STOR-AGE PROPERTY REIT LIMITED

INTEGRATED ANNUAL REPORT
2022

Stor-Age Property REIT Limited ("Stor-Age", the "Company" or the "Group") is the leading and largest self storage property fund and brand in South Africa. We have successfully developed, acquired and managed self storage properties across South Africa for more than 15 years. In November 2017, we entered the United Kingdom (UK) with the strategic acquisition of Storage King – the sixth largest self storage brand in the UK. Stor-Age is a local market pioneer that introduced high-profile Big Box self storage properties in high-visibility and easily accessible prime suburban locations in South Africa.

Our 85-property portfolio comprises 485 800 m² of gross lettable area (GLA), which is strategically concentrated in South Africa's largest cities and in key markets in the UK. We service approximately 45 000 tenants. Stor-Age listed on the Johannesburg Stock Exchange (JSE) on 16 November 2015.

SNAPSHOT

Listing date	November 2015
JSE sector	Speciality REITs
Profile	Highly specialised, low risk, income paying self storage REIT
Self storage universe	11 publicly traded self storage REITs (US: 6, UK: 2, EU[1]: 1, Aus: 1, SA: 1)
Market capitalisation	R6.6 billion[2]

	Total	South Africa	United Kingdom
Investment property value	**R9.26 bn**	R5.04 bn	R4.22 bn
Number of properties[3]	**85**	55	30
Total number of tenants	**44 800**	28 300	16 500
Total GLA[4]	**485 800 m²**	384 800 m²	101 000 m²
Occupancy	**88.1%**	88.1%	88.3%
Loan to value (LTV) ratio	**27.9%**	23.2%	32.5%

1 *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*
2 *As at 30 June 2022. All other data presented as at 31 March 2022.*
3 *Includes trading properties held in JVs and managed by the Group.*
4 *GLA – gross lettable area.*

INTRODUCING OUR 2022 INTEGRATED ANNUAL REPORT

This report explains our strategy, our operating environment, the key opportunities and risks in our South African and UK markets, our financial and non-financial performance, and our expectations for the year ahead. We focus on material environmental, social and governance matters which we determine through board discussions, market research, stakeholder engagement, continual risk assessments and reviews of prevailing trends in our industry and the global economy. This report does not discuss matters which we do not consider material.

SCOPE OF THIS REPORT

This report presents the financial results and the environmental, social and governance performance of the Group for the financial year ended 31 March 2022. Its content encompasses all divisions and subsidiaries of the Group, across all regions of operation in South Africa and the UK.

ASSURANCE

The Company's external auditors, BDO South Africa Inc., have independently audited the financial statements for the year ended 31 March 2022. Their unqualified audit report is set out on pages 132 to 135. The scope of their audit is limited to the information set out in the financial statements on pages 136 to 237.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

RESPONSIBILITY STATEMENT AND REVIEW

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

Graham Blackshaw
Non-executive Chairman

Stephen Lucas
Financial director

Gavin Lucas
Chief executive officer

Kelly de Kock
Chair: Audit and risk committee

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

Shares in issue: 474 610 430 (31 March 2022).

INTRODUCING STOR-AGE

ABOUT STOR-AGE

Stor-Age is the leading and largest self storage property fund and brand in South Africa, and the first and only self storage Real Estate Investment Trust (REIT) listed on any emerging market exchange. November 2021 marked the six-year anniversary since listing on the Johannesburg Stock Exchange (JSE). During this period we have successfully grown the portfolio from 24 to 85 properties, GLA from 181 500 m^2 to 485 800 m^2 and the value of the property portfolio by more than sevenfold to R10.2 billion[1]. We continue to deploy capital strategically, adding quality and scale to our high-quality portfolio in South Africa and the UK on a select basis and in-line with our strict investment criteria.

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

The South African portfolio comprises 55 properties, totalling 384 800 m^2 and represents R5.04 billion in value. In the UK, Stor-Age owns a 97.8% majority interest in Storage King, comprising 30 properties with 101 000 m^2 GLA and representing R4.22 billion in value[2].

DYNAMIC SELF STORAGE SECTOR SPECIALISTS

- Leading and largest self storage property fund in South Africa
- SA portfolio – exceptional quality and almost impossible to replicate, assembled from scratch
- UK market entry, growth and performance – nuanced, skilfully executed and highly successful, with excellent growth prospects
- Business model based on global best practice
- Bespoke, best-in-class new developments in prime locations – unlock value and support outperformance over medium term
- Market-leading operations and digital platform
- 16 year track record of developing, tenanting and operating self storage assets
- Investment in sustainable technology to support business efficiency

	Portfolio	South Africa	United Kingdom	Pipeline Portfolio
Number of properties	85	55	30	14[3]
GLA (m^2)	485 800 m^2	384 800 m^2	101 000 m^2	81 800
Loan to value (LTV) ratio	27.9%	23.2%	32.5%	n/a

1 *Includes trading properties held in JVs and managed by the Group.*

2 *The 101 000 m^2 GLA and R4.22 billion in value excludes trading properties held in JVs in the UK. Including JV properties, the Storage King portfolio comprises 120 700 m^2 GLA and represents R5.58 billion in value.*

3 *Includes 10 properties in South Africa and four properties in the UK.*

OUR INVESTMENT CASE

- Dynamic sector specialists, allowing for focused attention
- Consistently outperformed the listed property index and South African REITs since listing in 2015 – outperforming by c.189%[1]
- Self storage business model – proven its resilience through various economic cycles, including throughout the pandemic
- Distribution underpinned by robust self storage metrics
- Significant secured pipeline of acquisition and development opportunities
- Proven ability to identify, close and integrate value-add acquisitions
- Strong cash flow
- Favourable operating margins
- Attractive earnings growth
- Healthy balance sheet and conservative gearing
- Low bad debt record
- Low obsolescence and ongoing maintenance capex
- High barriers to entry in key target locations

[1] *Bloomberg, as at 31 May 2022*

is underpinned by

OUR SUCCESS DRIVERS

- Management – founder led and vastly experienced, true-sector specialists
- Operations platform
  - Highly sophisticated and dual market
  - Scalable and the key to unlocking value
- Diversified tenant risk (44 800 tenants across South Africa and the UK)
- Prominent locations on main roads or arterials, with high visibility to passing traffic
- Committed and passionate employees
- Average length of stay in South Africa – 23.7 months
- Average length of stay in UK – 30.8 months
- Growing demand and awareness among customers
- Strong customer satisfaction, with customer service rated as "excellent" in 2022 according to the global Net Promoter Score (NPS) standard
- In South Africa, 54% (2021: 53%) of customers have been storing for more than one year
- In the UK, 56% (2021: 54%) of customers have been storing for more than one year

and

OUR VISION

To be the best self storage business in the world

OUR MISSION

To rent space

OUR CORE VALUES

Excellence • Sustainability • Relevance • Integrity

HIGHLIGHTS

	111.90 cents Total dividend
	7.5% Growth in distributable income per share
	16.5% Total return[1]
	15.0% and 16.7% Growth in rental income and net property operating income
	12.3% | SA 10.0%; UK 21.2% Growth in same-store rental income
	88.1% | SA 88.1%; UK 88.3% Total occupancy, with same-store occupancy over 90% in SA and the UK
	24 100 m² GLA | SA 9 700 m²; UK 14 400 m² Increase in portfolio occupancy
	R9.26 billion[2] | up 22.4% Net investment property value
	27.9% Loan To Value (LTV) ratio, with net debt effectively hedged at 84.3% for 3.5 years
	R575 million | Raised in oversubscribed bookbuild Equity capital raise in January 2022
	£21 million | Seven-year sustainability-linked loan from Aviva Investors Completed restructuring of GBP debt facilities
	14 properties | Development pipeline Secured four new opportunities (SA 2; UK 2)
	10 properties | SA development pipeline Representing c. R900 million and 60 800 m² GLA
	Nedbank JV Construction commenced at Morningside and Bryanston
	Moorfield JV Construction commenced at Heathrow and Bath
	11 trading properties | Acquisitions completed Two properties in South Africa and nine the UK

[1] *Calculated as distributable income per share for the year plus increase in tangible net asset value (TNAV) per share as a percentage of TNAV at start of the year.*
[2] *Net of leasehold obligations and excludes properties held in JVs.*

Big Box self storage properties

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

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

CHAIRMAN'S LETTER

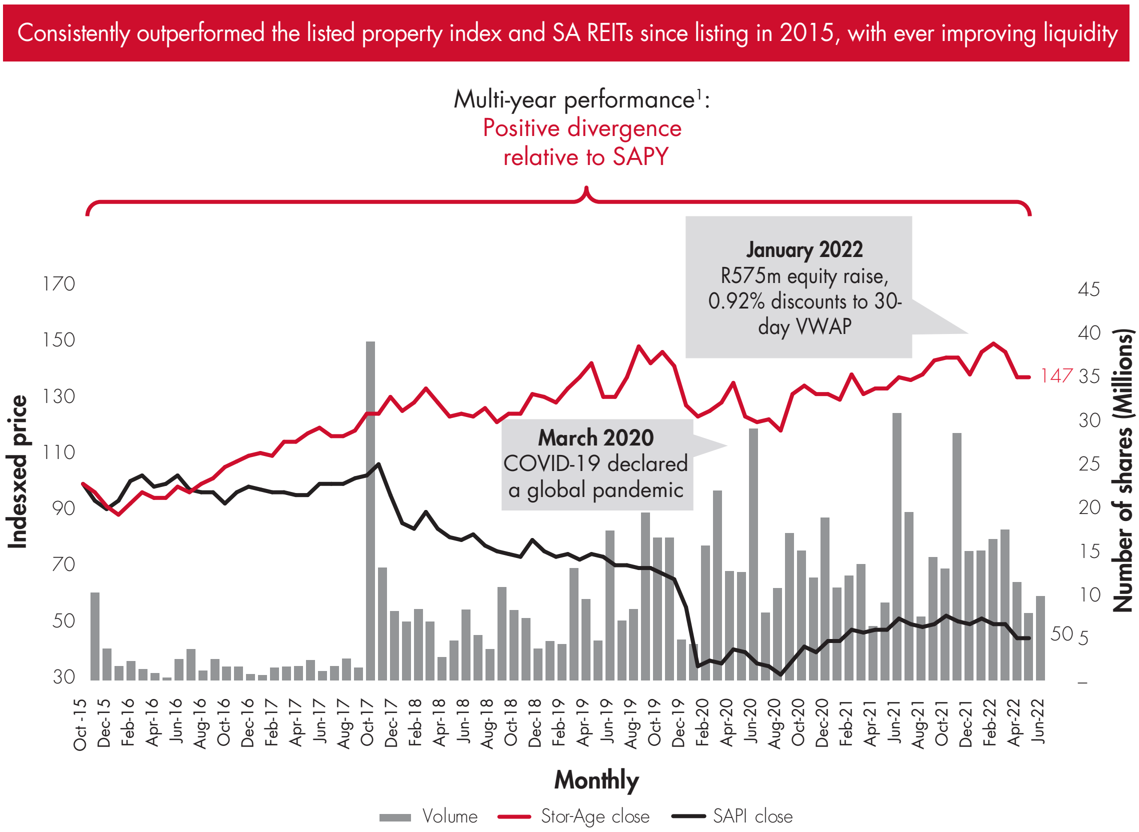
I am pleased to report that Stor-Age has delivered another excellent set of results, demonstrating the ongoing resilience of the Group's business model which continues to move Stor-Age forward despite considerable economic and market uncertainty. Driven by strong organic growth in both South Africa and the UK, the successful integration of acquisitions and the further expansion of the portfolio through new developments, Stor-Age has delivered an outstanding financial and operational performance.

A UNIQUE VALUE PROPOSITION, UNDERPINNED BY A TRACK RECORD OF DELIVERY

Stor-Age remains a highly specialised income paying REIT. It is one of only 11 publicly traded self storage REITs globally and the only one to be listed on an emerging market exchange. In September 2019, Stor-Age was included in the JSE SA Property Index (SAPY), recognising our clear strategy, consistent growth and strong financial performance since listing.

A niche asset class uncorrelated to traditional drivers of property, Stor-Age has consistently outperformed the SAPY since its listing in 2015. Assuming R100 was invested on the date of our listing in November 2015 and provided that the full pre-tax dividend was reinvested, the investment would be worth R235 on 30 June 2022. This is compared to the same investment in the JSE All Share Index, which would be worth R175, or in the SAPY, which would be worth R83.

SHARE PRICE PERFORMANCE – RELATIVE TO SAPY



[1] *Bloomberg,as at 30 June 2022*

CHAIRMAN'S LETTER (continued)

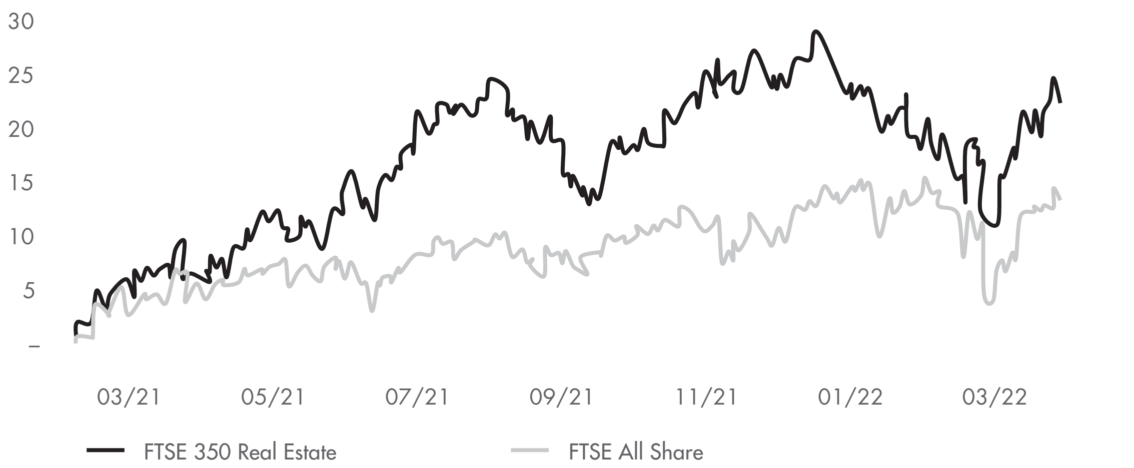
UK REIT SECTOR – SELF STORAGE THE STANDOUT

Self storage was the leading performer across all UK REIT subsectors for the 12-month period ended March 2022

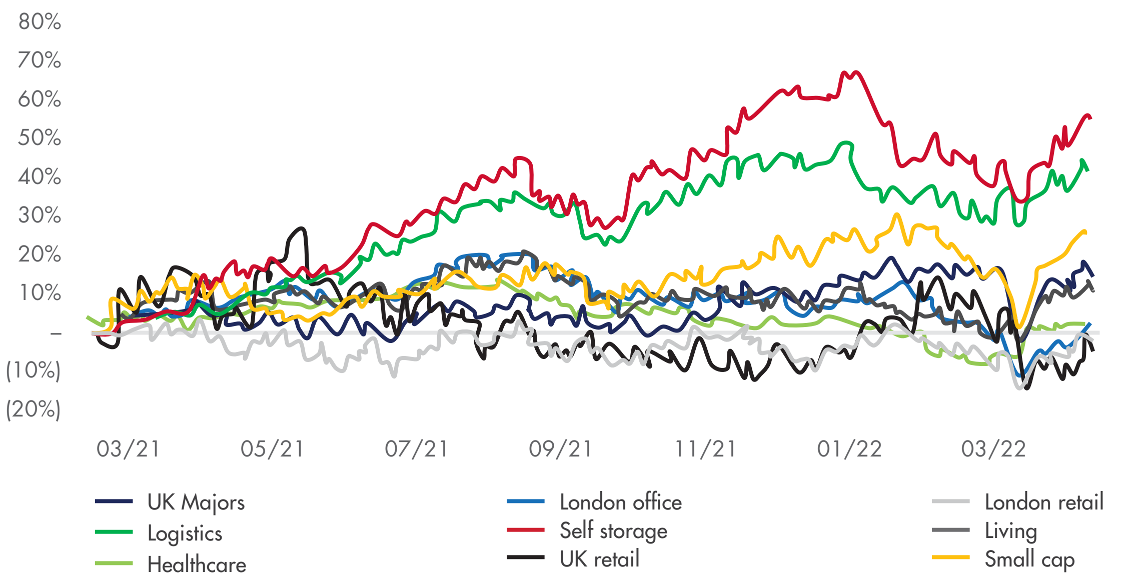
Stor-Age benefits from significant and growing exposure (c.50%) to GBP assets through Storage King

UK listed real estate experienced a strong recovery in 2021, and despite giving back some gains in early 2022, the sector delivered a one-year total shareholder return of 21% vs 13% for the wider market. With the pandemic accelerating underlying fundamentals, self storage was a significant beneficiary, with a sizable step up in occupancy levels as the sector has continued to mature.

UK real estate comfortable outperformer (Total return)[1]



Self storage, logistics and small caps the winners[2]



[1] *Bloomberg*
[2] *DataStream*

Our relative performance since listing demonstrates the attractive diversification benefits Stor-Age offers compared to other SAPY constituents. It also speaks to the strength of our business model, which is based on global best practice and a unique, scalable developing and first-world dual-market operating platform. This is underpinned by our specialist sector skills and the experience of our seasoned management team. The combined strength of these attributes is evidenced by more than a decade of successfully acquiring, developing, leasing and operating self storage assets in South Africa and the UK.

Since listing, we have grown the portfolio from 24 to 85 properties, reflecting an increase in the total available space to let from 181 500 m^2 to 485 800 m^2. This growth represents an increase in the value of the portfolio at listing from R1.4 billion to approximately R10.2[1] billion at year end.

Stor-Age is the largest self storage property fund and most recognisable industry brand in South Africa. Assembled from scratch and offering exceptional quality, the South African portfolio comprises 55 properties and represents a value of R5.04 billion. The UK portfolio, which operates under the Storage King brand, offers excellent growth prospects. It has been strategically grown post our market entry into the UK in November 2017 and now comprises 30 properties, representing a value of R4.22 billion.

SECTOR FUNDAMENTALS REMAIN ROBUST, SUPPORTING A RESILIENT PERFORMANCE

The past year continued to present challenges. The pandemic remained disruptive, with additional waves of infection, new variants and lockdown restrictions slowing economic recovery. In South Africa, the social and economic consequences of looting and civil unrest further undermined growth.

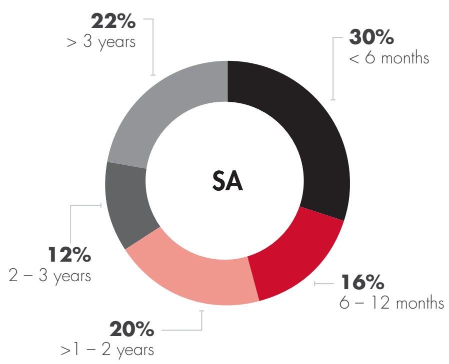
As a specialist asset class that is needs-based and recession-resilient, self storage offers financial performance and growth prospects in the face of these challenges. Additionally, the self storage industry continues to benefit from longer-term structural changes accelerated by the pandemic, which gave rise to new drivers of demand. The sector themes and trends fuelling this demand are equally present in both first-world markets and South Africa.

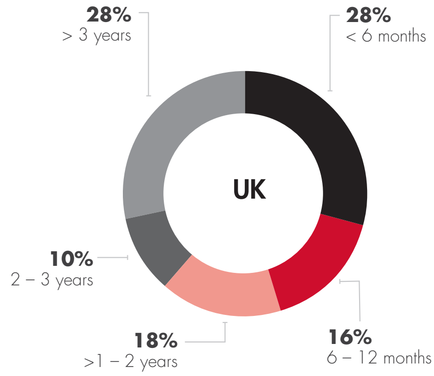
These changes include, for example, greater demand for self storage due to home improvements, business disruption, flexible working arrangements and an increasingly mobile population. The e-commerce boom has also created a need for mini-warehousing space from which to operate small scale storage and e-fulfilment or last mile delivery hubs. Our prime location self storage properties offer a perfect point of convergence for these needs as they are secure and often close to the end consumer. These demand drivers complement the

[1] *Total portfolio value including properties held in JVs and managed by the Group.*

CHAIRMAN'S LETTER (continued)

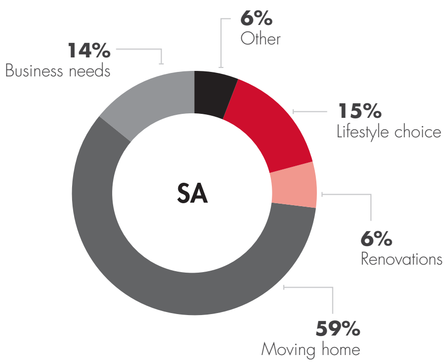
AVERAGE LENGTH OF STAY

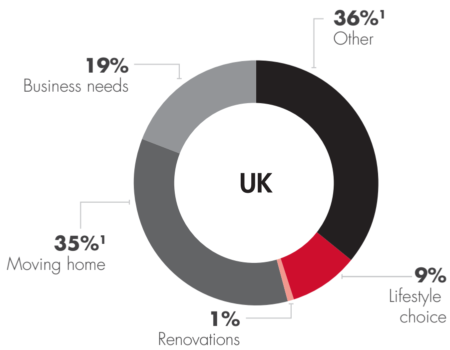




DEMAND PROFILE
Demand is driven by two significant customer groups: those needing the product for short stays due to life-changing events (< 6 months: 30%) and those requiring the product for longer term space requirements (>1 year: 50%+).

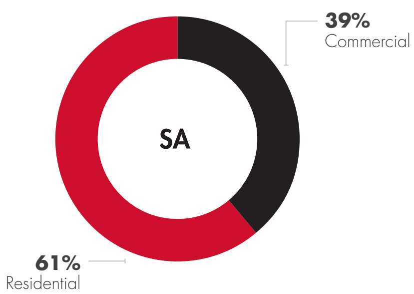
REASONS FOR STORING

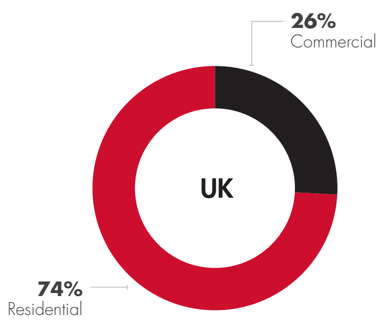




SELF STORAGE – A NEEDS DRIVEN PRODUCT
All tenants initially use our product due to a tangible need. This makes the business case cyclically resilient.

RESIDENTIAL/COMMERCIAL TENANCY[2]





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

[1] *Significant decrease in Moving home – 35% (FY21: 45%) and increase in Other category – 36% (FY21: 24%), is largely as a result of acquisitions concluded during the period and the merging of historical customer data.*

[2] *By GLA.*

historical demand driver for self storage being "life-changing events" such as separation, bereavement, downsizing, emigration and home moves which occur regardless of economic conditions.

The underlying strength of the asset class enabled the Group to capitalise on these and other opportunities during the year to deliver a resilient performance and strategically identify and execute value enhancing acquisitions.

Enquiry levels, our lead indicator of demand, remain elevated and continued to grow during the year. Total occupancy (excluding the impact of looting on our Waterfall property in KwaZulu-Natal) increased by 9 700 m^2 year-on-year in South Africa and by 14 400 m^2 year-on-year in the UK, with occupancy finishing the year at 88.1% in South Africa and 88.3% in the UK. Group self storage rental income and net property operating income were up 15.0% and 16.7% respectively for the year.

In South Africa, the acquisitions of Silver Park Self Storage and Green Cube Self Storage, as well as the commencement of trading at three newly-developed properties, positioned us well in a low growth macroenvironment. This growth is supplemented by a robust development pipeline. The addition of nine well-located high-quality properties at a total cost of more than £100.0 million across three acquisitions in the UK during the year demonstrates our ability to source, fund and conclude high-quality acquisitions in this market. These acquisitions are further evidence of our ability to scale our business in a manner that satisfies our investment criteria.

Our joint venture (JV) model with Moorfield in the UK and Nedbank in South Africa (announced in 2021) affords us the opportunity to grow and achieve further scale in both markets while providing an attractive return on invested capital. It also allows us to mitigate the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature occupancy level.

A consistent and underlying theme in executing our growth strategy has been the conservative management of our balance sheet, which ensures adequate liquidity to withstand any challenges and added flexibility to target select development and acquisition opportunities as they arise. The Group bolstered its liquidity and further strengthened the balance sheet during the year via an oversubscribed bookbuild in January that successfully raised R575 million in equity as well as by finalising a restructure of our GBP debt facilities with UK lenders. The strong demand evidenced in the bookbuild is testament to the high regard in which Stor-Age is held and reflects investor support for our growth strategy.

Read more about the strategic initiatives undertaken during the year in the CEO's report on page 37.

ONGOING PROGRESS IN PURSUING OUR ESG GOALS

The Group's ESG Framework continued to guide how we monitor our impact on the economy, the workplace, the social environment and the natural environment. This framework aligns our Vision and Core Values with the six Sustainable Development Goals (SDGs) most relevant to our business and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

In particular, we recognise the urgency of the climate crisis. The Group has long identified climate-related risk as a strategic business risk and therefore continuously monitors what is needed to formulate an effective response. This is underpinned by close supervision by the board with the support of its subcommittees.

In both markets, Stor-Age continues to address sustainable practices in the areas of energy efficiency, renewable energy generation and reducing CO_2 emissions. To date, the Group has invested R12 million in renewable energy. In addition, Stor-Age undertook major initiatives during the year to propel the Group's sustainable energy journey forward.

As part of the UK debt restructure, the Group entered into its first sustainability-linked loan facility with Aviva Investors to refinance five existing UK properties. The facility targets the achievement of certain KPIs to reduce the loan margin. These KPIs include solar installations, reducing scope 1 and 2 carbon emissions and developing a net zero carbon pathway using science-based targets.

Looking across the Group more broadly, and in line with Stor-Age's continued focus on environmental sustainability, during the year the Group selected an independent sustainability consultant to set energy and water consumption and carbon emissions baselines for properties in the South African and UK portfolios. These baseline measurements will be used to set medium-term performance indicators to reduce our environmental impact and assist in the development of a Group-wide net zero energy strategy.

As a board, we are pleased with the Group's progress from an environmental perspective and in terms of Stor-Age's ongoing investment in socio-economic development and the upskilling and development of its people. Details of these activities are covered more fully in the CEO's report and in the Environmental, Social and Corporate Governance section of this report.

“The Group’s ESG framework continued to guide how we monitor our impact on the economy, the workplace, the social environment and the natural environment.”

Locally, we remain optimistic about the opportunities the country presents. However, as recently raised by the South African Property Owners' Association, we are concerned about the state of South Africa's ageing infrastructure and the condition of most of the country's local municipalities. These matters present particular ESG-related risks to the country.

The provision of basic services to people and effective local governance plays a critical role in supporting the overall well-being of society and also in ensuring that economic activity can be sustained. The social, economic and human consequences of poor maintenance were highlighted during the tragic and devastating floods recently seen in KwaZulu-Natal, where rapid, high rainfall placed exceptional strain on ageing infrastructure.

As a business committed to playing our part in South Africa's economic turnaround, we will continue to invest in growing our portfolio responsibly. This includes investing in our people and in sustainable energy and water infrastructure. We also hope to see greater engagement on this important matter between government, industry and the private sector.

PERFORMANCE BACKED BY SOLID GOVERNANCE

" The board is ultimately responsible for guiding the Group's strategy and performance within an appropriate framework of governance and oversight. This includes maintaining a comprehensive view of the risks and opportunities facing the Group across our South African and UK operations to ensure stakeholder interests are safeguarded. "

CHAIRMAN'S LETTER (continued)

To improve the board's understanding of the UK self storage market and reduce overall risk exposure, our UK operations are included in the regular risk reviews conducted by the audit committee. This ensures a comprehensive view of the risks and opportunities facing the Group.

The board continues to exercise oversight of the Group's growth strategy, which provides a clear framework to guide decision-making. The strength of this strategy and framework was evidenced through our investment activities during the year. These activities required strict adherence to a well-defined process, including meeting key investment hurdles when considering new acquisition or development opportunities. As a result of these strict investment criteria, the Group chose not to proceed with several potential transactions during the year.

As noted in last year's remuneration report, we approved the introduction of a short-term incentive plan and adjusted executive remuneration for FY22 to ensure it is market-related and reflective of the roles and responsibilities performed.

For the first time since listing in 2015, a non-executive director (NED) remuneration benchmarking exercise was undertaken to determine whether the NEDs are remunerated at market related levels.

With the expansion into the UK in 2017, the growth in the investment property portfolio to over R10 billion, and the joint ventures with Moorfield and Nedbank, the business has become significantly more complex than it was in the early years after the listing in 2015. The results of the benchmarking exercise confirmed that NED remuneration for all roles was significantly below the median of the comparator group. It was decided to propose adjustments to the FY23 NED remuneration, to be approved by shareholders at the forthcoming AGM, to ensure that it is more in line with acceptable levels. Further details are set out in the remuneration report on page 88.

The board undertook a detailed self-evaluation in FY22 to assess performance and to identify improvement opportunities. Pleasingly, this evaluation highlighted the board's high ethical standards and the active exercise of its oversight duties. The evaluation also recognised the board's diversity of skills, experience and perspectives which allowed it to meaningfully support Stor-Age's vision and strategy. Ahead of the next board assessment, which will be conducted in FY24, we plan to review the content and format of the self-evaluation to ensure it remains best in class.

As an outcome of the focused implementation of our Transformation Plan and our philosophy to drive empowerment from within the Group, we achieved compliance with the amended Property Sector Codes. These codes support transformation within the property sector, and we remain committed to contributing to this transformation in a meaningful manner.

OUTLOOK AND THANKS

The past two years have been a time of great uncertainty globally, nationally and individually, and there are no economies and few businesses that have not been negatively impacted. To deliver the consistent financial performance for which Stor-Age has become known through these difficult times is no small achievement, and to show not only stability but strong growth during the past financial year is exceptional. While there are persistent economic headwinds nationally and cause for concern internationally, Stor-Age has every reason to remain confident that whatever challenges the year ahead may present, its specialist skills, clear strategy and resilience as an asset class will allow it to move forward with a careful sense of optimism.

