STOR-AGE PROPERTY REIT LIMITED

INTEGRATED ANNUAL REPORT

2020

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

Our 71-property portfolio comprises 448 200 m² of gross lettable area (GLA), which is strategically concentrated in South Africa's largest cities and in key markets in the UK. We service more than 34 000 tenants. Stor-Age listed on the Johannesburg Stock Exchange (JSE) on 16 November 2015.

SNAPSHOT

Listing date	November 2015
JSE sector	Speciality REITs
Profile	Highly specialised, low risk, income paying self storage REIT
Self storage universe	10 publicly traded self storage REITs (US: 5, UK: 2, EU[1]: 1, Aus: 1, SA: 1)
Market capitalisation	R6.1 billion[2]

	Total	South Africa	United Kingdom
Total property value[2]	**R7.0 bn**	R4.1 bn	R2.9 bn
Number of properties	**71**	50	21
Total number of customers	**34 700+**	25 300+	9 400+
Total GLA[3]	**448 200 m²**	365 400 m²	82 800 m²
Occupancy	**83.8%**	85.0%	78.8%
Loan to value (LTV) ratio	**30.1%**	22.5%	40.7%

[1] *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*
[2] *As at 19 June 2020. All other data presented as at 31 March 2020.*
[3] *GLA – gross lettable area.*

INTRODUCING OUR 2020 INTEGRATED ANNUAL REPORT

This report explains our strategy, our operating environment, the key opportunities and risks in our South African and UK markets, our financial and non-financial performance, and our expectations for the year ahead.

We focus on material sustainability matters which we determine through board discussions, market research, stakeholder engagement, continual risk assessments and reviews of prevailing trends in our industry and the global economy. This report does not discuss sustainability matters which we do not consider material.

With regards to COVID-19, read about our response to the crisis in our CEO's Report from page 33.

SCOPE OF THIS REPORT

This report presents the financial results and the economic, environmental, social and governance performance of the group for the financial year ended 31 March 2020. Its content encompasses all divisions and subsidiaries of the group, across all regions of operation in South Africa and the UK.

ASSURANCE

The company's external auditors, KPMG Inc., have independently audited the financial statements for the year ended 31 March 2020. Their unqualified audit report is set out on pages 101 to 105. The scope of their audit is limited to the information set out in the financial statements on pages 106 to 192.

ADDITIONAL INFORMATION

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

FORWARD-LOOKING STATEMENTS

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

RESPONSIBILITY STATEMENT AND REVIEW

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

Graham Blackshaw
Non-executive Chairman

Stephen Lucas
Financial director

Gavin Lucas
Chief executive officer

Gareth Fox
Chairman: Audit and risk committee

CONTENTS

Corporate information
Registration number: 2015/168454/06
ISIN: ZAE000208963
Share code: SSS
Approved as a REIT by the JSE Limited
Shares in issue: 397 848 842 (31 March 2020)

INTRODUCING STOR-AGE

ABOUT STOR-AGE

Stor-Age is the leading and largest self storage property fund and brand in South Africa, and the first and only self storage Real Estate Investment Trust (REIT) listed on any emerging market exchange. During the year, we continued to make significant strides in driving alignment across our business. We concluded the acquisition of the high-profile Craighall property in Johannesburg and the five-property Flexi Store portfolio in the UK and continued to further integrate critical functions of our UK operation, Storage King, the sixth largest self storage brand in the UK. Our portfolio comprises 71 properties across South Africa and the UK, totalling 448 200 m^2 and representing R7.0 billion in value.

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

The South African portfolio comprises 50 properties, totalling 365 400 m^2 and represents R4.1 billion in value. In the UK, Stor-Age owns a 97.6% majority interest in Storage King, comprising 21 properties with 82 800 m^2 GLA and representing R2.9 billion in value.

DYNAMIC SELF STORAGE SECTOR SPECIALISTS

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

	Portfolio	South Africa	United Kingdom	Pipeline Portfolio
Number of properties	71	50	21	8
GLA (m^2)	448 200	365 400	82 800	53 000
Value (Rm)	7 000	4 100	2 900	700

OUR INVESTMENT CASE

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

is underpinned by

OUR SUCCESS DRIVERS

- Diversified tenant risk (34 000+ tenants across South Africa and the UK)
- Presence in South Africa's main metropolitan centres – Johannesburg, Tshwane, Cape Town and Durban
- Prominent locations on main roads or arterials, with high visibility to passing traffic
- Committed and passionate employees
- UK management team with significant self storage operations experience, proven local expertise and a well-located property portfolio
- Average length of stay in South Africa – 23.1 months
- Average length of stay in UK – 26.2 months
- Growing demand and awareness among customers
- Strong customer satisfaction, with customer service rated as "excellent in 2020" according to the global Net Promoter Score (NPS) standard
- In South Africa, 52% (2019: 52%) of customers store for more than one year
- In the UK, 61% (2019: 54%) of customers store for more than one year

and

OUR VISION

To be the best self storage business in the world

OUR MISSION

To rent space

OUR CORE VALUES

Excellence • Sustainability • Relevance • Integrity

HIGHLIGHTS

112.05 cents | Up 5.03%
Total dividend

34.1% | Including 6.5% (SA) | 5.0% (UK) like-for-like
Growth in net property operating income

22 100 m²
Increase in occupied space
SA – 9 800 m²; UK – 12 300 m²

85% (SA) | **78.8%** (UK)
Closing occupancy

R7 billion | Up 13.3%
Investment property

30.1%
Loan to value (LTV)
79.1% hedged on a net-debt basis

448 200 m² GLA | Up 24 500 m²
Portfolio – 71 properties

R250 million
Oversubscribed equity capital raise in May 2020

Flexi Store Acquisition
Acquired 5 property portfolio in December 2019

Development JV[1]
With UK-based private equity group to co-develop new properties in London and South East

SAPY Index inclusion
First time inclusion in JSE SA listed property index in September 2019

[1] *In March 2020 Stor-Age entered a Heads of Terms to form a joint venture to develop new self storage properties in London and the South East.*

Big Box self storage properties

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

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

CHAIRMAN'S LETTER

I'm pleased to report that Stor-Age delivered excellent financial results, driven by strong organic growth in our South African and UK portfolios, continuing a trend of attractive financial performance since listing in November 2015. We have maintained an uninterrupted dividend trajectory, underpinned by disciplined execution of our five-year strategy which is now in the final year of our current cycle ending 2020. As a specialist asset class, self storage offers unique prospects which the management team continue to harness to deliver attractive and sustainable increases in returns.

A TRACK RECORD OF DELIVERY

Stor-Age has a clear vision and well-articulated strategy that aims to deliver sustainable growth, increase the scale of the business and ensure that the company remains a self storage market leader with an ambition to continue outperforming its sector peers.

Management has executed its mandate with discipline and focus on all fronts – acquisitions, new store development, existing property expansions, portfolio management, operational execution and marketing. The business model is based on global best practice and strong networks with leading first-world market peers.

> "Stor-Age benefits from having a unique developing and first-world dual-market operating platform, with vastly experienced management teams in both South Africa and the UK, and benefiting from decades of self storage operating experience in the respective markets."

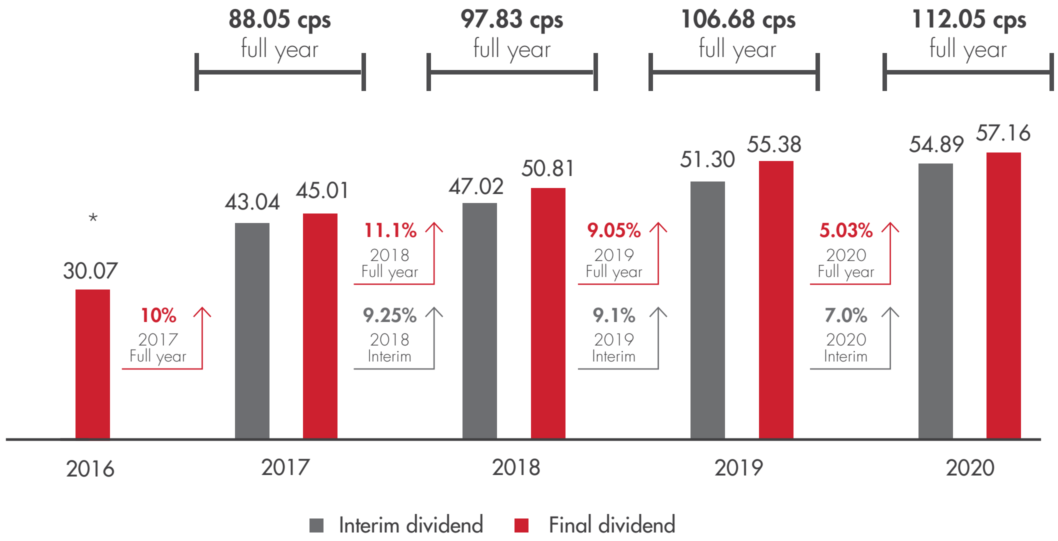
TIMELINE

- **2006** – Stor-Age forms and first property opened
- **2007** – International market research begins
- **2009** – Four properties trading in Cape Town
- **2010** – JV formed with Acucap and Faircape
- **2012** – Portfolio grows to 15 properties in four cities
- **2014** – Portfolio grows to 38 properties in six cities
- **2015** – Listing of Stor-Age on the JSE
- **2017** – Acquisition of Storage RSA and Unit Self Storage; Portfolio grows to 49 properties
- **2018** – Acquisition of StorTown and All-Store; Strategic entry into UK market with acquisition of Storage King, 6th largest UK brand
- **2019** – Acquired Managed Portfolio (12 properties); Acquisition of Viking (Bedford, UK) and Storage Pod (Weybridge, UK); Portfolio grows to 65 properties
- **2020** – Acquired five-property Flexi Store portfolio; Acquisition of Craighall property; Portfolio grows to 71 properties

[1] *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*

CHAIRMAN'S LETTER (continued)

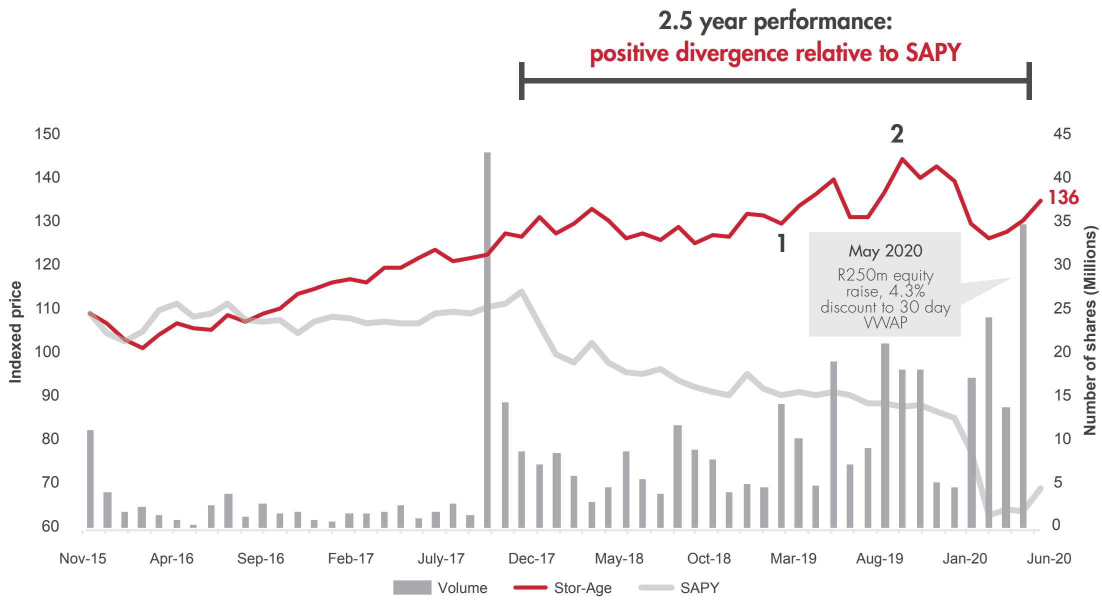
DISTRIBUTION PER SHARE (CENTS PER SHARE)



* Listed November 2015, 4.5 month trading period to year end, distribution annualised.

