OUR PERFORMANCE

CEO'S REPORT

Stor-Age delivered a remarkable operating performance in South Africa, alongside a resilient performance in the UK. We expanded our portfolio, opening 12 new properties (four in South Africa and eight in the UK), and increased the combined value of the portfolio, including properties managed in our JV partnerships, to more than R17.0 billion.

We delivered an exceptionally strong trading performance in South Africa, with same-store rental income increasing by 15.4% year-on-year. This highlights the strength and sophistication of our operating platform and the defensive nature of our portfolio, which continues to benefit from significant barriers to entry in key target nodes.

Our trading performance in the UK remained resilient despite the weaker macroeconomic environment, which was characterised by higher interest rates and inflationary pressures. Average rental rates for the period increased by 4.7%, while average occupancy was 1.6% lower, resulting in same-store rental income growth of 3.0% year-on-year. While our performance in the UK was relatively subdued, this should be viewed in the context of the record performance achieved in the previous three years. During those three years, we reported same-store growth in rental income of over 40%, with average occupancy and rental rate growth of 14% and 23%, respectively.

Against the backdrop of a challenging macroeconomic and geopolitical environment, our performance this year demonstrates our ability to continue delivering attractive operating results and to continue growing our portfolio of prime self storage assets in South Africa and the UK, despite significant volatility and uncertainty.

ACQUISITIONS AND DEVELOPMENTS, SUPPORTED BY OUR JOINT VENTURE PARTNERSHIPS

We have a successful track record of acquiring, developing and managing self storage properties in prime locations that deliver high occupancy and rental rate growth. In the past six years, the Group has opened 13 new properties (SA: 9; UK: 4) and acquired 24 properties (SA: 4; UK: 20), collectively adding almost 200 000 m² of GLA on full fit-out. The Group continues to demonstrate its ability to seamlessly integrate new properties onto its operating and marketing platforms successfully.

The Group has also established several joint venture (JV) partnerships with leading institutional and private equity partners in both markets to acquire and develop new self storage properties in prime locations with strong demographics. These JV partnerships enable us to mitigate the financial impact of the lease-up of new properties and optimally allocate capital across several opportunities, offering future upside in infill locations and new markets.

In South Africa, we completed the development of four properties that form part of our JV with Nedbank Property Partners ("Nedbank JV") during FY24. The properties, which are split evenly between Johannesburg and Cape Town, added more than 24 000 m² GLA to the portfolio.

Post year end, we also concluded the development of an additional two JV properties. In June 2024, we delivered a new 6 100 m² GLA high-profile property in Century City in Cape Town in a JV with the Rabie Property Group. While in the Nedbank JV, we completed a fifth property, opening Kramerville in Johannesburg in July 2024, adding 5 400 m² GLA to the portfolio.

In the UK, we completed two new properties in the first half of the year (Bath and Heathrow) in our JV with Moorfield, bringing online 107 000 sq. ft GLA on full fit-out. We also completed the development of our Canterbury (54 000 sq. ft GLA on full fit-out) and West Bromwich properties (64 000 sq. ft GLA on full fit-out). In addition, we acquired a brownfield site in Acton, west London, and construction began in May 2024. The Moorfield JV now comprises eight trading properties across the UK with a total of 527 000 sq. ft GLA on full fit-out.

At the beginning of the year, we successfully completed the £82 million acquisition of the four-property Easistore portfolio across Kent and West Sussex, offering 242 000 sq. ft GLA. We completed this acquisition in a JV with Nuveen, providing further opportunities for growth and scale in the UK while earning acquisition and property management fees. In November 2023, we exchanged contracts for a new 42 000 sq. ft GLA development site in Leyton in the Nuveen JV. Construction began on site in January 2024 and the property is scheduled to open in the fourth quarter of FY25.

While the associated financing costs of our share of JV developments may have a short-term dilutive impact on earnings, we remain confident that the long-term return profile on invested capital will be value accretive as new developments lease up to mature occupancy levels. Our approach to the development of new properties and the acquisition of existing stores continues to be disciplined and pragmatic, with an overarching focus on the return on capital. We will only make investments if they meet our strict predefined investment return criteria.

In our owned portfolio, we completed several extensions in the UK. These included a three-floor extension to the existing Milton Keynes property, providing an additional 21 000 sq. ft GLA. In Crewe, we converted a building adjacent to the existing property, adding an additional 19 000 sq. ft GLA.

At year-end, our development pipeline consisted of nine properties, with seven of these located in South Africa and two in the UK. The development pipeline, underpinned by our JV partnerships, offers significant growth potential, enabling us to build scale and improve operating margins.

THIRD-PARTY MANAGEMENT

We continue to make significant progress in expanding our third-party management income streams, enabling us to generate additional revenue with minimal capital investment by leveraging our in-place operating platform. Management fees increased by 75% to R63.1 million, up from R36 million in FY23.

We have 23 (SA 5; UK 17) properties operating on our third-party management platform. In the UK, we offer this under our Management 1st platform, which targets independent operators, developers and private equity owners in the UK self storage market.

During the year, we entered into a third-party management agreement to manage a new self storage property located in Bayswater, in west London. The recently completed development, a conversion of an underground car park over two levels, offers 17 700 sq. ft GLA. The property began trading in April 2024 and is branded and managed by Storage King.

