STOR-AGE PROPERTY REIT LIMITED

INTEGRATED ANNUAL REPORT
2023

CONTENTS

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 2023).

INTRODUCING OUR 2023 INTEGRATED ANNUAL REPORT

We are pleased to present our 2023 integrated annual report for the financial year ended 31 March 2023.

SCOPE OF THIS REPORT

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

This report complies with the following reporting standards and frameworks:

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

ASSURANCE

The Company's external auditors, BDO South Africa Inc., have independently audited the financial statements for the year ended 31 March 2023. Their unqualified audit report is set out on pages 114 to 116. The scope of their audit is limited to the information set out in the financial statements on pages 117 to 184.

FORWARD-LOOKING STATEMENTS

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

FEEDBACK

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

RESPONSIBILITY STATEMENT AND REVIEW

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

Graham Blackshaw
Non-executive Chairman

Stephen Lucas
Financial director

Gavin Lucas
Chief executive officer

Kelly de Kock
Chair: Audit and risk committee

PERFORMANCE HIGHLIGHTS

Stor-Age has continued its track record of consistent earnings growth and once again delivered a robust operating and financial performance for the year ended 31 March 2023. This performance highlights the ongoing resilience of the operating model.

FINANCIAL PERFORMANCE

118.14 cents
Full year dividend – up 5.6% y-o-y

16.9%
Total return[1]

17.3% and 15.3%
Growth in rental income and net property operating income

9.8% | SA 9.8%; UK 8.9%
Growth in same-store rental income

7.6% and 8.0%
Growth in same-store SA and UK achieved rental rate

R10.4 billion | up 12.2%
Net investment property value[2]

30.8%
Loan-to-value ratio (LTV)[3], with net debt effectively hedged at 83.5%

R14.71 | up 8.2%
Tangible Net Asset Value (TNAV) per share

OPERATIONAL DELIVERY

21 200 m^2 | SA 19 200 m^2 ; UK 2 000 m^2
Increase in portfolio occupancy

92.2% and 85.4%
Same-store closing occupancy in SA and UK

526 400 m^2 | SA 393 400 m^2; UK 133 000 m^2
Total Gross Lettable Area (GLA)

R129.1/m^2 | up 8.3%
Closing rental in SA

£25.1/sqf[6] | up 6.2%
Closing rental in UK

R950.8 million | SA R507.2m; UK £21.69m
Self storage rental income

47 100 | SA 30 300; UK 16 800
Total tenants

24.5 months and 31.8 months
Average length of stay in SA and UK (existing tenants)

STRATEGIC PROGRESS

Nedbank JV
Property opened in Morningside[4]

6 | SA 3; UK 3
New properties scheduled to open in FY24 in the Nedbank and Moorfield JVs

Moorfield JV
Properties opened in Bath and Heathrow[5]

93[7] | SA 57; UK 36
Trading properties

Easistore portfolio acquisition
Entered into a JV with Nuveen post year end and acquired the four-property Easistore portfolio in south east England

13 | SA 9; UK 4
Development pipeline

R36.0 million | up 146%
Third party management fees

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.
3 Calculated in accordance with the SA REIT Best Practice Recommendations.
4 Completed in May 2023.
5 Completed in May 2023 and July 2023 respectively.
6 UK rental rate quoted on an annual basis.
7 As at 31 May 2023.

INTRODUCING STOR-AGE

WHO WE ARE
WHAT WE DO
A SNAPSHOT OF OUR PORTFOLIO
INVESTMENT CASE
OUR STAKEHOLDERS

WHO WE ARE

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. 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[1].

Our portfolio of 93 trading properties comprises 57 properties in South Africa and a further 36 properties in the UK[2], providing storage space to over 47 000 customers across both markets. The combined value of the portfolio, including properties in our JV partnerships, is R12.9 billion (SA – R5.57 billion; UK – R7.37 billion) with the maximum lettable area (MLA), including the pipeline and ongoing developments, exceeding 620 000 m². Each of our properties are strategically concentrated in South Africa's largest cities and in key markets in the UK.

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

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

	Portfolio	South Africa	United Kingdom	Pipeline Portfolio
Number of properties[2]	93	57	36	13
GLA (m²)[3]	526 400 m²	393 400 m²	133 000 m²	75 700 m²
Loan to value (LTV) ratio[4]	29.9%	24.9%	34.6%	n/a

1 *Source: The Self Storage Association UK Annual Industry Report 2023.*
2 *Includes trading properties held in JVs and managed by the Group as at 31 May 2023. Excludes Heathrow which began trading in July 2023.*
3 *Includes trading properties held in JVs as at 31 March 2023.*
4 *LTV ratio is defines as net debt as a percentage of the sum of net investment property and investments in JVs. Group LTV in accordance with the SA REIT Best Practice Recommendations – 30.8%.*

A HIGHLY SPECIALISED, LOW RISK, INCOME PAYING SELF STORAGE REIT
A sector leading dual market operations platform
Listed on the Johannesburg Stock Exchange (JSE) in November 2015
One of only 12 publicly traded self storage REITs globally, and the first and only one listed on an emerging market exchange
17-year track record of developing, tenanting and operating self storage assets
R5.9 billion[1] – market capitalisation
R12.9 billion[2] – property portfolio value
106 properties across South Africa and the UK, including a 13 property development pipeline
37% of the portfolio with solar technology installed
15% reduction in Scope 1, 2 and 3 GHG emissions in FY23

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

[1] As at 30 June 2023.

[2] Includes 100% of trading properties held in JVs as at 31 March 2023.

SOUTH AFRICA'S LEADING SELF STORAGE COMPANY

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

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

WHAT WE DO

Our highly specialised business focuses on the fast-growing self storage sector – 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 across South Africa and the UK. This creates economies of scale and produces favourable operating margins.

MANAGING AND MAINTAINING OUR PROPERTIES

Stor-Age rents space to individuals and businesses on a short-term flexible lease basis. Across our portfolio of 93 properties, we manage more than 47 000 tenants.

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

Read more about our operations platform and digital capabilities on page 32.

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.

Read more about the acquisitions completed this year from page 25.

DEVELOPMENT CAPABILITY

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

Read more about our development pipeline and developments completed this year from page 25.

GROWING OUR PORTFOLIO

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

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

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

Stor-Age boasts significant in-house development capabilities having successfully completed a multitude of new developments since 2006. Together with our significant experience and well-defined development framework and meticulous quality control processes, we are able to ensure that we meet our risk-adjusted yield expectations on new developments.

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

The financial acumen, operational expertise, 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.

JOINT VENTURE PARTNERSHIPS

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

Read more about our JV partnerships in South Africa on page 31 and in the UK on page 31.

SECURE SELF STORAGE

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

Read more about these security features on page 36.

A SNAPSHOT OF OUR PORTFOLIO

Stor-Age began developing, acquiring and managing self storage properties in South Africa in 2006. We are local market pioneers who introduced high-profile Big Box self storage properties in high-visibility and easily accessible prime suburban locations in South Africa.

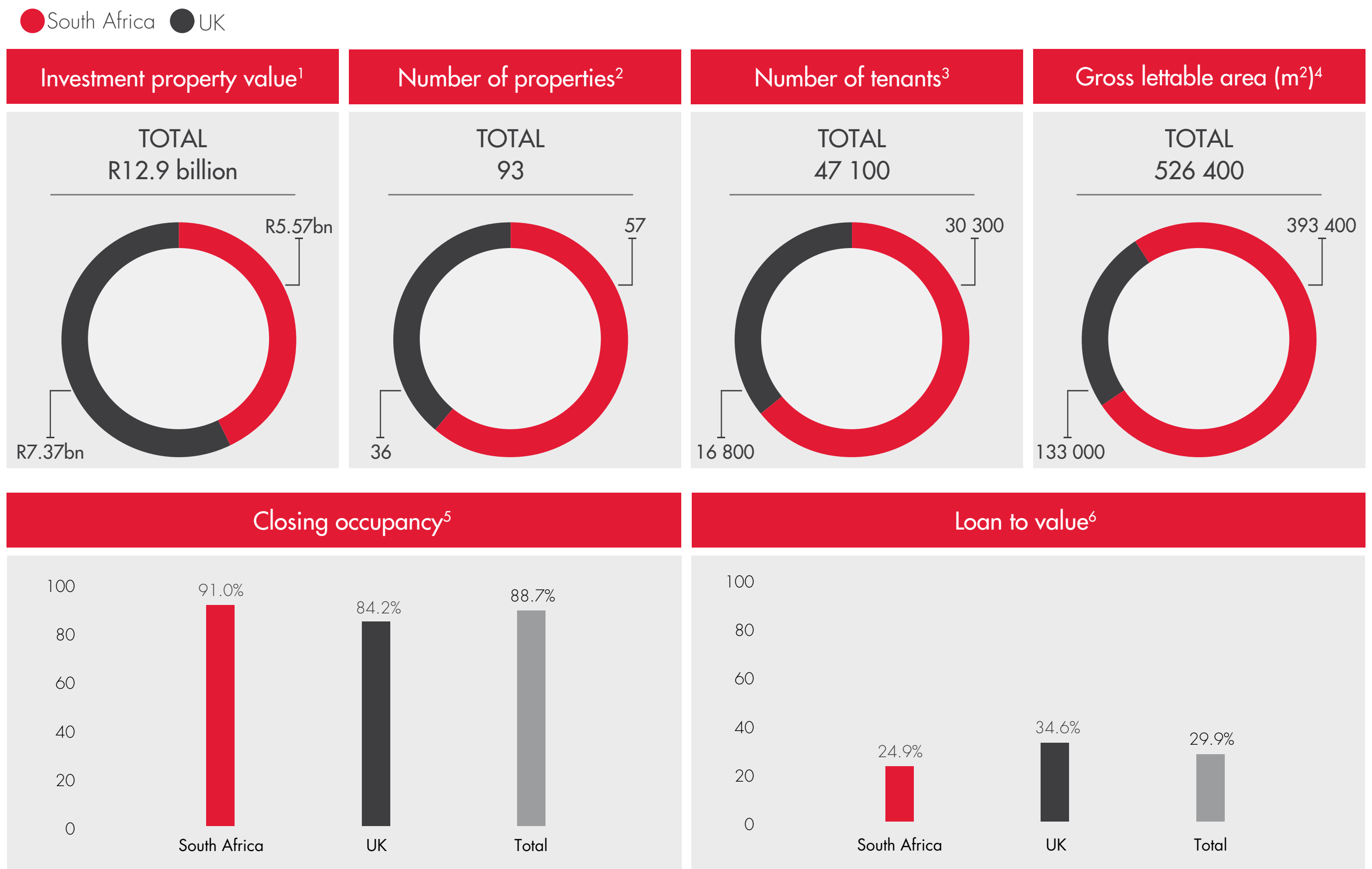
We have a long and successful track record of acquiring, developing, and managing self storage properties in prime locations across South Africa and the UK which have delivered high occupancy and rental rate growth. Our property portfolio, predominantly freehold (94.5% by value), has been strategically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

We entered the United Kingdom in 2017 with the strategic acquisition of Storage King – the sixth largest self storage brand in the UK.

Today, our portfolio has grown to 93 properties[1] comprising 561 600 m² of GLA[2], strategically concentrated in South Africa's largest cities and in key markets in the UK.

We continue to deploy capital strategically, adding quality and scale to our portfolio on a select basis and in line with our strict investment criteria. Properties currently being developed and in the acquisition pipeline will add a further 75 700 m² GLA on completion.

[1] Includes trading properties held in JVs and managed by the Group as at 31 May 2023. Excludes Heathrow which began trading in July 2023.
[2] Includes trading properties held in JVs as at 31 May 2023. At 31 March 2023 the GLA comprised 526 400m²



BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

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

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

Read more about our portfolio from page 24.

[1] *Includes 100% of trading properties held in JVs as at 31 March 2023.*
[2] *Includes trading properties held in JVs and managed by the Group as at 31 May 2023. Excludes Heathrow which began trading in July 2023.*
[3] *Includes trading properties held in JVs and managed by the Group as at 31 March 2023.*
[4] *Includes trading properties held in JVs as at 31 March 2023.*
[5] *Excludes trading properties held in JVs and managed by the Group as at 31 March 2023.*
[6] *LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in JVs.*

INVESTMENT CASE

As the leading and largest self storage property fund and brand in South Africa, and with a growing presence in the UK through Storage King, Stor-Age has continued with its impressive track record of growing investor returns. We are one of only 12 publicly traded self storage REITs globally and the only one to be listed on an emerging market exchange.

While the self storage sector is not immune to the impacts of economic shocks and the resultant uncertainty, it has remained remarkably resilient to economic stresses. This was seen during both the Global Financial Crisis and the COVID-19 pandemic, both of which highlighted the industry's resilience.

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

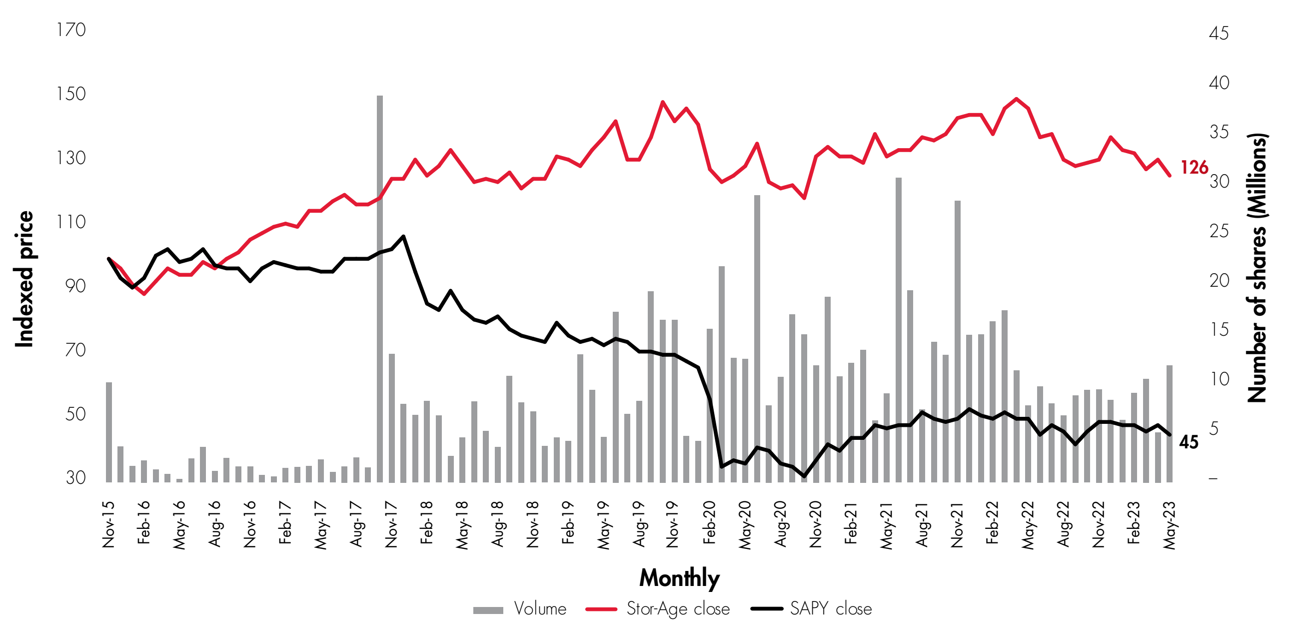
With the benefit of a clear strategy and a track record of disciplined execution, Stor-Age has been able to deliver a strong financial performance since its listing.

Self storage is a niche asset class uncorrelated to traditional drivers of property. As a highly defensive sector, it has proven its resilience through various economic cycles, including throughout the pandemic.

Track record of delivery

- Stor-Age has significantly outperformed the listed property index (SAPY) since listing in 2015.
- We are dynamic sector specialists, allowing for focused attention, and with a track record of growing investor returns and a proven ability to identify, close and integrate value-add acquisitions.
- Our property portfolio has grown from a listing value of R1.4 billion (24 properties) to R12.9 billion (93 properties) in less than eight years.

Share price performance – relative to SAPY[1]

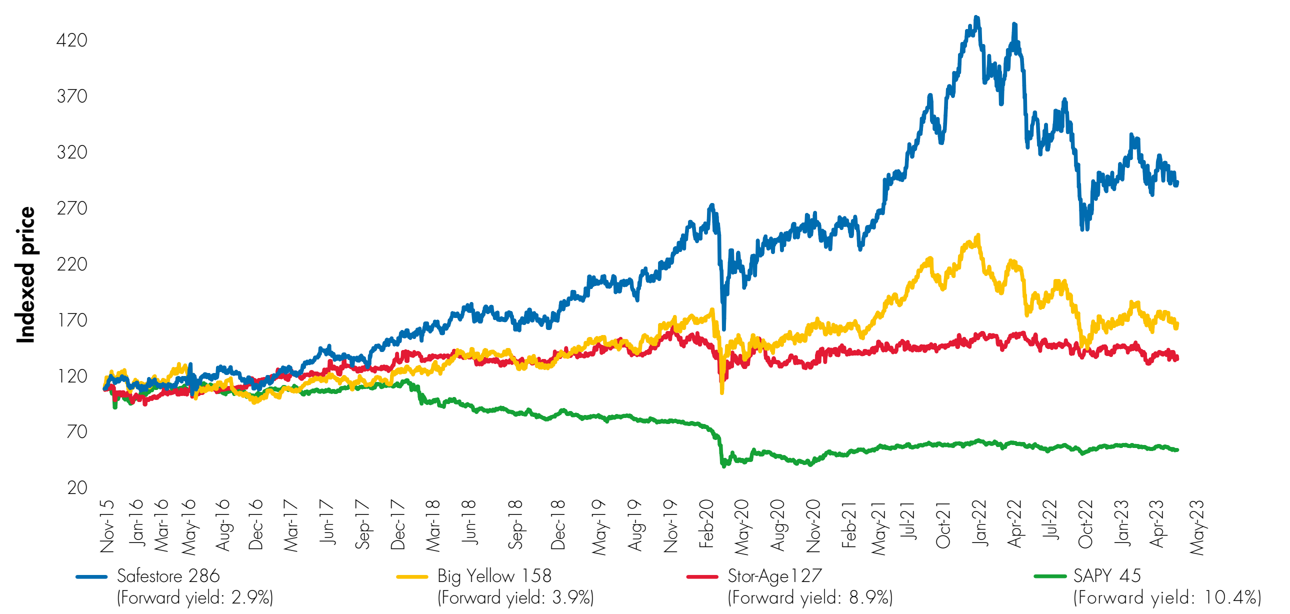


[1] Bloomberg, as at 31 May 2023.

Share price performance – relative to UK peers

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

Share performance in GBP since listing in 2015



1. Bloomberg, as at 31 May 2023.
2. conversion to GBP at respective spot exchange rates across the time series.
3. LSE listed – Safestore and Big Yellow.

Excellent operating metrics and well-placed balance sheet

- FY23 full year dividend of 118.14 cents per share is underpinned by robust self storage metrics.
- Strong cash flows, favourable operating margins and a healthy balance sheet with a conservative gearing level of 30.8%[1] at year end.
- Our portfolio has demonstrated attractive net property operating income growth of 15.3%, with low bad debts at 0.65% of rental income.
- We have limited obsolescence and low ongoing maintenance capex.

Resilient sector with growth opportunities globally

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

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 (47 100 tenants across South Africa and the UK).
- Prominent locations on main roads or arterials, with high visibility to passing traffic.
- Average length of stay
  - South Africa 24.5 months (2022: 23.7)
  - UK 31.8 months (2022: 30.8)
- Committed and passionate employees.
- Growing demand and awareness among customers.
- Strong customer satisfaction, with customer service rated as "world class" in 2023 according to the global Net Promoter Score (NPS) standard.
- In South Africa, 54% of customers have been storing for more than one year.
- In the UK, 58% of customers have been storing for more than one year.

Read more about what drives our success on page 32.

[1] Calculated in accordance with the SA REIT Best Practice Recommendations.

OUR STAKEHOLDERS

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

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

OUR MOST MATERIAL STAKEHOLDER GROUPS:

OUR CUSTOMERS	OUR PEOPLE	OUR SHAREHOLDERS	OUR SUPPLIERS

The Social and Ethics Committee oversees the Group's stakeholder engagement processes, while the executives have the responsibility of engaging directly with all stakeholders. Material engagements and their outcomes are reported to the Board.

OUR CUSTOMERS

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

Key interests and expectations:

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

Quality of the relationship: ●

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

- In 2023, we achieved an NPS score of 83 in South Africa and 70 in the UK, both considered 'world class'. Our average Google Business Profile rating was 4.7 (SA) and 4.8 (UK) out of 5.

How we respond:

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

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

OUR PEOPLE

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

Key interests and expectations:

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

Quality of the relationship: ●

We engage with employees through ongoing day-to-day interactions, our Company intranet (Connect) and in biannual performance reviews.

The results of our annual anonymous staff survey indicate that more than 96% of employees are proud to be part of the Stor-Age team, with a NPS of 15[1], an increase on the year prior. We also monitor employee turnover, which has shown a decline year-on-year.

How we respond:

- Stor-Age places a significant emphasis on recruiting the right people and training, developing and managing employees to achieve their highest potential.
- Learning and development programmes delivered on our e-learning platform, Edu-Space, complement face-to-face learning to help employees develop to their optimal potential.
- We incentivise outperformance at all levels.
- We offer competitive remuneration packages and financial rewards.
- Our partnership culture is a key part of our success. Management is accessible at all levels and employees are encouraged to improve and challenge the status quo.
- A succession planning strategy is in place, which includes talent retention.
- The Conditional Share Plan for high performing employees includes more than 50 participants.
- We continued to roll out a wellness initiative in South Africa focused on encouraging our employees to practice and improve their habits to attain better physical and mental health.
- Connect (our intranet) keeps our staff informed of news and happenings across the business.
- Ongoing engagement with our staff ensures their deliverables meet strategic objectives and the overall business strategy.

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

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

OUR SHAREHOLDERS

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

Key interests and expectations:

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

Quality of the relationship: ●

At the Annual General Meeting in September 2022, all resolutions were passed with support from shareholders of 85% and above.

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

How we respond:

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

OUR SUPPLIERS

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

Key interests and expectations:

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

Quality of the relationship: ●

The Group prides itself on maintaining mutually beneficial and long-term relationships with suppliers in South Africa and the UK.

How we respond:

- We work with our suppliers and service providers to achieve a common goal.
- We are committed to good corporate governance and ensuring compliance across all facets of the business.
- We are committed to treating suppliers and service providers fairly to create mutually beneficial long-term relationships.
- We form long-lasting relationships with our preferred business partners.
- We have invested more than R18.0 million in supplier development initiatives to date.
- We have invested more than R9.0 million in enterprise development initiatives to date.

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

CHAIRMAN'S LETTER

I am pleased to report that Stor-Age delivered another resilient performance, driven by ongoing gains in occupancy and rental rates, strong organic growth, the successful integration of acquisitions and the further expansion of the portfolio through new developments.

A RESILIENT PERFORMANCE

The past year was once again characterised by geopolitical instability and tough trading and operating conditions, which included surging inflation, rapidly rising interest rates and an ongoing energy crisis. While self storage is not immune to these events and the resultant economic uncertainty, our performance during the year, alongside throughout the COVID-19 pandemic and the sector's resilience throughout the global financial crisis, demonstrates our ability to navigate the current challenges. Self storage remains a specialist asset class that is needs-based and recession-resilient.

The sector benefits from a broad mix of historical demand drivers and longer-term structural changes accelerated by the pandemic, which gave rise to new drivers of demand. These include, for example, the hybrid working model, greater levels of mobility, micro-living and the growth of online retailers, which continue to underpin demand. These trends are particularly prevalent in high-density urban areas where the majority of Stor-Age's properties are located. We also continued to benefit during the year from the trends of an increasing length of stay for those tenants still storing with us, as well as a significantly lower level of churn relative to pre-pandemic levels.

> "Self storage is also one of the few commercial property sub-sectors that is well-placed to navigate a high inflationary environment."

The short-term nature of the leasing model provides the opportunity to pass on inflationary cost pressures and adjust pricing in near real-time. For operators with a sophisticated and dynamic revenue management model such as Stor-Age, it also provides an opportunity to be defensive relative to peers across the broader commercial property market.

Underpinned by Stor-Age's deep sector specialisation, highly sophisticated operating platform and industry-leading digital capability, we are pleased to have delivered a full year dividend of 118.14 cents per share, representing an increase of 5.6% against the prior year. The growth in dividend further supported the total return for the year of 16.9%[1].

ENVIRONMENTAL AND SOCIAL PERFORMANCE

In line with our ESG strategy and implementation framework, and on the back of our resilient financial and operational performance, Stor-Age continued to embed responsible and sustainable business practices throughout the organisation.

To date, we have invested more than R21.0 million in renewable energy infrastructure across South Africa and the UK (FY22 R11.6 million). During the period we installed solar PV systems at nine additional properties across both markets, bringing the total number of properties with solar PV systems to 34, representing 37% of our portfolio. These properties have generated over 4.3 million kWh in solar energy to date. An additional 12 properties have been identified for solar investment in FY24.

On the back of multi-year efforts to optimise our electricity consumption and reduce our carbon footprint, it was pleasing to see the outcomes of our most recent Carbon Footprint Report. Key takeaways include avoiding an estimated 2 771 tonnes of CO_2 equivalent emissions since FY18, a downward trend in emissions generated through municipal electricity consumption since FY21, and an estimated 15% year-on-year reduction in our total Scope 1, 2 and 3 emissions in FY23 (FY22 13%). These insights are being used to inform the ongoing development of our Group-wide net zero energy strategy.

Following the finalisation of our UK debt restructuring and the entering into of a 7-year Sustainability-Linked Loan with Aviva plc, we made progress during the year in achieving the environmental KPIs that will trigger a reduction in loan margin. This includes completing solar installations at our Dartford, Derby and Gloucester properties.

We further launched a pilot recycling project at one of our South African properties during the year, which we believe will have a broad positive environmental and social impact in the communities in which we operate. Customers can recycle paper and cardboard products at the property, with these items then collected by the non-profit organisation Oasis Recycling as part of a community initiative to create sustainable employment for people with intellectual disabilities. Following the trial, we will consider rolling this initiative out at multiple locations across the country.

The board also continued to oversee the Group's efforts to improve compliance with the amended Property Sector Codes. We are pleased to report that Stor-Age's share register reflected 44.65% black ownership at the time of conducting our 2023 empowerment scorecard review. We continue to investigate further opportunities to meaningfully support the transformation of the property sector.

GOVERNANCE PERFORMANCE

We remain steadfast in our view that effective corporate governance is critically important to preserve value over the long term on behalf of all stakeholders.

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

> "The board continued to exercise oversight of the Group's growth strategy, which provides a clear framework to guide decision-making and capital allocation."

The board further reviewed the investment committee's terms of reference and approved an increase in the committee's authority level. It remains critical that key investment hurdles are met when considering new acquisition and development opportunities.

Seeking to further strengthen the board's skill set, expertise, diversity and independence, we welcomed Alan Menigo to our board this year as an independent non-executive director. Alan also took up a position on the investment committee. He brings with him a set of complementary skills as well as a wealth of knowledge and experience in both the financial and property arenas and we look forward to his contribution.

Another key focus area for the board was overseeing Stor-Age's secondary listing on A2X, which complements our primary listing on the JSE. In addition to providing our shareholders with another platform on which to trade the Company's shares, the secondary listing brings the benefits of added liquidity, narrower spreads and lower exchange fees.

The board continues to work towards the transparent and fair implementation of our remuneration policy and welcomed shareholders' improved support of this policy at our 2022 AGM.

OUTLOOK AND THANKS

We are moving from another challenging year into an even more uncertain future. In such trying times, we look back on the financial and operational performance delivered by our teams in South Africa and the UK with pride. We know that to continue delivering robust operating performances over multiple years requires our employees to be engaged, committed and motivated.

To the entire Stor-Age team, I thank you for your exceptional dedication and commitment to the business which gave rise to another set of stellar results. I would like to commend our executive management team for their leadership and ongoing efforts in executing the Group's growth strategy and inspiring our teams. Thanks also to my fellow non-executive directors for bringing their formidable knowledge and experience to bear on the strategic direction and governance of Stor-Age. Thank you for the energy, commitment, skill and competence you bring to our business.

Guided by our well-articulated Vision and Mission and supported by our high-quality property portfolios in both markets, we remain confident in our business model, which has proved its resilience through multiple economic crises. Accordingly, I remain confident about the Group's future prospects, to the benefit of all stakeholders.

Graham Blackshaw
Chairman
31 July 2023

[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 .*

OUR BUSINESS

OUR GROWTH STRATEGY

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

We conduct our strategic growth planning in five-year cycles. We are currently in the third 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.

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

Organic growth through the expansion of existing stores, acquisitions and new developments are at the core of our growth strategy. With in-house development expertise and a disciplined and opportunistic approach, we ensure that our risk-adjusted yield expectations are met and that we are able to effectively secure development sites and obtain the necessary approval consents. We prioritise high barrier to entry areas in our key markets.

During the year we continued to execute our growth strategy, further expanding our footprint by acquiring trading properties, expanding existing stores and implementing our development strategy at newly acquired sites.

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

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

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

Our South African growth strategy seeks to entrench Stor-Age's position as the leading and largest self storage property fund and brand in the country. For 17 years we have successfully identified key growth opportunities, expanding the South African portfolio to 57 properties. The portfolio represents a value of R5.57 billion[1].

We benefit from the following:

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

While we see an opportunity to acquire trading properties, our new development strategy of bringing high-profile properties to market in prime locations remains a key component of our growth strategy. Our plan to 2025 includes aiming to grow the South African portfolio to 70+[2] properties.

Read more about our property pipeline on page 24.

OUR GROWTH STRATEGY FOR THE UK MARKET

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

During the year, we focused on strengthening the organisational infrastructure and management capacity of our UK team in order to sustainably support the rapid growth being experienced by Storage King, as well as to support anticipated future growth. Our UK and South African teams and platforms are now fully integrated in those areas where we believe it allows for optimal performance across the Group.

In addition to the property strategy outlined below, we continued to see the positive impact on enquiry generation during the year as a result of successfully leveraging our digital marketing capability into the UK. Read more about this from page 32.

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring trading properties and developing new properties in key target areas. We have identified a growth target of an average of two to four properties per annum. We are also aiming to add trading properties to our third-party management platform, Management 1st. Read more about this platform on page 30.

Key features of the medium-term growth plan include:

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

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

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

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

LEASEHOLD OWNERSHIP

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

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

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

[1] *Includes trading properties held in JVs.*
[2] *Includes the Company's pipeline.*

JOINT VENTURES

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

Our JVs form a key component of our growth strategy in South Africa and the UK. Eight properties are currently being co-developed in JVs (SA 5; UK 3).

Read more about these joint ventures from page 31.

THE DRIVERS OF SELF STORAGE

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

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

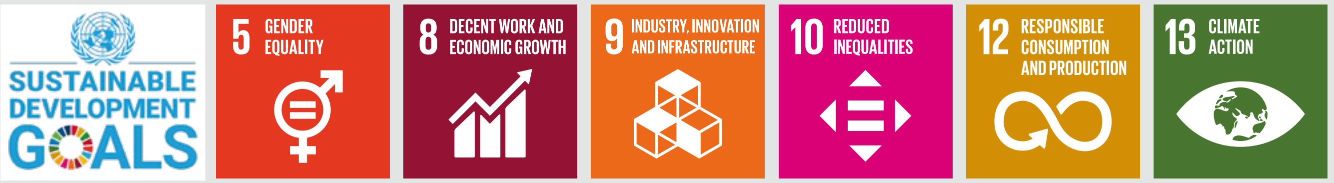
STRENGTHENING OUR GROWTH STRATEGY THROUGH A ROBUST FOCUS ON ESG

We continue to integrate ESG principles throughout the business. Our ESG strategy, which focuses on the areas of environmental sustainability, social sustainability and corporate governance, aligns our Vision and Core Values with six relevant SDGs and takes guidance from the TCFD.

Our long-term ESG strategy is centred on:

Developing environmentally-friendly buildings Read more on page 23	Creating a culture of high integrity across the business Read more on page 62	An unwavering approach to good corporate governance Read more on page 67	Ensuring the ongoing sustainability of the business Read more on page 67

Preserving our resilience by maintaining balance sheet strength Read more on page 13	Effective management of financial and environmental risks, with significant value creation for our stakeholders Read more on page 54	Supporting the local communities in which we operate Read more on page 61



DEVELOPING ENVIRONMENTALLY-FRIENDLY BUILDINGS

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

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

Read more about our ESG strategy and implementation framework on page 54.

OUR PROPERTY PORTFOLIO

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

Stor-Age has a portfolio of 93 properties across South Africa and the UK, totalling R12.9 billion[1] in value.

Our growth strategy, which you can read about on page 21, details how and where we intend to execute high-quality acquisitions and new developments to further grow our asset base, while pursuing organic growth by expanding existing properties.

Joint venture partnerships are a key component of our growth strategy in South Africa and the UK. Read more about these partnerships from page 31.

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

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

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

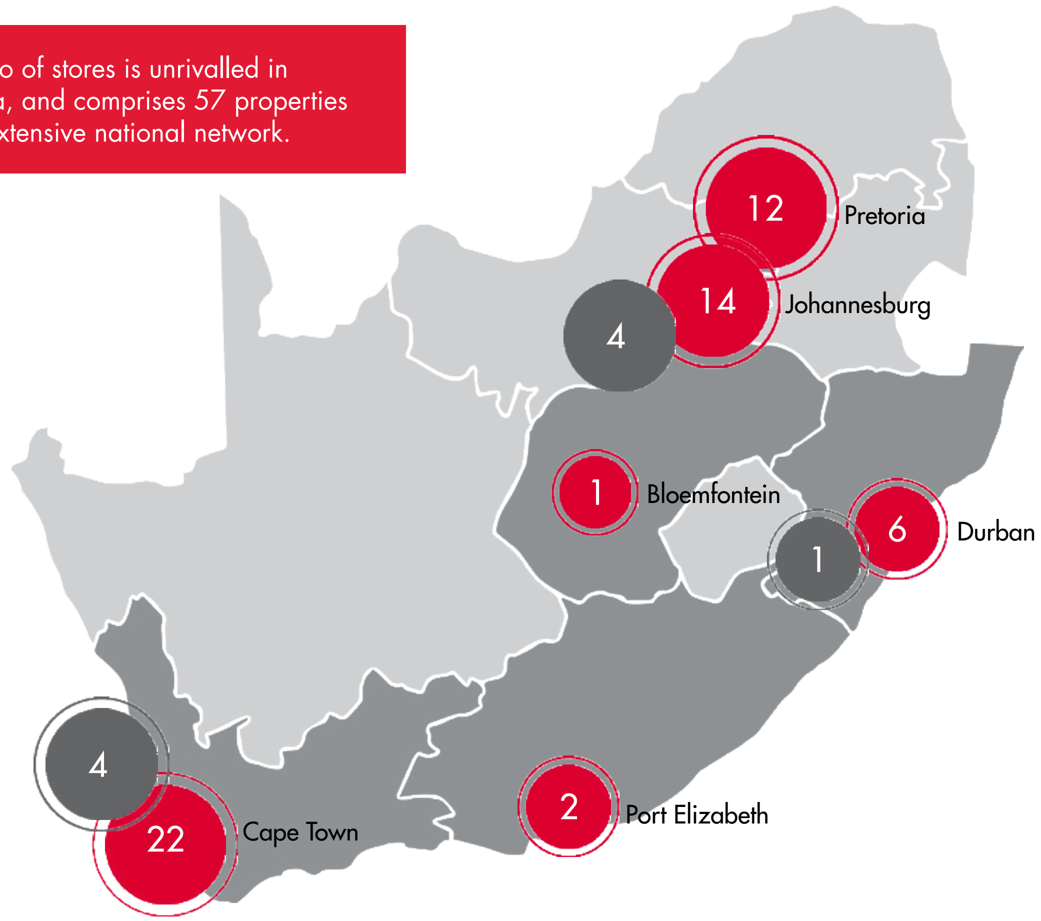
Our South African portfolio comprises 62 properties. This includes 57 trading properties and five new properties currently under development. Our 57 trading properties[2], providing space to 30 300 customers, offers 393 400 m^2 GLA[3]. Our total pipeline of nine new developments (including the five currently under construction) will offer a further estimated 53 000 m^2 GLA on completion.

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

57 Our portfolio of stores is unrivalled in South Africa, and comprises 57 properties across an extensive national network.

PORTFOLIO:
57 properties
R5.57 billion
393 400 m^2 GLA
30 300 tenants

PIPELINE:
9 properties
R880 million
53 000 m^2 GLA



Portfolio
Pipeline

[1] *Includes 100% of trading properties held in JVs as at 31 March 2023.*
[2] *Includes trading properties held in JVs and managed by the Group as at 31 May 2023.*
[3] *Includes trading properties held in JVs as at 31 March 2023.*

ACQUISITIONS

The acquisition of high-quality and well-positioned properties remains a key component of our growth strategy. Since 2006, Stor-Age has acquired a total of 28 properties.

During the year we acquired an independent self storage property in Cape Town, Think Secure Self Storage. Secured for a purchase consideration of R65 million, the property is well located on the corner of Sandown and Koeberg Roads in Parklands, serving the broader Parklands, Sunningdale and Table View areas.

The property's location is highly complementary to the existing Stor-Age Sunningdale and Table View properties. The purpose-built multi-storey property offers an existing total potential of 4 000 m^2 GLA, while also benefiting from significant additional bulk. A planning application has been submitted to expand the property by an additional estimated 2 900 m^2 GLA, translating into approximately 6 900 m^2 GLA in total on completion.

Post acquisition the property has traded in line with forecasts.

DEVELOPMENTS

Stor-Age's secured development pipeline in South Africa comprises nine properties with an approximate total development cost of R880 million that will add an estimated 53 000 m^2 GLA to the portfolio.

New developments are currently underway at five properties in South Africa, which are scheduled to bring online an additional estimated 28 200 m^2 of space. All properties recently completed or currently under development form part of our JV with Nedbank Property Partners ("Nedbank"), with the exception of Century City, which is being developed in a JV with the Rabie Property Group ("Rabie").

DEVELOPMENTS COMPLETED

Post year end, we completed the R125 million development of a property in Morningside, Gauteng, increasing our GLA by 7 400 m^2.

The property, which began trading in May 2023, is situated alongside the Wedge Shopping Centre on Rivonia Drive. It is exceptionally well located and benefits from prime exposure to passing traffic. The property trades into Morningside, Sandton and Kramerville.

DEVELOPMENTS IN PROGRESS

We continued progress with the development of five properties in South Africa – three in Cape Town, located in Pinelands, Paarden Eiland and Century City, and two in Gauteng, located in Bryanston and Kramerville. Collectively these properties will add 28 200 m^2 to the portfolio.

Property	Status and location	Estimated development cost	Estimated GLA
Bryanston	The property, which is well-positioned alongside the Virgin Active at the busy Grosvenor Crossing intersection, will primarily trade into Bryanston, Riverclub, Kleve Hill and Petervale. The property is scheduled to open for trading in August 2023.	R75 million	4 700 m^2
Pinelands	Situated opposite Howard Centre, on the corner of Howard Drive and Gardener Way, construction is underway at our Pinelands property, a brownfield conversion. The property, which will primarily trade into Pinelands, Mowbray, Rosebank and Rondebosch, is scheduled to open for trading in the second quarter of FY24.	R97 million	7 300 m^2
Paarden Eiland	Located prominently in the service road alongside Marine Drive, the property, a brownfield conversion, enjoys high exposure to the busy Marine Drive, which carries significant traffic volume in both directions. The property, which will primarily trade into the broader Milnerton area as well as parts of the East City, is scheduled to open for trading in the second quarter of FY24.	R75 million	4 700 m^2
Century City	In December 2022 Stor-Age and Rabie entered into a joint venture to develop a site within Century City ("Rabie JV"). The site is well positioned on Edison Way and enjoys good visibility by commuters travelling east and west along Bosmansdam Road. The property, which will primarily trade into Century City, Tijgerhof, Milnerton and Montague Gardens, is scheduled to open for trading in the first quarter of FY25.	R96 million	6 100 m^2
Kramerville	Located in Kramerville (Sandown), the property is situated on the corner of Dartfield Road and Commerce Crescent. Construction began in June 2023. The property, which benefits from having access on grade to all four levels, will primarily trade into Sandown, Wendywood, Strathavon and Atholl Gardens. The property is scheduled to open for trading in FY25.	R45 million	5 400 m^2

UNINTERRUPTED POWER SUPPLY

To mitigate against the risk of an unstable electricity supply in South Africa, all trading properties have generators installed, except for the three smallest properties measured by GLA which have battery storage solutions. During periods of intermittent electricity supply, these backup diesel generators are used. Added to this, 25 of the 57 properties have solar PV systems installed, which to date have generated over 4.3 million kWh. A further ten properties in South Africa have been identified for solar investment in FY24.

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

Read more about our hybrid solar PV system strategy on page 58.

