STOR-AGE PROPERTY REIT LIMITED

INTEGRATED ANNUAL REPORT

2021

Stor-Age Property REIT Limited ("Stor-Age", the "Company" or the "Group") is the leading and largest self storage property fund and brand in South Africa. We have successfully developed, acquired and managed self storage properties across South Africa for 15 years. 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. Stor-Age is a local market pioneer that introduced high-profile Big Box self storage properties in high-visibility and easily accessible prime suburban locations in South Africa.

Our 74-property portfolio comprises 448 800 m² of gross lettable area (GLA), which is strategically concentrated in South Africa's largest cities and in key markets in the UK. We service more than 38 000 tenants. Stor-Age listed on the Johannesburg Stock Exchange (JSE) on 16 November 2015.

SNAPSHOT

Listing date	November 2015
JSE sector	Speciality REITs
Profile	Highly specialised, low risk, income paying self storage REIT
Self storage universe	10 publicly traded self storage REITs (US: 5, UK: 2, EU[1]: 1, Aus: 1, SA: 1)
Market capitalisation	R5.8 billion[2]

	Total	South Africa	United Kingdom
Investment property value	**R7.6 bn**	R4.7 bn	R2.9 bn
Number of properties[3]	**74**	52	22
Total number of tenants	**38 400**	27 300	11 100
Total GLA[4]	**448 800 m²**	366 000 m²	82 800 m²
Occupancy	**90.1%**	90.0%	90.4%
Loan to value (LTV) ratio	**24.1%**	18.2%	33.6%

1 *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*
2 *As at 30 June 2021. All other data presented as at 31 March 2021.*
3 *Includes Sunningdale and Tyger Valley in SA (opened May 2021) and Blackpool in the UK (acquired April 2021).*
4 *GLA – gross lettable area.*

INTRODUCING OUR 2021 INTEGRATED ANNUAL REPORT

This report explains our strategy, our operating environment, the key opportunities and risks in our South African and UK markets, our financial and non-financial performance, and our expectations for the year ahead. We focus on material environmental, social and governance matters which we determine through board discussions, market research, stakeholder engagement, continual risk assessments and reviews of prevailing trends in our industry and the global economy. This report does not discuss matters which we do not consider material. With regards to our continued focus on the COVID-19 crisis, read about our response in our CEO's Report from page 35.

SCOPE OF THIS REPORT

This report presents the financial results and the economic, environmental, social and governance performance of the Group for the financial year ended 31 March 2021. Its content encompasses all divisions and subsidiaries of the Group, across all regions of operation in South Africa and the UK.

ASSURANCE

The Company's external auditors, BDO South Africa Inc., have independently audited the financial statements for the year ended 31 March 2021. Their unqualified audit report is set out on pages 113 to 117. The scope of their audit is limited to the information set out in the financial statements on pages 105 to 218.

ADDITIONAL INFORMATION

The Company contact details are listed on the inside back cover.

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.

RESPONSIBILITY STATEMENT AND REVIEW

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this report. It has been reviewed by the audit and risk committee, the board, 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

CONTENTS

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

Shares in issue: 432 881 143 (31 March 2021)

INTRODUCING STOR-AGE

ABOUT STOR-AGE

Stor-Age is the leading and largest self storage property fund and brand in South Africa, and the first and only self storage Real Estate Investment Trust (REIT) listed on any emerging market exchange. November 2020 marked the five-year anniversary since listing on the Johannesburg Stock Exchange (JSE) and during this period we have successfully grown the portfolio from 24 to 74 properties, GLA from 181 300 m^2 to 448 800 m^2 and the value of the property portfolio by more than fivefold to R7.6 billion. 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.

Our highly specialised business focuses on the fast-growing self storage sector – a niche subsector of the broader commercial property market. Stor-Age develops, acquires and manages high-quality self storage properties that enable us to compete strongly in new market segments and grow our market share. This allows us to benefit from economies of scale and produce favourable operating margins. Stor-Age is managed internally.

The South African portfolio comprises 52 properties, totalling 366 000 m^2 and represents R4.7 billion in value. In the UK, Stor-Age owns a 97.8% majority interest in Storage King, comprising 22 properties with 82 800 m^2 GLA and representing R2.9 billion in value.

DYNAMIC SELF STORAGE SECTOR SPECIALISTS

- Leading and largest self storage property fund in South Africa, with a successful strategic entry into the UK in 2017, which continues to grow
- High-quality properties with excellent visibility and easy access from arterial roads
- Outstanding locations with high barriers to entry
- Business model based on global best practice
- Development capability and innovation
- Market-leading operations and digital platform
- 15 year track record of developing, tenanting and operating self storage assets
- Investment in sustainable technology to support business efficiency

	Portfolio	South Africa	United Kingdom	Pipeline Portfolio
Number of properties	74[1]	52	22	11[2]
GLA (m^2)	448 800	366 000	82 800	54 000
Value (Rm)	7 600	4 700	2 900	700

[1] *Includes Sunningdale and Tyger Valley in SA (opened May 2021) and Blackpool in the UK (acquired April 2021).*

[2] *Includes 8 properties in SA, Cresta (under construction) and two properties in the UK.*

ABOUT STOR-AGE (continued)

OUR INVESTMENT CASE

- Dynamic sector specialists, allowing for focused attention
- Track record of growing investor returns
- Recession-resilient sector: self storage is a niche asset class uncorrelated to traditional property drivers
- Distribution underpinned by robust self storage metrics
- Significant secured pipeline of acquisition and development opportunities
- Proven ability to identify, close and integrate value-add acquisitions
- Strong cash flow
- Favourable operating margins
- Attractive earnings growth
- Healthy balance sheet and conservative gearing
- Low bad debt record
- Low obsolescence and ongoing maintenance capex
- High barriers to entry in key target locations

is underpinned by

OUR SUCCESS DRIVERS

- Diversified tenant risk (38 000+ tenants across South Africa and the UK)
- Presence in South Africa's main metropolitan centres – Johannesburg, Tshwane, Cape Town and Durban
- Prominent locations on main roads or arterials, with high visibility to passing traffic
- Committed and passionate employees
- UK management team with significant self storage operations experience, proven local expertise and a well-located property portfolio
- Average length of stay in South Africa – 22.7 months
- Average length of stay in UK – 31.3 months
- Growing demand and awareness among customers
- Strong customer satisfaction, with customer service rated as "excellent" in 2021 according to the global Net Promoter Score (NPS) standard
- In South Africa, 53% (2020: 52%) of customers have been storing for more than one year
- In the UK, 54% (2020: 61%) of customers have been storing for more than one year

and

OUR VISION

To be the best self storage business in the world

OUR MISSION

To rent space

OUR CORE VALUES

Excellence • Sustainability • Relevance • Integrity

HIGHLIGHTS

106.08 cents Total dividend	
19.3% and 20.2% Growth in rental income and net property operating income	
13.1% | SA 8.6%; UK 6.3% Growth in like-for-like rental income	
90.1% | SA 90.0%; UK 90.4% Total occupancy	
28 500 m² GLA | SA 18 900 m²; UK 9 600 m² Increase in portfolio occupancy	
R7.57 billion | up 12.3% Investment property value	
24.1% Loan To Value (LTV) ratio	
R250 million | Raised in oversubscribed bookbuild Equity capital raise in May 2020	
Sunningdale and Tyger Valley | Developments completed Trading commenced in May 2021	
9 properties[1] | SA development pipeline Secured three new sites during the year	
Moorfield development JV entered First two development sites in London and the South East secured	
FTSE EPRA Nareit Emerging Index First-time inclusion	

1 *Includes Cresta.*

Big Box self storage properties

Our properties are developed in prime locations across South Africa. Light, bright, safe and secure, our Big Box properties are modern, purpose-built and multistorey.

As the leading developer of these properties in the South African market, we capitalise on market requirements more efficiently than our competitors.

CHAIRMAN'S LETTER

I am pleased to report that Stor-Age again delivered an excellent financial performance underpinned by strong growth in enquiries, record occupancy and move-ins, with revenue growth in both markets. This was achieved despite the disruption of the COVID-19 lockdowns and significantly curtailed economic activity in South Africa and the UK.

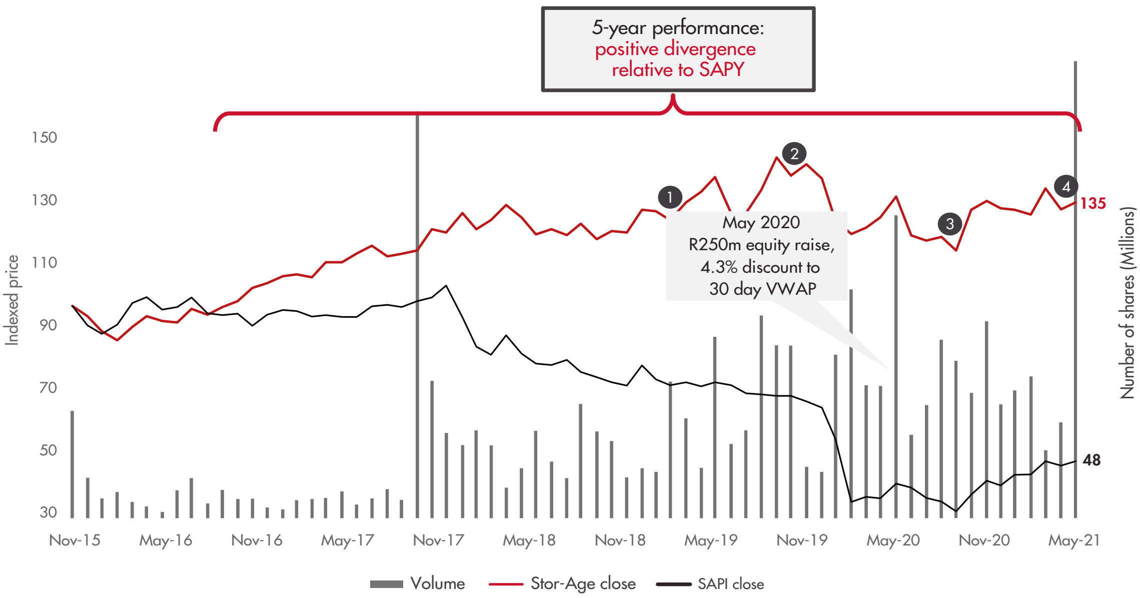
A UNIQUE PROPOSITION

A niche asset class uncorrelated to traditional drivers of property, Stor-Age has delivered an impressive performance relative to its peers on the JSE since its listing. Assuming R100 was invested on the date of our listing in November 2015, and provided that the full pre-tax dividend was reinvested, the investment would be worth R209 as at 30 June 2021. This is compared to the same investment in the JSE All Share Index, which would be worth R153, or in the SAPY, which would be worth R74.

Our relative performance over the more than five-year period since listing demonstrates the attractive diversification benefits that Stor-Age offers when compared to other SAPY constituents. It further speaks to the strength of our business model, which is based on global best practice and strong networks with leading first world market peers – evidenced by more than a decade of successfully acquiring, developing, leasing and operating self storage assets in South Africa and the UK.

SHARE PRICE PERFORMANCE – RELATIVE TO SAPY

Consistently outperformed the listed property index and SA REITs since listing in 2015, with ever improving liquidity



1. ALPI inclusion – March 2019
2. SAPY inclusion – September 2019
3. FTSE EPRA Nareit Emerging Index inclusion – September 2020
4. As at 30 June 2021

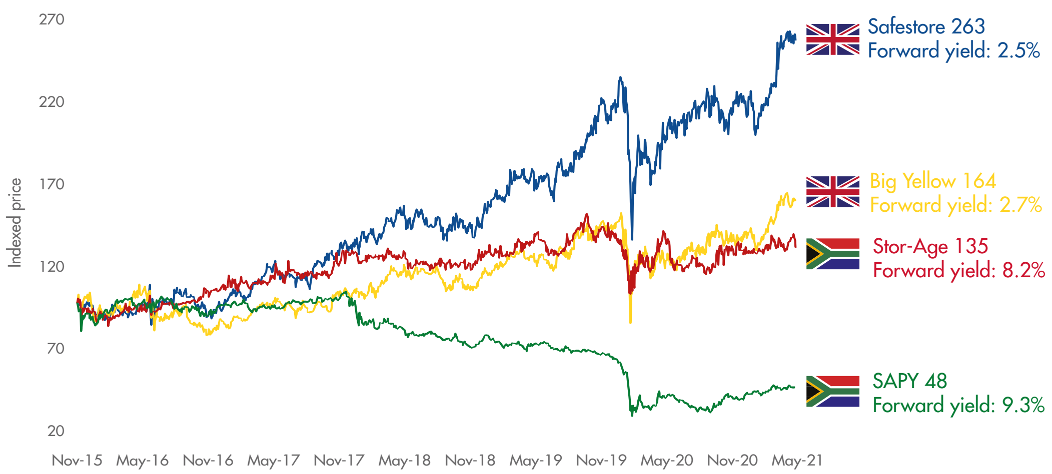
CHAIRMAN'S LETTER (continued)

SHARE PRICE PERFORMANCE – RELATIVE TO UK PEERS

Publicly traded self storage REITs trading at premiums to NAV

Stor-Age has a c. 40% exposure to GBP assets through Storage King

Stor-Age is significantly diversified and entrenched within the UK market. This geographic underpin is coupled with an attractive yield spread relative to UK peers and significant SAPY GBP outperformance.



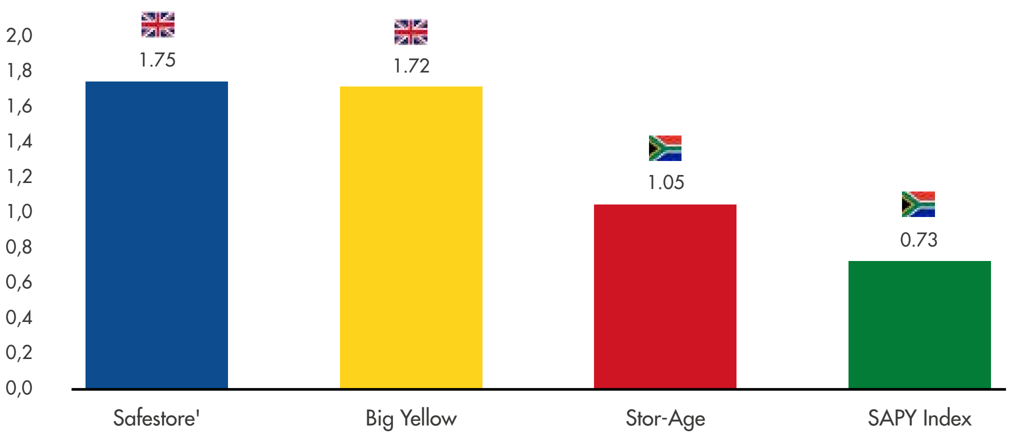
1. Bloomberg, as at 30 June 2021
2. Conversion to GBP at respective spot exchange rates across the time series
3. LSE listed – Safestore and Big Yellow

PRICE/NET ASSET VALUE (NAV) COMPARISON – SAPY AND UK PEERS

Publicly traded self storage REITs trading at premiums to NAV

Self storage REITs trading at premiums to NAV

- Self storage businesses which operate sizable portfolios benefit from a unique operational platform overlay which is embedded 'on top of' the real estate
- The operating platform can be leveraged into pipeline assets, single or multi-property portfolio acquisitions, as well as to manage third-party assets (with limited incremental cost)
- NAV does not reflect the true value of the operating platform and understates the value derived from leasehold assets
- Stor-Age benefits from having a highly sophisticated dual-market platform in South Africa and the UK



[1] As at 30 June 2021; LSE listed – Safestore and Big Yellow

With a market capitalisation of approximately R6.0 billion, Stor-Age remains a highly specialised income paying REIT and South Africa's leading and largest self storage property fund and brand. It is also one of only ten publicly traded self storage REITs globally and the only one to be listed on an emerging market exchange.

MEETING THE CHALLENGES

Since the onset of the pandemic, the global REIT sector has encountered particularly tough trading and operating conditions. While the degree of impact is largely dependent on region and the different property sub-sectors, key challenges faced by the over-arching sector include preservation of value and liquidity, an increase in vacancies due to reduced workforce needs, a decrease in rental collection rates, compliance with regulatory and governmental requirements and ensuring properties are safe for tenants, customers and staff.

Self storage has a track record of resilience in constrained economic environments. Our customers use the product on a short and long term basis for various reasons throughout the different economic cycles, resulting in persistent market depth.

As a specialist asset class, self storage offers unique financial performance and growth prospects in the face of the challenges arising from the pandemic. While COVID-19 caused us to examine how we operate more so than ever before, the strength of our operating model allowed us to quickly transform to meet COVID-19 safety requirements and regulations, enabling our properties to remain open throughout the year. At the same time, we were able to leverage the specialist sector skills and experience of our seasoned management team to deliver strong and sustainable growth in returns.

We believe that the core demand drivers for self storage are set to continue, accelerated by consumption led economies and the further impact of COVID-19.

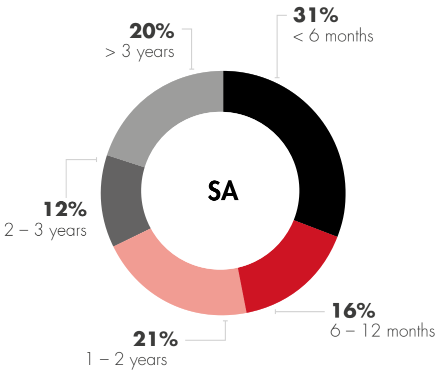
> "Despite the difficult trading environment in South Africa and the UK as a result of the pandemic, Stor-Age continued to deliver an excellent operating performance, including growth in enquiries, like-for-like revenue and occupancy year-on-year."

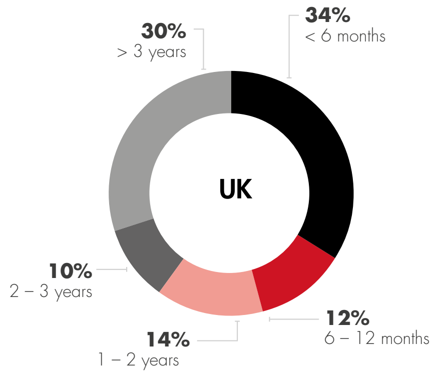
CONTINUED GROWTH AND DELIVERY

Since our listing in November 2015 we have consistently delivered on all strategic initiatives and grown the portfolio from 24 to 74 properties, representing approximately R7.6 billion in value. The South African portfolio comprises 52 properties and represents a value of R4.7 billion, while the UK portfolio under the brand Storage King, comprises 22 properties and represents a value of R2.9 billion.

CHAIRMAN'S LETTER (continued)

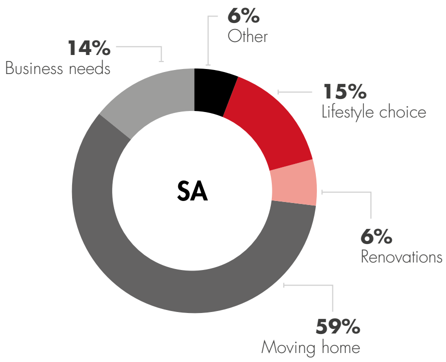
AVERAGE LENGTH OF STAY

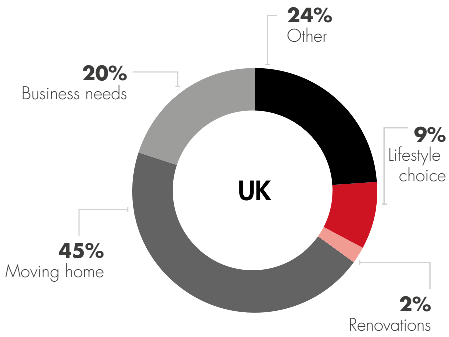




DEMAND PROFILE
Demand is driven by two significant customer groups: those needing the product for short stays due to life-changing events (< 6 months: 30% +) and those requiring the product for longer term space requirements (>1 year: 50%+).

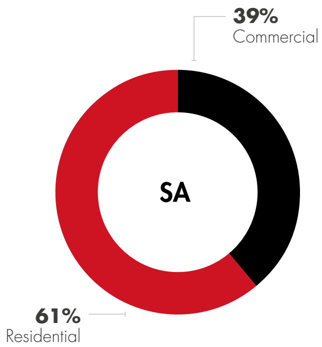
REASONS FOR STORING

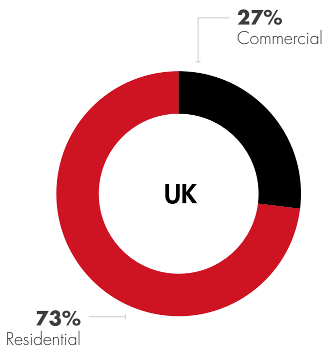




SELF STORAGE – A NEEDS DRIVEN PRODUCT
All tenants initially use our product due to a tangible need. This makes the business case cyclically resilient.

RESIDENTIAL/COMMERCIAL TENANCY[1]





RESIDENTIAL VERSUS COMMERCIAL TENANTS
Commercial tenants typically store in a larger unit size than residential customers and tend to stay for a longer period of time.

[1] *By GLA*

Since acquiring Storage King, the sixth largest self storage operator in the UK in November 2017, we have not only successfully grown the size of our UK business and overseen the delivery of attractive underlying operating results, but also seamlessly fully integrated two distinct yet complementary self storage operating platforms across South Africa and the UK.

In the past year we remained disciplined but opportunistic in allocating capital to select development and acquisition opportunities, securing five new development properties. Three of these are in South Africa and two are in the UK, the latter falling under our joint venture ("JV") with Moorfield. Read more about our JV with Moorfield from page 23.

Post year end in April 2021 we acquired a trading self storage property in Blackpool in the UK and in May 2021 we completed the development of two prime properties in Tyger Valley and Sunningdale in Cape Town. The development of a new high-profile big-box property at Cresta in Johannesburg is ongoing and scheduled for completion and opening in October 2021.

We continue to have a significant development pipeline of prime high barrier-to-entry properties in outstanding locations in South Africa's major cities, and as at 31 March 2021 the pipeline comprised eight new properties (excluding Sunningdale, Tyger Valley and Cresta) at an estimated cost to complete of R685 million. This will add approximately 46 500 m^2 GLA to the portfolio.

A consistent and underlying theme in executing our growth strategy has been the conservative management of our balance sheet. An oversubscribed bookbuild in May 2020 successfully raised over R250 million in equity, thereby bolstering the Group's liquidity, further strengthening the balance sheet and, together with retaining cash from dividend reinvestment plans, reducing our loan to value ratio to a sector leading 24.1%. The successful bookbuild further reflects sustained investor confidence in the Group's performance, which continues to build on our impressive track record.

OUR FUTURE GROWTH STRATEGY

Stor-Age is a sector specialist with deep product understanding and significant emerging and first-world market experience, boasting a successful track-record of developing, acquiring and managing self storage assets.

Driven by societal trends including consumerism, densification and an increasingly mobile population, self storage remains a resilient niche sector with excellent growth opportunities globally.

Our growth strategies are completed in five-year tranches, with the current year marking the first year of our strategic planning cycle to take us to 2025. This cycle builds on the successful creation and execution of our previous five-year growth strategies to 2015 and 2020. Planning behind the current five-year strategy was meticulous with specific geographical targets and nodes identified. Research projects included location mapping, supply and demand components, risk management, as well as leveraging existing customer data.

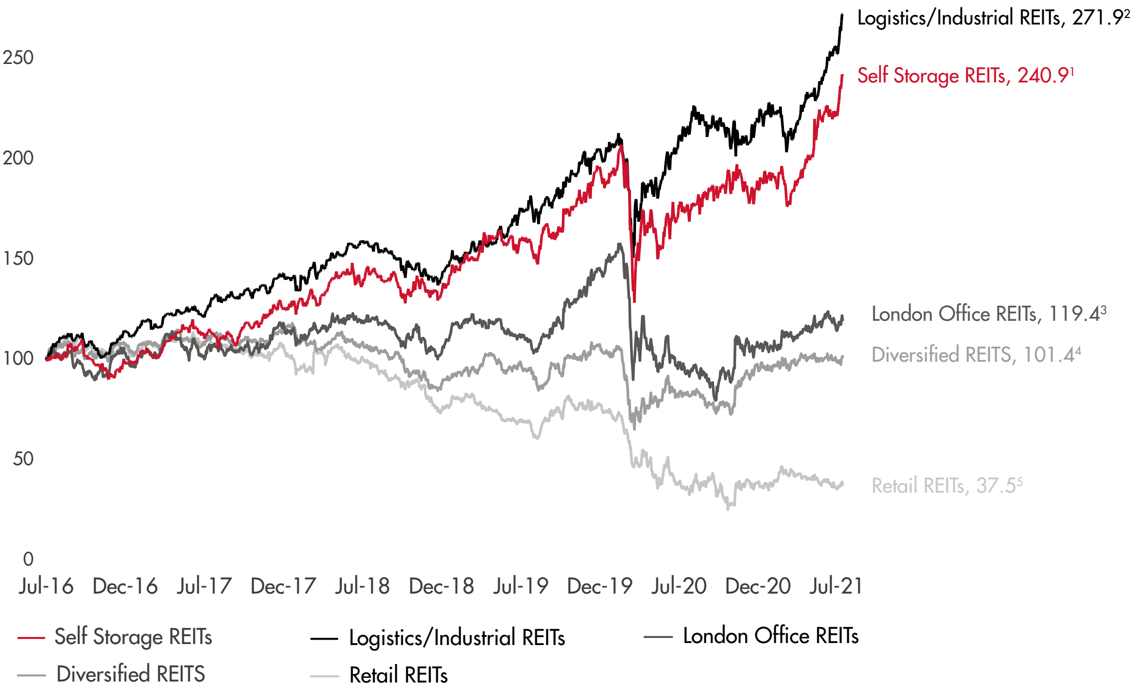
We continue to see attractive opportunities to grow our portfolios in South Africa and the UK. The strategy will see us continuing to target value enhancing independent operators for acquisition, while new developments will principally be targeted at prominent high-barrier-to-entry big-box properties in outstanding locations.

> “Indirectly recognising the successful and disciplined execution of our growth strategy over multiple years, I'm pleased to report that in September 2020 Stor-Age was included in the FTSE EPRA Nareit Emerging Index.”

CHAIRMAN'S LETTER (continued)

UK REIT SECTOR – SHARE PRICE PERFORMANCE (POUNDS)

Stor-Age has a c. 40% exposure to GBP assets through Storage King.



The social and economic disruption caused by the pandemic gave rise to a new demand driver for self storage, with the same sector themes and trends fuelling demand in first-world markets equally present in South Africa.

Factors driving this demand include, but are not limited to, work/study-from-home, home improvements, migration in and out of metropolitan markets, business disruption and an acceleration of e-commerce. These demand drivers complement the historical demand driver for self storage being "life-changing events" such as separation, bereavement, downsizing, emigration and home moves which occur regardless of economic conditions.

The resilient nature of the self storage sector and the relative outperformance of the broader commercial property market during the pandemic has led to significant investor demand for self storage assets and operating platforms in the UK. As a result of this, the sector experienced significant yield compression over the last 12 months.

> "While we do not have perfect visibility as to the long-term impact of the socio-economic and structural changes on the industry or customer behaviour, we expect that some of the additional demand will be longer-lasting and more permanent in nature."

1 *Self Storage REIT index: Big Yellow, Safestore, Lok'nStore (non-REIT).*
2 *Logistics/Industrial REIT index: Segro, Tritax Big Box, Hansteen.*
3 *London office REIT index: Great Portland, Derwent, Workspace Group.*
4 *Diversified REIT Index: Schroder Real Estate, LXI REIT, Standard Life Investments, British Land Co., Land Securities REIT, Ediston Property, Custodian REIT, Redefine International AEW UK REIT, Regional.*
5 *Retail REIT index: Shaftesbury, Supermarket Income, Hammerson, New River, Capital Regional.*

Source: Bloomberg – 13 July 2021.

LEVERAGING OUR DIGITAL CAPABILITY

Traditionally our growth strategy was led solely by our property strategy, however, in recent years it has been complemented by our multi-year digital strategy. Off the back of these strategic planning workstreams, we have been able to optimally position Storage King for further expansion with our third-party management platform – Management 1st. We further leveraged our sector leading in-house digital marketing capability through the provision of our digital services offering – Digital 1st. Read more about these initiatives from page 26.

This digital capability has additionally created the ability to leverage the benefits of our established low-cost emerging market head office infrastructure into the significantly more mature UK self storage market.

It is exciting to see our digital advancement, driven by the rapid rate of change that society is experiencing more broadly. I continue to be impressed with how Stor-Age has adapted and embraced technology in all aspects of the business. The record levels of enquiries and move-ins across both markets is testament not only to the business's ability to deliver exceptional performance regardless of the economic conditions, but also the effect of the planning and implementation of our digital growth strategy.

DEEP PRODUCT UNDERSTANDING AND EXPERIENCE

As a business, we consistently remain focused on improving our sector knowledge. Since inception, our management team has spent significant time in more mature first-world self storage markets, primarily the US, UK, Europe and Australia. By entrenching themselves in these markets, they were able to fast-track their product understanding, gain valuable country-specific sector insights and establish significant relationships and networks with publicly traded and privately-operated peers. The board continues to encourage management to deepen and maintain its networks in these and other international markets.

> “Looking forward, Stor-Age remains well-placed to successfully execute its growth strategy, benefitting from a clear strategic growth plan, outstanding real estate expertise, an excellent dual-market operations platform, a leading digital marketing capability and established global peer networks.”

PERFORMANCE BACKED BY SOLID GOVERNANCE

Stor-Age is still a relatively young business that continues to grow and evolve, and we are mindful that actions taken today will impact on short and medium-term risks and opportunities. Underpinning our Vision to be the best self storage business in the world are our four Core Values of Excellence, Sustainability, Relevance and Integrity.

Despite all the challenges and uncertainty endured during the course of the year, we continued to innovate and make Stor-Age not only a better business but also better for the communities and environments in which we operate.

Accordingly, I am pleased to report on the formal adoption of our revised ESG strategy and framework during the period. This framework aligns our Vision and Core Values with the six UN Sustainable Development Goals ("SDGs") most relevant to our business as well as with the Task Force on Climate-related Financial Disclosures ("TCFD").

Our ESG strategy places great importance on not only ensuring business sustainability, but also the sustainability of the natural and social environment around us. Through our ESG framework, we will continue to monitor our impact on the economy, the workplace, the social environment and the natural environment. Read more about our ESG strategy and framework from page 53.

GOOD CORPORATE GOVERNANCE

Stor-Age promotes and supports ethical business conduct and corporate governance, and endorses the principles of The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]. We continue to make good progress towards compliance with the amended Property Sector Codes, which support transformation within the property sector. Our approach is based on our Transformation Plan and our philosophy is to drive empowerment from within the Group.

In line with King IV, Stor-Age supports the view that effective corporate governance is critically important to preserve value over the long term on behalf of all stakeholders. During the year we continued to strengthen our governance structures and strengthened the composition of certain sub-committees by the inclusion of additional independent non-executive directors. Stor-Age undertakes a full internal board assessment every second year, with the next assessment commencing in November 2021.

The board and its subcommittees continued to focus on key areas during the year, each built around ensuring sound ethical standards, principles of

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

good corporate governance and strengthening risk management across the business. Read more about these key focus areas and risk management in our Corporate Governance section from page 66.

Seeking to further strengthen our corporate governance practices during the year, we welcomed two additional independent non-executive directors to our board – Mntungwa Morojele and Abu Varachhia – each of whom brings with them a wealth of knowledge and experience. We look forward to their contributions to the board's skill set, expertise, diversity and independence. I have no doubt that they will add significant value to Stor-Age in the coming years.

OUTLOOK AND THANKS

The past year was challenging and uncertain, but also a year which I look back on with pride. The operational performance delivered by our teams in South Africa and the UK was quite extraordinary and the strategic focus of management in trying circumstances was most commendable.

I thank all our staff for their exceptional commitment, dedication, passion, teamwork and determination, all of which gave rise to another set of excellent results.

Thanks also to my fellow non-executive directors for their invaluable contributions. Each of them continues to bring their formidable knowledge and experience to bear on the strategic direction and governance of Stor-Age. Thank you for the energy, commitment, skill and competence you bring to our business. At the end of June we said farewell to Sello Moloko, as he stepped down after being an integral member of our board since our listing in 2015. I'd like to personally thank Sello for the extensive contribution that he made to Stor-Age over the period, imparting his significant experience and wisdom.

After the early setbacks brought on by the lockdowns in both countries, we not only bounced back and delivered a remarkably strong operational performance, but also continued to successfully execute our growth strategy. While the past year was a difficult one, the year ahead will continue to pose its own challenges and risks. Guided by a well-articulated Vision and Mission, the disciplined execution of Stor-Age's strategy continues to cement our position of market leadership, and I remain confident about the Group's growth prospects, to the benefit of all stakeholders.

Graham Blackshaw
Chairman
30 June 2021

At our core, simply put, Stor-Age exists because we solve people's and businesses' space problems.

Our primary objective is to actualise within a number of dimensions simultaneously for maximum value creation. Stor-Age aims for purpose and profit; continuity and change; freedom to innovate; and responsibility. We strive to respect our colleagues, our customers, ourselves and the organisation, which is greater than the sum of its parts.

Our four Core Values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our Core Values drive our thinking on page 59.

OUR BUSINESS

OUR BUSINESS

WHAT WE DO

Our portfolio comprises 74 self storage properties across South Africa and the UK, with a combined value of R7.6 billion.

Stor-Age rents space to the public, both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 74 properties, we manage more than 38 000 tenants.

We experienced an average monthly churn[1] rate of 5.3% in South Africa, with more than 1 600 new tenants moving in on average each month. In the UK, we experienced an average monthly churn rate of 7.5% with over 900 new tenants moving in on average every month. Due to the lockdown, churn rates were lower than the prior year but increased in the latter part of the year towards historical long-term averages as economic activity improved.

Our average unit size in the UK of 6.2 m^2 is considerably smaller than our average unit size in South Africa of 12.5 m^2. The smaller average unit size in the UK contributes directly to the higher churn rate.

DEVELOPING AND ACQUIRING PROPERTIES

ACQUISITION CAPABILITY

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

Our ability to close transactions and integrate trading properties seamlessly onto our operating platform has also been consistently demonstrated. Since the start of 2017, we have successfully completed 11 transactions to complement our ongoing success in the South African and UK markets. This includes the offshore acquisition of Storage King in November 2017, the acquisition of the Managed Portfolio in South Africa in October 2018 and the five-property Flexi Store acquisition in December 2019. Post year end, in April 2021 we acquired the largest self storage operator in Blackpool in the UK.

We continue to improve our operating platform and infrastructure to maximise revenue, reduce costs and ultimately deliver enhanced returns. At a property level, our people and the high-quality, secure and convenient space offered by our portfolio attract and retain a diverse customer base.

DEVELOPMENTS

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 is based on the cost of development versus the cost of acquisition, the demographic market analysis and the existence of barriers to entry. Our model for rolling out new properties and expanding existing ones in both South Africa and the UK is well-developed with clearly defined key success criteria.

[1] *The average monthly churn rate is calculated by dividing monthly move-outs by opening occupancy.*

WHAT WE DO (continued)

During the year we continued to make significant development progress at three new high profile properties at Sunningdale and Tyger Valley in Cape Town, and Cresta in Johannesburg.

The developments of the 6 350 m² Sunningdale property at an estimated cost of R65 million, as well as the 7 100 m² Tyger Valley property at an estimated cost of R92 million, were completed post year end and opened in May 2021.

Development of our 7 400 m² Cresta property at an estimated cost of R102 million, continued during the period and is expected to begin trading in October 2021.

Two additional prime Cape Town sites with the potential of conversion to self storage were acquired during the period, one in Paarden Eiland and the other in Pinelands.

The Paarden Eiland property will comprise an estimated 4 600 m² GLA over five levels and will enjoy high exposure to the busy Marine Drive which carries significant traffic volume in both directions. The Pinelands property, which will comprise an estimated 7 000 m² GLA on completion, is situated on the corner of Howard Drive and Gardeners Way, opposite Howard Centre.

ENERGY GENERATION CAPABILITY

All 52 properties in South Africa are fitted with generators. In the event of an outage, power is seamlessly generated to support the following systems at our stores:

- On-site operating system and server
- Telephone lines and internet connectivity
- Access control and security system
- Electric fence and perimeter beams
- Fire system
- Emergency lighting
- Lifts and hoists

Generation capacity of up to 110 kilovolt-ampere per property allows us to continue operations without major disruption during bouts of electricity supply cuts.

In line with our continued focus on reducing our carbon footprint, 17 of our 52 South African properties are fitted with solar photovoltaic installations. To date, we have invested c. R10 million in renewable energy and generated over 1 million kWh. During the period, our total solar PV system of 500 kW in size reduced our CO_2 emissions by an estimated 600 tonnes. Read more about our solar photovoltaic roll-out in our Environmental Sustainability section from page 55.

BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

The barriers to new supply in key target nodes are significant. The industry was historically positioned in industrial or urban-edge areas. As a result, there are limited multistorey premium-grade self storage assets in prime urban and suburban nodes, where population density and average household income are key.

Town planning presents a major challenge with long lead times required to gain planning consents. This, in addition to the long lease-up period (financing cost implications) required to reach stabilised occupancy at new stores, is a significant barrier to entry and contributes to the defensive nature of our portfolio.

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

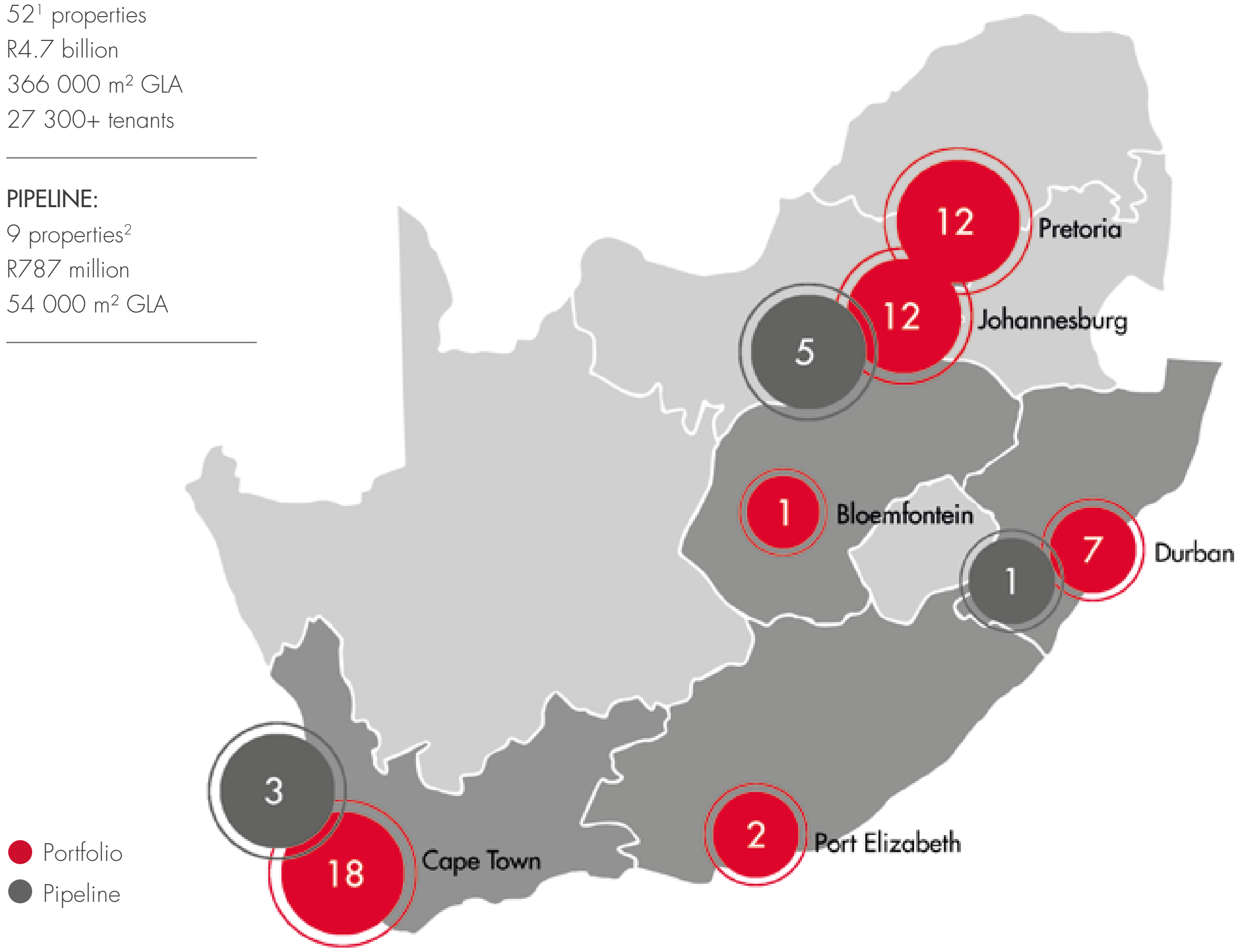
Our South African portfolio is predominantly purpose-built with a national footprint. The 61 properties comprise 52 trading properties and nine new developments in our pipeline. Our 52 trading properties offer 366 000 m² GLA and our pipeline of nine new properties will offer further GLA of 54 000 m² on full build-out.

