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
20 June 2022

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

20 June 2022

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2022

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 2022, 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 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.

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 20 June 2022 and signed on their behalf by:

GA Blackshaw
Chairman

GM Lucas
Chief Executive Officer

CEO and CFO responsibility statement

The CEO and CFO hereby confirm that:

- The annual financial statements set out on pages 136 to 237 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.

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 2022.

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 three independent non-executive directors:

   KM de Kock CA(SA), CFA, MBA (UCT)
   MPR Morojele MBA (UCT), CA (Lesotho), MSA (Georgetown), BSc (Charlestown)
   P Mbikwana Bcom

   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 2022. The outcome of the annual evaluation and confirmation of independence performed 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 and that following an assessment of the external auditor, their appointment is in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

   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 2022.

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

4. Significant matters

Valuation of investment property

The major risk relating to investment property is the valuation of investment properties. This has been highlighted as an area of critical judgement and is detailed in note 3 of the annual financial statements. Where an external valuation is not obtained, the directors determine the fair value of each property, using the valuation methodology in note 3. Through discussion with the executive directors, the audit committee is satisfied with the methodology and critical inputs. A number of non-executive directors have extensive experience in the property industry and the board as a whole approves the valuations. The 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.

Fifty percent of the income-producing properties in the SA portfolio were externally valued at 31 March 2022 and the remaining fifty percent was valued by the directors. In the UK, all income-producing properties were externally valued at 31 March 2022.

5. Internal audit

The audit committee continues to assess the requirement to have an internal audit function as the company grows. For the year ended 31 March 2022, the audit committee satisfied itself that the size and complexity of the group did not warrant an internal audit function. Notwithstanding this assessment, the audit committee resolved to investigate and consider the appointment of an independent external assurance provider to perform internal audit work (to be approved by the audit committee) for the forthcoming financial year.

6. Financial director

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

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2021 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2022.

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

20 June 2022

DIRECTORS' REPORT
for the year ended 31 March 2022

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 2022.

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 2021 and 2022 financial years.

Financial results

The financial results for the year ended 31 March 2022 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 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 issued stated capital at 31 March 2022 is 474 610 430 (2021: 432 881 143) ordinary shares of no par value. Refer to note 14 for further information regarding the shares in issue at year end.

All of the shares in issue rank for the dividends declared for the year ended 31 March 2022.

Dividend distribution

A dividend of 56.60 cents per share was declared by the directors for the interim period ended 30 September 2021. A further dividend of 55.30 cents per share was declared for the six month period ended 31 March 2022. The dividend for the full year amounts to 111.90 cents per share (2021: 106.08 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 maintained its debt levels below 60% of its gross asset value in accordance with the JSE requirements for REITs. The group is also subject to certain financial covenants with the strictest being a 50% loan-to-value covenant on its bank borrowings. The group's overall borrowings were R2.759 billion (2021: R1.994 billion) at the reporting date as detailed in note 16.1 to the consolidated annual financial statements.

Subsidiaries

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

Directorate

During the year ended 31 March 2022 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	
JAL Chapman#	2 January 2020	
KM de Kock#	2 May 2018	
MPR Morojele#	1 September 2020	
MS Moloko#	12 October 2015	30 June 2021
P Mbikwana#	2 May 2018	

\# *Independent*
\+ *British citizen*

In terms of the Memorandum of Incorporation, Messrs JAL Chapman and MPR Morojele, and Ms P Mbikwana are due to retire from the board at the forthcoming annual general meeting and, all being eligible, have offered themselves for re-election.

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 2022 is included in note 33 to the financial statements.

Going concern

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

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

Details of the directors' assessment of going concern is set out in note 32.

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 ("the group and company") set out on pages 136 to 237, which comprise the consolidated and separate statements of financial position as at 31 March 2022, 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 as at 31 March 2022, 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties (consolidated and separate financial statements - Notes 3.1 and 27 to the consolidated and separate financial statements, and the critical accounting estimates, assumptions and judgements and investment property accounting policy contained in the significant accounting policies section of the consolidated and separate financial statements)	The audit procedures we performed included, amongst others, the following: • We assessed the design and tested the implementation of relevant controls over the valuations process; • We assessed the board of directors' and management's external valuers ("management's experts") competency, capabilities and objectivity. This included inspecting professional qualifications and registrations and making an assessment of the objectivity and appropriateness of the valuator used;

The key audit matter	How the matter was addressed in our audit
It is group's policy that investment properties are recognised at their fair values. In South Africa, 50% of the portfolio is valued by independent external valuers at each reporting period (i.e. 31 March and 30 September), whilst the remaining 50% is valued by the board of directors. In the United Kingdom, 100% of the portfolio is valued externally by independent external valuers at the year end reporting period. The valuation of the group's and company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values. These include the capitalisation rates, discount rates, forecasted rentals, lease up period, property expenses, and the notional sale of the assets at the end of the 10th year of the discounted cash flow period used in the valuation model. Among other factors, the individual nature of the properties, their location and expected future rentals, also affect the valuation of the investment property. In addition, the board of directors apply assumptions for yields and estimated market rent to arrive at the final valuation. The valuation of investment property was considered to be a matter of most significance to the current year audit, due to the significance of the balances, the significance of the estimation uncertainty and the level of judgement involved.	• We inspected the valuations reports for the properties valued by the board of directors, and management's expert in the current year, to assess whether the valuation approach was in accordance with International Financial Reporting Standards, was consistent with the previous financial year, and was 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 experts, to the underlying calculations and reports where applicable. • We tested the key assumptions used in the determination of fair values in respect of both management's experts, as well as the valuations performed by the board of directors, as follows: – 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; and – 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. • In addition to the above, we also selected key valuation reports, and requested an external, independent auditor's valuation expert to assess the reasonability of the: – Forecast revenue applied in the 1st year of the 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 experts. • We considered the adequacy of the group's and company's disclosures in respect of its investment property 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 2022", 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 2 years.

BDO South Africa Incorporated
Registered Auditors

BDO South Africa Inc

Bradley Jackson
Director
Registered Auditor

20 June 2022

123 Hertzog Boulevard
Foreshore
Cape Town, 8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2022

	Note	Group 2022 R'000	Group *Restated 2021 R'000	Group *Restated 2020 R'000	Company 2022 R'000	Company *Restated 2021 R'000	Company *Restated 2020 R'000
ASSETS							
Non-current assets		10 148 725	8 241 155	7 463 998	5 361 113	4 773 238	4 655 379
Investment properties	3	9 535 000	7 869 321	7 074 287	767 463	620 544	485 653
Property and equipment		19 975	15 696	17 653	5 382	5 591	7 144
Stor-Age share purchase scheme loans	4	84 135	140 041	185 737	84 135	140 041	185 737
Goodwill and intangible assets	5	145 706	147 019	152 276	81 320	79 456	78 819
Investment in subsidiaries	6	–	–	–	4 370 922	3 899 989	3 889 417
Equity-accounted investees	7	246 580	28 637	3 527	39 090	21 743	3 527
Unlisted investment	8	10 838	5 474	5 082	10 838	5 474	5 082
Deferred taxation	22	6 650	2 701	25 436	–	–	–
Derivative financial assets	9	99 841	32 266	–	1 963	400	–
Current assets		356 911	260 067	228 239	996 578	707 524	596 343
Trade and other receivables	11	127 350	82 907	146 210	50 715	11 606	33 925
Inventories		7 228	6 087	5 676	3 215	1 926	1 548
Intercompany receivable	10	–	–	–	577 037	387 047	353 307
Cash and cash equivalents	12	222 333	171 073	76 353	82 209	76 950	23 242
Dividend receivable	13	–	–	–	283 402	229 995	184 321
Total assets		10 505 636	8 501 222	7 692 237	6 357 691	5 480 762	5 251 722
EQUITY AND LIABILITIES							
Total equity		6 643 187	5 656 753	4 605 378	4 827 521	4 215 343	3 866 687
Stated capital	14	5 374 681	4 783 903	4 360 033	5 374 681	4 783 903	4 360 033
Retained earnings/(accumulated loss)		1 186 969	674 702	(51 065)	(580 433)	(590 526)	(501 002)
Share-based payment reserve	15	33 273	21 966	7 656	33 273	21 966	7 656
Foreign currency translation reserve		2 051	137 574	255 657	–	–	–
Total equity attributable to shareholders		6 596 974	5 618 145	4 572 281	4 827 521	4 215 343	3 866 687
Non-controlling interest		46 213	38 608	33 097	–	–	–
Non-current liabilities		3 135 260	1 746 619	2 506 683	1 009 615	320 755	957 940
Loans and borrowings	16.1	2 598 851	1 347 000	2 045 723	1 004 253	303 794	926 112
Derivative financial liabilities	16.2	5 579	61 810	152 706	5 309	15 624	29 309
Deferred taxation	22	287 436	65 361	–	–	–	–
Lease obligations	30	243 394	272 448	308 254	53	1 337	2 519
Current liabilities		727 189	1 097 850	580 176	520 555	944 664	427 095
Loans and borrowings	16.1	160 000	647 359	160 000	160 000	647 359	160 000
Trade and other payables	17	221 050	173 302	157 978	21 699	16 009	11 645
Provisions	18	15 711	10 716	2 858	7 846	4 444	2 422
Lease obligations	30	29 279	32 371	33 357	1 360	1 384	1 293
Intercompany payable	10	–	–	–	67 191	41 366	25 752
Taxation payable	22	38 690	–	–	–	–	–
Dividends payable		262 459	234 102	225 983	262 459	234 102	225 983
Total equity and liabilities		10 505 636	8 501 222	7 692 237	6 357 691	5 480 762	5 251 722

* *The comparative years have been restated for the group's voluntary change in accounting policy as set out in note 35.*

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Property revenue	19	910 682	800 222	49 429	36 958
– Rental income		849 716	738 726	44 895	33 153
– Other income		60 966	61 496	4 534	3 805
Expected credit losses recognised on tenant debtors	26.3.2	(3 738)	(6 375)	(134)	(258)
Direct property costs		(221 280)	(206 435)	(11 180)	(1 955)
Net property operating income		685 664	587 412	38 115	34 745
Other revenue		14 594	4 510	565 463	444 528
– Management fees		14 594	4 510	42 286	2 965
– Dividend income from subsidiaries		–	–	523 177	441 563
Insurance proceeds from building claim	3	51 725	–	–	–
Administration expenses	21	(103 489)	(89 307)	(73 341)	(60 336)
Operating profit		648 494	502 615	530 237	418 937
Restructure of loans and borrowings		(6 377)	–	(326)	–
Fair value adjustment to investment properties	3	642 313	803 242	13 765	(4 062)
Other fair value adjustments to financial instruments	20	121 505	62 668	11 742	(14 561)
Foreign exchange (losses)/gains		(3 565)	5 368	(954)	9 714
Depreciation and amortisation		(8 309)	(11 184)	(4 033)	(5 396)
Profit before interest and taxation		1 394 061	1 362 709	550 431	404 632
Interest income		25 904	44 438	17 506	19 291
Interest expense		(116 838)	(107 906)	(50 374)	(46 920)
Share of net loss of equity-accounted investees, net of tax		(471)	(15)	–	–
Profit before taxation		1 302 656	1 299 226	517 563	377 003
Taxation expense	22	(271 413)	(96 619)	–	–
– Normal taxation		(35 986)	(6 564)	–	–
– Deferred taxation		(235 427)	(90 055)	–	–
Profit for the year		1 031 243	1 202 607	517 563	377 003
Other comprehensive income net of tax					
Items that may be reclassified to profit or loss					
Translation of foreign operations		(137 946)	(120 800)	–	–
Items that may not be reclassified to profit or loss					
Equity-accounted investees – share of OCI		(7)	–	–	–
Other comprehensive loss for the year		(137 953)	(120 800)	–	–
Total comprehensive income for the year		893 290	1 081 807	517 563	377 003
Profit attributable to:		1 031 243	1 202 607		
Shareholders of the company		1 019 737	1 192 294		
Non-controlling interest		11 506	10 313		
Total comprehensive income attributable to:		893 290	1 081 807		
Shareholders of the company		884 214	1 074 211		
Non-controlling interest		9 076	7 596		

	Note	Cents	Cents
Earnings per share	23		
Basic earnings per share		231.49	282.68
Diluted earnings per share		228.73	280.20

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2022

Group	Stated capital (Note 14) R'000	Non-distributable reserve R'000	Retained earnings/ (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 as previously reported at 1 April 2020	4 360 033	210 839	(261 904)	255 657	7 656	4 572 281	33 097	4 605 378
Voluntary change in accounting policy	–	(210 839)	210 839	–	–	–	–	–
Restated balance at 1 April 2020	4 360 033	–	(51 065)	255 657	7 656	4 572 281	33 097	4 605 378
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)
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	–	(466 527)	–	14 310	(28 347)	(2 085)	(30 432)
Restated balance at 31 March 2021	4 783 903	–	674 702	137 574	21 966	5 618 145	38 608	5 656 753

Group	Stated capital (Note 14) R'000	Non-distributable reserve R'000	Retained earnings/ (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	–	–	1 019 737	(135 523)	–	884 214	9 076	893 290
Profit for the year	–	–	1 019 737	–	–	1 019 737	11 506	1 031 243
Other comprehensive income	–	–	–	(135 523)	–	(135 523)	(2 430)	(137 953)
Transactions with shareholders, recognised directly in equity								
Issue of shares	590 778	–	–	–	–	590 778	–	590 778
Proceeds	596 577	–	–	–	–	596 577	–	596 577
Share issue costs	(5 799)	–	–	–	–	(5 799)	–	(5 799)
Equity settled share-based payment charge	–	–	–	–	11 307	11 307	–	11 307
Dividends	–	–	(507 470)	–	–	(507 470)	(1 471)	(508 941)
Total transactions with shareholders	590 778	–	(507 470)	–	11 307	94 615	(1 471)	93 144
Balance at 31 March 2022	5 374 681	–	1 186 969	2 051	33 273	6 596 974	46 213	6 643 187

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2022

Company	Stated capital (note 13) R'000	Non-distributable reserve R'000	Accumulated loss R'000	Share-based payment reserve (note 14) R'000	Total R'000
Balance as previously reported at 1 April 2020	4 360 033	(19 595)	(481 407)	7 656	3 866 687
Voluntary change in accounting policy	–	19 595	(19 595)	–	–
Restated balance at 1 April 2020	4 360 033	–	(501 002)	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)
Equity settled share-based payment charge	–	–	–	14 310	14 310
Dividends	–	–	(466 527)	–	(466 527)
Total transactions with shareholders	423 870	–	(466 527)	14 310	(28 347)
Restated balance at 31 March 2021	4 783 903	–	(590 526)	21 966	4 215 343
Total comprehensive income for the year	–	–	517 563	–	517 563
Profit for the year	–	–	517 563	–	517 563
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	590 778	–	–	–	590 778
Proceeds	596 577	–	–	–	596 577
Share issue costs	(5 799)	–	–	–	(5 799)
Equity settled share-based payment charge	–	–	–	11 307	11 307
Dividends	–	–	(507 470)	–	(507 470)
Total transactions with shareholders	590 778	–	(507 470)	11 307	94 615
Balance at 31 March 2022	5 374 681	–	(580 433)	33 273	4 827 521

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2022

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	*24.1*	651 628	583 259	(13 044)	14 084
Interest received	*24.2*	20 989	35 667	9 819	15 067
Interest paid	*24.3*	(132 975)	(153 003)	(59 191)	(87 492)
Dividends paid	*24.4*	(480 584)	(460 493)	(479 113)	(458 408)
Dividend received	*24.5*	–	–	–	395 889
Taxation paid	*24.6*	(852)	–	–	–
Net cash inflow/(outflow) from operating activities		58 206	5 430	(541 529)	(120 860)
Cash flows from investing activities					
Additions to investment properties	*3*	(1 040 387)	(198 217)	(46 765)	(116 176)
Surplus in share purchase scheme paid to participants	*4*	(22 232)	(22 162)	(22 232)	(22 162)
Repayment of share purchase scheme loans	*4*	80 083	71 252	80 083	71 252
Acquisition of property and equipment		(9 765)	(4 431)	(2 324)	(1 125)
Additional investment in subsidiaries	*6*	–	–	(469 999)	(10 043)
Advance of loan to subsidiaries	*10*	–	–	(749 052)	(549 247)
Proceeds from subsidiaries		–	–	1 032 820	531 121
Acquisition of intangible assets	*5*	(5 391)	(1 921)	(3 365)	(1 474)
Acquisition of unlisted investment		(5 500)	(650)	(5 500)	(651)
Additional investment in equity-accounted investees		(219 481)	(22 284)	(15 325)	(17 337)
Net cash outflow from investing activities		(1 222 673)	(178 413)	(201 659)	(115 842)
Cash flows from financing activities					
Proceeds from loans and borrowings	*16.1*	2 143 008	252 637	656 744	240 937
Repayment of loans and borrowings	*16.1*	(1 474 329)	(366 131)	(497 553)	(366 131)
Proceeds from the issue of shares	*14*	596 577	419 304	596 577	419 304
Share issue costs	*14*	(5 799)	(2 277)	(5 799)	(2 277)
Repayment of lease obligations		(32 331)	(32 867)	(1 522)	(1 423)
Net cash inflow from financing activities		1 227 126	270 666	748 447	290 410
Net cash inflow for the year		62 659	97 683	5 259	53 708
Effects of movements in exchange rate on cash held		(11 399)	(2 963)	–	–
Cash and cash equivalents at beginning of year		171 073	76 353	76 950	23 242
Cash and cash equivalents at end of year	*12*	222 333	171 073	82 209	76 950

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

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 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 20 June 2022.

