ACCOUNTABILITY AND SUSTAINABILITY

CORPORATE GOVERNANCE

AUDIT AND RISK MANAGEMENT REPORT

REMUNERATION COMMITTEE REPORT

SOCIAL AND ETHICS COMMITTEE REPORT

INVESTMENT COMMITTEE REPORT

ACTING SUSTAINABLY

ACCOUNTABILITY AND SUSTAINABILITY

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 company'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
COVID-19 response plan	Oversaw the rapid development of a COVID-19 response plan and the implementation of the company's business continuity plans to ensure a seamless continuation of operations.
Transformation	Guiding its transformation objectives, the board continued with the implementation and update of its rolling three-year Transformation Plan, developed in line with the Property Sector Code.
Disciplined execution of the five-year property growth strategy to 2020	Oversaw the continued execution of the group's property growth strategy. This included the ongoing development of Cresta and Tygervalley and the acquisition of the newly-built Craighall property in South Africa, as well as the acquisition of the five-property Flexi Store portfolio in the UK.
Research and development of the five-year property growth strategy to 2025	Oversaw the research and composition of the group's property growth strategy. This included the completion of a number of research projects, including an updated South African supply study, detailed customer profiling of the existing tenant base, research to obtain a better understanding of South Africa's new emerging middle class, as well as researching and selecting relevant self storage demand per capita statistics from more developed international self storage markets.
Launching a third-party management platform in the UK market	Oversaw the launch in September 2019 of "Management 1st" in the UK, our comprehensive third-party management solution offered to independent operators, developers and private equity owners in the burgeoning UK self storage market. While Management 1st provides an attractive management option for smaller property owners, it enables Storage King to leverage its existing operations infrastructure to earn additional revenue streams and expand the brand's reach while also providing a natural acquisitions pipeline over the medium to long-term.

CORPORATE GOVERNANCE (continued)

Board focus areas	Actions undertaken by the board and its subcommittees
Forming a UK-focused development joint venture ("JV") with UK-based private equity funders	Provided input and guided management on the identification, engagement and selection of a private equity partner to form a UK-focused development JV. In March 2020, the group entered into a non-binding Heads of Terms with a UK-based specialist private equity group to form a JV to develop a five to seven asset portfolio with a gross asset value of approximately £50 million. Finalisation of legal agreements is currently still in progress. Our UK property growth strategy includes acquiring existing trading self storage properties from third-parties, new developments and the introduction of Management 1st.
Managing changes to the composition of the board	During the period Paul Theodosiou retired from the board. A new lead independent non-executive director, John Chapman, was appointed simultaneously. Graham Blackshaw, a long-standing and experienced board member, was appointed to the position of chairman.
Implementation of a multiyear digital strategy	Oversaw the implementation of a multiyear digital strategy. This strategy guides Stor-Age's digital transformation over the medium-term, ensuring that we remain responsive to shifting consumer trends and the pace of technological change, as well as guiding investment in digital technology. During the year the South African customer-facing website, along with the entire back-end management system, including the company intranet and our bespoke customer relationship management platform, was rebuilt in the Microsoft supported Azure cloud environment. This allows for a more robust, secure and agile operating platform to support the development of new business enhancing software.
The roll-out of solar technology for three-phase power generation	The board remains committed to investing in sustainable power solutions through solar technology for three-phase power generation. A total of 13 properties have successfully been fitted with these systems, generating a total of over 614 000 kWh and reducing CO_2 emissions by 510 tonnes. An additional six properties have been targeted for solar power installation – increasing the combined systems' capacity to an estimated 555 kW.
Enhanced security improvements	The board remains committed to ensuring the continued safety of our customers, their goods and our staff. Forming part of this focus, during the period we continued to implement enhanced security features across the South African portfolio. This included a further roll out of offsite CCTV monitoring and linked alarm systems, as well as the installation of individual unit door alarms as a standard design feature at all newly developed properties.

GOVERNANCE STRUCTURE

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

BOARD

Gavin Lucas (CEO)
Stephen Lucas (FD)
Steven Horton (Executive director)
Gareth Fox**[1]
Sello Moloko**
Graham Blackshaw* (Chairman)
Kelly de Kock**
Phakama Mbikwana**
John Chapman**

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE
See full report on pages 62 to 65	See full report on pages 66 to 77	See full report on page 78 and 79	See full report on page 80
MEMBERS	**MEMBERS**	**MEMBERS**	**MEMBERS**
Gareth Fox** (Chair) Kelly de Kock** Sello Moloko**	Kelly de Kock** (Chair) Graham Blackshaw* Gareth Fox**	Phakama Mbikwana** (Chair) Graham Blackshaw* Sello Moloko**	Graham Blackshaw* (Chair) John Chapman** 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 company's social and ethical responsibilities.	Assists with decision-making regarding the acquisition, development or disposal of property assets.
Focus areas during the year			
Implementation and adherence to King IV.	Implementation of the CSP. Review of executive director remuneration structures.	Implementation of the Transformation Plan. Overseeing the development and implementation of the COVID-19 response plan.	Local market acquisitions and developments, launching Management 1st in the UK and entering a Heads of Terms to form development JV in the UK. Roll-out of solar technology for three-phase power generation.
Non-executive directors			
3/3	3/3	3/3	2/4

* *Non-executive director.*
** *Independent non-executive directors.*
[1] *Resigned from the board on 30 June 2020.*

For more information on the qualifications and experience of subcommittee members, refer to pages 58 and 59.

CORPORATE GOVERNANCE (continued)

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

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

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

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

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

KING IV

In 2019 we implemented the King IV Report on Corporate Governance for South Africa, 2016 (King IV) after thorough consideration of the recommended practices. As a relatively young and growing business, we continue to evolve our corporate governance practices, policies and procedures in tandem with our business, taking guidance from the recommended practices outlined in King IV.