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

52 Our portfolio of stores is unrivalled in South Africa, and comprises 52 properties across an extensive national network.

PORTFOLIO:
52[1] properties
R4.7 billion
366 000 m² GLA
27 300+ tenants

PIPELINE:
9 properties[2]
R787 million
54 000 m² GLA



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 a bespoke, online-based Facilities Management System for store-based employees to log, track and manage all maintenance requests until closed. In conjunction with our store-based employees 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.

1 *Includes Sunningdale and Tyger Valley (opened May 2021).*
2 *Includes Cresta, which is currently under construction.*

STORAGE KING

Stor-Age is now in its fourth year of trading in the UK under the brand Storage King – the sixth largest UK self storage operator. During the year, the Group continued to successfully capitalise on its strategic entry into the UK market.

The acquisition in November 2017 represented an opportunity to acquire a portfolio of well-located properties and a growth platform with well-invested infrastructure and an experienced management team. The team has considerable industry experience and a track record of demonstrable operational management, improvement and acquisitive growth.

This has been evidenced in the period since acquisition, with Storage King increasing the number of properties in its portfolio from 13 to 22[1] and the total GLA from 543 000 sq. ft to 892 000 sq. ft.

In September 2019, the Group successfully launched "Management 1st" in the UK, a comprehensive third-party management solution offered to independent operators, developers and private equity owners in the UK self storage market. Management 1st is a key component of our UK growth strategy and will enable the Group to earn additional revenue with minimal capital investment given that we leverage our existing superior infrastructure and skills. The management solution further provides a natural acquisitions pipeline over the medium to long term when third-party owners wish to exit.

During the year four independent operators representing twelve properties contracted with the Group for a digital services offering, a component of the full Management 1st platform. None of the twelve properties competes with existing Storage King properties. While these new agreements will make a modest contribution to earnings in the short term, we remain excited about the longer term prospects of building critical mass and further developing a meaningful revenue stream from Management 1st.

[1] *Includes Blackpool in the UK (acquired April 2021).*

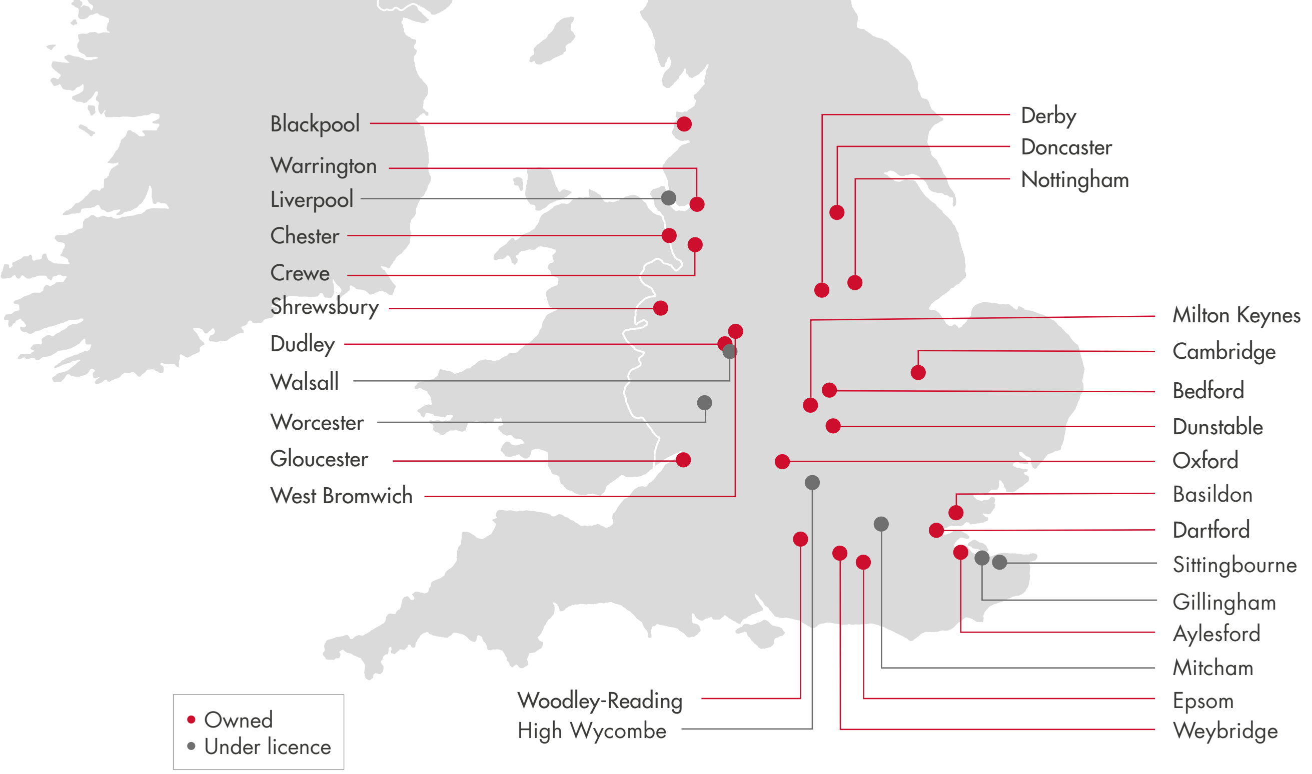
Overview of Storage King

- Sixth largest operator in the UK by number of stores
- Owns 22[1] properties – 14 freehold and eight leasehold, with an average 14-year unexpired lease term
- A further seven properties trade under licence of the Storage King brand, generating licence and management fee revenue
- 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

29 Storage King operates 29 well-located properties throughout England.

UK PORTFOLIO:

22 owned properties[1]
R2.9 billion
82 800 m² GLA
11 100+ tenants



[1] *Includes Blackpool (acquired April 2021).*

STORAGE KING (continued)

Portfolio overview	
• Well-located, with a bias towards the south east and east	
• Near key market towns and major arterial roads	
• GLA[1]	892 000 sq. ft
• Closing occupancy	90.4%
• Average rental rate	£22.10 per sq. ft p.a.
• Average store size[2]	42 500 sq. ft

Exceptional platform opportunity

- Established management team in place, with significant on-the-ground experience
- Established operating platform, high-quality property portfolio and pipeline of opportunities

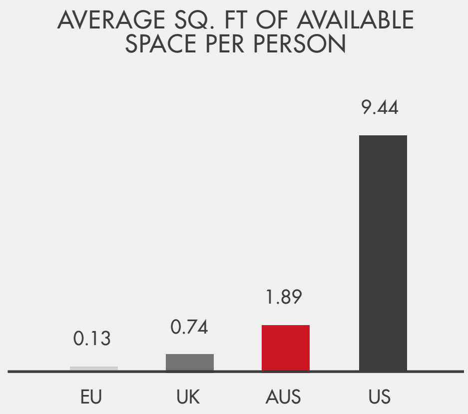
"The resilient nature of the self storage sector and the relative outperformance of the broader commercial property market during the pandemic has led to significant investor demand for self storage assets and operating platforms in the UK. As a result of this, the sector experienced significant yield compression over the last 12 months."

Despite the uncertainty created by Brexit, as well as the negative economic impacts due to the COVID-19 pandemic, Storage King and the UK self storage industry continued to trade robustly. Further details of Storage King's performance are set out in the Financial Review section on page 44.

UK self storage industry[3]

2 000 Self storage properties, includes 563 container operators	**82.3%** Occupancy on current lettable area	**50.5 million sq. ft** Total space available
84.3% Occupancy where there has been no expansion in the last two years	**0.74 sq. ft** Space per person	
£23.94 Average rate per sq.ft per annum	**41%** The UK holds 41% of the total European self storage market	**£33.06** Average rate per sq. ft per annum in London
Population 66 million		

1 *892 000 sq. ft = 82 800 m² GLA*
2 *42 500 sq. ft = 3 950 m² GLA*
3 *Source: The Self Storage Association UK annual industry report, 2021.*



The UK and Europe represents a significant growth opportunity relative to the US and Australian markets

ACQUISITIONS, DEVELOPMENTS AND ADDITIONS

ACQUISITIONS

During the period we continued to review acquisition opportunities in line with our stated growth and investment strategy. Post year end, in April 2021 we successfully acquired Blackpool's largest self storage operator, Blackpool Self Store, for £3.6 million. With a 90% occupancy level, the property offers 31 000 sq. ft of lettable area, with the potential to increase to approximately 55 000 sq. ft. The freehold acquisition takes the total number of properties in the portfolio to 22, with a total of 29 trading under the Storage King brand.

MOORFIELD DEVELOPMENT JV

In October 2020 the Group entered into a JV with Moorfield to develop a portfolio of self storage properties focused on London and the South East, with an initial value of £50 million and the potential to increase to £100 million. The first two properties have been secured, with contracts having been exchanged and each site being acquired subject to final planning consent.

SITE 1

At a cost of £4.1 million, the exchange of contract was completed in January 2021.

The greenfield site is located in a prime position on a busy arterial road within the M25 orbital motorway to the west of Greater London. A successful pre-application has been concluded with council and the planning application for rezoning has been submitted.

The total development cost is estimated to be approximately £11.5 million, with construction estimated to begin in the second half of FY22.

SITE 2

At a cost of £1.5 million, the exchange of contract was completed in April 2021.

The greenfield site is located in a big box retail corridor with visibility to a busy arterial road in a large conurbation in South East England. A successful pre-application has been concluded with council.

The total development cost estimate is approximately £7.5 million, with construction scheduled to begin once final planning consent has been received.

Read more about the Moorfield Development JV in Our Business – Growth Strategy on page 32.

ADDITIONS

At year end, planning and development was underway to bring online an additional 87 000 sq. ft GLA across 6 existing properties at an estimated cost of £7.9 million.

In May 2021 we completed the extension and fitout at Weybridge, bringing online approximately 15 400 sq. ft additional GLA. Council and planning approvals are also in hand for the extensions at our Chester, Doncaster and Bedford properties, with construction due to start during the 2022 financial year.

At Milton Keynes our design process has been completed and our planning application was submitted in July 2021 to add a further 18 200 sq. ft GLA at an estimated cost of £2.5 million.

> “Our continued expansion in the UK demonstrates our ability to successfully identify, negotiate and close acquisitions in a competitive environment.”

HOW WE DO IT

OUR SOPHISTICATED DUAL-MARKET OPERATIONS PLATFORM

We have invested significantly to develop a sophisticated and scalable management platform that provides centralised services and support across the portfolio. This offers economies of scale and cost efficiencies. Our web-based tenant management system provides real-time information on the operating and financial performance of each property. The system has a unique built-in customer relationship management (CRM) tool.

This tool enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. During the period, we generated and managed more than 140 000 enquiries across both markets. Pricing is dynamic and varies according to unit size, demand, the stage of lease-up and location. Internal space across all properties can be reconfigured to produce variations of unit sizes to meet the demand profile and optimise the 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
- Increased 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
- E-learning platform, Edu-Space, complements key face-to-face learning programmes
- Incentivise outperformance at all levels

DEVELOPING OUR BRAND STRENGTH

Developing Stor-Age into the leading South African self storage brand has been a key strategic objective since inception. We have successfully achieved this through our focus on the location, visibility and quality of our properties, underpinned by excellent customer service and a leading online platform.

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. Our Big Box properties are especially impactful in this regard.

Given the innate complexity and cost of online sales, our effective and innovative internet technology and digital marketing capabilities have enhanced our brand reach across our growing national and local store base, and allow us to spread our marketing costs over a growing platform. This continues to raise the barrier to entry for competition.

During the period we actively pursued mutually beneficial, strategic commercial partnerships to increase brand visibility among residential and business target audiences. These partnerships enable us to enhance our marketing efforts and engage in cost-effective campaigns that improve enquiry generation through new and existing channels.

Commercial partners include financial institutions, removals companies, coworking spaces, last mile logistics, SMEs, e-commerce platforms, key sporting events, charitable organisations and many others.

A particular area of focus has been the formalisation of our exploratory working relationship with Picup, a logistics software company specialising in 'last mile' delivery solutions. Our portfolio of prime, well-located and secure properties in South Africa's main cities are located in areas where a significant majority of e-commerce deliveries are destined.

During the period our last mile delivery hub pilot at our Craighall property continued to gain traction. Initially designed for up to 500 parcels per day, the hub has experienced peak daily volumes of 768 and average daily parcel volumes of 450 in May 2021. The hub is driven off Picup's tech platform and crowdsourced driver network. Given the early-stage success, an additional two Stor-Age properties are under consideration for extending the proof-of-concept trial.

Our brand has been positioned at the quality end of the market and is well-defined, distinctive and differentiated.

HOW WE DO IT (continued)

INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

Leveraging our industry experience and digital capability, we continue to outperform our competitors in terms of new customer acquisition. We continuously innovate and improve the customer experience through ongoing review and refinement of our digital and in-store customer touchpoints. This process results in a cohesive brand experience for our customers, cementing loyalty and increasing sales.

Through ongoing management and optimisation of our online platforms, we maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK. We continued to execute our strategy of hyper-segmenting our potential customer userbase and delivering customised and relevant messages across various digital channels in both markets. This relevancy-based and targeted strategy enabled us to continuously create bespoke advertising media (video, animations and static images) that directs users to customised landing pages relevant to their behaviour.

> “As an accredited Google and Facebook partner, we continue to benefit from access to beta products through their technical and creative teams, which has enabled us to strengthen and present optimal messaging to the relevant audience on the platforms where they are most active.”

As an accredited Google and Facebook partner, we have benefitted from having dedicated teams from both platforms who provide us with extensive resources and insights. This has resulted in positive demand generation despite persistent challenging macro conditions in South Africa and the UK.

Our interactive and responsive websites continue to be refined and updated. This enables ongoing traction and encourages web prospects to enter into our digital sales funnels and be converted into a sale.

As a significant percentage of total web enquiries originates from mobile devices, our websites are accordingly designed to be simple and uncluttered. We improved our websites during the period by enhancing security, refining the user experience and enabling continued deeper integration between our South African and UK platforms.

Following the successful integration of a new digital move-in platform into our daily operations in the early stages of the initial lockdown, more than 95% of new customers during the year in South Africa and a significant majority in the UK were onboarded digitally through this paperless onboarding process. This platform has allowed us to align our on-boarding process to other digital efficiencies within the business.

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

During the period we continued to focus on improving customer communication to further drive enquiry generation and sales conversion. Through the introduction of cloud-based customer service software, we incorporated Facebook messenger, the WhatsApp Business API (launched in South Africa in August 2020), and our website live chat into one centralised customer communication platform. We also extensively tested the integration of the newly-launched Google My Business messaging feature into this centralised communication platform.

CONTACT CENTRE PERFORMANCE

62 000+
Calls answered

23 000+
Online enquiries responded to

63 000 m^2+ GLA
Space reserved

8
Full-time employees support our in-store sales strategy

The operational strength and local market knowledge of Storage King's management team is complemented by our digital marketing and e-commerce expertise. All acquired properties have been successfully incorporated onto our operations and web platforms, and now benefit from our in-house Google and Facebook accredited digital marketing capability. This resulted in an increase in enquiries and web page visits, and a lower cost of acquisition.

During the year we continued to successfully implement our digital marketing strategy for Storage King, resulting in a 16% increase in advert clicks, a 17% increase in referral traffic and a 250% increase in blog traffic, which has driven a valuable uptick in overall enquiries in the UK market. Our Contact Centre in South Africa began taking overflow phone calls from Storage King during the year, further improving response times and communication within the UK market.

Social media remains a key advertising, consumer engagement and CRM medium for the Group. We are mainly active on Facebook (c. 100 000 followers across both brands, with Stor-Age ranking as the third most followed self storage business in the world) and Instagram, but also on Twitter, Pinterest, LinkedIn and YouTube. Through specific call-to-action buttons, we are able to engage with our customers in real time. As an accredited partner with Facebook (who also own Instagram) we continue to drive optimal performance and improve enquiry generation on both of these platforms, through constant testing and access to resources.

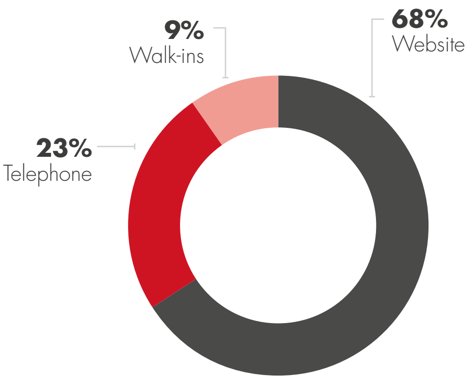
> "We remain at the forefront of online enquiry generation across both markets through constant innovation, improving our in-house digital marketing capabilities and our Google and Facebook partner accreditation."

We further use our social media presence and influence to support various community projects and local non-profit organisations. This includes supporting the Kolisi Foundation, of which we became a main sponsor in March 2021, the Santa Shoebox Project and various other local communities and organisations. Refer to the Social Sustainability section from page 57 for more information on these projects and our other corporate social investment initiatives.

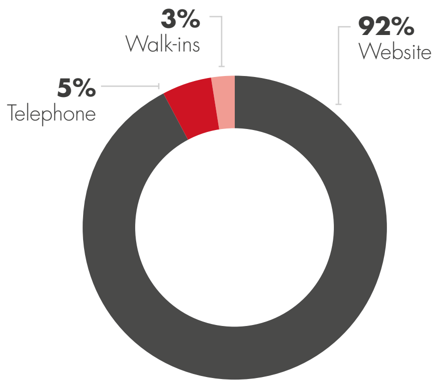
The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 68% of all South African enquiries. The telephone accounts for 23% of enquiries as the first point of contact. Walk-in enquiries, where we have had no previous contact with a customer, account for 9%.

In the UK 92% of all enquiries are made through the Storage King website, while 5% are via the telephone. During the period, walk-in enquiries amounted to 3%.

ENQUIRIES – SOUTH AFRICA



ENQUIRIES – UK



HOW WE DO IT (continued)

MEASURING CUSTOMER SATISFACTION

In South Africa, we actively measure customer service standards through customer welcome and exit surveys using our in-house My Experience Surveys portal, a key source of vital customer data, as well as Google reviews and our mystery shopper programme. In the UK, we make use of both Google reviews and TrustPilot (a third-party review platform).

The mystery shopper programme in South Africa entails in-store visits and telephone calls, to gauge the quality of our sales process. The scoring of each call focuses on customer satisfaction, closing the deal and the flow of the call according to the Stor-Age sales process. These practices ensure that we maintain a consistent user experience across our brands.

We continue to actively engage with customers in both South Africa and the UK on all digital review platforms including, but not limited to, Google My Business reviews. Through various engagement tactics, we encourage these reviews to both drive organic search performance and to foster brand credibility.

> “We are encouraged by our average Google My Business review rating of 4.7 in South Africa and 4.8 in the UK out of 5.”

In South Africa, we continued to track our Net Promoter Score (NPS) through our welcome and exit surveys as a key measure of our customers’ overall perception of the brand. We received over 25 000 responses to these surveys during the period. The welcome survey received a response rate of 76% while the exit survey response rate was 66%.

We continue to see an increase in these responses as a result of having incorporated the completion of the NPS feedback survey into our move-in and move-out process.

Our overall NPS for the year was 77*, consistent with what was achieved during the previous year. This indicates that our customer-centric approach is excellent when compared to global NPS standards and other consumer-facing businesses.

* *Above 50 is “excellent” and above 70 is considered “world class”.*

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 29.

OUR PEOPLE

Across both of our brands in South Africa and the UK we have a flat operational structure that recognises our store-based teams as pivotal to 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.

> “We continue to provide our staff with the best opportunity for personal growth through a variety of learning and development initiatives, which includes our bespoke e-learning platform and a comprehensive performance management system.”

Our bespoke e-learning platform (Edu-Space) continues to provide additional benefits to the business across both South Africa and the UK, such as increased flexibility, efficiency and productivity, as well as reduced costs. As an example, senior managers across the different functional areas in the business are now equipped to produce business-specific learning modules on the platform.

To further support our Edu-Space platform, we continued to make use of LinkedIn Learning as an on-demand online education resource for senior managers and functional teams. Post year end, we also acquired bespoke professionally-crafted online learning content to supplement that which we have developed in-house.

During the period we held virtual facilitated half-year and full-year planning workshops for our combined senior management teams from South Africa and the UK. Our South African-based management committee (manco) structure continues to enhance our management planning capability and foster the growth of senior middle managers in key portfolios across the business. Strategic planning across the business continues to be implemented through quarterly meetings of the manco, where key objectives and goals are identified.

E-LEARNING FRAMEWORK[1]

[1] *Includes South Africa and UK*

43
New online courses designed in 2021

22 000+
Hours of online training completed in 2021

HOW WE DO IT (continued)

ENSURING SECURE STORAGE

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

Given the greater security risk in South Africa, we continue to work with a third-party security company for remote monitoring of our security camera surveillance systems as well as licence plate recognition technology at new and existing properties. These systems are considered complementary to our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties have been selected based on an internal risk matrix, which takes into account various property and operational related features at each store in the portfolio. At year end, 38 properties were fitted with these systems, with installation at an additional 12 properties in progress.

To enhance physical security features, we previously developed a bespoke self storage door alarm and monitoring system in South Africa. All newly developed properties are fitted with this system, with a total of 10 stores now operational. In the UK, 16 of the 22 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term.

As part of our security measures, we continue to perform weekly and month-end padlock counts of every storage unit at our properties. This is a digitised process in South Africa, where the status of each unit (occupied, vacant, overlocked in the case of a debtor) is recorded by the property's operations manager on tablets using an application developed internally. The reconciliation of the padlock count to the tenant management system is automated and produces an exception report. An additional feature enables senior management visiting properties to perform synchronised counts that overlap with existing reports. While improving employee efficiency, the digitised process also improves transparency and the accuracy of results.

Access to our properties is automated and requires personal verification by means of an electronic tag in South Africa and a personal identification number in the UK. Strategically located cameras provide CCTV surveillance, which is bolstered by alarm systems. In South Africa, electrified perimeter fencing and infrared beams at certain stores are installed as well.

ENHANCING OUR CYBER SECURITY

In response to the global increase of ransomware and other cyber security attacks, we continue to enhance our layered network security systems to strengthen defences.

We partner with reputable, specialist service providers to ensure cyber security measures are maintained at the highest level. Together with a cloud-based approach for essential services, our information communication and technology objectives of employing effective redundancy measures, enhancing security and ensuring continuity, remain strategic priorities. At the same time, we continue to communicate with all staff across the business to share best practice when it comes to vigilance and cybercrime awareness.

To mitigate risks associated with the work-from-home environment, Virtual Private Network (VPN) connections are managed by a perimeter firewall. User behaviour and devices are subject to the same permissions and security when connected to the network remotely.

Our users are continuously monitored to ensure the most effective use of resources and to limit opportunities to breach the Group's cyber defences. Our cyber security strategy, suppliers and network design are reviewed regularly to stay abreast of leading best practice and remain relevant in the use of technology.

OUR GROWTH STRATEGY

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

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are currently in the first year of the cycle ending 2025, and have undertaken strategic and meticulous planning for the five-year period. A key focus remains our digital transformation strategy which significantly influences our business strategy. Read more about this strategy in our Chairman's letter from page 7.

We intend to continue growing the portfolio and enhancing 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 the South African market
- **Developing new properties** in prominent high barrier to entry locations in our core markets in South Africa and the UK
- **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

The strategy seeks to maintain Stor-Age's position as the leading and largest self storage property fund and brand in South Africa:

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

To inform our strategic cycle to 2025, 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 give us key insights which inform and optimise our growth strategy, allowing us to better understand our residential and business customers, and anticipate future demand.

While we see an opportunity to acquire existing properties, our new development strategy is detailed, with a focus on high barrier to entry areas in our core markets. Our plan to 2025 includes growing the South African portfolio to 70+ properties.

OUR GROWTH STRATEGY (continued)

OUR GROWTH STRATEGY FOR THE UK MARKET

Our business plan for Storage King is guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio and continuing to leverage our high quality in-place self storage management platform.

During the year, we continued to focus on key high-impact foundational areas to position Storage King optimally for future growth. We continued to make significant progress in integrating key South African-based head office support services into the Storage King platform. 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.

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring existing self storage 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 Management 1st in Our Business – Storage King, on page 20.

Key features of the medium-term growth plan include:

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

- Good locations in strategic and regional cities
- Within/close to attractive urban or suburban nodes
- Ideally within/close to a retail corridor
- Ideally located with main road frontage to passing traffic
- 35+ operators identified
- 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:

- Key locations in strategic and regional cities
- Big Box (greenfield) – high-density retail or commercial type nodes, within attractive urban/ suburban areas and with main road frontage to passing traffic (typically multistorey, three+ floors)
- Conversions (brownfield) – conversion 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

MOORFIELD JV

During the year we finalised terms and entered into a joint venture with Moorfield, a leading UK real estate fund manager, to develop a portfolio of self storage assets with an initial value of approximately R1.1 billion (£50 million) and with the potential to increase to over R2.2 billion (£100 million). The UK-focused development JV, which provides Stor-Age with a significant platform to execute its strategic growth plans in the UK over the medium term, will enable the Group to develop a portfolio of self storage assets, focused on London and the South East of England.

The key terms of the JV are set out below:

- Initial equity contribution of £25m
- Target to achieve approximately 50% loan to cost for new developments
- Equity capital contributions will be in the ratio 75.1:24.9 (Moorfield:Stor-Age)
- Separate SPVs will be set up for each new development
- All newly developed properties will be managed by Storage King under Management 1st
- Storage King will earn management fees for acquiring, developing and managing the assets
- Storage King will have a pre-emptive right to acquire all newly developed assets once certain predefined operating criteria have been met

The JV is pursuing various opportunities, leveraging Storage King's established relationships and reputation to secure off-market opportunities. Read more about the first two properties that have been secured for development in Our Business – Storage King, on page 23.

LEASEHOLD OWNERSHIP

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

While Storage King's approach to leasehold property valuation is based conservatively 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. Storage King benefits from the Landlord and Tenant Act, which protects its right of renewal except in the case of redevelopment.

In addition, the vast majority of Storage King's 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.

Furthermore, as property investors, Storage King's landlords value the quality of Storage King as a tenant and often extend the length of the leases in their portfolios. This enables Storage King to maintain favourable terms.

Ultimately, maintaining a flexible approach to leasehold ownership as part of a broader portfolio assembly strategy has allowed Storage King to operate from properties that would otherwise have been unavailable.

OUR PERFORMANCE

CEO'S REPORT

FINANCIAL REVIEW

OUR PERFORMANCE

CEO'S REPORT

Notwithstanding the ongoing negative impacts of the global pandemic, I am pleased to report another set of excellent results. Underpinned by an exceptionally strong operating performance in South Africa and the UK, Stor-Age has continued to demonstrate its resilience.

The past year has unquestionably been extraordinary, presenting the challenges of a health and economic crisis. Despite the constrained conditions, we produced a compelling set of financial and operational results for the sixth year in a row. This again proves our ability to execute asset and revenue management initiatives to enhance our value proposition, regardless of the conditions.

Stor-Age is the sector leader in South Africa, as evidenced by our status as the top self storage operator by lettable area, number of properties, number of tenants and value, and exceptional geographic representation. During the year we continued with the disciplined execution of our growth strategy, continuing our track record of consistently delivering on all strategic initiatives.

We continue to deploy capital strategically, adding quality and scale to our high-quality portfolio on a select basis and in-line with our strict investment criteria. During the year we secured new properties for future development, progressed our South African developments, and entered into a joint venture ("JV") with the Moorfield Group in the UK to develop a portfolio of prime self storage properties in London and the south east of England. Post period end, we acquired a trading self storage property in Blackpool in the UK in April 2021 and we completed the developments of Tyger Valley and Sunningdale in Cape Town in May 2021.

OUR PERFORMANCE

After the initial setbacks in the first half of the year due to the lockdowns, traditional and new drivers of demand rapidly accelerated move-ins, resulting in record move-ins and occupancy for the full year. The portfolio closed at 90.1% occupancy, representing a significant year-on-year increase in occupied space of 28 500 m^2. Excluding the impact of acquisitions, the impressive gains in occupancy supported like-for-like growth in organic rental income of 8.6% and 6.3% in South Africa and the UK respectively.

Our trading performance continues to reflect the fact that self storage remains a needs-driven product and an asset class with highly defensive characteristics, as evidenced by the growing levels of enquiries and move-ins that we continued to experience in South Africa and the UK during the period.

Our operating performance was even more impressive when one considers that the initial lockdowns and significant restrictions led to a contraction in overall activity in April and May 2020, resulting in a temporary decrease in occupancy in South Africa and the UK. Further to this, rental rate increases were temporarily suspended in April 2020 and only recommenced in August 2020.

Supported by the growth in occupancy, Group rental income and net property operating income grew by 19.3% and 20.2% respectively, including like-for-like growth in rental income of 13.1%. The strong operating metrics and our hands-on management approach, a key to delivering superior performance, supported the 12.97% increase in the Net Asset Value (NAV) per share to R12.98. Our total shareholder distribution of R454.4 million translated into a dividend per share of 106.08 cents.

Our resilience is also underpinned by our balance sheet strength. We proactively bolstered our liquidity position during the year by raising R250 million in an oversubscribed bookbuild in May 2020 and retaining cash from dividend reinvestment plans. Sitting below our 25% to 35% target range at year end, our loan to value ratio of 24.1% not only demonstrates our commitment to maintaining a well-placed balance sheet, but will also allow for the continued execution of our growth strategy moving forward.

> Our results for the current year clearly demonstrate the significant underlying strength of our business, as we held firm in the face of the most dramatic economic shock seen in modern times. This is testament to our deep sector specialisation, sophisticated operating platform and the high quality and defensive attributes of our property portfolio.

RESPONDING TO COVID-19

The COVID-19 pandemic challenged our business and how we operate more so than ever before. Prior to the hard lockdowns being implemented in South Africa and the UK, we formed a crisis committee which was responsible for making operational decisions daily. Their swift and decisive decision making was crucial to the continued sustainability of the business.

Upon entering the crisis, we immediately halted all capex and undertook a thorough review to identify appropriate elements to defer to subsequent periods. Likewise, we reviewed all operating expense budgets in South Africa and the UK and reduced all non-critical spend.

During the hard lockdowns, our properties remained accessible to customers in both South Africa and the UK as we continued to support the provision of essential services. The safety of our colleagues and our customers remained our primary priority throughout the year and we made significant investment to make our properties safe and COVID-19 compliant for everyone who visited our stores.

In the early stages of the initial lockdowns, our in-house digital competency saw us fast-track an online e-sign capability for new leases, allowing for a contactless digital sign-up and move-in process. 95% of all move-ins in South Africa during the year were completed using this new channel, as well as a significant proportion in the UK.

During the pandemic we remained focused on debt recovery, with our intensified efforts on working capital and cash collections yielding positive results. Over the past year we collected over 98% and 99% of rentals due in South Africa and the UK respectively, and bad debt losses accounted for under 1.0% of Group rental income. While we provided rental relief to certain customers as necessitated by the environment, this had no material impact on revenue, demonstrating that the self storage business model benefits from having no tenant concentration risk.

We were also able to assist various charitable and government-based entities in their relief efforts. These included the relief aid organisation affiliated with the Western Cape Government, Community Chest, SA Harvest, Masks for Medics and the National Health Service (NHS) in the UK, amongst others. Read more about our support for relief efforts in our social sustainability section from page 57.

GROWING OUR PROPERTY PORTFOLIO

We continue to seek investment opportunities where we can achieve strong market penetration, leverage our significant in-place operating platform and further benefit from improved economies of scale, driving high operating margins. Our growth strategy is focused on acquisitions, development opportunities and organic growth via expansion of our existing properties.

Our highly sophisticated and scalable dual-market operations platform remains key to unlocking value for shareholders. Benefitting from a homogenous product, the same language and a similar timeline, we have the unique benefit relative to our UK peers of having a cost effective South African based head office infrastructure, which is leveraged in areas such as our Contact Centre and digital marketing capability. Both of these examples allow for real-time data driven decision-making and the centralisation benefits of standardisation, quality control, directing online marketing efforts and pricing optimisation.

Our property growth strategy is tempered with a commitment to high-quality self storage assets. We believe that by focusing on assembling a portfolio at the quality end of the spectrum, we will not compromise the sustainability of our business over the long term.

During the year we set about implementing and working towards our new five-year growth plan to 2025. The plan is the third rendition of our multi-year strategic growth initiatives, with the first plan ending in 2015 and the second plan taking us to 2020. While the plan sets broad targets in both South Africa and the UK, more importantly, it details how and where we intend to execute high-quality acquisitions and new developments to further grow our asset base.

Our property team boasts a significant development capability and track record. Having developed our first property in the portfolio in Edgemead in Cape Town in 2006, the team has now completed 21[1] new developments in total. The vastly experienced team works within a well-defined development framework and follows meticulous quality control processes, incorporating substantial intellectual property. The ability of the team to provide cost insights and estimates on new potential site acquisitions and/or identify challenges and come up with practical and cost-effective solutions, adds significant value to our business. Likewise, our ability to value engineer new developments to drive cost efficiencies, while not compromising on overall quality, enhances the overall development process.

While the product of self storage is homogenous across both first and developing world markets, our South African and UK property strategies are nuanced to take into account the uniqueness of the respective markets. Over and above country specific dynamics, the self storage sectors in South Africa and the UK are in vastly different stages of their respective lifecycles. While there is no doubt an excellent growth opportunity in each market and we intend to continue acquiring and developing properties in both markets, the growth strategies themselves and the manner in which we execute the respective strategies are different.

> “One of the hallmarks of our success in building Stor-Age into the sector leading business that it is today, has been the strength and quality of our multi-year strategic planning.”

To assemble a portfolio of prime self storage assets with complementary and consistent attributes takes a significant amount of time and skill. It requires the ability to identify the right opportunities, successfully negotiate for their acquisition at the right price, obtain the necessary town planning and local council approvals, and design and build bespoke properties.

The challenges of obtaining town planning approvals for properties in sought-after locations, along with having the financial strength to manage the significant

[1] *Includes Sunningdale and Tyger Valley (opened May 2021).*

cost of the lease-up of new assets, together present significant and real barriers-to-entry for new, bespoke, high quality big-box self storage developments in prime locations.

The operational experience and skills required to then take new assets through the multi-year lease-up phase of their lifecycle should also not be underestimated. Boasting vastly experienced management teams in both South Africa and the UK, the ability to generate new enquiries to support the take-up of space, price the product optimally and manage the natural churn of tenants, are all sector specific skills that we have developed over more than a decade of operating self storage assets successfully.

GROWING OUR SOUTH AFRICAN PORTFOLIO

Shortly after year end we completed the first phase of construction at Sunningdale (6 350 m² GLA on full fit-out) and Tyger Valley (7 100m² GLA on full fit-out). Both properties are located in Cape Town and commenced trading in May 2021.

Construction at Cresta in Johannesburg (7 400 m² GLA on full fit-out) is progressing according to schedule and trading is expected to start in October 2021.

We secured two new development opportunities in the year and a further two opportunities subsequent to year end, subject to satisfactory due diligence.

At 31 March 2021, our secured development pipeline in South Africa comprised eight new properties (excluding Sunningdale, Tyger Valley, Cresta and the two new opportunities secured post year end) with an approximate cost to complete of R685 million, and which will add an estimated 46 500 m² GLA to the portfolio, representing more than 12% of the total current lettable area.

Notwithstanding severe pressure on the local economy, and while maintaining a particularly conservative and disciplined outlook, we continue to see further opportunities to grow our South African portfolio over the medium term through both acquisitions and new developments.

Our ability to successfully compete for the acquisition of prime locations is improved when the general property market is under strain or at the bottom end of the economic cycle. Our sector specific skill set, clearly defined multi-year strategic growth plans and 15 years of experience in successfully developing new self storage assets enables us to confidently take advantage of opportunities in the market to grow our significant pipeline, when others simply cannot.

GROWING OUR UK PORTFOLIO

When looking back on our strategic entry into the UK in November 2017, we are pleased with our progress and the successful execution of our international growth strategy during the four year period.

Since acquiring Storage King we have grown the number of properties in the portfolio from 13 to 22 and increased the total lettable area of 50 000 m² to 82 800 m². Supporting the increase in total occupancy from 78.9% to 90.4%, the total number of tenants has increased from 6 300 to 11 100 at year end.

At the time of the acquisition, we identified that the in-place Storage King management team had significant operating experience and a thorough understanding of the intricacies of the UK self storage market. In addition, they possessed deep industry connectivity and a successful track record of sourcing off-market acquisition opportunities.

Post-acquisition, we identified high-impact focus areas to extract maximum growth from our newly acquired platform. These included successfully integrating support services (accounting and finance, training, digital marketing, Contact Centre and ICT) from South Africa into our UK operations. Significant work streams completed also included targeting and putting in place enhanced organisational infrastructure, multi-year strategic planning to align with the successful South African property strategy, putting in place new corporate debt facilities, entering into a development JV with the Moorfield Group and launching our third-party management platform, Management 1st.

There remains an over-arching focus on the benefits that our UK business can leverage off the more established South African head office and support infrastructure. However, our South African business and operations have equally benefited from our presence in the UK:

- The more competitive first world environment, driven by the relative abundance of human and financial capital, results in a first world level of skills and competitiveness being harnessed back into the local market operations.
- Exposure to a more mature and competitive sector, consumer trends and earlier and more pronounced digital adoption, as well as the sharing of intellectual property between markets, has enabled us to combine the best ideas and knowledge of both markets, allowing us to improve our overall capability.

In October 2020 we entered into a JV with Moorfield to develop a portfolio of self storage properties in London and the south east of England. With an initial value of £50 million and the potential to increase to £100 million, the JV provides us with a superb opportunity to build scale and a high-quality portfolio of self storage properties in the UK in alignment with our five-year strategy. Stor-Age has a 24.9% equity interest in the JV.

Moorfield is a leading UK real estate fund manager with a 25-year track record of investing across most real estate sectors. We will earn management fees for acquiring, developing and managing properties in the JV and will have a pre-emptive right to acquire all newly developed properties subject to performance criteria.

As part of the Moorfield JV, we recently exchanged contracts to acquire, subject to final planning consents, two new development sites in London and the South East. Combined, both new properties will add approximately 11 000 m² of GLA on completion, at an estimated total development cost of £19 million. Construction on the London property is scheduled to begin in the second half of FY22.

Post period end, in April 2021, we acquired a self storage property in Blackpool from an independent operator for £3.6 million in an off-market transaction. The property has a current GLA of 2 900 m² and occupancy of 90%, with the potential to increase the GLA to an estimated 4 600 m² by developing the existing structure.

In addition, planning and construction is underway across six existing Storage King properties to bring online more than 8 000 m² GLA at an estimated cost of £7.9 million. The bulk of the growth relates to Weybridge, Chester, Doncaster and Bedford, and will consist of a combination of the development of new buildings, the installation of mezzanine structures within existing buildings and the fitting-out of the balance of properties. These additions collectively will grow the existing UK portfolio by more than 10%.

> “We continue to seamlessly transport our online capability across borders, further enabling us to unlock value for shareholders. Being true sector specialists remains a significant strength regardless of where we operate.”

During the year we continued to make progress with our third-party management platform by signing up four independent operators representing 12 properties for a digital services offering. Post year end, we added our fifth customer, with an additional three properties in the Manchester region, taking the total number of properties on the Digital 1st platform to 15. Digital 1st is a component of the full Management 1st suite, a comprehensive third-party management solution offered to independent operators in the UK.

CEO'S REPORT (continued)

In the UK typically 85% or more of enquiries are generated online. Of these, the overwhelming majority are sourced from the likes of Google. The competitiveness, complexity and cost of generating these enquiries for all operators is significant. Digital 1st provides an opportunity for smaller independent operators to leverage our significant digital platform and capability at a fraction of the cost.

For Stor-Age it provides an avenue to generate additional revenue with minimal capital investment. We do this by leveraging in-place infrastructure and skills and building meaningful commercial relationships in the market that may lead to third-party management or acquisition opportunities down the line. In addition, by representing a greater proportion of the UK self storage market, it enables us to maintain and improve our agency status with the likes of Google and Facebook, allowing us to access better resources and products.

Looking forward, we see significant opportunity to further grow and strengthen our UK business through acquisitions and new developments over the medium term. We also see an exciting opportunity to continue leveraging our digital capability opportunistically. Buoyed by the success of our underlying operations to date, the attractive levels of growth in rental income, as well as our ability to identify, negotiate, close and integrate acquisitions, we look forward to continued strong growth in our UK business over the medium term.

TECHNOLOGY AS A BUSINESS ENABLER

In previous reports, I noted the significant focus on developing our multiyear digital strategy, which we believed would help ensure we remained responsive to shifting consumer trends and the significant pace of technological change and innovation within our own sector and society more broadly.

With the pandemic further accelerating the rate and pace of technological change, digital transformation work completed in prior years ensured we were well positioned to embrace and withstand these rapid changes. During the initial lockdowns we ensured an uninterrupted continuation of operations despite our head office teams in both markets working remotely. We also continued to enhance our layered network security systems to strengthen defences following the global increase of ransomware and other cyber security attacks.

We also experienced significant year-on-year growth in online enquiries of over 20%.Traditionally enquiry generation was generated by how visible properties were to potential users. While visibility remains critical, a strong online presence, contemporary web user experience and highly effective multichannel online sales platform are now arguably even more important.