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, listed below, did not have a material impact on the financial statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The group has voluntarily changed its accounting policies in relation to transfers to and from the non-distributable reserves. The impact of the change in accounting policy is disclosed on note 35. The other amendments adopted did not have any impact on the amounts recognised in prior periods.

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
Amendment to IFRS 3	31 March 2023	Reference to the Conceptual Framework.	The changes have been assessed and will not have a material impact on the financial statements.
Amendment to IAS 16	31 March 2023	Proceeds from the sale of items before the related item of PPE is available for use should be recognised in profit or loss.	The changes have been assessed and will not have a material impact on the financial statements.
Amendment to IAS 37	31 March 2023	The amendments clarify 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 cycle 2018-2020	31 March 2023	The amendments to IFRS 1 and IFRS 9 provides clarity on the first-time adoption of full IFRS by a subsidiary and the '10 percent test' for the derecognition of financial liabilities respectively.	The changes have been assessed and will not have a material impact on the financial statements.
Amendments to IAS 12	31 March 2024	The amendments clarify how to account for deferred tax on certain transactions such as leases and decommissioning provisions.	The changes have been assessed and will not have a material impact on the financial statements.
Amendments to IAS 8	31 March 2024	The amendments introduce a new definition for accounting estimates.	The changes have been assessed and will not have a material impact on the financial statements.
Amendment to IAS 1	31 March 2024	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.

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 purchaser's cost, future capital expenditure that will improve or enhance the property and do not reflect the related future benefits from this expenditure other than those a rational market participant would take into account when determining the value of the property. Realised and unrealised gains or losses arising from changes in fair value are included in profit or loss for the period in which they arise.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last financial reporting period (plus any subsequent capital expenditure post the reporting date) is charged or credited to profit or loss.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Investment properties (continued)

Investment properties under development

Undeveloped land and property under construction or development for future use as investment properties is classified as investment properties under development and is measured at fair value at each reporting date.

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

Leasehold investment properties

Leasehold properties, held as right-of-use assets, are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor is included in the statement of financial position at the present value of the future lease payments at inception, and is shown within note 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.

1.7 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 or fair value through profit or loss.

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

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

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

The group's financial assets consist of :

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 are set out in note 26.3.2.

Staff loans

The expected credit losses method use for interest free loans granted to employees is based on the 12-month expected credit loss basis. Further details are set out in note 26.3.1.

Related party receivables

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. Refer to note 26.3.1 for further details.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

Sundry receivables

The 12-month expected credit losses basis has been used to determine the impairment allowance. Refer to note 26.3.1 for further details.

Cash and cash equivalents and derivative financial assets

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. Derivattive financial assets comprise forward exchange contracts, cross-currency interest rate swaps and interest rate swaps held with counterparties with good credit ratings.

Intercompany receivable

Intercompany receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method, less a loss allowance. The 12-month expected credit losses basis has been applied to these receivables. Further details are set out in note 26.3.1.

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. The expected credit losses that may arise on the share purchase scheme loans over the next 12 month in determining the expected credit loss. Further details are set out in note 26.3.1.

Unlisted investment

The group measures the unlisted investment initially at cost 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.

1.9 Goodwill and intangible assets

Goodwill

Goodwill only arises on acquisition of a business and represents the difference between the consideration transferred for the acquisition and the fair value of the net identifiable assets acquired on acquisition date.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Goodwill is allocated to cash generating units and is tested annually for impairment and whenever there is an indication of impairment. A gain on bargain purchases arising on acquisition is recognised directly in profit or loss.

Intangible assets

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

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

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

The estimated useful lives for the period is as follows:

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.10 Leases

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

On the lease commencement date the right-of-use assets and related lease liabilities are recognised. The lease liability is measured by including fixed payments from the commencement date, certain variable payments, residual value guarantees and termination penalties. The lease payments are discounted at the group's incremental borrowing rate. To determine the incremental borrowing rate the group utilised its weighted average incremental borrowing rate adjusted for specific terms of each lease. On initial recognition the right-of use asset is measured the same amount as the lease liability adjusted for any initial direct costs less any lease incentives received. Lease payments are allocated between interest expense, recognised in profit or loss, and reducing the lease liability.

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

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

1.11 Inventories

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

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

Inventories relate to packaging materials.

1.12 Impairment

1.12.1 Financial assets

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

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

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

The group measures the loss allowance at an amount equal to lifetime expected credit losses except for cash and cash equivalents for which credit risk has 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 at least 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. A bonus provision is raised as the amount payable is uncertain. 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. The contractual terms of the leases are month-to-month. 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

1.22 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 Foreign currency

1.24.1 Foreign currency transactions

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

1.24.2 Foreign currency translation reserve

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

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

1.25 Share-based payment

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

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

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

1.26 Non-controlling interest

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

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

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

1.27 Dividends declared

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

1.28 Earnings and headline earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of shares that are not entitled to receive dividends, in the current year and is based on the profit after tax for the year attributable to the parent. Headline earnings per share is calculated in terms of the requirements set out in Circular 1/2021, 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, related party receivables, staff loans, sundry receivables and deposits with municipalities and local councils. The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant or client in the case of the group's Digital 1st initiative. The diversified tenant base and client base ensures that there is no significant concentration risk.

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

Stor-Age share purchase scheme loans

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

Cash and cash equivalents

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

	Long-term rating
HSBC Bank	A1
First National Bank	Ba2
Investec Bank	Ba2
Standard Bank of South Africa	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
HSBC Bank	A1
Santander	A2
Investec Bank	Ba2
Standard Bank of South Africa	Ba2
Nedbank	Ba2

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.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

2.3 Market risk (continued)

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 12, and share capital as disclosed in note 14. 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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
3. INVESTMENT PROPERTIES				
3.1 Fair value of investment properties				
Historical cost^	6 996 528	5 931 378	422 435	345 404
Subsequent expenditure capitalised	798 013	577 140	345 421	289 299
Fair value adjustment	1 770 461	1 128 148	(393)	(14 158)
Remeasurement of lease obligations	393	393	–	–
Exchange differences	(30 395)	232 262	–	–
Carrying amount at end of year	9 535 000	7 869 321	767 463	620 544
Movement in investment properties:				
Carrying amount at start of year	7 869 321	7 074 287	620 544	485 653
Additions to investment property	1 065 150	37 656	109 531	37 656
Disposal of investment property#	–	–	(32 500)	–
Remeasurement of lease obligations	–	393	–	–
Subsequent expenditure capitalised*	220 873	183 422	56 123	101 297
Fair value adjustment	642 313	803 242	13 765	(4 062)
Exchange differences	(262 657)	(229 679)	–	–
Carrying amount at end of year	9 535 000	7 869 321	767 463	620 544

^ *In the current year the Springfield leasehold property has been included into the historical cost balance. The comparative has been represented accordingly.*

The company disposed of one of its properties (Morningside) to SSS JV 1 Proprietary Limited, a 100% held subsidiary.

* *Includes interest capitalised of R15.9 million (2021: R16.2 million) for the group and R10.8 million (2021: R15.9 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.

In the UK, the group acquired a trading self storage property in Blackpool from an independent operator for £3.9 million in April 2021 and the McCarthy's Storage World portfolio of four properties located in Yorkshire for £37.6 million in January 2022. In SA, the group acquired two trading self storage properties from independent operators for an aggregated consideration of R108 million.

The group's property, Waterfall, based in KwaZulu-Natal suffered extensive damage during the violent disorder that took place in July 2021. The group's SASRIA insurance claim for the building damage of R51.7 million was settled in full in January 2022 and is reflected as other income in the statement of profit or loss and other comprehensive income.

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 R9.6 million (2021: R6.5 million). The carrying amount of investment properties held for development amount to R237.2 million (2021: R282.1 million).

Investment properties with a fair value of R8.42 billion (2021: R7.22 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 3.3.

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

3. INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

In line with the group's policy, 50% of the South African trading portfolio was valued by independent valuers 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 as the external valuers.

All properties in the UK trading portfolio are valued by independent valuers at year end. At the interim reporting date the properties are valued internally by the directors using the same methodology as the external valuers.

In line with this policy, the table below sets out the 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 2022						
Internally valued	26	2 238.1	–	–	26	2 238.1
Externally valued	27	2 615.2	26	4 444.6	53	7 059.8
	53	4 853.3	26	4 444.6	79	9 297.9
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

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

Measurement of fair value of investment properties

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

Details of valuation–South Africa

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who are independent and members of the South African Institute of Valuers, independently valued 17 properties in the South African portfolio at 31 March 2022.

Mr J Askew (FRICS) of Jones Lang LaSelle Limited (JLL), who are independent and members of the South African Institute of Valuers, independently valued 10 properties in the South African portfolio at 31 March 2022.

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 held for development the same methodology is used 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 13.00% and 15.00% (2021: between 13.50% and 15.00%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 8.00% and 9.25% (2021: between 8.00% and 9.50%). (d) Rental rate growth rates – between 5.0% and 8.0% with the exception of one property which was 9.0% in year 1(2021: between 6.0% and 8.0%). (e) The operating costs inflation assumption – between 5.5% and 6.0% (2021: 6.0%). (f) Stabilised occupancy – between 87.5% and 95.0% (2021: between 87.5% and 95.0%)	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3. INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

Details of valuation–United Kingdom

In the UK, the entire portfolio was valued independently by CBRE Limited (CBRE) – (22 properties) and Cushman and Wakefield (C&W) – (four properties). The valuations were prepared in accordance with the version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement ("the Red Book") current as at the valuation date. The properties were valued reflecting purchaser's costs with full Stamp Duty Land Tax on a property transaction, as if they were sold directly as property assets. CBRE and C&W were also instructed to prepare an additional valuation using a Special Assumption of purchaser's costs of 0% in accordance with the group's accounting policy for the valuation of investment properties.

The valuation of each investment property has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential.

The valuations have been provided for annual financial statements purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book (subject to the Special Assumption noted above).

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

- CBRE does not provide other significant professional or agency services to the group;
- in relation to the preceding financial year of CBRE and C&W, the proportion of the total fees payable by the group to the total fee income of the firm is less than 5%; and
- the fee payable to CBRE is a fixed amount per property and is not contingent on the appraised value.

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. For freehold and long leasehold, properties the valuation is based on a discounted cash flow of the net operating income over a 10 year period and a notional sale of the asset at the end of the tenth year. The same DCF methodology is used for short leasehold properties, except that the cash flows reflect only the unexpired lease period from the date of valuation. 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 8.10% and 9.375%; Short leasehold properties between 10.125% and 10.875% (2021: Freehold and long leasehold properties between 8.50% and 9.50%; Short leasehold properties between 10.00% and 10.50%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 5.50% and 6.750% (2021: between 5.625% and 6.625%). (d) Rental rate growth ranges between 2.50% and 3.50% (2021: between 2.75% and 3.50%). (e) The operating costs inflation assumption ranges from 2.50% to 2.75% (2021:2.75%). (f) Stabilised occupancy – between 85.0% and 94.0% (2021: between 79.0% and 94.0%)	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.

3. INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

Sensitivity of fair values to changes in significant key 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 2022							
South Africa	5 090.4	25.2	(27.6)	(62.9)	62.8	29.8	(31.3)
United Kingdom	4 444.6	34.0	(32.7)	(57.0)	57.3	26.2	(26.8)
Total	9 535.0	59.2	(60.3)	(119.9)	120.1	56.0	(58.1)
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)

3.2 Acquisition of McCarthy's Storage World

On 31 January 2022 Stor-Age, through its UK subsidiary Betterstore, acquired the entire issued share capital of Project Mars Limited for R774.2 millions (£37.5 million). The acquisition was settled in cash to the vendors. Project Mars Limited is the holding company of the acquired McCarthy's Storage World properties.

In line with the group's accounting policies the transaction has been treated as an asset purchase on the basis that more that 90% of the fair value of the gross assets acquired is attributable to the investment properties.

Subsequent to the effective date of the transaction, Project Mars Limited changed its year end from 31 December to 31 March in order to align its financial year with the group.

The assets arising from the acquisition on 31 January 2022 are as follows:

	R'000
Investment properties*	774 040
Plant and equipment	117
Fair value of net identifiable assets acquired	774 157
Total purchase consideration	774 157
Net cash outflow on acquisition	774 157
Consideration financed by debt	330 307
Consideration financed by equity	443 850

Acquisition-related costs of R17.1 million (£827,384) that were incurred to effect the transaction have been capitalised to the investment property.

** The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy*

Amounts have been translated at GBP1 = R20.64 at the date of acquisition.

3.3 Capital commitments authorised

	Group 2022 R'000	Group 2021 R'000
Contracted for	188 947	142 872
Authorised but not contracted for	245 790	201 148
	434 737	344 020

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. No new shares were granted to participants under the Scheme in the current and prior year.

The Scheme serves as a mechanism to create ownership opportunities for the executive directors and selected employees whereby they are offered the opportunity to acquire Stor-Age shares by way of an interest-bearing loan.

	2022 Number of shares	2021 Number of shares
Maximum number of shares available for the Scheme	20 000 000	20 000 000
Shares issued to participants		
At start of year	12 638 154	16 398 139
Sold during the year	(5 090 304)	(3 759 985)
Issued during the year	–	–
At end of year	7 547 850	12 638 154
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 shares owned by participants

	Number of shares at 1 April 2021	Shares issued	Shares sold by participants	Number of shares at 31 March 2022
Issue 1	9 125 754	–	(3 891 347)	5 234 407
Issue 2	124 360	–	(67 360)	57 000
Issue 3	70 000	–	(70 000)	–
Issue 4a	338 040	–	(276 040)	62 000
Issue 4b	900 000	–	(150 000)	750 000
Issue 5	1 100 000	–	(300 000)	800 000
Issue 6	980 000	–	(335 557)	644 443
	12 638 154	–	(5 090 304)	7 547 850

	Number of shares at 1 April 2020	Shares issued	Shares sold by participants	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

Reconciliation of movement in loan owed by participants

	Opening balance at 1 April 2021	Interest charged	Dividends received	Settlement of loan	Withdrawal of surplus	Closing balance at 31 March 2022
Issue 1	96 296	5 175	(6 346)	(53 857)	13 980	55 248
Issue 2	1 213	68	(84)	(861)	199	535
Issue 3	772	7	–	(866)	87	–
Issue 4a	4 017	146	(200)	(3 931)	644	676
Issue 4b	10 879	716	(873)	(2 175)	516	9 063
Issue 5	14 427	921	(1 107)	(4 295)	525	10 471
Issue 6	12 437	748	(843)	(4 645)	445	8 142
	140 041	7 781	(9 453)	(70 630)	16 396	84 135

	Opening balance at 1 April 2020	Interest charged	Dividends received	Settlement of loan	Withdrawal of surplus	Closing balance at 31 March 2021
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

Dividends received represents the dividends received on the Scheme shares held by a participant which is paid to the company. The proceeds are used to settle interest owing on the loan by the participant.

Settlement of the loan reflects the full proceeds on the sale of Scheme shares held by a participant which is paid to the company. The proceeds are used to settle the outstanding loan of the participant relating to the Scheme shares sold.

Withdrawal of surplus comprises:

- the net gain on the sale of Scheme shares held by a participant being the full proceeds from the sale of the Scheme shares less a proportionate amount of the outstanding loan at the date of sale; and
- the difference between the dividend received on the Scheme shares held by a participant relating to a dividend period less the interest owing on the loan for the same period. Under the rules of the Scheme, participants may elect to withdraw this surplus.

	Interest rate	Outstanding balance	Fair value of shares at 31 March 2022
Issue 1	8.00%	55 247	77 365
Issue 2	8.31%	535	842
Issue 3	8.00%	–	–
Issue 4a	7.46%	676	916
Issue 4b	7.46%	9 064	11 085
Issue 5	7.19%	10 471	11 824
Issue 6	7.90%	8 142	9 525
Shares balance at 31 March 2022		**84 135**	**111 557**
Shares balance at 31 March 2021		140 041	165 559

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

Reconciliation of movement in loan owed by participants (continued)

Loans to directors and employees

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Directors				
– SC Lucas	25 721	39 473	25 721	39 473
– GM Lucas	27 284	40 502	27 284	40 502
– SJ Horton	27 284	40 502	27 284	40 502
Employees	3 846	19 564	3 846	19 564
	84 135	140 041	84 135	140 041

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 R9.453 million (2021: R17.678 million) received by participants in the Scheme during the current year have been applied against the interest on the loans of R7.781 million (2021: R13.575 million).