I would like to thank our highly capable teams in South Africa and the UK for their relentless pursuit of excellence. Driven by the example of our executive management team, the focus, energy and pride shown by all employees is palpable and is key to the success of the business. I would also like to thank my dedicated team of fellow non-executive directors for their insight, invaluable expertise and active contribution to the governance and strategic guidance of Stor-Age.

The Group approaches the new financial year with optimism, with a full belief in its strategy and growth prospects, and with confidence that it can meet the expectations of all of its stakeholders.

Graham Blackshaw
Chairman
29 July 2022

“I would like to thank our highly capable teams in South Africa and the UK for their relentless pursuit of excellence.”

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

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

Our four Core Values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our Core Values drive our thinking on page 65.

OUR BUSINESS

WHAT WE DO
STORAGE KING
HOW WE DO IT
OUR GROWTH STRATEGY

OUR BUSINESS

WHAT WE DO

Our portfolio comprises 85 self storage properties across South Africa and the UK, with a combined value of R10.2 billion.

Stor-Age rents space to both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 85 properties, we manage approximately 45 000 tenants.

We experienced an average monthly churn[1] rate of 5.4% in South Africa, with more than 1 600 new tenants moving in on average each month. In the UK, we experienced an average monthly churn rate of 9.0% with over 900 new tenants moving in on average every month.

Our average unit size in the UK of approximately 6 m² is considerably smaller than our average unit size in South Africa of approximately 12 m². The smaller average unit size in the UK contributes directly to the higher churn rate.

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

ACQUIRING AND DEVELOPING PROPERTIES

ACQUISITION CAPABILITY

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

We have also consistently demonstrated our ability to close transactions and integrate trading properties seamlessly onto our operating platform. Since the start of 2017, we have successfully completed 16 transactions to complement our ongoing success in the South African and UK markets.

During the year we acquired two independent self storage properties in Cape Town. In the UK we concluded three acquisitions, totalling nine properties.

The South African acquisitions included Silver Park Self Storage ("Silver Park") and Green Cube Self Storage ("Green Cube"). The Silver Park property is located alongside Okavango Road in Brackenfell in Cape Town's northern suburbs with 7 600 m² GLA. The acquisition was completed in November 2021 for a purchase consideration of R60.1 million. In December 2021 we completed the acquisition of the Green Cube property, located in Cape Town's southern suburbs with 5 500 m² GLA, for a purchase consideration of R48.0 million.

Both properties complement the existing portfolio and present an excellent opportunity for occupancy and rental rate growth.

The UK acquisitions included two multi-store portfolios, McCarthy's Storage World ("McCarthy's"), with four properties in Yorkshire and Storagebase, with two properties in the south west, one property in the south east and a further property in the West Midlands. Read more about our UK acquisitions on page 23.

DEVELOPMENTS

Stor-Age develops investment-grade self storage properties in visible, convenient and accessible locations where there are favourable demographics and where suitable acquisitions are not available. The decision to develop is based on the cost of development versus the cost of acquisition, the demographic market analysis and the existence of barriers to entry. Our model for developing established properties and expanding existing ones in South Africa and the UK is well-developed with clearly defined key success criteria.

At year end, Stor-Age's secured development pipeline in South Africa comprised ten properties with an approximate development cost of R900 million, which will add an estimated 60 800 m² GLA to the portfolio.

During the year we completed the development of three properties at Sunningdale (6 350 m² GLA at a cost of R65.0 million) and Tyger Valley (7 100 m² GLA at a cost of R96.0 million) in Cape Town, and Cresta (7 400 m² GLA, at a cost of R102.0 million) in Johannesburg.

Sunningdale and Tyger Valley opened their doors and began trading in May 2021. Cresta began trading in September 2021.

NEDBANK JV

In September 2021 Stor-Age announced a JV with Nedbank Property Partners, a division of Nedbank, to develop two high profile properties in Morningside and Bryanston. The properties will be branded and managed by Stor-Age.

Nedbank has been a primary debt funder to Stor-Age for more than a decade and has a detailed understanding

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

of the self storage asset class. Construction at both properties has commenced.

Each party owns a 50% equity interest in the JV with certain rights to acquire/dispose of their respective equity interest to the other party. Stor-Age will earn fees from developing and managing the properties.

The JV with Nedbank enables Stor-Age to grow and achieve further scale in South Africa whilst providing an attractive return on invested capital. It also allows for the mitigation of the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature level of occupancy.

Moving forward, it is anticipated that the majority of new developments will be completed in a JV structure with a development partner.

MORNINGSIDE AND BRYANSTON

Construction is currently underway at Morningside (7 400 m² GLA) and Bryanston (4 700 m² GLA) in Johannesburg, at an estimated development cost of R125.0 million and R75.0 million respectively.

Both properties are exceptionally well located and will benefit from prime exposure to passing traffic, with the Morningside property situated alongside the Wedge Shopping Centre on Rivonia Drive, and the Bryanston property positioned alongside the Virgin Active at Grosvenor Crossing.

PINELANDS AND PAARDEN EILAND

Planning is in progress to convert two prime properties in Cape Town into modern, bespoke Big Box self storage properties. Construction is scheduled to start during FY23.

Pinelands (7 300 m² GLA) and Paarden Eiland (4 700 m² GLA), at an estimated development cost of R80.0 million and R59.0 million respectively, are both superbly located. The Pinelands property is situated on the corner of Howard Drive and Gardeners Way, opposite Howard Centre, and the Paarden Eiland property enjoys high exposure to the busy Marine Drive.

KRAMERVILLE

In Johannesburg, planning is currently in progress to convert the well located Kramerville property. At an estimated total development cost of R55.0 million, the property is forecast to have 4 700 m² GLA. The property is ideally suited to self storage conversion, with the necessary structural load capacity. It benefits from existing drive-up access across multiple levels, as well as from high visibility on the corner of Dartfield Road and Commerce Crescent.

UK DEVELOPMENTS

During the year we made significant progress in executing our UK development strategy, adding new sites for future development to the pipeline, as well as breaking ground on our first new development at Heathrow in west London. Read more about our UK developments on page 24.

ENERGY GENERATION CAPABILITY

All 55 properties in South Africa are fitted with generators. In the event of an outage, power is seamlessly generated to support the following systems at our properties:

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

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

In line with our continued focus on reducing our carbon footprint, 23 of our 55 South African properties are fitted with solar photovoltaic installations. To date, we have invested more than R10 million in renewable energy and generated over 1.7 million kWh. During the period, our total solar PV system of approximately 750 kWh in size reduced our CO_2 emissions by more than an estimated 750 tonnes. Read more about our solar photovoltaic roll-out in our Environmental Sustainability section from page 58.

BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

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

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

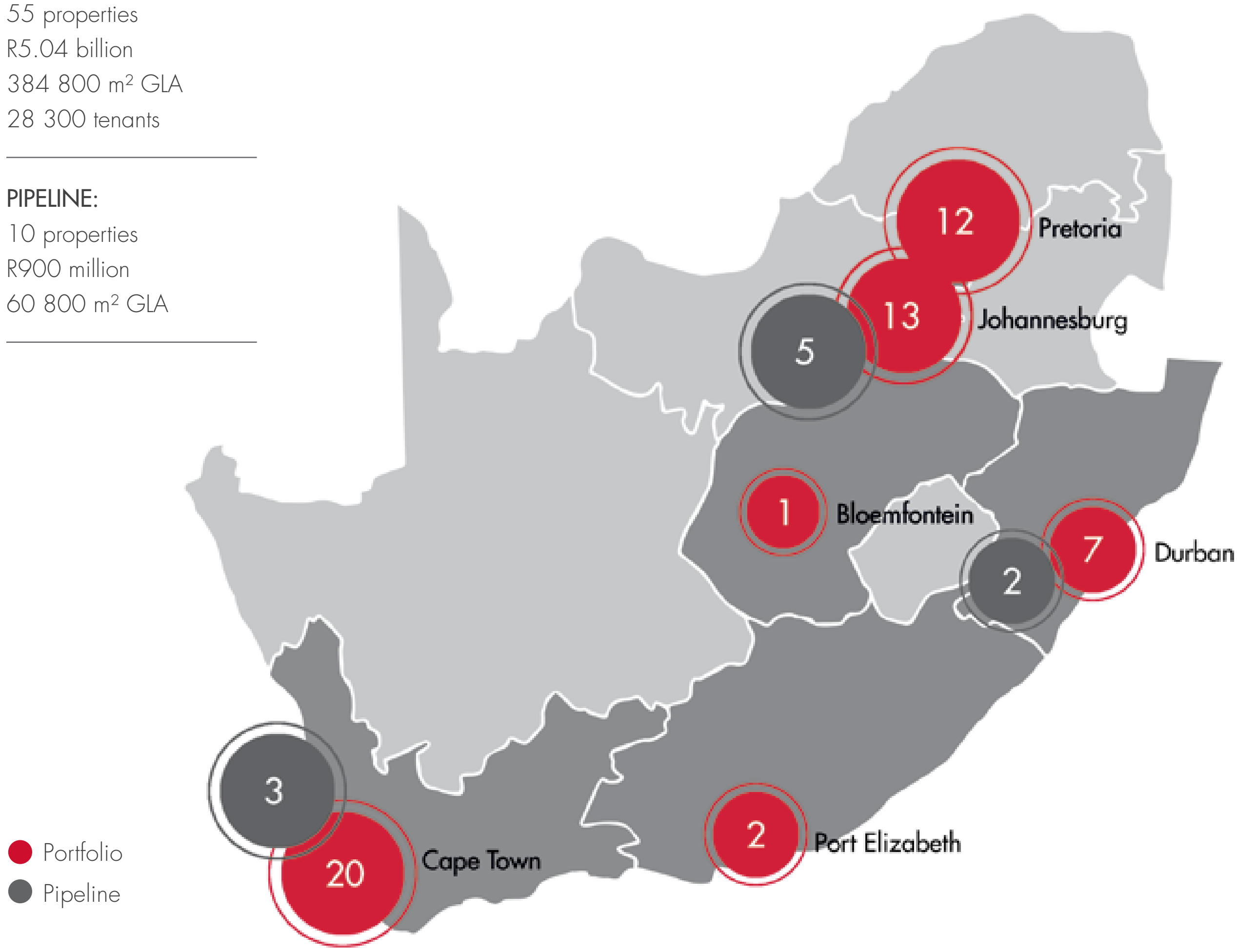
OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

Our South African portfolio is predominantly purpose-built with a national footprint. The 65 properties comprise 55 trading properties and 10 new developments in our pipeline. Our 55 trading properties offer 485 800 m² GLA and our pipeline of 10 new properties will offer a further estimated 60 800 m² GLA on full build-out.

55 Our portfolio of stores is unrivalled in South Africa, and comprises 55 properties across an extensive national network.

PORTFOLIO:
55 properties
R5.04 billion
384 800 m² GLA
28 300 tenants

PIPELINE:
10 properties
R900 million
60 800 m² GLA



In defining our property strategy in South Africa, we identified the four main cities on which to focus and then the specific suburbs (including arterial routes) where we would like to establish a presence.

This is not a restrictive or instructive strategy, rather a guide that supports our full business growth strategy.

MAINTAINING OUR PROPERTIES

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

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

STORAGE KING

Stor-Age is now in its fifth year of trading in the UK under the brand Storage King – the sixth largest UK self storage operator.

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

This has been evidenced in the period since acquisition, with Storage King increasing the number of properties in its portfolio from 13 to 30 and the total GLA from 543 000 sq. ft to 1 300 000 sq. ft[1]. During the year, the Group continued to successfully capitalise on its strategic entry into the UK market, adding a further nine properties to the portfolio.

A further four properties representing an estimated 226 000 sq. ft GLA, at a total estimated development cost of £44.0 million, have been secured in the development pipeline within the Moorfield JV.

[1] *Includes trading properties held in JVs and managed by the Group.*

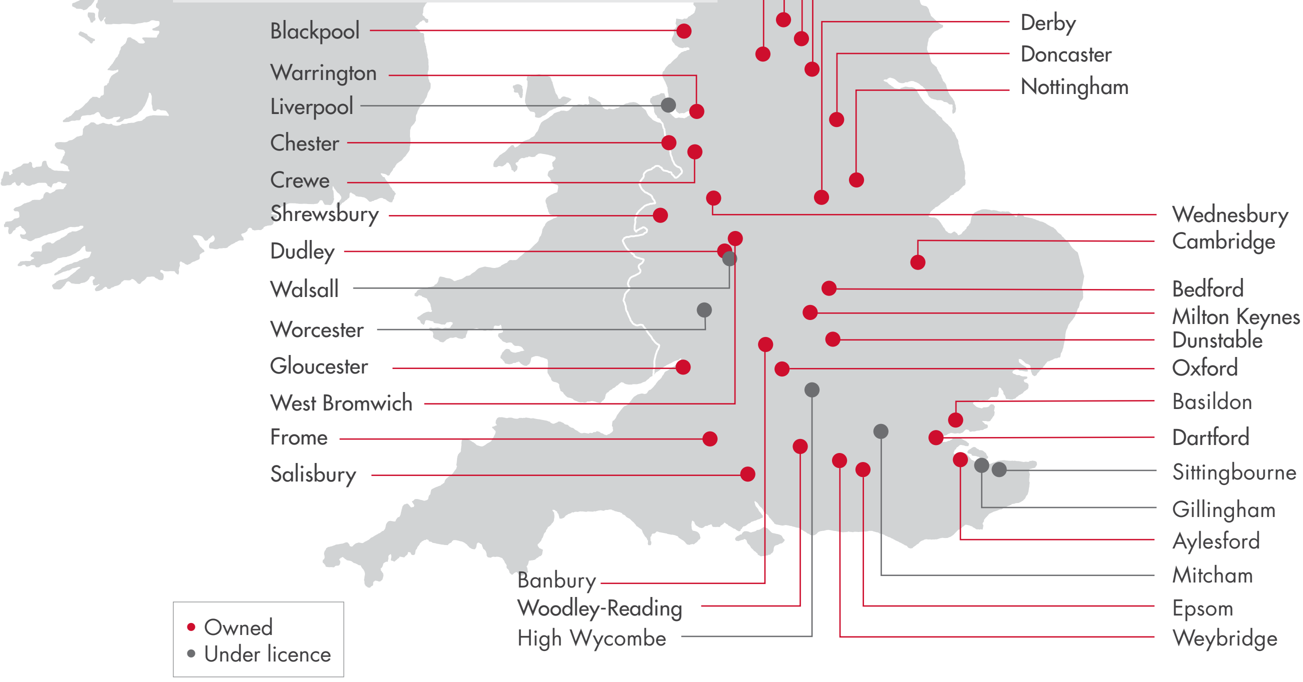
Overview of Storage King

- Sixth largest operator in the UK by number of properties
- Owns 30 properties – 22 freehold and eight leasehold, with an average 12-year unexpired lease term
- A further six properties trade under licence of the Storage King brand, generating licence and management fee revenue, with an additional property under full management. This brings the total number of properties trading under the Storage King brand to 37
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well-positioned to secure acquisition opportunities via long-established relationships with independent operators

37 Storage King operates 37 well-located properties throughout England.

UK PORTFOLIO:

30 owned properties[1]
R5.58 billion[1]
101 000 m² GLA[2/3]
16 500 tenants



[1] Includes trading properties held in JVs and managed by the Group.
[2] Excludes trading properties held in JVs. Including JV properties, the Storage King portfolio comprises 120 700 m² GLA.
[3] 101 000 m² = 1 087 100 sq.ft.

STORAGE KING (continued)

Portfolio overview

- Well-located, regionally dominant portfolio throughout England
- Near key market towns and major arterial roads
- MLA[1/2] 1 487 100 sq. ft
- Closing occupancy 88.3%
- Closing rental rate £23.63 / sq. ft per annum

Exceptional platform

- Experienced management team, with deep sector knowledge and a track record of delivery
- Excellent operating platform, high-quality property portfolio and pipeline of opportunities
- Proven ability to source, negotiate, close, and successfully integrate high quality acquisitions
- Moorfield JV
  - Bespoke, best-in-class new developments in prime locations – unlock value and support outperformance over the medium term
  - Provides an avenue to compete in a highly sought-after and competitive first world market
  - Provides access to high quality self storage assets at attractive yields

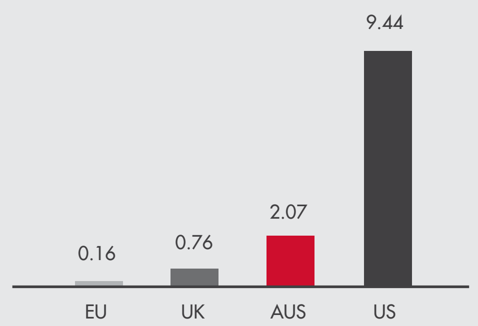
Despite the ongoing uncertainty and negative economic impacts due to the pandemic, self storage continued to experience an acceleration in the underlying fundamentals such that there was a step change in the maturity of the sector. Accordingly, Storage King and the UK self storage industry continued to trade robustly. Further details of Storage King's performance are set out in the Financial Review section on page 46.

UK self storage industry[3]

2 050 Self storage properties, includes 621 container operators	**83.3%** Occupancy on current lettable area	**52 million sq. ft** Total space available
86.2% Occupancy of mature stores, those over six years old	**0.76 sq. ft** Space per person	
£26.13 Average rate per sq.ft per annum	**40%** The UK holds 40% of the total European self storage market	**£36.38** Average rate per sq. ft per annum in London

Population 67.6 million

Average sq.ft of available space per person



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

[1] *MLA - maximum lettable area; 1 487 100 sq. ft = 138 200 m^2.*
[2] *Includes trading properties held in JVs and managed by the Group.*
[3] *Source: The Self Storage Association UK annual industry report, 2022.*

MANAGEMENT 1ST

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

During the year, an additional seven independent operators representing seventeen properties contracted with the Group for a digital services offering, a component of the full Management 1st platform. These operators are situated in England, Scotland, Ireland, Spain and Italy. None of the seventeen properties competes with existing Storage King properties. A total of 35 properties are now contracted with the Group for the digital services offering.

While these new agreements will make a modest contribution to earnings in the short term, we remain excited about the longer term prospects of building critical mass and further developing a meaningful revenue stream from Management 1st.

MOORFIELD JV

Entered into in October 2020, the JV aims to assemble a portfolio of high quality self storage properties in prime locations in England through acquisitions and new developments. Stor-Age has a 24.9% equity interest in the JV and also earns management fees for acquiring, developing and managing properties therein.

Moorfield is a leading UK real estate fund manager with a more than 25-year track record of successfully investing in multiple real estate subsectors. The JV provides Moorfield with an opportunity to invest alongside Stor-Age as sector specialists into the attractive and growing niche sector.

It also presents Stor-Age with an opportunity to grow and achieve further scale in the UK. The JV provides an attractive return on invested capital, thus presenting an avenue to compete in a highly sought-after and competitive first world market by providing access to high quality self storage assets at attractive yields. It also allows the Group to mitigate the financial impact of the lease-up of newly developed self storage properties, which can take several years to reach a stabilised and mature level of occupancy.

> "We continue to be guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio."

The Group holds a pre-emptive right in respect of each individual property in the JV, should Moorfield wish to exit any of the properties or the JV portfolio as a whole at a point in time in the future. The JV continues to pursue a number of other acquisition opportunities.

Read more about the Moorfield Development JV in Our Business – Growth Strategy on page 33.

ACQUISITIONS, DEVELOPMENTS AND ADDITIONS

ACQUISITIONS

During the year we continued to review acquisition opportunities in line with our stated growth and investment strategy and we successfully completed three acquisitions at a total value of £100 million and representing approximately 462 500 sq. ft GLA.

The acquisitions included Blackpool Self Store, which was acquired from an independent operator in April 2021, the four-property McCarthy's portfolio acquired in January 2022, and the four-property Storagebase portfolio acquired in March 2022.

BLACKPOOL

Comprising 28 300 sq. ft GLA, with the potential to increase to 55 000 sq. ft GLA by developing the rear car park area, the freehold property was acquired for £3.9 million. The property has performed exceptionally well post acquisition.

MCCARTHY'S

A high quality, regionally dominant four-property freehold portfolio situated in Yorkshire, the acquisition was completed in January 2022 for £37.5 million. The portfolio comprises 130 600 sq. ft GLA, with the potential to increase to an estimated 203 500 sq. ft on a fully fitted-out basis.

STORAGE KING (continued)

Situated in York, Harrogate, Huddersfield and Wakefield, the properties are well-located and benefit from excellent visibility and prominence, while trading into dense residential areas and boasting attractive trading histories.

STORAGEBASE

A high quality, four-property freehold portfolio, the acquisition was completed in March 2022 for a purchase consideration of £59.0 million. Storagebase was acquired in the Moorfield JV, with the Group taking a 24.9% equity stake. The portfolio will be rebranded as Storage King and managed under the Management 1st programme.

The portfolio represents 302 400 sq. ft of predominantly modern, bespoke, purpose-built properties located in Banbury, Wednesbury, Frome and Salisbury.

Banbury, Wednesbury and Frome, representing 200 400 sq. ft GLA are well-established mature self storage properties with attractive trading histories.

Salisbury is a new, modern, purpose-built self storage property which opened in April 2022. With an estimated 102 000 sq. ft GLA on full fit-out, the property presents the opportunity for significant valuation upside as it leases-up to mature occupancy levels, supporting outperformance over the medium term.

Well-located and with excellent visibility and prominence, the properties trade into large residential catchment areas and consist of above average GLA target sizes. This will contribute to improved operating margins.

The portfolio complements existing and to-be-developed Storage King properties. Frome and Salisbury provide Storage King with a greater presence in south west England. Banbury and Wednesbury complement existing properties in the Storage King portfolio in south east England and the West Midlands respectively.

DEVELOPMENTS

Securing and developing new properties in the UK remains a focus area for the Group. Four properties have been secured for future development in the Moorfield JV, which will bring online a total estimated GLA of 226 000 sq. ft. Two of the four properties are currently under construction. The total project costs for the four developments, situated in Heathrow (London), Bath, the south east and West Midlands, is estimated to be £44.0 million.

All newly developed JV properties will be managed under Management 1st.

HEATHROW

The Heathrow property is a greenfield development located to the west of London, inside the M25 Orbital Motorway (M25) and situated in close proximity to Heathrow Airport. The property transferred in October 2021.

The site is located on a prominent intersection on Great South-West Road (A30) and the Causeway (A312), both of which enjoy high traffic volumes, and is less than one mile from Hatton Cross Station and Heathrow Airport.

The property will comprise an estimated 62 650 sq. ft GLA over five levels with the total project costs estimated to be £13.0 million. Construction of the property began in March 2022.

BATH

The Bath property is a brownfield conversion located within a prominent retail park and sits directly alongside a Marks and Spencer (M&S) Foodhall, just off the A36 Lower Bristol Road. The property transferred in January 2022.

The property will comprise an estimated 45 000 sq. ft GLA over three levels with the total project costs estimated to be £11.0 million. Construction work for the conversion of the property began in April 2022.

SOUTH EAST

The property will be a greenfield development, located in a big box retail corridor with visibility to a busy arterial road in a large conurbation. The exchange of contract was completed in April 2021.

Planning has been approved, with completion of transfer and the appointment of the contractor imminent.

Construction of the estimated 55 000 sq. ft GLA property, at a total estimated cost of £9.0 million, will commence upon receipt of final planning consent.

WEST MIDLANDS

The property will be a brownfield conversion, located within a prominent business park and benefiting from significant exposure to passing traffic.

The estimated 64 000 sq. ft property has been secured and due diligence is complete. Exchange and completion of contracts is imminent with a town planning application to change the use to be submitted thereafter.

ADDITIONS[1]

Construction is currently underway to bring online an additional estimated 60 900 sq. ft GLA at an estimated cost of £7.2 million across three existing properties – Chester, Doncaster and Bedford. At each of these properties, the new build sections will provide improved economies of scale, and also significantly enhance the kerb appeal and overall retail aesthetic of the existing property.

Summary of buildout activity, completed and planned extensions:

CHESTER

Development of a standalone four-storey building on a vacant portion of land adjacent to the existing property was undertaken. The extension has added an estimated 29 700 sq. ft, increasing the total space offered to approximately 53 000 sq. ft GLA. The new building houses an improved retail store and a large forecourt area for parking and offloading.

Construction was completed and the new build section was opened for trading in June 2022.

DONCASTER

Development of a four-storey building on the front corner of the property which has historically been used for long-stay parking has been undertaken. The extension will add an estimated 22 000 sq. ft, complete with a new retail store, increasing the total space offered to an estimated 60 000 sq. ft GLA.

BEDFORD

A portion of the forecourt and parking area at the property is being developed into a standalone three-storey building, adding an estimated 9 200 sq. ft and increasing the total space offered to approximately 57 500 sq. ft GLA.

WEYBRIDGE

The extension and fitout at Weybridge was completed in May 2021, bringing online an additional 15 400 sq. ft GLA.

MILTON KEYNES

At Milton Keynes, our design process to add an additional estimated 18 000 sq. ft GLA, has been approved and the discharging of conditions is underway.

> “The Storagebase acquisition, as well as the manner in which we funded it, demonstrates the strength, competitiveness, and sophistication of the Group’s UK platform. Following shortly after the McCarthy’s acquisition, it was secured after a competitive bidding process, and then seamlessly packaged by introducing optimally matched in-country equity capital from Moorfield and sustainability-linked debt funding from Aviva.”

[1] *Building out/expansions at existing properties.*

HOW WE DO IT

OUR SOPHISTICATED DUAL-MARKET OPERATIONS PLATFORM

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

The CRM enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. During the period, we generated and managed more than 150 000 (2021: 140 000) enquiries across both markets. Pricing is dynamic and varies according to unit size, demand, the stage of lease-up of the individual property and location. Internal space across all properties can be reconfigured to produce variations of unit sizes to meet the demand profile and optimise the revenue streams from the property.

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

1 Systems, including processes, controls and responsibilities

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

2 People

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

DEVELOPING OUR BRAND STRENGTH

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

Our Storage King brand in the UK is distinctive and unique, with its own differentiated style, attributes and positioning in the UK market. The portfolio has grown from 13 properties at acquisition in 2017 to 30 properties, along with a further six properties trading under licence of the Storage King brand and with an additional property under full management. Coinciding with this growth and complemented by the Group's elevated online visibility in targeted locations, the strength of the brand is becoming more elevated and recognised.

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

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

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

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

Commercial partners include removals companies, co-working spaces, last mile logistics, SMMEs, e-commerce platforms, key sporting events, charitable organisations and many others.

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

During the year our last mile delivery hub pilot at our Craighall[1] property expanded to two additional properties – Kempton Park and Brooklyn. Initially designed for up to 600 parcels per day, the hub experienced peak daily volumes of 860 parcels in June 2021. The hub is driven off Picup's technology platform and crowd-sourced driver network. To date, over 125 000 parcels have passed through the hub.

"We continue to leverage our extensive digital marketing capabilities to create high demand for our well-defined, distinctive and differentiated product across South Africa and the UK."

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

[1] In June 2022, the Craighall delivery hub moved to the Cresta property.

HOW WE DO IT (continued)

INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

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

Through ongoing management and optimisation of our online platforms, we maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK. We continued to execute our strategy of hyper-segmenting our potential customer userbase and delivering customised and relevant messages across various digital channels in both markets. This relevancy-based and targeted strategy enabled us to continuously create bespoke advertising media (both static and rich media) that directs users to customised landing pages relevant to their behaviour. The messaging in each of these adverts is curated to be relevant to targeted audiences (in different life stages), that typically drive demand for the self storage product.

> “Digital marketing agency status allows us to continue benefiting from exclusive access to the latest beta products and services from Google and Facebook, supporting the optimisation of our targeted messaging to the right audience, on the right platform, at the right time.”

As an accredited Google and Facebook partner, we have benefitted from having dedicated teams from both platforms who provide us with extensive resources and insights. This has resulted in positive demand generation despite persistent challenging macro conditions in South Africa and the UK. As a partner with both platforms, we continue to bolster our digital marketing capabilities. This has enabled us to strengthen our messaging and target specific audiences on the platforms where they are most active.

Our interactive and responsive websites continue to be refined and updated, taking careful consideration of the ever-shifting customer journey. This enables ongoing traction and encourages web prospects to enter into our digital sales funnels and be converted into a sale.

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

In South Africa, during the year the significant majority of new customers were onboarded digitally through our digital move-in platform. In the UK, a significant portion of new customers were also onboarded digitally. Our platforms continue to allow us to align our on-boarding processes to other digital efficiencies within the business.

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

During the period we continued to focus on improving customer communication to further drive enquiry generation and sales conversion. Through our cloud-based customer service software, which incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat, we benefit from having one centralised customer communication platform. During the year approximately 16 000 chats were responded to through this platform.

The Contact Centre team operates off the Group’s bespoke in-house developed customer relationship management system (CRM), StorHub. This CRM, which effectively sits on top of the tenant management system (TMS) in both markets, allows for the seamless interaction between prospective tenants and staff. StorHub is positioned at the intersection of new enquiries (digital and phone), the TMS and digital and telephonic sales. Accordingly, we continue to invest significant resources to further enhance the platform.

CONTACT CENTRE PERFORMANCE

69 000+
Calls answered

24 000+
Online enquiries responded to

52 000 m^2+ GLA
Space reserved

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

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

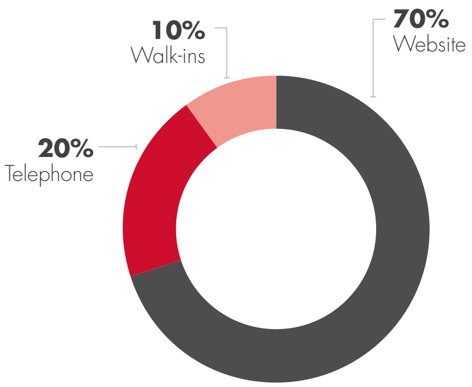
During the year we continued to successfully implement our digital marketing strategy for Storage King, resulting in a like-for-like increase of Google advertising clicks of approximately 21%, while referral traffic showed an approximate 16% increase as a result of our unique content strategy. This has driven a valuable uptick in overall enquiries in the UK market. Our Contact Centre in South Africa continued to take overflow phone calls from Storage King during the year, improving response times and communication within the UK market.