Recognised by Google and Facebook as an accredited digital marketing agency, Stor-Age is a digitally engaged business, with digital solutions and processes throughout. This positioned us well to tap into the increased levels of demand in the second half of the year, evidenced in the form of being able to secure an outsized share of online enquiries, which remain the lifeblood of a self storage business.

Following a data driven approach led by specialists, our in-house capability to identify new online customer acquisition opportunities, develop solutions, deploy to the live environment, measure and evaluate results at speed, and then repeat the cycle, is a key skill set and one which gives us a significant competitive advantage.

The fast-moving nature, complexity and cost of online sales is significant. Developing, maintaining and continuously enhancing the skill set is costly and challenging. It is no longer sufficient to merely participate online. The capability to leverage the underlying prospect and tenant data, and continuously adapt rapidly, is critical. We continue to invest considerable time and resources to ensure that we have the capability to respond and evolve as required.

Our creative strategies and targeting approaches are uniquely formulated by overlaying real time customer data, with existing tenant data. In this regard, our significant database and sector experience has allowed us to develop deep industry specific audience knowledge, which allows for the optimal targeting of online ads. Read more about our digital marketing capability in the How we do it section from page 24.

TAPPING INTO ECOMMERCE

Identifying the convergence of ecommerce, last mile delivery technology and prime located self storage properties in the last mile, Stor-Age established a working partnership with Picup in 2019. Picup is a digitally native technology business providing logistics software solutions for ecommerce fulfilment.

In October 2020 we launched a proof-of-concept last mile delivery hub at our Craighall property. Initially designed for up to 500 parcels per day, early results are promising, with the hub experiencing peak daily volumes of 768 parcels and average parcel volumes of 450 per day in May 2021.

Stor-Age contributes the use of the property, in this instance approximately 60 m^2, and earns revenue per parcel on delivery and returns. The hub is driven off Picup's tech platform and crowdsourced driver network, with Picup typically providing its services into third-party logistics service providers who in turn are commissioned to execute on the fulfilment leg for online retailers.

While we are experimenting and learning as we progress with the product and the partnership, to date we have observed minimal negative impact on our traditional core self storage customer base, and we see the potential to roll-out further hubs. The learnings will also stand us in good stead as we seek to optimally position our product for the growing e-tailing market.

Initial results are promising. However, at this stage, we do not believe that our properties will ever entirely focus on last mile fulfilment. Rather we see the opportunity to maximise each property's revenue potential. Accordingly, we intend to continue with the proof-of-concept trial, introducing new features and experimenting with the roll-out at additional properties.

ESG AS A BUSINESS ENABLER

> "Our revised ESG strategy and framework position us well to monitor our impact on the economy, the workplace, the social environment and the natural environment."

MANAGING OUR ENVIRONMENTAL IMPACT

We remain committed to investing in energy reduction initiatives and renewable energy capacity to meet each property's requirements. We continue to address sustainable practices in the areas of rainwater harvesting and storm water management and conservation.

During the year we invested approximately R2.0 million in renewable energy capacity and fitted an additional four properties with solar PV, taking the total number of properties fitted with solar PV to 17. The current year investment takes the total invested to date to approximately R10.0 million in renewable energy capacity across the portfolio. Additional investment in renewable energy is planned over the medium term of approximately R10.0 million, across 16 properties in South Africa and the UK (existing and to be developed properties).

Our total solar PV system size is now 506 kW. To date this system has generated in excess of 1 million kWh, resulting in a CO_2 emissions reduction of an estimated 601 tonnes. Like-for-like total off-grid electricity consumption reduced to 1.72 million kWh, a reduction of 15% on the prior year. All of our South African properties are fitted with LED lighting internally and externally.

We harvest rainwater at 21 of our properties in South Africa and during the year total municipal water consumption reduced to 16 140 kl, a reduction of 32% year-on-year.

We remain committed to further reducing the already low environmental impact of our properties through these and other initiatives.

SUPPORTING COMMUNITIES

In line with our Core Values of Excellence, Sustainability, Relevance and Integrity, Stor-Age supports a range of charities and Non-Profit Organisations ("NPOs").

Specifically supporting our Core Value of Relevance, we aim to be relevant in the lives of our employees, tenants and in the communities in which we operate.

Support typically includes the provision of complimentary storage space and additional support is provided on a select basis in the form of either financial contributions, leveraging our marketing platform, or providing the use of our vehicles and/or the use of our properties as drop-off/collection points.

At year end, we were actively supporting 11 charities/NPOs, with the support comprising 38 complimentary self storage units, representing approximately 800 m^2 of 'community investment' on a monthly basis.

OUR PEOPLE

Our people and our culture at Stor-Age are of vital importance to us. We work tirelessly to ensure our organisational structures and employees are equipped with the necessary skills and resources to grow in tandem with our business. Since the inception of our business 15 years ago, we have worked hard

CEO'S REPORT (continued)

to create a unique and rewarding culture for our people, and this has shone through in the remarkable efforts of our teams this year. The sustainability and success of our business directly impacts the livelihood of our workforce, and it has therefore been pleasing to deliver a resilient performance over the past year.

The executive management team has always strived for a working environment that is one where people feel happy to be working and are treated fairly, and that they are given the opportunity to develop both personally and in the workplace. We have always placed significant focus on diversity, equality and inclusion.

Our people remain pivotal to achieving our strategic objectives and our strong performance during the year was largely attributable to the efforts of our committed and hardworking employees. Maintaining a motivated and engaged workforce, together with ensuring a rewarding culture for our people is therefore a core focus for the business, and we continue to excel in this arena. To further support our staff in what has been an exceptionally stressful year, we have increased our focus on wellbeing by introducing a themed 'Wellness Wednesday' initiative. The results of our annual anonymous staff survey once again indicated that 95% of our employees are proud to form part of the Stor-Age team.

> "Our training, learning and development initiatives remain at the heart of our culture, and we continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on customer service and technology."

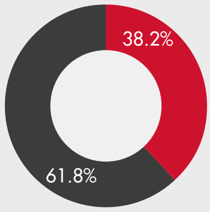
We are aware that we are a developing business operating in a global growth sector. Ongoing training, learning and development will therefore only become more important as our business increases in size and scale. In particular, it is critical that our employees remain engaged and equipped with the competencies required to remain competitive.

PORTFOLIO ANALYSIS

• South Africa • UK

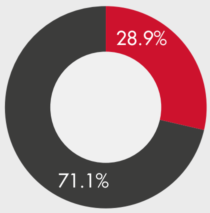
Total property value

VALUE OF PROPERTY (R7.6 billion)



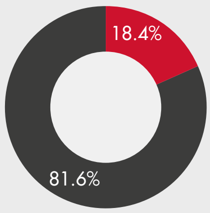
Total number of tenants

NUMBER OF TENANTS (38 400)



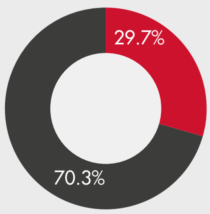
Total GLA

GLA (448 800 m²)



Total number of properties

NUMBER OF PROPERTIES (74)



During the year we recorded more than 22 000 hours of training across more than 100 separate courses on Edu-Space, our online Learner Management Platform in South Africa and the UK.

OUTLOOK AND THANKS

I would like to thank our chairman and the board for their ongoing support, wisdom, guidance and advice throughout a historic and challenging year. Over the past twelve months our staff have had to endure much hardship and challenges as a result of the pandemic, and I would like to acknowledge all employees of Stor-Age who displayed unwavering dedication, unity, determination and a positive attitude as we endured an incredibly difficult period.

The COVID-19 pandemic caused significant disruption in both South Africa and the UK, and we faced extraordinary challenges in one of the most difficult operating environments globally to date. While there will undoubtedly be more challenges to encounter as we continue to weather the impact of COVID-19, we take great confidence in the resilience that Stor-Age continues to display.

Despite Stor-Age being a dynamic sector specialist and having the benefit of operating in a growth sector, in South Africa, further lockdowns, delays in the vaccination rollout and the possibility of multiple subsequent waves of infections could make the operating environment more challenging.

Our high-quality property portfolio in both markets, conservative capital structure, industry-leading operating and digital platforms, and specialist sector focus, provides us with the confidence that we will be able to manage the challenges that lie ahead, as well as take advantage of opportunities as they present themselves. We remain focused on the disciplined execution of our multi-year growth strategy to continue delivering long-term value for our stakeholders.

Gavin Lucas
CEO

30 June 2021

“Our exceptional team of dedicated, high-calibre employees are fundamental to and drive the ongoing growth and success of our business.”

FINANCIAL REVIEW

Stor-Age delivered an excellent operating performance despite the COVID-19 impacted operating environment, with move-ins accelerating rapidly from both traditional and new drivers of demand, resulting in record move-ins and occupancy for the year.

INTRODUCTION

The portfolio closed at 90.1% occupancy (2020: 83.8%) with a year-on-year increase of 28 500m². Like-for-like organic rental income, excluding the impact of acquisitions, grew by 8.6% and 6.3% year-on-year in SA and the UK respectively.

In SA, year-on-year occupancy grew by 18 900m² and in the UK by 9 600m². Excluding the Flexi portfolio acquisition in December 2019, like-for-like occupancy in the UK increased by 6 700m² to close at 91.4%. The closing rental rate was up approximately 5.1% and 1.3% year-on-year in SA and the UK respectively. The table below summarises the Group's closing occupancy positions:

	31 March 2021			31 March 2020		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
SA	**366 000**	**329 300**	**90.0**	365 400	310 400	85.0
UK	**82 800**	**74 900**	**90.4**	82 800	65 300	78.8
Total	**448 800**	**404 200**	**90.1**	448 200	375 700	83.8

We proactively bolstered our liquidity position by raising R250 million in an oversubscribed bookbuild in May 2020 and retaining cash from dividend reinvestment plans. Although this resulted in dilution to the dividend per share for the full year, liquidity and access to funding were deemed paramount given the uncertainty as to how the COVID-19 crisis would unfold. This reflected in our year end LTV ratio of 24.1% and in our capital structure which makes use of moderate levels of debt. We also agreed terms with lenders to refinance debt facilities (R860 million in aggregate) expiring later this year.

Details of the Group's customer base is set out in the table below:

	31 March 2021		31 March 2020	
	SA	UK	SA	UK
Number of tenants	**27 300**	**11 100**	25 300	9 400
Commercial	**39%**	**27%**	40%	31%
Residential	**61%**	**73%**	60%	69%
Average length of stay – months (existing tenants)	**22.7**	**31.3**	23.1	26.2
Average length of stay – months (tenants vacating during the period)	**14.2**	**10.0**	13.8	9.6

Residential and commercial split analysed by area.

FINANCIAL RESULTS

The tables below set out the Group's underlying operating performance by geography:

SA	31 March 2021 LFL Rm	Acq Rm	Total Rm	31 March 2020 LFL Rm	Acq Rm	Total Rm	% change LFL %	Total %
Rental income								
Self storage	**404.7**	**5.8**	**410.5**	372.5	1.5	374.0	8.6	9.8
Other	**7.8**	**0.0**	**7.8**	8.2	0.0	8.2	(5.0)	(5.0)
Ancillary income	**16.4**	**0.4**	**16.8**	13.2	0.1	13.3	24.2	26.4
Sundry income	**1.1**	**–**	**1.1**	1.7	–	1.7	(36.1)	(36.1)
Bad debt	**(5.6)**	**(0.0)**	**(5.7)**	(2.8)	0.0	(2.8)	(100)	(102)
Direct operating costs	**(99.3)**	**(1.4)**	**(100.7)**	(97.0)	(1.2)	(98.2)	(2.4)	(2.6)
Net property operating income	**325.1**	**4.7**	**329.8**	295.8	0.14	296.2	9.9	11.3
Bad debt as a % of rental income	**1.40%**	**0.75%**	**1.40%**	0.76%	0.00%	0.76%	–	–

Acquisition ("Acq") = Craighall, acquired in August 2019 under the CPC structure.
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and administration fees.
Net property operating income excludes rental guarantee and rental underpin.

UK	31 March 2021 LFL £'000	Acq £'000	Total £'000	31 March 2020 LFL £'000	Acq £'000	Total £'000	% change LFL %	Total %
Rental income								
Self storage	**12 068**	**2 164**	**14 232**	11 352	606	11 958	6.3	19.0
Other	**450**	**67**	**517**	436	25	461	3.2	12.1
Ancillary income	**1 162**	**288**	**1 450**	1 088	82	1 170	6.8	23.9
Sundry income	**91**	**31**	**122**	171	11	182	(46.8)	(33.0)
Bad debt	**(17)**	**(12)**	**(29)**	(47)	(4)	(51)	63.8	43.1
Direct operating costs	**(3 907)**	**(1 043)**	**(4 950)**	(3 879)	(293)	(4 172)	(0.7)	(18.7)
Net property operating income	**9 847**	**1 495**	**11 342**	9 121	427	9 548	8.0	18.8
Bad debt as a % of rental income	**0.14%**	**0.55%**	**0.20%**	0.41%	0.66%	0.43%		

Acquisition ("Acq") = Flexi portfolio, a five-property acquired in December 2019.
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and customer insurance.

CONSOLIDATED	31 March 2021 LFL £'000	Acq £'000	Total £'000	31 March 2020 LFL £'000	Acq £'000	Total £'000	% change LFL %	Total %
Rental income								
Self storage	**662.3**	**52.0**	**714.3**	585.7	12.9	598.6	13.1	19.3
Other	**17.4**	**1.4**	**18.8**	16.4	0.5	16.9	6.1	11.6
Ancillary income	**41.2**	**6.5**	**47.7**	33.6	1.6	35.2	22.6	35.4
Sundry income	**3.0**	**0.7**	**3.7**	4.9	0.2	5.1	(37.6)	(27.3)
Bad debt	**(6.1)**	**(0.3)**	**(6.4)**	(3.7)	(0.1)	(3.8)	(63.7)	(69.4)
Direct operating costs	**(182.7)**	**(23.7)**	**(206.4)**	(169.8)	(6.7)	(176.5)	(7.6)	(17.0)
Net property operating income	**535.1**	**36.6**	**571.7**	467.1	8.4	475.5	14.6	20.2
Bad debt as a % of rental income	**0.92%**	**0.65%**	**0.90%**	0.64%	0.58%	0.63%		

Net property operating income excludes rental guarantee and rental underpin.

A reconciliation between the disclosures set out in the tables above and the consolidated statement of profit or loss and other comprehensive income is set out on page 216.

FINANCIAL REVIEW (continued)

Self storage rental income increased by 19.3% to R714.3 million (2020: R598.6 million) including organic growth, the impact of acquisitions in the prior year (earnings included for the full reporting period in FY21) and foreign exchange movements.

On a like-for-like basis, South African and UK rental income increased by 8.6% (occupancy 3.4%; rental rate 5.1%) and 6.3% (occupancy 3.9%; rental rate 2.3%) respectively.

With the introduction of the lockdown measures, there was an immediate reduction in activity resulting in a temporary decrease in occupancy which negatively impacted earnings in the first half of the year. We also suspended rental rate increases in April 2020 (recommenced in August 2020) and, in limited circumstances, offered discounts and rental concessions to entrench customer retention and support our commercial customers.

As restrictions eased we saw an acceleration in demand and move-in activity in the second half of the year as the inevitable disruption caused by COVID-19 gave rise to social and economic dislocation and change.

Other rental income (SA – R7.8 million; UK: £0.5 million) relates mainly to parking and the rental of office space at certain properties in the portfolio.

Bad debt as a percentage of rental income was 0.9% for the Group. While a slight deterioration was expected in the current operating environment, we are satisfied with maintaining a bad debt loss of below 1.0%. During the period we collected over 98% and 99% of rental due in SA and the UK respectively. In SA, we offered settlement discounts and concessions to customers of approximately R2.0 million to improve cash collections, reflected in reported bad debt. We saw a significant improvement in the second half of the year, indicating the impact of allocating additional resources to cash collections and improving our internal processes.

In the UK, cash collections were broadly in line with the prior year with bad debt actually decreasing slightly year-on-year.

Ancillary income of R47.7 million (2020: R35.2 million) reflects the positive contribution of acquisitions and organic growth. Although this income stream is a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. There is usually a direct correlation between move-in activity and ancillary income. In SA ancillary income increased by 24.2% year-on-year (excluding acquisitions), driven by significant growth in merchandise sales, late fees collected on overdue accounts (in effect an offset against bad debt losses) and administration fees. In the UK, ancillary income was up 6.8% on the prior year excluding the impact of acquisitions.

The increase in direct operating costs to R206.4 million (2020: R176.5 million) reflects the impact of acquisitions and foreign exchange movements which was offset by strict and disciplined cost control. Across both markets, property rates, staff costs, utilities, insurance, maintenance and marketing costs account for the majority of the operating cost base. In SA, direct operating costs increased by only 2.6% as a result of reduced staff costs at a property level, lower marketing costs and positive savings on electricity from the roll-out of solar power in our portfolio. In the UK, direct operating costs increased by 0.7% on a like-for-like basis, mainly due to lower marketing and maintenance spend.

Included in property revenue in the consolidated statement of profit or loss and other comprehensive income is a rental guarantee of R10.0 million (relating to the acquisition of the Managed Portfolio in October 2018) and a rental underpin of R5.5 million (relating to the CPC developments: Bryanston – acquired in September 2017; and Craighall – acquired in August 2019). Both, provided by the sellers of the properties, effectively provide income protection to Stor-Age as the properties lease-up to mature occupancy levels. A final amount of R4.5 million (in respect of both the rental guarantee and underpin) will be reflected in next year's earnings.

Other revenue of R4.5 million (2020: R4.7 million) comprises property and other management fees in SA, licence fee income from Storage King franchisee properties in the UK and a small contribution from Management 1st. The decrease relates to development fees earned on the Sunningdale development in the prior year.

Administration expenses amounted to R89.3 million (2020: R55.5 million). After adjusting for foreign exchange movements, the Conditional Share Plan charge, and non-recurring once-off items, we saw an increase in costs relating mainly to increased IT spend, staff costs (to support anticipated future growth) and lower cost recoveries.

The fair value adjustment to investment properties of R803.2 million reflects an increase in the carrying value of investment properties at 31 March 2021. Further details are set out in the Investment Property section on page 49. Other fair value adjustments to financial instruments of R62.7 million relate to the mark-to-market adjustments of interest rate swaps, forward exchange contracts and cross currency interest rate swaps ("CCIRS").

Interest income of R44.4 million (2020: R58.3 million) comprises interest received on the share purchase scheme loans (2021: R13.6 million; 2020: R14.2 million); CCIRS (2021: R24.3 million; 2020: R30.3 million), and call and money market accounts (2021: R6.5 million; 2020: R10.5 million).

Interest expense of R107.9 million (2020: R116.6 million) comprises mainly interest on bank borrowings. The year-on-year decrease is due to the lower interest rate environment offset by higher levels of debt in SA and the UK relating to acquisitions, expansion capex incurred at existing properties, and the development pipeline in SA. Further details of bank borrowings are set out in the Capital Structure section below.

CAPITAL STRUCTURE

Our financing policy is to fund our current needs to expand the portfolio and achieve our strategic growth objectives through a mix of debt, equity and cash flow. We may also offer a dividend reinvestment plan as a mechanism to conserve cash for future expansion, which allows shareholders to reinvest their cash dividends into additional shares in the Company.

Details of the Group's borrowing facilities at 31 March 2021 are set out below:

	ZAR facilities Rm	GBP facilities £m	GBP facilities Rm	Total facilities Rm
Total debt facilities	**1 555.0**	**57.7**	**1 176.8**	**2 731.8**
Undrawn debt facilities	**419.7**	**0.9**	**18.3**	**438.0**
Gross debt	**1 135.3**	**56.8**	**1 158.5**	**2 293.8**
Gross debt net of cash held in facilities	**835.8**	**56.8**	**1 158.5**	**1 994.3**
Net debt	**729.7**	**53.6**	**1 093.6**	**1 823.3**
Investment property (net of lease obligations)	**4 654.7**	**142.7**	**2 912.9**	**7 567.6**
Subject to fixed rates	**650.0**	**44.5**	**907.3**	**1 557.3**
% hedged on:				
– Gross debt	**57.3%**	**78.3%**	**78.3%**	**67.9%**
– Gross debt net of cash held in debt facilities	**77.8%**	**78.3%**	**78.3%**	**78.1%**
– Net debt	**89.1%**	**83.0%**	**83.0%**	**85.4%**
Effective interest rate	**6.14%**	**3.49%**	**3.49%**	**4.80%**
LTV ratio[1]	**18.2%**	**33.6%**	**33.6%**	**24.1%**

[1] *LTV ratio is defined as net debt as a percentage of gross investment property of R7.869 billion less lease obligations relating to leasehold investment property of R301.7 million.*

£5.650 million of the GBP facilities is secured against SA investment property assets. For the purposes of the above table, the SA LTV ratio includes the outstanding balance of this facility.

Stor-Age is well capitalised with sufficient access to cash resources and funding options.

Our cash position at 31 March 2021, including cash held in our debt facilities, amounted to R470.6 million. Total undrawn borrowing facilities amounted to R437.9 million at year end and the average cost of debt for the Group was 4.80%.

At 31 March 2021 the Group had ZAR loan facilities of R1.555 billion with a weighted average maturity of 1.5 years (excluding a three-month rolling note of R160 million refinanced on a quarterly basis). The Group has agreed terms with lenders for the extension of two ZAR debt facilities (R745.0 million in aggregate, of which R671.6 million has been utilised), which are

FINANCIAL REVIEW (continued)

due to expire at the end of September 2021, for a further three years on similar terms. This will increase the weighted average maturity from 1.5 to 3.2 years.

The GBP loan facilities comprise a £52.0 million facility (expiry date November 2024[1]) and a £5.65 million facility (expiry date September 2021) with a weighted average maturity of 3.7 years. Terms have also been agreed for the extension of the £5.65 million facility for a further three years.

In order to broaden our GBP debt funding sources to support the future growth of the UK business, a refinance process has been initiated and is in an advanced stage. Key terms have substantially been agreed with lenders and completion is subject to final credit approval, due diligence and formal contract documentation.

On a net debt basis, 85.4% of borrowings were subject to fixed rates at year end. Net debt stood at R1.823 billion at year end with a LTV ratio of 24.1%.

Subsequent to year end, the Group entered into a three-year fixed interest rate swap (R100 million) in respect of its SA debt.

The table below summarises the expiry profile of our debt facilities:

SA Expiry period	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY22	**905.0**	**831.6**	**73.4**	**91.9%**
FY23	**–**	**–**	**–**	**–%**
FY24	**650.0**	**303.7**	**346.3**	**46.7%**
FY25	**–**	**–**	**–**	**–%**
Total	**1 555.0**	**1 135.3**	**419.7**	**73.0%**

FY22 includes a three-month rolling note (R160 million), refinanced quarterly, and the two facilities (R745 million as noted above) expiring in September 2021 which are to be extended.

UK Expiry period	Facility £m	Drawn £m	Undrawn £m	% of facility drawn
FY22	**5.7**	**5.7**	**–**	**100%**
FY25	**52.0**	**51.1**	**0.9**	**98.3%**
Total	**57.7**	**56.8**	**0.9**	**98.4%**

[1] *Includes two 12-month extension options.*

NET ASSET VALUE PER SHARE

	31 March 2021 Rm	31 March 2020 Rm
Total equity – statement of financial position	**5 656.7**	4 605.4
Less: Non-controlling interest	**(38.6)**	(33.1)
Net assets	**5 618.1**	4 572.3
Less: Goodwill and intangible assets	**(147.0)**	(152.3)
Net tangible assets	**5 471.1**	4 420.0
Number of shares in issue (million)	**432.9**	397.8
Net asset value per share excluding non-controlling interest (R)	**12.98**	11.58
Net tangible asset value per share excluding non-controlling interest (R)	**12.64**	11.19

INVESTMENT PROPERTY

A fair value gain to investment property of R803.2 million recognised in the statement of profit or loss and other comprehensive income combined with capital expenditure and offset by exchange rate fluctuations, resulted in an increase in investment property of R795.0 million from R7.074 billion to R7.869 billion at year end.

The table below summarises the increase in our investment properties over the year:

	SA R million	UK £ million	UK R million	Total R million
Balance at 31 March 2020	**4 132.0**	**132.9**	**2 942.3**	**7 074.3**
Capital expenditure on new developments	**37.7**	**–**	**–**	**37.7**
Capital expenditure on existing properties	**38.3**	**3.0**	**61.8**	**100.1**
Capital expenditure on properties under construction	**83.3**	**–**	**–**	**83.3**
Revaluation gain	**408.0**	**19.4**	**395.2**	**803.2**
Exchange rate fluctuations	**–**	**–**	**(229.7)**	**(229.7)**
Other	**0.4**	**–**	**–**	**0.4**
Balance at 31 March 2021	**4 699.7**	**155.3**	**3 169.6**	**7 869.3**
Lease obligations relating to leasehold investment property	**(45.0)**	**(12.6)**	**(256.7)**	**(301.7)**
Investment property net of lease obligations	**4 654.7**	**142.7**	**2 912.9**	**7 567.6**

FINANCIAL REVIEW (continued)

Investment properties are valued using the discounted cash flow ("DCF") method to arrive at a 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 date of valuation. The DCF assumes a notional management fee of 6.0% of income, subject to a cap and collar, which is deducted from net operating income. The notional management fee represents an allowance for the central administration costs on the basis that the properties would be externally managed.

In SA, 25 of the 50 trading properties in the SA portfolio were valued independently by Mills Fitchet Magnus Penny (Member of the South African Institute of Valuers) at 31 March 2021 for financial statement purposes. The remaining properties were valued internally by the board using the same methodology applied by the external valuer. These properties will be valued independently by an external valuer at the interim reporting date of 30 September 2021. This will ensure that every property is externally valued in a 12-month reporting cycle. In the UK, the entire portfolio was valued independently by CBRE (Registered Valuers of The Royal Institution of Chartered Surveyors in the UK) at 31 March 2021 for the purposes of the financial statements. Further details of the assumptions used in the valuations are set out in the Group financial statements.

In determining the valuations at 31 March 2020, we adopted a very conservative view on growth and the underlying assumptions impacting the forecasted future cash flows in the COVID-19 context. In addition, we did not take account of any planned cost-savings arising from our response to managing the financial impact of the pandemic. At 30 September 2020, the Group recognised a fair value gain to investment property of R467.6 million for the six-month period. A further fair value gain of R335.6 million was recognised in the six-month period to 31 March 2021.

The table below summarises the breakdown of investment properties as at 31 March 2021:

SA	% of portfolio	Valuation (R million)
Short leasehold	**0.6%**	**26.4**
Gross value		**48.6**
Lease obligations		**(22.2)**
Freehold and long leasehold*	**99.4%**	**4 628.3**
Investment property net of lease obligations	**100.0%**	**4 654.7**
Trading properties	**94.0%**	**4 372.7**
Properties under construction^	**3.5%**	**164.9**
Development properties	**2.5%**	**117.1**
Total investment property	**100.0%**	**4 654.7**

* *Includes one long leasehold property (remaining lease term 30.3 years).*
^ *Properties under construction relates to Cresta and Tyger Valley.*

UK	% of portfolio	Valuation £ million	Valuation R million
Short leasehold	12.1%	17.3	353.6
Gross value		29.9	610.3
Lease obligations		(12.6)	(256.7)
Freehold+	87.9%	125.4	2 559.3
Investment property net of lease obligations	100.0%	142.7	2 912.9
Trading properties	99.8%	142.4	2 906.9
Development property#	0.2%	0.3	6.0
Total investment property	100.0%	142.7	2 912.9

+ *Freehold includes two properties with 999 year peppercorn leases which are classified as virtual freeholds.*
# *Development property relates to a vacant portion of land adjacent to the Chester property.*

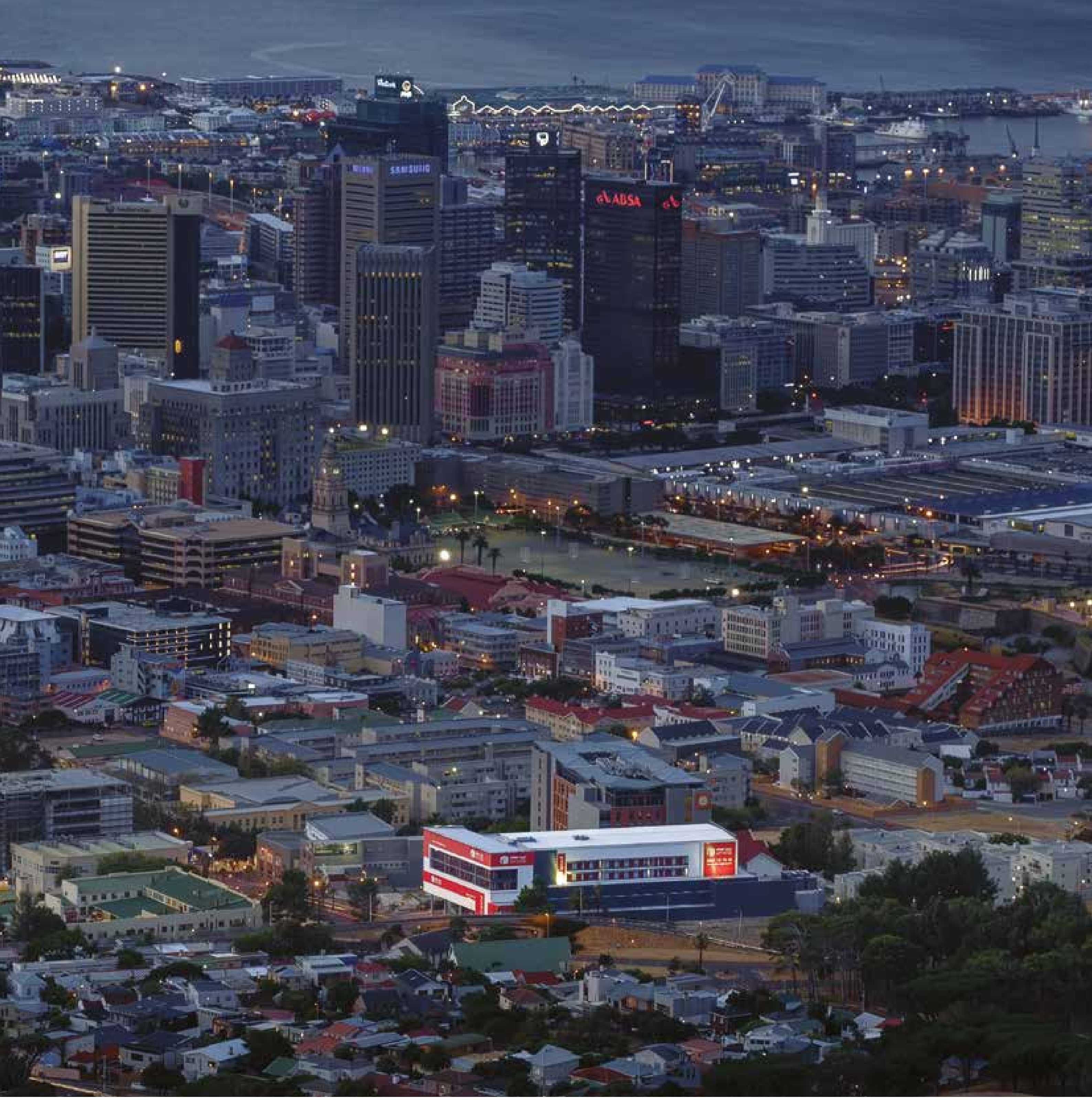
In the UK, eight of the 21 properties are short leaseholds with remaining lease periods ranging from 11.2 to 18.8 years. Short leaseholds comprise 12.1% of the total UK property valuation but contribute more than 25.0% of net operating income. The property valuation for short leaseholds is conservatively based on future cash flows until the next contractual lease renewal date which, all things being equal, would result in a reduction of the valuation over the remaining lease period. Management expects to successfully re-gear leases several years before renewal. We also benefit from the Landlord and Tenant Act that protects our rights for renewal except in the case of redevelopment. Our leasehold stores have building characteristics or locations in retail and industrial parks that make self storage either the optimal and best use of the property or the only one authorised by planning. The majority of our landlords are property investors who value the tenancy of Storage King and would typically prefer to extend the length of the leases that they have in their portfolio.

The table below summarises the significant inputs applied to the properties using the DCF methodology:

	Average value per m^2 (R)	Discount rate %	Exit cap rate %
SA – Trading properties	11 900	14.11%	8.36%

	Average value per sq.ft (£)	Discount rate %	Exit cap rate %
UK – Trading properties	178	9.05%	6.01%

Exit cap rate relates to freehold and long leasehold properties only.



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR ESG STRATEGY

Driven by our Core Value of Sustainability, we believe that every single decision or action we take today has a direct impact on all decisions or actions which can be taken tomorrow. As such, we place great importance on not only continually ensuring the sustainability of our business, but also the sustainability of the natural and social environment around us.

To ensure that our policies and practices benefit our employees, customers, shareholders, communities and the environment, during the period the board oversaw the research and adoption of a new sustainability strategy and framework focused on three key areas: environmental sustainability, social sustainability and corporate governance.

This strategy aligns our Vision and Core Values with relevant UN Sustainable Development Goals (SDGs) and 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.

OUR ESG STRATEGY (continued)

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
- SME support
- Employee wellness

Industry, innovation and infrastructure

- Developing environmentally-friendly buildings
- Energy consumption
- Water consumption
- 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
- 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

As South Africa's leading and largest self storage property fund and brand, we believe in not always taking the shortest route and not always being focused on a short-term time horizon. We remain resolute in executing a long-term ESG strategy, one which is 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
- Preserving our resilience by maintaining balance sheet strength
- Ensuring well-managed risk with significant value creation for our stakeholders
- Supporting the local communities in which we operate

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

We aim to build an organisation that is resilient, and which can endure and adapt through multiple generations of leadership as well as multiple product life cycles. This resilience was further tested during the COVID-19 pandemic as we adapted to a fundamental shift in the way in which our business operates.

ENVIRONMENTAL SUSTAINABILITY

As one of our four Core Values, each of which guide and inspire every single thought, action and decision, Sustainability is at the heart of what we do. The sustainability of the environment has always been and remains a priority.

LOOKING AFTER THE ENVIRONMENT THAT SURROUNDS US

At Stor-Age, we believe that the most important space is the environment that surrounds us. This is why we continue to address sustainable practices 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.

Our buildings are more than just bricks and mortar. We strive to improve each and every aspect of our properties, ensuring that we develop environmentally-friendly buildings with a low environmental impact.

Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types. Coupled with a relatively low staff complement at each property, we are low users of electricity and water.

During the period we continued to focus on further reducing the already low environmental impact of our properties.

OPERATIONAL STORE ENERGY CONSUMPTION

The predominant energy consumption of our properties is grid electricity for lighting, elevators, general power, heating, cooling and ventilation. These cause indirect off-site power station carbon emissions.

The following initiatives have reduced our properties' electricity consumption:

- Motion-sensitive lighting at all properties. We fit these at optimum distances to reduce the number of fittings and the energy consumed.
- LED light fittings are installed 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 panelled hot water cylinders are installed to heat water in the retail stores and security offices at many properties.
- Each month, we prepare and review a detailed analysis to assess 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 we have invested approximately R10 million in renewable energy, installing Solar PV systems at four additional properties during the period.
- Properties now fitted with these systems include Table View, Pinehurst, Tokai, Claremont, Gardens, Stikland and Somerset West in the Western Cape, and Silver Lakes, Sunninghill, Randburg, Craighall, Edenvale, Bryanston, Constantia Kloof, Johannesburg City and two properties in Midrand in Gauteng.
- These 17 properties have to date generated over 1 million kWh in solar energy and rendered electricity consumption savings in line with what was projected for each system.
- We have identified an additional 16 properties to be fitted with such systems in South Africa and the UK. This includes existing properties and new developments.

“As a result of these PV system installations, during the year we reduced our carbon emissions footprint by an estimated 600 tonnes, an improvement of 18% year-on-year. We plan to invest a further estimated R10 million in renewable energy over the medium term.”

ENVIRONMENTAL SUSTAINABILITY (continued)

RAINWATER HARVESTING

Rainwater harvesting is the accumulation and storage of rainwater for reuse on-site, rather than allowing it to run off into the storm water system. It provides an independent water supply during the summer months, and can be used for irrigation and to substitute the municipal supply when necessary. As many of our properties provide the benefit of significant roof space, we have installed these systems at 21 locations across the portfolio.

At our head office in Claremont, Cape Town, water is supplied by rainwater harvested from the roof as well as via a borehole situated below the basement-level parking garage. These natural sources provide sufficient capacity to permanently supply the property – and the estimated 70 people – with the necessary water required to service washing and ablution facilities. This is a significant contribution to continued water-saving efforts being made in the region.

Other initiatives to supplement and conserve the municipal water supply include pumping and storing of ground water for irrigation purposes at three properties and borehole installations at a further two 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 is qualitatively different from traditional paving methods in that water is treated on-site before being discharged into both the natural groundwater table and storm water system.

SOCIAL SUSTAINABILITY

At Stor-Age we strive to make a sustainable difference. Recognising our role as a responsible member of the broader community, and in line with our Core Value of Relevance, we aim to improve our customers' and employees' lives, as well as the lives of people in the broader communities in which we trade.

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 our employees at the property level to develop close links with charities, schools, sports clubs and local interest groups.

Our support typically includes the provision of complimentary storage space and additional support is provided on a select basis in the form of:

- Financial contributions
- Leveraging our marketing platform
- Vehicles and the use of our properties as drop-off/ collection points

Over the past year we have contributed an estimated total value of R2.8 million worth of support to various initiatives, some of which include:

SANTA SHOEBOX PROJECT

Each year, the Santa Shoebox Project collects and distributes gifts for underprivileged children throughout South Africa and Namibia. Over the last 16 years it has grown significantly, with the number of Santa Shoeboxes donated now totalling over 1 million.

For the ninth consecutive year Stor-Age assisted the Santa Shoebox Project by making our resources available to help support and contribute towards its significant success. The Santa Shoebox Project positively impacts the lives of the future leaders of tomorrow and we are incredibly fortunate to be able to assist projects like these, now and into the future.

KOLISI FOUNDATION

The Kolisi Foundation, founded by Springbok Captain Siya Kolisi and his wife Rachel, aims to combat inequality in the country by providing food security, addressing gender-based violence and creating equitable access in sports and education.

During the period Stor-Age formed a partnership with the Kolisi Foundation to support their operational requirements, drive monetary donations from Stor-Age customers and to assist in various community-focused initiatives around the country. This partnership, which will enable the Kolisi Foundation to place a greater emphasis on alleviating extreme poverty, mentoring youth and promoting equality in South Africa, unites our employees behind a common cause and offers the opportunity to positively engage with the public and communities.

COVID-19 SUPPORT FOR CHARITIES AND GOVERNMENT-BASED ENTITIES

Following the ongoing impacts of COVID-19, during the year we offered complimentary storage space to a number of charity and government-based entities. These included the relief aid organisation affiliated with the Western Cape Government (Mustafin Foundation), Community Chest, SA Harvest, Masks for Medics and the National Health Service (NHS) in the UK, amongst others.

Our properties also acted as drop-off points for public donations to charitable organisations, that were then distributed to communities across South Africa. Through our social media platforms we created awareness of these organisations, encouraging support from the public and business sector.

During the year we assisted a number of other charitable organisations with their storage and operational requirements. These included the Gary Kirsten Foundation, the Jag Foundation, the SPCA and the Jog Trust, amongst others.

STOR-AGE LEARNERSHIPS

During the period an agreement was entered into with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month learnership programme to 12 learners from previously disadvantaged backgrounds.

As the SDC is based in Randburg, it was logistically and administratively sensible for the organisation to recruit learner candidates in the surrounding areas of Gauteng. Three Stor-Age properties are situated in the immediate area of the SDC offices which will enable the Group to leverage off this association sustainably, by further supporting learners from the local community in the future.

This partnership provides Stor-Age with a sustainable means of supporting economic transformation within the country at a local level. Aligned with our Core Value of Excellence, we believe that we have a reputable partner in the SDC.

SOCIAL SUSTAINABILITY (continued)

At year end, the 12 learners had all recorded satisfactory attendance and progress on the programme thus far.

SUPPORTING SMALL BUSINESSES

As a geographically decentralised business with over 74 properties throughout South Africa and the UK, we support a host of small businesses. In South Africa, more than 50%[1] of our business customers classify themselves as SMMEs and more than 20%[1] classify themselves as entrepreneurs, and for most we play a crucial role in their daily operations as well as their growth strategies.

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

The self storage product 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 either a short-term or long-term storage solution. Logistics, transportation and packaging companies also benefit from the product through the services they provide to our business customers, creating additional employment opportunities.

SHINING THE LIGHT ON LOCAL BUSINESSES

The COVID-19 pandemic had a devastating impact on small businesses across South Africa and the UK, many of whom were forced to close down during the initial stages of the national lockdowns and/or during the subsequent ones that followed.

In an effort to support local businesses impacted by lockdown regulations and the effects of the COVID-19 pandemic, we launched an online campaign focused on driving support for businesses and organisations in both markets. The campaign, titled 'Local Business Spotlight', shone the light on a variety of local businesses by profiling who they are, what they do and how communities around South Africa and the UK can support them.