No impairment allowances (refer to note 26.3) were made on the outstanding loan balances as at the end of the year.

5. GOODWILL AND INTANGIBLE ASSETS

	Goodwill R'000	Stor-Age Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
Group					
2022					
Cost	121 852	–	12 518	17 014	151 384
Opening balance	124 880	–	7 395	18 126	150 401
Additions during the year*	–	–	5 211	–	5 211
Foreign exchange movement	(3 028)	–	(88)	(1 112)	(4 228)
Accumulated amortisation	–	–	(5 678)	–	(5 678)
Opening balance	–	–	(3 382)	–	(3 382)
Amortisation for the year	–	–	(2 296)	–	(2 296)
Accumulated impairment	–	–	–	–	–
Opening balance	–	–	–	–	–
Impairment loss for the year	–	–	–	–	–
Carrying amount at 31 March 2022	121 852	–	6 840	17 014	145 706
2021					
Cost	124 880	–	7 395	18 126	150 401
Opening balance	128 907	–	5 586	19 603	154 096
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	–	–	–	–	–
Opening balance	–	–	–	–	–
Impairment loss for the year	–	–	–	–	–
Carrying amount at 31 March 2021	124 880	–	4 013	18 126	147 019

^ *Management agreements relate to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited on listing in November 2015.*
* *Additions made to the website are internally generated.*

5. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Company	Goodwill R'000	Stor-Age Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
2022					
Cost	279	77 400	6 901	–	84 580
Opening balance	279	77 400	3 536	–	81 215
Additions during the year*	–	–	3 365	–	3 365
Accumulated amortisation	–	–	(3 260)	–	(3 260)
Opening balance	–	–	(1 759)	–	(1 759)
Amortisation for the year	–	–	(1 501)	–	(1 501)
Accumulated impairment	–	–	–	–	–
Opening balance	–	–	–	–	–
Impairment loss for the year	–	–	–	–	–
Carrying amount at 31 March 2022	279	77 400	3 641	–	81 320
2021					
Cost	279	77 400	3 536	–	81 215
Opening balance	279	77 400	2 062	–	79 741
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	–	–	–	–	–
Opening balance	–	–	–	–	–
Impairment loss for the year	–	–	–	–	–
Carrying amount at 31 March 2021	279	77 400	1 777	–	79 456

^ *Management agreements relate to the amalgamation and merger of Stor-Age Self Storage 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 2022 R'000	Goodwill 31 March 2021 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	839	–	42 386	45 414
Carrying amount at end of year	121 013	839	–	121 852	124 880

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:

	2022	2021
Discount rate	15%	15%
Exit capitalisation rate	9.5%	9.3%
Growth rate	6%	6%
Cost inflation	6%	6%

There was no impairment of the cash generating units in the current and prior year.

5.2 **Goodwill acquired as part of the Storage RSA business combination**

The group acquired Storage RSA on 28 February 2017. The recoverable amount of the goodwill relating to Storage RSA is based on the higher of value in use or fair value less costs of disposal. The group has assessed the consolidated net asset value of the business to be its recoverable amount. At the reporting date, the net asset value of Storage RSA was greater than the net asset value at the acquisition date.

No impairment loss has been recognised during the current and prior year.

5. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

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 R41.565 million arose on acquisition. The Dividend Growth Model was used to determine the value in use for Betterstore as the dividends are the most appropriate reflection of free 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 stand alone basis, using the following assumptions:

	2022	2021
Dividend growth	6.0%	6.0%
Exit capitalisation rate	6.8%	6.8%
Discount rate	9.27%	9.27%
Exchange rate (GBP/ZAR)	20.41	20.41
Terminal growth rate	3.00%	3.00%

No impairment loss has been recognised during the current and prior year.

5.4 Intangible assets

Following the acquisition of RSI 2 and RSI 3, the company no longer charges management fees to the entities.

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:

	2022 R'million	2021 R'million
Stor-Age Self Storage		
Discount rate minus 1%	6.90	6.79
Discount rate plus 1%	(6.10)	(6.23)
Long term growth rate minus 1%	(6.10)	(5.75)
Long term growth rate plus 1%	5.90	6.01
Betterstore		
Dividend growth rate minus 1%	(97.62)	(87.93)
Dividend growth rate plus 1%	101.14	91.11
Discount rate minus 1%	98.82	89.17
Discount rate plus 1%	(93.75)	(84.58)

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 2022 R'000	Investment 2021 R'000
Roeland Street Investments Proprietary Limited ('RSI')	South Africa	100%	3 419 950	2 949 017
Roeland Street Investments 2 Proprietary Limited ('RSI 2')	South Africa	100%	950 972	950 972
SSS JV 1 Proprietary Limited ('SSS JV 1')*	South Africa	100%	–	–
SSS JV 2 Proprietary Limited ('SSS JV 2')*	South Africa	100%	–	–
			4 370 922	3 899 989

* *These companies were incorporated during the current year. The company directly holds one no par value share of R1.00 in each company. SSS JV 1 owns the three properties in Pinelands, Paarden Eiland and Kramerville. SSS JV 2 owns two properties in Bryanston and Morningside.*

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

Details of the company's indirectly held interest in subsidiaries at 31 March 2022 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2022	Interest % held as at 31 March 2021
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 Holdco Limited ('Betterstore Holdco')	Betterstore	Guernsey	100%	–
SK Propco Limited	Betterstore	United Kingdom	100%	–
Betterstore Self Storage Properties I Limited ('Properties I')	Betterstore Holdco	Guernsey	100%	100%
Betterstore Self Storage Properties III Limited	Betterstore Holdco	Guernsey	100%	100%
Betterstore Self Storage Operations Limited	Betterstore Holdco	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%
Flexi Store Self Storage Limited	Properties I	United Kingdom	100%	100%
Project Mars Limited ('Mars')	Properties I	United Kingdom	100%	–
MJM Acquisitions Limited	Mars	United Kingdom	100%	–

7. EQUITY-ACCOUNTED INVESTEES

7.1 Summary of equity-accounted investees

Name	Principal place of business	Type of arrangement*	Effective interest 31 March 2022	Effective interest 31 March 2021	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Sunningdale Self Storage Proprietary Limited ('Sunningdale')	South Africa	JV	50%	50%	37 894	21 514	39 090	21 743
SKJV 1 Limited ('SKJV 1')^	United Kingdom	JV	24.9%	24.9%	31 380	6 501	–	–
SKJV 2 Limited ('SKJV 2')^	United Kingdom	JV	24.9%	24.9%	2 755	622	–	–
SKJV 3 Limited ('SKJV 3')^	United Kingdom	JV	24.9%	–	33 124	–	–	–
SKJV Bidco Limited ('Bidco')^	United Kingdom	JV	24.9%	–	141 427	–	–	–
Carrying amount					246 580	28 637	39 090	21 743

^ *Collectively referred to as SKJV.*
* *JV – Joint Venture*

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.

7.2 Summarised financial information for material equity-accounted investees

Summarised statement of financial position

	Sunningdale		SKJV 1 – 3		Bidco	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current assets	59 842	42 202	239 082	12 397	1 130 407	–
Investment properties	58 895	42 202	239 082	12 397	1 126 563	–
Other non-current assets	947	–	–	–	3 844	–
Current assets	3 204	935	20 068	806	89 937	–
Current liabilities	(470)	–	(259 150)	(13 204)	(57 846)	–
Non-current liabilities	(63 762)	(43 155)	–	–	(875 364)	–
Loans and borrowings	(63 762)	(43 155)	–	–	(588 673)	–
Other non-current liabilities	–	–	–	–	(286 691)	–
Net assets/(liabilities)	(1 186)	(18)	–	(1)	287 134	–

Summarised statement of comprehensive income

	Sunningdale		SKJV 1 – 3		Bidco	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Property revenue	3 967	–	–	–	2 549	–
Other income	–	–	–	–	10	–
Direct property costs	(1 575)	–	–	–	(792)	–
Administration expenses	(567)	(41)	(7)	–	(358)	–
Interest income	43	23	–	–	–	–
Interest expense	(3 499)	–	–	–	(601)	–
- Stor-Age	(2 022)	–	–	–	–	–
- JV partner	(1 425)	–	–	–	–	–
- External borrowings	(52)	–	–	–	(601)	–
Taxation	457	–	–	–	(338)	–
Profit for the period	(1 174)	(18)	(7)	–	470	–
Other comprehensive income	–	–	–	–	(7)	–
Total comprehensive income	(1 174)	(18)	(7)	–	463	–

7.3 Capital commitments in respect of JV

Commitment to provide funding to the joint ventures for capital expenditure projects:

	Group	
	2022 R'000	2021 R'000
Contracted for	88 375	–
Authorised but not contracted for	–	–
	88 375	–

7. EQUITY-ACCOUNTED INVESTEES (CONTINUED)

7.4 Sunningdale

Sunningdale is a joint venture with Garden Cities to develop a new self storage property in Sunningdale, Cape Town. 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.

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 2022 R'000	31 March 2021 R'000
Group's interest	50%	50%
Group's share of net liabilities	(593)	(9)
Elimination of fees capitalised to the investment property	(381)	(218)
Share of losses	(586)	(9)
Shareholder loan*		
Reconciliation of movement:		
Opening balance	21 514	3 527
Increase in investment	15 325	17 413
Interest accrued	2 022	801
Closing balance	38 861	21 741
Carrying amount of interest	37 894	21 514

7.5 SKJV

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 and acquire 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, 3 and SK JV Bidco.

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 the SKJV entities and accordingly has classified its interest in these companies as joint ventures.

In March 2022 Bidco acquired four properties in the UK for a consideration of £59.0 million.

SKJV 3 and Bidco were newly incorporated during the current financial year. The SKJV entities have a financial year ending 31 December.

	SKJV 1 – 3 2022 R'000	SKJV 1 – 3 2021 R'000	Bidco 2022 R'000	Bidco 2021 R'000
Group's interest	24.9%	24.9%	24.9%	–
Group's share of net liabilities	(1 428)	–	71 496	–
Elimination of fees capitalised to the investment property	(519)	–	(1 659)	–
Share of (losses)/profit	(2)	–	117	–
Share of OCI	–	–	(7)	–
Shareholder loan*				
Reconciliation of movement:				
Opening balance	7 123	–	–	–
Increase in investment	60 657	7 123	142 976	–
Interest accrued	–	–	–	–
Closing balance	67 780	7 123	142 976	–
Carrying amount of interest	67 259	7 123	141 427	–

* *The credit risk assessment of the shareholder loans are set out in note 26.3.1*

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
8. UNLISTED INVESTMENT				
Opening balance	5 474	5 082	5 474	5 082
Additional investment	5 500	650	5 500	650
Fair value adjustment	(136)	(258)	(136)	(258)
Closing balance	10 838	5 474	10 838	5 474

The investment is held in products with Cadiz Asset management with the purpose of complying with the BBBEE codes.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
9. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts	65 374	31 866	–	–
Cross-currency interest rate swaps	8 723	–	–	–
Interest rate swaps	25 744	400	1 963	400
– ZAR denominated facilities	1 963	400	1 963	400
– GBP denominated facilities	23 781	–	–	–
Total derivative financial assets	99 841	32 266	1 963	400

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

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

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

	Company	
	2022 R'000	2021 R'000
10. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Gauteng Storage Properties Proprietary Limited	33 926	4 743
Unit Self Storage Proprietary Limited	3 377	9 622
Roeland Street Investments 2 Proprietary Limited	29 888	27 001
	67 191	41 366
Intercompany receivable		
Roeland Street Investments Proprietary Limited	390 188	387 047
SSS JV 1 Proprietary Limited	110 507	–
SSS JV 2 Proprietary Limited	76 342	–
	577 037	387 047

The intercompany loan balances mainly comprise working capital amounts and dividends declared to the company during the year that were not settled at 31 March 2022. For SSS JV 2, the balance also comprises the acquisition consideration for Morningside from the company.

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 26.3 for expected credit losses disclosure.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
11. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Tenant debtors net of expected credit losses	18 798	14 787	281	126
Gross tenant debtors	20 672	17 225	387	197
Expected credit losses	(1 874)	(2 438)	(106)	(71)
Staff loans	114	127	108	125
Related party receivables	31	14	40 825	1 872
Sundry receivables	41 177	27 096	8 249	4 027
	60 120	42 024	49 463	6 150
Non-financial instruments				
Prepayments+	42 642	40 883	1 252	667
VAT	24 588	–	–	4 789
	67 230	40 883	1 252	5 456
Total trade and other receivables	127 350	82 907	50 715	11 606
Split between non-current and current portion				
Current assets	127 350	82 907	50 715	11 606
Non-current assets	–	–	–	–
	127 350	82 907	50 715	11 606
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9:				
At amortised cost	60 120	42 024	49 463	6 150
Non-financial instruments	67 230	40 883	1 252	5 456

+ *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.

	2022 R'000	2021 R'000	2022 R'000	2021 R'000
12. CASH AND CASH EQUIVALENTS				
Cash on call	–	69 012	–	69 012
Current account	222 333	102 061	82 209	7 938
	222 333	171 073	82 209	76 950

The effective interest rates are set out in note 26.2.2.

	Company 2022 R'000	Company 2021 R'000
13. DIVIDEND RECEIVABLE		
Roeland Street Investments Proprietary Limited	248 353	183 931
Roeland Street Investments 2 Proprietary Limited	34 163	46 064
SSS JV 1 Proprietary Limited	886	–
	283 402	229 995

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
14. STATED CAPITAL				
Authorised				
1 000 000 000 Ordinary shares of no par value				
Issued				
In issue at the beginning of the year	4 783 903	4 360 033	4 783 903	4 360 033
Accelerated bookbuild	575 000	250 000	575 000	250 000
Purchase of investment properties	–	6 843	–	6 843
Dividend re-investment programme	21 577	169 304	21 577	169 304
Share issue costs	(5 799)	(2 277)	(5 799)	(2 277)
In issue at the end of the year	5 374 681	4 783 903	5 374 681	4 783 903
Reconciliation of number of issued shares				
In issue at the beginning of the year	432 881 143	397 848 842	432 881 143	397 848 842
Shares issued during the year	41 729 287	35 032 301	41 729 287	35 032 301
In issue at the end of the year	474 610 430	432 881 143	474 610 430	432 881 143

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

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

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
15. SHARE-BASED PAYMENT RESERVE				
Opening balance	21 966	7 656	21 966	7 656
Movement	11 307	14 310	11 307	14 310
Expense recognised in profit or loss	11 307	14 310	10 374	13 781
Group share-based payment charge	–	–	933	529
Shares issued during the current year	–	–	–	–
Closing balance	33 273	21 966	33 273	21 966

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

Details of conditional shares awarded are set out below:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total 31 March 2022	Total 31 March 2021
GM Lucas	171 625	305 111	381 388	381 388	1 239 512	858 124
SC Lucas	171 625	305 111	381 388	381 388	1 239 512	858 124
SJ Horton	171 625	305 111	381 388	381 388	1 239 512	858 124
Other employees	717 012	714 217	1 107 588	1 092 373	3 631 190	2 538 817
Total awards granted	1 231 887	1 629 550	2 251 752	2 236 537	7 349 726	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 20.25% 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.

15. SHARE-BASED PAYMENT RESERVE (CONTINUED)

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Opening number of unvested instruments	1 231 887	1 629 550	2 251 752	–	5 113 189
Awards granted during the current year	–	–	–	2 236 537	2 236 537
Forfeited shares	(136 076)	(153 318)	(13 349)	–	(302 743)
Closing number of unvested instruments	1 095 811	1 476 232	2 238 403	2 236 537	7 046 983
Grant date	13 March 2019	30 August 2019	14 September 2020	30 November 2021	
Vesting date	1 September 2022	1 September 2022	15 September 2023	1 September 2024	
Issue price (30 day VWAP)*				13.90	
Forfeiture rate				7.0%	
Dividend yield				7.77%	
Performance condition factor				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 retention shares (25%) which are subject to a 3.5 year service period only.

The shares awarded under tranche 2, 3 and 4 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. The CSP has a dilutive impact on the group's earnings per share.