SHARE PRICE PERFORMANCE – RELATIVE TO SAPY

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



[1] ALPI inclusion – March 2019.
[2] SAPY inclusion – September 2019.
[3] As at 5 June 2020.

Since listing, the number of properties in the portfolio has increased from 24 to 71, total available space to let has increased from 181 500 m^2 to 448 200 m^2 and our portfolio value has grown from R1.3 billion to R7.0 billion. In September 2019 Stor-Age was included in the JSE SA Property Index ("SAPY"), indirectly recognising the successful execution of our strategy.

Complementing this, Stor-Age has delivered an impressive performance relative to its peers on the JSE. Assuming R100 was invested on the date of our listing in November 2015, and provided that the full pre-tax dividend was reinvested, the investment would be worth R196.75 as at Friday, 19 June 2020. This is compared to the same investment in the JSE All Share Index, which would be worth R123.20, or in the SAPY, which would be worth R60.69.

In the current period we delivered real gains in rental rates and occupancies. This was achieved despite low-growth macro conditions in South Africa, and political and economic uncertainty in the UK. The group further acquired the new high-profile 'Big Box' Craighall property in Johannesburg and concluded the acquisition of the five-property Flexi Store portfolio in the UK. These acquisitions add long-term value to Stor-Age and are evidence of our ability, as sector specialists, to expand the business in a challenging market. Read more about these properties in the CEO's Report on page 33.

We continue to execute our Storage King integration plan in line with strategy, with our proven experience in closing and integrating transactions, treasury management and capital allocation yielding positive results. Importantly, we continue to generate online enquiries in the competitive UK market by successfully leveraging our in-house South African-based digital marketing capability and we are confident that our UK platform is well-positioned to capitalise on future growth opportunities.

COVID-19

Demand from individuals and businesses across our South African and UK property portfolios is directly influenced by economic activity and consumer and business confidence. The downgrading of South Africa's sovereign credit ratings exerted significant pressure on the local economy. This was compounded by the rapid escalation of COVID-19 and the associated government lockdowns in South Africa and the UK. Looking forward, it is inevitable that both economies will experience significant contraction and that there will be a high degree of uncertainty among consumers and businesses for some time. Accordingly, it is not yet possible to quantify the full magnitude, duration and impact that this pandemic will have on our business.

> "Despite the impact of COVID-19, the core demand drivers for self storage remain – supported by economies that continue to be consumption-led."

Fortunately, self storage is uniquely-positioned to support life-changing events that lead to fundamental shifts in how consumers behave and how businesses operate. For example, we believe that opportunities will come as a result of consumers downscaling, the adoption of work-from-home due to forced changes in the commercial office sector and the increasing demand for e-commerce.

Our optimism is similarly reflected in investors' continued confidence in the group's performance and strategy. Demand for our equity has remained strong, and the group successfully raised R250 million in a significantly over-subscribed accelerated bookbuild post year end in May 2020.

CREATING VALUE AND MEETING DEMAND

Urban crowding, an emerging middle class, and the trend toward security living in South Africa create ongoing demand for space in a space-limited economy. The digital age has seen a rise in the number of online start-ups requiring adaptable storage options when growing or downsizing their businesses, accelerated by COVID-19.

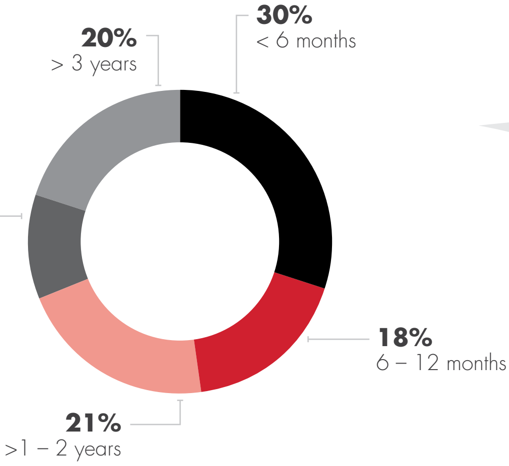
Broadly, the same social and built-environment trends propelling self storage in South Africa are evident in the US, UK, Europe and Australia. Over the past fourteen years, the group has established a purpose-built, high-quality portfolio to meet these demands. This is supported by a sophisticated operational platform, a strong administrative capability and a highly skilled digital marketing team, ensuring that we deliver unrivalled value and service to our customers, locally and in the UK.

SELF STORAGE INDUSTRY TRENDS

South Africa's self storage industry

The South African self storage industry is well established, competitive and continues to develop. Our research indicates that there are now more than 400 self storage properties in South Africa's six main cities. In specific nodes, we see saturation of supply relative to demand. This differs within each of our four main cities. Accordingly, Stor-Age will only develop new properties where there is strong demand and the barriers to entry are at their highest, most often targeting prime real estate.

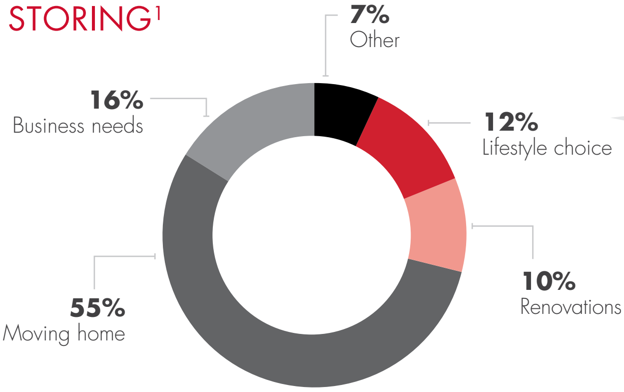
AVERAGE LENGTH OF STAY[1]



DEMAND PROFILE

Demand is driven by two significant customer groups: those needing the product for short stays due to life-changing events (< six months: 30%) and those requiring the product for longer-term space requirements (≥ 1 year: 52%).

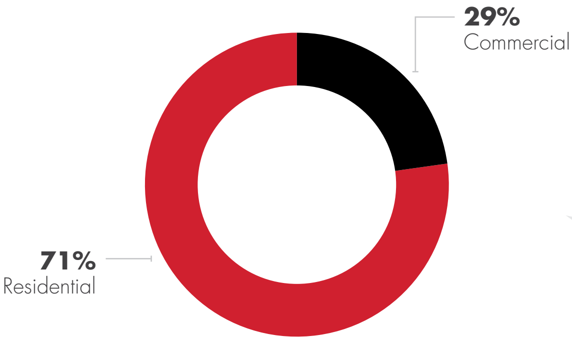
REASONS FOR STORING[1]



SELF STORAGE – A NEEDS DRIVEN PRODUCT

All tenants initially use our product due to a tangible need. This makes the business case cyclically resilient.

RESIDENTIAL/COMMERCIAL TENANCY[2]



RESIDENTIAL VERSUS COMMERCIAL TENANTS

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

While our commercial tenants account for 29% of our total unit occupancy, they take up 38% of the total occupied space rented.

[1] *South African tenants only.*
[2] *South African and UK tenants combined.*

> “Our development, acquisition, integration and digital marketing capabilities provide a distinct competitive advantage, supported by a strong balance sheet.”

While self storage is an attractive sector in terms of economic return, barriers to entry in key target locations remain significant. To this end, we are confident in the skills of our management team who have demonstrated their ability to identify and execute on strategic opportunities.

From an acquisition perspective, we remain highly selective and decline opportunities if we are not fully satisfied that the underlying real estate fundamentals warrant capital investment. We ensure sufficient demand relative to existing supply before we invest.

The global self storage market

Self storage remains a growth sector globally with a long track record in first-world markets.

In terms of supply, the US now boasts approximately 55 000 self storage properties, Europe (excluding the UK) approximately 2 700, the UK approximately 1 900 and Australia approximately 1 450.

Notwithstanding the negative impact of COVID-19, the US self storage REIT sector has outperformed its peers and consistently maintained its position in the top four best performing REIT sectors. The outperformance is driven by low capital expenditure needs and attractive operating margins, supported by steady demand.

While the self storage industry in Europe has grown rapidly over the last decade, the market is still considerably underdeveloped compared to the more mature US and Australian markets. It's estimated that in total (including the UK), there are now approximately 4 600 properties providing almost 10 million m^2 of space. The self storage industry in Europe is fragmented with most properties owned and operated by smaller independent operators, with the UK accounting for approximately 41% of the European market. We believe that the UK displays attractive consolidation opportunities over the medium-term.

The UK officially left the European Union on 31 January 2020 and immediately entered a transition period. This period is scheduled to end on 31 December 2020 when the UK will leave the Single Market and Customs Union. Ultimately, uncertainty will persist until the final terms governing the future relationship between the UK and the European Union are more clearly defined. As before, we will vigilantly monitor the UK operating environment. However, I remain confident that Stor-Age is well-prepared for any shifts that could negatively impact our future prospects.

A NEW STRATEGY

In pursuit of our Vision, to be the best self storage business in the world, we execute our strategy in five-year tranches. The current year concludes our second five-year strategy and sets up for the third version of the plan, which will take us to 2025.

It is tremendously satisfying to reflect on what has been achieved in the last five years. In this time we have cemented our place as the leading and largest self storage property fund and brand in South Africa. We brought to market the first self storage REIT listing on any emerging market stock exchange globally. We then proceeded to grow the portfolio significantly, focusing on high quality locations and properties. We have continued to add new properties in high-profile and sought-after locations, all the while providing our shareholders with attractive returns.

In November 2017 we strategically entered a new market through the acquisition of Storage King, the sixth largest self storage brand in the UK. We have not only grown the size of this business significantly since acquisition, but also integrated two distinct yet complementary self storage operating platforms across South Africa and the UK.