Social media remains a key advertising, consumer engagement and CRM medium for the Group. We are mainly active on Facebook, Instagram, Twitter, TikTok, Pinterest, LinkedIn and YouTube. We currently have a combined total social media following of over 118 000, with the Stor-Age Facebook page ranking as the third most followed self storage business in the world. Through specific call-to-action buttons, we are able to engage with our customers in realtime. As an accredited partner with Facebook (including Instagram) we continue to drive optimal performance and improve enquiry generation on both of these platforms, through constant testing and access to resources. We also utilise LinkedIn to increase enquiry generation from our growing commercial customer segment, and to attract key talent for the business.

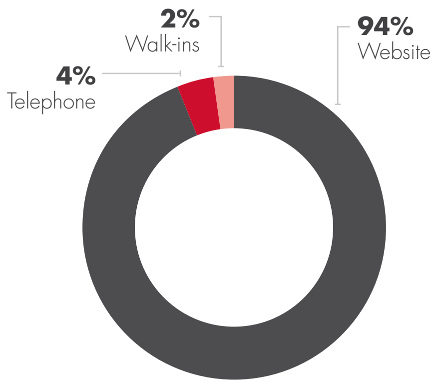
> “By continually refining our approach, while at the same time remaining focused on the key fundamentals that influence demand, we are able to improve enquiry generation from both a quantitative and qualitative perspective.”

We further use our social media presence and influence to support community projects and non-profit organisations. This includes supporting the Kolisi Foundation and various other local communities and organisations. Refer to the Social Sustainability section from page 63 for more information on these projects and our other corporate social investment initiatives.

ENQUIRIES – SOUTH AFRICA



ENQUIRIES – UK



HOW WE DO IT (continued)

The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 70% of all South African enquiries. The telephone accounts for 20% of enquiries as the first point of contact, while walk-in enquiries, where we have had no previous contact with a customer, account for 10%.

In the UK 94% of all enquiries are made through the Storage King website, while 4% are via the telephone, with the balance comprising walk-in enquiries, amounting to 2%.

MEASURING CUSTOMER SATISFACTION

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

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

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

> “Our average Google Business Profile review rating of 4.7 in South Africa and 4.8 in the UK out of 5 is testament to the exceptional quality of our properties and the high calibre of our staff.”

In South Africa, we continued to track our Net Promoter Score (NPS) through our welcome and exit surveys as a key measure of our customers’ overall perception of the brand. We received over 27 000 responses to these surveys during the period. The welcome survey received a response rate of approximately 80% while the exit survey response rate was approximately 60%.

We continue to see an excellent overall response level as a result of having incorporated the completion of the NPS feedback survey into our move-in and move-out process.

Our overall NPS for the year was 77[1], consistent with what was achieved during the previous year. This indicates that our customer-centric approach is world class when compared to global NPS standards and other consumer-facing businesses.

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

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 66.

ESG

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

Read more about our ESG Strategy from page 57.

OUR PEOPLE

Across our brands in South Africa and the UK we have a flat operational structure that recognises our store-based teams as pivotal to achieving our strategic objectives. This includes driving occupancy, revenue and cash flow growth in the portfolio. To foster a partnership culture within the business, management spends significant time at the properties and is accessible to all employees.

> "Through the combination of our bespoke e-learning platform, a variety of learning and development initiatives and our comprehensive performance management system, we provide our staff with the best opportunity for personal growth."

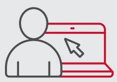
Our bespoke e-learning platform (Edu-Space) continues to provide additional benefits to the business across South Africa and the UK, such as increased flexibility, efficiency and productivity, as well as reduced costs. By producing business specific learning modules on the platform, senior managers across the different functional areas continue to improve the overall sustainability of the business by imparting their knowledge and experience.

During the year, we also continued to benefit from having access to bespoke professionally-crafted online learning content, delivered via our Edu-Space platform, supplementing what we have developed in-house.

In order to foster and support improved planning and alignment by the executives and senior management teams in South Africa and the UK, we held virtual and in-person half-year and full-year planning workshops during the year.

Our South African-based management committee (manco) structure continues to enhance our management planning capability and foster the growth of senior managers in key portfolios across the business. Strategic planning across the business continues to be implemented through quarterly meetings of the manco, where key objectives and goals are identified, progress thereon is reported and any required adjustments are made.

E-LEARNING FRAMEWORK



52
New online courses designed in FY22

47 000+
Hours of online training completed in FY22

ENSURING SECURE STORAGE

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

We continue to work with a third-party security company in South Africa for remote monitoring of our security camera surveillance systems as well as licence plate recognition technology at new and existing properties. These systems are considered complementary to our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties have been selected based on an internal risk matrix, which takes into account various property and operational related features at each store in the portfolio. At year end, 48 properties were fitted with these systems, with installation at the additional seven properties in progress.

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

To enhance physical security features, we previously developed a bespoke self storage door alarm and monitoring system in South Africa. All newly developed properties in South Africa are fitted with this system, with a total of 11 stores now operational. In the UK, 21 of the 30 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term.

In FY23 we plan to install electric fence monitoring at 13 properties in South Africa. The smart system will monitor for low voltage and in the event of detection, an alarm will be triggered.

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

While improving employee efficiency, the digitised process also improves transparency and the accuracy of results.

Access to our properties is automated and requires personal verification by means of an electronic tag in South Africa and a personal identification number in the UK.

ENHANCING OUR CYBER SECURITY

Ransomware remains a key area of focus for the Group. In response to the global increase of ransomware and other cyber security attacks, we continue to enhance our layered network security systems to strengthen defences. The Group's various data sources are decentralised in separate locations to limit the severity of any potential breaches.

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

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

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

OUR GROWTH STRATEGY

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

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are currently in the second year of the cycle ending 2025, and have undertaken strategic and meticulous planning for the five-year period. A key focus remains our digital transformation strategy, which significantly influences our business strategy.

We intend to continue growing the portfolio and enhancing performance and investor returns by:

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

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

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

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

While we see an opportunity to acquire existing properties, our new development strategy is detailed, with a focus on high barrier to entry areas in our core markets. Our plan to 2025 includes growing the South African portfolio to 70+[1] properties.

[1] *Includes the Company's pipeline.*

OUR GROWTH STRATEGY (continued)

NEDBANK JOINT VENTURE

During the year the Group entered into a joint venture with Nedbank Property Partners, a division of Nedbank, to develop two high profile properties in Morningside (7 400 m^2 GLA) and Bryanston (4 700 m^2 GLA), at a cost of approximately R200 million. Stor-Age will have a 50% equity interest in the JV.

Construction at both properties has commenced.

We anticipate developing further properties in our South African pipeline in the JV structure.

Read more about the Nedbank JV in Our Business – What we do, on page 17.

OUR GROWTH STRATEGY FOR THE UK MARKET

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

During the year, we continued to focus on key high-impact foundational areas to further position Storage King optimally for future growth. We continued to make significant progress in integrating key South African-based head office support services into the Storage King platform. In addition to the property strategy outlined below, we continued to see the positive impact on enquiry generation during the year as a result of successfully leveraging our digital marketing capability into the UK.

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring existing self storage properties, developing new properties in key target areas and adding trading properties to our third-party management platform – Management 1st. We have identified a growth target of an average of two to four properties per annum. Read more about Management 1st in Our Business – Storage King, on page 20.

Key features of the medium-term growth plan include:

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

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

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

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

MOORFIELD JV

In 2021 we finalised terms and entered into a joint venture with Moorfield, a leading UK real estate fund manager, to assemble a portfolio of prime self storage assets in England through the development of new properties and the acquisition of existing trading stores, that meet pre-defined criteria.

The UK-focused JV provides Stor-Age with a significant platform to execute its strategic growth plans in the UK over the medium term.

Key terms:

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

Read more about acquisitions and new developments in the Moorfield JV in Our Business – Storage King, on page 20.

LEASEHOLD OWNERSHIP

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

While Storage King's approach to leasehold property valuation is based conservatively on future cash flows until the next contractual lease renewal date, it has a demonstrable track record of successfully regearing leases several years before renewal. Storage King benefits from the Landlord and Tenant Act, which protects its right of renewal except in the case of redevelopment.

In addition, the vast majority of Storage King's leasehold properties are located in retail parks and/or have building characteristics that make their current usage either the optimal or best use of the property.

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

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

3D render of the under construction Heathrow property.

OUR PERFORMANCE

CEO'S REPORT

FINANCIAL REVIEW

OUR PERFORMANCE

CEO'S REPORT

Our performance for the past 12 months again demonstrates the resilience and highly-defensive nature of the self storage asset class and its strong diversification benefits. Our underlying operating metrics remain strong, and our balance sheet continues to be exceptionally well managed.

We entered FY22 from a position of strength, which enabled us to continue pursuing the disciplined execution of our growth strategy. We continued to deploy capital strategically, adding further quality and scale to our high-quality portfolio on a select basis and in line with our strict investment criteria.

In South Africa, we closed two successful acquisitions and made excellent progress in acquiring new properties to add to our significant development pipeline. We also entered into a JV with Nedbank Corporate and Investment Bank (Nedbank) to develop two properties at an aggregated cost of approximately R200 million, with several other developments under consideration.

In the UK, our JV with Moorfield Group (Moorfield) continues to gain momentum. During the year we secured two new sites for future development and a further four trading properties – taking the total number of properties in the JV to eight. The four trading properties formed part of the Storagebase acquisition and will be managed under Storage King's third-party management programme – Management 1st.

We also continue to make significant progress with our digital services offering – Digital First. This offering is now active in five countries outside of South Africa, including England, Scotland, Ireland, Spain and Italy, with the number of independent operators using this offering growing to 12 (35 properties).

On the back of a superb financial and operational performance, Stor-Age also made excellent gains against our ESG goals during the year. This includes securing our first sustainability-linked loan and a commitment to developing our net zero carbon pathway, which builds on our long-term focus to reduce the environmental impact of our portfolio.

OUR PERFORMANCE

As we moved into FY22 our first priority was to hold onto the excellent occupancy gains that we achieved during the previous financial year, with the portfolio closing at 90% occupancy on a same-store basis. We are therefore pleased to report that total occupancy increased by 6.0% year-on-year and the closing average rental rate increased by 7.0% and 10.0% in South Africa and the UK respectively. This growth was fuelled by strong demand from domestic and commercial customers in South Africa and an outstanding performance in the UK, where occupancy peaked at 94.1%.

Supported by the growth in occupancy, Group rental income and net property operating income grew by 15% and 16.7% respectively, including same-store growth in rental income of 12.3%. Our hands-on management approach remains key to delivering superior performance, underpinned by strong operating metrics.

On the back of an exceptionally strong operating performance, Stor-Age delivered a total return of 16.5%[1] and an increase in the distributable income per share of 7.5% for the year, with our total shareholder distribution of R507.5 million (2021: R454.4 million) translating into a dividend per share of 111.90 cents (2021:106.08 cents). Excluding the impact of deferred tax, the adjusted net asset value (NAV) per share increased by 10.5% to R14.51 (2021: R13.13).

Our resilience continues to be underpinned by our balance sheet strength, which saw us raise R575 million in an oversubscribed bookbuild in January 2022. In addition, we finalised a UK debt restructuring process resulting in improved pricing, reduced concentration risk and improved funding

[1] *Calculated as distributable income per share for the year plus increase in tangible net asset value (TNAV) per share as a percentage of TNAV at the start of the year.*

CEO'S REPORT (continued)

flexibility. HSBC UK Bank Plc (HSBC) and Santander UK Plc (Santander) were selected as the two banks to participate in the club facility and Aviva Investors (Aviva) as the institutional loan provider. As an outcome of this process, we increased our lending capacity to support future growth, with the existing £52.0 million facility increasing to £96.0 million, including a £25.0 million accordion option.

Sitting within our 25% to 35% loan to value (LTV) target range at year end, our LTV ratio of 27.9% not only demonstrates our commitment to maintaining a well-placed balance sheet, but will also allow for the continued execution of our growth strategy moving forward.

GROWING OUR PROPERTY PORTFOLIO

We are now in the second year of our five-year growth plan to 2025. To ensure we execute this plan effectively, it sets out broad but nuanced targets for South Africa and the UK that consider each market's uniqueness and the different stages of their respective lifecycles.

More importantly, our property growth plan details how and where we intend to execute high-quality acquisitions and new developments to further grow our asset base, while pursuing organic growth via the expansion of our existing properties. We seek investment opportunities where we can achieve strong market penetration and further benefit from improved economies of scale, driving high operating margins.

Ultimately, we aim to assemble a portfolio of prime self storage assets with complementary and consistent attributes. This takes a significant amount of time and skill. It requires the ability to identify the right opportunities at the right price; negotiate for, secure and integrate those acquisitions successfully (or obtain the necessary town planning and local council approvals for new developments); and design and build modern, bespoke self storage properties.

Stor-Age boasts a significant in-house development capability, having successfully completed more than 20 new developments since 2006. The Group continues to benefit from this experience, alongside a well-defined development framework and meticulous quality control processes. Combined, this ensures that our risk-adjusted yield expectations are met.

The team understands the challenges of obtaining town planning approvals for properties in sought-after locations and is equipped with the financial acumen to plan for and manage the significant lease-up cost of new assets. These capabilities are critical in overcoming what are otherwise significant and real barriers-to-entry for new big-box self storage developments in prime locations.

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

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

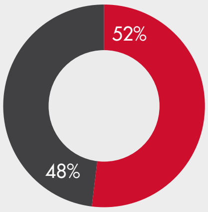
"Our success in building Stor-Age into a sector-leading business is supported by the strength and quality of our multi-year strategic planning."

PORTFOLIO ANALYSIS

• South Africa • UK

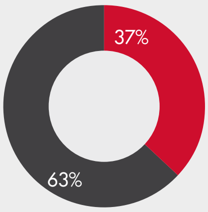
Total property value

VALUE OF PROPERTY (R10.2 billion)[1]



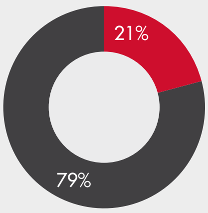
Total number of tenants

NUMBER OF TENANTS (44 800)



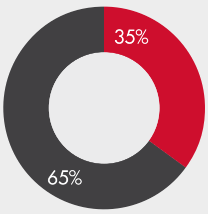
Total GLA

GLA (485 800 m²)



Total number of properties

NUMBER OF PROPERTIES (85)



[1] *Includes trading properties held in JVs and managed by the group.*

GROWING THE SOUTH AFRICAN PORTFOLIO

> "We remain sector leaders in South Africa, offering a property portfolio that is unmatched in value, lettable area, number of tenants, location and geographic footprint. Our strict focus on growing the portfolio with properties that display excellent fundamentals continues to be a hallmark underpinning our success."

We completed the first phase of construction at Sunningdale (6 350 m² GLA on full fit-out) and Tyger Valley (7 100 m² GLA on full fit-out). Both properties are located in Cape Town and commenced trading in May 2021. We also completed the first phase of construction at Cresta in Johannesburg (7 400 m² GLA on full fit-out) and commenced trading in September 2021.

We successfully acquired Silver Park Self Storage (GLA 7 600 m²) and Green Cube Self Storage (GLA 5 500 m²) in November and December 2021 respectively. Both properties are located in Cape Town, complementing the existing portfolio and presenting an excellent opportunity for occupancy and rental rate growth, with both trading in line with expectations in the period post acquisition.

During the year we secured an additional five properties for future development. Dominated by high-profile big box properties in outstanding locations, our development pipeline in South Africa now comprises 10 properties with an approximate cost to complete of R900 million, and which will add an estimated 60 800 m² GLA to the portfolio. The pipeline represents more than 15.0% of the total current South African portfolio GLA.

As mentioned earlier, the lease-up of newly developed properties to a stabilised and mature level of occupancy forms a considerable component of a property's overall formation cost. To mitigate the financial impact, we announced a JV with Nedbank in September 2021 that will enable a measured

CEO'S REPORT (continued)

rollout of our South African development pipeline. Nedbank has been a primary debt funder to Stor-Age for more than a decade and has developed an excellent understanding and significant insight into the self storage asset class. Stor-Age has a 50% equity interest in the JV and all newly developed properties will be branded and managed by the Group. We will also earn development and property management fees from the JV.

Through the JV we are developing two high-profile properties in Morningside (7 400 m² GLA) and Bryanston (4 700 m² GLA), at a cost of approximately R200 million. Both properties form part of Stor-Age's existing pipeline. Construction has started at both properties and they are scheduled to open in the first half of 2023. We anticipate developing further properties in our South African development pipeline in the JV structure.

Our ongoing investment in the South African market demonstrates our belief in the opportunities the country presents. However, we recognise that there are challenges, none so pronounced as the violent disorder that took place in July 2021.

Our Waterfall property in KwaZulu-Natal suffered extensive damage. Widespread looting resulted in the theft and destruction of goods stored by our customers and deliberate acts of sabotage and sporadic fires caused significant structural damage to the buildings. The carrying value of the property represented less than 2% of the Group's property investments at 31 March 2021. However, at the time of the incident, the property was trading at 90% occupancy (total GLA 15 100 m²), with an annualised revenue stream of approximately R15 million and supporting a carrying value of approximately R137.5 million. The valuation of the property was impaired to R50.6 million as at 31 March 2022.

Prudently, Stor-Age not only had comprehensive SASRIA insurance in place for property damage and loss of revenue, but also for the benefit of our customers, insurance cover for theft, loss and damage of their stored goods.

While Stor-Age endured a negative financial impact, the theft and destruction of our customers' goods was in many instances far more significant, triggering a deep sense of loss and an emotional trauma for many of our tenants. This was also true for our own staff who have worked at the property for many years and who hold well-established and meaningful relationships with our customers.

As a business, we understand that our Core Purpose, or the reason that we exist, is to solve our customers' space problems and to look after their possessions with total care and commitment. We understand that the units we offer across our portfolio have value for our tenants as they contain items of varying worth, whether sentimental, personal or professional. The insurance cover that we have in place for the benefit of our tenants is an excellent example of the commitment that we hold towards them, and to date, I am pleased to report that approximately 95% of claims have been approved and settled by SASRIA.

We successfully reopened the first portion of the Waterfall property in October 2021. At year end, occupancy was 3 850 m² (63% of the total 6 100 m² GLA), comprising new lets and existing customers who continued to store at the property.

It's also important to note the incredible response of our teams – both on-site and in our head office. Our staff pulled together phenomenally to navigate the crisis, support customers and provide essentials and equipment to affected staff on-site.

Looking forward, we intend to play our part in South Africa's economic turnaround by growing our portfolio, creating employment opportunities and unlocking shareholder value.

We continue to see opportunities to develop high-quality self storage properties in prime locations across South Africa. From an acquisition perspective, we remain highly selective and decline opportunities if we are not fully satisfied that the underlying real estate fundamentals warrant capital investment. We also ensure sufficient demand relative to existing supply before we invest.

GROWING THE UK PORTFOLIO

It is now more than four years since Stor-Age made a strategic entry into the UK self storage market. In that period, Storage King has not only delivered superb operating results, but has also grown significantly from 13 properties to 30 throughout England, with a further 4 properties secured in the development pipeline.

Construction is also underway to expand three existing Storage King properties at Chester, Doncaster and Bedford. When complete, this will bring online 5 600 m² GLA at an estimated cost of £7.2 million. These additions, together with recently completed extensions, fit-outs and others that are in the planning stage, will grow the UK portfolio GLA by more than an estimated 10%. This demonstrates our approach to unlocking value within the existing portfolio to take advantage of the opportunities that lie therein.

We completed three acquisitions in the UK during the year, representing nine properties in total at a combined purchase price of £100 million and offering 43 000 m² GLA, with two of the acquisitions comprising multistore portfolios. The acquisitions fall within Stor-Age's strategy of acquiring high-quality self storage properties in attractive locations across the United Kingdom, which are complementary to the existing Storage King portfolio.

In April 2021 we acquired a self storage property in Blackpool comprising 2 800 m² GLA, with the potential to increase to 4 600 m² GLA, for £3.9 million.

In January 2022 we acquired McCarthy's Storage World (McCarthy's) for £37.5 million. Through this acquisition we have acquired a high-quality, regionally dominant freehold portfolio comprising four properties in Yorkshire, offering 12 100 m² GLA, and with the potential to increase to an estimated 18 900 m² GLA on a fully fitted-out basis. The properties are well-located, enjoy excellent visibility and prominence to passing vehicle traffic, trade into dense residential areas, and benefit from attractive trading histories.

In March 2022 we acquired Storagebase for £59.0 million as part of our existing JV with Moorfield. The high-quality regionally focused portfolio offers a combined 28 100 m² GLA, consisting of predominantly modern, bespoke, purpose-built properties located in the south of England and the West Midlands. Well-located and with excellent visibility and prominence, the three mature properties in Banbury, Wednesbury and Frome, representing a combined 18 600 m² GLA, trade into broad catchment areas and consist of above-average GLA target sizes, which will contribute to improved operating margins. The Salisbury property is a new-build and was opened post year end in April 2022 and will comprise nearly 9 500 m² GLA on full fit-out.

The Moorfield JV, in which Stor-Age holds a 24.9% equity interest, aims to assemble a portfolio of high-quality self storage properties in prime locations throughout England, through new developments and acquisitions. Stor-Age also earns management fees for acquiring, developing and managing properties therein. The four Storagebase properties will be managed by Storage King under its third-party management platform – Management 1st.

CEO'S REPORT (continued)

Moorfield is a leading UK real estate fund manager with a more than 25-year track record of successfully investing in multiple real estate subsectors. While the JV provides Moorfield with an opportunity to invest alongside Stor-Age as sector specialists into the attractive and growing niche self storage sector, it also presents Stor-Age with an opportunity to grow and achieve further scale in the UK. The JV also provides an attractive return on invested capital, thus presenting an avenue to compete in a highly sought-after and competitive first world market by providing access to high quality self storage assets at attractive yields.

In October 2021 the JV concluded the acquisition of a prime site in Heathrow, a large suburban town in West London, to develop a modern, bespoke, multistorey big-box self storage property. The property will offer an estimated 5 800 m² GLA on completion, at an approximate cost of £13 million. Construction began in March 2022 and the property is scheduled for completion in the first half of 2023. The JV also concluded the acquisition of a well-located retail warehouse in Bath in January 2022, to redevelop into an estimated 4 200 m² GLA property at an approximate cost of £11 million. Construction began in April 2022.

Two further opportunities, both subject to final planning consent, are expected to offer a combined estimated 11 045 m² GLA on completion, at an estimated development cost of £20 million. The JV is now more than 90% committed in relation to the initial allocation of £50 million (with the potential to increase to £100 million) and is actively pursuing further acquisition opportunities.

Looking forward, we see significant opportunity to further grow and strengthen our UK business through acquisitions and new developments over the medium term. Buoyed by the success of our underlying operations to date, we are pleased with the strong performance we have experienced in our regional locations over the previous two years, providing us with heightened confidence in our acquisition strategy.

TECHNOLOGY AS A BUSINESS ENABLER

While the visibility of our properties to potential users remains critical, online enquiry generation is the lifeblood of a self storage business. It is therefore essential to have a strong online presence, modern web user experience and highly effective multichannel online sales platform, supported by the required skill set to remain at the forefront of the sector digitally. The capability to leverage the underlying prospect and tenant data, and continuously adapt rapidly, is also critical.

> "Our multi-year digital strategy continues to ensure we remain responsive to shifting consumer trends and the significant pace of technological change and innovation within our own sector and society more broadly."

Our digital transformation work completed in prior years has ensured that we are well positioned to embrace the rapid changes that continue to occur in the online space. Recognised by Google and Facebook as an accredited digital marketing agency, Stor-Age is a digitally engaged business. This enables us to benefit from online demand trends and gives us a significant competitive advantage, evidenced by the year-on-year growth in online enquiries of over 11%.

We continue to invest considerable time and resources to ensure that we have the in-house capability to respond and evolve as required. Our creative strategies and targeting approaches are uniquely formulated by overlaying real time customer data with existing tenant data. In this regard, our significant database and sector experience has allowed us to develop deep industry specific audience knowledge. This allows for optimal targeting across digital platforms, ensuring we can reach users at different life stages and serve content that resonates with them, thereby driving engagement.

In addition, we continue to digitalise existing processes throughout the business, making use of the powerful built-in tools and capability offered by the Office 365 platform. This solution provides a number of benefits to the business, including ensuring that we operate in an increasingly low-code environment, with rapid deployment of digital solutions to drive efficiencies.

We are excited about the prospects for our third-party digital services offering, Digital First, which leverages the benefits of our highly skilled in-house digital marketing capability and 'low-cost' emerging market base in South Africa. Services include paid media, search engine optimisation and social media advertising to increase online enquiry generation, underpinned by our strength as self storage digital specialists.

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

Looking ahead, we will continue to seamlessly transport our online capability across borders, further enabling us to unlock value for shareholders.

RESPONDING TO DRIVERS OF DEMAND

Accelerated by COVID-19, we have seen a boom in South Africa's e-commerce market. According to data from FNB Merchant Services, the e-commerce market is expected to reach more than R400 billion by 2025 on the back of more than one billion transactions per annum.[1] This shift to e-commerce has also increased the presence and competitiveness of smaller, independent retailers who are looking to expand their client base beyond their immediate regional locations.

As a result, we are seeing an increase in the demand for storage space that can be used by e-tailers who are looking for a flexible and more affordable solution to store stock and for e-commerce fulfilment or to use the space as a convenient distribution hub.

As a Group, we began exploring the convergence of e-commerce, last mile delivery technology and prime located secure self storage properties in the last mile through our working partnership with Picup, which was established in 2019. At year end, we had three last mile hubs in operation at Craighall, Centurion and Kempton Park.

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

While we do not believe that our properties will ever entirely focus on last mile fulfilment, we do see the opportunity to maximise each property's revenue potential. We are therefore continuing with the proof-of-concept trial, introducing new features and experimenting with the roll-out at additional properties.

We are also using the insights from our partnership with Picup to optimally position our product for our commercial customer base, with a particular focus on small businesses and e-tailers, among others. Over the past year we have seen an increase in this type of commercial activity on-site at our properties in South Africa, albeit that it is coming off a low base.

We believe the rise in these e-commerce trends, such as parcel receipt and dispatch, last mile delivery and mini-warehousing, presents a sizeable opportunity in the South African market over the medium- to long-term, particularly within a low growth economic environment.

ESG AS A BUSINESS ENABLER

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

MANAGING OUR ENVIRONMENTAL IMPACT

Building on our total investment in renewable energy of approximately R12 million across the portfolio as at 31 March 2021, we invested a further R4.6 million in renewable energy capacity and fitted an additional eight properties with solar PV during the year. This takes the total number of properties fitted with solar PV to 23.

Our total solar PV system size is now an estimated 750 kWh. To date this system has generated in excess of an estimated 1.7 million kWh, resulting in a CO_2 emissions reduction of an estimated 770 tonnes. Like-for-like total off-grid electricity consumption reduced to 1.8 million kWh, a reduction of 7% on the prior year.

We harvest rainwater at 25 of our properties in South Africa. During the year, total municipal water consumption reduced to 20 070 kl, a reduction of 3% year-on-year.

[1] *The explosive growth of e-commerce in South Africa, BusinessTech.co.za (March 2022).*

CEO'S REPORT (continued)

We remain committed to further reducing the already low environmental impact of our properties in South Africa and the UK. For newly acquired trading properties, we aim to install solar PV panels and LED lighting where not already installed and implement waste management initiatives. For new developments there are a range of initiatives in play. These include, among others, installing solar PV panels and LED lighting, harvesting rainwater, ensuring the general reduction of CO_2 emissions wherever possible, minimising waste and sourcing building materials from responsible local suppliers.

As discussed in the chairman's letter, a key initiative for the year was securing a seven-year £21.0 million sustainability-linked loan from Aviva, demonstrating our commitment to the sustainability of the environment in which we operate. During the year we also committed to developing our net zero carbon pathway, a process involving the setting of science-based targets using the Science-Based Targets initiative (SBTi) methodology. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The organisation defines and promotes best practice in emissions reductions and net zero targets in line with climate science.

SUPPORTING COMMUNITIES

A highlight for the year was the launch of the Stor-Age Business Hub, a complimentary platform for our commercial customers who are predominantly SMMEs to promote their products or services to other tenants. Our properties therefore act as business incubators, often assisting local businesses transition from home-based operations to larger scale entities that can employ more staff. This is supported by data from a recent customer survey, which indicates that our business customers (who are still storing with us) have on average created more than six jobs since starting to store with us. Considering that we had approximately 8 500 commercial tenants at year end, the positive contribution that Stor-Age is indirectly making towards sustainable job creation in South Africa is significant.

We also provided a 12-month business administration learnership to 12 previously disadvantaged and disabled learners during the year. Nine of these learners successfully completed the learnership and achieved an NQF level 3 qualification. The process is again underway to support another 12 previously disadvantaged and disabled learners for the academic year ending in December 2022.

> "We remain committed to using our resources to contribute to socio-economic development that promotes transformation and benefits previously disadvantaged groups, charities, communities and individuals."

Throughout the pandemic, we continued to partner with and support many aid and relief organisations. These organisations include the Kolisi Foundation, which supports people living in under-resourced communities in South Africa, as well as the Santa Shoebox Project, which collects and distributes essential items for underprivileged children throughout South Africa.

We continue to support our longer-standing NPO partners with the provision of complimentary storage space. Support is also provided on a select basis in the form of either financial contributions, leveraging our marketing platform, or providing the use of our vehicles and/or the use of our properties as drop-off/collection points.

OUR PEOPLE

> "Our people are vitally important to us and remain pivotal to achieving our strategic objectives. We therefore want to maintain a motivated and engaged workforce and ensure that they are given opportunities to develop personally and professionally."

Training, learning and development remains at the heart of our culture and we continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on customer service and technology. This will only become more important as a developing business operating in a global growth sector.

During the year we recorded more than 47 000 hours of training across more than 150 separate courses on Edu-Space, our online learner management platform in South Africa and the UK. Other key initiatives include supplementing our in-house e-learning content with business and software learning content, as well as initiating a 12-month management learnership for six of our head office-based employees in South Africa.

We work tirelessly to create a rewarding culture that places significant focus on employee wellbeing. Our 'Wellness Wednesday' initiative continued throughout the year, supplemented by a Wellness Webinar and ongoing engagement with employees to help them maintain or improve their physical and emotional wellbeing.