In addition, post year-end we entered into a third-party management agreement with Hines, to manage their acquisition of the three-property Kent Space self storage portfolio in the southeast of the UK. The agreement was concluded in May 2024. Hines is a privately owned global real estate investment, development and management firm with a presence in 30 countries and $94.6 billion[1] of assets under management. The Kent Space acquisition represents their entry into the UK self storage market. It will underpin their self storage property assembly ambitions in the UK, which will be executed by acquiring existing stores and through new developments.

The properties in the Kent Space portfolio are located in Ashford, Chatham and Ebbsfleet and offer 78 000 sq. ft of self storage space and 30 000 sq. ft of complementary office space. Adding the portfolio to the platform is highly complementary to the existing Storage King offering in Kent.

In my message last year, I noted our highly strategic yet flexible approach to partnering with the most suitable equity capital providers, as evidenced by our ability to successfully establish multiple JVs. Coupled with our track record, operational strength and the expertise of our third-party management platform, these JVs provide us with a real opportunity to compete in the highly sought-after and competitive UK market. On the back of our JV partnership announced with Nuveen in April 2023, the third-party management agreement entered into with Hines tangibly demonstrates the competitiveness and excellent market positioning of Storage King in the UK self storage sector.

On the digital front, we provide a digital marketing solution for smaller, independent operators through our third-party digital services offering Digital First, enabling them to leverage our sector-leading, in-house digital marketing and enquiry generation skillset at a fraction of the cost.

As emphasised over the years, digital enquiry generation remains the lifeblood of a self storage business. We see this playing out in the success of our Digital First platform, which continues to make excellent progress across multiple markets. In FY24, we increased the number of independent operators on the platform from 23 to 29, comprising 126 properties (2023: 95) and representing 19 countries (2023: 11) across the UK, continental Europe, Central America, Asia and Australia. We offer this service in more than 10 languages.

Due to the continued success in demand generation that we've achieved across multiple markets and languages and the fragmented nature of the global self storage industry, we will continue to grow this area of our business. This year, the annual revenue amounted to R11.6 million, representing a 119% increase year-on-year. We anticipate that Digital First will continue to increase its earnings attractively in the short to medium term.

TECHNOLOGY AS A BUSINESS ENABLER

We continue investing significant time and resources to ensure Stor-Age remains digitally engaged. The strength of our digital-first marketing approach and demand creation capability, enhanced by our ongoing agency status with Google and Meta, provide a significant competitive advantage. This is evidenced by the continued successful and consistent delivery of digital prospects at an attractive price point to our properties and operational platforms in South Africa and the UK.

In recent years, we have focused on transitioning our digital platforms to low-code environments. A low-code environment enables us to quickly integrate and leverage the latest technologies and applications, such as AI capability, into our digital strategies at a reduced cost while delivering a better customer and employee experience. This is critical in ensuring that we remain agile and responsive.

We continue to invest in and deploy time-saving technology to make our customers' lives as easy as possible when using our services or accessing our properties. This includes using technology, such as bluetooth enabled smart locks and digital keys, and investing in state-of-the-art security. During FY24, we installed smart locks at our Heathrow, Bath, West Bromwich and Canterbury properties, enabling customers to access the property and their units using their smartphones. The smart locks were well-received by our customers, and we will continue to roll them out to new properties in the UK.

As part of our digital journey, we continue to investigate ways in which to further automate aspects of our day-to-day store operations to improve productivity, drive efficiency and further improve cost control, focusing on rethinking how our customers interact with our properties and staff. This will remain an area of focus in both markets in the years ahead.

OUR PEOPLE

The Group employs more than 480 staff across South Africa and the UK. Maintaining a motivated, skilled and engaged workforce while ensuring a rewarding culture for our people therefore remain core focus areas. We continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on customer service and technology. In FY24, we recorded more than 3 200 hours of online training, with more than 65 new courses available on Edu-Space, our online learner management platform.

Backed by the strength of our brands and sophisticated operational platform, our employees are fundamental to and drive the Group's ongoing growth and success. Understanding the needs of our customers and using this knowledge to build trusted in-store teams, is a critical element in driving revenue growth and improved market share. We continue to engage with our employees and invest in initiatives to promote their physical, financial and emotional wellbeing.

We were once again pleased to see the results of our annual anonymous staff survey in South Africa, which indicated that more than 93% of our employees are proud to be part of the Stor-Age team. Read more about this on page 69.

[1] *Includes both the global Hines organisation and Registered Investment Advisor assets under management, as of June 30 2023.*

OUR GROWTH STRATEGY

> Our success in building Stor-Age into a sector-leading business is underpinned by the quality of our multi-year strategic planning, our continued focus on ESG-related risks and opportunities, and our ability to innovate and deploy capital responsibly to ensure we deliver superior returns.

Self storage is a growth sector, not only in markets such as South Africa and the UK but globally. Simplistically, economies worldwide are led by consumption, with people acquiring more and more goods. At the same time, people's living and working spaces are becoming increasingly dense while the mobility of the population is increasing. Businesses, typically SMMEs, also benefit from the product because of the flexibility it provides in terms of the underlying space and length of lease. All of these factors contribute to the underlying growth of the self storage sector globally.