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

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

"As a relatively young and growing business, we continue to evolve our corporate governance practices, policies and procedures in tandem with our business, taking guidance from the recommended practices outlined in King IV."


stor-age
self storage

CORPORATE GOVERNANCE (continued)

BOARD AND SUBCOMMITTEE MEETINGS

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

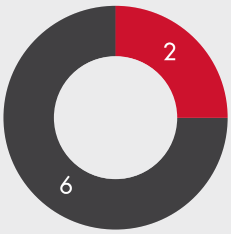
Director	Sub-committees	Meetings attended	Meetings eligible	% attend-ance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remune-ration committee
Paul Theodosiou (Resigned)**	ARC; RC; IC	11	11	100%	3	2		5	1
Graham Blackshaw (Chair)*	IC; SEC	13	13	100%	4		2	7	
John Chapman (lead independent)**	IC	3	3	100%	1			2	
Kelly de Kock**	ARC; RC	8	8	100%	4	3			1
Gareth Fox**	ARC; RC	6	8	75%	4	1			1
Phakama Mbikwana**	SEC	6	6	100%	4		2		
Sello Moloko**	ARC; SEC	6	9	67%	3	3	0		
Gavin Lucas***	IC; SEC	13	13	100%	4		2	7	
Stephen Lucas***		4	4	100%	4				
Steven Horton***	IC	11	11	100%	4			7	
Actual attendance		81			35	9	6	28	3
Eligible attendance			86		36	11	8	28	3
% attendance				94%	97%	82%	75%	100%	100%

* *Non-executive director*
** *Independent non-executive director*
*** *Executive director*

COMPOSITION OF THE BOARD

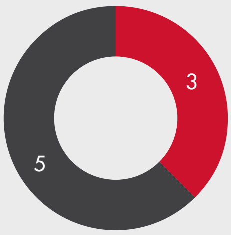
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the company. However, it seeks to continue to further improve diversity.

GENDER DIVERSITY



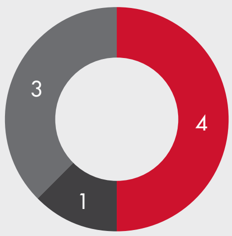
- Female
- Male

RACIAL DIVERSITY



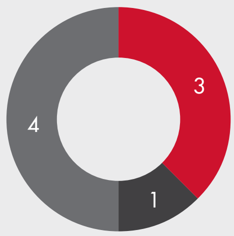
- Black
- White

DIRECTORS



- Independent
- Non-executive
- Executive

AGE



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

BOARD SKILL SET AND EXPERTISE (NUMBER OF DIRECTORS)

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

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

"We strive to continue increasing racial diversification at board level. Our Transformation Plan is critical in assisting us to implement a broad-based strategy to achieve sustainable business transformation."

CORPORATE GOVERNANCE (continued)

DIRECTORS

EXECUTIVE DIRECTORS

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

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.

Appointed to the board in November 2015.

Stephen Lucas Financial director – CA(SA), CFA

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

Appointed to the board in November 2015.

Steven Horton CA(SA)

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. Steven drives Stor-Age's acquisition and expansion efforts in South Africa and the UK.

Appointed to the board in November 2015.

NON-EXECUTIVE DIRECTOR

Graham Blackshaw Chairman – BA LLB

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 board in November 2015 and the position of chairman in January 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

John Chapman BSc

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

Appointed to the board and position of lead independent in January 2020.

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

Sello is the co-founder and executive chairman of Thesele Group, a wholly black owned diversified investment holding company, and has a wealth of business experience gained over more than 28 years in financial services (investment management and employee benefits). Outside of the Thesele Group, Sello holds the position of independent non-executive chairman of Telkom SA SOC Limited and Guardrisk Group. He also currently serves as non-executive director of Prudential Investment Managers, Momentum Metropolitan Holdings, Momentum Metropolitan Life and DG Capital. Sello is a trustee of the UCT Foundation and the Nelson Mandela Foundation, where he chairs the investment committee.

Appointed to the board in November 2015.
Appointed to the audit and risk committee in November 2015.

Phakama Mbikwana BCom

Phakama Mbikwana has over 18 years' experience in the financial services sector, of which 15 was spent in the commercial and investment banking industry. Prior to pivoting and focusing on building Dandelion Capital (Pty) Ltd, a 100% women-owned investment holding company, she was the CEO of Africa Rising Capital (Pty) Ltd.

She has also previously held roles at Barclays Africa Group as a head of construction, Standard Bank Group, Investment Solutions (Alex Forbes Multi-Asset Manager) and Nedbank Corporate. She also holds the role of an independent non-executive director on the boards of Wits Health Consortium Proprietary Limited and the National Stokvel Association of South Africa Co-operative Limited.

Appointed to the board in May 2018.

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

Kelly is specialised in the areas of corporate finance and investor relations, as well as business development and operations. She has more than 14 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer of Old Mutual Wealth's International and Private Client Capabilities. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc. Kelly is the Secretary-General of the Association of Black Securities and Investment Professionals (ABSIP) and previously held the position of Western Cape Provincial Chairperson.

Appointed to the board in May 2018.
Appointed to the audit and risk committee in August 2018.

Gareth Fox CA(SA)

Gareth is the chief operating officer of Western National Insurance Company Limited. He originally completed his articles in financial services at PwC and thereafter headed up the regulatory reporting and tax teams at Santam. He has sat on the South African Insurance Association taxation subcommittee and the Financial Services Board's SAM discussion group.

Appointed to the board in November 2015.
Appointed to the audit and risk committee in November 2015.
Resigned from the board on 30 June 2020.

CORPORATE GOVERNANCE (continued)

BOARD RECRUITMENT AND TRAINING

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

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

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

BOARD ROTATION

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 212.

BOARD ETHICS AND EFFICIENCY

During the course of the year KPMG Inc. oversaw a detailed board self-evaluation and peer review process. The board is satisfied that the self-evaluation conducted during the year improved its performance and the effectiveness of the governing body. Read more in the Chairman's letter from page 7.

COMPANY SECRETARY

The board is assisted by a suitably qualified company secretary, Henry Steyn, CA(SA) who has adequate experience, is not a director of the company and who has been empowered to fulfil his duties. The company secretary advises the board on appropriate procedures for managing meetings and ensures the corporate governance framework is maintained.

The directors have unlimited professional access to the company secretary. Nothing has come to the attention of the board that indicates non-compliance by the company with applicable laws and regulations.

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

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

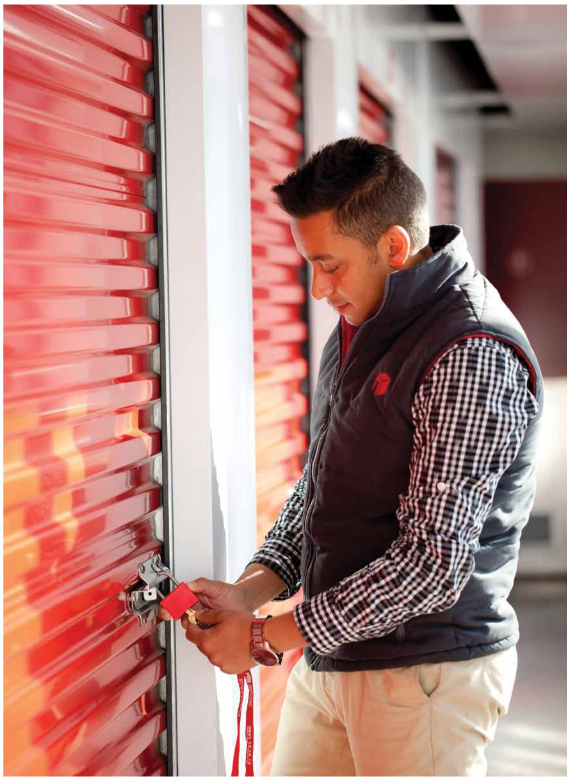
IT GOVERNANCE

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

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

We periodically restore daily backups to confirm the validity of the backup and that there was 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.