MAINTAINING OUR PROPERTIES

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

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

OUR PROPERTY PORTFOLIO IN THE UK

Stor-Age is now in its sixth year of trading in the UK under the Storage King brand – the sixth largest self storage operator in the country[1]. Storage King operates a regionally dominant portfolio of 36[2] properties throughout England.

The acquisition of Storage King in 2017 represented a portfolio of well-located properties and a growth platform with well-invested infrastructure. The in-country management team has considerable industry experience and a strong track record of operational management and improvement. In the period since acquisition, Storage King has increased the number of properties in its portfolio from 13 to 36 and the total GLA from 543 000 sq. ft to 1 431 600 sq. ft[2], with a further three properties in the development pipeline offering an estimated 182 000 sq. ft GLA on full build-out (excluding the Heathrow property which began trading in July 2023).

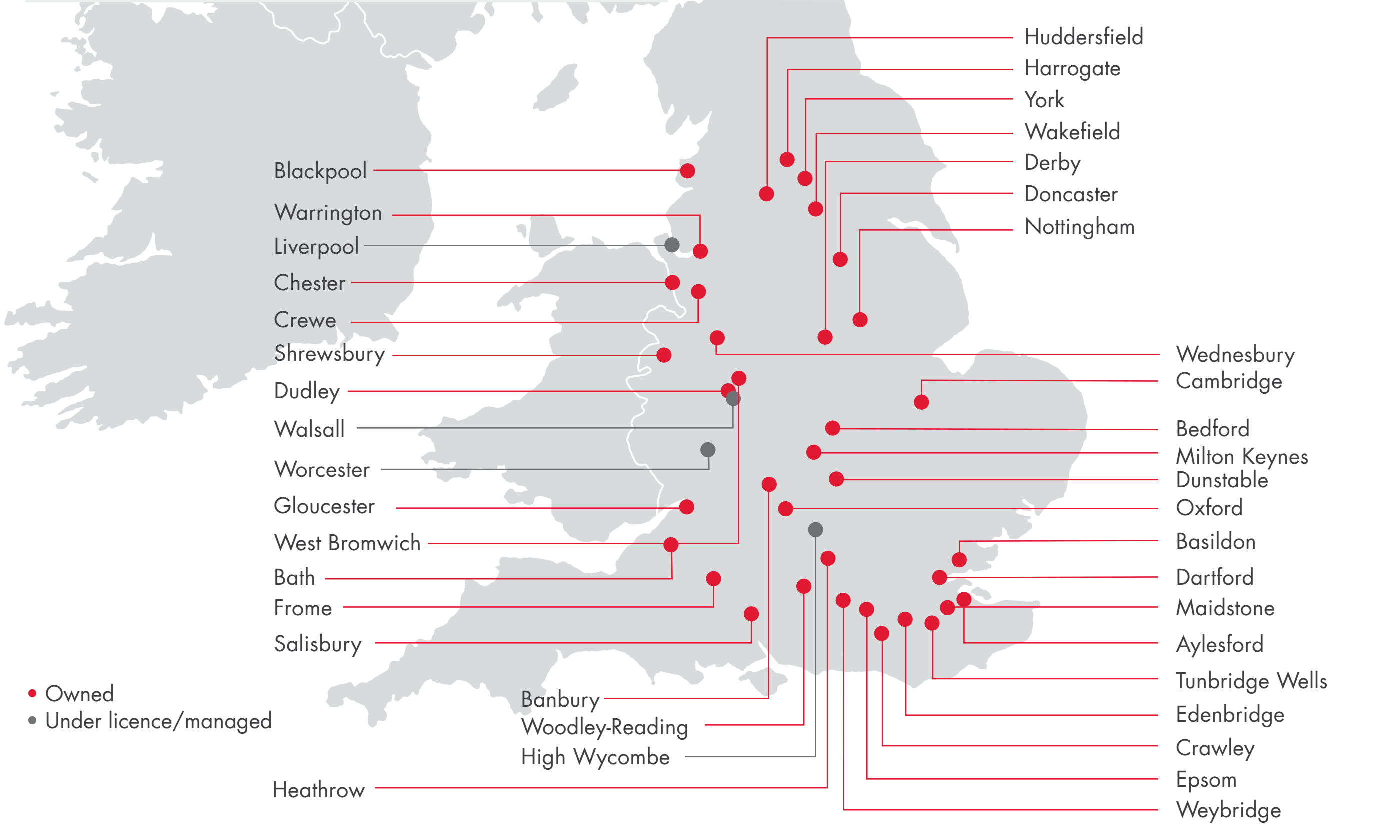
Overview of Storage King

- Sixth largest operator in the UK by number of properties
- The portfolio of 36 properties is complemented by an additional three properties which trade under license of the Storage King brand
- Four strategic growth levers – expanding existing properties, acquiring independent trading stores, developing new high-quality properties and securing third-party management contracts (Management 1st)
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well-positioned to secure acquisition opportunities via long-established relationships with independent operators

39 Storage King operates 39 well-located properties throughout England, with a further four properties in the pipeline.

UK PORTFOLIO[2]:

36 properties
R7.37 billion[3]
133 000 m² GLA
16 800 tenants



[1] *Source: The Self Storage Association UK Annual Industry Report 2023.*
[2] *As at 31 May 2023. Excludes Heathrow which began trading in July 2023.*
[3] *Includes 100% of trading properties held in JVs.*

ACQUISITIONS

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

Post year end, we successfully acquired Easistore, a high-quality four-store portfolio in the south east of England with well-located properties across Kent and West Sussex. The portfolio was acquired in a JV with Nuveen Real Estate ("Nuveen"), with Stor-Age's equity contribution in the acquisition amounting to £4.4 million. Read more about this JV on page 31.

The Easistore acquisition represents the third, four-store portfolio that Stor-Age has either acquired or part-acquired in the UK in the preceding 16 months.

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

With properties located in Crawley, Edenbridge, Maidstone and Tunbridge Wells, the portfolio added 22 500 m² to the Group. Well-located and with excellent visibility and prominence, the four mature freehold properties trade into dense residential and commercial areas.

The Edenbridge, Tunbridge Wells and Maidstone properties provide Storage King with a greater presence in Kent, while the Crawley property enables the Company to expand into West Sussex.

DEVELOPMENTS

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

Our secured development pipeline in the UK now comprises three properties with an approximate total development cost of £45 million, that will add an estimated 182 000 sq. ft GLA to the portfolio. The properties are located in Canterbury, West Bromwich and Acton. Each of these three new developments are being completed in a JV with the Moorfield Group ("Moorfield"). Read more about this JV on page 31.

DEVELOPMENTS COMPLETED

Property	Status and location	Estimated development cost	GLA
Bath	Located within the Western Lock Retail Park, in close proximity to Bath City Centre on the A36 Lower Bristol Road, this brownfield conversion is located adjacent to a M&S Foodhall. The property opened for trading in May 2023.	£11.7 million	46 000 sq. ft (4 300 m²)
Heathrow	This greenfield development is located on a prominent intersection to the west of London, on Great South-West Road (A30) and the Causeway (A312) and in close proximity to Heathrow Airport. The property opened for trading in July 2023.	£13.8 million	61 000 sq. ft (5 700 m²)

DEVELOPMENTS IN PROGRESS

Property	Status and location	Estimated development cost	Estimated GLA
Canterbury	Located in close proximity to a large Big Box retail corridor, the site forms part of the new "to be created" Canterbury Trade Park which sits along Sturry Road (A28), in close proximity to the Canterbury Town Centre. Construction of this greenfield development commenced in November 2022 and the property is scheduled to open for trading in the third quarter of FY24.	£9.8 million	54 000 sq. ft (5 000 m²)
Swan Village (West Bromwich)	The property is located in Great Bridge Street, Swan Village in the Carlyle Business Park, with excellent exposure at the roundabout to commuters travelling on the Solihull Bypass (A41). The property, a brownfield conversion, will also offer office and bulk storage space. Construction commenced in February 2023 and the property is scheduled to open for trading in the third quarter of FY24.	£12 million	64 000 sq. ft (5 900 m²) excluding bulk and office space
Acton	Located in a mixed residential and commercial area of Acton (Zone 3), a large residential suburb in West London in the borough of Ealing, the property enjoys frontage to Stanley Gardens, Bradford Road and Warple Way, just off Uxbridge Road (A4020), a busy main arterial through Acton. A brownfield conversion, the property was acquired in April 2023 and a planning application was immediately submitted to extend the building vertically by up to two levels. Construction has not yet commenced.	Currently in planning	Currently in planning

ADDITIONS

During the year we concluded expansions at our Chester, Doncaster, Bedford and Weybridge properties, bringing online an additional 54 000 sq. ft GLA.

Milton Keynes

An estimated 21 000 sq. ft GLA expansion, comprising a three-floor extension to the existing property, including converting a portion of existing office space to self storage, began on site in February 2023. The building works are scheduled to be completed in the third quarter of FY24.

Crewe

The building adjacent to the existing property was acquired in August 2022 for a purchase consideration of £2.75 million. On completion, the newly acquired property will comprise an estimated 16 300 sq. ft of self storage space and 2 700 sq. ft of office space. The three-floor conversion of the newly acquired building and the addition of ancillary office space is scheduled for completion in the third quarter of FY24.

TOWN PLANNING APPLICATIONS

We continue to seek opportunities to unlock value in the existing portfolio. Accordingly, a number of town planning applications are currently either in hand and approved, or have recently been submitted:

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

MANAGEMENT 1ST

The Group is making progress in building out Management 1st, our comprehensive third-party management solution for 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 infrastructure and skills. The management solution will further provide a natural acquisitions pipeline over the medium to long term when third-party owners wish to exit.

We currently have 11[1] properties in the UK operating on our Management 1st platform, with a further three properties to be added once our current joint venture developments are complete. In addition, two properties managed on behalf of independent owners are anticipated to come online later in FY24 (subject to final agreements being concluded).

[1] *Includes Heathrow property, which began trading in July 2023.*

THE UK SELF STORAGE MARKET

In the recently published 2023 Self Storage Association UK Survey, self storage space per head of population in the UK is estimated to be 0.82 sq. ft. This shows that the market is less developed than the United States (9.4 sq. ft) and Australia (2.1 sq. ft), despite the growth in supply in recent years.

The market remains relatively fragmented with an estimated 2 200 self storage properties, including 739 predominantly container-based operations, supplying 55.5 million sq. ft across 1 086 brands. The top ten operators, including Storage King, account for approximately 23% by number, and 44% by area, of the market.

The survey also noted that the industry is transitioning from an exceptional period, with most mature stores remaining close to optimal occupancy with solid rental rates. This provides operators with the ability to absorb some price compression or occupancy loss as the sector moves to post-pandemic normalisation. While churn levels in 2022 increased slightly to 81% (annualised), compared to 76% in 2021, this is still significantly lower than the 118% experienced in the pre-pandemic period.

JOINT VENTURES IN SOUTH AFRICA AND THE UK

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

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

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

Garden Cities

In September 2019 Stor-Age entered into a JV with Garden Cities to develop a site in Sunningdale in Cape Town. The property, comprising 6 300 m² GLA, commenced trading in April 2021.

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

Moorfield

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

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

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

Nedbank

In September 2021, Stor-Age entered into a JV with Nedbank Corporate and Investment Bank ("Nedbank") to initially develop two high profile properties in Morningside and Bryanston. The JV has also subsequently embarked on the development of the Pinelands, Paarden Eiland and Kramerville properties.

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

Rabie

Stor-Age entered into a JV with the Rabie Property Group ("Rabie") in December 2022 to co-develop a property in Century City, Cape Town, with an estimated 6 100 m² GLA and at an estimated development cost of R96 million.

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

Nuveen

Stor-Age entered into a JV with Nuveen Real Estate ("Nuveen") in April 2023. Nuveen, which made its entry into the European self storage market in Sweden in late 2021, is one of the largest, most established global investment managers with USD154 billion of assets under management and an 85-year investment track record.

Nuveen holds 90% and Stor-Age a 10% equity interest in the JV respectively. In April 2023 the JV acquired Easistore, a four-store portfolio in the UK with properties located in Kent and West Sussex. The initial objective of the JV is to implement the portfolio rebrand and management platform overlay, with a view to expanding Nuveen's exposure to self storage assets across the UK over the medium term.

OUR SUCCESS DRIVERS

OUR SOPHISTICATED DUAL-MARKET OPERATIONS PLATFORM

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

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

The CRM enables all enquiries to be logged and tracked until closed, with management able to monitor employees' efforts.

Despite returning to a normalised trading environment post the onset of COVID-19, same-store enquiries generated across both markets were in line with that of 2022. Pricing is dynamic and varies according to unit size, location, demand and the stage of lease-up of the individual property. Internal space at properties can be reconfigured to create various unit sizes to meet the demand profile and optimise revenue streams from the property.

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

1 Systems, including processes, controls and responsibilities

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

2 People

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

OUR BRAND STRENGTH

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

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

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 36 properties[1], along with a further 3 properties trading under licence. This growth, complemented by the Group's elevated online visibility in targeted locations, has strengthened the brand, and increased brand recognition.

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

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

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

[1] *Includes trading properties held in JVs and managed by the Group. Excludes Heathrow property which began trading in July 2023.*

PURSUING MUTUALLY BENEFICIAL COMMERCIAL PARTNERSHIPS

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

INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

"Leveraging our industry experience and digital capability, we continue to outperform our competitors in new customer acquisition."

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

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

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

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

"As an accredited Google and Meta partner, we benefit from exclusive access to their latest beta products and services. This enables us to further optimise our targeted messaging to the right audience, on the right platform, at the right time."

Our accredited partnership status with Google and Meta allows us to continue to bolster our digital marketing capabilities. We benefit from having dedicated teams at both platforms who provide us with additional resources and insights, enabling us to strengthen our messaging and target specific audiences on the platforms where they are most active. This has resulted in positive demand generation despite challenging macro conditions.

Benefiting from participating in the Google Partner program, for a number of years we have made use of AI tools to assist and experiment with Search Marketing techniques and practices. We have also made use of AI tools for content creation across multiple platforms, to assist in our messaging and targeted audience efforts.

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

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

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

Our websites are designed to be simple and uncluttered so that they are easy to navigate, especially for the significant proportion of visitors that originate from mobile devices. Improvements during the year included a full rebuild in the latest version of code available for the back-end supporting the Storage King website, ongoing refinements to the user experience on both web platforms, as well as additional security enhancements and continued deeper integration of our South African and UK platforms.

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

Our ongoing commitment to improving customer communication drives enquiry generation and sales conversion. Cloud-based customer service software enables a single centralised customer communication platform that incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat. During the year we responded to more than 21 000 chats through this platform.

The Contact Centre team operates off the Group's bespoke in-house developed customer relationship management system (CRM), StorHub. StorHub integrates into the tenant management system (TMS) in both markets, allowing for seamless interaction between prospective tenants and staff. It sits at the intersection of new enquiries (digital and phone), the TMS and our digital and telephonic sales response. We continue to invest significant resources to further enhance the platform. The majority of new customers in South Africa and a large portion in the UK are onboarded digitally (e-leasing and e-signing), resulting in improved productivity across the business, as well as an enhanced customer experience.

CONTACT CENTRE PERFORMANCE

60 000+
Calls answered

21 000+
Online enquiries responded to

57 000 m²+ GLA
Space reserved

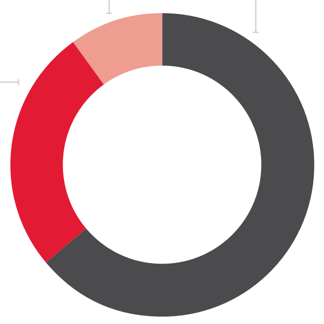
11
Full-time employees support our in-store sales strategy

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

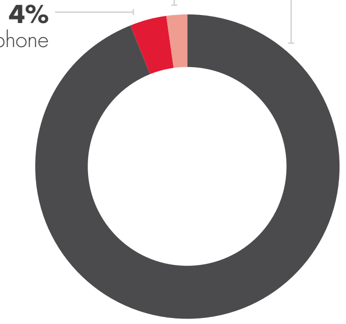
> "By continually refining our approach, while retaining our focus on the fundamentals that influence demand, we continue to improve the quantity and quality of enquiries generated."

We further use our social media presence and influence to support social impact initiatives, such as community projects and non-profit organisations. These include the JAG Foundation, Gary Kirsten Foundation and various other local communities and organisations. Refer to the Social Sustainability section from page 61 for more information on these projects and our other corporate social investment initiatives.

ENQUIRIES – SOUTH AFRICA



ENQUIRIES – UK



The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 64%[1] of all South African enquiries. The telephone accounts for 26%[1] 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%.

[1] *A reclassification of WhatsApp enquiries from "web" to "telephone" took place in FY23. As a result, website enquiries have decreased and telephone enquiries have increased proportionately in FY23 relative to FY22.*

MEASURING CUSTOMER SATISFACTION

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

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

> "The exceptional quality of our properties and the high calibre of our staff is reflected in our average Google Business Profile review rating of 4.7 in South Africa and 4.8 in the UK out of 5."

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

Our overall NPS for the year was 83[1] in South Africa and 70 in the UK. This indicates that our customer-centric approach is world class when compared to global NPS standards and other consumer-facing businesses.

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programmes. Read more about this from page 63.

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

DIGITAL FIRST

A component of the Management 1st platform, which you can read about on page 42, Digital First is a digital marketing solution for independent operators. It provides an opportunity for smaller operators to leverage a publicly traded self storage REIT's digital platform at a fraction of the cost. With its sector-leading in-house digital marketing capability, Digital First made significant gains during the year, adding an additional 11 independent operators representing 60 properties.

A total of 95 properties (23 operators) are now contracted with the Group for the digital services offering. These operators are situated across 15 countries, with Digital First marketing these businesses in seven languages. None of the 95 properties compete directly with existing Storage King properties. While these new agreements will make a modest contribution to earnings in the short term, we look forward to the longer term prospects of building critical mass and further developing a meaningful revenue stream from the platform.

ESG

To ensure the sustainability of our business, our people, the physical environment and the society in which we operate, we remain committed to executing our ESG strategy. This strategy aligns our Vision and Core Values with six relevant UN 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 54.

OUR PEOPLE

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

> "Stor-Age's bespoke e-learning platform, various learning and development initiatives and a comprehensive performance management system, provide our staff with unique opportunities for personal growth."

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

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

In South Africa we also held the first in-person Annual Year-end Reviews since the on-set of the COVID-19 pandemic, where the focus was placed on learning from peers in the business, primarily through panel discussions and interactive quizzes. Read more about our Year-end Reviews from page 65.

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

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

E-LEARNING FRAMEWORK

49
New online courses designed

1 000+
Hours of online training completed

135+
Attendees across eight in-person workshops

ENSURING SECURE STORAGE

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

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

We work with a third-party security company in South Africa that remotely monitors our security camera surveillance systems and we have installed licence plate recognition technology at new and existing properties. These systems complement our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties were selected for these installations based on our internal risk matrix, which takes into account various property and operational-related features at each store. At year end, 55 properties were fitted with these systems, with installation at an additional six properties in progress (this includes properties in the development pipeline).

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

We developed a custom self storage door alarm and monitoring system in South Africa to enhance physical security. All newly developed properties in South Africa are fitted with this system, with a total of 18 stores now operational. In the UK, 24 of the 36 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term. Smart locks were also installed at our recently opened Bath and Heathrow stores in the UK. These bluetooth enabled electronic locks allow customers to access the store and their unit with their smart device. In addition, the smart locks allow for automated lock checking and overlocking processes for our operations staff. The new smart locks are currently planned to be rolled out as part of new stores which are either already under development or where development is about to begin in the UK. The performance and customer acceptance of the new smart locks will be monitored and reviewed, with a decision still to be made in respect of their potential future roll out across additional stores in the portfolio.

In FY24 we plan to install smart electric fence monitoring systems at 13 properties in South Africa, that will trigger an alarm when low voltage is detected.

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

OUR SUCCESS DRIVERS (continued)

ENHANCING OUR CYBER SECURITY

> “Together with a cloud-based approach for essential services, our objectives of employing effective redundancy measures, enhancing security and ensuring continuity, remain strategic priorities.”

Cyber security is a critical area of focus for the Group. We continue to enhance our layered network security systems to strengthen defences in response to the global increase of ransomware and other cyber attacks. The Group’s various data sources are decentralised in separate locations to limit the severity of any potential breaches.

We note an increase in social engineering efforts to steal user passwords or make fraudulent payments by impersonating the management team digitally. Awareness and notifications that alert users when emails originate outside of the Group’s network, remain important components of our defence against such attacks.

We partner with reputable, specialist service providers to ensure cyber security measures are maintained at the highest level. At the same time, we regularly communicate with all staff to share best practice in terms of 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.

We continuously monitor our users 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 PERFORMANCE

CEO'S REPORT

Due to the strength and resilience of our operating model, Stor-Age was once again able to navigate another year of macro and political instability to deliver a robust performance. We continue to benefit from a high-quality property portfolio and a well-managed balance sheet. Our success in building Stor-Age into a sector-leading business is also supported by the strength and quality of our multi-year strategic planning.

Stor-Age is the largest self storage property fund and most recognisable brand in South Africa. The portfolio comprises 93 trading properties across South Africa (57) and the UK (36), providing space to more than 49 000 customers[1]. The combined value of the portfolio was R12.9 billion[2] (SA R5.6 billion; UK £335 million) at year end. The maximum lettable area, including the pipeline and ongoing developments, now exceeds 620 000 m².

Benefiting from continued healthy demand, the resilient operating performance saw rental income up 17.3% year-on-year and growth in portfolio occupancy of 21 200 m², along with an increase in tangible net asset value of 8.2% to R14.71 per share.

We are now in the third year of our five-year growth plan to 2025. This plan sets out extensive and detailed property strategies to further grow our asset base through the execution of high-quality acquisitions and new developments while pursuing organic growth via the expansion of our existing properties.

Importantly, our growth plan is responsive to our evolving operating environment and our property strategies are increasingly influenced by the significant role that technology is playing in our business. An example of this is our third-party digital services offering, Digital First. We also remain committed to strengthening Stor-Age's social and environmental resilience and made excellent progress against our ESG strategy during the year. This is unpacked in more detail in the Chairman's letter on page 18.

[1] *Includes properties held in JVs and managed by the Group as at 31 May 2023.*
[2] *Includes 100% of trading properties held in JVs as at 31 March 2023.*

Consistent execution of our growth strategy continues to be complemented by the careful management of our balance sheet, which remains robust, reflected in our LTV ratio of 30.8% and with over 83.5% of our net debt subject to interest rate hedging at year end. This ensures that we can take advantage of market opportunities as they present themselves.

An integral component of our growth strategy is JVs and leveraging the platform into non-direct property revenue streams. Our third-party management offering forms a key component of this strategy, allowing us to generate additional revenue with minimal capital investment by leveraging our existing superior infrastructure and skills. During the year our third-party management fees amounted to R36.0 million, an increase of 146% compared to the prior year. Read more about our third-party management fee revenue on page 48.

GROWING OUR PROPERTY PORTFOLIO

Despite the challenging operating environment, we continued to deploy capital strategically, adding significant quality and scale to our high-quality portfolio on a select basis and in line with our strict investment criteria. The extent of this growth was evidenced by the fact that we had several major developments underway simultaneously in multiple cities across South Africa and the UK during the year, while also closing multiple new store and site acquisitions.

The full development pipeline at year end consisted of 13 properties, with nine of these located in South Africa and four

in the UK. Including properties that have already opened in FY24, there will be a total of eight new properties, split evenly between South Africa and the UK, that will be completed and open for trading during the year.

In South Africa, this included developments in Bryanston, Morningside, Paarden Eiland, Pinelands and Century City, and we concluded the acquisition of Think Secure Self Storage in Parklands. Post year end, in May 2023 the Morningside property began trading. In the UK, we extended existing properties in Chester, Doncaster and Bedford, began development in Heathrow, Bath, Canterbury and West Bromwich, and also began a major extension at Crewe, as well as the redevelopment of Milton Keynes.

Post year end, we completed the acquisition of a property in Acton, West London, in the Moorfield JV for redevelopment, while the Bath property began trading in May and the Heathrow property in July 2023. We also successfully entered into a new JV and completed the acquisition of the high-quality four-property Easistore portfolio in south east England.

What we have been able to achieve this year demonstrates the strength, competitiveness and sophistication of our platforms in South Africa and the UK. This continues to support our ambition of assembling a portfolio of prime self storage assets despite significant economic and market uncertainty

GROWING OUR SOUTH AFRICAN PORTFOLIO

"We remain sector leaders in South Africa, offering a property portfolio that is unmatched in quality, 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 underpin our success."

In November 2022 we acquired Think Secure Self Storage in Parklands, a suburb on Cape Town's west coast, for a purchase consideration of R65.0 million. The property is well located, servicing the broader Parklands, Sunningdale and Table View areas, with the location being highly complementary to our existing Sunningdale and Table View properties. The purpose-built multi-storey property consists of 4 000 m² GLA on a fully fitted-out basis, while also benefiting from significant additional bulk.

Silver Park Self Storage (GLA 7 600 m²) and Green Cube Self Storage (GLA 5 500 m²), both of which are in Cape Town, were acquired in the second half of FY22 and have been rebranded and seamlessly integrated into the operational platform. Both properties continue to trade in line with expectations.

Following an extensive and near five-year town planning process, during the year we pleasingly received approvals to develop a bespoke, modern multi-storey Big Box self storage property on a prime site in Sandton, Johannesburg. The property is situated alongside Sandton Drive and will add an estimated 6 500 m² GLA to our portfolio upon completion.

Developments currently underway in South Africa comprise five properties at an approximate total cost of R388 million and which will add an estimated 28 200 m² GLA to the portfolio, representing more than 7% of the total current South African portfolio GLA.

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 short-term financial impact, we entered a JV with Nedbank in September 2021. The JV is currently developing four high-profile properties at an estimated cost of R322 million in Bryanston (4 700m² GLA) and Kramerville (5 400m2 GLA) in Johannesburg, and in Pinelands (7 300m² GLA) and Paarden Eiland (4 700m² GLA) in Cape Town.

In addition to the JV with Nedbank, we also recently entered into a JV with the Rabie Property Group to develop a high-profile property in Century City (6 100 m² GLA). At a cost of approximately R96 million, construction began in the latter stages of FY23. Looking forward, we anticipate that the majority of our new developments will be completed in a JV structure with a development partner, thus enabling a measured rollout of our development pipeline.

We remain concerned about the degradation of municipal infrastructure in recent years in certain parts of South Africa, as well as the negative impact that an intermittent power supply is having on the economy, businesses and individuals.

That said, we remain committed to executing our South African growth strategy and maintaining our sector leading position. To navigate these challenges and ensure that we play our part in South Africa's economic turnaround, our focus is on growing our portfolio responsibly. This includes creating employment opportunities and investing in our people and sustainable energy and water infrastructure capacity.

To this end, we recently completed a successful trial during the year to integrate our existing PV systems with battery storage and the existing diesel generators, for a more optimal solution. We anticipate an investment of an estimated R45.0 to R50.0 million over a three-year rollout period into additional solar infrastructure and battery capacity across all our properties in South Africa, in order to reduce reliance on the national government's electricity supply and the extended use of in-place diesel generators. For each new development, we aim to have a fully integrated solution that includes a PV system, battery storage, and diesel generator, wherever feasible.

GROWING OUR UK PORTFOLIO

"Looking back on our strategic entry into the UK in 2017, we are extremely pleased with our progress and the successful execution of our international growth strategy."

We have built a strong foundation in the UK, which is now enabling us to pursue significant growth on all fronts. Across our UK portfolio we are completing extensions and additional fitouts; securing new sites for development that are either in the town planning process, under construction or recently opened; and acquiring multiple new sites and portfolios.

We completed three major extensions at Chester, Bedford and Doncaster during the year, bringing online an additional 54 000 sq. ft GLA. These extensions demonstrate our approach to unlocking value within the existing portfolio.

In August 2022 we acquired the adjoining section of a building that forms part of our Crewe property (41 300 sq. ft GLA) for a purchase consideration of £2.75 million. The acquisition enables us to extend the existing property by adding an estimated 16 300 sq. ft GLA. With the operating costs largely embedded in the existing cost base, the expansion will provide an attractive return on capital invested in a high-demand location. Construction began on-site in the latter stages of FY23 and we anticipate the expansion will be completed during the third quarter of FY24.

Recent acquisitions concluded (Blackpool, Storagebase, and McCarthy's Storage World) have all been rebranded and seamlessly integrated into the operational platform, with the properties performing in line with expectations during the period. Various asset management initiatives are also in progress to unlock further value at some of these properties.

Construction began on-site in late FY23 to add an estimated 21 000 sq. ft GLA to our Milton Keynes property. We also currently have planning applications in progress for extensions at our Huddersfield (22 000 sq. ft GLA), Blackpool (23 000 sq. ft GLA) and Wakefield (7 000 sq. ft GLA) properties.

We continue to accelerate our growth trajectory by leveraging our JV with Moorfield to assemble a portfolio of high-quality self storage properties in prime locations. The JV had four developments in progress during the year:

- Bath (46 000 sq. ft), at an estimated cost of £11.7 million, opened for trading in May 2023
- Heathrow (61 000 sq. ft), at an estimated cost of £13.8 million, opened for trading in July 2023
- Canterbury (54 000 sq. ft), at an estimated cost of £9.8 million, scheduled to open in the third quarter of FY24
- West Bromwich (64 000 sq. ft), at an estimated cost of £12.0 million, scheduled to open in the third quarter of FY24

In addition, the JV secured a property in Acton, west London, for redevelopment in the last quarter of FY23, with the transaction concluding in April 2023. The property is well located and offers approximately 55 000 sq. ft of gross building area. Benefiting from a land use that allows for its immediate use or conversion to self storage, investigations are currently underway to extend the building vertically, by up to two floors.

As with our South African operations, JV structures form an integral part of our growth strategy in the UK. We also continue to see opportunities through our third-party management offering. In the UK we provide this under Management 1st, and we now have 11 properties[1] operating on this platform.

Our highly strategic yet flexible approach to partnering with the most suitable equity capital providers, as evidenced through our ability to enter into and successfully execute multiple JVs, coupled with the track-record and operational strength and expertise of our third-party management platform, provide us with a real opportunity to compete in the highly sought-after and competitive UK market. In particular, we are seeing an increasing number of capital providers seeking an opportunity to partner with a sophisticated and experienced self storage platform, allowing them to invest into the niche sector with confidence.

Accordingly, post year end in April 2023, we announced the acquisition of the Easistore portfolio in a JV with Nuveen Real Estate ("Nuveen"), one of the largest and most established global investment managers, with Stor-Age holding a 10% equity interest in the JV. The Easistore portfolio comprises four well-located properties across Kent and West Sussex with 22 500 m^2 GLA. The properties will be branded and managed by Storage King under its Management 1st platform and the group will also earn acquisition and ongoing property management fees, providing an attractive return on invested capital. The £82.0 million acquisition was 50% funded with a five-year loan from NatWest (fixed at 5.64%). Stor-Age's equity contribution, including transaction costs, amounted to £4.4 million.

[1] *Includes Heathrow property, which begin trading in July 2023.*

The Easistore acquisition represented the third, four-store portfolio that Stor-Age either acquired or part-acquired in the UK in the preceding 16-month period.

Looking forward, we continue to see opportunities over the medium term to further grow and strengthen our UK business together with our joint venture partners.

UK REIT ADOPTION

HMRC criteria for UK REIT qualification was recently amended, providing the opportunity for the Group to pursue UK REIT adoption for Storage King. Accordingly, the board intends electing to classify the Storage King group of companies as a UK REIT during FY24, subject to satisfying various conditions and approval from HMRC. Read more about the potential for UK REIT adoption for Storage King on page 67.

TECHNOLOGY AS A BUSINESS ENABLER

> "Digital enquiry generation remains the lifeblood of a self storage business. It is therefore essential to remain at the forefront of the sector digitally."

We continue to invest considerable time and resources in our digital strategy and in ensuring that Stor-Age remains a digitally-engaged business. In particular, the strength of our digital-first marketing approach and demand creation capability, continually strengthened by our ongoing agency status with Google and Meta, provides a significant competitive advantage. This is evidenced by the continued successful and consistent delivery of digital prospects at an attractive price point to our properties and operational platforms in South Africa and the UK. Pleasingly, we continue to see an improvement in the quality of the enquiries being generated and we've also noted the significant increase in direct chat on our online channels.

Our strength as self storage digital specialists is also evident in the significant progress being made with our third-party digital services offering, Digital First. Officially launched at the European Self Storage Conference in Portugal in September 2022, to date 23 independent operators (95 properties) across 15 countries have contracted with the Group for this service, which leverages the benefits of our highly skilled in-house digital marketing capability and 'low-cost' emerging market head office infrastructure. The estimated annualised revenue stream from our current contracts amounts to R12.5 million. This compares favourably to the previously reported R6.6 million in our interim results announced in November 2022. This represents a 63% increase assuming constant exchange rates, albeit off a relatively low base. Given that Digital First is a digitally native business operating within the defined sphere of self storage, which displays characteristics of being homogenous across markets, the global self storage industry represents further opportunities for expansion.

In addition, we continue to deploy digital solutions at our properties to make our customers' lives as easy as possible when using our services. This includes making use of technology, such as smart locks and digital keys, also improving overall security. We recently installed smart locks at our Heathrow and Bath properties, enabling customers to access their units using their smartphones. Based on the success of these installations, we will consider further adoption at future developments.

OUR PEOPLE

> "Maintaining a motivated and engaged workforce, together with ensuring a rewarding culture for our people, remains a core area of focus."

Training, learning and development remain at the heart of our culture, and we continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on customer service and technology. A highlight for the year includes recording more than 1 000 hours of online training, with more than 49 new online courses on Edu-Space, our online learner management platform in South Africa and the UK.

We further supported nine employees on our bursary programme and enrolled seven of our head office employees in a 12-month online learnership programme delivered in partnership with an accredited learnership and training provider. In addition, we once again provided a 12-month learnership programme to 12 previously disadvantaged learners in January 2023. The learnership programme assists youth in becoming qualified in areas that fall within the ambit of scarce and critical skills of South Africa, as well as supporting economic transformation at a local level.

Backed by the strength of our brands and sophisticated operational platform, our employees are fundamental to and drive the Group's ongoing growth and success. We continue to engage with our employees and invest in initiatives to help them maintain or improve their physical, financial and emotional wellbeing. We were pleased to see the results of our annual anonymous staff survey in South Africa, which indicated that more than 96% of our employees are proud to be part of the Stor-Age team.

OUTLOOK AND THANKS

Thank you to every employee for your unwavering dedication, determination and commitment to Stor-Age and the role you played in helping the Group deliver another robust operational performance, with growth in revenue, earnings and cashflow in a challenging environment. I also thank our chairman and the board for their ongoing support, wisdom, guidance and advice.

We benefit from a high-quality property portfolio in both markets, industry-leading operating and digital platforms, deep sector specialisation and a well-managed balance sheet. The defensive and resilient nature of our business model, together with financial prudence, means that we are well placed to navigate the challenges that lie ahead as well as take advantage of opportunities as they present themselves. As always, we remain focused on the disciplined execution of our multi-year growth strategy to continue delivering long-term value for our stakeholders.

Gavin Lucas
CEO
31 July 2023

FINANCIAL REVIEW

Stor-Age achieved a 5.6% increase in dividend per share for the year ended 31 March 2023, in line with its revised guidance of 5.0 – 6.0%.

SA occupancy profile	31 March 2023 GLA m²	Occupied m²	%	31 March 2022 GLA m²	Occupied m²	%
Own portfolio	**387 100**	**352 300**	**91.0%**	380 700	335 000	88.0%
JV portfolio	**6 300**	**5 900**	**93.7%**	4 100	4 000	97.2%
Total	**393 400**	**358 200**	**91.1%**	384 800	339 000	88.1%
Same-store	**360 800**	**332 600**	**92.2%**	358 000	322 600	90.1%
Non same-store	**32 600**	**25 600**	**78.6%**	26 800	16 400	61.1%

UK occupancy profile	31 March 2023 GLA m²	Occupied m²	%	31 March 2022 GLA m²	Occupied m²	%
Own portfolio	**107 800**	**90 700**	**84.2%**	101 000	89 300	88.3%
JV portfolio	**25 200**	**17 800**	**70.5%**	19 800	17 200	87.3%
Total	**133 000**	**108 500**	**81.6%**	120 800	106 500	88.2%
Same-store	**94 200**	**80 500**	**85.4%**	89 000	80 300	90.4%
Non same-store	**38 800**	**28 000**	**72.3%**	31 800	26 200	81.9%

Occupancy growth for the year	SA m²	UK m²
Same-store	**10 000**	**200**
Non same-store – acquired and developed in FY22	**6 700**	**1 800**
Non same-store – acquired in FY23	**2 500**	**–**
Total	**19 200**	**2 000**

Year-on-year occupancy, including properties held in JVs, grew by 21 200 m² (SA 19 200 m²; UK 2 000 m²) reflecting organic growth in the same-store portfolio and new developments, acquisitions (SA only), and expansions at existing properties. Excluding the Think Secure acquisition, year-on-year occupancy increased by 16 700 m² in SA. Closing occupancy in the SA same-store portfolio reached a record high of 92.2% at year end with same-store rental income increasing by 9.8% year-on-year.

In the UK, same-store occupancy finished at 85.4% and was impacted by extensions to existing properties during the year which diluted the closing occupancy compared to the prior year. After a strong performance in the first half of FY23, the UK traded in line with expectations for the remainder of the year. Same-store rental income increased by 8.9% year-on-year with occupancy growth of 2 000 m².

The closing rental rate was up 8.3% and 6.2% year-on-year in SA and the UK respectively.

Portfolio analysis	Number of properties	% of property valuation	% of NPOI	% of GLA
SA				
Freehold	**51**	**96.6%**	**95.0%**	**95.8%**
Leasehold	**3**	**3.4%**	**5.0%**	**4.2%**
Total	**54**	**100.0%**	**100.0%**	**100.0%**
UK				
Freehold	**18**	**92.4%**	**71.0%**	**73.3%**
Leasehold	**8**	**7.6%**	**29.0%**	**26.7%**
Total	**26**	**100.0%**	**100.0%**	**100.0%**
Total own properties	**80**	**100.0%**	**100.0%**	**100.0%**
Freehold	**69**	**94.5%**	**83.7%**	**90.9%**
Leasehold	**11**	**5.5%**	**16.3%**	**9.1%**
Managed properties	**13**			
SA	**3**			
UK	**10**			
Total trading properties	**93**			
SA	**57**			
UK	**36**			
Under development	**8**			
SA	**4**			
UK	**4**			
Total including properties under development	**101**			
SA	**61**			
UK	**40**			

Trading properties includes Bath (UK) and Morningside (SA), which commenced trading shortly after year end, and the four-property Easistore portfolio acquired in April 2023 in the Nuveen JV.

FINANCIAL RESULTS

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

SA	31 March 2023 SS Rm	Non SS Rm	Total Rm	31 March 2022 SS Rm	Non SS Rm	Total Rm	% change SS	Total
Rental income								
Self storage	**479.5**	**27.7**	**507.2**	436.6	9.9	446.5	9.8	13.6
Other	**8.6**	**0.8**	**9.4**	8.9	0.6	9.5	(3.4)	(1.2)
Ancillary income	**19.9**	**1.2**	**21.1**	18.5	0.5	19.0	7.6	11.3
Sundry income	**1.7**	**0.2**	**1.9**	1.5	0.1	1.6	11.2	20.1
Bad debt	**(4.1)**	**(0.3)**	**(4.4)**	(2.5)	(0.2)	(2.7)	(63.4)	(64.3)
Direct operating costs	**(113.4)**	**(13.3)**	**(126.7)**	(103.3)	(6.8)	(110.1)	(9.8)	(15.1)
Net property operating income	**392.2**	**16.3**	**408.5**	359.7	4.1	363.8	9.0	12.3
Bad debt as a % of rental income	**0.85%**	**1.04%**	**0.86%**	0.57%	1.64%	0.60%		

SS – same-store

UK	31 March 2023 SS £'000	Non SS £'000	Total £'000	31 March 2022 SS £'000	Non SS £'000	Total £'000	% change SS	Total
Rental income								
Self storage	**19 300**	**2 392**	**21 692**	17 730	408	18 138	8.9	19.6
Other	**535**	**411**	**946**	538	3	541	(0.6)	74.9
Ancillary income	**1 917**	**361**	**2 278**	1 782	55	1 837	7.6	24.0
Sundry income	**187**	**35**	**222**	148	8	156	26.4	42.3
Bad debt	**(73)**	**(17)**	**(90)**	(51)	(2)	(53)	(43.1)	(69.8)
Direct operating costs	**(6 257)**	**(953)**	**(7 210)**	(5 327)	(149)	(5 476)	(17.5)	(31.7)
Net property operating income	**15 609**	**2 229**	**17 838**	14 820	323	15 143	5.3	17.8
Bad debt as a % of rental income	**0.38%**	**0.71%**	**0.41%**	0.29%	0.49%	0.29%		

GROUP	31 March 2023 SS Rm	Non SS Rm	Total Rm	31 March 2022 SS Rm	Non SS Rm	Total Rm	% change SS	Total
Rental income								
Self storage	**874.2**	**76.6**	**950.8**	796.4	18.2	814.6	9.8	16.7
Other	**19.5**	**9.2**	**28.7**	19.9	0.6	20.5	(2.0)	39.6
Ancillary income	**59.1**	**8.6**	**67.7**	54.6	1.6	56.2	8.2	20.4
Sundry income	**5.5**	**1.0**	**6.5**	4.5	0.3	4.8	22.6	34.2
Bad debt	**(5.6)**	**(0.6)**	**(6.2)**	(3.5)	(0.2)	(3.7)	(59.2)	(66.3)
Direct operating costs	**(241.3)**	**(32.8)**	**(274.1)**	(211.4)	(9.9)	(221.3)	(14.1)	(23.9)
Net property operating income	**711.4**	**62.0**	**773.4**	660.5	10.6	671.1	7.7	15.2
Bad debt as a % of rental income	**0.64%**	**0.76%**	**0.65%**	0.44%	1.12%	0.46%		

The commentary below relates to the Group's operating performance set out in the above tables. A reconciliation between the disclosures set out in the above tables and the consolidated statement of profit or loss and other comprehensive income is set out on page 48.