As we head into FY25, we enter the final year of our current five-year growth plan and begin turning our attention to our new five-year strategic plan to 2030. This new plan will be the fourth iteration of our formal multi-year strategic planning initiative. With real estate as the underpin of our business, it naturally follows that our real estate strategy will form an integral component of our multi-year growth strategy. As anticipated in the current plan to FY25, we continue to see the ever-increasing impact of digital transformation and technology on our strategic planning and consequently we expect this impact to continue over the medium to long term.

By its nature, real estate is a long-term game. This is brought to the fore when one considers the time, effort and skill required to secure properties in the right location and at the right price. Following this, it is then necessary to ensure that the appropriate town planning requirements are met, and local council approval is obtained before a new asset can be designed, built and leased up. Collectively, these stages take a considerable amount of time. It is therefore imperative that one understands today, exactly where one would ideally like their property portfolio to be positioned in five or more years' time. While the multi-year real estate strategy sets broad targets, it is also highly detailed and targets specific cities, towns, and suburbs and the arterial routes where we would like to place new product or acquire existing properties. The real estate strategy is not restrictive. Rather, it serves as a guide to being highly focused and supports intelligent decision-making while enabling the business to opportunistically take advantage of suitable opportunities as they arise.

We continue to see opportunities to grow the portfolio in South Africa in high profile locations through new developments and by acquiring independent operators in key targeted locations. We envisage continued significant growth of our UK business, Storage King. After entering the UK market in November 2017 through the strategic acquisition of the 13 property Storage King portfolio, we have seen rapid growth in the number of properties trading under the brand. In a little more than two years, the portfolio of Storage King branded and managed properties has grown from 21 to 43. We believe that the significant organisational infrastructure enhancements we have put in place to sustainably support the growth of Storage King to its current size can be further leveraged to sustainably support continued rapid growth in our UK platform.

Furthermore, the learnings we have gained from operating as a dual-market business for more than six years cannot be underestimated. In addition, insights from our Digital First business offering into multiple European markets have been significant over the last two years. The underlying fundamentals of the European self storage market, with limited supply, significant barriers to entry and a steadily growing product awareness, appear to be very strong. As sector specialists with a 100+ property dual-market operating platform and almost 20 years of experience, these factors provide us with the underlying confidence that the business is optimally positioned to manage the risk and complexity that could arise from entering a new market or markets in Europe in the future.

A hallmark of our business since listing in November 2015 has been the prudent management of our balance sheet. This has served us well, as we have navigated multiple global and macro crises alongside those that have been self-inflicted at a South African or UK sovereign level. Accordingly, we intend to continue managing our balance sheet in a similarly measured way in the years ahead as we continue to grow and optimally position the underlying portfolio. The successful launch of the DMTN programme in April 2024, and the initial issue of R500 million of listed notes, will contribute to the ongoing broadening of the Group's sources of capital. We provide more detail in the Financial Review from page 46.

When considering Stor-Age's future growth prospects, one needs to be cognisant of the current elevated cost of equity and debt capital financing. This is true for most REITs globally. Regardless of whether the elevated cost of financing may be more cyclical at present, we envisage that our in-place capital light growth strategy alongside the potential for relatively small-scale asset recycling will be important components of the multi-year growth strategy.

In both markets, our JV relationships with a multitude of either property owners or private capital partners have positioned us optimally for further growth. At the same time, these JVs have ensured a reduced requirement for equity capital and have driven growth in our third-party management revenue streams.

The ongoing success of our third-party management offering in the UK, Management 1st, has encouraged us to seek to further grow our third-party management revenue streams in South Africa. As has been the case in more mature self storage markets globally, including in the UK, we envisage that direct self storage property ownership by large financial institutions in the South African market will occur over the medium term. As with many other facets of the local self storage industry, we intend to play a leading role in ushering in this next phase in the local sector's evolution.

OUTLOOK AND THANKS

> While the macroenvironment remains uncertain, we are confident in our business model which has proved resilient through multiple economic crises. As we look ahead, we will continue to strive to enhance every facet of our operations in the pursuit of growth.

There continues to be an undersupply of high-quality self storage properties across South Africa and the UK, providing the Group with an excellent opportunity to expand its presence in both markets. The outlook for development activity remains positive, and the Group is well-positioned to pursue these opportunities with our JV partners as they arise, enabling us to build scale and improve operating margins.

Our operations in South Africa and the UK are led by strong and highly capable management teams who have grown tremendously over the years. Equally, our exceptional team of dedicated, high-calibre employees across our properties are fundamental to and drive the ongoing growth and success of our business.

Thank you to everyone, and we look forward to working together to take Stor-Age forward. Thank you also to my executive team, our chairman and the board for your ongoing support, wisdom, guidance and advice throughout a challenging but rewarding year in which we again saw the strength of our business and the potential it holds.

While we are fully aware of the current macro-economic environment, our business model has proven to be highly resilient with multiple drivers of demand. Stor-Age remains a world-class self storage business and a dynamic sector specialist and is well-placed to withstand economic headwinds and global macroeconomic volatility. We remain focused on delivering long-term value for our stakeholders.

Gavin Lucas
CEO
31 July 2024

FINANCIAL REVIEW

INTRODUCTION

We delivered an excellent set of trading results in South Africa with same-store rental income increasing by 12.7% year-on-year. Average occupancy and rental rates increased by 2.9% and 9.5% respectively, building on the strong performance in FY23, while occupancy in our portfolio of 54 owned properties grew by 8 700 m² compared to the prior year. Net property operating income increased by 14.7% (13.9% on a same-store basis).