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



EXTERNAL AUDIT

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

APPROACH TO COMPLIANCE

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

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

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

Key areas of focus during the year included the continued focus on our Transformation Plan. The Protection of Personal Information Act, the Consumer Protection Act and the Property Sector Code remain areas of focus for the upcoming year.

AUDIT AND RISK MANAGEMENT REPORT

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

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

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

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

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

KEY RISKS AND EFFECTIVE MITIGATORS

Key risks	Mitigators	Risk trend (impact and likelihood)
1. Global pandemic – COVID-19 A global pandemic such as COVID-19 may result in increased risk of financial loss as a result of specific risk mitigation measures and practices undertaken, the direct and indirect negative impact on the economy, as well as the risk of staff contracting the virus.	• Entered current downcycle from a position of strength – strong balance sheet position and mature occupancies across South African and UK portfolios. • No tenant concentration risk – c. 35 000 tenants. • Strong liquidity position as at March 2020 – approximately R246 million in cash and R658 million of undrawn credit facilities. • Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types. • All head office and contact centre employees were provided with the means to continue working from home. • Stable and continued operations under strict operating conditions, ensuring that all properties in South Africa and the UK remained accessible throughout the lockdown.	Increasing
2. Treasury risk Adverse interest rate movements could result in the cost of debt increasing.	• Gearing of 30.1% on a net-debt basis as at 31 March 2020 remains comfortably within our target range of 25-35%. Our total undrawn borrowing facilities amount to R658 million. • Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly. • We are highly cash generative, and debt is serviced by our strong operational cash flows. • Details of our hedging positions are set out in the financial review section from page 40.	Stable
3. Weak/negative economic growth Macroeconomic weaknesses could inhibit the self storage market's growth in line with our projections, resulting in reduced demand and lower income.	• A needs-driven product for life-changing events which prevail in all economic cycles. • A prime portfolio of properties. • Focus on large economically resilient metropolitan cities in South Africa and key towns in the UK where growth drivers are strongest and barriers to competition are at their highest. • Strong operational management and platform. • Continuing innovation to deliver high levels of customer service. • Strong cash flow generation, high operating margins, low gearing and conservative hedging policies. • c. 35 000 tenants spread across a geographically diversified South African footprint (developing market) and the UK (first-world market). • A tested strategic development process that draws on internal analyses, independent research, global trends and best practice.	Increasing
4. Acquisition risk An inability to successfully integrate new acquisitions could result in lost income.	• We have established internal work streams to discuss and address challenges, as well as detailed growth strategies for our South African and UK operations. • We focus on managing leadership changes to ensure minimal disruption to the existing businesses.	Decreasing

AUDIT AND RISK MANAGEMENT REPORT (continued)

Key risks	Mitigators	Risk trend (impact and likelihood)
5. Operating in an offshore jurisdiction Storage King in the UK exposes the group to currency, interest rate and tax risk that may impact or result in the variability of earnings. The withdrawal of the UK from the EU may create uncertainty in the UK economy. This could negatively impact trading conditions in the short to medium-term.	• Hedging policies with respect to the repatriation of foreign earnings are in place. • GBP interest rate risk is currently fixed at 82% of net debt. • We consulted with professional advisors to ensure tax compliance in the UK. • The UK management team remain in place post the acquisition and co-invested in Storage King.	Stable
6. Property investment and development An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.	• Eight additional development opportunities have been secured in the pipeline. • Entered a Heads of Terms to form UK-focused development JV. • The fragmented South African and UK self storage markets potentially provide further acquisition opportunities. • We acquired six trading self storage properties during the year (SA: 1, UK: 5).	Decreasing
7. Valuation risk External market factors, including the negative economic impact of COVID-19 and the related government lockdowns, or poor performance may lower our properties' values.	• Independent valuations are conducted by experienced independent, professionally qualified valuers. • A diversified portfolio is let to a large number of tenants in South Africa and the UK. • Low levels of gearing provide enhanced headroom on valuations and significantly reduce the likelihood of covenant breach. • Self storage has traditionally been highly resilient in constrained economic environments. • Occupied space in our South African and UK portfolios increased in the three month period post year end. • Conservative valuation assumptions are used.	Increasing
8. Human resource risk Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel and, consequently, lower performance.	• Competitive remuneration packages and financial rewards. • Learning and development programme with performance reviews to develop employees to their highest 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 introduced in 2019.	Stable
9. Utility costs Significant increases in utility costs, particularly property taxes and electricity, may put pressure on operating margins.	• Electricity and water usage is monitored monthly. • We use external professionals to assist with monitoring and objecting to valuation revisions where necessary. • We make use of energy-efficient lighting and collect and reuse rainwater for irrigation. • Solar technology has been installed at 13 properties in South Africa generating a total of over 614 000 kWh.	Increasing

Key risks	Mitigators	Risk trend (impact and likelihood)
10. Credit risk The group is exposed to tenants' credit risk, which may result in a loss of income. This risk may be increased as a result of the negative economic impact of COVID-19 and the related government lockdowns.	• The majority of customers are required to pay a deposit on move-in in South Africa. • Our diversified tenant base reduces material exposure risk. • 70% and 95% of our current customers in South Africa and the UK respectively pay by debit order or equivalent (certain commercial customers are permitted to pay monthly in advance by electronic funds transfer (EFT), and a segment of the customer base was inherited in previous acquisitions where payment by debit order was not required). • We collected 93% and 98% of rental due in South Africa and the UK respectively in the three-month period post year end. • Clearly defined policies and procedures are in place to collect arrear rentals. • A central team of collection specialists in South Africa assists each store with arrears. • Additional team members were allocated to the task of collections as a result of the COVID-19 crisis.	Increasing
11. Ransomware and cyber security An increase in cyber breach incidents as a result of the further adoption of a remote working environment.	• Daily backups are periodically restored to confirm the validity of the backup and that there was no data corruption. • To ensure maximum uptime, each location joined to the network has a primary and secondary last mile connection. • Internal and external users are continuously monitored to ensure the most effective use of resources and to limit the opportunity to breach the group's cyber defences. • To stay abreast of leading best practice and to remain relevant in the use of technology, suppliers and network design are reviewed on a regular basis. • External specialists are appointed by the board when considered necessary.	Increasing

LOOKING AHEAD

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

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

The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act, 71 of 2008, as amended. The directors have further satisfied themselves that the company 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.