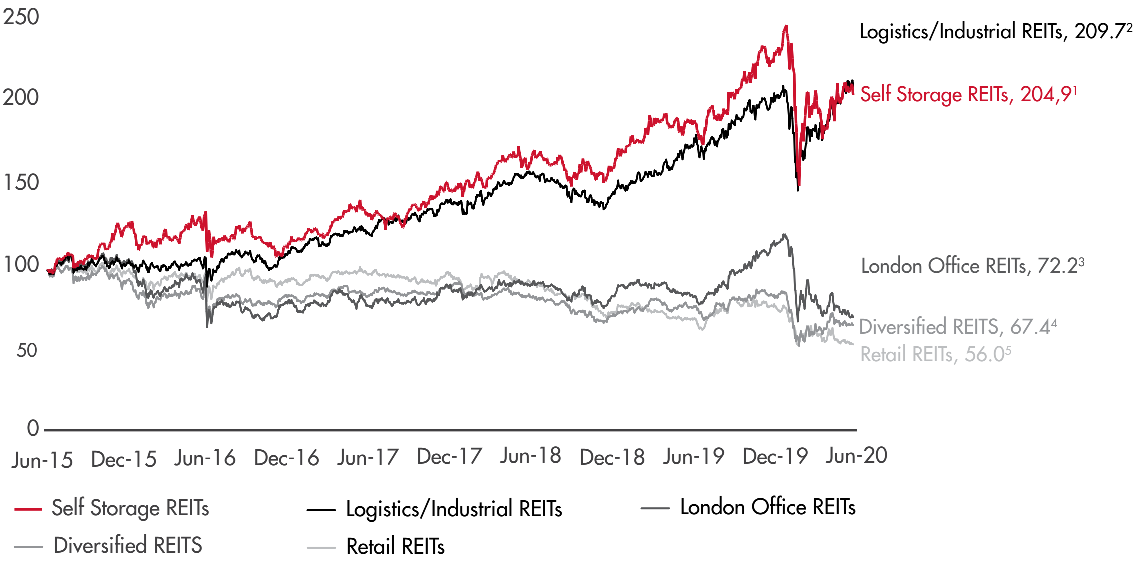
Planning behind the new five-year strategy has been meticulous, and we committed significant resources to complete research projects that informed our growth strategy to 2025. These projects included location mapping, supply and demand components, risk management, as well as leveraging existing customer data. In both South Africa and the UK, the property strategy is compiled at a detailed level, with specific geographical targets and nodes.

On a personal note, I am particularly impressed with the work completed on the digital front, resulting in our digital transformation strategy. The impact of this work is evident in our success in the highly competitive online enquiry generation sphere in the UK, as well as in how it has influenced the formulation of the strategy to 2025. Both locally and in the UK, this has given us a strong competitive advantage and assisted in elevating us to the position of a leading international self storage operator.

CHAIRMAN'S LETTER (continued)

UK REIT SECTOR – SHARE PRICE PERFORMANCE (POUNDS)

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



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

Source: Bloomberg – 24 July 2020.

" Stor-Age's operational performance in both South Africa and the UK remained strong against a backdrop of economic uncertainty. Our intensified operational focus and discipline at a property level, supported by our digital marketing capability, generated ongoing occupancy and revenue growth. "


trolleys


www.stor-age.co.za

CHAIRMAN'S LETTER (continued)

> " We continue to see opportunities to deploy capital to both acquire and develop new properties in line with our well-defined investment criteria. "

Since the inception of our business almost 15 years ago, we have spent significant time in more mature first-world self storage markets, primarily the US, UK and Australia. Our primary motivation was to fast track our sector knowledge to capitalise on local market opportunities. As an additional benefit, we gained valuable country-specific sector insights, and established significant relationships and networks with publicly-traded and privately-operated peers. We continue to develop and strengthen these relationships as we grow our business in South Africa and the UK.

Our strategic planning has shown that there are continued growth prospects in the South African and UK markets. An additional benefit is the investment committee's inherent ability to assess the merits of new growth opportunities against the well-defined strategy. The group's operating and sector skill is highly specialised, the product nature across countries is homogenous, and there is relative undersupply in many European countries with many self storage businesses still privately owned. Accordingly, the board continues to encourage management to deepen its networks in these markets.

PERFORMANCE BACKED BY SOLID GOVERNANCE

We are aware that the actions taken today will impact on short and medium-term risks and opportunities. This is particularly relevant to the sustainability of Stor-Age, a growing and evolving business. Accordingly, everything that we do is underpinned by our four core values of Excellence, Sustainability, Relevance and Integrity.

We continue to make good progress towards compliance with the recently amended Property Sector Codes, which support transformation within the property sector. The group's approach is based on our Transformation Plan and our philosophy is to drive empowerment from within the group. Read more about this plan in our corporate governance report from page 51.

In line with our core values, the board and executive team promote and support ethical standards of business conduct and corporate governance. We endorse the principles of King IV™[1], and more information about our application of King IV can be found in our corporate governance report from page 51.

We welcome a new member to our board, John Chapman. He has a considerable wealth of commercial property experience and we look forward to his contributions to the skill set, expertise and independence of the board.

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

The board further undertook a detailed self-evaluation during the year. This process was managed and coordinated by our independent auditors. Each board member was given an opportunity to comment on eight key performance areas, expanded into 40 questions, around the functioning of the board. Members were given the opportunity to provide feedback on the performances of their peers across a number of relevant categories. Some helpful insights emerged from this process, which will assist in strengthening the board's performance and competence.

OUTLOOK AND THANKS

On behalf of the board, I would like to take this opportunity to thank our previous chairman, Paul Theodosiou, who retired from the board at the end of December 2019. With many years of experience in the South African listed property sector, Paul was the ideal person to lead Stor-Age through its listing in 2015 and its first four and a half years as a publicly traded company.

On a personal level, I express my gratitude for the way in which Paul led our board and instilled a professional culture. Of the highest integrity, he maintained an appropriate focus on robust, yet considered and respectful engagement. At the same time he ensured a friendly, welcoming and inclusive environment for all board members.

I thank my fellow non-executive directors, and congratulate the management team and all employees on another successful year. Thank you for the energy, commitment, skill and competence you continue to bring to our business.

The year ahead already has and will continue to pose unprecedented challenges. However, with an excellent portfolio across the South African and UK markets, a robust and sophisticated operational platform and a healthy and conservatively managed balance sheet, Stor-Age is well positioned to weather the uncertainty.

Graham Blackshaw
Chairman
22 June 2020

"Stor-Age remains well placed to withstand the tough economic headwinds, as well as global macro-economic volatility."

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

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

Our four core values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our core values drive our thinking on page 31.

OUR BUSINESS

OUR BUSINESS

WHAT WE DO

Our portfolio comprises 71 self storage properties across South Africa and the UK, with a combined value of R7.0 billion.

Stor-Age rents space to the public, both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 71 properties, we manage more than 34 000 tenants. We experienced a churn rate of between 5.0% and 5.5% in South Africa, with more than 1 500 new tenants moving in on average each month. In the UK, we experienced a churn rate of 8.0% to 8.5%, with over 700 new tenants moving in on average every month.

Our average unit size in the UK (6.5 m^2) is considerably smaller than our average size in South Africa (12.5 m^2). The smaller average unit size in the UK contributes directly to the higher churn rate.

DEVELOPING AND ACQUIRING PROPERTIES

ACQUISITION CAPABILITY

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

Our ability to close transactions and integrate trading stores seamlessly onto our operating platform has also been consistently demonstrated. Since the start of 2017, we successfully completed 11 transactions to complement our ongoing success in the South African and UK markets. This includes significant multiproperty transactions, three of these being the offshore acquisition of Storage King in November 2017, the acquisition of the Managed Portfolio in South Africa in October 2018 and the recent five-property Flexi Store acquisition in December 2019.

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

DEVELOPMENTS

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

During the period the acquisition of the five-property Flexi Store portfolio was concluded. The properties are located in Dudley, Nottingham, Shrewsbury, Warrington and West Bromwich.

WHAT WE DO (continued)

During the year, we opened a high-profile Big Box property in Craighall that will offer 6 500 m² GLA on full fit-out and we commenced construction of new properties in Tygervalley and Cresta. Craighall was developed using the Certificate of Practical Completion (CPC) model. On completion of Tygervalley and Cresta, the properties will offer an estimated combined 14 500 m² GLA on full fit-out.

ENERGY GENERATION CAPABILITY

All 50 properties in South Africa are fitted with generators. In the event of an outage, power is seamlessly generated to support the following systems at our stores:

- on-site operating system and server;
- telephone lines and internet connectivity;
- access control and security system;
- electric fence and perimeter beams;
- fire system;
- emergency lighting; and
- the lifts and hoists.

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

BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

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

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

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

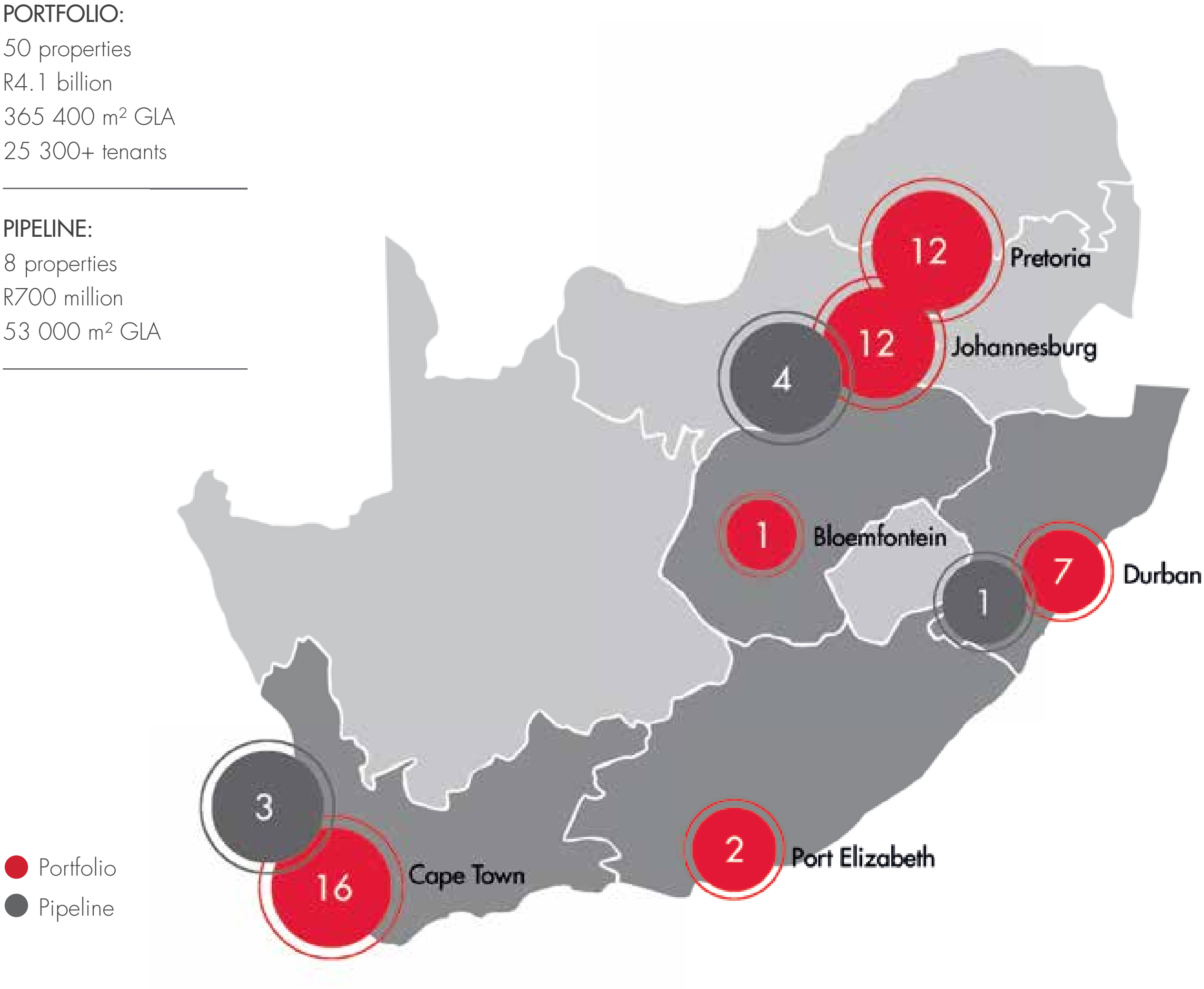
Our South African portfolio is predominantly purpose-built with a national footprint. The 58 properties comprise 50 trading properties and eight new developments in our pipeline. Our 50 trading properties will offer an estimated 368 700 m² GLA once fully fitted out. Our pipeline of eight new properties offers further GLA of 53 000 m² on full build-out.

