
STOR-AGE PROPERTY REIT LIMITED

# INTEGRATED ANNUAL REPORT 2024

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Corporate information
Registration number: 2015/168454/06
ISIN: ZAE000208963
Share code: SSS
Alpha code: SSSI
Approved as a REIT by the JSE Limited

*Shares in issue: 476 151 609 (31 March 2024).*


# INTRODUCING OUR 2024 INTEGRATED ANNUAL REPORT

We are pleased to present our 2024 integrated annual report for the financial year ended 31 March 2024.

## SCOPE OF THIS REPORT

This report presents the financial, environmental, social and governance performance of Stor-Age Property REIT Limited ("Stor-Age", the "Company" or the "Group"). Its content encompasses all of the Group's divisions and subsidiaries, across all regions of operation in South Africa and the UK. It explains our strategy and operating environment, our key opportunities and risks, and our expectations for the year ahead. We focus on material matters, which are those that could have the most significant impact on Stor-Age's ability to create value over time. These are determined from board discussions, market research, stakeholder engagement, continual risk assessments and reviews of prevailing trends in our industry and the global economy. This report complies with the following reporting standards and frameworks:

- Companies Act No 71 of 2008, as amended
- The JSE Listings Requirements
- The JSE Debt Listings Requirements
- King IV Report on Corporate Governance™ for South Africa, 2016[1]
- International Financial Reporting Standards®

## ASSURANCE

The Company's external auditors, BDO South Africa Inc., have independently audited the financial statements for the year ended 31 March 2024. Their unqualified audit report is set out on pages 120 to 123. The scope of their audit is limited to the information set out in the financial statements on pages 124 to 192.

## FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding the Group's results and operations which, by their nature, involve risk and uncertainty as they relate to events that depend on circumstances that may or may not occur in the future. Readers are therefore cautioned not to place undue reliance on these forward-looking statements which have not been reviewed or reported on by the Group's external auditors.

## FEEDBACK

We welcome engagement with our stakeholders to ensure we improve our external reporting year on year. For more information about this report or to provide feedback, please email investorrelations@stor-age.co.za.

## RESPONSIBILITY STATEMENT AND REVIEW

The board and the audit and risk committee acknowledge their responsibility to ensure the integrity of this report. It has been reviewed by the board, audit and risk committee, Company secretary and sponsor. The financial statements included in this integrated annual report have been audited by the external auditors.

Graham Blackshaw
Non-executive Chairman

Stephen Lucas
Financial director

Gavin Lucas
Chief executive officer

Kelly de Kock
Chair: Audit and risk committee

# PERFORMANCE HIGHLIGHTS

Stor-Age has continued its track record of consistent earnings growth and once again delivered a robust operating and financial performance for the year ended 31 March 2024. This performance highlights the ongoing resilience of the operating model.

## FINANCIAL PERFORMANCE

118.17 cents
Full year dividend

13.3%
Total return[1]

R16.14 | Up 6.7%
Net asset value per share[2]

14.8% and 14.4%
Growth in rental income and net property operating income

SA 12.7%; UK 3.0%
Growth in same-store rental income

9.5% and 4.7%
Growth in same-store SA and UK rental rate

R11.3 billion | Up 8.8%
Net investment property value[3]

31.4%
Loan-to-value ratio (LTV)[4], with 85.5% of net debt subject to interest rate hedging

## OPERATIONAL DELIVERY

10 700 m² | SA 8 700 m²; UK 2 000 m²
Increase in portfolio occupancy

92.1% and 83.5%
Closing occupancy in SA and UK

589 600 m² | SA 412 300 m²; UK 177 300 m²
Total Gross Lettable Area

R140.7/m² | Up 9.0%
Closing average rental rate in SA[5]

£26.2/sqf | Up 4.5%
Closing average rental rate UK[5]

R1.1 billion | Up 15.8%
Self storage rental income

51 400 | SA 31 700; UK 19 700
Total tenants

25.5 months and 32.1 months
Average customer length of stay in South Africa and UK

## STRATEGIC PROGRESS

103 | SA 60; UK 43
Trading properties in SA and UK[6]

12 | SA 4; UK 8
Properties opened or acquired in joint venture structures in FY24, representing 72 500 m² GLA

23 | SA 6; UK 17
Total number of properties managed under third-party management platform

R500 million
Successfully raised in debt auction in April 2024

51 700 m²
Development pipeline – nine properties at various stages of planning and completion

Hines third-party management agreement
Entered into post year end

R63.5 million
Total investment into renewable energy to date


1 Dividend per share plus the increase in net tangible asset value (NTAV) per share (for the 12-month period) as a percentage of NTAV at the start of the 12-month period.
2 Calculated in accordance with the SA REIT Best Practice Recommendations.
3 Net of leasehold obligations and excludes properties held in JVs.
4 LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in equity-accounted investees.
5 Excludes managed properties. UK rental rate quoted on an annual basis.
6 Includes trading properties held in JVs and managed by the Group.


# INTRODUCING STOR-AGE

WHO WE ARE

WHAT WE DO

A SNAPSHOT OF OUR PORTFOLIO

INVESTMENT CASE

OUR STAKEHOLDERS

## WHO WE ARE

One of only 11[1] publicly traded self storage Real Estate Investment Trusts (REITs) globally, Stor-Age is the leading and largest self storage property fund and brand in South Africa, and the first and only self storage REIT listed on any emerging market exchange. In November 2017, we entered the United Kingdom (UK) with the strategic acquisition of Storage King – the sixth largest self storage brand in the UK[2]. The portfolio across both markets includes a total of 103 properties.

Our portfolio of 103 trading properties comprises 60 properties in South Africa[3] and a further 43 properties in the UK[3], providing storage space to over 51 400 customers across both markets. The combined value of the portfolio, including properties in our JV partnerships, is R17.3 billion (SA – R6.0 billion; UK – £471 million) with the maximum lettable area (MLA), including the pipeline and ongoing developments, exceeding 650 000 m². Each of our properties is strategically concentrated in South Africa's largest cities and in key markets in the UK.

We continue to deploy capital strategically, adding quality and scale to our high-quality portfolio in South Africa and the UK on a select basis and in line with our strict investment criteria.

| DYNAMIC SELF STORAGE SECTOR SPECIALISTS |
|---|
| Leading and largest self storage property fund and brand in South Africa |
| SA portfolio — exceptional quality and almost impossible to replicate; assembled from scratch |
| UK market entry, growth and performance — nuanced, skilfully executed and highly successful, with excellent growth prospects |
| Business model based on global best practice |
| Bespoke, best-in-class new developments in prime locations — unlock value and support outperformance over the medium term |
| Market-leading operations and digital platform |
| Significant investment in ongoing digitalisation across the business |
| Continued investment in technology to support business efficiency and alignment with ESG objectives |

| | Portfolio | South Africa | United Kingdom | Pipeline Portfolio |
|---|---|---|---|---|
| Number of properties | 103 | 60 | 43 | 9 |
| GLA (m²)[3] | 589 600 m² | 412 300 m² | 177 300 m² | 51 700 m² |
| Loan to value (LTV) ratio[4] | 31.4% | 24.8% | 37.0% | n/a |


1 US: 5, UK: 2, EU: 1, Aus: 2, SA: 1.
2 Source: The Self Storage Association UK Annual Industry Report 2024.
3 Includes trading properties held in JVs and managed by the Group as at 31 March 2024. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.
4 LTV ratio is defined as net debt as a percentage of the sum of net investment property and investments in equity-accounted investees.

| A HIGHLY SPECIALISED, LOW RISK, INCOME PAYING SELF STORAGE REIT |
|---|
| A sector-leading dual market operations platform |
| Listed on the Johannesburg Stock Exchange (JSE) in November 2015 — significant outperformance of the listed property index and SA REITs since listing |
| One of only 11 publicly traded self storage REITs globally, and the first and only one listed on an emerging market exchange |
| 17-year track record of developing, tenanting and operating self storage assets |
| R6.4 billion[1] – market capitalisation |
| R17.3 billion[2] – property portfolio value |
| 103 properties across South Africa and the UK, including a nine property development pipeline |
| 58% of the portfolio with solar technology installed |
| 19% reduction in Scope 1, 2 and 3 GHG emissions in FY24 |

| A CLEAR VISION AND MISSION, UNDERPINNED BY OUR CORE VALUES | |
|---|---|
| OUR VISION | To be the best self storage business in the world |
| OUR MISSION | To rent space |
| OUR CORE VALUES | Excellence • Sustainability • Relevance • Integrity |

[1] *As at 31 May 2024.*
[2] *Includes 100% of trading properties held in JVs as at 31 March 2024. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.*

## SOUTH AFRICA'S LEADING SELF STORAGE COMPANY

With an unrivalled reputation for excellence and a market-leading operating platform, Stor-Age is the largest self storage property fund and most recognisable brand in South Africa. As leaders in the local industry, we have set the standard for secure, convenient and flexible self storage.

Big branding is at the core of our brand strategy, with well-branded properties located in high-visibility locations in densely populated residential suburbs with adjacent commercial and business corridors.

# WHAT WE DO

Our highly specialised business focuses on the fast-growing self storage sector in South Africa and the UK – a niche subsector of the broader commercial property market. Stor-Age develops, acquires and manages high-quality self storage properties in prime locations that enable us to compete strongly in new market segments and grow our market share across both markets. This creates economies of scale and produces favourable operating margins.

## MANAGING AND MAINTAINING OUR PROPERTIES

Stor-Age rents space to individuals and businesses on a short-term flexible lease basis. Across our portfolio of 103 properties[1], we manage more than 51 400 tenants[2].

Our sophisticated and scalable operating platform and ongoing investment in infrastructure and maintenance maximises revenue, reduces costs and ultimately delivers enhanced returns. At a property level, our people, use of technology and the high-quality, secure and convenient space offered by our portfolio attract and retain a diverse customer base.

Read more about our operations platform and digital capabilities on page 34.

## ACQUIRING AND DEVELOPING PROPERTIES

Our growth strategy focuses on organic growth through the expansion of our existing properties, acquisitions and development opportunities. We have in-house development expertise and remain disciplined, but opportunistic, to ensure that our risk-adjusted yield expectations are met.

### ACQUISITION CAPABILITY

Our leading corporate platform, skilled operational management team, industry relationships and specialist sector experience ensure that Stor-Age is well-positioned to identify and capitalise on strategic acquisition and development opportunities with attractive growth potential in both South Africa and the UK. This is evidenced by our successful acquisition and development track record since listing.

We have also consistently demonstrated our ability to close transactions and integrate trading properties seamlessly onto our operating platform.

Read more about the acquisitions completed this year from pages 27 and 30.

### DEVELOPMENT CAPABILITY

Stor-Age develops investment-grade self storage properties in visible, convenient and accessible locations where there are favourable demographics and where suitable acquisitions are not available. The decision to develop is based on the cost of development versus the cost of acquisition, the demographic market analysis and the existence of barriers to entry. We have significant experience and a demonstrable track record of successfully developing and expanding properties in South Africa and the UK, along with clearly defined key success criteria.

Read more about our development pipeline and developments completed this year from pages 27 and 30.

[1] SA 60; UK 43
[2] SA 31 700; UK 19 700

## GROWING OUR PORTFOLIO

With deep product understanding and experience in an emerging and first-world market, Stor-Age boasts a successful track record of developing, acquiring and managing self storage assets.

We aim to grow our portfolio of prime self storage assets by adding properties with complementary and consistent attributes. This takes a significant amount of time and skill. It requires the ability to:

- identify the right opportunities at the right price;
- negotiate for, secure and integrate those acquisitions successfully (or obtain the necessary town planning and local council approvals for new developments);
- have a deep understanding of market nuances and demand levels; and
- design and build modern, bespoke self storage properties.

> “With a track record of developing world class self storage properties for over 17 years, Stor-Age boasts a significant in-house development capability.”

With our significant experience, well-defined development framework and meticulous quality control processes, we are able to ensure that we meet our risk-adjusted yield expectations on new developments.

The team further understands the challenges of obtaining town planning approvals for properties in sought-after locations. These capabilities are critical in overcoming what are otherwise significant and real barriers to entry for new Big Box self storage developments in prime locations.

The financial acumen, operational expertise, market knowledge, experience and skills required to then take new assets through the multi-year lease-up phase of their lifecycle should also not be underestimated. Here, Stor-Age benefits from vastly experienced management teams in South Africa and the UK that boast substantial intellectual property developed over 17 years of operating self storage assets successfully. This includes understanding how to generate new enquiries to support the take-up of space, pricing the product optimally and managing the natural churn of tenants.

## JOINT VENTURE PARTNERSHIPS

In recent years, the Group has established several JV partnerships to acquire and develop new self storage properties in South Africa and the UK. The JV model allows us to achieve growth and scale in both markets while providing an attractive return on invested capital. It also helps mitigate the financial impact of the lease-up phase of new properties, which can take several years to reach mature occupancy levels.

Read more about our JV partnerships in South Africa and in the UK on page 32.

## SECURE SELF STORAGE

Stor-Age has an unwavering commitment to providing safe and secure self storage. The Company has invested significantly to ensure that customers' goods are secure and to reduce operational and environmental risks. We have various state-of-the-art security measures in place to achieve this, which include bespoke door alarm systems, licence plate recognition technology, third-party monitoring, smart electric fencing and fire detection technology (among others). We also conduct weekly and month-end padlock counts of every storage unit at our properties.

Read more about these security features on page 38.

# A SNAPSHOT OF OUR PORTFOLIO

Stor-Age began developing, acquiring and managing self storage properties in South Africa in 2006. In 2017, we entered the UK market successfully with the strategic acquisition of Storage King, the sixth largest self storage brand in the UK.

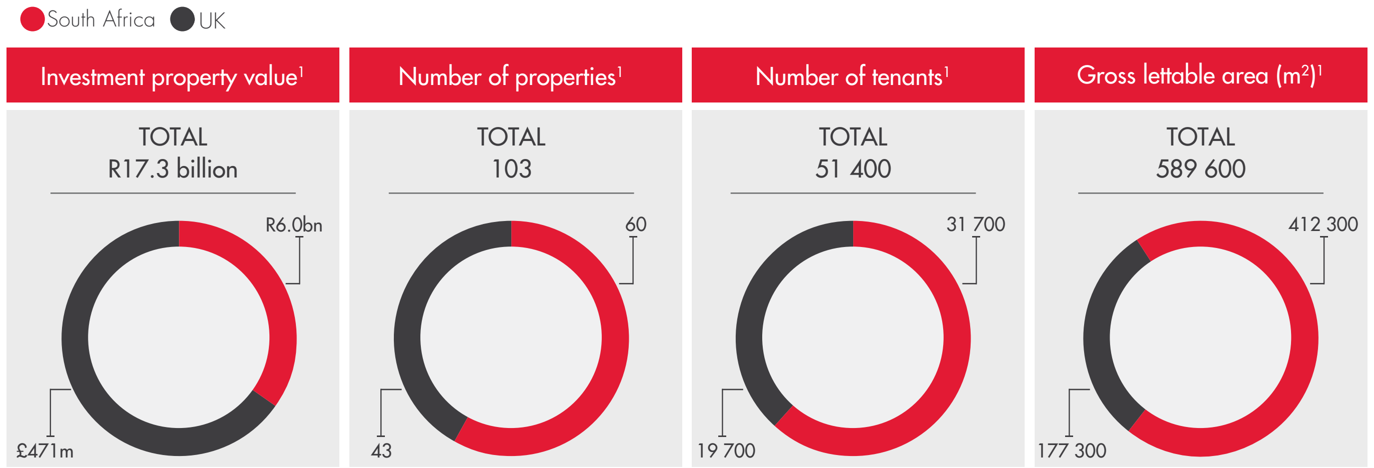
We are local market pioneers who introduced high-profile Big Box self storage properties in high-visibility and easily accessible prime suburban locations in South Africa.

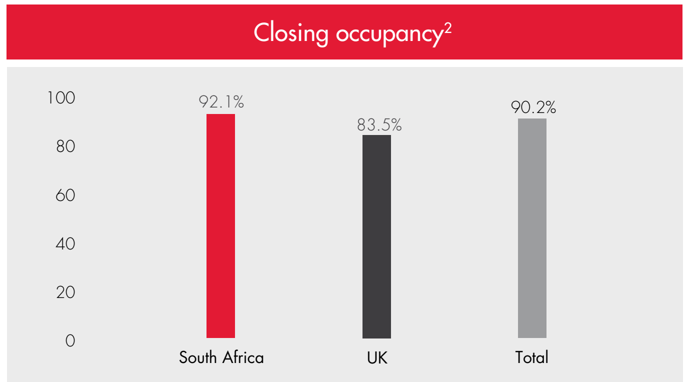
We have a long and successful track record of acquiring, developing and managing self storage properties in prime locations across South Africa and the UK which have delivered high occupancy and rental rate growth. Our property portfolio, predominantly freehold (94.5% by value), has been strategically assembled with a focus on locations where the primary drivers of self storage, population density and household income, are strongest. This disciplined focus on markets with strong demographics positions us well to perform in all macro environments and complements our resilient business model.

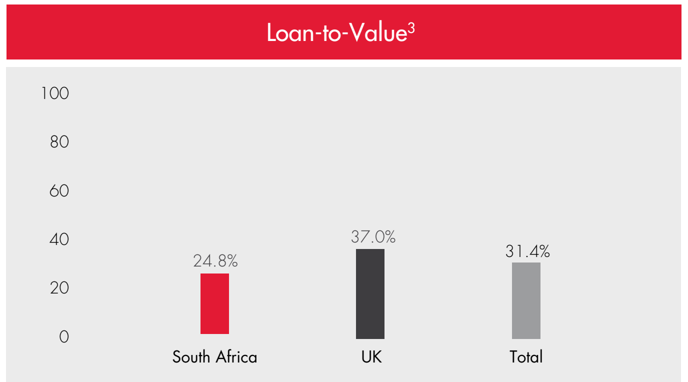
Today, our portfolio has grown to 103 properties[1] comprising 589 600 m² of GLA[2], strategically concentrated in South Africa's largest cities and in key markets in the UK.

We continue to deploy capital strategically, adding quality and scale to our portfolio on a select basis and in line with our strict investment criteria. Properties currently being developed and in the acquisition pipeline will add a further 40 200 m² GLA on completion.






## BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

There are significant barriers to new supply in key target nodes. Self storage properties were historically positioned in industrial areas or on the urban edge. As a result, there are limited multi-storey premium-grade self storage properties in prime urban and suburban nodes in South Africa where population density and average household income are higher.

Town planning presents a major challenge in South Africa and the UK, with long lead times to get planning consents for properties situated in prime, sought-after locations. This, in addition to the long lease-up period (financing cost implications) required to reach stabilised occupancy at new properties, is a significant barrier to entry and contributes to the defensive nature of our portfolio.

Read more about our portfolio from page 26.

[1] *Includes trading properties held in JVs and managed by the Group as at 31 March 2024. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.*
[2] *100% owned properties.*
[3] *LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in equity-accounted investees.*




[1] *Includes trading properties held in JVs and managed by the Group as at 31 March 2024. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.*
[2] *Includes properties held in JVs.*

# INVESTMENT CASE

As the leading and largest self storage property fund and brand in South Africa, and with a growing presence in the UK through Storage King, Stor-Age has continued with its impressive track record of growing investor returns. We are one of only 11 publicly traded self storage REITs globally and the only one to be listed on an emerging market exchange.

Self storage is a niche asset class, driven by societal trends such as consumerism, e-commerce growth, urban densification and an increasingly mobile population. The sector's primary demand drivers include life-changing events and dislocations, both positive and negative. It is uncorrelated to traditional drivers of property, remaining remarkably resilient to economic stresses. As a highly defensive sector, it has proven its resilience through various economic cycles, including throughout the Global Financial Crisis and the COVID-19 pandemic.

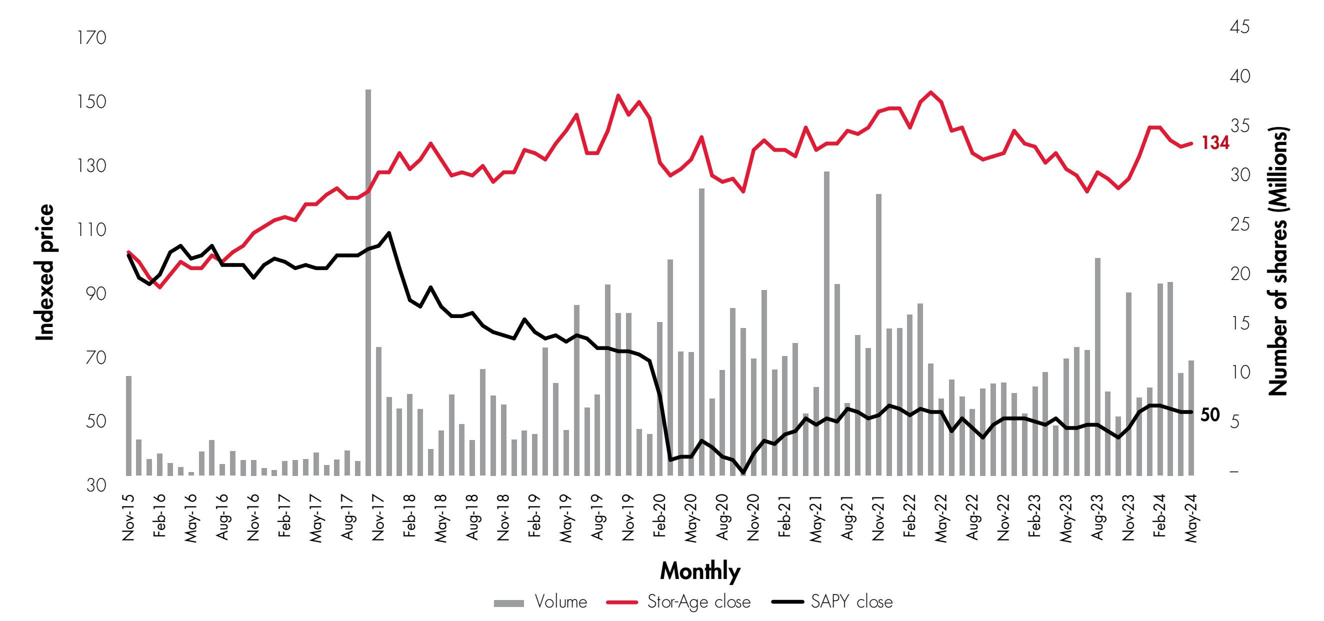
This is true of Stor-Age as well, with the Company continuing to produce robust operational results through different economic cycles.

With the benefit of a clear strategy and a track record of disciplined execution, Stor-Age has been able to deliver a strong financial performance since its listing, outperforming both the listed property index and the SA REIT sector.

## Track record of delivery

- Stor-Age has outperformed the listed property index (SAPY[1]) by 163% since listing in 2015.
- We are dynamic sector specialists, allowing for focused attention, with a track record of growing investor returns and a proven ability to identify, close and integrate value-add acquisitions.
- We are focused on adding quality and scale to a high-quality portfolio through strategic capital deployment.
- Our property portfolio has grown from a listing value of R1.4 billion (24 properties) to R12.6 billion[2] (103 properties).
- Our South African portfolio is of exceptional quality, assembled from scratch and nearly impossible to replicate. In the UK, we benefit from our portfolio of 43 high-quality properties and a sophisticated operations platform that is well positioned for further growth.

Share price performance – relative to SAPY[1]



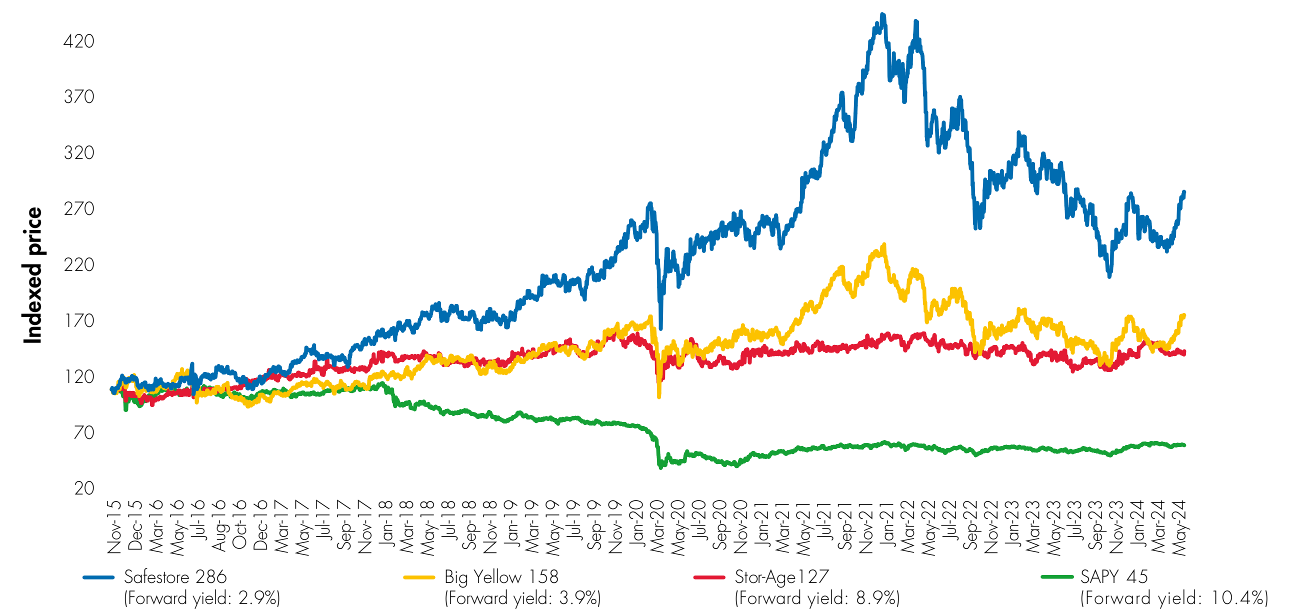

[1] Bloomberg, as at 31 May 2024.
[2] Total investment property value, including proportionate share of JV investment properties.



## Share price performance[1] – relative to UK peers

- Stor-Age is well entrenched in the UK market and benefits from a more than 50% exposure to Sterling-based assets through Storage King.
- This geographic underpin is coupled with an attractive yield spread relative to UK peers.

Share performance in GBP since listing in 2015




[1] Bloomberg, as at 31 May 2024.
[2] Conversion to GBP at respective spot exchange rates across the time series.
[3] LSE listed – Safestore and Big Yellow.

## Excellent operating metrics and well-placed balance sheet

- FY24 full year dividend of 118.17 cents per share is underpinned by robust self storage metrics.
- Strong cash flows, favourable operating margins and a healthy balance sheet with a conservative gearing level of 31.4% at year end.
- Our portfolio has demonstrated attractive net property operating income growth of 14.4%, with low bad debts at 0.59% of rental income.
- We have limited obsolescence and low ongoing maintenance capex.

## Resilient sector with growth opportunities globally

- Business model based on global best practices and has proven resilient through various economic cycles.
- Significant secured pipeline of development opportunities.
- High barriers to entry in key target locations.
- Niche growth sector globally, driven by societal trends:
  - Consumerism, including the increase in e-commerce
  - Densification and an increasingly mobile population
  - Primary demand drivers include life-changing events and dislocations, both positive and negative

## OUR SUCCESS DRIVERS

- Management – founder-led and vastly experienced, true sector specialists.
- Operations platform
  - Highly sophisticated and dual market
  - Scalable and the key to unlocking value
- Diversified tenant risk (51 400 tenants across South Africa and the UK).
- Prominent locations on main roads or arterials, with high visibility to passing traffic.
- Average length of stay
  - South Africa: 25.5 months (2023: 24.5)
  - UK: 32.1 months (2023: 31.8)
- Committed and passionate employees.
- Growing demand and awareness among customers.
- Strong customer satisfaction, with customer service rated as "excellent" in 2024 according to the global Net Promoter Score (NPS) standard.
- In both South Africa and the UK, 56% of customers have been storing for more than one year.

Read more about what drives our success on page 34.


# OUR STAKEHOLDERS

We recognise that the Group's ability to create and protect value depends on the quality of our stakeholder relationships.

Regular engagements ensure that we understand stakeholder needs and expectations, and that these are considered in strategic decisions, board deliberations and our day-to-day activities. We aim to achieve an appropriate balance between the interests of different stakeholder groups as well as between stakeholders and the long-term interests of the Group.

OUR MOST MATERIAL STAKEHOLDER GROUPS:

| OUR CUSTOMERS | OUR PEOPLE | OUR SHAREHOLDERS | OUR SUPPLIERS |
|---|---|---|---|

The social and ethics committee oversees the Group's stakeholder engagement processes, while the executives have the responsibility of engaging directly with all stakeholders. Material engagements and their outcomes are reported to the board.

## OUR CUSTOMERS

The individuals and businesses who trust us to solve their space problems and to look after their possessions with total care and commitment are the reason that we exist.

Key interests and expectations:

- Offering a safe and secure space to store goods with high-quality, environmentally sustainable, prominently located properties.
- Excellent customer service and the ability to engage through their preferred channels.
- Flexible self storage offering.
- Value for money.
- In line with our ESG strategy, the Company has committed to reducing and minimising the impact that our properties and operations have on the local environment in which they trade.
- A commitment to support the communities in which we operate by contributing to local social upliftment initiatives.

Quality of the relationship: ●

We measure customer satisfaction through welcome and exit surveys, digital review platforms, a mystery shopper programme and through Net Promoter Score (NPS) surveys.

- In 2024, we achieved an NPS score of 80[1] in South Africa and 68[1] in the UK. Our average Google Business Profile rating was 4.7 (SA) and 4.8 (UK) out of 5.

How we respond:

- Our properties are located in highly visible, easily accessible locations.
- We have a broad offering of different unit sizes and customers can stay for as short as one month.
- Our properties benefit from being inherently low intensity users of electricity and water.
- We place a great deal of focus on designing and developing environmentally-friendly buildings. Newly developed properties are designed and built in accordance with the latest design attributes and in accordance with all town planning and local council guidelines.
- Trading stores acquired from third parties must meet pre-defined minimum standard quality criteria.
- New hybrid solar and battery systems are continuously being installed at existing properties and at acquired properties where such systems are not already installed. All new developments also feature hybrid solar PV systems.
- We continually invest in maintaining our properties and enhancing their security infrastructure.
- Insurance cover is in place for customers' belongings where the customer has chosen this option.
- Customers can contact us through our websites, social media, by phone, or WhatsApp and in person.
- Our integrated CRM system, e-commerce platform and bespoke online training programmes contribute towards our aim of achieving service excellence.
- Feedback from customer satisfaction surveys drives employee learning, development and training programmes.
- Ongoing support is provided to a range of charities, non-profit organisations and local community interest groups.

[1] *A score above 50 is considered "excellent" and above 70 is "world class".*

*Quality of our stakeholder relationships*
*● Good ● Area for improvement ● Needs attention*

## OUR PEOPLE

Our people are critical to our success. Our ability to create value depends on our capability to recruit, develop and retain employees with appropriate skills.

**Key interests and expectations:**
- Safe, healthy working conditions.
- Skills development and opportunities to advance.
- Fair remuneration.
- Effective performance management and recognition.
- Diversity and inclusivity.
- Employee wellness.
- Effective and efficient communication across the business.

**Quality of the relationship:** ● 
We engage with employees through ongoing day-to-day interactions, our Company intranet (Connect) and in biannual performance reviews.

The results of our annual anonymous staff survey indicate that more than 93% of employees are proud to be part of the Stor-Age team, with a NPS of 10[1]. We also monitor employee turnover.

**How we respond:**
- Stor-Age places a significant emphasis on recruiting the right people and training, developing and managing employees to achieve their highest potential.
- Learning and development programmes delivered on our e-learning platform, Edu-Space, complement face-to-face learning to help employees develop to their optimal potential.
- We incentivise outperformance at all levels.
- We offer competitive remuneration packages and financial rewards.
- Our partnership culture is a key part of our success. Management is accessible at all levels and employees are encouraged to improve and challenge the status quo.
- A succession planning strategy is in place, which includes talent retention.
- The Conditional Share Plan for high performing employees includes more than 40 participants.
- We continued to roll out a wellness initiative in South Africa focused on encouraging our employees to practice and improve their habits to attain better physical and mental health.
- Connect keeps our staff informed of news and happenings across the business.
- Ongoing engagement with our staff ensures their deliverables meet strategic objectives and the overall business strategy.

[1] *A score above zero is considered 'good'.*


*Quality of our stakeholder relationships*
• *Good* • *Area for improvement* • *Needs attention*

## OUR SHAREHOLDERS

Our shareholders provide the capital we require to grow our business. We engage with shareholders at results presentations, annual general meetings, property tours and in ongoing one-on-one meetings throughout the year.

**Key interests and expectations:**
- Transparent and balanced reporting.
- Acting in a responsible, ethical and transparent manner.
- Provide a secure investment underpinned by high-quality physical property assets.
- Share price appreciation and regular distributions.
- A well-maintained balance sheet and gearing levels maintained within the board's target range.
- Execution of our growth strategy.
- A commitment to and responsible ESG practices.
- Regular updates to the market.
- Succession management.

**Quality of the relationship:** ● 
At the Annual General Meeting in August 2023, all resolutions were passed with support from shareholders of 96% and above.

Stor-Age benefits from having a stable and broad range of institutional shareholders, many of who have been supportive of the Company from the time of its listing in 2015.

**How we respond:**
- The board is ultimately responsible for guiding our strategy and for approving policies and practices within an appropriate framework of governance and oversight to ensure shareholder interests are safeguarded.
- The execution of our five-year growth strategy to 2025 aims to grow and improve the quality of the portfolio, enhance performance and support increasing investor returns.
- The Company maintains regular communications to the market through various channels, including the annual integrated report, annual and interim results presentations, the investor relations website, media releases and on SENS.
- Prudent capital management policies ensure effective financial risk management.
- Our ESG strategy and reporting framework aligns our Vision and Core Values with six key United Nations Sustainable Development Goals (UN SDGs).
- We offer investors an investment opportunity with a strong management team that has a proven track record, and adheres to high levels of corporate governance and transparent reporting standards.
- We give our shareholders confidence that the Company is a well-governed and well-conducted business.
- We continue to maintain our LTV ratio within the target range.

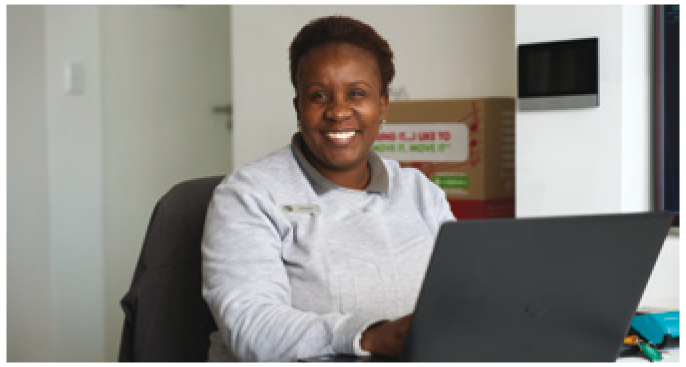
## OUR SUPPLIERS

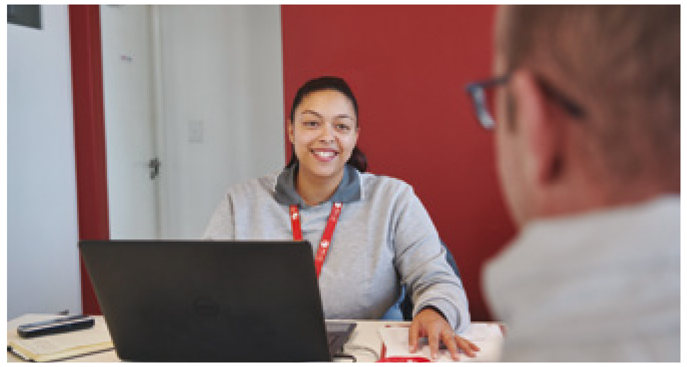
We depend on our suppliers and service providers to ensure the high-quality development and maintenance of our properties, as well as to provide ongoing support in the execution of our operations.

**Key interests and expectations:**
- Sustainable business opportunities and potential for growth, in a manner that is transparent and equitable.
- Responsible and compliant business partner.
- Collaboration to build a sustainable ecosystem of mutual benefit.
- Fair treatment and equitable payment terms.

**Quality of the relationship:** ● 
The Group prides itself on maintaining mutually beneficial and long-term relationships with suppliers in South Africa and the UK.

**How we respond:**
- We work with our suppliers and service providers to achieve a common goal.
- We are committed to good corporate governance and ensuring compliance across all facets of the business.
- We are committed to treating suppliers and service providers fairly to create mutually beneficial long-term relationships.
- We form long-lasting relationships with our preferred business partners.
- We have invested more than R18.5 million in supplier development initiatives to date[1].
- We have invested more than R9.3 million in enterprise development initiatives to date[1].





*Quality of our stakeholder relationships*
• *Good* • *Area for improvement* • *Needs attention*

[1] *As at 31 July 2024.*

# CHAIRMAN'S LETTER

Notwithstanding the challenging and uncertain economic conditions, I am pleased to report that Stor-Age delivered another strong set of trading results.

## A RESILIENT PERFORMANCE

The past year continued to present challenges. Again, we experienced global macroeconomic and geopolitical instability, resulting in constrained trading conditions. In South Africa and the UK, the environment was characterised by higher interest rates and inflationary pressures. We also saw a slight easing of some pandemic-related demand drivers.

Despite the volatility, the self storage sector continued to demonstrate remarkable resilience – as evidenced during the Global Financial Crisis and the COVID-19 pandemic – cementing its position as a specialist asset class that is needs-based and recession-resilient.

The sector benefits from diverse demand drivers underpinned by life-changing events and dislocation that persist across economic cycles. Other trends, such as the hybrid working model, new customer adoption, greater levels of mobility and the growth of online retailers, continue to further underpin demand. These trends are particularly prominent in high-density urban areas where the majority of our properties are located. Across both markets, we continued to benefit from a higher average length of stay and a significantly lower level of churn relative to the pre-pandemic period.

Leveraging the sector's defensive strengths and underpinned by our high-quality property portfolio, sector specialisation, sophisticated operating platform and industry-leading digital capability, we delivered a full-year dividend of 118.17 cents per share and a total return for the year of 13.3%[1].

A niche asset class uncorrelated to traditional drivers of property, the Company has significantly outperformed the SAPY since its listing in 2015. Read more about this outperformance on page 12.

## ENVIRONMENTAL AND SOCIAL PERFORMANCE

Guided by its ESG strategy and implementation framework, Stor-Age continued to embed environmentally and socially sustainable business practices throughout its operations in both markets.

Environmental sustainability is a critical component of our ESG strategy. While we focus on energy efficiency, rainwater harvesting, stormwater management and wastewater management, renewable energy generation is a key area of attention as we recognise climate change as a defining challenge of our time.

Stor-Age also benefits from self storage being one of the least carbon-intensive sectors compared to other real estate sub-sectors. According to a 2023 report by KPMG and the European Public Real Estate Association, self storage generates the lowest greenhouse gas emissions intensity (4kg/m² for scope 1 and 2) for all European real estate sub-sectors[2].

At the end of FY24, Stor-Age had invested R63.5 million in renewable energy infrastructure across South Africa and the UK. Locally, these investments have enabled the Group to avoid an estimated 3 836 tonnes of $CO_2$ equivalent emissions since FY18. Using renewable electricity has further resulted in an estimated 19% reduction in our Scope 1, 2 and 3 emissions across both markets.

During the year, we installed solar PV systems at 21 additional properties, bringing the total number of properties with solar PV systems to 57 (South Africa: 34; UK: 23). We have identified an additional 17 properties for solar investment in FY25. To provide an optimised solution in the event of a power outage and reduce our reliance on generators, we are further integrating existing solar PV systems with battery energy storage systems (BESS) across the South African portfolio. At the end of FY24, we had installed 20 BESS. We plan to install these systems alongside any new solar PV installations and retrofit all existing solar PV infrastructure at an estimated total cost of R45 million to R50 million over the three-year period (FY24 to FY26).

In the UK, we continue to see the potential to fund developments through sustainability-linked financing, which helps drive positive environmental outcomes while delivering a loan margin benefit.

For example, four properties in our Moorfield JV are included in a Sustainability-Linked Loan facility with Aviva plc and achieved an average carbon reduction of 75% – 100% against the FY22 baseline, depending on the size of the PV system installed. This decrease resulted in a loan margin reduction of 5bps. The Moorfield JV is also utilising a green loan from HSBC Bank (HSBC) to finance the development of five properties, which have met BREEAM requirements[3]. BREEAM is a sustainable building certification and third-party accreditation that will ensure our buildings meet the necessary environmental targets and perform optimally over time. We have agreed terms to enter into a similar green loan with HSBC to fund the development of a new property in Leyton, London, held in our Nuveen JV. Read more about our commitment to environmental sustainability on page 60.

Closer to home, we recognise the need for businesses to play a part in uplifting and empowering South Africa's communities, and we continue to find opportunities to utilise our resources for good.

We partner with numerous charities and non-profit organisations (NPOs), including the South African Red Cross Society, Kolisi Foundation, Gary Kirsten Foundation, Helping Hands South Africa, Volunteer Wildfire Services, The Atlas Foundation, JOG Trust, JAG Foundation, Ed Bham Foundation and Santa Shoebox Project, among others. We support these organisations by providing them with complimentary self storage space or utilising our digital marketing capability to increase their reach. Our community investment in FY24 was approximately R2 million.

The Company has also entered into an agreement with the Gift of the Givers Foundation to support various community initiatives. Gift of the Givers is the largest African-origin disaster response, non-governmental organisation on the continent. Read more about this partnership on page 65.

In partnership with the Skills Development Corporation, we provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds each year. In 2023, 11 candidates completed this programme, and we are supporting a further group of 12 learners in 2024. Overall, 36 learners have benefitted since we launched this initiative in 2021, enabling Stor-Age to sustainably support local economic transformation.

We remain particularly proud of the Stor-Age Business Hub, which provides our commercial customers and NPOs with a complimentary platform to showcase their products and services. We believe this is a powerful initiative as over 50% of our commercial customers classify themselves as SMMEs, vital for job creation and economic development. Stor-Age supports their daily operations and growth strategies, often acting as a business incubator and facilitating a transition to larger-scale operations. Proprietary data shows that, on average, each commercial customer has created more than eight new jobs since beginning to store with Stor-Age. At the end of FY24, we had over 8 800 commercial tenants, indirectly contributing significantly to job creation across South Africa.

The board continued to oversee the Group's efforts to improve compliance with the amended Property Sector Codes, and we are pleased to report that Stor-Age is a Level 4 contributor. We continue to consider further opportunities to meaningfully support the transformation of the property sector.

## KEY BOARD FOCUS AREAS

Effective corporate governance is critical to preserve value over the long term for all our stakeholders. The board continues to oversee the Group's growth strategy, which provides a clear framework to guide decision-making and capital allocation.

During the year, the board oversaw the workstreams to classify the Storage King group of companies as a UK REIT, with the process being finalised after year end. While we do not envisage an immediate reduction in the effective tax payable in the UK, the classification will support the most optimal economic outcome in the medium term.

Another key focus area for the board was overseeing the successful launch of a domestic medium-term note (DMTN) programme in April 2024. Stor-Age successfully issued R500 million under the new programme. Pleasingly, as part of this process, Global Credit Ratings assigned Stor-Age an initial national scale long and short-term issuer rating of A+(ZA) and A1(ZA), respectively. The DMTN programme has allowed Stor-Age to diversify its sources of debt funding, ultimately contributing to the Group's ability to sustainably implement its growth strategies in South Africa and the UK. We provide more detail on this in the Financial Review from page 46.

In line with the increasing maturity of our business and our commitment to continuously strengthen our corporate governance structures, the board established and constituted a nominations committee this year. With duly approved and independent terms of reference, the nominations committee will assist the board with ensuring that its composition remains appropriate, that directors continue to be formally nominated and appointed, and that the induction, training and development of directors continues to take place in a structured manner. The formalisation of this committee will contribute to the board's ongoing improved sustainability and effectiveness in the years to come.


*1 Dividend per share plus the increase in net tangible asset value (NTAV) per share (for the 12-month period) as a percentage of NTAV at the start of the 12-month period.*
*2 Source: "Deep dive on extra-financial performance: Real Estate companies across Europe", KPMG and EPRA, November 2023.*
*3 BREEAM (Building Research Establishment Environmental Assessment Methodology).*

Last year, the board oversaw the finalisation of an internal audit charter as well as the selection and appointment of an independent external assurance provider, GRIPP Advisory, to perform internal audit work. During the year, GRIPP Advisory performed several audits on key processes within the business. Going forward, the board will continue to prioritise ongoing, positive engagement with GRIPP to evolve and strengthen the Company's internal controls in line with the ever-changing inherent economic and technological risks in our operating environment. Further to this, we introduced an updated Information Security Policy this year, as well as an updated risk register and control framework in accordance with ISO 27001[1].

The board also undertook a detailed self-evaluation during the year, which was managed and coordinated by our independent auditors. Board members were given the opportunity to provide feedback on the performance of their peers and the functioning of the board across relevant categories. Several helpful insights emerged from this process, which will assist in strengthening the board's performance and competence.

Phakama Mbikwana resigned as an independent non-executive director, member of the audit and risk committee and chair of the social and ethics committee in March 2024. Since joining us in 2018, Phakama served the board with distinction, carrying out her duties with care and dedication. We will miss her balanced and often innovative approach to all matters and wish her well in her future endeavours.

Following Phakama's resignation, Alan Menigo was appointed as a member of the audit and risk committee. John Chapman was further appointed as a member of the social and ethics committee, and I will assume the responsibility of chairing the committee. We are also pleased to have recently welcomed Akua Koranteng to our board as an independent, non-executive director on 15 May 2024. She brings a set of complementary skills and a wealth of knowledge and experience. We look forward to her contribution to the board.

### DIVIDEND POLICY

As a board, we are cognisant of the current elevated cost of equity and debt capital for most REITs globally. Stor-Age is fortunate to benefit from an exceptionally healthy balance sheet and highly attractive underlying operating metrics, which we have consistently delivered over multiple periods. The business also operates in a sector which is growing globally, and Stor-Age is undoubtedly well-positioned to continue capitalising on future growth opportunities.

Together, with the compounding benefits over multiple periods of reinvesting retained capital into higher-yielding future opportunities, these factors informed the board's decision to consider amending the Group's dividend policy. Feedback from key shareholders on their views on the merits of a reduced payout ratio were also overwhelmingly supportive. Accordingly, the board is considering lowering the payout ratio to 90% – 95% of distributable income for FY25. This amendment would bring us more in line with our UK and European self storage REIT peers and sustainably contribute to enhanced returns for shareholders over the medium to long term.

## OUTLOOK AND THANKS

Guided by our Vision and Mission, and supported by our high-quality property portfolio, the board believes that Stor-Age is well positioned to withstand the ongoing volatile macro environment and continue making strategic and operational progress in both markets in the year ahead.

In May 2024, South Africa held general elections for national and provincial government. These elections marked 30 years of electoral democracy and, for the first time since 1994, the ruling African National Congress lost its parliamentary majority. This loss ushered in a new era of coalition government and gave rise to the formation of a Government of National Unity. Given the natural uncertainty around policy direction, this may impact business and consumer confidence, asset prices and investment returns in the year ahead. As a business, we will continue to closely monitor local and global political developments and respond to potential impacts accordingly.

In the face of these challenging and unpredictable times, the board thanks the Stor-Age team for their ongoing high levels of motivation and exceptional dedication to the business and for helping us deliver a robust operating performance year after year. On behalf of the board, thank you to Gavin and our executive management team for guiding the Group through another eventful year while taking decisive action to maintain and enhance Stor-Age's sector-leading position. Thanks also to my fellow non-executive directors for your unwavering commitment and constructive approach to ensuring we continue achieving our strategic objectives.

The board remains confident in Stor-Age's future growth prospects, to the benefit of all stakeholders.

**Graham Blackshaw**
Chairman

31 July 2024


[1] *ISO27001 is the world's best-known standard for information security management systems.*


# OUR BUSINESS

OUR GROWTH STRATEGY
OUR PROPERTY PORTFOLIO
OUR SUCCESS DRIVERS

## OUR GROWTH STRATEGY

With deep product understanding and experience in an emerging and first-world market, Stor-Age boasts a successful track record of developing, acquiring and managing self storage assets in South Africa and the UK. The business benefits from outstanding real estate expertise, an excellent dual-market operations platform, leading digital marketing capability and an established global peer network.

We conduct our strategic growth planning in five-year cycles. We are currently in the fourth and penultimate year of the cycle ending 2025 and have undertaken strategic and meticulous planning for the five-year period. While we continue to execute this plan, preparation is now underway to develop the next five-year strategy to 2030. A key focus remains our digital transformation strategy, which significantly influences our business strategy.

In preparation for our strategic growth cycle to 2025, in 2020 we revisited the four major research projects completed in 2015 with a specific focus on supply levels, anticipated demand, customer profiling and consumer demographics. These projects provide key insights that inform and optimise our growth strategy, allowing us to better understand our residential and business customers, and anticipate future demand.

Organic growth through the expansion of existing stores, acquisitions and new developments are at the core of our growth strategy. Strategic joint ventures with real estate and investment partners also play a critical role in this growth strategy. Read more about this on page 32.

With in-house development expertise and a disciplined yet opportunistic approach, we ensure that our risk-adjusted yield expectations are met and that we are able to effectively secure development sites and obtain the necessary approval consents. We prioritise high-barrier-to-entry areas in our key markets. Read more about our acquisition and new development strategy from pages 27 and 30.

During the year, we continued to execute our growth strategy, further growing our footprint by expanding existing stores and implementing our development strategy at newly acquired sites. We also continued to identify acquisition opportunities of existing trading properties in both markets.

Our growth strategy aims to grow the portfolio in both markets and enhance performance and investor returns by:

- **Extracting organic growth** through active revenue management, developing additional GLA and optimising the unit mix at properties
- **Leveraging our tenant management software platform** to unlock value, drive cost efficiencies and entrench our competitive advantage
- **Pursuing acquisitions,** and consolidating our position as the leading and largest self storage brand in South Africa and one of the largest operators in the UK
- **Developing new properties** in prominent high-barrier-to-entry locations in our core markets
- **Opportunistically leveraging the platform** through our operations and digital capability, as well as our real estate expertise
- **Managing financial risk** through prudent capital management policies
- **Integrating ESG principles** throughout the organisation by focusing on sustainability and the implementation of our ESG strategy

## OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

Our South African growth strategy seeks to entrench Stor-Age's position as the leading and largest self storage property fund and brand in the country. For 17 years, we have successfully identified key growth opportunities, expanding the South African portfolio to 60 properties. The portfolio represents a value of R6.0 billion[1].

We benefit from the following:

- Largest store footprint
- Quality stores in high-profile locations
- Prominent and easily accessible portfolio
- The benchmark for modern, urban self storage development

While we see an opportunity to acquire trading properties, our ongoing development strategy of bringing high-profile properties to market in prime locations remains a key component of our growth strategy. Our plan to 2025 includes aiming to grow the South African portfolio to 65+properties[2].

Read more about our property pipeline on page 27.

## OUR GROWTH STRATEGY FOR THE UK MARKET

Our business plan for our UK portfolio, trading under the Storage King brand, is guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio and leveraging our high-quality in-place management platform.

During the year, we focused on further optimising our organisational infrastructure in order to continue sustainably supporting the rapid growth being experienced by Storage King. Our UK and South African teams and platforms are fully integrated in those areas where we believe it allows for optimal performance across the Group.

In addition to the property strategy outlined below, we continued to see the positive impact on enquiry generation during the year as a result of successfully leveraging our digital marketing capability into the UK. Added to this, we also continued to see a reduction in the cost per enquiry as we further refined our digital marketing strategy and capitalised on the increased brand awareness in the localised markets into which we trade. Read more about this from page 35.

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring trading properties, developing new properties in key target areas and adding trading properties to our third-party management platform, Management 1st. We have identified a growth target of an average of two to four properties per annum. Read more about our Management 1st platform on page 32.

Key features of the medium-term growth plan include:

**Acquiring existing self storage properties that meet Storage King's acquisition criteria:**

- Good locations in Greater London and its commuter towns, as well as regional cities and towns
- Within/close to attractive urban or suburban nodes
- Ideally within/close to a retail corridor
- Ideally located with main road frontage to passing traffic
- Minimum requirements targeted:
  - 30 000+ sq. ft maximum lettable area (MLA)
  - 75 000+ population, 20-minute drive time

**Developing investment-grade self storage properties in prominent, visible, convenient and accessible locations:**

- High-profile locations in Greater London and its commuter towns, as well as regional cities and towns
- Big Box (greenfield) – high-density retail or commercial type nodes, in attractive urban/suburban areas and with main road frontage to passing traffic
- Conversions (brownfield) of existing buildings in retail or commercial type nodes in close proximity to dense urban areas
- Minimum requirements targeted:
  - 45 000+ sq. ft MLA
  - 100 000+ population, 20-minute drive time

### LEASEHOLD OWNERSHIP

Storage King's flexible approach to leasehold and freehold property ownership enables it to grow the business, secure prime locations and position the portfolio optimally.

While Storage King's approach to leasehold property valuation is conservatively based on future cash flows until the next contractual lease renewal date, it has a demonstrable track record of successfully regearing leases several years before renewal. The Company benefits from the Landlord and Tenant Act, which protects its right of renewal except in the case of redevelopment. In addition, the majority of its leasehold properties are located in retail parks and/or have building characteristics that make their current usage either the optimal or best use of the property.

Storage King's landlords value it as a quality tenant, with the Company often extending the length of leases in its portfolio, enabling Storage King to maintain favourable terms. By taking a flexible approach to leasehold ownership as part of a broader portfolio assembly strategy, Storage King has been able to operate from properties that would otherwise have been unavailable.

[1] *Includes 100% of trading properties held in JVs. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.*
[2] *Includes pipeline properties.*

## JOINT VENTURES

In order to capitalise on expansion opportunities, we establish strategic joint ventures (JVs) with real estate and investment partners. Through these JVs, Stor-Age is able to expand its presence and achieve enhanced scale in South Africa and the UK, while generating an attractive return on invested capital. The Company earns management fees for acquiring, developing and managing properties in each JV.

Our JVs form a key component of our growth strategy in South Africa and the UK.

Read more about these JVs from page 32.

## THE DRIVERS OF SELF STORAGE

Self storage is a business that benefits from a diverse set of demand drivers. The decision to use self storage is based on a sensible financial and needs-based rationale, and the product serves a diverse range of customers. The primary drivers for residential users are life-changing events (marriage, an expanding family, death, separation, downsizing, moving, emigration and immigration), as well as more permanent discretionary use. The product also serves commercial customers, particularly SMMEs, e-commerce and home-based businesses, as well as larger companies. The key benefit to such businesses is the cost-effective and flexible storage and distribution solution that the product offers.

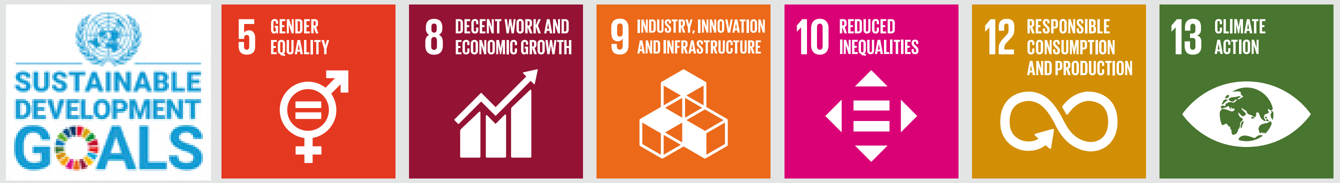
Our growth strategy is directly linked to these drivers. We identify acquisition and development sites in high-density urban areas where these trends are particularly prominent.

## STRENGTHENING OUR GROWTH STRATEGY THROUGH A ROBUST FOCUS ON ESG

**We continue to integrate ESG principles throughout the business. Our ESG strategy, which focuses on the areas of environmental sustainability, social sustainability and corporate governance, aligns our Vision and Core Values with six relevant SDGs and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD).**

Our long-term ESG strategy is centred on:

| | | | |
|---|---|---|---|
| Developing environmentally-friendly buildings<br>Read more below | Creating a culture of high integrity across the business<br>Read more on page 66 | An unwavering approach to good corporate governance<br>Read more on page 71 | Ensuring the ongoing sustainability of the business<br>Read more on page 71 |
| Preserving our resilience by maintaining balance sheet strength<br>Read more on page 13 | Effective management of financial and environmental risks, with significant value creation for our stakeholders<br>Read more on page 58 | Supporting the local communities in which we operate<br>Read more on page 65 | |




## DEVELOPING ENVIRONMENTALLY-FRIENDLY BUILDINGS

Environmental sustainability is a key component of our ESG strategy. Each of our buildings is designed and developed to ensure minimal water and electricity consumption. We also place a great deal of focus on reducing our already low carbon emissions.

We achieve this through a variety of initiatives, including renewable energy generation, energy efficiency, rainwater harvesting, storm water management, wastewater management, reduced fuel consumption and through various other practices.

Read more about our ESG strategy and implementation framework on page 58.

# OUR PROPERTY PORTFOLIO

Our properties are located in highly visible, easily accessible locations in or near major economic centres in both South Africa and the UK. We seek investment opportunities where we can achieve strong market penetration and further benefit from improved economies of scale, driving high operating margins.

Stor-Age has a portfolio of 103 properties across South Africa and the UK, totalling R17.3 billion[1] in value.