Another important focus area arising from COVID-19 was understanding what our employees need in response to the significant impact the pandemic has had on their daily life. This includes adopting a progressive and open-minded approach to flexibility in the workplace and enabling head office employees to adopt a hybrid approach to where they work. At the same time, we recognise the importance of employees coming together in person to collaborate and connect with one another. We have adopted a formal policy in this area, providing our line managers with the authority to interact with their teams to determine an optimal working arrangement. We believe this is the right approach, which balances new ways of working with pre-pandemic norms.

Our exceptional team of dedicated, high-calibre employees are fundamental to and drive the ongoing growth and success of our business. We were therefore pleased to see the results of our annual anonymous staff survey, which once again indicated that more than 90% of our employees are proud to be part of the Stor-Age team.

OUTLOOK AND THANKS

Thank you to every employee for your dedication and commitment to Stor-Age and the role you played in helping the Group deliver another resilient performance. I also thank our chairman and the board for their ongoing support, wisdom, guidance and advice throughout a challenging but rewarding year in which we again saw the strength of our business and the potential it holds.

As we look to the year ahead, our core objectives remain unchanged. We are committed to delivering real and sustainable value to our shareholders driven by occupancy and revenue growth, closing high-quality acquisitions and completing new developments, and leveraging the economies of scale that our market-leading operating platform provides.

We are conscious of risks and economic uncertainties that include inflationary pressures stoked by high energy costs, supply-chain bottlenecks and geopolitical tensions – all of which may impact the future outlook. However, irrespective of how events may unfold, the self storage business model has proven its resilience through various economic cycles. This provides us with the confidence that we can manage the challenges and take advantage of opportunities that lie ahead.

Gavin Lucas
CEO
29 July 2022

FINANCIAL REVIEW

Stor-Age continued its track record of consistent earnings growth to deliver strong results for the year ended 31 March 2022, with a 7.5% increase in distributable income per share.

INTRODUCTION

Year-on-year occupancy grew by 24 100 m² (South Africa – 9 700 m²; UK – 14 400 m²) reflecting organic growth in the same-store portfolio, the impact of new developments in the early stages of lease-up, acquisitions and expansions at other properties in the portfolio. Same-store occupancy closed above 90.0% in both South Africa and the UK.

SA OCCUPANCY PROFILE

	31 March 2022			31 March 2021		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
Same-store	**353 900**	**318 600**	**90.0%**	350 900	315 900	90.0%
Non same-store*	**30 900**	**20 400**	**65.8%**	15 100	13 400	88.5%
Total	**384 800**	**339 000**	**88.1%**	366 000	329 300	90.0%

* *Non same-store in 2022 includes new developments that commenced trading during the year (Sunningdale – 50% equity interest, Tyger Valley and Cresta), Waterfall and acquisitions (Silver Park and Green Cube). Non same-store in 2021 relates to Waterfall.*

UK OCCUPANCY PROFILE

	31 March 2022			31 March 2021		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
Same-store	**86 300**	**77 900**	**90.1%**	82 800	74 900	90.4%
Non same-store*	**14 700**	**11 400**	**77.4%**	–	–	–
Total	**101 000**	**89 300**	**88.3%**	82 800	74 900	90.4%

* *Non same-store relates to the acquisitions of Blackpool (April 2021) and the McCarthy's Storage World portfolio (January 2022).*

CUSTOMER PROFILE

	31 March 2022		31 March 2021	
	South Africa	UK	South Africa	UK
Number of tenants	**28 300**	**16 500**	27 300	11 100
Commercial	**39%**	**26%**	39%	27%
Residential	**61%**	**74%**	61%	73%
Average length of stay – months (existing tenants)	**23.7**	**30.8**	22.7	31.3
Average length of stay – months (tenants vacating during the year)	**13.9**	**8.6**	14.2	10.0

Commercial and residential split analysed by area.

FINANCIAL RESULTS

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

	31 March 2022			31 March 2021			% change	
	SS	Non SS	Total	SS	Non SS	Total	SS	Total
SA	Rm	Rm	Rm	Rm	Rm	Rm	%	%
Rental income								
Self storage	**436.8**	**9.7**	**446.5**	397.0	13.5	410.5	10.0%	8.8
Other	**7.9**	**1.6**	**9.5**	7.2	0.6	7.8	9.7	21.5
Ancillary income	**18.6**	**0.4**	**19.0**	16.6	0.2	16.8	11.8	12.9
Sundry income	**1.6**	**0.0**	**1.6**	1.1	–	1.1	46.4	46.6
Bad debt	**(2.5)**	**(0.2)**	**(2.7)**	(5.6)	(0.1)	(5.7)	55.8	53.2
Direct operating costs	**(103.1)**	**(7.0)**	**(110.1)**	(97.3)	(3.4)	(100.7)	(6.0)	(9.3)
Net property operating income	**359.3**	**4.5**	**363.8**	319.0	10.8	329.8	12.6	10.3
Bad debt as a % of rental income	**0.56%**	**1.96%**	**0.59%**	1.40%	0.74%	1.38%		

SS – same-store
Non same-store relates to FY22 acquisitions, new developments and Waterfall
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and administration fees

	31 March 2022			31 March 2021			% change	
	SS	Non SS	Total	SS	Non SS	Total	SS	Total
UK	£'000	£'000	£'000	£'000	£'000	£'000	%	%
Rental income								
Self storage	**17 256**	**882**	**18 138**	14 232	–	14 232	21.2	27.4
Other	**537**	**4**	**541**	517	–	517	3.9	4.6
Ancillary income	**1 751**	**86**	**1 837**	1 450	–	1 450	20.8	26.7
Sundry income	**141**	**15**	**156**	122	–	122	15.5	27.8
Bad debt	**(47)**	**(6)**	**(53)**	(29)	–	(29)	(62.1)	(82.8)
Direct operating costs	**(5 112)**	**(364)**	**(5 476)**	(4 950)	–	(4 950)	(3.3)	(10.6)
Net property operating income	**14 526**	**617**	**15 143**	11 342	–	11 342	28.1	33.5
Bad debt as a % of rental income	**0.27%**	**0.68%**	**0.29%**	0.20%	–	0.20%		

Non same-store relates to FY22 acquisitions
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and customer insurance

	31 March 2022			31 March 2021			% change	
	Non SS	Total	SS	Non SS	Total	SS	Total	Total
CONSOLIDATED	Rm	Rm	Rm	Rm	Rm	%	%	%
Rental income								
Self storage	**787.0**	**27.6**	**814.6**	700.8	13.5	714.3	12.3	14.0
Other	**18.8**	**1.70**	**20.5**	18.2	0.6	18.8	3.4	9.1
Ancillary income	**54.1**	**2.1**	**56.2**	47.5	0.2	47.7	14.0	18.0
Sundry income	**4.5**	**0.3**	**4.8**	3.7	–	3.7	20.6	28.9
Bad debt	**(3.4)**	**(0.3)**	**(3.7)**	(6.3)	(0.1)	(6.4)	45.9	41.9
Direct operating costs	**(206.9)**	**(14.4)**	**(221.3)**	(203.0)	(3.4)	(206.4)	(1.9)	(7.2)
Net property operating income	**654.1**	**17.0**	**671.1**	560.9	10.8	571.7	16.6	17.4
Bad debt as a % of rental income	**0.43%**	**1.13%**	**0.46%**	0.90%	0.74%	0.90%		

The commentary below relates to the group's operating performance set out in the above tables. A reconciliation between the disclosures set out in the tables above and the consolidated statement of profit or loss and other comprehensive income is set out in Appendix 3.

FINANCIAL REVIEW (continued)

The table below shows the reconciliation between the group's operating performance ("performance table") and the condensed consolidated statement of profit or loss and other comprehensive income ("statement of profit or loss"):

	31 March 2022 R'000	31 March 2021 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	**814 552**	714 348
Rental income – other	**20 341**	18 844
Rental underpin	**4 504**	5 534
Insurance claim proceeds relating to loss of revenue	**10 319**	–
Rental income – Statement of profit or loss	**849 716**	738 726
Reconciliation of other income		
Performance table:		
Ancillary income	**56 259**	47 681
Sundry income	**4 707**	3 773
Rental guarantee	**–**	10 042
Other income – Statement of profit or loss	**60 966**	61 496

The trading results for FY22 have again demonstrated self storage to be an exceptionally resilient business with the positive momentum in occupancy and growth in the average rental rate continuing throughout the year.

Self storage rental income increased by 14.0% to R814.6 million (2021: R714.3 million) driven by organic growth and the impact of acquisitions and new developments, which was partially offset by a lower average foreign exchange rate compared to the prior year.

Same-store South African and UK rental income increased by 10.0% (occupancy 3.3%; rental rate 6.5%) and 21.2% (occupancy 11.7%; rental rate 8.5%), respectively.

Record occupancy levels in both markets at the start of FY22 provided a catalyst to earnings growth for the year. Although we experienced some seasonality trends in both markets (consistent with pre-pandemic patterns), demand remained strong. The elevated occupancy levels and strong demand allowed us to increase average rental rates. In the UK, occupancy in the same-store portfolio peaked at 94.1% in the year reflecting a strong economic recovery which, with our sophisticated operating platform and customer acquisition strategy, allowed us to capture the high levels of demand. In South Africa, despite the impact of COVID-19's third wave and the looting in the first half of FY22, we were able to recover quickly, with occupancy and earnings growth accelerating in the months that followed.

Other rental income (SA: R9.5 million; UK: £0.5 million) relates mainly to parking and the rental of office space at certain properties in the portfolio.

Bad debt as a percentage of rental income was 0.46% for the Group (2021: 0.90%), in line with pre-pandemic levels. An improvement in South African cash collections, driven by intense operational focus, resulted in a lower write-off for the year.

Ancillary income of R56.2 million (2021: R47.7 million) comprises merchandise sales (such as packaging materials and padlocks), administration fees, late fees and insurance income (UK only). Although this income stream is a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. There is usually a direct correlation between higher occupancy levels, increased move-in activity and ancillary income. In South Africa and the UK, ancillary income increased by 11.8% and 20.8% respectively year-on-year in the same-store portfolio.

Direct operating costs of R221.3 million (2021: R206.4 million) reflects strict cost control and the impact of acquisitions offset by the lower average foreign exchange rate.

Across both markets, property rates, staff costs, utilities, insurance, maintenance and marketing costs account for the majority of direct operating costs. Managing costs at a property level remains an important component of our strategy to improve operating margins. In South Africa and the UK, direct operating costs increased by 6.0% and 3.3% respectively in the same-store portfolio as expected.

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

Our Waterfall property in KwaZulu-Natal suffered extensive damage during the violent disorder that took place in July 2021. Stor-Age not only had comprehensive SASRIA insurance in place for property damage and loss of revenue but also, for the benefit of our customers, insurance cover for theft, loss and damage of their stored goods. Our claim for the building damage of R51.7 million (excluding VAT) was settled in full in January 2022. Over 95% of claims on behalf of our customers have also been settled in full by SASRIA. Also included in earnings for the year is an insurance claim of R10.3 million 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).

Management fees of R14.6 million (2021: R4.5 million) comprises property management fees, development fees earned from the Moorfield JV, licence fee income from Storage King franchisee properties in the UK and a contribution from Digital First. Other income of R51.7 million relates to the insurance proceeds received in respect of property damaged incurred at Waterfall.

Administration expenses amounted to R103.5 million (2021: R89.3 million). After adjusting for the Conditional Share Plan charge of R11.3 million (2021: R14.3 million), and non-recurring once-off items, we saw an increase in costs relating mainly to increased IT infrastructure spend and staff costs.

The fair value adjustment to investment properties of R642.3 million reflects an increase in the carrying value of investment properties at 31 March 2022 (2021: R803.2 million). Further details are set out in the Investment Property section (see page 54 for further details). Other fair value adjustments to financial instruments of R121.5 million (2021: R62.7 million) relate to mark-to-market adjustments of interest rate derivatives, forward exchange contracts and cross currency interest rate swaps (CCIRS).

Interest income comprises the following:

	31 March 2022 Rm	31 March 2021 Rm
Share purchase scheme loans	**7.8**	13.6
CCIRS	**14.2**	24.3
Loans to JVs	**2.0**	0.8
Money market and deposit balances	**1.9**	5.7
Total	**25.9**	44.4

The lower interest received on share purchase scheme loans is the result of loan balances repaid over the last 12 months. The Group also reduced its exposure to CCIRS, resulting in a lower contribution to earnings for the year.

Interest expense of R116.8 million (2021: R107.9 million) comprises mainly interest on bank borrowings. Further details of bank borrowings are set out in the Capital Structure section on the next page.

FINANCIAL REVIEW (continued)

The normal tax charge of R36.0 million (2021: R6.6 million) relates to a provision for UK Corporations Tax of 19% on the estimated taxable income arising in the UK as a result of the change in UK tax laws whereby companies which were subject to tax under the Non-Resident Landlord Scheme have now become subject to Corporations Tax (effective 6 April 2020). The historic tax losses available for set off against future taxable income were substantially utilised in FY21. A deferred tax charge of R222.0 million was also recognised on the fair value adjustment to UK investment properties in the year. Under IFRS, a potential capital gains tax liability is required to be recognised as a deferred tax charge on revaluation gains of investment properties in the UK.

CAPITAL STRUCTURE

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

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

Details of the Group's borrowing facilities at 31 March 2022 are set out below:

	ZAR facilities Rm	GBP facilities £m	GBP facilities Rm	Total facilities Rm
Total debt facilities	**1 567.0**	**105.4**	**2 014.9**	**3 581.9**
Undrawn debt facilities	**285.0**	**20.5**	**392.0**	**677.0**
Gross debt	**1 282.0**	**84.9**	**1 622.9**	**2 904.9**
Gross debt net of cash held in facilities	**1 182.0**	**84.9**	**1 622.9**	**2 804.9**
Net debt	**1 032.7**	**81.1**	**1 549.9**	**2 582.6**
Investment property (net of lease obligations)	**5 044.4**	**220.8**	**4 219.4**	**9 263.8**
Hedge cover	**916.4**	**66.0**	**1 261.4**	**2 177.8**
– Interest rate derivatives	**600.0**	**45.0**	**860.1**	**1 460.1**
– Cross currency interest rate swaps	**102.3**	**–**	**–**	**102.3**
– Fixed rate loans	**214.0**	**21.0**	**401.4**	**615.4**
% hedge cover on:				
– Gross debt	**71.5%**	**77.7%**	**77.7%**	**75.0%**
– Gross debt net of cash held in debt facilities	**77.5%**	**77.7%**	**77.7%**	**77.6%**
– Net debt	**88.7%**	**81.4%**	**81.4%**	**84.3%**
Effective interest rate	**6.65%**	**3.41%**	**3.41%**	**4.84%**
LTV ratio	**23.2%**	**32.5%**	**32.5%**	**27.9%**
Weighted average expiry of debt (years)	**2.1**	**4.9**	**4.9**	**3.7**
Weighted average expiry of hedge cover (years)	**2.4**	**4.3**	**4.3**	**3.5**

LTV ratio is defined as net debt as a percentage of gross investment property of R9.535 billion less lease obligations relating to leasehold investment property of R271.2 million.

£7.167 million of the GBP facilities is secured against South Africa investment property assets – for the purposes of the above table, the SA LTV ratio includes the outstanding balance of this facility.

Hedge cover and effective interest includes interest rate derivatives entered into in May 2022 (R250 million) and excludes interest rate derivatives expiring in June 2022 (R200 million). Weighted average expiry of hedge cover calculated as at 31 May 2022.

Weighted average expiry of GBP debt includes two 12-month extension options on facilities of £75 million.

Our cash position at 31 March 2022, including cash held in our debt facilities, amounted to R322.3 million.

Total undrawn borrowing facilities amounted to R677.0 million at year end and the average cost of debt for the Group was 4.84%.

The Group has ZAR loan facilities of R1.567 billion with a weighted average maturity of 2.1 years (excluding a three-month rolling note of R160.0 million refinanced on a quarterly basis).

In October 2021, the Group refinanced its GBP borrowings with an enhanced two bank-club facility of £50 million (HSBC UK Bank Plc and Santander UK Plc) comprising a term loan of £30 million (priced at SONIA[1] + 2.40%) and a revolving credit facility of £20 million (priced at SONIA + 2.65%) with a three-year term and two 12-month extension options. The club facility was increased by a further £25 million in January 2022 (allocated equally to the term loan and revolving credit facility). An accordion facility of £25 million is also available. In addition, the Group also secured a seven-year £21 million sustainability-linked loan from Aviva Investors at an all-in fixed rate of 3.21%. The new facilities diversify the Group's funding sources with greater flexibility to fund future investment and growth.

On a net debt basis, 84.3% of borrowings are subject to fixed rates. Net debt stood at R2.583 billion with a LTV ratio of 27.9%.

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

South Africa Expiry period	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY23	**160.0**	**160.0**	**–**	**100.0%**
FY24	**650.0**	**427.7**	**222.3**	**65.8%**
FY25	**757.0**	**694.3**	**62.7**	**91.7%**
Total	**1 567.0**	**1 282.0**	**285.0**	**81.8%**

FY23 includes a three-month rolling note (R160 million), refinanced quarterly.

UK Expiry period	Facility £m	Drawn £m	Undrawn £m	% of facility drawn
FY25	**9.4**	**7.2**	**2.2**	**76.6%**
FY27	**75.0**	**56.7**	**18.3**	**75.6%**
FY29	**21.0**	**21.0**	**–**	**100.0%**
Total	**105.4**	**84.9**	**20.5**	**80.6%**

[1] *Sterling Overnight Interbank Average Rate.*

FINANCIAL REVIEW (continued)

The Group makes use of CCIRS as part of its treasury management policy to create a synthetic matching of GBP funding to GBP-denominated assets at optimal levels. The CCIRS hedge part of the net investment in our offshore operations against foreign currency fluctuations. The Group has reduced its use of CCIRS over the past 18 months.

Details of the Group's CCIRS are set out in the table below:

	31 March 2022 £m	31 March 2021 £m
Investment property	**232.6**	155.3
Leasehold liabilities	**(11.8)**	(12.6)
Net investment property	**220.8**	142.7
Bank debt	**(77.7)**	(51.1)
Other assets	**10.5**	8.0
Deferred tax	**(14.7)**	(3.2)
Other liabilities	**(26.0)**	(7.7)
Net investment excluding deferred tax liabilities	**112.9**	88.7
Notional value of CCIRS	**10.0**	15.0
CCIRS as a % of net investment property	**4.5%**	10.5%
Effective hedge of net investment	**8.9%**	16.9%
Effective hedge of net investment property	**39.7%**	46.3%

Effective hedge of investment property calculated as the sum of bank debt and CCIRS as a percentage of investment property less leasehold liabilities.
Bank debt includes GBP-denominated borrowings secured against UK investment properties.

HEDGING OF GBP EARNINGS

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 South Africa for distribution purposes in line with the following policy:

- 12 month forecast – at least 80%
- 13 – 24 month forecast – at least 75%
- 25 – 36 month forecast – at least 50%

Hedging instruments entered into by the Group as at the date of this announcement are summarised below:

Period	Hedging level %	Forward rate R/£
FY23	**90%**	**23.38**
FY24	**80%**	**23.25**
FY25[1]	**35%**	**23.78**

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

NET ASSET VALUE PER SHARE

	31 March 2022 Rm	31 March 2021 Rm
Total equity – statement of financial position	6 643.2	5 656.7
Less: Non-controlling interest	(46.2)	(38.6)
Net assets	6 597.0	5 618.1
Less: Goodwill and intangible assets	(145.7)	(147.0)
Net tangible assets	6 451.3	5 471.1
Number of shares in issue (million)	474.6	432.9
Net asset value (NAV) per share (R)*	13.90	12.98
Net tangible asset value (NTAV) per share (R)*	13.59	12.64
Deferred tax relating to UK investment property revaluations	287.4	65.4
Adjusted net assets^	6 884.4	5 683.5
Adjusted net tangible assets^	6 738.7	5 536.5
Adjusted NAV per share (R)^	14.51	13.13
Adjusted NTAV per share (R)^	14.20	12.79

* *NAV and NTAV metrics exclude the non-controlling interest.*
^ *Non-IFRS measure and shown for illustrative purposes only.*

NAV and NTAV per share increased by 7.1% and 7.5% respectively compared to the prior year.

NAV per share is principally determined by the fair value of investment property, the ZAR/GBP exchange rate at the reporting date and mark-to-market adjustments to derivative hedging instruments.

The changes to the UK tax regime whereby companies, which were subject to tax under the Non-Resident Landlord Scheme became subject to Corporations Tax (effective 6 April 2020), also resulted in a first-time recognition of deferred tax liabilities on fair value adjustments to UK investment property in FY21. Under IFRS, a potential tax liability which may arise if the properties were to be sold must be recognised as a deferred tax liability (and therefore a reduction of NAV) on the revaluation of investment properties. At 31 March 2022, a deferred tax liability of R287.4 million was reflected in the statement of financial position in respect of UK property revaluations.

Excluding the impact of this deferred tax liability, adjusted NAV was R14.51 per share and adjusted NTAV was R14.20 (both excluding the non-controlling interest), an increase of 10.5% and 11.0%, respectively, compared to the prior year.

It is not the current intention of the board to make any disposals of trading properties. Whilst individual disposals may be considered where it is clear that value can be added by recycling the capital, it is not envisaged that any tax will become payable in such a scenario due to the availability of rollover relief.

NAV is an important measure for property companies. However, management is of the view that NAV does not necessarily reflect the true value of the self storage business model and operating platform or the consistent track record of earnings growth. It also does not reflect the value of future revenue streams from our third-party management model.

The valuation approach, as set out in the Investment Property section, is based on conservative assumptions and understates the economic value of our leasehold properties.

The property valuation for short leaseholds is conservatively based on future cash flows until the next contractual lease renewal date which, all things being equal, would result in a reduction of the valuation over the remaining lease period. Management expects to successfully re-gear leases before renewal. We also benefit from the Landlord and Tenant Act that protects our rights for renewal except in the case of redevelopment. Our leasehold stores have building characteristics or locations in retail and industrial parks that make self storage either the optimal and best use of the property or the only one authorised by planning. The majority of our landlords are property investors who value the tenancy of Storage King and would typically prefer to extend the length of the leases in their portfolio.

INVESTMENT PROPERTY

A fair value gain to investment property combined with acquisitions, capital expenditure and offset by exchange rate fluctuations, resulted in an increase in investment property of R1.666 billion from R7.869 billion at 31 March 2021 to R9.535 billion at 31 March 2022.

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

	SA R million	UK £ million	UK R million	Total R million
Balance at 31 March 2021	**4 699.7**	**155.3**	**3 169.6**	**7 869.3**
Acquisitions	**116.5**	**42.1**	**865.3**	**981.8**
Capital expenditure on:				
New developments	**37.7**	**–**	**–**	**37.7**
Existing properties	**47.8**	**5.2**	**98.9**	**146.7**
Properties held for development	**119.8**	**–**	**–**	**119.8**
Revaluation gain	**68.8**	**30.0**	**573.5**	**642.3**
Exchange rate fluctuations			**(262.6)**	**(262.6)**
Balance at 31 March 2022	**5 090.3**	**232.6**	**4 444.7**	**9 535.0**
Lease obligations relating to leasehold investment property	**(45.9)**	**(11.8)**	**(225.3)**	**(271.2)**
Investment property net of lease obligations	**5 044.4**	**220.8**	**4 219.4**	**9 263.8**

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

The DCF assumes a notional management fee of 6.0% of income, subject to a cap and collar, which is deducted from net operating income. The notional management fee represents an allowance for the central administration costs on the basis that the properties would be externally managed.

In South Africa, 27 of the 53[1] trading properties in the portfolio were valued independently by Mills Fitchet Magnus Penny and Jones Lang LaSalle at 31 March 2022 for financial statement purposes. The Group's policy is to value 50% of its South African properties at year end and 50% at the interim reporting date. The other 26 properties[2] were valued internally by the board at 31 March 2022 using the same methodology applied by the external valuers. In the UK, the entire portfolio was valued independently by CBRE and Cushman and Wakefield at 31 March 2022 for the purposes of the financial statements. Further details of the assumptions used in the valuations are set out in the Group financial statements.

[1] *Excludes Sunningdale (50% JV interest). Waterfall (two locations) treated as a single property for valuation purposes.*
[2] *24 of the 26 properties were independently valued at 30 September 2021.*

The table below summarises the breakdown of investment properties at 31 March 2022:

SA	% of portfolio	Valuation (R million)
Short leasehold	0.7%	32.9
Gross value		53.3
Lease obligations		(20.4)
Freehold and long leasehold*	99.3%	5 011.5
Investment property net of lease obligations	100.0%	5 044.4
Trading properties	95.3%	4 807.2
Development properties	4.7%	237.2
Investment property net of lease obligations	100.0%	5 044.4

* *Includes Constantia Kloof (long leasehold property – 29.2 years remaining) and Springfield (long land lease – 28.0 years remaining).*

UK	% of portfolio	Valuation (£ million)	Valuation (R million)
Short leasehold	8.4%	18.6	354.6
Gross value		30.4	579.9
Lease obligations		(11.8)	(225.3)
Freehold[1]	91.6%	202.2	3 864.8
Investment property net of lease obligations	100.0%	220.8	4 219.4

[1] *Freehold includes two properties with 999 year peppercorn leases which are classified as virtual freeholds.*
All propertied classified as trading properties.

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	12 400	14.00%	8.45%

	Average value per m² (£)	Discount rate	Exit cap rate
UK – Trading properties	211	8.84%	5.97%

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

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR ESG STRATEGY

ENVIRONMENTAL SUSTAINABILITY

SOCIAL SUSTAINABILITY

CORPORATE GOVERNANCE

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR ESG STRATEGY

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

To ensure that our policies and practices benefit our employees, customers, shareholders, the communities and the environment in which we operate, the board oversaw the ongoing execution of the Group's sustainability strategy during the year.

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

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

ENVIRONMENTAL SUSTAINABILITY

ESG FRAMEWORK

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

Decent work and economic growth

- Job creation
- Learning and development
- SMME support
- Employee wellness

Industry, innovation and infrastructure

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

PEOPLE

PROPERTY

Reduced inequalities

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

Responsible consumption and production

- Energy consumption
- Water consumption
- Greenhouse gas emissions
- Waste management
- Fuel consumption

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

Supported by overarching corporate governance principles

A LONG-TERM STRATEGY

As South Africa's leading and largest self storage property fund and brand, we do not believe in taking the shortest route or being focused on a short-term time horizon. We remain resolute in executing a long-term ESG strategy built around:

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

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

We aim to build an organisation that is resilient, and which can endure and adapt through multiple generations of leadership as well as multiple product life cycles. This resilience was tested during the onset of the COVID-19 pandemic and the subsequent waves which followed. By adapting our business to the new environment that emerged as a result of the pandemic, we were able to benefit from historically high demand and we continued to drive move-ins across the business in both markets.

This resilience was further tested during the looting and civil unrest experienced in KwaZulu-Natal in July 2021, where our Waterfall property suffered extensive damage. Despite what unfolded at the property, we reopened for business in October 2021 and we continue to experience excellent levels of demand. Read more about the impact to our Waterfall property in our CEO's Report on page 37.

"Through our ESG strategy, we remain committed to responsible and sustainable business practices."

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

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

A SUSTAINABLE BUSINESS STRATEGY

At Stor-Age, we believe that the most important space is the environment that surrounds not only our properties, but the broader communities in which we operate. This is why we continue to address sustainable practices in both markets in the areas of energy efficiency, renewable energy generation, reducing CO_2 emissions, rainwater harvesting, storm water management, waste water management, fuel consumption and conservation. The Group continues to monitor both its electricity and water usage across the portfolio, and continues to successfully reduce its carbon footprint.

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

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

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

SUSTAINABILITY TARGETS

With regards to both property acquisitions and new developments, we place great emphasis on continually seeking to improve our over-arching environmental performance.

For newly acquired trading properties in South Africa and the UK, we seek to:

- Install solar PV panels where not already installed
- Install LED lighting where not already installed
- Implement waste management initiatives

In addition, we also seek to install electric vehicle charging stations in the UK (site specific and based on demand). It's envisaged that a similar approach will be followed in South Africa in due course.

For new developments in South Africa and the UK, we seek to:

- Install solar PV panels and ensure the general reduction of CO_2 emissions wherever possible
- Install motion sensors and LED light fittings
- Use building materials that assist with insulation
- Harvest rainwater for internal use where possible
- Implement effective surface water design and management
- Target designs which allow for the maximisation of daylight to reduce demand for artificial lighting
- Maintain/enhance each site's ecological value through retention of vegetation and new planting
- Source major building materials from responsible local suppliers where practical
- Minimise construction waste and implement a site waste management plan

In the UK, we also seek to:

- Achieve a 'Very good' or 'Excellent' BREEAM[1] (Building Research Establishment Environmental Assessment Method) rating
- Make a commitment to the considerate constructors scheme
- Install bat and bird boxes to mitigate for the loss of suitable habitat
- Install electric vehicle charging stations – site specific and based on demand

[1] *BREEAM, first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.*

ENVIRONMENTAL SUSTAINABILITY (continued)

OPERATIONAL STORE ENERGY CONSUMPTION

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

Despite increased activity at our properties as a result of a relaxation in lockdown restrictions, the Group continued the trend of reduced electricity consumption across the portfolio in South Africa. This can be attributed to the improved contribution of the solar PV installations, improved staff behaviour, as well as various additional energy reduction initiatives.

The following initiatives have reduced our properties' electricity consumption:

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

PHOTOVOLTAIC (SOLAR) SYSTEMS

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

- To date we have invested approximately R12 million in renewable energy, installing Solar PV systems at eight additional properties during the period.
- A total of 23 properties are now fitted with these systems.
- These 23 properties have to date generated over 1.7 million kWh in solar energy and rendered electricity consumption savings in line with what was projected for each system.
- We have identified an additional six properties to be fitted with such systems in South Africa and the UK. This includes existing properties and new developments.
- We plan to invest a further estimated R8.0 million in renewable energy over the medium term.

> "We have continued the trend of reducing our carbon emissions footprint each year, resulting in more than 770 tonnes of carbon savings during the period. This represents an improvement of approximately 30% year-on-year."

BI-DIRECTIONAL CHECK METERS

As a result of our Solar PV system installations, we have continued to generate excess power at our properties during the year. These properties have bi-directional meters installed on their incoming electrical supply. When the properties with such functionality generate more electrical energy than is used from the power utility, we receive a kWh credit.