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

50 Our portfolio of stores is unrivalled in South Africa, and comprises 50 properties across an extensive national network.

PORTFOLIO:
50 properties
R4.1 billion
365 400 m² GLA
25 300+ tenants

PIPELINE:
8 properties
R700 million
53 000 m² GLA



MAINTAINING OUR PROPERTIES

As a customer-facing real estate business, it is paramount to maintain the quality of our assets by investing in a rolling programme of preventative maintenance, store cleaning and the repair and replacement of essential equipment.

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

STORAGE KING

During the year, Stor-Age continued to successfully capitalise on its strategic entry into the UK via its ownership of Storage King, the sixth largest self storage brand in the country.

The acquisition in November 2017 represented an opportunity to acquire a portfolio of well-located properties and a growth platform with well-invested infrastructure and an experienced management team. The team has considerable industry experience and a track record of demonstrable operational management, evidenced in the two and a half year period since acquisition, with Storage King increasing both the number of properties in its portfolio and the total GLA by more than 60%. In this period, the number of properties has increased from 13 to 21 and the total GLA from 543 000 sq. ft to 892 000 sq. ft.

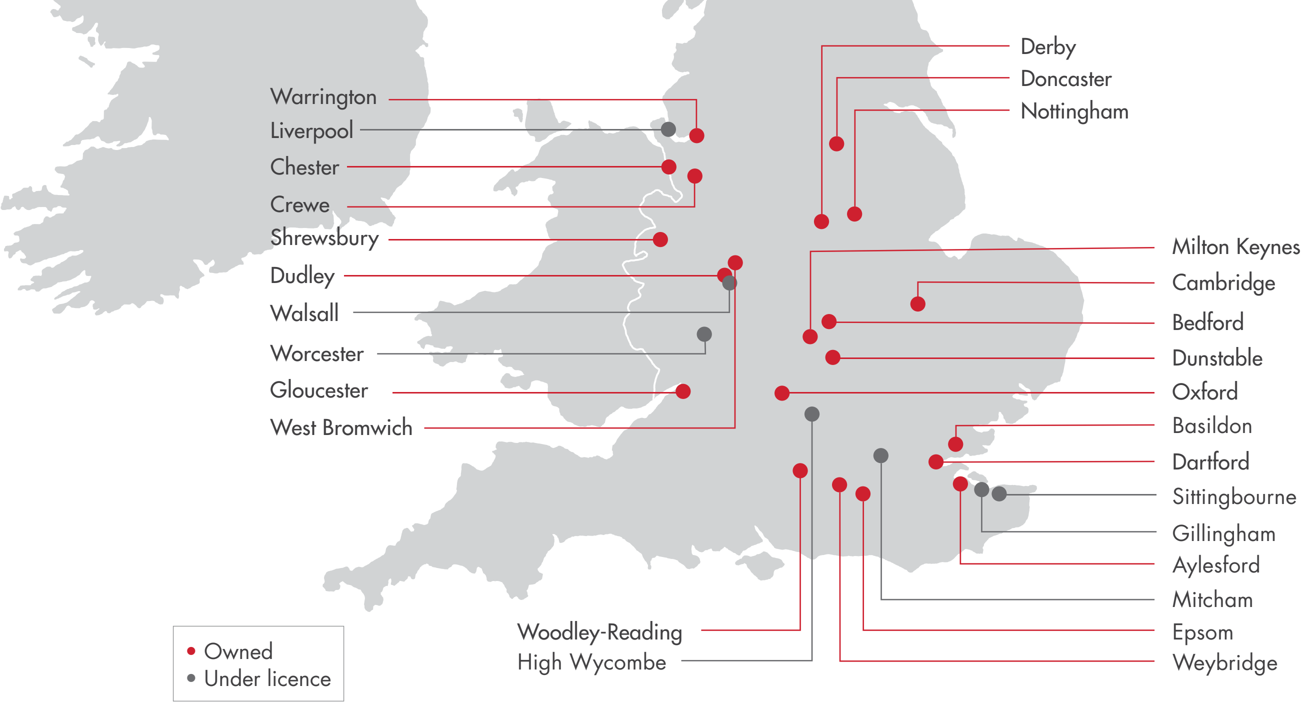
Overview of Storage King

- Sixth largest operator in the UK by number of stores
- Owns 21 properties – 13 freehold and eight leasehold, with an average 14-year unexpired lease term
- A further seven properties trade under licence of the Storage King brand, generating licence and management fee revenue
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well-positioned to secure upcoming opportunities via long-established relationships with independent operators

28 Storage King operates 28 well-located properties throughout England.

UK PORTFOLIO:

21 properties
R2.9 billion
82 800 m² GLA
9 400+ tenants



Portfolio overview

- Well-located, with a bias towards the south east and east
- Near key market towns and major arterial roads
- GLA 892 000 sq. ft
- Occupancy 78.8%
- Average rental rate £21.22 per sq. ft p.a.
- Average store size[2] 42 500 sq. ft

[1] 892 000 sq. ft = 82 800 m^2 GLA
[2] 42 500 sq. ft = 3 950 m^2 GLA

Exceptional platform opportunity

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

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

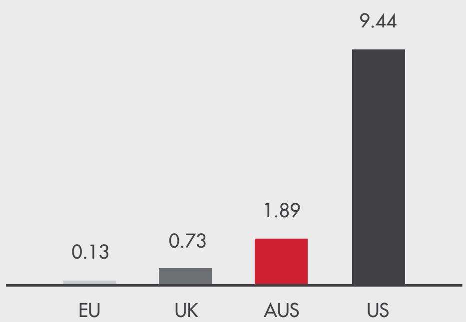
Despite the uncertainty created by Brexit, Storage King and the UK self storage industry continued to trade robustly. Further details of Storage King's performance are set out in the Financial Review section on page 40.

UK self storage industry[1]

1 900 Self storage properties, includes 563 container operators	**76.2%** Occupancy on current lettable area	**49 million sq. ft** Total space available
78.5% Occupancy where there has been no expansion in the last two years	**0.73 sq. ft** Space per person	
£22.44 Average rate per sqf per annum	**41%** The UK holds 41% of the total European self storage market	**£33.79** Average rate per sqf per annum in London; up 22% year-on-year

Population 66 million

AVERAGE SQ. FT OF AVAILABLE SPACE PER PERSON



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

ACQUISITIONS

In December 2019, Storage King acquired the five-property Flexi Store portfolio (190 000 sq. ft[2] maximum lettable area) at a purchase consideration of £13.4 million. Management leveraged a long-established relationship with the seller to secure the acquisition. This demonstrates the ability to successfully identify, negotiate and close acquisitions in a competitive environment.

The acquired properties were in line with the stated growth and investment strategy and represented an excellent opportunity to acquire self storage properties in locations which complement the existing portfolio. Located in Dudley, Nottingham, Shrewsbury, Warrington and West Bromwich, the properties trade into dense catchment areas and boast attractive trading histories.

[1] Source: The Self Storage Association UK annual industry report, 2020.
[2] 190 000 sq. ft = 17 650 m^2 GLA.

HOW WE DO IT

OUR SOPHISTICATED OPERATIONS PLATFORM

We have invested significantly to develop a sophisticated and scalable management platform that provides centralised services and support across the portfolio. This offers economies of scale and cost efficiencies.

Our web-based tenant management system provides real-time information on the operating and financial performance of each property. The system has a unique built-in customer relationship management (CRM) tool.

This tool enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. During the period, we dealt with over 110 000 enquiries across both markets.

Pricing is dynamic and varies according to unit size, demand, the stage of lease-up and location. Internal space across all properties can be reconfigured to produce variations of unit sizes in order to meet the demand profile and optimise the revenue streams from the property.

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

1 Systems, including processes, controls and responsibilities

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

2 People

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

DEVELOPING OUR BRAND STRENGTH

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

Our brand strategy is founded on big branding at properties in high-visibility locations on key arterials in densely populated residential suburbs with adjacent commercial and business corridors. Our Big Box properties are especially impactful in this regard.

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

During the period we actively pursued mutually beneficial, strategic commercial partnerships to increase brand visibility among residential and business target audiences. These partnerships will enable us to enhance our marketing efforts and engage in cost-effective campaigns that improve enquiry generation through new and existing channels. Commercial partners include financial institutions, removals companies, coworking spaces, e-commerce platforms, key sporting events, charitable organisations and many others.

INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

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

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

As an accredited Google and Facebook partner, we have benefitted from access to beta products through their technical and creative teams, which has enabled us to strengthen and present optimal messaging to the relevant audience on the platforms where they are most active. This has resulted in positive demand generation despite persistent challenging macro conditions in South Africa and the UK.

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

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

During the year we tested a new digital move-in platform that supports a smartphone-driven and paperless on-boarding process. Testing was brought forward due to COVID-19, and we successfully incorporated this platform into our daily operations within the first few days of the national lockdown. This platform has allowed us to align our on-boarding process to other digital efficiencies within the business.

Our e-commerce platform comprises of an online reservation system, live customer engagement and a real-time pricing module. This enables our online customers to seamlessly transition from obtaining a quote to moving in, thereby enhancing their user experience and reducing move-in time for improved productivity.

We also introduced a revenue management tool to further streamline our pricing management process. This tool is fully integrated into our operating system. It uses multiple signal modelling, which assists us in making pricing adjustments as required.

[1] *Acquired in March 2019 and integrated in financial year ended March 2020.*

> "We continue to innovate and find new ways of using data analytics to acquire customers, enhance revenue and reduce our operating expenses, while providing a high-quality experience for our customers."