* *Volume-weighted average price*

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
16. FINANCIAL LIABILITIES				
16.1 Loans and borrowings				
Reconciliation of loans and borrowings:				
Opening balance at 1 April	1 994 359	2 205 723	951 153	1 086 112
New borrowing facilities	1 254 172	–	98 502	–
Withdrawals	1 154 094	252 637	745 499	240 937
Repayments	(1 500 249)	(366 131)	(613 139)	(366 131)
Loan fees paid and amortisation	(46 014)	–	(17 762)	–
Foreign exchange movement	–	(9 765)	–	(9 765)
Foreign currency translation reserve	(97 511)	(88 105)	–	–
Closing balance at 31 March	2 758 851	1 994 359	1 164 253	951 153
Current borrowings	160 000	647 359	160 000	647 359
Non-current borrowings	2 598 851	1 347 000	1 004 253	303 794
– Long-term borrowings	2 698 851	1 646 527	1 104 253	603 321
– Surplus cash paid into loan facility	(100 000)	(299 527)	(100 000)	(299 527)

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

31 March 2022

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value R'000	Facility balance at 31 March 2022 R'000
Nedbank	Sep-24	3 years	Jibar+1.65%	275 000	273 435
Nedbank	Oct-24	3 years	Fixed rate 7.18%	112 000	112 000
Nedbank	Nov-23	2 years	Jibar+1.73%	350 000	298 262
Nedbank	Dec-23	2 years	Jibar+1.78%	300 000	129 477
Standard Bank	Sep-24	3 years	Jibar+1.66%	267 957	206 800
Standard Bank	Apr-24	2 years	Fixed rate 6.84%	102 043	102 043
Futuregrowth	Apr-22	Rolling 3 months	Jibar+0.70%	160 000	160 000
				1 567 000	1 282 017

16. FINANCIAL LIABILITIES (CONTINUED)

16.1 Loans and borrowings (continued)

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value £'000	Facility balance at 31 March 2022 R'000
Aviva	Oct-28	7 years	Fixed rate 3.21%	21 000	401 367
HSBC/Santander	Oct-26	5 years	Sonia+2.40%	42 500	812 292
HSBC/Santander	Oct-26	5 years	Sonia+2.65%	32 500	272 209
Standard Bank	Sep-24	3 years	Sonia+2.12%	9 420	136 980
				105 420	1 622 848

Total gross loans and borrowings for the group	2 904 865
Surplus cash paid into loan facility	(100 000)
Loan fees paid and amortisation	(46 014)
Closing balance at 31 March	2 758 851

^ *Rates referenced to Jibar represents 3 month Jibar. Rates reference to Libor represents 3 month Libor.*

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
				1 555 000	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

Sonia Sterling Overnight Interbank Average Rate
* *Comprises a four-year term with two 12 month extension options*
^ *Rates referenced to Jibar represents 3 month Jibar. Rates reference to Libor represents 3 month Libor.*

Surplus cash is placed in the Nedbank annex facility and earned interest at Jibar plus 1.40%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate derivatives with a notional value of R300 million and R250 million have been entered into with Nedbank and Standard Bank respectively for the ZAR denominated facilities. Interest rate derivatives with a notional value of £20 million for each of HSBC and Santander, and £5 million for Standard Bank, have been entered into for the GBP denominated facilities. Further details are set out in note 26.2.1.

The group's risk management and interest benchmark transition is set out in note 26.

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)

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)

HSBC/Santander Club Lend facility

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)
- 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)

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)
- 1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH, Title number SYK429163 (Storage King Doncaster)
- 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 industrial Estate, Chester, CH1 4NT, Title number, CH653432 (Storage King Chester)
- The Wash Shop, Hartford Way, Sealand industrial Estate, Chester, CH1 4NT, Title number CH254305 (Storage King Chester)
- Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF, Title Number SY767961 (Storage King Weybridge)

Freehold Properties (continued)

- 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)
- Land on the east side of Water Lane, York, NYK453274 (Storage King York)
- J W Taylor Ltd, Ripon Road,Harrogate HG12BT, NYK345873, Land and buildings lying to the East of Ripon Road, Harrogate, NYK171042 (Storage King Harrogate)
- Phoenix Retail Park, Leeds Road, Huddersfield, HD1 6NB,WYK594784 (Storage King Huddersfield)
- Land and Buildings on the South Side of Charlotte Street, WYK237467, (Storage King Wakefield)

Aviva facility

Freehold Properties

- 599 to 613 Princes Road, Dartford, DA2 6HH, Title number K342977 (Storage King Dartford)
- 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)
- Units 8-14, Hansard Gate, West Meadows, industrial Estate, Derby, DE21 6AR, Title number DY490969 (Storage King Derby)
- Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX, Title number GR408472 (Storage King Gloucester)

The following covenants are applicable to the year ended 31 March 2022:

Nedbank

- The property Loan-to-Value ratio in respect of any measurement period shall not exceed 50%.
- Interest cover for the reporting period shall be at least 1.8 times (EBITDA to interest paid)

HSBC/Santander Club Lend facility

- Debt Service Cover in respect of any Relevant Period shall not, at any time, be less than the ratio 1.1:1.
- The Loan-to-Market Value does not, at any time, exceed 55%.
- The Loan-to-Closed-Market Value does not, at any time, exceed 85%.
- Interest Cover in respect of any Relevant Period shall not, at any time, be less than 2.0:1.

Aviva facility

- The Historical Interest Cover is, at all times, at least 300%.
- The Loan-to-Value does not, at any time, exceed 60%.

Standard Bank

- The Property Loan-to-Value ratio in respect of any measurement period shall not be more than 60%
- The Property Interest Cover Ratio in respect of any measurement period at any time shall not be less than 1.8 times (EBITDA to interest paid)
- The Borrower Group Interest Cover Ratio (Total Debt) in respect of any measurement period shall not be less than 1.8 times (EBITDA to net interest paid)
- The Corporate Loan-to-Value Ratio shall not be more than 45%

No covenants were breached during the year. Refer to note 16.3 for the group's Loan-to-Value ratio.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
16. FINANCIAL LIABILITIES (CONTINUED)				
16.2 Derivative financial liabilities				
Cross currency interest rate swaps	–	27 173	–	–
Interest rate swaps	5 579	34 637	5 309	15 624
– ZAR denominated facilities	5 579	14 630	5 309	14 630
– GBP denominated facilities	–	20 007	–	994
	5 579	61 810	5 309	15 624

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

Derivative	Risk mitigation
Cross currency interest rate swaps	Wherever possible, funding is secured in a currency to match the currency of the underlying cash flows to minimise foreign exchange volatility through natural hedges. Where this is not possible, ZAR denominated funding is obtained for foreign acquisitions and the group may enter into cross currency interest rate swaps to hedge foreign currency investments at levels considered appropriate.
Interest rate derivatives	The group enters into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans or limiting its exposure to increases in interest rates.

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.

	Note	Group 2022 R'000	Group 2021 R'000
Loans and borrowings*	16.1	2 804 865	1 994 359
Less: cash and cash equivalents	12	(222 333)	(171 073)
Net debt		2 582 532	1 823 286
Investment properties	3	9 535 000	7 869 321
Less: lease obligations	30	(271 188)	(301 730)
Fair value of investment properties (net of lease obligations)		9 263 812	7 567 591
LTV ratio		27.9%	24.1%

* *Excludes loan fees capitalised.*

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
17. TRADE AND OTHER PAYABLES				
Financial instruments				
Trade creditors	76 834	31 228	3 221	1 374
Security deposits	24 423	21 557	3 187	2 230
Other payables	10 629	8 040	2 841	2 286
Related party payables	–	–	825	520
Property accruals	45 368	41 063	8 418	6 745
Tenant deposits	576	582	576	583
	157 830	102 470	19 068	13 737
Non-financial instruments				
Income received in advance	63 220	55 366	1 367	2 272
Taxation payable	–	5 979	–	–
VAT	–	9 487	1 264	–
	63 220	70 832	2 631	2 272
Total trade and other payables	221 050	173 302	21 699	16 009

Information about the group and company's liquidity risk exposure is included in note 26.

	2022 R'000	2021 R'000	2022 R'000	2021 R'000
18. PROVISIONS				
Balance at beginning of year	10 716	2 858	4 444	2 422
Movement in provision*	4 995	7 858	3 402	2 022
Balance at end of year	15 711	10 716	7 846	4 444

** Relates mainly to provision for bonuses*

	2022 R'000	2021 R'000	2022 R'000	2021 R'000
19. REVENUE				
Rental income	849 716	738 726	44 895	33 153
Rental income from tenants	845 212	733 192	40 391	27 619
Rental underpin	4 504	5 534	4 504	5 534
Other income	60 966	61 496	4 534	3 805
Ancillary income^	56 148	47 681	2 418	3 706
Rental guarantee#	–	10 042	–	–
Sundry income	4 818	3 773	2 116	99
Property revenue	910 682	800 222	49 429	36 958

^ *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	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
20.	OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS				
	Fair value adjustment to derivative financial instruments	121 641	72 791	11 878	(14 302)
	Fair value adjustment to non-derivative financial instruments	(136)	(10 123)	(136)	(259)
		121 505	62 668	11 742	(14 561)
21	ADMINISTRATION EXPENSES BY NATURE				
21.1	Employee benefits				
	Salaries and wages	60 197	50 900	44 009	29 938
	Equity-based share based payment expense	11 307	14 310	10 374	13 781
	Other staff costs	2 205	1 695	1 722	1 466
		73 709	66 905	56 105	45 185
21.2	Operating and administration expenses				
	Other administration expenses	17 751	11 826	14 417	12 199
	Professional fees	9 685	7 415	2 076	1 479
	Auditors remuneration	2 344	3 161	743	1 473
		29 780	22 402	17 236	15 151
	Total	103 489	89 307	73 341	60 336

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
22. TAXATION				
22.1 Current and deferred tax expense				
Income tax charge for the year	(35 986)	(6 564)	–	–
Deferred tax charge for the year	(235 427)	(90 055)	–	–
Taxation for the year	(271 413)	(96 619)	–	–
Reconciliation between applicable tax rate and effective tax rate:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses	0.08%	1.19%	0.16%	1.30%
– *Employee conditional share plan (CSP)*	0.02%	0.31%	0.00%	1.02%
– *Corporate interest restriction (CIR)*	0.00%	0.81%	0.00%	0.00%
– *Items of a capital nature+*	0.06%	0.07%	0.16%	0.28%
Tax-exempt income	(1.11%)	0.00%	0.01%	(0.09%)
– *Government incentives (ETI & TERS)*	0.00%	0.00%	0.01%	(0.09%)
– *Gain on disposal of immovable assets*	(1.11%)	0.00%	0.00%	0.00%
Fair value adjustments	(2.37%)	(10.48%)	(0.18%)	0.30%
Foreign tax differential#	(0.68%)	(3.99%)	0.00%	0.00%
Foreign tax differential – rate change effect*	5.30%	0.00%	0.00%	0.00%
Increase in/(utilisation of) unrecognised deferred tax assets	(0.56%)	(1.30%)	(0.55%)	(0.80%)
Qualifying S25BB REIT distribution	(7.45%)	(5.97%)	(27.44%)	(28.71%)
Effective tax rate	21.21%	7.45%	0.00%	0.00%

This related to the effect of the group being subject to multiple tax jurisdictions: SA which is taxed at 28% (27% from 1 April 2024), Guernsey which is taxed at 0% and UK which is taxed at 19% (25% from 1 April 2024)

* *This represents the effect of the rate change from 19% to 25% in the UK on the current year deferred tax liability provision. (See note 22.2 for further details)*

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
22. TAXATION (CONTINUED)				
22.2 Deferred tax				
Deferred tax asset				
Tax losses	1 307	462	–	–
Capital allowances	5 343	2 239	–	–
	6 650	2 701	–	–
Deferred tax liability				
Fair value adjustments on UK investment property	(287 436)	(65 361)	–	–
	(287 436)	(65 361)	–	–
	(280 786)	(62 660)	–	–

Deferred tax movement reconciliation – Group*

	Tax losses R'000	Capital allowances R'000	Fair value adjustments R'000	Total R'000
2022				
At beginning of the year	462	2 239	(65 361)	(62 660)
Profit or loss	928	3 446	(239 802)	(235 428)
Exchange differences	(83)	(342)	17 727	17 302
At end of year	1 307	5 343	(287 436)	(280 786)
2021				
At beginning of the year	17 528	–	7 908	25 436
Profit or loss	(16 416)	2 341	(75 980)	(90 055)
Exchange differences	(650)	(102)	2 711	1 959
At end of year	462	2 239	(65 361)	(62 660)

* *No reconciliation is disclosed for the company as there was no movement in the company's deferred tax for the year.*

South Africa

The SA group of companies have tax losses available to carry forward and utilise against future profits of R389.6 million (2021: 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.

In the budget speech held on 24 February 2022 the Minister of Finance announced the reduction of the company income tax rate from 28% to 27% from 1 April 2023. This change does not currently affect the SA group as no deferred tax has been recognised.

United Kingdom

The UK group of companies has tax losses available to carry forward and utilise against future profits of £0.4 million (2021: £0.1 million).

In the UK budget speech held on 3 March 2021, the Chancellor proposed raising the corporate income tax rate from 19% to 25% from 1 April 2023. The report stage and final reading were completed on 24 May 2021 and the Bill is now regarded as substantively enacted. Due to this, the deferred tax liability recognised relating to the fair value adjustments on investment property has been adjusted and recognised at 25% in anticipation of the rate increase.

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	
	2022 R'000	2021 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the year (attributable to shareholders of the parent)	1 019 737	1 192 294
Basic earnings	1 019 737	1 192 294
Headline earnings adjustments	(538 035)	(719 430)
Fair value adjustment to investment properties	(642 313)	(803 242)
Fair value adjustment to investment properties (NCI)+	12 632	8 707
Tax effect on the above adjustments and change in substantively enacted tax rate	143 371	75 105
Insurance proceeds from building claim	(51 725)	–
Headline earnings attributable to shareholders	481 702	472 864
Number of shares		
Total number of shares in issue ('000)	474 610	432 881
Shares in issue entitled to dividends at 31 March ('000)	474 610	432 881
Weighted average number of shares in issue ('000)	440 516	421 786
Weighted average number of shares in issue entitled to dividends ('000)	440 516	421 786
Add: Weighted potential dilutive impact of conditional shares ('000)	5 319	3 724
Diluted weighted average number of shares in issue ('000)	445 835	425 510
Earnings per share		
Basic earnings per share (cents)	231.49	282.68
Diluted earnings per share (cents)	228.73	280.20
Headline earnings per share		
Basic headline earnings per share (cents)	109.35	112.11
Diluted headline earnings per share (cents)	108.04	111.13

\+ *Non-controlling interest*

		Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
24.	NOTES TO THE STATEMENTS OF CASH FLOWS				
24.1	Cash generated from operations				
	Profit before taxation	1 302 656	1 299 226	517 563	377 003
	Adjusted for:				
	Dividends income	–	–	(523 177)	(441 563)
	Interest income	(25 904)	(44 438)	(17 506)	(19 291)
	Interest expense	116 838	107 906	50 374	46 920
	Restructure of loans and borrowings	6 377	–	326	–
	Change in provision	4 995	7 858	3 402	2 022
	Depreciation and amortisation	8 309	11 184	4 033	5 396
	Equity-settled share based payment expense	11 307	14 310	10 374	13 781
	Foreign exchange (gains)/losses	3 565	(5 368)	954	(9 714)
	Fair value adjustment to investment properties	(642 313)	(803 242)	(13 765)	4 062
	Share of losses of equity-accounted investees	471	–	–	–
	Fair value adjustment to financial instruments	(121 505)	(62 668)	(11 742)	14 561
		664 796	524 768	20 836	(6 823)
	Changes in working capital	(13 168)	58 491	(33 880)	20 907
	Decrease/(increase) in trade and other receivables	(88 593)	44 554	(35 682)	20 416
	Increase in inventory	(1 237)	(520)	(1 289)	(378)
	Increase in trade and other payables	76 662	14 457	3 091	869
		651 628	583 259	(13 044)	14 084
24.2	Interest received				
	Interest income	25 904	44 438	17 506	19 291
	Outstanding interest income accrual on loans	(4 915)	(8 771)	(7 687)	(4 224)
	Interest received	20 989	35 667	9 819	15 067
24.3	Interest paid				
	Interest expense	116 838	107 906	50 374	46 920
	Interest capitalised to investment properties (refer to note 3)	15 923	16 168	10 789	15 935
	Realised losses on interest rate swaps	23 198	54 401	994	28 388
	Outstanding interest expense accrual on loans	(5 656)	(6 492)	(2 752)	(3 419)
	Interest on lease obligations	(17 328)	(18 980)	(214)	(332)
	Interest paid	132 975	153 003	59 191	87 492

		Group		Company	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
24.4	**Dividends paid**				
	Balance payable at beginning of year	234 102	225 983	234 102	225 983
	Dividend declared	507 470	466 527	507 470	466 527
	Dividends paid by subsidiary to non-controlling interest	1 471	2 085	–	–
	Balance payable at end of year	(262 459)	(234 102)	(262 459)	(234 102)
	Dividends paid	480 584	460 493	479 113	458 408
24.5	**Dividend received**				
	Balance receivable at the beginning of year			229 995	184 321
	Dividend income from subsidiary			523 177	441 563
	Subsidiary dividend capitalised to loan			(469 770)	–
	Balance receivable at end of year			(283 402)	(229 995)
				–	395 889