Our growth strategy, which you can read about on page 23, details how and where we intend to execute high-quality acquisitions and new developments to further grow our asset base, while pursuing organic growth by expanding existing properties. The growth strategy also includes expanding our third-party management offering in the UK, under the Storage King Management 1st platform.

Joint venture partnerships are a key component of our growth strategy in South Africa and the UK. During the year we made excellent strategic progress with our JV partners, having opened or acquired 12 trading properties (four in South Africa and eight in the UK). Read more about these partnerships from page 32.

## OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

Stor-Age is a local market pioneer that introduced high-profile Big Box self storage properties in high-visibility and easily accessible prime urban and suburban locations in South Africa.

Stor-Age is the largest self storage property fund and most recognisable industry brand in South Africa. Assembled from scratch and offering exceptional quality, our South African portfolio is predominantly purpose-built with a national footprint.

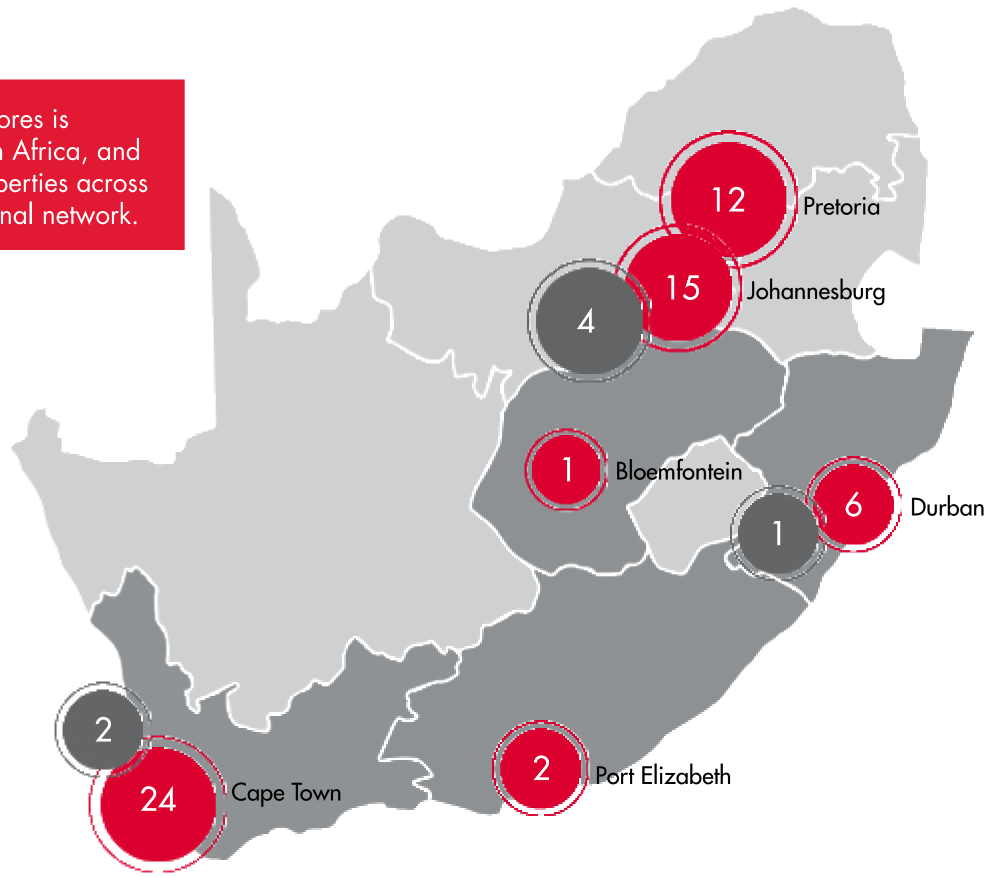
Our South African portfolio comprises 60[1] trading properties, with a further seven properties in the development pipeline as at year end. These 60 properties provide space to over 31 700 customers, offering 412 300 m² GLA[1]. Our total pipeline of seven new developments will offer a further estimated 42 000 m² GLA on completion.

In defining our property strategy in South Africa, we identified the main target cities and the specific suburbs (including arterial routes) where we would like to establish a presence. This is not a restrictive or instructive strategy, but rather a guide that supports our full business growth strategy.

**60** Our portfolio of stores is unrivalled in South Africa, and comprises 60 properties across an extensive national network.

PORTFOLIO:
60 properties[1]
R6.0 billion[1]
412 300 m² GLA[1]
31 700 tenants[1]

PIPELINE:
7 properties
42 000 m² GLA




[1] Includes 100% of trading properties held in JVs as at 31 march 2024. Excludes Century City and Kramerville properties which began trading in June 2024 and July 2024 respectively.

### ACQUISITIONS

The acquisition of high-quality and well-positioned trading properties remains a key component of our growth strategy. Since listing in 2015, Stor-Age has acquired a total of 28 properties.

In July 2024, we secured an independent self storage property in Airport Industria in Cape Town, Extra Attic. Secured for a purchase consideration of R73 million, Extra Attic is a single-storey self storage property that was developed and opened in 1998 by the founders of Metrofile. The property is located on Manhattan Street and is easily accessible off Borchers Quarry Road from Airport Approach Road.

With easy access off the N2 highway, the property is well-constructed and supports a broad residential customer base from across the greater Cape Town area. Given its close proximity to Cape Town International Airport, there is also a well-established commercial customer base, which has been using the store for a number of years.

With well-built structures and an attractive curb appeal, the property's location is complementary to the existing Stor-Age portfolio in Cape Town. It comprises 7 547 m² GLA of ground floor drive-up access and 181 m² of office space.

### DEVELOPMENTS

Stor-Age's secured development pipeline in South Africa at year end comprised seven properties that will add an estimated 42 000 m² GLA to the portfolio.

The properties recently completed or currently under development form part of our JV with Nedbank Property Partners ("Nedbank"), with the exception of Century City, which was developed in a JV with the Rabie Property Group ("Rabie").

### DEVELOPMENTS COMPLETED

During the period we completed the development of four properties, two in Cape Town and two in Gauteng. These developments increased our GLA by 24 100 m².

| Property | Location | Development cost | GLA (on full fitout) |
|---|---|---|---|
| Morningside | Situated alongside the Wedge Shopping Centre on Rivonia Drive and benefiting from prime exposure to passing traffic, the property is exceptionally well located. The property trades into Morningside and the broader Sandton area, and opened for trading in May 2023. | R125 million | 7 400 m² |
| Bryanston | Well positioned alongside the Virgin Active at the busy Grosvenor Crossing intersection, the property trades primarily into Bryanston, Riverclub, Kleve Hill and Petervale. The property opened for trading in August 2023. | R75 million | 4 700 m² |
| Pinelands | Well located directly opposite the Howard Shopping Centre, on the corner of Howard Drive and Gardener Way, the property, a brownfield conversion, trades primarily into Pinelands, Mowbray, Rosebank and Rondebosch. The property opened for trading in September 2023. | R97 million | 7 300 m² |
| Paarden Eiland | Located prominently in the service road alongside Marine Drive, the property, a brownfield conversion, enjoys high exposure to the busy Marine Drive, which carries significant traffic volume in both directions. Trading primarily into the broader Milnerton area as well as parts of the East City, the property opened for trading in September 2023. | R75 million | 4 700 m² |

Post year end, we concluded the development of two properties in South Africa – at Century City in Cape Town and at Kramerville in Johannesburg. Together, these properties added 11 500 m² to the portfolio.

| Property | Status and location | Development cost | GLA (on full fitout) |
|---|---|---|---|
| Century City | In December 2022, Stor-Age and Rabie entered into a joint venture to develop a site within Century City ("Rabie JV"). The site is well positioned on Edison Way and enjoys good visibility by commuters travelling east and west along Bosmansdam Road. The property, which trades primarily into Century City, Tijgerhof, Milnerton and Montague Gardens, opened for trading in June 2024. | R96 million | 6 100 m² |
| Kramerville | Located in Kramerville (Sandown), the property is situated on the corner of Dartfield Road and Commerce Crescent. Construction began in June 2023. The property, which benefits from having access on grade to all four levels, trades primarily into Sandown, Wendywood, Strathavon and Atholl Gardens. The property opened for trading in July 2024. | R75 million | 5 400 m² |

### UNINTERRUPTED POWER SUPPLY

To mitigate against the risk of an unstable electricity supply in South Africa, all trading properties have generators installed, except for the three smallest properties measured by GLA, which have battery storage solutions. During periods of intermittent electricity supply, these backup diesel generators are used.

### HYBRID SOLAR PV SYSTEMS

In South Africa, 34 of the 60 properties have solar PV systems installed, which to date have generated over 4.1 million kWh. A further 11 properties have been identified for solar investment in FY25.

During the period we continued to integrate existing solar PV systems with battery storage, creating additional hybrid solar PV systems. Alongside our existing diesel generators, these systems provide an optimised solution in the event of a power outage. Beginning in FY24, we anticipate a 3-year roll-out of these hybrid solar PV systems across the South African portfolio at an estimated total cost of R45.0 million to R50.0 million.

Read more about our hybrid solar PV system strategy on page 62.

### MAINTAINING OUR PROPERTIES

As a customer-facing real estate business, we understand the critical importance of maintaining the quality of our assets by investing in a rolling programme of preventative maintenance, store cleaning and the repair and replacement of essential equipment.

We have an online Facilities Management System where store-based employees log, track and manage all maintenance requests until closed. In conjunction with employees at our stores and area managers, our national facilities manager and city-based regional facilities managers oversee property maintenance with the assistance of dedicated facilities teams in each city.


## OUR PROPERTY PORTFOLIO IN THE UK

Stor-Age is now in its seventh year of trading in the UK under the Storage King brand – the sixth largest self storage operator in the country[1]. Storage King operates a regionally dominant portfolio of 43[2] properties throughout England.

The acquisition of Storage King in 2017 represented a portfolio of well-located properties and a growth platform with well-invested infrastructure. The in-country management team has considerable industry experience and a strong track record of operational management and improvement. Since acquisition, we have increased the number of properties in the Storage King portfolio from 13 to 43 and the total GLA from 543 000 sq. ft to 1 910 000 sq. ft[2], with a further two properties in the development pipeline offering an estimated 105 000 sq. ft GLA on full build-out.

**43** Storage King operates 43 well-located properties throughout England, with a further two properties in the pipeline.

### Overview of Storage King

- Sixth largest operator in the UK by number of properties
- The portfolio of 43 properties is complemented by an additional three properties which trade under license of the Storage King brand
- Four strategic growth levers – expanding existing properties, acquiring independent trading stores, developing new high-quality properties and securing third-party management contracts (Management 1st)
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well positioned to secure acquisition opportunities via long-established relationships with independent operators

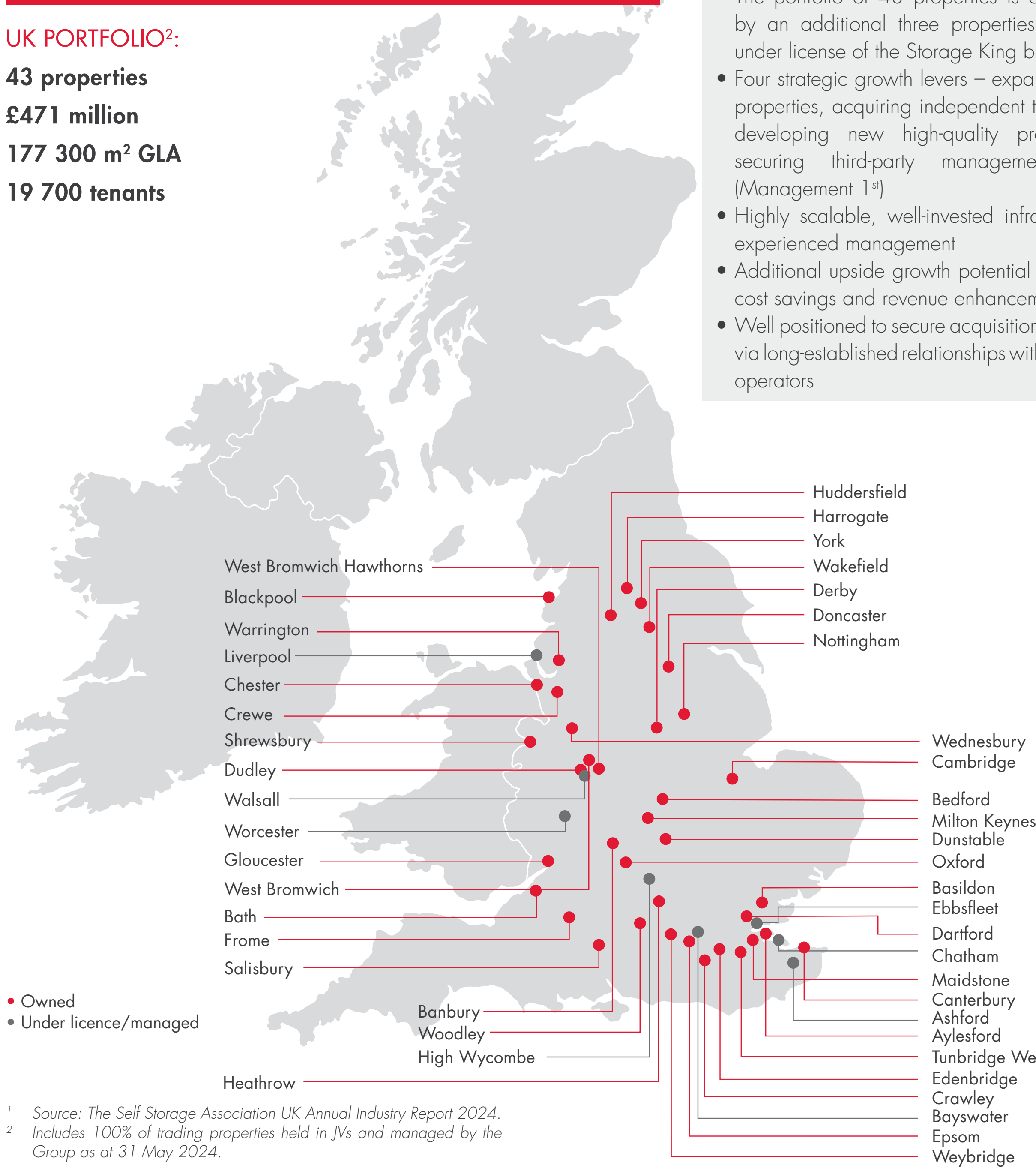
UK PORTFOLIO[2]:

**43 properties**

**£471 million**

**177 300 m² GLA**

**19 700 tenants**




[1] *Source: The Self Storage Association UK Annual Industry Report 2024.*

[2] *Includes 100% of trading properties held in JVs and managed by the Group as at 31 May 2024.*

### ACQUISITIONS

Storage King is well-positioned to secure acquisition opportunities through its long-established relationships with independent operators. During the year, we continued to review acquisition opportunities in line with our stated growth and investment strategy.

During the year, we successfully acquired Easistore, a high-quality four-store portfolio in the south east of England with well-located properties across Kent and West Sussex. The portfolio was acquired in a JV with Nuveen Real Estate ("Nuveen"), with Stor-Age's equity contribution in the acquisition amounting to £4.4 million. Read more about this JV on page 33.

The acquisition provided an excellent opportunity to acquire a portfolio of trading stores in locations which complement the existing Storage King portfolio, offering additional scale to the platform from both a financial and trading perspective.

With properties located in Crawley, Edenbridge, Maidstone and Tunbridge Wells, the portfolio added 22 500 m² to the Group. Well-located, the four mature freehold properties trade into residential and commercial areas. The Edenbridge, Tunbridge Wells and Maidstone properties provide Storage King with a greater presence in Kent, while the Crawley property enabled the Company to expand into West Sussex.

### DEVELOPMENTS

We continue to make significant progress in executing our UK development strategy, completing new developments and adding new sites for future development.

During the period we completed the development of four properties, located in Bath, Heathrow, West Bromwich and Canterbury. Our secured development pipeline in the UK now comprises two properties that will add an estimated 105 000 sq. ft to the portfolio. The two properties are currently under development, located in Acton and Leyton. The Acton property is being developed in the Moorfield JV, while the Leyton property forms part of our JV with Nuveen. Read more about these JVs on page 33.

### DEVELOPMENTS COMPLETED

| Property | Status and location | Development cost | GLA |
|---|---|---|---|
| Bath | Located within the Western Lock Retail Park, in close proximity to Bath City Centre on the A36 Lower Bristol Road, this brownfield conversion is located adjacent to a Marks & Spencer Foodhall.<br>The property opened for trading in May 2023. | £11.7 million | 46 000 sq. ft |
| Heathrow | This greenfield development is located on a prominent intersection to the west of London, on Great South-West Road (A30) and the Causeway (A312) and in close proximity to Heathrow Airport.<br>The property opened for trading in July 2023. | £13.8 million | 61 000 sq. ft |
| West Bromwich | The property is located in Great Bridge Street, Swan Village in the Carlyle Business Park, with excellent exposure at the roundabout to commuters travelling on the Solihull Bypass (A41). The property, a brownfield conversion, also offers office and bulk storage space.<br>The property opened for trading in October 2023. | £11.7 million | 64 000 sq. ft excluding bulk and office space |
| Canterbury | Located in close proximity to a large Big Box retail corridor, the property forms part of the new "to be created" Canterbury trade park which sits along Sturry Road (A28), in close proximity to the Canterbury town centre.<br>The property opened for trading in November 2023. | £11.7 million | 54 000 sq. ft |

### DEVELOPMENTS IN PROGRESS

| Property | Status and location | Estimated development cost | Estimated GLA |
|---|---|---|---|
| Acton | Located in a mixed residential and commercial area of Acton, a large residential suburb in West London in the borough of Ealing, the property enjoys frontage to Stanley Gardens, Bradford Road and Warple Way, just off Uxbridge Road (A4020), a busy main arterial through Acton.<br>A brownfield conversion, the property was acquired in April 2023. A planning application was approved to extend the building vertically by two levels. Construction began in May 2024. | £24.75 million | 63 000 sq. ft |
| Leyton | The property is located on Golden Business Park, at the intersection of Orient Way and the A104, which lies 1.5 miles from Leyton and 2 miles from Walthamstow underground station and is easily accessible from the A12 and A10 highway.<br>Leyton is a large suburb in east London in the borough of Waltham Forest. The area borders Walthamstow, Leytonstone and Stratford. The property, a brownfield conversion, will comprise three levels. Construction began in January 2024. | £13.9 million | 42 000 sq. ft |




### ADDITIONS

During the year we concluded expansions at our Milton Keynes and Crewe properties, bringing online additional GLA of 41 400 sq. ft.

### TOWN PLANNING APPLICATIONS

We continue to seek opportunities to unlock value in the existing portfolio, with a number of town planning applications having been approved during the year:

- Huddersfield – an estimated 22 000 sq. ft GLA.
- Wakefield – an estimated 7 000 sq. ft GLA.
- Blackpool – an estimated 23 000 sq. ft GLA.

### THIRD-PARTY MANAGEMENT

In March 2023, the Group entered into a third-party management agreement to manage a new self storage property located in Bayswater (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 will be branded and managed by Storage King under the company's third-party management platform – Management 1st.

Post year end, we entered into a third-party management agreement with Hines, a privately owned global real estate investment, development and management firm with a presence in 30 countries and $94.6 billion of assets under management. Through the agreement, which was concluded in May 2024, Stor-Age will manage a three-property portfolio, which Hines acquired in the southeast of the UK. The portfolio, previously under the brand Kent Space, consists of properties in Ashford, Chatham and Ebbsfleet and offers 78 000 sq. ft of self storage space and 30 000 sq. ft of complementary office space. The Kent Space acquisition represents Hines' entry into the UK self storage market. The properties will be rebranded to Storage King.

We currently have 17 properties in the UK operating on our Management 1st platform, with a further two properties to be added once our current joint venture developments are complete.

Management 1st is a key component of our UK growth strategy and enables the Group to earn additional revenue with minimal capital investment given that we leverage our existing infrastructure and skills. The management solution will also potentially provide a natural acquisitions pipeline over the medium to long term when third-party owners wish to exit.

### THE UK SELF STORAGE MARKET

In the recently published 2024 Self Storage Association UK Survey, self storage space per head of population in the UK is estimated to be 0.9 sq. ft, up from 0.8 sq. ft in 2023. This shows that the market is less developed than the United States (7 sq. ft) and Australia (2 sq. ft), despite the growth in supply in recent years.

The market remains relatively fragmented with an estimated 2 700 self storage properties, including 1 012 predominantly container-based operations, supplying 60 million sq. ft across 1 400 brands. The top ten operators, including Storage King, account for approximately 19% by number, and 42% by area, of the market.

While churn levels in 2023 increased to 98% (annualised), compared to 81% in 2023, this is still significantly lower than the 118% experienced in the pre-pandemic period.

## JOINT VENTURES IN SOUTH AFRICA AND THE UK

To further enable the Group to take advantage of expansion opportunities, in recent years we have formed selected JVs with real estate and investment partners to acquire and develop new self storage properties. These JVs allow Stor-Age to grow and achieve further scale in South Africa and the UK while providing an attractive return on invested capital.

The JVs also allow for the mitigation of the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature level of occupancy. Moving forward, it is anticipated that the majority of new developments will be completed in a JV structure with a development partner.

All JV properties are either branded and managed by Stor-Age in South Africa or Storage King in the UK. The JVs also enable the Group to leverage the management platform through the generation of acquisition and ongoing property management fees.

### Garden Cities

In September 2019 Stor-Age entered into a JV with Garden Cities to develop a site in Sunningdale in Cape Town. The property, comprising 6 300 $m^2$ GLA, commenced trading in April 2021.

An independent, Cape Town-based property development company, Garden Cities has a more than 100 year track record of successfully developing residential suburbs in the Western Cape. The JV came about as a result of Stor-Age having successfully developed its Edgemead and Pinehurst properties, with both of these residential townships having been originally developed by Garden Cities. Stor-Age has a 50% equity interest in the JV.

### Moorfield

Entered into in October 2020, the JV with Moorfield aims to assemble a portfolio of high-quality self storage properties in prime locations in England through acquisitions and new developments. Stor-Age has a 24.9% equity interest in the JV.

Moorfield is a long-established, leading UK real estate fund manager with a more than 25-year track record of successfully investing in multiple real estate subsectors. The JV provides an attractive return on invested capital, thus presenting an avenue for Stor-Age to compete in a highly sought-after and competitive first-world market by providing access to high-quality self storage assets at attractive yields.

To date, the JV has committed approximately £125 million to acquisitions and new developments. Development properties forming part of the Moorfield JV include Heathrow, Bath, Canterbury, West Bromwich and Acton. In addition, the four-store Storagebase portfolio in the UK was acquired within the JV.

### Nedbank

In September 2021, Stor-Age entered into a JV with Nedbank Corporate and Investment Bank to initially develop two high profile properties in Morningside and Bryanston. During the year, the JV developed two additional properties, located in Pinelands and Paarden Eiland in Cape Town. The Kramerville property, which opened for trading post year end in July 2024, was also developed in the Nedbank JV.

Nedbank has been a primary debt funder to Stor-Age for more than a decade and has a detailed understanding of the self storage asset class. Each party owns a 50% equity interest in the JV.

### Rabie

Stor-Age entered into a JV with the Rabie Property Group in December 2022 to co-develop a property in Century City, Cape Town, with 6 100 $m^2$ GLA and at a development cost of R96 million. The property opened for trading in June 2024.

Rabie is an independent, Cape Town-based property development company operating predominantly in the Western Cape. Each party has a 50% equity interest in the JV.

### Nuveen

Stor-Age entered into a JV with Nuveen Real Estate ("Nuveen") in April 2023. Nuveen, which made its entry into the European self storage market in Sweden in late 2021, is one of the largest, most established global investment managers with $154 billion of assets under management and an 85-year investment track record.

Nuveen holds 90% and Stor-Age a 10% equity interest in the JV. In April 2023 the JV acquired Easistore, a four-store portfolio in the UK with properties located in Kent and West Sussex. In addition, the Leyton property, where construction began in January 2024, is being developed in the Nuveen JV.

To date, the JV has committed approximately £100 million to acquisitions and new developments.

# OUR SUCCESS DRIVERS

## OUR SOPHISTICATED DUAL-MARKET OPERATIONS PLATFORM

Our highly sophisticated and scalable dual-market operations platform is key to unlocking value for stakeholders. The scalable platform provides operating leverage for centralised services and is complemented and enhanced by our advanced digital capability, online enquiry generation and conversion skillset, all of which are fundamental to our long-term strategy.

We have invested significantly to develop a sophisticated and scalable management platform that provides centralised services and support across the portfolio in both South Africa and the UK, resulting in economies of scale and cost efficiencies. Our web-based tenant management systems provide real-time information on the operating and financial performance of each property. The systems have a unique built-in customer relationship management (CRM) capability.

The CRM enables all enquiries to be logged and tracked until closed, with management able to monitor employees' efforts. Despite returning to a normalised trading environment post the onset of COVID-19, collectively same-store enquiries generated across both markets improved during FY24 when compared to FY23. Pricing is dynamic and varies according to unit size, location, demand and the stage of lease-up of the individual property. Internal space at properties can be reconfigured to create various unit sizes to meet the demand profile and optimise revenue streams from the property.

Operationally, Stor-Age consists of two elements: systems and people. Our approach to each is summarised below:

**1 Systems, including processes, controls and responsibilities**

- Defined in operating standards across the business to ensure consistency and continuously updated for improvements in operating capability
- Increasing use of technology and automation for continuous improvement and improved efficiency
- Ongoing enhancements to our layered network security systems to strengthen defences

**2 People**

- Strategic focus from inception
- Significant emphasis on recruiting the right people and training, developing and managing employees to achieve their highest potential
- Our e-learning platform, Edu-Space, complements face-to-face learning programmes
- Incentivised outperformance at all levels

## OUR BRAND STRENGTH

"Developing Stor-Age into the leading South African self storage brand has been a fundamental strategic objective since inception, while our Storage King brand in the UK is distinctive and unique, with its own differentiated style, attributes and market positioning."

We have remained resolute in our strategy of positioning Stor-Age at the quality end of the South African self storage market. The brand is well-defined, distinctive and differentiated. We have successfully achieved this through our emphasis on the location, visibility and quality of our properties, underpinned by excellent customer service and a leading online platform.

In the UK, our Storage King brand stands out as both distinctive and unique, with our growth strategy aligned to that of South Africa in terms of acquiring and developing properties in prime locations with high visibility. The portfolio has grown from 13 properties at acquisition in 2017 to 43 properties[1], along with a further three properties trading under licence. This growth, complemented by the Group's elevated online visibility in targeted locations, has strengthened the brand and increased brand recognition.

Our brand strategy is founded on big branding at properties in high-visibility locations, on key arterials in densely populated residential suburbs, with adjacent commercial and business corridors across South Africa and the UK. Our Big Box properties are especially impactful in this regard. Aligned to our focus on big branding, our digital 'drive-by' (online) presence plays an important role in positioning us as the brand of choice in each respective market.

We continue to leverage our extensive digital marketing capabilities to create high demand for our well-defined, distinctive and differentiated product across both markets. Given the innate complexity and cost of online sales, our digital marketing capabilities further allow us to spread our marketing costs over a growing platform. This continues to raise the barrier to entry for competition.

Through our multi-year digital strategy, we continue to remain responsive to shifting consumer trends. This strategy allows us to adapt to the significant pace of technological change and innovation within the self storage sector and in society more broadly.

[1] *As at 31 March 2024. Includes trading properties held in JVs and managed by the Group.*

## PURSUING MUTUALLY BENEFICIAL COMMERCIAL PARTNERSHIPS

We actively pursue mutually beneficial, strategic commercial partnerships to increase brand visibility among residential and business audiences. These partnerships enhance our marketing efforts and create opportunities for cost-effective campaigns that improve enquiry generation. Commercial partners include removal companies, last mile logistics operators, SMMEs, e-commerce platforms, sports bodies and charitable organisations.

## INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

The Group's marketing and e-commerce expertise complements the operational strength and local market knowledge of the management team. All acquired properties are incorporated onto our operations and online platforms, and benefit from increased web page visits and enquiries.

We innovate and improve the customer experience by continuously reviewing and refining our digital and in-store customer touchpoints. This creates a cohesive brand experience for our customers, cements loyalty and increases sales.

Forming part of our strategy to adapt to the evolving economic landscape, we leverage technology and use data analytics, AI and automation tools to optimise pricing strategies and marketing campaigns. The ongoing advancement of online and mobile platforms has transformed the way we connect with our customers, offering a broad and growing base of digital channels to source new leads. Our digital enquiry skillset provides a key competitive advantage in capturing and converting demand.

Ongoing management and optimisation of our online platforms maintains our leading rankings for the most popular search terms related to self storage in South Africa and the UK. The demand drivers of self storage are multi-dimensional and fluid, with the product servicing a diverse range of customers. We tailor our messaging to specific platform audiences to improve engagement and conversion opportunities. This relevancy-based and targeted strategy enables us to create bespoke advertising media (both static and rich media) that directs users to customised landing pages. The messaging in each of our adverts is curated to be relevant to each of these targeted audiences (in different life stages) that typically drive demand for self storage.

"As an accredited Google and Meta partner, we continue to present optimal messaging to relevant audiences in both markets on the platforms where they are most active. This is a key component of our digital strategy that enables us to outperform competitors in new customer acquisition."

Our accredited partnership status with Google and Meta allows us to continue to bolster our digital marketing capabilities. We benefit from having dedicated teams at both platforms who provide us with additional resources and insights, enabling us to strengthen our messaging and target specific audiences on the platforms where they are most active. This has resulted in positive demand generation despite challenging macro conditions. This partnership also saw us selected to join an exclusive *Google Insiders* group during the year at the Google Head Office in London. For a number of years, we have made use of AI tools to assist and experiment with search marketing techniques and practices, as well as with content creation, to assist in our messaging and targeted audience efforts. As the *Google Insiders* group meets to focus on new marketing initiatives, specifically relating to the use of AI in advertising platforms, we have further expanded our knowledge in this area allowing us to maintain a competitive edge in both markets.

As with any new technology, there are benefits and risks to its implementation. As early adopters of technology, we are well placed to take advantage of any shifting nuance within the digital marketing sphere. In addition to the more recent AI advances, and in reaction to privacy-related issues, during the year Google implemented Google Analytics 4 (GA4), while at the same time sunsetting the use of Google Universal Analytics (UA).

Google stopped processing UA in July 2023. This has changed the way that all digital marketing data is captured. We were well placed to ensure a smooth transition and continued data measurement, as well as efficient audience targeting.

We update our interactive and responsive websites taking careful consideration of the ever-shifting customer journey. This enables ongoing traction and encourages web prospects to enter into our digital sales funnels and be converted into a sale. Key to understanding the user journey is our interpretation of Google Analytics and Google Ads data overlayed with our understanding of the self storage market. The addition of user journey recording and heatmapping has assisted us in analysing and improving our online sales funnel. This has unlocked cost efficiencies and assisted in improving our lead generation.

Our websites are designed to be simple and uncluttered so that they are easy to navigate, especially for the significant proportion of visitors that originate from mobile devices. Improvements during the year included ongoing refinements to the user experience on both web platforms, as well as additional security enhancements and continued deeper integration of our South African and UK platforms.

Our e-commerce platform comprises an online reservation system, live customer engagement and a real-time pricing module. This enables online customers to transition from getting a quote to moving in seamlessly, enhancing their experience, reducing move-in time and improving productivity. Our revenue management tool is fully integrated into our operating system to further streamline our pricing management process. It uses multiple signal modelling, which assists us in making pricing adjustments as required.

Our ongoing commitment to improving customer communication drives enquiry generation and sales conversion. Cloud-based customer service software enables a single centralised customer communication platform that incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat. During the year, we responded to more than 25 000 chats through this platform.

The Contact Centre team operates off the Group's bespoke in-house developed customer relationship management system (CRM), StorHub. StorHub integrates into the tenant management system (TMS) in both markets, allowing for seamless interaction between prospective tenants and staff. It sits at the intersection of new enquiries (digital and phone), the TMS and our digital and telephonic sales response. We continue to invest significant resources to further enhance the platform.

The majority of new customers in South Africa and a large portion in the UK are onboarded digitally (e-leasing and e-signing), resulting in improved productivity across the business, as well as an enhanced customer experience.

### CONTACT CENTRE PERFORMANCE

**49 000+**
Calls answered

**25 100+**
Online chats responded to

**6**
Full-time employees support our in-store sales strategy

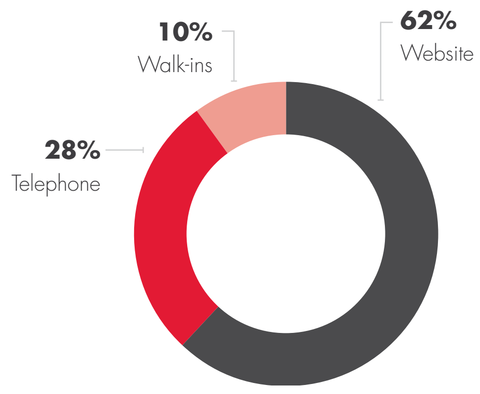
Social media is a key advertising, consumer engagement and CRM medium for the Group. We are mainly active on Facebook, Instagram, LinkedIn and YouTube. We currently have a combined total social media following of over 123 000, with the Stor-Age Facebook page ranking as the third most followed self storage business in the world. Through specific call-to-action buttons, we are able to engage with our customers in real time. Constant testing and access to resources via our Meta accredited partnership status allows for enhanced performance on Facebook and Instagram, resulting in improved enquiry generation. We also use LinkedIn to increase enquiry generation from our commercial customer segment, and to attract talent for the business.

> "By constantly improving our in-house digital capabilities and through ongoing innovation, we remain at the forefront of online enquiry generation across both South Africa and the UK."

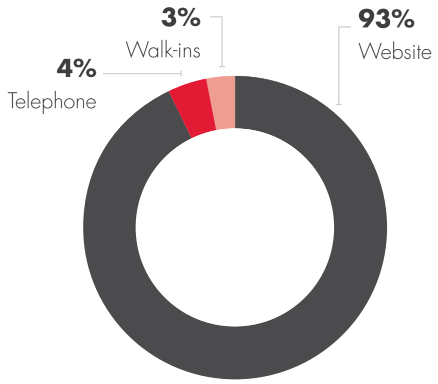
We further use our social media presence and influence to support social impact initiatives, such as community projects and non-profit organisations. These include the JAG Foundation, Gary Kirsten Foundation and various other local communities and organisations.

Refer to the Social Sustainability section from page 65 for more information on these projects and our other corporate social investment initiatives.

### ENQUIRIES – SOUTH AFRICA




### ENQUIRIES – UK




The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 62% of all South African enquiries. The telephone accounts for 28% of enquiries as the first point of contact, while walk-in enquiries, where we have had no previous contact with a customer, account for 10%.

In the UK 93% of all enquiries are made through the Storage King website, while 4% are via the telephone, with the balance comprising walk-in enquiries, amounting to 3%.

### MEASURING CUSTOMER SATISFACTION

We monitor customer service standards in South Africa and the UK through customer welcome and exit surveys using our in-house My Experience Surveys portal, a significant source of vital customer data. In South Africa, we also use Google reviews and our mystery shopper programme to ensure we maintain a consistent user experience across our brands. In the UK, we use Google reviews and TrustPilot (a third-party review platform).

We actively engage with customers in South Africa and the UK on all digital review platforms, including Google Business Profile. We encourage reviews through various engagement tactics to enhance organic search performance and foster brand credibility.

> "Our average Google Business Profile rating of 4.7 in South Africa and 4.8 in the UK (out of 5) indicates the exceptional quality of our properties and the importance that we place on offering world class customer service."

Data from our welcome and exit surveys provides us with our NPS in each market. Our NPS serves as an important measure of our customers' overall perception of the respective brand.

Our overall NPS for the year was 80[1] in South Africa and 68[1] in the UK. This indicates that our customer-centric approach is "excellent" when compared to global NPS standards and other consumer-facing businesses.

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programmes. Read more about this from page 67.

[1] *A score above 50 is considered "excellent" and above 70 is "world class".*

### DIGITAL FIRST

A component of the Management 1st platform, which you can read about on page 32, Digital First is a digital marketing solution for independent operators. It provides an opportunity for smaller operators to leverage a publicly traded self storage REIT's digital platform at a fraction of the cost. With its sector-leading in-house digital marketing capability, Digital First made significant gains during the year, adding an additional six independent operators representing 31 properties.

A total of 126 properties (29 operators) are now contracted with the Group for the digital services offering. These operators are situated across 19 countries, with Digital First marketing these businesses in ten languages. None of the 126 properties compete directly with existing Storage King properties. While these new agreements will make a modest contribution to earnings in the short term, we look forward to the longer-term prospects of building critical mass and further developing a meaningful revenue stream from the platform.

### ESG

To ensure the sustainability of our business, our people, the physical environment and the society in which we operate, we remain committed to executing our ESG strategy. This strategy aligns our Vision and Core Values with six relevant UN SDGs. To further mitigate against climate risk, we have also taken guidance from the Task Force on Climate-related Financial Disclosures (TCFD). Through our ESG framework we continue to monitor our impact on the economy, the workplace, the social environment and the natural environment.

Read more about our ESG Strategy from page 58.

## OUR PEOPLE

The Group has a flat operational structure that recognises the pivotal role of our store-based teams in achieving our strategic objectives. This includes driving occupancy, revenue and cash flow growth in the portfolio. To foster a partnership culture within the business, management spends significant time at the properties and is accessible to all employees.

> "Through a variety of learning and development initiatives, including our bespoke e-learning platform, we continue to provide our staff with the best opportunity for personal growth."

Edu-Space, our bespoke e-learning platform, provides many benefits to the business, including supporting a culture of continuous learning and the personal growth of staff, as well as providing for increased flexibility, efficiency and productivity. The knowledge and experience of senior managers is leveraged by our learning and development team to produce business specific learning content, thus ensuring that their knowledge and experience is shared. This supports the overall performance and sustainability of the business. Additional bespoke professionally crafted online learning content is also available on the platform.

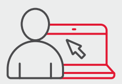
A range of in-person workshops were also held throughout the year. These included annual and half-year workshops to foster and support improved planning and alignment by the executives and senior management teams, as well as multi-day workshops for senior operations staff, management development workshops for middle managers at the head office, and also train-the-trainer workshops to bring through the next generation of operations trainers.

In South Africa we also held our second in-person annual year-end reviews since the on-set of the COVID-19 pandemic, where the focus was placed on learning from peers in the business, primarily through panel discussions and interactive quizzes. In the UK, we held our first year-end review. Read more about our year-end reviews from page 69.

In-store operations induction training is delivered by store managers, who are accredited trainers. The training takes place over seven weeks, with bespoke course work covered in store and supported by the in-store trainer and by the relevant operations regional manager. The head office-based learning and development team monitor progress of all in-store training, with pre-defined success criteria used as the benchmark for quality control purposes.

Our South African-based management committee (manco) structure enhances our management planning capability and fosters the growth of senior managers in key portfolios across the business. The manco meets quarterly to develop strategic plans, set objectives and goals, report progress and make any adjustments required.

### E-LEARNING FRAMEWORK

65+
New online courses designed

3 200+
Hours of online training completed

350+
Attendees across 20 in-person workshops

## ENSURING SECURE STORAGE

We aim to provide the ultimate in secure storage. This includes ensuring our customers' peace of mind regarding their personal security and the security of their possessions.

With an unwavering commitment to providing safe and secure self storage for our customers and to ensure reduced operational risk, the Company places a great deal of emphasis on security.

We work with a third-party security company in South Africa that remotely monitors our security camera surveillance systems and we have installed licence plate recognition technology at new and existing properties. These systems complement our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties were selected for these installations based on our internal risk matrix, which takes into account various property and operational-related features at each store. At year end, 59 properties were fitted with these systems, with installation at an additional three properties in progress (this includes properties in the development pipeline).

Security remains a key focus in the UK. Third-party security companies monitor the security camera surveillance systems and access at all properties which have either a keycode or smartphone enabled entry system, allowing customers to access their units after hours.

> “Our recently adopted bluetooth and smart phone enabled technology at newly opened stores in the UK, for overall building access control and individual unit door alarms, has been very well received by our customers.”

All newly developed properties in South Africa are fitted with our custom self storage door alarm and monitoring system, with a total of 19 stores now operational. In the UK, 33 of the 43 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term. Smart locks were also installed at our recently opened Bath, Heathrow, West Bromwich and Canterbury stores in the UK. These bluetooth enabled electronic locks allow customers to access the store and their unit with their smart device. In addition, the smart locks allow for automated lock checking and overlocking processes for our operations staff. The new smart locks are currently planned to be rolled out as part of new stores which are under development in the UK.

Smart electric fence monitoring systems are installed at 18 properties in South Africa. The monitoring system triggers an alarm when low voltage is detected.

Access to our properties is automated and requires personal verification with an electronic tag in South Africa and either a personal identification number or a registered bluetooth smart device in the UK.

## ENHANCING OUR CYBER SECURITY

> “We continue to enhance our layered network security systems to strengthen defences in response to the global increase of ransomware and other cyber attacks.”

Cybersecurity continues to be critical for the Group and our commitment to safeguarding digital assets remains unwavering. In light of the escalating global threat landscape, we continue to strengthen our layered network security systems. These proactive enhancements serve as a defence against the surge of ransomware and other cyberattacks.

### STRATEGIC DECENTRALISATION FOR MITIGATING BREACHES

Our data architecture is deliberately decentralised across various locations. This approach minimises the potential for breaches.

We recognise the increasing sophistication and social engineering tactics of cyber criminals, particularly attempts to steal user credentials or orchestrate fraudulent transactions under the guise of senior management level staff. To counter such threats, we prioritise user awareness and implement robust notification mechanisms to flag correspondence originating outside of the organisation.

### COLLABORATION WITH REPUTABLE CYBERSECURITY PROVIDERS

Maintaining the highest protection standards requires collaboration with reputable cybersecurity service providers. Simultaneously, we foster a culture of cyber resilience throughout our organisation. By disseminating best practices and raising awareness of cybercrime threats, we empower all levels of our workforce.

### REMOTE WORK PARADIGM AND VPN MANAGEMENT

As we continue to navigate the complexities of remote work, our Virtual Private Network (VPN) management relies on stringent perimeter firewall protocols. This ensures that users who are working remotely adhere to the same rigorous security standards as office-based employees.

### CONTINUOUS VIGILANCE AND INDUSTRY ALIGNMENT

We continuously monitor our users to ensure the most effective use of resources and to limit opportunities to breach the Group's cyber defences. Regular reviews of our cybersecurity strategy, partnerships and network architecture ensures alignment with industry best practices and the ever-evolving technological landscape.


# 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.

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

## 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.

## 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.




# ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR ESG STRATEGY

ENVIRONMENTAL SUSTAINABILITY

SOCIAL SUSTAINABILITY

CORPORATE GOVERNANCE

# OUR ESG STRATEGY

Stor-Age is committed to upholding the principles of responsible and sustainable business practices. We understand that environmental sustainability, social responsibility and good corporate governance not only makes a positive impact, but creates a more sustainable business and increases shareholder value.

Since inception, we have continuously sought out new and innovative opportunities in an effort to create a more sustainable business for our shareholders, employees, customers, communities, suppliers and the environment.

With a strong focus on environmental sustainability, we continuously strive to minimise our environmental footprint through the implementation of energy-efficient technologies, renewable energy, water and waste management initiatives. We also actively engage with the communities in which we operate, assisting local organisations in need. Our commitment to good corporate governance ensures transparency, integrity and ethical behaviour in all aspects of our operations.

Our ESG strategy encompasses all of our properties, which now includes 60 properties in South Africa and a further 43 in the UK.

## Highlights

**R63.5 million+**
Investment in renewable energy[1]

**58%**
Percentage of portfolio with solar PV (of which 20 properties have battery energy storage systems fitted)

**6.0 million kWh**
Solar power generated[1]

**1 394 $tCO_2e$**
Avoided greenhouse gas emissions across SA and UK portfolio due to renewable energy use (FY23 1 094 $tCO_2e$)

**19%**
Reduction in Scope 1, 2 and 3 carbon footprint in SA (FY23: 19%)

**12 Learnerships**
Provided 12-month learnership programme to 12 previously disadvantaged learners in January 2024

**R600 000 (of rental value)**
32 complimentary self storage units representing 480 m² GLA per month of 'community investment'

[1] As at 31 March 2024.


Driven by our Core Value of Sustainability, we believe that every decision or action we take today directly impacts the decisions or actions which can be taken tomorrow. We recognise that our operations can have significant economic, environmental and social impacts, and we do not take our ESG responsibilities lightly.

As such, we place great importance on not only continually ensuring the sustainability of our business and our people, but also the sustainability of the natural and social environment around us.

The board oversees the execution of the Group's sustainability strategy to ensure that our policies and practices support the five pillars of our sustainability approach, being our employees, customers, shareholders, the communities and the environment in which we operate.

This strategy is focused on three key areas: environmental sustainability, social sustainability and corporate governance, and is informed by our Vision and Core Values, six relevant UN Sustainable Development Goals (SDGs) and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

## ESG STRATEGY

Our ESG strategy aligns our Vision and Core Values with relevant UN SDGs and takes guidance from the TCFD

Long-term ESG reporting framework adoption

ENVIRONMENT | SOCIAL | GOVERNANCE

SUSTAINABLE DEVELOPMENT GOALS

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

**GOVERNANCE**
Disclosure of governance around climate-related risks and opportunities.

**STRATEGY**
Disclosure of the actual and potential impact of climate-related risks and opportunities, strategy and financial planning, where such information is material.

**RISK MANAGEMENT**
Disclosure of how Stor-Age identifies, assesses and manages climate-related risks.

**METRICS AND TARGETS**
Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

## ESG FRAMEWORK

Through our ESG framework we continue to monitor our impact on the economy, the workplace, the social environment and the natural environment

**Decent work and economic growth**
- Job creation
- Learning and development
- SMME support
- Employee wellness

**Industry, innovation and infrastructure**
- Developing environmentally-friendly buildings
- Energy consumption
- Water consumption
- Renewable energy
- Cybercrime prevention

**PEOPLE**

**PROPERTY**

**Reduced inequalities**
- Gender equality
- Supporting the previously disadvantaged
- Supply chain management
- Charitable commitments

**Responsible consumption and production**
- Energy consumption
- Water consumption
- Renewable energy
- Reduced greenhouse gas emissions
- Waste management
- Fuel consumption

Underpinned by: Our Vision and Core Values, UN SDGs and TCFD

Supported by overarching corporate governance principles

### A LONG-TERM STRATEGY

We do not believe in taking the shortest route or being focused on a short-term time horizon. We remain resolute in the execution of a long-term ESG strategy built around:

- Developing environmentally-friendly buildings with low environmental impact
- Creating a culture of high integrity across the business
- An unwavering approach to good corporate governance
- Ensuring the ongoing sustainability of the business
- Preserving our resilience by maintaining balance sheet strength
- Ensuring effective management of financial and environmental risks, with significant value creation for our stakeholders
- Supporting the local communities in which we operate
- Supporting employee wellness across the business

We know that to remain a market leader we have to nurture, encourage and sustain a culture of innovation from within and find more efficient ways of performing what we do every day, across all areas of our business.

We aim to continue building an organisation that is resilient and which can endure and adapt through many generations of leadership and multiple product life cycles. The resilience of our business has been tested and proven on numerous occasions over recent years, including throughout and post the COVID-19 pandemic, civil unrest and various economic cycles.

We continue to adapt to new environments, remaining focused on driving demand and move-ins, and managing occupancy levels and rental rates across the business in both markets.

## ENVIRONMENTAL SUSTAINABILITY

> "Through the implementation of various initiatives in both markets, the Group remains committed to ensuring the sustainability of the environment around us."

Our four Core Values guide and inspire our thoughts, actions and decisions. Aligned to our Core Value of Sustainability, caring for the environment is a priority for the Group.

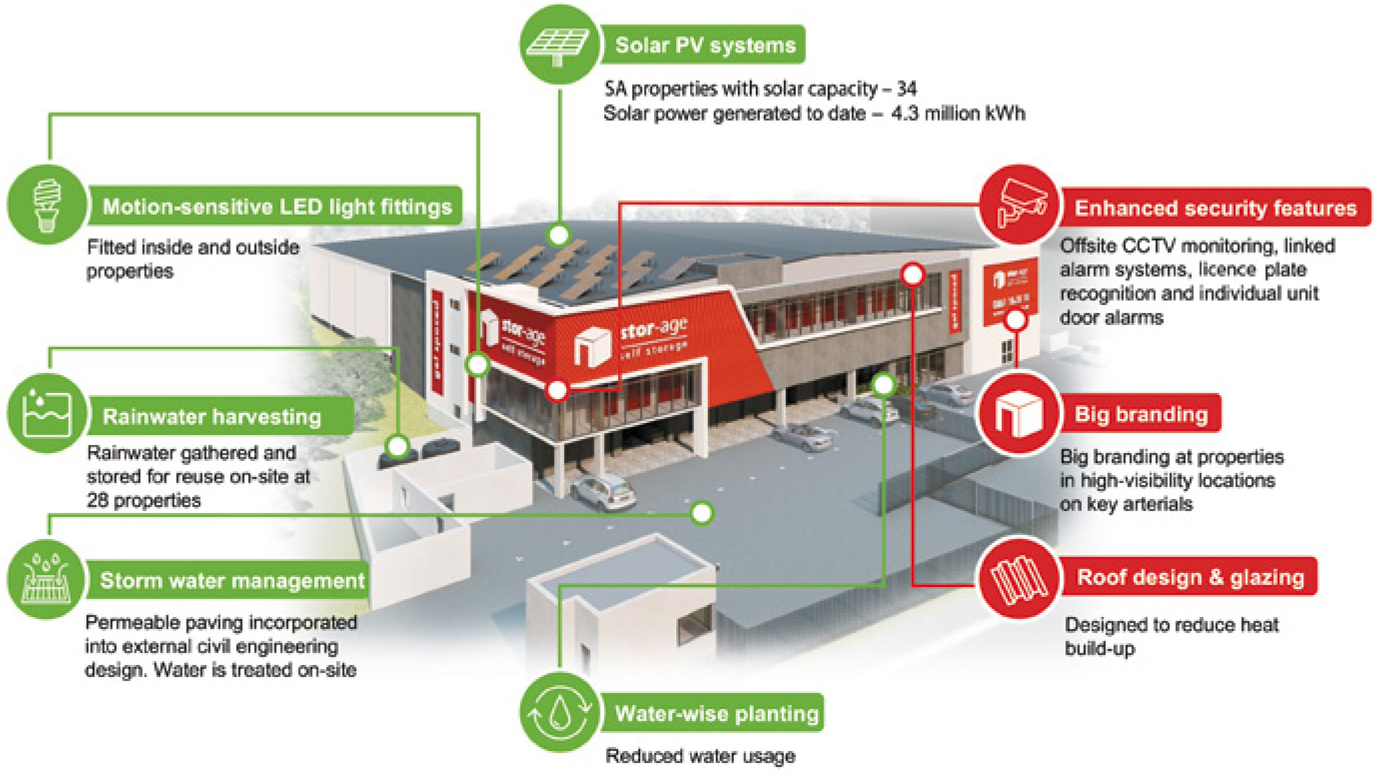
Through our alignment with the SDGs and taking guidance from the TCFD, we place significant emphasis on ensuring that we take care of the environment in which we operate.

We implement sustainable environmental practices across the business in terms of energy efficiency, renewable energy generation, reducing $CO_2$ emissions, rainwater harvesting, storm water management, wastewater management, fuel consumption and through various other practices. The Group monitors electricity and water usage across the portfolio, and focuses on continually reducing its carbon footprint.

We strive to improve every aspect of our properties, ensuring that we develop environmentally-friendly buildings with a low environmental impact. We place great emphasis on improving our construction standards and store operations, and deploying initiatives to further reduce the environmental impact of our properties.

## OUR PROPERTIES

Stor-Age develops environmentally-friendly buildings with low environmental impact. ESG and sustainability remain a key focus across each of our properties.




Our properties are relatively low-density and typically do not use significant quantities of water and electricity compared to other real estate types. We have rolled out various initiatives to reduce $CO_2$ emissions, aligned to our commitment to further reducing the already low environmental impact of our properties.

### ENVIRONMENTAL SUSTAINABILITY TARGETS

In assessing property acquisitions and new developments, we seek to improve our environmental performance.

Following acquisitions, we look for opportunities to install hybrid solar PV systems with battery storage and LED lighting, and implement waste management initiatives.

In the UK, we install electric vehicle charging stations (depending on the site and demand) and will do so in South Africa once this is justified by demand.

At new developments, we:

- Install solar PV panels and ensure $CO_2$ emissions are minimised wherever possible
- Install hybrid solar systems with battery storage to complement our existing solar infrastructure (SA to date)
- Install motion sensors and LED light fittings
- Use building materials that assist with insulation
- Harvest rainwater for internal use where possible
- Implement effective surface water design and management
- Target designs which allow for the maximisation of daylight to reduce demand for artificial lighting
- Maintain/enhance each site's ecological value by retaining vegetation and new plantings
- Source major building materials from responsible local suppliers where practical
- Minimise construction waste and implement a site waste management plan

In addition, in the UK, we also seek to:

- Achieve a 'Very good' or 'Excellent' BREEAM (Building Research Establishment Environmental Assessment Method) rating
- Make a commitment to the Considerate Constructors Scheme[1]
- Install bat and bird boxes to mitigate for the loss of suitable habitat

### OPERATIONAL STORE ENERGY CONSUMPTION

Energy is predominantly consumed at our properties in the form of grid electricity for lighting, elevators, general power, heating, cooling and ventilation. These cause indirect off-site power station carbon emissions.

Despite activity at our properties having increased to pre-pandemic levels, the Group's trend of reducing electricity consumption across the portfolio in South Africa continued. This can be attributed to the contribution of hybrid solar PV installations, improved staff behaviour and other energy reduction initiatives.

[1] *The Considerate Constructors Scheme is an independently run UK-based organisation that supports and guides positive change in the construction industry.*

These include:

- Motion-sensitive lighting at all properties. These are installed at optimum distances to reduce the number of fittings and energy consumed
- LED light fittings inside and outside all new properties and retrofitted onto existing ones. LED light fittings save up to 60% of consumption compared to standard fittings
- Solar hot water cylinders heat water in the retail stores and security offices at many properties
- Each month, we prepare and review a detailed analysis of energy consumption across the portfolio, with exceptions timeously dealt with through active management

### PHOTOVOLTAIC (SOLAR) SYSTEMS

We were the first self storage property owner in South Africa to install solar technology for three-phase power generation.

- To date[1] we have invested more than R63.5 million in renewable energy (SA: R42 million; UK: £740 000), installing solar PV systems at 21 additional properties during the year (SA: 9; UK: 12).
- 57 properties are now fitted with these systems, 34 in South Africa[2] and 23 in the UK, representing 58% of the full portfolio.
- Across our properties in both South Africa and the UK, the 57 properties fitted with solar PV have to date generated over 6.0 million kWh (South Africa 4.1 million; UK 1.9 million) in solar energy and rendered electricity consumption savings in line with forecasts.
- We have identified an additional 17 properties to be fitted with such systems in South Africa and the UK in FY25, including existing properties and new developments.
- We plan to invest an estimated R45.0 million to R50.0 million in renewable energy infrastructure over the three year period, FY24 to FY26.

> “During the year, more than 1 394 tonnes of carbon was saved as a result of our solar PV installations. This represents an improvement of approximately 19% year on year.”

### BATTERY ENERGY STORAGE SYSTEMS

In an effort to reduce our reliance on generators that provide power in the event of power outages, reduce spend on diesel to power these generators and reduce maintenance costs, Stor-Age explored battery energy storage systems (BESS) to complement the existing solar infrastructure.

BESS are devices that enable energy from renewables, such as solar and wind, to be stored and then released when power is needed. Where solar is already installed, excess power that is generated is used to recharge the batteries for use during energy supply outages. After sunset, the stored battery energy is used to power the buildings and grid power is programmed to return once the batteries reach a pre-set percentage. This not only reduces our spend on grid power, but also our $CO_2$ emissions.

[1] *As at 31 March 2024*
[2] *Includes an additional installation at our head office property.*

We successfully installed these systems at 19 properties in South Africa during the year, taking the total number of properties with such systems to 20. We plan to install BESS alongside any new solar PV installation and to retrofit all existing solar PV stores with these systems over the next two years.

In South Africa, BESS will help reduce our reliance on Eskom, mitigate downtime from electricity supply outages and significantly reduce the need to run backup diesel generators. We anticipate that this will result in significant savings in diesel and maintenance costs over the medium term.

### BI-DIRECTIONAL CHECK METERS

In Cape Town, at times our solar PV installations generate power in excess of the respective property's requirements. Where bi-directional meters are installed on the incoming electrical supply, we receive an offsetting credit against our municipal account for power fed back into the grid.

Year on year, the total generation off-set remained steady at 138 MWh.

### WATER CONSUMPTION AT STORES

Water consumption remains a focus area for the Group.

All South African properties are fitted with water meter logging systems and linked online, providing water management data in real time. Abnormally high water usage relative to targeted levels is highlighted and we are able to detect leaks immediately via automated alarms.

### RAINWATER HARVESTING

Rainwater harvesting gathers and stores rainwater for reuse on-site, rather than allowing it to run off into the storm water system. It provides an independent water supply in the South African summer and can be used for irrigation and to supplement municipal supply when necessary. Our properties have significant roof space and we have installed these systems at 38 properties in South Africa.

