–
Dividends payable	214 867	–	214 867
Total equity and liabilities	7 028 866	1 039 442	5 989 424

26. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit, liquidity and market risks arise in the normal course of the group's business. Derivative financial instruments are used as and when required to hedge exposure to fluctuations in interest rates and currency.

26.1 Financial risk management

The table below sets out the company's and group's accounting classification of each class of financial asset and liability at 31 March:

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Group as at 31 March 2020			
Financial assets			
Stor-Age share purchase scheme loans	185 737	–	185 737
Cash and cash equivalents	76 353	–	76 353
Trade and other receivables (excluding rental guarantee)	78 006	–	78 006
Rental guarantee	10 041	10 041	–
Unlisted investment	5 082	5 082	–
Financial liabilities			
Loans and borrowings	2 205 723	–	2 205 723
Derivative financial instruments	152 706	152 706	–
Lease obligations	341 611	–	341 611
Trade and other payables	157 978	–	157 978
Dividend payable	225 983	–	225 983
Group as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	259 573	–	259 573
Derivative financial instruments	34 636	34 636	–
Trade and other receivables (excluding rental guarantee)	52 080	–	52 080
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Loans and borrowings	1 742 311	–	1 742 311
Derivative financial instruments	21 298	21 298	–
Lease obligations	213 311	–	213 311
Trade and other payables	206 062	–	206 062
Dividend payable	214 867	–	214 867

26. FINANCIAL INSTRUMENTS (continued)

26.1 Financial risk management (continued)

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Company as at 31 March 2020			
Financial assets			
Stor-Age share purchase scheme loans	185 737	–	185 737
Cash and cash equivalents	23 242	–	23 242
Trade and other receivables (excluding rental guarantee)	22 779	–	22 779
Rental guarantee	10 041	10 041	–
Unlisted investment	5 082	5 082	–
Financial liabilities			
Loans and borrowings	1 086 112	–	1 086 112
Derivative financial instruments	29 309	29 309	–
Lease obligations	3 812	–	3 812
Trade and other payables	11 645	–	11 645
Dividend payable	225 983	–	225 983
Company as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	185 085	–	185 085
Trade and other receivables (excluding rental guarantee)	14 688	–	14 688
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Loans and borrowings	916 180	–	916 180
Derivative financial instruments	9 103	9 103	–
Trade and other payables	71 156	–	71 156
Dividend payable	214 867	–	214 867

26.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income, cash flows or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

26.2.1 Interest rate risk

The group adopts a policy of ensuring that an appropriate amount of its exposure to changes in interest rates on borrowings is on a fixed basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The group states the fair value of interest rate swaps based on broker quotes.

At the reporting date, the group had entered into the following interest rate swaps and with respect to the following facilities:

31 March 2020

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2020 R'000
ZAR denominated facilities						
Nedbank facility C*						
– Swap F	50 000	–	08-Aug-17	30-Oct-20	9.00%	(569)
– Swap U	50 000	–	12-Apr-19	01-Apr-22	9.13%	(2 024)
– Swap V	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
	200 000	–				(6 303)
Nedbank facility D^						
– Swap W	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
– Swap X	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
– Swap AA	100 000	–	08-Aug-19	08-Aug-22	9.00%	(3 956)
	300 000	–				(11 376)
Standard Bank facility C*						
– Swap Y	100 000	–	02-Aug-19	15-Nov-21	7.60%	(3 863)
– Swap Z	100 000	–	07-Aug-19	25-Oct-21	7.50%	(3 698)
	200 000	–				(7 561)
Total ZAR denominated facilities	700 000	–				(25 240)
GBP denominated facilities						
Lloyds Bank facility#						
– Swap J	468 284	21 150	28-Sep-18	18-Oct-22	0.96%	(16 849)
– Swap S	166 058	7 500	26-Mar-19	18-Oct-24	1.14%	(5 480)
– Swap T	239 124	10 800	01-Dec-19	18-Oct-24	1.18%	(12 614)
	873 466	39 450				(34 943)
Standard Bank facility D#						
– Swap AB	110 705	5 000	10-Feb-20	10-Feb-23	0.66%	(700)
Total GBP denominated facilities	984 171	44 450				(35 643)
Total	1 684 171	44 450				(60 883)

* *Interest rates are linked to Jibar.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
# *Interest rates are linked to Libor.*

At the reporting date, the group had the following interest rate swap options in place:

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2020 R'000
Standard Bank facility C*						
– Swap option A	100 000	–	02-Aug-19	15-Nov-21	7.15%	(1 665)
– Swap option B	100 000	–	07-Aug-19	25-Oct-21	7.15%	(1 705)
						(3 370)
Total						(64 253)

* *Interest rates are linked to Jibar.*

26. FINANCIAL INSTRUMENTS (continued)
26.2 Market risk (continued)
26.2.1 Interest rate risk (continued)
31 March 2019

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000
ZAR denominated facilities						
Nedbank facility B^						
– Swap C	50 000	–	08-Nov-16	08-Nov-18	9.50%	(273)
– Swap E	25 000	–	16-Mar-17	31-Mar-20	9.40%	(170)
– Swap G	25 000	–	01-Feb-18	31-Jul-19	9.08%	(32)
	100 000	–				(475)
Nedbank facility C^						
– Swap F	50 000	–	08-Aug-17	30-Oct-20	9.00%	(227)
– Swap H	100 000	–	01-Feb-18	18-Nov-20	9.45%	(1 162)
	150 000	–				(1 389)
Nedbank facility D^						
– Swap L	100 000	–	08-Nov-18	01-Nov-21	9.43%	(1 536)
– Swap M	100 000	–	13-Nov-18	01-Nov-21	9.47%	(1 634)
	200 000	–				(3 170)
Nedbank facility E^						
– Swap N	80 000	–	13-Nov-18	01-Oct-19	8.87%	(85)
– Swap O	50 000	–	13-Nov-18	31-Oct-19	8.87%	(60)
– Swap P	100 000		13-Nov-18	02-Nov-20	9.27%	(897)
	230 000	–				(1 042)
Standard Bank facility B*						
– Swap K	100 000	–	24-Oct-18	25-Oct-21	7.80%	(1 423)
– Swap Q	100 000	–	13-Nov-18	13-Nov-21	7.80%	(1 604)
	200 000	–				(3 027)
Total ZAR denominated facilities	880 000	–				(9 103)
GBP denominated facilities						
Lloyds Bank facility#						
– Swap J	399 081	21 150	28-Sep-18	18-Oct-22	1.10%	(3 000)
– Swap R	203 786	10 800	13-Mar-19	18-Oct-24	1.32%	(3 529)
– Swap S	141 519	7 500	26-Mar-19	18-Oct-24	1.14%	(1 093)
	744 386	39 450				(7 622)
Total GBP denominated facilities	744 386	39 450				(7 622)
Total	1 624 386	39 450				(16 725)

* *Interest rates are linked to Jibar.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
\# *Interest rates are linked to Libor.*

26.2.2 Effective interest rates

At the reporting date the group's interest rate profile was:

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2020						
Cash and cash equivalents	11		76 353	76 353	–	–
ZAR denominated						
– Cash on call		5.00%	16 991	16 991	–	–
– Current accounts		4.75%	13 021	13 021	–	–
GBP denominated						
– Cash on call		0.35%	1 417	1 417	–	–
– Current accounts		0.00%	44 924	44 924	–	–
Stor-Age share purchase scheme loans	4		185 737	–	–	185 737
– Issue 1		8.00%	123 879	–	–	123 879
– Issue 2		8.31%	2 142	–	–	2 142
– Issue 3		8.00%	2 221	–	–	2 221
– Issue 4a		7.46%	8 095	–	–	8 095
– Issue 4b		7.46%	12 740	–	–	12 740
– Issue 5		7.19%	22 314	–	–	22 314
– Issue 6		7.90%	14 346	–	–	14 346
Financial liabilities			(60 883)	(569)	(42 220)	(18 094)
Nedbank facility C	26.2.1					
– Swap F		9.00%	(569)	(569)	–	–
– Swap U		9.13%	(2 024)	–	(2 024)	–
– Swap V		8.96%	(3 710)	–	(3 710)	–
Nedbank facility D	26.2.1					
– Swap W		8.96%	(3 710)	–	(3 710)	–
– Swap X		8.96%	(3 710)	–	(3 710)	–
– Swap AB		9.00%	(3 956)	–	(3 956)	–
Standard Bank facility C	26.2.1					
– Swap Y		7.50%	(3 863)	–	(3 863)	–
– Swap Z		7.50%	(3 698)	–	(3 698)	–
Standard Bank facility D						
– Swap AB		0.66%	(700)	–	(700)	–
Lloyds Bank facility	26.2.1					
– Swap J		0.96%	(16 849)	–	(16 849)	–
– Swap S		1.14%	(5 480)	–	–	(5 480)
– Swap T		1.18%	(12 614)	–	–	(12 614)

26. FINANCIAL INSTRUMENTS (continued)
26.2 Market risk (continued)
26.2.2 Effective interest rates (continued)

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2019						
Cash and cash equivalents			259 573	259 573	–	–
ZAR denominated						
– Cash on call	11	6.00%	181 201	181 201	–	–
– Current accounts		6.00%	47 144	47 144	–	–
GBP denominated						
– Cash on call		0.00%	31 228	31 228	–	–
– Current accounts		0.00%	–	–	–	–
Stor-Age share purchase scheme loans	4		184 739	–	–	184 739
– Issue 1		8.00%	122 173	–	–	122 173
– Issue 2		8.31%	2 277	–	–	2 277
– Issue 3		8.00%	2 220	–	–	2 220
– Issue 4a		7.46%	8 752	–	–	8 752
– Issue 4b		7.46%	12 684	–	–	12 684
– Issue 5		7.19%	22 292	–	–	22 292
– Issue 6		7.90%	14 341	–	–	14 341
Financial liabilities						
Nedbank facility B	26.2.1		(16 725)	(620)	(11 483)	(4 622)
– Swap C		9.50%	(273)	(273)	–	–
– Swap E		9.40%	(170)	(170)	–	–
– Swap G		9.08%	(32)	(32)	–	–
Nedbank facility C	26.2.1					
– Swap F		9.00%	(227)	–	(227)	–
– Swap H		9.45%	(1 162)	–	(1 162)	–
Nedbank facility D	25.2.1					
– Swap L		9.43%	(1 536)	–	(1 536)	–
– Swap M		9.47%	(1 634)	–	(1 634)	–
Nedbank facility E	25.2.1					
– Swap N		8.87%	(85)	(85)	–	–
– Swap O		8.87%	(60)	(60)	–	–
– Swap P		9.27%	(897)	–	(897)	–
Standard Bank facility	25.2.1					
– Swap K		7.80%	(1 423)	–	(1 423)	–
– Swap Q		7.80%	(1 604)	–	(1 604)	–
Lloyds Bank facility	26.2.1					
– Swap J		1.10%	(3 000)	–	(3 000)	–
– Swap R		1.32%	(3 529)	–	–	(3 529)
– Swap S		1.14%	(1 093)	–	–	(1 093)

The effective rates disclosed above are fixed except for cash and cash equivalents.

The bank facilities and interest rate swaps are in the name of the company except for the Pound denominated interest rate swaps which are in the name of Betterstore Self Storage Properties I Limited.

26.2.3 Sensitivity analysis

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss of a 1% increase/decrease in the interest rates of the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R6.923 million (2019: R4.078 million). The analysis has been prepared on the assumption that all other variables remain constant.

26.2.4 Currency risk

Currency hedging

The group has trading operations in the UK and is exposed to currency risk on its capital investment as well as the underlying earnings. The group uses cross currency interest rate swaps as part of its treasury management plan to hedge part of its foreign currency investment. The cross currency interest swaps are structured to receive a fixed JIBAR-linked rate and pay a fixed LIBOR-linked rate. Details of the cross currency interest rate swaps are set out below:

Bank	Maturity date	Spot	Nominal GBP'000	Nominal ZAR'000	ZAR rate	GBP rate
Nedbank	2 November 2020	18.41	10 000	184 100	6.47%	0.00%
Investec	26 October 2021	18.72	5 000	93 600	10.00%	3.04%
Investec	26 October 2022	18.72	5 000	93 600	10.00%	2.98%
Investec	7 June 2021	17.00	5 000	85 000	10.00%	2.33%
Total			25 000	456 300		

Hedging of capital investment

The acquisition of UK self storage operations was financed through a combination of debt and equity from South Africa, as well as a debt funding from Lloyds Bank in the UK. At year end, approximately 38.5% (2019: 38.3%) of the group's foreign currency net investment have been hedged through a combination of cross currency interest rate swaps and the GBP-denominated loan from Lloyds Bank. The summary quantitative data about the group's exposure to currency risk is set out below:

	31 March 2020 GBP'000	31 March 2019 GBP'000
Investment property	132 888	117 511
Loans and borrowings	(56 217)	(43 782)
Other assets	8 645	7 554
Other liabilities	(20 379)	(15 931)
Net investment	64 937	65 352
Nominal value of cross currency interest rate swaps	25 000	25 000
Effective hedge of net investment	38.5%	38.3%

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.4 Currency risk (continued)

Hedging of cash flow

Cash flow from operations in the UK are exposed to movements in the GBP/ZAR exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging at least 80% of its 12-month projected forward net cash flow, 70% of its 13-24 month projected forward net cash flow and 50% of its 25-36 month projected forward net cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings. In line with this policy the group has the following open forward rate instruments are in place:

Maturity date	FEC rate (ZAR/GBP)	Fair value at 31 March 2020 (note 16.2)
June 2020	R22.85:1	1 036
November 2020	R23.02:1	502
June 2021	R23.03:1	(763)
November 2021	R23.23:1	(1 409)
June 2022	R23.48:1	(2 750)
November 2022	R24.56:1	(1 320)
March 2023	R24.65:1	(1 860)
		(6 564)

26.2.5 Sensitivity analysis

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At a 21% movement in the ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

	Group			
	2020		2019	
R'000	21% ZAR depreciation against the GBP	21% ZAR appreciation against the GBP	24% ZAR depreciation against the GBP	24% ZAR appreciation against the GBP
Distributable earnings	115	7 832	200	17 952

The exchange rates used for the translation of the group's foreign operations is as follows:

Average exchange rate 2020	Average exchange rate 2019	Year-end spot rate 2020	Year-end spot rate 2019
£1/R18.7874	£1/R18.0421	£1/R22.1411	£1/R18.8691

26.3 Credit risk

26.3.1 Credit exposure

The carrying amount of each class of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Stor-Age share purchase scheme loans	185 737	184 739	185 737	184 739
Trade and other receivables	42 019	41 565	7 863	9 439
Tenant and related receivables	16 827	15 593	179	725
Sundry receivables	25 192	25 972	7 684	8 714
Other receivables: Rental guarantee	10 041	32 232	10 041	32 232
Amount due from previous shareholder of Viking	–	10 378	–	–
Derivative financial assets	–	34 636	–	–
Intercompany receivable	–	–	353 307	357 146
Related party receivables	13 314	60	14 827	5 179
Staff loans	89	77	89	70
Cash and cash equivalents	76 353	259 573	23 242	185 085
	327 553	563 260	595 106	773 890
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	185 737	184 739	185 737	184 739
Shares pledged as security	(204 158)	(215 848)	(204 158)	(215 848)
Net exposure	–	–	–	–

The group's exposure to credit risk pertaining to the share purchase scheme loans are mitigated by the shares pledged as security to Stor-Age. In terms of the rules of the Scheme, the dividend received by a participant on their Scheme shares must be applied against the interest owing on the share purchase scheme loan owing by the participant to the company. The participant may elect to withdraw the amount by which such dividend exceeds the interest owing or apply such proceeds to the capital balance of the share purchase scheme loan.