After three years of exceptional growth in our UK business, the transitioning macro environment presented some challenges with high interest rates and inflationary pressures impacting businesses and the residential housing sector. Despite these challenges, our UK trading performance remained resilient and we grew occupancy in our portfolio of 26 owned properties by 2 000 m² compared to the prior year. Average rental rates increased by 4.7% and average occupancy was 1.6% lower, resulting in same-store rental income growth of 3.0% year-on-year. Net property operating income increased by 1.1%.

We made excellent strategic progress during the year having opened or acquired 12 trading properties (four in South Africa and eight in the UK) in our JV structures, adding 72 500 m² GLA on full fit-out. Our JV partnerships with leading institutional and private equity partners allow us to participate in acquisitions and developments in prime locations with strong demographics, offering future upside with a moderate capital investment. We continue to work with our existing JV partners, and engage with new partners, to assess options for future acquisition, development and redevelopment opportunities. Read more about our JV partnerships on page 32.

We also added four new properties to our third-party management platform (Management 1st) in the UK shortly after the year end where we manage properties for independent owners under the Storage King brand. Management fees increased by 75% to R63.1 million for the year and we remain confident in our ability to further scale our capital-light growth activities.

The higher interest rate environment saw us absorb a 46% increase in net finance costs for the year resulting in the full year dividend of 118.17 cents being broadly in line with the prior year. To date, we have committed over R500 million of capital to our South Africa and UK JV initiatives with the majority of this investment taking place over the last two financial years. Whilst the financing costs of funding our share of JV acquisitions and developments may have a short-term dilutive impact on earnings in the current interest rate cycle, we remain confident that the long-term return profile on invested capital will be value-accretive as new developments lease up to mature occupancy levels.

Our year end loan-to-value ratio was 31.4% with 85.5% of our net debt subject to interest rate hedging. Our strong and flexible balance sheet was further enhanced with a R500 million debt auction conducted shortly after year end which increases funding capacity, allowing us to continue to consider strategic, value-accretive investments as and when they arise.

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

	31 March 2024	31 March 2023	+ / -	+ / - CER[1]
Property operating revenue[2]				
Group (R million)	**1 210.8**	1 047.5	+15.6%	+7.6%
SA (R million)	**607.3**	535.2	+13.5%	
UK (£ '000)	**25 634**	25 048	+2.3%	
Net property operating income (NPOI)[3]				
Group (R million)	**893.4**	773.3	+15.5%	+7.8%
SA (R million)	**468.6**	408.5	+14.7%	
UK (£ '000)	**18 042**	17 838	+1.1%	
NPOI margin[4]				
Group	**73.8%**	73.8%	–	
SA	**77.2%**	76.3%	+0.9pp	
UK	**70.4%**	71.2%	-0.8pp	
Net property operating profit[5]				
Group (R million)	**783.9**	673.8	+16.3%	+8.5%
SA (R million)	**395.2**	349.0	+13.2%	
UK (£ '000)	**16 511**	15 874	+4.0%	
Number of properties – owned portfolio	**80**	80	–	
Number of properties – owned and managed	**99**	87	+12	
Closing occupancy m² – owned portfolio				
Group	**453 700**	443 000	+2.4%	
SA	**361 000**	352 300	+2.5%	
UK	**92 700**	90 700	+2.2%	
Closing occupancy % – owned portfolio[6]				
Group	**90.2%**	89.5%	+0.7pp	
SA	**92.1%**	91.0%	+1.1pp	
UK	**83.5%**	84.2%	-0.7pp	
Closing average rental rate[6]				
SA (R/m²)	**140.7**	129.1	+9.0%	
UK (£/sq. ft)	**26.2**	25.1	+4.5%	
Investment property value (including JVs)[7]				
Group (R million)	**12 623**	11 129	+13.4%	
SA (R million)	**5 727**	5 367	+6.3%	
UK (£ '000)	**289.4**	261.8	+10.5%	
Weighting of property assets[7]				
SA	**45.4%**	48.2%	-2.8pp	
UK	**54.6%**	51.8%	+2.8pp	
NAV per share[8]	**16.15**	15.14	+6.6%	
Loan-to-value ratio[9]	**31.4%**	29.9%	+1.5pp	

1 *In the constant exchange rate (CER) comparison, 2023 financial information is recalculated using 2024 exchange rates.*
2 *Property operating revenue comprises revenue from operating our properties including rental income (self storage and other, net of bad debts), ancillary income and sundry income. Refer to operating performance table on page 49.*
3 *Net property operating income (NPOI) is calculated as property operating revenue less direct operating costs. Refer to operating performance table on page 49.*
4 *NPOI margin is calculated as NPOI divided by property operating revenue and measures the operational performance and efficiencies of our properties. Refer to operating performance table on page 49.*
5 *Net property operating profit comprises Group earnings before interest, tax, depreciation and amortisation, excluding fair value adjustments to investment property and financial instruments. Refer to note 2 (Segmental information).*
6 *Excludes managed properties. UK rental rate quoted on an annual basis.*
7 *Includes proportionate share of JV investment property values (see page 53).*
8 *Calculated in accordance with SA REIT Best Practices Recommendations (see page 193).*
9 *Refer to capital structure section on page 55.*
pp – percentage points calculated as the absolute difference between 2024 and 2023.