Our head office in Claremont, Cape Town, uses water from rainwater harvested from the roof and from a borehole. These natural sources provide sufficient water for washing and ablution facilities, making a significant contribution to water-saving efforts in the region. Other initiatives to supplement and conserve the municipal water supply include ground water usage for irrigation at three properties.

### STORM WATER MANAGEMENT AND CONSERVATION

We have incorporated permeable paving into our external civil engineering design at a number of our properties. Permeable paving differs from traditional paving in that water is treated on-site before being discharged into both the natural groundwater table and storm water system.

## COMMITTED TO DEVELOPING A NET ZERO CARBON PATHWAY

The Group is committed to developing a net zero carbon pathway by setting science-based targets using the Science-Based Targets initiative (SBTi) methodology to reduce greenhouse gas (GHG) emissions.

The SBTi, a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. It defines and promotes best practice in emissions reductions and net zero targets in accordance with climate science.

### SUSTAINABILITY-LINKED LOAN FINANCING

During FY22, the Company entered into a 7-year Sustainability-Linked Loan (SLL) with Aviva plc to re-finance five existing UK properties in Bedford, Crewe, Dartford, Derby and Gloucester. The sustainability-linked loan is aligned with Aviva's Real Estate Debt Sustainable Transition Loan Framework, which sets key sustainability targets such as energy efficiency and green initiatives, including on-site renewables.

[1] *Building Research Establishment Environmental Assessment Method.*

Since finalising the SLL with Aviva Plc, Stor-Age has made good progress in achieving the environmental KPIs. This includes the installation of solar PV at selected properties to achieve our reduction targets. During the year, the assets linked to the loan achieved an aggregate 75.66% total carbon reduction from the measured baseline.

In addition, the Moorfield JV, in which Stor-Age holds a significant equity interest, obtained development financing in the form of a Green Loan from HSBC. The facility recognises the level of energy efficiency and BREEAM[1] ranking of the assets. The BREEAM third-party certified standards set out to improve the asset performance at every stage, from design and construction to use and refurbishment. Similar Green Loan terms with HSBC for the Leyton development in the Nuveen JV have been agreed.

> “Reducing carbon emissions across the portfolio remains a priority for the Group.”

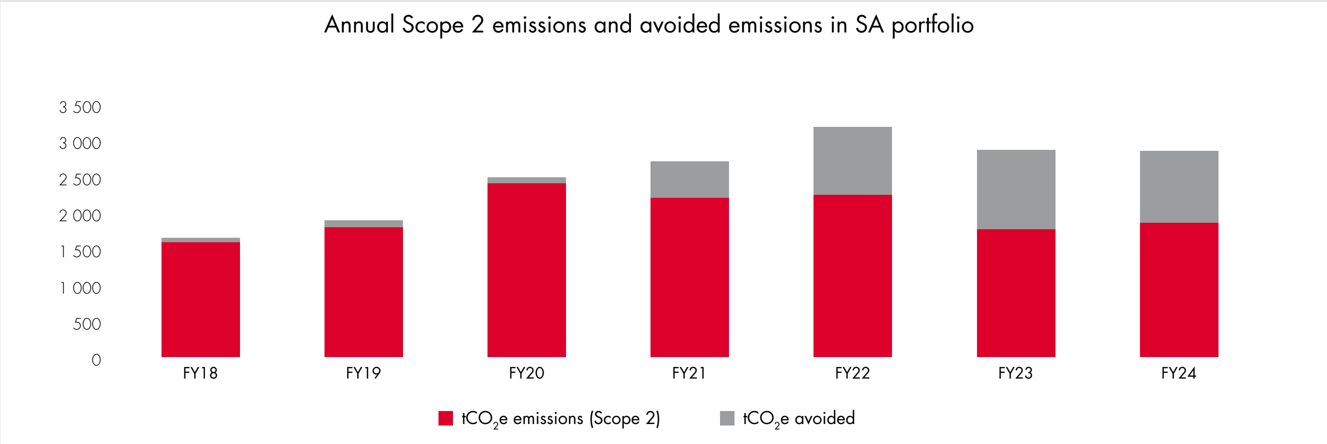
## SOUTH AFRICAN CARBON FOOTPRINT

During the period we concluded a Carbon Footprint Report, completed by an independent third-party sustainability consultant.

The report summarises the outcomes of the Greenhouse Gas (GHG) emission inventory for our portfolio for the FY24 period. Since the start of FY18, a total of 3 836 tonnes of $CO_2$ equivalent emissions have been avoided through the consumption of on-site solar PV renewable electricity at our South African properties. We generated and consumed more than 1.3 million kWh of renewable electricity at our properties during FY24.

Across the portfolio, renewable electricity use in FY24 resulted in 1 394 $tCO_2e$[1] (FY23: 1 094 $tCO_2e$) of avoided greenhouse gas emissions, which would otherwise have been reported as part of our Scope 2 carbon footprint for the reporting period. Through the use of renewable electricity, the Company achieved a 19% reduction (FY23:19%) in its Scope 1, 2 and 3 carbon footprint.

Although total power demand across the portfolio is increasing, emissions generated through municipal electricity consumption are lower as compared to FY20 (peak), as a result of the continued investment into renewable energy capacity.






[1] $tCO_2e$ – tonnes (t) of carbon dioxide ($CO_2$) equivalent (e).

## SOCIAL SUSTAINABILITY

Stor-Age strives to make a sustainable difference. Recognising our role as a responsible member of the broader community, and in support of our Core Value of Relevance, we aim to improve the lives of our customers, employees and the people in the broader communities in which we operate.

In line with our ESG framework, our medium-term objective is to continue focusing our resources on fewer but larger projects. We recognise the importance of being an active member of our local communities, and we encourage employees at the property level to develop close links with charities, schools, sports clubs and local interest groups.

Our support typically includes providing complimentary storage space, with additional support provided to certain projects in the form of:

- Leveraging our digital marketing platform to promote local businesses and NPOs
- Generating exposure via branding on Company vans and billboards
- Vehicles and the use of our properties as drop-off/collection points
- Financial contributions

Over the past year we have contributed an estimated R2 million worth of support to various initiatives, some of which include:

### JAG FOUNDATION

The Jag Foundation is now in its 17th year of creating sustainable change in high-risk communities in South Africa.

Stor-Age provides complimentary Out of Home advertising billboards at ten properties across South Africa. This media space has an estimated market value of over R115 000 per month. During the year, a social media campaign featuring a series of videos on the foundation's work was rolled out across the Company's social media platforms to raise awareness of the organisation.

We also provide the organisation with complimentary space at selected properties to support their operations and ongoing community upliftment efforts.

### GIFT OF THE GIVERS

The Company has entered into an agreement with the Gift of the Givers Foundation to support various community initiatives, both in South Africa and abroad. The Gift of the Givers Foundation is the largest disaster response, non-governmental organisation of African origin on the African continent. Stor-Age provides complimentary self storage space at various locations to support the Gift of the Givers' operational requirements and will be facilitating the foundation's donation drives in the event of a crisis.

### GARY KIRSTEN FOUNDATION

For many years, Stor-Age has supported the Gary Kirsten Foundation by providing complimentary storage space and promoting the foundation through our extensive digital marketing reach. During the period, we further assisted the foundation by providing much-needed space for a significant delivery of sports shoes that were donated by over 400 schools in Ireland. Over 20 000 shoes were donated and shipped to South Africa and are being stored at one of our properties. The foundation distributes the shoes to communities in need across the country.

> "The complimentary space that Stor-Age provides the Gary Kirsten Foundation makes a significant difference in helping us to make our community projects a reality. Having a space in which to store and sort donated items before being distributed to underprivileged communities in need is a key component to the success of our efforts"
>
> – Gary Kirsten, founder of the Gary Kirsten Foundation

### CHARITIES AND NPOs

We also provide complimentary space to a number of other charities and NPOs. This year, these included the South African Red Cross Society, Helping Hands South Africa, Volunteer Wildfire Services, The Atlas Foundation, JOG Trust, Ed Bham Foundation and Santa Shoebox Project, among others.

Through our social media platforms and positive brand association/endorsement, during the year we continued to create heightened awareness about these organisations, encouraging additional support from the public and local business sector.

### LEARNERSHIPS

Since 2021, we have partnered with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds. In 2023, 11 candidates successfully completed the SDC Business Administration Services learnership programme. In 2024, we are supporting a further cohort of 12 learners.

As the SDC is based in Randburg, it made logistical and administrative sense to recruit learner candidates in the surrounding areas of Gauteng. Eight Stor-Age properties are situated close to the SDC offices, which promotes the sustainability of this association by supporting learners from the local community.

This partnership provides Stor-Age with a sustainable means of supporting economic transformation in South Africa at a local level.

With a view to preparing staff for junior, middle management and leadership roles in the future, seven employees in South Africa started a management learnership programme with the SpecCon Group in 2023. In 2024 we enrolled an additional six staff in a Contact Centre (NQF 2) learnership over 12-months with SpecCon, with the aim of enhancing existing customer service skills.

### SUPPORTING SMALL BUSINESSES

As a geographically decentralised business with 103 properties throughout South Africa and the UK, we support a host of small businesses. In South Africa, approximately 50%[1] of our business customers classify themselves as SMMEs and approximately 18%[1] classify themselves as entrepreneurs. For many, we play an important support role in their daily operations and their growth strategies.

[1] Customer data for FY24.

Our properties act as business incubators for many of these SMMEs, often assisting local businesses to transition from family home-based operations to larger scale entities, employing more staff and thereby further contributing to the local economy.

Self storage provides a convenient, safe and flexible solution to businesses such as online retailers, service providers and tradesmen, as well as importers and exporters looking for short- or long-term storage solutions.

### SHINING THE LIGHT ON LOCAL BUSINESSES

The Stor-Age Business Hub initiative, launched in 2021, promotes business customers on the Company's Instagram, Facebook and LinkedIn profiles. It provides an additional free platform where they can promote their products or services to other tenants at the property at which they are storing and to the broader community.

We facilitated participation in the Business Hub by hosting a photoshoot and assisting customers with preparing suitable communications material. The customer is profiled on a dedicated section on the Stor-Age website. Their business is also featured on Stor-Age's social media platforms, with a paid media campaign implemented for each profile, that targets the local communities of the business or organisation being showcased. Through this initiative, Stor-Age actively promotes the sustainability of its commercial customers.

> "We continue to actively support local communities, businesses and charitable organisations within the areas in which we operate."

## BRINGING OUR CORE VALUES TO LIFE

*We believe in striving for excellence in everything we do – in our thoughts, our decision-making and our actions.*
By promoting our customers' businesses and charitable organisations to the local communities in which they operate, we make a positive contribution to many organisations across South Africa, most of which are SMMEs.

*We believe that every action taken today will have a direct impact on the actions we can take tomorrow.*
The Stor-Age Business Hub is focused on the sustainability of local businesses and charitable organisations. By supporting these entities, we are in turn supporting the sustainability of the local communities around us.


*We aim to be relevant in everything that we do.*
The Stor-Age Business Hub provides the opportunity to support businesses and NPOs in the communities in which we operate, offering them exposure to a relevant audience.

*We feel strongly about doing the right thing the first time, all the time.*
We believe that the Stor-Age Business Hub provides a platform to offer support and encouragement for many of our business customers, while also providing community upliftment. We are proud to have made a positive contribution to many of our business customers and in many local communities across South Africa.

## HUMAN SUSTAINABILITY

**480+[1]**
Total number of employees at year end

**38 years[1]**
Average employee age

> "We provide our staff with various tools to assist in developing their skills and to build a sustainable career at Stor-Age."

At recruitment, we interview for alignment between personal and Company Core Values as we believe these are markers of identity and act as guiding principles to form a lasting and successful employer-employee relationship.

This alignment also allows for a seamless integration into the Company culture. Building a successful and sustainable team requires integrating diverse behaviours and personalities. To build successful teams, we use tools that identify the behaviours and habits critical to success in particular roles. These critical behaviours and habits are tested for during recruitment and are used to assemble teams with the optimal team dynamic.

During the year we continued to expand our teams as more properties were added to our portfolio. We also recruited for qualified candidates in the digital field, in line with our ongoing focus on digitalisation.

### EMPLOYEE LEARNING AND DEVELOPMENT

Stor-Age is committed to employee development through effective learning and training opportunities. Our learning and development framework identifies ten areas for intervention for head office and store-based employees. We have developed a range of training courses, which are delivered in various modes.

- Our e-learning platform, Edu-Space, enables our employees to receive training and assessment simultaneously across all our locations.
- We offer in person workshops, refresher courses and facilitated senior management planning sessions. These include targeted groups of executives, senior, middle and junior managers with a focus on strategic planning, staff development, retention and future roles within the business.
- Primary areas of ongoing training include frontline store-based staff, staff in our recoveries team (debt collection) and contact centre staff.
- Where appropriate, specific and differentiated individual training is offered to employees. Our core training programme is complemented by management and leadership development programmes delivered in-house by external service providers.

In addition to contributing to the social and ethical aspects of better business practice, customer surveys are a key driver of the learning and development programmes delivered to employees. Engaging customers through this medium enables this crucial stakeholder group to influence Stor-Age's employee practices and processes indirectly and meaningfully.

[1] *South Africa and the UK.*

### STUDY SUPPORT PROGRAMME

Our employee study support programme assists employees with career development at accredited institutions. The programme financially supported nine staff members during 2023 and not only sustainably supports their development but also contributes towards retaining their expertise and services into the future. A further eight study bursaries were awarded for the 2024 academic year.

Recipients of the employee study support programme include staff from across the business. We look forward to the contributions that these individuals will continue to make to the organisation.

#### Performance management and support

Comprehensive job descriptions set out every employee's role in the business and the competencies required to deliver value in their roles. Our annual performance and personal development reviews facilitate formal assessment and feedback to all employees by their immediate line managers. A key outcome of this process is the identification of an individual's primary training, learning and development needs to ensure effective performance.

**Edu-Space highlights**

**65+**
Number of new courses delivered

**3 000+**
Successfully completed modules

**93%+**
Pass rate achieved

**3 200+**
Hours of online training during the year

**Face-to-face training highlights[1]**

**70+**
Number of courses delivered

**180+**
Number of employees who received face-to-face training

### EMPLOYEE FEEDBACK

"I graduated this year and have now reached my personally set goals for studying. I am so grateful for all that you have done for me to achieve this. May you continue doing this for others as well so that they are able to enrich their lives."
– Employee bursary recipient

**4.8** Average employee rating out of 5 for our face-to-face learning courses

## LEARNING AND DEVELOPMENT FRAMEWORK

**STRATEGIC DEVELOPMENT WORKSHOPS**
Invited senior executives and managers. Strategic alignment and planning for South Africa and the UK

**MANAGEMENT COMMITTEE (MANCO)**
Annual and quarterly meetings for senior managers. Strategic planning and implementation sessions

**MIDDLE MANAGEMENT DEVELOPMENT**
By invitation. An introduction to leadership and management in business

**EXTERNAL STUDY**
As identified through annual performance and personal development review processes

**AD HOC WORKSHOPS**
Covering a diverse range of functional areas – including operations, contact centre, recoveries (debt collection), and health and safety

**E-LEARNING SESSIONS ON EDU-SPACE**
Driven by business needs

**OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES**
Hosted by regional managers

**OPERATIONS ORIENTATION PROGRAMME**
Seven-week in-store welcome and basic training (level 1) by trainer at a designated training store

**WELCOME AND INDUCTION PROGRAMME**
Meet with a member of the learning and development team and complete the introduction module on Edu-Space

"Our learning and development programme continues to offer our staff the opportunity to develop their skills and to progress in their careers."



### TRANSFORMATION

In line with our Core Value of Sustainability, Stor-Age aims to make a real contribution to the economy of South Africa and in the process, achieve sustainable transformation objectives aligned with broad-based black economic empowerment (B-BBEE) legislation.

As the leading self storage company in South Africa, Stor-Age commits to implementing sustainable business transformation and employment diversification plans to achieve key milestones and to comply with the Property Sector Transformation Charter.

Stor-Age, a Level 4 contributor, remains a B-BBEE compliant business.

### EMPLOYEE-FOCUSED INITIATIVES

We have several additional employee-focused initiatives in place to boost employee engagement.

Our year-end review in both South Africa and the UK presents opportunities to learn from peers in the business, and develop and enhance our business culture.

In 2024, we held our second in-person event in South Africa following the virtual events held in 2021 and 2022 as a result of the COVID-19 pandemic. In December 2023, we held our first-ever such event in the UK.

The events were a great success, where we brought together all employees in each respective market in engaging, informative and interactive sessions. Coupled with fostering new relationships and sharing best practices, the year-end review is a key contributor to the ethos and personality of the business. The highlights of these events are the national staff awards, where we recognise those staff who have outperformed, achieved excellent results, shown the most promise or demonstrated significant improvement. Special awards are also made to those staff who have demonstrated through their actions that they are worthy of receiving a prestigious Core Values Award, representing one of the four Core Values, being – Excellence, Sustainability, Relevance and Integrity.

### EMPLOYEE FEEDBACK:

"It was a very insightful and engaging event. It was fantastic to see so many new faces from around the country coming together."

"Everything was on-point, including the venue, the content, the people and the awards. I always look forward to these events each year and once again it didn't disappoint."

"The team managed to find the perfect balance of informative and fun interactions, with personalised celebrations. Well done to everyone involved."

### EMPLOYEE WELLNESS

Aligned with our Core Value of Sustainability, our wellness initiatives focus on encouraging our employees to practice and improve their habits to attain better physical and mental health. As part of this initiative, we facilitate an annual wellness day that includes a Company funded health assessment that enables staff to check their key health indicators. We also facilitate Company activities that contribute towards building an interactive team environment.

In South Africa, we provide fully funded life, disability and funeral assistance cover through an insurance policy to all our store-based employees and select skilled technical staff. Our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) continue to grow in participation. During the year, we also introduced the Momentum Health4Me insurance product for our staff to participate in. Health4Me is targeted at more generic day-to-day cover. In the UK, we provide a Group Life Assurance benefit to all staff. In the unfortunate event of a staff member's death, their dependants will receive a lump sum benefit equal to four times their basic annual salary.

A healthcare and retirement annuity subsidy is provided to support staff contributions to medical aid, gap cover and retirement funding in South Africa, while in the UK by law all staff are automatically enrolled into a pension scheme which the Company contributes towards. We also offer a healthcare cash plan to all UK employees which gives them access to reimbursement for a variety of healthcare treatments.

Stor-Age also provides, subject to the local tax authority, interest free loans to staff in both South Africa and the UK for emergencies and unforeseen events to assist them through any difficult personal circumstances.

"Employee wellness remains a key focus for the Company across both markets, supporting productivity and retaining skilled talent within the business."

Other employee engagement channels include an annual anonymous employee survey. This provides a platform for our staff to voice their opinions by responding to key questions on how their job aligns with the Company's Vision and Mission, remuneration and work life balance. Feedback assists us to create a positive workplace environment and ensure our employees' days are more productive and rewarding. Highlights from our most recent survey indicate:

- 93% of our staff are proud to be a part of the Stor-Age team.
- Our FY24 Net Promoter Score, a measure of employee satisfaction and loyalty, was 10.
- 47% of our workforce has worked for Stor-Age for five years or more, demonstrating healthy retention and a wealth of self storage experience.

Our Company intranet, Connect, continues to be well-received, with high levels of participation by our in-store employees and head office staff. Connect provides a transparent and interactive platform where staff can also make suggestions to enhance our internal operating standards and business practices. Once logged, management provides timeous feedback on all suggestions, including actions implemented where relevant. While often simple, these suggestions can and have had a sizeable impact on improving efficiency in our business. The platform also contributes towards improved employee productivity and ensures that our employees feel heard and taken care of – a testament to our non-hierarchical structure and commitment to our Core Values.

The Company also operates an employee gift programme to acknowledge important milestones in our employees' lives, such as when they get married, engaged or have a child.

HEALTH, SAFETY AND COMPLIANCE

> "Health and safety remains a key focus at each of our properties in South Africa and the UK."

In South Africa, Stor-Age is committed to compliance in the following areas:

- Occupational Health and Safety Act
- Basic Conditions of Employment Act
- Labour Relations Act
- Compensation for Occupational Injuries and Diseases Act
- Skills Development Act
- Employment Equity Act
- Preferential Procurement Policy Framework Act
- Property Sector Transformation Charter
- Amended Property Sector Codes

In the UK, under our Storage King brand we are committed to complying with the following:

- The Health and Safety at Work Act 1974
- Employment Rights Act 1999
- Employment Relations Act 2004
- The Equality Act 2010

The relevant charts are displayed in common areas accessible to all employees at the head offices and in all stores. Health and safety representative/s are appointed as required by the relevant legislation. The representatives meet regularly and make relevant recommendations to management.

Stor-Age endeavours to ensure safe conditions and premises for customers and employees, including:

- Housekeeping and general cleanliness
- Lighting
- Ventilation
- Emergency evacuations
- Working electrical systems
- Safe and working machinery
- Hazardous chemicals
- Roadworthy, timeously serviced Company vehicles

Stor-Age endeavours to ensure that the following items are not stored by tenants:

- Toxic pollutants or contaminated goods
- Firearms, ammunitions or explosives
- Radioactive materials
- Hazardous goods
- Living plants or animals
- Food or perishable goods
- Cash and securities
- Illegal goods
- Waste

Stor-Age holds regular risk assessments to take steps to eliminate risks, take and manage or enforce precautionary measures where necessary and train or educate all employees accordingly. Systems of evidence are maintained at head office and in all stores.

An example of our commitment to workplace health and safety is our nationwide, same-day, same-time fire drills in South Africa (across all properties and including head office).

These fire drills are led by dedicated project leaders who oversee this practice. Results are documented, submitted to head office and reviewed. Improvement recommendations are then implemented as required, enabling us to benchmark our performance and strive for continuous improvement.

We continue to identify new risks and opportunities, and improve our operating standards and training modules on Edu-Space, so that we can achieve excellence in workplace health and safety.

Particular and specific policies and procedures are distributed and followed, covering the following topics and issues:

- Health and safety representatives
- High-risk equipment/machinery/facilities – lifts and hoists
- Removal van service
- Diesel generators
- Contractor entry and exit logs
- Medical emergencies and first-aid training
- Fire safety and related training
- Evacuation procedures
- Hazardous chemicals
- Incident/accident reporting

We continue to implement and manage stringent guidelines so as to control our risk and ensure high levels of health and safety are maintained.

# CORPORATE GOVERNANCE

Stor-Age is committed to sound ethical standards and the principles of good corporate governance.

The board is ultimately responsible for guiding our strategy and for approving policies and practices that ensure we conduct business according to the Group's Core Values of Excellence, Sustainability, Relevance and Integrity. It does this within an appropriate framework of governance and oversight to ensure stakeholder interests are safeguarded.

## BOARD FOCUS AREAS FOR THE PAST FINANCIAL YEAR

| Board focus areas | Actions undertaken by the board and its subcommittees |
|---|---|
| Transformation | Guiding its transformation objectives, the board continued with the implementation of the transformation plan, developed in line with the Property Sector Code. |
| Disciplined execution of the five-year property growth strategy to 2025 | Oversaw the ongoing execution of the Group's five-year property growth strategy. In South Africa this included the completion of the Morningside, Bryanston, Paarden Eiland, Pinelands, Kramerville and Century City[1] developments. In the UK, this included the completion of the Bath, Heathrow, West Bromwich and Canterbury developments, as well as the ongoing development of the Acton and Leyton properties. |
| Execution of the ESG strategy | Oversaw the ongoing execution of the Group's ESG strategy, covering the areas of environmental sustainability, social sustainability and corporate governance. The strategy is guided by the social and ethics committee, which monitors the Group's compliance with legal requirements and global best practice in terms of its impact on the economy, the workplace, the social environment and the natural environment. Read more about our strategy and approach to ESG from page 58. |
| Adoption of UK REIT status for the Storage King business | The board oversaw the election to classify the Storage King group of companies as a UK REIT. The process, completed post year end, included a detailed feasibility study, tax structure paper and a request for clearance from HMRC. Subsequent to receiving clearance from HMRC and our lenders, the election was made. |
| Nedbank JV | Oversaw the development and completion of the Morningside, Bryanston, Paarden Eiland, Pinelands and Kramerville[1] properties. Find out more about the Nedbank JV on page 33. |
| Rabie JV | Oversaw the development and completion of the Century City[1] property at a total cost of R96.0 million. Construction began in February 2023 and the property opened for trading in July 2024. Find out more about the Rabie JV on page 33. |
| Nuveen JV | Oversaw the formation and entering into of the Nuveen JV, as well as the finalisation of commercial terms to acquire a four-store property portfolio in the UK at a total cost of £82.0 million in April 2023 (Stor-Age's equity contribution was £4.4 million). The portfolio was successfully integrated onto the Storage King platform during the year. Find out more about the Nuveen JV on page 33. |
| Managing changes to the composition of the board | The board continues to manage changes to its composition and consider appropriate candidates who could add value to the Group. Phakama Mbikwana resigned as an independent non-executive director with effect 31 March 2024. In addition, her role as chair of the social and ethics committee and membership of the audit and risk committee terminated on that date. Akua Koranteng was appointed to the board on 15 May 2024 as an independent non-executive director. |
| Ongoing roll-out of solar technology for three-phase power generation | In an effort to mitigate against the risk of an unstable electricity supply in South Africa and aligned to our ESG strategy, the board remained committed to investing in sustainable power solutions through solar technology for three-phase power generation. A total of 57 properties are fitted with solar PV systems, 34 in South Africa and 23 in the UK. Collectively these properties have generated more than an estimated 6.0 million kWh. An additional 17 properties have been identified to be fitted with solar technology in South Africa and the UK during FY25. These include existing properties and new developments. In addition, the board oversaw the roll-out of battery energy storage systems (BESS) to complement the existing solar infrastructure. To date, a total number of 20 BESS have been installed across the South African portfolio. |
| Ongoing enhancement of security infrastructure | Stor-Age aims to ensure the safety of our customers, their goods and our staff. The board oversaw the ongoing implementation of enhanced security features across the portfolio. In South Africa, this included a further roll-out of offsite CCTV monitoring and linked alarm systems, licence plate recognition technology and installing individual unit door alarms as a standard design feature at all newly developed properties. |
| Strengthening of IT controls | In order to continue mitigating against emerging risks and threats, the board oversaw the introduction of an updated Information Security Policy, risk register and control framework in accordance with ISO 27001. |
| Internal audit | In the prior year, the board oversaw the appointment of an external assurance provider, GRIPP Advisory, to provide and perform internal audit work. The board also approved the internal audit charter, defining the functions, purpose, authorities and responsibilities. During the current year this process continued with the first cycle of internal audits being finalised. |
| Launch of DMTN programme | The board oversaw the successful launch of a domestic medium-term note (DMTN) programme in April 2024 where the Company successfully raised R500 million in a public auction. Read more about the DMTN programme on page 19. |
| Formation of Nominations Committee | In line with the increasing maturity of the business and the Company's commitment to continuously strengthen its corporate governance structures, the board established and constituted a nominations committee during the year. Read the nominations committee report on page 111. |
| Board evaluation | The board undertook a detailed self-evaluation during the year, which was managed and coordinated by the Company's independent auditors. Read more about this in the chairman's report on page 18. |

[1] *Century City and Kramerville developments completed in June 2024 and July 2024 respectively.*

## GOVERNANCE STRUCTURE

The board is ultimately responsible for the strategic direction, control and management of the Group and is satisfied that it has fulfilled its responsibilities according to its charter for the year. To assist it in fulfilling these responsibilities, the board had five subcommittees as at 31 July 2024.

**BOARD[1]**

Gavin Lucas*** (CEO)
Stephen Lucas*** (FD)
Steven Horton*** (Executive director)
Graham Blackshaw** (Chairman)
John Chapman*^
Kelly de Kock*
Alan Menigo*
Mntungwa Morojele*
Abu Varachhia*
Akua Koranteng*[2]

| AUDIT AND RISK COMMITTEE | REMUNERATION COMMITTEE | SOCIAL AND ETHICS COMMITTEE | INVESTMENT COMMITTEE | NOMINATIONS COMMITTEE |
|---|---|---|---|---|
| See full report on pages 79 to 84 | See full report on pages 85 to 107 | See full report on pages 108 to 109 | See full report on page 110 | See full report on page 111 |
| **MEMBERS** | **MEMBERS** | **MEMBERS** | **MEMBERS** | **MEMBERS** |
| Kelly de Kock (Chair)*<br>Mntungwa Morojele*<br>Alan Menigo*[3] | Mntungwa Morojele (Chair)*<br>Graham Blackshaw**<br>Kelly de Kock* | Graham Blackshaw (Chair)**[4]<br>Abu Varachhia*<br>John Chapman*^[5] | Graham Blackshaw** (Chair)<br>John Chapman*^<br>Alan Menigo*<br>Abu Varachhia*<br>Akua Koranteng*[6]<br>Steven Horton***<br>Gavin Lucas*** | Mntungwa Morojele (Chair)*<br>Graham Blackshaw**<br>Kelly de Kock* |
| **By invitation** | **By invitation** | **By invitation** | **By invitation** | **By invitation** |
| Gavin Lucas***<br>Stephen Lucas***<br>Representatives of the external and internal auditors | Gavin Lucas***<br>Stephen Lucas***<br>Steven Horton*** | Gavin Lucas*** | Stephen Lucas*** | Gavin Lucas***<br>Stephen Lucas***<br>Steven Horton*** |
| **Roles and responsibilities** | | | | |
| Ensures the integrity of the integrated annual report, annual financial statements and other financial reports. | Ensures adoption of a fair and transparent remuneration policy. | Monitors compliance with the Group's social and ethical responsibilities. | Assists with decision-making regarding the acquisition, development or disposal of property assets. | Ensures that the board has an appropriate composition to execute its duties effectively. |
| **Oversight areas during the year** | | | | |
| Implementing and monitoring compliance with King IV. Updating and enhancement of the Company's risk management strategies and control environment, including that of ICT risks, and the adequacy of all insurance covers. Executed all other statutory duties for this committee as prescribed by the Companies Act. | Ensured the transparent, competitive and fair implementation of the remuneration policy. | Implementation of the Transformation Plan. Implementation of the ESG strategy and reporting framework. | South African and UK acquisitions and developments. Finalising terms and entering into JV with Nuveen Real Estate. | Oversaw the appointment of Akua Koranteng, an independent non-executive director, to the board on 15 May 2024. |
| **Non-executive directors** | | | | |
| 3/3 | 3/3 | 3/3 | 5/7 | 3/3 |

*^ *Lead independent director.*
* *Independent non-executive director.*
** *Non-executive director.*
*** *Executive director.*
[1] *Phakama Mbikwana resigned from the board on 31 March 2024.*
[2] *Appointed to the board on 15 May 2024.*
[3] *Appointed to the audit and risk committee on 4 April 2024.*
[4] *Appointed as chairman of the social and ethics committee on 4 April 2024.*
[5] *Appointed to the social and ethics committee on 4 April 2024.*
[6] *Appointed to the investment committee on 13 June 2024.*

For more information on the qualifications and experience of subcommittee members, refer to pages 75 to 76.

The board exercises control through a governance framework. This includes reviewing detailed reports presented to it and its subcommittees, and oversight of the continuously updated risk management programme to ensure effective management and control of the risks facing the business. The board and subcommittee structure is supported by appropriate internal governance practices and procedures. These promote an efficient, objective and independent decision-making culture that considers the interests of all stakeholders.

The terms of reference of the board and its subcommittees deal with such matters as corporate governance, compliance, directors' dealings in securities, declarations of conflicts of interest, board meeting documentation, and procedures for nominating, appointing, inducting, training and evaluating directors.

At board level there is a clear division of responsibilities and an appropriate balance of power and authority. No individual has unfettered powers of decision-making or dominates the board's deliberations and decisions. The board regularly reviews the decision-making authority given to management and those matters reserved for decision-making by the board.

The roles and responsibilities of the Chairman and the CEO are clearly defined and distinct:

- The CEO is responsible and accountable for the overall operations of the Group and for implementing the strategy and objectives adopted by the board. The CEO's notice period is two months and there are no contractual conditions related to the CEO's termination.
- The Chairman is responsible for ensuring proper governance of the board and its subcommittees, ensuring that the interests of all stakeholders are protected, and facilitating constructive engagement between the executives and the board. The Chairman does not chair any other listed company.

## KING IV

In 2019, the King IV code was implemented after thorough consideration of the recommended practices. As a relatively young business, we continue to evolve our corporate governance practices, policies and procedures in tandem with the growth in the business, taking guidance from the recommended practices outlined in King IV.

Our application of King IV is set out in a separate document available on our website – www.investor-relations.stor-age.co.za.

This document provides high-level references to our disclosures per principle (including non-compliance, where relevant).

> "The board remains satisfied with the application of the principles of King IV and believes that it effectively discharges its responsibilities to achieve the good governance outcomes of an ethical culture, good performance, effective control and legitimacy with stakeholders."

## BOARD AND SUBCOMMITTEE MEETINGS

The table below sets out the board and subcommittee meetings held during the reporting period and the attendance at each:

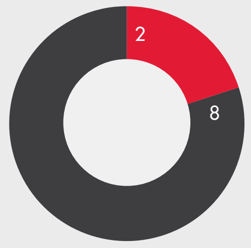
| Director | Sub-committees | Meetings attended | Meetings eligible | % Attendance | Board | Audit and risk committee | Social and ethics committee | Investment committee | Remuneration committee |
|---|---|---|---|---|---|---|---|---|---|
| Graham Blackshaw (Chair)** | IC; SEC; RC; NC | 10 | 11 | 91% | 4 | | 2 | 2 | 2 |
| John Chapman*^[1] | IC; SEC | 6 | 6 | 100% | 4 | | | 2 | |
| Kelly de Kock* | ARC; RC; NC | 9 | 11 | 82% | 3 | 4 | | | 2 |
| Phakama Mbikwana*[2] | ARC; SEC | 10 | 10 | 100% | 4 | 4 | 2 | | |
| Alan Menigo*[3] | IC; ARC | 6 | 6 | 100% | 4 | | | 2 | |
| Mntungwa Morojele* | ARC; RC; NC | 11 | 11 | 100% | 4 | 4 | | | 3 |
| Abu Varachhia* | SEC; IC | 6 | 8 | 75% | 3 | | 2 | 1 | |
| Gavin Lucas*** | IC | 6 | 6 | 100% | 4 | | | 2 | |
| Stephen Lucas*** | | 4 | 4 | 100% | 4 | | | | |
| Steven Horton*** | IC | 6 | 6 | 100% | 4 | | | 2 | |
| **Actual attendance** | | 74 | | | 38 | 12 | 6 | 11 | 7 |
| **Eligible attendance** | | | 79 | | 40 | 12 | 6 | 12 | 9 |
| **% attendance** | | | | 94% | 95% | 100% | 100% | 92% | 78% |

*^ *Lead independent director.*
* *Independent non-executive director.*
** *Non-executive director.*
*** *Executive director.*
[1] *Appointed to the social and ethics committee on 4 April 2024.*
[2] *Resigned from the board on 31 March 2024.*
[3] *Appointed to the audit and risk committee on 4 April 2024.*

## COMPOSITION OF THE BOARD[1]

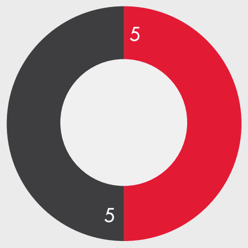
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the Group.

### GENDER DIVERSITY



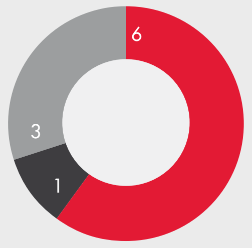

- Female
- Male

### RACIAL DIVERSITY



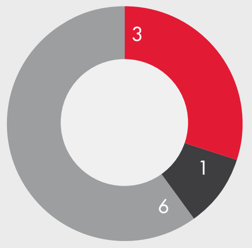

- Black
- White

### DIRECTORS




- Independent
- Non-executive
- Executive

### AGE




- 61 – 65 years
- 51 – 60 years
- 41 – 50 years

## BOARD SKILL SET AND EXPERTISE (NUMBER OF DIRECTORS)[1]

| | |
|---|---|
| 7 Finance | 7 Corporate governance |
| 4 Mergers and acquisitions | 4 Strategy |
| 7 Property (management and development) | 3 Stakeholder engagement |
| 6 Construction | 5 Environmental laws and legislation |

[1] *As at 31 July 2024.*

In terms of tenure, one of the non-executive board members as at 31 July 2024 was appointed to the board in November 2015 following the Company's listing on the JSE. One independent non-executive director was appointed in May 2018, two in January and September 2020, one in January 2023 and one in May 2024. Only the three executive directors were involved in the operations of Stor-Age prior to the listing.

" We continue to execute our transformation plan, which is key to assisting us in implementing our broad-based strategy to achieve sustainable business transformation. "

## DIRECTORS

### EXECUTIVE DIRECTORS

**Gavin Lucas** Chief executive officer (CEO) – CA(SA)

Joined the board prior to listing in 2015.

An entrepreneurial property developer backed by an experienced management team of professionals with a range of skills including investment banking, finance, property and construction, Gavin founded the Stor-Age Group in 2005.

Leading the organisation by providing a common vision and mission, Gavin is responsible for the strategic direction of the Group, coordinating plans to meet strategic goals, overseeing the overall operations and stakeholder engagement.

**Stephen Lucas** Financial director – CA(SA), CFA

Joined the board prior to listing in 2015.

Stephen is one of the founding shareholders of Stor-Age and has worked alongside Gavin and Steven in developing the business since its inception. Stephen focuses on the Group's financial and operational management, human resources and developing and executing the operations strategy.

He also has previous advisory experience in corporate finance and transaction support.

**Steven Horton** Executive director – CA(SA)

Joined the board prior to listing in 2015.

Steven is head of property and directs the Group's property growth strategy. He oversees the procurement of all opportunities and the planning, development and property management of the portfolio across South Africa an the UK.

Steven drives Stor-Age's acquisition and expansion efforts in both markets.

### NON-EXECUTIVE DIRECTOR

**Graham Blackshaw** Chairman – BA LLB

Joined the board prior to listing in 2015.

A former lead development partner in the Faircape group of companies, Graham played an integral role in driving the formation of the Stor-Age joint venture between Acucap, Faircape and Stor-Age Property Holdings in 2010.

A qualified attorney, Graham practiced law at Herold Gie and Broadhead before joining the Cape of Good Hope Bank, where he went on to head up the Property Lending Division.

Appointed to the position of chairman in January 2020.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**John Chapman** BSc

Joined the board as lead independent director in January 2020.

John is an executive director of Rabie Property Group, a position he has held for more than 35 years. He is responsible for strategic planning within the Rabie Group, initiates the planning of all new developments and oversees the marketing of all aspects.

## INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

### Kelly de Kock CA(SA), CFA, MBA (UCT)

Joined the board in May 2018.

Kelly specialises in the areas of corporate finance, investor relations, business development and operations. She has more than 18 years' commercial experience in the financial services sector and is currently Chief Operating Officer and director of Private Clients at Old Mutual Wealth. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly was also previously the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

### Mntungwa Morojele MBA (UCT), CA (Lesotho), MSA (Georgetown), BSc (Charlestown)

Joined the board in September 2020.

Mntungwa has more than 36 years of business experience, having established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings. He is currently the CEO of iKapa Connect Investments, which is pursuing opportunities in the Aquaculture, Tourism and Renewable Energy sectors.

Mntungwa previously worked at the Tourism Investment Corporation (Tourvest) and served on the boards of Verifone Africa (Pty) Ltd and Capital Eye Investments Limited (previously the UCS Group Limited), where he served as the audit and risk committee chair. He also previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years during his 10-year term on the board. He qualified as a Chartered Accountant while serving his articles with KPMG Lesotho, followed by a career with Grey Security Services, where he served on the board as Group Marketing Director.

### Abu Varachhia BSc QS (SA)

Joined the board in January 2021.

Abu has more than 36 years of business experience, having previously served on the boards of JSE listed companies Spearhead Property Holdings Limited, Ingenuity Property Investments Limited and Mazor Group Limited as a non-executive director at each. Abu holds a Bachelor of Science degree (Quantity Surveying) and is currently the non-executive chairman of Spear REIT Limited. Abu has held numerous other leadership positions including chairman of LDM Quantity Surveyors, vice-president of the South African Council for the Quantity Surveying Profession, chairman of the Black Technical and Allied Careers Organisation and chairperson of the Build Environment Advisory Committee for the 2004 Olympic Bid.

### Alan Menigo CA(SA)

Joined the board in January 2023.

With over 16 years of commercial and listed property experience in the financial and operational spheres, Alan's skillsets include the full spectrum of development expertise, property and financial management, as well as mergers and acquisitions. Alan currently serves as the Chief Operating Officer of Rapfund Investments (Pty) Limited and was previously the Chief Financial Officer of JSE listed property unit trust Fountainhead Property Trust, prior to its acquisition by Redefine. A chartered accountant by profession, Alan also worked in the New York office of KPMG in their Transaction Services Division.

### Akua Koranteng MSc IntFin (ABS), BCom Hons (UCT), PGDipOL (SBS)

Joined the board in May 2024.

Akua has more than 20 years of real estate industry experience and holds a Master's Degree in International Finance from Amsterdam Business School as well as an Honours Degree in Economics from the University of Cape Town.

With a skillset that includes asset management, development and ESG within the realm of real estate, she previously held the role of Executive: Head of Gauteng for Equites Property Fund, a position she held from 2018 until 2024. Prior to this, she was a part of the property finance team at RMB Corporate and Investment Bank for more than six years.

Prior independent non-executive board positions include having served on the board of JLL South Africa as well as Octodec Investments.

### BOARD RECRUITMENT AND TRAINING

In line with the board's appointment process, new appointees are required to possess the necessary skills to contribute meaningfully to the board's deliberations and to enhance the board's composition in accordance with recommendations, legislation, regulations and best practice. An induction programme is provided for new directors by the Company's sponsor, and ongoing training and updates are provided by the Company's sponsor and auditors.

Directors are encouraged to take independent advice at the cost of the Company for the proper execution of their duties and responsibilities. The board has unrestricted access to the external auditor, professional advisors and the services of the company secretary, the executives and the employees of the Company.

Directors and committee members receive comprehensive information that allows them to properly discharge their responsibilities. The board is satisfied that the arrangements for training and accessing professional corporate governance services are effective.

During the period the board formally established and constituted a nominations committee with duly approved and independent terms of reference. As and when board vacancies occur or additional skills are needed, all board members are invited to put forward candidates with appropriate skills and experience that will complement and strengthen the existing board, for consideration by the nominations committee. The Company's sponsor has previously also assisted with recommending suitable candidates, participating in the interview process and performing background checks.

All board members have an opportunity to meet with potential new candidates and to voice their opinions in the selection and decision-making process.

### BOARD ROTATION

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 210.

### BOARD ETHICS AND EFFICIENCY

During the year, BDO South Africa Inc. oversaw a detailed board self-evaluation and peer review process. The board is satisfied that the self-evaluation conducted during the year improved its performance and the effectiveness of the governing body. Read more in the Chairman's letter from page 18.

### COMPANY SECRETARY

The board is assisted by a suitably qualified company secretary, Henry Steyn CA(SA), who has adequate experience, is not a director of the Company and who is empowered to fulfil his duties. The company secretary advises the board on appropriate procedures for managing meetings and ensures the corporate governance framework is maintained. The directors have unlimited professional access to the company secretary. Nothing has come to the attention of the board that indicates non-compliance by the Company with applicable laws and regulations. The Company remains compliant with its laws of establishment and it's MOI.

Given that the company secretary is not a director or an associate of a director of Stor-Age, the board is satisfied that an arm's length relationship is maintained between the board and company secretary.

During the year, the board considered the arrangements of the company secretary and confirms that it is satisfied that the arrangements are effective. The board is further satisfied that Henry Steyn is suitably qualified and experienced.

### IT GOVERNANCE

The business potential of digital technologies and enhanced connectivity is in tension with the greater vulnerability of being connected to a global network such as the internet. We continue to note the global increase of ransomware and other cyber security attacks.

We continue to enhance our layered network security systems to strengthen defences. We choose reputable, specialist service providers as business partners to ensure cyber security measures are maintained at the highest level.

We periodically restore daily backups to confirm the validity of the backup and that there has been no data corruption. Each location joined to the network has a primary and secondary last mile connection to ensure maximum uptime. Internal and external users are continuously monitored to ensure the most effective use of resources and to limit the opportunity to breach the Group's cyber defences. Our strategy, suppliers and network design are reviewed on a regular basis to stay abreast of leading best practice. External specialists are appointed by the board when considered necessary.

For improved efficiency and security, the Group has migrated its server to a cloud-based solution.

As technologies advance, so do the associated risks and threats. The controls and mitigations therefore need to respond accordingly. In line with this, during the year we introduced an updated Information Security Policy. We also introduced an updated risk register and control framework in accordance with ISO 27001.

### EXTERNAL AUDIT

The audit and risk committee has confirmed that it is satisfied that BDO South Africa Inc. has the necessary skills and requirements to be re-appointed as the auditor of the Company with the designated partner being Mr Bradley Jackson in terms of the JSE Listings Requirements paragraph 3.84(g)(iii).

### APPROACH TO COMPLIANCE

The board recognises its responsibility to ensure compliance with and adherence to all applicable laws and industry charters, codes and standards, as outlined in its charter. When necessary, the board appoints corporate advisors with sector-specific knowledge and insight to assist with managing the Group's compliance requirements. The board is supported by the executive management team, who it considers to be adequately qualified and experienced to provide direction on possible compliance contraventions.

The social and ethics committee monitors compliance with the Company's social and ethical responsibilities, including social and economic development, labour and employment, the environment, stakeholder engagement and good corporate citizenship.

At an operational level, Stor-Age ensures stringent guidelines are implemented and managed to control our risk and ensure that high levels of health and safety, as well as Stor-Age's own standards, are maintained.

Key areas of focus for the board during the year included:

- The continued focus on the transformation plan and the ongoing execution of the ESG strategy
- The ongoing strengthening of IT controls, including an updated Information Security Policy, an updated risk register and control framework in accordance with ISO 27001
- The establishment of the DMTN programme and the successful first issuance
- Formally establishing and constituting a nominations committee with duly approved and independent terms of reference

### CORPORATE GOVERNANCE DISCLOSURES IN ACCORDANCE WITH THE JSE DEBT LISTINGS REQUIREMENTS

As contemplated in paragraph 7.3(c)(ii) of the JSE Debt Listings Requirements, independence of directors is determined holistically, in accordance with the indicators provided in section 94(4)(a) and (b) of the Companies Act and King IV. The Group confirms that the audit committee has executed the responsibilities as set out in paragraph 7.3(e) of the JSE Debt Listings Requirements.

In accordance with paragraph 7.3(f) of the JSE Debt Listings Requirements, the Group follows an existing policy on the evaluation of the performance of its board of directors and that of its committees, its chair and its individual directors pursuant to the provisions of King IV. The Group's debt officer, as contemplated in paragraphs 639(a) and 7.3(g) of JSE Debt Listings Requirements, is Stephen Lucas (Financial Director).

The board duly considered and satisfied itself with the competence, qualifications and experience of Stephen Lucas before he was appointed as debt officer of the Group. The Group's board appointment and conflict of interest policy (Policies) are accessible at https://investor-relations.stor-age.co.za and https://bit.ly/conflictpolicy.

The Policies deal, *inter alia*, with:

i) the conflicts of interest of the directors and the executive management of Stor-Age and how such conflicting interests can be identified and managed or avoided; and

ii) the process for the nomination and appointment of directors of the Group.

Since publication there have been no amendments to the Policies. Recorded conflicts of interest and/or personal financial interests of the directors and/or the executive management of Stor-Age, as contemplated in the Policies and paragraphs 7.5 and 7.6 of the JSE Debt Listings Requirements (as read with section 75 of the Companies Act) as at 31 July 2024 are accessible at https://bit.ly/conflictpolicy.


# AUDIT AND RISK MANAGEMENT REPORT

Risk management is integral to the effective implementation of our strategy. We proactively manage risk to remain a competitive and sustainable business. This enhances our operational effectiveness and enables us to create continual value for the benefit of our employees, shareholders and other stakeholders in line with our growth strategy.

The Group's risk management framework is overseen by the audit and risk committee, which has an ongoing responsibility to monitor risk management processes by:

1. Identifying risk factors that may have a material impact on the business
2. Assessing risks based on their potential impact on the business, including the likelihood of the risk occurring
3. Agreeing the scope of the internal audit plan and setting the focus areas for each financial year
4. Reviewing internal audit reports and ensuring all risks covered under the report are adequately mitigated
5. Assessing management's proposed mitigation strategy
6. Monitoring progress
7. Reviewing identified risks on an ongoing basis and revising responses accordingly

Executive management is responsible for monitoring risk management processes and reporting to the audit and risk committee and board accordingly.

Day-to-day risk management is the responsibility of operational, senior and executive management, and is underpinned by risk reviews conducted across all functional areas of the business.

## KEY RISKS AND EFFECTIVE MITIGATORS

| Key risks | Mitigators | Risk trend (impact and likelihood) |
|---|---|---|
| **1. Treasury risk**<br>Adverse interest rate movements could result in the cost of debt increasing. | • LTV of 31.4% with 85.5% of net debt subject to interest rate hedging. In our target range of 25 – 35%<br>• Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly<br>• Stor-Age is highly cash generative and debt is serviced by strong operational cash flows<br>• Details of hedging positions are set out in the Financial Review section from page 46 | Stable |
| **2. Weak/negative economic growth and the risk of persistently elevated levels of inflation**<br>Macroeconomic weakness could inhibit the self storage sector's growth, resulting in reduced demand and lower income. Conflicts such as those in Ukraine and Palestine could contribute indirectly to continued higher levels of inflation, which will negatively impact consumers in both markets. | • A needs-driven product for life-changing events which prevail in all economic cycles<br>• A prime portfolio of well-located properties with high average occupancy levels<br>• Focused on locations where growth drivers are strongest and barriers to competition are high<br>• Strong operational management and platform<br>• Continuing innovation to deliver high levels of customer service<br>• Strong cash flow generation, high operating margins, low gearing and conservative hedging policies<br>• 51 400 tenants spread across a geographically diversified South African footprint (developing market) and the UK (first-world market)<br>• A proven acquisition and new development process that draws on internal analyses, more than a decade of experience, independent research, global trends and best practice<br>• Short-term leasing model allows for the adjustment of higher input costs | Stable |
| **3. Acquisition risk**<br>An inability to successfully integrate new acquisitions could result in lost income. | • Established internal work streams which discuss, consider, plan for and address challenges, as well as detailed growth strategies for our South African and UK operations<br>• Managing leadership changes and inherited employees to ensure minimal disruption to the existing businesses is a critical area of focus when integrating acquisitions<br>• Significant track record and experience of successfully integrating newly acquired properties | Decreasing |
| **4. Operating in an offshore jurisdiction**<br>Storage King in the UK exposes the Group to currency, interest rate and tax risk that may impact or result in the variability of earnings. | • Hedging policies with respect to the repatriation of foreign earnings are in place<br>• Consult with professional advisers to ensure ongoing HMRC compliance in the UK<br>• UK management team remained in place post the acquisition and are still co-invested in Storage King<br>• More than six years of successfully trading in the UK, demonstrating a successful track record | Stable |
| **5. Property investment and development**<br>An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio. | • Nine additional development opportunities have been secured in the pipeline in South Africa and the UK<br>• UK-focused development JVs in place with Moorfield and Nuveen<br>• South African-focused development JVs with Nedbank, Rabie Property Group and Garden Cities<br>• Fragmented South African and UK self storage markets provide further acquisition opportunities | Decreasing |
| **6. Valuation risk**<br>External market factors may lower our properties' values. | • Independent valuations are conducted by experienced independent, professionally qualified valuers<br>• A diversified portfolio is let to a large number of tenants in South Africa and the UK<br>• Low levels of gearing provide increased flexibility and significantly reduce the risk of a covenant breach<br>• Self storage has traditionally been highly resilient in constrained economic environments<br>• Occupied space in our South African and UK portfolios increased during the period<br>• Conservative assumptions are used in valuations | Stable |
| **7. Human resource risk**<br>Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel, and consequently, lower performance. | • Competitive remuneration packages and financial rewards<br>• Learning and development programme with performance reviews to develop employees to their optimal potential<br>• A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo<br>• Ongoing communication to ensure an engaged workforce<br>• A succession planning strategy, including talent retention<br>• A Conditional Share Plan for high performing employees was introduced in 2019, and includes more than 40 participants | Stable |
| **8. Utility costs**<br>Significant increases in utility costs, particularly property taxes, electricity and energy costs, may put pressure on operating margins. | • Electricity and water usage is monitored monthly<br>• We use external professionals to assist with monitoring and objecting to valuation revisions where necessary (property taxes)<br>• We make use of energy-efficient lighting and collect and reuse rainwater for irrigation<br>• Solar technology has been installed at 57 properties in South Africa and the UK, with over 6.0 million kWh in solar power generated to date<br>• UK electricity prices fixed on a 12-month basis | Stable |
| **9. Compliance risk**<br>Failure to comply with laws and regulations may result in penalties and sanctions, and reputational damage. | • Experienced, independent board in place<br>• Executive management considered to be adequately qualified and experienced<br>• Internal audits conducted<br>• Experienced corporate advisers and auditors in place<br>• Employees attend training on a regular basis<br>• Significant rental agreement revisions reviewed by attorneys | Stable |
| **10. REIT status**<br>Failure to comply with the REIT legislation in SA for the Group, and now also the UK for Storage King, could expose the Group to potential tax penalties or loss of its Group or UK level REIT status. | • Calculation for the 75% rental income test performed quarterly and included in Tax Compliance Report presented to the board<br>• Consult with advisers on a regular basis to assess any potential or unforeseen impact on REIT status<br>• Management closely monitors all compliance requirements and pre-emptively addresses any areas of concern | Increasing |
| **11. Credit risk**<br>The Group is exposed to tenants' credit risk, which may result in a loss of income. This risk may be increased due to cost of living pressures for consumers. | • The majority of customers are required to pay a deposit on move-in in South Africa<br>• Our diversified tenant base reduces material credit exposure risk<br>• Collected over 99% of rental due in South Africa and the UK in FY24<br>• Clearly defined policies and procedures are in place to collect arrear rentals<br>• A central team of collection specialists in South Africa assists each property with arrears | Stable |

| Key risks | Mitigators | Risk trend (impact and likelihood) |
|---|---|---|
| **12. Cyber security and information privacy**<br>An increase in cyber breach incidents as a result of the adoption of a hybrid remote working environment, which may result in the breach of customer data, reputational damage and financial loss. | • Daily backups are periodically restored to confirm the validity of the backup and that there was no data corruption<br>• Through a formal and regular communication plan, a culture of awareness and best practice is promoted and reinforced across all employee levels in the organisation<br>• Internal and external users are continuously monitored to ensure the most effective use of resources and to limit the opportunity to breach the Group's cyber defences<br>• The Group has migrated its server to a cloud-based solution<br>• Reputable cybersecurity providers are collaborated with to maintain the highest protection standards<br>• Stringent perimeter firewall protocols to mitigate against remote work/access risks<br>• Our suppliers and our network design are reviewed on a regular basis to stay abreast of leading best practice and to remain relevant in the use of technology<br>• External specialists are appointed by the board when considered necessary | Increasing |
| **13. Climate-related risks**<br>Climate-related risks such as increasing occurrences of flooding and fire, tighter regulations in the property sector and rising public and institutional pressure to place a greater focus on environmental sustainability, could negatively impact our ability to trade, and/or result in significant additional capital investment. | • Continue to successfully implement our ESG strategy and reporting framework<br>• ESG strategy and reporting framework aligns our Vision and Core Values with relevant UN SDGs and takes guidance from the TCFD<br>• Self storage is the lowest intensity user of electricity and water, and the lowest generator of greenhouse gas emissions of all commercial property sub sectors<br>• Buildings designed to minimise carbon footprint and an emphasis on energy efficiency, renewable energy generation, rainwater harvesting, storm water management and through various other practices<br>• To mitigate the risk of flooding, our construction and planning teams assess a wide range of climate-related risks before and during the planning of each of our developments, as well as during the due diligence process when reviewing acquisition opportunities<br>• Emphasis on fire safety and prevention, with fire safety training for all operations staff<br>• In South Africa, we run nationwide, same-day, same-time fire drills across all properties, including at the head office | Increasing |
| **14. Unstable electricity supply**<br>An unstable electricity supply in South Africa will negatively impact our ability to trade, which may result in a loss of income. Added to this, an unreliable national electricity supply may create a security risk at our properties. | • All trading properties in South Africa are fitted with generators except for the three smallest properties measured by GLA which have battery storage backup solutions<br>• In the event of an outage, power is seamlessly generated to support key systems at our properties<br>• Each generator is serviced timeously to ensure limited mechanical faults<br>• Roll-out of hybrid solar systems with battery storage to complement existing solar infrastructure and reduce the need for generator power. A total of 20 properties in South Africa are fitted with these hybrid systems | Stable |


| Key risks | Mitigators | Risk trend (impact and likelihood) |
|---|---|---|
| **15. Civil unrest**<br>A risk of civil unrest in South Africa due to the lack of service delivery at a municipal level, increasing unemployment and the degradation of public infrastructure. This may result in damage to our properties, as well as reduced confidence in the prospects for the South African economy. This may ultimately lead to reduced income, profitability and property investment values. | • The business is diversified across South Africa and the UK, with a greater weighting of assets by value to the UK<br>• The South African portfolio is concentrated in the four largest cities<br>• Insurance cover is in place for our buildings, loss of revenue, and customer goods (subject to certain limitations)<br>• Significant security infrastructure is in place across our portfolio<br>• All properties in South Africa are third-party monitored | Stable |
| **16. Global pandemic**<br>A global pandemic such as COVID-19 may result in increased risk of financial loss as a result of legislated risk mitigation measures and practices undertaken, the direct and indirect negative impact on the economy, as well as the risk of staff contracting the virus. | • Strong balance sheet position and mature occupancies across South African and UK portfolios. This position of strength remained throughout the period<br>• No tenant concentration risk – 51 400 tenants<br>• Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types<br>• All head office employees have the means to work from home as required<br>• Stable and continued operations under strict safety protocols ensure that all properties in South Africa and the UK are accessible in the event of nationwide lockdowns | Decreasing |
| **17. Complete electricity grid failure**<br>A complete electricity grid failure in South Africa would have a significant impact on all areas across the business. This includes our ability to trade as well as the onset of increased security and fire risks. | • Crisis management team in place to manage such risks<br>• Head office and all properties (except for the three smallest properties measured by GLA which have battery storage backup solutions) are supported with diesel generators<br>• Continued roll-out of solar PV and BESS across the South African portfolio | Stable |

## INTERNAL AUDIT

In recent years the business has grown significantly, strengthening its sector-leading position in South Africa and successfully executing its growth strategy in the UK. Entering into strategic partnerships in the form of joint ventures with multiple partners in South Africa and the UK has been a key part of the growth strategy. Given the natural increase in risk as the business has grown, to strengthen internal controls and assist in mitigating the increased risk profile, during the prior year the board oversaw the finalisation of an internal audit charter, as well as the selection and appointment of an independent external assurance provider, GRIPP Advisory, to perform internal audit work.