In assessing the measurement of any potential impairment allowance, the directors consider the expected credit losses that may arise on the share purchase scheme loans over the next 12 months. As the fair value of the shares pledged as security exceeds the share purchase scheme loans owing to the company, the directors have concluded that there has not been a significant increase in credit risk since initial recognition and therefore no impairment allowance has been recognised in the current year.

No participants to whom loans were granted were in breach of their obligations.

Intercompany receivables

The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The risk of a default occurring over 12 months is the same as the lifetime risk of a default occurring, and therefore the 12 month and lifetime expected credit loss will be the same. In assessing whether there has been a significant increase in credit risk the directors review the lending company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year.

26. FINANCIAL INSTRUMENTS (continued)

26.3 Credit risk (continued)

26.3.1 Credit exposure (continued)

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 29). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis has been used to determine the impairment allowance as the receivable has not suffered a significant increase in credit risk and the risk of default is low.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between Aa3 and Baa3, that is in line with the group's treasury management policies. The impairment allowance on cash and cash equivalents has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers cash and cash equivalents to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Tenant and related receivables

Tenant debtors are classified as current as they are short-term in nature and generally settled within 30 days. Tenant debtors do not contain a significant financing component. Tenant debtors are initially recognised at the amount of the consideration that is unconditional. Subsequently tenant debtors are measured at amortised cost using the effective interest method as they are held with the objective to collect contractual cash flows. The credit risk is mitigated as the majority of tenants pay by debit order and the group's credit policy requires the holding of rental deposits (for South African tenants) in most instances. In terms of the rental agreements entered into with tenants, the group may under certain conditions dispose of tenant goods to recover the outstanding amounts. The group's policy is to write off tenant debt that is unrecoverable after debt collecting procedures, which includes the auction of tenant goods, have been followed.

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. The group performs the assessment to determine whether there has been a significant increase in credit risk by grouping tenants between South Africa and the UK. Further details regarding the impairment allowance is set out in note 26.3.2.

Staff loans

Loans are only granted to employees who meet certain criteria as set out in the company's handbook. The loans are interest free and repayable over a fixed period generally not exceeding a term of 12 months. On initial recognition the credit risk and probability of default has been assessed as low as the loan repayments are recovered directly from the employee's salary or any other funds due to the employee on the termination of employment. At the reporting date there has been no significant increase in the credit risk of staff loans and therefore in applying the 12-month expected credit loss basis, no impairment allowance has been recognised.

26.3.2 Impairment loss allowances

Tenant and related receivables

The expected credit loss rates are based on historical bad debt impairments as a percentage of the tenant debtors balance adjusted for forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The group has identified the gross domestic product and unemployment rate in South Africa and the United Kingdom to be the most relevant factors and accordingly adjusts the historical loss rates.

The loss allowance was determined as follows:

	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group					
31 March 2020					
South Africa					
Expected loss rate	2%	7%	26%	75%	18%
Gross carrying amount (R'000)	2 818	1 481	1 004	894	6 197
Loss allowance (R'000)	(67)	(102)	(261)	(672)	(1 102)
UK					
Expected loss rate	1%	10%	51%	100%	5%
Gross carrying amount (R'000)	11 203	447	487	199	12 336
Loss allowance (R'000)	(112)	(45)	(248)	(199)	(604)
Group					
31 March 2019					
South Africa					
Expected loss rate	1%	5%	37%	97%	22%
Gross carrying amount (R'000)	3 297	1 475	1 325	949	7 046
Loss allowance (R'000)	(40)	(80)	(496)	(919)	(1 535)
UK					
Expected loss rate	0%	10%	90%	0%	3%
Gross carrying amount (R'000)	9 472	642	283	–	10 397
Loss allowance (R'000)	–	(66)	(250)	–	(316)
Company					
31 March 2020					
South Africa					
Expected loss rate	1%	5%	10%	86%	15%
Gross carrying amount (R'000)	90	63	29	29	211
Loss allowance (R'000)	(1)	(3)	(3)	(25)	(32)
Company					
31 March 2019					
South Africa					
Expected loss rate	0%	0%	0%	26%	2%
Gross carrying amount (R'000)	23	647	10	61	741
Loss allowance (R'000)	–	–	–	(16)	(16)

26. FINANCIAL INSTRUMENTS (continued)

26.3 Credit risk (continued)

26.3.2 Impairment loss allowances (continued)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Reconciliation of loss allowance				
The loss allowance for tenant debtors at 31 March reconciles to the opening loss allowance as follows:				
Opening balance at 1 April	(1 851)	(1 781)	(16)	–
Increase in loss allowance recognised in profit or loss during the year	(4 368)	(3 985)	(54)	(16)
Receivables written off during the year as uncollectable	4 636	3 914	38	–
Foreign exchange movement	(123)	1	–	–
Closing balance at 31 March	(1 706)	(1 851)	(32)	(16)

Stor-Age has no financial assets that have been written off that are subject to legal recovery processes.

26.4 Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payable. The table has been drawn up based on the contractual, undiscounted cash flows of the financial liabilities based on the earliest date the group can be required to pay.

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group					
2020					
Non-derivative financial liabilities					
Loans and borrowings	2 205 723	169 104	842 766	1 498 643	–
Lease obligation	341 611	35 352	33 508	100 522	405 501
Trade and other payables*	69 348	69 348	–	–	–
	2 616 682	273 804	876 274	1 599 165	405 501
2019					
Non-derivative financial liabilities					
Loans and borrowings	1 742 311	265 460	653 051	881 234	–
Lease obligation	213 311	22 587	22 704	68 113	225 267
Trade and other payables*	136 964	136 964	–	–	–
	2 092 586	425 011	675 755	949 347	225 267

* *Includes trade creditors, other payables, related party payables and property accruals.*

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Company					
2020					
Non-derivative financial liabilities					
Loans and borrowings	1 086 112	173 472	864 535	323 471	–
Lease obligations	3 812	1 423	3 007	–	–
Trade and other payables*	8 818	8 818	–	–	–
	1 098 742	183 713	867 542	323 471	–
2019					
Non-derivative financial liabilities					
Loans and borrowings	916 180	271 632	550 482	162 984	–
Trade and other payables*	69 066	69 066	–	–	–
	985 246	340 698	550 482	162 984	–

* *Includes trade creditors, other payables, related party payables and property accruals.*

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The group and company measure fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group and company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The group and company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps and cross currency interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties where the fair value approximates the carrying amount:

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
Group					
2020					
Assets		–	5 082	7 084 328	7 089 410
Investment properties	*3*	–	–	7 074 287	7 074 287
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	152 706	–	152 706
Derivative financial liabilities	*16.2*	–	152 706	–	152 706
2019					
Assets		–	39 236	6 274 645	6 313 881
Investment properties	*3*	–	–	6 242 413	6 242 413
Derivative financial assets	*8*	–	34 636	–	34 636
Other receivables	*10*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	21 298	–	21 298
Derivative financial liabilities	*16.2*	–	21 298	–	21 298
Company					
2020					
Assets		–	5 082	495 694	500 776
Investment properties	*3*	–	–	485 653	485 653
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	29 309	–	29 309
Derivative financial liabilities	*16.2*	–	29 309	–	29 309
2019					
Assets		–	4 600	430 934	435 534
Investment properties	*3*	–	–	398 702	398 702
Other receivables	*10*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	9 103	–	9 103
Derivative financial liabilities	*3*	–	9 103	–	9 103