At no cost, these businesses were featured on our Instagram, Facebook and LinkedIn accounts. In addition, advertising spend was allocated to each business profile listed to further promote them within their area of business, amounting to a total cost of more than R500 000. Over 250 businesses were profiled across both markets, with a total social media reach of over 9.0 million people.

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

[1] *Data as per customer surveys completed during the period.*

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 their businesses to their communities, we were able to make a significant impact on hundreds of businesses across South Africa and the UK, many of whom were severely impacted by the crisis.

We believe that every action taken today will have a direct impact on the actions we can take tomorrow. The campaign was 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. Our Local Business Spotlight campaign gave us the opportunity to support businesses 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. While the COVID-19 pandemic isolated most, it brought many together at the same time through support, encouragement and community upliftment. We are proud to have made a contribution to our business customers and various communities.

SOCIAL SUSTAINABILITY (continued)

HUMAN SUSTAINABILITY

318[1]+
Total number of employees at year end

37 years[1]
Average employee age

> We believe that work-life integration is an important aspect of building a sustainable career.

At recruitment stage 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. Alignment between personal and Company Core Values also allows for a seamless integration into the company culture.

Building a successful and sustainable team requires integrating diverse behaviours and personalities. To positively contribute to the building of successful teams, we make use of tools that allow us to identify the behaviours and habits critical to success in particular roles. These critical behaviours and habits are tested for during the recruitment phase, as well as used to assemble teams with the most optimal team dynamic.

To support the ongoing sustainability of the business, we created a ten person central cleaning team during the year to serve all properties in the greater Johannesburg area.

In line with our ongoing focus on digitalisation, we continued to recruit for qualified candidates in the digital field.

EMPLOYEE LEARNING AND DEVELOPMENT

Stor-Age is committed to employee development through effective learning and training opportunities. Our learning and development framework identifies 10 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 framework, Edu-Space, enables our employees to receive training and assessment simultaneously across all our locations in South Africa and the UK.

[1] *South Africa only*

- Our learning capability continued to be supported during the year by the engagement of LinkedIn Learning, an on-demand e-learning platform.
- We offer workshops, refresher courses and facilitated senior management planning sessions at a range of venues.
- Primary areas of ongoing training include frontline store-based staff, staff residing in our recoveries team (debt collection), as well as staff based in our Contact Centre.
- Where appropriate, specific and individual training is offered to employees. Our core training programme is complemented by management and leadership development programmes which are delivered in-house and 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 has enabled this crucial stakeholder group to influence Stor-Age's employee practices and processes directly and in a meaningful manner.

STUDY SUPPORT PROGRAMME

Our employee study support programme assists employees with career development at accredited institutions. This programme, which currently supports eight staff members, not only sustainably supports the development of our employees but also contributes towards retaining their expertise and services into the future.

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 within 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

100+
Number of courses delivered

1 800+
Successfully completed modules

95%+
Pass rate achieved

22 000+
Hours of online training

Face-to-face training highlights[1]

30+
Number of courses delivered[2]

80
Employees received face-to-face training

Employee feedback

"Working for Stor-Age has truly been a wonderful experience. I have met wonderful people who truly care about one another's wellbeing and growth which is reflected in the Company values.

Stor-Age has invested in my training and my goal of one day completing my MBA. I am truly grateful and humbled. I'm so fortunate to be part of the Stor-Age family, as they really have become my family (SIC) since I joined the Company."

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

[1] *South Africa and the UK*
[2] *Number of face-to-face interactions were impacted by COVID-19 restrictions and safety protocols*

SOCIAL SUSTAINABILITY (continued)

LEARNING AND DEVELOPMENT FRAMEWORK

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

MANAGEMENT COMMITTEE (MANCO)
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 – Contact Centre, recoveries (debt collection), operating system and health and safety

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

OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES
Hosted by area managers

OPERATIONS ORIENTATION PROGRAMME
Five-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 (L&D) team and complete the introduction module on Edu-Space

“Through our learning and development framework we continue to offer our staff training and career growth opportunities.”

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 legislation.

The board engaged with various consultants and committed significant resources at a senior management level to thoroughly understand the Preferential Procurement Policy Framework Act, the Property Sector Transformation Charter and the Amended Property Sector Codes. The culmination of our efforts enabled us to finalise and begin executing our Transformation Plan. Our Transformation Plan is critical to us aiming to achieve compliance with the Property Sector Code.

EMPLOYEE-FOCUSED INITIATIVES

We have a number of other employee-focused initiatives in place to boost employee engagement.

Our Year-end Review in South Africa is an ideal opportunity to develop and enhance our business culture. Traditionally this event has been held at a physical venue, but as a result of the COVID-19 pandemic we hosted our Year-end Review virtually for the first time. This inaugural virtual event was a great success, where we brought together all employees from across the country in an engaging, informative and interactive session. Coupled with fostering new partnerships and sharing best practices, the Year-end Review is a key contributor to the ethos and personality of the business.

Employee feedback:

"As a decentralised business across South Africa, our Year-end Review is always a highlight on the calendar as it brings all our teams together to celebrate and to connect.

The COVID-19 pandemic meant that we couldn't meet in person this past year, but the team who put the virtual event together did so in spectacular fashion.

We were left in awe when we looked back during the event at what we as a team had achieved despite the obstacles that were in our way during the year. It was a wonderful interactive way of celebrating our success."

EMPLOYEE WELLNESS

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.

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, while our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) have steadily grown in participation.

A healthcare and retirement annuity subsidy is provided to support staff contributions to medical aid, gap cover and retirement funding. As part of this programme we have been able to negotiate and provide preferential gap cover rates for our staff.

Stor-Age also provides, subject to SARS requirements, interest free loans to staff for emergencies and unforeseen events to assist them through any negative personal circumstances.

> "We place a great deal of importance on employee wellness as we firmly believe that it creates a supportive environment and is an integral part of driving productivity and retaining skilled talent within the business."

With a clear focus on COVID-19 risk mitigation practices, a mandatory training module was rolled out in South Africa and the UK on our online training platform Edu-Space, training staff how to correctly wear a mask, effectively wash and sanitise their hands, as well as understand acceptable social distancing limits.

SOCIAL SUSTAINABILITY (continued)

Our monthly wellness initiative continues to create a safe space that reinforces the Company's COVID-19 risk mitigation policies around safety, including but not limited to the use of shared spaces, sanitisers, mask wearing and hand washing.

As a result of the lockdown and decentralised nature of our business, a second key focus area for our monthly wellness initiative has been on the mental wellbeing of staff and providing them with both internal and external resources for mental wellbeing such that staff may proactively make use of these if and when in need.

Due to our vigilant and proactive response to the pandemic, the risk of COVID-19 infections and spreading has been minimal with no fatalities and approximately 15[1] reported cases nationwide during the period.

In South Africa our intranet continues to boast high levels of participation by our in-store employees, providing a transparent platform on which they can make improvement suggestions to enhance our internal operating standards and business practices. Once logged, management provides timeous feedback on all suggestions, including actions to implement where relevant. While often simple, these suggestions can and have had a sizeable impact on our business and improving efficiency. 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.

Other initiatives include our anonymous employee surveys conducted annually. These 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. This feedback assists us to create a positive workplace environment and ensure our employees' days are more productive and rewarding.

During the period we recorded a year-on-year increase in our employee net promoter score. In addition, we run 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

Stor-Age is committed to compliance in the following areas:

- Occupational Health and Safety Act (OHSA Part A and Regulations Part B)
- COVID-19 Safety Compliance
- 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

“Our COVID-19 Edu-Space training equipped our teams with the knowledge and tools to operate in a safe environment, for both themselves and our customers.”

[1] *South Africa*

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

Stor-Age endeavours to ensure safe conditions and premises for customers and employees, including but not limited to:

- 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).

Training for this project was initially carried out using our Edu-Space platform. The fire drills are now the responsibility of a dedicated project leader who oversees this practice quarterly. 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.

In addition, it enables us to identify new risks or 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
- Complimentary 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 place a great deal of focus on the health and safety of both our staff and our customers at each of our properties in South Africa and the UK.”

Stor-Age's approach to ensure the health, safety and wellness of our employees during the COVID-19 pandemic is outlined in the Corporate Governance report from page 66.

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
Continued execution of the COVID-19 response plan	Oversaw the continued execution of the COVID-19 response plan and the implementation of the Company's business continuity plans to ensure a seamless continuation of operations throughout the various stages of lockdown.
Transformation	Guiding its transformation objectives, the board continued with the implementation of its Transformation Plan, developed in line with the Property Sector Code.
Disciplined execution of the five-year property growth strategy to 2025	Aligned to research data compiled in the previous period, the board oversaw the execution of the Group's five-year property growth strategy. This included the ongoing development of the Cresta, Tyger Valley and Sunningdale properties in South Africa, as well as the acquisition of Blackpool Self Store in the UK post year end. In addition, the Group secured the acquisition of a further four new properties for future development, split evenly between South Africa and the UK.
Research and adoption of enhanced ESG strategy and reporting framework	During the period the board oversaw the research and adoption of an enhanced ESG strategy and reporting framework, covering the areas of environmental sustainability, social sustainability and corporate governance. This framework aligns the Group to selected United Nations Sustainable Development Goals (UN SDGs) and the Task Force on Climate Related Financial Disclosures (TCFD). This strategy is guided by the social and ethics committee, which continues to monitor whether the Group complies 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 framework and approach to ESG from page 53.
Research and implementation of a holistic UK debt restructure	During the period the board oversaw the process of researching and implementing a UK debt restructure in order to optimally position the business for its future growth prospects in the UK market. This included considering the potential of introducing a second commercial bank lender into a club-lend facility, as well as the appropriateness of introducing complementary institutional funding. While the process was not complete at year end, significant progress was made during the period.
Compliance with the Protection of Personal Information Act (PoPIA)	So as to ensure compliance, the board oversaw the development and implementation of the PoPIA plan and the execution thereof.

Board focus areas	Actions undertaken by the board and its subcommittees
Implementing third-party management platform growth plan in the UK market	Oversaw the implementation of the "Management 1st" growth plan in the UK, our comprehensive third-party management solution offered to independent operators, developers and private equity owners in the UK. This included the launch of a digital services offering to independent third-party operators during the year – Digital 1st. Digital 1st is a sub-component of the Management 1st offering. While Management 1st will provide an attractive management option for smaller property owners, it enables Storage King to leverage its existing operations infrastructure to earn additional revenue streams and expand the brand's reach while also providing a natural acquisitions pipeline over the medium to long term.
Finalised Moorfield development JV	Oversaw the entering into and finalisation of a joint venture (JV) with Moorfield Group (Moorfield), a leading UK-based real estate fund manager, to develop a five to seven asset portfolio with a gross asset value of approximately £50 million. The JV provides Stor-Age with a significant platform to execute its strategic growth plans in the UK over the medium term. The UK property growth strategy includes acquiring existing trading self storage properties from third parties, new developments and the introduction of Management 1st.
Research and identify a suitable equity joint venture partner to optimally execute on the South African development pipeline	Oversaw the research and identification of a potential equity joint venture partner to co-develop properties in the South African pipeline. Significant progress was made during the period, including the identification of suitable partners.
Managing changes to the composition of the board	During the period Gareth Fox retired from the board. The board oversaw the recruitment and appointment of Mntungwa Morojele and Abu Varachhia as independent non-executive directors.
Ongoing implementation of multiyear digital strategy	Oversaw the ongoing implementation of the multiyear digital strategy. This strategy guides Stor-Age's digital transformation over the medium term, ensuring that the Group remains responsive to shifting consumer trends and the pace of technological change, as well as guiding investment in digital technology.
Ongoing roll-out of solar technology for three-phase power generation	The board remains committed to investing in sustainable power solutions through solar technology for three-phase power generation. A total of 17 properties have successfully been fitted with these systems, generating a total of over 1 million kWh and, during the year, reducing CO_2 emissions by 601 tonnes. We have identified an additional 16 properties to be fitted with such systems in South Africa and the UK. This includes existing properties and new developments.
Ongoing enhancement of security infrastructure	The board remains committed to ensuring the continued safety of our customers, their goods and our staff. The board oversaw the ongoing implementation of enhanced security features across the South African portfolio. This included a further roll-out of offsite CCTV monitoring and linked alarm systems, license plate recognition technology, as well as the installation of individual unit door alarms as a standard design feature at all newly developed properties.

GOVERNANCE STRUCTURE

The board is ultimately fully 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 has appointed subcommittees.

BOARD

Gavin Lucas (CEO)
Stephen Lucas (FD)
Steven Horton (Executive director)
Sello Moloko**[1]
Graham Blackshaw* (Chairman)
Kelly de Kock**
Phakama Mbikwana**
John Chapman**^
Mntungwa Morojele**[2]
Abu Varachhia**[3]

AUDIT AND RISK COMMITTEE See full report on pages 77 to 81	REMUNERATION COMMITTEE See full report on pages 82 to 101	SOCIAL AND ETHICS COMMITTEE See full report on page 102 to 103	INVESTMENT COMMITTEE See full report on page 104
MEMBERS Kelly de Kock** (Chair) Phakama Mbikwana** Sello Moloko**[1] Mntungwa Morojele**[2]	**MEMBERS** Kelly de Kock** (Chair) Graham Blackshaw* Mntungwa Morojele**[2]	**MEMBERS** Phakama Mbikwana** (Chair) Graham Blackshaw* Sello Moloko**[1]	**MEMBERS** Graham Blackshaw* (Chair) John Chapman**^ Abu Varachhia**[3] Steven Horton Gavin Lucas
By invitation Gavin Lucas Stephen Lucas Representatives of the external auditor	**By invitation** Gavin Lucas Stephen Lucas Steven Horton	**By invitation** Gavin Lucas	**By invitation** Stephen Lucas
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.
Focus areas during the year			
Implementation and adherence to King IV. Changing of auditors and appointment of BDO South Africa Inc.	Research, identification and consideration of an appropriate short-term incentive (STI) for senior management. Review of executive director remuneration structures.	Implementation of the Transformation Plan. Overseeing the continued implementation of the COVID-19 response plan. Research and adoption of enhanced ESG strategy and reporting framework.	Local market acquisitions and developments. Finalising terms and entering into a JV with Moorfield Group.
Non-executive directors			
3/3	3/3	3/3	3/5

* *Non-executive director.*
** *Independent non-executive director.*
^ *Lead independent director*
[1] *Resigned from the board on 30 June 2021*
[2] *Appointed to the board in September 2020*
[3] *Appointed to the board in January 2021*

For more information on the qualifications and experience of subcommittee members, refer to pages 70 to 76.

The board exercises control through a governance framework. This includes reviewing detailed reports presented to it and its subcommittees, and oversight of our 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 the nomination, appointment, induction, training and evaluation of 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 the implementation of 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, we implemented the King IV after thorough consideration of the recommended practices. As a relatively young and growing business, we continue to evolve our corporate governance practices, policies and procedures in tandem with our 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 – investorrelations.stor-age.co.za.

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

> "We remain resolute in our focus on corporate governance, continuing to evolve our practices, policies and procedures in tandem with our business, taking guidance from the recommended practices outlined in King IV."

CORPORATE GOVERNANCE (continued)

BOARD AND SUBCOMMITTEE MEETINGS

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

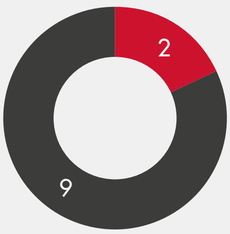
	Sub-committees	Meetings attended	Meetings eligible	% attend-ance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remune-ration committee
Director									
Graham Blackshaw (Chair)**	IC; SEC; RC	16	16	100%	4		2	8	2
John Chapman*^	IC	11	12	92%	4			7	
Kelly de Kock*	ARC; RC	13	13	100%	4	7			2
Gareth Fox (Resigned)*	ARC; RC	3	3	100%	1	2			
Phakama Mbikwana*	ARC; SEC	10	11	91%	4	4	2		
Sello Moloko*[1]	ARC; SEC	12	13	92%	4	6	2		
Mntungwa Morojele*	ARC; RC	8	8	100%	2	5			1
Abu Varachhia*	IC	3	3	100%	1			2	
Gavin Lucas***	IC	12	12	100%	4			8	
Stephen Lucas***		4	4	100%	4				
Steven Horton***	IC	12	12	100%	4			8	
Actual attendance		104			36	24	6	33	5
Eligible attendance			107		36	26	6	34	5
% attendance				97%	100%	92%	100%	97%	100%

*^ *Lead independent director*
* *Independent non-executive director*
** *Non-executive director*
*** *Executive director*
[1] *Resigned from the board on 30 June 2021*

COMPOSITION OF THE BOARD

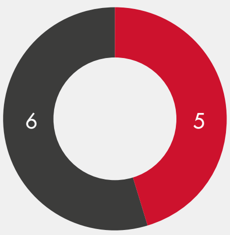
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the Group. However, it seeks to continue to further improve diversity.

GENDER DIVERSITY



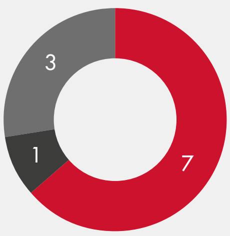
- Female
- Male

RACIAL DIVERSITY



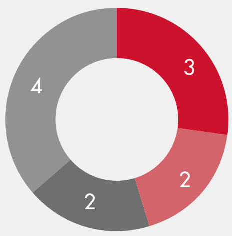
- Black
- White

DIRECTORS



- Independent
- Non-executive
- Executive

AGE



- 61 – 65 years
- 51 – 60 years
- 41 – 50 years
- 31 – 40 years

BOARD SKILL SET AND EXPERTISE (NUMBER OF DIRECTORS)

7 Finance	8 Corporate governance
4 Mergers and acquisitions	5 Strategy
6 Property (management and development)	3 Stakeholder engagement
5 Construction	6 Environmental laws and legislation

In terms of tenure, two of the non-executive board members as at 31 March 2021 were appointed to the board in November 2015 following the Company's listing on the JSE. A further two non-executive directors were appointed in May 2018 and another in September 2020. The most recent appointment came in January 2021. Only the three executive directors were involved in the operations of Stor-Age prior to the listing.

"Increasing racial diversification at board level remains a core focus for the Group. We continue to execute on our Transformation Plan, which is critical in assisting us to implement a broad-based strategy to achieve sustainable business transformation."

CORPORATE GOVERNANCE (continued)

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 Stor-Age 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 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 and 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 is a qualified attorney, having 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 30 years. He is responsible for strategic planning within the Rabie Group, and initiates the planning of all new developments and oversees the marketing of all aspects.

Sello Moloko BSc Hons, PGCE (Leicester), AMP (Wharton)

Joined the board prior to listing in 2015.
Resigned from the board on 30 June 2021.

Sello, co-founder and executive chairman of Thesele Group, a wholly black-owned diversified investment holding company, has a wealth of business experience gained over more than 28 years in financial services (investment management and employee benefits).

Outside of Thesele Group, he holds the position as the independent non-executive chairman of Telkom SA SOC Ltd, Momentum Metropolitan Holdings, Momentum Metropolitan Life and Guardrisk Group. He also currently serves on the boards as non-executive director of Prudential Investment Managers and DG Capital. Sello is a trustee of the UCT Foundation and the Nelson Mandela Foundation where he chairs the investment committee.

Phakama Mbikwana BCom

Joined the board in May 2018.

Phakama has over 19 years' experience in the financial services sector, of which 15 was spent in the commercial and investment banking industry. Prior to her role at Dandelion Capital (Pty) Ltd, a 100% women-owned investment holding company, she was the CEO of Africa Rising Capital (Pty) Ltd.

Phakama also has previously held roles at Barclays Africa (sector head: construction and construction related sectors in the corporate and investment banking division), Standard Bank Group, Investment Solutions (Alex Forbes Multi-Asset Manager) and Nedbank Corporate. She also holds the role of an independent non-executive director on the boards of Wits Health Consortium (Pty) Limited and the National Stokvel Association of South Africa Co-operative Limited.

CORPORATE GOVERNANCE (continued)

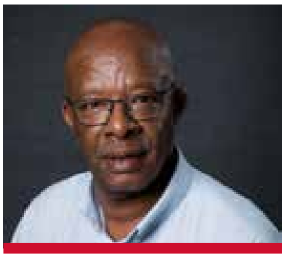
INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

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

Joined the board in May 2018.

Kelly is specialised in the areas of corporate finance and investor relations, as well as business development and operations. She has more than 15 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer of Old Mutual Wealth's International and Private Client Capabilities.

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 is the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and previously held the position of Western Cape Provincial Chairperson.



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

Joined the board in September 2020.

Mntungwa has more than 33 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 3RE Connect South Africa, which is pursuing opportunities in the Renewable Energy sector, and iKapa Connect Investments, which operates in the Events Management sector.

Mntungwa previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years during his 10-year term with the Company. He has also previously served on the boards of Gray Security Services, Verifone Africa (Pty) Limited and Capital Eye Investments (previously the UCS Group Limited) and various subsidiaries.

Abu Varachhia BSc (SA)

Joined the board in January 2021.

Abu has more than 30 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.

BOARD RECRUITMENT AND TRAINING

The board continues to give consideration to the establishment of a nominations committee. As and when board vacancies occur or additional diversity 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. The Company's sponsor has previously also assisted with recommending suitable candidates and participating in the interview process and performing background checks.

All board members are given an opportunity to meet with potential new candidates and to voice their opinions in the selection and decision making process. Succession planning of the executive management team is also considered by the full board.

In line with the board's appointment process, all 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.

Directors are also 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 at any given time.

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

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 223.

BOARD ETHICS AND EFFICIENCY

In the prior year, KPMG Inc. oversaw a detailed board self-evaluation and peer review process. The board intends conducting a new self-evaluation at the end of 2021.

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 has been 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.

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 it is satisfied that these 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.

Enhancements continue to be made to our layered network security systems to strengthen defences. We choose reputable, specialist service providers as business partners to ensure continued 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

CORPORATE GOVERNANCE (continued)

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 and remain relevant in the use of technology. External specialists are appointed by the board when considered necessary.

While satisfactory, the board continues to focus on strengthening its IT policy to further enhance the effectiveness of the Group's information technology infrastructure and governance.

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 are considered 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 during the year included the continued focus on our Transformation Plan, as well as the adoption of an enhanced ESG strategy and reporting framework. The Protection of Personal Information Act, the Consumer Protection Act and the Property Sector Code remain areas of focus for the upcoming year.

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. Formulating a mitigating response for each area of impact
4. Monitoring progress
5. Reviewing identified risks on an ongoing basis and revising responses accordingly

Executive management has an ongoing responsibility to monitor its risk management processes and report 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.

AUDIT AND RISK MANAGEMENT REPORT (continued)

KEY RISKS AND EFFECTIVE MITIGATORS

Key risks	Mitigators	Risk trend (impact and likelihood)
1. Global pandemic – COVID-19 A global pandemic such as COVID-19 may result in increased risk of financial loss as a result of specific 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. Due to a delayed vaccine roll-out plan in South Africa to date, there remains an elevated risk of potential subsequent waves of infection of the virus and associated lockdowns, with the associated negative economic impact.	• Entered the initial lockdown and downcycle from a position of strength – strong balance sheet position and mature occupancies across South African and UK portfolios. This position of strength remained throughout the period • No tenant concentration risk – 38 000+ tenants • Strong liquidity position between April 2020 and March 2021– approximately R471 million in cash and R438 million of undrawn credit facilities at year end • Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types • All head office and Contact Centre employees were provided with the means to continue working from home • Stable and continued operations under strict operating conditions, ensuring that all properties in South Africa and the UK remained accessible throughout all lockdown stages • Successful vaccine roll-out in the UK, reducing the risk of future lockdowns and the associated negative economic impact	Increasing
2. Treasury risk Adverse interest rate movements could result in the cost of debt increasing.	• Gearing of 24.1% on a net-debt basis at year end is below our target range of 25-35%. Our total undrawn borrowing facilities amounted to R438 million at year end • Effective hedge on net debt of 85.4% at year end • Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly • Stor-Age is highly cash generative and debt is serviced by strong operational cash flows • Details of hedging positions are set out in the Financial Review section from page 44	Decreasing
3. Weak/negative economic growth Macroeconomic weakness could inhibit the self storage market's growth in line with our projections, resulting in reduced demand and lower income.	• A needs-driven product for life-changing events which prevail in all economic cycles • A prime portfolio of well-located properties with high average occupancy levels • Focus on large economically resilient cities in South Africa and key towns in the UK where growth drivers are strongest and barriers to competition are at their highest • Strong operational management and platform • Continuing innovation to deliver high levels of customer service • Strong cash flow generation, high operating margins, low gearing and conservative hedging policies • 38 000 + tenants spread across a geographically diversified South African footprint (developing market) and the UK (first-world market) • A tested strategic development process that draws on internal analyses, independent research, global trends and best practice	Increasing
4. Acquisition risk An inability to successfully integrate new acquisitions could result in lost income.	• Established internal work streams which discuss, consider and address challenges, as well as detailed growth strategies for our South African and UK operations • Managing leadership changes and inherited employees to ensure minimal disruption to the existing businesses, is a critical area of focus when integrating acquisitions	Decreasing

Key risks	Mitigators	Risk trend (impact and likelihood)
5. Operating in an offshore jurisdiction 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. The withdrawal of the UK from the EU may create uncertainty in the UK economy. This could negatively impact trading conditions in the short to medium term.	• Hedging policies with respect to the repatriation of foreign earnings are in place • GBP interest rate risk is fixed at 83% of net debt at year end • Consult with professional advisors to ensure ongoing tax compliance in the UK • UK management team remain in place post the acquisition and are co-invested in Storage King	Stable
6. Property investment and development An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.	• 11[1] additional development opportunities have been secured in the pipeline in South Africa and the UK • Finalised terms and entered into a UK-focused development JV with leading UK real estate fund manager Moorfield • Fragmented South African and UK self storage markets potentially provide further acquisition opportunities. • Developed and opened two self storage properties in prime locations in South Africa in the first quarter post year end	Decreasing
7. Valuation risk External market factors, including the negative economic impact of COVID-19 and the related government lockdowns, or poor performance may lower our properties' values.	• Independent valuations are conducted by experienced independent, professionally qualified valuers • A diversified portfolio is let to a large number of tenants in South Africa and the UK • Low levels of gearing provides increased flexability and significantly reduces the likelihood of covenant breach • Self storage has traditionally been highly resilient in constrained economic environments • Occupied space in our South African and UK portfolios increased during the period • Conservative valuation assumptions are used	Stable
8. Human resource risk 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 • Learning and development programme with performance reviews to develop employees to their optimal potential • A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo • Ongoing communication to ensure an engaged workforce • A succession planning strategy including talent retention • A Conditional Share Plan for high performing employees was introduced in 2019	Stable
9. Utility costs Significant increases in utility costs, particularly property taxes and electricity, may put pressure on operating margins.	• Electricity and water usage is monitored monthly • We use external professionals to assist with monitoring and objecting to valuation revisions where necessary • We make use of energy-efficient lighting and collect and reuse rainwater for irrigation • Solar technology has been installed at 17 properties in South Africa, generating a total of 1 million + kWh during the year.	Increasing

[1] *Includes Cresta (under development), as well as two properties secured for development in the UK, as part of the Moorfield JV.*

AUDIT AND RISK MANAGEMENT REPORT (continued)

Key risks	Mitigators	Risk trend (impact and likelihood)
10. Credit risk The Group is exposed to tenants' credit risk, which may result in a loss of income. This risk may be increased as a result of the negative economic impact of COVID-19 and the related government lockdowns.	• The majority of customers are required to pay a deposit on move-in in South Africa • Our diversified tenant base reduces material exposure risk • We collected 98% and 99% of rental due in South Africa and the UK respectively during the period • Clearly defined policies and procedures are in place to collect arrear rentals • A central team of collection specialists in South Africa assists each store with arrears • Additional team members were allocated to the task of collections as a result of the COVID-19 crisis • In addition, we continue to monitor the credit ratings of major counterparties such as the insurance companies and financial institutions that we invest or bank with, to ensure they are investment grade or above	Increasing
11. Cyber security and information privacy An increase in cyber breach incidents as a result of the continued adoption of a remote working environment.	• Daily backups are periodically restored to confirm the validity of the backup and that there was no data corruption • A culture of awareness and best practice is promoted and reinforced across all employee levels in the organisation through a formal and regular communication plan • 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 • To stay abreast of leading best practice and to remain relevant in the use of technology, suppliers and network design are reviewed on a regular basis • External specialists are appointed by the board when considered necessary	Increasing
12. Climate-related risks Climate-related risks such as increasing occurrences of flooding and fire, tighter regulations within the property sector and rising public and institutional pressure to place a greater focus on environmental sustainability, could negatively impact our ability to trade.	• Aligned with the Task Force on Climate-related Financial Disclosures (TCFD) to monitor and report on climate-related risks and how we address them • Buildings designed to minimise carbon footprint and emphasis placed on energy efficiency, renewable energy generation, rainwater harvesting, storm water management and conservation • 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 • Emphasis on fire safety and prevention, training each of our operations staff on fire safety, and in South Africa run nationwide, same-day, same-time fire drills (across all properties, including head office)	Increasing
13. Unstable electricity supply An unstable electricity supply 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.	• To ensure a continued supply of electricity, all 52 properties in South Africa are fitted with generators • In the event of an outage, power is seamlessly generated to support key systems at our stores • Each generator is serviced timeously to ensure limited mechanical faults	Stable

LOOKING AHEAD

As an outcome of the Group's risk management process, we identified material changes in the risks affecting the business. The COVID-19 pandemic and its related impact in South Africa and the UK remains an area of focus. In addition, we continue to note the increased cyber security risks as a result of the continued adoption of remote working. The challenging South African economic climate currently being experienced, as well as the significant increases in administered utility costs by the local authorities, continue to pose ongoing risks to the business.

Ultimately, the directors consider whether Stor-Age and its subsidiaries have adequate resources to continue operating for the foreseeable future.

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
30 June 2021

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 2021. This report is aligned to best practice, taking into account King IV and the JSE Listings Requirements.

The committee is responsible for setting the Group's remuneration policy and principles and to ensure remuneration practices are fair, responsible and transparent whilst achieving strategic objectives.

We have presented the remuneration report in three parts. This background statement (Part 1) contains the chair's statement, providing context on the decisions and considerations taken during the reporting year which influenced the remuneration outcomes. Part 2 sets out our remuneration philosophy and policy and, 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.

As set out in the corporate governance review, there were changes to the board which also had an impact on the composition of the committee. Subsequent to the resignation of Gareth Fox on 30 June 2020, the board appointed Mntungwa Morojele as a member of the committee with effect from 18 November 2020. Mntungwa brings a wealth of knowledge and experience which complements the existing skills and experience of the committee members and we look forward to his contribution. Kelly de Kock was appointed as chair of the committee following the resignation of Gareth Fox.

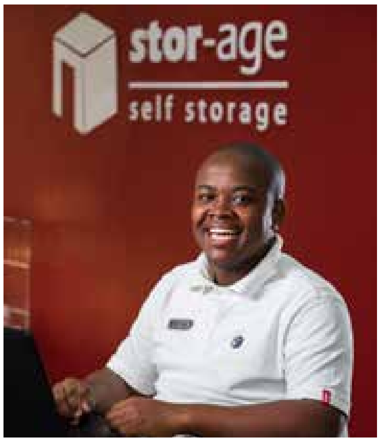
RESPONDING TO COVID-19

The board is proud of Stor-Age's achievements in a year of extraordinary challenges arising from the COVID-19 pandemic. Stor-Age delivered an exceptionally strong financial and operating performance as set out in the CEO's report and Financial Review section in one of the most difficult operating environments to date.

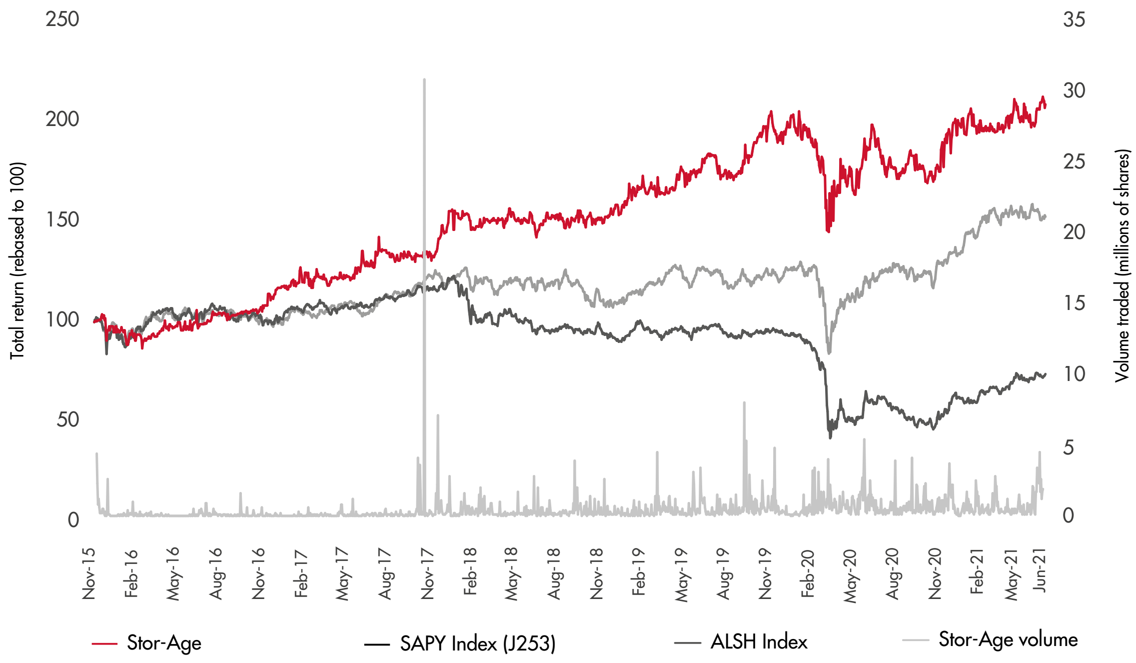
The inherent resilience of the business model allowed us to confidently respond to the economic uncertainty and continue executing on our strategy of maximising long-term shareholder value. Terms were finalised with Moorfield Group for a £50 million JV to develop a portfolio of self storage properties in the UK, providing an effective platform to continue advancing our UK growth strategy. Our third-party management platform in the UK, launched at the end of 2019, continues to gain positive traction. In May 2020, the Group proactively raised additional capital to bolster its liquidity position and the conservative capital structure, which makes use of moderate levels of debt, meant we were well placed to navigate the impact of the unfolding crisis. We collected over 98% and 99% of rentals due in South Africa and the UK respectively and also secured new development and acquisition opportunities.

These achievements, and the results for FY21, are a continuation of the strong performance of the business since its listing in 2015.

Assuming R100 was invested on the date of our listing in November 2015, and provided that the full pre-tax dividend was reinvested, the investment would be worth R209 as at 30 June 2021. This is compared to the same investment in the JSE All Share Index, which would be worth R153, or in the SAPY, which would be worth R74.



This represents significant outperformance against the benchmarks as set out below while also significantly growing trading volumes reflecting increased liquidity:



Since listing, the property portfolio has grown more than five-fold from R1.3 billion in November 2015 to R7.6 billion at 31 March 2021. Stor-Age has consistently created shareholder value by delivering income and capital growth and has expanded its presence in both South Africa and in the UK. The scale, and complexity of the business, has also increased significantly over this period. Much of Stor-Age's success can be attributed to our sector specialisation and the development of talent and skills within the organisation over many years. Our approach to remuneration, focusing on competitive, fair and market-related remuneration policies will play an important role in incentivising employees who are critical to achieving our long-term goals and aspirations.

The committee recognises, and commends, the sacrifices that many individuals made during the year as part of a broad commitment to the sustainability of the business in these challenging times. Both the executive and non-executive directors agreed to waive any increases to their respective remuneration for FY21. The committee also elected to defer the implementation of a short-term incentive plan for the executives and annual salary increases were also deferred for six months for the majority of our employees.

FOCUS AREAS DURING THE YEAR

During the year, the committee:

- Reviewed the current remuneration policy, structures and mix of the executive directors whilst considering the impact of COVID-19 on the business;
- Considered and approved the introduction of a short-term incentive plan for FY22;
- Approved the third allocation of CSP awards to participants;
- Carefully considered shareholder feedback after the 2020 AGM and responded as necessary;
- Conducted an internal remuneration benchmarking

exercise comparing the remuneration of executive directors to other comparable companies in the listed REIT sector;
- Reviewed executive directors' total remuneration and considered salary increases against the market as well as company and individual performance;
- Recommended to the board the approval of a discretionary incentive for the executive directors for FY21;
- Reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors; and
- Reviewed and approved the 2021 remuneration report.

FEEDBACK FROM 2020 ENGAGEMENT

At the annual general meeting ("AGM") held in 2020, both the remuneration policy and implementation report received a non-binding advisory vote of 85.9% in its favour. The voting outcome over the past five years reflects the recognition of our commitment to engage with our shareholders and act on concerns, recognising that our remuneration policy will evolve over time with ongoing shareholder engagement.

Below is a summary of the feedback received on the 2020 report following our engagement with shareholders:

Feedback	Response
The KPIs against which non-financial performance targets for the CSP awards are to be assessed should be defined.	This has been addressed in the 2021 report.
Over 50% of the 75% weighting of the financial KPIs for the CSP are linked to distribution per share (DPS) growth. There should be a balance between DPS growth and operating performance.	The committee considered this feedback and included a performance condition relating to net operating income for the CSP awards in FY21.

LOOKING AHEAD

In the 2019 report, the committee undertook to consider the introduction of a short-term incentive plan for the executive directors in FY21. As a result of the outbreak of the COVID-19 pandemic, the committee elected to defer the implementation until such time as the impact of the pandemic on the business could be properly assessed.

Although Stor-Age has endeavoured to offer a remuneration policy for its executive directors which is fair, competitive and affordable for the Company, it has been significantly lower than its peers in the listed property sector for many years. In light of this, and considering the performance of Stor-Age over the last five years, the committee approved the introduction of a short-term incentive plan for FY22 and adjusted executive remuneration to ensure it is market-related and reflective of the roles and responsibilities performed.

In a similar vein, the level of non-executive director remuneration also needs to be reviewed to determine whether this remains market-related and reflective of the roles and responsibilities performed. This will be an area of focus in FY22.

CONCLUSION

We would like to express our gratitude for the continued support we have received from our shareholders and we are committed to upholding the trust we have earned.

In line with King IV, Stor-Age will table the remuneration policy and implementation report for two separate non-binding advisory votes at the 2021 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. We are committed to maintaining a strong relationship with our shareholders, built on trust and transparency, whilst ensuring that our approach to remuneration is fair in all respects and that reward and performance are appropriately aligned. 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 9 September 2021.

Kelly de Kock
Remuneration committee Chair
30 July 2021

REMUNERATION COMMITTEE REPORT (continued)

2 PART TWO THE REMUNERATION POLICY

This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 9 September 2021.

REMUNERATION GOVERNANCE

The committee was appointed by the board and has delegated authority to review and make decisions regarding 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 board's 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 long-term incentive allocations (CSP 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;
- 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 68 and their meeting attendance on page 70. 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.

EXECUTIVES' REMUNERATION STRUCTURE

Taking into account market trends and competitiveness, the committee and the board regularly review the appropriate remuneration mix to ensure it supports Stor-Age's strategic objectives, details of which are set out below:

Basic salary (guaranteed pay)

Purpose: To attract and retain the best talent and compensate the executive directors at a market-related salary taking account of individual performance and contribution.

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 29.4 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 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.

Benchmarking exercises may be conducted by the committee to ensure that the Company's remuneration policy, compensation packages and pay mix are market-related, competitive and appropriate within the market in which it operates. An external benchmarking exercise was scheduled to take place during the year under review. However, given the uncertainty of the COVID-19 pandemic on the business, the committee elected to defer this and will appoint external remuneration consultants in the forthcoming financial year (FY22) to review the Company's remuneration structure and carry out a benchmarking exercise. The last external benchmarking analysis was undertaken in FY19.

Short-term incentive ("STI")

Purpose: To motivate and incentivise performance (both financial and strategic) consistent with the Group's strategy over a 12-month operating cycle.

Since listing in November 2015, the executive directors have not participated in any STI. As set out in the chair's statement, the committee elected to defer the implementation of an STI, which was originally scheduled to be introduced in FY21, due to the uncertainly arising from COVID-19.

The committee approved an STI plan effective for the year ending 31 March 2022, details of which are set out below.

Short-term incentive calculation

Guaranteed remuneration x (Financial target achievement % + Stratigic objectives achievement %) = 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' interest.

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

Each financial KPI has an accompanying threshold, on-target and stretch measure. For the strategic objectives, an overall assessment is completed with a maximum allocation of 100%.

The on-target allocation is based on 100% of guaranteed pay. The maximum STI that can be paid is capped at 125% of guaranteed pay. In assessing the overall impact of the amendments to executive directors' remuneration for FY22, the committee elected to adopt a phased approach to the introduction of the STI. Accordingly, and considering that FY22 is the first year of the STI plan, the committee has set the maximum STI payable for the year ending 31 March 2022 at R1.5 million for each director (i.e. at 50% of FY22 guaranteed pay) notwithstanding the actual performance outcomes.

The STI incentive is payable annually in cash after being approved by the committee and after 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 93, are applicable to the award.