In FY24, GRIPP Advisory performed several audits on key processes within the business. The board continues to engage positively with GRIPP to ensure that the Company's controls continue to evolve and be strengthened, in line with the ever-changing inherent risk factors in the economic and technological climate that we operate in.

The committee continues to be satisfied with the quality of work and the feedback that GRIPP has provided to date.

## LOOKING AHEAD

As an outcome of the Group's risk management process, we identified material macro level risks that either do or could potentially impact the business materially. These include:

- Weak economic growth
- High levels of inflation
- Continued elevated interest rate levels
- The potential negative impact of ongoing conflicts in Europe and the Middle East
- The continued increase in climate-related risks
- The possible risk of a major power grid failure in South Africa

The Company has reasonably satisfied the liquidity and solvency test as required by the Companies Act, 71 of 2008, as amended. The directors have further satisfied themselves that the Group and its subsidiaries are in a sound financial position and have access to sufficient facilities to meet their foreseeable cash requirements.

The board, via the audit and risk committee, has considered the effectiveness of the risk assessment and management process and is satisfied as to the effectiveness thereof.

Kelly de Kock
Audit and risk committee Chair
31 July 2024


# REMUNERATION COMMITTEE REPORT

## 1 PART ONE BACKGROUND STATEMENT

## INTRODUCTION

The remuneration committee ("the committee") is pleased to present the Stor-Age remuneration report for the year ended 31 March 2024. Transparent and comprehensive reporting of directors' remuneration is an essential element of good corporate governance. This report provides a clear and concise summary of our performance, remuneration outcomes and changes in our policy.

The committee is responsible for setting the Group's remuneration policy and principles and ensuring fair, responsible and transparent remuneration practices while achieving strategic objectives.

The remuneration report is presented in three parts. This background statement (Part 1) contains the chair's statement, providing context on the decisions and considerations taken during the year which influenced the remuneration outcomes. Part 2 sets out our remuneration philosophy and policy. In Part 3, we provide a description of how the policy has been implemented and disclose payments made to executive and non-executive directors during the year.

## THE YEAR IN REVIEW

As set out in the Chairman's Letter and other sections of the integrated report, the board is very pleased with Stor-Age's financial performance in FY24. Despite the well-documented macroeconomic conditions making this a particularly demanding trading year, the Group's performance is a credit to its dedicated executives and employees who remain committed to driving the Group's long-term success.

The Group delivered exceptionally strong trading results in South Africa, while the UK presented a more challenging environment compared to the last few years with high interest rates and inflationary pressures. Nonetheless, the business is well positioned from a strategic, financial and operational perspective in both markets. We also 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 partnerships. These partnerships and our capital-light strategy now comprise a meaningful component of our business in both markets.

The Group employs over 480 employees across South Africa and the UK. Trading in two jurisdictions with a large workforce brings not only challenges but also new opportunities. We remain steadfast in our belief that sector specialisation is the foundation of our long-term success and our ability to attract, retain and nurture the talent and skillsets required is of critical importance.

There is a growing trend of employees prioritising a comprehensive value proposition when evaluating employment opportunities. While remuneration and benefits remain key considerations, aspects such as diversity, equity, inclusion and a sense of belonging are gaining prominence. In response, employers are adjusting remuneration policies to attract, motivate, and retain employees and, more specifically, their key talent.

At Stor-Age, we are mindful of this evolving landscape. Our approach to remuneration, focusing on competitive, fair and market-related remuneration policies plays an important role in incentivising employees who are critical to achieving our long-term goals and aspirations. At the same time, we are cognisant of offering a compelling value proposition to our employees where we proactively engage and develop our people. We strive to build a culture of performance, collaboration, creativity and resourcefulness underpinned by our Core Values. A motivated and well-rewarded workforce is the foundation of our sustained success and we remain committed to fostering an environment that develops talent, encourages innovation and promotes inclusivity.

## FOCUS AREAS DURING THE YEAR

During the year, the committee:

- Reviewed the current remuneration policy, structures and mix of the executive directors;
- Carefully considered shareholder feedback after the 2023 AGM and responded as necessary;
- Reviewed the FY24 remuneration outcomes in the context of the overall performance of the business;
- Reviewed and approved the short-term incentive ("STI") payments to the executive directors for FY24;
- Approved the allocation of the long-term incentive ("LTI") awards to participants;
- Approved the vesting of the FY22 LTI awards to the executive directors in respect of the three-year performance period ending 31 March 2024 (subject to satisfying the employment condition);
- Approved the STI performance measures for FY25;
- Reviewed executive directors' total remuneration and approved salary increases after considering Group and individual performance;
- Reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors; and
- Reviewed and approved the FY24 remuneration report.

## FEEDBACK FROM 2023 ENGAGEMENT

At the AGM held in 2023, our remuneration policy and implementation report both achieved a non-binding advisory vote of 96.47% in favour. Accordingly, the committee elected to retain the structure and format of the existing remuneration policy with the exception of some refinements to the LTI as set out in this report.

Although not directly related to remuneration governance, shareholders recommended the introduction of a nominations committee given the growth of Stor-Age over the last few years. The board acted on this recommendation and the nominations committee was formally constituted in February 2024 comprising the same members as the remuneration committee.

The committee is also proposing to amend the basis of remuneration of the board chair for the year ahead. In FY24, the board chair was remunerated on an all-inclusive basis and received a fixed annual fee that was inclusive of all attendances at board and subcommittee meetings as well as other tasks performed on behalf of the Group. This caused some confusion amongst certain shareholders when benchmarking the board chair fee against other REITs. It is therefore proposed that the board chair be remunerated on the basis of a fixed annual retainer for the role as board chair and separate fees for participation in subcommittees on the same basis as other board members. Further details are set out in this report.

## FOCUS AREAS FOR THE YEAR AHEAD

The committee does not anticipate any significant changes for FY25 but will continue to focus on the following areas:

| Focus area | Action required |
|---|---|
| ESG principles | Over the past few years, sustainability, environmental and social issues have been well integrated into our business strategy through various ESG metrics in our STI and LTI. |
| Fair and responsible remuneration | Maintaining our commitment to ensuring remuneration is fair to both employees and the Company and addressing any remuneration gaps in pay and gender. |
| Employee value proposition | Reviewing components of our policy such as competitive remuneration, growth opportunities, a positive work culture, work-life balance, alignment with Company values and a clear career path. |

## CONCLUSION

In line with King IV, Stor-Age will table the remuneration policy and implementation report for two separate non-binding advisory votes at the 2024 AGM. If shareholders do not approve both by more than 75%, the board will institute a formal engagement process with interested shareholders to assess their views and determine the actions needed to resolve concerns.

The committee is satisfied that it fulfilled all its objectives in line with its terms of reference for the year under review and that the remuneration outcomes for the year are appropriate in the context of the overall performance of the business.

We remain focused on rewarding executives and employees in a fair, equitable and sustainable manner to achieve our objectives and which motivates employees to achieve outperformance. Our aim is to maintain a strong relationship with our shareholders, built on trust and transparency, which results in an objective assessment of our remuneration policies and governance through continued interaction. We welcome any comments or concerns shareholders may have regarding the remuneration policy and implementation report. Please direct any comments or queries prior to the AGM in writing to the Company secretary, Henry Steyn, at henry.steyn@stor-age.co.za.

We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at the AGM on 5 September 2024.

Mntungwa Morojele
Remuneration committee chair

# 2 PART TWO
# THE REMUNERATION POLICY

*This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 5 September 2024.*

## REMUNERATION GOVERNANCE

The committee was appointed by the board and has delegated authority to review and make decisions in respect of Stor-Age's remuneration policy and the implementation thereof. The committee is governed by its terms of reference as formally adopted by the board. Its responsibilities are to:

- Oversee the formulation, review and approval of the remuneration policy for employees and executive directors in line with Stor-Age's strategic objectives;
- Assist the board to ensure that executive directors are remunerated fairly and responsibly and in line with remuneration for employees throughout Stor-Age;
- Ensure that the mix of fixed and variable pay in cash, shares and other elements meets the Company's needs and strategic objectives;
- Consider and approve the STI and LTI awards for the executive directors and other staff;
- Approve the executive directors' basic salary and increases thereto, as well as approving the increases for employees throughout Stor-Age;
- Review the accuracy of the performance measure calculations in respect of the vesting of STI and LTI awards;
- Evaluate the performance of the executive directors in determining remuneration;
- Approve remuneration payable to non-executive directors in their respective roles as members of the board and its subcommittees;
- Oversee the preparation of the remuneration report to ensure that it is clear, concise and transparent; and
- Ensure that the remuneration policy and implementation report be put to two non-binding advisory votes by shareholders and engage with shareholders and other stakeholders on the Company's remuneration philosophy.

The committee members are listed on page 72 and their meeting attendance on page 73. The executive directors, other board members, external consultants and key individuals may attend committee meetings by invitation and contribute to remuneration-related matters. However, they may not vote on any matters. The committee chair reports to the board following each meeting of the committee.

## REMUNERATION PHILOSOPHY

Stor-Age's remuneration policy seeks to attract and retain high-calibre and appropriately skilled employees and executive directors. Stor-Age's philosophy is that employees should be fairly remunerated and rewarded for their contribution. An integral part of this philosophy is to align the interests of employees with those of Stor-Age's shareholders by providing meaningful equity participation. The Company believes that its remuneration policy plays a critical role in achieving its strategic objectives and that it should be competitive in the market in which it operates.

The policy also recognises that remuneration is one component of the employee value proposition. Other aspects include a positive work culture, inclusivity, diversity, work-life balance, and clear career path growth opportunities (such as skills development, training and educational bursaries) are equally important. Fair, responsible and transparent remuneration is the cornerstone of our remuneration policy.

## EXECUTIVES' REMUNERATION STRUCTURE

The committee and the board regularly review the appropriate remuneration mix to ensure it supports Stor-Age's strategic objectives considering market trends and competitiveness. The committee is satisfied that the remuneration structure for the executive directors is appropriate.

Stor-Age typically benchmarks its executive directors' remuneration to peer companies every three years to ensure that the Company's remuneration policy, compensation packages and pay mix are market-related, competitive and appropriate. The last benchmarking exercise was performed in FY22.

### BASIC SALARY (GUARANTEED PAY)

Purpose and link to strategy: To attract and retain the best talent and compensate the executive directors at a market-related salary, taking account of individual performance and contribution. It aligns with business strategy as it ensures that salaries are competitive and that individuals are fairly rewarded for achieving the Group's strategic objectives based on their experience and roles in the business.

The basic salary is a pre-determined cash amount without any further benefits. The amounts paid to the executive directors is set out in note 27.4 of the annual financial statements. The basic salary is reviewed annually based on the Company's performance in the previous financial year, individual performance, inflation, affordability, benchmarking exercises and market surveys (if deemed necessary). Increases in the basic salary for the executive directors are effective from the commencement of the financial year once approved by the committee.

## SHORT-TERM INCENTIVE ("STI")

Purpose and link to strategy: To motivate and incentivise performance consistent with the Group's strategy over a 12-month operating cycle.

It encourages sustainable growth in earnings and return on capital for shareholders whilst maintaining a strong financial position, combined with strategic and sustainability metrics, to ensure well-balanced KPIs. It rewards executive directors for their measurable contribution.

### Short-term incentive calculation

Guaranteed remuneration x Financial and non-financial measures achievement x 70% + Strategic objectives achievement x 30% = Annual incentive

The STI is set and measured annually, coinciding with the financial year end, and is conditional upon meeting set performance targets and strategic objectives as approved by the committee. This methodology aligns behaviour with stakeholders' interests. The on-target allocation is based on 100% of guaranteed pay.

The performance conditions are realistically set with an appropriate element of stretch performance and are weighted between financial and non-financial performance KPIs (70%) and strategic objectives (30%).

The financial and non-financial KPIs have an accompanying threshold, on-target and stretch measure. The strategic objectives are not measured on a threshold, target and stretch basis. Instead an overall assessment is made with a maximum allocation of 100%.

The maximum STI that can be paid is capped at 125% of guaranteed pay and is payable annually in cash after being approved by the committee post the release of the audited financial statements. The recipient must be in service on the date of payment. Malus and clawback provisions, as set out on page 94, are applicable to the award.

*Financial performance conditions (70% weighting)*

| | | Hurdle level | | |
|---|---|---|---|---|
| **Financial Measures** | **Weighting** | **Threshold (75% payout)** | **Target (100% payout)** | **Stretch (150% payout)** |
| 1. Growth in distributable income per share | 25.0% | 95.0% of target | 124 cents | 105% of target |
| 2. Same-store net operating income growth | 25.0% | 6.0% | 7.5% | 9.0% |
| 3. Total return[1] vs WACC[2] | 20.0% | TR < 1% variance | TR equal to targeted return | TR > +1% variance |
| 4. Balance sheet management | 10.0% | LTV 37.5% – 40.0%<br>ICR – 2.0 times | LTV 32.5%-37.5%<br>ICR – 2.2 times | LTV < 32.5%<br>ICR – 2.5 times |
| 5. Group bad debt ratio | 7.5% | 1.00% | 0.75% | 0.50% |
| **Non-Financial Measures** | | | | |
| 6. Number of portfolio management and expansion opportunities[3] | 7.5% | 2 properties | 4 properties | 6 properties |
| 7. Renewable energy increase in installed capacity (MWp) | 5.0% | 15% | 20% | 25% |
| **Total** | **100.0%** | | | |

*Notes:*

*1. Calculated as DPS for the year plus increase in tangible net asset value (TNAV) per share as a percentage of TNAV at start of the year. TNAV to exclude the impact of deferred tax assets/liabilities.*
*2. Same definition as LTI.*
*3. New development sites/acquisition of trading properties/new Management 1st contracts in line with the Group's property strategy.*
*4. Linear vesting will apply in the measurement of the actual outcomes.*

*Strategic objectives (30% weighting)*

| Strategic objective | KPIs | Weighting |
|---|---|---|
| Implementing the Group's operations strategy including the development and execution of the digital and technology strategy | Improve the performance of our staff through learning and development, engagement and upskilling to drive increased profitability<br>Implement the digital strategy to increase enquiries, enhance the customer experience, and achieve economies of scale in our marketing spend<br>Integrate technology solutions in operations processes and further the digitalisation of the business<br>Occupancy and rental rate growth; management of arrears; improving expense ratios/cost control | 25.0% |
| Display leadership behaviour in accordance with the Company's Core Values | Ensure fully committed and motivated team<br>Maintain minimal staff turnover<br>Adherence to Company's Core Values<br>Adherence to risk management framework<br>Promote core principles of fairness, accountability, responsibility and transparency | 25.0% |
| Implementing international expansion strategy in accordance with the five-year strategic plan | Growth in UK property portfolio<br>Implementation of Management 1st and Digital First strategy<br>Develop existing and new JV relationships | 25.0% |
| Improve the Group's ESG initiatives in order to deliver real value to all our stakeholders | Deliver on the Group's transformation strategy<br>Invest in renewable energy and pursue initiatives to reduce carbon intensity<br>Support charities and NPOs and be active in less fortunate and underprivileged communities<br>Align sustainability reporting with appropriate frameworks | 25.0% |
| **Total** | | 100.0% |

## LONG-TERM INCENTIVE ("LTI")

Purpose and link to strategy: To attract, retain, motivate and incentivise the delivery of long-term and sustainable performance through the award of conditional shares, the vesting of which is subject to continued employment over the vesting period.

The Conditional Share Plan ("CSP") is an equity-settled LTI plan which provides employees with the opportunity to be awarded shares in the form of a conditional right to acquire shares in Stor-Age. Participants can share in the success of the Company and will be incentivised to deliver on the business strategy of Stor-Age over the long term and create long-term shareholder value. This will provide direct alignment between the participants – executive directors and key employees – and shareholders.

| The salient features of the CSP are set out below: | |
|---|---|
| Participants | All permanent employees are eligible to participate, subject to the discretion of the committee. To be considered for participation, an employee must have been employed by the Company for a minimum of 12 months (unless exceptional circumstances apply) and have achieved an above-average performance rating as part of the annual performance appraisal process. |
| Award components | Performance shares only – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period |
| Plan limits | The original limit at inception of the CSP was 8 668 544 million shares and was increased by a further 8.0 million shares at the 2022 AGM. A total of 5 281 379 plan shares remain.<br>The maximum number of shares which may be settled to any single participant is 3 467,417 (approximately 1.0% of shares in issue at the date of approval of the CSP by shareholders).<br>An annual limit of 0.5% of shares in issue will apply to the awards made in any one period. This limit will be reviewed, and adjusted if necessary, by the committee on an annual basis. |
| Allocation policy | The committee will approve annual awards for participants based on each participant's total guaranteed pay ("TGP") using the following guidelines:<br>Executive directors: Up to 2 x TGP<br>Executive management: 100 – 150%<br>Senior management: 60 – 70%<br>Mid-level management: 40 – 60%<br>Other staff: 20 – 40% |
| Performance conditions | Performance conditions include financial (75%), ESG (15%) and strategic measures (10%). |
| Vesting | Awards will vest after three years subject to performance conditions being achieved and the participant remaining employed by Stor-Age for the duration of the employment period. The performance period will run concurrently with the Company's financial year end. The portion of the performance shares that will vest at each vesting date will be as follows:<br>• Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 50% vesting<br>• Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting<br>• Stretch (a level of performance representing exceptional performance in the context of the current business environment) – 150% vesting |
| Malus and clawback | Awards are subject to the Company's malus and clawback policy. Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. Further details of the Company's malus and clawback policy are set out on page 94. |
| Termination of employment | Awards are subject to continued employment which means participants must remain employed until the vesting date of the award. If participants leave before the expiry of the employment period, they may lose all or part of the award depending on the circumstances in which they leave. They will either forfeit the award in full ("bad leavers", e.g. dismissal or resignation), or their awards will be pro-rated ("good leavers", e.g. retrenchment, retirement, or termination due to ill-health, disability or death). In the case of good leavers, a pro-rata portion of the participant's unvested award shall vest early on date of termination of employment based on the committee's determination of whether the performance conditions (if any) have been met. |

### FY24 LTI AWARDS

The LTI awards granted to the executive directors in FY24 are subject to the performance conditions set out below which are to be measured over the three-year period 1 April 2023 to 31 March 2026. The amendments made to the awards in comparison to the prior year were as follows:

- A single total return performance measure with a weighting of 35% (FY23 – two total return measures with a weighting of 20% each);
- Balance sheet management (LTV and ICR metrics) with a weighting of 20% (FY23 – only an LTV measure with a weighting of 15%);
- ESG performance measures have a weighting of 15% (FY23 – 10%);
- Non-financial performance measures have a weighting of 10% (FY23 – 15%)

*Financial measures – 75% weighting*

| Performance Condition | Weighting | Hurdle level<br>Threshold (50% vesting) | Target (100% vesting) | Stretch (150% vesting) |
|---|---|---|---|---|
| Total return[1] (TR) measured against Stor-Age's targeted return of the risk-free rate[2] (three-year average) plus 200bps | 35.0% | TR < -1% variance of targeted return over three years | TR equal to targeted return over three years | TR > +1% variance of targeted return over three years |
| Same store net operating income growth over three years (annualised average growth) | 20.0% | 6.0% | 7.5% | 9.0% |
| Balance sheet management vs target (LTV ratio and ICR) | 20.0% | LTV 37.5% – 40.0%<br>ICR – 2.0 times | LTV 32.5% – 37.5%<br>ICR – 2.2 times | LTV < 32.5%<br>ICR – 2.5 times |
| **Total** | 75.0% | | | |

*ESG measures –15% weighting*

| Performance Conditions | Weighting | Rating<br>Threshold (50% vesting) | Target (100% vesting) | Stretch (150% vesting) |
|---|---|---|---|---|
| B-BBEE rating improvement | 5.0% | Maintain compliant status | Maintain and/ or improve the FY23 overall score achieved on the Amended Property Sector Code Scorecard | Attain 80 or more points on the Amended Property Sector Code Scorecard |
| New solar projects completed | 5.0% | Complete 9 new solar PV projects over a three-year period | Complete 12 new solar PV projects over a three-year period | Complete 15 new solar PV projects over a three-year period |
| Reduction in electricity usage from Eskom | 5.0% | More than 5% reduction calculated on a same-store basis | More than 10% reduction calculated on a same-store basis | More than 15% reduction calculated on a same-store basis |
| **Total** | 15.0% | | | |

[1] *Total return = (closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the year/opening TNAVPS. The TNAV is calculated by subtracting intangible assets and goodwill and adding deferred tax liabilities to ordinary shareholders' equity using a constant foreign exchange rate. Leasehold assets are measured on a consistent basis at each reporting date assuming the lease is renewed on the same terms and conditions.*
[2] *The average three-year bond yield (risk-free rate) will reference both South Africa and the UK, weighted for the exposure at each vesting or measurement period.*

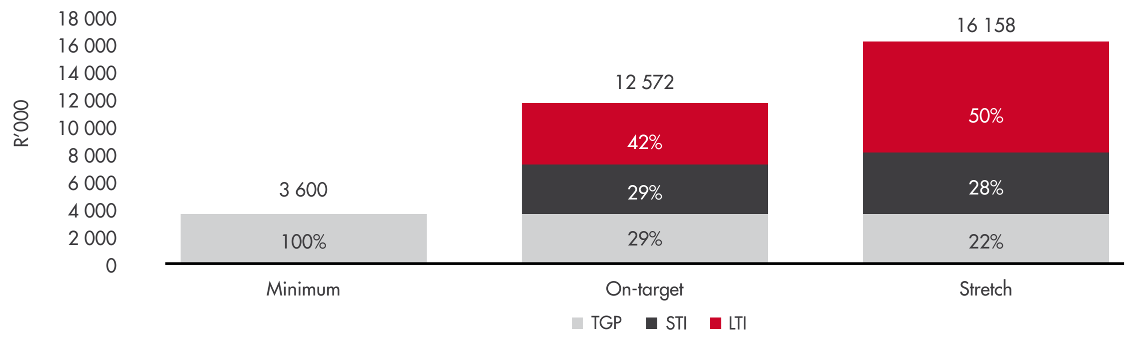
*Non-financial measures – 10% weighting*

| Performance conditions | KPIs | Weighting |
|---|---|---|
| **1.** Determining strategy and providing strategic guidance throughout the Group in accordance with the Company's five-year strategic plan | Achievement of pre-defined strategic objectives<br>Grow property portfolio in accordance with strict investment criteria | 25.0% |
| **2.** Implementing international expansion strategy in accordance with the five-year strategic plan | Growth in UK property portfolio<br>Implementation of Management 1st and Digital First strategy<br>Develop existing and new JV relationships | 25.0% |
| **3.** Identifying suitable investment and development opportunities and executing in accordance with the property strategy | Identify, negotiate and close acquisition opportunities in accordance with strict investment criteria<br>Leading due diligence on transactions<br>Implementing acquisitions seamlessly<br>Managing development projects on time and within budget | 25.0% |
| **4.** Implementing the Group's operations strategy including the development and execution of the digital and technology strategy | Occupancy and rental rate growth<br>Management of arrears<br>Improving expense ratios/cost control<br>Integrate technology solutions in operations processes and further the digitalisation of the business | 25.0% |
| **5.** Managing the Group's capital structure and resources in a responsible and effective manner to enhance shareholder return by deploying capital prudently and optimising the cost of debt | Maintain conservative LTV within target<br>Extend debt profile, refinance maturing facilities, ongoing negotiation with lenders<br>Minimise funding costs<br>Implement currency hedging strategy | 25.0% |
| **6.** Displaying leadership behaviour in accordance with the Company's Core Values | Ensuring fully committed and motivated team<br>Maintain minimal staff turnover<br>Adherence to Company's Core Values<br>Adherence to risk management framework<br>Promote core principles of fairness, accountability, responsibility and transparency | 25.0% |
| **Maximum score x 10% weighting** | | 150% |

## EXECUTIVE REMUNERATION PAY MIX AND REWARD SCENARIOS

The remuneration mix of the executive directors is balanced between TGP (comprising a basic salary only), STI and LTI. To encourage retention and align the executives' interests with shareholders, variable pay is weighted more heavily to the STI and LTI.

The illustration below sets out the potential remuneration which can be earned at minimum, on-target and stretch reward scenarios in FY25.




| Minimum reward scenario | On-target reward scenario | Stretch reward scenario |
|---|---|---|
| None of the financial performance conditions and strategic objectives for the STI are achieved | Achieve 100% of the financial performance conditions and full achievement of the strategic objectives for the STI | Achieve performance up to 150% of the financial performance conditions and 100% of the strategic objectives for the STI |
| Performance conditions for the CSP awards are not achieved | Performance conditions for the CSP awards are achieved at the on-target level | Maximum achievement at 150% of performance conditions for the CSP awards is attained |

The STI is formula-driven and based on achieving financial performance conditions and delivering on strategic objectives. The LTI (CSP awards) is granted at the committee's discretion with vesting subject to achieving financial, ESG and non-financial performance conditions. The above scenarios assume the CSP awards are made at the same level as FY24.

The on-target LTI forms 42% of the remuneration mix. On-target variable pay (STI and LTI) comprises 71% of the total remuneration. At a stretch, the variable pay comprises 78% of the total remuneration.

As the original founders of the business, the executive directors operate on a "flat-structure" basis with many overlapping responsibilities. Consequently, there is no differentiation between the various executives and therefore only a single scenario analysis is set out above.

## ALL EMPLOYEE REMUNERATION

All employees receive a basic salary at a level appropriate for their role and responsibilities. Stor-Age regularly reviews the basic salary of all employees to ensure it remains market-related.

Employee salaries are reviewed annually taking account of individual and overall Company performance, as well as an employee's experience, qualifications, responsibilities and a consideration of market-related salaries.

Store-based and operations employees are rewarded with incentives in addition to their basic salaries. This is based on performance relative to achieving pre-defined targets such as move-ins, occupancy growth and cash collections. Other permanent employees may receive a component of variable remuneration dependent on their respective employment grade and individual performance and may participate in the CSP at the committee's discretion.

Employees are provided with other benefits including a medical aid subsidy for those joining the Company's group scheme and matching Company contributions (subject to an annual limit) to retirement funding. The Company also contributes to a life cover policy for our lower income earners and, on a discretionary basis, provides financial assistance in the form of bursaries or interest free loans to deserving employees seeking to further their studies or obtain additional qualifications. In FY24 bursaries amounting to R244 000 were paid.

## FAIR AND RESPONSIBLE REMUNERATION

Stor-Age is committed to fair and responsible pay practices in line with its duty to remain a responsible corporate citizen. Various factors are considered when considering fair and responsible pay practices, such as sustainability and Stor-Age's strategic objectives. Our lower salaried employees are typically granted a higher annual salary increase relative to higher income earners in the Company. The Company contributes to a life and funeral cover policy for our lower income earners and provides financial assistance in the form of interest free loans in emergency and unforeseen circumstances.

Internal pay levels are reviewed on an ongoing basis to ensure alignment with the principle of equal pay for work of equal value to identify and correct anomalies or income differentials. The committee is also mandated to ensure that executive director remuneration is justifiable against remuneration levels of employees throughout the Company.

The executive directors and committee support broad based equity participation by employees in the Company. In addition to the executive directors, a further 35 employees received CSP awards in FY24.

## SERVICE AGREEMENTS, RETENTION STRATEGY AND TERMINATION ARRANGEMENTS

The executive directors are permanent employees and their employment contracts include a two-month notice period, with no restraints of trade. There are no contractual obligations to the executive directors in respect of separation or termination payments.

## MINIMUM SHAREHOLDING REQUIREMENTS ("MSR")

The MSR for executive directors' is equivalent to 200% of their TGP. This demonstrates their commitment to long-term growth and encourages alignment with shareholders. All executives met the MSR during the year. Details of the directors' shareholdings are set out in note 27.3 of the annual financial statements.

| Executive | Value of Shareholding as a % of TGP |
|---|---|
| Gavin Lucas | 2 806% |
| Stephen Lucas | 2 960% |
| Steven Horton | 1 213% |

*Based on shareholding at 31 March 2024 and FY24 TGP. Assumes share price of R13.35.*

As the original founding shareholders of Stor-Age, the executive directors have a significant equity interest in the Company which ensures alignment with other shareholders.

## MALUS AND CLAWBACK POLICY

The committee has adopted a remuneration malus and clawback policy, approved by the board, with a view to aligning shareholder interests and remuneration outcomes. It allows the Company to reduce or recoup remuneration or awards in defined circumstances such as financial misstatement, gross negligence, misconduct or fraud.

Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. The clawback period will run for three years from the vesting date of the awards.

The policy sets out the circumstances where the board, following the advice of the committee, may:

- apply its discretion to adjust the value of an unvested award downwards (to zero if required) or cancel unvested awards; or
- pursue remedies to clawback any awards or remuneration that have already vested or been paid

to ensure remuneration outcomes are fair, appropriate and reflect business performance.

All participants who have accepted CSP awards agree to be bound by the malus and clawback policy and further agree that all remuneration received from the Company will be subject to this policy.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors do not hold contracts of employment with Stor-Age and do not participate in any short-term or long-term incentives. Remuneration for non-executive directors comprises an annual retainer paid monthly, with an expectation of a certain number of meetings per annum. Disbursements for reasonable travel and subsistence expenses are reimbursed to non-executive directors in line with the reimbursement policy for employees.

Remuneration for non-executive directors is reviewed on an annual basis considering the responsibilities borne by non-executive directors, as well as relevant external market data. The committee recommends the non-executive directors' remuneration structure to the board for approval. This remuneration structure is further recommended to shareholders for approval at the AGM.

The table below summarises the proposed fees for FY25, to be approved by shareholders at the AGM to be held on 5 September 2024. The proposed FY25 fees equate to a 6.0% increase compared to FY24.

| Role | Approved remuneration 31 March 2024[1] R | Proposed remuneration 31 March 2025[2] R |
|---|---|---|
| Board chair (all-inclusive fee – FY24) | 840 000 | – |
| Board chair (fee for role of board chair – FY25) | – | 623 280 |
| Board member | 315 000 | 333 900 |
| Audit and risk committee chair | 204 750 | 217 035 |
| Audit and risk committee member | 136 500 | 144 690 |
| Social and ethics committee chair | 94 500 | 100 170 |
| Social and ethics committee member | 63 000 | 66 780 |
| Remuneration committee chair | 94 500 | 100 170 |
| Remuneration committee member | 63 000 | 66 780 |
| Nominations committee chair | – | 100 170 |
| Nominations committee member | – | 66 780 |
| Investment committee member | 126 000 | 133 560 |

No distinction is made between the committee chair and members of the social and ethics, nominations and remuneration committees. The higher fee for the investment committee takes into consideration the additional meetings compared to the other three committees. No fees were payable in respect of the nominations committee in FY24 as the committee was only constituted in February 2024.

In FY24, the board chair received a fixed annual fee of R840 000 which was inclusive of all attendances at board and subcommittee meetings as well as other tasks performed on behalf of the Group. In other words, the board chair was not separately remunerated for participation in other subcommittees in FY24. The equivalent board chair fee for FY24, after adjusting for attendance at other subcommittees, equated to R588 000. For FY25, it is proposed that the board chair is remunerated on the basis of an annual retainer plus attendance at subcommittee meetings. The proposed board chair fee for FY25 is R623 280, a 6.0% increase on the comparable board chair fee of R588 000 in FY24.

*Notes:*

1. *Approved at the 2023 AGM.*
2. *Proposed adjustment to remuneration to be approved by shareholders at the forthcoming AGM.*

# 3 PART THREE THE IMPLEMENTATION REPORT

*This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 5 September 2024.*

## BASIC SALARY

The committee recognises the importance of ensuring that executive remuneration is fair, competitive and market-related and remains committed to ensuring that executive remuneration is reflective of the roles and responsibilities performed.

An increase of 6.1% was approved by the committee for FY25.

Employee salaries are reviewed annually in March taking account of individual and overall Company performance, as well as an employee's experience, qualifications and responsibilities.

Employees in South Africa received an average salary increase of 6.5% (effective 1 April 2024) with an additional 1.1% accounting for promotion increases. Lower-income earners received an average increase of 7.8%. In the UK, the average salary increase (effective 1 April 2024) was 3.0%.

In line with Stor-Age's commitment to fair and responsible remuneration, the committee carefully considered the increase for other levels throughout the Company and they are satisfied that it is in line with Stor-Age's policy.


## EXECUTIVE DIRECTOR REMUNERATION

In line with the requirements of King IV and the JSE Listings Requirements, the table below sets out the total remuneration on a single-figure basis received by executive directors:

| 31 March 2024 | Basic salary R'000 | STI R'000 | Value of FY22 LTI R'000 | Total R'000 |
|---|---|---|---|---|
| Gavin Lucas | 3 392 | 3 889 | 7 510 | 14 791 |
| Steven Horton | 3 392 | 3 889 | 7 510 | 14 791 |
| Stephen Lucas | 3 392 | 3 889 | 7 510 | 14 791 |
| Total | 10 176 | 11 667 | 22 530 | 44 373 |

The FY22 LTI award will vest on or after 1 September 2024 (subject to the employment condition) and relates to the three-year performance period ending 31 March 2024. For the purpose of the single-figure disclosure, the estimated value of the award is included in the table above. Further detail is set out on page 106.

| 31 March 2023 | Basic salary R'000 | STI R'000 | Value of FY21 LTI R'000 | Total R'000 |
|---|---|---|---|---|
| Gavin Lucas | 3 200 | 3 529 | 6 940 | 13 669 |
| Steven Horton | 3 200 | 3 529 | 6 940 | 13 669 |
| Stephen Lucas | 3 200 | 3 529 | 6 940 | 13 669 |
| Total | 9 600 | 10 587 | 20 820 | 41 007 |

The share price at the vesting date was R13.13.

## SHORT-TERM INCENTIVE

STI awards are conditional upon meeting set performance objectives and targets (financial and strategic) as approved by the board. The performance conditions for FY24 and the outcomes are set out below:

### FINANCIAL PERFORMANCE CONDITIONS AND OUTCOMES (70% WEIGHTING)

| Measure | Weighting | Threshold (75% payout) | Target (100% payout) | Stretch (150% payout) | Actual performance | Performance factor | Result |
|---|---|---|---|---|---|---|---|
| Financial measures | | | | | | | |
| 1. Distribution growth per share | 25.0% | 95.0% of target | 118 cents | 105% of target | 118.17 cents | 101.4% | 25.4% |
| 2. Same-store net operating income growth | 25.0% | 6.0% | 7.5% | 9.0% | 7.9% | 111.9% | 28.0% |
| 3. Total return to equal or exceed internal benchmark | 20.0% | 10.0% | 11.5% | 13.0% | 13.0% | 150.0% | 30.0% |
| 4. Loan-to-value ratio | 10.0% | 35 – 40% | 30 – 35% | < 30.0% | 31.4% | 100.0% | 10.0% |
| 5. Group bad debt ratio | 7.5% | 1.00% | 0.75% | 0.50% | 0.59% | 118.0% | 8.9% |
| Non-financial measures | | | | | | | |
| 6. Number of portfolio management and expansion opportunities | 7.5% | 2 properties | 4 properties | 6 properties | 6 properties | 150% | 11.3% |
| 7. Renewable energy increase in installed capacity (MWp) | 5.0% | 15% | 20% | 25% | 41% | 150% | 7.5% |
| Total | 100.0% | | | | | | 120.9% |
| Final outcome (Result x 70% weighting) | | | | | | | 84.7% |

## STRATEGIC OBJECTIVES AND OUTCOMES (30% WEIGHTING)

| Strategic objective | KPIs | Weighting | Result |
|---|---|---|---|
| Implementing the Group's operations strategy including the development and execution of the digital and technology strategy | Improve the performance of our staff through learning and development, engagement and upskilling to drive increased profitability<br>Implement the digital strategy to increase enquiries, enhance the customer experience, and achieve economies of scale in our marketing spend<br>Integrate technology solutions in operations processes and further the digitalisation of the business<br>Occupancy and rental rate growth; management of arrears; improving expense ratios/cost control | 25% | 25% |

Assessment

Year-on-year occupancy in our owned portfolio of 80 properties grew by 10 700 m² (an increase of 8 700 m² and 2 000 m² in SA and the UK respectively). In SA, same-store occupancy increased by 7 500 m². The closing rental rate was up 9.0% and 4.5% year-on-year in SA and the UK respectively. Cost ratios remained constant at c.39%. Bad debt as a percentage of rental income as 0.59%.

Designed and delivered 65 new online courses on Edu-Space (online training platform) in FY24 = 3 200+ hours of online training completed by staff.

Edu-Space highlights: 3 000+ successfully completed modules; 93%+ pass rate achieved.

Face-to-face training highlights: 70+ courses delivered; 180+ employees received in-person training; 4.8 average employee rating out of 5 for our in-person learning courses.

Study support programme – assists employees with career development at accredited institutions. Financially supported nine staff members in 2023, with a further eight study bursaries awarded for the 2024 academic year.

We continue to innovate and improve the customer experience by continuously reviewing and refining our digital and in-store customer touchpoints. This has created a cohesive brand experience for our customers, cemented loyalty and increased sales.

Leveraged technology and used data analytics, AI and automation tools to optimise pricing strategies and marketing campaigns. The ongoing advancement of online and mobile platforms has transformed the way we connect with our customers, offering a broad and growing base of digital channels to source new leads. Our digital enquiry skillset provides a key competitive advantage in capturing and converting demand.

Ongoing management and optimisation of our online platforms maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK in FY24. We continued to tailor our messaging to specific platform audiences to improve engagement and conversion opportunities. This relevancy-based and targeted strategy enabled us to continue creating bespoke advertising media (both static and rich media) that directed users to customised landing pages. The messaging in each of these adverts was curated to be relevant to targeted audiences (in different life stages) that typically drive demand for self storage.

We updated our interactive and responsive websites taking careful consideration of the ever-shifting customer journey. This enabled ongoing traction and encouraged web prospects to enter into our digital sales funnels and be converted into a sale. Key to understanding the user journey was our interpretation of Google Analytics and Google Ads data overlayed with our understanding of the self storage market.

Improvements to our web platforms in FY24 included the ongoing refinements to the user experience in both markets, as well as additional security enhancements and continued deeper integration of our South African and UK platforms. Our websites are designed to be simple and uncluttered so that they are easy to navigate, especially for the significant proportion of visitors that originate from mobile devices.

Our e-commerce platform comprises an online reservation system, live customer engagement and a real-time pricing module. This enabled online customers to transition from getting a quote to moving in seamlessly, enhancing their experience, reducing move-in time and improving productivity. Our revenue management tool is fully integrated into our operating system to further streamline our pricing management process. It uses multiple signal modelling, which assisted us in making pricing adjustments as required.

Our ongoing commitment to improving customer communication drove enquiry generation and sales conversion. Cloud-based customer service software enabled a single centralised customer communication platform that incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat.

The significant majority of new customers in South Africa and a large portion in the UK continued to be onboarded digitally (e-leasing and e-signing), resulting in improved productivity across the business, as well as an enhanced customer experience.

Social media remained a key advertising, consumer engagement and CRM medium for the Group. We continued to be active on Facebook, Instagram, Twitter, TikTok, LinkedIn and YouTube. The Stor-Age Facebook page ranks as one of the most followed self storage businesses in the world. Through specific call-to-action buttons, we engaged with our customers in real time. Constant testing and access to resources via our Meta accredited partnership status, allowed for enhanced performance on Facebook and Instagram, resulting in improved enquiry generation. We also continued to use LinkedIn to increase enquiry generation from our growing commercial customer segment, and to attract talent for the business.

We continued to digitalise existing processes throughout the business, using the built-in tools and capability of the Microsoft Azure Cloud platform, thus ensuring that we continue to operate in an increasingly low-code environment.

| Strategic objective | KPIs | Weighting | Result |
|---|---|---|---|
| Display leadership behaviour in accordance with the Company's Core Values | Ensure fully committed and motivated team<br>Maintain minimal staff turnover<br>Adherence to Company's Core Values<br>Adherence to risk management framework<br>Promote core principles of fairness, accountability, responsibility and transparency | 25% | 25% |

Assessment

Examples of leadership behaviour include:

- Encouraging and supporting employees to adopt sustainable practices both at work and in their personal lives;
- Remaining informed about industry trends and emerging technologies to ensure that Stor-Age remains relevant and competitive;
- Promoting ongoing learning and professional development among employees;
- Embracing innovation and fostering a culture of creativity and forward-thinking; and
- Spend significant time at the properties and remain accessible to all employees.

Our L&D and training programme continued to include targeted groups of executives, senior, middle and junior managers, with a focus on staff development, retention and future roles within the business.

Forming part of our skills development and succession planning strategy, a range of in-person workshops were also held throughout the year. These included annual and half-year workshops to foster and support improved planning and alignment by the executives and senior management teams, as well as multi-day workshops for senior operations staff, management development workshops for middle managers at the head office, and also train-the-trainer workshops to bring through the next generation of operations trainers.

Our year-end review in both South Africa and the UK presents opportunities to learn from peers in the business and develop and enhance our business culture. In 2024 we held our second in-person event in South Africa following the virtual events held in 2021 and 2022 as a result of the COVID-19 pandemic. In December 2023, we held our first-ever such event in the UK. These events were a great success, where we brought together all employees in each respective market in engaging, informative and interactive sessions and they remain a key contributor to the ethos and personality of the business.

The highlight of these events were the national staff awards, where we recognised those staff who had outperformed, achieved excellent results, shown the most promise or demonstrated significant improvement. Special awards were also made to those staff who had demonstrated through their actions, that they were worthy of receiving a prestigious Core Values Award, representing one of the four Core Values, being – Excellence, Sustainability, Relevance and Integrity.

Employee wellness initiatives –

- Focus on encouraging our employees to practice and improve their habits to attain better physical and mental health. As part of this initiative, we facilitated an annual wellness day in South Africa that includes a Company funded health assessment that encourages staff to check their key indicators. We also facilitated numerous Company events that contribute towards building an interactive team environment.
- In South Africa we continued to provide fully funded life, disability and funeral assistance cover through an insurance policy to all our store-based employees and select skilled technical staff. Our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) continue to grow in participation. During the year we also introduced the Momentum Health4Me insurance product (targeted at generic day-to-day cover) for our staff to participate in.
- In the UK we provide a Group Life Assurance benefit to all staff equal to four times their basic annual salary.

Our FY24 annual anonymous employee survey provided a platform for our staff to voice their opinions by responding to key questions on how their job aligns with the Stor-Age Vision and Mission, remuneration and work life balance. Feedback obtained assisted us in continuing to strive to create a positive workplace environment and to ensure that our employees' days are more productive and rewarding. Highlights from our FY24 survey include – 93% of our staff are proud to be a part of the Stor-Age team, our FY24 Net Promoter Score, a measure of employee satisfaction and loyalty, was 10, and 47% of our workforce (SA) has worked for Stor-Age for five years or more, demonstrating healthy retention and a wealth of self storage experience.

| Strategic objective | KPIs | Weighting | Result |
|---|---|---|---|
| Implementing international expansion strategy in accordance with the five-year strategic plan | Growth in UK property portfolio<br>Implementation of Management 1st and Digital First strategy<br>Develop existing and new JV relationships | 25% | 25% |

**Assessment**

Completed new developments in Bath, Heathrow, West Bromwich and Canterbury in the Moorfield JV.

Acquired the four-property Easistore portfolio in a JV with Nuveen, as well as acquired a property in Leyton for development.

Entered into a management agreement with a private investor, to manage their recently completed property in Bayswater (London, zone 1).

Number of Digital First clients increased from 23 (representing 96 properties), to 29 (126 properties).

| Strategic objective | KPIs | Weighting | Result |
|---|---|---|---|
| Improve the Group's ESG initiatives in order to deliver real value to all our stakeholders | Deliver on the Group's transformation strategy<br>Invest in renewable energy and pursue initiatives to reduce carbon intensity<br>Support charities and NPOs and be active in less fortunate and underprivileged communities<br>Align sustainability reporting with appropriate frameworks | 25% | 25% |

**Assessment**

Stor-Age remains a B-BBEE compliant business (Level 5 contributor status in FY23 and FY24 under audit at the time the STI was approved)[1], with 44.65% black ownership reflected on our share register at the time of conducting our 2023 empowerment scorecard review[2].

We continued to partner with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds. In 2023, 11 candidates successfully completed the SDC Business Administration Services learnership programme. In 2024, we are supporting a further 12 learners. This partnership provides Stor-Age with a sustainable means of supporting economic transformation in South Africa at a local level.

With a view to preparing staff for junior and middle management and leadership roles in the future, seven employees in South Africa started a management learnership programme with the SpecCon Group in 2023. In 2024 we enrolled an additional six staff in a Contact Centre (NQF 2) learnership over 12-months with SpecCon, with the aim of enhancing existing customer service skills.

We continue to recognise the importance of being an active member of our local communities, and we encourage employees at the property level to develop close links with charities, schools, sports clubs and local interest groups. Our support typically includes providing complimentary storage space, with additional support provided to certain projects in the form of:

- Leveraging our digital marketing platform to promote local businesses and NPOs
- Generating exposure via branding on Company vans and billboards
- Vehicles and the use of our properties as drop-off/collection points
- Financial contributions

Charities and NPOs supported:

We continued to provide complimentary self storage space to a number of charities and NPOs. This year, these included the Santa Shoebox Foundation, South African Red Cross, JAG Foundation, Gary Kirsten Foundation, JOG Trust, Helping Hands SA and The Ed Bham Foundation.

In FY24 we provided 32 complimentary self storage units, representing approximately 480m² per month and equating to R600 000+ in rental value under our "community investment" programme. Through our social media platforms and positive brand association/endorsement, we also continued to assist further by creating heightened awareness about these organisations, encouraging additional support from the public and local business sector.

With a strong focus on environmental sustainability, we continued to strive to minimise our environmental footprint through the implementation of energy-efficient technologies, renewable energy, water and waste management initiatives. We also actively engaged with the communities in which we operate, assisting local organisations in need. Our commitment to good corporate governance continued to ensure transparency, integrity and ethical behaviour in all aspects of our operations.

*1. On 31 July 2024 the Company was confirmed as a Level 4 Contributor to B-BBEE.*
*2. On 31 July 2024 the Company received its Broad-Based Black Economic Empowerment Verification Certificate showing exercisable voting rights in the entity in the hands of Black people as 68.24%.*

| Strategic objective | KPIs | Weighting | Result |
|---|---|---|---|

**Assessment** (continued)

We continued to address sustainable practices in both markets in the areas of energy efficiency, renewable energy generation, reducing $CO_2$ emissions, rainwater harvesting, storm water management, waste water management, fuel consumption and conservation. We continued to monitor electricity and water usage across the portfolio and continued to successfully reduce our carbon footprint. Further details are set out in the integrated report.

We continued to see the trend of reduced electricity consumption across the portfolio with improved contribution of solar PV installations, improved staff behaviour, and various additional energy reduction initiatives.

PV systems:

- To date Stor-Age has invested approximately R64 million in renewable energy (FY23 R22 million).
- The total number of properties with solar capacity is now 57 (2023: 36), representing c. 58% of the portfolio, and an increase of 21 additional properties.
- Total solar power generated to date is now 6.0 million kWh (2023: 4.3m kWh), rendering electricity consumption savings broadly in line with forecasts.
- We have identified an additional 17 properties to be fitted with such systems in FY25.

We successfully installed battery energy storage systems (BESS) at additional properties during FY24, taking the total number of properties with these installations to 20. We plan to install BESS alongside any new solar PV installation and to retrofit all existing solar PV stores with these systems over the three-year period FY24 to FY26.

We remain committed to developing a net zero carbon pathway. This involves setting science-based targets using the Science-Based Targets initiative (SBTi) methodology. The SBTi methodology follows a process of setting a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions and drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. SBTi defines and promotes best practice in emissions reductions and net zero targets in accordance with climate science.

During FY22, the Company entered into a 7-year Sustainability-Linked Loan (SLL) with Aviva, aligned with their Real Estate Debt Sustainable Transition Loan Framework, which sets key sustainability targets such as energy efficiency and green initiatives, including on-site renewables. Since finalising the SLL with Aviva, Stor-Age has made good progress in achieving the environmental KPIs. This includes the installation of solar PV at selected properties to achieve our reduction targets. During the year, the assets linked to the loan security achieved an aggregate 75.66% total carbon reduction from the measured baseline.

In FY24, four properties in our Moorfield JV which are included in a separate SLL facility with Aviva achieved an average carbon reduction of 75% – 100% against the FY22 baseline. This decrease resulted in a loan margin reduction of 5bps.

The Moorfield JV also obtained a green loan from HSBC to finance the development of five properties (including the current Acton property). The facility recognises the level of energy efficiency and BREEAM[1] ranking of the assets. The BREEAM third-party certified standards set out to improve the asset performance at every stage, from design and construction to use and refurbishment.

Similar Green Loan terms with HSBC for the Leyton development in the Nuveen JV have been agreed.

*1. Building Research Establishment Environmental Assessment Method.*

SA carbon footprint:

During the period we concluded a Carbon Footprint Report, completed by an independent third-party sustainability consultant.

The report summarises the outcomes of the Greenhouse Gas (GHG) emission inventory for our portfolio for the FY24 period. Since the start of FY18, a total of 3 836 tonnes of $CO_2$ equivalent emissions have been avoided through the consumption of on-site solar PV renewable electricity at our South African properties. We generated and consumed more than 1.3 million kWh of renewable electricity at our properties during FY24.

Across the portfolio, renewable electricity use in FY24 resulted in 1 394 $tCO_2e$[1] (FY23: 1 094 $tCO_2e$) of avoided greenhouse gas emissions, which would otherwise have been reported as part of our Scope 2 carbon footprint for the reporting period. Through the use of renewable electricity, the Company achieved a 19% reduction (FY23:19%) in its Scope 1, 2 and 3 carbon footprint.

*1. $tCO_2e$ – tonnes (t) of carbon dioxide ($CO^2$) equivalent (e).*

| | |
|---|---|
| Total | 100.0% |
| Final outcome (Result x 30% weighting) | 30.0% |

STI OUTCOME

The performance outcome under the STI scheme for FY24 is set out below:

| | TGP R'000 | Financial outcome | Strategic outcome | Total outcome | Total STI R'000 |
|---|---|---|---|---|---|
| **Executive** | | | | | |
| Gavin Lucas | 3 392 | 84.7% | 30.0% | 114.7% | 3 889 |
| Stephen Lucas | 3 392 | 84.7% | 30.0% | 114.7% | 3 889 |
| Steven Horton | 3 392 | 84.7% | 30.0% | 114.7% | 3 889 |

## LONG-TERM INCENTIVE

The three-year performance period for the awards granted in FY22 ended on 31 March 2024. The awards will vest on or after 15 September 2024 subject to the employment condition. The outcomes are set out in the table below.