Year on year, the total generation off-set grew by approximately 60%, to an estimated 125 000 kWh.

OPERATIONAL STORE WATER CONSUMPTION

Water consumption is a major focus area for the Group. We have continued to roll-out various water-saving initiatives, which includes the installation of an online monitoring system at certain properties across the portfolio.

Currently 34 properties are connected to these water monitoring systems, which supply management information in real-time in respect of water consumption. Through these systems, we are able to identify abnormal use or leakage almost immediately via automated alarms.

We plan to have the entire South African portfolio connected to these systems in the medium term.

> Self storage remains the real estate sector's lowest generator of greenhouse gases and the lowest user in terms of water and energy intensity.

COMPARISON OF INTENSITY

ENERGY INTENSITY (MWh/m²/YEAR)

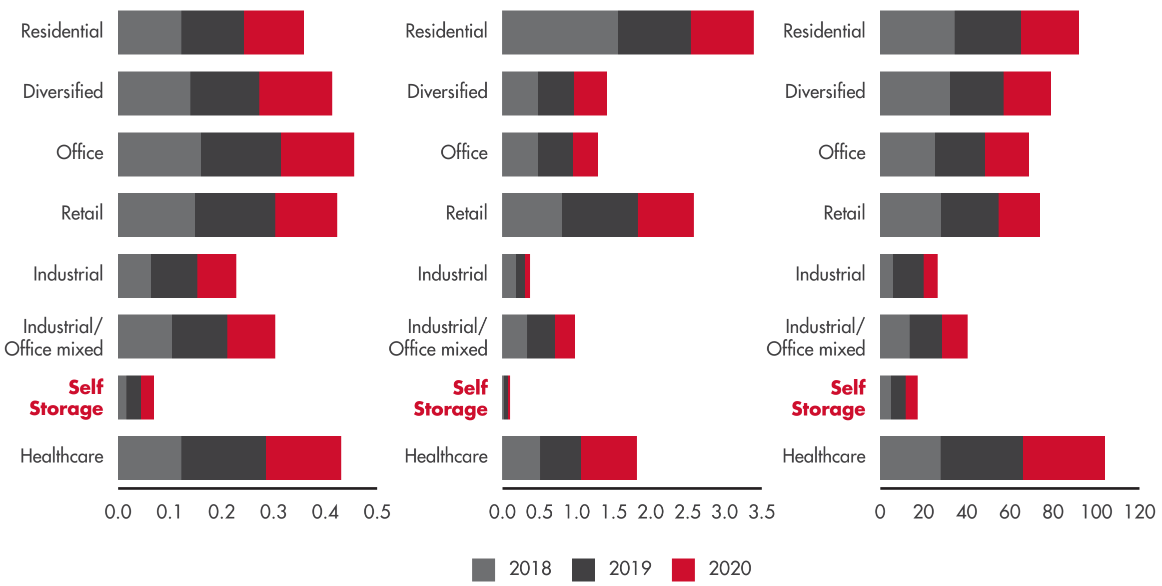
Breakdown by property sector

WATER INTENSITY (m^3/m^2/YEAR)

Breakdown by property sector

GHG INTENSITY (SCOPE 1 + SCOPE 2) (KCO_2/m^2/YEAR)

Breakdown by property sector



ENVIRONMENTAL SUSTAINABILITY (continued)

RAINWATER HARVESTING

Rainwater harvesting is the accumulation and storage of rainwater for reuse on-site, rather than allowing it to run off into the storm water system. It provides an independent water supply during the summer months, and can be used for irrigation and to substitute the municipal supply when necessary. As many of our properties benefit from having significant roof space, we have installed these systems at 25 locations across the portfolio.

At our head office in Claremont, Cape Town, water is supplied by rainwater harvested from the roof as well as via a borehole situated below the basement level parking garage. These natural sources provide sufficient capacity to permanently supply the property with the necessary water required to service washing and ablution facilities. This is a significant contribution to continued water-saving efforts being made in the region. Other initiatives to supplement and conserve the municipal water supply include the pumping and storing of ground water for irrigation purposes at three properties and borehole installations at a further two properties.

STORM WATER MANAGEMENT AND CONSERVATION

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

COMMITTED TO DEVELOPING A NET ZERO CARBON PATHWAY

During the year the Group committed to developing a net zero carbon pathway. The process involves setting science-based targets using the Science-Based Targets initiative (SBTi) methodology. The SBTi methodology follows a process of setting a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions.

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

SUSTAINABILITY-LINKED LOAN FINANCING

As part of a UK debt restructure, the Group entered into its first 'green' sustainability-linked loan facility during the year. The £21.0 million 7-year sustainability-linked loan was entered into with institutional lender Aviva Investors.

The sustainability-linked loan is aligned with Aviva's Real Estate Debt Sustainable Transition Loan Framework, which is focused on key sustainability targets such as energy efficiency and green initiatives, including on-site renewables.

The Aviva loan is structured such that achievement of certain environmental KPIs will trigger a reduction in loan margin. These KPIs include the installation of solar, reducing scope 1 and 2 carbon emissions and developing our net zero carbon pathway, as indicated above.

Two independent bodies were appointed to ensure that our KPIs align with the requirements of Aviva's Real Estate Debt Sustainable Transition Loan framework and to ensure that they are structured in accordance with the Loan Market Association's Sustainability Linked Loan Principles.

SOUTH AFRICAN AND UK PORTFOLIO BASELINES AND KPIs

During the year the Group completed a process of identifying, reviewing and selecting an independent third-party sustainability consultant who has been tasked with setting baselines for carbon emissions and water consumption for properties in the South African and UK portfolios, together with establishing environmental KPIs to consider for adoption and ongoing performance measurement.

The independent consultant has conducted a Carbon Footprint Assessment across the South African portfolio in order to set the baselines for carbon emissions at each property.

SOCIAL SUSTAINABILITY

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

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

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

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

Over the past year we have contributed an estimated R1.5 million worth of support to various initiatives, some of which include:

KOLISI FOUNDATION

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

During the year the Group continued to assist the foundation with its operational requirements by providing complimentary self storage space, supporting financial fundraising campaigns, and assisting with various community-focused upliftment initiatives.

The partnership, which enables the Kolisi Foundation to place a greater emphasis on alleviating extreme poverty, mentoring youth and promoting equality, unites our employees behind a common cause and offers the opportunity to positively engage with the public and local communities.

During the winter of 2021, we launched a nationwide blanket drop initiative in partnership with the foundation. Delivered via a social media campaign, the public were invited to visit any Stor-Age property and donate a blanket. Over 1 200 blankets were collected and then distributed to those in need in communities throughout South Africa.

CHARITIES AND NPOS

During the year we continued to offer complimentary self storage space to a number of charities and NPOs. These included the Gary Kirsten Foundation, JAG Foundation, JOG Trust, Helping Hands SA, SA Water Warriors and Songo.

In addition to providing complimentary self storage space, our properties also acted as drop off points for various charitable organisations. Through our social media platforms and positive brand association/ endorsement, we also assisted further by creating heightened awareness for these organisations, encouraging additional support from the public and local business sector.

KWAZULU-NATAL FLOODING CRISIS

Following the tragic flooding which took place in KwaZulu-Natal in April 2022, all of our Durban properties served as drop off points for donations. These donations, primarily non-perishable foods, clothing and blankets, were then distributed to communities in need.

A fundraising campaign was also set up for Stor-Age employees who lost their homes and their belongings during the flooding crisis. The Company matched all donations received.

LEARNERSHIPS

In 2021, an agreement was entered into with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 learners from previously disadvantaged backgrounds.

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

SOCIAL SUSTAINABILITY (continued)

This partnership provides Stor-Age with a sustainable means of supporting economic transformation within the country at a local level. At year end, nine learners recorded satisfactory attendance and completed the SDC Business Administration Services learnership programme successfully. The relationship with the SDC has been renewed for 2022 with a further 12 learners enrolled.

With a view to preparing staff for management and leadership roles in the future, six head office staff members in South Africa commenced with a management learnership programme with the SpecCon Group in 2022.

SUPPORTING SMALL BUSINESSES

As a geographically decentralised business with 85 properties throughout South Africa and the UK, we support a host of small businesses. In South Africa, more than 50%[1] of our business customers classify themselves as SMMEs and approximately 20%[1] classify themselves as entrepreneurs. For many we play an important support role in their daily operations as well as their growth strategies.

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

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

SHINING THE LIGHT ON LOCAL BUSINESSES

The Stor-Age Business Hub was launched during the year following the success of the social media campaign launched in the prior year titled 'Local Business Spotlight'. As part of this campaign, Stor-Age business customers were featured on the Company's Instagram, Facebook and LinkedIn profiles.

The Stor-Age Business Hub is a complimentary offering for business customers that provides an additional platform where they can promote their products or services to tenants at the property at which they are storing and to their greater community.

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

During the period more than 20 customers were profiled, reaching more than 1.2 million people via Stor-Age's website and various social media platforms.

> "We remain committed to improving our tenants' and employees' lives, as well as the lives of people in the communities in which we operate."

[1] *Data as of 28 February 2022.*

BRINGING OUR CORE VALUES TO LIFE

We believe in striving for excellence in everything we do – in our thoughts, our decision-making and our actions.
By promoting our customers' businesses to the local communities in which they operate, we are able to make a positive contribution towards many businesses across South Africa, most of which are SMME's, and many of which are still feeling the continuing negative impact of the pandemic.

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

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

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

SOCIAL SUSTAINABILITY (continued)

HUMAN SUSTAINABILITY

350[1]+
Total number of employees at year end

38 years[1]
Average employee age

> "Continuously striving for an optimal environment in which our staff can build sustainable careers at Stor-Age remains a key focus area."

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

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

During the year we continued to expand our teams across the country as more properties have been added to our portfolio. In addition, in line with our ongoing focus on digitalisation, we continued to recruit for qualified candidates in the digital field.

EMPLOYEE LEARNING AND DEVELOPMENT

Stor-Age is committed to employee development through effective learning and training opportunities. Our learning and development framework identifies 10 areas for intervention for head office and store-based employees. We have developed a range of training courses, which are delivered in various modes.

- Our e-learning platform, Edu-Space, enables our employees to receive training and assessment simultaneously across all our locations in South Africa and the UK.
- We offer workshops, refresher courses and facilitated senior management planning sessions at a range of venues in South Africa and the UK. These include targeted groups of executives, senior, middle and junior managers with a focus on staff development, retention and future roles within the business.

[1] *South Africa only.*

- Primary areas of ongoing training include frontline store-based staff, staff residing in our recoveries team (debt collection), as well as staff based in our Contact Centre.
- Where appropriate, specific and individual training is offered to employees. Our core training programme is complemented by management and leadership development programmes which are delivered in-house and by external service providers.

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

STUDY SUPPORT PROGRAMME

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

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

PERFORMANCE MANAGEMENT AND SUPPORT

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

Edu-Space highlights

150+
Number of courses delivered

2 000+
Successfully completed modules

96%+
Pass rate achieved

47 000+
Hours of online training

Face-to-face training highlights[1]

15+
Number of courses delivered[2]

90+
Employees received face-to-face training

Employee feedback

"I have renewed energy towards the role that I play in the further development of staff within my operational area. I believe that is down to all the input and ideas provided by the Learning and Development team."

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

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

LEARNING AND DEVELOPMENT FRAMEWORK

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

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

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

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

AD HOC WORKSHOPS
Covering a diverse range of functional areas – including, but not limited to operations, Contact Centre, recoveries (debt collection), and health and safety

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

OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES
Hosted by area managers

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

WELCOME AND INDUCTION PROGRAMME
Meet with a member of the learning and development (L&D) team and complete the introduction module on Edu-Space

“Our learning and development framework continues to offer our staff the opportunity to develop their skills and to progress in their careers.”

TRANSFORMATION

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

As the leading self storage company in South Africa, Stor-Age commits to making a real difference in the South African economy by implementing sustainable business transformation and employment diversification plans, in order to achieve key milestones, and to maintain compliant status in terms of the Property Sector Transformation Charter.

Stor-Age remains a Broad-Based Black Economic Empowerment (B-BBEE) compliant business.

EMPLOYEE-FOCUSED INITIATIVES

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

Our Year-end Review in South Africa is an ideal opportunity to develop and enhance our business culture. Traditionally this event has been held in person, but as a result of the COVID-19 pandemic we hosted our Year-end Review virtually for the second time in March 2022. This virtual event was a great success, where we brought together all employees from across the country in an engaging, informative and interactive session. Coupled with fostering new partnerships and sharing best practices, the Year-end Review is a key contributor to the ethos and personality of the business.

Employee feedback:

"Our Year-end Review is a great way to connect with the broader team and to celebrate our various successes across the business."

"The technology that has been introduced into our annual event was spectacular. It was great to see our teams across the country, even if it was from behind a screen."

"Our annual event is always uplifting and emotional. It was a wonderful interactive way of celebrating our success. I feel very blessed to be working as part of such a wonderful team."

WORKPLACE FLEXIBILITY

A balanced hybrid working model has been adopted at the head office in South Africa and the UK. Through this model, line managers have been given the authority to consider and implement team and individual person specific optimal working arrangements.

Read more about this hybrid model in the Social and Ethics Committee report on page 120.

EMPLOYEE WELLNESS

We continued to roll-out a wellness initiative in South Africa focused on encouraging our employees to practice and improve their habits to attain better physical and mental health.

In South Africa we provide fully funded life, disability and funeral assistance cover through an insurance policy to all our store-based employees and select skilled technical staff, while our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) have steadily grown in participation.

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

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

> “We continue to encourage staff to make small, sustainable changes in their lives that will allow them to build a successful career.”

Through our wellness initiative we have continued to reinforce the importance of COVID-19 safety measures, including but not limited to the use of shared spaces, sanitisers, mask wearing and hand washing.

SOCIAL SUSTAINABILITY (continued)

Both the mental and physical wellbeing of our staff members have remained a focus area for the Company. During the year a Wellness Webinar was hosted with a well renowned medical doctor and inspirational speaker, to further impress upon our staff the importance of taking care of their physical and mental health. The event was very well received.

In South Africa our intranet continues to boast high levels of participation by our in-store employees, providing a transparent platform on which they can make improvement suggestions to enhance our internal operating standards and business practices. Once logged, management provides timeous feedback on all suggestions, including actions implemented where relevant. While often simple, these suggestions can and have had a sizeable impact on our business and improving efficiency. The platform also contributes towards improved employee productivity and ensures that our employees feel heard and taken care of – a testament to our non-hierarchical structure and commitment to our Core Values.

During the period we recorded a year-on-year increase in our employee net promoter score. Other initiatives include our anonymous employee surveys conducted annually. These surveys provide a platform for our staff to voice their opinions by responding to key questions on how their job aligns with the Stor-Age Vision and Mission, remuneration and work life balance. This feedback assists us to create a positive workplace environment and ensure our employees' days are more productive and rewarding.

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

HEALTH, SAFETY AND COMPLIANCE

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

- Occupational Health and Safety Act
- COVID-19 Safety Compliance
- Basic Conditions of Employment Act
- Labour Relations Act
- Compensation for Occupational Injuries and Diseases Act
- Skills Development Act
- Employment Equity Act
    - Preferential Procurement Policy Framework Act
    - Property Sector Transformation Charter
    - Amended Property Sector Codes

> "We place a great deal of emphasis on ensuring that our teams, whether in store or in the head office, have a safe environment in which to work."

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

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

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

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

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

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

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

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

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

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

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

> “We strive to uphold the highest standard when it comes to the health and safety of both our staff and our customers at each of our properties in South Africa and the UK.”

Stor-Age's approach to ensure the health, safety and wellness of our employees during the COVID-19 pandemic is outlined in the Corporate Governance report from page 72.

CORPORATE GOVERNANCE

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

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

BOARD FOCUS AREAS FOR THE PAST FINANCIAL YEAR

Board focus areas	Actions undertaken by the board and its subcommittees
Continued execution of the COVID-19 response plan	Oversaw the continued execution of the COVID-19 response plan to ensure a seamless continuation of operations throughout the various stages of lockdown.
Transformation	Guiding its transformation objectives, the board continued with the implementation of the transformation plan, developed in line with the Property Sector Code.
Disciplined execution of the five-year property growth strategy to 2025	Oversaw the continued execution of the Group's five-year property growth strategy. This included the development of the Cresta, Tyger Valley and Sunningdale properties, as well as the acquisition of Silver Park Self Storage and Green Cube Self Storage in South Africa. In the UK it included the acquisition of Blackpool Self Store, as well as the multi-store portfolios of McCarthy's and Storagebase. An additional four properties were secured for future development, two in South Africa and two in the UK. In South Africa, development of the new Morningside and Bryanston properties in Johannesburg are underway, and in the UK the development of the new Heathrow property in west London and the redevelopment of the property in Bath has begun.
Response to destruction of Waterfall property in KwaZulu-Natal in July 2021 civil unrest	Oversaw the response of the senior management team to the theft and destruction of customer's goods, as well as the destruction and damage to buildings. The response included re-securing the property adequately post the riots, communicating effectively with all customers, as well as managing a significant insurance claims process with SASRIA, on behalf of all tenants. In addition, the board oversaw the insurance claim process for the damage and destruction to the buildings. Our claim for the building damage of R51.7 million (excluding VAT) was settled in full in January 2022. Over 95% of claims on behalf of our customers have also been settled in full by SASRIA. In addition, an interim payment of R10 million in respect of the R10.3 million claim for loss of revenue for the period to March 2022 was approved by SASRIA in June 2022.
Continued execution of the ESG strategy	Oversaw the continued execution of the Group's ESG strategy, covering the areas of environmental sustainability, social sustainability and corporate governance. The strategy is guided by the social and ethics committee, which continues to monitor whether the Group complies with legal requirements and global best practice in terms of its impact on the economy, the workplace, the social environment and the natural environment. Read more about our strategy and approach to ESG from page 57.
Research and implementation of UK debt restructure	Oversaw the process of researching and implementing a UK debt restructure to optimally position the Group for future growth. The restructure was finalised in October 2021. The revised debt structure includes a two bank-club lend facility with HSBC and Santander, and the introduction of a complementary institutional funding component, in the form of a sustainability-linked loan facility with Aviva. A detailed overview of the revised debt structure is included in the Financial Review section from page 46.

Board focus areas	Actions undertaken by the board and its subcommittees
Compliance with the Protection of Personal Information Act (PoPIA)	Oversaw the implementation of the PoPIA plan and the execution thereof to ensure continued compliance.
Benchmarking remuneration	Appointed remuneration specialist to conduct independent benchmarking exercises to ensure that executive and non-executive director remuneration levels are market related. The board remains committed to working towards the transparent, competitive and fair implementation of the remuneration policy.
Self-evaluation	Undertook a detailed self-evaluation during the year. The objective of the self-evaluation was to identify improvement opportunities that would strengthen corporate governance practices and the board's performance and competence.
Implementation of third-party management platform growth plan in the UK	Oversaw the Management 1st growth plan in the UK, the third-party management solution offered to independent operators, developers and private equity owners. This included the ongoing roll-out of a digital services offering to independent third-party operators during the year – Digital First. Digital First is a sub-component of the Management 1st offering. Find out more about Management 1st on page 23.
Finalisation of Nedbank JV	Provided oversight over the finalisation of commercial terms, to develop two high profile properties in Morningside and Bryanston at a total cost of approximately R200.0 million. Find out more about the Nedbank JV on page 17.
Managing changes to the composition of the board	During the period Sello Moloko retired from the board. The board follows a process of continuing to consider appropriate candidates who could potentially add value to the Group in the role of an independent non-executive board member.
Ongoing implementation of multiyear digital strategy	Oversaw the ongoing implementation of the multiyear digital strategy. The strategy guides the Group's digital transformation over the medium term, ensuring that the Company remains responsive to shifting consumer trends and the pace of technological change, as well as guiding investment in digital technology.
Ongoing roll-out of solar technology for three-phase power generation	The board remains committed to investing in sustainable power solutions through solar technology for three-phase power generation. A total of 23 properties are fitted with solar PV systems, generating more than an estimated 1.7 million kWh and, during the year reducing CO_2 emissions by more than an estimated 770 tonnes. An additional six properties have been identified to be fitted with solar technology in South Africa and the UK. These include existing properties and new developments.
Ongoing enhancement of security infrastructure	The board remains committed to ensuring the continued safety of our customers, their goods and our staff. The board oversaw the ongoing implementation of enhanced security features across the South African portfolio. This included a further roll-out of offsite CCTV monitoring and linked alarm systems, license plate recognition technology, as well as the installation of individual unit door alarms as a standard design feature at all newly developed properties.

CORPORATE GOVERNANCE (continued)

GOVERNANCE STRUCTURE

The board is ultimately fully responsible for the strategic direction, control and management of the Group and is satisfied that it has fulfilled its responsibilities according to its charter for the year. To assist it in fulfilling these responsibilities, the board has appointed subcommittees.

BOARD

Gavin Lucas (CEO)
Stephen Lucas (FD)
Steven Horton (Executive director)
Graham Blackshaw* (Chairman)
Kelly de Kock**
Phakama Mbikwana**
John Chapman**^
Mntungwa Morojele**
Abu Varachhia**

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE
See full report on pages 83 to 87	See full report on pages 88 to 119	See full report on page 120 to 122	See full report on page 123
MEMBERS	**MEMBERS**	**MEMBERS**	**MEMBERS**
Kelly de Kock** (Chair) Phakama Mbikwana** Mntungwa Morojele**	Mntungwa Morojele** (Chair) Graham Blackshaw* Kelly de Kock**	Phakama Mbikwana** (Chair) Graham Blackshaw* Abu Varachhia**	Graham Blackshaw* (Chair) John Chapman**^ Abu Varachhia** Steven Horton Gavin Lucas
By invitation	**By invitation**	**By invitation**	**By invitation**
Gavin Lucas Stephen Lucas Representatives of the external auditor	Gavin Lucas Stephen Lucas Steven Horton	Gavin Lucas	Stephen Lucas
Roles and responsibilities			
Ensures the integrity of the integrated annual report, annual financial statements and other financial reports.	Ensures adoption of a fair and transparent remuneration policy.	Monitors compliance with the Group's social and ethical responsibilities.	Assists with decision-making regarding the acquisition, development or disposal of property assets.
Focus areas during the year			
Continued implementation and monitoring of compliance with King IV. Continued to oversee the update and enhancement of the Company's risk management strategies and control environment, including COVID-19-related risks and the adequacy of all insurance covers. Reviewed and recommended the committee's terms of reference to the board, which were approved. Executed all other statutory duties for this committee as prescribed by the Companies Act.	Conducted external benchmarking reviews for executive and non-executive directors remuneration. Implementation of a short-term incentive (STI) for executive directors and proposed NED increases for FY23.	Implementation of the Transformation Plan. Overseeing the continued implementation of the COVID-19 response plan. Continued implementation of enhanced ESG strategy and reporting framework.	South African and UK acquisitions and developments. Finalising terms and entering into a JV with Nedbank.
Non-executive directors			
3/3	3/3	3/3	3/5

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

For more information on the qualifications and experience of subcommittee members, refer to pages 78 to 80.

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

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

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

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

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

KING IV

In 2019 we implemented the King IV[1] code after thorough consideration of the recommended practices. As a relatively young business, we continue to evolve our corporate governance practices, policies and procedures in tandem with the growth in our business, taking guidance from the recommended practices outlined in King IV.

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

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

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

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

CORPORATE GOVERNANCE (continued)

BOARD AND SUBCOMMITTEE MEETINGS

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

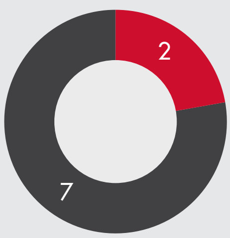
Director	Sub-committees	Meetings attended	Meetings eligible	% Attend-ance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remune-ration committee
Graham Blackshaw (Chair)**	IC; SEC; RC	21	22	95%	4		2	10	5
John Chapman*^	IC	14	15	93%	4			10	
Kelly de Kock*	ARC; RC	13	13	100%	4	3			5
Phakama Mbikwana*	ARC; SEC	9	9	100%	4	3	2		
Sello Moloko*[1]	ARC; SEC	2	2	100%	1	1			
Mntungwa Morojele*	ARC; RC	12	12	100%	4	3			5
Abu Varachhia*	SEC; IC	14	15	93%	4		2	10	
Gavin Lucas***	IC	15	15	100%	4			11	
Stephen Lucas***		4	4	100%	4				
Steven Horton***	IC	15	15	100%	4			11	
Actual attendance		119			37	10	6	52	15
Eligible attendance			122		37	10	6	55	15
% attendance				98%	100%	100%	100%	95%	100%

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

COMPOSITION OF THE BOARD

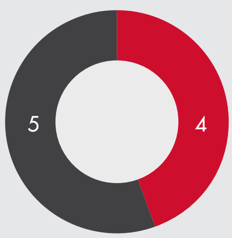
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the Group. However, it seeks to continue to further improve diversity.

GENDER DIVERSITY



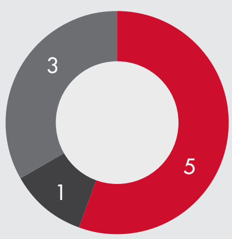
- Female
- Male

RACIAL DIVERSITY



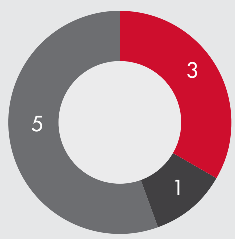
- Black
- White

DIRECTORS



- Independent
- Non-executive
- Executive

AGE



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

BOARD SKILL SET AND EXPERTISE (NUMBER OF DIRECTORS)

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

In terms of tenure, one of the non-executive board members as at 31 March 2022 was appointed to the board in November 2015 following the Company's listing on the JSE. A further two non-executive directors were appointed in May 2018 and another two in January and September 2020. The most recent appointment came in January 2021. Only the three executive directors were involved in the operations of Stor-Age prior to the listing.

"Increasing racial diversification remains a core focus for the Group, with Stor-Age's transformation plan continuing to guide transformation across the business."

CORPORATE GOVERNANCE (continued)

DIRECTORS

EXECUTIVE DIRECTORS

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

Joined the board prior to listing in 2015.

An entrepreneurial property developer backed by an experienced management team of professionals with a range of skills including investment banking, finance, property and construction, Gavin founded the Stor-Age Group in 2005. Leading the organisation by providing a common vision and mission, Gavin is responsible for the strategic direction of the Group, coordinating plans to meet strategic goals, overseeing the overall operations, and stakeholder engagement.

Stephen Lucas Financial director – CA(SA), CFA

Joined the board prior to listing in 2015.

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

Steven Horton CA(SA)

Joined the board prior to listing in 2015.

Steven is head of property and directs the Group's property growth strategy. He oversees the procurement of all opportunities and the planning, development and property management of the portfolio across South Africa and the UK. Steven drives Stor-Age's acquisition and expansion efforts in both markets.

NON-EXECUTIVE DIRECTOR

Graham Blackshaw Chairman – BA LLB

Joined the board prior to listing in 2015.

A former lead development partner in the Faircape Group of companies, Graham is a qualified attorney, having practiced law at Herold Gie and Broadhead before joining the Cape of Good Hope Bank, where he went on to head up the property lending division. Appointed to the position of chairman in January 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

John Chapman BSc

Joined the board as lead independent director in January 2020.

John is an executive director of Rabie Property Group, a position he has held for more than 30 years. He is responsible for strategic planning within the Rabie Group, and initiates the planning of all new developments and oversees the marketing of all aspects.

Phakama Mbikwana BCom

Joined the board in May 2018.

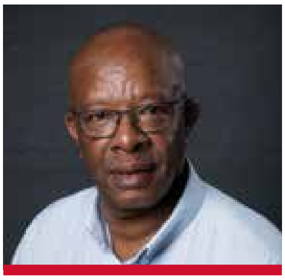
Phakama has over 20 years' experience in the financial services sector, of which 15 was spent in the commercial and investment banking industry. Prior to her role at Dandelion Capital (Pty) Ltd, a 100% women-owned investment holding company, she was the CEO of Africa Rising Capital (Pty) Ltd. Phakama has also previously held roles at Barclays Africa (sector head: construction and construction related sectors in the corporate and investment banking division), Standard Bank Group, Investment Solutions (Alex Forbes Multi-Asset Manager) and Nedbank Corporate. She also holds the role of an independent non-executive director on the boards of Wits Health Consortium (Pty) Ltd and the National Stokvel Association of South Africa Co-operative Limited.

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

Joined the board in May 2018.

Kelly is specialised in the areas of corporate finance and investor relations, as well as business development and operations. She has more than 16 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer of Old Mutual Wealth's International and Private Client Capabilities. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly also previously held the positions of Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)



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

Joined the board in September 2020.

Mntungwa has more than 34 years of business experience, having established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings. He is currently the CEO of iKapa Connect Investments, which is pursuing opportunities in the Renewable Energy sector. Mntungwa previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years during his 10-year term with the company. Mntungwa started his career with KPMG Lesotho before joining Gray Security Services, where he served on the board as Group Marketing Director. He has also previously worked at the Tourism Investment Corporation (Tourvest), as well as served on the boards of Verifone Africa (Pty) Ltd and Capital Eye Investments (previously the UCS Group Limited).

Abu Varachhia BSc (SA)

Joined the board in January 2021.

Abu has more than 31 years of business experience, having previously served on the boards of JSE listed companies Spearhead Property Holdings Limited, Ingenuity Property Investments Limited and Mazor Group Limited as a non-executive director at each. Abu holds a Bachelor of Science degree (Quantity Surveying) and is currently the non-executive chairman of Spear REIT Limited. Abu has held numerous other leadership positions including chairman of LDM Quantity Surveyors, vice-president of the South African Council for the Quantity Surveying Profession, chairman of the Black Technical and Allied Careers Organisation and chairperson of the Build Environment Advisory Committee for the 2004 Olympic Bid.

BOARD RECRUITMENT AND TRAINING

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

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

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

The board continues to give consideration to the establishment of a nominations committee. As and when board vacancies occur or additional skills are needed, all board members are invited to put forward candidates with appropriate skills and experience that will complement and strengthen the existing board. The Company's sponsor has previously also assisted with recommending suitable candidates and participating in the interview process and performing background checks.

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

BOARD ROTATION

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 266.