CONTACT CENTRE PERFORMANCE

61 000+
Calls answered

17 000+
Online enquiries responded to

66 000 m^2+
Space reserved

8
Full-time employees support our sales strategy

The operational strength and local market knowledge of Storage King's management team is complemented by our digital marketing and e-commerce expertise. During the year we successfully incorporated the Flexi Store, Storage Pod (Weybridge)[1] and Viking Self Storage (Bedford)[1] acquisitions into our operations platform. All properties were also incorporated onto our web platform and benefitted from our in-house digital marketing capability. This resulted in an increase in enquiries, web page visits and a lower cost of acquisition.

During the year, we continued to successfully implement our digital marketing strategy for Storage King resulting in a 45% increase in advert clicks, a 100% increase in referral traffic and a 74% increase in blog traffic, which has driven a valuable uptick in overall enquiries in the UK market.

HOW WE DO IT (continued)

Social media remains a key advertising, consumer engagement and CRM medium for the group. We are mainly active on Facebook (91 000+ followers as at 31 March 2020, ranking us as the third most followed self storage business in the world) and Instagram, but also on Twitter, Pinterest, LinkedIn and YouTube. Through specific call-to-action buttons, we are able to engage with our customers in real time.

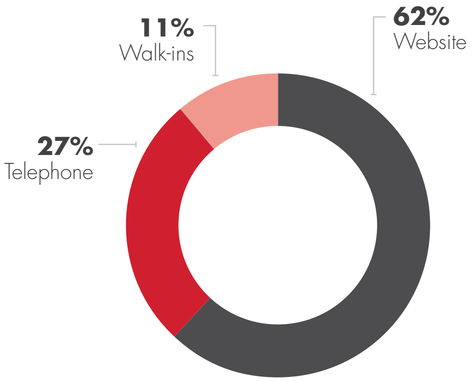
> "Throughout the year we have further developed our in-house digital marketing capabilities which, combined with our Google and Facebook partner accreditation, has allowed us to remain at the forefront of online enquiry generation."

We further use our social media presence and influence to support various community projects. This includes supporting the Santa Shoebox Project and assisting various organisations in their relief efforts for communities impacted by the COVID-19 pandemic and subsequent national lockdown – read more about this from page 83. Refer to the social sustainability section on page 81 for additional detail on our other corporate social investment initiatives.

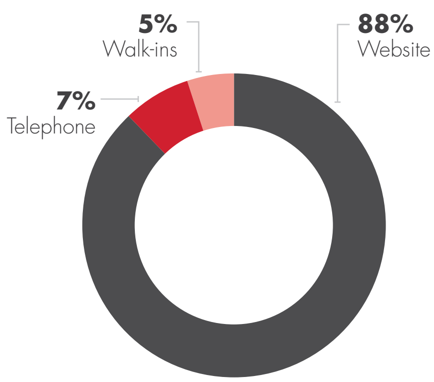
The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 62% of all enquiries. The telephone accounts for 27% of enquiries as the first point of contact. Walk-in enquiries, where we have had no previous contact with a customer, account for 11%.

In the UK, 88% of all enquiries are made through the Storage King website while 7% are via the telephone. During the period, walk-in enquiries amounted to 5%.

ENQUIRIES – SOUTH AFRICA



ENQUIRIES – UK



MEASURING CUSTOMER SATISFACTION

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

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

We continue to actively engage with customers on all digital review platforms including, but not limited to, Google My Business reviews. Through various engagement tactics, we encourage these reviews to both drive organic search performance and to foster brand credibility. We are encouraged by our average review rating of 4.5 in South Africa and 4.7 in the UK out of 5.

In South Africa we continued to use the NPS feedback survey as a key measure of our customers' overall perception of the brand. We received over 23 500 responses to these surveys during the period. The welcome survey received a response rate of 66% while the exit survey response rate was 67%.

We experienced a significant increase in these responses in the current year as a result of having incorporated the completion of the NPS feedback survey into our move-in and move-out process.

Our overall NPS for the year was 77*, up from 69 achieved during the previous year. This indicates that our customer-centric approach is excellent when compared to global NPS standards and other consumer-facing businesses.

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 85.

OUR PEOPLE

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

Our bespoke e-learning platform (Edu-Space) continues to provide additional benefits to the business across both South Africa and the UK, such as increased flexibility, efficiency and productivity, as well as reduced costs. To support our Edu-Space platform, we continue to make use of LinkedIn Learning as an on-demand online education resource for senior managers and functional teams.

During the year we introduced annual off-site facilitated half-year and full-year planning workshops for our combined senior management teams from South Africa and the UK. Our South African-based management committee (manco) structure, introduced from the beginning of our 2019 financial year, continues to enhance our management planning capability and foster the growth of senior middle managers in key portfolios across the business. Strategic planning across the business continues to be implemented through quarterly meetings of the manco, where key objectives and goals are identified.

> "Our learning, development and training programme, delivered online and in person, develops core and soft skills. Together with our performance management system of regular appraisals and feedback sessions, our staff are given the best opportunity for personal growth."

E-LEARNING FRAMEWORK

61
New online courses designed in 2020

750+
Hours of online training completed in 2020

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

HOW WE DO IT (continued)

ENSURING SECURE STORAGE

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

Given the greater security risk in South Africa, we continue to work with a third-party security company for remote monitoring of our security camera surveillance systems as well as licence plate recognition technology at new and existing stores. These systems are considered complementary to our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties have been selected based on an internal risk matrix, which takes into account various property and operational related features at each store in the portfolio. At year end, 26 properties were fitted with these systems with an additional 12 properties in progress.

To enhance physical security features, we previously developed a bespoke self storage door alarm and monitoring system in South Africa. All newly developed properties are fitted with this system, with a total of eight stores now fully operational. In the UK, 15 of the 21 stores are fitted with door alarms and we plan to complete the installation at the balance of the stores in the medium-term.

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

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

ENHANCING OUR CYBER SECURITY

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

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

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

OUR GROWTH STRATEGY

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

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are in the final year of the current cycle ending 2020, and have undertaken strategic and meticulous planning for the next five-year period. This includes committing significant resources to research projects that informed our growth strategy to 2025. A key focus remains our digital transformation strategy which significantly influences our business strategy. Read more about our new strategy in our Chairman's letter on page 7.

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

- **extracting organic growth** through active revenue management, developing additional GLA and optimising the unit mix at properties
- **leveraging our tenant management** software platform to unlock value, drive cost efficiencies and entrench our competitive advantage
- **pursuing acquisitions**, and consolidating our position as the leading and largest self storage brand in the South African market
- **developing new properties** in prominent high barrier to entry locations in our core markets
- **opportunistically leveraging** the platform through our operations and digital capability, as well as our real estate expertise
- **managing financial risk** through prudent capital management policies

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

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

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

Based on our research, we believe that there are approximately 400+ self storage properties across South Africa. While we see an opportunity to acquire existing properties, our new development strategy is detailed, with a focus on high barrier to entry areas in our core markets. Our plan to 2025 includes growing the portfolio to 70+ properties.

OUR GROWTH STRATEGY (continued)

OUR GROWTH STRATEGY FOR THE UK MARKET

Our business plan for Storage King is guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio.

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

Key features of the medium-term growth plan include:

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

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

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring existing self storage properties, developing new properties in key target areas and adding trading properties to our third-party management platform – Management 1st. We have identified a growth target of an average of two to four properties per annum. Read more about our third-party management platform below and in the CEO's report on page 33.

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

- Key locations in strategic and regional cities
- Big Box (greenfield) – high-density retail or commercial type nodes, within attractive urban/suburban areas and with main road frontage to passing traffic (typically multistorey, three+ floors)
- Conversions (brownfield) – conversion of existing buildings in retail or commercial type nodes in close proximity to dense urban areas
- Minimum requirements targeted
  - 45 000+ sq. ft MLA
  - 100 000+ population, 20-minute drive time

STORAGE KING DEVELOPMENT JV

During the year we entered a Heads of Terms with a UK-based specialist private equity real estate group to form a joint venture ("JV"), with a target to develop a five to seven property portfolio of high profile big box self storage properties in prime locations in London and the South East over the medium-term.

The JV will include the following elements:

- Equity contributions to the JV are anticipated to be in the ratio of 25:75, with Storage King contributing 25%
- All newly developed properties will be branded and managed by Storage King on behalf of the owners of the JV under the Storage King Management 1st offering
- Storage King will earn management fees from the JV for developing and managing the assets
- Storage King will have a pre-emptive right to acquire all newly developed assets once certain pre-defined operating criteria have been met
- A target has been set to achieve approximately 50% loan to cost for new developments
- An initial JV equity contribution of £25million

LEASEHOLD OWNERSHIP

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

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

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

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

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

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

CASE STUDY: SANTA SHOEBOX PROJECT
GETTING INVOLVED, MAKING A DIFFERENCE

Each year, the Santa Shoebox Project collects and distributes gifts for underprivileged children throughout South Africa and Namibia. In 15 years it has grown significantly, with the number of Santa Shoeboxes donated now totalling over 950 000. The success of the project is largely due to its personal nature, where donors prepare shoeboxes filled with gifts for children of whose names, ages and genders they are informed.

As the leading self storage company in South Africa, Stor-Age once again assisted the Santa Shoebox Project by making our resources available to help support and contribute towards its significant success.

During the year, we helped the Santa Shoebox Project in the following ways:

- We produced empty Santa Shoeboxes for the public to collect from any of our stores nationwide. Once packed with gifts, the public could drop their completed Santa Shoebox off at our stores where we stored them until the big drop-off dates. Our employees also assisted at various drop-off events across South Africa.
- We assisted the project with the introduction of team pledges for the 2019 campaign, where shoeboxes were made available to companies, organisations and groups of individuals at no cost.
- We devoted significant resources toward promoting the project via various digital platforms as well as in print and broadcast media. We also involved celebrities and influencers to further help promote the project.
- We produced a Santa Shoebox Project commercial which was featured on broadcast media and online. The commercial created awareness of the initiative to drive team and public pledges.
- We provided the project with complimentary self storage at various stores across the country to assist with their operational needs.
- We made use of Stor-Age vans to help distribute Santa Shoeboxes to underprivileged children nationwide.

WHAT THIS CAMPAIGN MEANT FOR STOR-AGE

The partnership with the Santa Shoebox Project gives Stor-Age significant brand exposure to consumers and businesses across South Africa. Not only did we receive extensive coverage in print, broadcast and digital media, but approximately 15 000 people visited our stores to collect and drop-off their Santa Shoeboxes during the year. This gave South Africans an opportunity to experience our product and high level of service. In addition, each person who collected or dropped off a Santa Shoebox was presented with a complimentary month off self storage, promoting the trial and use of the Stor-Age product.

“Our involvement in the Santa Shoebox Project unites our employees behind a common cause, whether they participate in the big drop-off events or engage with businesses and communities through the initiative.”

BRINGING OUR CORE VALUES TO LIFE

We believe in striving for excellence in everything we do – in our thoughts, our decision-making, and our actions.
We were able to make a significant impact on the Santa Shoebox Project's success through purposeful collaboration with the organisation's team and our own determination to achieve excellence in every aspect of our involvement.