Gareth Fox
Audit and risk committee Chairman
22 June 2020

REMUNERATION COMMITTEE REPORT

1 PART ONE BACKGROUND STATEMENT

INTRODUCTION

The remuneration committee is pleased to present the Stor-Age remuneration report for the year ended 31 March 2020. This report is aligned to best practice, taking into account King IV and the JSE Listings Requirements.

We have presented the remuneration report in three parts:

Part 1	This background statement contains the chair's statement, providing context on the decisions and considerations taken during the reporting year which influenced the remuneration outcomes.
Part 2	We set out our remuneration philosophy and policy.
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.

Macroeconomic conditions in the 2020 financial year remained challenging. Despite these challenges Stor-Age delivered a set of strong trading results, as set out in the CEO's report and Financial Review from page 32, reflecting growth in all of its key operating metrics. The executive and senior management team continue to execute the vision and strategy of the company with considerable success delivering sustainable earnings growth and maximising shareholder return.

Much of this success can be attributed to our sector specialisation and the development of talent and skills within the organisation over many years. Our approach to remuneration, focusing on competitive, fair and market-related remuneration policies, will play a critical role in incentivising employees who are critical to achieving our long-term goals and aspirations.

FOCUS AREAS DURING THE YEAR

During the year, the remuneration committee:

- reviewed the current remuneration structures and remuneration mix of the executive and considered the introduction of a short-term incentive plan;
- implemented the Conditional Share Plan ("CSP") as approved by the shareholders and approved CSP awards to participants;
- engaged with shareholders regarding the remuneration policy and implementation thereof;
- carefully considered shareholder feedback after the 2019 AGM and responded as necessary;
- conducted an internal remuneration benchmarking exercise comparing the remuneration of executive directors to other companies in the listed REIT sector;
- reviewed executive directors' total remuneration, and considered salary increases against the market, as well as company and individual performance;
- reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors;
- introduced a minimum shareholding requirement policy for the executive directors; and
- reviewed and approved the 2020 remuneration report.

LOOKING AHEAD

Stor-Age has endeavoured to offer a remuneration policy for its executive directors which is fair, competitive and affordable for the company. However, the level of executive remuneration, most notably salary levels and the lack of a short-term incentive plan, remains significantly lower than its peers in the listed REIT sector. Although some improvement was made in this respect in 2020, it remains a primary area of focus for the remuneration committee to review and consider the overall level of executive remuneration to ensure it is market related and reflective of the roles and responsibilities performed.

In the 2019 report, the remuneration committee undertook to consider the introduction of a short-term incentive scheme for the executive directors for the 2021 financial year. The outbreak of the COVID-19 pandemic has put the global economy into unprecedented times and it remains too early to accurately assess the full impact the pandemic will have on our business. It is within this context that the remuneration committee has decided to defer any decisions on the implementation of a short-term incentive plan until the second half of the 2021 financial year. In addition, both the executive and non-executive directors have agreed to waive any increases to their respective remuneration for the year ending 31 March 2021.

CONCLUSION

At the annual general meeting ("AGM") held in 2019 our remuneration policy achieved a non-binding advisory vote of 80.7% in its favour, while the remuneration implementation report received a vote of 80.6% in its favour.

In line with King IV, Stor-Age will table the remuneration policy and implementation report for two separate non-binding advisory votes at the 2020 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 remuneration 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 27 August 2020.

Kelly de Kock
Remuneration committee Chair
22 June 2020

2 PART TWO THE REMUNERATION POLICY

This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 27 August 2020.

REMUNERATION GOVERNANCE

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

- oversee the board's formulation, review and approval of the remuneration policy for employees and executive directors in line with Stor-Age's strategic objectives;
- assist the board to ensure that executive directors are remunerated fairly and responsibly and in line with remuneration for employees throughout Stor-Age;
- ensure that the mix of fixed and variable pay in cash, shares and other elements meets the company's needs and strategic objectives;
- consider and approve the long-term incentive allocations and awards for the CSP for the executive directors and other staff;
- approve the executive directors' basic salary and increases thereto, as well as approving the increases for employees throughout Stor-Age;
- approve remuneration payable to non-executive directors in their respective roles as members of the board and its subcommittees;
- oversee the preparation of the remuneration report to ensure that it is clear, concise and transparent; and
- ensure that the remuneration policy and implementation report be put to two non-binding advisory votes by shareholders and engage with shareholders and other stakeholders on the company's remuneration philosophy.

The remuneration committee members are listed on page 53 and their meeting attendance on page 56.

All members of the remuneration committee are independent non-executive directors. Other board members, external consultants and key individuals may attend remuneration committee meetings by invitation and contribute to remuneration-related matters. However, they may not vote on any matters. The remuneration committee chair reports to the board following each meeting of the remuneration 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.

REMUNERATION STRUCTURE

Taking into account market trends and competitiveness, the remuneration committee and the board review the appropriate remuneration mix to ensure it supports Stor-Age's strategic objectives. Currently, the remuneration mix for executive directors consists of a basic salary and participation in the CSP, details of which are set out below.

Basic salary

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

Benchmarking exercises may be conducted by the remuneration committee to ensure that the company's remuneration policy, compensation packages and pay mix are market related, competitive and appropriate within the market in which it operates. The last external benchmarking analysis was undertaken in the 2019 financial year.

Short-term incentive ("STI")

The executive directors do not currently participate in any STI. As set out in the chair's statement, a focus area for the remuneration committee is to consider introducing an appropriate STI.

Long-term incentive

On 19 February 2019 shareholders approved the company's CSP. The CSP is an equity-settled long-term incentive plan which will provide employees with the opportunity to be awarded shares in the form of a conditional right to acquire shares in Stor-Age. Participants can share in the success of the company and will be incentivised to deliver on the business strategy of Stor-Age over the long-term. This will provide direct alignment between the participants – executive directors and key employees – and shareholders.

The salient features of the CSP are set out below:	
Purpose	Incentivise, motivate and retain select employees through the award of conditional shares, the vesting of which is subject to continued employment over the vesting period.
Participants	All permanent employees are eligible to participate, subject to the discretion of the remuneration committee. Although principally intended for senior management and executives, participants will also include operations managers at a property level and staff at a mid-management level who are integral to the company's growth. To be considered for participation, an employee must have been employed by the company for a minimum of 12 months (unless exceptional circumstances apply) and have achieved an above-average performance rating as part of the annual performance appraisal process.
Award components	Performance shares – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period; and Retention shares – vesting subject to the satisfaction of continued employment for the vesting period. The retention share component will not exceed 25% of the total award with the remainder being performance shares. Although the CSP allows for the award of retention shares, based on shareholder feedback received on the 2019 remuneration report, future awards will only comprise performance shares.
Plan limits	The overall limit is 8 668 544 million shares (2.0% of shares in issue). The current usage level is equal to 0.7% of shares in issue and 33.0% of the approved capacity. The maximum number of shares which may be settled to any single participant is 3 467 417 (approximately 1.0% of shares in issue at the date of approval of the CSP by shareholders). An annual limit of 0.5% of shares in issue will apply to the awards made in any one period. This limit will be reviewed annually by the remuneration committee.