Self storage rental income increased by 16.7% to R950.8 million (2022: R814.6 million), driven by organic growth, the impact of acquisitions, foreign exchange movements, and the strong performance of new developments during their lease-up phase.

Same-store rental income in SA and the UK increased by 9.8% (occupancy 2.1%; rental rate 7.6%) and 8.9% (occupancy 0.8%; rental rate 8.0%), respectively. Move-outs in SA were 4.5% lower compared to the prior year, with average rental rates in the second half of FY23 increasing by 8.4% compared to the same period in the prior year.

Other rental income (SA: R9.4 million; UK: £0.9 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 0.65% for the Group (2022: 0.46%). Although this reflects some deterioration compared to the prior year, it remains below our 1.0% target.

Ancillary income of R67.7 million (2022: R56.2 million) comprises merchandise sales (such as packaging materials and padlocks), administration fees, late fees and insurance income (UK only). Although this income stream represents a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. In both markets, ancillary income increased by 7.6% year-on-year in the same-store portfolio.

Direct operating costs of R274.1 million (2022: R221.3 million) reflect the impact of acquisitions, foreign exchange movements and a year-on-year increase in costs in the same-store portfolio (SA – 9.8%; UK – 17.5%). Across both markets, property rates, staff costs, utilities, insurance, maintenance and marketing costs account for the majority of direct operating costs.

In SA, we reallocated R3.4 million of costs in FY23 relating to our internal facilities management team from administration expenses to direct operating costs. Excluding this reallocation, direct operating costs in SA increased by 7.6% in the same-store portfolio.

In the UK, the increase relates mainly to marketing and electricity costs. The prior year reflected a substantial underspend in the UK marketing budget of £204 000. This arose due to very high organic enquiry numbers and low vacancy at our properties resulting in significant savings in digital spend in FY22. Approximately 55% of this underspend was utilised in FY23. Increasing demand and the conflict in Ukraine had a significant impact on electricity costs which increased by more than 150% year-on-year. Although a small component of our operating costs, it had an unavoidable negative impact. While wholesale prices have fallen due to various reasons, they remain higher than pre-pandemic levels.

To date, we have installed solar PV systems at nine properties in the UK. Work is currently underway at an additional seven properties, which includes properties being developed in the Moorfield JV. A further four properties are awaiting approval from the local electricity provider.

Excluding the impact of the marketing underspend in the prior year and higher electricity costs, direct operating costs in the UK increased by 6.3% in the same-store portfolio. This can be attributed to increased spend on property maintenance (certain projects were deferred due to the pandemic) and higher payroll costs.

In the UK, the new rating revaluation took effect on 1 April 2023 which will result in our FY24 business rates increasing by 17.3% (£360 000). Rating revaluations normally take place every five years with the last one occurring in 2017. The 2022 revaluation was deferred due to the ongoing impact of the pandemic and the expected impact on property valuations. The increase in business rates will be partially offset by the reduction in electricity costs compared to the significantly higher costs experienced over the past 18 months.

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

Management fees comprise the following:

	31 March 2023 Rm	31 March 2022 Rm
Recurring fees		
Property management fees (including UK franchisee licence fees)	**11.0**	4.8
Digital First	**5.3**	1.4
Total – recurring fees	**16.3**	6.2
Non-recurring		
JV development fees – SA	**5.2**	0.4
JV development fees – UK	**8.9**	–
JV acquisition fees – SA	**3.0**	–
JV acquisition fees – UK	**2.6**	8.0
Total – non-recurring fees	**19.7**	8.4
Total recurring and non-recurring	**36.0**	14.6

Third-party management allows us to generate additional revenue with minimal capital investment by leveraging our existing superior infrastructure and skills. This is an integral part of our growth strategy. In FY23, third-party management fees amounted to R36.0 million, an increase of 146% compared to the prior year.

Recurring management fees increased by over R10.0 million to R16.3 million. Although non-recurring management fees of R19.7 million are one-off in nature, they demonstrate the value of the third-party management platform when undertaking developments or acquisitions with other capital providers. On completion of the development or immediately after an acquisition, the Group will also earn recurring property management fees.

Administration expenses amounted to R152.8 million (2022: R103.5 million). After adjusting for the Conditional Share Plan charge of R17.7 million (2022: R11.3 million), we saw an increase in costs primarily related to staff costs to support our expansion and development activity. Legal and professional costs relating to valuation work, corporate tax, audit fees and general compliance also increased. In addition, there were market-related adjustments to non-executive director remuneration.

The fair value adjustment to investment properties of R244.0 million reflects an increase in the carrying value of investment properties at 31 March 2023 (2022: R642.3 million). Further details are set out in the Investment Property section. Fair value adjustments to financial instruments of R9.6 million (2022: R121.5 million gain) relate to mark-to-market adjustments of derivative hedging instruments.

Interest income comprises the following:

	31 March 2023 Rm	31 March 2022 Rm
Share purchase scheme loans	**6.4**	7.8
Cross currency interest rate swaps ("CCIRS")	**9.6**	14.2
Loans to JVs	**9.8**	2.0
Money market and deposit balances	**4.6**	1.9
Total	**30.4**	25.9

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 R170.6 million (2022: R116.8 million) comprises mainly interest on bank borrowings.

The normal tax charge of R32.7 million (2022: R36.0 million) relates to a provision for UK corporation tax of 19% on the estimated taxable income arising in the UK for the year. The lower amount compared to the prior year relates to an overprovision in the estimated tax payable.

Share of profit from JVs of R30.2 million (2022: loss of R0.5 million) relates to the Group's proportionate interest of the IFRS profit in respect of its JVs. Further details are provided in note 7 of the annual financial statements.

A deferred tax charge of R30.7 million (2022: R235.4 million) was also recognised on the fair value adjustment to UK investment properties for the year. Under IFRS, a potential capital gains tax liability is required to be recognised as a deferred tax charge on revaluation gains of UK investment properties.

The table below shows the reconciliation between the Group's operating performance ("performance table"on page 46) and the condensed consolidated statement of profit or loss and other comprehensive income ("statement of profit or loss"):

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	**950 848**	814 552
Rental income – other	**28 691**	20 341
Non-core income	**985**	–
Rental underpin	**5 564**	4 504
Insurance claim proceeds relating to loss of revenue	**10 547**	10 319
Rental income – Statement of profit or loss	**996 635**	849 716
Reconciliation of other income		
Performance table:		
Ancillary income	**67 699**	56 259
Sundry income	**6 454**	4 707
Other income – Statement of profit or loss	**74 153**	60 966

INVESTMENT PROPERTY

A fair value gain to investment property combined with acquisitions, capital expenditure and exchange rate fluctuations, resulted in an increase in investment property (before the deduction of leasehold liabilities) of R1.196 billion from R9.535 billion at 31 March 2022 to R10.731 billion at 31 March 2023.

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

	SA Rm	UK £m	UK Rm	Total Rm
Balance at 31 March 2022	**5 090.3**	**232.6**	**4 444.7**	**9 535.0**
Acquisitions	**92.4**	**2.8**	**54.4**	**146.8**
Transfer of properties to Nedbank JV*	**(191.0)**	**–**	**–**	**(191.0)**
Capital expenditure on:				
Properties transferred to Nedbank JV	**54.1**	**–**	**–**	**54.1**
Existing properties	**68.3**	**6.2**	**134.5**	**202.8**
Properties held for development	**14.4**	**–**	**–**	**14.4**
Remeasurement of leasehold assets	**–**	**2.1**	**45.8**	**45.8**
Revaluation gain	**86.4**	**7.2**	**157.6**	**244.0**
Exchange rate fluctuations	**–**	**–**	**679.3**	**679.3**
Balance at 31 March 2023	**5 214.9**	**250.7**	**5 516.3**	**10 731.2**
Lease obligations relating to leasehold investment property	**(46.6)**	**(13.0)**	**(286.3)**	**(332.9)**
Investment property net of lease obligations	**5 168.3**	**237.7**	**5 230.0**	**10 398.3**

* *Bryanston, Morningside, Pinelands and Paarden Eiland were transferred to the Nedbank JV in FY23. Stor-Age has a 50% equity interest in the JV. The properties were therefore derecognised from investment property in the Group consolidated financial statements. Stor-Age's proportionate interest in the properties is included in Investment in JVs as set out in note 3 of the annual financial statements.*

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

In SA, 28 of the 54 trading properties in the SA portfolio were independently valued by Mills Fitchet Magnus Penny and Jones Lang LaSalle ("JLL") at 31 March 2023 for financial statement purposes. The Group's policy is to value 50% of its SA properties at year end and the other 50% at the interim reporting date. The remaining properties were valued internally by the board at 31 March 2023 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 2023 for financial statement purposes. Further details of the assumptions used in the valuations are set out in the Group financial statements.

The table below summarises the breakdown of investment property at 31 March 2023:

SA	% of portfolio	Valuation Rm
Leasehold	**3.4%**	**173.7**
Gross value		**219.3**
Lease obligations		**(45.6)**
Freehold^	**96.6%**	**4 994.6**
Investment property net of lease obligations	**100.0%**	**5 168.3**
Trading properties	**97.4%**	**5 030.7**
Development properties	**2.1%**	**109.4**
Properties under construction	**0.5%**	**28.3**
Investment property net of lease obligations	**100.0%**	**5 168.3**

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

UK	% of portfolio	Valuation £m	Valuation Rm
Leasehold	7.6%	18.0	395.0
Gross value		31.0	681.3
Lease obligations		(13.0)	(286.3)
Freehold and long leasehold+	92.4%	219.7	4 835.0
Investment property net of lease obligations	100.0%	237.7	5 230.0
Trading properties	100.0%	237.7	5 230.0

+ Freehold includes two properties with 999 year peppercorn leases which are classified as virtual freeholds
^ Stor-Age Tokai comprises both a freehold (7 494 m² GLA) and leasehold (620 m² GLA) component. For the purposes of the above analysis, the property is reflected as freehold.

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	12 837	14.08%	8.53%

	Average value per m² (£)	Discount rate	Exit cap rate
UK – Trading properties	196	9.22%	6.16%

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

Further details of the investment property valuations are set out in note 3 of the annual financial statements.

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

	SA Rm	UK £m	UK Rm	Total Rm
Own portfolio:				
Trading	5 030.7	237.7	5 230.0	10 260.7
Under development	109.4	–	–	109.4
Under construction	28.3	–	–	28.3
Moorfield JV:				
Trading	–	63.9	1 405.4	1 405.4
Under development	–	33.2	729.9	729.9
Nedbank JV – under development	284.3	–	–	284.3
Sunningdale JV – trading	92.7	–	–	92.7
Century City JV – under development	20.6	–	–	20.6
Total including 100% of JV properties	5 566.0	334.7	7 365.3	12 931.3
Total including proportionate share of JV properties	5 366.9	261.8	5 761.7	11 128.6

Stor-Age has a 24.9% equity interest in the Moorfield JV and a 50% equity interest in each of the Nedbank, Sunningdale and Century City JVs

Further details of investments in JVs are set out in note 7 of the annual financial statements.

CAPITAL STRUCTURE

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

	ZAR facilities Rm	GBP facilities £m	GBP facilities Rm	Total facilities Rm
Total debt facilities	1 872.0	115.0	2 530.8	4 402.8
Undrawn debt facilities	455.8	13.5	296.7	752.4
Gross debt	1 416.2	101.5	2 234.2	3 650.4
Gross debt net of cash held in facilities	1 360.2	101.5	2 234.2	3 594.4
Net debt	1 101.6	97.1	2 137.3	3 238.9
Hedge cover	1 055.0	75.0	1 650.5	2 705.5
– Interest rate derivatives	700.0	54.0	1 188.4	1 888.4
– Cross currency interest rate swaps	102.0	–	–	102.0
– Fixed rate loans	214.0	21.0	462.2	676.2
– Interest bearing loans to JVs	38.9	–	–	38.9
% hedge cover on:				
– Gross debt	74.5%	73.9%	73.9%	74.1%
– Gross debt net of cash held in debt facilities	77.6%	73.9%	73.9%	75.3%
– Net debt	95.8%	77.2%	77.2%	83.5%
Effective interest rate	9.04%	4.65%	4.65%	6.35%
Investment property (net of lease obligations)	5 168.3	237.7	5 230.0	10 398.3
Carrying value of joint ventures	50.9	16.9	371.1	422.0
LTV ratio	24.9%	34.6%	34.6%	29.9%
Weighted average expiry of debt (years)	2.33	3.72	3.72	3.18
Weighted average expiry of hedge cover (years)	1.80	3.38	3.38	2.78

LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in JVs
£9.0 million of GBP borrowings is secured against SA investment property assets – for the purposes of the above table, the SA LTV ratio includes this
GBP borrowings includes £3.1 million of unsecured borrowings
The Group has agreed refinancing terms for two ZAR borrowing facilities (R650 million in aggregate) due for expiry at the end of November 2023. The disclosures and calculations in the Capital Structure section are based on these new terms
Weighted average expiry of debt excludes a three-month rolling note of R160 million refinanced on a quarterly basis
Weighted average expiry of GBP debt includes one 12-month extension option on facilities of £75 million
Hedge cover excludes R100m expiring in June 2023 and includes R100m hedge cover entered into in May 2023
Weighted average expiry of hedge cover excludes interest bearing loans to JVs

Our cash position at 31 March 2023, including cash held in our debt facilities, amounted to R411.5 million. Total undrawn borrowing facilities amounted to R752.4 million and the average cost of debt for the Group was 6.35%. On a net debt basis, 83.5% of borrowings was hedged. Net debt stood at R3.239 billion with an LTV ratio (as defined above) of 29.9%. The LTV calculated in accordance with the SA REIT Best Practice Recommendations for financial reporting is 30.8%.

Further details of the Group's borrowings are set out in notes 13 and 24 of the annual financial statements.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

OUR ESG STRATEGY

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

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

Our ESG strategy encompasses all of our properties, which now includes 57 properties in South Africa and a further 36 in the UK.

Highlights

R21.5 million+
Investment in renewable energy to date

4.3 million kWh
Solar power generated to date

1 094 tCO_2e
Avoided greenhouse gas emissions across SA portfolio due to renewable energy use (FY22 936 tCO_2e)

15%
Reduction in the total Scope 1, 2 and 3 carbon footprint in SA due to renewable energy use (FY22 13%)

12
Provided 12-month learnership programme to 12 previously disadvantaged learners in January 2023

R400 000+ (of rental value)
24 complimentary self storage units representing 260 m^2 GLA for the period of 'community investment'

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

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

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

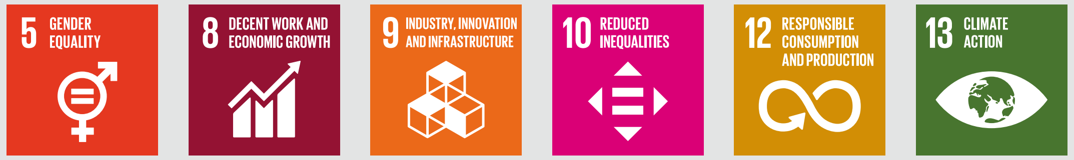
ESG STRATEGY

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

Long-term ESG reporting framework adoption

ENVIRONMENT | SOCIAL | GOVERNANCE

SUSTAINABLE DEVELOPMENT GOALS



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

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

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

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

ESG FRAMEWORK

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

PEOPLE

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

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

PROPERTY

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

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 the execution of a long-term ESG strategy built around:

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

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

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

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

ENVIRONMENTAL SUSTAINABILITY

> "The sustainability of the environment has always been and remains a priority for the Group."

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

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

A SUSTAINABLE BUSINESS STRATEGY

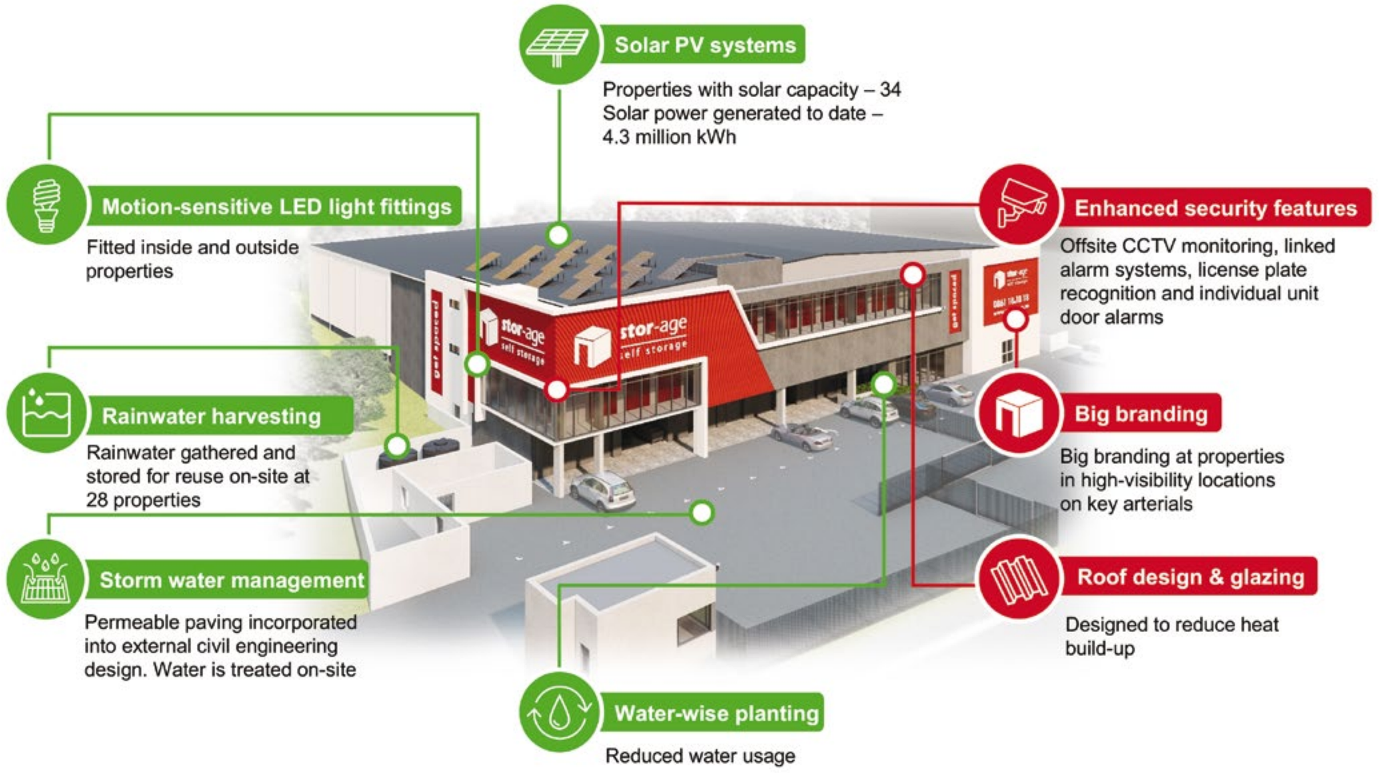
We recognise the importance of managing our various impacts responsibly, particularly in the environment around our properties and in the broader communities in which we operate. We implement sustainable practices across the business in terms of energy efficiency, renewable energy generation, reducing CO_2 emissions, rainwater harvesting, storm water management, wastewater management, fuel consumption and through various other practices. The Group monitors electricity and water usage across the portfolio, and focuses on continually reducing its carbon footprint.

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

OUR PROPERTIES

Stor-Age develops environmentally-friendly buildings with low environmental impact.

ESG and sustainability remain a key focus across each of our properties.



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

SUSTAINABILITY TARGETS

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

Following acquisitions, we look for opportunities to install solar PV panels and LED lighting, and implement waste management initiatives.

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

At new developments, we:

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

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

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

OPERATIONAL STORE ENERGY CONSUMPTION

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

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

These include:

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

PHOTOVOLTAIC (SOLAR) SYSTEMS

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

- To date we have invested more than R21.5 million in renewable energy (SA: R16.5 million; UK: R5 million), installing Solar PV systems at nine additional properties during the year (SA: 2; UK: 7)
- 34 properties are now fitted with these systems, 25 in South Africa[1] and nine in the UK
- In South Africa, the 25 properties have to date generated over 2.9 million kWh in solar energy and rendered electricity consumption savings in line with forecasts, while in the UK over 1.3 million kWh has been generated
- We have identified an additional 12 properties to be fitted with such systems in South Africa and the UK in FY24, including existing properties and new developments
- We plan to invest a further estimated R45.0 to R50.0 million in renewable energy infrastructure over the next three years

> "During the year more than 1 090 tonnes of carbon was saved as a result of our solar PV installations. This represents an improvement of approximately 16% year on year."

BATTERY ENERGY STORAGE SYSTEMS

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

BESS are devices that enable energy from renewables, such as solar and wind, to be stored and then released when power is needed. Where solar is already installed, excess power that is generated is used to recharge the batteries for use during energy supply outages.

We successfully installed these systems at four properties during the year. We plan to install BESS alongside any new solar PV installation and to retrofit all existing solar PV stores with these systems over the next three years.

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

BI-DIRECTIONAL CHECK METERS

In Cape Town, our solar PV installations generate power in excess of the respective properties requirements. These properties have bi-directional meters installed on their incoming electrical supply and receive an offsetting credit against our municipal account for power fed back into the grid. In June 2023, the City of Cape Town (CoCT) increased this figure from R0.98 to R1.04 per kWh. In addition, the CoCT has removed the requirement that power sellers be net consumers of electricity, and will pay them in cash rather than through credits on their municipal accounts.

Year on year, the total generation off-set remained steady at 125 MWh.

WATER CONSUMPTION AT STORES

Water consumption remains a focus area for the Group.

All South African properties are connected to water meter logging equipment and linked to an online system that provides water management data in real time. Abnormally high water usage relative to targeted levels is highlighted and we are able to detect leaks immediately via automated alarms.

RAINWATER HARVESTING

Rainwater harvesting gathers and stores rainwater for reuse on-site, rather than allowing it to run off into the storm water system. It provides an independent water supply in the South African summer and can be used for irrigation and to supplement municipal supply when necessary. Our properties have significant roof space and we have installed these systems at 28 properties in South Africa.

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

STORM WATER MANAGEMENT AND CONSERVATION

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

[1] *Excludes an additional installation at our head office property.*

COMMITTED TO DEVELOPING A NET ZERO CARBON PATHWAY

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

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

SUSTAINABILITY-LINKED LOAN FINANCING

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

The Aviva loan is structured such that achievement of certain environmental KPIs will trigger reduced loan margins. These KPIs include installing solar and reducing scope 1 and 2 carbon emissions. 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.

Since finalising the SLL with Aviva Plc, Stor-Age has made good progress in achieving the environmental KPIs. This includes the installation of solar PV at selected properties to achieve our reduction targets.

In addition, the Moorfield JV, in which Stor-Age holds a significant equity interest, recently entered into a 'green-linked' development funding facility with HSBC Bank.

The JV will achieve the targeted green requirements by ensuring that the Heathrow and Canterbury developments meet the requirements of the BREEAM[1] initiative, while at Bath, we are targeting an active EPC[2] rating.

[1] *Building Research Establishment Environmental Assessment Method.*
[2] *Energy Performance Certificates.*

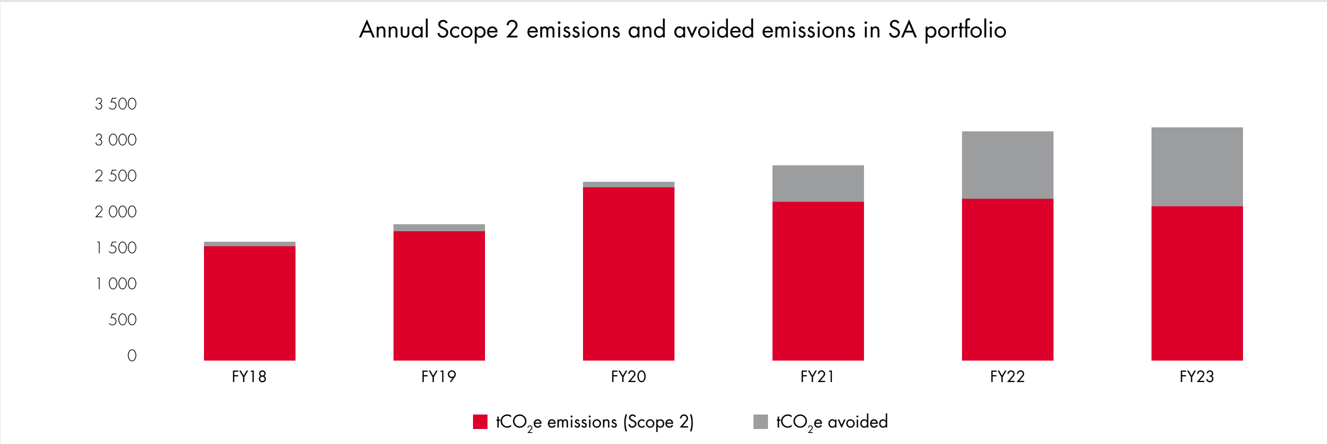
SOUTH AFRICAN CARBON FOOTPRINT

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

The report summarises the outcomes of the Greenhouse Gas (GHG) emission inventory for our portfolio for the FY23 period. Since the start of FY18 a total of 2 771 tonnes of CO_2 equivalent emissions have been avoided through the consumption of on-site solar PV renewable electricity at our South African properties. We generated and consumed more than 1 million kWh of renewable electricity at our properties during FY23.

Across the portfolio, renewable electricity use in FY23 resulted in 1 094 tCO_2e[1] (FY22: 936 tCO_2e) of avoided greenhouse gas emissions, which would otherwise have been reported as part of our Scope 2 carbon footprint for the reporting period. Through the use of renewable electricity, the Company achieved a 15% reduction (FY22:13%) in its Scope 1, 2 and 3 carbon footprint.

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



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

SOCIAL SUSTAINABILITY

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

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

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

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

Over the past year we have contributed an estimated R1.8 million worth of support to various initiatives, some of which include:

JAG FOUNDATION

The Jag Foundation is now in its 16th year of creating sustainable change in high-risk communities in South Africa.

Stor-Age provides complimentary Out of Home advertising billboards at ten properties across South Africa. This media space has an estimated market value of R300 000 per month. During the year, a social media campaign featuring a series of videos on the foundation's work was rolled out across the Company's social media platforms to raise awareness of the organisation.

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

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.

The Group assists the foundation with its operational requirements by providing complimentary space.

CHARITIES AND NPOS

We also provide complimentary space to a number of other charities and NPOs. This year, these included the Gary Kirsten Foundation, JOG Trust, Helping Hands SA, The Toy Run, The Rotary Club Cresta and The Ed Bham Foundation.

In addition to providing complimentary 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 about these organisations, encouraging additional support from the public and local business sector.

KWAZULU-NATAL FLOODING CRISIS

Following the tragic flooding 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

Since 2021, we have partnered with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds. In 2022, 10 candidates successfully completed the SDC Business Administration Services learnership programme. In 2023, we are supporting a further cohort of 12 learners.

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

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

With a view to preparing staff for junior and middle management and leadership roles in the future, seven employees in South Africa started a management learnership programme with the SpecCon Group in 2023.

SUPPORTING SMALL BUSINESSES

As a geographically decentralised business with 93 properties throughout South Africa and the UK, we support a host of small businesses. In South Africa, more than 55%[1] of our business customers classify themselves as SMMEs and approximately 15%[1] classify themselves as entrepreneurs. For many we play an important support role in their daily operations and their growth strategies.

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

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

[1] Customer data for FY23.

SHINING THE LIGHT ON LOCAL BUSINESSES

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

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

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

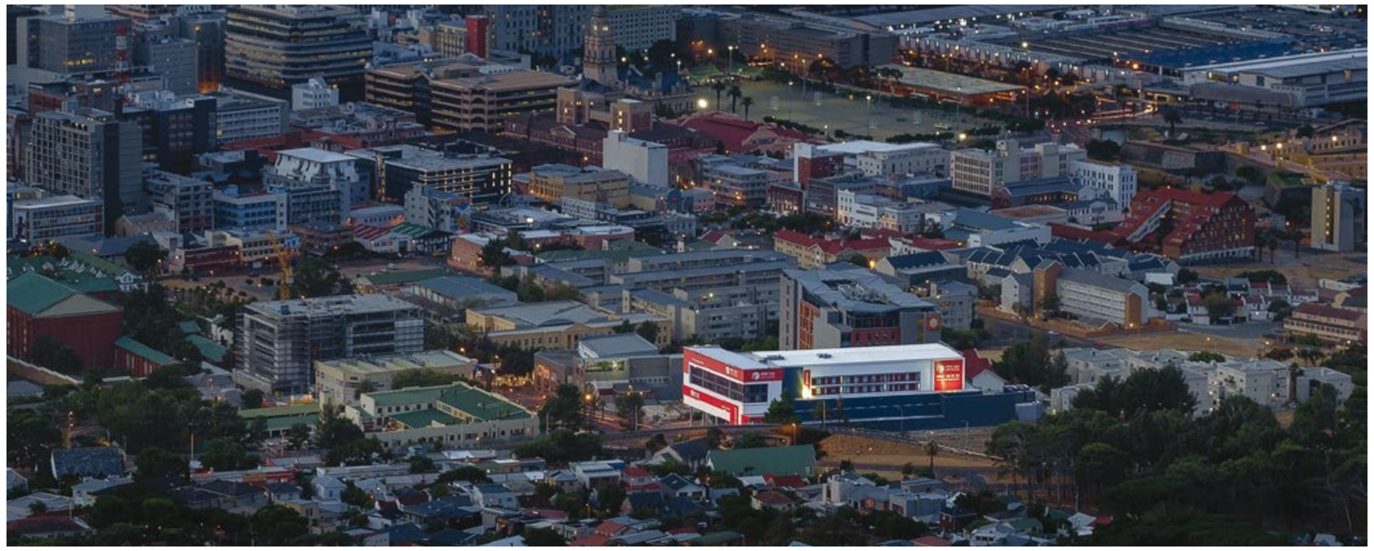
BRINGING OUR CORE VALUES TO LIFE

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

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

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

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



HUMAN SUSTAINABILITY

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

38 years[1]
Average employee age

> "We remain focused on enabling our employees to build a sustainable career at Stor-Age."

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

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

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

EMPLOYEE LEARNING AND DEVELOPMENT

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

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

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

[1] *South Africa and the UK.*

STUDY SUPPORT PROGRAMME

Our employee study support programme assists employees with career development at accredited institutions. The programme financially supported seven staff members during 2022 and not only sustainably supports their development but also contributes towards retaining their expertise and services into the future. A further nine study bursaries were awarded for the 2023 academic year.

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

Performance management and support

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

Edu-Space highlights

150+
Number of new courses delivered

2 000+
Successfully completed modules

94%+
Pass rate achieved

1 000+
Hours of online training during the year

Face-to-face training highlights[1]

50+
Number of courses delivered

140+
Number of employees who received face-to-face training

EMPLOYEE FEEDBACK

> "The management workshop was highly beneficial and professionally delivered. It also gave the group a chance to engage across departments and to get to know each other better. I will definitely continue to use the practical examples and team exercises within my own teams going forward. Thank you for the effort and time put into this workshop."

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

LEARNING AND DEVELOPMENT FRAMEWORK

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

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

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

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

AD HOC WORKSHOPS
Covering a diverse range of functional areas – including Operations, Contact Centre, Recoveries (debt collection), and health and safety

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

OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES
Hosted by area managers

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

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

> “Our learning and development 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 (B-BBEE) legislation.

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

Stor-Age, a level 5 contributor, remains a B-BBEE compliant business, with 44.65% verified black ownership reflected on our share register at the time of conducting our 2023 empowerment scorecard review.

EMPLOYEE-FOCUSED INITIATIVES

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

Our Year-end Review in South Africa is an ideal opportunity to learn from peers in the business, and develop and enhance our business culture.

Following virtual events held in 2021 and 2022 as a result of the COVID-19 pandemic, in 2023 we returned to an in-person event.

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

EMPLOYEE FEEDBACK:

“Our Year-End Review was a day well organised where we could celebrate the success of the business and our team members. It is a highlight on the annual calendar.”

“The highlight was the awards ceremony and the atmosphere the team brought. Every award was celebrated by everyone, and you can really see the passion we all have for what we do and the company we work for.”

“Getting to connect with our teams in person is always a fantastic occasion, where we get to celebrate our own success and the success of the company as a whole.”

EMPLOYEE WELLNESS

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

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

A healthcare and retirement annuity subsidy is provided to support staff contributions to medical aid, gap cover and retirement funding.

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

> “We believe that employee wellness creates a supportive environment and is an integral part of driving productivity and retaining skilled talent within the business.”

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

- 96% of our staff are proud to be a part of the Stor-Age team.
- Our FY23 Net Promoter Score, a measure of employee satisfaction and loyalty, was 15, an increase on the prior year.
- 40% of our workforce has worked for Stor-Age for five years or more, demonstrating healthy retention and a wealth of self storage experience.

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

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

HEALTH, SAFETY AND COMPLIANCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

BOARD FOCUS AREAS FOR THE PAST FINANCIAL YEAR

Board focus areas	Actions undertaken by the board and its subcommittees
Transformation	Guiding its transformation objectives, the board continued with the implementation of the transformation plan, developed in line with the Property Sector Code.
Disciplined execution of the five-year property growth strategy to 2025	Oversaw the execution of the Group's five-year property growth strategy. This included the completion of the Morningside development, as well as the ongoing developments of Bryanston, Paarden Eiland, Kramerville, Pinelands and Century City, as well as the acquisition of Think Secure Self Storage in South Africa. In the UK it included the completion of the Bath and Heathrow developments, as well as the ongoing development of the West Bromwich and Canterbury properties, the integration of the multi-store portfolios of McCarthy's and Storagebase, and the acquisition of the four-store Easistore portfolio within the Nuveen JV.
Execution of the ESG strategy	Oversaw the execution of the Group's ESG strategy, covering the areas of environmental sustainability, social sustainability and corporate governance. The strategy is guided by the social and ethics committee, which monitors the Group's compliance with legal requirements and global best practice in terms of its impact on the economy, the workplace, the social environment and the natural environment. Read more about our strategy and approach to ESG from page 54.
Adoption of UK REIT status for the Storage King business	The Company intends electing to classify the Storage King group of companies as a UK REIT. The board oversaw the completion of a feasibility study, the submission of a clearance request to HMRC and the implementation of various functions to align with the regulatory requirements and optimise the benefits of the REIT structure. The Company intends to make the election into the UK REIT regime as soon as clearance is received from HMRC.
Nedbank JV developments	Oversaw the development and completion of the Morningside property, as well as the ongoing development of the Bryanston, Paarden Eiland, Kramerville and Pinelands properties. Find out more about the Nedbank JV on page 31.
Finalisation of the Rabie JV	Oversaw the formation and entering into of the Rabie JV, as well as the finalisation of commercial terms to develop a property in Century City at a total estimated cost of R96.0 million. Construction began in February 2023. Find out more about the Rabie JV on page 31.
Finalisation of the Nuveen JV	Oversaw the formation and entering into of the Nuveen JV, as well as the finalisation of commercial terms to acquire a four-store property portfolio in the UK at a total cost of £82.0 million in April 2023 (Stor-Age's equity contribution was £4.4 million). Find out more about the Nuveen JV on page 31.
Managing changes to the composition of the board	During the period Alan Menigo was appointed to the board. The board continues to consider appropriate candidates who could add value to the Group as independent non-executive board members and Alan was identified as a capable and appropriately skilled candidate.
Ongoing roll-out of solar technology for three-phase power generation	In an effort to mitigate against the risk of an unstable electricity supply in South Africa and aligned to our ESG strategy, the board is committed to investing in sustainable power solutions through solar technology for three-phase power generation. A total of 34 properties are fitted with solar PV systems, 25 in South Africa and 9 in the UK. Collectively these properties have generated more than an estimated 4.3 million kWh. An additional 12 properties have been identified to be fitted with solar technology in South Africa and the UK during FY24. These include existing properties and new developments.
Ongoing enhancement of security infrastructure	Stor-Age aims to ensure the safety of our customers, their goods and our staff. The board oversaw the ongoing implementation of enhanced security features across the portfolio. In South Africa, this included a further roll-out of offsite CCTV monitoring and linked alarm systems, license plate recognition technology and installing individual unit door alarms as a standard design feature at all newly developed properties.
Execution of the COVID-19 response plan	Oversaw the continued execution of the COVID-19 response plan in the first half of FY23 to ensure a seamless continuation of operations.
Internal audit	The board oversaw the appointment of an external assurance provider, GRIPP Advisory, to provide and perform internal audit work. The board also approved the internal audit charter, defining the functions, purpose, authorities and responsibilities.

GOVERNANCE STRUCTURE

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

BOARD

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

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE
See full report on pages 74 to 78	See full report on pages 79 to 101	See full report on pages 102 to 103	See full report on page 104
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*^ Alan Menigo* 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.

Oversight areas during the year

Implementing and monitoring compliance with King IV. Update and enhancement of the Company's risk management strategies and control environment, and the adequacy of all insurance covers. Reviewed and recommended the committee's terms of reference to the board, which were approved. Appointed an external assurance provider to perform internal audit work. Executed all other statutory duties for this committee as prescribed by the Companies Act.	Ensured the transparent, competitive and fair implementation of the remuneration policy. Continued with benchmarking reviews of executive and non-executive directors remuneration. Put forward proposed market-related NED adjustments based on benchmarking exercise at the 2022 AGM.	Implementation of the Transformation Plan. Implementation of the ESG strategy and reporting framework.	South African and UK acquisitions and developments. Finalising terms and entering into JVs with the Rabie Property Group and Nuveen Real Estate.

Non-executive directors

3/3	3/3	3/3	4/6

*^ *Lead independent director.*
* *Independent non-executive director.*
** *Non-executive director.*
*** *Executive director.*
[1] *Appointed to the board in January 2023.*

For more information on the qualifications and experience of subcommittee members, refer to pages 71 to 72.

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

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

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

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

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

KING IV

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

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

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

> "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."

BOARD AND SUBCOMMITTEE MEETINGS

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

	Sub-committees	Meetings attended	Meetings eligible	% Atten-dance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remune-ration committee
Director									
Graham Blackshaw (Chair)**	IC; SEC; RC	14	14	100%	4		2	5	3
John Chapman*^	IC	8	9	89%	4			4	
Kelly de Kock*	ARC; RC	10	10	100%	4	3			3
Phakama Mbikwana*	ARC; SEC	9	9	100%	4	3	2		
Alan Menigo*[1]	IC	1	1	100%	1				
Mntungwa Morojele*	ARC; RC	10	10	100%	4	3			3
Abu Varachhia*	SEC; IC	11	1	100%	4		2	5	
Gavin Lucas***	IC	9	9	100%	4			5	
Stephen Lucas***		4	4	100%	4				
Steven Horton***	IC	9	9	100%	4			5	
Actual attendance		85			37	9	6	24	9
Eligible attendance			86		37	9	6	25	9
% attendance				99%	100%	100%	100%	96%	100%

*^ *Lead independent director.*
* *Independent non-executive director.*
** *Non-executive director.*
*** *Executive director.*
[1] *Appointed to the board in January 2023.*

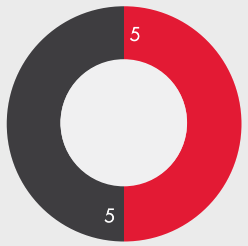
COMPOSITION OF THE BOARD

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.

GENDER DIVERSITY

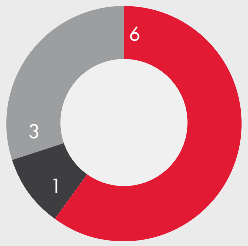
- Female
- Male

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)

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

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

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

DIRECTORS

EXECUTIVE DIRECTORS

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

Joined the board prior to listing in 2015.

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

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

Stephen Lucas Financial director – CA(SA), CFA

Joined the board prior to listing in 2015.