We believe that every action taken today will have a direct impact on the actions we can take tomorrow.
The Santa Shoebox Project positively impacts the lives of the future leaders of tomorrow and we are incredibly fortunate to be able to assist projects like these, now and into the future.

Excellence

Sustainability

OUR MISSION: To rent space

Relevance

Integrity

We aim to be relevant in everything that we do.
The Santa Shoebox Project gives us the opportunity to be active in the communities in which we operate and make a difference in the lives of underprivileged children across South Africa.

We feel strongly about doing the right thing the first time, all the time.
As a company, we have always put a lot of effort into having a positive impact in communities throughout South Africa. Being able to help bring joy to underprivileged children during the festive season is an absolute privilege for us.

OUR PERFORMANCE

CEO'S REPORT

FINANCIAL REVIEW

OUR PERFORMANCE

CEO'S REPORT

Despite the severely constrained South African and global economic environment, I am pleased to report another strong set of financial and operational results for the fifth year in a row. This was underpinned by organic growth in our South African and UK portfolios and our ability to execute asset and revenue management initiatives to enhance our value proposition.

We are sector leaders in South Africa, evidenced by our status as the top self storage operator by lettable area, number of properties, number of tenants and value, and exceptional geographic representation. The acquisition of the five-property Flexi Store portfolio consolidated our position as the sixth largest self storage brand in the UK. We also launched a third-party management platform and entered into a Heads of Terms to form a new development-focused joint venture ("JV") that will support further expansion in the region.

OUR PERFORMANCE

Our total shareholder distribution of R452.5 million translated into a dividend per share of 112.05 cents. This represents 5.03% growth compared to 106.68 cents in the prior period. Distribution growth was driven by like-for-like growth in rental income and net property operating income of 29.7% and 34.1% respectively.

The group's solid trading performance reflects the highly defensive and resilient nature of our business model and the excellent quality of our underlying property portfolio. This is evidenced by the growing level of enquiries we continue to generate and receive in South Africa and the UK.

Our unrelenting focus on maintaining a healthy, conservatively geared and hedged balance sheet remains a priority for the group. Our LTV of 30.1% at year end is comfortably within our 25-35% target range. Post year end in May 2020 we raised R250 million of new equity via an accelerated bookbuild, reflecting continued investor confidence in the group's performance.

COVID-19

IMPACT ON STOR-AGE

The provision of storage or "mini-logistics" forms an essential part of the logistics network. In South Africa, our properties remained accessible throughout the lockdown for tenants either storing essential goods or providing essential services as defined by the government regulations. Our properties in the UK remained open for business but under strict conditions. In both markets we swiftly ensured the implementation of necessary protocols and procedures, and our accessible properties were managed by one member of staff, in a retail store environment closed to the public, ensuring strict social distancing.

> "By enacting our business continuity plans prior to the lockdown, we ensured a seamless continuation of operations despite our head office teams in both markets working remotely."

Our primary responsibility was the safety, health and well-being of our staff and customers. We immediately increased our focus on hygiene and cleanliness across our property portfolio and ensured all necessary safety protocols were put in place. As our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types, social distancing could be practiced with little effort.

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

Stor-Age entered the current downcycle from a position of strength. We have a conservative balance sheet, with our LTV at 30.1% and a strong liquidity position with approximately R246 million in cash and R654 million of undrawn credit facilities (prior to the R250 million capital raise in May 2020).

CEO'S REPORT (continued)

In the two-month period to the end of May, overall occupancy in South Africa decreased by 300 m² (representing less than 0.1% of GLA). In the UK, occupancy decreased by 800 m² (representing less than 1.0% of GLA).

Approximately 70% and 95% of South African and UK tenants respectively are on direct debit or equivalent.

At year end, our portfolios benefited from mature occupancy levels of 85.0% and 78.8% in South Africa and the UK respectively. With 34 700 tenants in total, we also benefit from having significantly less tenant concentration risk than many of our REIT peers on the JSE.

SELF STORAGE SECTOR RESILIENCE

COVID-19 has created an unprecedented health and economic crisis. Unfortunately, this crisis arrived at a point in time when the South African economy had already been under significant pressure for a number of years. While the UK economy has suffered as a result of Brexit, direct fiscal stimulus and greater relative economic strength should allow it to better manage the associated fallout. As a result of the above, the general risk outlook is significantly elevated as there is no certainty regarding the exact impact and duration of the pandemic. Accordingly, we have adopted a conservative and prudent outlook and have planned for a challenging 12-month trading period ahead.

"Whether the economy is growing or contracting, the life-changing events that drive demand for self storage continue to occur."

That said, Stor-Age and the self storage business model have a track record of resilience in constrained economic environments. While there is little doubt about the pending significant contraction in the economies in both South Africa and the UK, the primary drivers of demand for our product are positive and negative life-changing events and/or dislocation. Demand is further supported by fluctuating economic conditions. Our customers typically require the product either temporarily or permanently for various reasons throughout the economic cycle. This creates a market depth that contributes significantly towards the resilience of the self storage product.

"In April, May and June 2020, we collected more than 93% and 98% of rental due in South Africa and the UK respectively."

Stor-Age is also well positioned to benefit in the medium to long-term from the rapid acceleration of change brought about by COVID-19. We anticipate that the incremental use of technology as an enabler within business and greater adoption by society at large will result in an increasingly mobile population. The impact on where and how people live and work, as well as the possibility of business models evolving to require less operational space, will in our view give rise to incremental demand for our product in South Africa and the UK.

GROWING OUR PROPERTY PORTFOLIO

Stor-Age seeks investment opportunities where we can achieve strong market penetration, leverage and further benefit from our economies of scale, enjoy limited competition and produce high operating margins. Our property growth strategy is tempered with a commitment to high quality self storage assets. We believe that in focusing on assembling a portfolio at the quality end of the spectrum, we will not compromise the sustainability of our business by chasing short-term growth targets.

SOUTH AFRICA

We continue to identify promising investment opportunities to expand our South African property portfolio. This includes adding space to existing properties, acquiring trading self storage properties from third parties, and leveraging our proven in-house capability to develop new properties in high-profile, prime locations.

The Craighall development in Johannesburg, which Stor-Age acquired during the period, was completed below budget under the Certificate of Practical Completion ("CPC") structure[1] at a development cost of R109 million. On full fit-out the property will comprise over 6 500 m² of GLA.

[1] *Stor-Age entered into the CPC agreement with Stor-Age Property Holdings Proprietary Limited for the development of its self storage property in Craighall. The CPC structure reduces the development and lease-up risk for Stor-Age and provides an opportunity to develop high-profile properties in prime locations without diluting the group's distribution growth profile over the medium-term. In addition, the CPC is subject to strict independent and regulatory controls.*

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

UNITED KINGDOM

Looking towards the UK, Storage King offers scale and a high-quality property portfolio. It also offers a pipeline of opportunities and an attractive level of underlying earnings growth through rental rate and occupancy increases year-on-year.

Continuing to leverage the existing relationships of Storage King's management, we acquired the Flexi Store portfolio for a purchase consideration of £13.4 million in December 2019. The acquisition is in line with our stated growth and investment strategy and comprises a portfolio of five self storage properties in locations which complement the existing portfolio.

The portfolio, which traded under licence of the Storage King brand, will be managed under the existing operating infrastructure of the group. The acquisition increases the total number of owner operated Storage King properties to 21. It adds an additional 14 600 m^2 of GLA with a maximum lettable area of 17 650 m^2.

In September 2019, we launched 'Management 1^{st}' in the UK, a comprehensive third-party management solution offered to independent operators, developers and private equity owners. Management 1^{st} provides an attractive management option for smaller property owners. It further enables Storage King to leverage its existing operations infrastructure to earn additional revenue streams and expand the brand's reach, while providing a natural acquisitions pipeline over the medium to long-term.

CEO'S REPORT (continued)

> As true sector specialists, the ability to seamlessly transport our online capability across borders assists us in continuing to unlock value for shareholders and remains a significant strength regardless of where we operate.

In March 2020, we entered into a non-binding Heads of Terms with a UK-based specialist private equity group. Our ambition is to form a JV and develop a five to seven asset portfolio with a gross asset value of approximately £50 million. The JV will aim to develop high-profile properties, targeting London and the South East. Discussions and work to finalise the definitive binding documentation are ongoing.

Equity capital contributions to the JV are envisaged to be in the approximate ratio of 75:25, with Storage King contributing 25%. All newly developed properties will be managed by Storage King under the Management 1st offering. Storage King will also earn management fees for developing the assets and will have a pre-emptive right to acquire all newly developed assets once certain pre-defined operating criteria have been met.

We see significant opportunity to further grow and strengthen our UK business through acquisitions and new developments over the medium-term. Buoyed by the success of our underlying operations to date, the attractive levels of real growth in rentals despite Brexit, as well as our ability to identify, negotiate, close and integrate acquisitions, we anticipate that the growth in our UK portfolio will outstrip the growth in our South African portfolio over the medium-term.

TECHNOLOGY AS A BUSINESS ENABLER

At its core, self storage is a real estate business with an operational overlay that benefits from country specific scale and the relative strength of its brand. Despite this, it primarily remains a micro-market, micro-managed and localised business trading in a defined catchment area. As evidence of this, the 2020 Self Storage Association UK Annual Industry Report found that 56% and 71% of customers travel 15 minutes and 20 minutes or less respectively to their self storage property.

The lifeblood of a self storage business is enquiry generation, which was traditionally generated by how visible properties were to potential users. Visibility remains critical. However, a strong online presence, a contemporary web user-experience, and a highly effective multi-channel online customer acquisition and sales platform are as important in current times, if not

more so. Our in-house capability to identify new online customer acquisition opportunities, develop solutions, deploy to the live environment, measure and evaluate results at speed, and then repeat the cycle, is a key skill set.

With online enquiries representing more than 60% of all enquiries in our South African business and more than 80% in our UK business, online enquiry generation at the right price is a critical driver of success.

The complexity and cost of online sales is significant. While it is easy to talk about, developing, maintaining and continuously enhancing the skill set is costly and challenging. It is no longer sufficient to merely participate online. The capability to leverage the underlying prospect and tenant data, and continuously adapt rapidly, is critical.

Recognised by Google and Facebook as an accredited digital marketing agency, Stor-Age is a digitally engaged business, with digital solutions and processes throughout.

Our capability in this sphere is a skill set with a niche sector specific overlay that is seamlessly transportable across borders. It remains a significant strength regardless of where we operate. We continue to invest significant time and resources to ensure that we have the capability to respond and evolve as required, and this remains a strategic focus area going forward.

In line with our multi-year digital strategy, a significant focus during the year was the successful redevelopment of our South African-based back-end in the Microsoft Azure Cloud Platform. This not only improved security and the user experience, but also allows for deeper integration with our UK platforms. This covered the entire application lifecycle. We further enabled DevOps, a hosted service providing development and collaboration tools. We see this work as critical to enhancing our agility in the digital environment.