FINANCIAL PERFORMANCE CONDITIONS AND OUTCOMES (75% WEIGHTING)

| | | Hurdle level | | | | |
|---|---|---|---|---|---|---|
| Performance condition | Weight | Threshold (50% vesting) | Target (100% vesting) | Stretch (150% vesting) | Actual performance | Vesting of performance shares |
| Total return (TR) to exceed WACC | 20.0% | Equal to WACC | 10% out-performance | 20% out-performance | TR = 15.8% (> 20% out-performance) | 30.0% |
| Total return to be equal to, or exceed, a specified internal benchmark | 20.0% | 10.0% | 11.5% | 13.0% | 15.8% | 30.0% |
| Same store net operating income growth over three years (CAGR) | 20.0% | 5.0% | 6.5% | 8.0% | 11.7% | 30.0% |
| Loan-to-value ratio | 15.0% | 35% – 40% | 30% – 35% | Less than 30% | 29.4% | 22.5% |
| | 75.0% | | | | | 112.5% |

ESG PERFORMANCE CONDITIONS AND OUTCOMES (10% WEIGHTING)

| | | Hurdle level | | | | |
|---|---|---|---|---|---|---|
| Performance condition | Weight | Threshold (50% vesting) | Target (100% vesting) | Stretch (150% vesting) | Actual performance | Vesting of performance shares |
| B-BBEE rating improvement | 5.0% | Maintain compliant status | Improve rating by one level per year | Attain B-BBEE level 4 status | Level 5 (target achieved) | 5.0% |
| New solar projects completed | 5.0% | Complete nine new solar PV projects over a three-year period | Complete 12 new solar PV projects over a three-year period | Complete 15 new solar PV projects over a three-year period | 15+ | 7.5% |
| | 10.0% | | | | | 12.5% |

NON-FINANCIAL PERFORMANCE CONDITIONS AND OUTCOMES (15% WEIGHTING)

| Performance condition | Weight | Rating |
|---|---|---|
| Measures set out below (maximum score of 150%) | 15.0% | 22.5% |
| **Total performance factor (financial outcomes + ESG outcomes + non-financial outcomes)** | | **147.5%** |

The table below sets out the non-financial performance measures and the committee's assessment of the performance of the executive directors.

| | Result |
|---|---|
| **1.** *Determining strategy and providing strategic guidance throughout the Group in accordance with the Company's five-year strategic plan*<br>The committee is satisfied that the executive directors successfully executed the Group's strategy over the performance period:<br>• The Group achieved its core objective to deliver real and sustainable growth to shareholders driven by occupancy and revenue growth, acquisitions and new developments, and leveraging the economies of scale that its market-leading operating platform provides.<br>• The Group's strategy was implemented in a disciplined manner in line with a clearly defined vision.<br>• The executive directors continuously provide strategic guidance in all key functional areas and take full responsibility for challenges and opportunities that may arise.<br>• Ranked 30th out of the top 100 in the inaugural FT annual ranking of Africa's Fastest Growing Companies in June 2022.<br>• Further detail of the execution of Stor-Age's strategy is set out in the integrated report. | 25% |
| **2.** *Implementing international expansion strategy in accordance with the five-year strategic plan*<br>Increase in UK investment property from £142.7 million at March 2021 to £470.9 million at March 2024.<br>Completed 4 new developments with Moorfield. Entered into a new JV with Nuveen for the Easistore acquisition (4 properties) and a new development in Leyton.<br>Significant growth in Digital First – 29 independent operators comprising 126 properties have contracted for this service. | 25% |
| **3.** *Identifying suitable investment and development opportunities and executing in accordance with the property strategy*<br>Successfully identified, negotiated and executed 16 acquisitions (SA – 3; UK – 13), completed 11 new developments (SA – 7; UK – 4), four properties under construction (SA – 2; UK – 2).<br>Conducted extensive due diligence on all acquisition and development transactions.<br>Achieved pre-defined acquisition and development targets in accordance with property strategy. | 25% |

| | | Result |
|---|---|---|
| **4.** | *Implementing the Group's operations strategy including the development and execution of the digital and technology strategy*<br>Strong operating performance as reflected in net property operating income growth over the three-year performance period despite challenging macro conditions with consistent growth in occupancy and rental rates.<br>Significant majority of new customers in South Africa and the UK are onboarded digitally (e-leasing and e-signing), resulting in improved productivity and an enhanced customer experience.<br>The Stor-Hub (bespoke CRM) platform was enhanced to integrate directly with the tenant management system (TMS) in operation in the UK, over and above the in-place TMS in operation in South Africa.<br>FY24 learning and development highlights – designed and delivered 65 new online courses on Edu-Space (online training platform); 3 200+ hours of online training completed by staff. Edu-Space highlights: 3 000+ successfully completed modules; 93%+ pass rate achieved. 70+ courses delivered; 180+ employees received in-person training; 4.8 average employee rating out of 5 for our in-person learning courses.<br>Leveraged technology and used data analytics, AI and automation tools to optimise pricing strategies and marketing campaigns. The ongoing advancement of online and mobile platforms has transformed the way we connect with our customers, offering a broad and growing base of digital channels to source new leads. Our digital enquiry skillset provides a key competitive advantage in capturing and converting demand.<br>Ongoing management and optimisation of our online platforms maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK.<br>We updated our interactive and responsive websites taking careful consideration of the ever-shifting customer journey. This enabled ongoing traction and encouraged web prospects to enter into our digital sales funnels and be converted into a sale. Key to understanding the user journey was our interpretation of Google Analytics and Google Ads data overlayed with our understanding of the self storage market. The addition of user journey recording and heatmapping during the year assisted us in analysing and improving our online sales funnel. This unlocked cost efficiencies and assisted in improving our lead generation.<br>Improvements to our web platforms included the ongoing refinements to the user experience in both markets, as well as additional security enhancements and continued deeper integration of our South African and UK platforms. Our websites are designed to be simple and uncluttered so that they are easy to navigate, especially for the significant proportion of visitors that originate from mobile devices.<br>Our e-commerce platform comprises an online reservation system, live customer engagement and a real-time pricing module. This enabled online customers to transition from getting a quote to moving in seamlessly, enhancing their experience, reducing move-in time and improving productivity. Our revenue management tool is fully integrated into our operating system to further streamline our pricing management process. It uses multiple signal modelling, which assisted us in making pricing adjustments as required.<br>Ongoing commitment to improving customer communication increased enquiry generation and sales conversion. Cloud-based customer service software enabled a single centralised customer communication platform that incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat.<br>Social media remained a key advertising, consumer engagement and CRM medium for the Group. We continued to be active on Facebook, Instagram, Twitter, TikTok, LinkedIn and YouTube. The Stor-Age Facebook page ranks as one of the most followed self storage businesses in the world. Through specific call-to-action buttons, we engaged with our customers in real time. Constant testing and access to resources via our Meta accredited partnership status, allowed for enhanced performance on Facebook and Instagram, resulting in improved enquiry generation. We also continued to use LinkedIn to increase enquiry generation from our growing commercial customer segment, and to attract talent for the business.<br>We continued to digitalise existing processes throughout the business, using the built-in tools and capability of the Microsoft Azure Cloud platform, thus ensuring that we continue to operate in an increasingly low-code environment. | 25% |

| | | Result |
|---|---|---|
| **5.** | *Managing the Group's capital structure and resources in a responsible and effective manner to enhance shareholder return by deploying capital prudently and optimising cost of debt*<br>Prudently managed the balance sheet with conservative LTV levels and compliance with all debt covenants.<br>Executed R575m oversubscribed capital raise in FY22.<br>Capital allocation decisions are made carefully after due consideration of risks and shareholder returns.<br>Finalised the GBP debt restructuring in December 2021 with UK lenders at a competitive cost of capital which provides capacity to support growth in the UK, diversifies the funding sources across a number of lenders, and provides for greater flexibility in the use of the facilities.<br>Maintained an effective interest rate hedging policy with 75%+ of borrowings hedged on a net debt basis.<br>Executed an effective currency hedging policy for GBP earnings at favourable rates and reduced the use of cross currency interest rate swaps.<br>Initiated the DMTN programme in FY24 with a successful placing in April 2024. | 25% |
| **6.** | *Displaying leadership behaviour in accordance with the Company's Core Values*<br>Senior management spends significant time at the properties and is accessible to all employees.<br>Implemented employee wellness initiatives to encourage employees to practice and improve their habits to attain better physical and mental health. We also facilitated numerous Company events that contribute towards building an interactive team environment.<br>Encouraged and supported employees to adopt sustainable practices both at work and in their personal lives.<br>Stayed informed about industry trends and emerging technologies to ensure that Stor-Age remains relevant and competitive.<br>Encouraged and supported ongoing learning and professional development among employees.<br>Embraced innovation and fostered a culture of creativity and forward-thinking.<br>Our L&D and training programme continued to include targeted groups of executives, senior, middle and junior managers, with a focus on staff development, retention and future roles within the business.<br>Forming part of our skills development and succession planning strategy, a range of in-person workshops were also held throughout the year. These included annual and half-year workshops to foster and support improved planning and alignment by the executives and senior management teams, as well as multi-day workshops for senior operations staff, management development workshops for middle managers at the head office, and also train-the-trainer workshops to bring through the next generation of operations trainers.<br>Anonymous employee surveys provide a platform for our staff to voice their opinions by responding to key questions on how their job aligns with the Stor-Age Vision and Mission, remuneration and work life balance. Feedback obtained assisted us in continuing to strive to create a positive workplace environment and to ensure that our employees' days are more productive and rewarding. Highlights from our FY24 survey include – 93% of our staff are proud to be a part of the Stor-Age team, our FY24 Net Promoter Score, a measure of employee satisfaction and loyalty, was 10, and 47% of our workforce (SA) has worked for Stor-Age for five years or more, demonstrating healthy retention and a wealth of self storage experience.<br>We recognise the importance of being an active member of our local communities, and we encourage employees at the property level to develop close links with charities, schools, sports clubs and local interest groups. Our support typically includes providing complimentary storage space, with additional support provided to certain projects in the form of:<br>• Leveraging our digital marketing platform to promote local businesses and NPOs<br>• Generating exposure via branding on Company vans and billboards<br>• Vehicles and the use of our properties as drop-off/collection points<br>• Financial contributions<br>• Provide complimentary self storage space to a number of charities and NPOs | 25% |
| | **Total** | **150%** |

### VESTING OF LTI AWARD

For the purposes of the single-figure remuneration table set out on page 91, the estimated value of the FY22 LTI awards for the executive directors (in respect of the performance period ending 31 March 2024), are set out below. The awards will vest on or after 1 September 2024 subject to the employment condition.

| | Number of shares | Performance factor | Performance adjusted number of shares | Share price* | Value of shares included in single figure table (R'000) |
|---|---|---|---|---|---|
| Director | | | | | |
| Gavin Lucas | 381 388 | 147.5% | 562 547 | 13.35 | 7 510 |
| Stephen Lucas | 381 388 | 147.5% | 562 547 | 13.35 | 7 510 |
| Steven Horton | 381 388 | 147.5% | 562 547 | 13.35 | 7 510 |

** For the purposes of the single figure table, an estimate of R13.43 per share was used at the date of vesting to determine the value of the awards.*

Details of the unvested awards made to the executive directors (excluding the FY22 awards) are set out below:

### GAVIN LUCAS

| Date of award | Vesting date | On-target grant (number of shares) | Indicative value R'000 | Performance period |
|---|---|---|---|---|
| 15 Mar 23 | 1 Sep 25 | 381 388 | 5 092 | 3-years ending 31 March 2025 |
| 19 Mar 24 | 1 Sep 26 | 400 000 | 5 340 | 3-years ending 31 March 2026 |

### STEPHEN LUCAS

| Date of award | Vesting date | On-target grant (number of shares) | Indicative value R'000 | Performance period |
|---|---|---|---|---|
| 15 Mar 23 | 1 Sep 25 | 381 388 | 5 092 | 3-years ending 31 March 2025 |
| 19 Mar 24 | 1 Sep 26 | 400 000 | 5 340 | 3-years ending 31 March 2026 |

### STEVEN HORTON

| Date of award | Vesting date | On-target grant (number of shares) | Indicative value R'000 | Performance period |
|---|---|---|---|---|
| 15 Mar 23 | 1 Sep 25 | 381 388 | 5 092 | 3-years ending 31 March 2025 |
| 19 Mar 24 | 1 Sep 26 | 400 000 | 5 340 | 3-years ending 31 March 2026 |

Indicative value is based on a share price of R13.35 applied to on-target number of share awards.

## NON-EXECUTIVE DIRECTOR REMUNERATION

The table below sets out the remuneration paid to non-executive directors:

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| GA Blackshaw | 840 | 800 |
| JAL Chapman | 441 | 420 |
| KM de Kock | 583 | 555 |
| AC Menigo | 441 | 80 |
| P Mbikwana[1] | 546 | 520 |
| MPR Morojele | 546 | 520 |
| A Varachhia | 504 | 480 |
| **Total** | 3 901 | 3 375 |

[1] *Resigned on 31 March 2024.*

The remuneration to be paid to the non-executive directors for the year ending 31 March 2024 to be approved by shareholders at the forthcoming AGM is set out on page 97 of this report.

"This report was approved by the remuneration committee and the board. Both are satisfied that there were no material deviations from the existing remuneration policy during the 2024 financial year."

# SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee acts on behalf of the board in discharging its responsibilities where social and ethical matters of the Group are concerned. The committee monitors whether the Group complies with legal requirements and global best practice in terms of its impact on the economy, the workplace, the social and natural environment.

The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 72 and attendance at meetings is shown on page 73.

## FOCUS AREAS OF THE COMMITTEE DURING THE YEAR

Stor-Age is committed to creating a real impact by implementing sustainable business transformation and employment plans. The committee's main areas of focus during the year were the continued implementation of the Group's transformation plan and the ongoing execution of the ESG strategy and reporting framework.

## TRANSFORMATION PLAN

Stor-Age views transformation as a strategic business imperative and the plan outlines key milestones to drive transformation in the business.

The main objectives of the plan include:

- Addressing the priority elements of the Property Sector Code, while implementing sustainable business transformation and employment diversification
- Ensuring the benefits of equity ownership and participation in management control are extended to previously disadvantaged groups
- Fostering an enabling environment within the Group, which encourages and embraces diversity
- Developing a skilled and motivated workforce whose profile is representative of South Africa's demographics
- Creating meaningful job opportunities and assisting with the development of skills in the communities in which we operate
- Contributing meaningfully to enterprise and supplier development

Consistent with the Company's transformation strategy, Stor-Age remains focused on maintaining and improving its Level 4 B-BBEE compliance status.

## ESG STRATEGY AND IMPLEMENTATION

Stor-Age is committed to social and economic development initiatives and uses its resources (operational, marketing and core self storage product) to contribute to socio-economic development projects that benefit previously disadvantaged groups, charities, communities and individuals, and further promote transformation and development.

The Group builds sustainability into its investment strategy through the ESG strategy and framework, which aligns our Vision and Core Values with relevant UN SDGs and takes guidance from the TCFD. The strategy and framework enable careful consideration of, and the ongoing monitoring of our impact on the economy, the workplace, the social environment and the natural environment.

Stor-Age's properties act as business incubators for many, assisting local businesses to grow, creating jobs and increasing their contribution to local economies. A recent customer survey indicated that business customers have on average created more than eight jobs[1] since starting to store with the Company. When considering that we had over 8 800 commercial tenants at year end, Stor-Age's indirect positive contribution to sustainable job creation in South Africa is significant.

The Stor-Age Business Hub initiative helps commercial customers and charitable organisations to promote their products or services to local markets. Many of these commercial customers are SMMEs, which are critically important for South Africa's economy as they promote sustainable job creation and economic development. More information on the Business Hub is available on page 66.

During the year the committee also oversaw excellent progress on the Group's efforts to promote environmental and social sustainability, while also overseeing the continued enhancement of corporate governance structures.

Highlights from the year included:

- Installing new solar PV technology at an additional 21 properties (SA: 9; UK: 12)
- Over 6.0 million kWh of renewable energy generated to date
- Supporting over 15 NPOs by sponsoring on average more than 480 $m^2$ of space per month, representing in excess of R600 000 (of rental value) for the period of community investment
- Partnering with the Gift of the Givers Foundation in their community upliftment initiatives
- In support of local economic transformation, for the third year in a row the Group sponsored a 12-month learnership programme for 12 previously disadvantaged learners in January 2023, with a fourth group of learners commencing in January 2024. The learnership programme assists youth with becoming qualified in areas that fall within the ambit of scarce and critical skills of South Africa

[1] *Commercial tenants were asked how many direct jobs their business had created since they began storing with Stor-Age.*


During the year, the Company also concluded its second annual Carbon Footprint Report, which was completed by an independent sustainability consultant. The results of the report show that more than 3 769 $tCO_2e$ (tonnes of carbon dioxide equivalent) of greenhouse gas emissions have been avoided as a result of the Company's renewable electricity infrastructure and various other sustainability initiatives. Read more about the Carbon Footprint Report on page 64 and more about our broader ESG strategy from page 109.

## TERMS OF REFERENCE

The committee's duties and responsibilities are set out in a formal terms of reference, which the committee and the board of directors approved. The main duties of the committee include:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Customer relationships
- Labour and employment

The committee is further tasked with:

- Reviewing the adequacy and effectiveness of the Company's engagement and interaction with its stakeholders
- Considering substantive national and international regulatory developments as well as best practice in social and ethics management
- Monitoring the Company's corporate social investment activities
- Determining clearly articulated ethical standards and ensuring that the Company takes measures to adhere to these in all aspects of the business, thus achieving a sustainable corporate culture

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

Phakama Mbikwana, the former Chair of the Social and Ethics Committee, resigned from the board effective 31 March 2024. John Chapman, an independent non-executive director, joined the committee on 4 April 2024.

**Graham Blackshaw**
Social and ethics committee Chair
31 July 2024

# INVESTMENT COMMITTEE REPORT

## KEY FUNCTIONS AND RESPONSIBILITIES

The investment committee comprises two executive directors and five non-executive directors. Its primary purpose is to evaluate and, if appropriate, approve potential acquisitions or disposals identified by the executive team.

The committee meets on an ad hoc basis to review investment proposals relating to acquisitions, disposals, new developments and/or substantial redevelopments, while advising on aligning such opportunities to the Group's five-year growth strategy. The authority limit of the committee is for transactions up to and including the lesser of R350.0 million or 5% of market capitalisation.

The committee makes recommendations to the board regarding proposed transactions that exceed its level of authority.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

Graham Blackshaw
Investment committee Chair
31 July 2024


# NOMINATIONS COMMITTEE REPORT

During the year, in line with the increasing maturity of the business and aligned to the Company's commitment to continuously strengthen corporate governance structures, the board established and constituted a nominations committee.

The nominations committee, with duly approved and independent terms of reference, assists the board with ensuring that its composition will continue to remain appropriate, that directors continue to be formally nominated and appointed, and that the induction, training and development of directors continues to take place in a structured manner.

The formalisation of this committee enhances the sustainability of the board and supports it's ongoing effectiveness as the business continues to grow and mature.

## KEY FUNCTIONS AND RESPONSIBILITIES

The purpose of the nominations committee is to ensure that the composition and structure of the board, its committees and the executives are appropriate and perform optimally to support the business and its stakeholders.

It is responsible for ensuring that the board's composition aligns with the recommendations of King IV, which advocates for a mix of executive, non-executive and independent directors. The committee is also responsible for selecting the best candidates for each seat on the board.

While guided by the chairman of the board, the committee will ensure that board members lead ethically and are committed to good corporate citizenship, aligning with the principles of King IV and promoting sustainable value creation.

## FOCUS AREAS OF THE COMMITTEE

Since inception in February 2024, the committee has held one formal meeting and overseen the following areas:

- The development and adoption of duly approved and independent terms of reference
- Assumed responsibility for the board's composition by approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence
- Ensured that the board has an appropriate composition to execute its duties effectively
- Oversaw the appointment of Akua Koranteng, an independent non-executive director, to the board on 15 May 2024

The members of the committee are:

- Mntungwa Morojele (chair)
- Graham Blackshaw
- Kelly de Kock

The board comprises ten directors, of which seven are non-executive and three are executive directors. With a diverse range of qualifications and experience, the board members each contribute meaningfully to the Group.

The committee is satisfied that the board is made up of individuals with the right experience, skillset, knowledge and independence to effectively fulfil its role and responsibilities. Ultimately this composition promotes better decision-making and effective governance.

Mntungwa Morojele
Nominations committee Chair
31 July 2024

# ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2024

# CONTENTS

The reports and statements set out below comprise the financial statements presented to the shareholders:



The following supplementary information does not form part of the financial statements and is unaudited:



These financial statements have been audited in compliance with the applicable requirements of the Companies Act of 71 of 2008 of South Africa.


**Supervised by**
Stephen Lucas (CA)SA

**Published**
18 June 2024

**Corporate information**
Registration number: 2015/168454/06
ISIN: ZAE000208963
Share code: SSS
Alpha code: SSSI

# DIRECTORS' RESPONSIBILITY STATEMENT
## for the year ended 31 March 2024

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 2024, 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 IFRS Accounting Standards ("Accounting Standards") adopted by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, South African financial reporting requirements, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements.

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 for the next 12 months.

### 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 18 June 2024 and signed on their behalf by:

GA Blackshaw
Chairman

GM Lucas
Chief Executive Officer

### CEO and CFO responsibility statement

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 124 to 192 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementing and execution of controls;
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated any deficiencies; and
- We are not aware of any fraud involving directors.

SC Lucas
Chief Financial Officer

GM Lucas
Chief Executive Officer



# 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 such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

HH-O Steyn
Company Secretary

18 June 2024

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the "audit committee") take pleasure in presenting its report for the year ended 31 March 2024.

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 71 of 2008 of South Africa ("the Act"), 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:

| Name | Qualification |
|---|---|
| KM de Kock | CA(SA), CFA, MBA(UCT) |
| MPR Morojele | MBA (UCT), CA (Lesotho), MSA (Georgetown), BSC (Charlestown) |
| AC Menigo | CA(SA) |

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 2024. The outcome of the annual evaluation and confirmation of independence performed was satisfactory.

3. External auditor

The audit committee nominated BDO South Africa Inc. as external auditors for the current year, having satisfied itself that they are independent of the group.

The audit committee approved the terms of the auditor's 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 2024.

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

4. Significant matters

*Valuation of investment property*

The major risk relating to investment property is the valuation of investment properties. This has been highlighted as an area of critical judgement and is detailed in note 3 of the annual financial statements. 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 methodology and critical inputs. A number of non-executive directors have extensive experience in the property industry and the board as a whole approves the valuations. The group's policy is to externally value 50% of its SA income-producing properties at year end and the other 50% at the interim reporting date. In line with this policy, 27 of the 54 income-producing properties in the SA portfolio were externally valued at 31 March 2024 and the remaining properties were valued internally by the board using the same methodology applied by the external valuers. In the UK, all income-producing properties were externally valued at 31 March 2024.

The fair value of undeveloped land is determined by comparing land costs to comparable land parcels.

5. Internal audit

The audit committee has outsourced the internal audit function to an external assurance provider and has approved the internal audit charter defining its function, purpose, authority and responsibility.

The internal audit plan:

- is risk based and is approved by the audit committee
- is formulated considering key risk factors
- considers the evaluation of operational, financial and governance processes and controls
- is reviewed at each meeting of the audit committee

The committee is satisfied that:

- material risk areas were included
- the objectivity, independence and scope of the internal audit function is appropriate and effective

The findings of the internal audit function are reported to management and the audit committee through a formal reporting process.

6. Financial director

In terms of JSE Listings Requirements paragraph 3.84 (g)(i), the audit committee has considered the expertise and experience of the chief financial officer, Stephen Lucas CA(SA), and is satisfied that they are appropriate for his role. The committee is further satisfied regarding the effectiveness of the finance function and composition of the finance team.

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2023 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2024.

8. Internal financial controls

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

The audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. Discharge of responsibilities

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as governed in the board-approved terms of reference.

10. 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.

On behalf of the audit committee

KM de Kock CA(SA)
Audit and Risk Committee Chair

18 June 2024

# DIRECTORS' REPORT
for the year ended 31 March 2024

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of Stor-Age Property REIT Limited group and company for the year ended 31 March 2024.

1. 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). Stor-Age Property REIT Limited has its primary listing on the Johannesburg Stock Exchange (JSE) and a secondary listing on A2X Markets.

2. Financial results

   The financial results for the year ended 31 March 2024 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of IFRS Accounting Standards adopted by the IASB, the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices, South African reporting requirements, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements.

3. Stated capital

   The company's authorised stated capital consists of 1 000 000 000 ordinary shares of no par value. The issued stated capital at 31 March 2024 is 476 151 609 (2023: 474 610 430) ordinary shares of no par value. Refer to note 11 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

   All of the shares in issue rank for the dividends declared for the year ended 31 March 2024.

4. Dividend distribution

   A dividend of 61.36 cents per share was declared by the directors for the interim period ended 30 September 2023. A further dividend of 56.81 cents per share was declared for the six month period ended 31 March 2024. The dividend for the full year amounts to 118.17 cents per share (2023: 118.14 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.

5. Borrowings

   The group has maintained its debt levels below 60% of its gross asset value in accordance with the JSE requirements for REITs. The group is also subject to certain financial covenants with the strictest being a 45% loan-to-value covenant on its bank borrowings. The group's overall borrowings were R4.047 billion (2023: R3.550 billion) at the reporting date as detailed in note 13 to the consolidated annual financial statements

6. Interests in subsidiaries, associates and joint ventures

   Details of material interests in subsidiary companies, associates and joint ventures are presented in the consolidated financial statements in notes 6 and 7.

7. Directorate

   The directors in office at the date of this report are as follows:

| Directors | Office | Designation |
|---|---|---|
| GM Lucas | Chief Executive Officer | Executive |
| SC Lucas | Chief Financial Officer | Executive |
| SJ Horton | | Executive |
| GA Blackshaw | Chairman | Non-executive |
| JAL Chapman | | Non-executive Independent |
| KM de Kock | | Non-executive Independent |
| AA Koranteng | | Non-executive Independent |
| AC Menigo | | Non-executive Independent |
| MPR Morojele | | Non-executive Independent |
| A Varachhia | | Non-executive Independent |

   P Mbikwana resigned from the board with effect from 31 March 2024. AA Koranteng has been appointed with effect from 15 May 2024.

   In terms of the Memorandum of Incorporation, Messrs Chapman, Morojele and Varachhia are due to retire by rotation from the board at the forthcoming annual general meeting and, all being eligible, have offered themselves for re-election. Ms Koranteng will be proposed for election.

   Details regarding the directors' shareholding in the company and remuneration are set out in notes 27.3 and 27.4.

8. Subsequent events

   Information on material events that occurred after 31 March 2024 is included in note 30 to the financial statements.

9. Going concern

   The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act 71 of 2008 of South Africa 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 29.

10. Secretary

   The company secretary is Mr HH-O Steyn.

| | |
|---|---|
| Postal address: | PO Box 53154<br>Kenilworth<br>7745 |
| Business address: | 216 Main Road<br>Claremont<br>7708 |

# INDEPENDENT AUDITOR'S REPORT
To the Shareholder 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 124 to 192, which comprise the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited as at 31 March 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 judgement, 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Valuation of Investment Properties (Consolidated and Separate Financial Statements - Notes 3 and 25 to the consolidated and separate financial statements, and the critical accounting estimates, assumptions and judgements and investment property accounting policy contained in the significant accounting policies section of the consolidated and separate financial statements).<br><br>It is group policy that investment properties are recognised at their fair values. In South Africa, 50% of the portfolio is valued by independent external valuers at each reporting period (i.e. 31 March and 30 September), whilst the remaining 50% is valued by the board of directors. In the United Kingdom, 100% of the portfolio is valued externally by independent external valuers at the year-end reporting period.<br><br>The valuation of the group's and company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values. These include the capitalisation rates, discount rates, forecasted rentals, lease up period, property expenses, and the notional sale of the assets at the end of the 10th year of the discounted cash flow period used in the valuation model. Among other factors, the individual nature of the properties, their location and expected future rentals, also affect the valuation of the investment property. In addition, the board of directors apply assumptions for yields and estimated market rent to arrive at the final valuation.<br><br>The valuation of investment properties was considered to be a matter of most significance to the current year audit, due to the significance of the balances, the significance of the estimation uncertainty and the level of judgement involved. | The audit procedures we performed included, amongst others, the following:<br><br>• We assessed the design and tested the implementation of relevant controls over the valuations process;<br>• We assessed the competency, capabilities and objectivity of the board of directors' and management's external valuers ("management's experts"). This included inspecting professional qualifications and registrations and making an assessment of the objectivity and appropriateness of management's experts;<br>• We inspected the valuations reports for the properties valued by the board of directors, and management's expert in the current year, to assess whether the valuation approach was in accordance with IFRS Accounting Standards, was consistent with the previous financial year, and was suitable for use in determining the fair value;<br>• We agreed all investment property's fair values, valued by the board of directors and management's experts, to the underlying calculations and reports where applicable;<br>• We tested the key assumptions used in the determination of fair values in respect of both management's experts, as well as the valuations performed by the board of directors, as follows:<br>– The forecast revenue applied in the 1st year of the discounted cash flow ("DCF") was assessed for reasonability. This was performed by agreeing the occupancy and rental rate assumptions underpinning the forecast revenue in the DCF model to the property management system. For a sample, the inputs within the property management system used to generate the revenue forecast was agreed to underlying signed rental agreements and compared to the current year revenue for reasonability;<br>– The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to available relevant data provided by persons with specialised expertise;<br>– We assessed the reasonability of revenue and expense growth rates subsequent to the initial forecast year based on our knowledge of the properties, obtained through research, and by comparing to available industry data for similar investment properties;<br>– We assessed the reasonability of the discount and capitalisation rates applied by comparing it to available industry data for similar investment properties; and<br><br>• We tested the mathematical accuracy of the DCF models, by reperforming the calculations;<br>• In addition to the above, we also selected key valuation reports, and requested an internal auditor's valuation expert to assess the reasonability of the:<br>– Revenue and expense growth rates in the DCF models subsequent to the initial forecast year; and<br>– Discount, exit and capitalisation rates applied by either the board of directors or management's external experts; and<br><br>• We evaluated the adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of investment properties in accordance with IFRS Accounting Standards. |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stor-Age Property REIT Limited Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The 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 and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 that we 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 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 financial statements, the directors are responsible for assessing the group's and the 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 the 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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's and the 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's and the 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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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, actions taken to eliminate threats or safeguards applied.

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 BDO South Africa Incorporated has been the auditor of Stor-Age Property REIT Limited for 4 years.

BDO South Africa Incorporated
Registered Auditors

Bradley Jackson
Director
Registered Auditor

18 June 2024

123 Hertzog Boulevard
Foreshore
Cape Town, 8001

# STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

| | Note | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Investment properties | 3 | 11 673 445 | 10 731 243 | 958 073 | 916 785 |
| Property and equipment | | 32 879 | 32 320 | 12 401 | 14 834 |
| Stor-Age share purchase scheme loans | 4 | – | 80 460 | – | 80 460 |
| Goodwill and intangible assets | 5 | 160 869 | 156 029 | 80 510 | 81 507 |
| Investment in subsidiaries | 6 | – | – | 4 374 716 | 4 372 643 |
| Equity-accounted investments | 7 | 705 911 | 422 020 | 80 938 | 39 149 |
| Unlisted investment | 8 | 27 843 | 27 566 | 27 843 | 27 566 |
| Deferred tax | 20 | 10 695 | 12 814 | – | – |
| Derivative financial assets | 14 | 47 029 | 92 627 | 5 875 | 12 605 |
| | | 12 658 671 | 11 555 079 | 5 540 356 | 5 545 549 |
| Current Assets | | | | | |
| Trade and other receivables | 9 | 126 432 | 138 638 | 47 384 | 32 078 |
| Inventories | | 7 358 | 6 955 | 1 254 | 1 522 |
| Intercompany receivable | 6.3 | – | – | 269 902 | 530 227 |
| Cash and cash equivalents | 10 | 308 894 | 355 531 | 220 946 | 155 685 |
| Dividend receivable | | – | – | 258 339 | 309 140 |
| Derivative financial assets | 14 | 12 706 | – | 1 184 | – |
| | | 455 390 | 501 124 | 799 009 | 1 028 652 |
| Total assets | | 13 114 061 | 12 056 203 | 6 339 365 | 6 574 201 |
| EQUITY AND LIABILITIES | | | | | |
| Total Equity | | | | | |
| Stated capital | 11 | 5 363 387 | 5 362 339 | 5 363 387 | 5 362 339 |
| Accumulated profit/(loss) | | 1 494 383 | 1 350 847 | (607 051) | (575 694) |
| Share-based payment reserve | 12 | 26 196 | 26 759 | 26 196 | 26 759 |
| Foreign currency translation reserve | | 650 074 | 396 258 | – | – |
| Total equity attributable to shareholders | | 7 534 040 | 7 136 203 | 4 782 532 | 4 813 404 |
| Non-controlling interest | | 64 554 | 58 416 | – | – |
| Total equity | | 7 598 594 | 7 194 619 | 4 782 532 | 4 813 404 |
| LIABILITIES | | | | | |
| Non-Current Liabilities | | | | | |
| Loans and borrowings | 13 | 3 886 804 | 3 390 198 | 1 077 852 | 1 188 514 |
| Derivative financial liabilities | 14 | 16 886 | 6 618 | 1 105 | 2 695 |
| Deferred tax | 20 | 435 723 | 369 118 | – | – |
| Lease obligations | 28 | 341 853 | 309 728 | 6 621 | 8 207 |
| | | 4 681 266 | 4 075 662 | 1 085 578 | 1 199 416 |
| Current Liabilities | | | | | |
| Loans and borrowings | 13 | 160 000 | 160 000 | 160 000 | 160 000 |
| Trade and other payables | 15 | 305 255 | 259 379 | 21 375 | 20 368 |
| Provisions | 16 | 19 441 | 16 609 | 17 162 | 14 905 |
| Lease obligations | 28 | 31 292 | 35 100 | 2 198 | 2 054 |
| Intercompany payable | 6.3 | – | – | – | 88 353 |
| Current tax payable | | 47 693 | 39 133 | – | – |
| Dividend payable | | 270 520 | 275 701 | 270 520 | 275 701 |
| | | 834 201 | 785 922 | 471 255 | 561 381 |
| Total Liabilities | | 5 515 467 | 4 861 584 | 1 556 833 | 1 760 797 |
| Total Equity and Liabilities | | 13 114 061 | 12 056 203 | 6 339 365 | 6 574 201 |

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2024

| | Note | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|---|
| Property revenue | 17 | 1 228 346 | 1 070 788 | 85 868 | 71 737 |
| Rental income | | 1 144 226 | 996 635 | 82 556 | 68 844 |
| Other income | | 84 120 | 74 153 | 3 312 | 2 893 |
| Expected credit losses recognised on tenant receivables | | (6 460) | (6 273) | (613) | (460) |
| Direct property costs | | (317 400) | (273 920) | (17 753) | (20 041) |
| Net property operating income | | 904 486 | 790 595 | 67 502 | 51 236 |
| Other revenue | | 63 074 | 35 950 | 678 103 | 640 604 |
| Management fees | | 63 074 | 35 950 | 78 077 | 52 504 |
| Dividend income from subsidiaries | | – | – | 600 026 | 588 100 |
| Administration expenses | 19 | (183 653) | (152 781) | (120 328) | (103 674) |
| Net property operating profit | | 783 907 | 673 764 | 625 277 | 588 166 |
| Fair value adjustment to investment properties | | 251 141 | 244 026 | (8 510) | 18 793 |
| Other fair value adjustments to financial instruments | 18 | (69 926) | (9 626) | (4 444) | 12 984 |
| Foreign exchange gains | | 7 956 | 5 468 | 6 168 | 5 570 |
| Depreciation and amortisation | | (9 927) | (8 596) | (6 399) | (5 217) |
| Profit from operations | | 963 151 | 905 036 | 612 092 | 620 296 |
| Net finance cost | | (204 478) | (140 201) | (80 769) | (54 852) |
| Interest income | | 31 188 | 30 419 | 22 943 | 20 833 |
| Interest expense | | (235 666) | (170 620) | (103 712) | (75 685) |
| Share of profit of equity-accounted investees, net of tax | | 37 497 | 30 246 | – | – |
| Profit before taxation | | 796 170 | 795 081 | 531 323 | 565 444 |
| Taxation expense | | (84 778) | (63 415) | – | – |
| - Normal taxation | 20 | (46 025) | (32 747) | – | – |
| - Deferred taxation | 20 | (38 753) | (30 668) | – | – |
| Profit for the year | | 711 392 | 731 666 | 531 323 | 565 444 |
| Other comprehensive income net of tax | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Exchange differences on translating foreign operations | | 259 819 | 400 126 | – | – |
| Items that may not be reclassified to profit or loss | | | | | |
| Share of other comprehensive income of equity-accounted investees | | (1 023) | 1 350 | – | – |
| Other comprehensive income for the year net of tax | | 258 796 | 401 476 | – | – |
| Total comprehensive income for the year | | 970 188 | 1 133 142 | 531 323 | 565 444 |
| Profit attributable to: | | | | | |
| Shareholders of the parent company | | 706 216 | 724 583 | 531 323 | 565 444 |
| Non-controlling interest | | 5 176 | 7 083 | – | – |
| | | 711 392 | 731 666 | 531 323 | 565 444 |
| Total comprehensive income attributable to: | | | | | |
| Shareholders of the parent company | | 960 032 | 1 118 790 | 531 323 | 565 444 |
| Non-controlling interest | | 10 156 | 14 352 | – | – |
| | | 970 188 | 1 133 142 | 531 323 | 565 444 |
| Earnings per share | | | | | |
| Per share information | | | | | |
| Basic earnings per share (c) | 21 | 148.55 | 152.67 | | |
| Diluted earnings per share (c) | 21 | 147.20 | 151.35 | | |

# STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2024

| Group | Share capital R'000 | Foreign currency translation reserve R'000 | Share-based payment reserve R'000 | Retained earnings R'000 | Total attributable to parent R'000 | Non-controlling interest R'000 | Total equity R'000 |
|---|---|---|---|---|---|---|---|
| Balance at 1 April 2022 | 5 374 681 | 2 051 | 33 273 | 1 186 969 | 6 596 974 | 46 213 | 6 643 187 |
| Profit for the year | – | – | – | 724 583 | 724 583 | 7 083 | 731 666 |
| Other comprehensive income | – | 394 207 | – | – | 394 207 | 7 269 | 401 476 |
| Total comprehensive income for the year | – | 394 207 | – | 724 583 | 1 118 790 | 14 352 | 1 133 142 |
| Shares acquired for conditional share plan | (21 692) | – | – | – | (21 692) | – | (21 692) |
| Shares issued in terms of conditional share plan | 9 350 | – | (24 226) | – | (14 876) | – | (14 876) |
| Equity settled share-based payment charge | – | – | 17 712 | – | 17 712 | – | 17 712 |
| Dividends | – | – | – | (560 705) | (560 705) | (2 149) | (562 854) |
| Total transactions with shareholders, recognised directly in equity | (12 342) | – | (6 514) | (560 705) | (579 561) | (2 149) | (581 710) |
| Balance at 1 April 2023 | 5 362 339 | 396 258 | 26 759 | 1 350 847 | 7 136 203 | 58 416 | 7 194 619 |
| Profit for the year | – | – | – | 706 216 | 706 216 | 5 176 | 711 392 |
| Other comprehensive income | – | 253 816 | – | – | 253 816 | 4 980 | 258 796 |
| Total comprehensive income for the year | – | 253 816 | – | 706 216 | 960 032 | 10 156 | 970 188 |
| Shares acquired for conditional share plan | (2 571) | – | – | – | (2 571) | – | (2 571) |
| Shares issued in terms of conditional share plan | 3 619 | – | (18 710) | – | (15 091) | – | (15 091) |
| Equity settled share-based payment charge | – | – | 18 147 | – | 18 147 | – | 18 147 |
| Dividends | – | – | – | (562 680) | (562 680) | (4 018) | (566 698) |
| Total transactions with shareholders, recognised directly in equity | 1 048 | – | (563) | (562 680) | (562 195) | (4 018) | (566 213) |
| Balance at 31 March 2024 | 5 363 387 | 650 074 | 26 196 | 1 494 383 | 7 534 040 | 64 554 | 7 598 594 |
| Note | 11 | | | | | | |

| Company | Share capital R'000 | Share-based payment reserve R'000 | Accumulated loss R'000 | Total attributable to parent R'000 | Total equity R'000 |
|---|---|---|---|---|---|
| Balance at 1 April 2022 | 5 374 681 | 33 273 | (580 433) | 4 827 521 | 4 827 521 |
| Profit for the year | – | – | 565 444 | 565 444 | 565 444 |
| Total comprehensive income for the year | – | – | 565 444 | 565 444 | 565 444 |
| Shares acquired for conditional share plan | (21 692) | – | – | (21 692) | (21 692) |
| Shares issued in terms of conditional share plan | 9 350 | (24 226) | – | (14 876) | (14 876) |
| Equity settled share-based payment charge | – | 17 712 | – | 17 712 | 17 712 |
| Dividends | – | – | (560 705) | (560 705) | (560 705) |
| Total transactions with shareholders, recognised directly in equity | (12 342) | (6 514) | (560 705) | (579 561) | (579 561) |
| Balance at 1 April 2023 | 5 362 339 | 26 759 | (575 694) | 4 813 404 | 4 813 404 |
| Profit for the year | – | – | 531 323 | 531 323 | 531 323 |
| Other comprehensive income | – | – | – | – | – |
| Total comprehensive income for the year | – | – | 531 323 | 531 323 | 531 323 |
| Shares acquired for conditional share plan | (2 571) | – | – | (2 571) | (2 571) |
| Shares issued in terms of conditional share plan | 3 619 | (18 710) | – | (15 091) | (15 091) |
| Equity settled share-based payment charge | – | 18 147 | – | 18 147 | 18 147 |
| Dividends | – | – | (562 680) | (562 680) | (562 680) |
| Total transactions with shareholders, recognised directly in equity | 1 048 | (563) | (562 680) | (562 195) | (562 195) |
| Balance at 31 March 2024 | 5 363 387 | 26 196 | (607 051) | 4 782 532 | 4 782 532 |
| Note | 11 | | | | |

# STATEMENT OF CASH FLOWS
for the year ended 31 March 2024

| | Note | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | *22.1* | 807 859 | 702 117 | 171 411 | 154 895 |
| Interest received | *22.2* | 20 196 | 18 994 | 11 063 | 8 095 |
| Interest paid | *22.3* | (214 028) | (178 884) | (106 761) | (80 214) |
| Dividends paid | *22.4* | (571 879) | (549 612) | (567 861) | (547 463) |
| Taxation paid | *22.6* | (40 748) | (32 526) | – | – |
| **Net cash inflow/(outflow) from operating activities** | | 1 400 | (39 911) | (492 148) | (464 687) |
| **Cash flows from investing activities** | | | | | |
| Additions to investment properties | *3* | (204 969) | (373 282) | (35 433) | (98 345) |
| Surplus in Stor-Age share purchase scheme paid to participants | | (27 933) | (8 042) | (27 933) | (8 042) |
| Repayment of Stor-Age share purchase scheme loans | | 108 393 | 13 319 | 108 393 | 13 319 |
| Acquisition of property and equipment | | (7 289) | (6 852) | (1 670) | (2 173) |
| Acquisition of intangible assets | | (1 317) | (3 053) | (1 299) | (2 304) |
| Disposal of subsidiary, net of cash | | (87) | (2 910) | – | – |
| Advance of loan to subsidiaries | | – | – | (45 948) | (95 114) |
| Proceeds from subsidiaries | | – | – | 339 397 | 387 326 |
| Additional investment in unlisted investment | | (765) | (17 000) | (765) | (17 000) |
| Additional investment in equity-accounted investees | | (403 006) | (117 747) | (110 943) | (32 175) |
| Repayment of equity-accounted investee loans advanced | | 232 460 | 283 835 | 108 264 | 271 253 |
| **Net cash (outflow)/inflow from investing activities** | | (304 513) | (231 732) | 332 063 | 416 745 |
| **Cash flows from financing activities** | | | | | |
| Repayments of loans and borrowings | *13* | (543 481) | (372 492) | (533 644) | (372 492) |
| Cash advances received on loans and borrowings | *13* | 841 793 | 752 165 | 763 820 | 532 150 |
| Purchase of shares to settle conditional share plan | *11* | (2 571) | (36 568) | (2 571) | (36 568) |
| Repayment of lease obligations | *28* | (47 427) | (37 284) | (2 259) | (1 672) |
| **Net cash inflow from financing activities** | | 248 314 | 305 821 | 225 346 | 121 418 |
| **Net cash inflow for the year** | | (54 799) | 34 178 | 65 261 | 73 476 |
| Cash and cash equivalents at the beginning of the year | | 355 531 | 222 333 | 155 685 | 82 209 |
| Effects of movements in exchange rate changes on cash held | | 8 162 | 99 020 | – | – |
| **Cash and cash equivalents at the end of the year** | *10* | 308 894 | 355 531 | 220 946 | 155 685 |

# NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2024

1 MATERIAL 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 IFRS Accounting Standards adopted by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ("SAICA") Accounting Practices Committee, South African reporting requirements, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 18 June 2024.

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 which the subsidiary or equity-accounted investee prepares, for the use of the holding company, financial statements as at the same date as the consolidated financial statements of the group are prepared.

*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 Standards and Interpretations

*1.3.1 Standards and interpretations effective and adopted in the current year*

In the current year, the group and company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| • Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 | 1 January 2023 | The impact of the amendment is not material. |
| • Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 | 1 January 2023 | The impact of the amendment is not material. |
| • Definition of accounting estimates: Amendments to IAS 8 | 1 January 2023 | The impact of the amendment is not material. |

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

1.3 Basis of measurement (continued)

*1.3.2 Standards and interpretations not yet effective*

The group and company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group and company's accounting periods beginning on or after 01 April 2024 or later periods:

| Standard/Interpretation: | Nature of change | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|---|
| Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1 | The amendments require that the right to defer settlement of a liability for at least 12 months after the reporting period must have substance and must exist at the end of the reporting period. It also requires an entity to provide new disclosures for liabilities subject to covenants. | 1 January 2024 | Unlikely there will be a material impact |
| Supplier finance arrangements – amendments to IAS 7 and IFRS 7 | The amendments require to provide specific disclosures related to supplier finance arrangements. Guidance on characteristics of supplier finance arrangements is also provided. | 1 January 2024 | Unlikely there will be a material impact |
| Lease liability in a sale and leaseback | The amendment introduces an accounting model for variable lease payments in a sale-and-leaseback transaction. | 1 January 2024 | Unlikely there will be a material impact |
| Presentation and disclosure in Financial Statements – IFRS 18 | The new standard introduces a definition of 'operating profit' subtotal and a requirement for income and expenses to be allocated between three distinct categories based on an entity's main business activities. | 1 January 2024 | Impact is currently being assessed |
| Lack of exchangeability – amendments to IAS 21 | The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. It requires an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. | 1 January 2025 | Unlikely there will be a material impact |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 | The amendments require that an entity recognise a full gain or loss when a transfer to an associate or a joint venture involves a business and a partial gain or loss if the asset transferred does not contain a business. | Effective date not yet determined | Unlikely there will be a material impact |

1.4 Key judgements and sources of estimation uncertainty

The preparation of group and company financial statements in conformity with IFRS Accounting Standards 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 Accounting Standards 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 26.



1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

Intra-group balances and transactions, and all income and expenses arising from intra-group 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 Equity-accounted investments*

The group's equity-accounted interests comprise investments in an associate and investment in joint ventures. An associate is an entity over which the group has significant influence. 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 and associate is recognised using the equity method of accounting. In the separate financial statements the investment in joint venture and associate 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, or associate, 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, or associate entity, 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*

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. The group's policy is to value 50% of its SA income-producing properties at year end and the other 50% at the interim reporting date. In the UK, all income producing properties are externally valued at the year end. Valuations are performed by the directors or 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.

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.

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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

1.6 Investment properties (continued)

*Investment properties under development*

Undeveloped land and property under construction or development for future use as investment properties is classified as investment properties under development and is measured at fair value at each reporting date.

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, held as right-of-use assets, are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor is included in the statement of financial position at the present value of the future lease payments at inception, and is shown within note 28. 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.

1.7 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:

| Item | Average useful life |
|---|---|
| Furniture and fixtures | 6 years |
| Motor vehicles | 5 years |
| Office equipment | 3 years |
| Computer hardware | 3 years |
| Leasehold improvements | Shorter of useful life and the lease term |
| Leased head office space | 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 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.

The group's financial assets consist of:

*Tenant receivables*

Tenant receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances, as the group holds trade and other receivables with the objective to collect the contractual cash flows. Tenant receivables are amounts due from customers for the leasing of space and are recognised initially at the amount of consideration that is unconditional. Tenant receivables 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 are set out in note 24.3.2.

*Staff loans*

Staff loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances. The expected credit losses method applied to interest free loans granted to employees is based on the 12-month expected credit loss basis. Further details are set out in note 24.3.1.

*Related party receivables*

The group considers the related party receivables to be in default when the related party is unable to settle its credit obligations in full and the amount is unsecured. Related party receivables that are outstanding for more than 90 days are considered as past due. Refer to note 24.3.1 for further details.

*Sundry receivables*

The group considers sundry receivables to be in default when the external party is unable to settle its credit obligations in full and the amount is unsecured. Sundry receivables that are outstanding for more than 90 days are considered as past due. Refer to note 24.3.1 for further details.

*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.

*Intercompany receivables*

The company considers intercompany receivables to be in default when the party is unable to settle its credit obligations in full when called on by the company. Further details are set out in note 24.3.1.

*Stor-Age share purchase scheme loans*

The group considers the share purchase scheme loans to be in default when the fair value of the shares is lower than the carrying amount of the loan and the participant is unable to repay the balance. All share purchase scheme loans were settled by participants in the current year.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments (continued)

*1.8.1 Non-derivative financial instruments (continued)*

*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.

*Derecognition of financial assets*

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.

*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.

*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 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.

*Financial guarantee contracts*

Financial guarantee contracts issued by the group and company are initially measured at their fair values and are subsequently measured at the higher of the amount of the loss allowance, determined as expected credit loss under IFRS 9, and the amount recognised initially less the cumulative amount of income recognised.

1.9 Goodwill and intangible assets

*Goodwill*

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 and whenever there is an indication of impairment. A gain on bargain purchases arising on acquisition is recognised directly in profit or loss.

*Intangible assets*

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

Subsequent expenditure incurred on intangible assets are 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 and whenever there is an indication of impairment. Intangible assets with a finite 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:

| Item | Estimated useful life |
|---|---|
| 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 |

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

The useful life and amortisation method of intangible assets are reviewed at the end of each reporting period. No material changes were made.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

1.10 Leases as lessee

The group leases certain properties classified as investment properties and head office space.

On the lease commencement date the right-of-use assets and related lease liabilities are recognised. The lease liability is measured by including fixed payments from the commencement date, certain variable payments, residual value guarantees and termination penalties. 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. On initial recognition the right-of use asset is measured the same amount as the lease liability adjusted for any initial direct costs less any lease incentives received. 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.

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.

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 enhancements

The group measures the loss allowance at an amount equal to lifetime expected credit losses except for cash and cash equivalents for which credit risk has 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 using the simplified approach. The group estimates the expected credit losses over the maximum contractual period it has exposure to credit risk.

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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

1.12 Impairment (continued)

*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 at least annually for impairment. Impairment of goodwill is never reversed.

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. A bonus provision is raised as the amount payable is uncertain. Details pertaining to the group's provisions are set out in note 16.

Contingent assets and contingent liabilities are not recognised.

1.14 Revenue

*Property revenue*

Rental income is measured based on the consideration set out in the lease agreements with tenants. The contractual terms of the leases are month-to-month. Payment is due by the 15th of the month or depending on when the tenant moved in. A late fee is charged to the tenant if payment is not received by the due date and is therefore recognised at a point in time.

Revenue from the sale of packaging materials (other income) 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, at a point in time.

*Other revenue from contracts with customers*

Other revenue comprises management fees. 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.

Property management fees are based on a fixed percentage of rental income per month subject to a minimum. Asset management and development management fees are based on a fixed percentage of development costs subject to a maximum.

*Other non-contractual revenue*

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. Interest expense incurred on qualifying investment property assets are capitalised until the assets are substantially ready for use. All other interest expense is recognised in profit or loss at the effective interest rate of the instrument.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 Net property operating profit

Net property 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.

1.20 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 Segmental 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 monthly. 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
- United Kingdom

The group's segmental information for the current year were amended from those reported in the prior year. Further details are set out in note 23.

IFRS Accounting Standards 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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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. Incremental 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 Foreign currency

*1.24.1 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.

*1.24.2 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.

1.25 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.

1.26 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.

1.27 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.

1.28 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 1/2023, 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; and
- Market risk

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 (refer to note 24).

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 and risk 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.

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, related party receivables, staff loans, sundry receivables and deposits with municipalities and local councils. The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant or client in the case of the group's Digital 1st initiative. The diversified tenant base and client base ensures that there is no significant concentration risk.

Management has established a credit policy for tenant debtors 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.

A significant increase in credit risk would result where the fair value of the shares held by participants decreases below the carrying value of the scheme loan held by the participant.

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:

| | Long-term rating |
|---|---|
| HSBC Bank | A1 |
| First National Bank | Ba2 |
| Investec Bank | Ba2 |
| Santander | A1 |
| Standard Bank of South Africa | Ba2 |
| Nedbank | Ba2 |
| Royal Bank of Scotland | A1 |
| Lloyds Bank | A1 |

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.

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:

| | Long-term rating |
|---|---|
| HSBC Bank | A1 |
| Investec Bank | Ba2 |
| Santander | A1 |
| Standard Bank of South Africa | Ba2 |
| Nedbank | Ba2 |

## 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 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 24.4.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

*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 debt of the group and company comprises different instruments, which bear interest at either a fixed or floating interest rate. The group and company 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.

The group has not entered into any new cross-currency interest swap contracts in the current year.

There has been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

*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 been put in place to manage this risk.

### 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 capital structure of the group consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 10, and share capital as disclosed in note 11. In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt if required.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a distribution to maintain its REIT status. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 100% of the distributable profit of the group as a distribution on a bi-annual basis.

As a result of the group's distribution policy, capital expansion is funded through a combination of debt and equity funding. The group is subject to various loan covenants as disclosed in note 13.3 with the most onerous limit on loan to value ("LTV") of 45%. The group comfortably complied with these covenants. Refer to note 13.4 which sets out the group's LTV calculation.

The board of directors assesses the distribution policy on an ongoing basis 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 year.

## 3 INVESTMENT PROPERTIES

### 3.1 Fair value of investment properties

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Historical cost | 6 998 943 | 7 026 282 | 518 059 | 514 891 |
| Subsequent expenditure capitalised | 1 225 126 | 995 353 | 430 124 | 383 494 |
| Fair value adjustment | 2 265 628 | 2 014 487 | 9 890 | 18 400 |
| Remeasurement of lease obligations | 76 059 | 46 180 | – | – |
| Exchange differences | 1 107 689 | 648 941 | – | – |
| Carrying amount at end of year | 11 673 445 | 10 731 243 | 958 073 | 916 785 |
| Movement in investment properties: | | | | |
| Carrying amount at start of year | 10 731 243 | 9 535 000 | 916 785 | 767 463 |
| Additions to investment property | 3 168 | 146 820 | 3 168 | 92 456 |
| Deconsolidation of subsidiary | (30 507) | (191 041) | – | – |
| Remeasurement of lease obligations | 29 879 | 45 787 | – | – |
| Subsequent expenditure capitalised* | 229 773 | 271 315 | 46 630 | 38 073 |
| Fair value adjustment | 251 141 | 244 026 | (8 510) | 18 793 |
| Exchange differences | 458 748 | 679 336 | – | – |
| Carrying amount at end of year | 11 673 445 | 10 731 243 | 958 073 | 916 785 |
| Properties held for development | 110 247 | 137 675 | 110 247 | 109 441 |
| Trading properties | 11 563 198 | 10 593 568 | 847 826 | 807 344 |
| Carrying amount at end of year | 11 673 445 | 10 731 243 | 958 073 | 916 785 |

* *Includes interest capitalised of R24.6 million (2023: R26.7 million) for the group and R14.4 million (R9.8 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 28.

The group acquired a property for development in Bramley, Johannesburg for R3.2 million during the year.

The group entered into a joint venture agreement with Nedbank Property Partners to develop a property in Kramerville, Johannesburg. The property was owned by the group's wholly-owned subsidiary, SSS JV 3 Proprietary Limited ('SSS JV 3'). On conclusion of the joint venture agreement, the group's shareholding reduced to 50%. On derecognition of SSS JV 3's net assets, the carrying value of the property was R30.5 million. Further details of the group's investment in joint ventures is set out in note 7.

All investment properties, except for those held for development, have generated rental income during the current year. Repairs and maintenance arising from investment properties that generated rental income during the year amounted to R19.9 million (2023: R12.6 million). The carrying amount of investment properties held for development amount to R110.2 million (2023: R137.7 million).

Investment properties with a fair value (net of lease obligations) of R10.8 billion (2023: R9.4 billion) at the reporting date are pledged as security for the loans and borrowings set out in note 31.

## 3 INVESTMENT PROPERTIES (CONTINUED)

### 3.1 Fair value of investment properties (continued)

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

In line with the group's policy, a minimum of 50% of income-producing SA properties were externally valued at year end and a minimum of 50% at the interim reporting date of 30 September 2023. The properties not valued independently on each reporting date are valued internally by the directors using the same methodology as the external valuers.

All properties in the UK portfolio were externally valued at year end. At the interim reporting date, properties are valued internally by the directors using the same methodology as the external valuers.

In line with this policy, the table below sets out the details of the number of trading properties the board elected to have externally valued:

| | South Africa | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | Number of properties | Value R million | Number of properties | Value R million | Number of properties | Value R million |
| **31 March 2024** | | | | | | |
| Internally valued | 27 | 2 383.1 | – | – | 27 | 2 383.1 |
| Externally valued | 27 | 2 968.4 | 26 | 6 211.7 | 53 | 9 180.1 |
| | 54 | 5 351.5 | 26 | 6 211.7 | 80 | 11 563.2 |
| **31 March 2023** | | | | | | |
| Internally valued | 26 | 2 385.7 | – | – | 26 | 2 385.7 |
| Externally valued | 28 | 2 691.5 | 26 | 5 516.3 | 54 | 8 207.8 |
| | 54 | 5 077.2 | 26 | 5 516.3 | 80 | 10 593.5 |

Properties under construction take approximately 12 months to complete and the costs incurred would equate to the fair value of the development. The fair value of vacant land is determined by assessing comparable land values.

*Measurement of fair value of investment properties*

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.

*Details of valuation – South Africa*

| Valuer company | Valuer | Qualification of the valuer |
|---|---|---|
| Mills Fitchet Magnus Penny | M Gibbons | NDPV, MIVSA |
| The Property Partnership | D Riley | NDPV, MRICS, MIVSA |
| Eris Property Group | C Everatt | MRICS, MIVSA |

## 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 South Africa, as well as the significant unobservable inputs used:

| South African properties | | |
|---|---|---|
| Valuation technique | Significant unobservable inputs | Inter-relationship 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.<br><br>Net operating income is based on the projected revenue less projected direct operating costs, including a notional property management fee based on a percentage of revenue, 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 an estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio.<br><br>The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The exit capitalisation rates and discount rates applied to future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, inflation and available evidence of transactions in the sector. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation.<br><br>For short leasehold properties, the same methodology has been used as for freehold and long leasehold properties, except that the cash flows reflect only the unexpired lease period from the valuation date.<br><br>For investment properties held for development the same methodology is used on the basis of the cash flow projection expected for the property at opening and allowing for the outstanding costs to take the property from its current state to completion and full fit-out including a contingency where appropriate. | (a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs.<br><br>(b) Discount rate – between13.75% and 15.25% (2023: between 13.00% and 15.00%).<br><br>(c) Exit capitalisation rate (freehold and long leasehold properties) – between 8.25% and 10.50% (2023: between 8.25% and 9.25%).<br><br>(d) Rental rate growth rates – between 6.0% and 10.0% (2023: between 6.0% and 10.0%), subject to a maximum rental in certain instances.<br><br>(e) The operating costs inflation assumption is between 6.0% and 7.2% (2023: between 6.0% and 6.6%).<br><br>(f) Stabilised occupancy – between 90.0% and 95.0% (2023: between 87.5% and 95.0%). | 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<br><br>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. |

*Details of valuation – United Kingdom*

In the UK, the entire portfolio was valued independently by CBRE Limited (CBRE – 22 properties) and Cushman and Wakefield (C&W – four properties). The valuations were prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The properties were valued reflecting purchaser's costs with full Stamp Duty Land Tax on a property transaction, as if they were sold directly as property assets. CBRE and C&W were also instructed to prepare an additional valuation using a Special Assumption of purchaser's costs of 0% in accordance with the group's accounting policy for the valuation of investment properties.

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 valuations have been provided for annual financial statements purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book (subject to the Special Assumption noted above).

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

- CBRE does not provide other significant professional or agency services to the group;
- in relation to the preceding financial year of CBRE and C&W, the proportion of the total fees payable by the group to the total fee income of the firm is less than 5%; and
- the fee payable to CBRE is a fixed amount per property and is not contingent on the appraised value.

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 | Inter-relationship 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.<br>For freehold and long leasehold, 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. The same DCF methodology is used for short leasehold properties, except that the cash flows reflect only the unexpired lease period from the date of valuation.<br>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.<br>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.<br>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.<br>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. | (a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue<br>(b) Discount rate – Freehold and long leasehold properties between 8.75% and 9.50%; Short leasehold properties between 10.25% and 10.75% (2023: Freehold and long leasehold properties between 8.50% and 9.75%; Short leasehold properties between 10.25% and11.00%).<br>(c) Exit capitalisation rate (freehold and long leasehold properties) – between 5.75% and 6.75% (2023: between 5.750% and 7.000%).<br>(d) Rental rate growth ranges between 2.50% and 3.50% (2023: between 2.50% and 3.0%).<br>(e) The operating costs inflation assumption is between 2.75% and 3.50% (2023: 2.75%).<br>(f) Stabilised occupancy – between 80.0% and 95.0% (2023: between 83.0% and 95.0%). | 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<br>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. |

*Sensitivity of fair values to changes in significant key unobservable inputs*

| | South Africa | | United Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| Valuation in R million | 5 461.7 | 5 214.9 | 6 211.7 | 5 516.3 | 11 673.4 | 10 731.2 |
| Change in exit capitalisation rates by -0.1% | 26.5 | 28.1 | 83.6 | 34.0 | 110.1 | 62.1 |
| Change in exit capitalisation rates by +0.1% | (26.5) | (27.6) | (80.5) | (32.7) | (107.0) | (60.3) |
| Change in market rentals by -1% | (57.4) | (55.6) | (82.4) | (57.0) | (139.8) | (112.6) |
| Change in market rentals by +1% | 56.7 | 54.9 | 82.9 | 57.3 | 139.6 | 112.2 |
| Change in discount rates by -0.1% | 32.6 | 32.3 | 40.3 | 26.2 | 72.9 | 58.5 |
| Change in discount rates by +0.1% | (32.9) | (32.1) | (40.0) | (26.8) | (72.9) | (58.9) |

3 INVESTMENT PROPERTIES (CONTINUED)

3.2 Capital commitments authorised

| | Group 2024 R'000 | Group 2023 R'000 |
|---|---|---|
| Contracted for | 70 030 | 153 674 |
| Authorised but not contracted for | 8 784 | 102 867 |
| | 78 814 | 256 541 |

The capital commitments relate to improvements to investment properties and new property developments in joint ventures. The commitments will be funded from the group's cash resources and borrowing facilities (see note 13).