The salient features of the CSP are set out below (continued):	
Allocation policy	The remuneration committee will approve annual awards for participants based on each participants' total guaranteed pay ("TGP") using the following guidelines: Executive directors and management 100 – 150% Senior management 60 – 70% Mid-level management 40 – 60% Other staff 20 – 40% In the determination of awards for executive directors, the remuneration committee may elect to apply a market-related TGP.
Performance conditions	Performance conditions include financial measures (75%) and non-financial measures (25%). Further details of the specific performance conditions are set out in the implementation report on page 73.
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. For the first award made on 13 March 2019 the employment period is approximately three years and six months from the date of the award to the vesting date (1 September 2022). The portion of the performance shares that will vest at each vesting date will be as follows: • Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 50% vesting • Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting • Stretch (a level of performance representing exceptional performance in the context of the current business environment) – 150% vesting
Malus and clawback	Awards are subject to the company's malus and clawback policy. Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. Further details of the company's malus and clawback policy are set out on page 71.
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 remuneration committee determination of whether the performance conditions (if any) have been met.

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

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 (excluding directors) for South African and UK staff are reviewed annually in September and in March respectively, taking account of individual and overall company performance, as well as an employee's experience, qualifications and responsibilities.

Store-based operations employees are paid commission in addition to their basic salaries. This is based on performance relative to the store's financial budget and achieving pre-defined targets. Other permanent employees (excluding executive directors) may receive a component of variable remuneration dependent on their respective employment grade and individual performance.

Employees are provided with other benefits including a medical aid subsidy for employees electing to join 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.

FAIR AND RESPONSIBLE REMUNERATION

Stor-Age is committed to fair and responsible pay practices in line with its duty to remain a responsible corporate citizen. Various factors are taken into account when considering fair and responsible pay practices, such as sustainability and Stor-Age's strategic objectives. Our lower salaried employees are typically granted a higher annual salary increase relative to higher income earners in the company.

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

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

The remuneration committee introduced a minimum shareholding requirement ("MSR") during the year for executive directors' equivalent to 100% of their TGP. This demonstrates their commitment to long-term growth and encourages alignment between management and shareholders. All executives met the MSR during the year. Further details of the directors' shareholdings are set out in note 29.3 of the annual financial statements.

MALUS AND CLAWBACK POLICY

The remuneration 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 remuneration 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 accepted CSP awards agreed to be bound by the malus and clawback policy and further agreed that all remuneration received from the company will be subject to this policy. At the 2019 AGM, the CSP rules were amended to record that awards will be subject to malus and clawback provisions.

REMUNERATION COMMITTEE REPORT (continued)

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

Remuneration for non-executive directors is reviewed on an annual basis considering the responsibilities borne by non-executive directors, as well as relevant external market data. Fees are benchmarked against a peer group of JSE-listed companies in the REIT sector. The remuneration committee recommends the non-executive directors' remuneration structure to the board for approval. This remuneration structure is further recommended to shareholders for approval at the AGM.

The remuneration to be paid to the non-executive directors for the year ending 31 March 2021 was approved at the AGM held on 23 August 2019 and is set out below. In light of the uncertainty arising from the COVID-19 pandemic, the non-executive directors agreed to waive the approved increases for the year ending 31 March 2021. Therefore non-executive remuneration for the 2021 financial year will remain at the same levels as 2020.

The proposed remuneration for the year ending 31 March 2022, contained within the notice of the AGM, is also set out below:

Role	Approved remuneration 31 March 2021 R	Adjusted remuneration 31 March 2021 R	Proposed remuneration 31 March 2022 R	% change*
Board member	225 750	211 000	219 500	4.0%
Chairperson – board	21 500	20 000	20 800	4.0%
Audit and risk committee member	53 500	50 000	52 000	4.0%
Chairperson – audit and risk committee member	10 750	10 000	10 400	4.0%
Social and ethics committee member	26 750	25 000	26 000	4.0%
Remuneration committee member	26 750	25 000	26 000	4.0%
Investment committee member	32 100	30 000	31 200	4.0%

* *Calculated as the percentage change of proposed remuneration for 31 March 2022 compared to adjusted remuneration for 31 March 2021.*

The proposed increases to non-executive director remuneration are considered against the average increase levels approved across Stor-Age, as well as against the results of benchmarking performed.

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PART THREE
THE IMPLEMENTATION REPORT

This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 27 August 2020.

BASIC SALARY

Executive director salaries are reviewed annually.

Since listing in 2015, Stor-Age has provided executive directors with a very low basic salary and no STI. No salary increases were accepted by the executive directors in 2016 and 2017. In 2018, a nominal 6.0% salary increase was approved by the remuneration committee. In the 2019 financial year the remuneration committee mandated PwC to perform an external benchmarking exercise which indicated that executive director remuneration was considerably lower than its peers in the listed REIT sector. In light of this, and considering the overall performance of the executive directors since listing, the remuneration committee approved an increase in the basic salary for each executive director from R1.5 million p.a.in the 2019 financial year to R2.0 million p.a. in the 2020 financial year.

The remuneration 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. As set out in the background statement, and taking into account the significant levels of uncertainty arising from the COVID-19 pandemic, the remuneration committee accepted a recommendation proposed by the executive directors that no increase be applied to their basic salary for the 2021 financial year. Thus the basic salary for each executive director will remain at R2.0 million for the year ending 31 March 2021.

In September 2019, the company approved an average basic salary increase of 6.4% for other South African employees. An increase of 2.3% for UK employees was approved in April 2019. In South Africa, the lowest band of employees by pay grade received an average 7.9% increase.

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

REMUNERATION COMMITTEE REPORT (continued)

EXECUTIVE DIRECTORS' REMUNERATION

In line with the requirements of King IV and the JSE Listings Requirements, the table below sets out the total remuneration on a single-figure basis received by executive directors in 2019 and 2020:

	Basic salary R'000	Other benefits R'000	STI R'000	Value of LTI vested R'000	Total R'000
31 March 2020					
GM Lucas	2 000	–	–	–	2 000
SJ Horton	2 000	–	–	–	2 000
SC Lucas	2 000	–	–	–	2 000
Total	6 000	–	–	–	6 000
31 March 2019					
GM Lucas	1 500	–	–	–	1 500
SJ Horton	1 500	–	–	–	1 500
SC Lucas	1 500	–	–	–	1 500
Total	4 500	–	–	–	4 500

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

No additional benefits were paid to executive directors. Stor-Age does not have a STI in place for executive directors. No other remuneration or benefits were paid to executives during the year. No LTI awards vested during the year. Details of CSP award made during the year are set out below.