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

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

Steven Horton Executive director – CA(SA)

Joined the board prior to listing in 2015.

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

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

NON-EXECUTIVE DIRECTOR

Graham Blackshaw Chairman – BA LLB

Joined the board prior to listing in 2015.

A former lead development partner in the Faircape Group of companies, Graham 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, initiates the planning of all new developments and oversees the marketing of all aspects.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Phakama Mbikwana BCom, IEDP (Duke)

Joined the board in May 2018.

Phakama has over 20 years' experience in the financial services sector, of which 15 were 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 is also an independent non-executive director of BKB Limited.

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

Joined the board in May 2018.

Kelly specialises in the areas of corporate finance, investor relations, business development and operations. She has more than 17 years' commercial experience in the financial services sector and is currently Chief Operating Officer and director of Private Clients at Old Mutual Wealth. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly was also previously the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

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

Joined the board in September 2020.

Mntungwa has more than 35 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 on the board. Mntungwa started his career with KPMG Lesotho before joining Gray Security Services, where he served on the board as Group Marketing Director. He previously worked at the Tourism Investment Corporation (Tourvest) and served on the boards of Verifone Africa (Pty) Ltd, Capital Eye Investments Limited (previously the UCS Group Limited) and the boards of some of its subsidiaries.

Abu Varachhia BSc (SA)

Joined the board in January 2021.

Abu has more than 32 years of business experience, having previously served on the boards of JSE listed companies Spearhead Property Holdings Limited, Ingenuity Property Investments Limited and Mazor Group Limited as a non-executive director at each. Abu holds a Bachelor of Science degree (Quantity Surveying) and is currently the non-executive chairman of Spear REIT Limited. Abu has held numerous other leadership positions including chairman of LDM Quantity Surveyors, vice-president of the South African Council for the Quantity Surveying Profession, chairman of the Black Technical and Allied Careers Organisation and chairperson of the Build Environment Advisory Committee for the 2004 Olympic Bid.

Alan Menigo CA(SA)

Joined the board in January 2023.

With over 15 years of commercial and listed property experience in the financial and operational spheres, Alan's skillsets include the full spectrum of development expertise, property and financial management, as well as mergers and acquisitions. Alan currently serves as the Chief Operating Officer of Rapfund Investments (Pty) Limited and was previously the Chief Financial Officer of JSE listed property unit trust Fountainhead Property Trust, prior to its acquisition by Redefine. A chartered accountant by profession, Alan also worked in the New York office of KPMG in their Transaction Services Division.

BOARD RECRUITMENT AND TRAINING

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

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

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

The board continues to consider 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, participating in the interview process and performing background checks.

All board members have an opportunity to meet with potential new candidates and to voice their opinions in the selection and decision making process. 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 208.

BOARD ETHICS AND EFFICIENCY

Every two years BDO South Africa Inc. oversees 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 is empowered to fulfil his duties. The company secretary advises the board on appropriate procedures for managing meetings and ensures the corporate governance framework is maintained. The directors have unlimited professional access to the company secretary. Nothing has come to the attention of the board that indicates non-compliance by the Company with applicable laws and regulations.

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

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

IT GOVERNANCE

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

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

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

While the board considers the IT policy to be satisfactory, it continues to focus on strengthening the 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 it considers to be adequately qualified and experienced to provide direction on possible compliance contraventions.

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

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

Key areas of focus for the board during the year included the continued focus on the transformation plan and the ongoing execution of the ESG strategy. The board also oversaw the appointment of an independent external assurance provider, GRIPP Advisory, to perform internal audit work.

AUDIT AND RISK MANAGEMENT REPORT

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

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

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

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

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

KEY RISKS AND EFFECTIVE MITIGATORS

Key risks	Mitigators	Risk trend (impact and likelihood)
1. Treasury risk Adverse interest rate movements could result in the cost of debt increasing.	• LTV of 30.8% with net debt effectively hedged at 83.5%. In our target range of 25 – 35% • Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly • Stor-Age is highly cash generative and debt is serviced by strong operational cash flows • Details of hedging positions are set out in the Financial Review section from page 44	Increasing
2. 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 ongoing war 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 locations where growth drivers are strongest and barriers to competition are high • 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 • 47 100 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 for the adjustment of higher input costs	Increasing
3. 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 detailed growth strategies for our South African and UK operations • Managing leadership changes and inherited employees to ensure minimal disruption to the existing businesses is a critical area of focus when integrating acquisitions • Significant track record and experience of successfully integrating newly acquired properties	Decreasing
4. 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 • On a net debt basis, 83.5% of borrowings was hedged • 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 five years of successfully trading in the UK, demonstrating a successful track record	Stable
5. 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.	• 12 additional development opportunities have been secured in the pipeline in South Africa and the UK • UK-focused development JVs in place with Moorfield and Nuveen • South African-focused development JVs with Nedbank and Rabie Property Group • Fragmented South African and UK self storage markets provide further acquisition opportunities • Concluded the acquisition of Think Secure Storage in Parklands, Cape Town in November 2022, and the four-store Easistore portfolio in the UK in April 2023	Decreasing
6. 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 provide increased flexibility and significantly reduce the risk 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 assumptions are used in valuations	Stable

Key risks	Mitigators	Risk trend (impact and likelihood)
7. Human resource risk Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel and, consequently, lower performance.	• Competitive remuneration packages and financial rewards • Learning and development programme with performance reviews to develop employees to their optimal potential • A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo • Ongoing communication to ensure an engaged workforce • A succession planning strategy, including talent retention • A Conditional Share Plan for high performing employees was introduced in 2019, and includes more than 50 participants	Stable
8. 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 (property taxes) • We make use of energy-efficient lighting and collect and reuse rainwater for irrigation • Solar technology has been installed at 34 properties in South Africa and the UK, with over 4.3 million kWh in solar power generated to date • UK electricity prices fixed on a 12 month basis	Increasing
9. Compliance risk Failure to comply with laws and regulations may result in penalties and sanctions and reputational damage.	• Experienced, independent board in place • Executive management considered to be adequately qualified and experienced • Experienced corporate advisers and auditors in place • Employees attend training on a regular basis • Significant rental agreement revisions reviewed by attorneys	Stable
10. REIT status Failure to comply with the REIT legislation could expose the Group to potential tax penalties or loss of its REIT status.	• Calculation for the 75% rental income test performed quarterly and included in Tax Compliance Report presented to the board • Consult with advisers on a regular basis to assess any potential or unforeseen impact on REIT status	Stable
11. 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 • Collected over 99% of rental due in South Africa and the UK in FY23 • 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
12. Cyber security and information privacy An increase in cyber breach incidents as a result of the increased adoption of a hybrid remote working environment, which may result in the breach of customer data, reputational damage and financial loss.	• Daily backups are periodically restored to confirm the validity of the backup and that there was no data corruption • 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 • Our suppliers and our network design are reviewed on a regular basis to stay abreast of leading best practice and to remain relevant in the use of technology • External specialists are appointed by the board when considered necessary • Migration to a cloud-based server completed during FY23	Increasing

Key risks	Mitigators	Risk trend (impact and likelihood)
13. Climate-related risks Climate-related risks such as increasing occurrences of flooding and fire, tighter regulations in the property sector and rising public and institutional pressure to place a greater focus on environmental sustainability, could negatively impact our ability to trade, and/or result in significant additional capital investment.	• Continue to successfully implement our ESG strategy and reporting framework that was adopted in FY21 • ESG strategy and reporting framework aligns our Vision and Core Values with relevant UN SDGs and takes guidance from the 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 an emphasis on energy efficiency, renewable energy generation, rainwater harvesting, storm water management and through various other practices • 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, with fire safety training for all operations staff • In South Africa, we run nationwide, same-day, same-time fire drills across all properties, including at the head office	Increasing
14. Unstable electricity supply An unstable electricity supply in South Africa will negatively impact our ability to trade, which may result in a loss of income. Added to this, an unreliable national electricity supply may create a security risk at our properties.	• All trading properties in South Africa are fitted with generators except for the three smallest properties measured by GLA which have battery storage backup solutions • 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 • Roll-out of hybrid solar systems with battery storage began in FY23 to all South African properties to complement existing solar infrastructure	Increasing
15. Civil unrest A risk of civil unrest in South Africa due to the lack of service delivery at a municipal level, increasing unemployment and the degradation of public infrastructure. This may result in damage to our properties, as well as reduced confidence in the prospects for the South African economy. This may ultimately lead to reduced income, profitability and property investment values.	• The business is diversified across South Africa and the UK, with a greater weighting of assets by value to the UK • 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 • 53 of 57 properties in South Africa are third-party monitored	Increasing
16. 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 – 47 100 tenants • Strong liquidity position throughout FY23 – R411.50 million in cash and R752.4 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 employees have the means to work from home as required • Stable and continued operations under strict safety protocols ensure that all properties in South Africa and the UK are accessible in the event of nationwide lockdowns	Decreasing

Key risks	Mitigators	Risk trend (impact and likelihood)
17. Complete electricity grid failure A complete electricity grid failure in South Africa would have a significant impact on all areas across the business. This includes our ability to trade as well as the onset of increased security and fire prevention risks.	• Crisis management team in place to manage such risks • Worst case scenario plans have been put in place for key functional areas and for the business as a whole • Head office and all properties (except for the three smallest properties measured by GLA which have battery storage backup solutions) are supported with diesel generators • A full portfolio solar and inverter systems roll-out/upgrade plan began in FY23	Increasing
18. SASRIA coverage for claims stemming from a potential electricity grid failure in South Africa Stor-Age would potentially not be able to claim from SASRIA for any loss, damage, cost or expense, directly or indirectly caused by electricity grid failure in South Africa.	• In April 2023 SASRIA issued a circular indicating that electricity grid failure coverage would be excluded from its policy • In May 2023 SASRIA issued a formal retraction of their previous circular (April 2023) • A crisis management team has been put in place to manage the risk of a complete electricity grid failure in South Africa • Worst case scenario plans have been put in place for key functional areas and for the business as a whole • Head office and all properties (except for the three smallest properties measured by GLA which have battery storage backup solutions) are supported with diesel generators • A full portfolio solar and inverter systems roll-out/upgrade plan began in FY23	Increasing

INTERNAL AUDIT

In recent years the business has grown significantly, entering multiple strategic partnerships in the form of joint ventures in order to capitalise on growth opportunities. Given the natural increase in risk as the business has expanded, to strengthen internal controls and reduce overall levels of risk, during the year the committee oversaw the finalisation of an internal audit charter, and the appointment of an independent external assurance provider, Gripp Advisory.

LOOKING AHEAD

As an outcome of the Group's risk management process, we identified material changes in the risks affecting the business. These include the risk of weak economic growth or a recession, along with continued high levels of inflation, an increase in climate-related risk, as well as the possible risk of a major power grid failure in South Africa.

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

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

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

Kelly de Kock
Audit and risk committee Chair
31 July 2023

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 2023. This report aligns with best practice, considering King IV and the JSE Listings Requirements.

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

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

In FY23, the business once again demonstrated its resilience in a challenging environment. The global economy remained in a precarious state with the scale of fiscal policy tightening and rising inflation catching many by surprise. With hindsight, trading conditions in FY23 were as challenging as the past two years.

Despite these headwinds, Stor-Age continued its track record of consistent earnings growth delivering a 5.6% increase in dividend per share for FY23, with strong growth in occupancy and rental rates. We made significant progress in expanding our third-party management income streams and developing our JV portfolio through partnerships with leading institutional and private equity partners, both crucial components of our growth strategy. These results were achieved in another challenging year and were made possible by a relentless focus on achieving our strategic objectives and the dedication, commitment and contribution of our people.

In assessing the performance outcomes of the FY21 long-term incentive ("LTI") awards (due to vest on 15 September 2023), Stor-Age was one of the few REITS in the SAPY index to deliver positive growth in dividend per share over the three-year performance period ending 31 March 2023. Growth in tangible net asset value (excluding deferred tax assets and liabilities) over the same period was 40%.

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 plays an important role in incentivising employees who are critical to achieving our long-term goals and aspirations. A motivated and well-rewarded workforce is the foundation of our sustained success and we remain committed to fostering an environment that nurtures talent, encourages innovation, and promotes inclusivity.

The Group employs over 480 staff across South Africa and the UK. We strive to build a culture of performance, collaboration, creativity, and resourcefulness across our South African and Storage King teams underpinned by our Core Values.

In a South African context, we recognise our duty and commitment to socioeconomic upliftment in the communities in which we operate. We are proud of the crucial role the business has played in job creation, skills development, education, and supporting local entrepreneurs.

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 2022 AGM and responded as necessary;
- Reviewed the FY23 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 FY23;
- Approved the vesting of the FY21 LTI awards to the executive directors in respect of the three-year performance period ending 31 March 2023 (subject to satisfying the employment condition);
- Approved the allocation of LTI awards to participants;
- Approved the STI performance measures for FY24 and made amendments where deemed necessary considering feedback from shareholders and best practice;
- Reviewed executive directors' total remuneration and approved salary increases after considering Group and individual performance;
- Reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors; and
- Reviewed and approved the FY23 remuneration report.

FEEDBACK FROM 2022 ENGAGEMENT

At the AGM held in 2022 our remuneration policy achieved a non-binding advisory vote of 85.4% in its favour while the remuneration implementation report received a vote of 85.8% in its favour.

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

Feedback	Response
The STI performance measures included a 25% weighting towards the loan-to-value ("LTV") metric. This should be set as a long-term threshold and the weighting is considered too high. A measure of 10 – 15% would be more appropriate.	The weighting of the LTV performance measure was set at 10% for the FY24 STI.
The on-target same-store NOI growth target could be more stretching considering performance over the last two years.	This feedback was taken into consideration and adjustments were made to the performance measures.
The on-target performance condition of 11.5% total return (internal benchmark) appears low.	The committee noted the comment and, considering the level of offshore exposure, believed that the target was appropriate.

FOCUS AREAS FOR THE YEAR AHEAD

The committee does not anticipate any significant changes for FY24 but will continue to focus on the following areas:

Focus area	Action required
Competitive levels of remuneration	• Ongoing benchmarking of executive and non-executive remuneration against peers in the REIT sector
ESG principles	• Integrating ESG principles and sustainability throughout the business as part of strategic objectives • Linking ESG targets to STI and LTI performance measures • Including specific and measurable ESG performance metrics
Fair and responsible remuneration	• Addressing remuneration gaps in pay and gender
Individual job roles at levels below executive directors	Executive directors mandated to: • Update job descriptions • Perform benchmarking exercises to ensure total remuneration is fair and market related • Adjust remuneration where deemed necessary

CONCLUSION

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 2023 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 31 August 2023.

Mntungwa Morojele
Remuneration committee chair

2 PART TWO THE REMUNERATION POLICY

This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 31 August 2023.

REMUNERATION GOVERNANCE

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

- Oversee the formulation, review and approval of the remuneration policy for employees and executive directors in line with Stor-Age's strategic objectives;
- Assist the board to ensure that executive directors are remunerated fairly and responsibly and in line with remuneration for employees throughout Stor-Age;
- Ensure that the mix of fixed and variable pay in cash, shares and other elements meets the Company's needs and strategic objectives;
- Consider and approve the STI and LTI awards for the executive directors and other staff;
- Approve the executive directors' basic salary and increases thereto, as well as approving the increases for employees throughout Stor-Age;
- 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 68 and their meeting attendance on page 69. 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. The committee is satisfied that the remuneration structure for the executive directors is appropriate.

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

BASIC SALARY (GUARANTEED PAY)

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

The basic salary is a pre-determined cash amount without any further benefits. The amounts paid to the executive directors are 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 consistent with the Group's strategy over a 12-month operating cycle.

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

Short-term incentive calculation

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

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

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

The financial and non-financial KPIs have an accompanying threshold, on-target and stretch measure. The strategic objectives are not measured on a threshold, target and stretch basis. Instead an overall assessment is 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 88, are applicable to the award.

Financial and non-financial performance conditions (70% weighting)

Financial Measures	Weighting	Hurdle level Threshold (75% payout)	Target (100% payout)	Stretch (150% payout)
1. Distribution growth per share[1]	25.0%	95.0% of target	118 cents	105% of target
2. Same-store net operating income growth	25.0%	6.0%	7.5%	9.0%
3. Total return to equal or exceed internal benchmark[2]	20.0%	10.0%	11.5%	13.0%
4. Loan to value ratio	10.0%	35 – 40%	30 – 35%	< 30.0%
5. Group bad debt ratio	7.5%	1.00%	0.75%	0.50%
Non-Financial Measures				
6. Number of portfolio management and expansion opportunities[4]	7.5%	2 properties	4 properties	6 properties
7. Renewable energy increase in installed capacity (South Africa)	5.0%	15%	20%	25%
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.*
3. *Linear vesting will apply in the measurement of the actual outcomes.*
4. *New development sites/acquisition of trading properties/new Management 1st contracts in line with the Group's property strategy.*

Strategic objectives (30% weighting)

Strategic objective	KPIs	Weighting
1. Implementing the Group's operations strategy including the development and execution of the digital and technology strategy	Improve the performance of 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 Integrate technology solutions in operations processes and further the digitalisation of the business Occupancy and rental rate growth; management of arrears; improving expense ratios/cost control	25.0%
2. 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 Adherence to risk management framework Promote core principles of fairness, accountability, responsibility and transparency	25.0%
3. 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 existing and new JV relationships	25.0%
4. Improve the Group's ESG initiatives in order to deliver real value to all 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	25.0%
Total		100.0%

LONG-TERM INCENTIVE ("LTI")

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

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

The salient features of the CSP are set out below:	
Participants	All permanent employees are eligible to participate, subject to the discretion of the committee. Although principally intended for senior management and executives, participants also include operations managers at a property level and staff at a mid-management level who are considered 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 only – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period.
Plan limits	The original limit at inception of the CSP was 8 668 544 million shares and was increased by a further 8.0 million shares at the 2022 AGM. The total CSP awards made to date equates to 1.92% of shares in issue and a total of 7 579 054 plan shares remain. 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%
Performance conditions	Performance conditions include financial (75%), ESG (10%) and strategic measures (15%).
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

Continued	
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 88.
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.

FY23 LTI AWARDS

The LTI awards granted to the executive directors in FY23 are subject to the performance conditions set out below which are to be measured over the three-year period 1 April 2022 to 31 March 2025. The only amendment made to the awards (in comparison to the prior year) was more stretching same-store net operating income growth targets in light of actual performance in FY21 and FY22.

Financial measures – 75% weighting

			Hurdle level	
Performance Condition	Weighting	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%	6.0%	7.5%	9.0%
Loan to value ratio	15.0%	35% – 40%	30% – 35%	Less than 30%
Total	75.0%			

ESG measures – 10% weighting

			Rating	
Performance Conditions	Weighting	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%			

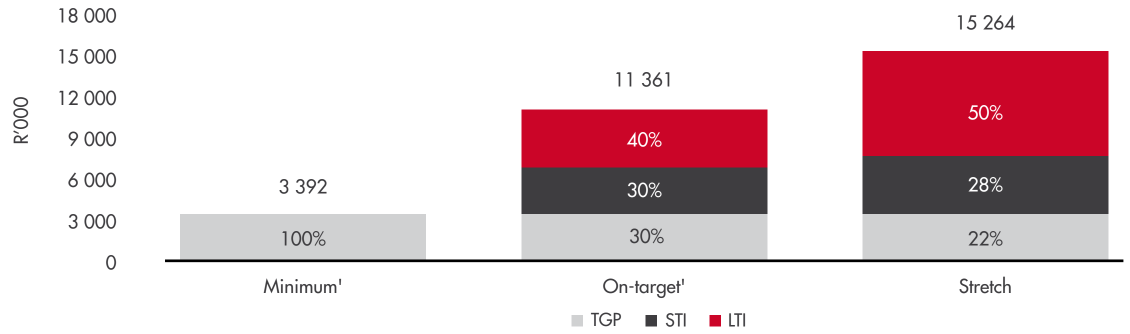
Strategic measures – 15% weighting

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 existing and new JV relationships	25.0%
3. Identifying suitable investment and development opportunities and executing in accordance with the property strategy	Identify, negotiate and close acquisition opportunities in accordance with strict investment criteria Leading due diligence on transactions Implementing acquisitions seamlessly Managing development projects on time and within budget	25.0%
4. 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 Integrate technology solutions in operations processes and further the digitalisation of the business Occupancy and rental rate growth; management of arrears; improving expense ratios/cost control	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 FY24.



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 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 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 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 strategic performance conditions. The above scenarios assume the CSP awards are made at the same level as FY23.

The on-target LTI forms 40% of the remuneration mix. On-target variable pay (STI and LTI) comprises 70% 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 FY23 bursaries amounting to R310 000 (FY22: 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 43 employees received CSP awards in FY23.

SERVICE AGREEMENTS, RETENTION STRATEGY AND TERMINATION ARRANGEMENTS

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

MINIMUM SHAREHOLDING REQUIREMENTS ("MSR")

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

Executive	Value of Shareholding as a % of TGP
Gavin Lucas	3 436%
Stephen Lucas	3 365%
Steven Horton	1 956%

Based on shareholding at 31 March 2023 and FY24 TGP. Assumes share price of R12.

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

MALUS AND CLAWBACK POLICY

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

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

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

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

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

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

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

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

In FY22 the committee engaged PwC to perform a benchmarking exercise of Stor-Age's non-executive directors' remuneration. With the expansion into the UK in 2017, the significant growth in the investment property portfolio, and the establishment of various joint ventures in South Africa and the UK, the business is significantly more complex in respect of capital allocation to new acquisition and development opportunities and compliance. Since listing in 2015, non-executive director remuneration was significantly below market compared to peer companies, confirmed by the results of the benchmarking exercise. In light of this, market related increases to non-executive directors were approved at the 2022 AGM. Details of all non-executive remuneration paid in FY23 is set out in the implementation report.

The table below summarises the proposed fees for FY24, to be approved by shareholders at the AGM to be held on 31 August 2023. The proposed FY24 fees equate to a 5.0% increase compared to FY23.

Role	Approved remuneration 31 March 2023[1] R	Proposed remuneration 31 March 2024[2] R
Board chair (all-inclusive fee)	800 000	840 000
Board member	300 000	315 000
Audit and risk committee chair	195 000	204 750
Audit and risk committee member	130 000	136 500
Social and ethics committee chair	90 000	94 500
Social and ethics committee member	60 000	63 000
Remuneration committee chair	90 000	94 500
Remuneration committee member	60 000	63 000
Investment committee chair	na[3]	na[3]
Investment committee member	120 000	126 000

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 board chair receives 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. In other words, to the extent that the board chair participates in other subcommittees, he is not separately remunerated for this role.

Notes:

1. *Approved at the 2022 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. The board chair receives a fixed annual fee that is inclusive of all attendances at subcommittee meetings. Consequently there is no fee for the investment committee chair.*

3 PART THREE THE IMPLEMENTATION REPORT

This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 31 August 2023.

BASIC SALARY

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

An increase of 6.0% was approved by the committee for FY24.

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 6.9% (effective 1 April 2023) with lower-income earners receiving an average increase of 7.5%. In the UK, the average salary increase (effective 1 April 2023) was 4.2%.

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

EXECUTIVE DIRECTOR REMUNERATION

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

31 March 2023	Basic salary R'000	STI R'000	Value of FY21 LTI R'000	Total R'000
Gavin Lucas	3 200	3 529	6 865	13 594
Steven Horton	3 200	3 529	6 865	13 594
Stephen Lucas	3 200	3 529	6 865	13 594
Total	9 600	10 587	20 595	40 782

The FY21 LTI award will vest on or after 15 September 2023 (subject to the employment condition) and relates to the three-year performance period ending 31 March 2023. For the purpose of the single-figure disclosure, the estimated value of the award is included in the table above. Further detail is set out on page 81.

31 March 2022	Basic salary R'000	STI R'000	Value of FY19 and FY20 LTI vested R'000	Total R'000
Gavin Lucas	3 000	1 500	6 940	11 440
Steven Horton	3 000	1 500	6 940	11 440
Stephen Lucas	3 000	1 500	6 940	11 440
Total	9 000	4 500	20 820	34 320

The performance period for the FY19 and FY20 LTI awards ended on 31 March 2022 and vested on 1 September 2022. For the purpose of the single-figure disclosure, the value of the vested awards are included in the table above.

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 FY23 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 (based on 100% payout)	25.0%	3.0%	4.0%	5.0%	3.6%	22.3%
2. Same-store net operating income growth	25.0%	5.0%	6.5%	8.0%	7.3%	32.0%
3. Total return to equal or exceed internal benchmark	25.0%	10.0%	11.5%	13.0%	18.0%	37.5%
4. Loan to value ratio	25.0%	35 - 40%	30 - 35%	< 30.0%	30.8%	25.0%
Total	100.0%					116.8%
Final outcome (Result x 70% weighting)						81.8%

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 adjoining property in Crewe for expansion and secured Acton in the Moorfield JV. South Africa: Acquired Parklands.			
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 = 30.8% at year end within target of 25-35%. Agreed terms for the refinancing of ZAR debt facilities of R700 million expiring in November 2023. Maintained an effective interest rate hedging policy with over 83.0% of borrowings hedged on a net debt basis.			

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 49 new online courses on Edu-Space (online training platform) in FY23 (1 000+ hours of online training being completed by staff).

Edu-Space highlights: 150+ courses delivered; 2 000+ successfully completed modules; 94%+ pass rate achieved.

Face-to-face training highlights: 50+ courses delivered; 140+ employees received face-to-face training; 4.7 average employee rating out of 5 for face-to-face learning courses.

Study support programme – assists employees with career development at accredited institutions. Financially supported nine staff members in FY23.

Broadly in line with FY22, we generated and managed approximately 150 000 enquiries on a same-store basis across both markets in FY23.

Ongoing management and optimisation of our online platforms maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK in FY23. We continued to hyper-segment our potential customer userbase to deliver customised and relevant messages across various digital channels in both markets. This relevancy-based and targeted strategy enabled us to create bespoke advertising media (both static and rich media) that directs users to customised landing pages. The messaging in each of these adverts is curated to be relevant to targeted audiences (in different life stages) that typically drive demand for self storage.

Improvements to our web platforms in FY23 included a full rebuild of the back-end supporting Storage King, ongoing refinements to the user experience in both markets, as well as additional security enhancements and continued deeper integration of our South African and UK platforms. Our websites are designed to be simple and uncluttered so that they are easy to navigate, especially for the significant proportion of visitors that originate from mobile devices.

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

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

We continued to digitalise existing processes throughout the business, using the built-in tools and capability of the Microsoft Azure Cloud platform, thus ensuring that we continue to operate in an increasingly low-code environment. An example of this was the in-house development and launch in FY23 of our new intranet (Connect) across both markets on the Sharepoint platform.

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%	15.0%
Assessment			
Refer to points 9 and 10 of the LTI outcomes for further detail.			
Total		100.0%	95.0%
Final outcome (Result x 30% weighting)			28.5%

STI OUTCOME

The performance outcome under the STI scheme for FY23 is set out below:

	TGP R'000	Financial outcome	Strategic outcome	Total outcome	Total STI R'000
Executive					
Gavin Lucas	3 200	81.8%	28.5%	110.3%	3 529
Stephen Lucas	3 200	81.8%	28.5%	110.3%	3 529
Steven Horton	3 200	81.8%	28.5%	110.3%	3 529

LONG-TERM INCENTIVE

The three-year performance period for the awards granted in FY21 ended on 31 March 2023. The awards will vest on or after 15 September 2023 subject to the employment condition. The outcomes are set out in the table below. The stretch hurdles were achieved for all the financial performance measures driven by a very strong operating performance, particularly in the second half of FY21 and for the full year in FY22, which was ahead of expectation.

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	20.0%	SAPY benchmark	10% out-performance	20% out-performance	5.4% (SAPY benchmark was negative)	30.0%
Same store net operating income growth over three years (CAGR)	20.0%	3.5%	5.0%	6.5%	12.0%	30.0%
Tangible net asset value per share growth over three years (CAGR)	15.0%	2.0%	3.5%	5.0%	11.9%	22.5%
Loan to value ratio	20.0%	35% – 40%	30% - 35%	Less than 30%	27.4%	30.0%
	75.0%					112.5%

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)						150.0%

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 KZN unrest. • Ranked 30th out of the top 100 in the inaugural FT annual ranking of Africa's Fastest Growing Companies in June 2022. • Further detail of the execution of Stor-Age's strategy is set out on pages 21 to 23.	10%	100%	10%	100%	10%	100%
2. *Implementing international expansion strategy in accordance with the five-year strategic plan* UK investment property increased by 79% from £132.9 million at 31 March 2020 to £237.7 million at 31 March 2023. Total value of UK investment properties (including those held in joint ventures) of £334.7 million at 31 March 2023. Completed 12 acquisitions of trading properties and three developments over the performance period. Continued growth in the Moorfield joint venture – four trading properties and four properties under construction at 31 March 2023. Launched Management 1st and Digital First initiatives to grow the Group's third-party management platform. Significant growth in Digital First – 23 independent operators comprising 95 properties have contracted for this service.	5%	100%	5%	100%	15%	100%

	Gavin Lucas		Stephen Lucas		Steven Horton	
Non-financial performance conditions	Max %	Rating	Max %	Rating	Max %	Rating
3. *Identifying suitable investment and development opportunities and executing in accordance with the property strategy* Successfully identified, negotiated and executed 12 acquisitions, completed three new developments, four properties under construction in South Africa and the UK. Conducted extensive due diligence on all acquisition and development transactions. Achieved pre-defined acquisition and development targets in accordance with property strategy.	10%	100%	10%	100%	20%	100%
4. *Implementing the Group's operations strategy including the development and execution of the digital and technology strategy* Refer to point 3 of the STI outcomes.	10%	90%	10%	90%	–	–
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 our 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.	10%	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.	20%	90%	20%	90%	5%	90%
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 and compliance with all debt covenants. Executed two oversubscribed capital raises over the performance period (R250 million in FY21 and R575 million in FY22). Capital allocation decisions are made carefully after due consideration of risks and shareholder returns. Finalised the GBP debt restructuring in December 2021 with UK lenders at a competitive cost of capital which provides capacity to support growth in the UK, diversifies the funding sources across a number of lenders, and provides for greater flexibility in the use of the facilities. 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.	10%	100%	10%	100%	5%	100%

	Gavin Lucas		Stephen Lucas		Steven Horton	
Non-financial performance conditions	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 Africa 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. Managed the impact of load-shedding: • All trading properties have generators except for the three smallest properties measured by GLA which have battery storage backup solutions. • 25 of the 57 trading properties have photovoltaic rooftop-mounted solar systems (PV systems) installed. • Completed a successful trial in FY23 to integrate our existing PV systems with battery storage and the existing diesel generators for a more optimised solution. • Formulated a 3-year rollout across the portfolio to: 1. install integrated PV systems (including battery storage) at properties which do not yet have these; and 2. implement battery storage solutions at properties that already have PV systems. 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 Africa portfolio in order to monitor utility usage in real time as well as challenge municipal billing based on estimates.	5%	90%	5%	90%	10%	90%
9. *Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting, and storm water management and conservation* The group continues to integrate ESG principles throughout the business and sustainability remains at the forefront of its strategic objectives. 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. 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						

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
9. *Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting, and storm water management and conservation (continued)* Since the start of FY18, Stor-Age has avoided an estimated 2 771 tonnes of CO_2 equivalent emissions in South Africa through the consumption of onsite solar PV renewable electricity. Despite an increase in total power demand across the portfolio, emissions generated through municipal electricity consumption have shown a downward trend since FY21. Renewable energy use in FY23 resulted in an estimated 1 094 tCO_2e (FY22: 936 tCO_2e) in avoided greenhouse gas emissions in South Africa. Renewable electricity use in FY23 resulted in an estimated 15% reduction in the company's Scope 1, 2 and 3 carbon footprint in South Africa (FY22: 13%). Embarked on a process of identifying, reviewing and selecting an independent third-party sustainability consultant in FY22, who set baselines for carbon emissions and water consumption, together with establishing environmental KPIs to consider for adoption and ongoing performance measurement. The independent consultant also conducted a Carbon Footprint Assessment across the South Africa and UK portfolios in order to set the baselines for carbon emissions at each property. PV systems: • R21.5 million invested in renewable energy (South Africa: R16.5 million; UK: R5 million) to date, installing Solar PV systems at nine additional properties during FY23 (South Africa: 2; UK: 7). • 34 properties now fitted with PV systems, 25 in South Africa and nine in the UK. • 25 South Africa properties have to date generated over 2 900 MWh in solar energy and rendered electricity consumption savings in line with forecasts. • Additional 12 properties identified to be fitted with PV systems in FY24 *[1] Excludes an additional installation at our head office property.* Battery energy storage systems: • To reduce reliance on generators and increasing diesel spend, Stor-Age explored Battery energy storage systems (BESS) to complement the existing solar infrastructure in FY23. • Successfully installed these systems at four properties during FY23. Plan to install BESS alongside any new solar PV installation and to retrofit all existing solar PV stores with these systems over the next three years. • BESS will help reduce our reliance on state produced electricity in South Africa, mitigate downtime from electricity supply outages and eliminate the need to run backup diesel generators. This is aligned to our commitment of ensuring that our properties remain environmentally-friendly. We remain committed to developing a net zero carbon pathway. This involves setting science-based targets using the Science-Based Targets initiative (SBTi) methodology. The SBTi methodology follows a process of setting a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions – drives ambitious climate action in the private sector by enabling organisations to set science-based emissions reduction targets. SBTi defines and promotes best practice in emissions reductions and net zero targets in accordance with climate science. The Company also recently entered into a development funding facility with HSBC Bank via our Moorfield JV, of which there is a green loan element. Through the BREEAM[1] initiative, to be installed as part of the initial build of the Heathrow and Canterbury properties, as well as an active EPC[2] rating at our Bath property, the Company will achieve the requirements for this green loan. *[1] Building Research Establishment Environmental Assessment Method* *[2] Energy Performance Certificates*	–	–	–	–	10%	90%

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* Since 2021 we have partnered with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds. In 2022 ten candidates successfully completed the SDC Business Administration Services learnership programme. In 2023 we are supporting a further 12 learners. This partnership provides Stor-Age with a sustainable means of supporting economic transformation in South Africa at a local level. Stor-Age remains a B-BBEE compliant business (Level 5 contributor status), with 44.65% verified black ownership reflected on our share register at the time of conducting our FY23 empowerment scorecard review. Stor-Age remains focused on maintaining and 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. Implemented employee wellness initiatives to encourage employees to practice and improve their habits to attain better physical and mental health. We also facilitated numerous Company events that contribute towards building an interactive team environment. Encouraged and supported employees to adopt sustainable practices both at work and in their personal lives. Stayed informed about industry trends and emerging technologies to ensure that Stor-Age remains relevant and competitive. Encouraged and supported ongoing learning and professional development among employees. Embraced innovation and fostered a culture of creativity and forward-thinking. Forming part of our skills development and succession planning strategy, a range of in-person and online workshops were held throughout FY23, with the aim of fostering and supporting improved planning and alignment by the executives and senior management teams, senior operations staff and middle management. We also held train-the-trainer workshops to bring through the next generation of operations trainers. Anonymous employee surveys are conducted annually which confirmed that staff are well-motivated. The surveys also provide a platform for our staff to voice their opinions by responding to key questions on how their job aligns with the Stor-Age Vision and Mission, remuneration and work life balance. Feedback from these surveys assists in creating a positive workplace environment and identifying areas for improvement and to ensure that our employees' days are more productive and rewarding. Highlights from our FY23 survey include – 96% of our staff are proud to be a part of the Stor-Age team, our FY23 Net Promoter Score, a measure of employee satisfaction and loyalty, was 15 (an improvement on FY22), and 40% of our workforce has worked for Stor-Age for five years or more, demonstrating healthy retention and a wealth of self storage experience.						

Non-financial performance conditions	Gavin Lucas Max %	Gavin Lucas Rating	Stephen Lucas Max %	Stephen Lucas Rating	Steven Horton Max %	Steven Horton Rating
11. *Displaying leadership behaviour in accordance with the Company's Core Values (continued)* We recognise the importance of being an active member of our local communities, and we encourage employees at the property level to develop close links with charities, schools, sports clubs and local interest groups. Our support typically includes providing complimentary storage space, with additional support provided to certain projects in the form of: • Leveraging our digital marketing platform to promote local businesses and NPOs • Generating exposure via branding on Company vans and billboards • Vehicles and the use of our properties as drop-off/collection points • Financial contributions Charities and NPOs supported: We provide complimentary self storage space to a number of charities and NPOs. This year, these included the JAG Foundation, The Kolisi Foundation, Gary Kirsten Foundation, JOG Trust, Helping Hands SA, The Toy Run, The Rotary Club Cresta and The Ed Bham Foundation. In addition to providing complimentary self storage space, our properties also acted as drop off points for some charitable organisations. Through our social media platforms and positive brand association/endorsement, we also assisted further by creating heightened awareness about these organisations, encouraging additional support from the public and local business sector. KwaZulu-Natal flooding crisis: Following the tragic flooding 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.	10%	100%	10%	100%	10%	100%
	100%	**93.5%**	**100%**	**93.5%**	**100%**	**94.5%**

VESTING OF LTI AWARD

For the purposes of the single-figure remuneration table set out on page 91, the estimated value of the FY21 LTI awards for the executive directors (in respect of the performance period ending 31 March 2023), are set out below. The awards will vest on or after 15 September 2023 subject to the employment condition.

	Award	Number of shares	Performance factor	Performance adjusted number of shares	Share price*	Value of shares included in single figure table (R'000)
Director						
Gavin Lucas	FY21 performance shares	381 388	150.0%	572 082	12.00	6 865
Stephen Lucas	FY21 performance shares	381 388	150.0%	572 082	12.00	6 865
Steven Horton	FY21 performance shares	381 388	150.0%	572 082	12.00	6 865

** for the purposes of the single figure table, an estimate of R12.00 per share was used at the date of vesting to determine the value of the awards*

Details of the unvested awards made to the executive directors (excluding the FY21 awards) are set out below:

GAVIN LUCAS

Date of award	Vesting date	On-target grant (number of shares)	Indicative value R'000	Performance period
30 Nov 21	1 Sep 24	381 388	4 577	3-years ending 31 March 2024
15 Mar 23	1 Sep 25	381 388	4 577	3-years ending 31 March 2025

STEPHEN LUCAS

Date of award	Vesting date	On-target grant (number of shares)	Indicative value R'000	Performance period
30 Nov 21	1 Sep 24	381 388	4 577	3-years ending 31 March 2024
15 Mar 23	1 Sep 25	381 388	4 577	3-years ending 31 March 2025

STEVEN HORTON

Date of award	Vesting date	On-target grant (number of shares)	Indicative value R'000	Performance period
30 Nov 21	1 Sep 24	381 388	4 577	3-years ending 31 March 2024
15 Mar 23	1 Sep 25	381 388	4 577	3-years ending 31 March 2025

Indicative value is based on a share price of R12.00 applied to on-target number of shares award.

NON-EXECUTIVE DIRECTOR REMUNERATION

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

	2023 R'000	2022 R'000
GA Blackshaw	800	324
JAL Chapman	420	251
KM de Kock	555	308
AC Menigo[1]	80	–
P Mbikwana	520	298
MS Moloko[2]	–	74
MPR Morojele	520	298
A Varachhia	480	266
Total	3 375	1 819

[1] Appointed 23 January 2023.
[2] Resigned 30 June 2021.

The remuneration to be paid to the non-executive directors for the year ending 31 March 2024 to be approved by shareholders at the forthcoming AGM is set out on page 101 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 2023 financial year."

SOCIAL AND ETHICS COMMITTEE REPORT

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

The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 68, and attendance at meetings is shown on page 69.

FOCUS AREAS OF THE COMMITTEE DURING THE YEAR

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

TRANSFORMATION PLAN

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

The main objectives of the plan include:

- Addressing the priority elements of the Property Sector Code, while implementing sustainable business transformation and employment diversification
- Ensuring the benefits of equity ownership and participation in management control are extended to previously disadvantaged groups
- Fostering an enabling environment within the Group, which encourages and embraces diversity
- Developing a skilled and motivated workforce 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 maintaining and improving its Level 5 B-BBEE compliance status. At the time of conducting the 2023 empowerment scorecard review, verified black ownership reflected as 44.65%

ESG STRATEGY AND IMPLEMENTATION

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

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

Stor-Age's properties act as business incubators for many, assisting local businesses to grow, creating jobs and increasing their contribution to local economies. A recent customer survey indicated that business customers have on average created more than seven jobs[1] since starting to store with the Company. When considering that we had approximately 8 300 commercial tenants at year end, Stor-Age's indirect positive contribution to sustainable job creation in South Africa is significant.

The Stor-Age Business Hub initiative helps commercial customers and charitable organisations to promote their products or services to local markets. Many of these commercial customers are SMMEs, which are critically important for South Africa's economy as they promote sustainable job creation and economic development. More information on the Business Hub is available on page 62.