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. No new shares were granted to participants under the Scheme in the current and prior year.

The Scheme served as a mechanism to create ownership opportunities for the executive directors and selected employees whereby they were offered the opportunity to acquire Stor-Age shares by way of an interest-bearing loan. All loans were repaid during the year.

| | 2024 Number of shares | 2023 Number of shares |
|---|---|---|
| Maximum number of shares available for the Scheme | 20 000 000 | 20 000 000 |
| *Shares issued to participants* | | |
| At start of year | 7 192 727 | 7 547 850 |
| Sold during the year | (7 192 727) | (355 123) |
| At end of year | – | 7 192 727 |
| Shares available for the Scheme | 3 280 560 | 3 280 560 |

Reconciliation of shares owned by participants

| | Number of shares at 1 April 2023 | Shares sold by participants | Number of shares at 31 March 2024 |
|---|---|---|---|
| Issue 1 | 5 009 407 | (5 009 407) | – |
| Issue 2 | 23 320 | (23 320) | – |
| Issue 4a | 30 000 | (30 000) | – |
| Issue 4b | 750 000 | (750 000) | – |
| Issue 5 | 800 000 | (800 000) | – |
| Issue 6 | 580 000 | (580 000) | – |
| | 7 192 727 | (7 192 727) | – |

| | Number of shares at 1 April 2022 | Shares sold by participants | Number of shares at 31 March 2023 |
|---|---|---|---|
| Issue 1 | 5 234 407 | (225 000) | 5 009 407 |
| Issue 2 | 57 000 | (33 680) | 23 320 |
| Issue 4a | 62 000 | (32 000) | 30 000 |
| Issue 4b | 750 000 | – | 750 000 |
| Issue 5 | 800 000 | – | 800 000 |
| Issue 6 | 644 443 | (64 443) | 580 000 |
| | 7 547 850 | (355 123) | 7 192 727 |

## 4 STOR-AGE SHARE PURCHASE SCHEME LOANS (CONTINUED)

Reconciliation of movement in loan owed by participants (R'000)

| | Opening balance at 1 April 2023 | Interest charged | Dividends received | Settlement of loan | Withdrawal of surplus | Closing balance at 31 March 2024 |
|---|---|---|---|---|---|---|
| Issue 1 | 52 921 | 3 835 | (5 912) | (72 436) | 21 592 | – |
| Issue 2 | 231 | 18 | (29) | (220) | – | – |
| Issue 4a | 360 | 25 | (36) | (349) | – | – |
| Issue 4b | 9 069 | 628 | (896) | (9 027) | 226 | – |
| Issue 5 | 10 511 | 643 | (956) | (10 486) | 288 | – |
| Issue 6 | 7 368 | 537 | (693) | (7 353) | 141 | – |
| | 80 460 | 5 686 | (8 522) | (99 871) | 22 247 | – |

| | Opening balance at 1 April 2022 | Interest charged | Dividends received | Settlement of loan | Withdrawal of surplus | Closing balance at 31 March 2023 |
|---|---|---|---|---|---|---|
| Issue 1 | 55 248 | 4 339 | (6 023) | (3 016) | 2 373 | 52 921 |
| Issue 2 | 535 | 23 | (33) | (433) | 139 | 231 |
| Issue 4a | 676 | 33 | (44) | (362) | 57 | 360 |
| Issue 4b | 9 063 | 672 | (865) | – | 199 | 9 069 |
| Issue 5 | 10 471 | 750 | (923) | – | 213 | 10 511 |
| Issue 6 | 8 142 | 597 | (705) | (915) | 249 | 7 368 |
| | 84 135 | 6 414 | (8 593) | (4 726) | 3 230 | 80 460 |

Dividends received represents the dividends received on the Scheme shares held by a participant which is paid to the company. The proceeds are used to settle interest owing on the loan by the participant.

Settlement of the loan reflects the full proceeds on the sale of Scheme shares held by a participant which is paid to the company. The proceeds are used to settle the outstanding loan of the participant relating to the Scheme shares sold.

Withdrawal of surplus comprises:

- the net gain on the sale of Scheme shares held by a participant being the full proceeds from the sale of the Scheme shares less a proportionate amount of the outstanding loan at the date of sale; and
- the difference between the dividend received on the Scheme shares held by a participant relating to a dividend period less the interest owing on the loan for the same period. Under the rules of the Scheme, participants may elect to withdraw this surplus.

| | | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|---|
| | Interest rate | Outstanding balance R'000 | Fair value of shares R'000 | Outstanding balance R'000 | Fair value of shares R'000 |
| Issue 1 | 8.00% | – | – | 52 921 | 64 371 |
| Issue 2 | 8.31% | – | – | 231 | 300 |
| Issue 4a | 7.46% | – | – | 360 | 386 |
| Issue 4b | 7.46% | – | – | 9 069 | 9 638 |
| Issue 5 | 7.19% | – | – | 10 511 | 10 280 |
| Issue 6 | 7.90% | – | – | 7 368 | 7 453 |
| Shares balance at 31 March | | – | – | 80 460 | 92 428 |

## 4 STOR-AGE SHARE PURCHASE SCHEME LOANS (CONTINUED)

Loans to directors and employees

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| **Directors** | | | | |
| SC Lucas | – | 23 632 | – | 23 632 |
| GM Lucas | – | 27 302 | – | 27 302 |
| SJ Horton | – | 27 302 | – | 27 302 |
| Employees | – | 2 224 | – | 2 224 |
| | – | 80 460 | – | 80 460 |

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.
- Dividends received on the shares held by the participants 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 participant, the loans are repayable within one year.
- In the event of the retrenchment or death of a participant, 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 participant will be liable for settling the difference.
- The loans are repayable in cash.

Dividends of R8.522 million (2023: R8.593 million) received by participants in the Scheme during the current year have been applied against the interest on the loans of R5.686 million (2023: R6.414 million).

## 5 GOODWILL AND INTANGIBLE ASSETS

| Group | Goodwill R'000 | Stor-Age Management Agreement^ R'000 | Website* R'000 | Storage King brand R'000 | Total R'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2022 | 121 852 | – | 12 518 | 17 014 | 151 384 |
| Additions during the year | – | – | 2 913 | – | 2 913 |
| Foreign exchange movements | 6 743 | – | 309 | 2 475 | 9 527 |
| **At 31 March 2023** | 128 595 | – | 15 740 | 19 489 | 163 824 |
| Foreign exchange movements | 4 126 | – | 152 | 1 559 | 5 837 |
| **At 31 March 2024** | 132 721 | – | 15 892 | 21 048 | 169 661 |
| **Depreciation and impairment** | | | | | |
| At 1 April 2022 | – | – | (5 678) | – | (5 678) |
| Amortisation | – | – | (2 117) | – | (2 117) |
| **At 31 March 2023** | – | – | (7 795) | – | (7 795) |
| Amortisation | – | – | (997) | – | (997) |
| **At 31 March 2024** | – | – | (8 792) | – | (8 792) |
| **Carrying amount** | | | | | |
| Cost | 128 595 | – | 15 740 | 19 489 | 163 824 |
| Accumulated depreciation and impairment | – | – | (7 795) | – | (7 795) |
| **At 31 March 2023** | 128 595 | – | 7 945 | 19 489 | 156 029 |
| Cost | 132 721 | – | 15 892 | 21 048 | 169 661 |
| Accumulated depreciation and impairment | – | – | (8 792) | – | (8 792) |
| **At 31 March 2024** | 132 721 | – | 7 100 | 21 048 | 160 869 |

^ *Management agreement relates to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited on listing in November 2015.*
* *Additions made to website are internally generated.*

## 5 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

| Company | Goodwill R'000 | Stor-Age Management Agreement R'000 | Website R'000 | Total R'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 April 2022 | 279 | 77 400 | 6 901 | 84 580 |
| Additions | – | – | 2 304 | 2 304 |
| **At 31 March 2023** | 279 | 77 400 | 9 205 | 86 884 |
| **At 31 March 2024** | 279 | 77 400 | 9 205 | 86 884 |
| **Depreciation and impairment** | | | | |
| At 1 April 2022 | – | – | (3 260) | (3 260) |
| Amortisation | – | – | (2 117) | (2 117) |
| **At 31 March 2023** | – | – | (5 377) | (5 377) |
| Amortisation | – | – | (997) | (997) |
| **At 31 March 2024** | – | – | (6 374) | (6 374) |
| **Carrying amount** | | | | |
| Cost | 279 | 77 400 | 9 205 | 86 884 |
| Accumulated depreciation and impairment | – | – | (5 377) | (5 377) |
| **At 31 March 2023** | 279 | 77 400 | 3 828 | 81 507 |
| Cost | 279 | 77 400 | 9 205 | 86 884 |
| Accumulated depreciation and impairment | – | – | (6 374) | (6 374) |
| **At 31 March 2024** | 279 | 77 400 | 2 831 | 80 510 |

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

| | Initial goodwill R'000 | Cumulative foreign exchange movement R'000 | Goodwill 31 March 2024 R'000 | Goodwill 31 March 2023 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 | 11 708 | 53 255 | 49 129 |
| **Carrying amount at end of year** | 121 013 | 11 708 | 132 721 | 128 595 |

### 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.

For purposes of impairment testing, goodwill acquired has been allocated to the investment properties, 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. A 10 year period has been used given the nature of the self storage business model. Management has used the following assumptions:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 15% | 15% |
| Exit capitalisation rate | 9.3% | 9.3% |
| Growth rate | 6% | 6% |
| Cost inflation | 7% | 6% |

There was no impairment of the cash generating units in the current and prior year.

## 5 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

### 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 higher of value in use or fair value less costs of disposal. The group has assessed the consolidated net asset value of the business to be its recoverable amount. 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 been recognised during the current and prior 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 Betterstore as the dividends are the most appropriate 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:

| | 2024 | 2023 |
|---|---|---|
| Dividend growth | 6.0% | 6.0% |
| Exit capitalisation rate | 6.1% | 6.7% |
| Discount rate | 9.2% | 9.0% |
| Exchange rate (GBP/ZAR) | 23.83 | 22.01 |
| Terminal growth rate | 3.0% | 3.0% |

No impairment loss has been recognised during the current and prior year.

### 5.4 Sensitivity analysis

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

| | 2024 R'million | 2023 R'million |
|---|---|---|
| **Stor-Age Self Storage** | | |
| Discount rate minus 1% | 3.52 | 7.66 |
| Discount rate plus 1% | (3.31) | (7.34) |
| Long term growth rate minus 1% | (7.52) | (6.34) |
| Long term growth rate plus 1% | 7.88 | 6.66 |
| **Betterstore** | | |
| Dividend growth rate minus 1% | (140.24) | (124.59) |
| Dividend growth rate plus 1% | 145.34 | 129.09 |
| Discount rate minus 1% | 142.34 | (124.59) |
| Discount rate plus 1% | (135.00) | 129.90 |

The results of the above sensitivity are not indicative of an impairment as the value in use remains above the carrying value.

## 6 INVESTMENT IN SUBSIDIARIES

The following table lists the entities which are controlled by the group and company, either directly or indirectly through subsidiaries.

| Group<br>Name of company | Held by | Country of incorporation | % holding 2024 | % holding 2023 |
|---|---|---|---|---|
| Storage RSA Trading Proprietary Limited | USS | South Africa | 100.00% | 100.00% |
| Gauteng Storage Properties Proprietary Limited | USS | South Africa | 100.00% | 100.00% |
| Unit Self Storage Proprietary Limited ('USS') | RSI | South Africa | 100.00% | 100.00% |
| Stor-Age International Proprietary Limited ('SAI') | RSI | South Africa | 100.00% | 100.00% |
| Betterstore Self Storage Holdings Limited ('Betterstore') | SAI | Guernsey | 97.80% | 97.80% |
| Betterstore Self Storage Holdco Limited ('Betterstore Holdco') | Betterstore | Guernsey | 100.00% | 100.00% |
| SK Propco Limited | Betterstore | United Kingdom | 100.00% | 100.00% |
| Betterstore Self Storage Properties I Limited ('Properties I') | Betterstore Holdco | Guernsey | 100.00% | 100.00% |
| Betterstore Self Storage Properties III Limited | Betterstore Holdco | Guernsey | 100.00% | 100.00% |
| Betterstore Self Storage Operations Limited | Betterstore Holdco | United Kingdom | 100.00% | 100.00% |
| Storage Boost Holdings Limited | Betterstore | United Kingdom | 100.00% | 100.00% |
| Storage Boost Limited | Betterstore | United Kingdom | 100.00% | 100.00% |
| Betterstore Properties UK Limited | Properties I | United Kingdom | 100.00% | 100.00% |
| Flexi Store Self Storage Limited | Properties I | United Kingdom | 100.00% | 100.00% |
| Project Mars Limited ('Mars') | Properties I | United Kingdom | 100.00% | 100.00% |
| MJM Acquisitions Limited | Mars | United Kingdom | 100.00% | 100.00% |

Non-controlling interests (NCI)

| Name of subsidiary | 31 March 2024<br>Proportion of ownership interests held by NCI | Profit (loss) allocated to NCI | Accumulated NCI |
|---|---|---|---|
| Betterstore Self Storage Holidings Limited | 2.20% | 5 176 | 64 554 |

| Name of subsidiary | 31 March 2023<br>Proportion of ownership interests held by NCI | Profit (loss) allocated to NCI | Accumulated NCI |
|---|---|---|---|
| Betterstore Self Storage Holidings Limited | 2.20% | 7 083 | 58 416 |

The investment in subsidiaries is accounted for at cost by the company. The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

| Name of subsidiary | Country of incorporation | Effective holding<br>31 March 2024 | 31 March 2023 | Investment at cost<br>Company 2024 | Company 2023 |
|---|---|---|---|---|---|
| Roeland Street Investments Proprietary Limited ('RSI') | South Africa | 100.00% | 100.00% | 3 423 744 | 3 421 671 |
| Roeland Street Investments 2 Proprietary Limited ('RSI 2') | South Africa | 100.00% | 100.00% | 950 972 | 950 972 |
| SSS JV 3 Proprietary Limited ('SSS JV 3')* | South Africa | 50.00% | 100.00% | – | – |
| | | | | 4 374 716 | 4 372 643 |

* *On conclusion of the JV agreement with Nedbank Property Partners the group's effective shareholding changed to 50%. Refer to note 6.2 for further detail.*

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

## 6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### 6.1 Reconciliation of investment in subsidiaries

| | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|
| Opening balance | 4 372 643 | 4 370 922 |
| Share-based payment charge | 2 073 | 1 721 |
| Closing balance | 4 374 716 | 4 372 643 |

### 6.2 Deconsolidation of subsidiary

Stor-Age entered into a joint venture with Nedbank Property Partners ('NPP') in respect of its equity interest in SSS JV 3 on 30 June 2023. On conclusion of the joint venture agreement, Stor-Age's shareholding changed from 100% to 50% in SSS JV 3.

The joint venture requires unanimous consent from both Stor-Age and NPP on decisions which affect SSS JV 3. Refer to note 7 for further detail regarding the joint venture and note 26 for judgements applied in assessing the change in control.

The carrying amounts of assets and liabilities derecognised from the group's accounts at the effective date of the joint venture as set out below:

| | 2024 SSS JV 3 R'000 |
|---|---|
| Investment property | 30 507 |
| Current assets | 704 |
| Current liabilities | (91) |
| Intercompany loan payable | (31 120) |
| **Net assets** | – |

### 6.3 Intercompany loans receivable from/(payable) to subsidiaries

| | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|
| *Intercompany loans payable* | | |
| Gauteng Storage Properties Proprietary Limited | – | 43 816 |
| Unit Self Storage Proprietary Limited | – | 1 296 |
| Roeland Street Investments 2 Proprietary Limited | – | 43 241 |
| | – | 88 353 |
| *Intercompany loans receivable* | | |
| Roeland Street Investments Proprietary Limited | 202 455 | 467 531 |
| Betterstore Self Storage Operations Limited | 66 247 | 33 928 |
| Roeland Street Investments 2 Proprietary Limited | 1 200 | – |
| SSS JV 3 Proprietary Limited | – | 28 768 |
| | 269 902 | 530 227 |
| *Classification of intercompany loans receivables and payable* | | |
| Current assets | 269 902 | 530 227 |
| Current liabilities | – | (88 353) |
| **Net intercompany loans balance** | 269 902 | 441 874 |

The intercompany loan balances mainly comprise working capital amounts and dividends declared to the company during the year that were not settled at the reporting date. The portion of the loan due from SSS JV 3 is long-term in nature and has been recognised as part of Stor-Age's equity-accounted investments.

No interest is charged on intercompany balances with the South African subsidiaries. Interest is charged at 8% on the loan with Betterstore Self Storage Operations Limited. The intercompany payable/receivable is repayable on demand. Refer to note 24.3 for expected credit losses disclosure.

The company has issued Betterstore Self Storage Holdings and its directly held subsidiaries with a letter of financial support at the reporting date.

## 7 EQUITY-ACCOUNTED INVESTMENTS

### 7.1 Summary of interests in equity-accounted investments

The group has various partnerships in place across SA and the UK to develop, own and operate self storage properties. In SA the group has joint venture (JV) arrangements with Garden Cities, Nedbank Property Partners and Rabie Property Group (through the Century City Property Investment Trust). In the UK the partners are Moorfield Group and Nuveen Real Estate.

The table below depicts Stor-Age's interest in equity-accounted investees, split by their country of incorporation, which are material to the group at the reporting date.

| | | | % ownership interest | | Group | | Company | |
|---|---|---|---|---|---|---|---|---|
| Name of company | Partner | Nature of partnership | 2024 | 2023 | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| SA | | | | | | | | |
| Sunningdale Self Storage Proprietary Limited | Garden Cities | JV | 50.0% | 50.0% | 24 184 | 16 740 | 6 232 | 4 924 |
| SSS JV 1 Proprietary Limited* | Nedbank Property Partners | JV | 50.0% | 50.0% | 13 246 | 8 546 | 10 085 | 8 580 |
| SSS JV 2 Proprietary Limited* | Nedbank Property Partners | JV | 50.0% | 50.0% | 49 001 | 9 767 | 47 707 | 9 768 |
| SSS JV 3 Proprietary Limited* | Nedbank Property Partners | JV | 50.0% | – | 5 570 | – | 5 570 | – |
| Storage Century City JV Proprietary Limited | Century City Property Investment Trust | JV | 50.0% | 50.0% | 11 344 | 15 877 | 11 344 | 15 877 |
| UK | | | | | | | | |
| SK Heathrow Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 59 699 | 65 510 | – | – |
| SK Canterbury1 Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 57 940 | 26 067 | – | – |
| SK Bath Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 48 860 | 52 647 | – | – |
| SKJV Bidco Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 192 170 | 183 586 | – | – |
| SK West Brom Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 36 848 | 36 700 | – | – |
| SK Acton Limited^ | Moorfield Group | JV | 24.9% | 24.9% | 82 137 | 6 580 | | – |
| SK Enterprise JV Limited | Nuveen Real Estate | Associate | 10.0% | – | 124 912 | – | – | – |
| Carrying amount | | | | | 705 911 | 422 020 | 80 938 | 39 149 |

The equity-accounted investments' country of incorporation is also the principal place of business.

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Reconciliation of net investment in equity-accounted investments | | | | |
| Opening balance | 422 020 | 246 580 | 39 149 | 39 090 |
| Investment in equity-accounted investments | 426 990 | 136 136 | 142 062 | 32 175 |
| Share of equity-accounted total comprehensive income | 36 475 | 31 596 | – | – |
| Interest accrued | 8 744 | 9 803 | 7 991 | 9 803 |
| Loan repaid during the year | (220 964) | (41 919) | (108 264) | (41 919) |
| Foreign currency translation | 32 646 | 39 824 | – | – |
| Carrying amount of net investment in equity-accounted investees | 705 911 | 422 020 | 80 938 | 39 149 |
| Reconciliation of net investment in equity-accounted investees | | | | |
| Investment in equity-accounted investees | 240 480 | 118 944 | 239 | 239 |
| Shareholder loans | 465 431 | 303 076 | 80 699 | 38 910 |
| Carrying amount of net investment in equity-accounted investees | 705 911 | 422 020 | 80 938 | 39 149 |

* *Collectively referred to as SSS JV.*
^ *Collectively referred to as SKJV.*



## 7 EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

### 7.1 Summary of interests in equity-accounted investments (continued)

**Garden Cities**

The joint venture owns a self storage property in Sunningdale, Cape Town which commenced trading in May 2021.

Stor-Age has the right to appoint two of the four directors of the JV and participates in all significant financial and operating decisions. The group has joint control and the JV is structured as a separate vehicle. The group has a residual interest in the net assets of the entity and accordingly has classified its interest as a JV.

The shareholder loan advanced to the JV is unsecured and bears interest at the prime interest rate applicable in South Africa. The interest is due and payable bi-annually. External bank funding was obtained in March 2023 and a portion of the shareholder loan was repaid.

The JV has a financial year ending 28 February.

**Nedbank Property Partners**

The joint venture owns four trading self storage properties. The group is developing one self storage property in a JV with NPP.

Stor-Age has the right to appoint two of the four directors of the JV entities and all shareholders must unanimously agree on the relevant activities of the JVs. The group has a residual interest in the net assets of the JV entities and accordingly has classified its interest as a JV. The shareholder loan advanced is unsecured and bears interest at the prime interest rate applicable in South Africa.

The shareholders agreement for each JV includes a call and put option in respect of NPP's ordinary shares in the JV plus any shareholder loan claims. Under the agreement, NPP has the option to put its ordinary shares in the JVs and shareholder loan claims to Stor-Age and is exercisable five years following the completion of the property developments in each JV. Stor-Age has a call option to acquire NPP's ordinary shares in the JV plus any shareholder loan claims and is exercisable six years following the completion of the property developments in each JV. If neither the put option or call option are exercised by NPP or Stor-Age, as the case may be, the put and call options renew annually.

The option price means the fair market value of NPP's ordinary shares as determined in accordance with IFRS plus the face value of all NPP's shareholder loan claims against the JV. The fair market value will be determined by unanimous agreement of the JV's board of directors. If the board of directors fails to agree the fair market value, the matter shall be referred to an independent professional valuer to determine the fair market value.

The entities have a financial year ending 31 March.

**Moorfield Group**

Stor-Age has the right to appoint two of the five directors of the JV entities and all shareholders must unanimously agree on the relevant activities of the JV entities. The group has a residual interest in the net assets of the JV entities and accordingly has classified its interest as a JV.

The entities have a financial year ending 31 December.

**Century City Property Investment Trust**

The JV is developing a self storage facility in Century City. Stor-Age has the right to appoint two of the four directors of the entity and all shareholders must unanimously agree on the relevant activities of the entity. The group has a residual interest in the net assets of the JV entity and accordingly has classified its interest as a JV. The shareholder loan advanced is unsecured and bears interest at the prime interest rate applicable in South Africa.

The JV has a financial year ending 31 March.

**Nuveen Real Estate**

The group holds 10% of the equity in SK Enterprise JV Limited. Stor-Age has the right to appoint one of the four directors of the entity. All shareholders must agree on certain matters which affect the relevant activities of the company. The group has classified its interest as an associate and accordingly the group has applied the equity-accounting method in the consolidated financial statements.

The company has a financial year ending 31 December.

### 7.2 Capital commitments in respect of equity-accounted investments

| | Group | |
|---|---|---|
| | 2024 R'000 | 2023 R'000 |
| Contracted for | 38 329 | 103 937 |
| Authorised but not contracted for | 40 294 | – |
| | 78 623 | 103 937 |

The capital commitments relate to improvements to investment properties and new property developments. The commitments will be funded from the investee's cash resources and borrowing facilities, and contributions from the investee's shareholders.

## 7 EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

### 7.3 Summarised financial information for material equity-accounted investments

The tables below set out the summarised financial information for the equity-accounted investees which are material to the group. The financial information has been presented by equity-investment partner and aligns with the group's accounting policies.

*Summarised statement of financial position (100%)*

| SA | Garden Cities 2024 R'000 | Garden Cities 2023 R'000 | Nedbank Property Partners 2024 R'000 | Nedbank Property Partners 2023 R'000 | Century City Property Investment Trust 2024 R'000 | Century City Property Investment Trust 2023 R'000 | Total 2024 R'000 | Total 2023 R'000 |
|---|---|---|---|---|---|---|---|---|
| Non-current assets | 105 439 | 93 210 | 454 477 | 284 323 | 71 225 | 20 636 | 631 141 | 398 169 |
| Investment properties | 105 000 | 92 742 | 453 762 | 284 323 | 71 225 | 20 636 | 629 987 | 397 701 |
| Other non-current assets | 439 | 468 | 715 | – | – | – | 1 154 | 468 |
| Cash and cash equivalents | 3 596 | 1 259 | 3 176 | 1 236 | 288 | 33 | 7 060 | 2 528 |
| Other current assets | 170 | 64 | 3 402 | 1 879 | 3 056 | 1 366 | 6 628 | 3 309 |
| Current liabilities | (451) | (864) | (769) | (1 754) | (23) | – | (1 243) | (2 618) |
| Non-current liabilities | (71 861) | (69 049) | (451 889) | (286 267) | (74 546) | (22 035) | (598 296) | (377 351) |
| Loans and borrowings | (62 346) | (62 388) | (451 019) | (286 267) | (18 292) | (22 035) | (531 657) | (370 690) |
| Deferred taxation | (9 515) | (6 661) | (870) | – | (56 254) | – | (66 639) | (6 661) |
| **Net assets/(liabilities)** | 36 893 | 24 620 | 8 397 | (583) | – | – | 45 290 | 24 037 |
| Group's share in % | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% | – | – |
| Opening balance | 16 740 | 37 894 | 18 313 | – | 15 877 | – | 50 930 | 37 894 |
| Share of total comprehensive income | 6 137 | 13 012 | 4 489 | (551) | – | – | 10 626 | 12 461 |
| Increase in investment | 4 293 | 4 674 | 95 052 | 12 682 | 42 718 | 15 335 | 142 063 | 32 691 |
| Settlement of loan | (3 786) | (41 919) | (54 273) | – | (50 206) | – | (108 265) | (41 919) |
| Interest accrued | 800 | 3 079 | 4 236 | 6 182 | 2 955 | 542 | 7 991 | 9 803 |
| **Carrying amount** | 24 184 | 16 740 | 67 817 | 18 313 | 11 344 | 15 877 | 103 345 | 50 930 |

| UK | Moorfield 2024 R'000 | Moorfield 2023 R'000 | Nuveen^ 2024 R'000 | Total 2024 R'000 | Total 2023 R'000 |
|---|---|---|---|---|---|
| Non-current assets | 3 126 577 | 2 139 568 | 2 564 359 | 5 690 936 | 2 139 568 |
| Investment properties | 3 123 853 | 2 135 298 | 2 199 780 | 5 323 633 | 2 135 298 |
| Other non-current assets | 2 724 | 4 270 | 364 579 | 367 303 | 4 270 |
| Cash and cash equivalents | 47 838 | 60 676 | 51 034 | 98 872 | 60 676 |
| Other current assets | 122 456 | 46 873 | 48 053 | 170 509 | 46 873 |
| Current liabilities | (103 574) | (77 373) | (67 146) | (170 720) | (77 373) |
| Non-current liabilities | (2 583 328) | (1 762 158) | (2 073 049) | (4 656 377) | (1 762 158) |
| Loans and borrowings | (2 513 111) | (1 734 841) | (1 680 359) | (4 193 470) | (1 734 841) |
| Deferred taxation | (70 217) | (27 317) | (392 690) | (462 907) | (27 317) |
| **Net assets** | 609 969 | 407 586 | 523 251 | 1 133 220 | 407 586 |
| Group's share in % | 24.9% | 24.9% | 10.0% | – | – |
| Opening balance | 371 090 | 208 686 | – | 371 090 | 208 686 |
| Share of total comprehensive income | 35 390 | 19 134 | (9 541) | 25 849 | 19 134 |
| Increase in investment | 154 025 | 103 446 | 130 902 | 284 927 | 103 446 |
| Settlement of loan | (112 699) | – | – | (112 699) | – |
| Interest accrued | – | – | 753 | 753 | – |
| Foreign exchange differences | 29 848 | 39 824 | 2 798 | 32 646 | 39 824 |
| **Carrying amount** | 477 654 | 371 090 | 124 912 | 602 566 | 371 090 |

^ *No comparative information is disclosed as the investment was made in the current year.*

## 7 EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

### 7.3 Summarised financial information for material equity-accounted investments (continued)

*Summarised statement of profit or loss and other comprehensive income (100%)*

| SA | Garden Cities 2024 R'000 | Garden Cities 2023 R'000 | Nedbank Property Partners 2024 R'000 | Nedbank Property Partners 2023 R'000 | Total* 2024 R'000 | Total* 2023 R'000 |
|---|---|---|---|---|---|---|
| Property revenue (net of expected credit losses recognised on tenant receivables) | 13 010 | 9 267 | 6 884 | 325 | 19 894 | 9 592 |
| Direct property costs | (2 813) | (2 268) | (6 009) | – | (8 822) | (2 268) |
| Administration expenses | (900) | (721) | (1 527) | (255) | (2 427) | (976) |
| Fair value adjustment to investment property | 12 316 | 32 520 | 35 215 | – | 47 531 | 32 520 |
| Depreciation and amortisation | (39) | (35) | – | – | (39) | (35) |
| Interest income | 240 | 100 | 229 | 37 | 469 | 137 |
| Interest expense | (6 687) | (5 931) | (25 660) | (1 210) | (32 347) | (7 141) |
| Taxation | (2 853) | (6 907) | (155) | – | (3 008) | (6 907) |
| Deferred taxation | (2 853) | (6 907) | (155) | – | (3 008) | (6 907) |
| **Profit/(loss) for the year** | 12 274 | 26 025 | 8 977 | (1 103) | 21 251 | 24 922 |
| **Total comprehensive income** | 12 274 | 26 025 | 8 977 | (1 103) | 21 251 | 24 922 |

| UK | Moorfield 2024 R'000 | Moorfield 2023 R'000 | Nuveen 2024 R'000 | Total 2024 R'000 | Total 2023 R'000 |
|---|---|---|---|---|---|
| Property revenue (net of expected credit losses recognised on tenant receivables) | 124 485 | 96 334 | 145 881 | 270 366 | 96 334 |
| Direct property costs | (52 399) | (29 949) | (40 977) | (93 376) | (29 949) |
| Administration expenses | (13 020) | (9 552) | (27 922) | (40 942) | (9 552) |
| Fair value adjustment to investment property | 173 470 | 67 755 | (129 298) | 44 172 | 67 755 |
| Fair value adjustments to financial instruments | – | – | 4 282 | 4 282 | – |
| Depreciation and amortisation | (2 677) | (1 458) | 24 | (2 653) | (1 458) |
| Interest income | 11 | 54 | 51 905 | 51 916 | 54 |
| Interest expense | (48 195) | (22 177) | (141 348) | (189 543) | (22 177) |
| Taxation | (35 903) | (29 584) | 43 197 | 7 294 | (29 584) |
| Normal taxation | 4 257 | (4 075) | 1 908 | 6 165 | (4 075) |
| Deferred taxation | (40 160) | (25 509) | 41 289 | 1 129 | (25 509) |
| **Profit/(loss) for the year** | 145 772 | 71 423 | (94 256) | 51 516 | 71 423 |
| Other comprehensive income | (3 645) | 5 421 | (1 149) | (4 794) | 5 421 |
| **Total comprehensive income** | 142 127 | 76 844 | (95 405) | 46 722 | 76 844 |

* *A statement of profit or loss and other comprehensive income has not been disclosed for Stor-Age Century City JV Proprietary Limited as the property was still under construction at the reporting date.*

The UK investees' statements of profit or loss and other comprehensive income have been translated at the average rate for the period 1 April 2023 to 31 March 2024 of £1/R23.54 (2023: £1/R20.45).

## 8 UNLISTED INVESTMENT

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| Opening balance | 27 566 | 10 838 | 27 566 | 10 838 |
| Additional investment | 765 | 17 000 | 765 | 17 000 |
| Fair value adjustment | (488) | (272) | (488) | (272) |
| **Closing balance** | 27 843 | 27 566 | 27 843 | 27 566 |

The investments are held in various managed pooled funds. The funds focus on promoting financial inclusion and capacity building of black-owned SMEs within the broader SME ecosystem. This is achieved by empowering entrepreneurs with real funding solutions, targeted training, insightful mentorship, and strategic support.

## 9 TRADE AND OTHER RECEIVABLES

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| **Financial instruments** | | | | |
| Trade receivables | 32 280 | 29 396 | 857 | 868 |
| Loss allowance | (3 404) | (3 544) | (375) | (299) |
| Staff loans | 294 | 72 | 261 | 72 |
| Related party receivables – other | 404 | 415 | 36 291 | 24 267 |
| Related party receivables – equity-accounted investees | 10 970 | 10 596 | 4 973 | 568 |
| Sundry receivables | 21 807 | 50 150 | 3 036 | 5 268 |
| **Non-financial instruments** | | | | |
| Prepayments | 64 081 | 51 553 | 2 341 | 1 334 |
| **Total trade and other receivables** | 126 432 | 138 638 | 47 384 | 32 078 |
| **Split between non-current and current portions** | | | | |
| Current assets | 126 432 | 138 638 | 47 384 | 32 078 |
| **Financial instrument and non-financial instrument components of trade and other receivables** | | | | |
| At amortised cost | 62 351 | 87 085 | 45 043 | 30 744 |
| Non-financial instruments | 64 081 | 51 553 | 2 341 | 1 334 |
| | 126 432 | 138 638 | 47 384 | 32 078 |

## 10 CASH AND CASH EQUIVALENTS

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| Cash and cash equivalents consist of: | | | | |
| Cash on hand | 308 894 | 258 869 | 220 946 | 155 685 |
| Short-term deposits | – | 96 662 | – | – |
| | 308 894 | 355 531 | 220 946 | 155 685 |

## 11 STATED CAPITAL

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| *Authorised* | | | | |
| 1 000 000 000 Ordinary shares of no par value | | | | |
| *Issued* | | | | |
| In issue at the beginning of the year | 5 362 339 | 5 374 681 | 5 362 339 | 5 374 681 |
| Share acquired for conditional share plan | (2 571) | (21 692) | (2 571) | (21 692) |
| Shares issued in respect of conditional share plan | 3 619 | 9 350 | 3 619 | 9 350 |
| | 5 363 387 | 5 362 339 | 5 363 387 | 5 362 339 |
| **Reconciliation of number of shares issued:** | | | | |
| In issue at the beginning of the year | 474 610 430 | 474 610 430 | 474 610 430 | 474 610 430 |
| Shares acquired for conditional share plan | (208 617) | (1 548 978) | (208 617) | (1 548 978) |
| Shares issued in respect of conditional share plan | 1 749 796 | 1 548 978 | 1 749 796 | 1 548 978 |
| | 476 151 609 | 474 610 430 | 476 151 609 | 474 610 430 |

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 unaudited shareholder analysis for further information regarding significant shareholders.

## 12 SHARE-BASED PAYMENT RESERVE

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| Opening balance | 26 759 | 33 273 | 26 759 | 33 273 |
| Movement | 18 147 | 17 712 | 18 147 | 17 712 |
| Expense recognised in profit or loss | 18 147 | 17 712 | 16 074 | 15 991 |
| Group share-based payment charge | – | – | 2 073 | 1 721 |
| CSP awards vested during the current year | (18 710) | (24 226) | (18 710) | (24 226) |
| **Closing balance** | 26 196 | 26 759 | 26 196 | 26 759 |

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.

Details of unvested conditional shares awarded are set out below:

| | Tranche 4 | Tranche 5 | Tranche 6 | Total 31 March 2024 | Total 31 March 2023 |
|---|---|---|---|---|---|
| GM Lucas | 381 388 | 381 388 | 400 000 | 1 162 776 | 1 144 164 |
| SC Lucas | 381 388 | 381 388 | 400 000 | 1 162 776 | 1 144 164 |
| SJ Horton | 381 388 | 381 388 | 400 000 | 1 162 776 | 1 144 164 |
| Other employees | 1 092 373 | 1 001 149 | 1 040 583 | 3 134 105 | 3 136 824 |
| **Total awards granted** | 2 236 537 | 2 145 313 | 2 240 583 | 6 622 433 | 6 569 316 |

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 model.

12 SHARE-BASED PAYMENT RESERVE (CONTINUED)

Details of assumptions

Expected volatility is based on an evaluation of the historical volatility of the company's share price since listing. The historical volatility for each tranche was calculated at grant date and ranges between 16.4% and 20.3% across the tranches. The expected forfeiture rate has been based on historical experience and general employee behaviour. 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 4 | Tranche 5 | Tranche 6 | Total |
|---|---|---|---|---|
| Opening number of unvested instruments | 2 198 767 | 2 081 027 | – | 4 279 794 |
| Awards granted during the current year | – | 64 286 | 2 240 583 | 2 304 869 |
| Forfeited shares during the current year | (7 194) | – | – | (7 194) |
| **Closing number of unvested instruments** | 2 191 573 | 2 145 313 | 2 240 583 | 6 577 469 |
| Grant date | 30 November 2021 | 15 March 2023 | 19 March 2024 | |
| Vesting date | 1 September 2024 | 15 September 2025 | 1 September 2026 | |
| Issue price | | | R14.15 | |
| Forfeiture rate | | | 7% | |
| Dividend yield | | | 8.55% | |
| Performance condition factor | | | 90% | |

The shares awarded under tranche 4, 5 and 6 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.

The CSP has a dilutive impact on the group's earnings per share.

13 BORROWINGS

13.1 Reconciliation of loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Opening balance | 3 550 198 | 2 758 851 | 1 348 514 | 1 164 253 |
| New borrowing facilities | 417 334 | – | 417 334 | – |
| Withdrawals | 504 437 | 891 430 | 352 971 | 550 925 |
| Repayments | (610 754) | (372 492) | (881 522) | (372 492) |
| Loan fees paid and amortisation | 15 319 | 12 535 | 5 959 | 6 035 |
| Foreign exchange loss | 178 649 | 260 081 | – | – |
| Accrued interest | (8 379) | (207) | (5 404) | (207) |
| **Closing balance** | 4 046 804 | 3 550 198 | 1 237 852 | 1 348 514 |
| Current borrowings | 160 000 | 160 000 | 160 000 | 160 000 |
| Non-current borrowings | 3 886 804 | 3 390 198 | 1 077 852 | 1 188 514 |
| – Long-term borrowings | 3 886 804 | 3 446 198 | 1 077 852 | 1 244 514 |
| – Surplus cash paid into loan facility | – | (56 000) | – | (56 000) |

13 BORROWINGS (CONTINUED)

13.2 Terms and repayment schedule

*ZAR denominated facilities*

*31 March 2024*

*ZAR denominated facilities*

| Borrowing facilities | Expiry date | Term | Interest rate | Facility value R'000 | Facility balance R'000 |
|---|---|---|---|---|---|
| Nedbank | Mar-28 | 4 Years | Jibar+1.65% | 288 000 | 275 194 |
| Nedbank | Mar-28 | 4 Years | Fixed rate 7.18%* | 112 000 | 112 000 |
| Nedbank | Jan-27 | 3 Years | Jibar+1.63% | 350 000 | 125 808 |
| Nedbank | Jan-28 | 4 Years | Jibar+1.75% | 350 000 | 347 794 |
| Nedbank | Dec-27 | 5 Years | Jibar+1.75% | 300 000 | 213 811 |
| Standard Bank | Apr-29 | 5 Years | Jibar+1.70% | 225 000 | 225 000 |
| Standard Bank | Apr-27 | 3 Years | Jibar+1.55% | 148 000 | 29 807 |
| Standard Bank | Apr-27 | 3 Years | Fixed rate 6.84%** | 102 000 | 102 000 |
| Futuregrowth | Jul-24 | Rolling 3 months | Jibar+0.88% | 160 000 | 160 000 |
| | | | | 2 035 000 | 1 591 414 |

* Fixed interest rate at 7.18% until 30 September 2024. Thereafter reverts to Jibar+1.65%.
** Fixed interest rate at 6.84% until 31 May 2024. Thereafter reverts to Jibar+1.55%.

Rates referenced to Jibar represents 3 month Jibar.

*GBP denominated facilities*

| Borrowing facilities | Expiry date | Term | Interest rate | Facility value £'000 | Facility balance £'000 | Facility balance R'000 |
|---|---|---|---|---|---|---|
| Aviva | Oct-28 | 7 years | Fixed rate 3.21% | 21 000 | 21 000 | 500 415 |
| HSBC/Santander (Term Loan) | Oct-26 | 5 years | Sonia+2.40% | 42 500 | 42 500 | 1 012 745 |
| HSBC/Santander (RCF) | Oct-26 | 5 years | Sonia+2.65% | 32 500 | 28 907 | 688 840 |
| Standard Bank | Apr-27 | 3 years | Sonia+1.90% | 12 250 | 9 000 | 214 464 |
| Standard Bank | Apr-26 | 2 years | Sonia+1.80% | 5 250 | 3 112 | 74 158 |
| | | | | 113 500 | 104 519 | 2 490 622 |
| Total gross loans and borrowings for the group | | | | | | 4 082 036 |
| Loan fees paid and amortisation | | | | | | (35 232) |
| **Closing balance** | | | | | | 4 046 804 |

*Sonia – Sterling Overnight Indexed Average*

*31 March 2023*

*ZAR denominated facilities*

| Borrowing facilities | Expiry date | Term | Interest rate | Facility value R'000 | Facility balance R'000 |
|---|---|---|---|---|---|
| Nedbank | Sep-24 | 3 years | Jibar+1.65% | 275 000 | 273 584 |
| Nedbank | Oct-24 | 3 years | Fixed rate 7.18% | 112 000 | 112 000 |
| Nedbank | Nov-23 | 3 years | Jibar+1.73% | 350 000 | 348 288 |
| Nedbank | Dec-23 | 3 years | Jibar+1.78% | 300 000 | 153 490 |
| Nedbank | Oct-27 | 5 years | Jibar+1.75% | 300 000 | – |
| Standard Bank | Sep-24 | 3 years | Jibar+1.66% | 272 957 | 266 837 |
| Standard Bank | Apr-24 | 3 years | Fixed rate 6.84% | 102 043 | 102 043 |
| Futuregrowth | Apr-23 | Rolling 3 months | Jibar+0.875% | 160 000 | 160 000 |
| | | | | 1 872 000 | 1 416 242 |

13 BORROWINGS (CONTINUED)

13.2 Terms and repayment schedule (continued)

*31 March 2023 (continued)*

*GBP denominated facilities*

| Borrowing facilities | Expiry date | Term | Interest rate | Facility value £'000 | Facility balance £'000 | Facility balance R'000 |
|---|---|---|---|---|---|---|
| Aviva | Oct-28 | 7 years | Fixed rate 3.21% | 21 000 | 21 000 | 462 151 |
| HSBC/Santander (Term loan) | Oct-26 | 5 years | Sonia+2.40% | 42 500 | 42 500 | 812 292 |
| HSBC/Santander (RCF) | Oct-26 | 5 years | Sonia+2.65% | 32 500 | 25 907 | 693 159 |
| Standard Bank | Sep-24 | 3 years | Sonia+2.12% | 9 000 | 9 000 | 198 063 |
| Standard Bank | Mar-24 | 1 year | Sonia+1.65% | 10 000 | 3 112 | 68 488 |
| | | | | 115 000 | 101 519 | 2 234 153 |
| Total gross loans and borrowings for the group | | | | | | 3 650 395 |
| Surplus cash paid into loan facility | | | | | | (56 000) |
| Loan fees paid and amortisation | | | | | | (44 197) |
| **Closing balance** | | | | | | 3 550 198 |

All borrowing facilities are interest only facilities.

Surplus ZAR cash is placed in the Nedbank annex facility from time-to-time and earns interest at 3 month Jibar plus 1.40%. There are no restrictions on the availability of the cash placed in the facility.

Details of interest rate hedging derivatives are set out in note 24.

The group's risk management and interest benchmark transition is set out in note 24.2. The property assets encumbered are set out in note 31.

13.3 Financial covenants

The group has a number of debt facility agreements across both SA and the UK which contain various financial covenants. The strictest financial covenants require the group to maintain a corporate loan-to-value ("LTV") ratio of no more than 45% and an interest coverage ratio ("ICR") of at least 1.8 times. All financial covenants have been complied with during the year.

| | Group | | |
|---|---|---|---|
| Financial covenant | Requirement | 2024 | 2023 |
| Corporate LTV | 45% | 31.4% | 29.9% |
| ICR | 1.8 times | 3.4 times | 4.0 times |

The below table sets out the covenant requirements for each of the lenders:

| | SA | | UK | |
|---|---|---|---|---|
| Financial covenant | Standard Bank | Nedbank | Aviva | HSBC |
| Corporate LTV | 45% | 50% | N/A | N/A |
| Property LTV | 65% | 60% | 60% | 55% |
| ICR | 1.8 times | 1.8 times | 3 times | 2 times |
| Net asset value* | Minimum 5 billion | N/A | N/A | N/A |
| Unencumbered asset ratio* | 1.4 times | N/A | N/A | N/A |

* *Applies to £17.5 million Standard Bank loan facility (drawn down balance of £12.1 million). Net asset value as at 31 March 2024 was R7.59 billion and the unencumbered asset ratio was 2.3 times.*

13 BORROWINGS (CONTINUED)

13.4 Capital management

The group's financing policy is to fund the expansion of its property portfolio and achieve its strategic growth objectives through a mix of debt and equity. The group has various mechanisms in place to conserve cash for future expansion such as offering a dividend reinvestment plan to shareholders, which allows for the reinvestment of their cash dividend into additional shares in the company.

The group uses the loan-to-value ratio, set out below, as a crucial metric in assessing its capital structure.

| | Group | |
|---|---|---|
| | 2024 R'000 | 2023 R'000 |
| Loans and borrowings | 4 082 036 | 3 594 395 |
| Less: cash and cash equivalents | (308 894) | (355 531) |
| **Net debt** | 3 773 142 | 3 238 864 |
| Gross investment properties | 11 673 445 | 10 731 243 |
| Less: lease obligations | (362 847) | (332 902) |
| Investment properties net of lease obligations | 11 310 598 | 10 398 341 |
| Equity-accounted investments | 705 911 | 422 020 |
| **Total – net investment properties and equity-accounted investments** | 12 016 509 | 10 820 361 |
| LTV ratio* | 31.4% | 29.9% |

* *LTV ratio is defined as net debt as a percentage of the sum of net investment properties and investment in equity-accounted investments.*

13.5 Financial guarantees

The group has provided the following financial guarantees in respect equity-accounted investee borrowings as set out below:

- Guarantor – SAI; Lender – HSBC UK Bank plc ; Entities – SK Acton Limited and SK West Brom Limited; Guarantee provided – £1.422 million
- Guarantor – SAI; Lender – HSBC UK Bank plc ; Entities – SK Heathrow Limited, SK Bath Limited and SK Canterbury 1 Limited; Guarantee provided – £1.646 million
- Nedbank Property Partners JVs:

  Guarantor – Stor-Age Property REIT; Lender – Nedbank; Entity – SSS JV1; Guarantee provided – R15 million which reduced to R8.5 million on 2 April 2024

  Guarantor – Stor-Age Property REIT; Lender – Nedbank; Entity – SSS JV2; Guarantee provided – R10.0 million

  Guarantor – Stor-Age Property REIT; Lender – Nedbank; Entity – SSS JV3; Guarantee provided – R5.9 million reducing to R4.0 million on 30 September 2024 upon repayment of the building loan
- Guarantor – Stor-Age Property REIT; Lender – Nedbank; Entity – Storage Century City JV; Guarantee provided – R10 million reducing to R7.5 million on 9 December 2024 upon repayment of the building loan

The company has provided the following financial guarantee in respect of its subsidiary borrowings as set out below:

Guarantor – Stor-Age Property REIT; Lender – Standard Bank; Entity – SAI; Guarantee provided – £17.5 million in respect of an unsecured revolving credit facility (drawn balance at 31 March 2024 - £12.1 million)

*SAI – Stor-Age International Proprietary Limited*

14 DERIVATIVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| **Derivative financial assets** | | | | |
| Forward exchange contracts | – | 11 727 | – | – |
| Interest rate swaps | 59 735 | 80 900 | 7 059 | 12 605 |
| – ZAR denominated facilities | 7 059 | 5 804 | 7 059 | 12 605 |
| – GBP denominated facilities | 52 676 | 75 096 | – | – |
| | 59 735 | 92 627 | 7 059 | 12 605 |
| **Derivative financial liabilities** | | | | |
| Foreign exchange contracts | 15 781 | – | – | – |
| Cross currency interest rate swaps | – | 3 923 | – | – |
| Interest rate swaps | 1 105 | 2 695 | 1 105 | 2 695 |
| – ZAR denominated facilities | 1 105 | 2 695 | 1 105 | 2 695 |
| | 16 886 | 6 618 | 1 105 | 2 695 |
| Current assets | 12 706 | – | 1 184 | – |
| Non-current assets | 47 029 | 92 627 | 5 875 | 12 605 |
| | 59 735 | 92 627 | 7 059 | 12 605 |

## 14 DERIVATIVES (CONTINUED)

| 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 forward rates. |
| 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, ZAR denominated funding is obtained for foreign acquisitions and the group may enter into cross currency interest rate swaps to hedge foreign currency investments at levels considered appropriate. |
| Interest rate derivatives | The group enters into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans or limiting its exposure to increases in interest rates. |

## 15 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| **Financial instruments** | | | | |
| Trade creditors | 44 924 | 52 774 | 4 726 | 1 734 |
| Security deposits | 27 787 | 27 225 | 4 736 | 4 378 |
| Other payables | 17 706 | 30 025 | 2 666 | 2 577 |
| Related party payables | 31 658 | 518 | 897 | 737 |
| Accruals | 71 938 | 57 993 | 4 202 | 8 259 |
| Tenant deposits | 579 | 519 | 579 | 519 |
| **Non-financial instruments** | | | | |
| Income received in advance | 87 675 | 78 155 | 2 155 | 1 605 |
| VAT | 22 988 | 12 170 | 1 414 | 559 |
| | 305 255 | 259 379 | 21 375 | 20 368 |

Information about the group and company's liquidity risk exposure is included in note 24.

## 16 PROVISIONS

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Balance at beginning of year | 16 609 | 15 711 | 14 905 | 7 846 |
| Movement in provision* | 2 832 | 898 | 2 257 | 7 059 |
| **Balance at end of year** | 19 441 | 16 609 | 17 162 | 14 905 |

* *Relates mainly to provision for bonuses.*

## 17 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| **Rental income** | 1 144 226 | 996 635 | 82 556 | 68 844 |
| Rental income from tenants | 1 143 690 | 991 071 | 82 020 | 63 280 |
| Rental underpin | 536 | 5 564 | 536 | 5 564 |
| **Other income** | 84 120 | 74 153 | 3 312 | 2 893 |
| Sale of merchandise | 8 754 | 8 942 | 733 | 685 |
| Other ancillary income | 6 302 | 5 298 | 412 | 256 |
| Administration fees | 62 631 | 53 459 | 1 380 | 1 090 |
| Sundry income | 6 433 | 6 454 | 787 | 862 |
| **Property revenue** | 1 228 346 | 1 070 788 | 85 868 | 71 737 |

## 18 OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Fair value adjustment to derivative financial instruments | (69 438) | (9 354) | (3 956) | 13 256 |
| Fair value adjustment to non-derivative financial instruments | (488) | (272) | (488) | (272) |
| | (69 926) | (9 626) | (4 444) | 12 984 |

## 19 ADMINISTRATION EXPENSES BY NATURE

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| 19.1 | **Employee benefits** | | | | |
| | Salaries and wages | 110 702 | 86 454 | 68 461 | 59 585 |
| | Equity-based share based payment expense | 18 147 | 17 761 | 16 074 | 15 991 |
| | Other staff costs | 4 110 | 3 580 | 2 857 | 2 750 |
| | | 132 959 | 107 795 | 87 392 | 78 326 |
| 19.2 | **Operating and administration expenses** | | | | |
| | Other administrative expenses | 30 321 | 28 264 | 27 026 | 21 553 |
| | Professional fees | 11 029 | 10 134 | 4 334 | 2 821 |
| | Auditors remuneration | 9 344 | 6 588 | 1 576 | 974 |
| | | 50 694 | 44 986 | 32 936 | 25 348 |
| | **Total** | 183 653 | 152 781 | 120 328 | 103 674 |

## 20 TAXATION

### 20.1 Current and deferred tax expense

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Income tax charge for the year | 46 025 | 32 747 | – | – |
| Deferred tax charge for the year | 38 753 | 30 668 | – | – |
| **Taxation for the year** | 84 778 | 63 415 | – | – |
| *Reconciliation between applicable tax rate and effective tax rate:* | | | | |
| Profit before taxation | 27.00% | 27.00% | 27.00% | 27.00% |
| *Adjustments* | | | | |
| Non-deductible expenses | 0.90% | 0.17% | 0.95% | 0.19% |
| Employee conditional share plan | 0.62% | 0.04 % | 0.82% | – |
| Corporate interest restriction | 0.20% | – | – | – |
| Items of a capital nature | 0.08% | 0.13 % | 0.13% | 0.19% |
| Fair value adjustments | (5.50%) | (1.37%) | 0.63% | (0.13%) |
| Solar installation allowance claim | (0.68%) | – | (0.20%) | – |
| Foreign tax differential | 1.63% | (3.31%) | – | – |
| Foreign tax differential – rate change effect | – | (0.79%) | – | – |
| Increase in/(utilisation of) unrecognised deferred tax assets | (0.14%) | (0.09%) | 0.17% | (0.28%) |
| Qualifying S25BB REIT distribution | (12.56%) | (13.64%) | (28.55%) | (26.78%) |
| **Effective tax rate** | 10.65% | 7.97% | – | – |

20 TAXATION(CONTINUED)

20.2 Deferred tax

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| **Deferred tax asset** | | | | |
| Tax losses | – | 1 502 | – | – |
| Capital allowances | 10 695 | 11 312 | – | – |
| | 10 695 | 12 814 | – | – |
| **Deferred tax liability** | | | | |
| Fair value adjustments | 435 723 | 369 118 | – | – |
| | 435 723 | 369 118 | – | – |

*Deferred tax movement reconciliation – Group*

| | Tax losses | Capital allowances | Fair value adjustments | Total |
|---|---|---|---|---|
| 2024 | | | | |
| At beginning of the year | 1 502 | 11 312 | (369 118) | (356 304) |
| Profit or loss | (1 606) | (1 536) | (35 611) | (38 753) |
| Exchange differences | 104 | 919 | (30 994) | (29 971) |
| At end of the year | – | 10 695 | (435 723) | (425 028) |
| 2023 | | | | |
| At beginning of the year | 1 307 | 5 343 | (287 436) | (280 786) |
| Profit or loss | (4) | 4 797 | (35 461) | (30 668) |
| Exchange differences | 199 | 1 172 | (46 221) | (44 850) |
| At end of the year | 1 502 | 11 312 | (369 118) | (356 304) |

*South Africa*

The SA group of companies has tax losses available to carry forward and utilise against future profits of R373.5 million (2023: R387.2 million). 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.

*United Kingdom*

On 3 March 2022 during the spring budget speech the Chancellor confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023.