LONG-TERM INCENTIVE AWARDS

Details of the long-term incentive awards made to the executive directors in the 2020 financial year and prior financial years are set out below:

	Total shares awarded (on-target grant)	Performance shares (75%)	Retention shares (25%)	Issue price	Value of award at grant date R'000
Award date – 13 March 2019					
GM Lucas	171 625	128 719	42 906	R13.11	2 250
SJ Horton	171 625	128 719	42 906	R13.11	2 250
SC Lucas	171 625	128 719	42 906	R13.11	2 250
Total	514 875	386 157	128 718		6 750
Award date – 2 September 2019					
GM Lucas	305 111	305 111	–	R13.11	4 000
SJ Horton	305 111	305 111	–	R13.11	4 000
SC Lucas	305 111	305 111	–	R13.11	4 000
Total	915 333	915 333	–		12 000

No shares vested during the period.

The award made on 13 March 2019 comprised performance shares (75%) and retention shares (25%).

Based on shareholder feedback received on the 2019 remuneration report, only performance shares will be awarded and no further retention shares will be awarded. The awards granted on 2 September 2019 therefore comprise only performance shares.

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

The CSP awards made in the 2019 and 2020 financial years are to be tested over a three-year period commencing on 1 April 2019 and ending on 31 March 2022. The awards vest on 1 September 2022. At the end of the performance period, the remuneration committee assesses the performance and adjusts the number of shares awarded to each participant based on the results thereof.

The executive directors and remuneration committee support broad based equity participation by employees in the company. In addition to the executive directors, a further 56 employees have received CSP awards to date.

Performance conditions

Financial measures (75%)

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

Notes:

1. *SAPY refers to The South African Listed Property index and comprises the top 20 liquid companies, by full market capitalisation, in the Real Estate Investment Trust sector with a primary listing on the Johannesburg Stock Exchange.*
2. *For each tranche of awards made, the remuneration committee will be responsible for determining an appropriate margin relative to CPI taking account of prevailing market conditions, independent forecasts and external advice where necessary.*
3. *In the determination of net asset value, the remuneration committee has elected to use tangible net asset value as the most appropriate metric.*

The financial performance conditions set out above apply to all participants except for operations staff at a property level which will be a combination of the above dividend per share measures (30%) and revenue performance targets (70%) specific to the property, or properties as the case may be, managed by the participant. This will ensure the performance conditions are more relevant and specific to their roles.

Non-financial measures (25%)

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

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

	CEO GM Lucas	Financial director SC Lucas	Executive director: Property SJ Horton
1. Determining strategy and providing strategic guidance throughout the group in accordance with the company's five-year strategic plan	20%	10%	10%
2. Implementing international expansion strategy in accordance with the five-year strategic plan	10%	5%	15%
3. Identifying suitable investment and development opportunities and executing in accordance with the property strategy	15%	10%	20%
4. Implementing the group's operations strategy including the development and execution of the digital and technology strategy	10%	10%	–
5. Ensuring good corporate governance is entrenched throughout the group	5%	10%	5%
6. Financial reporting and shareholder communication is carried out in a transparent, accurate, concise and timely manner	15%	20%	5%
7. Managing the group's capital structure and resources in a responsible and effective manner to enhance shareholder return by deploying capital prudently and optimising cost of debt	5%	10%	5%
8. Effective management of energy and utility costs and corporate overheads	–	5%	10%
9. Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting, and storm water management and conservation	–	–	10%
10. Implementing the group's transformation strategy and achieving transformation objectives and targets	10%	10%	10%
11. Displaying leadership behaviour in accordance with the company's core values	10%	10%	10%
	100%	**100%**	**100%**

For other participants, scores will be determined by reference to their individual Key Performance Areas ("KPAs") which are set and agreed upon annually for each employee as part of the annual performance appraisal process. The company uses a "1 – 10" rating scale for each employee KPA and then an overall rating for the employee's performance. The following ratings will apply:

- Overall rating of 6: Employee achieved the required standards (threshold)
- Overall rating of 7 – 8: Employee exceeded the required standards (on-target)
- Overall rating of 9 – 10: Employee achieved exceptional performance (stretch)

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

	2020 R'000	2019 R'000
GA Blackshaw	271	220
GBH Fox	296	266
KM de Kock	286	244
MS Moloko	286	266
P Mbikwana	236	202
PA Theodosiou*	252	266
JAL Chapman^	60	–
Total	1 687	1 464

* *Resigned on 31 December 2019*
^ *Appointed 2 January 2020*

The remuneration to be paid to the non-executive directors for the year ending 31 March 2021 as well as the proposed remuneration for the year ending 31 March 2022 (to be approved by shareholders at the forthcoming AGM), is set out on page 186 of this report.

"The remuneration committee and board have approved this report and are satisfied that there were no material deviations from the existing remuneration policy during the 2020 financial year."

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee acts on behalf of the board and is responsible for evaluating social and ethical responsibilities and making recommendations to the board thereon. The committee continues to monitor whether the company complies with legal requirements and global best practice in terms of its impact on the economy, the workplace, the social environment and the natural environment.

The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 53, and attendance at meetings is set out on page 56.

FOCUS AREAS OF THE COMMITTEE DURING THE YEAR

Stor-Age is committed to making a real difference by implementing sustainable business transformation and employment plans. The main area of focus for the committee during the year was the continued implementation of the Transformation Plan. Stor-Age views transformation as a strategic business imperative and this plan outlines key milestones to drive transformation in the business.

The main objectives of the plan include:

- Addressing the priority elements of the Property Sector Code
- Ensuring the benefits of equity ownership and participation in management control are extended to previously disadvantaged groups
- Creating meaningful job opportunities and developing skills in the communities we serve
- Contributing meaningfully to enterprise and supplier development

A key outcome from the formation of the Transformation Plan is the monitoring by a cross-functional transformation committee that is tasked with overseeing its implementation. The transformation committee includes members of human resources, finance, sales and marketing, and learning and development. All appointed members have been assigned responsibilities to help drive the achievement of the key objectives.

The transformation committee reports its progress to the social and ethics committee, which is responsible for monitoring its performance and the impact of its activities.

COVID-19

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

A significant focus was placed on preventing job losses wherever possible. Stor-Age immediately halted all planned capital expenditure in South Africa and the UK and undertook a thorough review to identify appropriate elements to defer to subsequent periods. The company followed a similar approach in reassessing all planned operating expenditure forecasts and reduced planned expenditure where possible. In addition, both the executive and non-executive directors agreed to waive any increases to their respective remuneration for the year ending 31 March 2021.