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

Highlights from the year included:

- Installing new solar PV technology at an additional nine properties (SA: 2; UK: 7)
- Supporting nine NPOs by sponsoring over 260 m² of space per month, representing more than R400 000 (of rental value) for the period of community investment
- Partnering with the JAG Foundation to store and distribute over 450 pairs of donated shoes to Western Cape communities in need

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

- Properties acting as drop-off points for donated items to support those affected by the KwaZulu-Natal floods and the Langa fires in Cape Town
- Facilitating a fundraising initiative and matching all donations to support staff members adversely affected by the floods in KwaZulu-Natal in April 2022
- In support of local economic transformation, for the second year in a row the Group sponsored a 12-month learnership programme for 12 previously disadvantaged learners in January 2022 (with a third group of learners commencing in January 2023). The learnership programme assists youth with becoming qualified in areas that fall within the ambit of scarce and critical skills of South Africa

During the year the Company also concluded its annual Carbon Footprint Report, which was completed by an independent third-party sustainability consultant. The results of the report show that over 1 000 tCO_2e (tonnes of carbon dioxide equivalent) of avoided greenhouse gas emissions was achieved as a result of the Company's renewable electricity infrastructure. Read more about the Carbon Footprint Report on page 60 and more about our broader ESG strategy from page 54.

COVID-19

As we emerged from the COVID-19 pandemic, during the early stages of FY23 the committee continued to monitor the impacts of the 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.

TERMS OF REFERENCE

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

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

The committee is further tasked with:

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

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

Phakama Mbikwana
Social and ethics committee Chair
31 July 2023

INVESTMENT COMMITTEE REPORT

KEY FUNCTIONS AND RESPONSIBILITIES

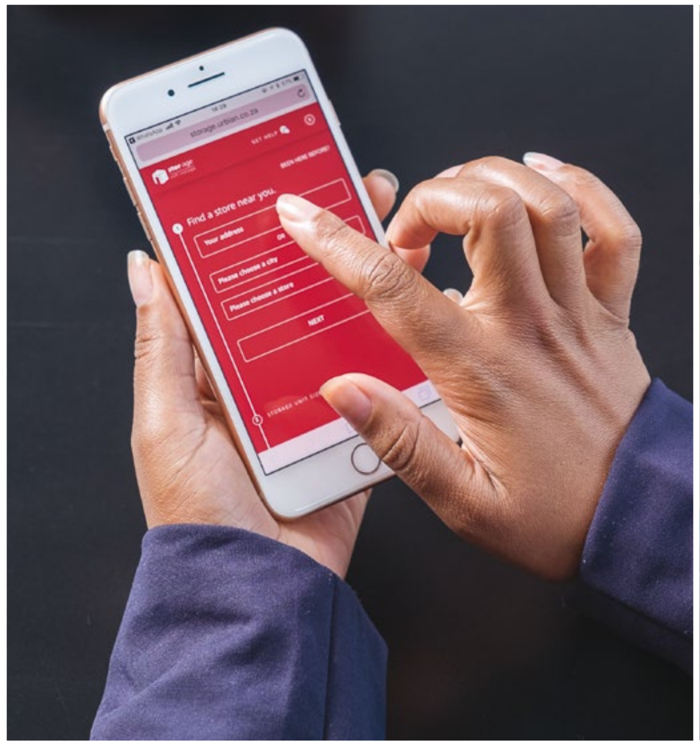
The investment committee comprises two executive directors and four non-executive directors. Its primary purpose is to evaluate and, if appropriate, approve potential acquisitions or disposals identified by the executive team.

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

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

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

Graham Blackshaw
Investment committee Chair
31 July 2023



ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

CONTENTS

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

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

Published
19 June 2023

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

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2023

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 2023, 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 71 of 2008 of South Africa and the JSE Listings Requirements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns 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 19 June 2023 and signed on their behalf by:

GA Blackshaw
Chairman

GM Lucas
Chief Executive Officer

CEO and CFO responsibility statement

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

- The annual financial statements set out on pages 117 to 184 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementing and execution of controls;
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated any deficiencies; and
- We are not aware of any fraud involving directors.

SC Lucas
Chief Financial Officer

GM Lucas
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act 71 of 2008 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

19 June 2023

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 2023.

1. Terms of reference

The audit committee is a formal committee of the board of the company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act 71 of 2008 of South Africa ("the Act"), the recommendations of the King Code on Governance ("King IV") and certain responsibilities delegated by the board.

The main responsibilities of the audit committee include:

- Reviewing the ongoing effectiveness of the internal financial controls
- Reviewing the interim and preliminary results, the annual financial statements and other content in the integrated annual report, and making a formal recommendation to the board to adopt the same
- Ensuring compliance with IFRS and the relevant requirements of the Act and the Johannesburg Stock Exchange ("JSE") with respect to financial reporting
- Overseeing the appointment and independence of the external auditors and reviewing their external audit reports
- Determining a policy for the provision of non-audit services by the external auditors
- Monitoring the risk management framework adopted by the company and its subsidiaries (the "group") and reviewing any risk management reports in this regard
- Reviewing management's assessment of the group and company to continue as a going concern

The audit committee confirms that it has fulfilled all its statutory obligations as well as its terms of reference for the year under review.

The audit committee has monitored and confirms that it is in compliance with the risk management policy which is in accordance with the industry practice and prohibits the company from entering into speculative derivative transactions not in the ordinary course of business.

2. Members of the audit committee, attendance of meetings and evaluation

The audit committee comprises three independent non-executive directors:

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

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

P Mbikwana BCom, IEDP (Duke Corporate)

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 2023. 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 2023.

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

4. Significant matters

Valuation of investment property

The major risk relating to investment property is the valuation of investment properties. This has been highlighted as an area of critical judgement and is detailed in note 3 of the annual financial statements. Where an external valuation is not obtained, the directors determine the fair value of each property, using the valuation methodology in note 3. Through discussion with the executive directors, the audit committee is satisfied with the methodology and critical inputs. A number of non-executive directors have extensive experience in the property industry and the board as a whole approves the valuations. The group's policy is to value 50% of its SA income-producing properties at year end and the other 50% at the interim reporting date. This ensures that each property is valued at least once in a 12-month reporting cycle. In line with this policy, 28 of the 54 income-producing properties in the SA portfolio were externally valued at 31 March 2023 and the remaining properties were valued internally by the board using the same methodology applied by the external valuers. In the UK, all income-producing properties were externally valued at 31 March 2023.

5. Internal audit

In December 2022 the audit committee approved the appointment of an external assurance provider to perform internal audit work. The audit committee has approved the internal audit charter defining the function, purpose, authority and responsibility. A risk based internal audit plan has also been approved by the committee. The status and results of the internal audit plan will be communicated and reviewed at each meeting of the audit committee. The audit committee will continue to assess the requirements of the outsourced internal audit function based on the risk profile of the group.

6. Financial director

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

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2022 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2023.

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

19 June 2023

DIRECTORS' REPORT
for the year ended 31 March 2023

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 2023.

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).

Financial results

The financial results for the year ended 31 March 2023 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 71 of 2008 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 2023 is 474 610 430 (2022: 474 610 430) ordinary shares of no par value. Refer to note 11 for further information on the shares in issue.

All of the shares in issue rank for the dividends declared for the year ended 31 March 2023.

Dividend distribution

A dividend of 60.05 cents per share was declared by the directors for the interim period ended 30 September 2022. A further dividend of 58.09 cents per share was declared for the six month period ended 31 March 2023. The dividend for the full year amounts to 118.14 cents per share (2022: 111.90 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 45% loan-to-value covenant on its bank borrowings. The group's overall borrowings were R3.550 billion (2022: R2.759 billion) at the reporting date as detailed in note 13 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 2023 the following directors held office:

	Appointment date		Appointment date
Executive:		*Non-executive:*	
GM Lucas (Chief executive officer)	25 May 2015	A Varachhia#	4 January 2021
SC Lucas (Chief financial officer)+	25 May 2015	GA Blackshaw (Chairman)	2 September 2015
SJ Horton	25 May 2015	JAL Chapman#	2 January 2020
		KM de Kock#	2 May 2018
		AC Menigo#	23 January 2023
		MPR Morojele#	1 September 2020
		P Mbikwana#	2 May 2018

Independent
+ *British citizen*

In terms of the Memorandum of Incorporation, Mr GA Blackshaw, Ms KM de Kock and Mr A Varachhia are due to retire by rotation from the board at the forthcoming annual general meeting and, all being eligible, have offered themselves for re-election. Mr AC Menigo will be proposed for election.

Details regarding the directors' shareholding in the company and remuneration are set out in notes 27.3 and 27.4.

Subsequent events

Information on material events that occurred after 31 March 2023 is included in note 31 to the financial statements.

Going concern

The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act 71 of 2008 of South Africa and the directors have satisfied themselves that the company and group are in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

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

Details of the directors' assessment of going concern is set out in note 30.

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 117 to 184, which comprise the consolidated and separate statements of financial position as at 31 March 2023, 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 2023, 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 for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties (Consolidated and Separate Financial Statements - Notes 3 and 25 to the consolidated and separate financial statements, and the critical accounting estimates, assumptions and judgements and investment property accounting policy contained in the significant accounting policies section of the consolidated and separate financial statements) It is the 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 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 competency, capabilities and objectivity of the board of directors' and management's external valuers ("management's experts"). This included inspecting professional qualifications and registrations and making an assessment of the objectivity and appropriateness of management's experts; • We inspected the valuation reports for the properties valued by the board of directors, and management's expert in the current year, to assess whether the valuation approach was in accordance with International Financial Reporting Standards, was consistent with the previous financial year, and was suitable for use in determining the fair value. • 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 valuation of the group's and company's investment properties 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 properties was considered to be a matter of most significance to the current year audit of the consolidated and separate financial statements, due to the significance of the balances, the significance of the estimation uncertainty and the level of judgement involved.	– The forecast revenue applied in the 1st year of the discounted cash flow ("DCF") was assessed for reasonability. This was performed by agreeing the occupancy and rental rate assumptions underpinning the forecast revenue in the DCF model to the property management system. For a sample, the inputs within the property management system used to generate the revenue forecast was agreed to underlying signed rental agreements and compared to the current year revenue for reasonability ; – The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to available relevant data provided by external persons with specialised expertise; – We assessed the reasonability of revenue and expense growth rates subsequent to the initial forecast year based on our knowledge of the properties, obtained through research, and by comparing to available industry data for similar investment properties; – We assessed the reasonability of the discount and capitalisation rates applied by comparing it to available industry data for similar investment properties; and • 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 evaluated the adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of investment properties in accordance with International Financial Reporting Standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stor-Age Property REIT Limited Annual Financial Statements for the year ended 31 March 2023", 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 3 years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Bradley Jackson
Director
Registered Auditor

19 June 2023

123 Hertzog Boulevard
Foreshore
Cape Town, 8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2023

	Note	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
ASSETS					
Non-current assets		11 555 079	10 148 725	5 545 549	5 361 113
Investment properties	3	10 731 243	9 535 000	916 785	767 463
Property and equipment		32 320	19 975	14 834	5 382
Stor-Age share purchase scheme loans	4	80 460	84 135	80 460	84 135
Goodwill and intangible assets	5	156 029	145 706	81 507	81 320
Investment in subsidiaries	6	–	–	4 372 643	4 370 922
Investment in joint ventures	7	422 020	246 580	39 149	39 090
Unlisted investment	8	27 566	10 838	27 566	10 838
Deferred taxation	20	12 814	6 650	–	–
Derivative financial assets	14	92 627	99 841	12 605	1 963
Current assets		501 124	356 911	1 028 652	996 578
Trade and other receivables	9	138 638	127 350	32 078	50 715
Inventories		6 955	7 228	1 522	3 215
Intercompany receivable	6	–	–	530 227	577 037
Cash and cash equivalents	10	355 531	222 333	155 685	82 209
Dividend receivable	22.5	–	–	309 140	283 402
Total assets		12 056 203	10 505 636	6 574 201	6 357 691
EQUITY AND LIABILITIES					
Total equity		7 194 619	6 643 187	4 813 404	4 827 521
Stated capital	11	5 362 339	5 374 681	5 362 339	5 374 681
Retained earnings/(accumulated loss)		1 350 847	1 186 969	(575 694)	(580 433)
Share-based payment reserve	12	26 759	33 273	26 759	33 273
Foreign currency translation reserve		396 258	2 051	–	–
Total equity attributable to shareholders		7 136 203	6 596 974	4 813 404	4 827 521
Non-controlling interest		58 416	46 213	–	–
Non-current liabilities		4 075 662	3 135 260	1 199 416	1 009 615
Loans and borrowings	13	3 390 198	2 598 851	1 188 514	1 004 253
Derivative financial liabilities	14	6 618	5 579	2 695	5 309
Deferred taxation	20	369 118	287 436	–	–
Lease obligations	28	309 728	243 394	8 207	53
Current liabilities		785 922	727 189	561 381	520 555
Loans and borrowings	13	160 000	160 000	160 000	160 000
Trade and other payables	15	259 379	221 050	20 368	21 699
Provisions	16	16 609	15 711	14 905	7 846
Lease obligations	28	35 100	29 279	2 054	1 360
Intercompany payable	6	–	–	88 353	67 191
Taxation payable	22.6	39 133	38 690	–	–
Dividends payable	22.4	275 701	262 459	275 701	262 459
Total equity and liabilities		12 056 203	10 505 636	6 574 201	6 357 691

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Note	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Property revenue	17	1 070 788	910 682	71 737	49 429
Rental income		996 635	849 716	68 844	44 895
Other income		74 153	60 966	2 893	4 534
Expected credit losses recognised on tenant debtors	24.3.2	(6 273)	(3 738)	(460)	(134)
Direct property costs		(273 920)	(221 280)	(20 041)	(11 180)
Net property operating income		790 595	685 664	51 236	38 115
Other revenue		35 950	14 594	640 604	565 463
Management fees		35 950	14 594	52 504	42 286
Dividend income from subsidiaries		–	–	588 100	523 177
Insurance proceeds from building claim		–	51 725	–	–
Administration expenses	19	(152 781)	(103 489)	(103 674)	(73 341)
Net property operating profit		673 764	648 494	588 166	530 237
Restructure of loans and borrowings		–	(6 377)	–	(326)
Fair value adjustment to investment properties		244 026	642 313	18 793	13 765
Other fair value adjustments to financial instruments	18	(9 626)	121 505	12 984	11 742
Foreign exchange gains/(losses)		5 468	(3 565)	5 570	(954)
Depreciation and amortisation		(8 596)	(8 309)	(5 217)	(4 033)
Profit from operations		905 036	1 394 061	620 296	550 431
Net finance cost		(140 201)	(90 934)	(54 852)	(32 868)
Interest income		30 419	25 904	20 833	17 506
Interest expense		(170 620)	(116 838)	(75 685)	(50 374)
Share of profit/(loss) of joint ventures, net of tax		30 246	(471)	–	–
Profit before taxation		795 081	1 302 656	565 444	517 563
Taxation expense	20	(63 415)	(271 413)	–	–
Normal taxation		(32 747)	(35 986)	–	–
Deferred taxation		(30 668)	(235 427)	–	–
Profit for the year		731 666	1 031 243	565 444	517 563
Other comprehensive income net of tax					
Items that may be reclassified to profit or loss					
Translation of foreign operations		400 126	(137 946)	–	–
Items that may not be reclassified to profit or loss					
Share of other comprehensive income of joint ventures		1 350	(7)	–	–
Other comprehensive income/(loss) for the year		401 476	(137 953)	–	–
Total comprehensive income for the year		1 133 142	893 290	565 444	517 563
Profit attributable to:		731 666	1 031 243		
Owners of the company		724 583	1 019 737		
Non-controlling interest		7 083	11 506		
Total comprehensive income attributable to:		1 133 142	893 290		
Owners of the company		1 118 790	884 214		
Non-controlling interest		14 352	9 076		
		Cents	Cents		
Earnings per share	21				
Basic earnings per share		152.67	231.49		
Diluted earnings per share		151.35	228.73		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2023

Group	Stated capital (note 11) R'000	Retained earnings R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 12) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2021	4 783 903	674 702	137 574	21 966	5 618 145	38 608	5 656 753
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							
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
Total comprehensive income for the year	–	724 583	394 207	–	1 118 790	14 352	1 133 142
Profit for the year	–	724 583	–	–	724 583	7 083	731 666
Other comprehensive income	–	–	394 207	–	394 207	7 269	401 476
Shares repurchased for conditional share plan	(21 692)	–	–	–	(21 692)	–	(21 692)
Shares awarded in terms of conditional share plan	9 350	–	–	(24 226)	(14 876)	–	(14 876)
Equity settled share-based payment charge	–	–	–	17 712	17 712	–	17 712
Dividends	–	(560 705)	–	–	(560 705)	(2 149)	(562 854)
Total transactions with shareholders	(12 342)	(560 705)	–	(6 514)	(579 561)	(2 149)	(581 710)
Balance at 31 March 2023	5 362 339	1 350 847	396 258	26 759	7 136 203	58 416	7 194 619

Company	Stated capital (note 11) R'000	Accumulated loss R'000	Share-based payment reserve (note 12) R'000	Total R'000
Balance at 1 April 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				
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
Total comprehensive income for the year	–	565 444	–	565 444
Profit for the year	–	565 444	–	565 444
Other comprehensive income	–	–	–	–
Shares repurchased for conditional share plan	(21 692)	–	–	(21 692)
Shares awarded in terms of conditional share plan	9 350	–	(24 226)	(14 876)
Equity settled share-based payment charge	–	–	17 712	17 712
Dividends	–	(560 705)	–	(560 705)
Total transactions with shareholders	(12 342)	(560 705)	(6 514)	(579 561)
Balance at 31 March 2023	5 362 339	(575 694)	26 759	4 813 404

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2023

	Note	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	22.1	702 117	651 628	154 895	(13 044)
Interest received	22.2	18 994	20 989	8 095	9 819
Interest paid	22.3	(178 884)	(132 975)	(80 214)	(59 191)
Dividends paid	22.4	(549 612)	(480 584)	(547 463)	(479 113)
Taxation paid	22.6	(32 526)	(852)	–	–
Net cash (outflow)/inflow from operating activities		(39 911)	58 206	(464 687)	(541 529)
Cash flows from investing activities					
Additions to investment properties	3	(373 282)	(1 040 387)	(98 345)	(46 765)
Surplus in share purchase scheme paid to participants	4	(8 042)	(22 232)	(8 042)	(22 232)
Repayment of share purchase scheme loans	4	13 319	80 083	13 319	80 083
Acquisition of property and equipment		(6 852)	(9 765)	(2 173)	(2 324)
Additional investment in subsidiaries	6	–	–	–	(469 999)
Advance of loan to subsidiaries	6	–	–	(95 114)	(749 052)
Proceeds from subsidiaries		–	–	387 326	1 032 820
Acquisition of intangible assets	5	(3 053)	(5 391)	(2 304)	(3 365)
Acquisition of unlisted investment		(17 000)	(5 500)	(17 000)	(5 500)
Additional investment in joint ventures		(117 747)	(219 481)	(32 175)	(15 325)
Repayment of joint venture loan advanced		283 835	–	271 253	–
Disposal of subsidiary, net of cash		(2 910)	–	–	–
Net cash (outflow)/inflow from investing activities		(231 732)	(1 222 673)	416 745	(201 659)
Cash flows from financing activities					
Proceeds from loans and borrowings	13.1	752 165	2 143 008	532 150	656 744
Repayment of loans and borrowings	13.1	(372 492)	(1 474 329)	(372 492)	(497 553)
Proceeds from the issue of shares	11	–	596 577	–	596 577
Purchase of shares to settle conditional share plan		(36 568)	–	(36 568)	–
Share issue costs	11	–	(5 799)	–	(5 799)
Repayment of lease obligations		(37 284)	(32 331)	(1 672)	(1 522)
Net cash inflow from financing activities		305 821	1 227 126	121 418	748 447
Net cash inflow for the year		34 178	62 659	73 476	5 259
Effects of movements in exchange rate on cash held		99 020	(11 399)	–	–
Cash and cash equivalents at beginning of year		222 333	171 073	82 209	76 950
Cash and cash equivalents at end of year	10	355 531	222 333	155 685	82 209

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

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 71 of 2008 of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 19 June 2023.

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.

- Amendment to IFRS 3 Business combinations: Reference to Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020

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. The changes will not have a material impact on the financial statements. All standards will be adopted at their effective date.

Title of standard or interpretation	Nature of change	Effective for reporting period ending
Amendment to IAS 1	The amendment to IAS 1 provides clarity on the requirements for classifying a liability as current or non-current and additional disclosures for liabilities subject to covenants.	31 March 2024
Amendment to IFRS 16	The amendment introduces an accounting model for variable lease payments in a sale-and-leaseback transaction.	31 March 2024

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 26.

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.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.6 Investment properties (continued)

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.

Investment properties under development

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

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

Leasehold investment properties

Leasehold properties, held as right-of-use assets, are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor is included in the statement of financial position at the present value of the future lease payments at inception, and is shown within note 28. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

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

1.7 Property and equipment

Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis, over the current estimated useful lives of the assets. The estimated useful lives of the assets for the current periods are:

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

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

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

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

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

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

The group's financial assets consist of:

Tenant debtors

Tenant debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances, as the group holds trade and other receivables with the objective to collect the contractual cash flows. Tenant 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 24.3.2.

Staff loans

Staff loans are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances. The expected credit losses method applied to interest free loans granted to employees is based on the 12-month expected credit loss basis. Further details are set out in note 24.3.1.

Related party receivables

The group considers the related party receivables to be in default when the related party is unable to settle its credit obligations in full and the amount is unsecured. Related party receivables that are outstanding for more than 90 days are considered as past due. Refer to note 24.3.1 for further details.

Sundry receivables

The group considers sundry receivables to be in default when the external party is unable to settle its credit obligations in full and the amount is unsecured. Sundry receivables that are outstanding for more than 90 days are considered as past due. Refer to note 24.3.1 for further details.

Cash and cash equivalents

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

Intercompany receivables

The company considers intercompany receivables to be in default when the party is unable to settle its credit obligations in full when called on by the company. Further details are set out in note 24.3.1.

Stor-Age share purchase scheme loans

The group considers the share purchase scheme loans to be in default when the fair value of the shares is lower than the carrying amount of the loan and the participant is unable to repay the balance. Further details are set out in note 24.3.1.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

Unlisted investment

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

Derecognition of financial assets

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

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 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 as lessee

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

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

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

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

1.11 Inventories

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

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

Inventories relate to packaging materials.

1.12 Impairment

1.12.1 Financial assets

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

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

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

The group measures the loss allowance at an amount equal to lifetime expected credit losses except for cash and cash equivalents for which credit risk has increased significantly since initial recognition. The group adopts the policy for loss allowances for trade receivables and contract assets to be measured at an amount equal to the lifetime expected credit losses using the simplified approach. The group estimates the expected credit losses over the maximum contractual period it has exposure to credit risk.

The group defines the default on a financial asset when the counterparty fails to make contractual payments within 60 days of when they fall due. The group also considers a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered. For tenant debtors, the outstanding balance is only written off after proceeds are received from the auction of the tenant's goods.

Expected credit losses are discounted at the effective interest rate of the financial asset and represent a probability-weighted estimate of credit losses.

Financial assets subsequently measured at amortised cost are disclosed net of a loss allowance.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.12 Impairment (continued)

1.12.2 Non-financial assets

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

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

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

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

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

1.13 Provisions

Provisions are recognised when the group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amount of the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A bonus provision is raised as the amount payable is uncertain. Details pertaining to the group's provisions are set out in note 16.

1.14 Revenue

Property revenue

Rental income is measured based on the consideration set out in the lease agreements with tenants. The contractual terms of the leases are month-to-month. Payment is due by the 15th of the month or depending on when the tenant moved in. A late fee is charged to the tenant if payment is not received by the due date.

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.

Property management fees are based on a fixed percentage of rental income per month subject to a minimum. Asset management and development management fees are based on a fixed percentage of development costs subject to a maximum.

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.17 Interest income

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

1.18 Operating profit

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

1.19 Net property operating income

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

1.20 Tax

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

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

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

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

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

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

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

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

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

1.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision maker reviews the internal management reports monthly. The group has determined that its chief operating decision maker is the chief executive officer of the company.

Segmental information is based on the nature of the business activities for which the properties are used. The group earns revenue in the form of rentals from the tenants of its investment properties.

The group comprises the following main geographical operating segments:

- South Africa
  - Western Cape
  - Gauteng
  - Free State
  - Kwazulu-Natal
  - Eastern Cape
- United Kingdom

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.21 Segment reporting (continued)

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 24).

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the executive directors. The executive directors report to the board of directors on their activities. The group audit and risk committee oversees how the executive directors monitor compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group and company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the group's and company's activities.

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 First 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
Santander	A1
Standard Bank of South Africa	Ba2
Nedbank	Ba2
Royal Bank of Scotland	A1
Lloyds Bank	A1

Impairment losses on cash and cash equivalents is measured on a 12-month expected credit loss basis. The group considers that its cash and cash equivalents have low credit risk based on the Moody's external credit ratings of these financial institutions.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

2.1 Credit risk (continued)

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	A1
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 24.4.

2.3 Market risk

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

Interest rate risk

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

Currency risk

The group is exposed to currency risk on its initial capital exposure as well as the underlying earnings as a result of operations in the United Kingdom. The group uses cross-currency interest rate swaps as part of its treasury management, effectively matching the currency of debt with the currency of an asset. Cashflows from its operations in the United Kingdom are exposed to movements in the Rand/Pound exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging projected forward net cashflow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings.

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 13, cash and cash equivalents disclosed in note 10, and share capital as disclosed in note 11. In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt if required.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a distribution to maintain its REIT status. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 100% of the distributable profit of the group as a distribution on a bi-annual basis.

As a result of the group's distribution policy, capital expansion is funded through a combination of debt and equity funding. The group is subject to various loan covenants as disclosed in note 13.3 with the most onerous limit on loan to value ("LTV") of 45%. The group comfortably complied with these covenants. Refer to note 13.4 which sets out the group's LTV calculation.

The board of directors assesses the distribution policy on an ongoing basis and ensures compliance with regulations and that no profits of a capital nature are distributed. There were no changes in the group's approach to capital management during the year.

3 INVESTMENT PROPERTIES

3.1 Fair value of investment properties

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Historical cost	7 026 282	6 996 528	514 891	422 435
Subsequent expenditure capitalised	995 353	798 013	383 494	345 421
Fair value adjustment	2 014 487	1 770 461	18 400	(393)
Remeasurement of lease obligations	46 180	393	–	–
Exchange differences	648 941	(30 395)	–	–
Carrying amount at end of year	10 731 243	9 535 000	916 785	767 463
Movement in investment properties:				
Carrying amount at start of year	9 535 000	7 869 321	767 463	620 544
Additions to investment property	146 820	1 065 150	92 456	109 531
Disposal of investment property	–	–	–	(32 500)
Deconsolidation of subsidiaries	(191 041)	–	–	–
Remeasurement of lease obligations	45 787	–	–	–
Subsequent expenditure capitalised*	271 315	220 873	38 073	56 123
Fair value adjustment	244 026	642 313	18 793	13 765
Exchange differences	679 336	(262 657)	–	–
Carrying amount at end of year	10 731 243	9 535 000	916 785	767 463
Properties held for development	137 675	237 135	109 441	73 754
Trading properties	10 593 568	9 297 865	807 344	693 709
Carrying amount at end of year	10 731 243	9 535 000	916 785	767 463

* *Includes interest capitalised of R26.7 million (2022: R15.9 million) for the group and R9.8 million (2022: R10.8 million) for the company.*

A register of investment properties is available for inspection at the company's registered office. Details pertaining to the group's leasehold properties are set out in note 28.

The group acquired a trading self storage property in Parklands, Cape Town and a property for development in Sandton, Johannesburg for R65.0 million and R23.1 million respectively. In the UK, the group acquired a property adjacent to its existing property in Crewe for R55.0 million (£2.8 million).

The group entered into joint venture agreements with Nedbank Property Partners to develop two properties in Cape Town and two properties in Gauteng. The properties were owned by two of the group's wholly-owned subsidiaries, SSS JV 1 Proprietary Limited and SSS JV 2 Proprietary Limited. On conclusion of the joint venture agreements, the group's shareholding reduced to 50%. On derecognition of the companies' net assets, the carrying value of the four properties was R191.0 million. Further details of the group's investment in joint ventures is set out in note 7.

All investment properties, except for those held for development, have generated rental income during the current year. Repairs and maintenance arising from investment properties that generated rental income during the year amounted to R12.6 million (2022: R9.6 million). The carrying amount of investment properties held for development amount to R137.7 million (2022: R237.1 million).

Investment properties with a fair value (net of lease obligations) of R9.37 billion (2022: R8.42 billion) at the reporting date are pledged as security for the loans and borrowings set out in note 29.

3 INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

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

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

In line with the group's policy, a minimum of 50% of income-producing SA properties were externally valued at year end and a minimum of 50% at the interim reporting date of 30 September 2022. The properties not valued independently on each reporting date are valued internally by the directors using the same methodology as the external valuers.

All properties in the UK portfolio were externally valued at year end. At the interim reporting date, properties are valued internally by the directors using the same methodology as the external valuers. However in the current year, all properties were also valued externally at the interim reporting date.

In line with this policy, the table below sets out the details of the number of trading properties the board elected to have externally valued:

	South Africa		United Kingdom		Total	
	Number of properties	Value R million	Number of properties	Value R million	Number of properties	Value R million
31 March 2023						
Internally valued	26	2 385.7	–	–	26	2 385.7
Externally valued	28	2 691.5	26	5 516.3	54	8 207.8
	54	5 077.2	26	5 516.3	80	10 593.5
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

Properties under construction take approximately 12 months to complete and the costs incurred would equate to the fair value of the development. The fair value of vacant land is determined by assessing comparable land values.

Measurement of fair value of investment properties

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

Details of valuation – South Africa

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny independently valued 18 properties in the South African portfolio at 31 March 2023.

Mr O Saunders (MRICS) of Jones Lang LaSelle Limited independently valued 10 properties in the South African portfolio at 31 March 2023.

3 INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in South Africa, as well as the significant unobservable inputs used:

South African properties		
Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
The valuation methodology for freehold and long leasehold properties is based on a discounted cash flow of the net operating income over a 10 year period and notional sale of the asset at the end of the tenth year. Net operating income is based on the projected revenue less projected direct operating costs, including a notional property management fee based on a percentage of revenue, subject to a cap and collar. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on an estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The exit capitalisation rates and discount rates applied to future net cash flow have been estimated by reference to underlying yields for asset types such as industrial, distribution and retail warehousing, inflation and available evidence of transactions in the sector. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation. For short leasehold properties, the same methodology has been used as for freehold and long leasehold properties, except that the cash flows reflect only the unexpired lease period from the valuation date. For investment properties held for development the same methodology is used on the basis of the cash flow projection expected for the property at opening and allowing for the outstanding costs to take the property from its current state to completion and full fit-out including a contingency where appropriate.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 13.00% and 15.00% (2022: between 13.00% and 15.00%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 8.25% and 9.25% (2022: between 8.00% and 9.25%). (d) Rental rate growth rates – between 6.0% and 10.0% (2022: between 5.0% and 9.0%), subject to a maximum rental in certain instances. (e) The operating costs inflation assumption is between 6.0% and 6.6% (2022: between 5.5% and 6.0%). (f) Stabilised occupancy – between 87.5% and 95.0% (2022: 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.

Details of valuation – United Kingdom

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

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

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

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

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

3 INVESTMENT PROPERTIES (CONTINUED)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in the United Kingdom, as well as the significant unobservable inputs used:

United Kingdom properties		
Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
The valuation 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 the valuers to arrive at their 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 8.500% and 9.750%; Short leasehold properties between 10.250% and 11.000% (2022: Freehold and long leasehold properties between 8.10% and 9.375%; Short leasehold properties between 10.125% and 10.875%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 5.750% and 7.000% (2022: between 5.50% and 6.750%). (d) Rental rate growth ranges between 2.50% and 3.00% (2022: between 2.50% and 3.50%). (e) The operating costs inflation assumption is 2.75% (2022: ranges from 2.50% to 2.75%). (f) Stabilised occupancy – between 83.0% and 95.0% (2022: between 85.0% 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.

Sensitivity of fair values to changes in significant key unobservable inputs

	South Africa		United Kingdom		Total	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Valuation in R million	5 214.9	5 090.4	5 516.3	4 444.6	10 731.2	9 535.0
Change in exit capitalisation rates by -0.1%	28.1	25.2	34.0	34.0	62.1	59.2
Change in exit capitalisation rates by +0.1%	(27.6)	(27.6)	(32.7)	(32.7)	(60.3)	(60.3)
Change in market rentals by -1%	(55.6)	(62.9)	(57.0)	(57.0)	(112.6)	(119.9)
Change in market rentals by +1%	54.9	62.8	57.3	57.3	112.2	120.1
Change in discount rates by -0.1%	32.3	29.8	26.2	26.2	58.5	56.0
Change in discount rates by +0.1%	(32.1)	(31.3)	(26.8)	(26.8)	(58.9)	(58.1)

3 INVESTMENT PROPERTIES (CONTINUED)

3.2 Capital commitments authorised

	Group 2023 R'000	Group 2022 R'000
Contracted for	153 674	188 947
Authorised but not contracted for	102 867	245 790
	256 541	434 737

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 13).

4 STOR-AGE SHARE PURCHASE SCHEME LOANS

At the inaugural meeting held on 20 October 2015, shareholders approved and adopted the Stor-Age Share Purchase and Option Scheme (the 'Scheme'). The rules of the Scheme were amended in 2018 to increase the maximum number of shares which may be granted to the participants from 17 687 634 shares to 20 000 000 shares in the company at any time. No new shares were granted to participants under the Scheme in the current and prior year.

The Scheme 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.

	2023 Number of shares	2022 Number of shares
Maximum number of shares available for the Scheme	20 000 000	20 000 000
Shares issued to participants		
At start of year	7 547 850	12 638 154
Sold during the year	(355 123)	(5 090 304)
Issued during the year	–	–
At end of year	7 192 727	7 547 850
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.

Reconciliation of shares owned by participants

	Number of shares at 1 April 2022	Shares issued	Shares sold by participants	Number of shares at 31 March 2023
Issue 1	5 234 407	–	(225 000)	5 009 407
Issue 2	57 000	–	(33 680)	23 320
Issue 4a	62 000	–	(32 000)	30 000
Issue 4b	750 000	–	–	750 000
Issue 5	800 000	–	–	800 000
Issue 6	644 443	–	(64 443)	580 000
	7 547 850	–	(355 123)	7 192 727

	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

4 STOR-AGE SHARE PURCHASE SCHEME LOANS (CONTINUED)

Reconciliation of movement in loan owed by participants (R'000)

	Opening balance at 1 April 2022	Interest charged	Dividends received	Settlement of loan	Withdrawal of surplus	Closing balance at 31 March 2023
Issue 1	55 248	4 339	(6 023)	(3 016)	2 373	52 921
Issue 2	535	23	(33)	(433)	139	231
Issue 4a	676	33	(44)	(362)	57	360
Issue 4b	9 063	672	(865)	–	199	9 069
Issue 5	10 471	750	(923)	–	213	10 511
Issue 6	8 142	597	(705)	(915)	249	7 368
	84 135	6 414	(8 593)	(4 726)	3 230	80 460

	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

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. Where the dividends exceed the interest, the surplus is settled against the capital loan balance.

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	31 March 2023 Outstanding balance R'000	31 March 2023 Fair value of shares R'000	31 March 2022 Outstanding balance R'000	31 March 2022 Fair value of shares R'000
Issue 1	8.00%	52 921	64 371	55 247	77 365
Issue 2	8.31%	231	300	535	842
Issue 4a	7.46%	360	386	676	916
Issue 4b	7.46%	9 069	9 638	9 064	11 085
Issue 5	7.19%	10 511	10 280	10 471	11 824
Issue 6	7.90%	7 368	7 453	8 142	9 525
Shares balance at 31 March		80 460	92 428	84 135	111 557

4 STOR-AGE SHARE PURCHASE SCHEME LOANS (CONTINUED)

Reconciliation of movement in loan owed by participants (continued)

Loans to directors and employees

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Directors				
SC Lucas	23 632	25 721	23 632	25 721
GM Lucas	27 302	27 284	27 302	27 284
SJ Horton	27 302	27 284	27 302	27 284
Employees	2 224	3 846	2 224	3 846
	80 460	84 135	80 460	84 135

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 R8.593 million (2022: R9.453 million) received by participants in the Scheme during the current year have been applied against the interest on the loans of R6.414 million (2022: R7.781 million).

No impairment allowances (refer to note 24) were made on the outstanding loan balances as at the end of the year.

5 GOODWILL AND INTANGIBLE ASSETS

Group	Goodwill R'000	Stor-Age^ Management Agreement R'000	Website* R'000	Storage King brand R'000	Total R'000
2023					
Cost	128 595	–	15 740	19 489	163 824
Opening balance	121 852	–	12 518	17 014	151 384
Additions during the year*	–	–	2 913	–	2 913
Foreign exchange movement	6 743	–	309	2 475	9 527
Accumulated amortisation	–	–	(7 795)	–	(7 795)
Opening balance	–	–	(5 678)	–	(5 678)
Amortisation for the year	–	–	(2 117)	–	(2 117)
Carrying amount at 31 March 2023	128 595	–	7 945	19 489	156 029
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)
Carrying amount at 31 March 2022	121 852	–	6 840	17 014	145 706

5 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Company	Goodwill R'000	Stor-Age^ Management Agreement R'000	Website* R'000	Total R'000
2023				
Cost	279	77 400	9 205	86 884
Opening balance	279	77 400	6 901	84 580
Additions during the year*	–	–	2 304	2 304
Accumulated amortisation	–	–	(5 377)	(5 377)
Opening balance	–	–	(3 260)	(3 260)
Amortisation for the year	–	–	(2 117)	(2 117)
Carrying amount at 31 March 2023	279	77 400	3 828	81 507
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)
Carrying amount at 31 March 2022	279	77 400	3 641	81 320

^ *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	Goodwill 31 March 2023 R'000	Goodwill 31 March 2022 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	7 582	49 129	42 386
Carrying amount at end of year	121 013	7 582	128 595	121 852

5.1 Goodwill acquired as part of the Stor-Age Self Storage business combination

The company acquired Stor-Age Self Storage Proprietary Limited (the 'Operator') on 16 November 2015, for a purchase consideration of R100 million settled by the issue of 10 million ordinary shares (the 'Consideration Shares'). In terms of the amalgamation and merger agreement entered into between the shareholders of the Operator and the company, the shareholders of the Operator agreed to not have full entitlement to any distributions paid by the company in respect of the Consideration Shares until after 31 March 2020 in accordance with the specific provisions set out in the agreement and disclosed in the prospectus. The fair value of the discounted purchase consideration is R77.7 million.

In the company's separate financial statements the purchase consideration of R77.7 million is recognised as an intangible asset. On consolidation, the purchase consideration of R77.7 million is recognised as goodwill.