24.6 The taxation paid in the prior year relates to a UK subsidiary that was liquidated and deregistered in May 2021.

		Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
24.7	**Movement in net debt**					
	Loans and borrowings	*16.1*	2 758 851	1 994 359	1 164 253	951 153
	Lease obligations	*30*	272 673	304 819	1 413	2 721
	Gross debt		3 031 524	2 299 178	1 165 666	953 874
	Cash and cash equivalents	*12*	(222 333)	(171 073)	(82 209)	(76 950)
	Net debt		2 809 191	2 128 105	1 083 457	876 924

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 2021	(1 994 359)	(304 819)	(2 299 178)
Net cash flows	(668 679)	32 331	(636 348)
Other non-cash movements	(193 324)	–	(193 324)
Foreign exchange adjustments	97 511	(185)	97 326
Gross debt at 31 March 2022	(2 758 851)	(272 673)	(3 031 524)
Cash and cash equivalents			222 333
Net debt at 31 March 2022			(2 809 191)

24. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

24.7 Movement in net debt (continued)

Group	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2020	(2 205 723)	(341 611)	(2 547 334)
Net 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)

Company	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2021	(951 153)	(2 721)	(953 874)
Net cash flows	(159 191)	1 522	(157 669)
Other non-cash movements	(53 909)	(214)	(54 123)
Gross debt at 31 March 2022	(1 164 253)	(1 413)	(1 165 666)
Cash and cash equivalents			82 209
Net debt at 31 March 2022			(1 083 457)

Company	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2020	(1 086 112)	(3 812)	(1 089 924)
Net 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)

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 2022

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	166 782	222 122	6 145	57 707
– Other income	6 440	10 776	445	2 016
Expected credit losses recognised on tenant debtors	(562)	(1 319)	(161)	(437)
Direct property costs	(39 307)	(53 802)	(1 577)	(12 427)
Operating profit	133 353	177 777	4 852	46 859
Fair value adjustment to investment properties	53 238	83 155	2 012	(89 702)
Segment property operating income	186 591	260 932	6 864	(42 843)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	17 988	470 744	378 972	849 716
– Other income	882	20 559	40 407	60 966
Expected credit losses recognised on tenant debtors	(192)	(2 671)	(1 067)	(3 738)
Direct property costs	(4 599)	(111 712)	(109 568)	(221 280)
Operating profit	14 079	376 920	308 744	685 664
Fair value adjustment to investment properties	20 129	68 832	573 481	642 313
Segment property operating income	34 208	445 752	882 225	1 327 977

25. SEGMENTAL INFORMATION (CONTINUED)

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	910 682	910 682	–
– Rental income	849 716	849 716	–
– Other income	60 966	60 966	–
Expected credit losses recognised on tenant debtors	(3 738)	(3 738)	–
Direct property costs	(221 280)	(221 280)	–
Net property operating income	685 664	685 664	–
Other revenue	14 594	–	14 594
– Management fees	14 594	–	14 594
Insurance proceeds from building claim	51 725	–	51 725
Administration expenses	(103 489)	–	(103 489)
Operating profit	648 494	685 664	(37 170)
Restructure of loans and borrowings	(6 377)	–	(6 377)
Fair value adjustment to investment properties	642 313	642 313	–
Foreign exchange gains/(losses)	(3 565)	–	(3 565)
Other fair value adjustments	121 505	–	121 505
Depreciation and amortisation	(8 309)	–	(8 309)
Profit before interest and taxation	1 394 061	1 327 977	66 084
Interest income	25 904	–	25 904
Interest expense	(116 838)	–	(116 838)
Share of net loss of equity-accounted investees, net of tax	(471)	–	(471)
Profit before taxation	1 302 656	1 327 977	(25 321)
Taxation expense	(271 413)	–	(271 413)
Profit for the year	1 031 243	1 327 977	(296 734)
Other comprehensive income for the year, net of taxation	(137 953)	–	(137 953)
Total comprehensive income for the year	893 290	1 327 977	(434 687)

Group segment assets as at 31 March 2022

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 998 985	2 383 706	55 355	490 560
Tenant debtors	1 201	2 489	210	629
Inventories	2 455	2 758	104	299
Goodwill and intangible assets				
Loans and borrowings	–	–	–	–
Lease obligations	(21 948)	(3 319)	–	(20 607)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	161 747	5 090 353	4 444 647	9 535 000
Tenant debtors	254	4 783	14 015	18 798
Inventories	148	5 764	1 464	7 228
Goodwill and intangible assets	–	–	61 723	61 723
Loans and borrowings	–	–	(1 594 824)	(1 594 824)
Lease obligations	–	(45 874)	(225 314)	(271 188)

25. SEGMENTAL INFORMATION (CONTINUED)

Group segment assets, reserves and liabilities as at 31 March 2022

	Total R'000	Allocated R'000	Unallocated R'000
ASSETS			
Non-current assets	10 148 725	9 596 723	552 002
Investment properties	9 535 000	9 535 000	–
Property and equipment	19 975	–	19 975
Stor-Age share purchase scheme loans	84 135	–	84 135
Goodwill and intangible assets	145 706	61 723	83 983
Equity-accounted investees	246 580	–	246 580
Other receivables	–	–	–
Unlisted investment	10 838	–	10 838
Deferred taxation	6 650	–	6 650
Derivative financial assets	99 841	–	99 841
Current assets	356 911	26 026	330 885
Trade and other receivables	127 350	18 798	108 552
Inventories	7 228	7 228	–
Cash and cash equivalents	222 333	–	222 333
Total assets	10 505 636	9 622 749	882 887
EQUITY AND LIABILITIES			
Total equity	6 643 187	–	6 643 187
Stated capital	5 374 681	–	5 374 681
Retained earnings	1 186 969	–	1 186 969
Share-based payment reserve	33 273	–	33 273
Foreign currency translation reserve	2 051	–	2 051
Total equity attributable to shareholders	6 596 974	–	6 596 974
Non-controlling interest	46 213	–	46 213
Non-current liabilities	3 135 260	1 838 218	1 297 042
Loans and borrowings	2 598 851	1 594 824	1 004 027
Derivative financial instruments	5 579	–	5 579
Deferred taxation	287 436	–	287 436
Lease obligations	243 394	243 394	–
Current liabilities	727 189	27 794	699 395
Loans and borrowings	160 000	–	160 000
Trade and other payables	221 050	–	221 050
Provisions	15 711	–	15 711
Lease obligations	29 279	27 794	1 485
Taxation payable	38 690	–	38 690
Dividends payable	262 459	–	262 459
Total equity and liabilities	10 505 636	1 866 012	8 639 624

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
Expected credit 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
Expected credit 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

25. SEGMENTAL INFORMATION (CONTINUED)

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	800 222	800 222	–
– Rental income	738 726	738 726	–
– Other income	61 496	61 496	–
Expected credit 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)
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)

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)

25. SEGMENTAL INFORMATION (CONTINUED)

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
Retained earnings	674 702	–	674 702
Share-based payment reserve	21 966	–	21 966
Foreign currency translation reserve	137 574	–	137 574
Total equity attributable 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

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 2022				
Financial assets				
Derivative financial assets	99 841	99 841	–	–
Unlisted investment	10 838	10 838	–	–
Stor-Age share purchase scheme loans	84 135	–	84 135	–
Cash and cash equivalents	222 333	–	222 333	–
Trade and other receivables	127 350	–	60 120	67 230
Financial liabilities				
Derivative financial liabilities	5 579	5 579	–	–
Loans and borrowings	2 758 851	–	2 758 851	–
Lease obligations	272 673	–	272 673	–
Trade and other payables	221 050	–	157 830	63 220
Dividend payable	262 459	–	262 459	–
Group as at 31 March 2021				
Financial assets				
Derivative financial assets	32 266	32 266	–	–
Unlisted investment	5 474	5 474	–	–
Stor-Age share purchase scheme loans	140 041	–	140 041	–
Cash and cash equivalents	171 073	–	171 073	–
Trade and other receivables	82 907	–	42 024	40 883
Financial liabilities				
Derivative financial liabilities	61 810	61 810	–	–
Loans and borrowings	1 994 359	–	1 994 359	–
Lease obligations	304 819	–	304 819	–
Trade and other payables	173 302	–	102 470	70 832
Dividend payable	234 102	–	234 102	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Financial risk management (continued)

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Company as at 31 March 2022				
Financial assets				
Derivative financial assets	1 963	1 963	–	–
Unlisted investment	10 838	10 838	–	–
Stor-Age share purchase scheme loans	84 135	–	84 135	–
Cash and cash equivalents	82 209	–	82 209	–
Trade and other receivables	50 715	–	49 463	1 252
Financial liabilities				
Derivative financial liabilities	5 309	5 309	–	–
Loans and borrowings	1 164 253	–	1 164 253	–
Lease obligations	1 413	–	1 413	–
Trade and other payables	21 699	–	19 068	2 631
Dividend payable	262 459	–	262 459	–
Company as at 31 March 2021				
Financial assets				
Derivative financial assets	400	400	–	–
Unlisted investment	5 474	5 474	–	–
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
Financial liabilities				
Derivative financial liabilities	15 624	15 624	–	–
Loans and borrowings	951 153	–	951 153	–
Lease obligations	2 721	–	2 721	–
Trade and other payables	16 009	–	13 737	2 272
Dividend payable	234 102	–	234 102	–

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.

26.2.1 *Interest rate risk*

The group is exposed to interest rate risk on loans and borrowings and cash and cash equivalents.

The group enters into interest rate swaps, fixed rate loans and other interest rate derivative financial instruments to manage its exposure to interest rates by hedging the interest rate exposure on floating rate loans. The group states the fair value of interest rate swaps based on broker quotes. At the reporting date, the group had entered into the following derivative financial instruments:

31 March 2022

	Notional amount R'000	Notional amount £'000	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2022 R'000
ZAR denominated facilities						
Nedbank						
– Interest rate swap	200 000	–	03-Jun-22	3 month Jibar	4.03%	1 402
– Interest rate swap	100 000	–	05-Jun-23	3 month Jibar	4.45%	174
	300 000	–				1 576
Standard Bank						
– Interest rate swap	100 000	–	07-Aug-24	3 month Jibar	7.15%	(2 630)
– Interest rate swap	100 000	–	02-Aug-24	3 month Jibar	7.15%	(2 679)
	200 000	–				(5 309)
Total ZAR denominated facilities	500 000	–				(3 733)
GBP denominated facilities						
Santander						
– Interest rate swap	95 564	5 000	31-Dec-24	Sonia	1.11%	2 399
– Interest rate swap	95 564	5 000	31-Dec-25	Sonia	1.17%	2 988
– Interest rate swap	95 564	5 000	21-Oct-26	Sonia	1.23%	3 326
– Interest rate swap	95 564	5 000	31-Mar-25	Sonia	1.74%	1 048
	382 256	20 000				9 761
HSBC						
– Interest rate swap	95 564	5 000	31-Dec-24	Sonia	1.09%	2 542
– Interest rate swap	95 564	5 000	31-Dec-25	Sonia	1.13%	3 249
– Interest rate swap	95 564	5 000	21-Oct-26	Sonia	1.16%	3 761
	286 692	15 000				9 552
Standard Bank						
– Interest rate swap	95 564	5 000	31-Dec-24	Sonia	0.94%	2 726
Total GBP denominated facilities	764 512	40 000				22 039
Total	1 264 512	40 000				18 306

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Financial risk management (continued)

26.2.1 Interest rate risk (continued)

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

	Notional amount R'000	Notional amount £'000	Maturity date	Rate benchmark	Protection level Commences	Protection level Ceases	Fair value at 31 March 2022 R'000
Interest rate cap spreads							
Standard Bank	50 000	–	29-Dec-23	3 month Jibar	5.50%	7.00%	387
HSBC	95 564	5 000	31-Mar-25	Sonia	1.25%	2.25%	1 473
Total	145 564	5 000					1 860
Total	1 410 076	45 000					20 166

Details of the groups fixed rate borrowings are set out in note 16.

31 March 2021

	Notional amount R'000	Notional amount £'000	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
ZAR denominated facilities						
Nedbank						
– Interest rate swap	150 000	–	03-Jun-21	3 month Jibar	3.77%	(35)
	150 000	–				(35)
Nedbank						
– Interest rate swap	200 000	–	03-Jun-22	3 month Jibar	4.03%	132
– Interest rate swap	100 000	–	05-Jun-23	3 month Jibar	4.45%	268
	300 000	–				400
Standard Bank						
– Interest rate swap	100 000	–	25-Oct-21^	3 month Jibar	7.60%	(2 835)
– Interest rate swap	100 000	–	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						
– Interest rate swap	153 095	7 500	18-Oct-24	3 month Libor	1.14%	(4 225)
– Interest rate swap	220 457	10 800	18-Oct-27	3 month Libor	1.18%	(7 206)
– Interest rate swap	431 729	21 150	18-Oct-27	3 month Libor	0.96%	(7 582)
	805 281	39 450				(19 013)
Standard Bank						
– Interest rate swap	102 064	5 000	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	Maturity^ date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
Standard Bank*						
– Swap option	100 000	–	15-Nov-21	3 month Libor	7.15%	(4 420)
– Swap option	100 000	–	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*

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
2022						
Cash and cash equivalents	12		222 333	222 333	–	–
ZAR denominated						
– Cash on call		4.00%	–	–	–	–
– Current accounts		3.75%	149 335	149 335	–	–
GBP denominated						
– Current accounts		0.11%	72 998	72 998	–	–
Stor-Age share purchase scheme loans	4		84 135	–	–	84 135
Financial liabilities	26.2.1		18 305	1 402	16 903	–

	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	12		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
Financial liabilities	26.2.1		(25 263)	(35)	(10 440)	(14 788)

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		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
ZAR denominated	1 282 017	1 135 348	1 282 017	1 135 348
GBP denominated	1 622 848	1 158 538	136 980	115 332
Total gross loans and borrowings	2 904 865	2 293 886	1 418 997	1 250 680
Surplus cash paid into loan facility	(100 000)	(299 527)	(100 000)	(299 527)
Loans and borrowings, net of cash	2 804 865	1 994 359	1 318 997	951 153
Interest rate derivatives	1 410 076	1 557 345	550 000	752 064
Fixed rate borrowings	615 410	–	214 043	–
CCIRS - fixed for floating swap	102 326	–	–	–
	2 127 812	1 557 345	764 043	752 064
Effective hedge cover of loans and borrowings	75.9%	78.1%	57.9%	79.1%

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 held with South African banks for which there remains uncertainty regarding the timing and method of transition. The group settled its loan facilities and derivative contracts linked to LIBOR in the current year and entered into new agreements and contracts linked to SONIA.

For the contracts indexed at JIBAR, uncertainty remains on the timing and method of transition. The contracts affected by the transition are set out in the table below:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	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
Liabilities exposed to ZAR JIBAR maturing after 31 March 2022				
Loans and borrowings	1 067 974	763 212	1 067 974	763 212
Derivatives	(5 309)	(5 256)	(5 309)	(5 256)
Total	1 062 665	757 956	1 062 665	757 956

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Market risk (continued)

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 and equity of a change of 50 basis points in the interest rates of the unhedged floating rate loans and borrowings outstanding at the reporting date is set out below. The analysis has been prepared on the assumption that all other variables remain constant.