Where applicable, the performance measures set out above are classified as non-IFRS Accounting Standards measures and are not intended as substitutes to financial measures prepared in accordance with IFRS Accounting Standards.

OPERATIONAL REVIEW

OCCUPANCY SUMMARY – OWNED PORTFOLIO

	31 March 2024			31 March 2023		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
SA						
Same-store	**388 100**	**357 300**	**92.1%**	383 800	349 800	91.1%
Non same-store	**3 800**	**3 700**	**97.7%**	3 300	2 500	77.3%
Total SA	**391 900**	**361 000**	**92.1%**	387 100	352 300	91.0%
UK						
Same-store	**111 000**	**92 700**	**83.5%**	107 800	90 700	84.2%
Total group	**502 900**	**453 700**	**90.2%**	494 900	443 000	89.5%

GLA and occupied space rounded to the nearest hundred.

Portfolio analysis*	Number of properties	% of property valuation	% of NPOI	% of GLA
SA				
Freehold	**51**	**96.9%**	**95.3%**	**95.8%**
Leasehold	**3**	**3.1%**	**4.7%**	**4.2%**
Total	**54**	**100.0%**	**100.0%**	**100.0%**
UK				
Freehold	**18**	**92.4%**	**70.8%**	**73.9%**
Leasehold	**8**	**7.6%**	**29.2%**	**26.1%**
Total	**26**	**100.0%**	**100.0%**	**100.0%**
Total – own properties	**80**	**100.0%**	**100.0%**	**100.0%**
Freehold	**69**	**94.5%**	**83.7%**	**91.0%**
Leasehold	**11**	**5.5%**	**16.3%**	**9.0%**
Managed properties	**23**			
SA	**6**			
UK[1]	**17**			
Total trading properties	**103**			
SA	**60**			
UK	**43**			
Under development	**4**			
SA	**2**			
UK	**2**			
Total including properties under development	**107**			
SA	**62**			
UK	**45**			

* *As at 31 May 2024*

[1] *Includes four new properties added to the third-party management platform (Management 1st) in the UK shortly after year end.*

FINANCIAL RESULTS

The tables below set out the Group's operating performance at a property level:

All stores	SA FY24 R million	UK FY24 £'000	SA FY23 R million	UK FY23 £'000	% change SA	% change UK
Rental income						
Self storage	**575.4**	**22 335**	507.2	21 692	13.5%	3.0%
Other	**10.9**	**891**	9.4	946	16.3%	(5.8)%
Ancillary income	**23.7**	**2 295**	21.1	2 278	12.1%	0.7%
Sundry income	**1.7**	**199**	1.9	222	(10.7)%	(10.4)%
Bad debt	**(4.4)**	**(86)**	(4.4)	(90)	–%	4.4%
Direct operating costs	**(138.7)**	**(7 592)**	(126.7)	(7 210)	(9.4)%	(5.3)%
Net property operating income	**468.6**	**18 042**	408.5	17 838	14.7%	1.1%
Bad debt as a % of rental income	**0.77%**	**0.39%**	0.87%	0.41%		

Same-store portfolio	SA FY24 R million	UK FY24 £'000	SA FY23 R million	UK FY23 £'000	% change SA	% change UK
Rental income						
Self storage	**569.4**	**22 335**	505.4	21 692	12.7%	3.0%
Other	**10.4**	**891**	9.2	946	13.8%	(5.8)%
Ancillary income	**23.4**	**2 295**	21.1	2 278	11.0%	0.7%
Sundry income	**1.7**	**199**	1.9	222	(10.8)%	(10.4)%
Bad debt	**(4.3)**	**(86)**	(4.3)	(90)	–%	4.4%
Direct operating costs	**(136.4)**	**(7 592)**	(125.9)	(7 210)	(8.4)%	(5.3)%
Net property operating income	**464.2**	**18 042**	407.4	17 838	13.9%	1.1%
Bad debt as a % of rental income	**0.75%**	**0.39%**	0.85%	0.41%		

Consolidated – all stores	SA FY24 R million	UK FY24 R'000	Total R'000	SA FY23 R million	UK FY23 R'000	Total R'000	% change
Rental income							
Self storage	**575.4**	**525.8**	**1 101.2**	**507.2**	**443.7**	**950.9**	15.8%
Other	**10.9**	**21.0**	**31.9**	**9.4**	**19.3**	**28.7**	11.0%
Ancillary income	**23.7**	**54.0**	**77.7**	**21.1**	**46.6**	**67.7**	14.8%
Sundry income	**1.7**	**4.7**	**6.4**	**1.9**	**4.5**	**6.4**	(0.7)%
Bad debt	**(4.4)**	**(2.0)**	**(6.4)**	**(4.4)**	**(1.8)**	**(6.2)**	(3.4)%
Direct operating costs	**(138.7)**	**(178.7)**	**(317.4)**	**(126.7)**	**(147.5)**	**(274.2)**	(15.7)%
Net property operating income	**468.6**	**424.8**	**893.4**	**408.5**	**364.8**	**773.3**	15.5%
Bad debt as a % of rental income	**0.77%**	**0.39%**	**0.59%**	0.87%	0.41%	0.66%	

The Group defines same-store as properties that traded for the full 12 months in both reporting periods. Properties not classified as same-store in either reporting period are referred to as non same-store. Same-store results and information are important metrics used to analyse the underlying trading performance of the Group, excluding the impact of acquisitions or new developments.