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

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

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

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

The social and ethics committee will continue to meet regularly to ensure that responsibilities are fulfilled, risks are meticulously managed and that appropriate support is provided as we continue to weather the uncertainty.

TERMS OF REFERENCE

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

The main duties of the committee include:

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

The committee is further tasked with:

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

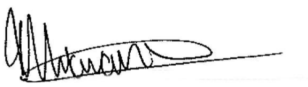
FUTURE FOCUS AREAS FOR THE COMMITTEE

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

The committee will also continue to oversee the implementation of the Transformation Plan and continue to oversee the group's stakeholder engagement processes.

With effect from 9 April 2020 the role of chair of the committee was passed from Graham Blackshaw to Phakama Mbikwana.

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



Phakama Mbikwana
Social and ethics committee Chair
22 June 2020

INVESTMENT COMMITTEE REPORT

KEY FUNCTIONS AND RESPONSIBILITIES

The investment committee was constituted in February 2016 and currently comprises two executive directors and two non-executive directors. Its primary purpose is to evaluate and, if appropriate, approve potential acquisitions or disposals identified by the executive team.

The committee meets on an ad hoc basis to review investment proposals relating to acquisitions, new developments and/or substantial redevelopments, while advising on aligning such opportunities to the company's five-year growth strategy. The authority limit of the committee is for transactions up to and including the lesser of R200 million or 5% of market capitalisation. The committee makes recommendations to the board regarding proposed transactions that exceed its level of authority.

During the year a key area of focus for the investment committee was overseeing the completion of a number of research projects that informed the new five-year growth strategy to 2025.

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

Graham Blackshaw
Investment committee Chairman
22 June 2020

ACTING SUSTAINABLY

Driven by our core value of Sustainability, we believe that every single decision or action we take today has a direct impact on all decisions or actions which can be taken tomorrow.

It means not always taking the shortest route and not always being focused on a short-term time horizon. It means that we acknowledge that what we do today will have a direct influence on what we can do tomorrow.

We encourage the sharing of new ideas and we believe in preparing for tomorrow today. We know that to remain a market leader we have to continue to nurture and encourage a culture of innovation from within and find more efficient ways of performing what we do each and every day, across all areas of our business.

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

> “A sustainable organisation is bigger than the sum of its parts.”

ENVIRONMENTAL SUSTAINABILITY

At Stor-Age, we believe that the most important space is the environment that surrounds us. This is why we continue to address sustainable practices in the areas of energy efficiency, renewable energy generation, rainwater harvesting and storm water management and conservation.

Our buildings are more than just bricks and mortar. We strive to improve each and every aspect of our properties to not only comply with changing environmental legislation but to set the highest standard for sustainability in the self storage sector.

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

OPERATIONAL STORE ENERGY CONSUMPTION

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

The following initiatives have reduced our properties’ electricity consumption:

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

Photovoltaic (solar) systems

We were the first self storage property owner in South Africa to install solar technology for three-phase power generation. Stores now fitted with these systems include Table View, Durbanville, Tokai, Claremont and Gardens in the Western Cape, and Silver Lakes, Sunninghill, Randburg, Craighall, Edenvale, Bryanston, Johannesburg City and Midrand in Gauteng. The PV systems installed at these 13 properties, which have generated over 614 000 kWh in solar energy, have rendered electricity consumption savings in line with what was projected for each system as part of the initial roll-out. We have identified an additional six properties to be fitted with such systems which will increase the combined systems’ capacity to an estimated 555 kW.

ACTING SUSTAINABLY (continued)

As a result of these PV system installations, we have reduced our carbon emissions footprint by an estimated average of 45.8 tonnes per month, totalling an annual estimated reduction of over 510 tonnes across our portfolio.

RAINWATER HARVESTING

Rainwater harvesting is the accumulation and storage of rainwater for reuse on-site, rather than allowing it to run off into the storm water system. It provides an independent water supply during the summer months, and can be used for irrigation and to substitute the municipal supply when necessary.

As many of our properties provide the benefit of significant roof space, we have installed these systems at 21 locations across the portfolio.

At our head office in Claremont, Cape Town, water is supplied by rainwater harvested from the roof as well as via a borehole situated below the basement-level parking garage. These natural sources provide sufficient capacity to permanently supply the property – and its estimated 60 employees – with the necessary water required to service our washing and ablution facilities. This is a significant contribution to continued water-saving efforts being made in this region. Other initiatives to supplement and conserve the municipal water supply include pumping and storing of ground water for irrigation purposes at three properties, borehole installations at two properties and tap aerators installed at all 16 properties in the Western Cape.

STORM WATER MANAGEMENT AND CONSERVATION

We have incorporated permeable paving into our external civil engineering design at a number of our properties.

Permeable paving is qualitatively different from traditional paving methods in that water is treated on-site before being discharged into both the natural groundwater table and storm water system.

SOCIAL SUSTAINABILITY

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

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

Highlights of these initiatives include:

SANTA SHOEBOX PROJECT

This is the eighth consecutive year that Stor-Age has partnered with the Santa Shoebox Project. Read more about this partnership from page 30.

STOR-AGE BURSARIES

Stor-Age provided a bursary to a postgraduate student at the University of Cape Town for the 2019 academic year. The bursary was awarded to a previously disadvantaged female student who successfully completed a BSc (Hon) in Property Studies. This initiative supports socio-economic development in the property sector.

A bursary programme was introduced during the year to assist Stor-Age employees with career development. We look forward to the improved contributions that these individuals will bring to the organisation.

COVID-19

Following announcements of the COVID-19 pandemic and the subsequent lockdowns in South Africa and the UK, we offered complimentary storage space to a number of relief and government-based entities including the Western Cape Government, Community Chest and the National Health Service (NHS) in the UK, amongst others. We continue to support these organisations by offering the use of properties to support relief efforts.

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

ACTING SUSTAINABLY (continued)

HUMAN SUSTAINABILITY

374[1]	Total number of employees at year end
37 years[1]	Average employee age
6.7%[1]	Growth in employee complement

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

At recruitment stage we interview for alignment between personal and company core values as we believe these are markers of identity and act as guiding principles to form a lasting and successful employer-employee relationship. Alignment between personal and company core values also allows for a seamless integration into the company culture.

“We believe that Stor-Age is a person: it has its own energy, thoughts, feelings and a personality. It reacts to certain things in certain ways, just as you and I do. We believe that every single one of our people contributes to the "person" that is Stor-Age. We believe that all our people play a part in shaping its collective persona through our own thoughts and actions.”

Gavin Lucas CEO

Building a sustainable team requires integrating diverse behaviours and personalities. We therefore make use of tools that allow us to find the behaviours and habits critical to success in a role. These critical behaviours and habits are tested for during the recruitment phase, as well as used to assemble teams with the most optimal team dynamic.