	Group	
	2022	2021*
Effect on equity and profit or loss		
50 basis points increase	(4 147)	3 683
50 basis points decrease	4 147	(3 683)

**The comparative figures have been represented to align with the current year's presentation*

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 or floating JIBAR-linked rate and pay a fixed or floating SONIA-linked rate. Details of the cross-currency interest rate swaps are set out below:

	Maturity date	Spot	Nominal GBP'000	Nominal ZAR'000	ZAR rate	GBP rate
Bank						
Investec	26 October 2022	18.72	5 000	93 600	10.00% Fixed	2.98% Fixed
Nedbank	29 September 2023	20.47	2 500	51 163	7.67%* Floating	3.00% Fixed
Nedbank	28 March 2024	20.47	2 500	51 163	7.45%* Floating	3.00% Fixed
Total			10 000	195 926		

* *3-month Jibar (% at 31 March 2022) + margin*

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Market risk (continued)

26.2.6 Currency risk (continued)

Hedging of capital investment

The acquisition of the UK self storage operations was financed through a combination of debt and equity from South Africa, as well as in-country debt funding from borrowers in the UK. At year end, approximately 8.9% (2021: 18.1%) of the group's foreign currency net investment have been hedged through a combination of cross-currency interest rate swaps and the GBP-denominated borrowings. The summary quantitative data about the group's exposure to currency risk is set out below:

	31 March 2022 GBP'000	31 March 2021 GBP'000
Investment property	232 549	155 277
Loans and borrowings^	(77 742)	(56 756)
Other assets	10 460	7 981
Other liabilities	(52 450)	(23 479)
Net investment	112 817	83 023
Nominal value of cross currency interest rate swaps	10 000	15 000
Effective hedge of net investment	8.9%	18.1%

^ *Loans and borrowings include GBP-denominated borrowings secured against UK investment property*

Hedging of cash flow

To manage the impact of fluctuations in the GBP/ZAR exchange rate, the group makes use of hedging instruments for the forecast GBP earnings to be repatriated to SA for distribution purposes. In line with the group's policy the following open forward rate instruments are in place:

Period	Hedging level	Forward rate ZAR/GBP
FY23	90%	23.38
FY24	80%	23.25
FY25*	35%	23.78

* *For FY25, hedging instruments in place for H1 earnings only.*

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. At a 7% (2021: 8%) movement in ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Market risk (continued)

26.2.7 Sensitivity analysis to exchange rates (continued)

R'000	Group 2022 7% ZAR depreciation against the GBP	Group 2022 7% ZAR appreciation against the GBP	Group 2021 8% ZAR depreciation against the GBP	Group 2021 8% ZAR appreciation against the GBP
Distributable earnings	4 764	12 403	254	9 440

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

Average exchange rate		Year-end spot rate	
2022	2021	2022	2021
£1/R20.29	£1/R21.35	£1/R19.11	£1/R20.41

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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Stor-Age share purchase scheme loans	84 135	140 041	84 135	140 041
Tenant and related receivables	18 798	14 787	281	126
Related party receivables	31	14	40 825	1 872
Staff loans	114	127	108	125
Sundry receivables	41 177	27 096	8 249	4 027
Derivative financial assets	99 841	32 266	1 963	400
Intercompany receivables	–	–	577 037	387 047
Cash and cash equivalents	222 333	171 073	82 209	76 950
	466 429	385 404	794 807	610 588

Stor-Age share purchase scheme loans

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

26 FINANCIAL INSTRUMENTS (CONTINUED)

26.3 Credit risk (continued)

26.3.1 Credit exposure (continued)

Stor-Age share purchase scheme loans (continued)

The maximum exposure to credit risk for loans at the reporting date:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Stor-Age share purchase scheme loans	84 135	140 041	84 135	140 041
Shares pledged as security	(111 557)	(165 559)	(111 557)	(165 559)
Net exposure	–	–	–	–

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 impairment loss was recognised in the prior year.

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

Intercompany receivables

The intercompany receivables are owning by wholly-owned subsidiaries of the company. The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The 12-month expected credit losses basis has been applied to these receivables and the risk of a default occurring over 12 months has been assessed as low. The conclusion is based on the net asset value and underlying investment properties value of RSI, SSS JV 1 and SSS JV 2 . The company has reviewed these subsidiaries' expected cash flows and believes that the full loan balances are recoverable. In assessing whether there has been a significant increase in credit risk the directors review each company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year. No impairment allowance was recognised in the prior year.

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 29). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis has been used to determine the impairment allowance as the receivable has not suffered a significant increase in credit risk and the risk of default is low. No impairment allowance has been recognised in the current and prior year.

Loans to joint ventures

The carrying value of the investments and loans of the joint ventures, set out in note 7, are supported by the value of the investment property. The development of the properties are funded by shareholder loans. The operational performance and cash flow forecast of Sunningdale indicates the ability to pay the interest on the loan. Therefore no expected credit loss has been recognised on the loan in the current and prior year. In relation to the SKJV loans, there has not been a significant increase in credit risk in relation to the cash flow models and business plans set up for each development. Therefore no expected credit losses have been recognised on the loans in the current and prior year.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.3 Credit risk (continued)

26.3.1 Credit exposure (continued)

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between A1 and Ba2, that is in line with the group's treasury management policies. The impairment allowance on cash and cash equivalents has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers cash and cash equivalents to have a low credit risk and therefore no impairment allowance has been recognised in the current year. No impairment allowance was recognised in the prior year.

Derivative financial assets

Derivative contracts are entered into with counterparties who have strong credit ratings. At the reporting date the group has derivative contracts in place with counterparties whose Moody's credit rating range between A1 and Ba2. Based on the Moody's rating of the counterparty, the group considers the derivative contracts to have a low credit risk and therefore no impairment allowance has been recognised in the current year. No impairments losses were recognised on derivate contracts in the prior year.

Tenant and related receivables

Tenant 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. No impairment allowance was recognised in the prior year on staff loans.

Sundry receivables

Sundry receivables relates mainly to amounts due from clients under the group's digital services offering and acquisition fees due from SKJV1,3 and Bidco.

The group's credit risk is influenced by each client's individual characteristics. The group's credit risk is partially mitigated by the spread of its client base across Europe. Clients generally settle their debt within 30 days of the invoice date. The group reserves the right to suspend all services on accounts overdue for more than 30 days.

In relation to the acquisition fees, the group has considered the net asset value and budgets for SKJV 1, 3, and Bidco and has concluded there has been no significant increase in credit risk from initial recognition to the reporting date.

In applying the 12-month expected credit loss basis no impairment losses have been recognised on sundry receivables in the current year and prior year as these are generally expected to be settled within 12 months.

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 2022					
South Africa					
Expected loss rate	7%	13%	51%	100%	30%
Gross carrying amount	2 466	1 278	1 136	1 402	6 282
Loss allowance	(144)	(148)	(501)	(699)	(1 492)
UK					
Expected loss rate	0%	10%	51%	100%	3%
Gross carrying amount	13 587	363	440	–	14 390
Loss allowance	(115)	(38)	(229)	–	(382)
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)
Company 31 March 2022					
South Africa					
Expected loss rate	3%	10%	69%	100%	32%
Gross carrying amount	155	91	107	35	388
Loss allowance	(4)	(8)	(64)	(30)	(106)
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)

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.3 Credit risk (continued)

26.3.2 Impairment loss allowances (continued)

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 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	(2 438)	(1 706)	(71)	(32)
Increase in loss allowance recognised in profit or loss during the year	(3 743)	(7 566)	(134)	(184)
Receivables written off during the year as uncollectible	4 235	6 764	99	145
Foreign exchange movement	72	70	–	–
Closing balance at 31 March	(1 874)	(2 438)	(106)	(71)

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 its loans and borrowings, lease obligations and trade and other payables. The group continuously monitors its net liquidity position on the basis of expected cash flows.

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group 2022					
Non-derivative financial liabilities					
Loans and borrowings	2 758 851	162 148	448 372	2 008 175	414 252
Lease obligations	272 673	29 450	22 103	74 111	313 159
Trade and other payables*	132 830	132 830	–	–	–
Total non-derivatives	3 164 354	324 428	470 475	2 082 286	727 411
Derivative financial liabilities	5 579	–	14 300	–	–
Total derivatives	5 579	–	14 300	–	–
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	–

* *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:

Maturity	2022 Total borrowing facilities R'000	2022 Undrawn borrowing facilities R'000	2021 Total borrowing facilities R'000	2021 Undrawn borrowing facilities R'000
Within 1 year	160 000	–	1 020 332	73 446
Between 1 and 3 years	1 587 042	284 984	650 000	346 206
Beyond 3 years	1 834 824	392 017	1 061 461	18 255
	3 581 866	677 001	2 731 793	437 907

	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 2022					
Non-derivative financial liabilities					
Loans and borrowings	1 164 253	162 148	455 724	739 703	–
Lease obligations	1 413	–	–	–	–
Trade and other payables*	15 303	15 303	–	–	–
Total non-derivatives	1 180 969	177 451	455 724	739 703	–
Derivative financial liabilities	5 309	–	14 300	–	–
Total derivatives	5 309	–	14 300	–	–
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*	10 924	10 924	–	–	–
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	–

* *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 company's total and undrawn borrowing facilities are reflected below:

	2022		2021	
Maturity	Total borrowing facilities R'000	Undrawn borrowing facilities R'000	Total borrowing facilities R'000	Undrawn borrowing facilities R'000
Within 1 year	160 000	–	1 020 332	73 446
Between 1 and 3 years	1 407 000	284 983	650 000	346 206
Beyond 3 years	–	–	–	–
	1 567 000	284 983	1 670 332	419 652

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)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties:

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
Group					
2022					
Assets		–	110 679	9 535 000	9 645 679
Investment properties	3	–	–	9 535 000	9 535 000
Derivative financial assets	9	–	99 841	–	99 841
Unlisted investment	8	–	10 838	–	10 838
Liabilities		–	5 579	–	5 579
Derivative financial liabilities	16.2	–	5 579	–	5 579
2021					
Assets		–	37 740	7 869 321	7 907 061
Investment properties	3	–	–	7 869 321	7 869 321
Derivative financial assets	9	–	32 266	–	32 266
Unlisted investment	8	–	5 474	–	5 474
Liabilities		–	61 810	–	61 810
Derivative financial liabilities	16.2	–	61 810	–	61 810
Company					
2022					
Assets		–	12 801	767 463	780 264
Investment properties	3	–	–	767 463	767 463
Derivative financial assets	9	–	1 963	–	1 963
Unlisted investment	8	–	10 838	–	10 838
Liabilities		–	5 309	–	5 309
Derivative financial liabilities	16.2	–	5 309	–	5 309
2021					
Assets		–	5 874	620 544	626 418
Investment properties	3	–	–	620 544	620 544
Derivative financial assets	9	–	400	–	400
Unlisted investment	8	–	5 474	–	5 474
Liabilities		–	15 624	–	15 624
Derivative financial liabilities	16.2	–	15 624	–	15 624

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

Level 2 fair values

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative financial instruments – Forward exchange contracts	Fair valued monthly by Investec and Nedbank using mark-to-market mid market values. This fair value is determined, inter alia, using quoted forward exchange rates at the reporting date and present value calculations.	Not applicable	Not applicable
Derivative financial instruments – *Cross currency interest rate swaps*	Fair valued monthly by Investec and Nedbank using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the basis swap curves of the respective currencies at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative financial instruments – *Interest rate derivatives*	Fair valued monthly by Nedbank, Standard Bank, HSBC and Santander using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the 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
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 held in products with Cadiz Life Limited which provides loans to black-owned businesses and beneficiaries at affordable interest rates with the purpose of complying with the BBBEE codes*

28. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management has made judgements and estimates that impact the application of the group's accounting policies and the reported financial results. Management discusses with the Audit and Risk Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates. Any changes made in estimates are recognised prospectively.

28.1 Judgements

Significant judgements made in applying the group's accounting policies and are set out in the notes listed below:

- Note 7: Classification of joint arrangements
  Judgement is used to determine the nature of the group's joint arrangements and whether the equity-accounting method is appropriate. In the current year judgment has been applied to conclude that the group has joint-control over Sunningdale JV, SKJV 1–3 and SKJV Bidco. The group further concluded that as a result of the joint-control relationship that the equity-method should be applied.

- Note 3: Acquisition of property subsidiaries
  Judgement is applied when determining whether the acquisition of subsidiary should be accounted for as an asset acquisition in terms of IAS 40 Investment Property or as a business combination in terms of IFRS 3 *Business Combinations*. In the current year where the group the concluded that the acquisition of Project Mars Limited should be treated as an asset acquisition.

28.2 Assumptions and estimation uncertainties

Significant assumptions and estimation uncertainties at the reporting date and are set out in the notes listed below:

- Note 3: Valuation of investment properties to fair value
  The discounted cash flow of net operating income valuation method is used which 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.

- Note 26.3.1: Determining the expected credit loss allowance of financial assets
  Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.

- Note 5: Determining the goodwill and intangible assets impairment
  The discounted cash flow of net operating income valuation method is used which 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.

- Note 22: 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.

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

- Betterstore Self Storage Holdings Limited
- Gauteng Storage Properties Proprietary Limited
- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Unit Self Storage Proprietary Limited
- SSS JV 1 Proprietary Limited
- SSS JV 2 Proprietary Limited
- Stor-Age International Proprietary Limited

Equity-accounted investees

- Sunningdale Self Storage Proprietary Limited
- SKJV 1 Limited
- SKJV 2 Limited
- SKJV 3 Limited
- SKJV Bidco Limited

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation–(SC Lucas, SJ Horton and GM Lucas are beneficiaries of the SPH Trust (MSH's member))
- Stor-Age Property Holdings Proprietary Limited–(SC Lucas, SJ Horton and GM Lucas are directors)

29.2 Material related party transactions and balances

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Related party balances				
Intercompany payables				
Gauteng Storage Properties Proprietary Limited	–	–	33 926	4 743
Unit Self Storage Proprietary Limited	–	–	3 377	9 622
Roeland Street Investments 2 Proprietary Limited	–	–	29 887	27 001
Intercompany receivables				
Roeland Street Investments Proprietary Limited	–	–	390 188	387 047
SSS JV 1 Proprietary Limited	–	–	110 507	–
SSS JV 2 Proprietary Limited	–	–	76 342	–
Amounts – owing to related parties				
– Gauteng Storage Properties Proprietary Limited	–	–	35	3
– Roeland Street Investments Proprietary Limited	–	–	395	253
– Roeland Street Investments 2 Proprietary Limited	–	–	89	170
– Unit Self Storage Proprietary Limited	–	–	160	94
Amounts – owing by related parties				
– Betterstore Self Storage Operations Limited	–	–	9 156	1 449
– Stor-Age Property Holdings Proprietary Limited	2	11	2	11
– Roeland Street Investments Proprietary Limited	–	–	279	151
– Roeland Street Investments 2 Proprietary Limited	–	–	54	66
– Madison Square Holdings Close Corporation	29	3	29	3
– Unit Self Storage Proprietary Limited	–	–	17	31
– Gauteng Storage Properties Proprietary Limited	–	–	6	161
Related party transactions				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	443 845	352 892
Roeland Street Investments 2 Proprietary Limited	–	–	78 445	88 671
SSS JV 1 Proprietary Limited	–	–	886	–

29. RELATED PARTY TRANSACTIONS (CONTINUED)

29.2 Material related party transactions and balances (continued)

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	7 781	13 575	7 781	13 575
Related party interest income				
Betterstore Self Storage Operations Limited	–	–	3 720	29
Sunningdale Self Storage Proprietary Limited	2 022	801	2 022	801
Related party construction fees incurred				
Madison Square Holdings Close Corporation	33 272	99 227	22 336	63 764
Related party development fees income				
Sunningdale Self Storage Proprietary Limited	631	218	631	437
Related party recovery of costs				
Madison Square Holdings Close Corporation	1 000	2 400	1 000	2 400
Betterstore Self Storage Operations Limited	–	–	–	1 120
Office lease payments				
Stor-Age Property Holdings Proprietary Limited	1 522	1 423	1 522	1 423
Acquisition fees income				
SKJV 1-3 and SKJV Bidco	5 871	–	5 871	–
Management fee income				
SKJV Bidco	2 133	–	–	–
Betterstore Self Storage Operations Limited	–	–	31 283	–
Disposal of investment property				
SSS JV 2 Proprietary Limited	–	–	32 500	–

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.

29.3 Directors' and company secretary's shareholdings

	Direct beneficial	Indirect	Total	Percentage
31 March 2022				
GM Lucas	2 399 802	7 021 513	9 421 315	1.99%
SJ Horton	2 399 803	3 082 802	5 482 605	1.16%
SC Lucas	2 399 802	7 021 513	9 421 315	1.99%
GA Blackshaw	–	1 742 648	1 742 648	0.37%
KM de Kock	14 000	–	14 000	0.00%
HH-O Steyn (company secretary)	–	300 000	300 000	0.06%
JAL Chapman	176 650	356 411	533 061	0.11%
	7 390 057	19 524 887	26 914 944	5.67%
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%

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

On 23 November 2021 Stor-Age Property Holdings Pty Ltd ("SPH") entered into a Further Amended and Restated Facility Agreement ("the Loan Facility") with Investec Bank Limited ("the Lender") for a borrowing facility of R58.5 million. The shareholder of SPH is the Stor-Age Property Holdings Trust ("SPH Trust"). Gavin Lucas, Stephen Lucas and Steven Horton, who are the executive directors of Stor-Age, are ultimate beneficiaries of the SPH Trust. The Loan Facility has a 36 month term, bears interest at the prime overdraft rate less 0.75% and is secured by the pledge of 16.514 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 2022, the outstanding balance on the Facility was R36.0 million (2021: R46.7 million). The related entities held 24.163 million (2021: 24.163 million) Stor-Age shares at 31 March 2022.

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.