Level 2 fair values

The following table shows the valuation techniques used in measuring level 2 fair values:

Type	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Derivative financial instruments – *Forward exchange contracts*	Fair valued monthly by Investec using mark-to-market mid-market values. This fair value is determined, inter alia, using quoted forward exchange rates at the reporting date and present value calculations.	Not applicable	Not applicable
Derivative financial instruments – *Cross–currency interest rate swaps*	Fair valued monthly by Investec and Nedbank using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the basis swap curves of the respective currencies at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative financial instruments – *Interest rate swaps*	Fair valued monthly by Nedbank, Standard Bank and Lloyds Bank using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Unlisted investment	Fair valued monthly by Cadiz Asset Management in relation to underlying performance of the fund using appropriate discount and default rates.	Not applicable	Not applicable

Level 3 fair values

The following table shows the valuation techniques used in measuring level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Other receivables: Rental guarantee	Fair valued bi-annually by the directors based on the projected revenue of the underlying investment properties versus the expected rental revenue thresholds as agreed between the previous shareholders of RSI 2 and RSI 3.	Financial information used to calculate forecast revenue – e.g. stabilised occupancy levels, expected future growth in revenue	Higher assumptions for stabilised occupancy, lease up rates and rental rates for the underlying investment properties would result in an increase in projected revenue, and thus a decrease in valuation.
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3

There have been no transfers to or from level 3 in the current year and prior year.

28. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the audit and risk committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Significant judgements are made in applying the group's accounting policies:

- Valuation of investment properties to fair value:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years until the notional sale of the asset in year 10, taking into account the occupancy levels, estimated growth in revenue and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.
- Determining the expected credit loss allowance of financial assets:
  Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.
- Determining the goodwill and intangible assets impairment:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years, taking into account the properties under management and the estimated growth in asset and property management fees and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.
- Group's taxation:
  The group is subject to tax in multiple jurisdictions and therefore an element of judgement and estimation is applied in calculating the group's tax charge and provision for income taxes. The relevant tax authorities may disagree with the tax computation and therefore the final tax charge cannot be calculated until an assessment has been made by the tax authority.
- Functional currency:
  The functional currency of Stor-Age International Proprietary Limited is GBP. Judgement has been applied in determining the currency of the primary economic environment in which Stor-Age International Proprietary Limited operates.
- Determining the lease term under IFRS 16:
  Judgement is used to determine whether the group is reasonably certain to exercise extension options of leases.

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

29.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries and equity-accounted investment

- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Roeland Street Investments 3 Proprietary Limited
- Wimbledonway Investments Proprietary Limited
- N14 Self Storage Proprietary Limited
- Units 1-4 Somerset West Business Park Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age Properties KZN Proprietary Limited
- Stor-Age International Proprietary Limited
- Storage RSA Investments Proprietary Limited and its subsidiaries
- Sunningdale Self Storage Proprietary Limited

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation
- Stor-Age Property Holdings Proprietary Limited
- Fairstore Trust

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
29.2 Material related party transactions and balances				
Related party balances				
Intercompany payables				
Unit Self Storage Proprietary Limited	–	–	2 372	–
Roeland Street Investments 2 Proprietary Limited	–	–	23 380	34 468
Wimbledonway Investments Proprietary Limited	–	–	–	13 574
Intercompany receivables				
Stor-Age Properties KZN Proprietary Limited	–	–	–	595
N14 Self Storage Proprietary Limited	–	–	–	28 728
Roeland Street Investments Proprietary Limited	–	–	352 517	210 400
Gauteng Storage Properties Proprietary Limited	–		790	
Storage RSA Trading Proprietary Limited	–	–	–	117 423
Amounts – owing by related parties				
– Stor-Age Property Holdings Proprietary Limited	8 463	–	8 463	–
– Castle Rock Capital Trust	–	–	–	–
– Roeland Street Investments 2 Proprietary Limited	–	–	–	–
– Madison Square Holdings Close Corporation	4 934	60	4 934	60
Working capital – owing by related parties				
– Roeland Street Investments Proprietary Limited	–	–	–	891
– Roeland Street Investments 2 Proprietary Limited	–	–	–	316
– Roeland Street Investments 3 Proprietary Limited	–	–	–	8
– Units 1-4 Somerset West Business Park Proprietary Limited	–	–	–	371
– Unit Self Storage Proprietary Limited	–	–	–	–
– Stor-Age Properties KZN Proprietary Limited	–	–	–	23
– Storage RSA Trading Proprietary Limited	–	–	–	3 570
– N14 Self Storage Proprietary Limited	–	–	–	–
Working capital – owing to related parties				
– Wimbledonway Investments Proprietary Limited	–	–	–	–
– Roeland Street Investments 3 Proprietary Limited	–	–	–	618
– Unit Self Storage Proprietary Limited	–	–	–	516
– Stor-Age Property Holdings Proprietary Limited	–	55 500	–	55 500
– Roeland Street Investments 2 Proprietary Limited	–	–	–	–
Related party transaction				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	238 654	203 087
Wimbledonway Investments Proprietary Limited	–	–	3 949	5 229
N14 Self Storage Proprietary Limited	–	–	857	1 076
Roeland Street Investments 2 Proprietary Limited	–	–	95 361	40 619
Roeland Street Investments 3 Proprietary Limited	–	–	6 259	4 072

29. RELATED PARTY TRANSACTIONS (continued)

29.2 Material related party transactions and balances (continued)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	17 512	13 819	17 512	13 819
Related party interest income				
Madison Square Holdings Close Corporation	–	159	–	159
Stor-Age Property Holdings Proprietary Limited	3 500	150	3 500	150
Sunningdale Self Storage Proprietary Limited	2	–	2	–
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	–	1 223	–	1 223
Related party construction fees incurred				
Madison Square Holdings Close Corporation	53 887	45 656	38 183	26 045
Related party development fees income				
Roeland Street Investments 2 Proprietary Limited	–	369	–	369
Sunningdale Self Storage Proprietary Limited	1 000	–	1 000	–
Asset management fees income				
Roeland Street Investments 2 Proprietary Limited	–	2 933	–	2 933
Roeland Street Investments 3 Proprietary Limited	–	279	–	279
Property management fees income				
Roeland Street Investments 2 Proprietary Limited	–	3 221	–	3 221
Roeland Street Investments 3 Proprietary Limited	–	228	–	228
Related party recovery of costs				
Madison Square Holdings Close Corporation	5 000	–	5 000	–
Financial guarantee fee				
Stor-Age International Proprietary Limited	–	–	–	5 000
Office lease payments				
Stor-Age Property Holdings Proprietary Limited*	1 330	1 270	1 330	1 270
Office rental income				
Madison Square Holdings Close Corporation	131	100	–	–
Purchase of Bryanston self storage property^	–	80 946	–	–
Purchase of Craighall self storage property	88 904	–	88 904	–
Acquisition of RSI 2 and RSI 3 from related parties				
Stor-Age Property Holdings Proprietary Limited	–	21 750	–	21 750
Fairstore Trust	–	14 500	–	14 500

^ *Relates to the development of Bryanston under the Certificate of Practical Completion (CPC) structure. The development was completed in September 2018 and acquired by Stor-Age for a consideration of R80.9 million.*

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 29.3 and 29.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

	Direct beneficial	Indirect	Total	Percentage
29.3 Directors' and company secretary's shareholdings				
31 March 2020				
GM Lucas	4 400 000	7 012 180	11 412 180	2.87%
SJ Horton	4 400 000	3 075 802	7 475 802	1.88%
SC Lucas	4 400 000	7 012 180	11 412 180	2.87%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou*	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	300 000	300 000	0.08%
JAL Chapman^	45 000	–	45 000	0.01%
	14 384 907	19 142 810	33 527 717	8.43%
31 March 2019				
GM Lucas	4 400 000	7 006 846	11 406 846	2.90%
SJ Horton	4 400 000	3 071 802	7 471 802	1.90%
SC Lucas	4 400 000	7 006 846	11 406 846	2.90%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	285 000	285 000	0.07%
	14 339 907	19 113 142	33 453 049	8.50%

* *PA Theodosiou resigned on 31 December 2019.*
^ *JAL Chapman was appointed on 2 January 2020.*

There has been no change in the directors' and company secretary's shareholding since the reporting date and up to the date of the approval of the financial statements.