Net property operating income (NPOI) is calculated as property operating revenue less direct operating costs. Property operating revenue comprises revenue from operating our properties including rental income (self storage and other, net of bad debts), ancillary income and sundry income. NPOI measures the financial and operating performance of our properties.

Bad debt is disclosed as "expected credit losses recognised on tenant receivables" in the statement of profit or loss and other comprehensive income.

The performance measures set out above are classified as non-IFRS Accounting Standards measures and are not intended as substitutes to financial measures prepared in accordance with IFRS Accounting Standards.

The commentary below relates to the Group's operating performance set out in the above tables. A reconciliation between the disclosures set out in the above tables and the consolidated statement of profit or loss and other comprehensive income is set out on page 52.

Self storage rental income increased by 15.8% to R1 101.2 million (2023: R950.9 million). Excluding the impact of foreign currency fluctuations, self storage rental income increased by 8.2% (i.e. at constant exchange rates).

The strong growth in SA occupancy in FY23, together with further occupancy gains in FY24, had a positive impact on average occupancy for the year. When combined with our active revenue management strategy of balancing occupancy and rental rates, same-store rental income in SA increased by 12.7% year-on-year (occupancy 2.9%; rental rate 9.5%). In the UK, same-store rental income increased by 3.0% year-on-year with rental rates increasing by 4.7% and average occupancy decreasing by 1.6%.

Other rental income (SA: R10.9 million; UK: £0.9 million) relates mainly to parking and the rental of office space at certain properties in the portfolio. The 5.8% year-on-year decrease in the UK relates to extensions at certain properties and the conversion of office and parking space to self storage.

Ancillary income is derived from the sale of merchandise (such as packaging materials and padlocks) and other income related to our self storage operations (administration fees, late fees and insurance income in the UK). Although this income stream represents a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment.

Ancillary income increased by 14.8% to R77.7 million for the year (2023: R67.7 million). There is usually a direct correlation between higher occupancy levels, increased move-in activity and ancillary income. In SA, same-store ancillary income increased by 11.0% whilst the UK reflected a modest increase of 0.7% year-on-year.

Bad debt as a percentage of rental income was 0.59% for the group reflecting an improvement on the prior year (0.66%).

Direct operating costs for the year were R317.4 million (2023: R274.2 million) with a year-on-year increase in costs in the same-store portfolio of 8.4% and 5.3% for SA and the UK respectively. Property rates, staff costs, insurance, repairs and maintenance, utilities and marketing account for the majority of direct operating costs.

SA	31 March 2024 R million	31 March 2023 R million	% change	% of costs
Property rates	**45.4**	41.7	8.8%	33%
Staff costs	**41.5**	38.2	8.7%	30%
Insurance	**12.4**	10.5	17.8%	9%
Repairs and maintenance	**12.2**	11.5	6.5%	9%
Utilities	**7.8**	6.4	22.3%	6%
Marketing	**4.6**	5.1	(11.1%)	3%
ICT costs	**4.6**	4.0	13.6%	3%
Security	**3.6**	3.5	3.3%	3%
Other	**6.6**	5.8	13.8%	4%
Total	**138.7**	126.7	9.4%	100%

UK	31 March 2024 £'000	31 March 2023 £'000	% change	% of costs
Property rates	**2 175**	1 779	22.3%	29%
Staff costs	**1 962**	1 848	6.2%	26%
Marketing	**944**	1 088	(13.2%)	12%
Insurance	**733**	677	8.3%	10%
Utilities	**657**	805	(18.4%)	9%
Repairs and maintenance	**549**	467	17.6%	7%
ICT costs	**297**	270	10.0%	4%
Security	**38**	38	–	–%
Other	**237**	238	(0.4%)	3%
Total	**7 592**	7 210	5.3%	100%

In South Africa, the increase was primarily driven by increases in property rates assessments, insurance costs and higher electricity and diesel costs, offset by lower marketing costs compared to the prior year. In the UK, the increase related mainly to payroll inflation (in line with expectations), business rates (new rating revaluations took effect on 1 April 2023) and insurance costs offset by a reduction in electricity costs compared to the peaks of the prior year. Marketing costs were also lower than the prior year.

Net property operating income ("NPOI") increased by 15.5% to R893.4 million. Applying constant exchange rates to the UK trading performance, NPOI increased by 7.8%.

The commentary below relates to disclosures set out in the consolidated statement of profit or loss and other comprehensive income.

Management fees comprise the following:

	31 March 2024 R million	31 March 2023 R million
Recurring fees:		
Property management fees	**23.0**	11.0
Digital First	**11.6**	5.3
Total – recurring fees	**34.6**	16.3
Non-recurring fees:		
JV development fees – SA	**6.2**	5.2
JV development fees – UK	**10.1**	8.9
JV acquisition fees – SA	**–**	3.0
JV acquisition fees – UK	**12.2**	2.6
Total – non-recurring fees	**28.5**	19.7
Total	**63.1**	36.0

Management fees for the year were R63.1 million, an increase of 75.4% compared to the prior year. Recurring fees of R34.6 million comprised 55% of total management fees. While non-recurring management fees of R28.5 million are one-off in nature, they demonstrate the value of the third-party management platform when undertaking developments or acquisitions with other capital providers. On completion of the development or immediately after an acquisition, the Group will also earn recurring property management fees.