	2022 R'000	2021 R'000
29.4 Directors' remuneration		
Fees paid to non-executive directors for meeting attendance were as follows:		
A Varachhia (investment committee)	266	60
GA Blackshaw (social and ethics committee, investment committee and remuneration committee)	324	311
GBH Fox (audit and risk committee and remuneration committee)	–	75
JAL Chapman (investment committee)	251	241
KM de Kock (audit and risk committee and remuneration committee)	308	292
MPR Morojele (audit and risk committee and remuneration committee)	298	161
MS Moloko^ (social and ethics committee and audit and risk committee)	74	286
P Mbikwana (social and ethics committee and audit and risk committee)	298	265
	1 819	1 691

^ *MS Moloko resigned on 30 June 2021*

Fees paid to executive directors were as follows:

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

2022	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Value of equity settled share-based payment awards granted R'000	Total R'000
GM Lucas	3 000	–	1 500	4 500	1 941	6 441
SJ Horton	3 000	–	1 500	4 500	1 941	6 441
SC Lucas	3 000	–	1 500	4 500	1 941	6 441
	9 000	–	4 500	13 500	5 823	19 323

2021	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Value of equity settled share-based payment awards granted R'000	Total R'000
GM Lucas	2 000	–	700	2 700	2 409	5 109
SJ Horton	2 000	–	700	2 700	2 409	5 109
SC Lucas	2 000	–	700	2 700	2 409	5 109
	6 000	–	2 100	8 100	7 227	15 327

The directors listed in the note above are the key management personnel of the group.

30. LEASE OBLIGATIONS

The group leases properties under short-term and long-term leases. The right-of-use assets for the properties, which trade as self-storage facilities, have been recognised as part of investment properties on the fair value model. Lease payments for the SA properties are subject to an annual fixed escalation. In the UK, lease payments are reviewed every five years to reflect market rentals. The majority of the leasehold properties' rent review will take place in the forthcoming financial year. The group is restricted from entering into sub-letting agreements for some of the properties.

The group also leases head offices in SA and the UK. The right of use assets for these head offices are classified as property and equipment and amortised over the term of the lease.

The statement of financial position reflects the following amounts relating to leases:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Right-of use-assets				
Investment properties (note 3)	965 423	981 540	–	–
Property and equipment	1 162	2 645	1 102	2 305
	966 585	984 185	1 102	2 305
Lease liabilities				
Current	29 279	32 371	1 360	1 384
Non-current	243 394	272 448	53	1 337
	272 673	304 819	1 413	2 721
The statement of profit or loss reflects the following amounts relating to leases:				
Fair value adjustment in investment properties	14 544	47 817	–	–
Depreciation charge on right-of-use assets	(1 477)	(1 491)	(1 203)	(1 203)
Interest expense	(17 328)	(18 980)	(214)	(332)

30. LEASE OBLIGATIONS (CONTINUED)

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. The property is subject to a long land lease.*

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

31. IMPACT OF RUSSIAN INVASION OF UKRAINE ON OPERATIONS

The group's operations in the UK have not been affected by Russia's invasion of Ukraine.

32. GOING CONCERN

The directors have assessed the group and company's ability to continue as a going concern.

At 31 March 2022 the group's current liabilities exceed its current assets by R370.3 million (company: current assets exceed current liabilities by R476.0 million).

Included in current liabilities is a three-month rolling loan note of R160.0 million which is refinanced on a quarterly basis. The group has sufficient access to undrawn borrowing facilities to settle this liability if required. Also included in current liabilities is the dividend payable of R262.5 million.

At the reporting date, the group had access to cash resources of R322.3 million (including cash held in its long-term debt facilities) (company: R182.2 million). The group's total undrawn borrowing facilities amounted to R677.0 million (company: R285.0 million).

Taking the above factors into account, the board is satisfied that the group and company have sufficient facilities to meet its foreseeable cash requirements.

33. EVENTS AFTER REPORTING DATE

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) 31 March 2022	Valuation (R'000) 31 March 2021
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	12 285	267 220	246 781
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	10 105	163 966	169 170
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	9 031	175 125	166 245
Stor-Age Pinehurst	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	10 649	139 418	143 562
Stor-Age Tokai (*)	64-74 White Road, Retreat, Cape Town	Western Cape	8 114	149 432	141 300
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	7 720	97 180	89 859
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	7 720	111 671	109 188
Stor-Age Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	6 213	79 729	79 822
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	5 880	72 685	69 502
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	5 058	72 177	69 242
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	2 902	64 470	61 146
Stor-Age Somerset Mall (*)	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	5 476	53 375	48 431
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	7 226	86 148	87 318
Stor-Age Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	5 006	48 386	46 059
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	1 411	21 675	25 500
Stor-Age Ottery- Springfield Road	Corner Bloemof Avenue and Springfield Street, Ottery	Western Cape	5 475	58 118	57 750
Stor-Age Tyger Valley	210 Durban Road, Oakdale, Bellville, Cape Town	Western Cape	3 992	89 430	–
Stor-Age Brackenfell - Silverpark	9 Silver Street, Brackenfell Industria, Brackenfell, Cape Town	Western Cape	7 629	68 484	–
Stor-Age Ottery Road	5 John Tyres Close, Ottery, Cape Town	Western Cape	5 353	53 167	–
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	7 443	113 841	107 184
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	6 149	126 110	115 774
Stor-Age Craighall	376A Jan Smuts Avenue, Craighall, Randburg, 2024	Gauteng	6 547	119 080	118 009
Stor-Age Cresta	290 Weltevreden Road, Cresta, Blackheath, Randburg Johannesburg	Gauteng	3 858	111 810	–
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	8 637	177 040	161 450
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	5 049	33 160	30 237
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	5 525	43 807	39 117
Stor-Age Randburg	225 Braam Fischer Drive, Randburg, Johannesburg	Gauteng	6 778	108 600	99 807
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	8 645	96 647	90 528
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	7 706	174 880	154 374
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	20 914	174 420	173 080

Property name	Address	Province	Gross lettable area (m²)	Valuation (R'000) 31 March 2022	Valuation (R'000) 31 March 2021
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	7 977	104 680	105 467
Storage RSA Centurion	65 Freight Road, Louwlardia, Midrand	Gauteng	7 608	95 300	86 013
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	9 371	81 717	85 222
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	7 190	90 670	94 000
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	9 202	84 366	84 731
Stor-Age Constantia Kloof (*)	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	5 357	100 281	102 232
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	9 293	78 720	80 000
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	8 005	80 138	67 046
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	7 844	61 694	61 800
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	7 137	77 052	71 827
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	9 696	52 959	52 153
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	8 228	49 226	47 960
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	4 515	38 773	27 405
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	4 161	17 730	14 900
Stor-Age Berea	23 Calder Road, Berea, Durban	KwaZulu-Natal	7 863	99 639	94 170
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	KwaZulu-Natal	9 046	157 420	152 261
Stor-Age Springfield (*)	166 Inersite Avenue, Umgeni Business Park	KwaZulu-Natal	5 534	82 478	79 299
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	KwaZulu-Natal	5 897	50 638	137 509
Stor-Age Durban CBD	200 Gale Street, Durban	KwaZulu-Natal	3 896	36 471	35 461
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	KwaZulu-Natal	3 975	44 913	47 397
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	6 647	55 355	51 200
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	11 032	83 400	72 880
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	6 774	78 347	66 320
Total SA properties			380 744	4 853 218	4 417 688

The weighted average rental per square metre (m²) of occupied space for SA properties at 31 March 2022 is R119.2/m² (2021: R111.4/m²).

* *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) 31 March 2022	Valuation (R'000) 31 March 2022	Valuation (£'000) 31 March 2021	Valuation (R'000) 31 March 2021
Storage King Aylesford (*)	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 035	43 435	4 628	88 446	4 299	87 754
Storage King Basildon (*)	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	4 219	45 411	4 988	95 339	5 100	104 105
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	4 495	48 385	17 320	331 033	15 120	308 640
Storage King Blackpool	Tellcom Business Centre, 20 Clifton Rd, Blackpool FY4 4QA	North West	2 609	28 083	4 450	85 052	–	–
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	5 869	63 176	18 560	354 733	14 400	293 943
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	2 165	23 309	9 020	172 397	3 660	74 711
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	4 011	43 176	8 550	163 414	7 540	153 912
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	4 261	45 870	15 860	303 128	13 420	273 939
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	5 188	55 840	12 790	244 452	10 890	222 294
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	3 534	38 042	8 630	164 943	7 190	146 767
Storage King Dudley	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands	3 405	36 647	5 600	107 031	3 510	71 649
Storage King Dunstable (*)	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	3 338	35 935	3 058	58 454	3 199	65 300
Storage King Epsom (*)	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	3 110	33 475	4 833	92 371	5 061	103 309
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 067	43 775	7 840	149 844	6 850	139 827
Storage King Harrogate	Ripon Road, Harrogate, North Yorkshire, HG1 2BS	North Yorkshire	3 882	41 782	15 230	291 087	–	–

Property name	Address	Region	Gross lettable area (m^2)	Gross lettable area (Sqf)	Valuation (£'000) 31 March 2022	Valuation (R'000) 31 March 2022	Valuation (£'000) 31 March 2021	Valuation (R'000) 31 March 2021
Storage King Huddersfield	Phoenix Retail Park, Leeds Rd, Huddersfield HD1 6NE	West Yorkshire	2 541	27 346	11 040	211 005	–	–
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	3 173	34 150	8 460	161 694	7 860	160 444
Storage King Nottingham (*)	Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ	Midlands	4 680	50 376	4 603	87 971	3 824	78 058
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	7 020	75 563	17 480	334 091	13 800	281 695
Storage King Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA	West Midlands	3 319	35 721	5 330	101 871	4 980	101 655
Storage King Wakefield	Kirkgate,Wakefield, South Yorkshire, WF1 1UW	South Yorkshire	2 733	29 418	7 040	134 554	–	–
Storage King Warrington (*)	1 Colville Court Winwick Quay Warrington, WA2 8QT	North West	3 022	32 526	3 451	65 960	3 142	64 137
Storage King West Bromwich (*)	AGL House, Birmingham Road, West Bromwich, West Midlands, B71 4JY	West Midlands	2 310	24 862	937	17 904	1 225	25 006
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	6 668	71 770	18 820	359 702	16 160	329 869
Storage King Woodley (*)	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 300	46 284	3 841	73 413	4 047	82 610
Storage King York	Water Lane, York, North Yorkshire, YO30 6PQ	North Yorkshire	3 137	33 776	10 190	194 759	–	–
Total UK properties			101 091	1 088 133	232 549	4 444 647	155 277	3 169 624

The closing average rental rate of UK properties is £23.63 per square foot (2021: £21.49 per square foot)

The valuations set out above are gross values before the deduction of investment property lease obligations.

* *Leasehold properties. Details of lease obligations are set out in note 30*

34. PROPERTY ANALYSIS (CONTINUED)

34.2 Properties under development

Property name	Address	Province	Valuation (R'000) 31 March 2022	Valuation (R'000) 31 March 2021
Bryanston	4 Cross Road, Bryanston	Gauteng	19 622	16 276
Kramerville	Corner of Dartfield Road and Commerce Crescent	Gauteng	23 817	–
Hillcrest	23/25 Highlands Road, Hillcrest	KwaZulu-Natal	19 000	19 000
De Waterkant	3-9 Rose Street, Cape Town	Western Cape	54 754	49 000
Paarden Eiland	Along Marine Drive	Western Cape	31 584	–
Pinelands	Corner of Howard Drive and Gardeners Way	Western Cape	41 373	–
Morningside	Portion 5 (a portion of portion 3) of Erf 1543 morningside extension 12 township registration division i.r	Gauteng	46 985	32 599
			237 135	116 875

35. VOLUNTARY CHANGE IN ACCOUNTING POLICY - NON-DISTRIBUTABLE RESERVES

The group has elected to voluntarily change its accounting policy in relation to its non-distributable reserves.

The group's previous policy was that 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.

The nature of the change is that the group will no longer transfer items to or from retained earnings, which are not included in the distribution to shareholders, to a separate reserve. The group will also no longer present a separate non-distributable reserve. All non-distributable gains or losses will be disclosed in retained earnings or accumulated loss within equity. The group believes that the change in accounting policy will result in a more accurate representation of the group's retained earnings. The group has restated the statement of financial position and statement of changes in equity. The statement of comprehensive income remains unaffected by this change in accounting policy.

Notwithstanding the voluntary change in accounting policy, the group does not intend to distribute the unrealised surplus or deficits that were previously classified as non-distributable.

The impact of the change in accounting policy on the group and company's financial statements are indicated below:

Group	As previously reported 31 March 2021 R'000	Adjustment R'000	As restated 31 March 2021 R'000
Statement of financial position			
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)/retained earnings	(402 047)	1 076 749	674 702
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

35. VOLUNTARY CHANGE IN ACCOUNTING POLICY - NON-DISTRIBUTABLE RESERVES (CONTINUED)

Group	Non-distributable reserve R'000	(Accumulated loss)/retained earnings R'000
Statements of changes in equity		
Balance at 31 March 2020 as previously reported	210 839	(261 904)
Adjustment	(210 839)	210 839
Restated balance at 31 March 2020	–	(51 065)
Profit for the year	–	1 192 294
Dividends	–	(466 527)
Restated balance at 31 March 2021	–	674 702

Company	As previously reported 31 March 2021 R'000	Adjustment R'000	As restated 31 March 2021 R'000
Statement of financial position			
Equity and liabilities			
Total equity	4 215 343	–	4 215 343
Stated capital	4 783 903	–	4 783 903
Non-distributable reserve	(38 218)	38 218	–
Accumulated loss	(552 308)	(38 218)	(590 526)
Share-based payment reserve	21 966	–	21 966

Company	Non-distributable reserve R'000	Accumulated loss R'000
Statements of changes in equity		
Balance at 31 March 2020 as previously reported	(19 595)	(481 407)
Adjustment	19 595	(19 595)
Restated balance at 31 March 2020	–	(501 002)
Profit for the year	–	377 003
Dividends	–	(466 527)
Restated balance at 31 March 2021	–	(590 526)

APPENDIX 1
UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	2022 R'000	2021 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	1 019 737	1 192 294
Adjusted for:		
Fair value adjustment to investment properties	(642 313)	(803 242)
Fair value adjustment to investment properties (NCI)+	12 632	8 707
Tax effect on the above adjustments	143 371	75 105
Insurance proceeds from building claim	(51 725)	–
Headline earnings	481 702	472 864
Distributable earnings adjustment	40 454	(16 727)
Depreciation and amortisation	8 309	11 184
Equity-settled share-based payment expense	11 307	14 310
Fair value adjustment to financial instruments	(104 308)	(52 693)
Fixed rate loan adjustment^	7 895	–
Other items of a capital nature	6 377	1 659
Deferred tax	92 056	14 950
Foreign exchange (gains)/losses	3 565	(5 368)
Foreign exchange gain available for distribution	–	(8 477)
Antecedent dividend on share issues*	15 253	7 708
	522 156	456 137
Other adjustments		
Non-controlling interests in respect of the above adjustments	(4 367)	(1 744)
Distributable earnings	517 789	454 393
Distributable earnings per share (cents)	114.07	106.08
Interim (cents)	56.60	52.00
Final (cents)	57.47	54.08
Distributable earnings	517 789	454 393
Insurance claim proceeds relating to the loss of revenue#	(10 319)	–
Distributable earnings after company-specific adjustments	507 470	454 393
Dividend declared for the six months ended 30 September	245 011	220 290
Dividend declared for the six months ended 31 March	262 459	234 103
Total dividends for the year	507 470	454 393
Shares entitled to dividends – interim ('000)	432 881	423 644
Shares entitled to dividends – final ('000)	474 610	432 881
Dividend per share September (cents)	56.60	52.00
Dividend per share March (cents)	55.30	54.08
Total dividend per share for the year (cents)	111.90	106.08

The board declared a final dividend of 55.30 cents (2021: 54.08 cents) per share for the six months ended 31 March 2022.

* *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.*

^ *The development of the Tyger Valley property was funded from the group's existing debt facilities. On the commencement of trading in May 2021, the group restructured the loan funding for the development with a fixed rate loan whereby the forecast net operating cash flow is matched to the interest cost of the funding over the lease-up period. This method ensures that there is no dilution over the lease-up of the development. A capital fee is charged at the inception of the fixed rate loan to account for interest differential over the lease-up period. One of the unique characteristics of the self storage development model is the lease-up of newly developed properties to a stabilised and mature level of occupancy, with the lease-up forming a considerable component of a property's overall formation cost. Under IFRS, the fixed rate loan is accounted for on the effective interest rate method. For distribution purposes, the group makes an adjustment to reflect the actual interest paid on the loan.*

\+ *Non-controlling interest*

\# *The board has elected to exercise prudence in relation to the insurance claim for loss of revenue in respect of the Waterfall property (see Civil Unrest section in commentary) and has excluded this amount from the final dividend to be paid.*

	Unaudited Group		Unaudited Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Net asset value*				
Number of shares in issue	474 610 430	432 881 143	474 610 430	432 881 143
Net asset value per share (cents)	1 399.71	1 306.77	1 017.15	973.79
Net asset value per share excluding non-controlling interest (cents)	1 389.98	1 297.85	1 017.15	973.79
Net tangible asset value per share (cents)	1 369.01	1 272.81	1 000.02	955.43
Net tangible asset value per share excluding non-controlling interest (cents)	1 359.28	1 263.89	1 000.02	955.43

* *The ratios are computed 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.