Financial performance conditions FY22 (70% weighting)

		Hurdle level		
Measure	**Weighting**	**Threshold (75% payout)**	**Target (100% payout)**	**Stretch (100% payout)**
1. Distribution growth per share[1]	25.0%	3.0%	4.0%	5.0%
2. Same store net operating income growth	25.0%	3.5%	5.0%	6.5%
3. Total return to equal or exceed internal benchmark[2]	25.0%	8.0%	10.0%	12.0%
4. Loan to value ratio	25.0%	35 – 40%	30 – 35%	< 30.0%
Total	100.0%			

Notes:

1 *Assuming a 100% payout ratio.*

2 *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.*

Strategic objectives FY22 (30% weighting)

	Measure	KPIs	Weighting
1.	Portfolio management and expansion opportunities	Acquire at least two new development sites or acquisition opportunities in line with the group's property strategy and long-term plans which meet the investment committee's approved criteria	20.0%
2.	Strong and flexible capital structure	Ensure the financial flexibility exists to pursue acquisition and development opportunities Maintain a conservative gearing ratio in line with the board's policy	20.0%
3.	Operational excellence	Improve the performance of our staff through learning and development, engagement and upskilling to drive increased profitability Implement the digital strategy to increase enquiries, enhance the customer experience, and achieve economies of scale in our marketing spend Execute on the digitalisation of the business to enable, improve and transform business operations, functions and processes by leveraging technology	20.0%
4.	Display leadership behaviour in accordance with the Company's Core Values	Ensure fully committed and motivated team Maintain minimal staff turnover Adherence to Company's core values	20.0%
5.	Improve the Group's ESG initiatives in order to deliver real value to all our stakeholders	Deliver on the Group's transformation strategy Invest in renewable energy and pursue initiatives to reduce carbon intensity Support charities and NPOs and be active in less fortunate and underprivileged communities Align sustainability reporting with appropriate frameworks	20.0%
Total			**100%**

Long-term incentive ("LTI")

Purpose: 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.

On 19 February 2019 shareholders approved the Company's conditional share plan ("CSP"). The CSP is an equity-settled LTI plan which will provide 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. 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. Although principally intended for senior management and executives, participants will also include operations managers at a property level and staff at a mid-management level who are integral to the Company's growth. 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 – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period; and Retention shares – vesting subject to the satisfaction of continued employment for the vesting period. The retention share component will not exceed 25% of the total award with the remainder being performance shares. *Although the CSP allows for the award of retention shares, based on shareholder feedback received on the 2019 remuneration report, future awards will only comprise performance shares.*
Plan limits	The overall limit is 8 668 544 million shares (2.0% of shares in issue). The current usage level is equal to 1.1% of shares in issue and 56.0% of the approved capacity. 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). 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: Executive directors: Up to 2 x TGP Executive management: 100 – 150% Senior management: 60 – 70% Mid-level management: 40 – 60% Other staff: 20 – 40%

REMUNERATION COMMITTEE REPORT (continued)

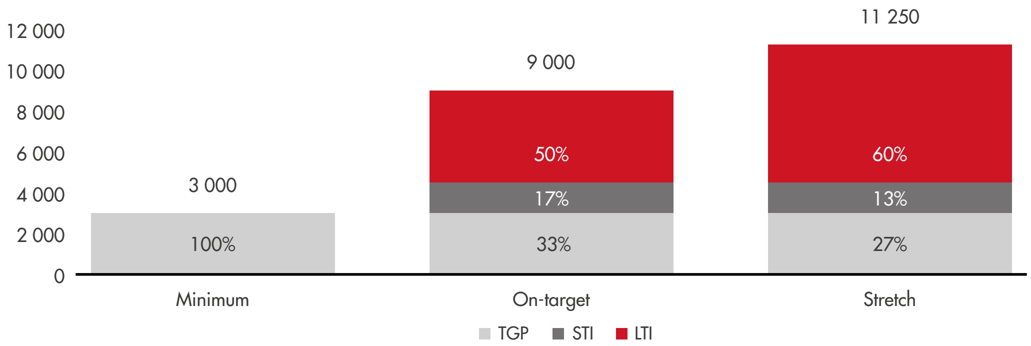
The salient features of the CSP are set out below (continued):	
Performance conditions	Performance conditions include financial measures (75%) and non-financial measures (25%). Further details of the specific performance conditions are set out in the implementation report on page 97.
Vesting	Awards will 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: • Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 50% vesting • Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting • 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 93.
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.

The previously applicable Stor-Age share purchase and option scheme was discontinued with effect from 31 March 2019 and no further awards have been made in respect of this scheme.

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 with respect to STI and LTI.

The illustration below sets out the potential remuneration which can be earned at minimum, on-target and stretch reward scenarios in FY22.



Minimum reward scenario	On-target reward scenario	Stretch reward scenario
None of the financial performance conditions and strategic objectives for the STI are achieved Performance conditions (both financial and non-financial) for the CSP awards are not achieved	Achieve 100% of the financial performance conditions and full achievement of the strategic objectives for the STI (capped at R1.5 million for FY22) Performance conditions (both financial and non-financial) for the CSP awards are achieved	Achieve performance up to 150% of the financial performance conditions and the full achievement of the strategic objectives for the STI (capped at R1.5 million for FY22) Maximum achievement at 150% of performance conditions (both financial and non-financial) 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 both financial and non-financial performance conditions. The above scenarios assume the CSP awards are made at 150% of guaranteed pay.

The on-target LTI forms 50% of the remuneration mix. On-target variable pay (STI and LTI) comprises 67% of the total remuneration. At a stretch, the variable pay comprises 73% of the total remuneration. In both the on-target and stretch scenarios, the maximum STI payable has been capped at R1.5m in FY22 for each executive director as set out above.

Since listing in 2015, Stor-Age has provided its executive directors with a very low basic salary. The remuneration philosophy reflected the executive directors' commitment to the long-term success of the business and, to a large extent, their desire to prove the sustainability of the business model in the initial years post the listing. The executive directors have continued to execute Stor-Age's growth strategy with considerable success and have overseen significant organic and acquisitive growth since 2015.

In FY19, the committee mandated PwC to perform an external benchmarking exercise which indicated that the executive director remuneration was considerably lower than its peers in the listed REIT sector. The committee resolved to adopt a catch-up approach over the next three successive financial years (FY20 to FY22) to achieve a more market-related salary for the executive directors by FY22. With the onset of the COVID-19 pandemic, and taking account of the significant levels of uncertainty at the time, the committee accepted a recommendation proposed by the executive directors that no increase be applied to their basic salary for FY21.

REMUNERATION COMMITTEE REPORT (continued)

The table below summarises the basic salary and STI of the executive directors since the listing of Stor-Age in 2015:

Year ended 31 March	Basic salary R'000	STI R'000	Total R'000
2016	760	–	760
2017	1 200	–	1 200
2018	1 272	–	1 272
2019	1 500	–	1 500
2020	2 000	–	2 000
2021	2 000	700	2 000

Notes:
1. FY16 basic salary annualised for the full year
2. No STI plan in place for FY16 to FY21. Discretionary STI awarded by the committee for FY21

The committee recognises that retaining and rewarding executives, and other members of the senior management team, with increased remuneration packages in a challenging economic environment requires careful consideration. At the same time, the committee must balance its obligations to ensure remuneration is competitive, fair and market-related to incentivise the executive directors and employees who are critical to achieving our long-term goals and aspirations.

As the original founders of the business, the executive directors operate on a "flat-structure" basis with many overlapping responsibilities. After careful consideration, and having benchmarked market-related remuneration packages of comparable companies within the listed property sector[1], the committee approved a basic salary of R3.0 million for each executive director for FY22. As a well-entrenched constituent of the various property indices (J805 SA REIT and J253 SA Listed Property), the committee considers the revised basic salary for FY22 to be a fairer reflection of a more market-related salary package considering the roles and responsibilities of the executive directors, the performance of Stor-Age over the last five years, and the size of the Company relative to its peers.

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 and 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 commitee'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 FY21 bursaries amounting to R232 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 taken into account 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.

Internal pay levels are reviewed on an ongoing basis to ensure alignment with the principle of equal pay for work of equal value. Furthermore, the committee is mandated to ensure that executive director remuneration is justifiable against remuneration levels of employees throughout the Company.

[1] *Includes Equites, SA Corporate, Liberty Two Degrees, Emira, Arrowhead, Attacq and Dipula.*

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 100% of their TGP. This demonstrates their commitment to long-term growth and encourages alignment between management and shareholders. All executives met the MSR during the year. At 31 March 2021, the executive directors collectively held 28.077 million shares in the Company (approximately R368 million in value). Further details of the directors' shareholdings are set out in note 29.3 of the annual financial statements.

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. At the 2019 AGM, the CSP rules were amended to record that awards will be subject to malus and clawback provisions.

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. 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.

As set out earlier in this report, the committee will appoint external consultants in FY22 to conduct a benchmarking exercise and review the Company's remuneration policies. This will also include benchmarking of non-executive director remuneration to establish whether the existing remuneration is market-related and appropriate to attract and retain high-calibre and experienced individuals in light of the significant growth of the Company over the last five years. Since listing, a nominal annual increase has been applied to non-executive director remuneration.

The non-executive director remuneration for FY21 was approved at the AGM held on 23 August 2019. In light of the uncertainty arising from the COVID-19 pandemic, the non-executive directors agreed to waive the approved increases for FY21 and were remunerated at the same levels as FY20.

The remuneration to be paid to the non-executive directors for FY22 was approved at the AGM held on 27 August 2020. The proposed increases for FY22 were incorrectly based off the adjusted (i.e. lower than approved) remuneration for FY21 instead of actual approved remuneration for FY21. This was an oversight which resulted in the FY22 remuneration being less than the FY21 approved remuneration.

In determining the proposed remuneration for FY23, contained within the notice of the AGM, the committee applied an annualised average increase of approximately 5.9% to the approved remuneration for FY21, over the two-year period to 31 March 2023. Further details are set out below:

REMUNERATION COMMITTEE REPORT (continued)

Role	Approved remuneration 31 March 2021[1] R	Adjusted remuneration 31 March 2021[2] R	Approved remuneration 31 March 2022[3] R	Proposed remuneration 31 March 2023[4] R	Average annualised % increase[5]
Board member	225 750	211 000	219 500	252 500	5.8%
Chairperson – board	21 500	20 000	20 800	24 000	5.7%
Audit and risk committee member	53 500	50 000	52 000	60 000	5.9%
Chairperson – audit and risk committee member	10 750	10 000	10 400	12 000	5.7%
Social and ethics committee member	26 750	25 000	26 000	30 000	5.9%
Remuneration committee member	26 750	25 000	26 000	30 000	5.9%
Investment committee member	32 100	30 000	31 200	36 000	5.9%

Notes:

1 *Approved at the AGM held on 23 August 2019.*

2 *Actual remuneration paid after non-executive directors agreed to waive approved increase for FY21.*

3 *Approved at the AGM held on 27 August 2020 but increase incorrectly based on adjusted FY21 remuneration instead of actual approved remuneration for FY21.*

4 *Proposed remuneration for FY23 to be approved by shareholders at the forthcoming AGM.*

5 *Average annualised increase based on FY21 approved remuneration over two-year period.*

The proposed increases to non-executive director remuneration is broadly in line with the average increase levels approved across Stor-Age (South African employees).

3 PART THREE
THE IMPLEMENTATION REPORT

This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 9 September 2021.

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.

Executive director salaries are reviewed annually. Since listing in 2015, Stor-Age has provided its executive directors with a very low basic salary. The remuneration philosophy reflected the executive directors' commitment to the long-term success of the business and, to a large extent, their desire to prove the sustainability of the business model in the initial years post the listing. The executive directors have continued to execute Stor-Age's growth strategy with considerable success and have overseen significant organic and acquisitive growth since 2015.

In FY19, the committee mandated PwC to perform an external benchmarking exercise which indicated that the executive director remuneration was considerably lower than its peers in the listed REIT sector. The committee resolved to adopt a catch-up approach over the next three successive financial years (FY20 to FY22) to achieve a more market-related salary for the executive directors by FY22. In line with this, the basic salary was increased to R2.0 million for the year ended 31 March 2020. With the onset of the COVID-19 pandemic, and taking account of the significant levels of uncertainty at the time, the committee accepted a recommendation proposed by the executive directors that no increase be applied to their basic salary for FY21. Thus the basic salary for each executive director remained at R2.0 million for the year ending 31 March 2021. Details of executive director remuneration for FY22 is set out on page 92.

In South Africa, employee salaries (excluding directors) are usually reviewed annually in September taking account of individual and overall Company performance, as well as an employee's experience, qualifications and responsibilities. As a result of the COVID-19 pandemic, annual salary increases due to take place in September 2020 were deferred to March 2021 with the exception of our lower-income earners who received an average increase of 5.7%. A small group of other employees also received increases at September 2020 in recognition of exceptional performance and in instances where salary levels were below the adjusted threshold for the various grades. In March 2021, all employees received an average salary increase of 6.0% (effective from 1 April 2021). Our lower-income earners therefore received two increases in FY21 (effective average increase of 12.0%).

In the UK, employee salaries are reviewed annually in March of each year. Increases for FY21 (average 2.5%) had already been approved prior to the consideration of the full impact of COVID-19.

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 in 2021 and 2020:

	Basic salary R'000	Other benefits R'000	STI R'000	Value of LTI vested R'000	Total R'000
31 March 2021					
GM Lucas	2 000	–	700	–	2 700
SJ Horton	2 000	–	700	–	2 700
SC Lucas	2 000	–	700	–	2 700
Total	6 000	–	2 100	–	8 100
31 March 2020					
GM Lucas	2 000	–	–	–	2 000
SJ Horton	2 000	–	–	–	2 000
SC Lucas	2 000	–	–	–	2 000
Total	6 000	–	–	–	6 000

Note
While it is recommended practice to insert a pay mix chart showing the allocation of total guaranteed pay and short-term and long-term incentives, we have chosen to exclude this as total remuneration on a single-figure basis comprises the basic salary and, in the case of FY21, the discretionary STI only, as evident in the table above.

No other remuneration or benefits were paid to executives during the year. No LTI awards vested during the year. Details of CSP awards made during the year, and awards in prior years that are yet to vest, are set out below.

SHORT-TERM INCENTIVE AWARDS

Since listing in November 2015, the executive directors have not participated in any STI. As set out in the chair's statement, the committee elected to defer the implementation of an STI plan in FY21 due to the uncertainly arising from COVID-19.

Notwithstanding this, the committee made a recommendation to the board in June 2021 that the executive team be recognised and rewarded for their achievements during an immensely challenging year. After a thorough review of the available financial information by the committee, the board accepted a recommendation to award a discretionary bonus to the executive team of R2.1 million in total (R0.7 million each). This is considerably less than the STI that would likely have been paid had an STI been put in place for the year under review.

REMUNERATION COMMITTEE REPORT (continued)

LONG-TERM INCENTIVE AWARDS

Details of the long-term incentive (CSP) awards made to the executive directors in FY21 and in prior years are set out below:

	Total shares awarded (on-target grant)	Performance shares	Retention shares	Issue price	Value of award at grant date R'000
Award date – 13 March 2019					
GM Lucas	171 625	128 719	42 906	R13.11	2 250
SJ Horton	171 625	128 719	42 906	R13.11	2 250
SC Lucas	171 625	128 719	42 906	R13.11	2 250
Total	514 875	386 157	128 718		6 750

The awards are to be evaluated over a three-year period commencing on 1 April 2019 and ending on 31 March 2022. The awards vest on 1 September 2022.

	Total shares awarded (on-target grant)	Performance shares	Retention shares	Issue price	Value of award at grant date R'000
Award date – 2 September 2019					
GM Lucas	305 111	305 111	–	R13.11	4 000
SJ Horton	305 111	305 111	–	R13.11	4 000
SC Lucas	305 111	305 111	–	R13.11	4 000
Total	915 333	915 333	–		12 000

The awards are to be evaluated over a three-year period commencing on 1 April 2019 and ending on 31 March 2022. The awards vest on 1 September 2022.

	Total shares awarded (on-target grant)	Performance shares	Retention shares	Issue price	Value of award at grant date R'000
Award date – 22 December 2020[1]					
GM Lucas	381 388	381 388	–	R13.00	4 958
SJ Horton	381 388	381 388	–	R13.00	4 958
SC Lucas	381 388	381 388	–	R13.00	4 958
Total	1 144 164	1 144 164	–		14 874

Notes:

[1] The committee considered the allocation of CSP awards to the executive directors on or around 15 September 2020, subject to the finalisation of the performance conditions. The awards were made, and accepted, on 22 December 2020.

The awards are to be evaluated over a three-year period commencing on 1 April 2020 and ending on 31 March 2023. The awards vest on 15 September 2023.

No shares arising from the above awards vested during the year.

The award made on 13 March 2019 comprised performance shares (75%) and retention shares (25%). Based on shareholder feedback received on the 2019 remuneration report, only performance shares will be awarded and no further retention shares will be awarded.

The performance conditions relating to the performance shares comprises financial measures (75%) and non-financial measures (25%), as set out below, and are subject to continued employment until the vesting date. The retention shares in respect of the award made on 13 March 2019 are subject only to continued employment until the vesting date.

At the end of the performance period, the committee assesses the performance and adjusts the number of shares awarded to each participant based on the results thereof.

The executive directors and committee support broad based equity participation by employees in the Company. In addition to the executive directors, a further 50 employees have received CSP awards to date.

Performance conditions

Financial measures (75%)

The committee considered the impact of COVID-19 and the national lockdowns on the business in respect of the performance conditions set for the CSP awards and elected not to make any amendments to performance conditions linked to prior year awards. The performance conditions for the CSP awards made on 22 December 2020 were amended to include a net operating income growth measure in respect of underlying operational performance and is set out below:

			Hurdle level	
Performance condition	Weighting	Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
Dividend per share growth measured relative to the SAPY or comparable index	20.0%	SAPY benchmark	10% out-performance	20% out-performance
Same store net operating income growth over three years (CAGR)	20.0%	3.5%	5.0%	6.5%
Tangible net asset value per share growth over three years (CAGR)	15.0%	2.0%	3.5%	5.0%
Loan to value ratio	20.0%	35% – 40%	30% – 35%	Less than 30%
	75%			

REMUNERATION COMMITTEE REPORT (continued)

The performance conditions relating to prior year awards are set out below:

Performance condition	Weighting	Hurdle level Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
Dividend per share growth measured relative to the SAPY or comparable index	26.25%	5% out-performance	15% out-performance	25% out-performance
Dividend per share growth measured against SA CPI + margin	26.25%	CPI + 2.25%	CPI + 2.75%	CPI + 3.25%
Tangible net asset value growth measured against weighted SA and UK CPI + margin	11.25%	CPI + 2.0%	CPI + 2.5%	CPI + 3.0%
Loan to value ratio	11.25%	35% – 40%	30% – 35%	Less than 30%
	75%			

Notes:
1. *SAPY refers to The South African Listed Property index and comprises the top 20 liquid companies, in the Real Estate Investment Trust sector with a primary listing on the Johannesburg Stock Exchange.*
2. *CAGR means compound annual growth rate.*

The financial performance conditions set out above apply to all participants except for operations staff at a property level which are based predominantly on operating performance metrics specific to the property, or properties as the case may be, managed by the participant. This will ensure the performance conditions are more relevant and specific to their roles.

Non-financial measures (25%)

Performance conditions	Weighting	Rating Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
Measures set out below	25%	70% score	80% score	90% score

The following performance measures will apply to the determination of the non-financial measures score for the executive directors:

Performance conditions	KPIs	GM Lucas	SC Lucas	SJ Horton
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 Grow property portfolio in accordance with strict investment criteria	20%	10%	10%
2. Implementing international expansion strategy in accordance with the five-year strategic plan	Growth in UK property portfolio Implementation of Management 1st strategy Develop Moorfield JV relationship	10%	5%	15%
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 Leading due diligence on transactions Implementing acquisitions seamlessly Managing development projects on time and within budget	15%	10%	20%
4. Implementing the Group's operations strategy including the development and execution of the digital and technology strategy	Occupancy and rental rate growth Management of arrears Improving expense ratios/cost control Integrate technology solutions in operations processes and further the digitalisation of the business	10%	10%	–
5. Ensuring good corporate governance is entrenched throughout the Group	Effective and efficient functioning of the board Adherence to risk management framework Promote core principles of fairness, accountability, responsibility and transparency	15%	20%	5%

REMUNERATION COMMITTEE REPORT (continued)

Performance conditions (continued)	KPIs	GM Lucas	SC Lucas	SJ Horton
6. Financial reporting and shareholder communication is carried out in a transparent, accurate, concise and timely manner	Effective and efficient communication with stakeholders Manage major shareholder interactions Media engagement	15%	20%	5%
7. 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	Maintain conservative LTV within target Extend debt profile, refinance maturing facilities, ongoing negotiation with lenders Minimise funding costs Implement currency hedging strategy	5%	10%	5%
8. Effective management of energy and utility costs and corporate overheads	Implement solar PV rollout plan across portfolio Achieve cost savings in utilities Disciplined cost control and management of expense ratios	–	5%	10%
9. Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting, and storm water management and conservation	Align sustainability reporting with appropriate frameworks Reduction in water consumption Invest in renewable energy (solar PV) and LED lighting and motion sensors to reduce electricity consumption	–	–	10%
10. Implementing the Group's transformation strategy and achieving transformation objectives and targets	Promote employment equity practices Improve B-BBEE score	10%	10%	10%
11. Displaying leadership behaviour in accordance with the Company's core values	Ensuring fully committed and motivated team Maintain minimal staff turnover Adherence to Company's core values	10%	10%	10%
		100%	**100%**	**100%**

For other participants, scores will be determined by reference to their individual Key Performance Areas ("KPAs") which are set and agreed upon annually for each employee as part of the annual performance appraisal process.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

	2021 R'000	2020 R'000
GA Blackshaw	311	271
GBH Fox[1]	75	296
JAL Chapman[2]	241	60
KM de Kock	292	286
MPR Morojele[3]	161	–
MS Moloko	286	286
P Mbikwana	265	236
A Varachhia[4]	60	–
PA Theodosiou	–	252
Total	1 691	1 687

1 *Resigned 29 June 2020.*
2 *Appointed 2 January 2020.*
3 *Appointed 1 September 2020.*
4 *Appointed 4 January 2021.*

The remuneration to be paid to the non-executive directors for the year ending 31 March 2022 as well as the proposed remuneration for the year ending 31 March 2023 to be approved by shareholders at the forthcoming AGM, is set out on page 94 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 2021 financial year."

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee acts on behalf of the board and is responsible for evaluating social and ethical responsibilities and making recommendations to the board thereon. The committee continues to monitor 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 68, and attendance at meetings is set out on page 70.

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 main areas of focus for the committee during the year were the continued implementation of the Transformation Plan and the research, development and adoption of an enhanced ESG strategy and reporting framework.

TRANSFORMATION PLAN

Stor-Age continues to view transformation as a strategic business imperative and this 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
- 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 base whose profile is representative of the demographics of our country
- Creating meaningful job opportunities and developing skills in the communities we serve
- Contributing meaningfully to enterprise and supplier development

ESG STRATEGY

The Company remains committed to building sustainability into the Group's investment strategy, through the careful consideration of environmental, social and governance matters.

The strategy aligns our Vision and Core Values with relevant UN Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD). Through our adopted 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 53.

COVID-19

Upon entering the COVID-19 crisis and subsequent lockdown, the social and ethics committee placed special emphasis on monitoring the impact of the pandemic on all our stakeholders, in particular our employees, customers and communities. This included ensuring that organisational sustainability was balanced and matched with local economic, social and environmental sustainability practices. Accordingly, the social and ethics committee provided oversight of company-wide actions related to COVID-19.

A significant focus was placed on the overall sustainability of the Group's operations. Stor-Age immediately halted all planned capital expenditure in South Africa and the UK and undertook a thorough review to identify appropriate elements to defer to subsequent periods. The Company followed a similar approach in reassessing all planned operating expenditure forecasts and reduced planned expenditure where possible.

Stor-Age's primary responsibility was the safety, health and well-being of all employees and customers. Attention was continually placed on increased hygiene and cleanliness across the property portfolio and in the head office, with regular communication circulated to all employees regarding hygiene and social distancing best practice. The Company made use of their bespoke e-learning platform Edu-Space to further educate staff on methods to combat the spread of the virus inside and outside of the workplace.

Stor-Age sought to first provide employees with the opportunity to take paid leave, before needing to make use of their annual leave allocation. All staff received their full salaries during the initial lockdown period. The Company also endeavoured to ensure that potentially economically vulnerable employees who rely on public transport in South Africa were provided with the best opportunity to minimise their need to travel in such a manner.

An additional key focus area during the year was the mental wellbeing of staff, many of whom had to endure significant challenges as a result of the pandemic. Further emphasis was placed on Stor-Age's monthly wellness initiative, with an increased focus on mental health awareness, including the sharing of multiple support resources for consideration.

By enacting business continuity plans prior to the lockdown, Stor-Age ensured the head office teams were equipped to work remotely in both markets. The Company maintained intra-organisational communication through existing and new communication mediums, reinforcing our Core Values of Excellence, Sustainability, Relevance and Integrity.

To support the communities in which Stor-Age operates, the Company offered complimentary storage space to several relief and government-based entities. Properties acted as drop off points for public donations to assist the efforts of charitable organisations in distributing much-needed items to communities across South Africa.

The social and ethics committee has endeavoured to ensure that the board's responsibilities have been fulfilled, risks have been meticulously managed and that appropriate support is being provided as we continue to weather the uncertainty.

TERMS OF REFERENCE

The duties and responsibilities of the committee are set out in a formal terms of reference which have been approved by the committee and the board of directors

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 the fields of 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 them in all aspects of the business, thus achieving a sustainable corporate culture in the group.

FUTURE FOCUS AREAS FOR THE COMMITTEE

The priority focus for the committee will be the continued monitoring of the impact of the COVID-19 pandemic on all our stakeholders, in particular our employees, customers and communities.

The committee will also continue to oversee the implementation of the Transformation Plan and the ESG strategy, and continue to oversee the Group's stakeholder engagement processes.

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

Phakama Mbikwana
Social and ethics committee Chair
30 June 2021

INVESTMENT COMMITTEE REPORT

KEY FUNCTIONS AND RESPONSIBILITIES

The investment committee was constituted in February 2016 and currently comprises two executive directors and three 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, 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 R200 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 for the reporting period.

Graham Blackshaw
Investment committee Chairman
30 June 2021

CONTENTS

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

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

Published
9 June 2021
Stor-Age Property REIT Limited

DECLARATION BY COMPANY SECRETARY

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

HH-O Steyn CA(SA)
Company Secretary
9 June 2021

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2021

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 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 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 in the year ahead.

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 105 to 218 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- 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 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 within the combined assurance model pursuant to principle 15 of King IV.

Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

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 9 June 2021 and signed on their behalf by:

SC Lucas Chief Financial Officer	GM Lucas Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the "audit committee") takes pleasure in presenting its report for the year ended 31 March 2021.

1. Terms of reference

   The audit committee is a formal committee of the board of the company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act of South Africa ("the 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 four independent non-executive directors as detailed in the corporate governance report and is chaired by Kelly-Maree de Kock CA(SA). Meetings and attendance are also detailed in the corporate governance report. Certain executive directors, senior management as well as the external auditors attended audit committee meetings by invitation.

   The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 31 March 2021. The outcome of the evaluation performed on 2 June 2021 was satisfactory.

3. External auditors

   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 noted Bradley Jackson as the designated auditor and confirmed that both he and BDO South Africa Inc. are accredited with the JSE as required. The external auditors have unrestricted access to the audit committee.

   The audit committee approved the terms of the 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 2021.

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

5. Internal audit

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

6. Financial director

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

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2020 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2021.

8. Internal financial controls

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

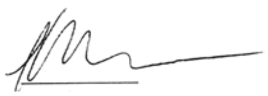
In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. 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.



KM de Kock CA(SA)
Audit and risk committee Chair
9 June 2021

DIRECTORS' REPORT
for the year ended 31 March 2021

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of the Stor-Age Property REIT Limited group and company for the year ended 31 March 2021.

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

Period of operations
The company was incorporated on 25 May 2015 and the group formed on the effective date of 16 November 2015. The company has traded for 12 months in the 2020 and 2021 financial years.

Financial results
The financial results for the year ended 31 March 2021 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards and interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

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

Date of issue	Purpose	Number of ordinary shares issued	Issue price per share
April 2020	Acquisition issue	128 279	R13.10
May 2020	Accelerated bookbuild	21 097 046	R11.85
July 2020	Dividend re-investment programme	4 199 568	R13.15
October 2020	Acquisition issue	314 074	R12.61
October 2020	Acquisition issue	20 246	R12.60
October 2020	Acquisition issue	35 738	R12.59
December 2020	Dividend re-investment programme	9 199 992	R12.40
March 2021	Acquisition issue	33 754	R13.33
March 2021	Acquisition issue	3 604	R13.32

At 31 March 2021 there were 432 881 143 shares in issue.

All of the shares in issue rank for the dividend declared for the year ended 31 March 2021. Refer to note 13 for further information regarding the shares in issue at year end.

Dividend distribution

A dividend of 52.00 cents per share was declared by the directors for the interim period ended 30 September 2020. A further dividend of 54.08 cents per share was declared for the 6 month period ended 31 March 2021. The dividend for the full year amounts to 106.08 cents per share (2020: 112.05 cents per share).

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

Borrowings

The group has an average borrowing cost of 4.80% (2020: 5.90%) at 31 March 2021 and 85.4% (2020: 79.1%) of borrowings were subject to fixed interest rates on a net debt basis. The group's borrowing capacity amounts to R2.732 billion (2020: R3.034 billion) and facilities utilised at year end amounted to R2.294 billion (2020: R2.375 billion). The group has undrawn facilities of R437.9 million (2020: R658.2 million) and a gearing ratio of 24.1% (2020: 31.6%). Details of the group's long-term borrowings are set out in note 16.

Subsidiaries

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

Directorate

During the year ended 31 March 2021 the following directors held office:

	Appointment date	Resignation date
Executive		
GM Lucas (Chief executive officer)	25 May 2015	
SC Lucas (Chief financial officer)+	25 May 2015	
SJ Horton	25 May 2015	
Non-executive		
A Varachhia#	4 January 2021	
GA Blackshaw (Chairman)	2 September 2015	
GBH Fox#+	2 September 2015	30 June 2020
JAL Chapman#	2 January 2020	
KM de Kock#	2 May 2018	
MPR Morojele#	1 September 2020	
MS Moloko#	12 October 2015	
P Mbikwana#	2 May 2018	

\# *Independent*
\+ *British citizen*

In terms of the Memorandum of Incorporation, the following directors retire at the forthcoming annual general meeting and are eligible for re-election: GA Blackshaw, MPR Morojele and A Varachhia.

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

Subsequent events

Information on material events that occurred after 31 March 2021 is included in note 33 to the financial statements.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2021

Going concern

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

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

Details of the directors' assessment of going concern is set out in note 31.

Secretary

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

INDEPENDENT AUDITOR'S REPORT
To the shareholders of Stor-Age Property REIT Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Stor-Age Property REIT Limited and its subsidiaries ("the group and company") set out on pages 118 to 216, which comprise the consolidated and separate statements of financial position as at 31 March 2021, 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 a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited and its subsidiaries as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment Properties (Consolidated and Separate Financial Statements – Notes 3.1 and 27 in the notes 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 to the consolidated and separate financial statements) The group and company's investment property portfolio had a total value in the consolidated and separate statements of financial position of R7 869 million and R621 million respectively. It is group policy that investment property is recognised at their fair values with 50% of the portfolio valued by an independent external valuer, whilst the remaining 50% is valued by the board of directors. The valuation of the group and company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values, such as the capitalisation rates, discount rates, forecasted rentals, the lease up period, property expenses, and the notional sale of the asset 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 affects the valuation of the investment property. The board of directors also apply assumptions for yields and estimated market rent to arrive at the final valuation. The valuation of investment properties was considered to be a matter of most significance to the 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: • We assessed the design and tested the implementation of key controls over the valuation process; • We assessed the board of directors' and managements' external valuer's ("management's expert") competency, capabilities and objectivity. This included inspecting professional qualifications and registrations and making an assessment of the independence and appropriateness of the valuator used; • We inspected the valuation 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 International Financial Reporting Standards, was consistent with the prior financial year, and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements. • We agreed all investment property fair values, valued by the board of directors and management's expert, to the underlying calculations and reports where applicable. • We tested the key assumptions used in the determination of fair values in respect of both the management's expert, as well as the valuations performed by the board of directors, as follows: – 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. – The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to available market data. – 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. – We assessed the reasonability of the discount and capitalisation rates applied by comparing it to available industry data for similar investment properties. – We tested the mathematical accuracy of the DCF models, by reperforming the calculations.

Key audit matter	How the matter was addressed in our audit
	• In addition to the above, we also selected key valuations, and requested an external, independent auditor's valuation expert to review the reasonability of the: – Forecast revenue applied in the 1st year of the discounted cash flow ("DCF") models; – Projected property expenses applied in the 1st year of the DCF models; – Revenue and expense growth rates in the DCF models subsequent to the initial forecast year; and – Discount, exit and capitalisation rates applied by either the board of directors or management's external expert. • We evaluated whether the completeness and adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of investment properties against the requirements of International Financial Reporting 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 2021", 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 one year.

BDO South Africa Incorporated
Registered Auditors

BDO South Africa Incorporated

Bradley Jackson
Director
Registered Auditor

9 June 2021

123 Hertzog Boulevard
Foreshore, Cape Town
South Africa
8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
ASSETS					
Non-current assets		8 241 155	7 463 998	4 773 238	4 655 379
Investment properties	3	7 869 321	7 074 287	620 544	485 653
Property and equipment		15 696	17 653	5 591	7 144
Stor-Age share purchase scheme loans	4	140 041	185 737	140 041	185 737
Goodwill and intangible assets	5	147 019	152 276	79 456	78 819
Investment in subsidiaries	6	–	–	3 899 989	3 889 417
Equity-accounted investees	7	28 637	3 527	21 743	3 527
Unlisted investment		5 474	5 082	5 474	5 082
Deferred taxation	22	2 701	25 436	–	–
Derivative financial assets	8	32 266	–	400	–
Current assets		260 067	228 239	707 524	596 343
Trade and other receivables	10	82 907	146 210	11 606	33 925
Inventories		6 087	5 676	1 926	1 548
Intercompany receivable	9	–	–	387 047	353 307
Cash and cash equivalents	11	171 073	76 353	76 950	23 242
Dividend receivable	12	–	–	229 995	184 321
Total assets		8 501 222	7 692 237	5 480 762	5 251 722
EQUITY AND LIABILITIES					
Total equity		5 656 753	4 605 378	4 215 343	3 866 687
Stated capital	13	4 783 903	4 360 033	4 783 903	4 360 033
Non-distributable reserve	14	1 076 749	210 839	(38 218)	(19 595)
Accumulated loss		(402 047)	(261 904)	(552 308)	(481 407)
Share-based payment reserve	15	21 966	7 656	21 966	7 656
Foreign currency translation reserve		137 574	255 657	–	–
Total attributable equity to shareholders		5 618 145	4 572 281	4 215 343	3 866 687
Non-controlling interest		38 608	33 097	–	–
Non-current liabilities		1 746 619	2 506 683	320 755	957 940
Loans and borrowings	16.1	1 347 000	2 045 723	303 794	926 112
Derivative financial liabilities	16.2	61 810	152 706	15 624	29 309
Deferred taxation	22	65 361	–	–	–
Lease obligations	30	272 448	308 254	1 337	2 519
Current liabilities		1 097 850	580 176	944 664	427 095
Loans and borrowings	16.1	647 359	160 000	647 359	160 000
Trade and other payables	17	173 302	157 978	16 009	11 645
Provisions	18	10 716	2 858	4 444	2 422
Lease obligations	30	32 371	33 357	1 384	1 293
Intercompany payable	9	–	–	41 366	25 752
Dividends payable		234 102	225 983	234 102	225 983
Total equity and liabilities		8 501 222	7 692 237	5 480 762	5 251 722

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Property revenue	19	800 222	698 822	36 958	37 561
– Rental income		738 726	633 973	33 153	36 526
– Other income		61 496	64 849	3 805	1 035
Impairment losses recognised on tenant debtors		(6 375)	(3 808)	(258)	(63)
Direct property costs		(206 435)	(178 186)	(1 955)	(4 607)
Net property operating income		587 412	516 828	34 745	32 891
Other revenue		4 510	4 730	444 528	347 992
– Management fees		4 510	4 730	2 965	2 912
– Dividend income from subsidiaries		–	–	441 563	345 080
Administration expenses	21	(89 307)	(55 461)	(60 336)	(34 820)
Operating profit		502 615	466 097	418 937	346 063
Fair value adjustment to investment properties	3	803 242	(104 407)	(4 062)	(17 006)
Other fair value adjustments to financial instruments	20	62 668	(175 593)	(14 561)	(25 221)
Foreign exchange gains/(losses)		5 368	(14 851)	9 714	(14 851)
Impairment of investment in subsidiary		–	–	–	(76 020)
Depreciation and amortisation		(11 184)	(10 837)	(5 396)	(4 439)
Profit before interest and taxation		1 362 709	160 409	404 632	208 526
Interest income		44 438	58 258	19 291	24 910
Interest expense		(107 906)	(116 625)	(46 920)	(66 318)
Share of net loss of equity-accounted investees		(15)	–	–	–
Profit before taxation		1 299 226	102 042	377 003	167 118
Taxation expense	22	(96 619)	3 175	–	–
– Normal taxation		(6 564)	(472)	–	–
– Deferred taxation		(90 055)	3 647	–	–
Profit for the year		1 202 607	105 217	377 003	167 118
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign operations		(120 800)	242 420	–	–
Other comprehensive income for the year, net of taxation		(120 800)	242 420	–	–
Total comprehensive income for the year		1 081 807	347 637	377 003	167 118
Profit attributable to:		1 202 607	105 217		
Owners of the company		1 192 294	104 887		
Non-controlling interest		10 313	330		
Total comprehensive income attributable to:		1 081 807	347 637		
Owners of the company		1 074 211	341 398		
Non-controlling interest		7 596	6 239		
Earnings per share	23	Cents	Cents		
Basic earnings per share		282.68	26.76		
Diluted earnings per share		280.20	26.62		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2021

Group	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 15) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2019	4 292 941	490 839	(206 533)	19 149	190	4 596 586	28 165	4 624 751
Total comprehensive income for the year	–	–	104 887	236 511	–	341 398	6 239	347 637
Profit for the year	–	–	104 887	–	–	104 887	330	105 217
Other comprehensive income	–	–	–	236 511	–	236 511	5 909	242 420
Transactions with shareholders, recognised directly in equity								
Issue of shares	67 092	–	–	–	–	67 092	–	67 092
Proceeds	68 023	–	–	–	–	68 023	–	68 023
Share issue costs	(931)	–	–	–	–	(931)	–	(931)
Transfer to non-distributable reserve	–	(280 000)	280 000	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	7 466	7 466	–	7 466
Dividends	–	–	(440 332)	–	–	(440 332)	(1 236)	(441 568)
Total transactions with shareholders	67 092	(280 000)	(160 332)	–	7 466	(365 774)	(1 236)	(367 010)
Changes in ownership interests								
Acquisition of non-controlling interest without a change in control	–	–	74	(3)	–	71	(71)	–
Balance at 31 March 2020	4 360 033	210 839	(261 904)	255 657	7 656	4 572 281	33 097	4 605 378

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2021

Group	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 15) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Total comprehensive income for the year	–	–	1 192 294	(118 083)	–	1 074 211	7 596	1 081 807
Profit for the year	–	–	1 192 294	–	–	1 192 294	10 313	1 202 607
Other comprehensive income	–	–	–	(118 083)	–	(118 083)	(2 717)	(120 800)
Transactions with shareholders, recognised directly in equity								
Issue of shares	423 870	–	–	–	–	423 870	–	423 870
Proceeds	426 147	–	–	–	–	426 147	–	426 147
Share issue costs	(2 277)	–	–	–	–	(2 277)	–	(2 277)
Transfer to non-distributable reserve	–	865 910	(865 910)	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	14 310	14 310	–	14 310
Dividends	–	–	(466 527)	–	–	(466 527)	(2 085)	(468 612)
Total transactions with shareholders	423 870	865 910	(1 332 437)	–	14 310	(28 347)	(2 085)	(30 432)
Balance at 31 March 2021	4 783 903	1 076 749	(402 047)	137 574	21 966	5 618 145	38 608	5 656 753

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2021

Company	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Share-based payment reserve (note 15) R'000	Total R'000
Balance at 1 April 2019	4 292 941	(258)	(250 420)	190	4 042 453
Total comprehensive income for the year	–	–	167 118	–	167 118
Profit for the year	–	–	167 118	–	167 118
Other comprehensive income	–	–	–	–	–
Restructure of subsidiaries	–	22 890	–	–	22 890
Transactions with shareholders, recognised directly in equity					
Issue of shares	67 092	–	–	–	67 092
Proceeds	68 023	–	–	–	68 023
Share issue costs	(931)	–	–	–	(931)
Transfer to non-distributable reserve	–	(42 227)	42 227	–	–
Equity settled share-based payment charge	–	–	–	7 466	7 466
Dividends	–	–	(440 332)	–	(440 332)
Total transactions with shareholders	67 092	(42 227)	(398 105)	7 466	(365 774)
Balance at 31 March 2020	4 360 033	(19 595)	(481 407)	7 656	3 866 687
Total comprehensive income for the year	–	–	377 003	–	377 003
Profit for the year	–	–	377 003	–	377 003
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	423 870	–	–	–	423 870
Proceeds	426 147	–	–	–	426 147
Share issue costs	(2 277)	–	–	–	(2 277)
Transfer from non-distributable reserve	–	(18 623)	18 623	–	–
Equity settled share-based payment charge	–	–	–	14 310	14 310
Dividends	–	–	(466 527)	–	(466 527)
Total transactions with shareholders	423 870	(18 623)	(447 904)	14 310	(28 347)
Balance at 31 March 2021	4 783 903	(38 218)	(552 308)	21 966	4 215 343

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company Restated* 2020 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	24.1	583 259	448 725	14 084	(14 198)
Interest received	24.2	35 667	53 995	15 067	21 910
Interest paid	24.3	(153 003)	(119 417)	(87 492)	(83 964)
Dividends paid	24.4	(460 493)	(430 452)	(458 408)	(429 216)
Dividend received	24.5	–	–	395 889	308 608
Taxation paid	24.6	–	(857)	–	–
Net cash outflow from operating activities		5 430	(48 006)	(120 860)	(196 860)
Cash flows from investing activities					
Additions to investment properties	3	(198 217)	(193 227)	(116 176)	(142 266)
Advance of Stor-Age share purchase scheme loans	4	(22 162)	(18 707)	(22 162)	(18 707)
Repayment of Stor-Age share purchase scheme loans	4	71 252	20 709	71 252	20 709
Additional investment in subsidiaries	6	–	–	(10 043)	–
Acquisition of property and equipment		(4 431)	(8 123)	(1 125)	(3 379)
Advance of loans to subsidiaries	9	–	–	(549 247)	(819 337)
Proceeds from subsidiaries	9	–	–	531 121	782 835
Acquisition of intangible assets	5	(1 921)	(2 574)	(1 474)	(975)
Acquisition of unlisted investment		(650)	(550)	(651)	(550)
Advancement of loan to equity-accounted investments		(22 284)	(3 527)	(17 337)	(3 527)
Asset acquisitions, net of cash acquired		–	(269 500)	–	–
Net cash outflow from investing activities		(178 413)	(475 499)	(115 842)	(185 197)
Cash flows from financing activities					
Proceeds from loans and borrowings	16.1	252 637	832 164	240 937	700 502
Repayment of loans and borrowings	16.1	(366 131)	(545 421)	(366 131)	(545 421)
Proceeds from the issue of shares	13	419 304	67 393	419 304	67 393
Share issue costs	13	(2 277)	(931)	(2 277)	(931)
Repayment of lease obligations		(32 867)	(30 448)	(1 423)	(1 329)
Net cash inflow from financing activities		270 666	322 757	290 410	220 214
Net cash inflow/(outflow) for the year		97 683	(200 748)	53 708	(161 843)
Effects of movements in exchange rate changes on cash held		(2 963)	17 528	–	–
Cash and cash equivalents at beginning of year		76 353	259 573	23 242	185 085
Cash and cash equivalents at end of year	11	171 073	76 353	76 950	23 242

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

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

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

1.2 Basis of preparation

Statement of compliance

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 9 June 2021.