On 12 December 2018 Stor-Age Property Holdings Proprietary Limited (SPH) entered into a Further Amended and Restated Facility Agreement (the Loan Facility) with Investec Bank Limited (the Lender) for a borrowing facility of R58.5 million. The shareholder of SPH is the Stor-Age Property Holdings Trust (SPH Trust). Gavin Lucas, Stephen Lucas and Steven Horton, who are the executive directors of Stor-Age, are ultimate beneficiaries of the SPH Trust. The Loan Facility has a 36 month term, bears interest at the prime overdraft rate less 0.75% and is secured by the pledge of 18.720 million Stor-Age shares (the pledged shares) in favour of the Lender.

The pledged shares relate to Stor-Age shares held by SPH, the SPH Trust and other companies and trusts related to the executive directors (the related entities). At 31 March 2020, the outstanding balance on the Facility was R37.5 million. The related entities held 24.128 million Stor-Age shares at 31 March 2020.

There has been no change to the disclosures set out above between the year end and the date of approval of the annual financial statements.

		2020 R'000	2019 R'000
29	**RELATED PARTY TRANSACTIONS (continued)**		
29.4	**Directors' remuneration**		
	Fees paid to non-executive directors for meeting attendance were as follows:		
	GA Blackshaw (social and ethics committee and investment committee)	271	220
	GBH Fox (audit and risk committee and remuneration committee)	296	266
	JAL Chapman^ (investment committee)	60	–
	KM de Kock (audit and risk committee and remuneration committee)	286	244
	MS Moloko (social and ethics committee and audit and risk committee)	286	266
	P Mbikwana (social and ethics committee)	236	202
	PA Theodosiou* (audit and risk committee, remuneration committee and investment committee)	252	266
		1 687	1 464

* *PA Theodosiou resigned on 31 December 2019.*
^ *JAL Chapman was appointed on 2 January 2020.*

Fees paid to executive directors were as follows:

The executive directors' remuneration is paid by Stor-Age Property REIT Limited:

	2020				2019			
	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000
GM Lucas	2 000	–	–	2 000	1 500	–	–	1 500
SJ Horton	2 000	–	–	2 000	1 500	–	–	1 500
SC Lucas	2 000	–	–	2 000	1 500	–	–	1 500
	6 000	–	–	6 000	4 500	–	–	4 500

As set out in the remuneration report there is no short-term incentive plan in place for executive directors.

		Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
30.	**LEASE OBLIGATIONS**				
	Minimum lease payments due:				
	Within one year	35 352	22 587	1 423	–
	In second to fifth year inclusive	134 030	90 818	3 007	–
	Later than five years	405 501	225 267	–	–
		574 883	338 672	4 430	
	Less: Future finance charges	(233 272)	(125 361)	(618)	–
		341 611	213 311	3 812	–
	Present value of minimum lease payments due:				
	Within one year	33 357	21 157	1 293	–
	In second to fifth year inclusive	117 710	73 437	2 519	–
	Later than five years	190 544	118 717	–	–
		341 611	213 311	3 812	–

The lease obligations refer to the group's head office leased space and leasehold properties.

The terms of the leases for the leasehold properties are set out below:

Property	Commencement date	Termination date	Location
Stor-Age Constantia Kloof	December 2012	June 2051	South Africa
Stor-Age Somerset Mall	April 2012	June 2037	South Africa
Stor-Age Tokai*	October 2014	September 2024	South Africa
Stor-Age Springfield^	April 2019	March 2050	South Africa
Storage King Aylesford	October 2007	October 2032	United Kingdom
Storage King Basildon	August 2007	July 2032	United Kingdom
Storage King Dunstable	October 2007	October 2032	United Kingdom
Storage King Epsom	February 2008	February 2033	United Kingdom
Storage King Woodley	June 2007 & December 2007	June 2032 & December 2032	United Kingdom
Storage King West Bromwich	June 2012	June 2022	United Kingdom
Storage King Warrington	January 2020	January 2040	United Kingdom
Storage King Nottingham	July 2008	November 2032	United Kingdom

* *Stor-Age Tokai comprises both a freehold (7 329 m² GLA) and leasehold (800 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

^ *Refers to the date of initial application with the adoption of IFRS 16.*

31. CHANGE IN ACCOUNTING POLICY: ADOPTION OF IFRS 16 *LEASES*

The group adopted IFRS 16 *Leases* from 1 April 2019 by applying the modified retrospective approach and has not restated comparative results in accordance with IFRS 16. Adjustments resulting from the adoption of the new standard has therefore been recognised in the opening balances at 1 April 2019. The leases definition has been grandfathered for existing leases.

Lessor accounting

IFRS 16 does not have an impact on leases with customers as leases are for one month only and renew for further periods of one month until either Stor-Age or the customer provides notice to vacate. The accounting treatment for leases with customers are therefore consistent with the comparative year.

Lessee accounting

The group recognises a right-of-use asset with a corresponding lease liability. On initial recognition the group recognises the right-of-use asset at the initial value of the financial liability adjusted for lease pre-payments, plus initial direct costs incurred less lease incentives received. Subsequently the right-of-use asset for leasehold properties is measured in terms of IAS 40 *Investment Property* and recognised at fair value. The right-of-use asset for leased office space is recognised in terms of IAS 16 *Property, Plant and Equipment* and depreciated using the straight-line method from the inception of the lease to the earlier of the end of the useful life of the asset or the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments discounted using the group's incremental borrowing rate and is subsequently measured at amortised cost using the effective interest method.

The lease liability is remeasured when the group changes its assessment of whether it will exercise an extension or termination option which results in a change in the future lease payments. Similarly an adjustment is made to the carrying amount of the corresponding right-of-use asset.

31. CHANGE IN ACCOUNTING POLICY: ADOPTION OF IFRS 16 *LEASES* (continued)

Transition

On 1 April 2019, the group recognised additional right-of-use assets, including investment properties and property, plant and equipment, and additional lease liabilities at the present value of the remaining lease payments. The future remaining lease payments were discounted using the weighted average incremental borrowing rate of 10%.

The following practical expedients have been applied as permitted by IFRS 16:

- a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics
- leases whose term ends within 12 months of the date of initial application have not been recognised
- initial direct costs excluded from the measurement of right-of-use assets at the date of initial application
- hindsight used in determining the lease term if the contract contains options to extend or terminate the lease

	Group R'000	Company R'000
Measurement of lease liabilities		
Operating lease commitments at 31 March 2019*	101 478	5 759
Discounted using the lessee's incremental borrowing rate of at 1 April 2019	22 008	4 710
Current	767	1 293
Non-current	21 241	3 417
	22 008	4 710
Measurement of right-of-use assets		
On initial recognition the corresponding right-of-use assets were measured at an amount equal to the lease liabilities.		
Impact on financial statements		
Property, plant and equipment – right-of-use assets	4 710	4 710
Investment properties – right-of-use asset	17 298	–
Lease liabilities	(22 008)	(4 710)

* *The operating lease commitments relate to the land lease at Stor-Age Springfield, which continue to 31 March 2050 and reflect the total payments on the lease to expiry of the lease. The lease liability reflects the net present value of these payments.*

32. RESTATEMENT OF STATEMENT OF CASH FLOWS

The statement of cash flows has been restated for the effect of the loans payable arising from CPC developments. The movement in these loans were previously included as part of "cash flows from operating activities" (arising from a movement in working capital) and the corresponding increase in investment property was reflected as a "cash flows from investing activities".