21 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.

| | 2024 R'000 Gross | 2024 R'000 Net | 2023 R'000 Gross | 2023 R'000 Net |
|---|---|---|---|---|
| Basic earnings (profit attributable to shareholders of the parent) | | 706 216 | | 724 583 |
| **Basic earnings** | | 706 216 | | 724 583 |
| Adjusted for: | (307 575) | (282 372) | (273 685) | (224 417) |
| Fair value adjustment to investment properties | (251 141) | (232 921) | (244 026) | (203 754) |
| Fair value adjustment to investment properties (NCI) | 1 571 | 1 179 | 3 472 | 2 604 |
| Fair value adjustment to investment properties of equity-accounted investees | (58 005) | (50 630) | (33 131) | (23 267) |
| **Headline earnings** | | 423 844 | | 500 166 |
| Total shares in issue ('000) | | 476 152 | | 474 610 |
| Weighted average shares in issue ('000) | | 475 415 | | 474 610 |
| Shares in issue entitled to dividends ('000) | | 476 152 | | 474 610 |
| Weighted average shares in issue entitled to dividends ('000) | | 475 415 | | 474 610 |
| Weighted potential dilutive impact of conditional shares | | 4 344 | | 4 130 |
| Diluted weighted average number of shares in issue entitled to dividends | | 479 759 | | 478 740 |
| **Earnings per share** | | | | |
| Basic earnings per share (cents) | | 148.55 | | 152.67 |
| Diluted earnings per share (cents) | | 147.20 | | 151.35 |
| **Headline earnings per share** | | | | |
| Basic headline earnings per share (cents) | | 89.15 | | 105.38 |
| Diluted headline earnings per share (cents) | | 88.35 | | 104.48 |

22 NOTES TO THE STATEMENTS OF CASH FLOWS

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| **22.1 Cash generated from operations** | | | | |
| Profit before taxation | 796 170 | 795 081 | 531 323 | 565 444 |
| **Adjustments for non-cash items:** | | | | |
| Dividends received | – | – | (600 026) | (588 100) |
| Interest income | (31 188) | (30 419) | (22 943) | (20 833) |
| Interest expense | 235 666 | 170 620 | 103 712 | 75 685 |
| Movements in provisions | 2 832 | 898 | 2 257 | 7 059 |
| Depreciation and amortisation | 9 927 | 8 596 | 6 399 | 5 217 |
| Share-based payment | 18 147 | 17 712 | 16 074 | 15 991 |
| Foreign exchange gains | (7 956) | (5 468) | (6 168) | (5 570) |
| Other fair value adjustment to investment properties | (251 141) | (244 026) | 8 510 | (18 793) |
| Share of profit or loss of equity accounted investments | (37 497) | (30 246) | – | – |
| Fair value adjustment to financial instruments | 69 926 | 31 131 | 4 444 | (12 984) |
| **Changes in working capital:** | | | | |
| (Increase)/decrease in inventories | (224) | 550 | 268 | 1 693 |
| Decrease/(increase) in trade and other receivables | 69 400 | (34 700) | 145 119 | 61 088 |
| (Decrease)/increase in trade and other payables | (66 203) | 22 388 | (17 558) | 68 998 |
| | 807 859 | 702 117 | 171 411 | 154 895 |

## 22 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

| | | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|---|
| 22.2 | **Interest received** | | | | |
| | Interest income | 31 188 | 30 419 | 22 943 | 20 833 |
| | Interest income accrual on loans | (10 992) | (11 425) | (11 880) | (12 738) |
| | **Interest received** | 20 196 | 18 994 | 11 063 | 8 095 |
| 22.3 | **Interest paid** | | | | |
| | Interest expense | 235 666 | 170 620 | 103 712 | 75 685 |
| | Interest capitalised to investment properties (refer to note 3) | 24 569 | 28 535 | 14 364 | 9 759 |
| | Realised losses on interest rate derivatives | – | 10 384 | – | – |
| | Interest expense accrual and amortisation on loans | (21 735) | (11 467) | (10 498) | (5 085) |
| | Corporations tax interest accrual | (2 966) | (1 123) | – | – |
| | Interest on lease obligations | (21 506) | (18 065) | (817) | (145) |
| | **Interest paid** | 214 028 | 178 884 | 106 761 | 80 214 |
| 22.4 | **Dividends paid** | | | | |
| | Balance payable at beginning of year | 275 701 | 262 459 | 275 701 | 262 459 |
| | Dividend declared | 566 698 | 560 705 | 562 680 | 560 705 |
| | Dividends paid by subsidiary to non-controlling interest | – | 2 149 | – | – |
| | Balance payable at end of year | (270 520) | (275 701) | (270 520) | (275 701) |
| | **Dividends paid** | 571 879 | 549 612 | 567 861 | 547 463 |
| 22.5 | **Dividend received** | | | | |
| | Balance payable at beginning of year | – | – | 309 140 | 283 402 |
| | Dividend income from subsidiary | – | – | 600 026 | 588 100 |
| | Subsidiary dividend capitalised to loan | – | – | (650 827) | (562 362) |
| | Balance payable at end of year | – | – | (258 339) | (309 140) |
| | **Dividend received** | – | – | – | – |
| 22.6 | **Taxation paid** | | | | |
| | Balance at beginning of the year | 39 133 | 38 690 | – | – |
| | Amounts charged to profit or loss | 46 025 | 32 747 | – | – |
| | Foreign exchange loss | 3 283 | 222 | – | – |
| | Balance at end of the year | (47 693) | (39 133) | – | – |
| | **Taxation paid** | 40 748 | 32 526 | – | – |

## 22 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

### 22.7 Movement in loans and borrowings and lease obligations

*Reconciliation of the movement in loans and borrowings and lease obligations*

| Group | Loans and borrowings R'000 | Lease obligations R'000 | Total R'000 |
|---|---|---|---|
| Gross debt at 1 April 2023 | (3 550 198) | (344 828) | (3 895 026) |
| Cash inflow | (841 793) | – | (841 793) |
| Cash outflow | 543 481 | 47 427 | 590 908 |
| Other non-cash movements | (19 645) | – | (19 645) |
| Foreign exchange adjustments | (178 649) | (75 744) | (254 393) |
| Gross debt at 31 March 2024 | (4 046 804) | (373 145) | (4 419 949) |
| Cash and cash equivalents | | | 308 894 |
| **Net loans and borrowings and lease obligations at 31 March 2024** | | | (4 111 055) |
| Gross debt at 1 April 2022 | (2 758 851) | (272 673) | (3 031 524) |
| Cash inflow | (752 165) | – | (752 165) |
| Cash outflow | 372 492 | 37 284 | 409 776 |
| Other non-cash movements* | (151 593) | – | (151 593) |
| Foreign exchange adjustments | (260 081) | (109 439) | (369 520) |
| Gross debt at 31 March 2023 | (3 550 198) | (344 828) | (3 895 026) |
| Cash and cash equivalents | | | 355 531 |
| **Net loans and borrowings and lease obligations at 31 March 2023** | | | (3 539 495) |

| Company | Loans and borrowings R'000 | Lease obligations R'000 | Total R'000 |
|---|---|---|---|
| Gross debt at 1 April 2023 | (1 348 514) | (10 261) | (1 358 775) |
| Cash inflow | (763 820) | – | (763 820) |
| Cash outflow | 533 644 | 2 259 | 535 903 |
| Other non-cash movements⁺ | 340 838 | (817) | 340 021 |
| Gross debt at 31 March 2024 | (1 237 852) | (8 819) | (1 246 671) |
| Cash and cash equivalents | | | 220 946 |
| **Net loans and borrowings and lease obligations at 31 March 2024** | | | (1 025 725) |
| Gross debt at 1 April 2022 | (1 164 253) | (1 413) | (1 165 666) |
| Cash inflow | (532 150) | – | (532 150) |
| Cash outflow | 372 492 | 1 672 | 374 164 |
| Other non-cash movements* | (24 603) | (10 520) | (35 123) |
| Gross debt at 31 March 2023 | (1 348 514) | (10 261) | (1 358 775) |
| Cash and cash equivalents | | | 155 685 |
| **Net loans and borrowings and lease obligations at 31 March 2023** | | | (1 203 090) |

* *Relates to the acquisition of investment properties settled directly from debt facilities.*

⁺ *The group entered into a loan agreement between RSI and Nedbank. The proceeds disbursed was used to settled an existing loan between the company and Nedbank. However the funds did not flow between the company and RSI.*

## 23 SEGMENTAL INFORMATION

The group's segmental information is based on the reporting format provided to the group's chief operating decision-makers ("CODM"). The CODMs are the group's executive directors who regularly review the performance of these operating segments. The CODMs evaluate the group's performance based on the following geographical segments:

- South Africa
- United Kingdom

The group's segmental information for the year ending 31 March 2024 were amended from those reported at 31 March 2023 as follows:

- The aggregation of the SA operating segments were previously reported as Western Cape, Gauteng, Free State, KwaZulu-Natal and Eastern Cape.
- Assets and liabilities which were previously unallocated to operating segments are now allocated to either the SA or UK operating segments.
- All items in the statement of profit and loss and other comprehensive income which were previously unallocated have been allocated to either SA or UK operating segments.

The group is managed on a consolidated basis and inter-segmental transactions have been eliminated.

## 23 SEGMENTAL INFORMATION (CONTINUED)

### Statement of financial position

| | 31 March 2024 | | | 31 March 2023* | | |
|---|---|---|---|---|---|---|
| | SA R'000 | UK R'000 | Total reported R'000 | SA R'000 | UK R'000 | Total reported R'000 |
| Investment properties | 5 461 692 | 6 211 753 | 11 673 445 | 5 214 925 | 5 516 318 | 10 731 243 |
| Property and equipment | 20 369 | 12 510 | 32 879 | 23 276 | 9 044 | 32 320 |
| Stor-Age share purchase scheme loans | – | – | – | 80 460 | – | 80 460 |
| Goodwill and intangible assets | 82 278 | 78 591 | 160 869 | 83 275 | 72 754 | 156 029 |
| Equity-accounted investments | 222 686 | 483 225 | 705 911 | 50 930 | 371 090 | 422 020 |
| Unlisted investment | 27 843 | – | 27 843 | 27 566 | – | 27 566 |
| Deferred taxation | – | 10 695 | 10 695 | – | 12 814 | 12 814 |
| Derivative financial assets | 8 164 | 51 571 | 59 735 | 12 605 | 80 022 | 92 627 |
| Trade and other receivables | 12 965 | 113 467 | 126 432 | 27 480 | 111 158 | 138 638 |
| Inventories | 4 816 | 2 542 | 7 358 | 4 663 | 2 292 | 6 955 |
| Cash and cash equivalents | 223 939 | 84 955 | 308 894 | 258 670 | 96 861 | 355 531 |
| **Total assets** | 6 064 752 | 7 049 309 | 13 114 061 | 5 783 850 | 6 272 353 | 12 056 203 |
| Loans and borrowings | 1 585 352 | 2 461 452 | 4 046 804 | 1 348 512 | 2 201 686 | 3 550 198 |
| Derivative financial liabilities | 2 211 | 14 675 | 16 886 | 2 695 | 3 923 | 6 618 |
| Deferred taxation | – | 435 723 | 435 723 | – | 369 118 | 369 118 |
| Lease obligations | 58 000 | 315 145 | 373 145 | 56 850 | 287 978 | 344 828 |
| Trade and other payables | 67 311 | 237 944 | 305 255 | 63 019 | 196 360 | 259 379 |
| Provisions | 17 162 | 2 279 | 19 441 | 15 265 | 1 344 | 16 609 |
| Taxation payable | 460 | 47 233 | 47 693 | – | 39 133 | 39 133 |
| Dividends payable | 270 520 | – | 270 520 | 275 701 | – | 275 701 |
| **Total liabilities** | 2 001 016 | 3 514 451 | 5 515 467 | 1 762 042 | 3 099 542 | 4 861 584 |

* *The disclosure has been presented to align with the current year's presentation.*

## 23 SEGMENTAL INFORMATION (CONTINUED)

### Statement of profit or loss and other comprehensive income

| | 31 March 2024 | | | 31 March 2023* | | |
|---|---|---|---|---|---|---|
| | SA R'000 | UK R'000 | Total reported R'000 | SA R'000 | UK R'000 | Total reported R'000 |
| Rental income | 597 431 | 546 795 | 1 144 226 | 533 616 | 463 019 | 996 635 |
| Other income | 25 378 | 58 742 | 84 120 | 23 029 | 51 124 | 74 153 |
| Property revenue⁺ | 622 809 | 605 537 | 1 228 346 | 556 645 | 514 143 | 1 070 788 |
| Expected credit losses recognised on tenant receivables | (4 422) | (2 038) | (6 460) | (4 435) | (1 838) | (6 273) |
| Direct property costs | (138 663) | (178 737) | (317 400) | (126 676) | (147 244) | (273 920) |
| Net property operating income | 479 724 | 424 762 | 904 486 | 425 534 | 365 061 | 790 595 |
| Management fees | 33 500 | 29 574 | 63 074 | 28 479 | 7 471 | 35 950 |
| Administration expenses | (118 027) | (65 626) | (183 653) | (104 937) | (47 844) | (152 781) |
| Net property operating profit | 395 197 | 388 710 | 783 907 | 349 076 | 324 688 | 673 764 |
| Foreign exchange gains | 7 956 | – | 7 956 | 5 468 | – | 5 468 |
| Fair value adjustment to investment properties | 179 831 | 71 310 | 251 141 | 86 409 | 157 617 | 244 026 |
| Other fair value adjustments to financial instruments | (4 444) | (65 482) | (69 926) | 12 984 | (22 610) | (9 626) |
| Depreciation and amortisation | (7 768) | (2 159) | (9 927) | (6 870) | (1 726) | (8 596) |
| Profit from operations | 570 772 | 392 379 | 963 151 | 447 067 | 457 969 | 905 036 |
| Net finance cost | (90 747) | (113 731) | (204 478) | (59 592) | (80 609) | (140 201) |
| Interest income | 24 585 | 6 603 | 31 188 | 20 287 | 10 132 | 30 419 |
| Interest expense | (115 332) | (120 334) | (235 666) | (79 879) | (90 741) | (170 620) |
| Share of profit of equity accounted investments, net of tax | 1 200 | 36 297 | 37 497 | 12 461 | 17 785 | 30 246 |
| Profit before taxation | 481 225 | 314 945 | 796 170 | 399 936 | 395 145 | 795 081 |
| Taxation expense | (460) | (84 318) | (84 778) | – | (63 415) | (63 415) |
| Normal taxation | (460) | (45 565) | (46 025) | – | (32 747) | (32 747) |
| Deferred taxation | – | (38 753) | (38 753) | – | (30 668) | (30 668) |
| **Profit for the year** | 480 765 | 230 627 | 711 392 | 399 936 | 331 730 | 731 666 |

* *The disclosure has been presented to align with the current year's presentation.*
⁺ *Further detail set out in note 17.*

24 FINANCIAL INSTRUMENTS

24.1 Financial instrument classification

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 | Non-financial instruments R'000 |
|---|---|---|---|---|
| **Group as at 31 March 2024** | | | | |
| *Financial assets* | | | | |
| Derivative financial assets | 59 735 | 59 735 | – | – |
| Unlisted investment | 27 843 | 27 843 | – | – |
| Cash and cash equivalents | 308 894 | – | 308 894 | – |
| Trade and other receivables | 126 432 | – | 62 351 | 64 081 |
| *Financial liabilities* | | | | |
| Derivative financial liabilities | 16 886 | 16 886 | – | – |
| Loans and borrowings | 4 046 804 | – | 4 046 804 | – |
| Lease obligations | 373 145 | – | 373 145 | – |
| Trade and other payables | 305 255 | – | 194 592 | 110 663 |
| Dividend payable | 270 520 | – | 270 520 | – |
| **Group as at 31 March 2023** | | | | |
| *Financial assets* | | | | |
| Derivative financial assets | 92 627 | 92 627 | – | – |
| Unlisted investment | 27 566 | 27 566 | – | – |
| Stor-Age share purchase scheme loans | 80 460 | – | 80 460 | – |
| Cash and cash equivalents | 355 531 | – | 355 531 | – |
| Trade and other receivables | 138 638 | – | 87 085 | 51 553 |
| *Financial liabilities* | | | | |
| Derivative financial liabilities | 6 618 | 6 618 | – | – |
| Loans and borrowings | 3 550 198 | – | 3 550 198 | – |
| Lease obligations | 344 828 | – | 344 828 | – |
| Trade and other payables | 259 379 | – | 169 054 | 90 325 |
| Dividend payable | 275 701 | – | 275 701 | – |

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Financial instrument classification (continued)

| | Total R'000 | At fair value through profit or loss R'000 | At amortised cost R'000 | Non-financial instruments R'000 |
|---|---|---|---|---|
| **Company as at 31 March 2024** | | | | |
| *Financial assets* | | | | |
| Derivative financial assets | 7 059 | 7 059 | – | – |
| Unlisted investment | 27 843 | 27 843 | – | – |
| Cash and cash equivalents | 220 946 | – | 220 946 | – |
| Trade and other receivables | 47 384 | – | 45 043 | 2 341 |
| *Financial liabilities* | | | | |
| Derivative financial liabilities | 1 105 | 1 105 | – | – |
| Loans and borrowings | 1 237 852 | – | 1 237 852 | – |
| Lease obligations | 8 819 | – | 8 819 | – |
| Trade and other payables | 21 375 | – | 17 806 | 3 569 |
| Dividend payable | 270 520 | – | 270 520 | – |
| **Company as at 31 March 2023** | | | | |
| *Financial assets* | | | | |
| Derivative financial assets | 12 605 | 12 605 | – | – |
| Unlisted investment | 27 566 | 27 566 | – | - |
| Stor-Age share purchase scheme loans | 80 460 | – | 80 460 | – |
| Cash and cash equivalents | 155 685 | – | 155 685 | – |
| Trade and other receivables | 32 078 | – | 30 744 | 1 334 |
| *Financial liabilities* | | | | |
| Derivative financial liabilities | 2 695 | 2 695 | – | – |
| Loans and borrowings | 1 348 514 | – | 1 348 514 | – |
| Lease obligations | 10 261 | – | 10 261 | – |
| Trade and other payables | 20 368 | – | 18 204 | 2 164 |
| Dividend payable | 275 701 | – | 275 701 | – |

*Financial risk management*

Exposure to interest rate, credit, liquidity, currency 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.

24.2 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, whilst optimising the return.

*24.2.1 Interest rate risk*

*Financial risk management*

The group is exposed to interest rate risk on loans and borrowings and cash and cash equivalents. The group enters into interest rate swaps, fixed rate loans and other interest rate derivative financial instruments to manage its exposure to interest rates by hedging the interest rate exposure on floating rate loans. The group states the fair value of interest rate derivatives using the mark-to-market mid market values.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Market risk (continued)

*24.2.1 Interest rate risk (continued)*

*Exposure to interest rate risk*

At the reporting date the interest profile of the group's variable and fixed interest-bearing financial instruments are:

| | Variable rate instruments | | Fixed rate instruments | |
|---|---|---|---|---|
| | 31 March 2024 R'000 | 31 March 2023 R'000 | 31 March 2024 R'000 | 31 March 2023 R'000 |
| Financial assets | 308 894 | 355 531 | 59 735 | 173 087 |
| Cash and cash equivalents | 308 894 | 355 531 | – | – |
| Share purchase scheme loans | – | – | – | 80 460 |
| Derivative financial assets | – | – | 59 735 | 92 627 |
| Financial liabilities | 3 367 059 | 2 974 201 | 731 864 | 682 812 |
| Derivative financial liabilities | – | – | 16 886 | 6 618 |
| Loans and borrowings | 3 367 059 | 2 974 201 | 714 978 | 676 194 |

*Interest rate derivative instruments*

The table below sets out the nominal amount of the group's interest rate derivative instruments:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Amounts reflected in '000 | ZAR | GBP | ZAR | GBP |
| ZAR denominated facilities | 850 000 | – | 700 000 | – |
| GBP denominated facilities | 1 525 076 | 64 000 | 1 188 389 | 54 000 |
| Total interest rate derivative instruments | 2 375 076 | 64 000 | 1 888 389 | 54 000 |

ZAR denominated derivatives are linked to 3 month Jibar.

GBP denominated derivatives are linked to Sonia.

The table below depicts the maturity profile of the group's interest rate derivatives at its nominal amount:

| | 31 March 2024 | | | 31 March 2023 | | |
|---|---|---|---|---|---|---|
| Amounts reflected in R'000 | ZAR denominated | GBP denominated | Total | ZAR denominated | GBP denominated | Total |
| Within 1 year | 200 000 | 476 586 | 676 586 | 150 000 | – | 150 000 |
| Within 2 years | 500 000 | 571 903 | 1 071 903 | 200 000 | 440 144 | 640 144 |
| Within 3 years | 75 000 | 476 587 | 551 587 | 200 000 | 550 180 | 750 180 |
| Within 5 years | 75 000 | – | 75 000 | 150 000 | 198 065 | 348 065 |
| | 850 000 | 1 525 076 | 2 375 076 | 700 000 | 1 188 389 | 1 888 389 |

*Hedge cover of loans and borrowings*

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| ZAR denominated | 1 591 414 | 1 416 242 | 1 243 620 | 1 416 242 |
| GBP denominated | 2 490 623 | 2 234 153 | – | – |
| Total gross loans and borrowings | 4 082 037 | 3 650 395 | 1 243 620 | 1 416 242 |
| Surplus cash paid into loan facility | – | (56 000) | – | (56 000) |
| Cash on hand | (308 894) | (355 531) | (220 946) | (155 685) |
| Loans and borrowings, net of cash | 3 773 143 | 3 238 864 | 1 022 674 | 1 204 557 |
| Interest rate derivatives | 2 375 076 | 1 888 389 | 850 000 | 700 000 |
| Fixed rate borrowings | 714 978 | 676 194 | 214 563 | 214 043 |
| CCIRS – fixed for floating swap | – | 102 326 | – | – |
| | 3 090 054 | 2 666 983 | 1 064 563 | 914 043 |
| Effective hedge cover of loans and borrowings | 81.9% | 82.3% | 104.1% | 78.1% |

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Market risk (continued)

*24.2.1 Interest rate risk (continued)*

*Managing interest rate benchmark reform and associated risks*

The global reform of interest benchmarks includes the replacement of some interbank offered rates (IBOR) with alternative benchmark interest rates. The group has exposure to IBORs on some of its loans and borrowings and derivative contracts held with South African banks for which there remains uncertainty regarding the timing and method of transition.

For the contracts indexed at Jibar, uncertainty remains on the timing and method of transition. The contracts affected by the transition are set out in the table below:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Liabilities exposed to ZAR Jibar maturing after the reporting year end | | | | |
| Loans and borrowings | 1 376 851 | 1 202 199 | 1 029 057 | 1 202 199 |
| Derivatives | (5 954) | (9 910) | (5 954) | (9 910) |
| Total | 1 370 897 | 1 192 289 | 1 023 103 | 1 192 289 |

*Sensitivity analysis to interest rates*

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss and equity of a change of 50 basis points in the interest rates of the unhedged floating rate loans and borrowings outstanding at the reporting date is set out below. The analysis has been prepared on the assumption that all other variables remain constant.

| | Group | |
|---|---|---|
| | 2024 R'000 | 2023 R'000 |
| Effect on equity and profit or loss | | |
| 50 basis points increase | (9 474) | (5 428) |
| 50 basis points decrease | 9 474 | 5 851 |

*24.2.2 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 previously used cross-currency interest rate swaps ("CCIRS")as part of its treasury management plan to hedge part of its foreign currency investment. The CCIRS were structured to receive a fixed or floating Jibar-linked rate and pay a fixed or floating Sonia-linked rate. The group settled its CCIRS during the year. Details of the CCIRS are set out below:

| Bank | Maturity date | Spot | Nominal GBP | Nominal ZAR | ZAR Rate | GBP Rate |
|---|---|---|---|---|---|---|
| 31 March 2023 | | | | | | |
| Nedbank | 29 September 2023 | 20.47 | 2 500 000 | 51 163 000 | 11.26%* (Floating) | 3.00% (Fixed) |
| Nedbank | 28 March 2024 | 20.47 | 2 500 000 | 51 163 000 | 11.04%* (Floating) | 3.00% (Fixed) |
| Total | | | 5 000 000 | 102 326 000 | | |

* *3-month Jibar (% at 31 March) + margin*

The group did not enter into any new CCIRS agreements in the current year.

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.2 Market risk (continued)
*24.2.2 Currency risk (continued)*

*Hedging of capital investment*

The acquisition of the UK self storage operations was financed through a combination of debt and equity from South Africa, as well as in-country debt funding from borrowers in the UK. The summary quantitative data about the group's exposure to currency risk is set out below:

| | 31 March 2024 GBP'000 | 31 March 2023 GBP'000 |
|---|---|---|
| Investment property | 260 677 | 250 660 |
| Loans and borrowings | (92 407) | (89 407) |
| Other assets | 12 465 | 14 295 |
| Other liabilities | (58 042) | (52 618) |
| Net investment | 122 693 | 122 930 |
| Nominal value of cross-currency interest rate swaps | – | 5 000 |
| CCIRS as a % of net investment | – | 4.1% |

*Hedging of cashflow*

To manage the impact of fluctuations in the GBP/ZAR exchange rate, the group makes use of hedging instruments for the forecast GBP earnings to be repatriated to SA for distribution purposes. In line with the group's policy the following open forward rate instruments are in place:

| | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| Period | Hedging level | Forward rate ZAR/GBP | Hedging level | Forward rate ZAR/GBP |
| FY24 | 100% | 23.35 | 95% | 23.24 |
| FY25 | 100% | 23.76 | 80% | 23.39 |
| FY26 | 70% | 24.64 | 50% | 24.24 |

*24.2.3 Sensitivity analysis to exchange rates*

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and 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. At an 8% (2023: 13%) movement in 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 | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| R'000 | 8% ZAR depreciation against the GBP | 8% ZAR appreciation against the GBP | 13% ZAR depreciation against the GBP | 13% ZAR appreciation against the GBP |
| Distributable earnings | (6 090) | 4 961 | 1 084 | 16 817 |
| Profit or loss | (14 739) | 12 007 | 5 340 | 82 854 |

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

| Average exchange rate | | Year-end spot rate | |
|---|---|---|---|
| 2024 | 2023 | 2024 | 2023 |
| £1/R23.54 | £1/R20.45 | £1/R23.83 | £1/R22.00 |

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.3 Credit risk
*24.3.1 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 | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| Stor-Age share purchase scheme loans | – | 80 460 | – | 80 460 |
| Tenant and related receivables | 28 876 | 25 852 | 482 | 569 |
| Related party receivables – other | 404 | 415 | 36 291 | 24 267 |
| Related party receivables – equity-accounted investees | 10 970 | 10 596 | 4 973 | 568 |
| Staff loans | 294 | 72 | 261 | 72 |
| Sundry receivables | 21 807 | 50 150 | 3 036 | 5 268 |
| Derivative financial assets | 59 735 | 92 627 | 7 059 | 12 605 |
| Intercompany receivables | – | – | 269 902 | 530 227 |
| Cash and cash equivalents | 308 894 | 355 531 | 220 946 | 155 685 |
| | 430 980 | 615 703 | 542 950 | 809 721 |

*Stor-Age share purchase scheme loans*

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.

All share purchase share scheme loans were settled in the current year.

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| The maximum exposure to credit risk for loans at the reporting date: | | | | |
| Stor-Age share purchase scheme loans | – | 80 460 | – | 80 460 |
| Shares pledged as security | – | (92 428) | – | (92 428) |
| **Net exposure** | – | – | – | – |

*Intercompany receivables*

The intercompany receivables are owing by subsidiaries of the company. The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The 12-month expected credit losses basis has been applied to these receivables and the risk of a default occurring over 12 months has been assessed as low. The conclusion is based on the net asset value and underlying investment property values of RSI, RSI 2 and Betterstore Self Storage Operations. The company has reviewed these subsidiaries' expected cash flows and believes that the full loan balances are recoverable. In assessing whether there has been a significant increase in credit risk the directors review each 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. No impairment allowance was recognised in the prior year.

*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 27). 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. No impairment allowance has been recognised in the current and prior year.

*Loans to equity-accounted investees*

The carrying value of the investments and loans to the equity-accounted investees, set out in note 7, are supported by the value of the investment property. The development of the properties are funded by shareholder loans and bank borrowings. The operational performance and cash flow forecast of the investees indicates their ability to repay the loan. Therefore no expected credit loss has been recognised on the loans in the current and prior year.

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.3 Credit risk (continued)
*24.3.1 Credit exposure (continued)*

*Cash and cash equivalents*

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between A1 and Ba2, 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. No impairment allowance was recognised in the prior year.

*Derivative financial assets*

Derivative contracts are entered into with counterparties who have strong credit ratings. At the reporting date the group has derivative contracts in place with counterparties whose Moody's credit rating range between A1 and Ba2. Based on the Moody's rating of the counterparty, the group considers the derivative contracts to have a low credit risk and therefore no impairment allowance has been recognised in the current year. No impairments losses were recognised on derivate contracts in the prior year.

*Tenant and related receivables*

Tenant receivables are classified as current as they are short-term in nature and generally settled within 30 days. Tenant receivables do not contain a significant financing component. Tenant receivables are initially recognised at the amount of the consideration that is unconditional. Subsequently tenant receivables 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 impair 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. Further details regarding the impairment allowance is set out in note 24.3.

*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 in the current year. No impairment allowance was recognised in the prior year on staff loans.

*Sundry receivables*

Sundry receivables relates mainly to amounts due from clients under the group's Digital First initiative and acquisition, development and management fees due from SKJV, SKEJV and SSS JV entities.

The group's credit risk is influenced by each Digital First client's individual characteristics. The group's credit risk is partially mitigated by the spread of its client base across multiple geographies. Clients generally settle their debt within 30 days of the invoice date. The group reserves the right to suspend all services on accounts overdue for more than 30 days.

In relation to the acquisition and development fees, the group has considered the net asset value and budgets for the SKJV, SKEJV and SSS JV entities and has concluded there has been no significant increase in credit risk from initial recognition to the reporting date.

In applying the 12-month expected credit loss basis no impairment losses have been recognised on sundry receivables in the current year and prior year as these are generally expected to be settled within 12 months.



24 FINANCIAL INSTRUMENTS (CONTINUED)
24.3 Credit risk (continued)
*24.3.2 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 receivables 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:

| R'000 | Past due 0 – 30 days | Past due 31 – 60 days | Past due 61 – 120 days | Past due >120 days | Total |
|---|---|---|---|---|---|
| **Group 31 March 2024** | | | | | |
| **South Africa** | | | | | |
| Expected loss rate | 8% | 23% | 63% | 100% | 37% |
| Gross carrying amount | 3 265 | 1 649 | 1 476 | 1 233 | 7 623 |
| Loss allowance | (221) | (336) | (805) | (1 072) | (2 434) |
| **UK** | | | | | |
| Expected loss rate | 1% | 10% | 51% | 100% | 4% |
| Gross carrying amount | 22 353 | 804 | 1 500 | – | 24 657 |
| Loss allowance | (127) | (80) | (763) | – | (970) |
| **Group 31 March 2023** | | | | | |
| **South Africa** | | | | | |
| Expected loss rate | 6% | 19% | 58% | 100% | 30% |
| Gross carrying amount | 3 806 | 1 765 | 1 859 | 1 544 | 8 974 |
| Loss allowance | (228) | (286) | (932) | (1 343) | (2 789) |
| **UK** | | | | | |
| Expected loss rate | –% | 10% | 51% | 100% | 3% |
| Gross carrying amount | 18 502 | 518 | 1 402 | – | 20 422 |
| Loss allowance | 6 | (52) | (709) | – | (755) |
| **Company 31 March 2024** | | | | | |
| **South Africa** | | | | | |
| Expected loss rate | 10% | 43% | 80% | 100% | 50% |
| Gross carrying amount | 325 | 169 | 190 | 173 | 857 |
| Loss allowance | (29) | (64) | (132) | (150) | (375) |
| **Company 31 March 2023** | | | | | |
| **South Africa** | | | | | |
| Expected loss rate | 9% | 12% | 58% | 100% | 40% |
| Gross carrying amount | 308 | 182 | 198 | 180 | 868 |
| Loss allowance | (24) | (19) | (100) | (156) | (299) |

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 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 | (3 544) | (1 874) | (299) | (106) |
| Increase in loss allowance recognised in profit or loss during the year | (6 460) | (6 273) | (613) | (460) |
| Receivables written off during the year as uncollectible | 5 954 | 3 389 | 537 | 267 |
| Foreign exchange movement | 646 | 1 214 | – | – |
| **Closing balance** | (3 404) | (3 544) | (375) | (299) |

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

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Liquidity risk

The group's exposure to liquidity risk mainly arises from its loans and borrowings, lease obligations and trade and other payables. The group continuously monitors its net liquidity position on the basis of expected cash flows.

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 2024 | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Loans and borrowings | 4 046 804 | 174 760 | 2 276 973 | 1 890 573 | – |
| Lease obligations | 373 145 | 31 280 | 33 048 | 105 312 | 203 503 |
| Trade and other payables* | 166 226 | 166 226 | – | – | – |
| Total non-derivatives | 4 586 175 | 372 266 | 2 310 021 | 1 995 885 | 203 503 |
| Derivative financial liabilities | 16 886 | 21 624 | 55 525 | 10 057 | 57 320 |
| Total derivatives | 16 886 | 21 624 | 55 525 | 10 057 | 57 320 |
| Group 2023 | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Loans and borrowings | 3 550 198 | 174 133 | 1 084 414 | 2 131 866 | 476 986 |
| Lease obligations | 344 828 | 37 352 | 16 171 | 157 546 | 347 400 |
| Trade and other payables* | 141 309 | 141 309 | – | – | – |
| Total non-derivatives | 4 036 335 | 352 794 | 1 100 585 | 2 289 412 | 824 386 |
| Derivative financial liabilities | 6 618 | 6 675 | 20 459 | 16 614 | – |
| Total derivatives | 6 618 | 6 675 | 20 459 | 16 614 | – |

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

The maturity profile of the group's total and undrawn borrowing facilities are reflected below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Maturity | Total borrowing facilities R'000 | Undrawn borrowing facilities R'000 | Total borrowing facilities R'000 | Undrawn borrowing facilities R'000 |
| Within 1 year | 160 000 | – | 160 000 | – |
| Between 1 and 3 years | 2 804 210 | 556 388 | 1 180 137 | 159 120 |
| Beyond 3 years | 1 775 415 | 101 201 | 3 062 689 | 593 309 |
| | 4 739 625 | 657 589 | 4 402 826 | 752 429 |

| | 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 2024 | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Loans and borrowings | 1 237 852 | 174 760 | 375 622 | 752 732 | – |
| Lease obligations | 8 819 | 31 280 | 33 048 | 105 312 | 203 503 |
| Trade and other payables* | 12 491 | 12 491 | – | – | – |
| Total non-derivatives | 1 259 162 | 218 531 | 408 670 | 858 044 | 203 503 |
| Derivative financial liabilities | 1 105 | 14 300 | 39 000 | 5 438 | 21 040 |
| Total derivatives | 1 105 | 14 300 | 39 000 | 5 438 | 21 040 |
| Company 2023 | | | | | |
| *Non-derivative financial liabilities* | | | | | |
| Loans and borrowings | 1 348 514 | 174 133 | 545 308 | 819 914 | – |
| Lease obligations | 10 261 | 2 259 | 604 | 9 867 | – |
| Trade and other payables* | 13 307 | 13 307 | – | – | – |
| Total non-derivatives | 1 372 082 | 189 699 | 545 912 | 829 781 | – |
| Derivative financial liabilities | 2 695 | 6 675 | 14 300 | 25 025 | – |
| Total derivatives | 2 695 | 6 675 | 14 300 | 25 025 | – |

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



24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Liquidity risk (continued)

The maturity profile of the company's total and undrawn borrowing facilities are reflected below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Maturity | Total borrowing facilities R'000 | Undrawn borrowing facilities R'000 | Total borrowing facilities R'000 | Undrawn borrowing facilities R'000 |
| Within 1 year | 160 000 | – | 160 000 | – |
| Between 1 and 3 years | 600 000 | 342 385 | 1 412 000 | 7 536 |
| Beyond 3 years | 925 000 | 98 995 | 300 000 | 448 222 |
| | 1 685 000 | 441 380 | 1 872 000 | 455 758 |

25 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.

## 25 FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (CONTINUED)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties:

| Group | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Carrying amount at 31 March R'000 |
|---|---|---|---|---|
| **2024** | | | | |
| *Assets* | – | 87 578 | 11 673 445 | 11 761 023 |
| Investment properties | – | – | 11 673 445 | 11 673 445 |
| Derivative financial assets | – | 59 735 | – | 59 735 |
| Unlisted investment | – | 27 843 | – | 27 843 |
| *Liabilities* | – | 16 886 | – | 16 886 |
| Derivative financial liabilities | – | 16 886 | – | 16 886 |
| **2023** | | | | |
| *Assets* | | 120 193 | 10 731 243 | 10 851 436 |
| Investment properties | – | – | 10 731 243 | 10 731 243 |
| Derivative financial assets | – | 92 627 | – | 92 627 |
| Unlisted investment | – | 27 566 | – | 27 566 |
| *Liabilities* | – | 6 618 | – | 6 618 |
| Derivative financial liabilities | – | 6 618 | – | 6 618 |

| Company | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Carrying amount at 31 March R'000 |
|---|---|---|---|---|
| **2024** | | | | |
| *Assets* | – | 34 902 | 958 073 | 992 975 |
| Investment properties | – | – | 958 073 | 958 073 |
| Derivative financial assets | – | 7 059 | – | 7 059 |
| Unlisted investment | – | 27 843 | – | 27 843 |
| *Liabilities* | – | 1 105 | – | 1 105 |
| Derivative financial liabilities | – | 1 105 | – | 1 105 |
| **2023** | | | | |
| *Assets* | – | 40 171 | 916 785 | 956 956 |
| Investment properties | – | – | 916 785 | 916 785 |
| Derivative financial assets | – | 12 605 | – | 12 605 |
| Unlisted investment | – | 27 566 | – | 27 566 |
| *Liabilities* | – | 2 695 | – | 2 695 |
| Derivative financial liabilities | – | 2 695 | – | 2 695 |

## 25 FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (CONTINUED)

### Level 2 fair values

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

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurements |
|---|---|---|---|
| Derivative financial instruments - Forward exchange contracts | Fair valued monthly by Investec and Nedbank 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 Nedbank using mark-to-market 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 derivatives | Fair valued monthly by Nedbank, Standard Bank, HSBC and Santander 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. |
| Unlisted investment | Fair valued monthly by the asset manager in relation to underlying performance of the fund using appropriate discount and default rates. | Not applicable. | Not applicable. |

* *The investment is held in products with Cadiz Life Limited which provides loans to black-owned businesses and beneficiaries at affordable interest rates with the purpose of complying with the BBBE codes.*

### Level 3 fair values

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

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurements |
|---|---|---|---|
| Investment properties | Refer to note 3 | Refer to note 3 | Refer to note 3 |

There have been no transfers between Level 1, 2 or 3 during the year.

## 26 USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has made judgements and estimates that impact the application of the group's accounting policies and the reported financial results. 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. Any changes made in estimates are recognised prospectively.

### 26.1 Judgements

Significant judgements made in applying the group's accounting policies and are set out in the notes listed below:

- Note 6.2: Deconsolidation of SSS JV3

Judgment is applied in assessing whether there has been a change in one or more elements of control.

On 30 June 2023, Stor-Age entered into a partnership agreement with Nedbank Property Partners (NPP) which resulted in:

– the appointment of two additional directors, representing NPP, to the board of SSS JV 3
– the ability to solely govern the relevant activities of SSS JV3 now requiring unanimous consent from NPP and Stor-Age.

Stor-Age therefore concluded that its power to solely govern the relevant activities of SSS JV 3 was removed and as result deconsolidated SSS JV 3.

- Note 7: Classification and accounting of joint ventures and interests in associate entities

Judgement is used to determine the nature of the group's interests in joint ventures and associates.

In the current year judgement has been applied to conclude that the group has joint-control over SSS JV 3 Proprietary Limited and exerts significant influence over SK Enterprise JV Limited.

For SSS JV 3, the joint venture agreement between Stor-Age and the JV partner require unanimous consent from all parties for all relevant activities. Stor-Age and the JV partner holds ordinary shares in SSS JV 3. Stor-Age has appointed two of the four directors to the board of SSS JV 3. Stor-Age has therefore accounted for its investment in SSS JV 3 as a joint venture.

Stor-Age effectively owns 10% of the issued share capital of SK Enterprise JV. Stor-Age has appointed one of four directors to the board of SK Enterprise JV. Stor-Age, through its indirectly held subsidiary, Betterstore Self Storage Operations, has is also the property manager for the investees trading stores and development manager for its property under development. Stor-Age has therefore accounted for its interest in SK Enterprise JV as an associate.

The group further concluded that the equity-method should be applied to account for SSS JV 3 and SK Enterprise JV.

### 26.2 Assumptions and estimation uncertainties

Significant assumptions and estimation uncertainties at the reporting date and are set out in the notes listed below:

- Note 3: Valuation of investment properties to fair value
  The discounted cash flow of net operating income valuation method is used which forecasts 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.

- Note 24: 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.

- Note 5: Determining the goodwill and intangible assets impairment
  The discounted cash flow of net operating income valuation method is used which forecasts 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.

- Note 20: 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.

## 27 RELATED PARTY TRANSACTIONS

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.

### 27.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries

- Gauteng Storage Properties Proprietary Limited
- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age International Proprietary Limited
- Betterstore Self Storage Holdings Limited and its subsidiaries

Equity-accounted investees

- Sunningdale Self Storage Proprietary Limited
- SK Heathrow Limited
- SK Canterbury1 Limited
- SK Bath Limited
- SKJV Bidco Limited
- SK West Brom Limited
- SSS JV 1 Proprietary Limited
- SSS JV 2 Proprietary Limited
- SSS JV 3 JV Proprietary Limited
- SK Enterprise JV Proprietary Limited
- Storage Century City JV 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 – (SC Lucas, SJ Horton and GM Lucas are ultimate beneficiaries)
- Stor-Age Property Holdings Proprietary Limited – (SC Lucas, SJ Horton and GM Lucas are directors and ultimate beneficiaries)

John Chapman is a trustee and a 12.3% indirect beneficiary in 50% of the Century City joint venture.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.2 Material related party transactions and balances

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| **Related party balances** | | | | |
| **Intercompany payables** | | | | |
| Gauteng Storage Properties Proprietary Limited | – | – | – | 43 816 |
| Unit Self Storage Proprietary Limited | – | – | – | 1 296 |
| Roeland Street Investments 2 Proprietary Limited | – | – | – | 43 241 |
| **Intercompany receivables** | | | | |
| Betterstore Self Storage Operations Limited | – | – | 66 247 | 33 928 |
| Roeland Street Investments Proprietary Limited | – | – | 202 455 | 467 531 |
| Roeland Street Investments 2 Proprietary Limited | – | – | 1 200 | – |
| SSS JV 3 Proprietary Limited | – | – | – | 28 768 |
| **Amounts – owing to related parties** | | | | |
| SKJV entities | 30 761 | – | – | – |
| Roeland Street Investments Proprietary Limited | – | – | – | 175 |
| Roeland Street Investments 2 Proprietary Limited | – | – | – | 16 |
| Stor-Age Property Holdings Proprietary Limited | 19 | 518 | 19 | 518 |
| Unit Self Storage Proprietary Limited | – | – | – | 24 |
| Madison Square Holdings Close Corporation | 17 | – | 17 | – |
| SSS JV1 Proprietary Limited | 861 | – | 861 | – |
| **Amounts – owing by related parties** | | | | |
| Betterstore Self Storage Operations Limited | – | – | 29 224 | 24 025 |
| Betterstore Self Storage Holdings Limited | – | – | 7 063 | – |
| Madison Square Holdings Close Corporation | – | 415 | – | 21 |
| SK Enterprise JV Limited | 1 329 | – | 257 | – |
| SKJV entities | 9 253 | 10 437 | 4 328 | 568 |
| SSS JV 1 Proprietary Limited | – | 159 | – | 159 |
| SSS JV 2 Proprietary Limited | 388 | – | 388 | – |
| SSS JV 3 Proprietary Limited | – | – | – | 62 |

The intercompany loans between the company and its South African subsidiaries are interest free and repayable on demand. The loans advance by the company to its South African joint ventures bear interest at the prime rate applicable and are repayable on demand. The loans advanced to the SKJV entities bear no interest and are repayable on demand. The loans advanced to SK Enterprise JV Limited of £0.15m, £2.1m and £0.6m bear interest at 0%, 6.98% and 5.84% per annum respectively. These loan will be repaid in 2033. Intercompany loans between the company and its Guernsey and UK based indirect subsidiaries bear interest at 8% per annum and are repayable on demand.



27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.2 Material related party transactions and balances (continued)

| | Group 2024 R'000 | Group 2023 R'000 | Company 2024 R'000 | Company 2023 R'000 |
|---|---|---|---|---|
| **Related party transactions** | | | | |
| **Dividend income** | | | | |
| Roeland Street Investments Proprietary Limited | – | – | 503 171 | 484 144 |
| Roeland Street Investments 2 Proprietary Limited | – | – | 96 855 | 103 460 |
| SSS JV 1 Proprietary Limited | – | – | – | 496 |
| **Interest income on Stor-Age share purchase scheme loans** | | | | |
| Directors and key management personnel | 5 680 | 6 414 | 5 680 | 6 414 |
| **Interest income** | | | | |
| Betterstore Self Storage Operations Limited | – | – | 3 889 | 1 331 |
| SK Enterprise JV Limited | 3 395 | – | – | – |
| SSS JV 1 Proprietary Limited | 1 369 | 3 032 | 1 369 | 3 032 |
| SSS JV 2 Proprietary Limited | 1 385 | 3 150 | 1 385 | 3 150 |
| SSS JV 3 Proprietary Limited | 1 482 | – | 1 482 | – |
| Storage Century City JV Proprietary Limited | 2 955 | 542 | 2 955 | 542 |
| Sunningdale Self Storage Proprietary Limited | 800 | 3 079 | 800 | 3 079 |
| **Construction fees incurred** | | | | |
| Madison Square Holdings Close Corporation | 11 696 | 41 742 | 5 231 | 6 984 |
| **Development fees income** | | | | |
| SK Enterprise JV Limited | 257 | – | 257 | – |
| SKJV entities | 9 811 | 9 733 | 9 811 | 9 733 |
| SSS JV 1 Proprietary Limited | 1 419 | 2 847 | 1 419 | 2 847 |
| SSS JV 2 Proprietary Limited | 963 | 5 288 | 963 | 5 288 |
| SSS JV 3 Proprietary Limited | 1 797 | – | 1 797 | – |
| Storage Century City JV Proprietary Limited | 2 041 | – | 2 041 | – |
| Sunningdale Self Storage Proprietary Limited | – | 26 | – | 26 |
| **Acquisition fees income** | | | | |
| SKJV entities | 2 299 | 2 936 | 2 299 | 2 936 |
| **Management fee income** | | | | |
| Betterstore Self Storage Operations Limited | – | – | 36 194 | 25 705 |
| Betterstore Self Storage Holdings Limited | – | – | 7 063 | – |
| SK Enterprise JV Limited | 16 348 | – | – | – |
| SKJV entities | 11 751 | 6 559 | – | – |
| SSS JV 1 Proprietary Limited | 542 | – | 542 | – |
| SSS JV 2 Proprietary Limited | 750 | – | 750 | – |
| Sunningdale Self Storage Proprietary Limited | 900 | 653 | 900 | 653 |
| **Recovery of costs** | | | | |
| Madison Square Holdings Close Corporation | 600 | 600 | 600 | 600 |
| **Office lease payments** | | | | |
| Stor-Age Property Holdings Proprietary Limited | 2 259 | 1 672 | 2 259 | 1 672 |

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 27.3 and 27.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.3 Directors' and company secretary's shareholdings

| | Direct beneficial | Indirect | Total | Percentage |
|---|---|---|---|---|
| **31 March 2024** | | | | |
| GM Lucas | – | 7 130 113 | 7 130 113 | 1.50% |
| SJ Horton | – | 3 082 802 | 3 082 802 | 0.65% |
| SC Lucas | 405 964 | 7 115 113 | 7 521 077 | 1.58% |
| GA Blackshaw | – | 1 733 697 | 1 733 697 | 0.36% |
| KM de Kock | 18 350 | – | 18 350 | – |
| HH-O Steyn (company secretary) | – | 510 000 | 510 000 | 0.11% |
| JAL Chapman | 176 650 | 396 011 | 572 661 | 0.12% |
| | 600 964 | 19 967 736 | 20 568 700 | 4.32% |
| **31 March 2023** | | | | |
| GM Lucas | 2 581 905 | 7 130 113 | 9 712 018 | 2.05% |
| SJ Horton | 2 445 803 | 3 082 802 | 5 528 605 | 1.16% |
| SC Lucas | 2 396 905 | 7 115 113 | 9 512 018 | 2.00% |
| GA Blackshaw | – | 1 742 648 | 1 742 648 | 0.37% |
| KM de Kock | 18 350 | – | 18 350 | – |
| HH-O Steyn (company secretary) | – | 460 000 | 460 000 | 0.10% |
| JAL Chapman | 176 650 | 396 011 | 572 661 | 0.12% |
| | 7 619 613 | 19 926 687 | 27 546 300 | 5.80% |

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 23 November 2021 Stor-Age Property Holdings Pty Ltd ("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 17.374 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 2024, the outstanding balance on the Facility was R12.7 million (2023: R36.5 million). The related entities held 24.374 million (2023: 24.374 million) Stor-Age shares at 31 March 2024.

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.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.4 Directors' remuneration

*Non-executive directors' emoluments*

Fees paid to non-executive directors for meeting attendance were as follows:

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| AC Menigo (investment committee) | 441 | 80 |
| A Varachhia (investment committee and social and ethics committee) | 504 | 480 |
| GA Blackshaw (social and ethics committee, investment committee and remuneration committee) | 840 | 800 |
| JAL Chapman (investment committee) | 441 | 420 |
| KM de Kock (audit and risk committee and remuneration committee) | 583 | 555 |
| MPR Morojele (audit and risk committee and remuneration committee) | 546 | 520 |
| P Mbikwana^ (social and ethics committee and audit and risk committee) | 546 | 520 |
| | 3 901 | 3 375 |

^ *P Mbikwana resigned on 31 March 2024.*

*Executive directors' emoluments*

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

| | Basic Salary R'000 | Short-term incentives R'000 | IFRS Share-based payment charge R'000 | Total R'000 |
|---|---|---|---|---|
| **2024** | | | | |
| GM Lucas | 3 392 | 3 889 | 2 821 | 10 102 |
| SJ Horton | 3 392 | 3 889 | 2 821 | 10 102 |
| SC Lucas | 3 392 | 3 889 | 2 821 | 10 102 |
| | 10 176 | 11 667 | 8 463 | 30 306 |
| **2023** | | | | |
| GM Lucas | 3 200 | 3 529 | 3 009 | 9 738 |
| SJ Horton | 3 200 | 3 529 | 3 009 | 9 738 |
| SC Lucas | 3 200 | 3 529 | 3 009 | 9 738 |
| | 9 600 | 10 587 | 9 027 | 29 214 |

The directors listed in the note above are the key management personnel of the group.

## 28 LEASE OBLIGATIONS

The right-of-use assets for the properties leased, which trade as self-storage facilities, have been recognised as part of investment properties on the fair value model. Lease payments for the SA properties are subject to an annual fixed escalation. In the UK, lease payments are reviewed every five years to reflect market rentals. Reviews were completed for three properties during the year. A review for one property is expected to be finalised in the next financial year. The group is restricted from entering into sub-letting agreements for some of the properties.

The group also leases head offices in SA and the UK. The right of use assets for these head offices are classified as property and equipment and amortised over the term of the lease.

The statement of financial position reflects the following amounts relating to leases:

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 R'000 | 2023 R'000 | 2024 R'000 | 2023 R'000 |
| **Right-of-use assets** | | | | |
| Investment properties (note 3) | 1 136 855 | 966 148 | – | – |
| Property and equipment | 9 681 | 11 983 | 8 127 | 10 201 |
| | 1 146 536 | 978 131 | 8 127 | 10 201 |
| **Lease obligations** | | | | |
| Current | 31 292 | 35 100 | 2 198 | 2 054 |
| Non-current | 341 853 | 309 728 | 6 621 | 8 207 |
| | 373 145 | 344 828 | 8 819 | 10 261 |
| The statement of profit or loss reflects the following amounts relating to leases: | | | | |
| Interest expense | 19 494 | 17 872 | 817 | 145 |
| The lease obligations relates to the following: | | | | |
| Investment properties | 362 849 | 332 902 | – | – |
| Head office | 10 296 | 11 926 | 8 819 | 10 261 |
| | 373 145 | 344 828 | 8 819 | 10 261 |

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

| Property | Commencement date | Termination date | Location |
|---|---|---|---|
| Constantia Kloof | December 2012 | June 2051 | South Africa |
| Somerset Mall | April 2012 | June 2037 | South Africa |
| Tokai* | April 2024 | March 2029 | South Africa |
| Springfield | October 1997 | March 2050 | South Africa |
| Aylesford | October 2007 | October 2032 | United Kingdom |
| Basildon | August 2007 | July 2032 | United Kingdom |
| Dunstable | October 2007 | October 2032 | United Kingdom |
| Epsom | February 2008 | February 2033 | United Kingdom |
| Nottingham | July 2008 | November 2032 | United Kingdom |
| Warrington | January 2020 | January 2040 | United Kingdom |
| West Bromwich | June 2012 | June 2037 | United Kingdom |
| Woodley | June 2007 and December 2007 | June 2032 and December 2032 | United Kingdom |

* *Tokai comprises both a freehold (7 494 m² GLA) and leasehold (620 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

## 29 GOING CONCERN

The directors have assessed the group's ability to continue as a going concern.

At 31 March 2024 the group's current liabilities exceed its current assets by R378.8 million. Included in current liabilities is a facility totalling R160.0 million which is due for payment in July 2024. Also included in current liabilities is the dividend payable of R270.5 million. The group has access to cash resources of R308.9 million. Total undrawn borrowing facilities amounted to R657.6 million. The group also raised R500 million in a debt auction in April 2024.

Based on the above factors and an assessment of the group's cashflow forecast, the board is satisfied that the group has sufficient cash requirements for the next 12 months.

## 30 EVENTS AFTER REPORTING DATE

Subsequent to the reporting date Stor-Age raised R500 million through its inaugural debt auction, split across R300 million 3 year terms notes, and R200 million 5 year term notes.

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.



## 31 PROPERTY ANALYSIS

### 31.1 Trading properties – owned by the group

*South Africa*

| Property name | Address | Property+ encumbrance | Weighted average rental R/m² | GLA (m²)# | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|---|---|---|
| Bellville – Durban Road | 210 Durban Road, Oakdale, Bellville | Unencumbered | 133.8 | 6 995 | 97 954 | 92 912 |
| Bellville – Peter Barlow | Corner of Peter Barlow and Kasselsvlei Road, Bellville | Encumbered | 133.2 | 5 834 | 67 300 | 67 805 |
| Berea | 23 Calder Road, Berea | Encumbered | 151.2 | 7 853 | 114 383 | 107 328 |
| Bloemfontein | Sand Du Plessis Avenue, Estoire | Encumbered | 103.5 | 6 647 | 63 450 | 60 140 |
| Boksburg | 37 View Point Road, Bartlett, Boksburg | Encumbered | 129.9 | 7 190 | 88 150 | 87 290 |
| Brackenfell – Silverpark | 9 Silver Street, Brackenfell Industria, Brackenfell | Unencumbered | 105.0 | 7 390 | 76 047 | 71 012 |
| Brackenfell – Stikland | 11 Danie Uys St, Stikland | Unencumbered | 124.8 | 7 215 | 87 196 | 92 693 |
| Brooklyn | Corner Jan Shoba and Justice Mohammed St. | Encumbered | 174.3 | 7 444 | 127 972 | 124 584 |
| Bryanston – Main Road | 1 Vlok Road, Bryanston, Sandton | Unencumbered | 214.0 | 6 141 | 135 347 | 128 390 |
| Centurion | 1250 Theron Street, Pierre van Rhyneveld | Encumbered | 86.4 | 20 914 | 170 298 | 165 590 |
| Claremont | Corner Main Road and Brooke Street, Claremont | Encumbered | 214.3 | 9 066 | 214 957 | 190 606 |
| Constantia Kloof* | Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof | Encumbered | 167.8 | 5 346 | 76 702 | 78 316 |
| Craighall | 376A Jan Smuts Avenue, Craighall, Randburg | Unencumbered | 206.3 | 6 544 | 141 600 | 125 250 |
| Cresta | 290 Weltevreden Road, Cresta, Blackheath, Randburg | Unencumbered | 150.6 | 7 415 | 122 295 | 123 720 |
| Durban City | 200 Gale Street, Durban | Encumbered | 129.7 | 3 881 | 31 971 | 32 050 |
| Durbanville | 2-8 Plein Street, Durbanville | Encumbered | 158.2 | 7 705 | 137 200 | 121 491 |
| Edenvale | 60 Civin Drive, Germiston | Encumbered | 195.5 | 8 637 | 189 200 | 172 440 |
| Edgemead | 1 Southdale Road Edgemead | Encumbered | 168.9 | 5 058 | 84 767 | 77 938 |
| Gardens | 121 Roeland Street, Gardens | Encumbered | 239.7 | 12 447 | 333 437 | 298 467 |
| Garsfontein | Plot 13 Garsfontein Road, Grootfontein | Encumbered | 73.2 | 9 696 | 63 410 | 61 257 |
| Glen Anil | 2014 Old North Coast Road, Mt Edgecombe | Encumbered | 141.1 | 4 277 | 49 389 | 48 217 |
| Greenbushes | Plot 136 Old Cape Road, Port Elizabeth | Encumbered | 85.8 | 11 031 | 84 720 | 86 800 |
| Hennopspark | Jakaranda Street, Hennopspark | Encumbered | 108.1 | 9 371 | 91 583 | 89 240 |
| Irene | Corner 24th Street and 40th Avenue, Irene | Unencumbered | 77.7 | 5 049 | 34 287 | 33 844 |
| Jhb City | 32 Rosettenville Road, Village Main, Jhb City | Encumbered | 89.0 | 7 836 | 49 875 | 53 619 |
| Kempton Park | Corner of Cheetah and Klipspringer Street, Kempton Park | Encumbered | 111.8 | 9 086 | 91 975 | 93 063 |
| Maitland | 255 Voortrekker Road, Maitland | Encumbered | 226.7 | 1 448 | 25 261 | 23 715 |
| Midrand | 492 Komondor Road, Glen Austin X3, Midrand | Encumbered | 112.5 | 7 137 | 77 536 | 76 635 |
| Midstream | 65 Freight Road, Louwlardia, Midrand | Encumbered | 125.3 | 7 608 | 97 255 | 90 220 |
| Mnandi | 39 Tulip Avenue, Raslow | Encumbered | 77.4 | 8 228 | 49 997 | 49 847 |
| Mooikloof | 738 Blesbok Street, Pretoria East | Encumbered | 86.6 | 5 525 | 43 781 | 43 303 |
| Mount Edgecombe | 33 Flanders Drive, Blackburn, Durban | Encumbered | 188.3 | 9 045 | 176 772 | 163 901 |
| Ottery Road | 5 John Tyres Close, Ottery | Unencumbered | 144.3 | 5 464 | 74 300 | 60 828 |
| Ottery – Springfield Road | Corner Bloemhof Avenue and Springfield Street, Ottery | Encumbered | 138.9 | 5 347 | 71 500 | 58 450 |
| Parklands | 101 Sandown Road, Parklands | Unencumbered | 168.4 | 3 769 | 69 790 | 71 100 |
| Pinehurst | Corner of Pinehurst Drive and Okavango Road, Pinehurst | Encumbered | 134.1 | 10 460 | 155 268 | 135 983 |
| Pretoria West | 1384 Malie Street, Pretoria West | Encumbered | 67.3 | 4 161 | 15 200 | 17 430 |
| Randburg | 225 Braam Fischer Drive, Randburg | Encumbered | 165.7 | 6 766 | 111 145 | 105 803 |
| Roodepoort | 17 JG Strijdom Road, Weltevredenpark | Encumbered | 143.3 | 8 006 | 105 460 | 110 120 |
| Rooihuiskraal | 29 Rietspruit Road, Samrand | Encumbered | 115.6 | 7 940 | 74 541 | 71 075 |
| Sea Point | 67 Regent Road, Sea Point | Encumbered | 283.9 | 2 902 | 84 116 | 68 171 |

\+ *Certain restrictions are placed on encumbered assets as part of the financing arrangements, primarily involving limitations on disposing of these assets without prior approval from lenders.*

| Property name | Address | Property⁺ encumbrance | Weighted average rental R/m² | GLA (m²)# | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|---|---|---|
| Silver Lakes | Six Fountains Boulevard | Encumbered | 132.1 | 8 644 | 106 832 | 101 681 |
| Somerset Mall* | Corner Forsyth Road and De Beers Avenue, Somerset West | Unencumbered | 147.0 | 5 474 | 55 170 | 52 858 |
| Somerset West | 24 Ou Paardevlei, Somerset West | Encumbered | 142.2 | 7 803 | 118 600 | 111 320 |
| Springfield* | 166 Inersite Avenue, Umgeni Business Park | Encumbered | 148.2 | 5 516 | 86 669 | 88 291 |
| Stellenbosch | 7 George Blake and 6 Stoffel Smit, Stellenbosch | Encumbered | 158.9 | 6 233 | 94 500 | 85 540 |
| Strand | 42 Delson Circle, Heritage Park, Somerset West | Encumbered | 140.1 | 5 005 | 61 450 | 60 708 |
| Sunninghill | 4 Kikuyu Road, Sunninghill, Johannesburg | Encumbered | 204.4 | 8 533 | 177 025 | 179 780 |
| Table View | 121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View | Encumbered | 159.6 | 10 103 | 163 856 | 164 573 |
| Tokai* | 64-74 White Road, Retreat | Encumbered | 198.9 | 8 114 | 174 600 | 154 971 |
| Waterfall | 1 Nguni Way and 127 Brackenhill Road, Hillcrest | Encumbered | 116.6 | 5 894 | 47 927 | 49 860 |
| West Rand | Portion 610, St Antonios Road, Muldersdrift | Encumbered | 118.3 | 4 647 | 38 235 | 39 051 |
| Westering | 85 Warbler Road, Westering | Encumbered | 135.5 | 6 756 | 92 877 | 85 082 |
| Zwartkop | 70 Migmatite Street, Zwartkop ext 13 | Encumbered | 94.9 | 9 293 | 76 316 | 72 660 |
| | | | | 391 889 | 5 351 444 | 5 077 018 |

The weighted average rental per square metre ($m^2$) of occupied space for SA properties at 31 March 2024 is R140.7/$m^2$ (2023: R129.1/$m^2$).