[1] *South Africa only.*

EMPLOYEE LEARNING AND DEVELOPMENT

Stor-Age is committed to employee development through effective learning and training opportunities. Our learning and development framework identifies 10 areas for intervention for head office and store-based employees.

We have developed a range of training courses which are delivered in various modes.

- Our e-learning framework, Edu-Space, enables our employees to receive training and assessment simultaneously across all our locations in South Africa and the UK.
- Our learning capability continued to be supported during the year by the engagement of LinkedIn Learning, an on-demand e-learning platform.
- We offer workshops, refresher courses and facilitated senior management planning sessions at a range of venues.
- Where appropriate, specific and individual training is offered to employees. Our core training programme is complemented by management and leadership development programmes which are delivered in-house and by external service providers.

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

Performance management and support

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

Edu-Space highlights*

78	Number of courses delivered
600+	Successfully completed modules
85%	Pass rate achieved
750+	Hours of online training

Face-to-face training highlights

38	Number of courses delivered
120	Employees who received training

Employee feedback

"I am truly thankful for the opportunity to be part of such a great learning platform. The training that Stor-Age provided was not only interesting and enjoyable but will also help me grow as a person and an employee."

"Being able to learn on a digital platform made the coursework even more engaging and it was empowering to be able to access resources and material online, anytime."

4.5	Overall average rating of our learning courses by our employees

* *The above information applies to the group's South African business for the 12 month period ended March 2020.*

ACTING SUSTAINABLY (continued)

LEARNING AND DEVELOPMENT FRAMEWORK

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

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

GROWTH DEVELOPMENT WORKSHOPS
By invitation. An introduction to leadership and management in business

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

AD HOC WORKSHOPS
Covering a diverse range of functional areas – contact centre, debtors management, operating system and health and safety

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

LEADERSHIP DEVELOPMENT WORKSHOPS
Leadership development through invited external presenters, seminars and review sessions

OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES
Three-day programme (level 2) hosted by area managers

OPERATIONS ORIENTATION PROGRAMME
Five-week in-store welcome and basic training (level1) by trainer at a designated training store

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

Transformation

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

The board engaged with various consultants and committed significant resources at a senior management level to thoroughly understand the Preferential Procurement Policy Framework Act, the Property Sector Transformation Charter and the Amended Property Sector Codes (gazetted on 9 June 2017). The culmination of our efforts enabled us to finalise a detailed and rolling three-year Transformation Plan. This Transformation Plan is critical to us aiming to achieve compliance with the Property Sector Code.

EMPLOYEE-FOCUSED INITIATIVES

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

Our year-end review in South Africa is an ideal opportunity to develop and enhance our business culture. By bringing together all employees from across the country, everyone is able to share their experiences with Stor-Age as a business in a relaxed and informal setting. Coupled with fostering new partnerships and sharing best practices, the year-end review is a key contributor to the ethos and personality of the business.

In the UK, all our staff from across the country come together in December to recognise those that have excelled and achieved throughout the year.

Employee Wellness

A wellness initiative was launched during the year South Africa focused on encouraging our employees to practice and improve their habits to attain better physical and mental health. As part of this initiative we hosted our first nationwide wellness day which offered a free healthcare assessment and vitamin B shot for all staff. In line with creating a sustainable work life culture, staff were invited to participate in out of office and interdepartmental activities such as hiking, running or other outdoor activities.

We provide fully funded life, disability and funeral assistance cover through an insurance policy to all our store-based employees, while our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) have steadily grown in participation. A healthcare and retirement annuity subsidy is provided to support staff contributions to medical aid, gap cover and retirement funding. We have been able to negotiate and provide preferential gap cover rates for our staff.

> “We recognise that wellness is an integral part of driving productivity and retaining skilled talent as it creates a supportive environment.”

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

Other initiatives include our anonymous employee surveys, conducted twice a year. These surveys provide a platform for our staff to voice their employee experience opinions by responding to key questions on how their job aligns with the Stor-Age vision and mission, remuneration and work life balance. This feedback assists us to create a positive workplace environment and ensure our employees' days are more productive and rewarding. During the period we recorded a year-on-year increase in our employee net promoter score to 21. In addition, we run an employee gift programme to acknowledge important milestones in our employees' lives, such as when they get married or engaged, as well as Draw-Age, which is our monthly lucky draw.

To control our risk and ensure high levels of health and safety (as well as our own standards) are maintained, we implement and manage stringent guidelines that include courtesy procedures.

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

HEALTH, SAFETY AND COMPLIANCE

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

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

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

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

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

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

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

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

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

Training for this project was initially carried out using our Edu-Space e-learning platform. The fire drills are now the responsibility of a dedicated project leader who oversees this practice quarterly. Results are documented, submitted to head office and reviewed. Improvement recommendations are then implemented as required, enabling us to benchmark our performance and strive for continuous improvement.

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

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

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

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

Stor-Age's approach to ensure the health, safety and wellness of our employees during the COVID-19 pandemic is outlined in our CEO's report on page 33 and in the corporate governance report on page 51.

RECONCILIATION OF OPERATING PERFORMANCE TO STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below shows the reconciliation between the group's operating performance set out in the table on page 42 ("performance table") and the consolidated statement of profit or loss and other comprehensive income on page 107 ("statement of profit or loss"):

	Audited 12 months 31 March 2020 R'000	Audited 12 months 31 March 2019 R'000
<u>Reconciliation of rental income</u>		
Performance table:		
Rental income before rental guarantee and underpin	**615 503**	474 709
Rental underpin	**18 470**	10 575
Rental income – Statement of profit or loss	**633 973**	485 284
<u>Reconciliation of other income</u>		
Performance table:		
Ancillary income	**35 447**	27 902
Sundry income	**4 944**	5 906
UK insurance income gross up (note 1)	**–**	(4 741)
Rental guarantee	**24 458**	10 000
Other income – Statement of profit or loss	**64 849**	39 067
<u>Reconciliation of property revenue</u>		
Performance table:		
Property revenue	**698 822**	529 092
UK insurance income gross up (note 1)	**–**	(4 741)
Property revenue – Statement of profit or loss	**698 822**	524 351
<u>Reconciliation of direct operating costs</u>		
Performance table:		
Direct operating costs	**(178 186)**	(140 578)
UK insurance income gross up (note 1)	**–**	4 741
Direct operating costs – Statement of profit or loss	**(178 186)**	(135 837)

Note 1:

Reflected on a gross basis in the performance table but on a net basis in the statement of profit or loss in 2019.

The 2019 disclosures in the performance table have been amended to reflect the same treatment as 2020 to allow for meaningful comparison.