This resulted in cash generated from operations being overstated at 31 March 2019 for Bryanston and Craighall. The group believes that the restatement results in the statement of cash flows providing a more accurate representation of the impact of the CPC developments on the statement of cash flows.

The group and company has corrected the classification in the statement of cash flows between "cash flows from operating activities" and "cash flows from investing activities" as indicated below:

	As previously reported 31 March 2019 R'000	Adjustment R'000	As restated 31 March 2019 R'000
Group			
Cash flows from operating activities			
Cash generated from operations	396 758	(55 506)	341 252
Net cash inflow/(outflow) from operating activities	41 232	(55 506)	(14 274)
Cash flows from investing activities			
Additions to investment properties	(348 045)	55 506	(292 539)
Net cash outflow from investing activities	(789 669)	55 506	(734 163)
Company			
Cash flows from operating activities			
Cash generated from operations	5 158	(55 506)	(50 348)
Net cash outflow from operating activities	(89 220)	(55 506)	(144 726)
Cash flows from investing activities			
Additions to investment properties	(298 135)	55 506	(242 629)
Net cash outflow from investing activities	(308 242)	55 506	(252 736)

The impact on cash generated from operations is set out below:

	As previously reported 31 March 2019 R'000	Adjustment R'000	As restated 31 March 2019 R'000
Group			
Changes in working capital, net of assets acquired	60 950	(55 506)	5 444
Decrease in trade and other receivables	7 154	–	7 154
Increase in inventory	(1 044)	–	(1 044)
Increase/(decrease) in trade and other payables	54 840	(55 506)	(666)
Cash generated from operations	396 758	(55 506)	341 252
Company			
Changes in working capital, net of assets acquired	14 773	(55 506)	(40 733)
Increase in trade and other receivables	(37 437)	–	(37 437)
Increase in inventory	(666)	–	(666)
Increase/(decrease) in trade and other payables	52 876	(55 506)	(2 630)
Cash generated from operations	5 158	(55 506)	(50 348)

33. GOING CONCERN

The group's current liabilities exceed its current assets by R352 million at 31 March 2020 as a result of the dividend payable of R226 million and the inclusion of borrowings of R160 million. The borrowings of R160 million relate to a three-month rolling debt instrument note which is refinanced on a quarterly basis. The company's current assets exceed its current liabilities.

The group statement of cash flows reflects a cash outflow from operating activities of R48.0 million in 2020 and R14.3 million in 2019. The company statement of cash flows reflects a cash outflow from operating activities of R196.9 million in 2020 and R144.7 million in 2019.

The company has R626 million in unutilised long term borrowing facilities available at year end (group: R658 million) as well as surplus cash paid into its loan facilities of R169 million (group: R169 million) which is immediately available and can be accessed by the company and the group to settle its current liabilities in the ordinary course of business. In addition the company raised R250 million of new equity in May 2020 in an accelerated book-build.

In 2019 and 2020 Stor-Age paid antecedent dividends of R45.3 million and R77.6 million respectively. The payment of the antecedent dividend component is reflected as part of the full dividend payment under cash flows from operating activities. The antecedent dividend component has, in effect, already been received by the company is and included in the proceeds from the issue of shares under cash flows from financing activities. This results in a mismatch of the respective cash flows.

The payment of dividends is also reflected on a gross basis and does not take account of cash conserved under the dividend reinvestment programme (DRIP). Stor-Age conserved R67.4 million and R75.6 million in 2020 and 2019 respectively using the DRIP.

From the company's perspective, the recognition of dividends received and the actual cash flow related to those dividends may arise in different reporting periods. The treasury function for the group is managed centrally and cash flows between the company and subsidiaries within the group may arise in different reporting periods. The company has access to long term borrowing facilitates as set out above and funds may be advanced to subsidiaries in the group for working capital or investment purposes. The company does not charge intercompany interest on loans to subsidiaries in the group.

The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the company and group are in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

The directors consider that the company and group have adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

Impact of COVID-19

Stor-Age is well-positioned both financially and operationally to navigate the economic uncertainty arising from the COVID-19 pandemic. Stor-Age and the self storage business model have a track record of resilience in difficult economic environments.

Pre-lockdown

Prior to the lockdown in South Africa and the UK, we saw no noticeable impact of the pandemic on our key trading performance indicators.

Business continuity plans were enacted in anticipation of the lockdown and have been working well in ensuring a seamless continuation of operations in both markets. Our primary responsibility at all times has been the safety, health and well-being of our staff and customers and we immediately increased our focus on hygiene and cleanliness across all our properties.

Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types, allowing for social distancing to be practiced with little effort. We also put contingency plans in place to manage the possibility of increased absenteeism as a result of self-isolation or illness.

Lockdown

Our objective has been to keep the properties accessible for customers in both South Africa and the UK to support the provision of essential services.

We immediately offered complimentary storage space to a number of relief and government-based entities including the Western Cape Government and Community Chest in SA and the National Health Service (NHS) in the UK. We continue to support these authorities, charities and NGOs by offering the use of properties to support relief efforts.

Soon after the respective lockdowns commenced, we successfully activated an online e-sign capability for the completion of new leases, allowing for the facilitation of a "contactless" digital sign-up and move-in process.

In line with expectations, we saw a significant reduction in both move-in and move-out activity in both South Africa and the UK as soon as the lockdowns commenced in March 2020. In South Africa, the impact was largely offsetting in April. In the UK the impact carried through to April.

South Africa

We saw enquiry levels drop significantly, as expected, from end of March continuing into April 2020. With the move to level 4 restrictions at the beginning of May 2020, we experienced a noticeable increase in demand as new regulations were passed regarding increased personal mobility and the reopening of certain sectors of the economy.

With the easing of restrictions, we experienced a higher level of move-outs relative to move-ins during the first weekend in May. The move-outs were principally linked to the increased mobility of the population (i.e. a proportion of customers who would ordinarily have moved out at the end of March and/or April because they had come to the natural end of their need for the product, did so during the first weekend of May). The move-outs were nonetheless still significantly lower than we would normally expect in a month.

After the regulations allowing for the movement of households on 7 May 2020 were amended, enquiries returned to normal levels in South Africa in line with expectations. We immediately saw an improved move-in trend in the days following the announcement. On 14 May 2020, the government further relaxed the rules around moving, expressly including commercial operations and removing the end date of 7 June 2020 for household moves (as had been included in the 7 May 2020 update). In the two month period to the end of May, overall occupancy decreased by only 300 m^2.

UK

The lockdown in the UK was initially less restrictive. While overall activity (move-ins and move-outs) was severely curtailed relative to the norm, it still gave rise to a larger negative impact on move-ins compared to move-outs in March. There was a drop off in enquiries from the start of the lockdown although it was not as significant as in South Africa. In April 2020 occupancy decreased by 1 200 m^2.

In May 2020, enquiry levels in the UK returned to pre-COVID-19 levels and were in line with expectations. New regulations coming into effect on 13 May 2020 allowing buyers and renters to once again view properties physically, arrange removals and move home, provided further impetus. There was a significant increase in move-in activity in May 2020 relative to April 2020 resulting in an increase in occupancy of 400 m^2 for the month.