Administration expenses amounted to R183.7 million (2023: R152.8 million). After adjusting for the Conditional Share Plan charge of R18.2 million (2023: R17.7 million), we saw an increase in costs primarily related to staff costs to support our expansion and development activity, including the full year impact of the increase in staff numbers in the prior year. Legal and professional costs, as well as IT costs, also increased.

The fair value adjustment to investment properties of R251.1 million reflects an increase in the carrying value of investment properties (2023: R244.0 million). Further details are set out in the Investment Property section. Fair value adjustments to financial instruments of R69.9 million (2023: R9.6 million) relate to mark-to-market adjustments of derivative hedging instruments.

Interest income comprises the following:

	31 March 2024 R million	31 March 2023 R million
Share purchase scheme loans	**5.7**	6.4
Cross currency interest rate swaps	**6.1**	9.6
Loans to JVs	**11.4**	9.8
Money market and deposit balances	**8.0**	4.6
Total	**31.2**	30.4

Interest expense of R235.7 million (2023: R170.6 million) comprises mainly interest on bank borrowings.

The increase in revenue and net property operating profit did not translate into a proportionate growth in the full year dividend as we absorbed a 46% increase in net finance costs. Net debt increased by R265.9 million and £3.9 million in South Africa and the UK respectively, relating mainly to funding our investment in our JVs. We also had the full year impact in FY24 of the Parklands acquisition in South Africa (R65 million, November 2022) as well as capital committed in FY23 to our JV structures. Further details of bank borrowings are set out in the Capital Structure section.

Share of profit from JVs of R37.5 million (2023: R30.2 million) relates to the Group's proportionate interest in the IFRS Accounting Standards profit in respect of its JVs. Further details are provided in note 7 of the annual financial statements.

The normal tax charge of R46.0 million (2023: R32.7 million) mainly relates to a provision for UK corporation tax on the estimated taxable income.

A deferred tax charge of R38.8 million (2023: R30.7 million) was also recognised on the fair value adjustment to UK investment properties for the year. Under IFRS Accounting Standards, a potential capital gains tax liability is required to be recognised as a deferred tax charge on revaluation gains of UK investment properties.

The table below shows the reconciliation between the Group's operating performance set out in the table on page 49 ("performance table") and the consolidated statement of profit or loss and other comprehensive income ("statement of profit or loss"):

	31 March 2024 R'000	31 March 2023 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	1 101 246	950 848
SA	575 436	507 179
UK	525 810	443 669
Rental income – other	31 896	28 691
SA	10 911	9 341
UK	20 985	19 350
Non-core income – SA	–	985
Rental underpin – SA	536	5 564
Insurance claim proceeds relating to loss of revenue – SA	10 548	10 547
Rental income – Statement of profit or loss	1 144 226	996 635
Reconciliation of other income		
Performance table:		
Ancillary income	77 687	67 699
SA	23 657	21 104
UK	54 030	46 595
Sundry income	6 433	6 454
SA	1 721	1 925
UK	4 712	4 529
Other income – Statement of profit or loss	84 120	74 153

INVESTMENT PROPERTY

The table below summarises the increase in investment property for the year:

	SA R million	UK £ million	UK R million	Total R million
Balance at 31 March 2023	5 214.9	250.7	5 516.3	10 731.2
Transfer of property to Nedbank JV	(30.5)	–	–	(30.5)
Capital expenditure on:				
Property transferred to Nedbank JV	2.3	–	–	2.3
Existing properties	75.8	5.8	137.4	213.2
Properties held for development	17.4	–	–	17.4
Remeasurement of leasehold assets	2.0	1.2	28.0	30.0
Revaluation gain	179.8	3.0	71.3	251.1
Exchange rate fluctuations	–	–	458.7	458.7
Balance at 31 March 2024	5 461.7	260.7	6 211.7	11 673.4
Lease obligations relating to leasehold investment property	(49.2)	(13.2)	(313.7)	(362.9)
Investment property net of lease obligations	5 412.5	247.5	5 898.0	11 310.5

Investment properties are valued using the discounted cash flow ("DCF") method to determine fair value. The valuation of freehold and long leasehold properties is based on a DCF of the net operating income over a 10-year period and a notional sale of the asset at the end of the 10th year. The same DCF methodology is used for short leasehold properties, except that the cash flows reflect only the unexpired lease period from the valuation date.

The Group's policy is to value 50% of its SA properties at each reporting date (31 March and 30 September). In line with this policy, 27 of the 54 trading properties in the SA portfolio were independently valued for financial statement purposes. The remaining properties were valued internally by the board at 31 March 2024 using the same methodology applied by the external valuers.

In the UK, the entire portfolio was valued independently at 31 March 2024 for financial statement purposes. Further details of the assumptions used in the valuations are set out in the Group financial statements.