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of lease obligations are set out in note 28.

*GLA - Gross leattable area.*
* *Leasehold properties*
⁺ *Certain restrictions are placed on encumbered assets as part of the financing arrangements, primarily involving limitations on disposing of these assets without prior approval from lenders.*

31 PROPERTY ANALYSIS (CONTINUED)

31.1 Trading properties – owned by the group (continued)

*United Kingdom*

| Property name | Address | Property⁺ encumbrance | Weighted average rental £/sqf | GLA (m²)# | Valuation 31 March 2024 £'000 | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 £'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|---|---|---|---|---|
| Aylesford* | Units 2 and 3, New Hythe Business Park, Bellingham Way, M20 7HP | Encumbered | 29.0 | 4 029 | 4 143 | 98 724 | 4 180 | 91 990 |
| Basildon* | Unit 1, Carnival Park, Carnival Close, SS14 3WN | Encumbered | 30.6 | 4 220 | 5 222 | 124 448 | 5 282 | 116 242 |
| Bedford | Unit 2 Caxton Road, Bedford,MK41 OHT | Encumbered | 27.9 | 5 796 | 16 810 | 400 571 | 17 030 | 374 782 |
| Blackpool | Tellcom Business Centre, 20 Clifton Rd, F14 4QA | Encumbered | 24.5 | 2 606 | 5 550 | 132 253 | 5 470 | 120 379 |
| Cambridge | 505 Coldhams Lane, Cambridge | Encumbered | 28.0 | 5 871 | 19 730 | 470 152 | 19 700 | 433 541 |
| Chester | 1 Hartford Way, Sealand Industrial Estate, CH1 4NT | Encumbered | 25.0 | 4 587 | 9 680 | 230 668 | 10 770 | 237 017 |
| Crewe | Unit 2 and 3 at the Railway Exchange, Weston Road, CW1 6AA | Encumbered | 24.7 | 5 602 | 12 940 | 308 351 | 11 650 | 256 384 |
| Dartford | 599 to 613 Princes Road, DA2 6HH | Encumbered | 30.4 | 4 263 | 16 550 | 394 375 | 16 460 | 362 238 |
| Derby | Units 8-14, Hansard Gate, West Meadows Industrial Estate, DE21 6AR | Encumbered | 24.4 | 5 188 | 13 990 | 333 372 | 13 660 | 300 618 |
| Doncaster | 1 Carriage Drive, White Rose Way, DN4 SJH | Encumbered | 21.5 | 5 190 | 10 680 | 254 497 | 10 880 | 239 438 |
| Dudley | Unit 8 Iconic Park, Birmingham, New Road, DY1 4SR | Encumbered | 20.7 | 3 409 | 5 630 | 134 159 | 5 800 | 127 642 |
| Dunstable* | Unit 1, Nimbus Park, Porz Avenue, Houghton Road, LU5 SW2 | Encumbered | 27.6 | 3 364 | 3 412 | 81 315 | 2 663 | 58 605 |
| Epsom* | Units 5 and 6, Epsom Trade Park, Blenheim Road, KT19 9DU | Encumbered | 36.5 | 3 111 | 4 521 | 107 729 | 4 619 | 101 651 |
| Gloucester | Unit 3, Barnwood Point, Corinium Avenue, Barnwood, GL4 3HX | Encumbered | 22.0 | 4 082 | 9 570 | 228 046 | 7 700 | 169 455 |
| Harrogate | Ripon Road, HG1 2BS | Encumbered | 31.9 | 3 891 | 17 050 | 406 290 | 16 790 | 369 501 |
| Huddersfield | Phoenix Retail Park, Leeds Rd, HD1 6NE | Encumbered | 23.5 | 2 524 | 9 592 | 228 571 | 9 440 | 207 748 |
| Milton Keynes | 39 Barton Road, Bletchley, MK2 3BA | Encumbered | 26.3 | 4 915 | 10 340 | 246 395 | 8 380 | 184 420 |
| Nottingham* | Land and Buildings at Distribution Centre, Radford Road, NG7 7NQ | Encumbered | 25.0 | 4 692 | 4 456 | 106 187 | 4 622 | 101 717 |
| Oxford | 1 Bobby Fryer Close, Garsington Road, OX4 6ZN | Encumbered | 28.3 | 6 999 | 22 300 | 531 393 | 20 760 | 456 869 |
| Shrewsbury | Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, SY1 3GA | Encumbered | 21.8 | 3 316 | 6 630 | 157 988 | 6 100 | 134 244 |
| Wakefield | Kirkgate, Wakefield, WF1 1UW | Encumbered | 23.8 | 2 738 | 7 007 | 166 972 | 6 800 | 149 649 |
| Warrington* | 1 Colville Court Winwick Quay, WA2 8QT | Encumbered | 21.0 | 3 000 | 3 694 | 88 027 | 3 308 | 72 800 |
| West Bromwich* | AGL House, Birmingham Road, West Bromwich, B71 4JY | Unencumbered | 22.0 | 2 308 | 2 444 | 58 237 | 2 155 | 47 425 |
| Weybridge | Unit 28 Trade City, Avro Way, Brooklands Business Park, KT13 OYF | Encumbered | 31.5 | 6 671 | 23 970 | 571 188 | 21 170 | 465 892 |
| Woodley* | Unit 5, Area 9, Headley Road East, RG5 4SQ | Unencumbered | 26.4 | 4 300 | 4 150 | 98 897 | 4 130 | 90 890 |
| York | Water Lane, York, YO30 6PQ | Encumbered | 21.5 | 4 354 | 10 615 | 252 948 | 11 140 | 245 160 |
| | | | | 111 026 | 260 676 | 6 211 753 | 250 659 | 5 516 297 |

The closing average rental rate of UK properties is £26.2 per square foot (2023: £25.1 per square foot).

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of lease obligations are set out in note 28.

*GLA - Gross leattable area.*
* *Leasehold properties.*
⁺ *Certain restrictions are placed on encumbered assets as part of the financing arrangements, primarily involving limitations on disposing of these assets without prior approval from lenders.*

31 PROPERTY ANALYSIS (CONTINUED)

31.2 Trading properties – held in equity-accounted investments

*South Africa*

| Property name | Address | Weighted average rental R/m² | GLA (m²) | Estimated GLA on full fitout | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|---|---|---|
| Bryanston – Grosvenor Crossing (50% interest) | 2 Plain Street, Bryanston, Sandton | 179.4 | 3 513 | 4 700 | 84 700 | – |
| Morningside (50% interest) | 255 Rivonia Road, Edenberg, Morningside | 181.5 | 4 370 | 7 400 | 126 000 | – |
| Paarden Eiland (50% interest) | 98 Marine Drive, Paarden Eiland, Cape Town | 179.4 | 2 683 | 4 700 | 85 500 | – |
| Pinelands (50% interest) | 10 Rose Innes Street, Pinelands, Cape Town | 190.7 | 3 534 | 8 642 | 96 300 | – |
| Sunningdale (50% interest) | 33 Berkshire Boulevard, Cape Town | 178.5 | 6 251 | 6 251 | 105 000 | 92 742 |
| | | | 20 351 | 31 693 | 497 500 | 92 742 |

*United Kingdom*

| Property name | Address | Weighted average rental £/sqf | GLA (m²) | Valuation 31 March 2024 £'000 | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 £'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|---|---|---|---|
| Banbury (24.9% interest) | 7, The I O Centre, Jugglers Cl, OX16 3TA | 27.2 | 5 409 | 13 950 | 332 409 | 14 416 | 317 256 |
| Frome (24.9% interest) | 1 Cornbrash, Commerce park, BA11 2FP | 26.7 | 6 705 | 19 289 | 459 863 | 19 966 | 439 395 |
| Salisbury (24.9% interest) | Sun Rise Wy, Solstice Park Ave,SP4 7YR | 20.8 | 6 702* | 13 869 | 330 477 | 14 466 | 318 356 |
| Wednesbury (24.9% interest) | Axletree Way, Wednesbury, WS10 9QY | 24.6 | 6 411 | 15 416 | 369 265 | 15 015 | 330 438 |
| Heathrow (24.9 interest) | 150-152, Great South-West Road, Hounslow TW4 6JS | 27.3 | 3 295* | 18 125 | 431 897 | – | – |
| Bath (24.9% interest) | Weston Lock Development, Lower Briston Road, Bath, BA2 1EP | 29.3 | 3 984 | 12 290 | 292 862 | – | – |
| Canterbury (24.9% interest) | Canterbury Trade Park Sturry Road Canterbury CT2 0OAA | 28.9 | 4 966 | 12 451 | 296 695 | – | – |
| West Bromwich (24.9% interest) | Great Bridge Street, Carlyle Business Park, West Bromwich, B70 0XA | 20.6 | 6 947 | 12 113 | 288 639 | – | – |
| Crawley (10% interest) | Maidenbower Business Park, Balcombe Road, Maidenbower, Crawley RH10 7ZJ | 36.1 | 6 068 | 14 164 | 337 513 | – | – |
| Edenbridge (10% interest) | Enterprise Way Edenbridge Kent TN8 6HF | 36.1 | 5 141* | 33 662 | 802 136 | – | – |
| Maidstone (10% interest) | Commercial Centre, Hart Street, Maidstone ME16 8RF | 34.6 | 4 175 | 21 680 | 516 624 | – | – |
| Tunbridge Wells (10% interest) | Longfield Road, Tunbridge Wells TN2 3EY | 37.4 | 6 518 | 14 184 | 338 004 | – | – |
| | | | 66 321 | 201 193 | 4 796 383 | 63 863 | 1 405 445 |

* *The estimated GLA on full-fit out for Salisbury, Heathrow, Edenbridge is 9 400m², 5 500m² and 5 700m² respectively.*
*GLA - Gross leattable area*

31.3 Properties under development and held for development

| Property name | Address | Valuation 31 March 2024 R'000 | Valuation 31 March 2023 R'000 |
|---|---|---|---|
| Bramley | Erf 191 Bramley, Johannesburg | 3 740 | – |
| De Waterkant | 3-9 Rose Street, Cape Town | 55 000 | 60 469 |
| Hillcrest | 23/25 Highlands Road, Hillcrest | 21 000 | 22 982 |
| Kramerville* | Corner of Dartfield Road and Commerce Crescent | – | 28 233 |
| Sandton | 111 Second Street, Parkmore, Sandton | 30 507 | 25 990 |
| | | 110 247 | 137 674 |

* *This property is being developed in the JV partnership with Nedbank Property Partners.*

# APPENDIX 1
## SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE

| | Unaudited 2024 R'000 | 2023 R'000 |
|---|---|---|
| **SA REIT Funds from Operations ("FFO") per share** | | |
| Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent | 706 216 | 724 583 |
| *Adjusted for:* | | |
| Accounting/specific adjustments | (201 973) | (204 490) |
| Fair value adjustment to investment properties | (251 141) | (244 026) |
| Fair value adjustment to debt and equity instruments held at fair value through profit or loss | 488 | 272 |
| Depreciation and amortisation of intangible assets | 9 927 | 8 596 |
| Deferred tax movement recognised in profit or loss | 38 753 | 30 668 |
| Foreign exchange and hedging items: | 61 482 | 3 886 |
| Fair value adjustments on derivative financial instruments employed solely for hedging purposes | 69 438 | 9 354 |
| Foreign exchange gain relating to capital items – realised and unrealised | (7 956) | (5 468) |
| Other adjustments: | (29 602) | (19 766) |
| Non-controlling interests in respect of the above adjustments | 206 | 3 502 |
| Equity-accounted investees | (29 808) | (23 268) |
| SA REIT FFO | 536 123 | 504 213 |
| Number of shares outstanding at end of year (net of treasury shares) | 476 151 609 | 474 610 430 |
| **SA REIT FFO per share (cents)** | 112.59 | 106.24 |
| Company-specific adjustments (per share) | 5.58 | 11.90 |
| Equity settled share based payment | 3.81 | 3.74 |
| Realised foreign exchange gain | 1.77 | 5.21 |
| Fixed-rate loan adjustment | – | 2.01 |
| Capital items non distributable | – | 0.94 |
| **Total dividend per share (cents)** | 118.17 | 118.14 |
| Interim dividend per share | 61.36 | 60.05 |
| Final dividend per share | 56.81 | 58.09 |
| SA REIT FFO | 536 123 | 504 213 |
| Company-specific adjustments | 26 557 | 56 491 |
| Distributable earnings | 562 680 | 560 704 |
| Dividend declared for the six months ended 30 September | 292 160 | 285 003 |
| Dividend declared for the six months ended 31 March | 270 520 | 275 701 |
| Total dividends for the year | 562 680 | 560 704 |
| Shares entitled to dividends – interim ('000) | 476 152 | 474 610 |
| Shares entitled to dividends – final ('000) | 476 152 | 474 610 |
| Dividend per share – interim (cents) | 61.36 | 60.05 |
| Dividend per share – final (cents) | 56.81 | 58.09 |
| Total dividend per share for the year (cents) | 118.17 | 118.14 |

The board declared a final dividend of 56.81 cents (2023: 58.09 cents) per share for the six months ended 31 March 2024.

| | Unaudited 2024 R'000 | 2023 R'000 |
|---|---|---|
| **SA REIT Net Asset Value (SA REIT NAV)** | | |
| Reported NAV attributable to the parent | 7 534 040 | 7 136 203 |
| *Adjustments:* | | |
| Fair value of certain derivative financial instruments | (43 146) | (89 932) |
| Forward exchange contracts | 15 781 | (11 727) |
| Interest rate swaps | (58 927) | (78 205) |
| Goodwill and intangible assets | (160 869) | (156 029) |
| Deferred tax | 425 028 | 356 304 |
| SA REIT NAV | 7 755 053 | 7 246 546 |
| **Shares outstanding** | | |
| Number of shares in issue at period end (net of treasury shares) | 476 151 609 | 474 610 430 |
| Effect of dilutive instruments (options, convertibles and equity interests) | 4 344 000 | 4 130 000 |
| Dilutive number of shares in issue | 480 495 609 | 478 740 430 |
| SA REIT NAV (Rand per share) | 16.14 | 15.14 |

| | Unaudited 2024 R'000 | 2023 R'000 |
|---|---|---|
| **SA REIT cost-to-income ratio** | | |
| **Expenses** | | |
| Direct property cost per IFRS income statement (includes municipal expenses) | 317 400 | 273 920 |
| Administration expenses per IFRS income statement | 183 653 | 152 781 |
| Depreciation and amortisation | 9 927 | 8 596 |
| Exclude: | | |
| Depreciation expense in relation to property and equipment of an administrative nature and amortisation expense in respect of intangible assets | (9 927) | (8 158) |
| Operating costs | 501 053 | 427 139 |
| **Rental income** | | |
| Contractual rental income per IFRS income statement | 1 144 226 | 996 635 |
| Gross rental income | 1 144 226 | 996 635 |
| SA REIT cost-to-income ratio* | 43.8% | 42.9% |

* *Based on rental income. Including ancillary income and management fee income, the ratio is 38.8% (2023: 38.6%)*

| | Unaudited 2024 R'000 | 2023 R'000 |
|---|---|---|
| **SA REIT administration cost-to-income ratio** | | |
| **Expenses** | | |
| Administration expenses as per IFRS income statement | 183 653 | 152 781 |
| Administration costs | 183 653 | 152 781 |
| **Rental income** | | |
| Contractual rental income per IFRS income statement | 1 144 226 | 996 635 |
| Gross rental income | 1 144 226 | 996 635 |
| SA REIT cost-to-income ratio# | 16.1% | 15.3% |

\# *Based on rental income. Including ancillary income and management fee income, the ratio is 14.2% (2023: 13.8%)*

| | 2024 | 2023 |
|---|---|---|
| **SA REIT GLA vacancy rate** | | |
| GLA of vacant space | 49 200 | 51 900 |
| GLA of total property portfolio | 502 900 | 494 900 |
| SA REIT GLA vacancy rate^ | 9.8% | 10.5% |

*GLA rounded to nearest thousand.*
^ *Excludes equity-accounted investees.*

| | Unaudited 2024 SA | 2024 UK | 2023 SA | 2023 UK |
|---|---|---|---|---|
| **Cost of debt** | | | | |
| **Variable interest-rate borrowings** | | | | |
| Floating reference rate plus weighted average margin | 10.0% | 6.9% | 9.5% | 6.6% |
| **Fixed interest-rate borrowings** | | | | |
| Weighted average fixed rate | (0.1%) | (0.2%) | (0.4%) | (0.6%) |
| **Pre-adjusted weighted average cost of debt** | 9.9% | 6.7% | 9.1% | 6.0% |
| Adjustments: | | | | |
| Impact of interest rate derivatives | (0.1%) | (0.3%) | – | (1.3%) |
| Impact of interest rate cap | (0.2%) | (1.6%) | (0.1%) | – |
| Impact of cross-currency interest rate swaps | – | – | – | 0.1% |
| Amortisation of raising fees | 0.1% | – | 0.1% | 0.4% |
| **All-in weighted average cost of debt** | 9.7% | 4.8% | 9.1% | 5.2% |

| | Unaudited 2024 R'000 | 2023 R'000 |
|---|---|---|
| **SA REIT loan-to-value** | | |
| Gross debt net of cash held in facilities | 4 082 038 | 3 594 395 |
| Less: | | |
| Cash and cash equivalents | (308 894) | (355 531) |
| Derivative financial instruments | (42 849) | (86 009) |
| **Net debt** | 3 730 295 | 3 152 855 |
| Total assets – per Statement of Financial Position | 13 114 061 | 12 056 203 |
| Less: | | |
| Leasehold liabilities relating to investment properties | (362 847) | (332 890) |
| Cash and cash equivalents | (308 894) | (355 531) |
| Derivative financial assets | (59 735) | (92 627) |
| Goodwill and intangible assets | (160 869) | (156 029) |
| Trade and other receivables | (126 432) | (138 638) |
| **Carrying amount of property-related assets** | 12 095 284 | 10 980 488 |
| SA REIT loan-to-value ("SA REIT LTV") | 30.8% | 28.7% |

# UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2024

1 The total customer base of the group is large and diverse with over 51 400 (2023: 47 100) tenants. Of the 31 700 tenants based in South Africa, 63% (2023: 63%) of the customers are residential users and the remaining 37% (2023: 37%) are commercial users. In the United Kingdom, Storage King has over 19 700 tenants of which 76% (2023: 77%) of the customers are residential users and the remaining 24% (2023: 23%) are commercial users.

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

| Region | GLA* ($m^2$) | Rental income % |
|---|---|---|
| South Africa | 391 900 | 50.7 |
| United Kingdom | 111 000 | 49.3 |
| Total | 502 900 | 100.0 |

* GLA rounded to nearest hundred. Excludes properties held in Joint Ventures.

| Region | GLA+ ($m^2$) |
|---|---|
| South Africa | 412 300 |
| United Kingdom | 177 300 |
| Total | 589 600 |

+ GLA rounded to nearest hundred. Includes properties held in Joint Ventures.

3 The weighted average rental per square metre ($m^2$) of occupied space for SA properties at 31 March 2024 is R140.7/$m^2$ (2023: R129.1/$m^2$), an increase of 9.0%.

The closing average rental rate of UK properties is £26.2 per square foot (2023: £25.1^), an increase of 4.5%. In the UK, average rental rates are reflected on an annual basis.

4 The occupancy profile by GLA of the portfolio as at 31 March 2024 is disclosed in the following table:

| Region | GLA ($m^2$) | % Occupied | Vacancy $m^2$ | % Vacant |
|---|---|---|---|---|
| South Africa | 391 900 | 92.1 | 30 900 | 7.9 |
| United Kingdom | 111 000 | 83.5 | 18 300 | 16.5 |
| Total | 502 900 | 90.2 | 49 200 | 9.8 |

5 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 | SA % Increase in rental per $m^2$ | UK % Increase in rental per sqf |
|---|---|---|
| 2020 | 6% | (2%) |
| 2021 | 5% | 1% |
| 2022 | 7% | 10% |
| 2023 | 8% | 6% |
| 2024 | 9% | 5% |

6 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 |
|---|---|
| SA properties | 9.10% |
| UK properties | 6.87% |

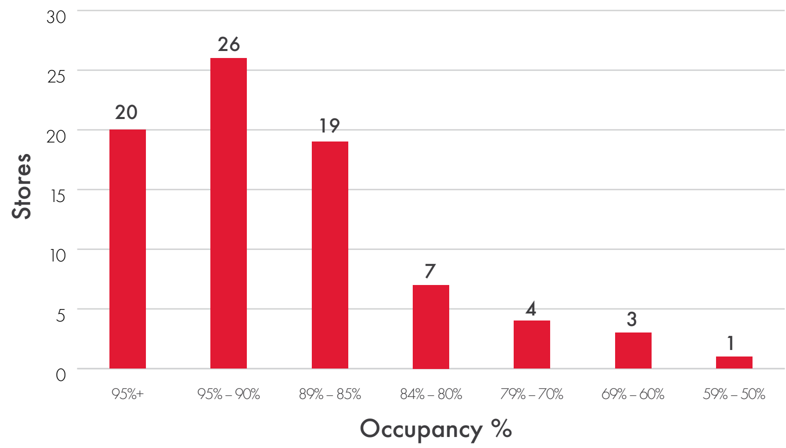
The above yields have been calculated excluding undeveloped land and developments in progress.

7 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 2024, 71% of existing tenants in South Africa and 70% 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 tenancy profile for the group at year end.

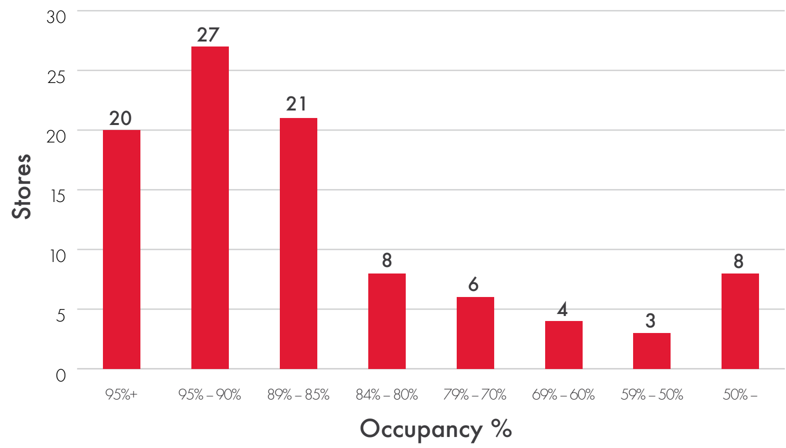
| South Africa Tenancy | 2024 | 2023 | 2022 |
|---|---|---|---|
| < 6 months | 29% | 29% | 30% |
| Between 6 and 12 months | 15% | 17% | 16% |
| Between 1 and 2 years | 20% | 20% | 20% |
| Between 2 and 3 years | 12% | 11% | 12% |
| > 3 years | 24% | 23% | 22% |
| Total | 100% | 100% | 100% |

| United Kingdom Tenancy | 2024 | 2023 | 2022 |
|---|---|---|---|
| < 6 months | 30% | 27% | 28% |
| Between 6 and 12 months | 14% | 15% | 16% |
| Between 1 and 2 years | 16% | 16% | 18% |
| Between 2 and 3 years | 9% | 11% | 10% |
| > 3 years | 31% | 31% | 28% |
| Total | 100% | 100% | 100% |

8 The occupancy profile of the group as at 31 March 2024 is set out in the following bar chart:




The occupancy profile of the group including those held in joint ventures as at 31 March 2024 is set out in the following bar chart:



# ANALYSIS OF ORDINARY SHAREHOLDERS
as at 31 March 2024

| | Number of shareholdings | % of total shareholdings | Number of shares | % of issued capital |
|---|---|---|---|---|
| **Shareholder Spread** | | | | |
| 1 – 1 000 | 6 700 | 46.60% | 1 271 521 | 0.27% |
| 1 001 – 10 000 | 5 620 | 39.09% | 21 781 536 | 4.57% |
| 10 001 – 100 000 | 1 687 | 11.73% | 49 535 792 | 10.40% |
| 100 001 – 1 000 000 | 290 | 2.02% | 93 233 882 | 19.58% |
| Over 1 000 000 | 81 | 0.56% | 310 328 878 | 65.17% |
| Total | 14 378 | 100.00% | 476 151 609 | 100.00% |
| **Distribution of Shareholders** | | | | |
| Assurance Companies | 61 | 0.42% | 16 441 109 | 3.45% |
| Close Corporations | 92 | 0.64% | 2 167 748 | 0.46% |
| Collective Investment Schemes | 283 | 1.97% | 178 913 311 | 37.57% |
| Custodians | 29 | 0.20% | 2 948 095 | 0.62% |
| Foundations & Charitable Funds | 142 | 0.99% | 9 298 063 | 1.95% |
| Insurance Companies | 5 | 0.03% | 648 379 | 0.14% |
| Investment Partnerships | 36 | 0.25% | 223 334 | 0.05% |
| Managed Funds | 22 | 0.15% | 1 226 630 | 0.26% |
| Medical Aid Funds | 16 | 0.11% | 3 138 251 | 0.66% |
| Organs of State | 10 | 0.07% | 8 754 072 | 1.84% |
| Private Companies | 364 | 2.53% | 30 434 170 | 6.39% |
| Retail Shareholders | 11 794 | 82.03% | 45 860 789 | 9.63% |
| Retirement Benefit Funds | 412 | 2.87% | 144 047 364 | 30.25% |
| Scrip Lending | 9 | 0.06% | 4 118 543 | 0.86% |
| Stockbrokers & Nominees | 195 | 1.36% | 3 619 473 | 0.76% |
| Trusts | 908 | 6.32% | 24 312 278 | 5.11% |
| Total | 14 378 | 100.00% | 476 151 609 | 100.00% |
| **Shareholder Type** | | | | |
| Non-Public Shareholders | 17 | 0.12% | 27 614 410 | 5.80% |
| Directors and Associates | 17 | 0.12% | 27 614 410 | 5.80% |
| Public Shareholders | 14 361 | 99.88% | 448 537 199 | 94.20% |
| Total | 14 378 | 100.00% | 476 151 609 | 100.00% |

| | Number of shares | % of issued capital |
|---|---|---|
| **Fund Managers With A Holding Greater Than 3% of The Issued Shares** | | |
| Public Investment Corporation | 77 679 551 | 16.31% |
| Old Mutual Investment Group | 54 436 701 | 11.43% |
| Catalyst Fund Managers | 25 334 415 | 5.32% |
| Ninety One | 21 508 841 | 4.52% |
| Meago Asset Management | 19 807 043 | 4.16% |
| Sesfikile Capital | 14 525 405 | 3.05% |
| Total | 213 291 956 | 44.79% |
| **Beneficial Shareholders With A Holding Greater Than 3% Of The Issued Shares** | | |
| Government Employees Pension Fund | 87 503 500 | 18.38% |
| Old Mutual Group | 51 238 266 | 10.76% |
| Eskom Pension & Provident Fund | 22 634 761 | 4.75% |
| Sanlam Group | 18 913 378 | 3.97% |
| Ninety One | 15 945 716 | 3.35% |
| Nedbank Group | 14 312 360 | 3.01% |
| Total | 210 547 981 | 44.22% |
| Total number of shareholdings | 14 378 | |
| Total number of shares in issue | 476 151 609 | |

## SHARE PRICE PERFORMANCE

| | |
|---|---|
| Opening price 1 April 2023 | R13.03 |
| Closing price 31 March 2024 | R13.56 |
| Closing high for period | R14.28 |
| Closing low for period | R11.60 |
| Number of shares in issue | 476 151 609 |
| Volume traded during period | 169 504 569 |
| Ratio of volume traded to shares issued (%) | 35.60% |
| Rand value traded during the period | R2 201 945 557 |
| Price/earnings ratio as at 31 March 2024 | 16.312 |
| Earnings yield as at 31 March 2024 | 6.131 |
| Dividend yield as at 31 March 2024 | 8.809 |
| Market capitalisation at 31 March 2024 | R6 456 615 818 |

# GLOSSARY

| | |
|---|---|
| AIM | Alternative Investment Market |
| CCIRS | Cross currency interest rate swaps |
| CER | Constant rate of exchange |
| CRM | Customer relationship management |
| CSP | Conditional Share Plan |
| DCF | Discounted cash flow |
| ESG | Environmental, Social and Governance |
| FY25 | Financial year ending 31 March 2025 |
| FY24 | Financial year ending 31 March 2024 |
| FY23 | Financial year ending 31 March 2023 |
| GBP | Pound sterling |
| GCR | Global credit rating |
| GLA | Gross lettable area |
| HMRC | His Majesty's Revenue and Customs |
| IAS | International Accounting Standards |
| ICT | Information, communication and technology |
| IFRS | International Financial Reporting Standards® |
| Jibar | Johannesburg interbank average rate |
| JV | joint venture |
| KPI | Key performance indicators |
| kWh | Kilowatt-hour |
| LTV | Loan-to-value |
| $m^2$ | Square metre |
| NAV | Net asset value |
| Non-same store | properties not classified as same-store |
| NPOs | Non-profit organisations |
| NPOI | Net property operating income |
| NTAV | Net tangible asset value |
| pp | Percentage points |
| PV | Photovoltaic |
| REIT | Real Estate Investment Trust |
| SA | South Africa |
| Same-store | Refers to properties trading for the full 12 months in both FY24 and FY23 |
| SDC | Skills Development Corporation |
| SENS | Stock Exchange News Service |
| SMMEs | Small, medium and micro enterprises |
| Sonia | Sterling Overnight Indexed Average |
| sq. ft | Square foot |
| TCFD | Task Force on Climate-related Financial Disclosures |
| UK | United Kingdom |
| UN SDGs | United Nations Sustainable Development Goals |
| ZAR | South African Rand |
| € | Euro |



# NOTICE OF ANNUAL GENERAL MEETING

**Stor-Age Property REIT Limited**
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
Alpha code: SSSI
("Stor-Age", the "Company" or the "Group")

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the inside back cover during normal business hours from date hereof until Thursday, 5 September 2024.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 26 July 2024 ("Notice Record Date") that the annual general meeting of Stor-Age (the "AGM") will be held at Old Mutual House, 33 Klaasens Road, Bishopscourt on Thursday, 5 September 2024 at 12h00 to:

(i) deal with such business as may lawfully be dealt with at the AGM; and

(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") on which exchange the Company's shares are listed, which meeting is to be participated in and voted at by shareholders registered in Stor-Age's securities register as shareholders as at the record date of Friday, 30 August 2024 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 30 August 2024, is Tuesday, 27 August 2024.

Kindly note that AGM participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend, participate and vote at the AGM. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions set out in this notice of AGM.

1. **Presentation of financial statements**

   The summarised consolidated financial statements of the Company, as approved by the board of directors of the Company (the "Board"), for the year ended 31 March 2024 have been distributed and accompany this notice as required and will be presented to shareholders at the AGM together with the reports of the directors and the audit and risk committee.

   The complete financial statements are included with the 2024 Stor-Age integrated annual report ("the 2024 integrated annual report").

   The 2024 integrated annual report is available on the Company's website https://investor-relations.stor-age.co.za/iar-2024

2. Report from the social and ethics committee
In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the social and ethics committee will be presented to shareholders at this AGM.

Voting requirement:
Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

3. Ordinary resolution number 1: Re-election of Mr J A L Chapman as a director
"Resolved that Mr J A L Chapman, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Chapman appears in Annexure 1 of this notice of AGM.

4. Ordinary resolution number 2: Re-election of Mr M P R Morojele as a director
"Resolved that Mr M P R Morojele, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Morojele appears in Annexure 1 of this notice of AGM.

5. Ordinary resolution number 3: Re-election of Mr A Varachhia as a director
"Resolved that Mr A Varachhia, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Varachhia appears in Annexure 1 of this notice of AGM.

6. Ordinary resolution number 4: Appointment of Ms A A Koranteng as a director
"Resolved that Ms A A Koranteng be appointed as an independent non-executive director of the Company."

An abridged curriculum vitae of Ms Koranteng appears in Annexure 1 of this notice of AGM.

7. Ordinary resolution number 5: Re-appointment of auditor
"Resolved that BDO South Africa Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2025), with the designated partner being Mr B Jackson, until the conclusion of the next annual general meeting of the Company."

8. Ordinary resolution number 6: Election of Ms K M de Kock as member and chair of the audit and risk committee
"Resolved that Ms K M de Kock, being an independent, non-executive director of the Company, be elected as a member and chair of the audit and risk committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

9. Ordinary resolution number 7: Election of Mr A C Menigo as a member of the audit and risk committee
"Resolved that Mr A C Menigo, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company with effect from the end of this meeting."

An abridged curriculum vitae of Mr Menigo appears in Annexure 1 of this notice of AGM.

10. Ordinary resolution number 8: Election of Mr M P R Morojele as a member of the audit and risk committee
"Resolved that, subject to the passing of ordinary resolution number 2 above, Mr M P R Morojele, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Mr Morojele appears in Annexure 1 of this notice of AGM.

11. Ordinary resolution number 9: General authority to directors to issue shares for cash
"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, as amended from time to time, the Board be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

NOTICE OF ANNUAL GENERAL MEETING (continued)

9.1 the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

9.2 any such issue will only be made to "public shareholders", and to "related parties" on the basis set out in 9.3 hereof, and further as required by the JSE Listings Requirements, as amended from time to time;

9.3 related parties may participate in a general issue for cash through a bookbuild process provided that

9.3.1 the approval by shareholders expressly affords the ability to the Company to allow related parties to participate in a general issue for cash through a bookbuild process,

9.3.2 related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares,

9.3.3 equity securities must be allocated "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

9.4 this authority will only be valid until the Company's next annual general meeting whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this AGM;

9.5 issues of ordinary shares during the validity period of this resolution may not exceed 23 807 580 shares in the aggregate, which represents 5% of the number of ordinary shares in the Company's issued share capital at the date of this notice of AGM, being 476 151 609 ordinary shares (exclusive of treasury shares), provided that

9.5.1 any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above,

9.5.2 in the event of a sub-division or consolidation of issued equity securities during the validity period of this resolution contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio,

9.5.3 any such general issues are subject to exchange control regulations and approval at that point in time;

9.6 after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, and in respect of the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share) and the intended use of the funds;

9.7 in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 9 regarding the general authority to issue shares for cash.

12. Advisory endorsement: Endorsement of remuneration policy
To consider the non-binding advisory votes set out below thereby providing the Company with the views of the shareholders regarding the

- Remuneration Policy contained in the Remuneration Committee Report; and
- Implementation Report in regard to the Remuneration Policy

*General approval of the Company's remuneration policy and implementation Report (non binding advisory votes 1 and 2)*

Non-binding advisory vote 1 – approval of Company's remuneration policy
"RESOLVED THAT the Company's Remuneration Policy, as set out in the Remuneration Committee Report contained in the 2024 integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – approval of Company's remuneration implementation report
"RESOLVED THAT the Company's Implementation Report in regard to its Remuneration Policy, as contained in the 2024 integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote."

13. Special resolution number 1: Remuneration of non-executive directors for their services as directors for the 2025 financial year
"Resolved that in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their services as directors and which is proposed to be paid for the financial year ending 31 March 2025, monthly in arrears, with effect from 1 April 2024, for a period of up to twenty four months after the adoption of this special resolution number 1 or until its renewal (whichever is earliest) is approved:

| | Chair (Rand) | Members (Rand) |
|---|---|---|
| Board (annual fee) | 623 280 | 333 900 |
| Audit and risk committee | 217 035 | 144 690 |
| Investment committee | n/a | 133 560 |
| Remuneration committee | 100 170 | 66 780 |
| Social and ethics committee | 100 170 | 66 780 |
| Nominations committee | 100 170 | 66 780 |

The investment committee chair receives the same fee as investment committee members.

14. Special resolution number 2: General authority to provide financial assistance to subsidiary companies
"Resolved that, as a general authority and to the extent required by sections 44 and 45 of the Act, the Board may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries for any purpose or in connection with any matter including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or for the purchase of any securities of the Company, such authority to endure for a period of two years following the date of the passing of this special resolution number 2."

15. Special resolution number 3: General authority to repurchase ordinary shares
"Resolved that the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval, to acquire ordinary shares of no par value issued by the Company ("Ordinary Shares"), in terms of the Act, the Company's memorandum of incorporation ("MoI") and the JSE Listings Requirements, being that

- any such acquisition of Ordinary Shares shall be implemented on the open order book of the JSE and without any prior arrangement
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution
- an announcement will be published as soon as the Company or any of its subsidiaries has acquired Ordinary Shares constituting, on a cumulative basis, 3% of the number of Ordinary Shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions
- acquisitions of Ordinary Shares in aggregate in any one financial year may not exceed 5% of the Company's Ordinary Shares in issue as at the date of passing of this special resolution
- in determining the price at which Ordinary Shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such Ordinary Shares may be acquired will be 5% of the weighted average of the market value at which such Ordinary Shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such Ordinary Shares
- at any point in time, the Company may only appoint one agent to effect any repurchase of shares on the Company's behalf





- the Board authorises the acquisition, the Company passes the solvency and liquidity test and that, from the time the test is done, there are no material changes to the financial position of the Company
- the Company shall remain in compliance with the minimum shareholder spread requirements of the JSE
- the Company and/or its subsidiaries do not repurchase any shares during a prohibited period in accordance with the JSE Listings Requirements, unless they have in place a repurchase programme. The Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's securities, independently and uninfluenced by the Company. Full details of the programme have been disclosed to the JSE in writing, prior to the commencement of the prohibited period."

*Reason for and effect of this special resolution*
The Company's MoI contains a provision allowing the Company or any subsidiary to repurchase securities issued by the Company, subject to the approval of shareholders in terms of the MoI, the requirements of the Act and the JSE Listings Requirements. This special resolution will authorise the Company and/or its subsidiaries, by way of a general authority from shareholders, to repurchase Ordinary Shares issued by the Company.

The Board has no specific intention to give effect to this special resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own shares.

Once adopted, this special resolution will permit the Company, or any of its subsidiaries, to repurchase Ordinary Shares in terms of the Act, its MoI and the JSE Listings Requirements.

Although no repurchase of Ordinary Shares is contemplated at the time of this notice, the Board has confirmed that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group. The directors, having considered the effects of a repurchase of the maximum number of Ordinary Shares in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of this AGM:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes

The following additional information, some of which may appear elsewhere in the 2024 annual financial statements, is provided in terms of section 11.26 of the JSE Listings Requirements, for purposes of the general authority

- Major beneficial shareholders – attached to the annual financial statements
- Share capital of the Company – note 11 of the annual financial statements
- The directors are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the financial position of the Company or the Group
- The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the JSE Listings Requirements

VOTING REQUIREMENT:
A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve special resolutions 1 to 3.

Voting and Proxies
A shareholder entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

The attached form of proxy is only to be completed by those shareholders who:

- hold their ordinary shares in certificated form; or
- are recorded on a sub-register in dematerialised electronic form with "own name" registration

# NOTICE OF ANNUAL GENERAL MEETING (continued)

All other beneficial owners who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 14h00 on Tuesday, 3 September 2024. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the AGM.

GENERAL

Electronic Participation

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the AGM by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the Old Mutual House, 33 Klaasens Road, Bishopscourt (which is the location for the AGM); and
- at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg

Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the AGM. The abovementioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the AGM. The real-time telephonic conference call facility will enable all persons to participate electronically in the AGM in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the Board

H H-O Steyn
Company Secretary
31 July 2024

Address of registered office
216 Main Road
Claremont
7708
(PO Box 53154, Kenilworth, 7745)

Address of transfer secretaries
Computershare Investor Services
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)

# NOTICE OF ANNUAL GENERAL MEETING (continued)

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY

Re-election of directors retiring at the AGM – ordinary resolutions number 1 to 3

In accordance with clause 26.3 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election and, in accordance with clause 26.4 of the Company's memorandum of incorporation, any appointments made by the Board during an interim period must be confirmed at the immediately following annual general meeting. In accordance with these provisions, it has been determined that Messrs J A L Chapman, M P R Morojele and A Varachhia and Ms A A Koranteng are due to retire from the Board.

The directors of the Company have reviewed the composition of the Board against corporate governance and transformation requirements and have recommended the re-election of the directors listed above. It is the view of the Board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and contribute to the requirements of transformation, continuity and succession planning; and
- enhance corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board

In addition, the directors of the Company have considered the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the Board. The Board is satisfied that the performance of the existing directors continues to be effective and to demonstrate commitment to their roles. Accordingly, the Board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1, 2, 3 and 4, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged *curricula vitae* of the retiring directors appear in Annexure 1 of this notice of AGM.

Re-appointment of auditor – ordinary resolution number 5

BDO South Africa Inc. ("BDO") has indicated its willingness to continue in office and ordinary resolution number 5 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 13 June 2024, the committee considered the independence of the auditor BDO, in accordance with section 94(8) of the Act. In assessing the independence of the auditor, the audit and risk committee satisfied itself that BDO:

- does not hold a financial interest (either directly or indirectly) in Stor-Age;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Stor-Age;
- is not economically dependent on Stor-Age, having specific regard to the quantum of the audit fees paid by Stor-Age and its subsidiaries to BDO during the period under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Stor-Age or its subsidiaries which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of auditors for non-audit-related services and which could compromise or impair the auditor's independence; and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Stor-Age or its subsidiaries.

Accordingly, the Stor-Age audit and risk committee was satisfied that BDO is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants and nominated the re-appointment of BDO as registered auditor for the financial year ending 31 March 2025. On 13 June 2024 the Board confirmed its support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of BDO and Mr B Jackson respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Election of audit and risk committee members – ordinary resolutions numbers 6 to 8

In terms of section 94(2) of the Act, the audit and risk committee is not a committee of the Board, but a committee elected by the shareholders at each annual general meeting. The Act requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit and risk committee members.

In terms of the Regulations of the Act, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the *curricula vitae* of the proposed members, they have experience in, among others, audit, accounting, economics, commerce and general industry.

At a meeting held on 13 June 2024 the members of the Board satisfied themselves that, among others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King IV;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skillset.

### General authority to directors to issue shares for cash – ordinary resolution number 9

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

The existing general authority granted by the shareholders at the previous annual general meeting, held on 31 August 2023, will expire at the AGM to be held on 5 September 2024, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited to 5% of the issued share capital as set out in the resolution.

### Endorsement of remuneration policy and implementation report – advisory endorsements number 1 and number 2

King IV recommends that the Company's Remuneration Policy be disclosed in three parts every year, namely:

- a background statement,
- an overview of the Remuneration Policy,
- an Implementation Report,

and that shareholders be requested to pass separate non-binding advisory votes on the Remuneration Policy and the Implementation Report at the AGM.

Voting on the two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The remuneration committee prepared and the Board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2024 integrated annual report.

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report as set out in paragraph 12 of the AGM notice.

### Remuneration of non-executive directors for their services as directors for the year ending 31 March 2025 – special resolution number 1

In terms of section 66(8) and (9) of the Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation.

At the annual general meeting held on 31 August 2023, shareholders approved the non-executive directors' remuneration for the ensuing twenty four months and, as a result, it is necessary to review that approved remuneration basis in respect of the second twelve month period, for the financial year ending 31 March 2025. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2025, therefore proposes an adjustment to the remuneration



previously approved at the annual general meeting held on 31 August 2023 and is to be paid to the non-executive directors who are not remunerated as employees of the Company, as in the case of the executive directors, and will continue for a period of twenty four months.

This resolution is recommended by the Company's directors. Full particulars of all remuneration paid to non-executive directors for their service as directors during the past year are set out in note 27.4 of the annual financial statements, and also in the remuneration committee report which is included in the 2024 integrated annual report, available on the Company's website.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

### Authority to provide financial assistance to subsidiary companies – special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

(a) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and
(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to entities to subscribe for options or securities or purchase securities of the Company.

Under the Act, the Company will however require the special resolution number 2 to be adopted. In the circumstances and in order to, amongst others, ensure that the Company's subsidiaries have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2. In terms of the Companies Act, the Company will, however, only be able to exercise the authority granted by the special resolution provided that the board of directors of the Company are satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and, immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test contemplated in the Companies Act.

Shareholders are advised that the Company only intends applying the relevant financial assistance, as authorised by special resolution number 2 (i.e. by way of loan, guarantee, the provision of security or otherwise), to any of its present or future subsidiaries for any purpose or in connection with any matter including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or for the purchase of any securities of the Company and/or to joint ventures of the Company.

Although the existing authorities granted by the shareholders at the previous annual general meeting held on 31 August 2023 will only expire at the 2025 AGM, it is considered good practice to renew this authority on an annual basis, i.e. at the 2024 AGM to be held on 5 September 2024, and special resolution 2 will therefore be appropriately renewed.

### General authority to repurchase ordinary shares – special resolution number 3

The directors wish to be in a position, if and when circumstances are favourable, to have the ability to acquire Stor-Age shares at market prices if deemed advisable by the Board. It is envisaged that opportunities may present themselves in the share market where it may be deemed beneficial for the Company to acquire its own shares.

For these reasons, directors would like shareholder authority to enable acquisitions of Stor-Age shares. As set out in the proposed resolution, such authority will be subject to clearly defined restrictions to ensure compliance with all statutes as laid down by the Act and the JSE Listings Requirements. The Act stipulates that a special resolution is required in order to authorise the Company to purchase its own shares.

# NOTICE OF ANNUAL GENERAL MEETING (continued)

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
   5.1. stated in the revocation instrument, if any; or
   5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   6.1. the shareholder, or
   6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   8.2. the company must not require that the proxy appointment be made irrevocable; and
   8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

# FORM OF PROXY

## FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

**Stor-Age Property REIT Limited**
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
Alpha code: SSSI
("Stor-Age" or the "Company")

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the company to be held at Old Mutual House, 33 Klaasens Road, Bishopscourt and at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg, being the place where the Company intends to make provision for shareholders thereof, or their proxies, who are entitled to attend the annual general meeting, to participate therein by way of electronic communication, on Thursday 5 September 2024 at 12h00.

**Not for use by the Company's shareholders who hold dematerialised ordinary shares in the Company who have not selected "own name" registration.** Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting in respect of the ordinary shares they hold in the capital of the Company, and request that they be issued with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We ______________________________ (Name in block letters)

of ______________________________ (Address)

being the registered holder of ____________ shares in the ordinary share capital of the Company hereby appoint:

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairperson of the meeting

Contact numbers: Landline ____________________ Mobile ____________________

E-mail address: ______________________________

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions and advisory endorsement as detailed in this notice of annual general meeting, and to vote for and/or against such resolutions and advisory endorsement and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

# FORM OF PROXY (continued)

<u>Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.</u>

| | Resolutions | Number of shares | | |
|---|---|---|---|---|
| | | In favour | Against | Abstain |
| 1 | Ordinary resolution number 1: Re-election of Mr J A L Chapman as a director | | | |
| 2 | Ordinary resolution number 2: Re-election of Mr M P R Morojele as a director | | | |
| 3 | Ordinary resolution number 3: Re-election of Mr A Varachhia as a director | | | |
| 4 | Ordinary resolution number 4: Appointment of Ms A A Koranteng as a director | | | |
| 5 | Ordinary resolution number 5: Re-appointment of BDO South Africa Inc. as auditor | | | |
| 6 | Ordinary resolution number 6: Election of Ms K M de Kock as a member and the chair of the audit and risk committee | | | |
| 7 | Ordinary resolution number 7: Election of Mr A C Menigo as a member of the audit and risk committee | | | |
| 8 | Ordinary resolution number 8: Election of Mr M P R Morojele as a member of the audit and risk committee | | | |
| 9 | Ordinary resolution number 9: General authority to directors to issue shares for cash | | | |
| 10 | Non-binding advisory votes: | | | |
| | 1. endorsement of remuneration policy; and | | | |
| | 2. endorsement of the implementation report | | | |
| 11 | Special resolution number 1: Remuneration of non-executive directors for their services as directors (2025 financial year) | | | |
| 12 | Special resolution number 2: General authority to provide financial assistance to subsidiary companies | | | |
| 13 | Special resolution number 3: General authority to repurchase ordinary shares | | | |

Signature ______________________________

Signed at ____________________ on ____________________ 2024

Assisted by (where applicable) (full name) ______________________________

Signature ______________________________

Date ____________________ Capacity ____________________

# FORM OF PROXY (continued)

## INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgment of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialed. Any alteration must be signed, not initialed.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 14h30 on Tuesday, 3 September 2024. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the annual general meeting.

**Hand deliveries to:**
Computershare Investor Services (Pty) Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
**Email:**
Proxy@computershare.co.za

**Postal deliveries to:**
Computershare Investor Services (Pty) Limited
Private Bag X9000
Saxonwold
2132

# ANNEXURE 1

## CV'S OF DIRECTORS (ALL INDEPENDENT NON-EXECUTIVE) FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT AND RISK COMMITTEE

JOHN CHAPMAN – BSC
Joined the board as lead independent director in January 2020.

John is an executive director of Rabie Property Group, a position he has held for more than 35 years. He is responsible for strategic planning within the Rabie Group, initiates the planning of all new developments and oversees the marketing of all aspects.

MNTUNGWA MOROJELE – MBA (UCT), CA (LESOTHO), MSA (GEORGETOWN), BSC (CHARLESTOWN)
Joined the board in September 2020.

Mntungwa has more than 36 years of business experience, having established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings. He is currently the CEO of iKapa Connect Investments, which is pursuing opportunities in the Aquaculture, Tourism and Renewable Energy sectors.

Mntungwa previously worked at the Tourism Investment Corporation (Tourvest) and served on the boards of Verifone Africa (Pty) Ltd and Capital Eye Investments Limited (previously the UCS Group Limited), where he served as the audit and risk committee chair. He also previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years, and was a member of the audit and risk committee during his full 10-year term on the board. He qualified as a Chartered Accountant while serving his articles with KPMG Lesotho, followed by a career with Grey Security Services, where he served on the board as Group Marketing Director.

ABU VARACHHIA – BSC QS (SA)
Joined the board in January 2021.

Abu has more than 36 years of business experience, having previously served on the boards of JSE listed companies Spearhead Property Holdings Limited, Ingenuity Property Investments Limited and Mazor Group Limited as a non-executive director at each. Abu holds a Bachelor of Science degree (Quantity Surveying) and is currently the non-executive chairman of Spear REIT Limited. Abu has held numerous other leadership positions including chairman of LDM Quantity Surveyors, vice-president of the South African Council for the Quantity Surveying Profession, chairman of the Black Technical and Allied Careers Organisation and chairperson of the Build Environment Advisory Committee for the 2004 Olympic Bid.

AKUA KORANTENG – MSC INTFIN (ABS), BCOM HONS (UCT), PGDIPOL (SBS)
Joined the board in May 2024.

Akua has more than 20 years of real estate industry experience and holds a Master's Degree in International Finance from Amsterdam Business School as well as an Honours Degree in Economics from the University of Cape Town.

With a skill set that includes asset management, development and ESG within the realm of real estate, she previously held the role of Executive: Head of Gauteng for Equites Property Fund, a position she held from 2018 until 2024. Prior to this, she was a part of the property finance team at RMB Corporate and Investment Bank for more than six years.

Prior independent non-executive board positions include having served on the board of JLL South Africa as well as Octodec Investments.

# ANNEXURE 1 (continued)

**KELLY DE KOCK – CA(SA), CFA, MBA (UCT)**
Joined the board in May 2018.

Kelly specialises in the areas of corporate finance, investor relations, business development and operations. She has more than 18 years' commercial experience in the financial services sector and is currently Chief Operating Officer and director of Private Clients at Old Mutual Wealth. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly was also previously the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

**ALAN MENIGO – CA(SA)**
Joined the board in January 2023.

With over 16 years of commercial and listed property experience in the financial and operational spheres, Alan's skillsets include the full spectrum of development expertise, property and financial management, as well as mergers and acquisitions. Alan currently serves as the Chief Operating Officer of Rapfund Investments (Pty) Limited and was previously the Chief Financial Officer of JSE listed property unit trust Fountainhead Property Trust, prior to its acquisition by Redefine. A chartered accountant by profession, Alan also worked in the New York office of KPMG in their Transaction Services Division.

*SA – South Africa*
*UK – United Kingdom*
*$m^2$ – square metre*
*sqf – square foot*
*GLA – gross lettable area*
*ZAR – South African Rand*
*GBP – British pound sterling*
*FFO – Funds from Operations*
*NAV – Net asset value*
*LTV – loan-to-value*
*JV – joint venture*
*CSDP – Central Securities Depository Participation*
*SAICA – South African Institute of Chartered Accountants*



# ADMINISTRATION

**Stor-Age Property REIT Limited**
Reg No. 2015/168454/06
Incorporated on 25 May 2015
Approved as a REIT by the JSE
Share Code: SSS ISIN: ZAE000208963
Alpha code: SSSI
("Stor-Age" or "the Group" or "the Company")

**Registered office**
216 Main Road
Claremont
7708

**Directors**
GA Blackshaw (Chairman)•, A Menigo#, A Varachhia#, GM Lucas (CEO)*, JAL Chapman#, KM de Kock#, MPR Morojele#, SJ Horton*, SC Lucas (CFO)*+, AA Koranteng#

*• Non-executive*
*# Independent non-executive*
** Executive*
*+ British citizen*

**Company secretary**
HH-O Steyn

**Transfer secretaries**
Computershare Investor Services Proprietary Limited
2nd Floor
Rosebank Towers
15 Biermann Avenue
Rosebank

**Equity Sponsor**
Investec Bank Limited
100 Grayston Drive
Sandton

**Debt Sponsor**
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
135 Rivonia Road
Sandton

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