Rental collection

In the three-month period post year-end (i.e. April, May and June 2020) we collected over 93% and 98% of rental due in South Africa and the UK respectively.

The collection of rentals and recovery of debt remains a key focus area. We have committed additional resources to this given the elevated risk levels in this area and the expected strain consumers may experience in the coming months.

33. GOING CONCERN (continued)

Other considerations

The rapid escalation of the COVID-19 pandemic and the risk management measures that have been put in place have exerted significant pressure on the economies in SA and the UK. Given the extremely high levels of uncertainty, it is impossible to accurately predict the full impact of the COVID-19 crisis on our business.

While we don't anticipate a significant deterioration in occupancy levels in either market, it will largely be dependent on customer behaviour, the levels of demand for self storage, the overall state of the economy in both markets and any restrictions that the respective governments may introduce in the future. This may impact the revenue assumptions underpinning our cash flow forecasts and the valuation of our investment properties. All items of expenditure for the forthcoming financial year have been reviewed to achieve costs savings and, where possible, unnecessary expenditure eliminated. Non-essential capital expenditure has also been deferred. Bad debt levels may increase as a result of financial pressure on customers, however there is no single concentration risk with approximately 35 000 customers.

Notwithstanding the challenges and risks that the COVID-19 pandemic may present, both the group and company are well capitalised with sufficient access to cash resources and undrawn borrowing facilities. The directors consider that the company and group have adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

34. EVENTS AFTER REPORTING DATE

Stor-Age issued 128 279 new ordinary shares in April 2020 to acquire sectional title units and 21.097 million new ordinary shares for an aggregate consideration of R250.0 million as part of an accelerated book-build. The dividend declared in relation to the shares issued subsequent to year end amount to R12.1 million.

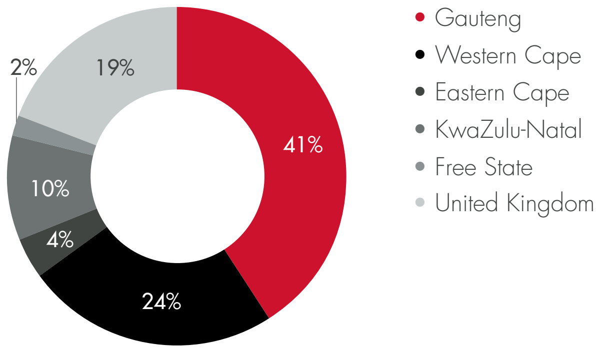
The board is not aware of any other events that have a material impact on the results or disclosures of the group and which have occurred subsequent to the end of the reporting period.

UNAUDITED PROPERTY PORTFOLIO INFORMATION

as at 31 March 2020

1. The total customer base of the group is large and diverse with over 34 700 (2019: 32 100) tenants. Of the 25 300 tenants based in South Africa, 60% (2019: 64%) of the customers are residential users and the remaining 40% (2019: 36%) are commercial users. In the United Kingdom, Storage King has over 9 400 tenants of which 69% (2019: 68%) of the customers are residential users and the remaining 31% (2019: 32%) are commercial users.

2. Geographical representation of the properties by region is set out in the following pie chart:



3. Geographical representation of portfolio by Gross Lettable Area (GLA) and revenue:

Region	GLA m²	Revenue %
Gauteng	185 714	30.7
Western Cape	109 720	22.2
Eastern Cape	17 857	2.2
KwaZulu-Natal	45 409	7.4
Free State	6 679	0.7
South Africa	**365 379**	**63.2**
United Kingdom	82 858	36.8
Total	**448 237**	**100.0**

4. The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2020 is R106.0/m^2 (2019: R100.0/m^2), an increase of 6%. The weighted average rental per square meter for each region as at 31 March 2020 is set out in the following table:

Region	Rental/m²
Gauteng	96.1
Western Cape	139.0
Eastern Cape	80.3
KwaZulu-Natal	99.9
Free State	68.0
South Africa	**106.0**

The closing average rental rate of UK properties is £21.22 per square foot (2019: £21.63), a decrease of 1.9%. In the UK, average rental rates are reflected on an annual basis. The decrease is due to the acquisition of Flexi Store which has lower average rental rates. Excluding the acquisition, the closing rental rate was up 1.0% year-on-year.

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

as at 31 March 2020

5. The occupancy profile by GLA of the portfolio as at 31 March 2020 is disclosed in the following table:

Region	GLA m^2	Occupied %	Vacancy m^2	Vacant %
Gauteng	185 714	85.4	27 200	14.6
Western Cape	109 720	82.3	19 415	17.7
Eastern Cape	17 857	83.8	2 892	16.2
KwaZulu-Natal	45 409	89.8	4 653	10.2
Free State	6 679	87.6	829	12.4
South Africa	**365 379**	**85.0**	**54 989**	**15.0**
United Kingdom	82 858	78.8	17 545	21.2
Total	**448 237**	**83.8**	**72 534**	**16.2**

6. The existing leases for the current tenant base do not contain contractual escalations. The companies in the group have the contractual right to increase rentals at its discretion, provided 30 days' notice is given to the respective tenants. The following table sets out the annual percentage increases in the average rental per m^2 for the past five financial years.

Year	% increase in rental per m^2
2016	9%
2017	9%
2018	7%
2019	9%
2020	6%

7. The weighted average annualised property yields based on the forward 12 month net operating income (NOI), and assuming a stabilised occupancy level are set out below:

	12-month forward NOI	12-month forward NOI assuming stabilised occupancy
SA properties	8.03%	8.65%
UK properties	6.64%	7.52%

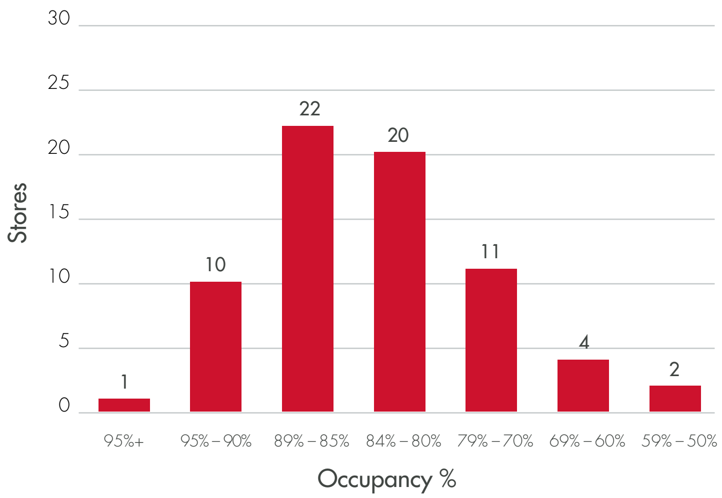
The above yields have been calculated excluding undeveloped land and developments in progress.

8. The tenant base of the group is large and diverse. All leases continue indefinitely unless terminated by providing two weeks' notice. As at 31 March 2020, 70% of existing tenants in South Africa and 75% in the UK had occupied a self storage unit for a period greater than six months. Set out below is an analysis of the historical occupancy profile for the group.