BOARD ETHICS AND EFFICIENCY

During the year BDO South Africa Inc. oversaw a detailed board self-evaluation and peer review process. The board intends conducting a new self-evaluation at the end of 2023.

COMPANY SECRETARY

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

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

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

IT GOVERNANCE

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

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

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

CORPORATE GOVERNANCE (continued)

to stay abreast of leading best practice and remain relevant in the use of technology. External specialists are appointed by the board when considered necessary.

For improved efficiency and security, the Group is currently executing on its plan to migrate its server to a cloud-based solution.

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

EXTERNAL AUDIT

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

APPROACH TO COMPLIANCE

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

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

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

Key areas of focus during the year included the continued focus on our transformation plan, the ongoing execution of our ESG strategy, the Protection of Personal Information Act, the Consumer Protection Act and the Property Sector Code.

AUDIT AND RISK MANAGEMENT REPORT

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

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

1. Identifying risk factors that may have a material impact on the business
2. Assessing risks based on their potential impact on the business, including the likelihood of the risk occurring
3. Formulating a mitigating response for each area of impact
4. Monitoring progress
5. Reviewing identified risks on an ongoing basis and revising responses accordingly

Executive management has an ongoing responsibility to monitor its risk management processes and report to the audit and risk committee and board accordingly.

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

AUDIT AND RISK MANAGEMENT REPORT (continued)

KEY RISKS AND EFFECTIVE MITIGATORS

Key risks	Mitigators	Risk trend (impact and likelihood)
1. Global pandemic – COVID-19 A global pandemic such as COVID-19 may result in increased risk of financial loss as a result of legislated risk mitigation measures and practices undertaken, the direct and indirect negative impact on the economy, as well as the risk of staff contracting the virus.	• Strong balance sheet position and mature occupancies across South African and UK portfolios. This position of strength remained throughout the period • No tenant concentration risk – 44 800 tenants • Strong liquidity position throughout FY22 – R322.3 million in cash and R677.0 million of undrawn credit facilities at year end • Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types • All head office and Contact Centre employees have the means to continue working from home as required • Stable and continued operations under strict safety protocols, ensuring that all properties in South Africa and the UK remained accessible throughout all lockdown stages	Stable
2. Treasury risk Adverse interest rate movements could result in the cost of debt increasing.	• LTV of 27.9% on a net-debt basis at year end is below our target range of 25 – 35% • Effective hedge on net debt of 84.3% at year end • Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly • Stor-Age is highly cash generative and debt is serviced by strong operational cash flows • Details of hedging positions are set out in the Financial Review section from page 46	Increasing
3. Weak/negative economic growth and risk of accelerating inflation Macroeconomic weakness could inhibit the self storage sector's growth, resulting in reduced demand and lower income. The current geopolitical crisis in Ukraine could lead to higher levels of inflation and supply chain constraints, which will negatively impact consumers in both markets.	• A needs-driven product for life-changing events which prevail in all economic cycles • A prime portfolio of well-located properties with high average occupancy levels • Focused on property locations where growth drivers are strongest and barriers to competition are at their highest • Strong operational management and platform • Continuing innovation to deliver high levels of customer service • Strong cash flow generation, high operating margins, low gearing and conservative hedging policies • 44 800 tenants spread across a geographically diversified South African footprint (developing market) and the UK (first-world market) • A proven acquisition and new development process that draws on internal analyses, more than a decade of experience, independent research, global trends and best practice • Short-term leasing model allows us to pass on higher input costs	Increasing
4. Acquisition risk An inability to successfully integrate new acquisitions could result in lost income.	• Established internal work streams which discuss, consider, plan for and address challenges, as well as having detailed growth strategies for our South African and UK operations in place • Managing leadership changes and inherited employees to ensure minimal disruption to the existing businesses, is a critical area of focus when integrating acquisitions	Decreasing

Key risks	Mitigators	Risk trend (impact and likelihood)
5. Operating in an offshore jurisdiction Storage King in the UK exposes the Group to currency, interest rate and tax risk that may impact or result in the variability of earnings.	• Hedging policies with respect to the repatriation of foreign earnings are in place • GBP interest rate risk is fixed at 81.4% of net debt at year end • Consult with professional advisors to ensure ongoing tax compliance in the UK • UK management team remained in place post the acquisition and are still co-invested in Storage King • More than four years of successfully trading in the UK, demonstrating a successful track record	Stable
6. Property investment and development An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.	• 14 additional development opportunities have been secured in the pipeline in South Africa and the UK • UK focused development JV in place with leading UK real estate fund manager Moorfield • Entered into a South African focused development JV with Nedbank • Fragmented South African and UK self storage markets provide further acquisition opportunities • Developed and opened three self storage properties in prime locations in South Africa during the year, as well as acquired two independent trading properties. Concluded three acquisitions in the UK, comprising nine properties in total	Decreasing
7. Valuation risk External market factors may lower our properties' values.	• Independent valuations are conducted by experienced independent, professionally qualified valuers • A diversified portfolio is let to a large number of tenants in South Africa and the UK • Low levels of gearing provides increased flexibility and significantly reduces the likelihood of a covenant breach • Self storage has traditionally been highly resilient in constrained economic environments • Occupied space in our South African and UK portfolios increased during the period • Conservative valuation assumptions are used	Stable
8. Human resource risk Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel and, consequently, lower performance.	• Competitive remuneration packages and financial rewards are offered • Learning and development programme with performance reviews to develop employees to their optimal potential • A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo • Ongoing communication to ensure an engaged workforce • A succession planning strategy, including talent retention • A Conditional Share Plan for high performing employees was introduced in 2019, and includes more than 50 participants	Stable
9. Utility costs Significant increases in utility costs, particularly property taxes, electricity and energy costs, may put pressure on operating margins.	• Electricity and water usage is monitored monthly • We use external professionals to assist with monitoring and objecting to valuation revisions where necessary • We make use of energy-efficient lighting and collect and reuse rainwater for irrigation • Solar technology has been installed at 23 properties in South Africa, generating an estimated 1.7 million + kWh during the year	Increasing

AUDIT AND RISK MANAGEMENT REPORT (continued)

Key risks	Mitigators	Risk trend (impact and likelihood)
10. Credit risk The Group is exposed to tenants' credit risk, which may result in a loss of income. This risk may be increased due to cost of living pressures for consumers.	• The majority of customers are required to pay a deposit on move-in in South Africa • Our diversified tenant base reduces material credit exposure risk • We collected 99.4% and 99.7% of rental due in South Africa and the UK respectively during the period • Clearly defined policies and procedures are in place to collect arrear rentals • A central team of collection specialists in South Africa assists each property with arrears	Increasing
11. Cyber security and information privacy An increase in cyber breach incidents as a result of the increased adoption of a hybrid remote working environment.	• Daily backups are periodically restored to confirm the validity of the backup and that there was no data corruption • Through a formal and regular communication plan, a culture of awareness and best practice is promoted and reinforced across all employee levels in the organisation • Internal and external users are continuously monitored to ensure the most effective use of resources and to limit the opportunity to breach the Group's cyber defences • To stay abreast of leading best practice and to remain relevant in the use of technology, our suppliers and our network design are reviewed on a regular basis • External specialists are appointed by the board when considered necessary • Migration to a cloud-based server is planned for FY23	Increasing
12. Climate-related risks Climate-related risks such as increasing occurrences of flooding and fire, tighter regulations within the property sector and rising public and institutional pressure to place a greater focus on environmental sustainability, could negatively impact our ability to trade, and/or result in significant additional capital investment.	• Continue to successfully implement our ESG strategy and reporting framework that was adopted in FY21 • ESG strategy and reporting framework aligns our Vision and Core Values with relevant UN Sustainable Development Goals (SDGs) and takes guidance from the Task Force on Climate-related Financial Disclosure (TCFD) • Self storage is the lowest intensity user of electricity and water, and the lowest generator of greenhouse gas emissions of all commercial property sub sectors • Buildings designed to minimise carbon footprint and emphasis placed on energy efficiency, renewable energy generation, rainwater harvesting, storm water management and conservation • To mitigate the risk of flooding, our construction and planning teams assess a wide range of climate-related risks before and during the planning of each of our developments, as well as during the due diligence process when reviewing acquisition opportunities • Emphasis on fire safety and prevention, training each of our operations staff on fire safety • In South Africa – run nationwide, same-day, same-time fire drills across all properties, including at the head office	Increasing
13. Unstable electricity supply An unstable electricity supply in South Africa will negatively impact our ability to trade, which may result in a loss of income. Added to this, an unreliable national electricity supply may create a security risk at our properties.	• To ensure a continued supply of electricity, all 55 properties in South Africa are fitted with generators • In the event of an outage, power is seamlessly generated to support key systems at our properties • Each generator is serviced timeously to ensure limited mechanical faults	Increasing

Key risks	Mitigators	Risk trend (impact and likelihood)
14. Civil unrest A risk of rising civil unrest in South Africa due to the lack of service delivery at a municipal level, increasing unemployment and the degradation of public infrastructure. This may result in damage to our properties, as well as reduced confidence in the prospects for the South African economy. This may ultimately lead to reduced income, profitability and property investment values.	• The business is diversified across South Africa and the UK, with a greater weighting of assets by value in the UK (including interests in JVs) • The South African portfolio is concentrated in the four largest cities • Insurance cover is in place for our buildings, loss of revenue, and customer goods (subject to certain limitations) • Significant security infrastructure is in place across our portfolio • 45 of 55 properties in South Africa are third-party monitored	Increasing

LOOKING AHEAD

As an outcome of the Group's risk management process, we identified material changes in the risks affecting the business. These risks include an unstable electricity supply and potential social unrest in South Africa, while the impact of inflation and rising interest rates in both markets also remain areas of focus. While the adoption of hybrid remote working has stabilised to a degree, we continue to monitor and bolster our cyber security defences in both the head office and home environments.

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

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

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

The audit committee also 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.

Kelly de Kock
Audit and risk committee Chair
29 July 2022

REMUNERATION COMMITTEE REPORT

1 PART ONE BACKGROUND STATEMENT

INTRODUCTION

The remuneration committee ("the committee") is pleased to present the Stor-Age remuneration report for the year ended 31 March 2022. This report is aligned to best practice, taking into account King IV and the JSE Listings Requirements.

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

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

THE YEAR IN REVIEW

Stor-Age continued its track record of consistent earnings growth to deliver strong results for the year ended 31 March 2022. It is testament to the financial strength of the Group, a relentless focus on achieving our strategic objectives and a reflection of the dedication and commitment of the Stor-Age and Storage King teams.

The Group delivered a 16.6% increase in same-store net property operating income, closed the acquisition of 11 trading properties, completed three new developments in South Africa and increased the GLA in the portfolio by 56 500 m². Same-store rental income increased by 10.0% and 21.2% in South Africa and the UK respectively, driven by both occupancy gains and increases in the average rental rate, whilst same-store occupancy closed above 90.0% in both markets. Stor-Age was also ranked 30th out of the top 100 in the inaugural Financial Times (FT) annual ranking of Africa's Fastest Growing Companies in May 2022.

The Group continues to execute its strategy in a disciplined manner and the pipeline of new opportunities (14 properties across South Africa and the UK, four of which are already in progress with our JV partners) provides an excellent platform to continue our growth trajectory in line with a clearly defined vision. Despite some of the most challenging trading conditions over the last two years, the results for FY22 are a continuation of the strong and consistent performance of the business since listing and the Group continues to deliver real and sustainable growth to shareholders.

Since listing, the property portfolio has grown significantly from R1.4 billion in November 2015 to over R10 billion (including properties held in joint ventures) at 31 March 2022. With Stor-Age's successful entry into the UK self storage market in 2017, the scale and complexity of the business has also increased significantly over this period.

Much of Stor-Age's success can be attributed to its sector specialisation and its ability to attract, retain and motivate the entrepreneurial talent required to achieve positive strategic and operational outcomes. Critical to this is the development of talent and skills within the organisation which has been cultivated over many years and, for certain individuals, over more than a decade. Our approach to remuneration, focusing on competitive, fair and market-related remuneration policies will play an important role in incentivising employees who are critical to achieving our long-term goals and aspirations.

FOCUS AREAS DURING THE YEAR

During the year, the committee:

- Reviewed the current remuneration policy, structures and mix of the executive directors;
- Carefully considered shareholder feedback after the 2021 AGM and responded as necessary;
- Reviewed the FY22 remuneration outcomes in the context of the overall performance of the business;
- Reviewed and approved the short-term incentive ("STI") payments to the executive directors for FY22;
- Reviewed and approved the vesting of the FY19 and FY20 long-term incentive ("LTI") awards to the executive directors in respect of the performance period ending 31 March 2022 (subject to satisfying the employment condition);
- Approved the allocation of LTI awards to participants;
- Amended the performance conditions of the LTI awards granted during the year taking into consideration feedback received from shareholders on the 2021 remuneration report;

- Approved the STI performance measures for FY23;
- Appointed PwC to conduct external benchmarking exercises of executive and non-executive director remuneration;
- Reviewed executive directors' total remuneration and approved salary increases after considering Group and individual performance;
- Reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors;
- Proposed amendments to non-executive director remuneration for FY23 based on the results of the external benchmarking exercise; and
- Reviewed and approved the 2022 remuneration report.

We continue to integrate ESG principles throughout the business and sustainability remains at the forefront of our strategic objectives. The performance conditions for the FY22 LTI awards were amended to include specific and measurable ESG performance metrics in line with this focus and considering shareholder feedback on the 2021 remuneration report.

The committee used the services of PwC to assist with conducting external benchmarking exercises for both executive and non-executive directors, details of which are set out in Part 2 of this report. The committee is satisfied that PwC were independent and objective.

FEEDBACK FROM 2021 ENGAGEMENT

At the AGM held in 2021 our remuneration policy achieved a non-binding advisory vote of 84.1% in its favour whilst the remuneration implementation report received a vote of 75.8% in its favour.

Below is a summary of the feedback received on the 2021 report following our engagement with shareholders:

Feedback	Response
The minimum shareholder requirement for executive directors of 100% of total guaranteed pay is too low.	The minimum shareholder requirement has been increased to 200%.
A total return metric is a more appropriate LTI performance measure instead of separate DPS and NAV metrics. As several REITs have reduced their payout ratio or amended their distribution policy, a comparison against SAPY or a peer group is not an accurate reflection of performance.	The LTI performance measures for the FY22 award were amended to include total return metrics.
ESG metrics should be given greater prominence, and be more clearly defined, in the LTI performance measures.	This was addressed in the performance measures set for the FY22 award.
The rationale for the discretionary incentive awarded to the executive directors and the performance metrics to assess the award was not clearly defined.	The committee noted the comment but is of the view that the rationale (including salary sacrifices made by the executive directors and the deferral of an STI plan) and performance of the executives was sufficiently explained. A formal STI plan was introduced for FY22.
Management should not be incentivised to maintain LTV at below 30% as well managed gearing is one of the main reasons property is able to generate attractive returns (30 – 35% is a reasonable level of gearing on a 45 – 50% LTV covenant). An acceptable LTV policy should be set by the board and management should not be rewarded for achieving LTV targets (unless in exceptional circumstances).	The committee noted the comments but is of the view that the LTV measure serves as an important balance to achieving growth without excessive gearing and managing the business with a more conservative capital structure.

REMUNERATION COMMITTEE REPORT (continued)

FOCUS AREAS FOR THE YEAR AHEAD

In FY22 considerable progress was made in addressing the remuneration of the executive directors which, since listing in 2015, had been very low in comparison to the REIT sector. In a similar vein, non-executive director remuneration has also been significantly below market compared to peer companies. This was confirmed in an external benchmarking exercise performed by PwC during the year which indicated that remuneration for all roles was significantly below the median of the comparator group. In light of this, adjustments have been proposed to the FY23 remuneration (to be approved by shareholders at the 2022 AGM) to ensure that non-executive remuneration is market-related and appropriate to attract and retain high calibre and experienced individuals given of the significant growth of the Company over the last five years.

CONCLUSION

Overall, the Group delivered a strong performance in FY22 and continued to deliver sustainable growth. The committee is satisfied that the remuneration outcomes for the year are appropriate in the context of the overall performance of the business.

In line with King IV, Stor-Age will table the remuneration policy and implementation report for two separate non-binding advisory votes at the 2022 AGM. If shareholders do not approve both by more than 75%, the board will institute a formal engagement process with interested shareholders to assess their views and determine the actions needed to resolve concerns.

The committee is satisfied that it fulfilled all its objectives in line with its terms of reference for the year under review. We are committed to maintaining a strong relationship with our shareholders, built on trust and transparency, whilst ensuring that our approach to remuneration is fair in all respects and that reward and performance are appropriately aligned. We welcome any comments or concerns shareholders may have regarding the remuneration policy and implementation report. Please direct any comments or queries prior to the AGM in writing to the company secretary, Henry Steyn, at henry.steyn@stor-age.co.za.

We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at the AGM on 1 September 2022.

Mntungwa Morojele
Remuneration committee Chair
29 July 2022

2 PART TWO THE REMUNERATION POLICY

This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 1 September 2022.

REMUNERATION GOVERNANCE

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

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

The committee members are listed on page 74 and their meeting attendance on page 76. The executive directors, other board members, external consultants and key individuals may attend committee meetings by invitation and contribute to remuneration-related matters. However, they may not vote on any matters. The committee chair reports to the board following each meeting of the committee.

REMUNERATION PHILOSOPHY

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

EXECUTIVES' REMUNERATION STRUCTURE

The committee and the board regularly review the appropriate remuneration mix to ensure it supports Stor-Age's strategic objectives taking into account market trends and competitiveness.

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

During the year, the committee appointed PwC to perform an external benchmarking exercise based on a total reward basis (i.e. including the basic salary, STI and LTI). In line with best practice, PwC performed its analysis with a comparator group of 12 JSE-listed REITs[1]. The results of the benchmarking analysis indicated that the average executive director remuneration of Stor-Age, on a total reward basis, was between the 50th and 75th percentile of the comparator group. Whilst the benchmarking exercise provided useful insight to the committee in assessing Stor-Age's remuneration structure, the self storage business model is highly specialised and not directly comparable to the REITs included in the comparator group, the majority of which are more generalist and diversified in nature with exposure to office, retail and industrial assets. Stor-Age has also consistently

[1] *Arrowhead, Accelerate, Dipula, Liberty Two Degrees, Emira, Attacq, SA Corporate, Hyprop, Vukile, Equites, Fortress, Resilient.*

created shareholder value by delivering income and capital growth, outperforming the SAPY index, since its listing. Taking account of the results of the benchmarking exercise, and the performance of the executive directors, the committee is satisfied that the remuneration structure for the executive directors is appropriate.

Basic salary (guaranteed pay)

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

The basic salary is a pre-determined cash amount without any further benefits. The amounts paid to the executive directors is set out in note 29.4 of the annual financial statements. The basic salary is reviewed annually based on the Company's performance in the previous financial year, individual performance, inflation, affordability, benchmarking exercises and market surveys (if deemed necessary). Increases in the basic salary for the executive directors are effective from the commencement of the financial year once approved by the committee.

Short-term incentive ("STI")

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

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

Short-term incentive calculation

Guaranteed remuneration x [Financial target achievement x 70% + Stratigic objectives achievement x 30%] = Annual incentive

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

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

Each financial KPI has an accompanying threshold, on-target and stretch measure. The strategic objectives are not measured on a threshold, target and stretch basis. Instead an overall assessment is completed with a maximum allocation of 100%.

The maximum STI that can be paid is capped at 125% of guaranteed pay and is payable annually in cash after being approved by the committee post the release of the audited financial statements. The recipient must be in service on the date of payment. Malus and clawback provisions, as set out on page 100, are applicable to the award.

Financial performance conditions (70% weighting)

Measure	Weighting	Hurdle level Threshold (75% payout)	Target (100% payout)	Stretch (150% payout)
1. Distribution growth per share[1]	25.0%	3.0%	4.0%	5.0%
2. Same-store net operating income growth	25.0%	5.0%	6.5%	8.0%
3. Total return to equal or exceed internal benchmark[2]	25.0%	10.0%	11.5%	13.0%
4. Loan to value ratio	25.0%	35 – 40%	30 – 35%	< 30.0%
Total	100.0%			

Notes:

1. Assuming a 100% payout ratio.
2. Calculated as DPS for the year plus increase in tangible net asset value (TNAV) per share as a percentage of TNAV at start of the year. TNAV to exclude the impact of deferred tax assets/liabilities.

REMUNERATION COMMITTEE REPORT (continued)

Strategic objectives (30% weighting)

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

Long-term incentive ("LTI")

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

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

The salient features of the CSP are set out below:	
Participants	All permanent employees are eligible to participate, subject to the discretion of the committee. Although principally intended for senior management and executives, participants will also include operations managers at a property level and staff at a mid-management level who are integral to the Company's growth. To be considered for participation, an employee must have been employed by the Company for a minimum of 12 months (unless exceptional circumstances apply) and have achieved an above-average performance rating as part of the annual performance appraisal process.
Award components	Performance shares – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period; and Retention shares – vesting subject to the satisfaction of continued employment for the vesting period (cannot exceed 25% of the total award). *Although the CSP allows for the award of retention shares, based on shareholder feedback received on the 2019 remuneration report, future awards will only comprise performance shares.*
Plan limits	The overall limit is 8,668,544 million shares (1.8% of shares in issue). The current usage level is equal to 1.5% of shares in issue and 81.3% of the approved capacity. The maximum number of shares which may be settled to any single participant is 3,467,417 (approximately 1.0% of shares in issue at the date of approval of the CSP by shareholders). An annual limit of 0.5% of shares in issue will apply to the awards made in any one period. This limit will be reviewed, and adjusted if necessary, by the committee on an annual basis.
Allocation policy	The committee will approve annual awards for participants based on each participant's total guaranteed pay ("TGP") using the following guidelines:

Executive directors	Up to 2 x TGP
Executive management	100 – 150%
Senior management	60 – 70%
Mid-level management	40 – 60%
Other staff	20 – 40%

REMUNERATION COMMITTEE REPORT (continued)

The salient features of the CSP are set out below:	
Performance conditions	Performance conditions include financial measures (75%) and non-financial measures (25%).
Vesting	Awards will vest after three years subject to performance conditions being achieved and the participant remaining employed by Stor-Age for the duration of the employment period. The performance period will run concurrently with the Company's financial year end. The portion of the performance shares that will vest at each vesting date will be as follows: • Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 50% vesting • Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting • Stretch (a level of performance representing exceptional performance in the context of the current business environment) – 150% vesting
Malus and clawback	Awards are subject to the Company's malus and clawback policy. Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. Further details of the Company's malus and clawback policy are set out on page 100.
Termination of employment	Awards are subject to continued employment which means participants must remain employed until the vesting date of the award. If participants leave before the expiry of the employment period, they may lose all or part of the award depending on the circumstances in which they leave. They will either forfeit the award in full ("bad leavers"), e.g. dismissal or resignation), or their awards will be pro-rated ("good leavers", e.g. retrenchment, retirement, or termination due to ill-health, disability or death). In the case of good leavers, a pro-rata portion of the participant's unvested award shall vest early on date of termination of employment based on the committee's determination of whether the performance conditions (if any) have been met.

LTI AMENDMENTS

In determining the performance conditions for the FY22 LTI award and considering feedback from shareholders on the 2021 remuneration report as set out in the background statement, the committee amended certain performance measures applicable to the LTI award granted during the year.

The performance measures for the FY21 awards included: 1. DPS growth relative to the performance of the SAPY; and 2. Growth in tangible NAV per share against a set target. In the shareholder engagement process on the 2021 remuneration report, the following points were noted:

- DPS metrics are more appropriate for short-term performance measures
- With several REITs reducing their payout ratio or amending their distribution policy, a comparison against SAPY or a peer group is not an accurate reflection of the performance of the executive directors
- A total return metric taking account of both distribution and NAV growth per share is more appropriate for the LTI award

It was also suggested that given the prominence of ESG, the performance conditions should include specific and clearly defined ESG metrics. The ESG performance conditions were separated into two specific targets comprising 10% of the LTI award.

The committee also simplified the non-financial measures to six measures (previously 10 for each director).

The LTI awards granted to the executive directors in FY22 are subject to the performance conditions set out below which are to be measured over the three-year period 1 April 2021 to 31 March 2024:

Financial measures – 75% weighting

Performance Condition	Weighting	Hurdle level Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
Total return to exceed WACC	20.0%	Total return to be equal to WACC over a three-year period	Total return to exceed WACC by 10% over a three-year period	Total return to exceed WACC by 15% over a three-year period
Total return to be equal to, or exceed, a specified internal benchmark	20.0%	Total return to be equal to, or exceed, 10% over a three-year period	Total return to be equal to, or exceed, 11.5% over a three-year period	Total return to be equal to, or exceed, 13.0% over a three-year period
Same-store net operating income growth over three years (annualised average growth)	20.0%	5.0%	6.5%	8.0%
Loan to value ratio	15.0%	35% – 40%	30% – 35%	Less than 30%
Total	100.0%			

ESG measures – 10% weighting

Performance Conditions	Weighting	Rating Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
B-BBEE rating improvement	5.0%	Maintain compliant status	Improve rating by one level	Attain B-BBEE level 4 status
New solar projects completed	5.0%	Complete 9 new solar PV projects over a three-year period	Complete 12 new solar PV projects over a three-year period	Complete 15 new solar PV projects over a three-year period
Total	10.0%			

REMUNERATION COMMITTEE REPORT (continued)

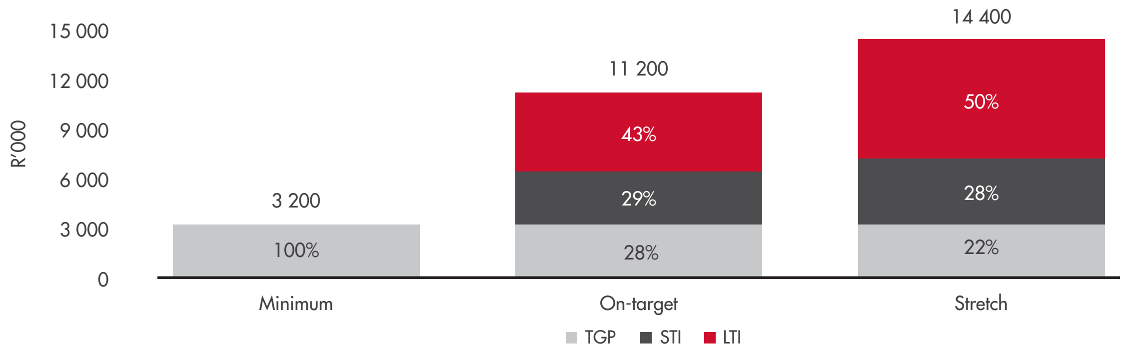
Non-financial measures – 15% weighting

Performance conditions		KPIs	Weighting
1.	Determining strategy and providing strategic guidance throughout the Group in accordance with the Company's five-year strategic plan	Achievement of pre-defined strategic objectives Grow property portfolio in accordance with strict investment criteria	25.0%
2.	Implementing international expansion strategy in accordance with the five-year strategic plan	Growth in UK property portfolio Implementation of Management 1st and Digital First strategy Develop Moorfield JV relationships and any other JV relationships that may arise during the performance period	25.0%
3.	Identifying suitable investment and development opportunities and executing in accordance with the property strategy	Identify, negotiate and close acquisition opportunities in accordance with strict investment criteria Leading due diligence on transactions Implementing acquisitions seamlessly Managing development projects on time and within budget	25.0%
4.	Implementing the Group's operations strategy including the development and execution of the digital and technology strategy	Occupancy and rental rate growth Management of arrears Improving expense ratios/cost control Integrate technology solutions in operations processes and further the digitalisation of the business	25.0%
5.	Managing the Group's capital structure and resources in a responsible and effective manner to enhance shareholder return by deploying capital prudently and optimising the cost of debt	Maintain conservative LTV within target Extend debt profile, refinance maturing facilities, ongoing negotiation with lenders Minimise funding costs Implement currency hedging strategy	25.0%
6.	Displaying leadership behaviour in accordance with the Company's Core Values	Ensuring fully committed and motivated team Maintain minimal staff turnover Adherence to Company's Core Values Adherence to risk management framework Promote core principles of fairness, accountability, responsibility and transparency	25.0%
Maximum score x 15% weighting			**150%**

EXECUTIVE REMUNERATION PAY MIX AND REWARD SCENARIOS

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

The illustration below sets out the potential remuneration which can be earned at minimum, on-target and stretch reward scenarios in FY23.



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

The STI is formula-driven and based on achieving financial performance conditions and delivering on strategic objectives. The LTI (CSP awards) is granted at the committee's discretion with vesting subject to achieving financial, ESG and non-financial performance conditions. The above scenarios assume the CSP awards are made at 150% of guaranteed pay.

The on-target LTI forms 43% of the remuneration mix. On-target variable pay (STI and LTI) comprises 67% of the total remuneration. At a stretch, the variable pay comprises 78% of the total remuneration.

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

ALL EMPLOYEE REMUNERATION

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

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

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

Employees are provided with other benefits including a medical aid subsidy for those joining the Company's group scheme and matching Company contributions (subject to an annual limit) to retirement funding. The Company also contributes to a life cover policy for our lower income earners and, on a discretionary basis, provides financial assistance in the form of bursaries or interest free loans to deserving employees seeking to further their studies or obtain additional qualifications. In FY22 bursaries amounting to R191 000 were paid.

FAIR AND RESPONSIBLE REMUNERATION

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

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

The executive directors and committee support broad based equity participation by employees in the Company. In addition to the executive directors, a further 51 employees received CSP awards in FY22.

SERVICE AGREEMENTS, RETENTION STRATEGY AND TERMINATION ARRANGEMENTS

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

MINIMUM SHAREHOLDING REQUIREMENTS ("MSR")

The MSR for executive directors' is equivalent to 200% of their TGP. This demonstrates their commitment to long-term growth and encourages alignment between management and shareholders. All executives met the MSR during the year. At 31 March 2022, the executive directors collectively held 24.325 million shares in the Company (R359.5 million in value). Further details of the directors' shareholdings are set out in note 29.3 of the annual financial statements.

MALUS AND CLAWBACK POLICY

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

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

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

- apply its discretion to adjust the value of an unvested award downwards (to zero if required) or cancel unvested awards; or
- pursue remedies to clawback any awards or remuneration that have already vested or been paid to ensure remuneration outcomes are fair, appropriate and reflect business performance.