For purposes of impairment testing, goodwill acquired has been allocated to the investment properties, ceded to the company as part of the amalgamation and merger of the Operator. Goodwill has been allocated to segments but the same inputs as disclosed below have been used for each cash generating unit given that the underlying properties are in large metropolitan areas. Management has tested these cash flows using a discounted cash flow valuation over a 10 year period on a standalone basis. A 10 year period has been used given the nature of the self storage business model. Management has used the following assumptions:

	2023	2022
Discount rate	15%	15%
Exit capitalisation rate	9.3%	9.5%
Growth rate	6%	6%
Cost inflation	6%	6%

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

5 GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

5.2 Goodwill acquired as part of the Storage RSA business combination

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

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

5.3 Goodwill acquired as part of the Betterstore business combination

The company, through its wholly-owned subsidiary Roeland Street Investments ('RSI'), acquired Betterstore Self Storage Holdings Limited ('Betterstore') on 2 November 2017. Goodwill of R 41.565 million arose on acquisition. The Dividend Growth Model was used to determine the value in use for Betterstore as the dividends are the most appropriate reflection of free cashflows of the business. Management has tested the expected dividend cash flow using the dividend growth model over a 5 year period on a stand alone basis, using the following assumptions:

	2023	2022
Dividend growth	6.0%	6.0%
Exit capitalisation rate	6.7%	6.8%
Discount rate	9.0%	9.3%
Exchange rate (GBP/ZAR)	22.01	20.41
Terminal growth rate	3.0%	3.0%

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

5.4 Sensitivity analysis

In respect of the goodwill acquired as part of the Stor-Age Self Storage and Betterstore business combinations, the impact of a reasonable change in the assumptions on the value in use are listed below:

	2023 R'million	2022 R'million
Stor-Age Self Storage		
Discount rate minus 1%	7.66	6.90
Discount rate plus 1%	(7.34)	(6.10)
Long term growth rate minus 1%	(6.34)	(6.10)
Long term growth rate plus 1%	6.66	5.90
Betterstore		
Dividend growth rate minus 1%	(124.59)	(97.62)
Dividend growth rate plus 1%	129.09	101.14
Discount rate minus 1%	(124.59)	98.82
Discount rate plus 1%	129.09	(93.75)

6 INVESTMENT IN SUBSIDIARIES

The investment in subsidiaries are accounted for at cost by the company. Details of the company's interest in directly held subsidiaries at the reporting date are as follows:

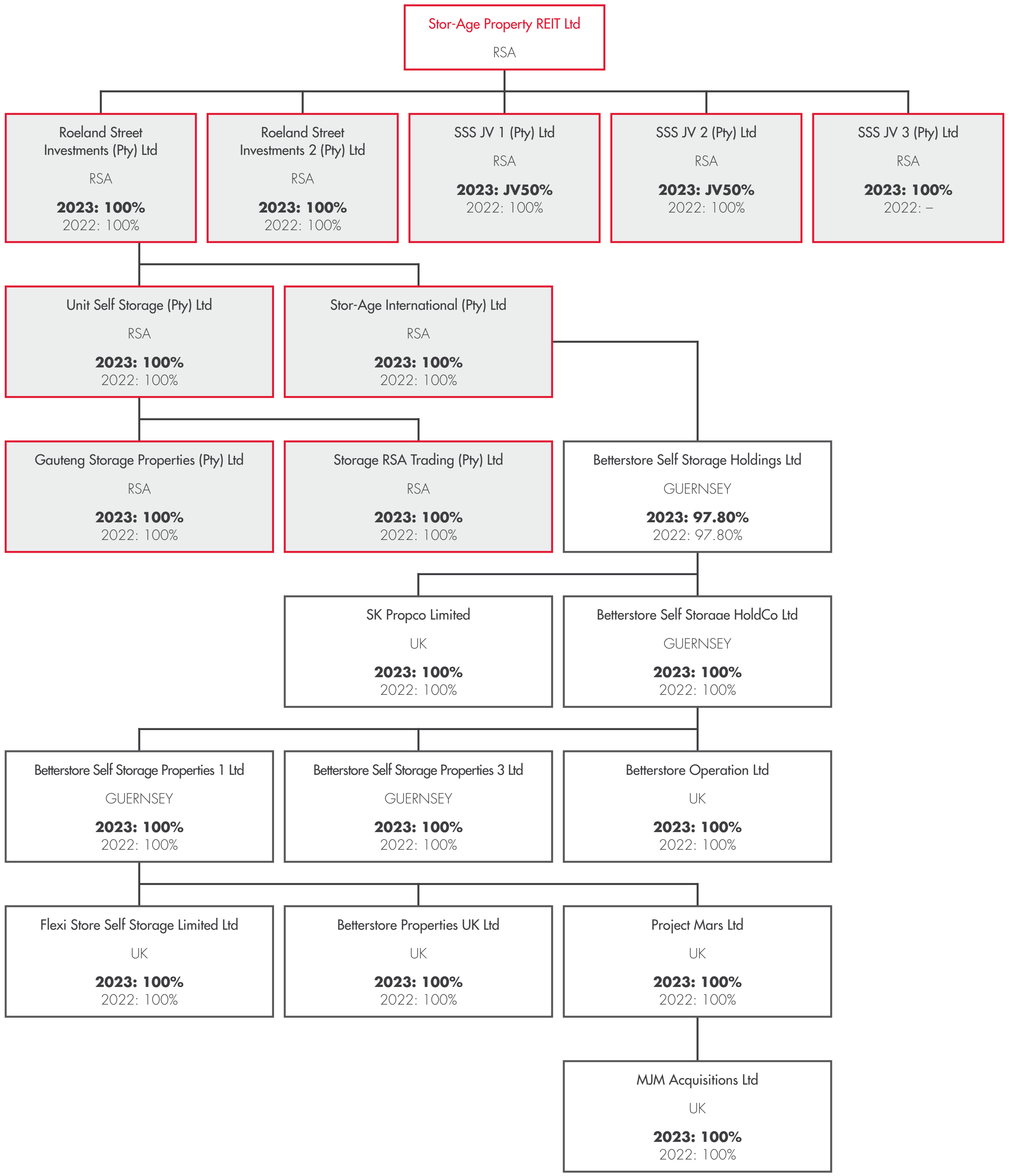
Name of subsidiary	Country of incorporation	Effective holding 31 March 2023	Effective holding 31 March 2022	Investment at cost Company 2023	Investment at cost Company 2022
Roeland Street Investments Proprietary Limited ('RSI')	South Africa	100%	100%	3 421 671	3 419 950
Roeland Street Investments 2 Proprietary Limited ('RSI 2')	South Africa	100%	100%	950 972	950 972
SSS JV 1 Proprietary Limited ('SSS JV 1')^	South Africa	50% JV	100%	–	–
SSS JV 2 Proprietary Limited ('SSS JV 2')^	South Africa	50% JV	100%	–	–
SSS JV 3 Proprietary Limited ('SSS JV 3')*	South Africa	100%	–	–	–
				4 372 643	4 370 922

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

* *SSS JV 3 was incorporated during the current year. The company directly holds one no par value share of R1.00 in the company.*
^ *On conclusion of the JV agreements with Nedbank Property Partners the group's effective shareholding changed to 50%. Refer to note 6.2 for further detail.*

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the company's interest in subsidiaries at 31 March 2023 are as follows:



RSA – South Africa
UK – United Kingdom

6 INVESTMENT IN SUBSIDIARIES (CONTINUED)

6.1 Reconciliation of investment in subsidiaries

	Company 2023 R'000	Company 2022 R'000
Opening balance	4 370 922	3 899 989
Additional investment	–	470 000
Share-based payment charge	1 721	933
Closing balance	4 372 643	4 370 922

6.2 Deconsolidation of subsidiaries (SSS JV 1 and SSS JV 2)

Stor-Age entered into joint venture with Nedbank Property Partners ('NPP') in respect of its equity interests in SSS JV 2 and SSS JV 1 on 4 August 2022 and 15 January 2023 respectively. On conclusion of the joint venture agreements, Stor-Age's shareholding changed from 100% to 50% in both companies.

The joint venture requires unanimous consent from both Stor-Age and NPP on decisions which affect SSS JV 1 and SSS JV 2's relevant activities. Refer to note 7 for further detail regarding the joint venture.

The carrying amounts of assets and liabilities derecognised from the group's accounts at the effective date of the joint venture:

	SSS JV 1 R'000	SSS JV 2 R'000
Investment property	98 300	92 741
Current assets	39 966	13 313
Current liabilities	(1 663)	(224)
Intercompany loan payable	(136 085)	(105 830)
Net assets	518	–

6.3 Intercompany loans receivable from/(payable) to subsidiaries

	Company 2023 R'000	Company 2022 R'000
Intercompany loans payable		
Gauteng Storage Properties Proprietary Limited	43 816	33 926
Unit Self Storage Proprietary Limited	1 296	3 377
Roeland Street Investments 2 Proprietary Limited	43 241	29 888
	88 353	67 191
Intercompany loans receivable		
Roeland Street Investments Proprietary Limited	467 531	390 188
Betterstore Self Storage Operations Limited	33 928	–
SSS JV 1 Proprietary Limited	–	110 507
SSS JV 2 Proprietary Limited	–	76 342
SSS JV 3 Proprietary Limited	28 768	–
	530 227	577 037
Classification of intercompany loans receivables and payable		
Current assets	530 227	577 037
Current liabilities	(88 353)	(67 191)
Net intercompany loans balance	441 874	509 846

The intercompany loan balances mainly comprise working capital amounts and dividends declared to the company during the year that were not settled at the reporting date. SSS JV 1 and SSS JV 2 were derecognised as subsidiaries during the current year. The portion of the loans due from SSS JV 1 and SSS JV 2 which are long-term in nature has been recognised as part on Stor-Age's investment in the joint ventures.

No interest is charged on intercompany balances with the South African subsidiaries. Interest is charged at 8% on the loan with Betterstore Self Storage Operations Limited. The intercompany payable/receivable is repayable on demand. Refer to note 24.3 for expected credit losses disclosure.

The company has issued Betterstore Self Storage Holdings and its directly held subsidiaries with a letter of financial support at the reporting date.

7 INVESTMENT IN JOINT VENTURES

The group has joint venture (JV) arrangements in place across SA and the UK to develop, own and operate self storage properties. In SA the group has JV arrangements with Garden Cities, Nedbank Property Partners and Rabie Property Group (through the Century City Property Investment Trust). In the UK the JV partner is Moorfield Group.

7.1 Summary of interests in joint ventures

The table below depicts Stor-Age's interest in joint ventures, split by their country of incorporation, which are material to the group at the reporting date.

		% ownership interest		Group		Company	
Name of company	JV partner	2023	2022	2023 R'000	2022 R'000	2023 R'000	2022 R'000
SA							
Sunningdale Self Storage Proprietary Limited	Garden Cities	50.0%	50.0%	16 740	37 894	4 924	39 090
SSS JV 1 Proprietary Limited*	Nedbank Property Partners	50.0%	–	8 546	–	8 580	–
SSS JV 2 Proprietary Limited*	Nedbank Property Partners	50.0%	–	9 767	–	9 768	–
Storage Century City JV Proprietary Limited	Century City Property Investment Trust	50.0%	–	15 877	–	15 877	–
UK							
SK Heathrow Limited^	Moorfield Group	24.9%	24.9%	65 510	31 380	–	–
SK Canterbury1 Limited^	Moorfield Group	24.9%	24.9%	26 067	2 755	–	–
SK Bath Limited^	Moorfield Group	24.9%	24.9%	52 647	33 124	–	–
SKJV Bidco Limited ('Bidco')^	Moorfield Group	24.9%	24.9%	183 586	141 427	–	–
SK West Brom Limited^	Moorfield Group	24.9%	–	36 700	–	–	–
SK Acton Limited^	Moorfield Group	24.9%	–	6 580	–	–	–
Carrying amount				422 020	246 580	39 149	39 090

The joint ventures country of incorporation is also their principal place of business.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of net investment in joint ventures				
Opening balance	246 580	28 637	39 090	21 743
Investment in joint venture	136 136	218 958	32 175	15 325
Share of equity-accounted total comprehensive income	31 596	(478)	–	–
Elimination of capitalised fees	–	(2 559)	–	–
Interest accrued	9 803	2 022	9 803	2 022
Loan repaid during the year	(41 919)	–	(41 919)	–
Foreign currency translation	39 824	–	–	–
Carrying amount of net investment in joint ventures	422 020	246 580	39 149	39 090
The net investment in joint ventures comprises:				
Investment in joint ventures	118 944	72 455	239	2
Loans advanced	303 076	174 125	38 910	39 088
Carrying amount of net investment in joint ventures	422 020	246 580	39 149	39 090

* *Collectively referred to as SSS JV.*
^ *Collectively referred to as SKJV.*

7 INVESTMENT IN JOINT VENTURES (CONTINUED)

7.1 Summary of interests in joint ventures (continued)

Garden Cities

The joint venture owns a self storage property in Sunningdale, Cape Town which commenced trading in May 2021.

Stor-Age has the right to appoint two of the four directors of the JV and participates in all significant financial and operating decisions. The group has joint control and the JV is structured as a separate vehicle. The group has a residual interest in the net assets of the entity and accordingly has classified its interest as a JV.

The shareholder loan advanced to the JV is unsecured and bears interest at the prime interest rate applicable in South Africa. The interest is due and payable bi-annually. External bank funding was obtained in March 2023 and a portion of the shareholder loan was repaid.

The JV has a financial year ending 28 February.

Nedbank Property Partners

The group is developing four self storage properties in JVs with NPP.

Stor-Age has the right to appoint two of the four directors of the JV entities and all shareholders must unanimously agree on the relevant activities of the JVs. The group has a residual interest in the net assets of the JV entities and accordingly has classified its interest as a JV. The shareholder loan advanced is unsecured and bears interest at the prime interest rate applicable in South Africa.

The shareholders agreement for each JV includes a call and put option in respect of Nedbank Property Partners ('NPP') ordinary shares in the JV plus any shareholder loan claims. Under the agreement, NPP has the option to put its ordinary share in the JVs and shareholder loan claims to Stor-Age and is exercisable five years following the completion of the property developments in each JV. Stor-Age has a call option to acquire NPP's ordinary shares in the JV plus any shareholder loan claims and is exercisable six years following the completion of the property developments in each JV. If neither the put option or call option are exercised by NPP or Stor-Age, as the case may be, the put and call options renew annually.

The option price means the fair market value of NPP's ordinary shares as determined in accordance with IFRS plus the face value of all NPP's shareholder loan claims against the JV. The fair market value will be determined by unanimous agreement of the JV's board of directors. If the board of directors fails to agree the fair market value, the matter shall be referred to an independent professional valuer to determine the fair market value.

The entities have a financial year ending 31 March.

Moorfield Group

Stor-Age has the right to appoint two of the five directors of the JV entities and all shareholders must unanimously agree on the relevant activities of the JV entities. The group has a residual interest in the net assets of the JV entities and accordingly has classified its interest as a JV.

The entities have a financial year ending 31 December.

Century City Property Investment Trust

The JV is developing a self storage facility in Century City. Stor-Age has the right to appoint two of the four directors of the entity and all shareholders must unanimously agree on the relevant activities of the entity. The group has a residual interest in the net assets of the JV entity and accordingly has classified its interest as a JV. The shareholder loan advanced is unsecured and bears interest at the prime interest rate applicable in South Africa.

The JV has a financial year ending 31 March.

7.2 Capital commitments in respect of joint ventures

Commitment to provide funding to the JVs for capital expenditure projects:

	Group	
	2023 R'000	2022 R'000
Contracted for	103 937	88 375
Authorised but not contracted for	–	–
	103 937	88 375

7 INVESTMENT IN JOINT VENTURES (CONTINUED)

7.3 Summarised financial information for material joint ventures

The tables below set out the summarised financial information for the JVs which are material to the group. The financial information has been presented by JV partner and aligns with the group's accounting policies.

Summarised statement of financial position (100%)

SA	Garden Cities 2023 R'000	Garden Cities 2022 R'000	Nedbank Property Partners 2023 R'000	Nedbank Property Partners 2022 R'000	Century City Property Investment Trust 2023 R'000	Century City Property Investment Trust 2022 R'000
Non-current assets	93 210	59 842	284 323	–	20 636	–
Investment properties	92 742	58 895	284 323	–	20 636	–
Other non-current assets	468	947	–	–	–	–
Cash and cash equivalents	1 259	2 122	1 236	–	33	–
Other current assets	64	1 082	1 879	–	1 366	–
Current liabilities	(864)	(470)	(1 754)	–	–	–
Non-current liabilities	(69 049)	(63 762)	(286 267)	–	(22 035)	–
Loans and borrowings	(62 388)	(63 762)	(286 267)	–	(22 035)	–
Deferred taxation	(6 661)	–	–	–	–	–
Net assets/(liabilities)	24 620	(1 186)	(583)	–	–	–
Group's share in %	50%	50%	50%	–	50%	–
Opening balance	37 894	21 514	–	–	–	–
Share of total comprehensive income	13 012	(967)	(551)	–	–	–
Increase in investment	4 674	15 325	12 682	–	15 335	–
Settlement of loan	(41 919)	–	–	–	–	–
Interest accrued	3 079	2 022	6 182	–	542	–
Carrying amount	16 740	37 894	18 313	–	15 877	–

UK	Moorfield Development JV* 2023 R'000	Moorfield Development JV* 2022 R'000	Moorfield Trading JV# 2023 R'000	Moorfield Trading JV# 2022^ R'000	Total Moorfield JV 2023 R'000	Total Moorfield JV 2022 R'000
Non-current assets	729 893	239 082	1 409 675	1 130 407	2 139 568	1 369 489
Investment properties	729 860	239 082	1 405 438	1 126 563	2 135 298	1 365 645
Other non-current assets	33	–	4 237	3 844	4 270	3 844
Cash and cash equivalents	7 498	–	53 178	27 312	60 676	27 312
Other current assets	23 832	20 068	23 041	62 625	46 873	82 693
Current liabilities	(34 339)	–	(43 034)	(57 846)	(77 373)	(57 846)
Non-current liabilities	(726 912)	(259 150)	(1 035 246)	(875 364)	(1 762 158)	(1 134 514)
Loans and borrowings	(726 912)	(259 150)	(1 007 929)	(875 364)	(1 734 841)	(1 134 514)
Deferred taxation	–	–	(27 317)	–	(27 317)	–
Net assets/(liabilities)	(28)	–	407 614	287 134	407 586	287 134
Group's share in %	24.9%	24.9%	24.9%	24.9%	24.9%	24.9%
Opening balance	67 259	7 123	141 427	–	208 686	7 123
Share of total comprehensive income	(35)	(521)	19 169	(1 549)	19 134	(2 070)
Increase in investment	102 198	60 657	1 248	142 976	103 446	203 633
Foreign exchange differences	18 082	–	21 742	–	39 824	–
Carrying amount	187 504	67 259	183 586	141 427	371 090	208 686

* Reflects the results of SK Heathrow, SK Canterbury, SK Bath, SK West Brom and SK Acton which at the reporting date were still all under development.
\# Reflects the consolidated results for the SK Bidco group which owns four properties trading under the Storage King brand.
^ Comparative presentation updated to align with the current year

The UK JV's statements of financial position have been translated at the closing spot rate on 31 March 2023 of £1/R22.00 (2022: £1/R19.11).

7 INVESTMENT IN JOINT VENTURES (CONTINUED)

7.3 Summarised financial information for material joint ventures (continued)

Summarised statement of profit or loss and other comprehensive income (100%)

SA	Garden Cities 2023 R'000	Garden Cities 2022 R'000	Nedbank Property Partners 2023 R'000	Nedbank Property Partners 2022 R'000	Century City Property Investment Trust 2023 R'000	Century City Property Investment Trust 2022 R'000
Property revenue	9 341	3 971	325	–	–	–
Impairment losses recognised on tenant debtors	(74)	(4)	–	–	–	–
Direct property costs	(2 268)	(1 575)	–	–	–	–
Administration expenses	(721)	(550)	(255)	–	–	–
Fair value adjustment to investment property	32 520	–	–	–	–	–
Depreciation and amortisation	(35)	(17)	–	–	–	–
Interest income	100	43	37	–	–	–
Interest expense	(5 931)	(3 499)	(1 210)	–	–	–
Deferred taxation	(6 907)	457	–	–	–	–
Profit/(loss) for the year	26 025	(1 174)	(1 103)	–	–	–
Total comprehensive income	26 025	(1 174)	(1 103)	–	–	–

UK	Moorfield Development JV* 2023 R'000	Moorfield Development JV* 2022 R'000	Moorfield Trading JV# 2023 R'000	Moorfield Trading JV# 2022^ R'000	Total Moorfield JV 2023 R'000	Total Moorfield JV 2022 R'000
Property revenue	–	–	96 724	2 549	96 724	2 549
Other income	–	–	–	10	–	10
Impairment losses recognised on tenant debtors	–	–	(390)	–	(390)	–
Direct property costs	–	–	(29 949)	(792)	(29 949)	(792)
Administration expenses	(129)	(7)	(9 423)	(358)	(9 552)	(365)
Fair value adjustment to investment property	–	–	67 755	–	67 755	–
Depreciation and amortisation	–	–	(1 458)	–	(1 458)	–
Interest income	–	–	54	–	54	–
Interest expense	–	–	(22 177)	(601)	(22 177)	(601)
Taxation	–	–	(29 584)	(338)	(29 584)	(338)
Normal taxation	–	–	(4 075)	(338)	(4 075)	(338)
Deferred taxation	–	–	(25 509)	–	(25 509)	–
Profit/(loss) for the year	(129)	(7)	71 552	470	71 423	463
Other comprehensive income	(10)	–	5 431	(7)	5 421	(7)
Total comprehensive income	(139)	(7)	76 983	463	76 844	456

* Reflects the results of SK Heathrow, SK Canterbury, SK Bath, SK West Brom and SK Acton which at the reporting date were still all under development.
\# Reflects the consolidated results for the SK Bidco group which owns four properties trading under the Storage King brand.
^ Reflects two months of trading activity. The effective date of the Bidco JV arrangement is 1 February 2022.

The UK JV's statements of profit or loss and other comprehensive income have been translated at the average rate for the period 1 April 2022 to 31 March 2023 of £1/R20.45 (2022: £1/R20.29).

8 UNLISTED INVESTMENT

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Opening balance	10 838	5 474	10 838	5 474
Additional investment	17 000	5 500	17 000	5 500
Fair value adjustment	(272)	(136)	(272)	(136)
Closing balance	27 566	10 838	27 566	10 838

The investments are held in various managed pooled funds. The funds focus on promoting financial inclusion and capacity building of black-owned SMEs within the broader SME ecosystem. This is achieved by empowering entrepreneurs with real funding solutions, targeted training, insightful mentorship, and strategic support.

9 TRADE AND OTHER RECEIVABLES

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Financial instruments				
Tenant debtors net of expected credit losses	25 852	18 798	569	281
Gross tenant debtors	29 396	20 672	868	387
Expected credit losses	(3 544)	(1 874)	(299)	(106)
Staff loans	72	114	72	108
Related party receivables – other	415	31	24 267	40 825
Related party receivables – JV	10 596	–	568	–
Sundry receivables	50 150	41 177	5 268	8 249
	87 085	60 120	30 744	49 463
Non-financial instruments				
Prepayments+	51 553	42 642	1 334	1 252
VAT	–	24 588	–	–
	51 553	67 230	1 334	1 252
Total trade and other receivables	138 638	127 350	32 078	50 715
Split between non-current and current portion				
Current assets	138 638	127 350	32 078	50 715
Non-current assets	–	–	–	–
	138 638	127 350	32 078	50 715
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9:				
At amortised cost	87 085	60 120	30 744	49 463
Non-financial instruments	51 553	67 230	1 334	1 252

+ *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 24.

10 CASH AND CASH EQUIVALENTS

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Current account	258 869	222 333	155 685	82 209
Cash held in escrow*	96 662	–	–	–
	355 531	222 333	155 685	82 209

* *The cash held in escrow relates to monies paid for the group's share of the investment in SK Enterprise JV Limited, and held in a designated account until the transaction completed in April 2023. Refer to note 31 for further detail on the transaction which completed after the reporting date.*

11 STATED CAPITAL

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Authorised				
1 000 000 000 Ordinary shares of no par value				
Issued				
In issue at the beginning of the year	5 374 681	4 783 903	5 374 681	4 783 903
Shares issued in respect of accelerated bookbuild	–	575 000	–	575 000
Shares issued in respect of dividend re-investment programme	–	21 577	–	21 577
Share repurchased for conditional share plan	(21 692)	–	(21 692)	–
Shares awarded in respect of share-based payment transactions	9 350	–	9 350	–
Share issue costs	–	(5 799)	–	(5 799)
In issue at the end of the year	5 362 339	5 374 681	5 362 339	5 374 681
Reconciliation of number of issued shares				
In issue at the beginning of the year	474 610 430	432 881 143	474 610 430	432 881 143
Shares issued in respect of dividend re-investment programme	–	1 519 497	–	1 519 497
Shares issued in respect of accelerated bookbuild	–	40 209 790	–	40 209 790
Share repurchased for conditional share plan	(1 548 978)	–	(1 548 978)	–
Shares awarded in respect of share-based payment transactions	1 548 978	–	1 548 978	–
In issue at the end of the year	474 610 430	474 610 430	474 610 430	474 610 430

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

Refer to unaudited shareholder analysis for further information regarding significant shareholders.

12 SHARE-BASED PAYMENT RESERVE

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Opening balance	33 273	21 966	33 273	21 966
Movement	17 712	11 307	17 712	11 307
Expense recognised in profit or loss	17 712	11 307	15 991	10 374
Group share-based payment charge	–	–	1 721	933
CSP awards vested during the current year	(24 226)	–	(24 226)	–
Closing balance	26 759	33 273	26 759	33 273

In terms of the Conditional Share Plan ("CSP"), approved and adopted by shareholders on 19 February 2019, the company has granted conditional shares to the executive directors and staff.

Details of unvested conditional shares awarded are set out below:

	Tranche 3	Tranche 4	Tranche 5	Total 31 March 2023	Total 31 March 2022
GM Lucas	381 388	381 388	381 388	1 144 164	1 239 512
SC Lucas	381 388	381 388	381 388	1 144 164	1 239 512
SJ Horton	381 388	381 388	381 388	1 144 164	1 239 512
Other employees	1 107 588	1 092 373	936 863	3 136 824	3 631 190
Total awards granted	2 251 752	2 236 537	2 081 027	6 569 316	7 349 726

12 SHARE-BASED PAYMENT RESERVE (CONTINUED)

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 is based on an evaluation of the historical volatility of the company's share price since listing. The historical volatility for each tranche was calculated at grant date and ranges between 16.4% and 20.3% across the tranches. The expected forfeiture rate has been based on historical experience and general employee behaviour. Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit or loss in the year the adjustment is made.

	Tranche 3	Tranche 4	Tranche 5	Total
Opening number of unvested instruments	2 251 752	2 236 537	–	4 488 289
Awards granted during the current year	–	–	2 081 027	2 081 027
Forfeited shares	(51 869)	(37 770)	–	(89 639)
Closing number of unvested instruments	2 199 883	2 198 767	2 081 027	6 479 677
Grant date	14 September 2020	30 November 2021	15 March 2023	
Vesting date	15 September 2023	1 September 2024	15 September 2025	
Issue price (30 day VWAP)*			R12.28	
Forfeiture rate			7.0%	
Dividend yield			9.85%	
Performance condition factor			90.0%	

* *Volume-weighted average price*

The shares awarded under tranche 3, 4 and 5 comprise performance shares only and are subject to a 3 year service period and the achievement of certain financial and individual performance measures.

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period.

The CSP has a dilutive impact on the group's earnings per share.

13 LOANS AND BORROWINGS

13.1 Reconciliation of loans and borrowings

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Opening balance at 1 April	2 758 851	1 994 359	1 164 253	951 153
New borrowing facilities	–	1 254 172	–	98 502
Withdrawals	891 430	1 154 094	550 925	745 499
Repayments	(372 492)	(1 500 249)	(372 492)	(613 139)
Loan fees paid and amortisation	12 535	(46 014)	6 035	(17 762)
Foreign exchange loss/(gain)	260 081	(97 511)	–	–
Accrued interest	(207)	–	(207)	–
Closing balance at 31 March	3 550 198	2 758 851	1 348 514	1 164 253
Current borrowings	160 000	160 000	160 000	160 000
Non-current borrowings	3 390 198	2 598 851	1 188 514	1 004 253
– Long-term borrowings	3 446 198	2 698 851	1 244 514	1 104 253
– Surplus cash paid into loan facility	(56 000)	(100 000)	(56 000)	(100 000)

13 LOANS AND BORROWINGS (CONTINUED)

13.2 Terms and repayment schedule

ZAR denominated facilities

31 March 2023

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^	Facility value R'000	Facility balance R'000
Nedbank	Sep-24	3 years	Jibar+1.65%	275 000	273 584
Nedbank	Oct-24	3 years	Fixed rate 7.18%	112 000	112 000
Nedbank	Nov-23[1]	3 years	Jibar+1.73%	350 000	348 288
Nedbank	Dec-23[1]	3 years	Jibar+1.78%	300 000	153 490
Nedbank	Oct-27	5 years	Jibar+1.75%	300 000	–
Standard Bank	Sep-24	3 years	Jibar+1.66%	272 957	266 837
Standard Bank	Apr-24	3 years	Fixed rate 6.84%	102 043	102 043
Futuregrowth	Apr-23	Rolling 3 months	Jibar+0.875%	160 000	160 000
				1 872 000	1 416 242

[1] *The group has agreed terms with Nedbank to extend these facilities which are due to expire on 30 November 2023 for a further three years.*
^ *Rates referenced to Jibar represents 3 month Jibar.*

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^	Facility value £'000	Facility balance £'000	Facility balance R'000
Aviva	Oct-28	7 years	Fixed rate 3.21%	21 000	21 000	462 151
HSBC/Santander (Term loan)	Oct-26	5 years	Sonia+2.40%	42 500	42 500	812 292
HSBC/Santander (RCF)	Oct-26	5 years	Sonia+2.65%	32 500	25 907	693 159
Standard Bank	Sep-24	3 years	Sonia+2.12%	9 000	9 000	198 063
Standard Bank	Mar-24	1 year	Sonia+1.65%	10 000	3 112	68 488
				115 000	101 519	2 234 153

Total gross loans and borrowings for the group	3 650 395
Surplus cash paid into loan facility	(56 000)
Loan fees paid and amortisation	(44 197)
Closing balance at 31 March	3 550 198

Sonia – Sterling Overnight Interbank Average Rate

31 March 2022

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^	Facility value R'000	Facility balance R'000
Nedbank	Sep-24	3 years	Jibar+1.65%	275 000	273 435
Nedbank	Oct-24	3 years	Fixed rate 7.18%	112 000	112 000
Nedbank	Nov-23	3 years	Jibar+1.73%	350 000	298 262
Nedbank	Dec-23	3 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	3 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

^ *Rates referenced to Jibar represents 3 month Jibar.*
RCF – Revolving credit facility

13 LOANS AND BORROWINGS (CONTINUED)

13.2 Terms and repayment schedule (continued)

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^	Facility value £'000	Facility balance £'000	Facility balance R'000
Aviva	Oct-28	7 years	Fixed rate 3.21%	21 000	21 000	401 367
HSBC/Santander (Term loan)	Oct-26	5 years	Sonia+2.40%	42 500	42 500	812 292
HSBC/Santander (RCF)	Oct-26	5 years	Sonia+2.65%	32 500	14 242	272 209
Standard Bank	Sep-24	3 years	Sonia+2.12%	9 420	7 167	136 980
				105 420	84 909	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

Sonia – Sterling Overnight Interbank Average Rate

^ Rates referenced to Jibar represents 3 month Jibar.

RCF – Revolving credit facility

All borrowing facilities are interest only facilities.

Surplus cash is placed in the Nedbank annex facility and earns interest at 3 month Jibar plus 1.40%. There are no restrictions on the availability of the cash placed in the facility.

Details of interest rate hedging derivatives are set out in note 24.2.1.2.

The group's risk management and interest benchmark transition is set out in note 24.2. The property assets encumbered are set out in note 29.

13.3 Financial Covenants

The below table sets out the different covenant requirements for each of the debt facilities:

	SA		UK	
Covenant	Standard Bank	Nedbank	Aviva	HSBC
Loan-to-Value (LTV)	45%	50%	60%	55%
Interest cover (ICR)	1.8 times	1.8 times	3 times	2 times

The group was compliant with the covenant requirements during the year under review and management has no concern over the group's ability to remain compliant during the foreseeable future.

13.4 Capital management

The group's financing policy is to fund the expansion of its property portfolio and achieve its strategic growth objectives through a mix of debt and equity. The group has various mechanisms in place to conserve cash for future expansion such as offering a dividend reinvestment plan to shareholders, which allows for the reinvestment of their cash dividend into additional shares in the company.

The group uses the loan-to-value (LTV) ratio, set out below, as a crucial metric in assessing its capital structure.

	Note	Group 2023 R'000	Group^ 2022 R'000
Loans and borrowings*	13	3 594 395	2 804 865
Less: cash and cash equivalents	10	(355 531)	(222 333)
Net debt		3 238 864	2 582 532
Gross investment properties	3	10 731 243	9 535 000
Less: lease obligations	28	(332 902)	(271 188)
Investment properties net of lease obligations		10 398 341	9 263 812
Investment in joint ventures	7	422 020	246 580
Total – net investment properties and joint ventures		10 820 361	9 510 392
LTV ratio#		29.9%	27.9%

** Excludes loan fees capitalised*

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

 # LTV ratio is defined as net debt as a percentage of the sum of net investment properties and investment in JVs

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Derivative financial assets				
Forward exchange contracts	11 727	65 374	–	–
Cross-currency interest rate swaps	–	8 723	–	–
Interest rate swaps	80 900	25 744	12 605	1 963
– ZAR denominated facilities	5 804	1 963	12 605	1 963
– GBP denominated facilities	75 096	23 781	–	–
	92 627	99 841	12 605	1 963
Derivative financial liabilities				
Cross currency interest rate swaps	3 923	–	–	–
Interest rate swaps	2 695	5 579	2 695	5 309
– ZAR denominated facilities	2 695	5 579	2 695	5 309
– GBP denominated facilities	–	–	–	–
	6 618	5 579	2 695	5 309

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

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

15 TRADE AND OTHER PAYABLES

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Financial instruments				
Trade creditors	52 774	76 834	1 734	3 221
Security deposits	27 225	24 423	4 378	3 187
Other payables	30 025	10 629	2 577	2 841
Related party payables	518	–	737	825
Accruals	57 993	45 368	8 259	8 418
Tenant deposits	519	576	519	576
	169 054	157 830	18 204	19 068
Non-financial instruments				
Income received in advance	78 155	63 220	1 605	1 367
VAT	12 170	–	559	1 264
	90 325	63 220	2 164	2 631
Total trade and other payables	259 379	221 050	20 368	21 699

Information about the group and company's liquidity risk exposure is included in note 24.

16 PROVISIONS

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Balance at beginning of year	15 711	10 716	7 846	4 444
Movement in provision *	898	4 995	7 059	3 402
Balance at end of year	16 609	15 711	14 905	7 846

* Relates mainly to provision for bonuses

17 REVENUE

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Rental income	996 635	849 716	68 844	44 895
Rental income from tenants	991 071	845 212	63 280	40 391
Rental underpin	5 564	4 504	5 564	4 504
Other income	74 153	60 966	2 893	4 534
Ancillary income	67 699	56 148	2 031	2 418
Sundry income	6 454	4 818	862	2 116
Property revenue	1 070 788	910 682	71 737	49 429

18 OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Fair value adjustment to derivative financial instruments	(9 354)	121 641	13 256	11 878
Fair value adjustment to non-derivative financial instruments	(272)	(136)	(272)	(136)
	(9 626)	121 505	12 984	11 742

19 ADMINISTRATION EXPENSES BY NATURE

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
19.1 Employee benefits				
Salaries and wages	86 454	60 197	59 585	44 009
Equity-based share based payment expense	17 761	11 307	15 991	10 374
Other staff costs	3 580	2 205	2 750	1 722
	107 795	73 709	78 326	56 105
19.2 Operating and administration expenses				
Other administrative expenses	28 264	17 751	21 553	14 417
Professional fees	10 134	9 685	2 821	2 076
Auditors remuneration	6 588	2 344	974	743
	44 986	29 780	25 348	17 236
Total	152 781	103 489	103 674	73 341

20 TAXATION

20.1 Current and deferred tax expense

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Income tax charge for the year	32 747	35 986	–	–
Deferred tax charge for the year	30 668	235 427	–	–
Taxation for the year	63 415	271 413	–	–
Reconciliation between applicable tax rate and effective tax rate:				
Profit before taxation	27.00%	28.00%	27.00%	28.00%
Adjustments				
Non-deductible expenses	0.17%	0.08%	0.19%	0.16%
Employee conditional share plan (CSP)	0.04%	0.02%	0.00%	0.00%
Items of a capital nature	0.13%	0.06%	0.19%	0.16%
Tax-exempt income	0.00%	(1.11%)	0.00%	0.01%
Government incentives (ETI & TERS)	0.00%	0.00%	0.00%	0.01%
Gain on disposal of immovable assets	0.00%	(1.11%)	0.00%	0.00%
Fair value adjustments	(1.37%)	(2.37%)	(0.13%)	(0.18%)
Foreign tax differential#	(3.31%)	(0.68%)	0.00%	0.00%
Foreign tax differential – rate change effect*	(0.79%)	5.30%	0.00%	0.00%
Increase in/(utilisation of) unrecognised deferred tax assets	(0.09%)	(0.56%)	(0.28%)	(0.55%)
Qualifying S25BB REIT distribution	(13.64%)	(7.45%)	(26.78%)	(27.44%)
Effective tax rate	7.97%	21.21%	0.00%	0.00%

\# This relates to the effect of the group trading over three different tax regimes: SA which is taxed at 27% (2022: 28%), Guernsey which is taxed at 0% and the UK which is taxed at 19% (25% from 1 April 2023).

* This represents the effect of the rate change from 19% to 25% in the UK on the current year deferred tax liability provision.

20.2 Deferred tax

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Deferred tax asset				
Tax losses	1 502	1 307	–	–
Capital allowances	11 312	5 343	–	–
	12 814	6 650	–	–
Deferred tax liability				
Fair value adjustments	(369 118)	(287 436)	–	–
	(356 304)	(280 786)	–	–

*Deferred tax movement reconciliation – Group**

	Tax losses	Capital Allowances	Fair value adjustments	Total
2023				
At beginning of the year	1 307	5 343	(287 436)	(280 786)
Profit or loss	(4)	4 797	(35 461)	(30 668)
Exchange differences	199	1 172	(46 221)	(44 850)
At end of year	1 502	11 312	(369 118)	(356 304)
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)

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

20 TAXATION (CONTINUED)

20.2 Deferred tax (continued)

South Africa

The SA group of companies has tax losses available to carry forward and utilise against future profits of R385.7 million (2022: R389.6 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.

During the 2022/2023 SA budget speech held on 24 February 2022 the minister of finance announced the reduction of the companies income tax rate from 28% to 27% effective from 1 April 2022. This change does not currently effect the SA group as no deferred tax is currently recognised, should the need arise in the future to recognise deferred tax it will be raised at 27%.

United Kingdom

The UK group of companies has tax losses available to carry forward and utilise against future profits of £0.3 million (2022: £0.4 million).

UK corporation tax increases from 19% to 25% on 1 April 2023. The report stage and final reading were completed on 24 May 2021 and the Bill is now regarded as substantially enacted. The deferred tax liability recognised relation to the fair value adjustments on investment property has been recognised at 25%.