SUSTAINABILITY AS A BUSINESS ENABLER

We continue to reduce our carbon footprint. During the year we fitted an additional nine properties with solar photovoltaic installations and we plan to fit an additional six properties in the upcoming year. Stor-Age was the first South African self storage company to install solar technology for three-phase power generation. In total we now have 13 properties fitted with solar photovoltaic installations, with a total system size of 375 kW. During the year these properties generated approximately 614 000 kWh of solar energy and resulted in a reduction of approximately 510 tonnes of CO_2 emissions.

> “The benefit of a nine-person in-house digital marketing team is a key differentiator relative to all of our peers in South Africa and the majority of our peers in the UK.”

All of our South African properties are fitted with LED lighting internally and externally, and we harvest rainwater at 21 of our properties in South Africa.

Post year end, we introduced e-leases for tenant onboarding in South Africa and the UK. We anticipate that this will achieve an estimated reduction in paper utilisation of approximately 80% going forward.

OUR PEOPLE

Our strong performance during the year was in large part attributable to the efforts of our committed and hardworking employees. Our people remain pivotal to achieving our strategic objectives and we strive to ensure that we continue to recognise this internally.

In line with our core value of Excellence, we set our standards exceptionally high across the business. It remains critical that our employees are engaged and equipped with the competencies required to remain competitive. We place a strong focus on customer service and superior selling skills at point of sale to earn the trust of customers visiting our properties. We continue to work hard at remaining nimble and responsive, while balancing the need to introduce enhanced organisational frameworks and structures to support sustainable growth. Our distinct non-hierarchical structure with fully accessible management endeavours to continuously reward everyone for their contribution to our success.

In pursuit of Excellence, ongoing training, learning and development remain at the heart of our culture. We continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on technology. We recorded more than 700 hours

CEO'S REPORT (continued)

of training across 61 separate modules on Edu-Space, our online Learner Management Platform in South Africa and the UK. We also continued to benefit from access to LinkedIn Learning during the year, an online, on-demand learning platform for senior managers and functional teams. Recognising the rapid growth of the business in recent years, a particular area of focus was the ongoing development of staff comprising our middle to senior management team. Accordingly, we hosted workshops during the year geared towards equipping them with enhanced skills to take their careers and the business forward sustainably. We also rolled out a revised online sales and customer service training course for all South African staff, as well as facilitated bi-annual senior management planning workshops for the South African and UK teams.

> "Our operating platform plays a critical role in driving performance and extracting value. It's an area of the business where the executives continue to dedicate significant time and resources."

Our people and our sophisticated, decentralised platform are two key drivers to our long-term success.

Our formal management committee (manco) structure introduced in 2019 continues to grow in influence. The manco met four times during the year to set annual priorities and quarterly action items, identify key performance indicators and delineate appropriate channels of accountability. Ultimately, this drives alignment and productivity across the business.

OUTLOOK AND THANKS

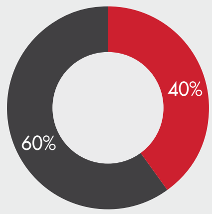
On behalf of the executives, I would like to take this opportunity to express my sincere gratitude to Paul Theodosiou, the previous chairman of our board, who retired from Stor-Age at the end of December 2019. As our inaugural chairman, over and above the value contributed from his vast commercial and listed property experience, Paul played an instrumental role in seeding the enduring foundations on which our board is built, as well as in displaying exemplary levels of leadership.

PORTFOLIO ANALYSIS

• South Africa • UK

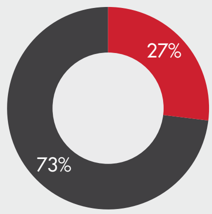
Total property value

VALUE OF PROPERTY (R7.0 billion)



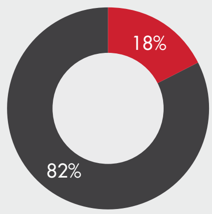
Total number of tenants

NUMBER OF TENANTS (34 700)



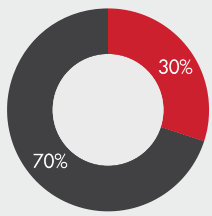
Total GLA

GLA ($448\ 200\ m^2$)



Total number of properties

NUMBER OF PROPERTIES (71)



I would also like to welcome Graham Blackshaw as our new chairman and wish him well for the future. At the same time, I would like to thank Graham and the rest of the board members for their continuing support, wisdom, guidance and ongoing advice during the period.

COVID-19 rapidly ushered in a period of significant economic contraction globally, including in South Africa and the UK, as well as extremely high levels of uncertainty. While we are no doubt only at the beginning of the pandemic and its associated impact, we take great confidence in Stor-Age's resilience displayed to date.

As a result of the conservative, strategic and disciplined management of Stor-Age, we are fortunate to have entered the current downcycle from a position of strength. Stor-Age remains a world-class self storage business and a dynamic sector specialist, with the benefit of a core product which has traditionally been highly resilient in challenging trading conditions and a conservatively geared and interest-rate hedged balance sheet.

Stor-Age remains well placed to withstand the tough economic headwinds, as well as global macro-economic volatility.

Gavin Lucas
CEO

22 June 2020

" While we are no doubt only at the beginning of the pandemic and its associated impact, we take great confidence in Stor-Age's resilience displayed to date. "

FINANCIAL REVIEW

Stor-Age's continued strong results for the year reflect a resilient trading performance against the backdrop of challenging macro conditions in South Africa, and political and economic uncertainty for most of the year in the UK. The group delivered a 5.03% increase in its annual dividend per share.

INTRODUCTION

Our operational performance in both markets was robust. Intense operational focus and discipline at a property level, supported by our specialised digital marketing platform, enabled the group to extract occupancy and revenue growth. Our hands-on management approach across both geographies remains critical to continuing to deliver superior performance. Strict cost control and our revenue management platform complement this strategy.

PORTFOLIO REVIEW

	31 March 2020			31 March 2019		
	GLA m^2	Occupied m^2	% occupied	GLA m^2	Occupied m^2	% occupied
SA	**365 400**	**310 400**	**85.0**	357 600	300 600	84.0
UK	**82 800**	**65 300**	**78.8**	66 100	53 000	80.3
Total	**448 200**	**375 700**	**83.8**	423 700	353 600	83.5

The SA portfolio closed at 365 400 m^2 GLA (2019: 357 600 m^2), up by 7 800 m^2 year-on-year as a result of the opening of Craighall (4 200 m^2) and expansion at existing properties (3 600 m^2).

Closing occupancy increased by 1.0% to 85.0%, with occupied space increasing by 9 800 m^2 year-on-year, a pleasing result in the prevailing trading environment. Excluding Craighall, which was developed under the CPC structure and commenced trading in August 2019, occupancy grew by 7 400 m^2. The occupancy of Craighall at year end was 2 400 m^2 (57.8% occupied on its current fit-out and 37.5% occupied on its fully fitted-out GLA).

The national lockdown, which commenced on 27 March 2020, had a negative impact on the closing occupancy position with move-ins during the last two weeks of March lower than the corresponding period in the prior year. Consequently, our occupancy gains for the year, while still positive, were lower than the 12 000 m^2 we had anticipated to achieve.

The UK portfolio closed at 82 800 m^2 GLA (2019: 66 100 m^2), up 16 700 m^2 year-on-year as a result of the acquisition of Flexi Store in December 2019. The Flexi Store portfolio had previously been trading under licence of the Storage King brand.

Closing occupancy was 78.8%. Excluding the acquisition of Flexi Store, closing occupancy increased by 800 m^2 to finish at 81.2%, 0.9% higher than the prior year.

In September 2019, prior to the acquisition of Flexi Store, the portfolio had reached record occupancy levels of 84.2% in line with expectations. The UK self storage industry experiences a more marked degree of seasonality than in South Africa, with occupancy peaking in the spring and summer months. Similar to South Africa, we usually see strong gains in occupancy in the last two weeks of March. The introduction of the lockdown in mid-March in the UK also impacted negatively on occupancy in that month, constraining our original expectations of a full-year occupancy gain of 2 500 m^2.

TENANT PROFILE

Details of the group's tenant base is set out in the table below:

	31 March 2020		31 March 2019	
	SA	UK	SA	UK
Number of tenants	**25 300**	**9 400**	24 200	7 900
Residential	**60%**	**69%**	64%	68%
Commercial	**40%**	**31%**	36%	32%
Average length of stay – months (existing tenants)	**23.1**	**26.2**	23.0	25.0
Average length of stay – months (tenants vacating during the period)	**13.8**	**9.6**	13.4	9.9

FINANCIAL REVIEW (continued)

FINANCIAL RESULTS

The table below sets out the group's underlying operating performance by South Africa and the UK:

	31 March 2020			31 March 2019			% variance		
	SA Rm	UK Rm	Total Rm	SA Rm	UK Rm	Total Rm	SA	UK	Total
Property revenue	**440.1**	**258.7**	**698.8**	336.0	193.1	529.1	31.0	34.0	32.1
Rental income	**382.2**	**233.3**	**615.5**	301.5	173.2	474.7	26.7	34.7	29.7
Rental underpin	**18.5**	**–**	**18.5**	10.6	–	10.6	74.7	–	74.7
Rental guarantee	**24.5**	**–**	**24.5**	10.0	–	10.0	144.6	–	144.6
Ancillary income	**13.4**	**22.0**	**35.4**	11.8	16.1	27.9	14.2	36.4	27.0
Sundry income	**1.5**	**3.4**	**4.9**	2.1	3.8	5.9	(28.0)	(9.8)	(16.3)
Bad debt	**(2.8)**	**(1.0)**	**(3.8)**	(2.1)	(1.1)	(3.2)	(33.6)	12.4	(17.9)
Direct operating costs	**(99.8)**	**(78.3)**	**(178.1)**	(80.4)	(60.2)	(140.6)	(24.2)	(30.2)	(26.8)
Net property operating income	**337.5**	**179.4**	**516.9**	253.5	131.8	385.3	33.1	36.2	34.1
Bad debt as a percentage of rental income	**0.74%**	**0.41%**	**0.62%**	0.71%	0.64%	0.68%			

Bad debt is reflected under the description of Impairment losses recognised on tenant debtors in the consolidated statement of profit or loss and other comprehensive income.

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

A reconciliation between the disclosures set out in the table above and the consolidated statement of profit or loss and other comprehensive income is set out on page 90.

Total property revenue increased by 32.1% to R698.8 million (2019: R529.1 million) including the impact of acquisitions and organic growth.

Rental income for the year was R615.5 million (2019: R474.7 million), a 29.7% increase. On a like-for-like basis (excluding acquisitions and new store openings in the 2019 and 2020 financial years) South African rental income increased by 6.5%, driven by a 1.5% increase in average occupancy levels and a 5.0% increase in the average rental rate.

The Managed Portfolio, comprising 12 properties previously managed and operated by Stor-Age which were acquired in September 2018, delivered year-on-year rental income growth of over 17.0%. Average occupancy and rental rate increased 8.6% and 8.0% respectively.