The table below summarises the breakdown of investment property at 31 March 2024:

SA	% of portfolio	Valuation R million
Leasehold	3.1%	169.3
Gross value		218.5
Lease obligations		(49.2)
Freehold^	96.9%	5 243.2
Investment property net of lease obligations	100.0%	5 412.5
Trading properties	98.0%	5 302.3
Development properties	2.0%	110.2
Investment property net of lease obligations	100.0%	5 412.5

^ *Stor-Age Tokai comprises both a freehold (7 494 m² GLA) and leasehold (620 m² GLA) component. For the purposes of the above analysis, the property is reflected as freehold.*

UK	% of portfolio	Valuation £ million	Valuation R million
Leasehold	7.6%	18.8	449.3
Gross value		32.0	763.0
Lease obligations		(13.2)	(313.7)
Freehold and long leasehold+	92.4%	228.7	5 448.7
Investment property net of lease obligations	100.0%	247.5	5 898.0
All UK investment properties are classified as trading properties			

+ *Freehold includes two properties with 999 year peppercorn leases which are classified as virtual freeholds.*

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	13 425	14.29%	8.67%

	Average value per sq. ft (£)	Discount rate	Exit cap rate
UK – Trading properties	204.1	9.08%	6.15%

Exit cap rate relates to freehold and long leasehold properties only.
Average value per m² and sq. ft based on fully fitted-out GLA and net investment property values.

The table below summarises the Group's net investment property and investment property held in JVs:

	SA R million	UK £ million	UK R R million	Total R million
Own portfolio:				
Trading	5 302.3	247.5	5 898.0	11 200.3
Under development	110.2	–	–	110.2
Moorfield JV:				
Trading	–	117.6	2 802.1	2 802.1
Under development	–	13.5	321.7	321.7
Nuveen JV:				
Trading	–	84.0	2 002.6	2 002.6
Under development	–	8.3	197.2	197.2
Nedbank JV:				
Trading	392.4	–	–	392.4
Under development	61.4	–	–	61.4
Other JVs:				
Sunningdale – trading	105.0	–	–	105.0
Rabie – under development	71.2	–	–	71.2
Total including 100% of JV properties	6 042.5	470.9	11 221.6	17 264.1
Trading	5 799.9	449.1	10 702.7	16 502.6
Under development	242.6	21.8	518.9	761.5
Total including proportionate share of JV properties	5 727.5	289.4	6 895.8	12 623.3

Trading properties held in our JVs were independently valued at 31 December 2023 (UK) and at 31 March 2024 (South Africa) with the exception of Sunningdale which was independently valued at 28 February 2024. The valuations were prepared on a basis consistent with the Group's accounting policy.

CAPITAL STRUCTURE

Details of the Group's borrowing facilities are set out below:

	ZAR facilities R million	GBP facilities £ million	GBP facilities R million	Total facilities R million
Total debt facilities	2 035.0	113.6	2 704.6	4 739.6
Undrawn debt facilities	443.6	9.1	214.0	657.6
Gross debt	1 591.4	104.5	2 490.6	4 082.0
Cash on hand	223.9	3.5	84.9	308.9
Net debt	1 367.5	101.0	2 405.7	3 773.1
Hedge cover	1 200.1	85.0	2 025.5	3 225.6
– Interest rate derivatives	850.0	64.0	1 525.1	2 375.1
– Fixed rate loans	214.5	21.0	500.4	715.0
– Interest bearing loans to JVs	135.5	–	–	135.5
% hedge cover on:				
– Gross debt	75.4%	81.3%	81.3%	79.0%
– Net debt	87.8%	84.2%	84.2%	85.5%
Effective interest rate	9.59%	4.84%	4.84%	6.69%
Investment property (net of lease obligations)	5 412.5	247.5	5 898.0	11 310.5
Carrying value of joint ventures	103.3	25.3	602.6	705.9
LTV ratio	24.8%	37.0%	37.0%	31.4%
Weighted average expiry of debt (years)	3.7	3.0	3.0	3.3
Weighted average expiry of hedge cover (years)	1.2	2.4	2.4	2.0

LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in equity-accounted investees.
GBP borrowings includes £12.1 million of unsecured borrowings.
Weighted average expiry of debt excludes a three-month rolling note of R160 million due for repayment in July 2024.
Weighted average expiry of hedge cover excludes interest bearing loans to JVs.

Asset and debt ratios:

	31 March 2024	31 March 2023
LTV ratio	31.4%	29.9%
Unencumbered asset ratio	9.3%	9.9%
Unsecured debt ratio	12.2%	8.6%
Ratio of secured borrowings to encumbered assets	35.4%	36.5%
Ratio of unsecured borrowings to unencumbered assets	42.8%	22.1%

Our cash position at 31 March 2024 amounted to R308.9 million. Total undrawn borrowing facilities amounted to R657.6 million and the average cost of debt for the Group was 6.7%. On a net debt basis, 85.5% of borrowings was subject to interest rate hedging. Net debt stood at R3.773 billion with an LTV ratio (as defined above) of 31.4%. The LTV ratio calculated in accordance with the SA REIT Best Practice Recommendations for financial reporting is 30.8%.

On 17 April 2024, Stor-Age raised R500 million across three-year and five-year listed notes in a bond auction which attracted bids in excess of R1.3 billion from 12 investors. The three-year (R300 million) and five-year (R200 million) notes placed at a clearing margin of 132 basis points and 154 basis points over three-month Jibar respectively, below price guidance.

In March 2024, GCR Ratings assigned an A+(za) national scale long-term rating and an A1(za) national scale short-term rating to Stor-Age, with a stable outlook.