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

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

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

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

The FY22 remuneration was approved at the 2020 AGM. The proposed increases for FY22 were incorrectly based off the adjusted (i.e. lower than approved) remuneration for FY21 instead of the actual approved remuneration for FY21. This was an oversight which resulted in the FY22 remuneration being less than the FY21 approved remuneration.

As indicated in the background statement, the committee engaged PwC during the year to perform a benchmarking exercise of Stor-Age's non-executive directors' remuneration. With the expansion into the UK in 2017, the growth in the investment property portfolio from R1.4 billion in 2015 to over R10 billion in 2022, and the joint ventures with Moorfield and Nedbank, the business has become significantly more complex in respect of capital allocation to new acquisition and development opportunities and compliance.

Since listing in 2015, non-executive director remuneration has been very low and significantly below market compared to peer companies with only nominal increases being applied annually. The results of the benchmarking exercise were as expected and confirmed that the non-executive director remuneration for all roles was significantly below the median of the comparator group (same companies as set out on page 91).

The table below provides an overview of Stor-Age's non-executive director remuneration for FY22 compared to the comparator group:

Role	Median R	Stor-Age R	Difference
Board chair	781 741	323 500	(59)%
Board member	335 216	219 500	(35)%
Audit and risk committee chair	163 500	62 400	(62)%
Audit and risk committee member	124 000	52 000	(58)%
Social and ethics committee chair	87 787	26 000	(70)%
Social and ethics committee member	62 650	26 000	(58)%
Remuneration committee chair	102 419	26 000	(75)%
Remuneration committee member	71 936	26 000	(64)%
Investment committee chair	109 000	31 200	(71)%
Investment committee member	87 000	31 200	(64)%

REMUNERATION COMMITTEE REPORT (continued)

The PwC benchmarking report was prepared in October 2021 based on publicly available information for the comparator group. Although the FY23 fees were approved at the 2021 AGM, the committee proposes that an adjustment be made to the FY23 non-executive director remuneration as set out within the notice of the AGM to be held on 1 September 2022 as set out below:

Role	Approved remuneration 31 March 2023[1] R	Adjusted remuneration 31 March 2023[2] R
Board chair	323 500	800 000
Board member	219 500	300 000
Audit and risk committee chair	62 400	195 000
Audit and risk committee member	52 000	130 000
Social and ethics committee chair	26 000	90 000
Social and ethics committee member	26 000	60 000
Remuneration committee chair	26 000	90 000
Remuneration committee member	26 000	60 000
Investment committee chair	31 200	na[3]
Investment committee member	31 200	120 000

In determining the proposed adjusted remuneration for FY23, the committee considered the results of the PwC benchmarking report as well as subsequent disclosures of non-executive director remuneration for the comparator group. No distinction is made between the committee chair and members for the social and ethics committee and the remuneration committee. The higher fee for the investment committee takes into consideration the additional meetings compared to the other two committees.

In line with best practice, the committee proposes that the board chair receive a fixed annual fee that is inclusive of all attendances at board and subcommittee meetings as well as other tasks performed on behalf of the Group.

The committee is also proposing at the AGM that shareholders approve a mechanism to mandate the board to make payment of additional remuneration by way of an hourly fee of R3 000 to any non-executive director in respect of work performed on special projects or ad hoc assignments above what would be reasonably expected, provided that payment in respect of such additional work is approved by the committee.

1 *Approved at the 2021 AGM.*
2 *Proposed adjustment to remuneration to be approved by shareholders at the forthcoming AGM.*
3 *The investment committee chair is Graham Blackshaw who is also the board chair. It is proposed the board chair receive a fixed annual fee that is inclusive of all attendances at subcommittee meetings. Consequently no fee for the investment committee chair is disclosed.*

3 PART THREE
THE IMPLEMENTATION REPORT

This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 1 September 2022.

BASIC SALARY

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

FY22 adjustment

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

An external benchmarking exercise performed in FY19 by PwC indicated that the executive director remuneration was considerably lower than its peers in the listed REIT sector. The committee resolved to adopt a catch-up approach over the next three successive financial years (FY20 to FY22) to achieve a more market-related salary for the executive directors by FY22. With the onset of the COVID-19 pandemic, and taking account of the significant levels of uncertainty at the time, the committee accepted a recommendation proposed by the executive directors that no increase be applied to their basic salary for FY21. Thus the basic salary for each executive director remained at R2.0 million for FY21.

As the original founders of the business, the executive directors operate on a "flat-structure" basis with many overlapping responsibilities. After careful consideration, and having benchmarked market-related remuneration packages of comparable companies within the listed REIT sector, the committee approved a basic salary of R3.0 million for each executive director for FY22.

FY23 adjustment

An increase of 6.7% to R3.2 million was approved for each executive director for FY23.

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

Employees in South Africa (excluding lower-income earners) received an average salary increase of 7.1% (effective 1 April 2022) with lower-income earners receiving an average increase of 8.3%. In the UK, the average salary increase (effective 1 April 2022) was 4.5%.

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

REMUNERATION COMMITTEE REPORT (continued)

EXECUTIVE DIRECTOR REMUNERATION

In line with the requirements of King IV and the JSE Listings Requirements, the table below sets out the total remuneration on a single-figure basis received by executive directors in 2022 and 2021:

	Basic salary R'000	STI R'000	Value of FY19 LTI R'000	Value of LTI FY20 LTI R'000	Total R'000
31 March 2022					
GM Lucas	3 000	1 500	2 595	4 725	11 820
SJ Horton	3 000	1 500	2 595	4 725	11 820
SC Lucas	3 000	1 500	2 595	4 725	11 820
Total	6 000	4 500	7 785	14 175	35 460

The performance period for the FY19 and FY20 LTI awards ended on 31 March 2022 and will vest on or after 1 September 2022 (subject to the employment condition). For the purpose of the single-figure disclosure, the estimated value of the awards have been included in the table above.

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

No other remuneration or benefits were paid to executives during the year. No LTI awards vested in FY21.

SHORT-TERM INCENTIVE

STI awards are conditional upon meeting set performance objectives and targets (financial and strategic) as approved by the board. The performance conditions for FY22 and the outcomes are set out below:

Financial performance conditions and outcomes (70% weighting)

Measure	Weighting	Threshold (75% payout)	Target (100% payout)	Stretch (150% payout)	Actual performance	Result
1. Distribution growth per share	25.0%	3.0%	4.0%	5.0%	5.5%	37.5%
2. Same-store net operating income growth	25.0%	3.5%	5.0%	6.5%	19.6%	37.5%
3. Total return to equal or exceed internal benchmark	25.0%	8.0%	10.0%	12.0%	16.4%	37.5%
4. Loan to value ratio	25.0%	35 – 40%	30 – 35%	< 30.0%	27.9%	37.5%
Total	100.0%					150.0%
Final outcome (Result x 70% weighting)						112.5%

Strategic objectives and outcomes (30% weighting)

Strategic objective	KPIs	Weighting	Result
1. Portfolio management and expansion opportunities	Acquire at least two new development sites or acquisition opportunities in line with the Group's property strategy and long-term plans which meet the investment committee's approved criteria	20.0%	20.0%
Assessment UK: Acquired Blackpool and McCarthy's Storage World portfolio (4 properties). Acquired in Moorfield JV – Storagebase (4 properties) and Bath. South Africa: Acquired Silver Park and Green Cube (trading properties). Paarden Eiland, Pinelands and Kramerville (acquired for development).			
2. Strong and flexible capital structure	Ensure the financial flexibility exists to pursue acquisition and development opportunities Maintain a conservative gearing ratio in line with the board's policy	20.0%	20.0%
Assessment LTV ratio of 27.9% at year end, within target of 25 – 35% Refinanced ZAR and GBP debt facilities providing additional headroom to pursue expansion Well-supported and oversubscribed capital raise in January 2022 of R575 million Maintained an effective interest rate hedging policy with 81.4% of borrowings hedged on a net debt basis			

Strategic objectives and outcomes (30% weighting) (continued)

Strategic objective	KPIs	Weighting	Result
3. Operational excellence	Improve the performance of our staff through learning and development, engagement and upskilling to drive increased profitability Implement the digital strategy to increase enquiries, enhance the customer experience, and achieve economies of scale in our marketing spend Execute on the digitalisation of the business to enable, improve and transform business operations, functions and processes by leveraging technology	20.0%	20.0%

Assessment

Designed and delivered 52 new online courses on Edu-Space (online training platform) translating into 47 000+ hours of online training being completed by staff:

- Edu-Space highlights – over 150 courses delivered; 2 000+ successfully completed modules; 96%+ pass rate achieved
- Face-to-face training highlights – 15 courses delivered to over 90 employees

Financially supported seven staff members in FY22 as part of the Stor-Age study support programme – assists employees with career development at accredited institutions.

Generated and managed more than 150 000 (2021: 140 000) enquiries across both markets.

Executed our strategy of hyper-segmenting potential customer userbase and delivering customised and relevant messages across various digital channels in both markets. Enabled us to create bespoke advertising media (both static and rich media) that directs users to customised landing pages relevant to their behaviour. Messaging in each of these adverts is curated to be relevant to targeted audiences (in different life stages) that drives demand for self storage.

Improved the South African and UK websites by enhancing security, refining the user experience and enabling continued deeper integration between our platforms taking careful consideration of the ever-shifting customer journey. Improvements encourages web prospects to enter into our digital sales funnels and be converted into a sale.

Significant majority of new customers onboarded digitally through our digital move-in platforms in both markets.

Combined total social media following of over 118 000, with the Stor-Age Facebook page ranking as the third most followed self storage business in the world.

Ranked 30th out of the top 100 inaugural FT annual ranking of Africa's Fastest Growing Companies.

Continued to digitalise existing processes throughout the business, using built-in tools and capability in Office 365/Microsoft Azure Cloud platform. Allows for a number of benefits to the business, including ensuring that we operate in an increasingly low-code environment, with rapid deployment of digital solutions to drive efficiencies.

Strategic objectives and outcomes (30% weighting) (continued)

Strategic objective	KPIs	Weighting	Result
4. Display leadership behaviour in accordance with the Company's Core Values	Ensure fully committed and motivated team Maintain minimal staff turnover Adherence to Company's Core Values	20.0%	20.0%
Assessment Refer to point 11 of the LTI outcomes for further detail.			
5. Improve the Group's ESG initiatives in order to deliver real value to all our stakeholders	Deliver on the Group's transformation strategy Invest in renewable energy and pursue initiatives to reduce carbon intensity Support charities and NPOs and be active in less fortunate and underprivileged communities Align sustainability reporting with appropriate frameworks	20.0%	20.0%
Assessment Refer to point 9 of the LTI outcomes for further detail. Contributed approximately R1.5 million worth of support in FY22 to various social initiatives. In addition to providing complimentary self storage space, properties in the portfolio also acted as drop off points for various charitable organisations.			
Total		100.0%	100.0%
Final outcome (Result x 30% weighting)			30.0%

STI outcome

The performance outcome under the short-term incentive scheme for FY22 is set out below:

	TGP R'000	Financial outcome	Strategic outcome	Total outcome	STI maximum (% of TGP)	FY22 maximum R'000	Total STI R'000
G Lucas	3 000	112.5%	30.0%	142.5%	125.0%	1 500	1 500
S Lucas	3 000	112.5%	30.0%	142.5%	125.0%	1 500	1 500
S Horton	3 000	112.5%	30.0%	142.5%	125.0%	1 500	1 500

In assessing the overall impact of the amendments to executive directors' remuneration for FY22, the committee elected to adopt a phased approach to the introduction of the STI. Accordingly, and considering that FY22 was the first year of the STI plan, the committee set the maximum STI payable for FY22 at R1.5 million for each director notwithstanding the actual performance outcomes.

REMUNERATION COMMITTEE REPORT (continued)

LONG-TERM INCENTIVE AWARDS

The performance period for the awards granted in FY19 and FY20 ended on 31 March 2022. The awards will vest on or after 1 September 2022 subject to the employment condition. The outcomes are set out below as follows:

Financial performance conditions and outcomes (75% weighting)

Performance condition	Weight	Hurdle level Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)	Actual performance	Vesting of performance shares
Dividend per share growth measured relative to the SAPY or comparable index	26.25%	5% out-performance	15% out-performance	25% out-performance	4.9% (stretch achieved)	39.4%
Dividend per share growth measured against SA CPI + margin	26.25%	CPI + 2.25%	CPI + 2.75%	CPI + 3.25%	4.9% (less than threshold)	–%
Tangible net asset value growth measured against weighted SA and UK CPI + margin	11.25%	CPI + 2.0%	CPI + 2.5%	CPI + 3.0%	19.8% (stretch achieved)	16.9%
Loan to value ratio	11.25%	35% – 40%	30% – 35%	Less than 30%	26.9% (stretch achieved)	16.9%
	75.0%					73.1%

Non-financial performance conditions and outcomes (25% weighting)

Performance condition	Weight	Hurdle level Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)	Actual performance	Vesting of performance shares
See table below	25.0%	70% score	80% score	90% score	See table below	37.5%
Total performance factor (financial outcomes + non-financial outcomes)						110.6%

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

Non-financial performance conditions	Gavin Lucas Max %	Rating	Stephen Lucas Max %	Rating	Steven Horton Max %	Rating
1. *Determining strategy and providing strategic guidance throughout the Group in accordance with the Company's five-year strategic plan* The committee is satisfied that the executive directors successfully executed the Group's strategy over the performance period: • The Group achieved its core objective to deliver real and sustainable growth to shareholders driven by occupancy and revenue growth, acquisitions and new developments, and leveraging the economies of scale that its market-leading operating platform provides. • The Group's strategy was implemented in a disciplined manner in line with a clearly defined vision. • The executive directors continuously provide strategic guidance in all key functional areas and take full responsibility for challenges and opportunities that may arise. This was evident in the critically important role they played to proactively address the challenges brought about by the COVID-19 pandemic and the KwaZulu-Natal unrest. • Ranked 30th out of the top 100 in the inaugural FT annual ranking of Africa's Fastest Growing Companies. • Further detail of the execution of Stor-Age's strategy is set out on pages 33 to 35.	20%	100%	10%	100%	10%	100%

REMUNERATION COMMITTEE REPORT (continued)

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
2. *Implementing international expansion strategy in accordance with the five-year strategic plan* UK investment property increased by 42% from £155.3 million to £220.8 million. Total value of UK investment properties (including those held in joint ventures) of £292.0 million (R10.6 billion) at year end. Completed nine acquisitions and three new developments over the performance period. Successfully concluded the Moorfield joint venture in the UK, with four new properties secured for future development, of which the first two are currently under construction. Launched Management 1st and Digital First initiatives to grow the Group's third-party management platform. Four properties trading on the Management 1st programme and 12 operators, representing 35 properties, trading on the Digital First platform, spread across five countries (England, Scotland, Ireland, Spain and Italy).	10%	100%	5%	100%	15%	100%
3. *Identifying suitable investment and development opportunities and executing in accordance with the property strategy* Successfully identified, negotiated and executed nine acquisitions, completed three new developments, total pipeline of 14 properties. Conducted extensive due diligence on all acquisition and development transactions. Achieved pre-defined acquisition and development targets in accordance with property strategy.	15%	100%	10%	100%	20%	100%

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas		Stephen Lucas		Steven Horton	
	Max %	Rating	Max %	Rating	Max %	Rating
4. *Implementing the Group's operations strategy including the development and execution of the digital and technology strategy* Strong operating performance as reflected in net property operating income growth over the performance period, including a resilient trading performance despite the challenges arising from the COVID-19 pandemic: • Consistent growth in occupancy and rental rates. • Managed cost-to-income ratio to ensure no erosion of operating margin. • Further detail on the FY22 operating performance is set out on page 48. Successfully implemented e-lease solution to adhere to COVID-19 social distancing requirements. Significant number of new customers onboarded digitally through our digital move-in platform in both markets. The Stor-Hub (bespoke CRM) platform was enhanced to integrate directly with the tenant management system (TMS) in operation in the UK, over and above the in-place TMS in operation in South Africa. Enhanced our digital marketing capabilities and achieved consistent growth in enquiry numbers (in South Africa and the UK, 70% and 94% respectively of enquiries are generated online). Executed on strategy of hyper-segmenting potential customer userbase and delivering customised and relevant messages across various digital channels in both markets. Designed and delivered 52 new online courses on Edu-Space (online training platform) translating into 47 000+ hours of online training being completed by staff over the performance period. Continued to digitalise existing processes throughout the business, using built-in tools and capability in Office 365/Microsoft Azure Cloud platform. In response to COVID-19, our annual staff year end reviews in South Africa, which were traditionally held in person in Cape Town and Johannesburg, were held digitally each year.	10%	90%	10%	90%	n/a	n/a

REMUNERATION COMMITTEE REPORT (continued)

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
5. *Ensuring good corporate governance is entrenched throughout the Group* The committee is satisfied that the executive directors continue to play an integral part in the ongoing entrenchment of good corporate governance throughout the Group, with details thereof reported throughout this annual report: • The Group remains committed to exercising ethical and effective leadership in accordance with the Stor-Age Core Values of Excellence, Sustainability, Relevance and Integrity. • The executive directors conduct business in an open, honest and ethical manner, availing themselves to all board members at all times. • During the performance period the executives researched, formulated and adopted a revised and enhanced ESG strategy and reporting framework, aligned with the UN Sustainable Development Goals and taking guidance from the Task Force on Climate Related Financial Disclosures.	5%	100%	10%	100%	5%	100%
6. *Financial reporting and shareholder communication is carried out in a transparent, accurate, concise and timely manner* The committee is satisfied that the Group's ongoing financial reporting, shareholder communication and correspondence (both internal and external) are of the highest standard and meet the above objectives. The executive directors actively engage with all shareholders – and potential investors – by making themselves available for 1:1 meetings, site visits and requests for further information.	15%	90%	20%	90%	5%	90%

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
7. *Managing the Group's capital structure and resources in a responsible and effective manner to enhance shareholder return by deploying capital prudently and optimising cost of debt* Prudently managed the balance sheet with conservative LTV levels (generally below 30%) and compliance with all debt covenants. Executed two oversubscribed capital raises over the performance period (R825 million in total). Capital allocation decisions are made carefully after due consideration of risks and shareholder returns. Finalised the GBP debt restructuring with UK lenders at a competitive cost of capital which provides capacity to support growth in the UK, diversifies the funding sources across a number of lenders, and provides for greater flexibility in the use of the facilities. Maintained an effective interest rate hedging policy with 75%+ of borrowings hedged on a net debt basis. Executed an effective currency hedging policy for GBP earnings at favourable rates and reduced the use of cross currency interest rate swaps.	5%	100%	10%	100%	5%	100%

REMUNERATION COMMITTEE REPORT (continued)

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas		Stephen Lucas		Steven Horton	
	Max %	Rating	Max %	Rating	Max %	Rating
8. *Effective management of energy and utility costs and corporate overheads* Continued trend of reduced electricity consumption across the South African portfolio with improved contribution of solar PV installations, improved staff behaviour, and various additional energy reduction initiatives. Following initiatives have reduced our properties' electricity consumption: • Motion-sensitive lighting at all properties – fitted at optimum distances to reduce the number of fittings and energy consumed. • LED light fittings installed inside and outside all new properties, and retrofitted onto existing ones. Saves up to 60% of consumption compared to standard fittings. • Solar panel hot water cylinders installed to heat water in the retail stores and security offices at many properties. • Each month, we prepare and review a detailed analysis to assess energy consumption across the portfolio, with exceptions timeously dealt with through active management. 23 properties in South Africa fitted with solar PV systems – since implementation, these properties have generated over 1.7 million kWh in solar energy and rendered electricity consumption savings in line with what was projected for each system. Invested c. R12 million into renewable energy capacity to date and installed solar PV systems at eight additional properties in FY22 with a further six identified in South Africa and the UK. Property rates and the underlying property valuations and the applicable tariffs, on which the rates are calculated, are monitored, assessed and reviewed on a continual basis. When applicable, Stor-Age objects to underlying changes in the property valuations, by making use of third-party specialist consultancies in South Africa and the UK. Made significant progress with the installation of water and electricity check meters across the South African portfolio in order to monitor utility usage in real time as well as challenge municipal billing based on estimates.	n/a	n/a	5%	90%	10%	90%

Non-financial performance conditions and outcomes (25% weighting) (continued)

<table>
<tr><th rowspan="2">Non-financial performance conditions</th><th colspan="2">Gavin Lucas</th><th colspan="2">Stephen Lucas</th><th colspan="2">Steven Horton</th></tr>
<tr><th>Max %</th><th>Rating</th><th>Max %</th><th>Rating</th><th>Max %</th><th>Rating</th></tr>
<tr><td>9. Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting, and storm water management and conservation
The ESG strategy aligns Stor-Age's Vision and Core Values with six relevant UN Sustainable Development Goals and takes guidance from the Task Force on Climate-related Financial Disclosures.
As part of the GBP debt restructure, the Group entered into its first 'green' sustainability-linked loan ("SLL") facility in FY22 (£21.0 million 7-year sustainability-linked loan with Aviva):
• Loan is aligned with Aviva's Real Estate Debt Sustainable Transition Loan Framework and is structured such that achievement of certain environmental KPIs will trigger a reduction in loan margin. These KPIs include the installation of solar, reducing scope 1 and 2 carbon emissions and developing our net zero carbon pathway.
• Two independent bodies were appointed to ensure that our KPIs align with the requirements of Aviva's Framework and are structured in accordance with the Loan Market Association's SLL Principles.
Sustainability strategy for newly acquired trading properties and new developments aims to:
• Install solar PV panels and ensure the general reduction of CO_2 emissions wherever possible.
• Install motion sensors and LED light fittings both internally and externally.
• Use building materials that assist with insulation.
• Harvest rainwater for internal use where possible.
• Implement effective surface water design and management.
• Implement waste management initiatives.
Achieved over 770 tonnes of carbon savings during the year, an improvement of approximately 29% year-on-year, demonstrating the positive trend of improvement over the performance period.
Embarked on a process of identifying, reviewing and selecting an independent third-party sustainability consultant who has been tasked with setting baselines for carbon emissions and water consumption for properties in the South African and UK portfolios, together with establishing environmental KPIs to consider for adoption and ongoing performance measurement. Independent consultant has conducted a Carbon Footprint Assessment across the South African portfolio in order to set the baselines for carbon emissions at each property.</td><td>n/a</td><td>n/a</td><td>n/a</td><td>n/a</td><td>10%</td><td>90%</td></tr>
</table>

Non-financial performance conditions and outcomes (25% weighting) (continued)

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
10. *Implementing the Group's transformation strategy and achieving transformation objectives and targets* Stor-Age is committed to creating a real impact by implementing sustainable business transformation and employment plans. Stor-Age continues to view transformation as a strategic business imperative and the plans outline key milestones to drive transformation in the business. Formed an agreement with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 learners from previously disadvantaged backgrounds. Classified as a Level 8 B-BBEE compliant contributor and consistent with the Group's transformation strategy, Stor-Age remains focused on improving transformation levels and representation across the business.	10%	70%	10%	70%	10%	70%
11. *Displaying leadership behaviour in accordance with the Company's Core Values* Senior management spends significant time at the properties and is accessible to all employees. Adopted a progressive and open-minded approach to workplace flexibility. Formalised a structured and balanced hybrid working model at the head office, where line managers have been given the authority to interact with their teams to determine an optimal working arrangement. Implemented employee wellness initiatives to encourage employees to practice and improve their habits to attain better physical and mental health. Anonymous employee surveys are conducted annually which confirmed that staff are well-motivated. Feedback from these surveys assists in creating a positive workplace environment and identifying areas for improvement. Supported staff financially during major traumatic events such as the COVID-19 pandemic and the KwaZulu-Natal riots and floods.	10%	100%	10%	100%	10%	100%
	100%	94.5%	100%	93.5%	100%	94.5%

VESTING OF LTI AWARD

No LTI awards vested in FY22. However, for the purposes of the single figure remuneration table set out on page 104, the estimated value of the FY19 and FY20 LTI awards for the executive directors (in respect of the performance period ending 31 March 2022), are set out below. The awards will vest on or after 1 September 2022 subject to the employment condition.

Director	Award	Number of shares	Performance factor	Performance adjusted number of shares	Share price*	Value of shares included in single figure table
Gavin Lucas	FY19 performance shares	128 719	110.6%	142 395		
	FY19 retention shares	42 906	na	42 906		
	FY20 performance shares	305 111	110.6%	337 529		
	Total			522 830	14.00	7 319 626
Stephen Lucas	FY19 performance shares	128 719	110.6%	142 395		
	FY19 retention shares	42 906	na	42 906		
	FY20 performance shares	305 111	110.6%	337 529		
	Total			522 830	14.00	7 319 626
Steven Horton	FY19 performance shares	128 719	110.6%	142 395		
	FY19 retention shares	42 906	na	42 906		
	FY20 performance shares	305 111	110.6%	337 529		
	Total			522 830	14.00	7 319 626

* *for the purposes of the single figure table, an estimate of R14.00 per share was used at the date of vesting to determine the value of the awards.*

The FY19 award comprised performance shares (75%) and retention shares (25%). Based on shareholder feedback received on the 2019 remuneration report, only performance shares will be awarded and no further retention shares will be awarded.

REMUNERATION COMMITTEE REPORT (continued)

Details of the unvested awards made to the executive directors (excluding the FY19 and FY20 awards), are set out below:

FY21 award	Total performance shares awarded (on-target grant)	Price	Indicative value R'000
GM Lucas	381 388	R13.90	5 301
SJ Horton	381 388	R13.90	5 301
SC Lucas	381 388	R13.90	5 301
Total	1 144 164		15 903

The awards are to be evaluated over a three-year period commencing on 1 April 2020 and ending on 31 March 2023. The awards vest on 15 September 2023. The indicative value is based on the closing share price of R13.90 as at 27 July 2022.

FY22 award	Total performance shares awarded (on-target grant)	Price	Indicative value R'000
GM Lucas	381 388	R13.90	5 301
SJ Horton	381 388	R13.90	5 301
SC Lucas	381 388	R13.90	5 301
Total	1 144 164		15 903

The awards are to be evaluated over a three-year period commencing on 1 April 2021 and ending on 31 March 2024. The awards vest on 1 September 2024. The indicative value is based on the closing share price of R13.90 as at 27 July 2022.

As noted above, the FY19 and FY20 awards vest on or after 1 September 2022 (subject to the employment condition) and have been included in the single figure remuneration table.

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

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

	2022 R'000	2021 R'000
GA Blackshaw	324	311
GBH Fox[1]	–	75
JAL Chapman	251	241
KM de Kock	308	292
MPR Morojele	298	161
MS Moloko[2]	74	286
P Mbikwana	298	265
A Varachhia	266	60
Total	1 819	1 691

[1] *Resigned 29 June 2020.*

[2] *Resigned 30 June 2021.*

The remuneration to be paid to the non-executive directors for the year ending 31 March 2023 to be approved by shareholders at the forthcoming AGM is set out on page 254 of this report.

"This report was approved by the remuneration committee and the board. Both are satisfied that there were no material deviations from the existing remuneration policy during the 2022 financial year."

SOCIAL AND ETHICS COMMITTEE REPORT

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

The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 74, and attendance at meetings is set out on page 76.

FOCUS AREAS OF THE COMMITTEE DURING THE YEAR

In these unprecedented times, Stor-Age remains committed to creating a real impact by implementing sustainable business transformation and employment plans. Though the ESG landscape, conversations veer towards being more discerning to business and societal needs. The main areas of focus for the committee during the year were the continued implementation of the Group's transformation plan and the ongoing execution of the ESG strategy and reporting framework.

TRANSFORMATION PLAN

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

The main objectives of the plan include:

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

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

ESG STRATEGY AND IMPLEMENTATION

Stor-Age remains committed to our Social and Economic Development initiatives by utilising our resources (operational, marketing and core self storage product) to initiate and contribute to socio-economic development projects that benefit previously disadvantaged groups, charities, communities and individuals, and further promote transformation and development.

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

The strategy aligns our Vision and Core Values with relevant UN Sustainable Development Goals (SDGs) and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD). Through our adopted ESG strategy and reporting framework, we continue to monitor our impact on the economy, the workplace, the social environment and the natural environment.

During the year Stor-Age continued to partner with and support a range of charities and Non-Profit Organisations (NPOs).

The Company launched the Stor-Age Business Hub, a complimentary platform for our commercial customers to promote their products or services to other tenants at the property at which they are storing. Many of these commercial customers are SMMEs, which are critically important for South Africa's economy as they promote sustainable job creation and economic development.

More than 50%[1] of our commercial customers in South Africa classify themselves as SMMEs, while more than 20%[1] classify themselves as entrepreneurs. For most, Stor-Age plays an important role in their daily operations as well as in their growth strategies, now strengthened by the Stor-Age Business Hub that actively supports the continued sustainability of these important commercial customers.

Stor-Age's properties act as business incubators for many, assisting local businesses transition from family home-based operations to larger scale entities that employ more staff and thereby further contribute to the local economy. Data from a recent customer survey indicates that business customers have on average created more than six jobs[2] since starting to store with the Company. When considering that Stor-Age had approximately 8 500 commercial tenants at March 2022, the positive contribution that Stor-Age is indirectly making towards sustainable job creation in South Africa is significant.

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

Further highlights from the year included:

- Concluding the sustainability-linked financing arrangement with Aviva, which included a commitment to develop a net neutral carbon pathway
- Installing new solar PV technology at an additional eight properties
- Supporting six NPOs with a total of approximately 1 600 m^2 of space sponsored during the year
- Partnering with the Kolisi Foundation to secure the donation of more than 1 200 blankets for the less fortunate in South Africa during the winter months in 2021
- Properties acting as drop off points for donated items in support of those affected by the KwaZulu-Natal floods and the Langa fires in Cape Town
- Facilitating a fundraising initiative and matching all donations, in support of staff members who were adversely affected by the floods in KwaZulu-Natal in April 2022
- In support of local economic transformation the Group sponsored a 12-month learnership programme for 12 previously disadvantaged learners in January 2021 (with a second group of learners commencing in January 2022). The learnership programme assists youth with becoming qualified in areas that fall within the scarce and critical skills of South Africa
- Overseeing the completion of a detailed board self-evaluation during the year to identify improvement opportunities that would strengthen corporate governance practices and the board's performance and competence

Read more about our ESG strategy from page 57.