1.3 Basis of measurement

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

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

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

Functional and presentation currency

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

New and amended standards adopted by the group

The amendments made to standards effective for the current financial year did not have a material impact on the financial statements.

- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure-Interest rate benchmark reform.

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

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

Title of standard or interpretation	Effective for reporting period ending	Nature of change	Impact on financial statements
Onerous Contracts – Cost fulfilling a Contract	31 March 2022	The amendment to IAS 37 provides clarity on the types of costs included as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.	The changes have been assessed and will not have a material impact on the financial statements.
Annual improvements to IFRS standards 2018 – 2020	31 March 2022	Includes amendments to IFRS 9, relating to the '10 per cent test' for derecognition of financial liabilities, and IFRS 16 relating to the removal of the illustrative example on payments for leasehold improvements.	The changes have been assessed and will not have a material impact on the financial statements.
Reference to the Conceptual Framework	31 March 2022	Amendments to IFRS 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	The changes have been assessed and will not have a material impact on the financial statements.
IBOR Reform and its Effects on Financial Reporting – Phase 2	31 March 2022	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 which address the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.	The changes have been assessed and will not have a material impact on the financial statements.
Classification of liabilities as current or non-current	31 March 2023	The amendment to IAS 1 provides clarity on the requirements for classifying a liability as current or non-current.	The changes have been assessed and will not have a material impact on the financial statements.
Disclosure of Accounting Policy	31 March 2023	The amendments to IAS 1 include disclosures of material rather than significant accounting policies.	The changes have been assessed and will not have a material impact on the financial statements.
Definition of Accounting Estimate	31 March 2023	The IAS 8 amendment includes a new definition for accounting estimates which clarified that they are monetary amounts in the financial statements that are subject to measurement uncertainty.	The changes have been assessed and will not have a material impact on the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

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

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

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

1.5 Basis of consolidation

1.5.1 Investment in subsidiaries

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

The group has applied 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 Investment in joint venture

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

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

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

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

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

1.6 Investment properties

Investment properties

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

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

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

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

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

Investment properties under development

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 30. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Property and equipment

Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the straight-line basis, over the current estimated useful lives of the assets. The estimated useful lives of the assets for the current periods are:

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of useful life and the lease term
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.

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

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

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

The group measures financial assets at amortised cost if both of the following conditions are met:
- the objective is to hold assets to collect contractual cash flows, in line with the group's business model, and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The group's financial assets consist of

Trade and other receivables

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

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

Cash and cash equivalents

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

Loan receivable

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

Stor-Age share purchase scheme loans

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

Unlisted investment

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

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

1.8.1.1 Financial liabilities

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

1.8.1.2 Offsetting

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

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

1.8.2 Derivative financial instruments and hedge accounting

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Goodwill and intangible assets

Goodwill

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 and transferred to non-distributable reserves through the statement of changes in equity.

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:

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

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

1.10 Leases

The group leases certain properties classified as investment properties and head office space.

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

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

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

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 not increased significantly since initial recognition. The group adopts the policy for loss allowances for trade receivables and contract assets to be measured at an amount equal to the lifetime expected credit losses 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.

1.12.2 Non-financial assets

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

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

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

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

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. Impairment of goodwill is never reversed.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Provisions

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

1.14 Revenue

Property revenue

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

Revenue from the sale of packaging materials (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.

Other revenue

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

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

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

1.15 Direct property costs

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

1.16 Interest expense

Interest expense comprises interest on borrowings. 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.

1.17 Interest income

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

1.18 Operating profit

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

1.19 Net property operating income

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

1.20 Tax

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

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

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

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

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

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

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

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

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

1.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision maker reviews the internal management reports 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
  - Western Cape
  - Gauteng
  - Free State
  - KwaZulu-Natal
  - Eastern Cape
- United Kingdom

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

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

1.24 Non-distributable reserve

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

1.25 Foreign currency

1.25.1 Foreign currency transactions

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

1.25.2 Foreign currency translation reserve

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

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

1.26 Share-based payment

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

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

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

1.27 Non-controlling interest

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

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

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

1.28 Dividends declared

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

1.29 Earnings and headline earnings per share

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

2. FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk

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 26).

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.

2.1 Credit risk

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

Trade and other receivables

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

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

Stor-Age share purchase scheme loans

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

Cash and cash equivalents

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

	Long-term rating
First National Bank	Ba2
Investec Bank	Ba2
Standard Bank	Ba2
Nedbank	Ba2
Royal Bank of Scotland	A2
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
Investec Bank	Ba2
Standard Bank	Ba2
Nedbank	Ba2
Lloyds Bank	A1

2.2 Liquidity risk

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

The group and company monitor cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 26.4.

2.3 Market risk

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

Interest rate risk

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

Currency risk

The group is exposed to currency risk on its initial capital exposure as well as the underlying earnings as a result of operations in the United Kingdom. The group uses cross-currency interest rate swaps as part of its treasury management, effectively matching the currency of debt with the currency of an asset. Cash flows 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 cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings.

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.

2.4 Capital risk management

The group and company policy is to maintain a strong capital base, comprising its shareholders' interest so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the group and company's stated purpose to deliver long-term sustainable growth in dividends per share.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents disclosed in note 11, and share capital as disclosed in note 13. 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 16.1 with the most onerous limit on loan to value ("LTV") of 45%. The group comfortably complied with these covenants. Refer to note 16.3 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.

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
3.	**INVESTMENT PROPERTIES**				
3.1	**Fair value of investment properties**				
	Historical cost	5 914 080	5 876 424	345 404	307 748
	Right-of-use assets^	17 298	17 298	–	–
	Subsequent expenditure capitalised	577 140	393 718	289 299	188 001
	Fair value adjustment	1 128 148	324 906	(14 158)	(10 096)
	Remeasure of lease obligations	393	–	–	–
	Exchange differences	232 262	461 941	–	–
	Carrying amount at end of year	7 869 321	7 074 287	620 544	485 653
	Movement in investment properties:				
	Carrying amount at start of year	7 074 287	6 242 413	485 653	398 702
	Additions made through asset acquisitions	–	331 488	–	–
	Additions to investment property	37 656	4 777	37 656	4 777
	Right-of-use assets	–	17 298	–	–
	Remeasure of lease obligations	393	–	–	–
	Subsequent expenditure capitalised*	183 422	151 470	101 297	99 180
	Fair value adjustment	803 242	(104 407)	(4 062)	(17 006)
	Exchange differences	(229 679)	431 248	–	–
	Carrying amount at end of year	7 869 321	7 074 287	620 544	485 653

^ Only reflects the Springfield property. The remaining leasehold properties are included in the historical cost balance.
* Includes interest capitalised of R16.168 million (2020: R17.691 million) for the group and R15.934 million (2020: R16.566 million) for the company.

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

All investment properties, except for those under development, have generated rental income during the current year. Repairs and maintenance arising from investment properties that generated rental income during the year amounted to R6.5 million (2020: R6.4 million). The carrying amount of investment properties under construction and held for development amount to R282.1 million (2020: R179.7 million).

Investment properties with a fair value of R7.22 billion (2020: R6.48 billion) at the reporting date are pledged as security for the loans and borrowings set out in note 16.

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

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

With effect from 31 March 2021, the group's policy is to have 50% of the South African trading portfolio valued by an independent valuer at the year end reporting date and 50% at the interim reporting date. The properties not valued independently on each reporting date are valued internally by the directors using the same methodology.

All properties in the UK trading portfolio are valued by an independent valuer at year end. At the interim reporting date the properties are valued by the directors.

In line with this policy, the table below sets out 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 2021						
Internally valued	25	2 130.7	–	–	25	2 130.7
Externally valued	25	2 287.2	21	3 169.6	46	5 456.8
	50	4 417.9	21	3 169.6	71	7 587.5
31 March 2020						
Internally valued	30	2 486.3	5	349.8	35	2 836.1
Externally valued	20	1 466.0	16	2 592.5	36	4 058.5
	50	3 952.3	21	2 942.3	71	6 894.6

All properties under construction and development are valued internally by the board of directors and have been excluded from the table above.

Measurement of fair value on investment properties

Details of valuation – South Africa

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

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who are independent and members of the South African Institute of Valuers, independently valued 25 properties in the South African portfolio at 31 March 2021.

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. Net operating income is based on the projected revenue less projected direct operating costs, including a notional property management fee of 6.0% of annual 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. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation. For short leasehold properties, the same methodology has been used as for freehold and long leasehold properties, except that no sale of the property in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. For investment properties under construction, the property being developed is valued adopting the same methodology as set out above but on the basis of the cash flow projection expected for the property at opening and allowing for the outstanding costs to take each store 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. (b) Discount rate – between 13.50% and 15.00% (2020: between 13.75% and 15.25%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 8.00% and 9.50% (2020: between 8.00% and 9.50%). (d) Rental rate growth for years 1 to 3 of the 10 year projection ranges between 6.0% and 8.0% (2020: year 1 ranged between 3.0% and 4.0% with the exception of one property which was 5.0%; year 2 and 3 ranged between 6.0% and 8.0% with the exception of one property which was 10.0%. Rental growth of 6.0% is applied for years 4 to 10 (2020: 6.0%). In determining the valuations at 31 March 2020, we adopted a conservative view on the forecasted cash flows from the properties due to the uncertainty as a result of COVID-19 by reducing the forecast growth rates in year 1 by 50%. In addition, we did not take account of any planned cost savings arising from our response to managing the financial impact of the pandemic. (e) The operating costs inflation assumption is 6.0% (2020: 6.0%).	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. 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"). The valuation was 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 Limited 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 valuation has 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 has confirmed that:

- This is the first occasion on which CBRE has provided valuation advice to the group.
- CBRE does not provide other significant professional or agency services to the group;
- in relation to the preceding financial year of CBRE, 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 of the properties has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated lease-up, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by CBRE to arrive at its opinion of fair value for these 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. For the short leasehold properties, the notional sale of the asset at the end of the 10th year (for leases with an unexpired lease term greater than 10 years) is adjusted for the unexpired lease term at the notional exit point. Net operating income is based on projected revenue received less projected operating costs, including a property management fee based on a percentage of revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date. The net operating income in future years is calculated assuming either straight line lease-up from day one actual occupancy or variable line lease-up over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each property.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – Freehold and long leasehold properties between 8.50% and 9.50%; Short leasehold properties between 10.00% and 10.50%. (2020: between 8.625% and 13.25%) (c) Exit capitalisation rate (freehold and long leasehold properties) - between 5.625% and 6.625%. (2020: between 5.875% and 10.75%) (d) Rental rate growth ranges between 2.75% and 3.50%. (2020: between 2.75% and 3.00%) (e) The operating costs inflation assumption is 2.75%. (2020: 2.5%)	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease-up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

Sensitivity of fair values to changes in unobservable inputs

		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
	Valuation R million	-0.1% R million	0.1% R million	-1% R million	1% R million	-0.1% R million	0.1% R million
31 March 2021							
South Africa	4 699.7	34.7	(33.9)	(37.4)	37.4	18.1	(17.9)
United Kingdom	3 169.6	24.1	(23.5)	(71.9)	72.9	20.2	(18.8)
Total	7 869.3	58.8	(57.4)	(109.3)	110.3	38.3	(36.7)
31 March 2020							
South Africa	4 132.0	20.4	(19.9)	(49.4)	49.5	23.1	(22.9)
United Kingdom	2 942.3	16.0	(15.5)	(66.5)	68.8	15.9	(15.8)
Total	7 074.3	36.4	(35.4)	(115.9)	118.3	39.0	(38.7)

3.2 Capital commitments authorised

	Group 2021 R'000	Group 2020 R'000
Contracted for	142 872	172 679
Authorised but not contracted for	201 148	57 540
	344 020	230 219

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

4. STOR-AGE SHARE PURCHASE SCHEME LOANS

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

	2021 Number of shares	2020 Number of shares
Maximum number of shares available for the Scheme	20 000 000	20 000 000
Original Shares issued to participants		
At start of year	16 398 139	16 620 580
Sold during the year	(3 759 985)	(222 441)
Issued during the year	–	–
At end of year	12 638 154	16 398 139
Shares available for the Scheme	3 280 560	3 280 560

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

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

Reconciliation of share movement in the current year

	Number of shares at 1 April 2020	Shares issued	Shares sold	Number of shares at 31 March 2021
Issue 1	11 426 000	–	(2 300 246)	9 125 754
Issue 2	217 139	–	(92 779)	124 360
Issue 3	200 000	–	(130 000)	70 000
Issue 4a	675 000	–	(336 960)	338 040
Issue 4b	1 050 000	–	(150 000)	900 000
Issue 5	1 700 000	–	(600 000)	1 100 000
Issue 6	1 130 000	–	(150 000)	980 000
	16 398 139	–	(3 759 985)	12 638 154

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

Reconciliation of movement in loan

	Opening balance at 1 April 2020 R'000	Interest charged R'000	Dividends paid R'000	Settlement of loan R'000	Advance of loan for new issue/ re-advance of loan R'000	Closing balance at 31 March 2021 R'000
Issue 1	123 879	9 302	(12 428)	(34 412)	9 955	96 296
Issue 2	2 142	160	(224)	(1 144)	279	1 213
Issue 3	2 221	132	(185)	(1 731)	335	772
Issue 4a	8 095	547	(687)	(4 416)	478	4 017
Issue 4b	12 740	880	(1 146)	(2 046)	451	10 879
Issue 5	22 314	1 457	(1 775)	(7 799)	230	14 427
Issue 6	14 346	1 097	(1 233)	(2 026)	253	12 437
	185 737	13 575	(17 678)	(53 574)	11 981	140 041

	Opening balance at 1 April 2019 R'000	Interest charged R'000	Dividends paid R'000	Settlement of loan R'000	Advance of loan for new issue/ re-advance of loan R'000	Closing balance at 31 March 2020 R'000
Issue 1	122 173	12 895	(12 698)	(1 641)	3 150	123 879
Issue 2	2 277	186	(254)	(131)	64	2 142
Issue 3	2 220	177	(231)	–	55	2 221
Issue 4a	8 752	593	(774)	(626)	150	8 095
Issue 4b	12 684	932	(1 158)	–	282	12 740
Issue 5	22 292	1 598	(1 875)	–	299	22 314
Issue 6	14 341	1 131	(1 321)	–	195	14 346
	184 739	17 512	(18 311)	(2 398)	4 195	185 737

	Interest rate	Outstanding balance R'000	Fair value of shares R'000
Issue 1	8.00%	96 296	119 547
Issue 2	8.31%	1 213	1 629
Issue 3	8.00%	772	917
Issue 4a	7.46%	4 017	4 428
Issue 4b	7.46%	10 879	11 790
Issue 5	7.19%	14 427	14 410
Issue 6	7.90%	12 437	12 838
Shares balance at 31 March 2021		**140 041**	**165 559**
Shares balance at 31 March 2020		185 737	204 158

Loans to directors and employees

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Directors				
– SC Lucas	39 473	49 494	39 473	49 494
– GM Lucas	40 502	49 494	40 502	49 494
– SJ Horton	40 502	49 494	40 502	49 494
Employees	19 564	37 255	19 564	37 255
	140 041	185 737	140 041	185 737

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

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

Dividends of R17.678 million (2020: R18.311 million) received by participants in the scheme during the current year have been applied against the interest on the loans of R13.575 million (2020: R17.512 million).

No impairment allowances (refer to note 26.3.1) were made on the outstanding loan balances as at the end of the year.

	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
5. GOODWILL AND INTANGIBLE ASSETS						
Group						
2021						
Cost	124 880	–	4 000	7 395	18 126	154 401
Opening balance	128 907	–	4 000	5 586	19 603	158 096
Additions during the year*	–	–	–	1 921	–	1 921
Foreign exchange movement	(4 027)	–	–	(112)	(1 477)	(5 616)
Accumulated amortisation	–	–	–	(3 382)	–	(3 382)
Opening balance	–	–	–	(1 820)	–	(1 820)
Amortisation for the year	–	–	–	(1 562)	–	(1 562)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2021	124 880	–	–	4 013	18 126	147 019
2020						
Cost	128 907	–	4 000	5 586	19 603	158 096
Opening balance	121 013	–	4 000	2 945	17 329	145 287
Additions during the year	–	–	–	2 574	–	2 574
Foreign exchange movement	7 894	–	–	67	2 274	10 235
Accumulated amortisation	–	–	–	(1 820)	–	(1 820)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(1 375)	–	(1 375)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	128 907	–	–	3 766	19 603	152 276

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

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

Company	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
2021						
Cost	279	77 400	4 000	3 536	–	85 215
Opening balance	279	77 400	4 000	2 062	–	83 741
Additions during the year*	–	–	–	1 474	–	1 474
Accumulated amortisation	–	–	–	(1 759)	–	(1 759)
Opening balance	–	–	–	(922)	–	(922)
Amortisation for the year	–	–	–	(837)	–	(837)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2021	279	77 400	–	1 777	–	79 456
2020						
Cost	279	77 400	4 000	2 062	–	83 741
Opening balance	279	77 400	4 000	1 087	–	82 766
Additions during the year	–	–	–	975	–	975
Accumulated amortisation	–	–	–	(922)	–	(922)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(477)	–	(477)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	279	77 400	–	1 140	–	78 819

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

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

	Initial goodwill R'000	Cumulative foreign exchange movement R'000	Accumulated impairment loss R'000	Goodwill 31 March 2021 R'000	Goodwill 31 March 2020 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	3 867	–	45 414	49 441
Carrying amount at end of year	121 013	3 867	–	124 880	128 907

5. GOODWILL AND INTANGIBLE ASSETS (continued)

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

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

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

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, using the following assumptions:

	2021	2020
Discount rate	15%	17%
Exit capitalisation rate	9.3%	9.5%
Growth rate	6%	9%
Cost inflation	6%	6%

There was no impairment of the cash generating units at 31 March 2021.

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 cost 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 therefore been recognised during the current year.

5.3 Goodwill acquired as part of the Betterstore business combination

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

	2021	2020
Dividend growth	6.0%	4.0%
Exit capitalisation rate	6.8%	6.0%
Discount rate	9.27%	9.13%
Exchange rate (GBP/ZAR)	20.41	23.00
Terminal growth rate	3.00%	2.75%

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

5.4 Intangible assets

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

5.5 Sensitivity analysis

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

	2021 R'million	2020 R'million
Stor-Age Self Storage		
Discount rate minus 1%	6.79	5.71
Discount rate plus 1%	(6.23)	(5.23)
Long run growth rate minus 1%	(5.75)	(5.62)
Long run growth rate plus 1%	6.01	5.88
Betterstore		
Dividend growth rate minus 1%	(87.93)	(82.44)
Dividend growth rate plus 1%	91.11	85.49
Discount rate minus 1%	89.17	82.17
Discount rate plus 1%	(84.58)	(77.93)

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

Name of subsidiary	Country of incorporation	Percentage held	Investment 2021 R'000	Investment 2020 R'000
Roeland Street Investments Proprietary Limited ('RSI')	South Africa	100%	2 949 017	2 947 193
Roeland Street Investments 2 Proprietary Limited ('RSI 2')	South Africa	100%	950 972	942 224
			3 899 989	3 889 417

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

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's indirectly held interest in subsidiaries at 31 March 2021 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2021	Interest % held as at 31 March 2020
Storage RSA Trading Proprietary Limited	USS	South Africa	100%	100%
Gauteng Storage Properties Proprietary Limited	USS	South Africa	100%	100%
Unit Self Storage Proprietary Limited ('USS')	RSI	South Africa	100%	100%
Stor-Age International Proprietary Limited ('SAI')	RSI	South Africa	100%	100%
Betterstore Self Storage Holdings Limited ('Betterstore')	SAI	Guernsey	97.8%	97.8%
Betterstore Self Storage Properties I Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Properties III Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Operations Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Holdings Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Limited	Betterstore	United Kingdom	100%	100%
Capital Storage Limited	Betterstore	United Kingdom	100%	100%
Betterstore Properties UK Limited	Betterstore	United Kingdom	100%	100%

7. EQUITY-ACCOUNTED INVESTEES

7.1 Summary of equity-accounted investees

Name	Principal place of business	Effective interest	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Sunningdale Self Storage Proprietary Limited ('Sunningdale')	South Africa	50%	21 514	3 527	21 743	3 527
SKJV 1 Limited ('SKJV 1')	United Kingdom	24.9%	6 501	–	–	–
SKJV 2 Limited ('SKJV 2')	United Kingdom	24.9%	622	–	–	–
Carrying amount			28 637	3 527	21 743	3 527

In the group financial statements the investments are recognised using the equity-accounted method. The equity-accounted investment is recognised at cost in the company's financial statements.

7.1.1 **Sunningdale**

Sunningdale is a joint venture with Garden Cities to develop a new self storage property in Sunningdale, Cape Town. Shortly after year end, the first phase of construction was completed and the property commenced trading in May 2021.

Stor-Age has the right to appoint two of the four directors of Sunningdale and participates in all significant financial and operating decisions. The group has joint control and Sunningdale is structured as a separate vehicle. The group has a residual interest in the net assets of Sunningdale and accordingly has classified its interest in Sunningdale as a joint venture.

In accordance with the agreement, the construction of the self storage facility is funded firstly out of Sunningdale's own resources and then via loans by shareholders pro-rata to their respective shareholdings. The shareholder loan advanced to Sunningdale is unsecured and bears interest at the prime interest rate applicable in South Africa. The interest is due and payable bi-annually.

Sunningdale has a financial year ending 28 February 2021.

The table below summarises the financial information of Sunningdale included in its own financial statements. The accounting policies of Sunningdale are uniform with those of the group. The table also reconciles the group's summarised financial information to the carrying amount of the group's interest in the company:

	31 March 2021 R'000	31 March 2020 R'000
Non-current assets	42 202	8 731
Current assets	935	957
Non-current liabilities	(43 155)	(9 689)
Net assets (100%)	(18)	(1)
Group's share of net assets (50%)	(9)	–
Elimination of management fee capitalised to the investment property	(218)	–
Shareholder loan	21 741	3 527
Reconciliation of movement:		
Opening balance	3 527	–
Capital advanced	17 413	3 527
Interest accrued	801	–
Closing balance	21 741	3 527
Carrying amount of interest in Sunningdale	21 514	3 527
Administration expenses	(41)	–
Interest income	23	(1)
Taxation expense	–	–
Loss and total comprehensive income (100%)	(18)	(1)
Loss and total comprehensive income (50%)	(9)	–
Group's share of total comprehensive income	(9)	–

7.1.2 **SKJV 1 and SKJV 2**

The group, via its wholly-owned subsidiary Stor-Age International Limited, entered into a joint venture agreement with the Moorfield Group for a £50 million JV (with the potential to increase to £100 million) to develop a portfolio of self storage properties in the UK , providing an effective platform to continue advancing our UK growth strategy. Each development will be housed in a separate vehicle the first of which is SKJV 1, followed by SKJV 2.

Stor-Age has the right to appoint two of the five directors and all shareholders must unanimously agree on the relevant activities of the entities. The group has a residual interest in the net assets of SKJV 1 and SKJV 2 and accordingly has classified its interest in these companies as joint ventures.

SKJV 1 and SKJV 2 were both incorporated in 2020 and have a financial year ending 31 December.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
8. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts	31 866	–	–	–
Interest rate swaps	400	–	400	–
– ZAR denominated facilities	400	–	400	–
Total derivative financial assets	32 266	–	400	–

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

Derivative	Risk mitigation
Forward exchange contracts	The group enters into forward exchange contracts to manage its exposure to foreign exchange risk by forward selling foreign currency at predetermined prices.
Interest rate swap	The group has entered into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans.

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

	Company 2021 R'000	Company 2020 R'000
9. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Gauteng Storage Properties Proprietary Limited	4 743	–
Unit Self Storage Proprietary Limited	9 622	2 372
Roeland Street Investments 2 Proprietary Limited	27 001	23 380
	41 366	25 752
Intercompany receivable		
Roeland Street Investments Proprietary Limited	387 047	352 517
Gauteng Storage Properties Proprietary Limited	–	790
	387 047	353 307

* *Refer to note 35 for further details regarding the restatement.*

The intercompany loan balances mainly comprise working capital amounts and dividends declared to the company at 30 September 2020 that were not settled at 31 March 2021.

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

Refer to note 26 for the expected credit losses disclosure.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
10. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Tenant debtors net of loss allowance	14 787	16 827	126	179
Gross tenant debtors	17 225	18 533	197	211
Loss allowance	(2 438)	(1 706)	(71)	(32)
Staff loans	127	89	125	89
Related party receivables	14	13 314	1 872	14 827
Other receivables: Rental guarantee^	–	10 041	–	10 041
Variable consideration held in escrow	–	22 584	–	–
Sundry receivables	27 096	25 192	4 027	7 684
	42 024	88 047	6 150	32 820
Non-financial instruments				
Pre-payments+	40 883	56 829	667	1 105
Taxation receivable	–	1 334	–	–
VAT	–	–	4 789	–
	40 883	58 163	5 456	1 105
Total trade and other receivables	82 907	146 210	11 606	33 925
Split between non-current and current portion				
Current assets	82 907	146 210	11 606	33 925
Non-current assets	–	–	–	–
	82 907	146 210	11 606	33 925
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9:				
At amortised cost	42 024	78 006	6 150	22 779
At fair value through profit or loss	–	10 041	–	10 041
Non-financial instruments	40 883	58 163	5 456	1 105

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

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

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
11. CASH AND CASH EQUIVALENTS				
Cash on call	69 012	18 408	69 012	18 408
Current account	102 061	57 945	7 938	4 834
	171 073	76 353	76 950	23 242

The effective interest rates are set out in note 26.2.2.

	Company 2021 R'000	Company 2020 R'000
12. DIVIDEND RECEIVABLE		
Roeland Street Investments Proprietary Limited	183 931	139 106
Roeland Street Investments 2 Proprietary Limited	46 064	45 215
	229 995	184 321

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
13. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
In issue at the beginning of the year	4 360 033	4 292 941	4 360 033	4 292 941
Accelerated book-builds	250 000	–	250 000	–
Purchase of investment properties	6 843	630	6 843	630
Dividend re-investment programme	169 304	67 393	169 304	67 393
Share issue costs	(2 277)	(931)	(2 277)	(931)
In issue at the end of the year	4 783 903	4 360 033	4 783 903	4 360 033
Reconciliation of number of issued shares				
In issue at the beginning of the year	397 848 842	392 986 858	397 848 842	392 986 858
Shares issued during the year	35 032 301	4 861 984	35 032 301	4 861 984
In issue at the end of the year	432 881 143	397 848 842	432 881 143	397 848 842

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.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
14. NON-DISTRIBUTABLE RESERVE				
Fair value adjustment on investment properties	1 128 148	324 906	(14 158)	(10 096)
Fair value adjustment on financial instruments	(56 194)	(118 862)	(46 950)	(32 389)
Restructure of subsidiaries	–	–	22 890	22 890
Gain on bargain purchase	4 795	4 795	–	–
	1 076 749	210 839	(38 218)	(19 595)
Movements for the year				
Balance at beginning of year	210 839	490 839	(19 595)	(258)
Adjustment to fair value of investment properties	803 242	(104 407)	(4 062)	(17 006)
Adjustment to fair value of financial instruments	62 668	(175 593)	(14 561)	(25 221)
Restructure of subsidiaries	–	–	–	22 890
Balance at end of year	1 076 749	210 839	(38 218)	(19 595)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
15. SHARE-BASED PAYMENT RESERVE				
Opening balance	7 656	190	7 656	190
Movement	14 310	7 466	14 310	7 466
Expense recognised in profit or loss	14 310	7 466	13 781	7 466
Group share-based payment charge #	–	–	529	–
Shares issued during the current year	–	–	–	–
Closing balance	21 966	7 656	21 966	7 656

\# *During the current year CSP awards were granted to the employees of Betterstore.*

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

15. SHARE-BASED PAYMENT RESERVE (continued)

Details of conditional shares awarded are set out below:

	Tranche 1	Tranche 2	Tranche 3	Total
GM Lucas	171 625	305 111	381 388	858 124
SC Lucas	171 625	305 111	381 388	858 124
SJ Horton	171 625	305 111	381 388	858 124
Other employees	717 012	714 217	1 107 588	2 538 817
Total awards granted at 31 March 2021	1 231 887	1 629 550	2 251 752	5 113 189

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.

Details of assumptions

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

	Tranche 1	Tranche 2	Tranche 3
Opening number of unvested instruments	1 231 887	–	–
Awards granted during the current year	–	1 629 550	2 251 752
Closing number of unvested instruments	1 231 887	1 629 550	2 251 752
Grant date	13 March 2019	30 August 2019	14 September 2020
Vesting date	1 September 2022	1 September 2022	15 September 2023
Issue price (30 day VWAP) *		13.11	13.11
Forfeiture rate		10.0%	7.0%
Dividend yield		8.24%	8.24%
Performance condition factor		90.0%	90.0%

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

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

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

No conditional shares vested during the year.

* *Volume-weighted average price.*

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
16. FINANCIAL LIABILITIES				
16.1 Loans and borrowings				
Reconciliation of loans and borrowings:				
Opening balance at 1 April	2 205 723	1 742 311	1 086 112	916 180
New borrowing facilities	–	270 246	–	270 246
Withdrawals	252 637	561 918	240 937	430 256
Repayments	(366 131)	(545 421)	(366 131)	(545 421)
Foreign exchange movement	(9 765)	14 851	(9 765)	14 851
Foreign currency translation reserve	(88 105)	161 818	–	–
Closing balance at 31 March	1 994 359	2 205 723	951 153	1 086 112
Current borrowings	647 359	160 000	647 359	160 000
Non-current borrowings	1 347 000	2 045 723	303 794	926 112
– Long-term borrowings	1 646 527	2 215 355	603 321	1 095 744
– Surplus cash paid into loan facility	(299 527)	(169 632)	(299 527)	(169 632)

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

31 March 2021

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value R'000	Facility balance at 31 March 2021 R'000
Nedbank	Nov-23	5 years	Jibar+1.73%	350 000	298 358
Nedbank	Oct-21	3 years	Prime-1.40%	375 000	372 136
Nedbank	Dec-23	3 years	Jibar+1.78%	300 000	5 436
Standard Bank	Oct-21	3 years	Jibar+1.66%	370 000	299 418
Futuregrowth	Apr-21	Rolling 3 months	Jibar+0.75%	160 000	160 000
				1555 000	1 135 348

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value £'000	Facility balance at 31 March 2021 R'000
Lloyds Bank	Nov-24	6 years*	Libor+2.75%	52 000	1 043 206
Standard Bank	Sep-21	3 years	Libor+2.10%	5 650	115 332
				57 650	1 158 538
Total gross loans and borrowings for the group					2 293 886
Surplus cash paid into loan facility					(299 527)
Closing balance at 31 March					1 994 359

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

^ *Rates referenced to Jibar represents 3 month Jibar. Rates referenced to Libor represents 3 month Libor.*

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

31 March 2020

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value R'000	Facility balance at 31 March 2020 R'000
Nedbank	Nov-23	5 years	Jibar+1.73%	350 000	298 350
Nedbank	Oct-21	3 years	Prime-1.40%	375 000	372 150
Nedbank	Dec-23	3 years	Jibar+1.78%	300 000	–
Standard Bank	Oct-21	3 years	Jibar+1.66%	370 000	300 147
Investec	May-22	3 years	Prime-1.40%	150 000	–
Futuregrowth	Apr-20	Rolling 3 months	Jibar+0.70%	160 000	160 000
				1705 000	1 130 647

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value £'000	Facility balance at 31 March 2020 R'000
Lloyds Bank	Nov-24	6 years*	Libor+2.75%	52 000	1 119 611
Standard Bank D	Sep-21	3 years	Libor+2.10%	8 000	125 097
				60 000	1 244 708
Total gross loans and borrowings for the group					2 375 355
Surplus cash paid into loan facility					(169 632)
Closing balance at 31 March					2 205 723

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

^ *Rates referenced to Jibar represents 3 month Jibar. Rates referenced to Libor represents 3 month Libor.*

All borrowing facilities are interest only facilities.

Surplus cash is placed in the Nedbank annex facility and earned interest at Prime less 1.65%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate swaps with a nominal value of R450 million (2020: R500 million) and R200 million (2020: R200 million) have been entered into with Nedbank Limited and Standard Bank Limited respectively for the ZAR denominated facilities. Interest rate swaps to the value of £39.4 million (2020: £39.4 million) and £5.0 million (2020: £5.0 million) have been entered into with Lloyds Bank and Standard Bank Limited respectively for the GBP denominated facilities. Further details are set out in note 26.2.1.

Subsequent to year end, the group agreed terms with Nedbank and Standard Bank for the extension of the debt facilities expiring in September and October 2021 for a further three years on similar terms as set out above.

The loans and borrowings are secured as follows:

Nedbank

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

Standard Bank

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

Lloyds Bank

Leasehold Properties

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

The loans and borrowings are secured as follows:

Freehold Properties

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

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The following covenants are applicable to the year ended 31 March 2021:

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

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

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

No covenants were breached during the year.

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

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
16.2 Derivative financial liabilities				
Forward exchange derivatives	–	6 564	–	–
Cross currency interest rate swaps	27 173	81 889	–	–
Interest rate swaps	34 637	64 253	15 624	29 309
– ZAR denominated facilities	14 630	28 610	14 630	28 609
– GBP denominated facilities	20 007	35 643	994	700
	61 810	152 706	15 624	29 309

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

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

Refer to note 26 for further details set out on the derivative instruments.

16.3 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 (LTV) ratio, set out below, as a crucial metric in assessing its capital structure.

	Group	
	2021 R'000	2020 R'000
Loans and borrowings	1 994 359	2 205 723
Less: cash and cash equivalents	(171 073)	(76 353)
Net debt	1 823 286	2 129 370
Investment properties	7 869 321	7 074 287
Less: lease obligations	(301 730)	(337 109)
Fair value of investment properties (net of lease obligations)	7 567 591	6 737 178
LTV ratio	24.1%	31.6%

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
17.	**TRADE AND OTHER PAYABLES**				
	Financial instruments				
	Trade creditors	31 228	32 676	1 374	1 745
	Security deposits	21 557	19 774	2 230	1 975
	Other payables	8 040	6 135	2 286	1 810
	Related party payables	–	–	520	–
	Property accruals	41 063	30 537	6 745	5 263
	Tenant deposits	582	614	583	613
		102 470	89 736	13 737	11 406
	Non-financial instruments				
	Income received in advance	55 366	51 937	2 272	405
	Taxation payable	5 979	–	–	–
	VAT	9 487	16 305	–	(166)
		70 832	68 242	2 272	239
	Total trade and other payables	173 302	157 978	16 009	11 645

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

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
18.	**PROVISIONS**				
	Balance at beginning of year	2 858	6 266	2 422	5 768
	Movement in provision*	7 858	(3 408)	2 022	(3 346)
	Balance at end of year	10 716	2 858	4 444	2 422

* *Relates mainly to provision for bonuses and municipal related costs*

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
19.	**REVENUE**				
	Rental income	738 726	633 973	33 153	36 526
	Rental income from tenants	733 192	615 503	27 619	19 054
	Rental underpin	5 534	18 470	5 534	17 472
	Other income	61 496	64 849	3 805	1 035
	Ancillary income ^	47 681	35 221	3 706	774
	Rental guarantee #	10 042	24 458	–	–
	Sundry income	3 773	5 170	99	261
	Property revenue	800 222	698 822	36 958	37 561

^ *Includes sale of merchandise, administration fees, late fees, insurance income (UK only).*
# *The rental guarantee relates to the acquisition of the Managed Portfolio in October 2018 and the rental underpin to the Certificate of Practical Completion developments (Bryanston – September 2017; Craighall – August 2019). Both, provided by the sellers of the properties, effectively provide income protection to Stor-Age as the properties lease-up to mature occupancy levels.*

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
20.	OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS				
	Fair value adjustment to derivative financial instruments	72 791	(151 067)	(14 302)	(25 153)
	Fair value adjustment to other financial instruments	(10 123)	(24 526)	(259)	(68)
		62 668	(175 593)	(14 561)	(25 221)

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
21.	ADMINISTRATION EXPENSES BY NATURE				
21.1	Employee benefits				
	Salaries and wages	50 900	31 156	29 938	17 198
	Equity-based share based payment expense	14 310	7 466	13 781	7 466
	Other staff costs	1 695	2 010	1 466	1 579
		66 905	40 632	45 185	26 243
21.2	Operating and administration expenses				
	Other administration expenses	11 826	5 373	12 199	4 218
	Professional fees	7 415	5 717	1 479	1 780
	Auditor's remuneration	3 161	3 739	1 473	2 579
		22 402	14 829	15 151	8 577
	Total	89 307	55 461	60 336	34 820

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
22. TAXATION				
22.1 Current and deferred tax expense				
Income tax charge for the year	(6 564)	(472)	–	–
Deferred tax charge for the year	(90 055)	3 647	–	–
Taxation for the year	(96 619)	3 175	–	–
Reconciliation between applicable tax rate and effective tax rate:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses	1.19%	3.82%	1.30%	1.82%
– Employee conditional share plan	*0.31%*	*2.05%*	*1.02%*	*1.25%*
– Corporate interest restriction (CIR)	*0.81%*	*0.00%*	*0.00%*	*0.00%*
– Items of a capital nature	*0.07%*	*1.41%*	*0.28%*	*0.57%*
– Items not in the production of income ^	*0.00%*	*0.36%*	*0.00%*	*0.00%*
Tax-exempt income	0.00%	0.00%	(0.09%)	0.00%
– Government incentives (ETI & TERS)	*0.00%*	*0.00%*	*(0.09%)*	*0.00%*
Fair value adjustments	(10.48%)	46.03%	0.30%	15.60%
Tax rate difference due to foreign operations	(3.99%)	(13.61%)	0.00%	0.00%
Qualifying distribution	(5.97%)	(80.78%)	(28.71%)	(49.33%)
Unrecognised deferred tax asset	(1.30%)	13.44%	(0.80%)	3.91%
Effective tax rate	7.45%	(3.10%)	(0.00%)	(0.00%)
22.2 Deferred tax				
Deferred tax asset				
Tax losses	462	17 528	–	–
Capital allowances	2 239	–	–	–
Fair value adjustments	–	7 908	–	–
	2 701	25 436	–	–
Deferred tax liability				
Fair value adjustments	(65 361)	–	–	–
	(65 361)	–	–	–
	(62 660)	25 436	–	–

^ *Relates mainly to expenses of one of the SA dormant subsidiaries, where the subsidiary did not generate any income during the year. The expenses of this company is not tax deductible as it does not relate to a specific revenue stream.*

Deferred tax movement reconciliation – Group*

	Tax losses	Fair value adjustments	Capital Allowances	Total R'000
2021				
At beginning of the year	17 528	7 908	–	25 436
Profit or loss	(16 416)	(75 980)	2 341	(90 055)
Exchange differences	(650)	2 711	(102)	1 959
At end of year	462	(65 361)	2 239	(62 660)
2020				
At beginning of the year	18 829	–	–	18 829
Profit or loss	(3 963)	7 610	–	3 647
Exchange differences	2 662	298	–	2 960
At end of year	17 528	7 908	–	25 436

* *No reconciliation is disclosed for the company as there was no movement in the company's deferred tax for the year.*

South Africa

The South African group of companies has assessed losses of R406.1 million (2020: R406.1 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

The deferred tax liability recognition on the fair value adjustments in the UK is a result of the change in UK tax laws whereby companies which were subject to tax under the Non-Resident Landlord Scheme have now become subject to Corporations Tax, effective 6 April 2020.