21 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	
	2023 R'000	2022 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the year (attributable to shareholders of the parent)	724 583	1 019 737
Basic earnings	724 583	1 019 737
Headline earnings adjustments	(224 417)	(538 035)
Fair value adjustment to investment properties	(244 026)	(642 313)
Fair value adjustment to investment properties (NCI)+	3 472	12 632
Fair value adjustment to investment properties of joint ventures	(33 131)	–
Tax effect on the above adjustments and change in substantively enacted tax rate	49 268	143 371
Insurance proceeds from building claim	–	(51 725)
Headline earnings attributable to shareholders	500 166	481 702
Number of shares		
Total number of shares in issue ('000)	474 610	474 610
Shares in issue entitled to dividends ('000)	474 610	474 610
Weighted average number of shares in issue ('000)	474 610	440 516
Weighted average number of shares in issue entitled to dividends ('000)	474 610	440 516
Weighted potential dilutive impact of conditional shares	4 130	5 319
Diluted weighted average number of shares in issue	478 740	445 835
Earnings per share		
Basic earnings per share (cents)	152.67	231.49
Diluted earnings per share (cents)	151.35	228.73
Headline earnings per share		
Basic headline earnings per share (cents)	105.38	109.35
Diluted headline earnings per share (cents)	104.48	108.04

+ Non-controlling interest

22 NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
22.1 Cash generated from operations				
Profit before taxation	795 081	1 302 656	565 444	517 563
Adjusted for:				
Dividends income	–	–	(588 100)	(523 177)
Interest income	(30 419)	(25 904)	(20 833)	(17 506)
Interest expense	170 620	116 838	75 685	50 374
Restructure of loans and borrowings	–	6 377	–	326
Change in provision	898	4 995	7 059	3 402
Depreciation and amortisation	8 596	8 309	5 217	4 033
Equity-settled share based payment expense	17 712	11 307	15 991	10 374
Foreign exchange (gains)/losses	(5 468)	3 565	(5 570)	954
Fair value adjustment to investment properties	(244 026)	(642 313)	(18 793)	(13 765)
Share of (profit)/losses of joint ventures	(30 246)	471	–	–
Fair value adjustment to financial instruments	31 131	(121 505)	(12 984)	(11 742)
	713 879	664 796	23 116	20 836
Changes in working capital	(11 762)	(13 168)	131 779	(33 880)
Decrease/(increase) in trade and other receivables	(34 700)	(88 593)	61 088	(35 682)
Decrease/(increase) in inventory	550	(1 237)	1 693	(1 289)
Increase/(decrease) in trade and other payables	22 388	76 662	68 998	3 091
	702 117	651 628	154 895	(13 044)
22.2 Interest received				
Interest income	30 419	25 904	20 833	17 506
Interest income accrual on loans	(11 425)	(4 915)	(12 738)	(7 687)
Interest received	18 994	20 989	8 095	9 819
22.3 Interest paid				
Interest expense	170 620	116 838	75 685	50 374
Interest capitalised to investment properties (refer to note 3)	28 535	15 923	9 759	10 789
Realised losses on interest rate derivatives	10 384	23 198	–	994
Interest expense accrual and amortisation on loans	(11 467)	(5 656)	(5 085)	(2 752)
Corporations tax interest accrual	(1 123)	–	–	–
Interest on lease obligations	(18 065)	(17 328)	(145)	(214)
Interest paid	178 884	132 975	80 214	59 191
22.4 Dividends paid				
Balance payable at beginning of year	262 459	234 102	262 459	234 102
Dividend declared	560 705	507 470	560 705	507 470
Dividends paid by subsidiary to non-controlling interest	2 149	1 471	–	–
Balance payable at end of year	(275 701)	(262 459)	(275 701)	(262 459)
Dividends paid	549 612	480 584	547 463	479 113
22.5 Dividend received				
Balance receivable at the beginning of year			283 402	229 995
Dividend income from subsidiary			588 100	523 177
Subsidiary dividend capitalised to loan			(562 362)	(469 770)
Balance receivable at end of year			(309 140)	(283 402)
Dividend received			–	–
22.6 Taxation paid				
Balance payable at the beginning of year	38 690	–	–	–
Amounts charged to profit or loss	32 747	35 986	–	–
Foreign exchange gain/(loss)	222	3 556	–	–
Balance payable at the end of year	(39 133)	(38 690)	–	–
Taxation paid	32 526	852	–	–

22 NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
22.7 Movement in net debt				
Loans and borrowings	3 550 198	2 758 851	1 348 514	1 164 253
Lease obligations	344 828	272 673	10 261	1 413
Gross debt	3 895 026	3 031 524	1 358 775	1 165 666
Cash and cash equivalents	(355 531)	(222 333)	(155 685)	(82 209)
Net debt	3 539 495	2 809 191	1 203 090	1 083 457

Reconciliation of the movement in net debt

Group	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2022	(2 758 851)	(272 673)	(3 031 524)
Cash flows	(379 673)	37 284	(342 389)
Other non-cash movements*	(151 593)	–	(151 593)
Foreign exchange adjustments	(260 081)	(109 439)	(369 520)
Gross debt at 31 March 2023	(3 550 198)	(344 828)	(3 895 026)
Cash and cash equivalents			355 531
Net debt at 31 March 2023			(3 539 495)

Group	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2021	(1 994 359)	(304 819)	(2 299 178)
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)

Company	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2022	(1 164 253)	(1 413)	(1 165 666)
Cash flows	(159 658)	1 672	(157 986)
Other non-cash movements*	(24 603)	(10 520)	(35 123)
Gross debt at 31 March 2023	(1 348 514)	(10 261)	(1 358 775)
Cash and cash equivalents			155 685
Net debt at 31 March 2023			(1 203 090)

Company	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Net debt at 1 April 2021	(951 153)	(2 721)	(953 874)
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)

* *Relates to the acquisition of investment properties settled directly from debt facilities*

23 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, impairment losses recognised on tenant debtors, 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, investment in joint ventures, 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 2023

	Western Cape R'000	Gauteng R'000	Free State R'000	Kwazulu-Natal R'000
Revenue				
Rental income	199 764	245 092	6 803	62 682
Other income	7 513	11 889	488	2 219
Expected credit losses recognised on tenant debtors	(1 363)	(1 966)	(141)	(708)
Direct property costs	(45 498)	(60 036)	(1 729)	(14 814)
Net property operating income	160 416	194 979	5 421	49 379
Fair value adjustment to investment properties	104 497	(37 998)	4 661	5 397
Segment property operating income	264 913	156 981	10 082	54 776

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
Rental income	19 273	533 614	463 021	996 635
Other income	919	23 028	51 125	74 153
Expected credit losses recognised on tenant debtors	(257)	(4 435)	(1 838)	(6 273)
Direct property costs	(4 600)	(126 677)	(147 243)	(273 920)
Net property operating income	15 335	425 530	365 065	790 595
Fair value adjustment to investment properties	9 852	86 409	157 617	244 026
Segment property operating income	25 187	511 939	522 682	1 034 621

23 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	1 070 788	1 070 788	–
Rental income	996 635	996 635	–
Other income	74 153	74 153	–
Expected credit losses recognised on tenant debtors	(6 273)	(6 273)	–
Direct property costs	(273 920)	(273 920)	–
Net property operating income	790 595	790 595	–
Other revenue	35 950	–	35 950
Management fees	35 950	–	35 950
Insurance proceeds from building claim	–	–	–
Administration expenses	(152 781)	–	(152 781)
Net property operating profit	(673 764)	790 595	(116 831)
Fair value adjustment to investment properties	244 026	244 026	–
Other fair value adjustments to financial instruments	(9 626)	–	(9 626)
Foreign exchange gains	5 468	–	5 468
Depreciation and amortisation	(8 596)	–	(8 596)
Profit from operations	905 036	1 034 621	(129 585)
Net finance cost	(140 201)	–	(140 201)
Interest income	30 419	–	30 419
Interest expense	(170 620)	–	(170 620)
Share of profit of joint ventures, net of tax	30 246	–	30 246
Profit before taxation	795 081	1 034 621	(239 540)
Taxation expense	(63 415)	–	(63 415)
Profit for the year	731 666	1 034 621	(302 955)
Other comprehensive income for the year	401 476	–	401 476
Total comprehensive income for the year	1 133 142	1 034 261	98 521

Group segment assets as at 31 March 2023

	Western Cape R'000	Gauteng R'000	Free State R'000	Kwazulu-Natal R'000
Investment properties	2 121 610	2 348 431	60 140	512 862
Tenant debtors	1 737	3 134	206	786
Inventories	1 917	2 067	134	382
Goodwill and intangible assets	–	–	–	–
Investment in joint ventures	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(21 509)	(3 402)	–	(21 679)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	171 882	5 214 925	5 516 318	10 731 243
Tenant debtors	322	6 185	19 667	25 852
Inventories	162	4 662	2 293	6 955
Goodwill and intangible assets	–	–	72 576	72 576
Investment in joint ventures	–	50 930	371 090	422 020
Loans and borrowings	–	–	(2 201 685)	(2 201 685)
Lease obligations	–	(46 590)	(286 312)	(332 902)

23 SEGMENTAL INFORMATION (CONTINUED)

Group segment assets, reserves and liabilities as at 31 March 2023

	Total R'000	Allocated R'000	Unallocated R'000
ASSETS			
Non-current assets	11 555 079	11 225 839	329 240
Investment properties	10 731 243	10 731 243	–
Property and equipment	32 320	–	32 320
Stor-Age share purchase scheme loans	80 460	–	80 460
Goodwill and intangible assets	156 029	72 576	83 453
Investment in joint ventures	422 020	422 020	–
Unlisted investment	27 566	–	27 566
Deferred taxation	12 814	–	12 814
Derivative financial assets	92 627	–	92 627
Current assets	501 124	32 807	468 317
Trade and other receivables	138 638	25 852	112 786
Inventories	6 955	6 955	–
Cash and cash equivalents	355 531	–	355 531
Total assets	12 056 203	11 258 646	797 557
EQUITY AND LIABILITIES			
Total equity	7 194 619	–	7 194 619
Stated capital	5 362 339	–	5 362 339
Retained earnings/(accumulated loss)	1 350 847	–	1 350 847
Share-based payment reserve	26 759	–	26 759
Foreign currency translation reserve	396 258	–	396 258
Total equity attributable to shareholders	7 136 203	–	7 136 203
Non-controlling interest	58 416	–	58 416
Non-current liabilities	4 075 662	2 501 779	157 883
Loans and borrowings	3 390 198	2 201 685	1 188 513
Derivative financial liabilities	6 618	–	6 618
Deferred taxation	369 118	–	369 118
Lease obligations	309 728	300 094	9 634
Current liabilities	785 922	32 808	753 114
Loans and borrowings	160 000	–	160 000
Trade and other payables	259 379	–	259 379
Provisions	16 609	–	16 609
Lease obligations	35 100	32 808	2 292
Taxation payable	39 133	–	39 133
Dividends payable	275 701	–	275 701
Total equity and liabilities	12 056 203	2 534 587	9 521 616

Group segment assets as at 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)
Net property operating income	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)

23 SEGMENTAL INFORMATION (CONTINUED)

	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)
Net property operating income	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

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)
Net property 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 from operations	1 394 061	1 327 977	66 084
Net finance cost	(90 934)	–	(90 934)
Interest income	25 904	–	25 904
Interest expense	(116 838)	–	(116 838)
Share of losses of joint ventures, 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	–	–	–	–
Investment in joint ventures*	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(21 948)	(3 319)	–	(20 607)

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

23 SEGMENTAL INFORMATION (CONTINUED)

Group segment assets as at 31 March 2022 (continued)

	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
Inbestment in joint ventures*	–	37 894	208 686	246 580
Loans and borrowings	–	–	(1 594 824)	(1 594 824)
Lease obligations	–	(45 874)	(225 314)	(271 188)

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
ASSETS			
Non-current assets	10 148 725	9 843 303	305 422
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
Investment in joint ventures*	246 580	246 580	–
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	9 869 329	636 307
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

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

24 FINANCIAL INSTRUMENTS

24.1 Financial instrument classification

The table below sets out the company's and group's accounting classification of each class of financial asset and liability at 31 March:

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Group as at 31 March 2023				
Financial assets				
Derivative financial assets	92 627	92 627	–	–
Unlisted investment	27 566	27 566	–	–
Stor-Age share purchase scheme loans	80 460	–	80 460	–
Cash and cash equivalents	355 531	–	355 531	–
Trade and other receivables	138 638	–	87 085	51 553
Financial liabilities				
Derivative financial liabilities	6 618	6 618	–	–
Loans and borrowings	3 550 198	–	3 550 198	–
Lease obligations	344 828	–	344 828	–
Trade and other payables	259 379	–	169 054	90 325
Dividend payable	275 701	–	275 701	–
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	–

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Financial instrument classification (continued)

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Company as at 31 March 2023				
Financial assets				
Derivative financial assets	12 605	12 605	–	–
Unlisted investment	27 566	27 566	–	–
Stor-Age share purchase scheme loans	80 460	–	80 460	–
Cash and cash equivalents	155 685	–	155 685	–
Trade and other receivables	32 078	–	30 744	1 334
Financial liabilities				
Derivative financial liabilities	2 695	2 695	–	–
Loans and borrowings	1 348 514	–	1 348 514	–
Lease obligations	10 261	–	10 261	–
Trade and other payables	20 368	–	18 204	2 164
Dividend payable	275 701	–	275 701	–
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	–

Financial risk management

Exposure to interest rate, credit, liquidity, currency and market risks arise in the normal course of the group's business. Derivative financial instruments are used as and when required to hedge exposure to fluctuations in interest rates and currency.

24.2 Market risk

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

24.2.1 Interest rate risk

The group is exposed to interest rate risk on share purchase scheme loans advanced, loans and borrowings and cash and cash equivalents. The group enters into interest rate swaps, fixed rate loans and other interest rate derivative financial instruments to manage its exposure to interest rates by hedging the interest rate exposure on floating rate loans. The group states the fair value of interest rate derivatives using the mark-to-market mid market values.

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.2 Market risk (continued)
24.2.1 Interest rate risk (continued)
24.2.1.1 Exposure to interest rate risk

At the reporting date the interest profile of the group's variable and fixed interest-bearing financial instruments are:

	Variable rate instruments		Fixed rate instruments	
	31 March 2023 R'000	31 March 2022 R'000	31 March 2023 R'000	31 March 2022 R'000
Financial assets	355 531	222 333	173 087	183 976
Cash and cash equivalents	355 531	222 333	–	–
Share purchase scheme loans	–	–	80 460	84 135
Derivative financial assets	–	–	92 627	99 841
Financial liabilities	2 974 201	2 289 454	682 812	620 989
Derivative financial liabilities	–	–	6 618	5 579
Loans and borrowings	2 974 201	2 289 454	676 194	615 410

24.2.1.2 Interest rate derivative instruments

The table below sets out the nominal amount of the Group's interest rate derivative instruments:

	2023		2022	
Amounts reflected in '000	ZAR	GBP	ZAR	GBP
3month JIBAR-linked interest rate swaps	300 000	–	500 000	–
3month JIBAR-linked interest rate caps	200 000	–	–	–
3month JIBAR-linked interest rate cap spreads	200 000	–	50 000	–
ZAR denominated facilities	700 000	–	550 000	–
SONIA-linked interest rate swaps	990 323	45 000	764 512	40 000
SONIA-linked interest rate cap spreads	198 066	9 000	95 564	5 000
GBP denominated facilities	1 188 389	54 000	860 076	45 000
Total interest rate derivative instruments	1 888 389	54 000	1 410 076	45 000

The table below depicts the maturity profile of the group's interest rate derivatives at its nominal amount:

	31 March 2023			31 March 2022		
Amounts reflected in R'000	ZAR denominated	GBP denominated	Total	ZAR denominated	GBP denominated	Total
Within 1 year	150 000	–	150 000	–	–	–
Within 2 years	200 000	440 144	640 144	350 000	–	350 000
Within 3 years	200 000	550 180	750 180	200 000	286 691	486 691
Within 5 years	150 000	198 065	348 065	–	573 385	573 385
	700 000	1 188 389	1 888 389	550 000	860 076	1 410 076

Details of the group's fixed rate borrowings are set out in note 14.

24.2.1.3 Hedge cover of loans and borrowings

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ZAR denominated	1 416 242	1 282 017	1 416 242	1 282 017
GBP denominated	2 234 153	1 622 848	–	136 980
Total gross loans and borrowings	3 650 395	2 904 865	1 416 242	1 418 997
Surplus cash paid into loan facility	(56 000)	(100 000)	(56 000)	(100 000)
Loans and borrowings, net of cash	3 594 395	2 804 865	1 360 242	1 318 997
Interest rate derivatives	1 888 389	1 410 076	700 000	550 000
Fixed rate borrowings	676 194	615 410	214 043	214 043
CCIRS – fixed for floating swap	102 326	102 326	–	–
	2 666 909	2 127 812	914 043	764 043
Effective hedge cover of loans and borrowings	74.2%	75.9%	67.2%	57.9%

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.2 Market risk (continued)
24.2.1 Interest rate risk (continued)
24.2.1.4 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. In the prior year the group settled its loan facilities and derivative contracts linked to LIBOR and entered into new agreements and contracts linked to SONIA.

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

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Liabilities exposed to ZAR JIBAR maturing after the reporting year end				
Loans and borrowings	1 202 199	1 067 974	1 202 199	1 067 974
Derivatives	(9 910)	(5 309)	(9 910)	(5 309)
Total	1 192 289	1 062 665	1 192 289	1 062 665

24.2.1.5 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	
	2023 R'000	2022 R'000
Effect on equity and profit or loss		
50 basis points increase	(5 428)	(4 147)
50 basis points decrease	5 851	4 147

24.2.2 Currency risk

Currency hedging

The group has trading operations in the UK and is exposed to currency risk on its capital investment as well as the underlying earnings. The group 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:

Bank	Maturity date	Spot	Nominal GBP	Nominal ZAR	ZAR Rate	GBP Rate
31 March 2023						
Nedbank	29 September 2023	20.47	2 500 000	51 163 000	11.26%* (Floating)	3.00% (Fixed)
Nedbank	28 March 2024	20.47	2 500 000	51 163 000	11.04%* (Floating)	3.00% (Fixed)
Total			5 000 000	102 326 000		
31 March 2022						
Investec	26 October 2022	18.72	5 000 000	93 600 000	10.00% (Fixed)	2.98% (Fixed)
Nedbank	29 September 2023	20.47	2 500 000	51 163 000	7.67%* (Floating)	3.00% (Fixed)
Nedbank	28 March 2024	20.47	2 500 000	51 163 000	7.45%* (Floating)	3.00% (Fixed)
Total			10 000 000	195 926 000		

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

During the year the cross-currency interest rate swap that expired was settled. The group did not enter into any new cross-currency interest rate swap agreements in the current year.

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.2 Market risk (continued)
24.2.2 Currency risk (continued)
Hedging of capital investment

The acquisition of the UK self storage operations was financed through a combination of debt and equity from South Africa, as well as in-country debt funding from borrowers in the UK. At year end, approximately 4.1% (2022: 8.9%) of the group's foreign currency net investment was hedged with cross-currency interest rate swaps ("CCIRS"). The summary quantitative data about the group's exposure to currency risk is set out below:

	31 March 2023 GBP'000	31 March 2022 GBP'000
Investment property	250 660	232 549
Loans and borrowings	(89 407)	(77 742)
Other assets	14 295	10 460
Other liabilities	(52 618)	(52 450)
Net investment	122 930	112 817
Nominal value of cross-currency interest rate swaps	5 000	10 000
CCIRS as a % of net investment	4.1%	8.9%

Hedging of cashflow

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

	31 March 2023		31 March 2022	
Period	Hedging level	Forward rate ZAR/GBP	Hedging level	Forward rate ZAR/GBP
FY23	100%	23.15	90%	23.38
FY24	95%	23.24	80%	23.25
FY25	80%	23.39	35%	23.78
FY26^	50%	24.24	–	–

^ For FY26, hedging instruments in place for H1 earnings only.

24.2.3 Sensitivity analysis to exchange rates

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period. At a 13% (2022: 7%) movement in ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

	Group			
	2023		2022	
R'000	13% ZAR depreciation against the GBP	13% ZAR appreciation against the GBP	7% ZAR depreciation against the GBP	7% ZAR appreciation against the GBP
Distributable earnings	1 084	16 817	4 764	12 403
Profit or loss*	5 340	82 854	47 571	123 851

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

Average exchange rate		Year-end spot rate	
2023	2022	2023	2022
£1/R20.45	£1/R20.29	£1/R22.00	£1/R19.11

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

24 FINANCIAL INSTRUMENTS (CONTINUED)
24.3 Credit risk
24.3.1 Credit exposure

The carrying amount of each class of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Stor-Age share purchase scheme loans	80 460	84 135	80 460	84 135
Tenant and related receivables	25 852	18 798	569	281
Related party receivables – other	415	31	24 267	40 825
Related party receivables – JV	10 596	–	568	–
Staff loans	72	114	72	108
Sundry receivables	50 150	41 177	5 268	8 249
Derivative financial assets	92 627	99 841	12 605	1 963
Intercompany receivables	–	–	530 227	577 037
Cash and cash equivalents	355 531	222 333	155 685	82 209
	615 703	466 429	809 721	794 807

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.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	80 460	84 135	80 460	84 135
Shares pledged as security	(92 428)	(111 557)	(92 428)	(111 557)
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 and SSS JV3. The company has reviewed these subsidiaries' expected cash flows and believes that the full loan balances are recoverable. In assessing whether there has been a significant increase in credit risk the directors review each company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year. No impairment allowance was recognised in the prior year.

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 27). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis has been used to determine the impairment allowance as the receivable has not suffered a significant increase in credit risk and the risk of default is low. No impairment allowance has been recognised in the current and prior year.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Credit risk (continued)

Loans to joint ventures

The carrying value of the investments and loans to 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 and bank borrowings. The operational performance and cash flow forecast of the JVs indicates their ability to repay the loan. Therefore no expected credit loss has been recognised on the loans in the current and prior year.

Cash and cash equivalents

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

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 24.3.2.

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 First initiative and acquisition fees due from SKJV and SSS JV entities.

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

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

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

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Credit risk (continued)

24.3.2 Impairment loss allowances

Tenant and related receivables

The expected credit loss rates are based on historical bad debt impairments as a percentage of the tenant 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:

R'000	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group 31 March 2023					
South Africa					
Expected loss rate	6%	19%	58%	100%	30%
Gross carrying amount	3 806	1 765	1 859	1 544	8 974
Loss allowance	(228)	(286)	(932)	(1 343)	(2 789)
UK					
Expected loss rate	0%	10%	51%	100%	3%
Gross carrying amount	18 502	518	1 402	–	20 422
Loss allowance	6	(52)	(709)	–	(755)
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)
Company 31 March 2023					
South Africa					
Expected loss rate	9%	12%	58%	100%	40%
Gross carrying amount	308	182	198	180	868
Loss allowance	(24)	(19)	(100)	(156)	(299)
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)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Reconciliation of loss allowance				
The loss allowance for tenant debtors at 31 March reconciles to the opening loss allowance as follows:				
Opening balance at 1 April	(1 874)	(2 438)	(106)	(71)
Increase in loss allowance recognised in profit or loss during the year	(6 273)	(3 743)	(460)	(134)
Receivables written off during the year as uncollectible	3 389	4 235	267	99
Foreign exchange movement	1 214	72	–	–
Closing balance at 31 March	(3 544)	(1 874)	(299)	(106)

Stor-Age has no financial assets that have been written off that are subject to legal recovery processes.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Liquidity risk

The group's exposure to liquidity risk mainly arises from its loans and borrowings, lease obligations and trade and other payables. The group continuously monitors its net liquidity position on the basis of expected cash flows.

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group 2023					
Non-derivative financial liabilities					
Loans and borrowings	3 550 198	174 133	1 084 414	2 131 866	476 986
Lease obligations	344 828	37 352	16 171	157 546	347 400
Trade and other payables*	141 309	141 309	–	–	–
Total non-derivatives	4 036 335	352 794	1 100 585	2 289 412	824 386
Derivative financial liabilities	6 618	6 675	20 459	16 614	–
Total derivatives	6 618	6 675	20 459	16 614	–
Group 2022					
Non-derivative financial liabilities					
Loans and borrowings	2 758 851	162 148	448 372	2 008 175	414 251
Lease obligations	272 673	29 450	22 103	74 111	313 159
Trade and other payables*	132 831	132 831	–	–	–
Total non-derivatives	3 164 355	324 429	470 475	2 082 286	727 410
Derivative financial liabilities	5 579	–	14 300	–	–
Total derivatives	5 579	–	14 300	–	–

* Includes trade creditors, other payables, related party payables and property accruals.

The maturity profile of the group's total and undrawn borrowing facilities are reflected below:

	2023		2022	
Maturity	Total borrowing facilities R'000	Undrawn borrowing facilities R'000	Total borrowing facilities R'000	Undrawn borrowing facilities R'000
Within 1 year	160 000	–	160 000	–
Between 1 and 3 years	1 180 137	159 120	1 587 042	284 984
Beyond 3 years	3 062 689	593 309	1 834 824	392 018
	4 402 826	752 429	3 581 866	677 002

	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 2023					
Non-derivative financial liabilities					
Loans and borrowings	1 348 514	174 133	545 308	819 914	–
Lease obligations	10 261	2 259	604	9 867	–
Trade and other payables*	13 307	13 307	–	–	–
Total non-derivatives	1 372 082	189 699	545 912	829 781	–
Derivative financial liabilities	2 695	6 675	14 300	25 025	–
Total derivatives	2 695	6 675	14 300	25 025	–
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*	15 305	15 305	–	–	–
Total non-derivatives	1 180 971	177 453	455 724	739 703	–
Derivative financial liabilities	5 309	–	14 300	–	–
Total derivatives	5 309	–	14 300	–	–

* Includes trade creditors, other payables, related party payables and property accruals.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Liquidity risk (continued)

The maturity profile of the company's total and undrawn borrowing facilities are reflected below:

	2023		2022	
Maturity	Total borrowing facilities R'000	Undrawn borrowing facilities R'000	Total borrowing facilities R'000	Undrawn borrowing facilities R'000
Within 1 year	160 000	–	160 000	–
Between 1 and 3 years	1 412 000	7 536	1 407 000	284 983
Beyond 3 years	300 000	448 222	–	–
	1 872 000	455 758	1 567 000	284 983

25 FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The group and company measure fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group and company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The group and company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps and cross currency interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

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

Group	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
2023					
Assets		–	120 193	10 731 243	10 851 436
Investment properties	3	–	–	10 731 243	10 731 243
Derivative financial assets	14	–	92 627	–	92 627
Unlisted investment	8	–	27 566	–	27 566
Liabilities		–	6 618	–	6 618
Derivative financial liabilities	14	–	6 618	–	6 618
2022					
Assets		–	110 679	9 535 000	9 645 679
Investment properties	3	–	–	9 535 000	9 535 000
Derivative financial assets	14	–	99 841	–	99 841
Unlisted investment	8	–	10 838	–	10 838
Liabilities		–	5 579	–	5 579
Derivative financial liabilities	14	–	5 579	–	5 579

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

Company	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
2023					
Assets		–	40 171	916 785	956 956
Investment properties	3	–	–	916 785	916 785
Derivative financial assets	14	–	12 605	–	12 605
Unlisted investment	8	–	27 566	–	27 566
Liabilities		–	2 695	–	2 695
Derivative financial liabilities	14	–	2 695	–	2 695
2022					
Assets		–	12 801	767 463	780 264
Investment properties	3	–	–	767 463	767 463
Derivative financial assets	14	–	1 963	–	1 963
Unlisted investment	8	–	10 838	–	10 838
Liabilities		–	5 309	–	5 309
Derivative financial liabilities	14	–	5 309	–	5 309

Level 2 fair values

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

Type	Valuation technique	Significant unobservable inputs	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 the asset manager 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	Inter-relationship between key unobservable inputs and fair value measurements
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3

There have been no transfers to or from level 3 in the current year and prior year.

26 USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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

26.1 Judgements

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

- Note 7: Classification of joint ventures
  Judgement is used to determine the nature of the group's joint ventures 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 SSS JV 1 Proprietary Limited, SSS JV 2 Proprietary Limited, Storage Century City JV Proprietary Limited and SKJVs. The joint venture agreements between Stor-Age and the JV partner require unanimous consent from all parties for all relevant activities. Stor-Age and the JV partner holds ordinary shares in each JV company.

The group further concluded that the equity-method should be applied.

26.2 Assumptions and estimation uncertainties

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

- Note 3: Valuation of investment properties to fair value
  The discounted cash flow of net operating income valuation method is used which 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 24.3.1: 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 20: Group's taxation
  The group is subject to tax in multiple jurisdictions and therefore an element of judgement and estimation is applied in calculating the group's tax charge and provision for income taxes. The relevant tax authorities may disagree with the tax computation and therefore the final tax charge cannot be calculated until an assessment has been made by the tax authority.

27 RELATED PARTY TRANSACTIONS

These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

27.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries
- Gauteng Storage Properties Proprietary Limited
- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Unit Self Storage Proprietary Limited
- SSS JV 3 Proprietary Limited
- Stor-Age International Proprietary Limited
- Betterstore Self Storage Holdings Limited and its subsidiaries

Equity-accounted investees
- Sunningdale Self Storage Proprietary Limited
- SK Heathrow Limited
- SK Canterbury1 Limited
- SK Bath Limited
- SKJV Bidco Limited
- SK West Brom Limited
- SSS JV 1 Proprietary Limited
- SSS JV 2 Proprietary Limited
- Storage Century City JV Proprietary Limited

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.1 Identity of the related parties with whom material transactions have occurred (continued)

Directors as listed in the directors' report*

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation – (SC Lucas, SJ Horton and GM Lucas are ultimate beneficiaries)
- Stor-Age Property Holdings Proprietary Limited – (SC Lucas, SJ Horton and GM Lucas are directors and ultimate beneficiaries)

* *Various agreements were concluded with the Century City Property Investment Trust and Storage Century City JV (Pty) Limited for the development of a self storage facility in Century City.*

John Chapman is a trustee and a 12.3% indirect beneficiary in 50% of the Century City joint venture.

27.2 Material related party transactions and balances

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Related party balances				
Intercompany payables				
Gauteng Storage Properties Proprietary Limited	–	–	43 816	33 926
Unit Self Storage Proprietary Limited	–	–	1 296	3 377
Roeland Street Investments 2 Proprietary Limited	–	–	43 241	29 888
Intercompany receivables				
Roeland Street Investments Proprietary Limited	–	–	467 531	390 188
Betterstore Self Storage Operations Limited			33 928	–
SSS JV 1 Proprietary Limited	–	–	–	110 507
SSS JV 2 Proprietary Limited	–	–	–	76 342
SSS JV 3 Proprietary Limited	–	–	28 768	–
Amounts – owing to related parties				
Gauteng Storage Properties Proprietary Limited	–	–	–	35
Roeland Street Investments Proprietary Limited	–	–	175	395
Roeland Street Investments 2 Proprietary Limited	–	–	16	89
Stor-Age Property Holdings Proprietary Limited	518	–	518	–
Unit Self Storage Proprietary Limited	–	–	24	160
Amounts – owing by related parties				
Betterstore Self Storage Operations Limited	–	–	24 025	9 156
Stor-Age Property Holdings Proprietary Limited	–	2	–	2
Roeland Street Investments Proprietary Limited	–	–	–	279
Roeland Street Investments 2 Proprietary Limited	–	–	–	54
Madison Square Holdings Close Corporation	415	29	21	29
Unit Self Storage Proprietary Limited	–	–	–	17
Gauteng Storage Properties Proprietary Limited	–	–	–	6
SKJV entities	10 437	–	568	–
SSS JV 1 Proprietary Limited	159	–	159	–
SSS JV 3 Proprietary Limited	–	–	62	–

The intercompany loans between the company and its South African subsidiaries are interest free and repayable on demand. The loans advance by the company to its South African joint ventures bear interest at the prime rate applicable and are repayable on demand. Intercompany loans between the company and its Guernsey and UK based indirect subsidiaries bear interest at 8% per annum and are repayable on demand.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.2 Material related party transactions and balances (continued)

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Related party transactions				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	484 144	443 845
Roeland Street Investments 2 Proprietary Limited	–	–	103 460	78 445
SSS JV 1 Proprietary Limited	–	–	496	886
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	6 414	7 781	6 414	7 781
Interest income				
Betterstore Self Storage Operations Limited	–	–	1 331	3 720
Sunningdale Self Storage Proprietary Limited	3 079	2 022	3 079	2 022
SSS JV 1 Proprietary Limited	3 032	–	3 032	–
SSS JV 2 Proprietary Limited	3 150	–	3 150	–
Storage Century City JV Proprietary Limited	542	–	542	–
Construction fees incurred				
Madison Square Holdings Close Corporation	41 742	33 272	6 984	22 336
Development fees income				
Sunningdale Self Storage Proprietary Limited	26	131	26	131
SSS JV 1 Proprietary Limited	2 847	–	2 847	–
SSS JV 2 Proprietary Limited	5 288	–	5 288	–
SKJV entities	9 733	–	9 733	–
Acquisition fees income				
SKJV entities	2 936	5 871	2 936	5 871
Management fee income				
SKJV entities	6 559	2 133	–	–
Sunningdale Self Storage Proprietary Limited	653	500	653	500
Betterstore Self Storage Operations Limited	–	–	25 705	31 283
Recovery of costs				
Madison Square Holdings Close Corporation	600	1 000	600	1 000
Office lease payments				
Stor-Age Property Holdings Proprietary Limited	1 672	1 522	1 672	1 522
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 27.3 and 27.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.3 Directors' and company secretary's shareholdings

	Direct beneficial	Indirect	Total	Percentage
31 March 2023				
GM Lucas	2 581 905	7 130 113	9 712 018	2.05%
SJ Horton	2 445 803	3 082 802	5 528 605	1.16%
SC Lucas	2 396 905	7 115 113	9 512 018	2.00%
GA Blackshaw	–	1 742 648	1 742 648	0.37%
KM de Kock	18 350	–	18 350	0.00%
HH-O Steyn (company secretary)	–	460 000	460 000	0.10%
JAL Chapman	176 650	396 011	572 661	0.12%
	7 619 613	19 926 687	27 546 300	5.80%
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%

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

On 23 November 2021 Stor-Age Property Holdings Pty Ltd ("SPH") entered into a Further Amended and Restated Facility Agreement ("the Loan Facility") with Investec Bank Limited ("the Lender") for a borrowing facility of R58.5 million. The shareholder of SPH is the Stor-Age Property Holdings Trust ("SPH Trust"). Gavin Lucas, Stephen Lucas and Steven Horton, who are the executive directors of Stor-Age, are ultimate beneficiaries of the SPH Trust. The Loan Facility has a 36 month term, bears interest at the prime overdraft rate less 0.75% and is secured by the pledge of 17.374 million Stor-Age shares ("the pledged shares") in favour of the Lender.

The pledged shares relate to Stor-Age shares held by SPH, the SPH Trust and other companies and trusts related to the executive directors ("the related entities"). At 31 March 2023, the outstanding balance on the Facility was R36.5 million (2022: R36.0 million). The related entities held 24.374 million (2022: 24.163 million) Stor-Age shares at 31 March 2023.

There has been no change to the disclosures set out above between the year end and the date of approval of the annual financial statements.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27.4 Directors' remuneration

Non-executive directors' emoluments

Fees paid to non-executive directors for meeting attendance were as follows:

	2023 R'000	2022 R'000
AC Menigo^ (investment committee)	80	–
A Varachhia (investment committee and social and ethics committee)	480	266
GA Blackshaw (social and ethics committee, investment committee and remuneration committee)	800	324
JAL Chapman (investment committee)	420	251
KM de Kock (audit and risk committee and remuneration committee)	555	308
MPR Morojele (audit and risk committee and remuneration committee)	520	298
MS Moloko*	–	74
P Mbikwana (social and ethics committee and audit and risk committee)	520	298
	3 375	1 819

^ *A Menigo was appointed to the board on 23 January 2023.*
* *MS Moloko resigned on 30 June 2021.*

Executive directors' emoluments

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

	Basic Salary R'000	Short-term incentives R'000	IFRS Share-based payment charge R'000	Total R'000
2023				
GM Lucas	3 200	3 529	3 009	9 738
SJ Horton	3 200	3 529	3 009	9 738
SC Lucas	3 200	3 529	3 009	9 738
	9 600	10 587	9 027	29 214
2022				
GM Lucas	3 000	1 500	1 941	6 441
SJ Horton	3 000	1 500	1 941	6 441
SC Lucas	3 000	1 500	1 941	6 441
	9 000	4 500	5 823	19 323

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

28 LEASE OBLIGATIONS

The right-of-use assets for the properties leased, which trade as self-storage facilities, have been recognised as part of investment properties on the fair value model. Lease payments for the SA properties are subject to an annual fixed escalation. In the UK, lease payments are reviewed every five years to reflect market rentals. Reviews were completed for four properties during the year. Reviews for a further three properties are expected to be finalised in the next financial year and one property in the 2025 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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Right-of use-assets				
Investment properties (note 3)	966 148	965 423	–	–
Property and equipment	11 983	1 162	10 201	1 102
	978 131	966 585	10 201	1 102
Lease obligations				
Current	35 100	29 279	2 054	1 360
Non-current	309 728	243 394	8 207	53
	344 828	272 673	10 261	1 413
The statement of profit or loss reflects the following amounts relating to leases:				
Interest expense	17 872	17 328	145	214
The lease obligations relates to the following:				
Investmet properties	332 902	271 188	–	–
Head office	11 926	1 485	10 261	1 413
	344 828	272 673	10 261	1 413

The terms of the leases for the leasehold properties are set out below:

Property	Commencement date	Termination date	Location
Constantia Kloof	December 2012	June 2051	South Africa
Somerset Mall	April 2012	June 2037	South Africa
Tokai*	April 2014	March 2024	South Africa
Springfield	October 1997	March 2050	South Africa
Aylesford	October 2007	October 2032	United Kingdom
Basildon	August 2007	July 2032	United Kingdom
Dunstable	October 2007	October 2032	United Kingdom
Epsom	February 2008	February 2033	United Kingdom
Woodley	June 2007 and December 2007	June 2032 and December 2032	United Kingdom
West Bromwich	June 2012	June 2037	United Kingdom
Warrington	January 2020	January 2040	United Kingdom
Nottingham	July 2008	November 2032	United Kingdom

* *Tokai comprises both a freehold (7 494 m² GLA) and leasehold (620 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

29 PROPERTY ANALYSIS

29.1 Trading properties – owned by the group

South Africa

Property name	Address	Property encumbrance	Weighted average rental R/m²	Gross lettable area (m²)#	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (R'000)
Western Cape region						
Bellville – Durban Road	210 Durban Road, Oakdale, Bellville	Unencumbered	127.7	5 100	92 912	89 430
Bellville – Peter Barlow	Corner of Peter Barlow and Kasselsvlei Road, Bellville	Encumbered	129.7	5 900	67 805	72 685
Brackenfell – Silverpark	9 Silver Street, Brackenfell Industria, Brackenfell	Unencumbered	93.0	7 500	71 012	68 484
Brackenfell – Stikland	11 Danie Uys St, Stikland	Unencumbered	112.7	7 200	92 693	86 148
Claremont	Corner Main Road and Brooke Street, Claremont	Encumbered	189.3	9 000	190 606	175 125
Durbanville	2-8 Plein Street, Durbanville	Encumbered	142.0	7 700	121 491	111 671
Edgemead	1 Southdale Road Edgemead	Encumbered	151.4	5 100	77 938	72 177
Gardens	121 Roeland Street, Gardens	Encumbered	210.8	12 400	298 467	267 220
Maitland	255 Voortrekker Road, Maitland	Encumbered	213.3	1 400	23 715	21 675
Ottery Road	5 John Tyres Close, Ottery	Unencumbered	124.8	5 500	60 828	53 167
Ottery – Springfield Road	Corner Bloemof Avenue and Springfield Street, Ottery	Encumbered	125.2	5 300	58 450	58 118
Parklands	101 Sandown Road, Parklands	Unencumbered	157.0	3 300	71 100	–
Pinehurst	Corner of Pinehurst Drive and Okavango Road, Pinehurst	Encumbered	123.6	10 500	135 983	139 418
Sea Point	67 Regent Road, Sea Point	Encumbered	250.5	2 900	68 171	64 470
Somerset Mall*	Corner Forsyth Road and De Beers Avenue, Somerset West	Unencumbered	129.7	5 500	52 858	53 375
Somerset West	24 Ou Paardevlei, Somerset West	Encumbered	128.1	7 700	111 320	97 180
Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Encumbered	141.1	6 200	85 540	79 729
Strand	42 Delson Circle, Heritage Park, Somerset West	Encumbered	121.8	5 000	60 708	48 386
Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View	Encumbered	149.6	10 100	164 573	163 966
Tokai*	64-74 White Road, Retreat	Encumbered	174.9	8 100	154 971	149 432
Gauteng region						
Boksburg	37 View Point Road, Bartlett, Boksburg	Encumbered	118.9	7 200	87 290	90 670
Brooklyn	Corner Jan Shoba and Justice Mohammed St.	Encumbered	160.6	7 500	124 584	113 841
Bryanston	1 Vlok Road, Bryanston, Sandton	Unencumbered	195.4	6 200	128 390	126 110
Centurion	1250 Theron Street, Pierre van Rhyneveld	Encumbered	80.5	20 900	165 590	174 420
Constantia Kloof*	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Encumbered	162.0	5 400	78 316	100 281
Craighall	376A Jan Smuts Avenue, Craighall, Randburg	Unencumbered	183.4	6 500	125 250	119 080
Cresta	290 Weltevreden Road, Cresta, Blackheath, Randburg	Unencumbered	141.1	5 300	123 720	111 810
Edenvale	60 Civin Drive, Germiston	Encumbered	179.0	8 600	172 440	177 040
Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Encumbered	68.1	9 700	61 257	52 959
Hennopspark	Jakaranda Street, Hennopspark	Encumbered	99.2	9 400	89 240	81 717
Irene	Corner 24th Street and 40th Avenue, Irene	Unencumbered	72.7	5 000	33 844	33 160
Jhb City	32 Rosettenville Road, Village Main, Jhb City	Encumbered	88.7	7 800	53 619	61 694
Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Encumbered	106.6	9 100	93 063	84 366
Midrand	492 Komondor Road, Glen Austin X3, Midrand	Encumbered	105.0	7 100	76 635	77 052
Midstream	65 Freight Road, Louwlardia, Midrand	Encumbered	116.1	7 600	90 220	95 300
Mnandi	39 Tulip Avenue, Raslow	Encumbered	71.2	8 200	49 847	49 226
Mooikloof	738 Blesbok Street., Pretoria East	Encumbered	83.0	5 500	43 303	43 807
Pretoria West	1384 Malie Street, Pretoria West	Encumbered	65.4	4 200	17 430	17 730
Randburg	225 Braam Fischer Drive, Randburg	Encumbered	155.3	6 800	105 803	108 600

29 PROPERTY ANALYSIS (CONTINUED)

29.1 Trading properties – owned by the group (continued)

South Africa (continued)

Property name	Address	Property encumbrance	Weighted average rental R/m²	Gross lettable area (m²)#	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (R'000)
Roodepoort	17 JG Strijdom Road, Weltevredenpark	Encumbered	143.7	8 000	110 120	104 680
Rooihuiskraal	29 Rietspruit Road, Samrand	Encumbered	108.6	8 000	71 075	80 138
Silver Lakes	Six Fountains Boulevard	Encumbered	126.4	8 600	101 681	96 647
Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Encumbered	196.5	8 500	179 780	174 880
West Rand	Portion 610, St Antonios Road, Muldersdrift	Encumbered	111.1	4 500	39 051	38 773
Zwartkop	70 Migmatite Street, Zwartkop ext 13	Encumbered	86.2	9 300	72 660	78 720
Kwazulu-Natal region						
Berea	23 Calder Road, Berea	Encumbered	137.6	7 900	107 328	99 639
Durban City	200 Gale Street, Durban	Encumbered	120.1	3 900	32 050	36 471
Glen Anil	2014 Old North Coast Road, Mt Edgecombe	Encumbered	130.6	4 000	48 217	44 913
Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	Encumbered	172.8	9 100	163 901	157 420
Springfield*	166 Inersite Avenue, Umgeni Business Park	Encumbered	136.6	5 500	88 291	82 478
Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	Encumbered	103.0	5 900	49 860	50 638
Free State region						
Bloemfontein	Sand Du Plessis Avenue, Estoire	Encumbered	94.8	6 700	60 140	55 355
Eastern Cape region						
Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Encumbered	86.7	11 000	86 800	83 400
Westering	85 Warbler Road, Westering	Encumbered	126.3	6 800	85 082	78 347
Total SA properties				387 100	5 077 018	4 853 218

The weighted average rental per square metre (m²) of occupied space for SA properties at 31 March 2023 is R129.1/m² (2022: R119.2/m²).