South Africa Tenancy	2020	2019	2018
<6 months	30%	31%	29%
Between 6 and 12 months	18%	17%	17%
Between 1 and 2 years	21%	21%	21%
Between 2 and 3 years	11%	12%	11%
>3 years	20%	19%	22%
Total	100%	100%	100%

United Kingdom Tenancy	2020	2019	2018
<6 months	25%	30%	31%
Between 6 and 12 months	14%	15%	18%
Between 1 and 2 years	17%	19%	17%
Between 2 and 3 years	12%	10%	10%
>3 years	32%	26%	24%
Total	100%	100%	100%

9. The occupancy profile of the group as at 31 March 2020 is set out in the following bar chart below:



UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

Schedule of properties as at 31 March 2020

Property name	Address	Province	2020 Purchase price R'000	2020 Valuation R'000	2020 GLA m²	2020 GLA Sq Ft.#	2019 Valuation R'000	2019 GLA m²	2019 GLA Sq Ft.#
South Africa									
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	140 000	261 000	12 297	–	263 400	12 341	–
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	104 000	143 500	10 106	–	138 800	10 111	–
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	160 200	158 700	9 041	–	164 700	9 015	–
Stor-Age Durbanville	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	72 700	124 800	10 649	–	118 400	10 649	–
Stor-Age Tokai*^	64-74 White Road, Retreat, Cape Town	Western Cape	94 300	121 500	8 122	–	121 000	8 124	–
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	90 000	94 200	7 720	–	92 000	7 720	–
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	88 000	93 900	7 720	–	90 200	7 810	–
Storage RSA Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	65 000	83 300	6 255	–	83 400	6 255	–
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	46 000	70 100	5 874	–	65 800	5 874	–
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	48 950	65 200	4 833	–	69 202	4 923	–
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	41 000	58 300	2 760	–	63 700	2 756	–
Stor-Age Somerset West	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	48 900	59 316	5 512	–	66 811	5 512	–
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	52 000	78 600	7 261	–	68 800	6 103	–
Storage RSA Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	40 000	47 100	5 005	–	49 000	5 006	–
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	13 500	18 600	1 216	–	19 500	1 142	–
Stor-Age Ottery	Corner Bloemof Avenue and Springfield Street, Ottery	Western Cape	42 081	48 700	5 349	–	47 700	5 362	–
			1 146 631	1 526 816	109 720	–	1 522 413	108 703	–
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	92 900	95 700	7 476	–	95 700	7 476	–
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	95 325	102 200	6 156	–	104 500	3 858	–
Stor-Age Craighall	376A Jan Smuts Avenue, Craighall, Randburg, 2024	Gauteng	88 900	112 100	4 211	–	–	–	–
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	125 800	132 100	8 655	–	127 300	8 655	–
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	36 200	27 800	5 034	–	32 000	5 034	–
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	40 400	40 600	5 525	–	40 100	5 525	–
Stor-Age Randburg	225 Bram Fischer Drive, Randburg, Johannesburg	Gauteng	96 900	86 400	5 804	–	96 200	5 809	–
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	92 800	83 900	8 690	–	89 000	8 690	–
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	119 100	115 300	7 709	–	118 800	7 707	–
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	115 000	141 600	20 919	–	139 700	20 919	–
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	94 700	98 500	7 976	–	96 200	7 977	–
Storage RSA Midrand	65 Freight Road, Louwlardia, Midrand	Gauteng	83 000	78 500	7 598	–	82 500	7 597	–
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	60 500	71 900	9 371	–	75 100	9 393	–
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	74 000	84 300	7 202	–	82 200	7 229	–
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	71 000	76 900	9 202	–	76 500	9 202	–
Stor-Age Constantia Kloof*	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	48 000	89 892	5 370	–	84 129	5 373	–
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	46 000	68 700	9 293	–	66 600	9 293	–
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	55 650	52 300	8 005	–	55 000	7 978	–
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	43 100	55 600	7 848	–	55 400	7 848	–
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	45 500	59 500	7 136	–	56 100	7 136	–
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	43 600	44 900	9 696	–	47 700	9 711	–
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	41 500	37 100	8 228	–	41 600	8 248	–
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	22 600	32 100	4 449	–	37 702	4 797	–
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	10 500	11 500	4 161	–	12 800	4 161	–
			1 642 975	1 799 392	185 714	–	1 712 831	179 616	–

Property name	Address	Province	2020 Purchase price R'000	2020 Valuation R'000	2020 GLA m²	2020 GLA Sq Ft.#	2019 Valuation R'000	2019 GLA m²	2019 GLA Sq Ft.#
Stor-Age Berea	23 Calder Road, Berea, Durban	KwaZulu-Natal	93 600	84 333	7 861	–	91 200	7 418	–
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	KwaZulu-Natal	109 300	118 100	9 047	–	109 900	9 047	–
Stor-Age Springfield*	166 Intersite Avenue, Umgeni Business Park	KwaZulu-Natal	17 100	63 608	5 516	–	41 500	5 516	–
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	KwaZulu-Natal	101 424	127 900	15 109	–	110 000	15 115	–
Stor-Age Durban CBD	200 Gale Street, Durban	KwaZulu-Natal	28 191	32 100	3 901	–	21 500	3 903	–
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	KwaZulu-Natal	15 386	39 300	3 975	–	26 600	3 777	–
			365 001	465 341	45 409	–	400 700	44 776	–
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	22 500	35 200	6 679	–	28 600	6 679	–
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	53 800	65 000	11 032	–	64 700	11 032	–
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	65 000	60 600	6 825	–	61 300	6 825	–
			118 800	125 600	17 857	–	126 000	17 857	–
Total			3 295 907	3 952 349	365 379	–	3 790 544	357 631	–

Property name	Address	Region in England	2020 Purchase price £'000	2020 Valuation £'000	2020 GLA m²	2020 GLA Sq Ft.#	2019 Valuation £'000	2019 GLA m²	2019 GLA Sq Ft.#
United Kingdom									
Storage King Aylesford*	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 441	4 053	4 037	43 435	3 902	4 037	43 435
Storage King Basildon*	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	5 067	4 816	4 225	45 456	4 576	4 225	45 456
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	11 930	11 640	4 492	48 335	11 930	4 477	48 175
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	12 180	11 460	5 874	63 201	12 090	5 874	63 206
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	4 350	4 350	2 166	23 304	3 850	2 223	23 919
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	11 760	12 560	4 266	45 900	12 540	4 266	45 900
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	8 270	8 590	5 195	55 900	8 730	5 191	55 855
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	4 710	5 590	3 619	38 942	5 620	3 619	38 942
Storage King Dunstable*	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	2 537	2 864	3 337	35 910	3 136	3 363	36 190
Storage King Epsom*	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	4 916	4 507	3 104	33 395	4 504	3 107	33 430
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 330	5 270	4 068	43 775	4 830	4 068	43 775
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	6 130	6 540	3 176	34 170	6 500	3 182	34 235
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	10 130	11 690	6 442	69 313	12 100	6 100	65 640
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	11 480	12 540	3 983	42 853	11 480	3 982	42 848
Storage King Woodley*	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 773	4 390	4 304	46 309	4 214	4 304	46 309
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	7 606	6 230	4 016	43 216	7 510	4 064	43 731
Storage King Dudley	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands	4 348	4 297	3 404	36 627	–	–	–
Storage King Nottingham	Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ	Midlands	3 873	3 730	4 605	49 551	–	–	–
Storage King Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA	West Midlands	4 728	4 187	3 230	34 756	–	–	–
Storage King Warrington	1 Colville Court Winwick Quay Warrington, WA2 8QT	North West	3 470	3 224	3 028	32 582	–	–	–
Storage King West Bromwich	AGL House, Birmingham Road, West Bromwich, West Midlands, B71 4JY	West Midlands	665	360	2 318	24 947	–	–	–
			131 694	132 888	82 889	891 877	117 512	66 082	711 046

* *Leasehold properties.*
^ *The lease covers a portion of Stor-Age Tokai. Details pertaining to the lease are set out in note 30.*
# *One square metre = 10.76 square feet.*
+ *Schedule of properties list excludes undeveloped land and includes sectional title GLA at Edgemead, Maitland and West Rand managed by Stor-Age but not owned.*