The UK group of companies has tax losses available to carry forward and utilise against future profits of £0.1 million (2020: £4.1 million).

23. EARNINGS AND HEADLINE EARNINGS PER SHARE

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

	Group 2021 R'000	Group 2020 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the year (attributable to shareholders of the parent)	1 192 294	104 887
Basic earnings	1 192 294	104 887
	Gross	Gross
Headline earnings adjustments	(719 430)	103 182
Fair value adjustment to investment properties	(803 242)	104 407
Fair value adjustment to investment properties (NCI) +	8 707	(1 225)
Tax effect on the above adjustments	75 105	–
Headline earnings attributable to shareholders	472 864	208 069
Number of shares		
Total number of shares in issue ('000)	432 881	397 849
Shares in issue entitled to dividends at 31 March ('000)	432 881	395 349
Weighted average number of shares in issue ('000)	421 786	394 448
Weighted average number of shares in issue entitled to dividends	421 786	391 948
Add: Weighted potential dilutive impact of conditional shares	3 724	2 012
Diluted weighted average number of shares in issue	425 510	393 960
Earnings per share		
Basic earnings per share (cents)	282.68	26.76
Diluted earnings per share (cents)	280.20	26.62
Headline earnings per share		
Basic headline earnings per share (cents)	112.11	53.09
Diluted headline earnings per share (cents)	111.13	52.81

+ *Non-controlling interest.*

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
24.	**NOTES TO THE STATEMENTS OF CASH FLOWS**				
24.1	**Cash generated from operations**				
	Profit before taxation	1 299 226	102 042	377 003	167 118
	Adjusted for:				
	Dividends income	–	–	(441 563)	(345 080)
	Interest income	(44 438)	(58 258)	(19 291)	(24 910)
	Interest expense	107 906	116 625	46 920	66 318
	Change in provision	7 858	(3 408)	2 022	(3 346)
	Depreciation and amortisation	11 184	10 837	5 396	4 439
	Equity-settled share based payment expense	14 310	7 466	13 781	7 466
	Foreign exchange (gains)/losses	(5 368)	14 851	(9 714)	14 851
	Impairment of investment in subsidiary	–	–	–	76 020
	Fair value adjustment to investment properties	(803 242)	104 407	(4 062)	17 006
	Fair value adjustment to financial instruments	(62 668)	181 813	14 561	25 221
		524 768	476 375	(6 823)	5 103
	Changes in working capital, net of assets acquired	58 491	(27 650)	20 907	(19 301)
	Decrease/(increase) in trade and other receivables	44 554	(119)	20 416	(9 533)
	Increase in inventory	(520)	(24)	(378)	(419)
	Increase/(decrease) in trade and other payables	14 457	(27 507)	869	(9 349)
		583 259	448 725	14 084	(14 198)
24.2	**Interest received**				
	Interest income	44 438	58 258	19 291	24 910
	Outstanding interest income accrual on loans	(8 771)	(4 263)	(4 224)	(3 000)
	Interest received	35 667	53 995	15 067	21 910
24.3	**Interest paid**				
	Interest expense	107 906	116 625	46 920	66 318
	Interest capitalised to investment properties (refer to note 3)	16 168	17 691	15 935	16 566
	Realised losses on interest rate swaps	54 401	4 947	28 388	4 947
	Outstanding interest expense accrual on loans	(6 492)	(3 843)	(3 419)	(3 437)
	Interest on lease obligations	(18 980)	(16 003)	(332)	(430)
	Interest paid	153 003	119 417	87 492	83 964

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
24.4	**Dividends paid**				
	Balance payable at beginning of year	225 983	214 867	225 983	214 867
	Dividend declared*	466 527	440 332	466 527	440 332
	Dividends paid by subsidiary to non-controlling interest	2 085	1 236	–	–
	Balance payable at end of year	(234 102)	(225 983)	(234 102)	(225 983)
	Dividends paid	460 493	430 452	458 408	429 216
	***Dividends declared**				
	Dividend declared based on shares in issue at year end	466 527	440 332	466 527	440 332
	Antecedent dividend relating to shares issued after year end	–	12 131	–	12 131
	Distributable earnings	466 527	452 463	466 527	452 463
24.5	**Dividend received**				
	Balance receivable at the beginning of year	–	–	184 321	151 553
	Dividend income from subsidiary	–	–	441 563	345 080
	Final restructured subsidiary dividend	–	–	–	(3 704)
	Balance receivable at end of year	–	–	(229 995)	(184 321)
	Dividend received	–	–	395 889	308 608

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

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
24.7	**Movement in net debt**				
	Loans and borrowings	1 994 359	2 205 723	951 153	1 086 112
	Lease obligations	304 819	341 611	2 721	3 812
	Gross debt	2 299 178	2 547 334	953 874	1 089 924
	Cash and cash equivalents	(171 073)	(76 353)	(76 950)	(23 242)
	Net debt	2 128 105	2 470 981	876 924	1 066 682

Reconciliation of the movement in net debt

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Group			
Net debt at 1 April 2020	(2 205 723)	(341 611)	(2 547 334)
Cash flows	113 494	32 867	146 361
Other non-cash movements	9 765	–	9 765
Foreign exchange adjustments	88 105	3 925	92 030
Gross debt at 31 March 2021	(1 994 359)	(304 819)	(2 299 178)
Cash and cash equivalents			171 073
Net debt at 31 March 2021			(2 128 105)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Group			
Net debt at 1 April 2019	(1 742 311)	(213 311)	(1 955 622)
Cash flows	(286 743)	30 448	(256 295)
Recognised on adoption of IFRS 16	–	(22 008)	(22 008)
Acquisition of leasehold properties	–	(74 599)	(74 599)
Other non-cash movements	(14 851)	–	(14 851)
Foreign exchange adjustments	(161 818)	(62 141)	(223 959)
Gross debt at 31 March 2020	(2 205 723)	(341 611)	(2 547 334)
Cash and cash equivalents			76 353
Net debt at 31 March 2020			(2 470 981)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
Net debt at 1 April 2020	(1 086 112)	(3 812)	(1 089 924)
Cash flows	125 194	1 423	126 617
Other non-cash movements	9 765	(332)	9 433
Gross debt at 31 March 2021	(951 153)	(2 721)	(953 874)
Cash and cash equivalents			76 950
Net debt at 31 March 2021			(876 924)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
Net debt at 1 April 2019	(916 180)	–	(916 180)
Cash flows	(155 081)	(4 710)	(159 791)
Recognised on adoption of IFRS 16	–	1 329	1 329
Other non-cash movements	(14 851)	(431)	(15 282)
Gross debt at 31 March 2020	(1 086 112)	(3 812)	(1 089 924)
Cash and cash equivalents			23 242
Net debt at 31 March 2020			(1 066 682)

25. SEGMENTAL INFORMATION

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

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

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

Segment property operating income for the year ended 31 March 2021

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	148 655	202 062	5 310	52 338
– Other income	7 374	15 289	381	3 327
Impairment losses recognised on tenant debtors	(2 019)	(2 376)	(166)	(859)
Direct property costs	(33 439)	(47 036)	(1 834)	(14 011)
Operating profit	120 571	167 939	3 691	40 795
Fair value adjustment to investment properties	78 973	228 165	15 712	72 039
Segment property operating income	199 544	396 104	19 403	112 834

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	15 490	423 855	314 871	738 726
– Other income	1 555	27 926	33 570	61 496
Impairment losses recognised on tenant debtors	(344)	(5 764)	(611)	(6 375)
Direct property costs	(4 463)	(100 783)	(105 652)	(206 435)
Operating profit	12 238	345 234	242 178	587 412
Fair value adjustment to investment properties	13 062	407 951	395 291	803 242
Segment property operating income	25 300	753 185	637 469	1 390 654

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	800 222	800 222	–
– Rental income	738 726	738 726	–
– Other income	61 496	61 496	–
Impairment losses recognised on tenant debtors	(6 375)	(6 375)	–
Direct property costs	(206 435)	(206 435)	–
Net property operating income	587 412	587 412	–
Other revenue	4 510	–	4 510
– Management fees	4 510	–	4 510
Administration expenses	(89 307)	–	(89 307)
Operating profit	502 615	587 412	(84 797)
Fair value adjustment to investment properties	803 242	803 242	–
Foreign exchange gains/(losses)	5 368	–	5 368
Other fair value adjustments	62 668	–	62 668
Depreciation and amortisation	(11 184)	–	(11 184)
Profit before interest and taxation	1 362 709	1 390 654	(27 945)
Interest income	44 438	–	44 438
Interest expense	(107 906)	–	(107 906)
Share of net loss of equity-accounted investees	(15)	–	(15)
Profit before taxation	1 299 226	1 390 654	(91 428)
Taxation expense	(96 619)	–	(96 619)
Profit for the year	1 202 607	1 390 654	(188 047)
Translation of foreign operations	(120 800)	–	(120 800)
Other comprehensive income for the year, net of taxation	(120 800)	–	(120 800)
Total comprehensive income for the year	1 081 807	1 390 654	(308 847)

25. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2021

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 748 296	2 195 943	51 200	565 067
Tenant debtors	1 247	2 226	168	911
Inventories	1 917	2 515	93	385
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 215)	(3 237)	–	(19 563)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	139 200	4 699 706	3 169 615	7 869 321
Tenant debtors	294	4 846	9 941	14 787
Inventories	124	5 034	1 053	6 087
Goodwill and intangible assets	–	–	63 540	63 540
Loans and borrowings	–	–	(1 158 537)	(1 158 537)
Lease obligations	–	(45 015)	(256 715)	(301 730)

Group segment assets, reserves and liabilities as at 31 March 2021

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	8 241 155	7 932 861	308 294
Investment properties	7 869 321	7 869 321	–
Property and equipment	15 696	–	15 696
Stor-Age share purchase scheme loans	140 041	–	140 041
Goodwill and intangible assets	147 019	63 540	83 479
Equity-accounted investees	28 637	–	28 637
Other receivables	–	–	–
Unlisted investment	5 474	–	5 474
Deferred taxation	2 701	–	2 701
Derivative financial assets	32 266	–	32 266
Current assets	260 067	20 874	239 193
Trade and other receivables	82 907	14 787	68 120
Inventories	6 087	6 087	–
Cash and cash equivalents	171 073	–	171 073
Total assets	8 501 222	7 953 735	547 487
Equity and liabilities			
Total equity	5 656 753	–	5 656 753
Stated capital	4 783 903	–	4 783 903
Non-distributable reserve	1 076 749	–	1 076 749
Accumulated loss	(402 047)	–	(402 047)
Share-based payment reserve	21 966	–	21 966
Foreign currency translation reserve	137 574	–	137 574
Total attributable equity to shareholders	5 618 145	–	5 618 145
Non-controlling interest	38 608	–	38 608
Non-current liabilities	1 746 619	1 429 586	317 033
Loans and borrowings	1 347 000	1 158 537	188 463
Derivative financial instruments	61 810	–	61 810
Deferred taxation	65 361	–	65 361
Lease obligations	272 448	271 049	1 399
Current liabilities	1 097 850	30 681	1 067 169
Loans and borrowings	647 359	–	647 359
Trade and other payables	173 302	–	173 302
Provisions	10 716	–	10 716
Lease obligations	32 371	30 681	1 690
Dividends payable	234 102	–	234 102
Total equity and liabilities	8 501 222	1 460 267	7 040 955

25. SEGMENTAL INFORMATION (continued)

Segment property operating income for the year ended 31 March 2020

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

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

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

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

25. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2020

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

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

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

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

26. FINANCIAL INSTRUMENTS

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.

26.1 Financial risk management

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

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Group as at 31 March 2021				
Financial assets				
Stor-Age share purchase scheme loans	140 041	–	140 041	–
Cash and cash equivalents	171 073	–	171 073	–
Derivative financial assets	32 266	32 266	–	–
Trade and other receivables	82 907	–	42 024	40 883
Unlisted investment	5 474	5 474	–	–
Financial liabilities				
Loans and borrowings	1 994 359	–	1 994 359	–
Derivative financial liabilities	61 810	61 810	–	–
Lease obligations	304 819	–	304 819	–
Trade and other payables	173 302	–	102 470	70 832
Dividend payable	234 102	–	234 102	–
Group as at 31 March 2020				
Financial assets				
Stor-Age share purchase scheme loans	185 737	–	185 737	–
Cash and cash equivalents	76 353	–	76 353	–
Trade and other receivables (excluding rental guarantee)	136 169	–	78 006	58 163
Rental guarantee	10 041	10 041	–	–
Unlisted investment	5 082	5 082	–	–
Financial liabilities				
Loans and borrowings	2 205 723	–	2 205 723	–
Derivative financial liabilities	152 706	152 706	–	–
Lease obligations	341 611	–	341 611	–
Trade and other payables	157 978	–	89 736	68 242
Dividend payable	225 983	–	225 983	–

	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 2021				
Financial assets				
Stor-Age share purchase scheme loans	140 041	–	140 041	–
Cash and cash equivalents	76 950	–	76 950	–
Trade and other receivables	11 606	–	6 150	5 456
Derivative financial assets	400	400	–	–
Unlisted investment	5 474	5 474	–	–
Financial liabilities				
Loans and borrowings	951 153	–	951 153	–
Derivative financial liabilities	15 624	15 624	–	–
Lease obligations	2 721	–	2 721	–
Trade and other payables	16 009	–	13 737	2 272
Dividend payable	234 102	–	234 102	–
Company as at 31 March 2020				
Financial assets				
Stor-Age share purchase scheme loans	185 737	–	185 737	–
Cash and cash equivalents	23 242	–	23 242	–
Trade and other receivables (excluding rental guarantee)	23 884	–	22 779	1 105
Rental guarantee	10 041	10 041	–	–
Unlisted investment	5 082	5 082	–	–
Financial liabilities				
Loans and borrowings	1 086 112	–	1 086 112	–
Derivative financial liabilities	29 309	29 309	–	–
Lease obligations	3 812	–	3 812	–
Trade and other payables	11 645	–	11 406	239
Dividend payable	225 983	–	225 983	–

26.2 Market risk

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

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.1 Interest rate risk

The group is exposed to interest rate risk on loans and borrowings and cash and cash equivalents.

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

31 March 2021

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
ZAR denominated facilities							
Nedbank *							
– Swap	150 000	–	03-Jun-20	03-Jun-21	3 month Jibar	3.77%	(35)
	150 000	–					(35)
Nedbank *							
– Swap	200 000	–	03-Jun-20	03-Jun-22	3 month Jibar	4.03%	132
– Swap	100 000	–	03-Jun-20	05-Jun-23	3 month Jibar	4.45%	268
	300 000	–					400
Standard Bank *							
– Swap	100 000	–	02-Aug-19	25-Oct-21^	3 month Jibar	7.60%	(2 835)
– Swap	100 000	–	07-Aug-19	15-Nov-21^	3 month Jibar	7.50%	(2 786)
	200 000	–					(5 621)
Total ZAR denominated facilities	650 000	–					(5 256)
GBP denominated facilities							
Lloyds Bank #							
– Swap	153 095	7 500	01-Dec-20	18-Oct-24	3 month Libor	1.14%	(4 225)
– Swap	220 457	10 800	01-Dec-20	18-Oct-27	3 month Libor	1.18%	(7 206)
– Swap	431 729	21 150	31-Dec-20	18-Oct-27	3 month Libor	0.96%	(7 582)
	805 281	39 450					(19 013)
Standard Bank #							
– Swap	102 064	5 000	10-Feb-20	10-Feb-23	3 month Libor	0.66%	(994)
Total GBP denominated facilities	907 345	44 450					(20 007)
Total	1 557 345	44 450					(25 263)

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

	Notional amount R'000	Notional amount £'000	Effective date	Maturity^ date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
Standard Bank #							
– Swap option	100 000	–	02-Aug-19	15-Nov-21	3 month Libor	7.15%	(4 420)
– Swap option	100 000	–	07-Aug-19	25-Oct-21	3 month Libor	7.15%	(4 554)
	200 000	–					(8 974)
Total							(34 237)

^ *Under the swaption agreements the bank has the right to extend the agreement at 7.15% to August 2024.*

* *Interest rates are linked to 3 month JIBAR.*

Interest rates are linked to LIBOR.

31 March 2020

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2020 R'000
ZAR denominated facilities							
Nedbank *							
– Swap	50 000	–	08-Aug-17	30-Oct-20	3 month Jibar	9.00%	(569)
– Swap	50 000	–	12-Apr-19	01-Apr-22	3 month Jibar	9.13%	(2 024)
– Swap	100 000	–	12-Apr-19	01-Apr-22	3 month Jibar	8.96%	(3 710)
	200 000	–					(6 303)
Nedbank ^							
– Swap	100 000	–	12-Apr-19	01-Apr-22	Prime	8.96%	(3 710)
– Swap	100 000	–	12-Apr-19	01-Apr-22	Prime	8.96%	(3 710)
– Swap	100 000	–	08-Aug-19	08-Aug-22	Prime	9.00%	(3 956)
	300 000	–					(11 376)
Standard Bank *							
– Swap	100 000	–	02-Aug-19	15-Nov-21	3 month Jibar	7.60%	(3 863)
– Swap	100 000	–	07-Aug-19	25-Oct-21	3 month Jibar	7.50%	(3 698)
	200 000	–					(7 561)
Total ZAR denominated facilities	700 000	–					(25 240)
GBP denominated facilities							
Lloyds Bank #							
– Swap	468 284	21 150	28-Sep-18	18-Oct-22	3 month Libor	0.96%	(16 849)
– Swap	166 058	7 500	26-Mar-19	18-Oct-24	3 month Libor	1.14%	(5 480)
– Swap	239 124	10 800	01-Dec-19	18-Oct-24	3 month Libor	1.18%	(12 614)
	873 466	39 450					(34 943)
Standard Bank #							
– Swap	110 705	5 000	10-Feb-20	10-Feb-23	3 month Libor	0.66%	(700)
Total GBP denominated facilities	984 171	44 450					(35 643)
Total	1 684 171	44 450					(60 883)

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

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2020 R'000
Standard Bank #							
– Swap option	100 000	–	02-Aug-19	15-Nov-21	3 month Libor	7.15%	(1 665)
– Swap option	100 000	–	07-Aug-19	25-Oct-21	3 month Libor	7.15%	(1 705)
	200 000	–					(3 370)
Total							(64 253)

* *Interest rates are linked to 3 month JIBAR.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
# *Interest rates are linked to LIBOR.*

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.2 Effective interest rates

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

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2021						
Cash and cash equivalents	*11*		171 073	171 073	–	–
ZAR denominated						
– Cash on call		3.25%	69 012	69 012	–	–
– Current accounts		3.00%	37 108	37 108	–	–
GBP denominated						
– Current accounts		0.00%	64 953	64 953	–	–
Stor-Age share purchase scheme loans	*4*		140 041	–	–	140 041
– Issue 1		8.00%	96 296	–	–	96 296
– Issue 2		8.31%	1 213	–	–	1 213
– Issue 3		8.00%	772	–	–	772
– Issue 4a		7.46%	4 017	–	–	4 017
– Issue 4b		7.46%	10 879	–	–	10 879
– Issue 5		7.19%	14 427	–	–	14 427
– Issue 6		7.90%	12 437	–	–	12 437
Financial liabilities			(25 263)	(35)	(10 440)	(14 788)
Nedbank	*26.2.1*					
– Swap		3.77%	(35)	(35)	–	–
Nedbank	*26.2.1*					
– Swap		4.03%	132	–	132	–
– Swap		4.45%	268	–	268	–
Standard Bank	*26.2.1*					
– Swap		7.60%	(2 835)	–	(2 835)	–
– Swap		7.50%	(2 786)	–	(2 786)	–
Standard Bank						
– Swap		0.66%	(994)	–	(994)	–
Lloyds Bank	*26.2.1*					
– Swap		1.14%	(4 225)	–	(4 225)	–
– Swap		1.18%	(7 206)	–	–	(7 206)
– Swap		0.96%	(7 582)	–	–	(7 582)

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2020						
Cash and cash equivalents	*11*		*76 353*	*76 353*	–	–
ZAR denominated						
– Cash on call		5.00%	16 991	16 991	–	–
– Current accounts		4.75%	13 021	13 021	–	–
GBP denominated						
– Cash on call		0.35%	1 417	1 417	–	–
– Current accounts		0.00%	44 924	44 924	–	–
Stor-Age share purchase scheme loans	*4*		185 737	–	–	185 737
– Issue 1		8.00%	123 879	–	–	123 879
– Issue 2		8.31%	2 142	–	–	2 142
– Issue 3		8.00%	2 221	–	–	2 221
– Issue 4a		7.46%	8 095	–	–	8 095
– Issue 4b		7.46%	12 740	–	–	12 740
– Issue 5		7.19%	22 314	–	–	22 314
– Issue 6		7.90%	14 346	–	–	14 346
Financial liabilities			(60 883)	(569)	(42 220)	(18 094)
Nedbank	*26.2.1*					
– Swap		9.00%	(569)	(569)	–	–
– Swap		9.13%	(2 024)	–	(2 024)	–
– Swap		8.96%	(3 710)	–	(3 710)	–
Nedbank	*26.2.1*					
– Swap		8.96%	(3 710)	–	(3 710)	–
– Swap		8.96%	(3 710)	–	(3 710)	–
– Swap		9.00%	(3 956)	–	(3 956)	–
Standard Bank	*26.2.1*					
– Swap		7.50%	(3 863)	–	(3 863)	–
– Swap		7.50%	(3 698)	–	(3 698)	–
Standard Bank						
– Swap		0.66%	(700)	–	(700)	–
Lloyds Bank	*26.2.1*					
– Swap		0.96%	(16 849)	–	(16 849)	–
– Swap		1.14%	(5 480)	–	–	(5 480)
– Swap		1.18%	(12 614)	–	–	(12 614)

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

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

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.3 Hedge cover of loans and borrowings

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
ZAR denominated	1 135 348	1 130 647	1 135 348	1 130 647
GBP denominated	1 158 538	1 244 708	115 332	125 097
Total loans and borrowings	2 293 886	2 375 355	1 250 680	1 255 744
Surplus cash paid into loan facility	(299 527)	(169 632)	(299 527)	(169 632)
Loans and borrowings, net of cash	1 994 359	2 205 723	951 153	1 086 112
Interest rate swaps	1 557 345	1 684 171	752 064	810 705
Effective hedge cover of loans and borrowings	78.1%	76.4%	79.1%	74.6%

26.2.4 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 for which there remains uncertainty regarding the timing and method of transition. At 31 March 2021 the group's contracts remain at IBORs and have not yet transitioned to an alternative benchmark interest rate.

The transition for contracts indexed at LIBOR to an alternative benchmark interest rate will take place by 31 December 2021, the deadline set by UK regulator for the phasing out of LIBOR. Contracts that mature after this phase-out date will be indexed at an alternative benchmark rate. The contracts affected by the transition are set out in the table below:

	Group 2021 R'000	Company 2021 R'000
Liabilities exposed to GBP LIBOR maturing after 31 December 2021		
Loans and borrowings	1 043 206	–
Derivatives	28 981	9 968
Total	1 072 187	9 968

For the contracts indexed at JIBAR, uncertainty remains on the timing and method of transition.

26.2.5 Sensitivity analysis to interest rates

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss of a 1% increase/decrease in the interest rates of the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R7.365 million (2020: R6.923 million). The analysis has been prepared on the assumption that all other variables remain constant.

26.2.6 Currency risk

Currency hedging

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

Bank	Maturity date	Spot	Nominal GBP'000	Nominal ZAR'000	ZAR rate	GBP rate
Investec	26 October 2021	18.72	5 000	93 600	10.00%	3.04%
Investec	26 October 2022	18.72	5 000	93 600	10.00%	2.98%
Investec	7 June 2021	17.00	5 000	85 000	10.00%	2.33%
Total			15 000	272 200		

Hedging of capital investment

The acquisition of UK self storage operations was financed through a combination of debt and equity from South Africa, as well as a debt funding from Lloyds Bank in the UK. At year end, approximately 18.1% (2020: 38.5%) of the group's foreign currency net investment have been hedged through a combination of cross-currency interest rate swaps and the GBP-denominated loan from Lloyds Bank. The summary quantitative data about the group's exposure to currency risk is set out below:

	31 March 2021 GBP'000	31 March 2020 GBP'000
Investment property	155 277	132 888
Loans and borrowings	(56 756)	(56 217)
Other assets	7 981	8 645
Other liabilities	(23 479)	(20 379)
Net investment	83 023	64 937
Nominal value of cross currency interest rate swaps	15 000	25 000
Effective hedge of net investment	18.1%	38.5%

Hedging of cash flow

Cash flow from operations in the UK are exposed to movements in the GBP/ZAR exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging at least 80% of its 12-month projected forward net cash flow, 75% of its 13-24 month projected forward net cash flow and 50% of its 25-36 month projected forward net cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings. In line with this policy the group has the following open forward rate instruments are in place:

Maturity date	Forward rate	Fair value at 31 March 2021 (note 16.2)
June 2021	R23.02/GBP	8 380
November 2021	R23.23/GBP	5 990
June 2022	R23.48/GBP	4 947
November 2022	R24.28/GBP	6 450
June 2023	R24.29/GBP	4 720
November 2023	R23.74/GBP	1 379
		31 866

26.2.7 *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 affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At an 8% movement in the ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.7 Sensitivity analysis to exchange rates (continued)

	Group			
	2021		2020	
R'000	8% ZAR depreciation against the GBP	8% ZAR appreciation against the GBP	21% ZAR depreciation against the GBP	21% ZAR appreciation against the GBP
Distributable earnings	254	9 440	115	7 832

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

Average exchange rate		Year-end spot rate	
2021	2020	2021	2020
£1/R21.35	£1/R18.79	£1/20.41	£1/R22.14

26.3 Credit risk

26.3.1 Credit exposure

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

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Stor-Age share purchase scheme loans	140 041	185 737	140 041	185 737
Trade and other receivables	41 883	42 019	4 153	7 863
Tenant and related receivables	14 787	16 827	126	179
Sundry receivables	27 096	25 192	4 027	7 684
Other receivables: Rental guarantee	–	10 041	–	10 041
Intercompany receivable	–	–	387 047	353 307
Related party receivables	14	13 314	1 872	14 827
Staff loans	127	89	125	89
Cash and cash equivalents	171 073	76 353	76 950	23 242
	353 138	327 553	610 188	595 106
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	140 041	185 737	140 041	185 737
Shares pledged as security	(165 559)	(204 158)	(165 559)	(204 158)
Net exposure	–	–	–	–

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

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

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

Intercompany receivables

The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The risk of a default occurring over 12 months has been assessed as low as 22 of the group's 50 properties are owned by RSI and contribute a significant portion of the group's revenue. The company has reviewed RSI's expected cash flows and believes that the full loan balance is recoverable. In assessing whether there has been a significant increase in credit risk the directors review the lending company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year. 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 6). 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 was recognised in the prior year.

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.

Tenant and related receivables

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

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. Further details regarding the impairment allowance is set out in note 26.3.2

Staff loans

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

26. FINANCIAL INSTRUMENTS (continued)

26.3 Credit risk (continued)

26.3.2 Impairment loss allowances

Tenant and related receivables

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

The loss allowance was determined as follows:

	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group					
31 March 2021					
South Africa					
Expected loss rate	5%	14%	47%	87%	32%
Gross carrying amount	2 986	1 301	1 303	1 531	7 121
Loss allowance	(157)	(178)	(609)	(1 331)	(2 275)
UK					
Expected loss rate	0%	11%	54%	100%	2%
Gross carrying amount	9 695	184	225	–	10 104
Loss allowance	(21)	(20)	(122)	–	(163)
Group					
31 March 2020					
South Africa					
Expected loss rate	2%	7%	26%	75%	18%
Gross carrying amount	2 818	1 481	1 004	894	6 197
Loss allowance	(67)	(102)	(261)	(672)	(1 102)
UK					
Expected loss rate	1%	10%	51%	100%	5%
Gross carrying amount	11 203	447	487	199	12 336
Loss allowance	(112)	(45)	(248)	(199)	(604)
Company					
31 March 2021					
South Africa					
Expected loss rate	6%	23%	59%	87%	36%
Gross carrying amount	82	35	41	39	197
Loss allowance	(5)	(8)	(24)	(34)	(71)
Company					
31 March 2020					
South Africa					
Expected loss rate	1%	5%	10%	86%	15%
Gross carrying amount	90	63	29	29	211
Loss allowance	(1)	(3)	(3)	(25)	(32)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Reconciliation of loss allowance				
The loss allowance for tenant debtors at 31 March reconciles to the opening loss allowance as follows:				
Opening balance at 1 April	(1 706)	(1 851)	(32)	(16)
Increase in loss allowance	(7 566)	(4 368)	(184)	(54)
Receivables written off during the year as uncollectible	6 764	4 636	145	38
Foreign exchange movement	70	(123)	–	–
Closing balance at 31 March	(2 438)	(1 706)	(71)	(32)

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

26.4 Liquidity risk

The group's exposure to liquidity risk mainly arises from 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 2021					
Non-derivative financial liabilities					
Loans and borrowings	1 994 359	946 886	–	1 347 000	–
Lease obligations	304 819	34 229	32 374	97 122	353 640
Trade and other payables*	80 331	80 331	–	–	–
Total non-derivatives	2 379 509	1 061 446	32 374	1 444 122	353 640
Derivative financial liabilities	61 810	45 483	–	64 702	–
Total derivatives	61 810	45 483	–	64 702	–
Group 2020					
Non-derivative financial liabilities					
Loans and borrowings	2 205 723	169 104	797 394	1 417 961	–
Lease obligations	341 611	35 352	33 508	100 522	405 501
Trade and other payables*	69 348	69 348	–	–	–
Total non-derivatives	2 616 682	264 700	830 902	1 518 483	405 501
Derivative financial liabilities	152 706	9 104	45 372	80 682	–
Total derivatives	152 706	9 104	45 372	80 682	–

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

26. FINANCIAL INSTRUMENTS (continued)

26.4 Liquidity risk (continued)

The maturity profile of the group's total and undrawn borrowing facilities are reflected below:

	2021		2020	
	Total borrowing facilities	Undrawn borrowing facilities	Total borrowing facilities	Undrawn borrowing facilities
Maturity				
Within 1 year	1 020 332	73 446	160 000	–
Between 1 and 3 years	650 000	346 206	922 129	124 735
Beyond 3 years	1 061 461	18 255	1 951 336	533 375
	2 731 793	437 907	3 033 465	658 110

	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 2021					
Non-derivative financial liabilities					
Loans and borrowings	951 153	946 886	–	303 794	–
Lease obligations	2 721	1 522	1 484	–	–
Trade and other payables*	10 846	10 846	–	–	–
Total non-derivatives	964 798	959 332	1 484	303 794	–
Derivative financial liabilities	15 624	58 125	–	18 649	–
Total derivatives	15 624	58 125	–	18 649	–
Company 2020					
Non-derivative financial liabilities					
Loans and borrowings	1 086 112	160 000	797 394	298 350	–
Lease obligations	3 812	1 423	3 007	–	–
Trade and other payables*	8 818	8 818	–	–	–
Total non-derivatives	1 098 742	170 241	800 401	298 350	–
Derivative financial liabilities	29 309	13 472	67 141	25 121	–
Total derivatives	29 309	13 472	67 141	25 121	–

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

The maturity profile of the company's total and undrawn borrowing facilities are reflected below:

	2021		2020	
	Total borrowing facilities	Undrawn borrowing facilities	Total borrowing facilities	Undrawn borrowing facilities
Maturity				
Within 1 year	1 020 332	73 446	160 000	–
Between 1 and 3 years	650 000	346 206	922 129	124 735
Beyond 3 years	–	–	800 000	501 650
	1 670 332	419 652	1 882 129	626 385

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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

Fair value hierarchy

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

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

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

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

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

Fair value hierarchy (continued)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties:

Group	*Note*	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
2021					
Assets		–	37 740	7 869 321	7 907 061
Investment properties	*3*	–	–	7 869 321	7 869 321
Derivative financial assets	*8*	–	32 266	–	32 266
Unlisted investment		–	5 474	–	5 474
Liabilities		–	61 810	–	61 810
Derivative financial liabilities	*16.2*	–	61 810	–	61 810
2020					
Assets		–	5 082	7 084 328	7 089 410
Investment properties	*3*	–	–	7 074 287	7 074 287
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	152 706	–	152 706
Derivative financial liabilities	*16.2*	–	152 706	–	152 706
Company					
2021					
Assets		–	5 874	620 544	626 418
Investment properties	*3*	–	–	620 544	620 544
Derivative financial assets	*8*	–	400	–	400
Unlisted investment		–	5 474	–	5 474
Liabilities		–	15 624	–	15 624
Derivative financial liabilities	*16.2*	–	15 624	–	15 624
2020					
Assets		–	5 082	495 694	500 776
Investment properties	*3*	–	–	485 653	485 653
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	29 309	–	29 309
Derivative financial liabilities	*16.2*	–	29 309	–	29 309

Level 2 fair values

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

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

Level 3 fair values

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

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

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

* *The investment is 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 BBBEE codes.*

28. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit and Risk Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

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

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

29. RELATED PARTY TRANSACTIONS

These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

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

Subsidiaries

- 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
- Storage RSA Investments Proprietary Limited and its subsidiaries

Equity-accounted investees

- Sunningdale Self Storage Proprietary Limited
- SKJV 1 Limited
- SKJV 2 Limited

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

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

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
29.2	**Material related party transactions and balances**				
	Related party balances				
	Intercompany payables				
	Gauteng Storage Properties Proprietary Limited	–	–	4 743	–
	Unit Self Storage Proprietary Limited	–	–	9 622	2 372
	Roeland Street Investments 2 Proprietary Limited	–	–	27 001	23 380
	Intercompany receivables				
	Gauteng Storage Properties Proprietary Limited	–	–	–	790
	Roeland Street Investments Proprietary Limited	–	–	387 047	352 517
	Storage RSA Trading Proprietary Limited	–	–	–	–
	Amounts – owing to related parties				
	– Gauteng Storage Properties Proprietary Limited	–	–	3	–
	– Roeland Street Investments Proprietary Limited	–	–	253	–
	– Roeland Street Investments 2 Proprietary Limited	–	–	170	–
	– Unit Self Storage Proprietary Limited	–	–	94	–
	Amounts – owing by related parties				
	– Betterstore Self Storage Operations Limited	–	–	1 449	–
	– Stor-Age Property Holdings Proprietary Limited	11	8 463	11	8 463
	– Roeland Street Investments Proprietary Limited	–	–	151	–
	– Roeland Street Investments 2 Proprietary Limited	–	–	66	–
	– Madison Square Holdings Close Corporation	3	4 934	3	4 934
	– Unit Self Storage Proprietary Limited	–	–	31	–
	– Gauteng Storage Properties Proprietary Limited	–	–	161	–
	Related party transaction				
	Dividend income				
	Roeland Street Investments Proprietary Limited	–	–	352 892	238 654
	Wimbledonway Investments Proprietary Limited	–	–	–	3 949
	N14 Self Storage Proprietary Limited	–	–	–	857
	Roeland Street Investments 2 Proprietary Limited	–	–	88 671	95 361
	Roeland Street Investments 3 Proprietary Limited	–	–	–	6 259

29. RELATED PARTY TRANSACTIONS (continued)

29.2 Material related party transactions and balances (continued)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	13 575	17 512	13 575	17 512
Related party interest income				
Betterstore Self Storage Operations Limited	–	–	29	–
Stor-Age Property Holdings Proprietary Limited	–	3 500	–	3 500
Sunningdale Self Storage Proprietary Limited	801	2	801	2
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	–	–	–	–
Related party construction fees incurred				
Madison Square Holdings Close Corporation	99 227	53 887	63 764	38 183
Related party development fees income				
Sunningdale Self Storage Proprietary Limited	218	1 000	437	1 000
Related party recovery of costs				
Madison Square Holdings Close Corporation	2 400	5 000	2 400	5 000
Betterstore Self Storage Operations Limited	–	–	1 120	–
Office lease payments				
Stor-Age Property Holdings Proprietary Limited	1 423	1 330	1 423	1 330
Office rental income				
Madison Square Holdings Close Corporation	–	131	–	–
Purchase of Craighall self storage property	–	88 904	–	88 904

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

	Direct beneficial	Indirect	Total	Percentage
29.3 Directors' and company secretary's shareholdings				
31 March 2021				
GM Lucas	3 650 251	7 021 513	10 671 764	2.47%
SJ Horton	3 650 251	3 082 802	6 733 053	1.56%
SC Lucas	3 650 252	7 021 513	10 671 765	2.47%
MS Moloko	64 907	–	64 907	0.01%
GA Blackshaw	–	1 742 648	1 742 648	0.40%
HH-O Steyn (company secretary)	–	300 000	300 000	0.07%
JAL Chapman	132 279	–	132 279	0.03%
	11 147 940	19 168 476	30 316 416	7.00%
31 March 2020				
GM Lucas	4 400 000	7 012 180	11 412 180	2.87%
SJ Horton	4 400 000	3 075 802	7 475 802	1.88%
SC Lucas	4 400 000	7 012 180	11 412 180	2.87%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	300 000	300 000	0.08%
JAL Chapman	45 000	–	45 000	0.01%
	14 384 907	19 142 810	33 527 717	8.43%

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

On 12 December 2018 Stor-Age Property Holdings 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 18.720 million Stor-Age shares ("the pledged shares") in favour of the Lender.

The pledged shares relate to Stor-Age shares held by SPH, the SPH Trust and other companies and trusts related to the executive directors ("the related entities"). At 31 March 2021, the outstanding balance on the Facility was R46.7 million (2020: R37.5 million). The related entities held 24.163 million Stor-Age shares at 31 March 2021.

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.

29. RELATED PARTY TRANSACTIONS (continued)

29.4 Directors' remuneration

	2021 R'000	2020 R'000
A Varachhia+ (investment committee)	60	–
GA Blackshaw (social and ethics committee, investment committee and remuneration committee)	311	271
GBH Fox^ (audit and risk committee and remuneration committee)	75	296
JAL Chapman (investment committee)	241	60
KM de Kock (audit and risk committee and remuneration committee)	292	286
MPR Morojele# (audit and risk committee and remuneration committee)	161	–
MS Moloko (social and ethics committee and audit and risk committee)	286	286
P Mbikwana (social and ethics committee and audit and risk committee)	265	236
PA Theodosiou (audit and risk committee, remuneration committee and investment committee)	–	252
	1 691	1 687

+ *A Varachhia was appointed on 4 January 2021*
# *MPR Morojele was appointed on 1 September 2020*
^ *GBH Fox resigned on 30 June 2020*

Fees paid to executive directors were as follows:

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

	2021				2020			
	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000
GM Lucas	2 000	–	700	2 700	2 000	–	–	2 000
SJ Horton	2 000	–	700	2 700	2 000	–	–	2 000
SC Lucas	2 000	–	700	2 700	2 000	–	–	2 000
	6 000	–	2 100	8 100	6 000	–	–	6 000

The directors listed in the note above are key management personnel of the group.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
30. LEASE OBLIGATIONS				
Lease payments due:				
Within one year	34 229	35 352	1 522	1 423
Between one and two years	32 602	36 727	1 484	1 522
Between two and five years	96 894	97 303	–	1 485
Later than five years	353 640	405 501	–	–
	517 365	574 883	3 006	4 430
Less: Future finance charges	(212 546)	(233 272)	(285)	(618)
	304 819	341 611	2 721	3 812
Present value of lease payments due:				
Within one year	32 371	33 357	1 384	1 293
Between one and two years	28 917	31 495	1 337	1 258
Between two and five years	78 690	86 215	–	1 261
Later than five years	164 841	190 544	–	–
	304 819	341 611	2 721	3 812
Split between non-current and current portion				
Current liabilities	32 371	33 357	1 384	1 293
Non-current liabilities	272 448	308 254	1 337	2 519
	304 819	341 611	2 721	3 812

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

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

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

* *Stor-Age Tokai comprises both a freehold (7 494 m² GLA) and leasehold (620 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

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

31. GOING CONCERN

At 31 March 2021 the group's current liabilities exceed its current assets by R837.8 million (Company R377.6 million) as a result of the upcoming refinancing of various debt facilities totalling R786.9 million which expire on 30 September 2021 and the distribution payable at year end of R234.1 million.