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT Funds from Operations ("FFO") per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	1 019 737	1 192 294
Adjusted for:		
Accounting/specific adjustments	(398 441)	(691 880)
Fair value adjustments to:		
– Investment property	(642 313)	(803 242)
– Debt and equity instruments held at fair value through profit or loss	136	10 123
Depreciation and amortisation of intangible assets	8 309	11 184
Deferred tax movement recognised in profit or loss	235 427	90 055
Foreign exchange and hedging items:	(118 076)	(78 159)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(121 641)	(99 857)
Foreign exchange losses relating to capital items – realised and unrealised	3 565	21 698
Other adjustments:	23 518	14 671
Non-controlling interests in respect of the above adjustments	8 265	6 963
Antecedent dividend	15 253	7 708
SA REIT FFO	526 738	436 926
Number of shares outstanding at end of year (net of treasury shares)	474 610 430	432 881 143
SA REIT FFO per share (cents)	110.98	100.93
Company-specific adjustments (per share)	3.09	5.15
– Equity settled share based payment	2.39	3.31
– Foreign exchange gain available for distribution	3.62	0.35
– Antecedent dividend adjustments	4.98	1.11
– Fixed rate loan adjustment (capital in nature)	1.66	–
– Proceeds from building insurance claim	(10.90)	–
– Other items of a capital nature	1.34	0.38
Distributable income per share (cents)	114.07	106.08
Interim (cents)	56.60	52.00
Final (cents)	57.47	54.08
Insurance claim proceeds relating to loss of revenue#	(2.17)	–
Total dividend per share (cents)	111.90	106.08
Interim dividend per share	56.60	52.00
Final dividend per share	55.30	54.08

Included in earnings for the year is an insurance claim of R10.3 million in respect of the Waterfall property for loss of revenue. Due to a backlog in processing at SASRIA, an interim payment of R10.0 million in respect of the claim for the period to March 2022 was only approved by SASRIA on 17 June 2022. The board has elected to distribute earnings attributable to this claim in the next dividend period (i.e. once the interim payment of R10.0 million has been received).

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	6 596 974	5 618 145
Adjustments:		
Fair value of certain derivative financial instruments	(61 371)	2 371
Forward exchange contracts	(65 374)	(31 866)
Interest rate swaps	4 003	34 237
Goodwill and intangible assets	(145 706)	(147 019)
Deferred tax	280 786	62 660
SA REIT NAV	6 670 683	5 536 157
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	474 610 430	432 881 143
Effect of dilutive instruments (options, convertibles and equity interests)	5 318 520	3 724 045
Dilutive number of shares in issue	479 928 950	436 605 188
SA REIT NAV (Rand per share)	13.90	12.68

* *This 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.*

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT cost-to-income ratio		
Expenses		
Direct property cost per IFRS income statement (includes municipal expenses)	221 280	206 435
Administration expenses per IFRS income statement	103 489	89 307
Depreciation	8 309	11 184
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(7 871)	(6 158)
Operating costs	325 207	300 768
Rental income		
Contractual rental income per IFRS income statement	849 716	738 726
Gross rental income	849 716	738 726
SA REIT cost-to-income ratio*	38.3%	40.7%

* *Based on rental income, including ancillary income the ratio is 35.7% (2021: 38.2%)*

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE
(continued)

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT administration cost-to-income ratio		
Expenses		
Administration expenses as per IFRS income statement	103 489	89 307
Administration costs	103 489	89 307
Rental income		
Contractual rental income per IFRS income statement	849 716	738 726
Gross rental income	849 716	738 726
SA REIT administration cost-to-income ratio*	12.2%	12.1%

* *Based on rental income, including ancillary income the ratio is 11.4% (2021: 11.4%)*

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT GLA vacancy rate		
Gross lettable area of vacant space^	57 400	44 600
Gross lettable area of total property portfolio^	481 700	448 800
SA REIT GLA vacancy rate	11.9%	9.9%

^ *Excludes properties held in joint ventures.*

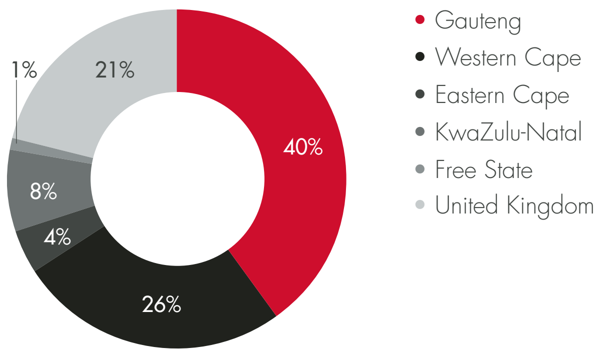
	Unaudited March 2022		Unaudited March 2021	
	SA	UK	SA	UK
Cost of debt				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.9%	3.2%	5.3%	2.8%
Fixed interest-rate borrowings				
Weighted average fixed rate	0.2%	0.0%	–	–
Pre-adjusted weighted average cost of debt:	6.1%	3.2%	5.3%	2.8%
Adjustments:				
Impact of interest rate derivatives	0.4%	0.2%	0.8%	0.7%
Impact of cross-currency interest rate swaps	0.0%	0.1%	(0.9%)	0.2%
Amortisation of raising fees	0.1%	0.2%	0.2%	0.1%
All-in weighted average cost of debt:	6.6%	3.7%	5.4%	3.8%

	Unaudited 31 March 2022 R'000	31 March 2021 R'000
SA REIT loan-to-value		
Gross debt net of cash held in facilities	2 804 865	1 997 448
Leasehold liabilities relating to investment properties	271 188	301 730
Less:		
Cash and cash equivalents	(222 333)	(171 073)
Less:		
Derivative financial instruments	(94 262)	29 544
Net debt	2 759 458	2 157 649
Total assets – per Statement of Financial Position	10 505 636	8 501 222
Less:		
Cash and cash equivalents	(222 333)	(171 073)
Derivative financial assets	(99 841)	(32 266)
Goodwill and intangible assets	(145 706)	(147 019)
Trade and other receivables	(127 350)	(82 907)
Carrying amount of property-related assets	9 910 406	8 067 957
SA REIT loan-to-value ("SA REIT LTV")	27.8%	26.7%

UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2022

1. The total customer base of the group is large and diverse with over 44 800 (2021: 38 400) tenants. Of the 28 300 tenants based in South Africa, 61% (2021: 61%) of the customers are residential users and the remaining 39% (2021: 39%) are commercial users. In the United Kingdom, Storage King has over 16 500 tenants of which 74% (2021: 73%) of the customers are residential users and the remaining 26% (2021: 27%) 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 rental income:

Region	GLA* m²	Rental income %
Gauteng	192 800	26.1
Western Cape	127 200	19.7
Eastern Cape	17 800	2.1
KwaZulu-Natal	36 200	6.8
Free State	6 700	0.7
South Africa	380 700	55.4
United Kingdom	101 000	44.6
Total	481 700	100.0

* *GLA rounded to nearest hundred. Excludes properties held in joint ventures.*

4. The weighted average rental per square metre (m²) of occupied space for SA properties at 31 March 2022 is R119.2/m² (2021: R111.4/m²), an increase of 7.0%. The weighted average rental per square meter for each region as at 31 March 2022 is set out in the following table:

Region	Rental/m²
Gauteng	109.6
Western Cape	137.3
Eastern Cape	93.8
KwaZulu-Natal	127.1
Free State	84.2
South Africa	119.2

The closing average rental rate of UK properties is £23.63^ per square foot (2021: £21.49), an increase of 10.0%. In the UK, average rental rates are reflected on an annual basis.

^ *UK rental rate quoted on an annual basis.*

5. The occupancy profile by GLA of the portfolio as at 31 March 2022 is disclosed in the following table:

Region	GLA m²	% Occupied	Vacancy m²	% Vacant
Gauteng	192 800	89.4	20 500	10.6
Western Cape	127 200	86.2	17 500	13.8
Eastern Cape	17 800	89.3	1 900	10.7
KwaZulu-Natal	36 200	85.6	5 200	14.4
Free State	6 700	91.0	600	9.0
South Africa	380 700	88.1	45 700	12.0
United Kingdom	101 000	88.3	11 700	11.7
Total	481 700	88.1	57 400	11.9

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
2018	7%	–
2019	9%	2.4%
2020	6%	(1.9%)
2021	5%	1.3%
2022	7%	10.0%

7. The weighted average annualised property yields based on the forward 12 month net operating income ("NOI"), are set out below:

	12-month forward NOI
SA properties	8.30%
UK properties	6.91%

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

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

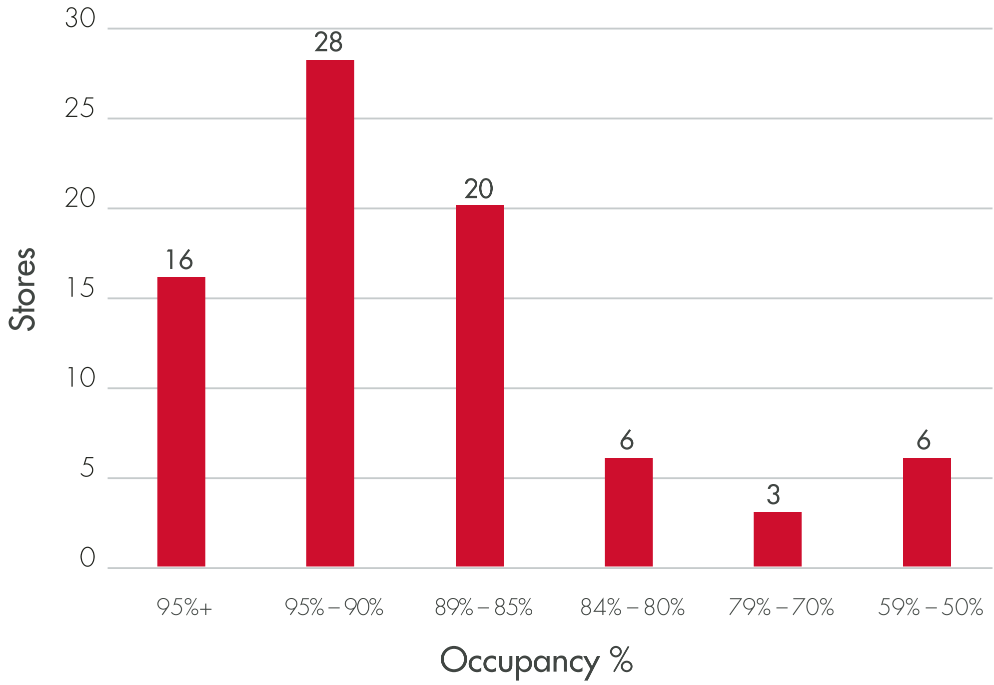
as at 31 March 2022

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 2022, 70% of existing tenants in South Africa and 72% 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	2022	2021	2020
< 6 months	30%	31%	30%
Between 6 and 12 months	16%	16%	18%
Between 1 and 2 years	20%	21%	21%
Between 2 and 3 years	12%	12%	11%
> 3 years	22%	20%	20%
Total	100%	100%	100%

United Kingdom Tenancy	2022	2021	2020
< 6 months	28%	34%	25%
Between 6 and 12 months	16%	12%	14%
Between 1 and 2 years	18%	14%	17%
Between 2 and 3 years	10%	10%	12%
> 3 years	28%	30%	32%
Total	100%	100%	100%

9. The occupancy profile of the group as at 31 March 2022 is set out in the following bar chart below:



ANALYSIS OF ORDINARY SHAREHOLDERS
as at 31 March 2022

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder Spread				
1 – 1 000	5 594	42.82%	1 080 982	0.23%
1 001 – 10 000	5 482	41.96%	21 290 431	4.49%
10 001 – 100 000	1 581	12.10%	45 109 604	9.50%
100 001 – 1 000 000	316	2.42%	103 606 105	21.83%
Over 1 000 000	92	0.70%	303 523 308	63.95%
Total	13 065	100.00%	474 610 430	100.00%
Distribution of Shareholders				
Assurance Companies	49	0.38%	20 817 921	4.39%
Close Corporations	89	0.68%	1 786 014	0.38%
Collective Investment Schemes	257	1.97%	181 793 980	38.30%
Custodians	25	0.19%	14 692 285	3.10%
Foundations & Charitable Funds	141	1.08%	8 952 879	1.89%
Hedge Funds	2	0.02%	477 505	0.10%
Insurance Companies	5	0.04%	704 651	0.15%
Investment Partnerships	34	0.26%	222 965	0.05%
Managed Funds	22	0.17%	1 323 141	0.28%
Medical Aid Funds	19	0.15%	4 566 927	0.96%
Organs of State	8	0.06%	6 232 676	1.31%
Private Companies	354	2.71%	29 028 520	6.12%
Public Companies	1	0.01%	429 048	0.09%
Retail Shareholders	10 428	79.82%	49 747 896	10.48%
Retirement Benefit Funds	567	4.34%	121 861 740	25.68%
Scrip Lending	8	0.06%	3 905 835	0.82%
Stockbrokers & Nominees	187	1.43%	4 267 224	0.90%
Trusts	869	6.65%	23 799 223	5.01%
Total	13 065	100.00%	474 610 430	100.00%
Shareholder Type				
Non-Public Shareholders	16	0.12%	33 960 654	7.16%
Directors and Associates	16	0.12%	33 960 654	7.16%
Public Shareholders	13 049	99.88%	440 649 776	92.84%
Total	13 065	100.00%	474 610 430	100.00%

ANALYSIS OF ORDINARY SHAREHOLDERS (continued)
as at 31 March 2022

	Number of shares	% of issued capital
Fund Managers With A Holding Greater Than 3% of The Issued Shares		
Public Investment Corporation	57 246 930	12.06%
Old Mutual Investment Group	46 335 954	9.76%
Catalyst Fund Managers	21 015 635	4.43%
M&G Investments	20 966 386	4.42%
Sesfikile Capital	20 135 931	4.24%
Ninety One	19 975 645	4.21%
Meago Asset Management	18 561 096	3.91%
Stanlib Asset Management	18 410 825	3.88%
Total	222 648 402	46.91%
Beneficial Shareholders With A Holding Greater Than 3% Of The Issued Shares		
Government Employees Pension Fund	57 632 755	12.14%
Old Mutual Group	49 755 128	10.48%
Sanlam Group	20 973 781	4.42%
Eskom Pension & Provident Fund	19 303 521	4.07%
Liberty Group	17 409 791	3.67%
Ninety One	15 720 659	3.31%
Nedbank Group	15 332 901	3.23%
Total	196 128 536	41.32%
Total number of shareholdings	13 065	
Total number of shares in issue	474 610 430	

SHARE PRICE PERFORMANCE

Opening Price 01 April 2021	R13.17
Closing Price 31 March 2022	R14.78
Closing High for period	R15.00
Closing low for period	R13.24
Number of shares in issue	474 610 430
Volume traded during period	211 496 565
Ratio of volume traded to shares issued (%)	44.56%
Rand value traded during the period	R2 974 833 461

SHAREHOLDERS' DIARY

Annual report posted to shareholders	Friday 29 July 2022
Notice of AGM posted to shareholders	Friday 29 July 2022
Annual general meeting	Thursday 1 Sep 2022
Interim reporting date	Friday 30 Sep 2022
Publication of interim results and interim dividend announcement	Tuesday 15 Nov 2022
Last day to trade	Tuesday 29 Nov 2022
Shares trade ex-dividend	Wednesday 30 Nov 2022
Record date	Friday 2 Dec 2022
Interim dividend paid	Monday 5 Dec 2022
Financial year end	Friday 31 Mar 2023
Publication of final results and final dividend announced	Monday 19 Jun 2023
Last day to trade	Monday 26 Jun 2023
Shares trade ex-dividend	Tuesday 27 Jun 2023
Record date	Friday 30 Jun 2023
Final dividend paid	Monday 3 Jul 2023

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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
"CEO"	Chief Executive Officer. The CEO of Stor-Age is Gavin Lucas.
"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
"FD"	Financial Director. The FD of Stor-Age is Stephen Lucas.
"GLA"	Gross lettable area, measured in square metres
"IBC"	Inside Back Cover
"IFC"	Inside Front Cover
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King IV™"	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"	Portfolio of 86 700 m^2 of GLA on which Stor-Age received property and asset management fees prior to being acquired by Stor-Age
"the period" or "the reporting period"	The 12 months from 1 April 2019 to 31 March 2020
"the previous year"	The year ended 31 March 2019
"REIT"	Real Estate Investment Trust
"SA"	South Africa
"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 2019 to 31 March 2020. 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