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of lease obligations are set out in note 28

* *Leasehold properties*
\# *GLA rounded to nearest hundred*

29 PROPERTY ANALYSIS (CONTINUED)

29.1 Trading properties – owned by the group (continued)

United Kingdom

Property name	Address	Property encumbrance	Weighted average rental £/sqf	Gross lettable area (m²)#	Valuation 31 March 2023 (£'000)	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (£'000)	Valuation 31 March 2022 (R'000)
Aylesford*	Units 2 and 3, New Hythe Business Park, Bellingham Way, ME20 7HP	Encumbered	27.7	4 000	4 180	91 990	4 628	88 446
Dartford	599 to 613 Princes Road, DA2 6HH	Encumbered	28.9	4 300	16 460	362 238	15 860	303 128
Epsom*	Units 5 and 6, Epsom Trade Park, Blenheim Road, KT19 9DU	Encumbered	34.2	3 100	4 619	101 651	4 833	92 371
Milton Keynes	39 Barton Road, Bletchley, MK2 3BA	Encumbered	24.8	3 200	8 380	184 420	8 460	161 694
Oxford	1 Bobby Fryer Close, Garsington Road, OX4 6ZN	Encumbered	26.9	7 000	20 760	456 869	17 480	334 091
Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, KT13 OYF	Encumbered	28.6	6 700	21 170	465 892	18 820	359 702
Woodley*	Unit 5, Area 9, Headley Road East, RG5 4SQ	Unencumbered	26.1	4 300	4 130	90 890	3 841	73 413
Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, GL4 3HX	Encumbered	21.0	4 100	7 700	169 455	7 840	149 844
Basildon*	Unit 1, Carnival Park, Carnival Close, SS14 3WN	Encumbered	28.9	4 200	5 282	116 242	4 988	95 339
Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	Encumbered	26.7	5 900	19 700	433 541	18 560	354 733
Dunstable*	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, LU5 SW2	Encumbered	25.5	3 300	2 663	58 605	3 058	58 454
Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	Encumbered	27.3	5 900	17 030	374 782	17 320	331 033
Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estated, DE21 6AR	Encumbered	22.8	5 200	13 660	300 618	12 790	244 452
Blackpool	Tellcom Business Centre, 20 Clifton Rdd, F14 4QA	Encumbered	21.8	2 600	5 470	120 379	4 450	85 052
Chester	1 Hartford Way, Sealand Industrial Estated, CH1 4NT	Encumbered	24.6	4 600	10 770	237 017	9 020	172 397
Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, CW1 6AA	Encumbered	23.9	4 000	11 650	256 384	8 550	163 414
Warrington*	1 Colville Court Winwick Quay, WA2 8QT	Encumbered	19.4	3 000	3 308	72 800	3 451	65 960
Doncaster	1 Carriage Drive, White Rose Way, DN4 SJH	Encumbered	20.7	5 200	10 880	239 438	8 630	164 943
Harrogate	Ripon Road, HG1 2BS	Encumbered	30.6	3 900	16 790	369 501	15 230	291 087
Huddersfield	Phoenix Retail Park, Leeds Rd, HD1 6NE	Encumbered	20.4	2 500	9 440	207 748	11 040	211 005
Wakefield	Kirkgate,Wakefield, WF1 1UW	Encumbered	22.8	2 700	6 800	149 649	7 040	134 554
York	Water Lane, York, YO30 6PQ	Encumbered	20.2	4 400	11 140	245 160	10 190	194 759
Nottingham*	Land and Buildings at Distribution Centre, Radford Road, NG7 7NQ	Encumbered	22.4	4 700	4 622	101 717	4 603	87 971
Dudley	Unit 8 Iconic Park, Birmingham, New Road, DY1 4SR	Encumbered	19.6	3 400	5 800	127 642	5 600	107 031
Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, SY1 3GA	Encumbered	20.1	3 300	6 100	134 244	5 330	101 871
West Bromwich*	AGL House, Birmingham Road, West Bromwich, B71 4JY	Unencumbered	20.9	2 300	2 155	47 425	937	17 904
Total UK properties				107 800	250 659	5 516 298	232 549	4 444 647

The closing average rental rate of UK properties is £25.1 per square foot (2022: £23.6 per square foot)

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of lease obligations are set out in note 28

* *Leasehold properties.*
\# *GLA rounded to nearest hundred*

29 PROPERTY ANALYSIS (CONTINUED)

29.2 Trading properties – held in joint ventures

The information displayed below is based on the full property.

South Africa

Property name	Address	Weighted average rental R/m²	Gross lettable area (m²)	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (R'000)
Sunningdale (50% interest)	33 Berkshire Boulevard	156.5	6 300	92 742	58 895
			6 300	92 742	58 895

United Kingdom

Property name	Address	Weighted average rental £/sqf	Gross lettable area (m²)	Valuation 31 March 2023 (£'000)	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (£'000)	Valuation 31 March 2022 (R'000)
Banbury (24.9% interest)	7, The I O Centre, Jugglers Cl, OX16 3TA	25.9	5 400	14 416	317 256	14 460	276 370
Frome (24.9% interest)	1 Cornbrash, Commerce park, BA11 2FP	25.9	6 700	19 966	439 395	16 560	316 507
Salisbury (24.9% interest)	Sun Rise Wy, Solstice Park Ave, SP4 7YR	20.1	6 700	14 466	318 356	6 613	126 393
Wednesbury (24.9% interest)	Axletree Way, Wednesbury, WS10 9QY	23.3	6 400	15 015	330 438	21 310	407 293
			25 200	63 863	1 405 445	58 943	1 126 563

29.3 Properties under development and held for development

Property name	Address	Valuation 31 March 2023 (R'000)	Valuation 31 March 2022 (R'000)
Bryanston*	4 Cross Road, Bryanston	–	19 622
De Waterkant	3-9 Rose Street, Cape Town	60 469	54 754
Hillcrest	23/25 Highlands Road, Hillcrest	22 982	19 000
Kramerville	Corner of Dartfield Road and Commerce Crescent	28 233	23 817
Morningside*	Portion 5 (a portion of portion 3) of Erf 1543 Morningside extension 12 township registration division i.r	–	46 985
Sandton	111 Second Steet, Parkmore, Sandton	25 990	–
Paarden Eiland*	Along Marine Drive	–	31 584
Pinelands*	Corner of Howard Drive and Gardeners Way	–	41 373
		137 674	237 135

* *These properties are being developed in the JV partnership with Nedbank Property Partners.*

30 GOING CONCERN

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

At 31 March 2023 the group's current liabilities exceed its current assets by R284.8 million (company: current assets exceed current liabilities by R467.3 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 R275.7 million.

At the reporting date, the group had access to cash resources of R411.5 million (including cash held in its long-term debt facilities) (company: R211.7 million). The group's total undrawn borrowing facilities amounted to R752.4 million (company: R455.8 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.

31 EVENTS AFTER REPORTING DATE

Subsequent to the reporting date Stor-Age entered into a JV with Nuveen Real Estate to acquire a four-property portfolio in the UK. Nuveen owns 90% and Stor-Age owns 10% of the equity interest in the JV. Stor-Age's equity contribution in the acquisition is £4.4 million.

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.

APPENDIX 1
UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	Unaudited 2023 R'000	Unaudited 2022 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	724 583	1 019 737
Adjusted for:		
Fair value adjustment to investment properties	(244 026)	(642 313)
Fair value adjustment to investment properties (NCI)+	3 472	12 632
Fair value adjustment to investment properties of joint ventures	(33 131)	–
Tax effect on the above adjustments and change in substantively enacted tax rate	49 268	143 371
Insurance proceeds from building claim	–	(51 725)
Headline earnings	500 166	481 702
Distributable earnings adjustment	60 508	40 454
Depreciation and amortisation	8 596	8 309
Equity-settled share-based payment expense	17 761	11 307
Fair value adjustment to financial instruments	31 131	(104 308)
Fixed rate loan adjustment^	9 551	7 895
Other items of a capital nature	4 451	6 377
Deferred tax	(8 736)	92 056
Foreign exchange (gains)/losses	(5 468)	3 565
Foreign exchange gain available for distribution	3 222	–
Antecedent dividend*	–	15 253
	560 674	522 156
Other adjustments		
Non-controlling interests in respect of the above adjustments+	30	(4 367)
Distributable earnings	560 704	517 789
Distributable earnings per share (cents)	118.14	114.07
Interim (cents)	60.05	56.60
Final (cents)	58.09	57.47
Distributable earnings	560 704	517 789
Insurance claim proceeds relating to the loss of revenue#	–	(10 319)
Distributable earnings after company-specific adjustments	560 704	507 470
Dividend declared for the six months ended 30 September	285 003	245 011
Dividend declared for the six months ended 31 March	275 701	262 459
Total dividends for the year	560 704	507 470
Shares entitled to dividends – interim ('000)	474 610	432 881
Shares entitled to dividends – final ('000)	474 610	474 610
Dividend per share – interim (cents)	60.05	56.60
Dividend per share – final (cents)	58.09	55.30
Total dividend per share for the year (cents)	118.14	111.90

The board declared a final dividend of 58.09 cents (2022: 55.30 cents) per share for the six months ended 31 March 2023.

\+ *Non-controlling interest*

^ *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.*

* *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 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	
	2023	2022	2023	2022
Net asset value				
Number of shares in issue	474 610 430	474 610 430	474 610 430	474 610 430
Net asset value per share (cents)	1 515.90	1 399.71	1 014.18	1 017.15
Net asset value per share excluding non-controlling interest (cents)	1 503.59	1 389.98	1 014.18	1 017.15
Net tangible asset value per share (cents)	1 483.02	1 369.01	997.01	1 000.02
Net tangible asset value per share excluding non-controlling interest (cents)	1 470.72	1 359.28	997.01	1 000.02

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE

	Unaudited	
	2023 R'000	2022 R'000
SA REIT Funds from Operations ("FFO") per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	724 583	1 019 737
Adjusted for:		
Accounting/specific adjustments	(204 490)	(398 441)
Fair value adjustments to:		
Investment properties	(244 026)	(642 313)
Debt and equity instruments held at fair value through profit or loss	272	136
Depreciation and amortisation of intangible assets	8 596	8 309
Deferred tax movement recognised in profit or loss	30 668	235 427
Foreign exchange and hedging items:	3 886	(118 076)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	9 354	(121 641)
Foreign exchange losses relating to capital items – realised and unrealised	(5 468)	3 565
Other adjustments:	(19 766)	23 518
Non-controlling interests in respect of the above adjustments	3 502	8 265
Adjustments made for joint ventures	(23 268)	–
Antecedent dividend	–	15 253
SA REIT FFO	504 213	526 738
Number of shares outstanding at end of year (net of treasury shares)	474 610 430	474 610 430
SA REIT FFO per share (cents)	106.24	110.98
Company-specific adjustments (per share)	11.90	3.09
Equity settled share based payment	3.74	2.39
Realised foreign exchange gain	5.21	3.62
Fixed-rate loan adjustment	2.01	1.66
Antecedent dividend adjustment	–	4.98
Insurance proceeds from building claim	–	(10.90)
Capital items non distributable	0.94	1.34
Distributable income per share (cents)	118.14	114.07
Interim	60.05	56.60
Final	58.09	57.47
Insurance claim proceeds relating to the loss of revenue	–	(2.17)
Total dividend per share (cents)	118.14	111.90
Interim dividend per share	60.05	56.60
Final dividend per share	58.09	55.30

	Unaudited 2023 R'000	Unaudited 2022 R'000
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	7 136 203	6 596 974
Adjustments:		
Fair value of certain derivative financial instruments	(89 932)	(61 371)
Forward exchange contracts	(11 727)	(65 374)
Interest rate swaps	(78 205)	4 003
Goodwill and intangible assets	(156 029)	(145 706)
Deferred tax	356 304	280 786
SA REIT NAV	7 246 546	6 670 683
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	474 610 430	474 610 430
Effect of dilutive instruments (options, convertibles and equity interests)	4 130 000	5 318 520
Dilutive number of shares in issue	478 740 430	479 928 950
SA REIT NAV (Rand per share)	15.14	13.90

	Unaudited 2023 R'000	Unaudited 2022 R'000
SA REIT cost-to-income ratio		
Expenses		
Direct property cost per IFRS income statement (includes municipal expenses)	273 920	221 280
Administration expenses per IFRS income statement	152 781	103 489
Depreciation and amortisation	8 596	8 309
Exclude:		
Depreciation expense in relation to property and equipment of an administrative nature and amortisation expense in respect of intangible assets	(8 158)	(7 871)
Operating costs	427 139	325 207
Rental income		
Contractual rental income per IFRS income statement	996 635	849 716
Gross rental income	996 635	849 716
SA REIT cost-to-income ratio*	42.9%	38.3%

* *Based on rental income. Including ancillary income and management fees the ratio is 38.8% (2022: 35.7%)*

	Unaudited 2023 R'000	Unaudited 2022 R'000
SA REIT administration cost-to-income ratio		
Expenses		
Administration expenses as per IFRS income statement	152 781	103 489
Administration costs	152 781	103 489
Rental income		
Contractual rental income per IFRS income statement	996 635	849 716
Gross rental income	996 635	849 716
SA REIT administration cost-to-income ratio#	15.3%	12.2%

\# *Based on rental income. Including ancillary income and management fees the ratio is 13.9% (2022: 11.4%)*

	Unaudited 2023 R'000	Unaudited 2022 R'000
SA REIT GLA vacancy rate		
Gross lettable area of vacant space^	51 900	57 400
Gross lettable area of total property portfolio^	494 900	481 700
SA REIT GLA vacancy rate	10.5%	11.9%

^ *Excludes properties held in joint ventures*

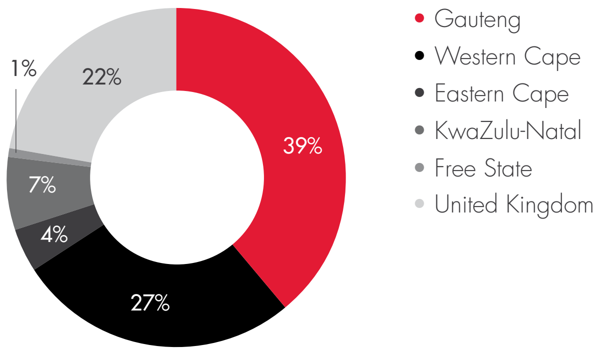
	Unaudited 2023 SA	2023 UK	2022 SA	2022 UK
Cost of debt				
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	9.5%	6.6%	5.9%	3.2%
Fixed interest-rate borrowings				
Weighted average fixed rate	(0.4%)	(0.6%)	0.2%	–
Pre-adjusted weighted average cost of debt:	9.1%	6.0%	6.1%	3.2%
Adjustments:				
Impact of interest rate derivatives	–	(1.3%)	0.4%	0.2%
Impact of interest rate cap	(0.1%)	–	–	–
Impact of cross-currency interest rate swaps	–	0.1%	–	0.1%
Amortisation of raising fees	0.1%	0.4%	0.1%	0.2%
All-in weighted average cost of debt:	9.1%	5.2%	6.6%	3.7%

	Unaudited 2023 R'000	Unaudited 2022 R'000
SA REIT loan-to-value		
Gross debt net of cash held in facilities	3 594 395	2 804 865
Leasehold liabilities relating to investment properties	332 890	271 188
Less:		
Cash and cash equivalents	(355 531)	(222 333)
Derivative financial instruments	(86 009)	(94 262)
Net debt	3 485 745	2 759 458
Total assets – per Statement of Financial Position	12 056 203	10 505 636
Less:		
Cash and cash equivalents	(355 531)	(222 333)
Derivative financial assets	(92 627)	(99 841)
Goodwill and intangible assets	(156 029)	(145 706)
Trade and other receivables	(138 638)	(127 350)
Carrying amount of property-related assets	11 313 378	9 910 406
SA REIT loan-to-value ("SA REIT LTV")	30.8%	27.8%

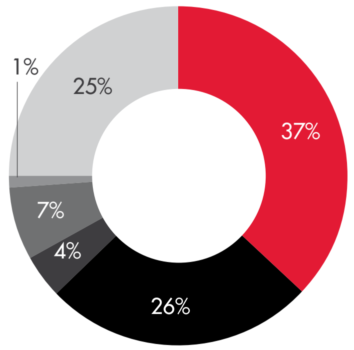
UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2023

1 The total customer base of the group is large and diverse with over 47 100 (2022: 44 800) tenants. Of the 30 300 tenants based in South Africa, 63% (2022: 61%) of the customers are residential users and the remaining 37% (2022: 39%) are commercial users. In the United Kingdom, Storage King has over 16 800 tenants of which 77% (2022: 74%) of the customers are residential users and the remaining 23% (2022: 26%) are commercial users.

2 Geographical representation of the properties by region is set out in the following pie chart:



Geographical representation of the properties by region including properties held in joint venture is set out in the following pie chart:



3 Geographical representation of portfolio by Gross Lettable Area (GLA) and revenue:

Region	GLA* (m^2)	Rental income %
Gauteng	194 900	24.6
Western Cape	131 500	20.0
Eastern Cape	17 800	1.9
KwaZulu-Natal	36 200	6.3
Free State	6 700	0.7
South Africa	**387 100**	**53.5**
United Kingdom	107 800	46.5
Total	**494 900**	**100.0**

* *GLA rounded to nearest hundred. Excludes properties held in Joint Ventures.*

Region	GLA+ (m^2)
Gauteng	194 900
Western Cape	137 700
Eastern Cape	17 800
KwaZulu-Natal	36 200
Free State	6 700
South Africa	**393 300**
United Kingdom	133 000
Total	**526 300**

\+ *GLA rounded to nearest hundred. Includes properties held in Joint Ventures.*

4 The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2023 is R129.1/m^2 (2022: R119.2/m^2), an increase of 8.3%. The weighted average rental per square meter for each region as at 31 March 2023 is set out in the following table:

Region	Rental/m^2
Gauteng	118.0
Western Cape	149.1
Eastern Cape	101.7
KwaZulu-Natal	138.9
Free State	94.8
South Africa	**129.1**

The closing average rental rate of UK properties is £25.1^ per square foot (2022: £23.63^), an increase of 6.2%. 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 2023 is disclosed in the following table:

Region	GLA (m^2)	% Occupied	Vacancy m^2	% Vacant
Gauteng	194 900	91.2	17 100	8.8
Western Cape	131 500	90.4	12 600	9.6
Eastern Cape	17 800	89.9	1 800	10.1
KwaZulu-Natal	36 200	92.8	2 600	7.2
Free State	6 700	89.6	700	10.4
South Africa	**387 100**	**91.0**	**34 800**	**9.0**
United Kingdom	107 800	84.1	17 100	15.9
Total	**494 900**	**89.5**	**51 900**	**10.5**

The occupancy profile by GLA of the portfolio including those held in joint ventures as at 31 March 2023 is disclosed in the following table:

Region	GLA (m^2)	% Occupied	Vacancy m^2	% Vacant
Gauteng	194 900	91.2	17 100	8.8
Western Cape	137 800	90.6	12 900	9.4
Eastern Cape	17 800	89.9	1 800	10.1
KwaZulu-Natal	36 200	92.8	2 600	7.2
Free State	6 700	89.6	700	10.4
South Africa	**393 400**	**91.1**	**35 100**	**8.9**
United Kingdom	133 000	81.6	24 500	18.4
Total	**526 400**	**88.7**	**59 700**	**11.3**

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
2019	9%	2%
2020	6%	(2%)
2021	5%	1%
2022	7%	10%
2023	8%	6%

7 The weighted average annualised property yields based on the forward 12 month net operating income ("NOI"), and assuming a stabilised occupancy level are set out below:

	12 month forward NOI
SA properties	8.83%
UK properties	7.04%

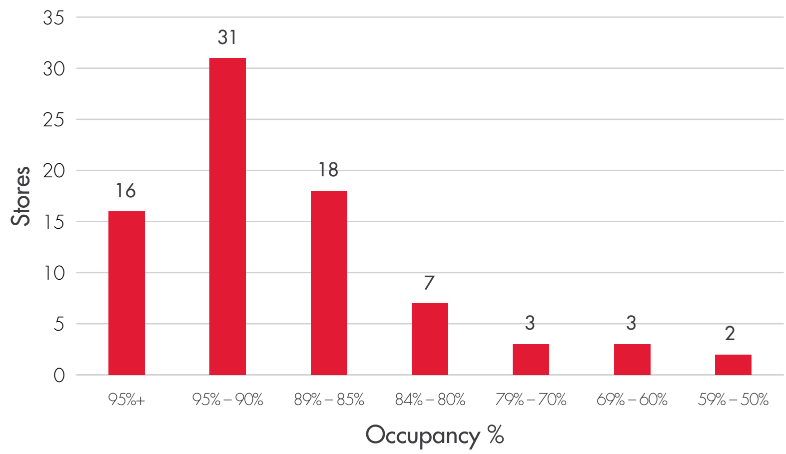
The above yields have been calculated excluding undeveloped land and developments in progress.

8 The tenant base of the group is large and diverse. All leases continue indefinitely unless terminated by providing two weeks' notice. As at 31 March 2023, 71% of existing tenants in South Africa and 73% 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.

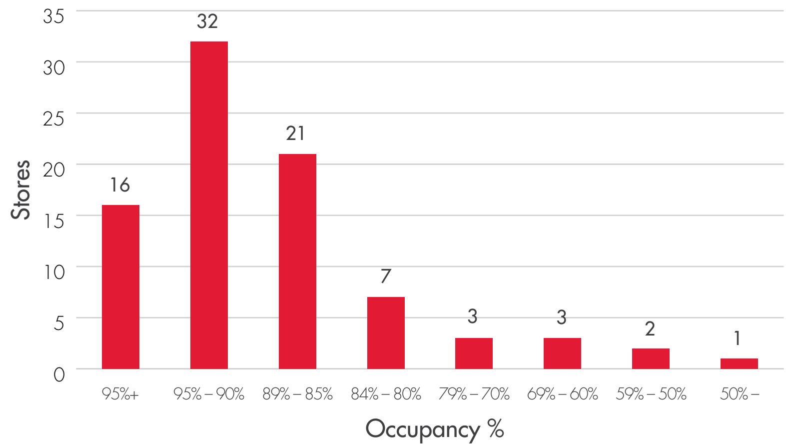
South Africa Tenancy	2023	2022	2021
< 6 months	29%	30%	31%
Between 6 and 12 months	17%	16%	16%
Between 1 and 2 years	20%	20%	21%
Between 2 and 3 years	11%	12%	12%
> 3 years	23%	22%	20%
Total	100%	100%	100%

United Kingdom Tenancy	2023	2022	2021
< 6 months	27%	28%	34%
Between 6 and 12 months	15%	16%	12%
Between 1 and 2 years	16%	18%	14%
Between 2 and 3 years	11%	10%	10%
> 3 years	31%	28%	30%
Total	100%	100%	100%

9 The occupancy profile of the group as at 31 March 2023 is set out in the following bar chart below:



The occupancy profile of the group including those held in joint ventures as at 31 March 2023 is set out in the following bar chart below:



ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2023

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder Spread				
1 – 1 000	6 777	44.48%	1 301 456	0.27%
1 001 – 10 000	6 297	41.33%	24 313 597	5.12%
10 001 – 100 000	1 762	11.57%	50 914 738	10.73%
100 001 – 1 000 000	309	2.03%	100 240 796	21.12%
Over 1 000 000	90	0.59%	297 839 843	62.75%
Total	15 235	100.00%	474 610 430	100.00%
Distribution of Shareholders				
Assurance Companies	75	0.49%	22 667 226	4.78%
Close Corporations	89	0.58%	2 227 303	0.47%
Collective Investment Schemes	277	1.82%	175 537 335	36.99%
Custodians	29	0.19%	8 063 521	1.70%
Foundations & Charitable Funds	153	1.00%	9 553 921	2.01%
Hedge Funds	1	0.01%	10 120	0.00%
Insurance Companies	6	0.04%	639 358	0.13%
Investment Partnerships	34	0.22%	252 458	0.05%
Managed Funds	26	0.17%	1 323 867	0.28%
Medical Aid Funds	16	0.11%	4 241 116	0.89%
Organs of State	7	0.05%	6 608 335	1.39%
Private Companies	375	2.46%	30 121 525	6.35%
Retail Shareholders	12 369	81.19%	57 478 431	12.11%
Retirement Benefit Funds	609	4.00%	122 715 625	25.86%
Scrip Lending	7	0.05%	3 796 425	0.80%
Stockbrokers & Nominees	217	1.42%	2 799 989	0.59%
Trusts	945	6.20%	26 573 875	5.60%
Total	15 235	100.00%	474 610 430	100.00%
Shareholder Type				
Non-Public Shareholders	22	0.14%	34 592 010	7.29%
Directors and Associates	22	0.14%	34 592 010	7.29%
Public Shareholders	15 213	99.86%	440 018 420	92.71%
Total	15 235	100.00%	474 610 430	100.00%

	Number of shares	% of issued capital
Fund Managers With A Holding Greater Than 3% of The Issued Shares		
Public Investment Corporation	56 794 880	11.97%
Old Mutual Investment Group	48 529 850	10.23%
Catalyst Fund Managers	23 051 022	4.86%
Ninety One	21 759 547	4.58%
Meago Asset Management	19 896 905	4.19%
Sesfikile Capital	18 696 961	3.94%
M & G Investments	17 194 111	3.62%
Eskom Pension & Provident Fund	13 084 651	2.76%
Total	219 007 927	46.15%
Beneficial Shareholders With A Holding Greater Than 3% Of The Issued Shares		
Government Employees Pension Fund	56 278 852	11.86%
Old Mutual Group	53 134 923	11.20%
Eskom Pension & Provident Fund	24 528 843	5.17%
Sanlam Group	18 349 888	3.87%
Ninety One	17 826 407	3.76%
Nedbank Group	15 296 270	3.22%
Total	185 415 183	39.08%
Total number of shareholdings	15 235	
Total number of shares in issue	474 610 430	

SHARE PRICE PERFORMANCE

Opening Price 01 April 2022	R14.79
Closing Price 31 March 2023	R12.85
Closing High for period	R15.48
Closing low for period	R12.06
Number of shares in issue	474 610 430
Volume traded during period	120 465 537
Ratio of volume traded to shares issued (%)	25.38%
Rand value traded during the period	R1 652 103 245
Price/earnings ratio as at 31 March 2023	10.02
Earnings yield as at 31 March 2023	9.981
Dividend yield as at 31 March 2023	8.977
Market capitalisation at 31 March 2023	R6 098 744 026

NOTICE OF ANNUAL GENERAL MEETING

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS
ISIN: ZAE000208963
("Stor-Age", the "Company" or the "Group")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the inside back cover during normal business hours from date hereof until Thursday, 31 August 2023.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 21 July 2023 ("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, 31 August 2023 at 14h00 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, 25 August 2023 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 25 August 2023, is Tuesday, 22 August 2023.

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 2023 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 2023 Stor-Age integrated annual report ("the 2023 integrated annual report").

   The 2023 integrated annual report is available on the Company's website: https://investor-relations.stor-age.co.za/iar-2023

2. **Report from the social and ethics committee**
   In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the social and ethics committee will be presented to shareholders at this AGM.

   Voting requirement:
   Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

3. Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director
"Resolved that Mr G A Blackshaw, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as a non-executive director of the Company."

An abridged curriculum vitae of Mr Blackshaw appears in Annexure 1 of this notice of AGM.

4. Ordinary resolution number 2: Re-election of Ms K M de Kock as a director
"Resolved that Ms K M de Kock, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered herself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

5. Ordinary resolution number 3: Re-election of Mr A Varachhia as a director
"Resolved that Mr A Varachhia, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Varachhia appears in Annexure 1 of this notice of AGM.

6. Ordinary resolution number 4: Appointment of Mr A C Menigo as a director
"Resolved that Mr A C Menigo be appointed as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Menigo appears in Annexure 1 of this notice of AGM.

7. Ordinary resolution number 5: Re-appointment of auditor
"Resolved that BDO South Africa Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2024), with the designated partner being Mr B Jackson, until the conclusion of the next annual general meeting of the Company."

8. Ordinary resolution number 6: Election of Ms K M de Kock as member and chair of the audit and risk committee
"Resolved that, subject to the passing of ordinary resolution number 2 above, Ms K M de Kock, being an independent, non-executive director of the Company, be elected as a member and chair of the audit and risk committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

9. Ordinary resolution number 7: Election of Ms P Mbikwana as a member of the audit and risk committee
"Resolved that Ms P Mbikwana, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company with effect from the end of this meeting."

An abridged curriculum vitae of Ms Mbikwana appears in Annexure 1 of this notice of AGM.

10. Ordinary resolution number 8: Election of Mr M P R Morojele as a member of the audit and risk committee
"Resolved that Mr M P R Morojele, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Mr Morojele appears in Annexure 1 of this notice of AGM.

11. Ordinary resolution number 9: General authority to directors to issue shares for cash
"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, as amended from time to time, the Board be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

9.1 the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

9.2 any such issue will only be made to "public shareholders", and to "related parties" on the basis set out in 9.3 hereof, and further as required by the JSE Listings Requirements, as amended from time to time;

9.3 related parties may participate in a general issue for cash through a bookbuild process provided that

9.3.1 the approval by shareholders expressly affords the ability to the Company to allow related parties to participate in a general issue for cash through a bookbuild process,

9.3.2 related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares,

9.3.3 equity securities must be allocated "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

9.4 this authority will only be valid until the Company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this AGM);

9.5 issues of ordinary shares during the validity period of this resolution may not exceed 23 730 521 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

9.5.1 any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above;

9.5.2 in the event of a sub-division or consolidation of issued equity securities during the validity period of this resolution contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;

9.5.3 any such general issues are subject to exchange control regulations and approval at that point in time;

9.6 after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, and in respect of the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share) and the intended use of the funds;

9.7 in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 9 regarding the general authority to issue shares for cash.

12. Advisory endorsement: Endorsement of remuneration policy
To consider the non-binding advisory votes set out below thereby providing the Company with the views of the shareholders regarding the

- Remuneration Policy contained in the Remuneration Committee Report; and
- Implementation Report in regard to the Remuneration Policy

General approval of the Company's Remuneration Policy and Implementation Report (non binding advisory votes 1 and 2)

Non-binding advisory vote 1 – approval of Company's remuneration policy
"RESOLVED THAT the Company's Remuneration Policy, as set out in the Remuneration Committee Report contained in the 2023 integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – approval of Company's remuneration implementation report
"RESOLVED THAT the Company's Implementation Report in regard to its Remuneration Policy, as contained in the 2023 integrated annual report, be and is hereby endorsed by way of a non-binding advisory vote."

13. Special resolution number 1: Remuneration of non-executive directors for their services as directors for the 2024 financial year
"Resolved that
in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their services as directors and which is proposed to be paid for the financial year ending 31 March 2024, monthly in arrears, with effect from 1 April 2023, 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)	840 000	315 000
Audit and risk committee	204 750	136 500
Investment committee	n/a	126 000
Remuneration committee	94 500	63 000
Social and ethics committee	94 500	63 000

In accordance with the above schedule, the board chair (Mr G A Blackshaw) will 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.

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 2023 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 14h00 on Tuesday, 29 August 2023. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the AGM.

GENERAL
Electronic Participation
Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the AGM by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the Vineyard Hotel, Colinton Road, Newlands (which is the location for the AGM); and
- at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg

Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the AGM. The above-mentioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the AGM. The real-time telephonic conference call facility will enable all persons to participate electronically in the AGM in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the Board

H H-O Steyn
Company Secretary
31 July 2023

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)

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY

Re-election of directors retiring at the AGM – ordinary resolutions number 1 to 3

In accordance with clause 26.3 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election and, in accordance with clause 26.4 of the Company's memorandum of incorporation, any appointments made by the Board during an interim period must be confirmed at the immediately following annual general meeting. In accordance with these provisions, it has been determined that Messrs G A Blackshaw, A C Menigo and A Varachhia and Ms K M de Kock are due to retire from the Board.

The directors of the Company have reviewed the composition of the Board against corporate governance and transformation requirements and have recommended the re-election of the directors listed above. It is the view of the Board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and contribute to the requirements of transformation, continuity and succession planning; and
- enhance corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board

In addition, the directors of the Company have considered the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the Board. The Board is satisfied that the performance of the existing directors continues to be effective and to demonstrate commitment to their roles. Accordingly, the Board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1, 2, 3 and 4, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged curricula vitae of the retiring directors appear in Annexure 1 of this notice of AGM.

Re-appointment of auditor – ordinary resolution number 5

BDO South Africa Inc. ("BDO") has indicated its willingness to continue in office and ordinary resolution number 5 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 8 June 2023, 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 2024. On 14 June 2023 the Board confirmed its support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of BDO and Mr B Jackson respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Furthermore the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that BDO, the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

Election of audit and risk committee members – ordinary resolutions numbers 6 to 8

In terms of section 94(2) of the Act, the audit and risk committee is not a committee of the Board, but a committee elected by the shareholders at each annual general meeting. The Act requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit and risk committee members.

In terms of the Regulations of the Act, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the curricula vitae of the proposed members, they have experience in, among others, audit, accounting, economics, commerce and general industry.

At a meeting of the Board held on 14 June 2023 the Board satisfied itself that, among others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King IV;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set.

General authority to directors to issue shares for cash – ordinary resolution number 9

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

The existing general authority granted by the shareholders at the previous annual general meeting, held on 1 September 2022, will expire at the AGM to be held on 31 August 2023, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited to 5% of the issued share capital as set out in the resolution.

Endorsement of remuneration policy and implementation report – advisory endorsements number 1 and number 2

King IV recommends that the Company's Remuneration Policy be disclosed in three parts every year, namely:

- a background statement,
- an overview of the Remuneration Policy,
- an Implementation Report,

and that shareholders be requested to pass separate non-binding advisory votes on the Remuneration Policy and the Implementation Report at the AGM.

Voting on the two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The remuneration committee prepared and the Board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2023 integrated annual report.

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report as set out in paragraph 12 of the AGM notice.

Remuneration of non-executive directors for their services as directors for the year ending 31 March 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 services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation.

At the annual general meeting held on 1 September 2022, shareholders approved the non-executive directors' remuneration for the ensuing twenty four months and, as a result, it is necessary to review that approved remuneration basis in respect of the second twelve month period, for the financial year ending 31 March 2024. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2024, therefore proposes an adjustment to the remuneration previously approved at the annual general meeting held on 1 September 2022 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 27.4 of the annual financial statements, and also in the remuneration committee report which is included in the 2023 integrated annual report, available on the Company's website.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

Authority to provide financial assistance to subsidiary companies – special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to 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 1 September 2022 will only expire at the 2024 AGM, it is considered good practice to renew this authority on an annual basis, i.e. at the 2023 AGM to be held on 31 August 2023, and special resolution 2 will therefore be appropriately renewed.

General authority to repurchase ordinary shares – special resolution number 3

The directors wish to be in a position, if and when circumstances are favourable, to have the ability to acquire Stor-Age shares at market prices if deemed advisable by the Board. It is envisaged that opportunities may present themselves in the share market where it may be deemed beneficial for the Company to acquire its own shares.

For these reasons, directors would like shareholder authority to enable acquisitions of Stor-Age shares. As set out in the proposed resolution, such authority will be subject to clearly defined restrictions to ensure compliance with all statutes as laid down by the Act and the JSE Listings Requirements. The Act stipulates that a special resolution is required in order to authorise the Company to purchase its own shares.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   - 4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
   - 5.1. stated in the revocation instrument, if any; or
   - 5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   - 6.1. the shareholder, or
   - 6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   - 8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2. the company must not require that the proxy appointment be made irrevocable; and
   - 8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

FORM OF PROXY

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
("Stor-Age" or the "Company")

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the company to be held at 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 31 August 2023 at 14h00.

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:

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

	Resolutions	Number of shares		
		In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director			
2	Ordinary resolution number 2: Re-election of Ms K M de Kock as a director			
3	Ordinary resolution number 3: Re-election of Mr A Varachhia as a director			
4	Ordinary resolution number 4: Appointment of Mr A C Menigo as a director			
5	Ordinary resolution number 5: Re-appointment of BDO South Africa Inc. as auditor			
6	Ordinary resolution number 6: Election of Ms K M de Kock as a member and the chair of the audit and risk committee			
7	Ordinary resolution number 7: Election of Ms P Mbikwana as a member of the audit and risk committee			
8	Ordinary resolution number 8: Election of Mr M P R Morojele as a member of the audit and risk committee			
9	Ordinary resolution number 9: General authority to directors to issue shares for cash			
10	Non-binding advisory votes:			
	1. endorsement of remuneration policy; and			
	2. endorsement of the implementation report			
11	Special resolution number 1: Remuneration of non-executive directors for their services as directors (2024 financial year)			
12	Special resolution number 2: General authority to provide financial assistance to subsidiary companies			
13	Special resolution number 3: General authority to repurchase ordinary shares			

Signature ______________________________

Signed at ____________________ on ____________________ 2023

Assisted by (where applicable) (full name) ______________________________

Signature ______________________________

Date ____________________ Capacity ____________________

INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration must be signed, not initialled.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 14h30 on Tuesday, 29 August 2023. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the annual general meeting.

Hand deliveries to:
Computershare Investor Services (Pty) Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
Email:
Proxy@computershare.co.za

Postal deliveries to:
Computershare Investor Services (Pty) Limited
Private Bag X9000
Saxonwold
2132

ANNEXURE 1

CV'S OF DIRECTORS FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT AND RISK COMMITTEE

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.

KELLY DE KOCK – CA(SA), CFA, MBA (UCT)

Joined the board in May 2018.

Kelly specialises in the areas of corporate finance, investor relations, business development and operations. She has more than 17 years' commercial experience in the financial services sector and is currently Chief Operating Officer and director of Private Clients at Old Mutual Wealth. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly was also previously the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and Western Cape Provincial Chairperson.

ABU VARACHHIA – BSC (SA)

Joined the board in January 2021.

Abu has more than 32 years of business experience, having previously served on the boards of JSE listed companies Spearhead Property Holdings Limited, Ingenuity Property Investments Limited and Mazor Group Limited as a non-executive director at each. Abu holds a Bachelor of Science degree (Quantity Surveying) and is currently the non-executive chairman of Spear REIT Limited. Abu has held numerous other leadership positions including chairman of LDM Quantity Surveyors, vice-president of the South African Council for the Quantity Surveying Profession, chairman of the Black Technical and Allied Careers Organisation and chairperson of the Build Environment Advisory Committee for the 2004 Olympic Bid.

ALAN MENIGO – CA(SA)

Joined the board in January 2023.

With over 15 years of commercial and listed property experience in the financial and operational spheres, Alan's skillsets include the full spectrum of development expertise, property and financial management, as well as mergers and acquisitions. Alan currently serves as the Chief Operating Officer of Rapfund Investments (Pty) Limited and was previously the Chief Financial Officer of JSE listed property unit trust Fountainhead Property Trust, prior to its acquisition by Redefine. A chartered accountant by profession, Alan also worked in the New York office of KPMG in their Transaction Services Division.

PHAKAMA MBIKWANA – BCOM, IEDP (DUKE)

Joined the board in May 2018.

Phakama has over 20 years' experience in the financial services sector, of which 15 were 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 is also an independent non-executive director of BKB Limited.

MNTUNGWA MOROJELE – MBA (UCT), CA (LESOTHO), MSA (GEORGETOWN), BSC (CHARLESTOWN)

Joined the board in September 2020.

Mntungwa has more than 35 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 previously worked at the Tourism Investment Corporation (Tourvest) and served on the boards of Verifone Africa (Pty) Ltd, Capital Eye Investments Limited (previously the UCS Group Limited) and the boards of some of its subsidiaries.

ADMINISTRATION

Stor-Age Property REIT Limited
Reg No. 2015/168454/06
Incorporated on 25 May 2015
Approved as a REIT by the JSE
Share Code: SSS ISIN: ZAE000208963
("Stor-Age" or "the Group" or "the Company")

Registered office
216 Main Road
Claremont
7708

Directors
GA Blackshaw (Chairman)•, GM Lucas (CEO)*, JAL Chapman#, KM de Kock#, SJ Horton*, SC Lucas (CFO)*+, P Mbikwana#, AC Menigo# (appointed 23 January 2023), MPR Morojele#, A Varachhia#

• *Non-executive*
\# *Independent non-executive*
* *Executive*
\+ *British citizen*

Company secretary
HH-O Steyn

Transfer secretaries
Computershare Investor Services Proprietary Limited
2nd Floor
Rosebank Towers
15 Biermann Avenue
Rosebank

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandton

16973

stor-age

self storage

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