Subsequent to year end the group agreed terms with its lenders for the extension of these facilities for a further three years from expiry.

The group currently has approximately R437.9 million (company: R419.7 million) in unutilised long term borrowing facilities as well as R470.6 million (company: R376.45 million) cash on hand (including surplus cash paid into its loan facilities of R299.5 million) which is immediately available to the group and can be accessed to settle its current liabilities in the ordinary course of business.

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

32. IMPACT OF COVID-19

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

In responding to the crisis caused by COVID-19 in March 2020, our priority remained ensuring the safety of our employees and customers. We immediately educated our staff on and introduced new safety protocols including sanitisers and social distancing measures, provided PPE and reinforced hygiene and cleaning standards throughout our properties. Soon after the respective national lockdowns commenced in SA and the UK, we activated a fully online e-sign capability for new leases allowing for a contactless digital sign-up and move-in process. During lockdown, our properties remained accessible to customers in both SA and the UK as we continued to support the provision of essential services.

To further support the communities in which Stor-Age operates, we offered complimentary storage space to several relief and government-based entities. Our properties also served as drop-off points for public donations to assist the efforts of charitable organisations.

Our specialist sector skills and experience, and superior operating model, enabled Stor-Age to adapt with agility to challenges related to the pandemic. We were able to quickly transform our operating model to meet COVID-19 safety requirements and regulations, enabling the group to keep its properties open. Our centralised operating platform and ongoing innovation in our digital platform further empowered the group to withstand the pandemic disruptions and continue serving customers.

As expected, we immediately saw a drop in activity as soon as the lockdowns commenced, resulting in a decrease in occupancy in April and May 2020 in both markets. As lockdown restrictions eased, our primary focus was improving enquiry generation and driving move-in activity to increase occupancy. By the end of May 2020, enquiry levels returned to pre-COVID-19 levels.

From June 2020 we saw an increase in enquiries and move-in activity as the social and economic disruption caused by the pandemic gave rise to additional demand for self storage. Factors driving this demand include work/study-from-home, home improvements, migration in and out of metropolitan markets, disruption to businesses, employment insecurity and an acceleration of e-commerce. Year-on-year enquiries increased by over 20% in both markets.

In these circumstances, mobility tends to increase as people relocate for better economic prospects or more affordable living situations and businesses are forced to quickly adapt, often meaning a need for flexibility in their space (and therefore storage) requirements. In addition, businesses that have pivoted to online sales require product storage space and/or a distribution point for their customers.

This complements the historical demand driver for self storage being "life-changing events" such as separation, death, population mobility, downsizing, emigration and home moves which occur regardless of economic conditions.

In the UK, the buoyant housing market also contributed to additional demand.

The group portfolio closed at record occupancy levels of 90.1% (2020: 83.8%) with a year-on-year increase of 28 500m². In SA, year-on-year occupancy grew by 18 900m² and in the UK by 9 600m². Excluding the Flexi portfolio acquisition in December 2019, like-for-like occupancy in the UK increased by 6 700m² to close at 91.4%.

An intensified focus on working capital and cash collections yielded positive results. We collected over 98% and 99% of rentals due in SA and the UK, respectively, and bad debt losses accounted for under 1.0% of group rental income. While we provided rental relief to certain customers as necessitated by the environment, this had no material impact on revenue.

The self storage business model has a track record of resilience in constrained economic environments. Our customers use the product on a short and long-term basis throughout various economic cycles, which creates a market depth that is a significant contributing factor towards the resilience of the product. While self storage has always proven a reliable business model in both positive and negative environments, given this context, awareness of the product has spiralled since the onset of the pandemic as evidenced by the significant year-on-year growth in enquiries.

While we cannot have perfect visibility as to the long-term impact of the socio-economic and structural changes on the industry or customer behaviour, we expect that some of the additional demand will be longer-lasting and more permanent in nature. Our sophisticated operating platform, including digital capability, allows us to quickly analyse changes in customer behaviour across a range of metrics in real time and to adapt our customer acquisition strategy in response.

The COVID-19 pandemic and the risk management measures that have been put in place have exerted significant pressure on the economies in SA and the UK. While Stor-Age has been able to respond to the challenges of the pandemic, and manage the risks accordingly, it is difficult to accurately predict the long-term impact of the crisis given the high levels of uncertainty. The group continues to manage the business prudently focusing on enquiry generation, cost management, dedicating appropriate resources to cash collections and deferring non-essential capital expenditure.

We also expect historic seasonality trends to come through in both markets in the year ahead – the winter months being slower in trading – which may result in fluctuations in occupancy. In SA, further lockdowns, delays in the vaccination rollout and the possibility of a third and fourth wave of infections could make the operating environment more challenging.

Our capital structure, industry-leading operating platform, digital capability and specialist sector focus will allow us to continue taking advantage of opportunities and managing challenges that may lie ahead.

Notwithstanding the challenges and risks that the COVID-19 pandemic may present, both the group and company are well capitalised with sufficient access to cash resources and undrawn borrowing facilities.

33. EVENTS AFTER REPORTING DATE

In April 2021 the group acquired a self storage property in Blackpool from an independent operator for £3.6 million. The property has a current GLA of 31 000 sqf (2 900m², occupancy 90%) with the potential to increase the GLA to 55 000 sqf (4 600m²) by developing the rear car park area and installing mezzanine floors within the existing building.

Terms with lenders were agreed for the extension of two ZAR debt facilities (R745.0 million in aggregate, of which R671.6 million has been utilised), which are due to expire 30 September 2021, for a further three years on similar terms. The group also agreed terms for the extension of the £5.65 million facility due to expire on 30 September 2021 for a further three years.

The group entered into a three-year fixed interest rate swap (notional R100 million) in respect of its SA debt.

The group secured a new development opportunity in SA subsequent to the year end, subject to satisfactory due diligence.

The first phase of construction at Sunningdale (6 350 m² GLA on full fit-out) and Tyger Valley (7 100m² on full fit-out) was completed subsequent to year end. Both properties are located in Cape Town and commenced trading in May 2021.

The 2021 UK budget announced by the chancellor Exchequer Rishi Sunak on March 3 proposed raising the corporate income tax rate from 19% to 25% in April 2023. The report stage and final reading were completed on May 24 and the Bill is now regarded as substantially enacted. This will have a significant impact on the corporate tax expenses in the future.

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.

34. PROPERTY ANALYSIS

34.1 Trading properties

Property name	Address	Province	Gross lettable area (m^2)	Valuation R'000
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	12 297	246 781
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	10 106	169 170
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	9 041	166 245
Stor-Age Pinehurst	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	10 649	143 562
Stor-Age Tokai (*)	64-74 White Road, Retreat, Cape Town	Western Cape	8 114	141 300
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	7 720	89 859
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	7 720	109 188
Stor-Age Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	6 215	79 822
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	5 874	69 502
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	4 953	69 242
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	2 902	61 146
Stor-Age Somerset West	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	5 512	48 431
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	7 261	87 318
Stor-Age Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	5 006	46 059
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	1 411	25 500
Stor-Age Ottery	Corner Bloemhof Avenue and Springfield Street, Ottery	Western Cape	5 354	57 750
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	7 454	107 184
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	6 151	115 774
Stor-Age Craighall	376A Jan Smuts Avenue, Craighall, Randburg, 2024	Gauteng	4 421	118 009
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	8 650	161 450
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	5 049	30 237
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	5 525	39 117
Stor-Age Randburg	225 Braam Fischer Drive, Randburg, Johannesburg	Gauteng	5 784	99 807
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	8 667	90 528
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	7 709	154 374
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	20 914	173 080
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	7 976	105 467
Storage RSA Centurion	65 Freight Road, Louwlardia, Midrand	Gauteng	7 598	86 013
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	9 371	85 222
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	7 202	94 000
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	9 202	84 731
Stor-Age Constantia Kloof (*)	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	5 370	102 232
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	9 293	80 000
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	8 005	67 046
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	7 845	61 800
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	7 137	71 827
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	9 696	52 153

Property name	Address	Province	Gross lettable area (m^2)	Valuation R'000
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	8 228	47 960
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	4 515	27 405
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	4 161	14 900
Stor-Age Berea	23 Calder Road, Berea, Durban	Kwazulu-Natal	7 861	94 170
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	Kwazulu-Natal	9 047	152 261
Stor-Age Springfield (*)	166 Inersite Avenue, Umgeni Business Park	Kwazulu-Natal	5 516	79 299
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	Kwazulu-Natal	15 109	137 509
Stor-Age Durban CBD	200 Gale Street, Durban	Kwazulu-Natal	3 898	35 461
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	Kwazulu-Natal	3 975	47 397
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	6 679	51 200
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	11 032	72 880
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	6 825	66 320
Total SA properties			366 000	4 417 688

The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2021 is R111.4/m^2.

* *Leasehold properties. Details of lease obligations are set out in note 30.*

34. PROPERTY ANALYSIS (continued)

34.1 Trading properties (continued)

Property name	Address	Region	Gross lettable area (m^2)	Gross lettable area (Sqf)	Valuation (£'000)
Storage King Aylesford (*)	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 035	43 435	4 299
Storage King Basildon (*)	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	4 221	45 436	5 100
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	4 495	48 385	15 120
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	5 872	63 201	14 400
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	2 165	23 304	3 660
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	4 011	43 176	7 540
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	4 261	45 870	13 420
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	5 182	55 780	10 890
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	3 618	38 942	7 190
Storage King Dudley	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands	3 423	36 847	3 510
Storage King Dunstable (*)	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	3 336	35 910	3 199
Storage King Epsom (*)	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	3 109	33 470	5 061
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 067	43 775	6 850
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	3 175	34 180	7 860
Storage King Nottingham (*)	Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ	Midlands	4 575	49 247	3 824
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	6 439	69 313	13 800
Storage King Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA	West Midlands	3 206	34 506	4 980
Storage King Warrington (*)	1 Colville Court Winwick Quay Warrington, WA2 8QT	North West	3 027	32 582	3 142
Storage King West Bromwich (*)	AGL House, Birmingham Road, West Bromwich, West Midlands, B71 4JY	West Midlands	2 340	25 187	1 225
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	3 957	42 588	16 160
Storage King Woodley (*)	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 301	46 294	4 047
Total UK properties			82 815	891 428	155 277

The closing average rental rate of UK properties is £21.49 per square foot

* *Leasehold properties. Details of lease obligations are set out in note 30.*

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of the lease obligations are set out in note 30.

34.2 Land held for development

Property name	Address	Province	Valuation R'000
Bryanston	4 Cross Road, Bryanston	Gauteng	16 276
Morningside	Portion 5 (a portion of portion 3) of ERF 1543 Morningside Extension 12 Township Registration Division I.R	Gauteng	32 599
Hillcrest	23/25 Highlands Road, Hillcrest	Kwazulu-Natal	19 000
De Waterkant	3-9 Rose Street, Cape Town	Western Cape	49 000
			116 875

34.3 Properties under development

Property name	Address	Province	Valuation R'000	Gross lettable area (m2)
Tyger Valley	210 Durban Road, Oakdale, Cape Town	Western Cape	88 352	7 100
Cresta	288 Weltevreden Rd, Blackheath, Randburg	Gauteng	76 782	7 400
			165 134	14 500

GLA for properties under development represents estimated GLA on completion of the development. The first phase of construction at Tyger Valley was completed shortly after year end and trading commenced in May 2021. Cresta is scheduled to commence trading in October 2021 (first phase).

35. RESTATEMENT OF STANDALONE STATEMENT OF CASH FLOWS

The company statement of cash flows has been restated for the effect of loans advanced to and received from subsidiaries. The loans were previously classified as "cash flows from financing activities" instead of "cash flows from investing activities".

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

	As previously reported 31 March 2020 R'000	Adjustment R'000	As restated 31 March 2020 R'000
Company			
Net cash outflow from investing activities			
Advance of loan to subsidiaries	–	(819 337)	(819 337)
Proceeds from subsidiaries	–	782 835	782 835
Net cash outflow from investing activities	(148 695)	(36 502)	(185 197)
Cash flows from financing activities			
Advance of loan to subsidiaries	(36 502)	36 502	–
Net cash outflow from financing activities	183 712	36 502	220 214

36. CONTINGENT LIABILITY

Stor-Age has a 97.8% interest in Storage King through its subsidiary Betterstore Self Storage Holdings Limited ("Betterstore"). The remaining 2.2% interest is held by the Storage King management team ("SK management").

In terms of an agreement between Stor-Age and SK management, and as disclosed in the shareholder circular relating to Stor-Age's acquisition of a controlling interest in Betterstore, SK management would remain invested in the Storage King business for a period of four years after the effective date of the acquisition (November 2017). SK management has an option to sell their interest to Stor-Age at the end of this four-year period. Should SK management elect not to exercise this option, Stor-Age has an option to acquire SK management's interest five years after the effective date of the acquisition. The value of the SK management interest will be determined with reference to the net asset value of Betterstore using the same methodology that was applied to the original acquisition of Stor-Age's controlling interest.

The group has concluded that no value can be ascribed to either of the options as the benefit or obligation, as the case may be, cannot be measured reliably and therefore has disclosed the above arrangement as a contingent liability.

APPENDIX 1
UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	2021 R'000	2020 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	1 192 294	104 887
Adjusted for:		
Fair value adjustment to investment properties	(803 242)	104 407
Fair value adjustment to investment properties (NCI)+	8 707	(1 225)
Tax effect on the above adjustments	75 105	–
Headline earnings	472 864	208 069
Distributable earnings adjustment	(16 727)	244 861
Depreciation and amortisation	11 184	10 837
Equity-settled share-based payment expense	14 310	7 466
Fair value adjustment to financial instruments	(52 693)	194 397
Restructuring cost	–	551
Other items of a capital nature	1 659	–
Deferred tax	14 950	(3 647)
Foreign exchange (gains)/losses	(5 368)	14 851
Foreign exchange gain available for distribution	(8 477)	3 700
Antecedent dividend on share issues*	7 708	16 706
	456 137	452 930
Other adjustments		
Non-controlling interests in respect of the above adjustments	(1 744)	(467)
Distributable earnings^	454 393	452 463
Dividend declared for the six months ended 30 September	220 290	214 348
Dividend declared for the six months ended 31 March	234 103	238 115
Total dividends for the year	454 393	452 463
Shares entitled to dividends – interim ('000)	423 644	390 505
Shares entitled to dividends – final ('000)	432 881	416 574
Dividend per share September (cents)	52.00	54.89
Dividend per share March (cents)	54.08	57.16
Total dividend per share for the year (cents)	106.08	112.05

The board declared a final dividend of 54.08 cents (2020: 57.16 cents) per share for the six months ended 31 March 2021.

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

\+ *Non-controlling interest*

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Net asset value*				
Number of shares in issue	432 881 143	397 848 842	432 881 143	397 848 842
Net asset value per share (cents)	1 306.77	1 157.57	973.79	971.90
Net asset value per share excluding non-controlling interest (cents)	1 297.85	1 149.25	973.79	971.90
Net tangible asset value per share (cents)	1 272.81	1 119.29	955.43	952.09
Net tangible asset value per share excluding non-controlling interest (cents)	1 263.89	1 110.98	955.43	952.09

* *The ratios are computed based on IFRS reported figures and have not been audited by the group's external auditors.*

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE

The group has adopted the second edition of the SA REIT Association's BPR for the first time in the current year. The comparative year's metrics have been amended to ensure comparability.

	31 March 2021 R'000	31 March 2020 R'000
SA REIT Funds from Operations ("FFO") per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	1 192 294	104 887
Adjusted for:		
Accounting/specific adjustments	(691 880)	136 123
Fair value adjustments to:		
– Investment properties	(803 242)	104 407
– Debt and equity instruments held at fair value through profit or loss	10 123	24 526
Depreciation and amortisation of intangible assets	11 184	10 837
Deferred tax movement recognised in profit or loss	90 055	(3 647)
Adjustments arising from investing activities:		
Foreign exchange and hedging items:	(78 159)	165 918
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(99 857)	148 474
Foreign exchange losses relating to capital items – realised and unrealised	21 698	17 444
Other adjustments:	14 671	15 014
Non-controlling interests in respect of the above adjustments	6 963	(1 692)
Antecedent earnings adjustment	7 708	16 706
SA REIT FFO	436 926	421 942
Number of shares outstanding at end of year (net of treasury shares) ('000)	432 881 143	397 848 842
SA REIT FFO per share (cents)	100.93	106.06
Company-specific adjustments (per share)	5.15	5.99
– Equity settled share based payment	3.31	1.88
– Foreign exchange gain available for distribution	0.35	5.66
– Other *	1.11	(2.25)
– Shares in issue not entitled to dividends	–	0.70
– Other items of a capital nature	0.38	–
Dividend per share (cents)	106.08	112.05
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	5 618 145	4 572 281
Adjustments:		
Dividend to be declared #	–	–
Fair value of certain derivative financial instruments	2 371	70 817
Foreign exchange contracts	(31 866)	6 564
Interest rate swaps	34 237	64 253
Goodwill and intangible assets	(147 019)	(152 276)
Deferred tax	62 660	(25 436)
SA REIT NAV:	5 536 157	4 465 386
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	432 881 143	397 848 842
Effect of dilutive instruments (options, convertibles and equity interests)	3 724 045	2 012 416
Dilutive number of shares in issue	436 605 188	399 861 258
SA REIT NAV (Rand per share):	12.68	11.17

* *The adjustment is required as the number of shares outstanding at the end of the year is different to the shares entitled to dividends for interim and final.*
\# *Dividend payable is reflected as a current liability at year end.*

	31 March 2021 R'000
SA REIT cost-to-income ratio	
Expenses	
Direct property cost per IFRS income statement (includes municipal expenses)	206 435
Administration expenses per IFRS income statement	89 307
Depreciation	11 184
Exclude	
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(6 158)
Operating costs	300 768
Rental income	
Contractual rental income per IFRS income statement	738 726
Gross rental income	738 726
SA REIT cost-to-income ratio^	40.7%
SA REIT administration cost-to-income ratio	
Expenses	
Administration expenses as per IFRS income statement	89 307
Administration costs	89 307
Rental income	
Contractual rental income per IFRS income statement	738 726
Gross rental income	738 726
SA REIT administration cost-to-income ratio*	12.1%
SA REIT GLA vacancy rate	
GLA of vacant space	44 600
GLA of total property portfolio	448 800
SA REIT GLA vacancy rate	9.9%

Antecedent dividend arising on shares issued after 30 September 2020 and before payment of the dividend.
^ *Including ancillary income the ratio is 38.2%.*
* *Including ancillary income the ratio is 11.4%.*

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE (continued)

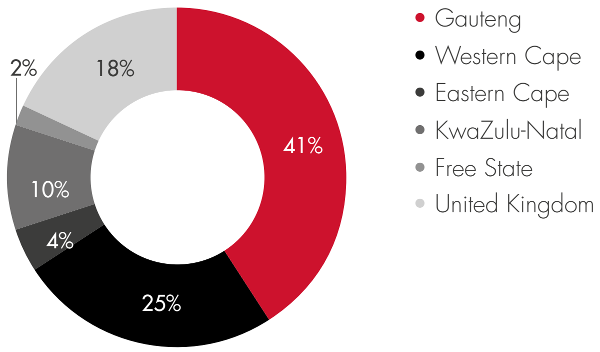
	2021	
	SA	UK
Cost of debt		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	5.3%	2.8%
Fixed interest-rate borrowings		
Weighted average fixed rate	0.0%	0.0%
Pre-adjusted weighted average cost of debt	5.3%	2.8%
Adjustments:		
Impact of interest rate derivatives	0.8%	0.7%
Impact of cross-currency interest rate swaps	(0.9%)	0.2%
Amortisation of raising fees	0.2%	0.1%
All-in weighted average cost of debt	5.4%	3.8%

	2021
SA REIT loan-to-value	
Gross debt net of cash held in facilities *	2 299 178
Less:	
Cash and cash equivalents	(171 073)
Less:	
Derivative financial instruments	(29 544)
Net debt	2 098 561
Total assets – per Statement of Financial Position	8 501 222
Less:	
Cash and cash equivalents	(171 073)
Derivative financial assets	(32 266)
Goodwill and intangible assets	(147 019)
Trade and other receivables	(82 907)
Carrying amount of property-related assets	8 067 957
SA REIT loan-to-value ("SA REIT LTV")	26.0%

* *Includes lease obligations payable on investment properties.*

UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2021

1. The total customer base of the group is large and diverse with over 38 400 (2020: 34 700) tenants. Of the 27 300 tenants based in South Africa, 61% (2020: 60%) of the customers are residential users and the remaining 39% (2020: 40%) are commercial users. In the United Kingdom, Storage King has over 11 100 tenants of which 73% (2020: 69%) of the customers are residential users and the remaining 27% (2020: 31%) are commercial users.
2. Geographical representation of the properties by region is set out in the following pie chart:



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

Region	GLA m^2	Revenue %
Gauteng	186 000	27.4
Western Cape	110 000	20.1
Eastern Cape	17 900	2.1
KwaZulu-Natal	45 400	7.1
Free State	6 700	0.7
South Africa	366 000	57.4
United Kingdom	82 800	42.6
Total	448 800	100.0

4. The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2021 is R111.4/m^2 (2020: R106.0/m^2), an increase of 5.3%. The weighted average rental per square meter for each region as at 31 March 2021 is set out in the following table:

Region	Rental/m^2
Gauteng	102.2
Western Cape	135.7
Eastern Cape	84.1
KwaZulu-Natal	110.2
Free State	75.0
South Africa	111.4

The closing average rental rate of UK properties is £21.49 per square foot (2020: £21.22), an increase of 1.3%. In the UK, average rental rates are reflected on an annual basis.

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

as at 31 March 2021

5. The occupancy profile by GLA of the portfolio as at 31 March 2021 is disclosed in the following table:

Region	GLA m²	Occupied %	Vacancy m²	Vacant %
Gauteng	186 000	91.4	16 000	8.6
Western Cape	110 000	86.6	14 700	13.4
Eastern Cape	17 900	93.3	1 200	6.7
KwaZulu-Natal	45 400	90.3	4 400	9.7
Free State	6 700	94.0	400	6.0
South Africa	**366 000**	**90.0**	**36 700**	**10.0**
United Kingdom	82 800	90.4	7 900	9.6
Total	**448 800**	**90.1**	**44 600**	**9.9**

6. The existing leases for the current tenant base do not contain contractual escalations. The companies in the group have the contractual right to increase rentals at its discretion, provided 30 days' notice is given to the respective tenants. The following table sets out the annual percentage increases in the average rental per m² for the past five financial years.

Year	SA % Increase in rental per m²	UK % Increase in rental per sqf
2017	9%	–
2018	7%	–
2019	9%	2.4%
2020	6%	(1.9%)
2021	5%	1.3%

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

	12-month forward NOI	12-month forward NOI assuming stabilised occupancy
SA properties	8.35%	8.48%
UK properties	7.82%	7.71%

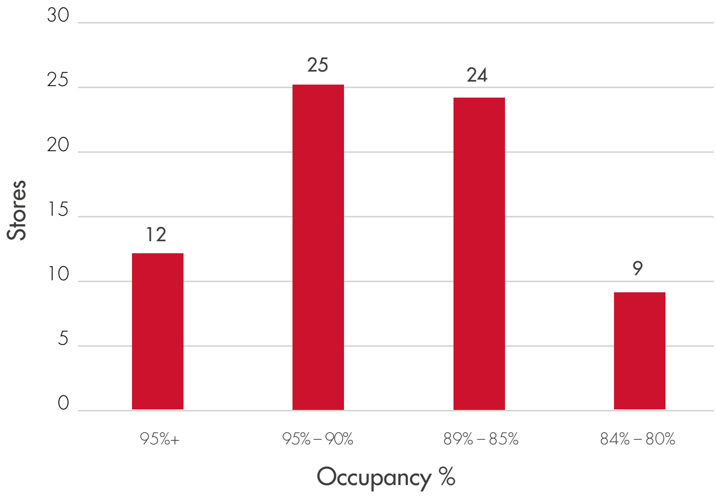
The above yields have been calculated excluding undeveloped land and developments in progress.

8. The tenant base of the group is large and diverse. All leases continue indefinitely unless terminated by providing two weeks' notice. As at 31 March 2021, 69% of existing tenants in South Africa and 66% 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	2021	2020	2019
<6 months	31%	30%	31%
Between 6 and 12 months	16%	18%	17%
Between 1 and 2 years	21%	21%	21%
Between 2 and 3 years	12%	11%	12%
>3 years	20%	20%	19%
Total	100%	100%	100%

United Kingdom Tenancy	2021	2020	2019
<6 months	34%	25%	30%
Between 6 and 12 months	12%	14%	15%
Between 1 and 2 years	14%	17%	19%
Between 2 and 3 years	10%	12%	10%
>3 years	30%	32%	26%
Total	100%	100%	100%

9. The occupancy profile of the group as at 31 March 2021 is set out in the following bar chart below:



APPENDIX 3
RECONCILIATION OF OPERATING PERFORMANCE TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below shows the reconciliation between the group's operating performance set out in the table on page 45 ("performance table") and the condensed consolidated statement of profit or loss and other comprehensive income on page 119 ("statement of profit or loss"):

	Unaudited 12 months 31 March 2021 R'000	Unaudited 12 months 31 March 2020 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	**714 348**	598 639
Rental income – other	**18 844**	16 864
Rental underpin*	**5 534**	18 470
Rental income – Statement of profit or loss	**738 726**	633 973
Reconciliation of other income		
Performance table:		
Ancillary income	**47 681**	35 221
Sundry income	**3 773**	5 170
Rental guarantee*	**10 042**	24 458
Other income – Statement of profit or loss	**61 496**	64 849
Reconciliation of direct operating costs		
Performance table:		
Direct operating costs	**(206 435)**	(176 489)
IT support classified as admin costs	**–**	(1 697)
Direct operating costs – Statement of profit or loss	**(206 435)**	(178 186)

* *Refer to page 46 of the commentary.*

UNAUDITED SHAREHOLDER INFORMATION

Analysis of Ordinary Shareholders as at 31 March 2021

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder Spread				
1 - 1,000	3 362	34.70%	834 284	0.19%
1,001 - 10,000	4 431	45.73%	17 485 025	4.04%
10,001 - 100,000	1 520	15.69%	44 369 384	10.25%
100,001 - 1,000,000	297	3.07%	93 923 810	21.70%
Over 1,000,000	80	0.83%	276 268 640	63.82%
Total	9 690	100.00%	432 881 143	100.00%
Distribution of Shareholders				
Assurance Companies	46	0.47%	13 021 571	3.01%
Close Corporations	55	0.57%	1 060 077	0.24%
Collective Investment Schemes	308	3.18%	178 858 041	41.32%
Custodians	7	0.07%	4 826 489	1.11%
Foundations & Charitable Funds	53	0.55%	5 327 522	1.23%
Hedge Funds	2	0.02%	663 161	0.15%
Insurance Companies	6	0.06%	158 034	0.04%
Investment Partnerships	1	0.01%	143 131	0.03%
Managed Funds	56	0.58%	10 309 745	2.38%
Medical Aid Funds	13	0.13%	2 758 822	0.64%
Organs of State	9	0.09%	6 594 949	1.52%
Private Companies	230	2.37%	28 728 238	6.64%
Public Companies	2	0.02%	386 734	0.09%
Retail Shareholders	6 771	69.88%	45 236 214	10.45%
Retirement Benefit Funds	279	2.88%	98 528 867	22.76%
Scrip Lending	5	0.05%	1 995 228	0.46%
Stockbrokers & Nominees	1 121	11.57%	5 993 014	1.38%
Trusts	726	7.49%	28 291 306	6.54%
Total	9 690	100.00%	432 881 143	100.00%
Shareholder Type				
Non-Public Shareholders	14	0.14%	37 353 885	8.63%
Directors and Associates	14	0.14%	37 353 885	8.63%
Public Shareholders	9 676	99.86%	395 527 258	91.37%
Total	9 690	100.00%	432 881 143	100.00%

UNAUDITED SHAREHOLDER INFORMATION (continued)

	Number of shares	% of issued capital
Fund Managers With A Holding Greater Than 3% of The Issued Shares		
Foord Asset Management	39 675 561	9.17%
Public Investment Corporation	33 319 579	7.70%
Old Mutual Investment Group	32 947 507	7.61%
Stanlib Asset Management	23 717 455	5.48%
Prudential Investment Managers	19 941 751	4.61%
Prescient Investment Management	18 115 064	4.18%
Meago Asset Management	16 513 962	3.81%
Sesfikile Capital	13 739 031	3.17%
Total	197 969 910	45.73%
Beneficial Shareholders With A Holding Greater Than 3% of The Issued Shares		
Old Mutual Group	36 798 528	8.50%
Government Employees Pension Fund	33 990 080	7.85%
Alexander Forbes Investments	23 794 244	5.50%
Nedbank Group	18 213 874	4.21%
Stanlib	18 162 419	4.20%
Prescient	17 447 165	4.03%
Eskom Pension & Provident Fund	16 766 124	3.87%
Castle Rock Investments (Pty) Ltd	14 066 666	3.25%
Total	179 239 100	41.41%
Total number of shareholdings	9 690	
Total number of shares in issue	432 881 143	

SHARE PRICE PERFORMANCE

Opening Price 01 April 2020	R12.45
Closing Price 31 March 2021	R13.10
Closing High for period	R14.50
Closing low for period	R11.90
Number of shares in issue	432 881 143
Volume traded during period	170 745 666
Ratio of volume traded to shares issued (%)	39.44%
Rand value traded during the period	R2 213 818 346
Price/earnings ratio as at 31 March 2021	47.3
Earnings yield as at 31 March 2021	2.1%
Dividend yield as at 31 March 2021	8.1%
Market capitalisation at 31 March 2021	R5.74b

SHAREHOLDERS' DIARY

Annual report posted to shareholders	Friday, 30 July 2021
Notice of AGM posted to shareholders	Friday, 30 July 2021
Annual general meeting	Thursday, 9 September 2021
Interim reporting date	Thursday, 30 September 2021
Publication of interim results and interim dividend announcement	Wednesday, 17 November 2021
Last day to trade	Tuesday, 30 November 2021
Shares trade ex-dividend	Wednesday, 1 December 2021
Record date	Friday, 3 December 2021
Interim dividend paid	Monday, 6 December 2021
Financial year end	Thursday, 31 March 2022
Publication of final results and final dividend announced	Wednesday, 8 June 2022
Last day to trade	Monday, 27 June 2022
Shares trade ex-dividend	Tuesday, 28 June 2022
Record date	Friday, 1 July 2022
Final dividend paid	Monday, 4 July 2022

ANNEXURE: GLOSSARY OF TERMS

"Aus"	Australia
"Big Box"	A reference to multistorey self storage properties owned and developed by Stor-Age
"the board"	The board of directors of Stor-Age Property REIT Limited
"the Company/the Group, we/us/our"	Stor-Age Property REIT Limited, its subsidiaries and its management
"the Companies Act"	South African Companies Act No 71 of 2008, as amended
"CPC"	Certificate of Practical Completion
"EU"	European Union
"GLA"	Gross lettable area, measured in square metres
"IBC"	Inside Back Cover
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"JV"	Joint Venture with Moorfield, UK
"King IVTM"	King IV Report on Corporate Governance™ for South Africa, 2016
"The listing date/listing"	Refers to our listing on the JSE on 16 November 2015
"m^2"	square metre
"Managed Portfolio"	A Portfolio of 12 properties previously managed and operated by Stor-Age (acquired in October 2018)
"NAREIT"	The FTSE EPRA/Nareit Emerging Index is a free-float adjusted, market capitalization-weighted index designed to track the performance of listed real estate companies in emerging countries worldwide. Constituents of the Index are screened on liquidity, size and revenue.
"the period" or "the reporting period"	The 12 months from 1 April 2020 to 31 March 2021
"the previous year"	The year ended 31 March 2020
"REIT"	Real Estate Investment Trust
"SA"	South Africa
"SAPY"	The South African Listed Property index and comprises the top 20 liquid companies, in the Real Estate Investment Trust sector with a primary listing on the Johannesburg Stock Exchange.
"sqf"	square foot
"Stor-Age" or "the Company"	Stor-Age Property REIT Limited, listed on Main Board JSE in the Speciality REIT sector
"the year" or "the year under review"	Refers to our financial year and reporting period, being 1 April 2020 to 31 March 2021. References to other years are specified as being so
"UK"	United Kingdom
"US"	United States of America
Financial definitions	
"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value


stor-age
self storage


get spaced


stor-age
self storage

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
("Stor-Age", the "Company" or the "Group")

NOTICE OF ANNUAL GENERAL MEETING

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, 9 September 2021.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 23 July 2021 ("Notice Record Date") that the annual general meeting of Stor-Age (the "AGM") will be held at the Vineyard Hotel, Colinton Road, Newlands on Thursday, 9 September 2021 at 14h30 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, 20 August 2021 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 20 August 2021, is Tuesday, 17 August 2021.

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 2021 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 2021 Stor-Age integrated annual report ("the 2021 integrated report")

The 2021 integrated report is available on the Company's website https://investor-relations.stor-age.co.za/Annual-Reports/2021/

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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

3. *Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director*

   "Resolved that Mr G A Blackshaw, 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 a non-executive director of the Company."

   An abridged curriculum vitae of Mr Blackshaw appears in Annexure 1 of this notice of AGM.

4. *Ordinary resolution number 2: Re-election of Ms K M de Kock as a director*

   "Resolved that Ms K M de Kock, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered herself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

5. *Ordinary resolution number 3: Appointment of Mr M P R Morojele as a director*

   "Resolved that Mr M P R Morojele be appointed 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.

6. *Ordinary resolution number 4: Appointment of Mr A Varachhia as a director*

   "Resolved that Mr A Varachhia be appointed 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.

7. *Ordinary resolution number 5: Ratification and re-appointment of auditor*

   "Resolved that:

   5.1 The appointment of BDO South Africa Inc., on 9 November 2020, as auditor of the Company with the designated partner being Mr B Jackson for the financial year ended 31 March 2021 be confirmed.

   5.2 BDO South Africa Inc. be appointed as auditor of the Company (for the financial year ending 31 March 2022), 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, subject to the passing of ordinary resolution number 2 above, 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 Ms P Mbikwana as a member of the audit and risk committee*

   "Resolved that Ms P Mbikwana, 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 Ms Mbikwana 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 3 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:

- 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;
- any such issue will only be made to "public shareholders" and not to "related parties", all as required by the JSE Listings Requirements, as amended from time to time;
- 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);
- issues of ordinary shares during the validity period of this resolution may not exceed 21 644 057 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 432 881 143 ordinary shares (exclusive of treasury shares), provided that
  - any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above;
  - 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;
  - any such general issues are subject to exchange control regulations and approval at that point in time;
- 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;
- 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 8 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 2021 integrated 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 2021 integrated 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 service as directors for the 2023 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 service as directors on an all-inclusive basis, and which is proposed to be paid for the financial year ending 31 March 2023, monthly in arrears, with effect from 1 April 2022, is approved:

	Proposed annual remuneration (Rand)
Board member	252 500
Chairperson – board	24 000
Audit and risk committee member	60 000
Chairperson – audit and risk committee	12 000
Social and ethics committee member	30 000
Remuneration committee member	30 000
Investment committee member	36 000

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 that 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 in terms of which the dates and quantities of securities to be traded during the relevant period are fixed and 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 2021 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 13 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 resolutions1 to 3.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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.

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 14h30 on Tuesday, 7 September 2021. 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 Vineyard Hotel, Colinton Road, Newlands (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
30 July 2021

Address of registered office
216 Main Road
CLAREMONT
7708
(PO Box 53154, Kenilworth, 7745)

Address of transfer secretaries
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
JOHANNESBURG
2196
(P O Box 61051, Marshalltown, 2107)

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 4

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 G A Blackshaw, M P R Morojele, A Varachhia and Ms K M de Kock 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.

Ratification and re-appointment of auditor – ordinary resolutions number 5.1 and 5.2

Following upon the termination of the appointment of KPMG Inc. as auditors, and as announced in the SENS release of 9 November 2020, BDO South Africa Inc. was appointed as the Company's external auditor with Mr Bradley Jackson as the lead engagement audit partner, effective for the financial year ending 31 March 2021. This decision requires the passing of ordinary resolution number 5.1 by shareholders to provide their retrospective approval.

BDO South Africa Inc. ("BDO") has indicated its willingness to continue in office and ordinary resolution number 5.2 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 2 June 2021, the committee considered the independence of the auditor 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 2022. On 7 June 2021 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.

Furthermore the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that BDO, the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

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 of the Board held on 7 June 2021 the Board satisfied itself 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 skills set.

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 27 August 2020, will expire at the AGM to be held on 9 September 2021, 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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 2021 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 service as directors for the year ending 31 March 2023 – special resolution number 1

In terms of section 66(8) and (9) of the Act, remuneration may only be paid to directors for their service 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. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2023, 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.

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, and proposed to be paid for the 2023 financial year, are respectively set out in note 29.4 of the annual financial statements, and also in the remuneration committee report which is included in the 2021 integrated 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 related companies and 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.

Although the existing authorities granted by the shareholders at the previous annual general meeting held on 27 August 2020 will only expire at the 2022 AGM, it is considered good practice to renew this authority on an annual basis, ie at the 2021 AGM to be held on 9 September 2021, 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.

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.

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
("Stor-Age" or the "Company")

FORM OF PROXY

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

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 the Vineyard Hotel, Colinton Road, Newlands 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 9 September 2021 at 14h30.

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)

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.

	Resolutions	Number of shares		
		In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director			
2	Ordinary resolution number 2: Re-election of Ms K M de Kock as a director			
3	Ordinary resolution number 3: Appointment of Mr M P R Morojele as a director			
4	Ordinary resolution number 4: Appointment of Mr A Varachhia as a director			
5	Ordinary resolution number 5: 5.1 Ratification (for the 2021 financial year), and 5.2 Re-appointment (for the 2022 financial year) of 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 Ms P Mbikwana 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 service as directors (2023 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 ____________________ 2021

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 lodgement 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 initialled. Any alteration must be signed, not initialled.
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, 7 September 2021. 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

    Postal deliveries to:
    Computershare Investor Services (Pty) Limited
    P O Box 61051
    Marshalltown
    2107

    Email:
    Proxy@computershare.co.za

ANNEXURE 1

CV'S OF DIRECTORS FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT AND RISK COMMITTEE

Mr G A BLACKSHAW

B A LLB

Joined the Board prior to listing in 2015.

A former lead development partner in the Faircape group of companies, Graham is a qualified attorney, having 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.

Ms K M de KOCK

CA (SA), CFA, MBA (UCT)

Joined the Board in May 2018.

Kelly is specialised in the areas of corporate finance and investor relations, as well as business development and operations. She has more than 15 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer of Old Mutual Wealth's International and Private Client Capabilities.

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 is the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and previously held the position of Western Cape Provincial Chairperson.

Mr M P R MOROJELE

MBA (UCT), CA (Lesotho), MSA (Georgetown), BSc (Charlestown)

Joined the Board in September 2020.

Mntungwa has more than 33 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 3RE Connect South Africa, which is pursuing opportunities in the Renewable Energy sector, and iKapa Connect Investments, which operates in the Events Management sector.

Mntungwa previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years during his 10-year term with the company. He has also previously served on the boards of Gray Security Services, Verifone Africa (Pty) Limited and Capital Eye Investments (previously the UCS Group Limited) and various subsidiaries.

Mr A VARACHHIA

BSc (SA)

Joined the Board in January 2021.

Abu has more than 30 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 roles 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.

Ms P MBIKWANA

B Com

Joined the Board in May 2018.

Phakama has over 19 years' experience in the financial services sector, of which 15 was spent in the commercial and investment banking industry. Prior to her role at Dandelion Capital (Pty) Ltd, a 100% women-owned investment holding company, she was the CEO of Africa Rising Capital (Pty) Ltd.

Phakama has also previously held roles at Barclays Africa (sector head: construction and construction related sectors in the corporate and investment banking division), Standard Bank Group, Investment Solutions (Alex Forbes Multi-Asset Manager) and Nedbank Corporate. She also holds the role of an independent non-executive director on the boards of Wits Health Consortium (Pty) Limited and the National Stokvel Association of South Africa Co-operative Limited.

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

Registered office
216 Main Road
Claremont
7708

Directors
Graham Blackshaw (Chair)**, John Chapman*^,
Kelly de Kock*, Gareth Fox (Resigned)*,
Sello Moloko**[1], Phakama Mbikwana*,
Mntungwa Morojele*, Abu Varachhia*,
Gavin Lucas***, Stephen Lucas***, Steven Horton***

*^ *Lead independent director*
* *Independent non-executive director*
** *Non-executive director*
*** *Executive director*
[1] *Resigned from the board 30 June 2021*

Company secretary
HH-O Steyn

Transfer secretaries
Computershare Investor Services Proprietary Limited
2nd Floor
Rosebank Towers
15 Biermann Avenue
Rosebank

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandton

GREYMATTERFINCH # 15295