1 *As per customer survey completed in September 2020. Approximately 2 000 + surveys completed.*
2 *Commercial customers were asked how many direct jobs their business had created since they began storing with Stor-Age.*

SOCIAL AND ETHICS COMMITTEE REPORT (continued)

COVID-19

During the year the committee continued to monitor the impacts of the COVID-19 pandemic on all of our stakeholders. This included overseeing the ongoing implementation and monitoring of the COVID-19 occupational health and safety regulations to ensure the well-being and safety of our employees, customers and the communities in which we operate.

The Company ensured that organisational sustainability was balanced and matched with local economic, social and environmental sustainability practices. Accordingly, the social and ethics committee provided oversight of company-wide actions related to COVID-19.

Stor-Age's primary responsibility remained the safety, health and well-being of all employees and customers. Ongoing attention was placed on increased hygiene and cleanliness across the property portfolio and in the head office, with regular ongoing communication circulated to all employees regarding hygiene and social distancing best practice.

An additional key focus area during the year was the mental well-being of staff, many of whom had to endure significant challenges as a result of the pandemic. The Company continued to roll out a wellness initiative in South Africa focused on encouraging our employees to practice and improve their habits to attain better physical and mental health. A wellness webinar was also hosted during the year, where a well-renowned medical doctor and inspirational speaker shared key insights into both mental and physical health best practices.

To meet employees' needs in response to the significant impact the pandemic has had on daily life, Stor-Age adopted a progressive and open-minded approach to workplace flexibility. The Company formalised a structured and balanced hybrid work model at the head office, where line managers have been given the authority to interact with their teams to determine an optimal working arrangement.

To support the hybrid working model, the Company maintained regular and structured intra-organisational communication through existing communication mediums, reinforcing our Core Values of Excellence, Sustainability, Relevance and Integrity.

The social and ethics committee endeavoured to ensure that the board's responsibilities were fulfilled, risks were meticulously managed and that appropriate support was provided as we continue to manage the pandemic's over-arching impact.

TERMS OF REFERENCE

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

The main duties of the committee include:

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

The committee is further tasked with:

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

FUTURE FOCUS AREAS FOR THE COMMITTEE

The priority focus for the committee will be the continued monitoring of the impact of the COVID-19 pandemic on all our stakeholders.

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

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

Phakama Mbikwana
Social and ethics committee Chair
29 July 2022

INVESTMENT COMMITTEE REPORT

KEY FUNCTIONS AND RESPONSIBILITIES

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

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

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

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

Graham Blackshaw
Investment committee Chair
29 July 2022

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

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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.

INDEPENDENT AUDITOR'S REPORT (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 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.

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

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 arrang-ment*	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		Bidco	
	2022 R'000	2021 R'000	2022 R'000	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		Company	
	2022 R'000	2021 R'000	2022 R'000	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		Company	
	2022 R'000	2021 R'000	2022 R'000	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		Company	
	2022 R'000	2021 R'000	2022 R'000	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		Company	
	2022 R'000	2021 R'000	2022 R'000	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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 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)

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

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

24.7 Movement in net debt (continued)

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

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
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)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
Net debt at 1 April 2020	(1 086 112)	(3 812)	(1 089 924)
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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Liabilities exposed to GBP LIBOR maturing after 31 December 2021				
Loans and borrowings	–	1 043 206	–	–
Derivatives	–	28 981	–	9 968
Total	–	1 072 187	–	9 968
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 2022	Average exchange rate 2021	Year-end spot rate 2022	Year-end spot rate 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:

	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	1 587 042	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:

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	1 407 000	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 m^2 GLA) and leasehold (620 m^2 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 (m^2)	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 (m^2) of occupied space for SA properties at 31 March 2022 is R119.2/m^2 (2021: R111.4/m^2).

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

34. PROPERTY ANALYSIS (CONTINUED)

34.1 Trading properties (continued)

Property name	Address	Region	Gross lettable area (m^2)	Gross lettable area (Sqf)	Valuation (£'000) 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
<u>Statement of financial position</u>			
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.*

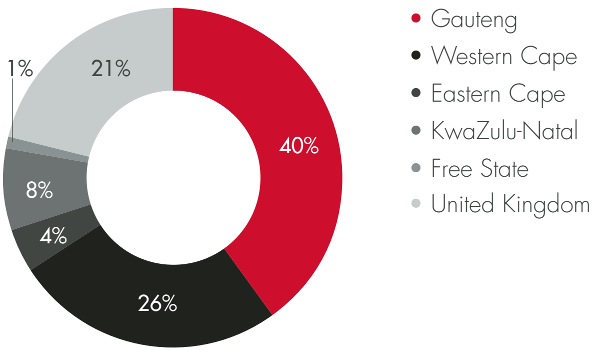
	Unaudited March 2022		Unaudited March 2021	
	SA	UK	SA	UK
Cost of debt				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.9%	3.2%	5.3%	2.8%
Fixed interest-rate borrowings				
Weighted average fixed rate	0.2%	0.0%	–	–
Pre-adjusted weighted average cost of debt:	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 (m^2) of occupied space for SA properties at 31 March 2022 is R119.2/m^2 (2021: R111.4/m^2), 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 m^2	% Occupied	Vacancy m^2	% 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 m^2 for the past five financial years.

Year	SA % Increase in rental per m^2	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)

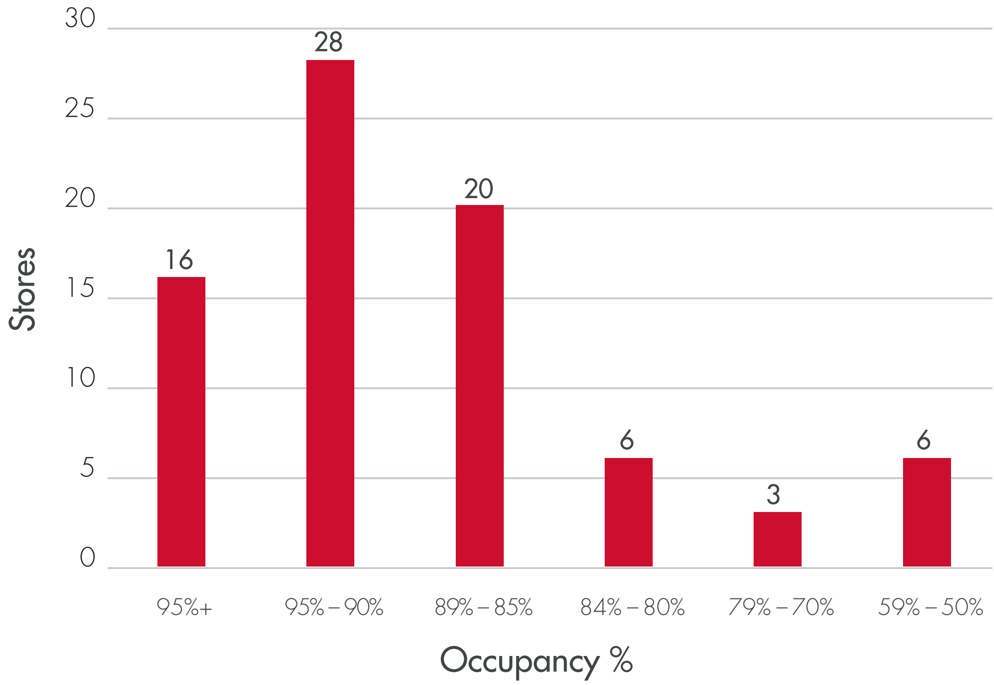
as at 31 March 2022

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

GREYMATTERFINCH #16202

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

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS
ISIN: ZAE000208963
("Stor-Age", the "Company" or the "Group")

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your Broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the inside back cover during normal business hours from date hereof until Thursday, 1 September 2022.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 22 July 2022 ("Notice Record Date") that the annual general meeting of Stor-Age (the "AGM") will be held at the Vineyard Hotel, Colinton Road, Newlands on Thursday, 1 September 2022 at 14h30 to:

(i) deal with such business as may lawfully be dealt with at the AGM; and

(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") on which exchange the Company's shares are listed, which meeting is to be participated in and voted at by shareholders registered in Stor-Age's securities register as shareholders as at the record date of Friday, 26 August 2022 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 26 August 2022, is Tuesday, 23 August 2022.

Kindly note that AGM participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend, participate and vote at the AGM. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions set out in this notice of AGM.

1. Presentation of financial statements

   The summarised consolidated financial statements of the Company, as approved by the board of directors of the Company (the "Board"), for the year ended 31 March 2022 have been distributed and accompany this notice as required and will be presented to shareholders at the AGM together with the reports of the directors and the audit and risk committee.

   The complete financial statements are included with the 2022 Stor-Age Integrated Annual Report ("the 2022 Integrated Report").

The 2022 Integrated Report is available on the Company's website https://investor-relations.stor-age.co.za/iar-2022

2. Report from the social and ethics committee

   In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the social and ethics committee will be presented to shareholders at this AGM.

Voting requirement:

Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

NOTICE OF ANNUAL GENERAL MEETING (continued)

3. Ordinary resolution number 1: Re-election of Mr J A L Chapman as a director

   "Resolved that Mr J A L Chapman, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Mr Chapman appears in Annexure 1 of this notice of AGM.

4. Ordinary resolution number 2: Re-election of Ms P Mbikwana as a director

   "Resolved that Ms P Mbikwana, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered herself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Ms Mbikwana appears in Annexure 1 of this notice of AGM.

5. Ordinary resolution number 3: Re-election of Mr M P R Morojele as a director

   "Resolved that Mr M P R Morojele, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Mr Morojele appears in Annexure 1 of this notice of AGM.

6. Ordinary resolution number 4: Re-appointment of auditor

   "Resolved that BDO South Africa Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2023), with the designated partner being Mr B Jackson, until the conclusion of the next annual general meeting of the Company."

7. Ordinary resolution number 5: Election of Ms K M de Kock as member and chair of the audit and risk committee

   "Resolved that Ms K M de Kock, being an independent, non-executive director of the Company, be elected as a member and chair of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

8. Ordinary resolution number 6: Election of Ms P Mbikwana as a member of the audit and risk committee

   "Resolved that, subject to the passing of ordinary resolution number 2 above, Ms P Mbikwana, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company with effect from the end of this meeting."

   An abridged curriculum vitae of Ms Mbikwana appears in Annexure 1 of this notice of AGM.

9. Ordinary resolution number 7: Election of Mr M P R Morojele as a member of the audit and risk committee

   "Resolved that, subject to the passing of ordinary resolution number 3 above, Mr M P R Morojele, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Mr Morojele appears in Annexure 1 of this notice of AGM.

NOTICE OF ANNUAL GENERAL MEETING (continued)

10. Ordinary resolution number 8: General authority to directors to issue shares for cash

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, as amended from time to time, the Board be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

8.1 the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

8.2 any such issue will only be made to "public shareholders", and to "related parties" on the basis set out in 8.3 hereof, and further as required by the JSE Listings Requirements, as amended from time to time;

8.3 related parties may participate in a general issue for cash through a bookbuild process provided that

8.3.1 the approval by shareholders expressly affords the ability to the Company to allow related parties to participate in a general issue for cash through a bookbuild process,

8.3.2 related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares,

8.3.3 equity securities must be allocated "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

8.4 this authority will only be valid until the Company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this AGM);

8.5 issues of ordinary shares during the validity period of this resolution may not exceed 23 730 521 shares in the aggregate, which represents 5% of the number of ordinary shares in the Company's issued share capital at the date of this notice of AGM, being 474 610 430 ordinary shares (exclusive of treasury shares), provided that

8.5.1 any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above;

8.5.2 in the event of a sub-division or consolidation of issued equity securities during the validity period of this resolution contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;

8.5.3 any such general issues are subject to exchange control regulations and approval at that point in time;

8.6 after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, and in respect of the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share) and the intended use of the funds;

8.7 in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 8 regarding the general authority to issue shares for cash.

NOTICE OF ANNUAL GENERAL MEETING (continued)

11. Ordinary resolution number 9: Amendment to the Stor-Age Property REIT Limited Conditional Share Plan

"Resolved that, the rules governing the Stor-Age Property REIT Limited Conditional Share Plan ("CSP") be amended to:

1 increase the maximum aggregate number of shares that may at any time be allocated in respect of the CSP to all participants from 8 668 544 shares to 16 000 000 shares (approximately 3.7% of the shares in issue at 31 March 2022); and

2 increase the maximum number of shares that may at any time be allocated to any participant in respect of all vested and unvested awards of shares under the CSP from 3 467 417 to 4 328 811 shares (approximately 1.0% of the shares in issue at 31 March 2022)."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast (excluding votes attaching to shares owned or controlled by existing participants in the CSP) by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 9 regarding the amendment to the CSP.

12. Advisory endorsement: Endorsement of remuneration policy

To consider the non-binding advisory votes set out below thereby providing the Company with the views of the shareholders regarding the

- Remuneration Policy contained in the Remuneration Committee Report; and
- Implementation Report in regard to the Remuneration Policy

General approval of the Company's Remuneration Policy and Implementation Report (non binding advisory votes 1 and 2)

Non-binding advisory vote 1 – approval of Company's remuneration policy
"RESOLVED THAT the Company's Remuneration Policy, as set out in the Remuneration Committee Report contained in the 2022 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – approval of Company's remuneration implementation report
"RESOLVED THAT the Company's Implementation Report in regard to its Remuneration Policy, as contained in the 2022 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

13. Special resolution number 1: Remuneration of non-executive directors for their service as directors for the 2023 financial year (amended) and the 2024 financial year

"Resolved that

1 in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their service as directors and which is proposed to be paid for the financial year ending 31 March 2023, monthly in arrears, with effect from 1 April 2022, for a period of up to twenty four months after the adoption of this special resolution number 1 or until its renewal (whichever is earliest) is approved:

	Chair (Rand)	Members (Rand)
Board (annual fee)	800 000	300 000
Audit and risk committee	195 000	130 000
Investment committee	na	120 000
Remuneration committee	90 000	60 000
Social and ethics committee	90 000	60 000

2 in addition to 1 above, non-executive directors be paid an amount of R3 000 (three thousand Rand) per hour in respect of work performed by them as required by extraordinary circumstances provided that any such payments are approved by the remuneration committee and the chief executive officer."

It is proposed that the board chair (Mr G Blackshaw) receive a fixed annual fee that is inclusive of all attendances at board and subcommittee meetings as well as other tasks performed on behalf of the Group. Consequently there is no separate fee for the investment committee chair.

NOTICE OF ANNUAL GENERAL MEETING (continued)

14. Special resolution number 2: General authority to provide financial assistance to subsidiary companies

"Resolved that, as a general authority and to the extent required by sections 44 and 45 of the Act, the Board may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries for any purpose or in connection with any matter including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or for the purchase of any securities of the Company, such authority to endure for a period of two years following the date of the passing of this special resolution number 2."

15. Special resolution number 3: General authority to repurchase ordinary shares

"Resolved that the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval, to acquire ordinary shares of no par value issued by the Company ("Ordinary Shares"), in terms of the Act, the Company's memorandum of incorporation ("MoI") and the JSE Listings Requirements, being that

- any such acquisition of Ordinary Shares shall be implemented on the open order book of the JSE and without any prior arrangement
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution
- an announcement will be published as soon as the Company or any of its subsidiaries has acquired Ordinary Shares constituting, on a cumulative basis, 3% of the number of Ordinary Shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions
- acquisitions of Ordinary Shares in aggregate in any one financial year may not exceed 5% of the Company's Ordinary Shares in issue as at the date of passing of this special resolution
- in determining the price at which Ordinary Shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such Ordinary Shares may be acquired will be 5% of the weighted average of the market value at which such Ordinary Shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such Ordinary Shares
- at any point in time, the Company may only appoint one agent to effect any repurchase of shares on the Company's behalf
- the Board authorises the acquisition, the Company passes the solvency and liquidity test and that, from the time the test is done, there are no material changes to the financial position of the Company
- the Company shall remain in compliance with the minimum shareholder spread requirements of the JSE
- the Company and/or its subsidiaries do not repurchase any shares during a prohibited period in accordance with the JSE Listings Requirements, unless they have in place a repurchase programme in terms of which the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed to the JSE in writing, prior to the commencement of the prohibited period

Reason for and effect of this special resolution

The Company's MoI contains a provision allowing the Company or any subsidiary to repurchase securities issued by the Company, subject to the approval of shareholders in terms of the MoI, the requirements of the Act and the JSE Listings Requirements. This special resolution will authorise the Company and/or its subsidiaries, by way of a general authority from shareholders, to repurchase Ordinary Shares issued by the Company.

The Board has no specific intention to give effect to this special resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own shares.

Once adopted, this special resolution will permit the Company, or any of its subsidiaries, to repurchase Ordinary Shares in terms of the Act, its MoI and the JSE Listings Requirements.

Although no repurchase of Ordinary Shares is contemplated at the time of this notice, the Board has confirmed that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group. The directors, having considered the effects of a repurchase of the maximum number of Ordinary Shares in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of this AGM:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes

The following additional information, some of which may appear elsewhere in the 2022 annual financial statements, is provided in terms of section 11.26 of the JSE Listings Requirements, for purposes of the general authority

- Major beneficial shareholders – attached to the annual financial statements
- Share capital of the Company – note 14 of the annual financial statements
- The directors are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the financial position of the Company or the Group
- The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the JSE Listings Requirements

Voting requirement:

A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve special resolutions 1 to 3.

VOTING AND PROXIES

A shareholder entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

The attached form of proxy is only to be completed by those shareholders who:

- hold their ordinary shares in certificated form; or
- are recorded on a sub-register in dematerialised electronic form with "own name" registration

All other beneficial owners who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or Broker and wish to attend the AGM, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or they must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. These shareholders must not use a form of proxy.

It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 14h30 on Tuesday, 30 August 2022. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the AGM.

NOTICE OF ANNUAL GENERAL MEETING (continued)

GENERAL

Electronic Participation

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the AGM by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the Vineyard Hotel, Colinton Road, Newlands (which is the location for the AGM); and
- at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg

Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the AGM. The abovementioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the AGM. The real-time telephonic conference call facility will enable all persons to participate electronically in the AGM in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the Board

H H-O Steyn
Company Secretary
29 July 2022

Address of registered office
216 Main Road
Claremont
7708
(PO Box 53154, Kenilworth, 7745)

Address of transfer secretaries
Computershare Investor Services
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(Private Bag X9000, Saxonwold, 2132)

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory notes to resolutions proposed at the annual general meeting of the Company

Re-election of directors retiring at the AGM – ordinary resolutions number 1 to 3

In accordance with clause 26.3 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In accordance with these provisions, it has been determined that Messrs J A L Chapman and M P R Morojele and Ms P Mbikwana are due to retire from the Board.

The directors of the Company have reviewed the composition of the Board against corporate governance and transformation requirements and have recommended the re-election of the directors listed above. It is the view of the Board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and contribute to the requirements of transformation, continuity and succession planning; and
- enhance corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board

In addition, the directors of the Company have considered the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the Board. The Board is satisfied that the performance of the existing directors continues to be effective and to demonstrate commitment to their roles. Accordingly, the Board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1, 2 and 3, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged *curricula vitae* of the retiring directors appear in Annexure 1 of this notice of AGM.

Re-appointment of auditor – ordinary resolution number 4

BDO South Africa Inc. ("BDO") has indicated its willingness to continue in office and ordinary resolution number 4 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 8 June 2022, the committee considered the independence of the auditor BDO, in accordance with section 94(8) of the Act. In assessing the independence of the auditor, the audit and risk committee satisfied itself that BDO:

- does not hold a financial interest (either directly or indirectly) in Stor-Age;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Stor-Age;
- is not economically dependent on Stor-Age, having specific regard to the quantum of the audit fees paid by Stor-Age and its subsidiaries to BDO during the period under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Stor-Age or its subsidiaries which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of auditors for non-audit-related services and which could compromise or impair the auditor's independence; and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Stor-Age or its subsidiaries

Accordingly, the Stor-Age audit and risk committee was satisfied that BDO is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants and nominated the re-appointment of BDO as registered auditor for the financial year ending 31 March 2023. On 14 June 2022 the Board confirmed its support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of BDO and Mr B Jackson respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Furthermore the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that BDO, the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Election of audit and risk committee members – ordinary resolutions numbers 5 to 7

In terms of section 94(2) of the Act, the audit and risk committee is not a committee of the Board, but a committee elected by the shareholders at each annual general meeting. The Act requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit and risk committee members.

In terms of the Regulations of the Act, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the curricula vitae of the proposed members, they have experience in, among others, audit, accounting, economics, commerce and general industry.

At a meeting of the Board held on 14 June 2022 the Board satisfied itself that, among others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King IV;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set

General authority to directors to issue shares for cash – ordinary resolution number 8

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

The existing general authority granted by the shareholders at the previous annual general meeting, held on 9 September 2021, will expire at the AGM to be held on 1 September 2022, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited to 5% of the issued share capital as set out in the resolution.

Amendment to the Stor-Age Property REIT Limited Conditional Share Plan – ordinary resolution number 9

In terms of the JSE Listings Requirements the number of shares that may be utilised in terms of a share incentive plan must be a fixed number, requiring periodic increases as and when necessary. The reason for and effect of ordinary resolution number 9 is to amend the CSP to increase the maximum aggregate number of shares that may at any time be allocated in respect of the CSP and to increase the maximum number of shares that may be allocated to any participant in order to ensure that the allocations of future shares under the CSP fall within the limits of the rules of the CSP. A copy of the amended CSP can be found on the Company's website. In terms of the JSE Listings Requirements, at least 75% of the votes held by shareholders present or represented by proxy at the meeting need to be cast in favour of this resolution (excluding votes attaching to shares owned or controlled by existing participants in the CSP) in order to give effect thereto.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Endorsement of remuneration policy and implementation report – advisory endorsements number 1 and number 2

King IV recommends that the Company's Remuneration Policy be disclosed in three parts every year, namely:

- a background statement,
- an overview of the Remuneration Policy,
- an Implementation Report,

and that shareholders be requested to pass separate non-binding advisory votes on the Remuneration Policy and the Implementation Report at the AGM.

Voting on the two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The remuneration committee prepared and the Board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2022 Integrated Report.

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report as set out in paragraph 11 of the AGM notice.

Remuneration of non-executive directors for their service as directors for the year ending 31 March 2023 (amended) and the year ending 31 March 2024 – special resolution number 1

In terms of section 66(8) and (9) of the Act, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation.

Subsequent to the annual general meeting held on 9 September 2021 the Company appointed PwC to conduct an independent review of the non-executive directors' remuneration and, as a result of the findings, it has been deemed necessary to review the previously approved remuneration basis which was shown to be materially lower than market comparatives. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2023, therefore proposes an adjustment to the remuneration previously approved at the annual general meeting held on 9 September 2021 and is to be paid to the non-executive directors who are not remunerated as employees of the Company, as in the case of the executive directors, and will continue for a period of twenty four months.

This resolution is recommended by the Company's directors. Full particulars of all remuneration paid to non-executive directors for their service as directors during the past year is set out in note 29.4 of the annual financial statements, and also in the remuneration committee report which is included in the 2022 Integrated Report, available on the Company's website.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Authority to provide financial assistance to subsidiary companies – special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related companies and entities to subscribe for options or securities or purchase securities of the Company.

Under the Act, the Company will however require the special resolution number 2 to be adopted. In the circumstances and in order to, amongst others, ensure that the Company's subsidiaries have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2. In terms of the Companies Act, the Company will, however, only be able to exercise the authority granted by the special resolution provided that the board of directors of the Company are satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and, immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test contemplated in the Companies Act.

Although the existing authorities granted by the shareholders at the previous annual general meeting held on 9 September 2021 will only expire at the 2023 AGM, it is considered good practice to renew this authority on an annual basis, ie at the 2022 AGM to be held on 1 September 2022, and special resolution 2 will therefore be appropriately renewed.

General authority to repurchase ordinary shares – special resolution number 3

The directors wish to be in a position, if and when circumstances are favourable, to have the ability to acquire Stor-Age shares at market prices if deemed advisable by the Board. It is envisaged that opportunities may present themselves in the share market where it may be deemed beneficial for the Company to acquire its own shares.

For these reasons, directors would like shareholder authority to enable acquisitions of Stor-Age shares. As set out in the proposed resolution, such authority will be subject to clearly defined restrictions to ensure compliance with all statutes as laid down by the Act and the JSE Listings Requirements. The Act stipulates that a special resolution is required in order to authorise the Company to purchase its own shares.

NOTICE OF ANNUAL GENERAL MEETING (continued)

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   - 4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
   - 5.1. stated in the revocation instrument, if any; or
   - 5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   - 6.1. the shareholder, or
   - 6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   - 8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2. the company must not require that the proxy appointment be made irrevocable; and
   - 8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
("Stor-Age" or the "Company")

FORM OF PROXY

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the company to be held at the Vineyard Hotel, Colinton Road, Newlands and at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg, being the place where the Company intends to make provision for shareholders thereof, or their proxies, who are entitled to attend the annual general meeting, to participate therein by way of electronic communication, on Thursday 1 September 2022 at 14h30.

Not for use by the Company's shareholders who hold dematerialised ordinary shares in the Company who have not selected "own name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting in respect of the ordinary shares they hold in the capital of the Company, and request that they be issued with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We ____ (Name in block letters)

of ____ (Address)

being the registered holder of ____________ shares in the ordinary share capital of the Company hereby appoint:

1. ____ or failing him/her

2. or failing him/her

3. the chairperson of the meeting

Contact numbers: Landline ____________________ Mobile ____________________

E-mail address: ____

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions and advisory endorsement as detailed in this notice of annual general meeting, and to vote for and/or against such resolutions and advisory endorsement and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

FORM OF PROXY (continued)

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

		Number of shares		
	Resolutions	In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Mr J A L Chapman as a director			
2	Ordinary resolution number 2: Re-election of Ms P Mbikwana as a director			
3	Ordinary resolution number 3: Re-election of Mr M P R Morojele as a director			
4	Ordinary resolution number 4: Re-appointment of BDO South Africa Inc. as auditor			
5	Ordinary resolution number 5: Election of Ms K M de Kock as a member and the chair of the audit and risk committee			
6	Ordinary resolution number 6: Election of Ms P Mbikwana as a member of the audit and risk committee			
7	Ordinary resolution number 7: Election of Mr M P R Morojele as a member of the audit and risk committee			
8	Ordinary resolution number 8: General authority to directors to issue shares for cash			
9	Ordinary resolution number 9: Amendment to the Stor-Age Property REIT Conditional Share Plan			
10	Non-binding advisory votes: 1. endorsement of remuneration policy; and 2. endorsement of the implementation report			
11	Special resolution number 1: Amended remuneration of non-executive directors for their service as directors (2023 & 2024 financial years)			
12	Special resolution number 2: General authority to provide financial assistance to subsidiary companies			
13	Special resolution number 3: General authority to repurchase ordinary shares			

Signature ____

Signed at ______________________ on ______________________ 2022

Assisted by (where applicable) (full name) ______________________

Signature ____

Date ______________________ Capacity ______________________

FORM OF PROXY (continued)

INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgment of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialed. Any alteration must be signed, not initialed.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 14h30 on Tuesday, 30 August 2022. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the annual general meeting.

Hand deliveries to:
Computershare Investor Services (Pty) Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Postal deliveries to:
Computershare Investor Services (Pty) Limited
Private Bag X900
Saxonwold
2132

Email:
Proxy@computershare.co.za

ANNEXURE 1

CV'S OF DIRECTORS FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT AND RISK COMMITTEE

Mr J A L CHAPMAN

B Sc

Joined the board as lead independent director in January 2020.

John is an executive director of Rabie Property Group, a position he has held for more than 30 years. He is responsible for strategic planning within the Rabie Group, and initiates the planning of all new developments and oversees the marketing of all aspects.

Mr M P R MOROJELE

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

Joined the board in September 2020.

Mntungwa has more than 34 years of business experience, having established and managed various companies including Briske Performance Solutions and Motebong Tourism Investment Holdings. He is currently the CEO of iKapa Connect Investments, which is pursuing opportunities in the Renewable Energy sector. Mntungwa previously held the position of lead independent director of Spur Corporation Limited, a position he held for 8 years during his 10-year term with the company. Mntungwa started his career with KPMG Lesotho before joining Gray Security Services, where he served on the board as Group Marketing Director. He has also previously worked at the Tourism Investment Corporation (Tourvest), as well as served on the boards of Verifone Africa (Pty) Limited and Capital Eye Investments (previously the UCS Group Limited).

Ms P MBIKWANA

B Com

Joined the board in May 2018.

Phakama has over 20 years' experience in the financial services sector, of which 15 was spent in the commercial and investment banking industry. Prior to her role at Dandelion Capital (Pty) Ltd, a 100% women-owned investment holding company, she was the CEO of Africa Rising Capital (Pty) Ltd. Phakama has also previously held roles at Barclays Africa (sector head: construction and construction related sectors in the corporate and investment banking division), Standard Bank Group, Investment Solutions (Alex Forbes Multi-Asset Manager) and Nedbank Corporate. She also holds the role of an independent non-executive director on the boards of Wits Health Consortium (Pty) Limited and the National Stokvel Association of South Africa Co-operative Limited.

Ms K M de KOCK

CA(SA), CFA, MBA (UCT)

Joined the board in May 2018.

Kelly is specialised in the areas of corporate finance and investor relations, as well as business development and operations. She has more than 16 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer of Old Mutual Wealth's International and Private Client Capabilities. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly also previously held the positions of Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

CONTACT DETAILS

Stor-Age Property REIT Limited
Reg No. 2015/168454/06
Incorporated on 25 May 2015
Approved as a REIT by the JSE
Share Code: SSS
ISIN: ZAE000208963

Registered office
216 Main Road
Claremont
7708

Directors
Graham Blackshaw (Chair)**, John Chapman*^, Kelly de Kock*, Sello Moloko*[1], Phakama Mbikwana*, Mntungwa Morojele*, Abu Varachhia*, Gavin Lucas***, Stephen Lucas***[2], Steven Horton***

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

Company secretary
HH-O Steyn

Transfer secretaries
Computershare Investor Services Proprietary Limited
2nd Floor
Rosebank Towers
15 Biermann Avenue
Rosebank

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandton

GREYMATTERFINCH # 16223

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