The year was characterised by a strong focus on growing and retaining occupancy levels. Our revenue management model supported this through a balanced approach of increasing occupancy using promotional offers where necessary and carefully managed pricing levels.

The UK portfolio delivered a strong operational performance with like-for-like rental income (excluding acquisitions in the 2019 and 2020 financial years) increasing by 5.0%, driven predominantly by average occupancy growth of 4.5%.

The rental guarantee of R24.5 million relates to the acquisition of the Managed Portfolio and the rental underpin of R18.5 million relates to the CPC developments (Bryanston and Craighall). Both of these, provided by the sellers of the properties, effectively provide income protection to Stor-Age as the properties lease up to mature occupancy levels.

Ancillary income of R35.4 million (2019: R27.9 million) reflects the positive contribution of acquisitions and organic growth. Although ancillary income is a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. In South Africa, excluding the impact of acquisitions, merchandise sales and late fees charged to debtors (collectively R4.3 million) increased by 8.0% year-on-year with administration fees (R4.5 million) remaining flat. In the UK, excluding the impact of acquisitions, ancillary income was up 6.7% year-on-year.

Bad debt as a percentage of rental income was 0.62% for the group, reflecting an improvement from the prior year's 0.68%. There was a slight deterioration in South Africa during the year due to the more challenging local economic conditions. This was offset by an improvement in the UK. Cash collections remain a key priority, particularly in light of the challenges arising from the COVID-19 crisis.

Other revenue of R4.7 million (2019: R11.1 million) comprises property and other management fees in South African and licence fee income from franchisee properties in the UK. The decrease in these fees is a result of the acquisition of the Managed Portfolio in the prior year.

The increase in direct operating costs to R178.1 million (2019: R140.6 million) reflects the impact of acquisitions. Across both markets, property rates, staff costs, utilities, insurance and marketing costs account for approximately 85% of the operating cost base. In South Africa, we saw the offsetting benefit of increases in property rates and improved efficiencies in our marketing spend, staff costs and savings on electricity from the roll-out of solar power. The UK benefited from using our South African-based digital marketing expertise, which resulted in improved enquiries and savings in marketing spend.

Administrative expenses amounted to R55.5 million (2019: R43.8 million). Excluding the impact of foreign exchange movements and non-recurring items, administrative costs were broadly in line with the prior year.

The fair value adjustment to investment properties of R104.4 million reflects a decrease in the carrying value of investment properties arising from using more conservative cash flow assumptions in determining fair value. Other fair value adjustments to financial instruments (R175.6 million loss) relate to the mark-to-market adjustments of interest rate swaps, forward exchange contracts and cross currency interest rate swaps ("CCIRS").

Interest income of R58.3 million (2019: R48.9 million) comprises interest income on the share purchase scheme loans, CCIRS and call and money market accounts. The CCIRS accounted for R30.3 million (2019: R29.7 million) of this amount.

Interest expense of R116.6 million (2019: R81.8 million) comprises mainly interest on bank borrowings. The increase is due to higher levels of debt in South Africa and the UK relating to acquisitions in the current and prior year, expansion and capital expenditure incurred at existing properties, and the development pipeline in SA.

CAPITAL STRUCTURE

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

Details of the group's borrowing facilities at 31 March 2020 are set out below:

	ZAR facilities Rm	GBP facilities £m	GBP facilities Rm	Total facilities Rm
Total debt facilities	**1 705.0**	**60.0**	**1 328.5**	**3 033.5**
Undrawn debt facilities	**574.4**	**3.8**	**83.8**	**658.2**
Gross debt	**1 130.6**	**56.2**	**1 244.7**	**2 375.3**
Gross debt net of cash held in facilities	**961.0**	**56.2**	**1 244.7**	**2 205.7**
Net debt	**931.0**	**54.1**	**1 198.3**	**2 129.3**
Investment property	**4 132.0**	**132.9**	**2 942.3**	**7 074.3**
Subject to fixed rates	**700.0**	**44.5**	**984.1**	**1 684.1**
% hedged on:				
– Gross debt	**61.9%**	**79.1%**	**79.1%**	**70.9%**
– Gross debt net of cash held in debt facilities	**72.8%**	**79.1%**	**79.1%**	**76.4%**
– Net debt	**75.2%**	**82.1%**	**82.1%**	**79.1%**
Effective interest rate	**8.25%**	**3.60%**	**3.60%**	**5.90%**
Gearing (LTV ratio)[1]	**22.5%**	**40.7%**	**40.7%**	**30.1%**

[1] *LTV ratio is defined as the ratio of net debt as a percentage of gross investment property.*

Stor-Age is well capitalised with sufficient access to cash resources and funding options. In May 2020 we raised R250 million of new equity in an oversubscribed accelerated bookbuild. Total undrawn borrowing facilities amounted to R658.2 million at 31 March 2020. None of the facilities are due for renewal before November 2021 and the average cost of debt for the group is 5.90%.

At 31 March 2020 the group had ZAR loan facilities of R1.705 billion available. The respective maturities of the various facilities range from October 2021 to November 2023, with a weighted average maturity of 2.5 years (excluding a three month rolling note of R160 million which is refinanced quarterly).

The GBP loan facilities comprise a £52.0 million facility (expiry date November 2024) and an £8.0 million facility (expiry date September 2021) with a weighted average maturity of 4.2 years.

On a net debt basis, 79.1% of borrowings was subject to fixed rates (31 March 2019: over 100.0%).

Net debt stood at R2.129 billion at year end (31 March 2019: R1.483 billion) with a gearing ratio (LTV) of 30.1% (31 March 2019: 23.8%).

In light of the recent reductions in interest rates, the board considers this level of interest rate hedging to be appropriate in the current circumstances. The board will continue to review the hedging position on an ongoing basis.

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

SA

Expiry period	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY21	**160.0**	**160.0**	**–**	**100.0%**
FY22	**745.0**	**672.3**	**72.7**	**90.2%**
FY23	**150.0**	**–**	**150.0**	**–%**
FY24	**650.0**	**298.3**	**351.7**	**45.9%**
Total	**1 705.0**	**1 130.6**	**574.4**	**66.3%**

FY21 is a three-month rolling note which is refinanced quarterly.

UK

Expiry period	Facility £m	Drawn £m	Undrawn £m	% of facility drawn
FY22	**8.0**	**5.7**	**2.3**	**71.3%**
FY25	**52.0**	**50.5**	**1.5**	**97.2%**
Total	**60.0**	**56.2**	**3.8**	**93.7%**

At 31 March 2020, R600 million of our investment property portfolio was unencumbered.

FINANCIAL REVIEW (continued)

NET ASSET VALUE PER SHARE

	31 March 2020 Rm	31 March 2019 Rm
Total equity – statement of financial position	**4 605.4**	4 624.8
Less: Non-controlling interest	**(33.1)**	(28.2)
Net assets	**4 572.3**	4 596.6
Less: Goodwill and intangible assets	**(152.3)**	(140.8)
Net tangible assets	**4 420.0**	4 455.8
Number of shares in issue (million)	**397.8**	392.9
Net asset value per share (R)	**11.58**	11.77
Net tangible asset value per share (R)	**11.19**	11.41

CCIRS AND HEDGING OF GBP EARNINGS

The group makes use of CCIRS as part of its treasury management policy to create a synthetic matching of GBP funding to GBP-denominated assets at optimal levels. The CCIRS create an effective hedge of the net investment in our offshore operations against foreign currency fluctuations.

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

	31 March 2020 GBP m	31 March 2019 GBP m
Investment property	**132.9**	117.5
Bank debt	**(56.2)**	(43.8)
Other assets	**8.6**	7.5
Other liabilities	**(20.4)**	(15.9)
Net investment	**64.9**	65.3
Notional value of CCIRS	**25.0**	25.0
CCIRS as a percentage of investment property	**18.8%**	21.3%
CCIRS as a percentage of net investment	**38.5%**	38.3%
Effective hedge (CCIRS and bank debt as a percentage of total assets)	**57.4%**	55.1%

At 31 March 2020 the group had entered into CCIRS with a notional value of £25.0 million (31 March 2019: £25.0 million). This represents an effective hedge of 38.5% (31 March 2019: 38.3%) of the net investment in Storage King.

The group's GBP-denominated debt of £56.2 million (31 March 2019: £43.8 million), together with the notional value of the CCIRS, equates to an effective hedge of 57.4% (31 March 2019: 55.1%) of GBP-denominated assets.

Distributable earnings from the UK are repatriated to South Africa for distribution purposes. To manage the impact of currency volatility, the group has adopted a rolling hedging policy using forward exchange contracts ("FECs") as follows:

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

FECs entered into by the group as at the date of this announcement are summarised below:

Six-month period ending	Hedging level %	Forward rate R/£
Mar-20	**100**	**22.85**
Sep-20	**100**	**23.02**
Mar-21	**100**	**23.03**
Sep-21	**85**	**23.23**
Mar-22	**85**	**23.48**
Sep-22	**80**	**24.56**
Mar-23	**60**	**24.65**

INVESTMENT PROPERTY

The fair value of our investment properties increased by 13.3% to R7.074 billion (2019: R6.242 billion).

Investment properties are valued by the board using the discounted cash flow ("DCF") method to arrive at a fair value. The valuation of freehold and long leasehold properties is based on a DCF of the net operating income over a 10-year period and a notional sale of the asset at the end of the 10th year. The same methodology is used for short leasehold properties, except that no sale of the property in the 10th year is assumed and the DCF is extended to the expiry of the lease.

The group's policy is to have at least one-third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the board, using the same methodology applied by the external valuers. In line with this policy, 20 of the 50 properties in the South African portfolio were valued independently by Mills Fitchet Magnus Penny (Member of the South African Institute of Valuers) at 31 March 2020. For the UK portfolio, 16 of the 21 properties were valued independently by Cushman and Wakefield (Registered Valuers of The Royal Institution of Chartered Surveyors in the UK) at 31 March 2020. The remaining five properties comprising the acquisition of Flexi Store in December 2019 were independently valued by Cushman and Wakefield at 30 November 2019. The board is satisfied that the internal valuation of the five-property portfolio at 31 March 2020 is not materially different from the independent valuation performed at 30 November 2019.

In determining the valuations, we have adopted a conservative view on the forecasted cash flows arising from the properties in FY21 due to the uncertainty as a result of COVID-19. In addition, we have not yet taken account of any potential cost savings arising from our response to managing the financial impact of the pandemic. As a result, the value of our investment properties in SA and the UK decreased by R48.8 million and £2.5 million (R55.6 million) respectively.

FINANCIAL REVIEW (continued)

The table below summarises the breakdown of investment properties as at 31 March 2020:

	% of portfolio	Valuation (R million)
SA – Trading properties	95.7%	3 952.0
SA – Developments	4.3%	179.6
SA – Total	100.0%	4 132.0

	% of portfolio	Valuation (£ million)
UK – Leasehold	21.1%	28.0
UK – Freehold	78.9%	104.9
UK – Total	100.0%	132.9
R/£ exchange rate		22.14
UK – Total (R million)		2 942.3

ACQUISITIONS AND DEVELOPMENTS

ACQUISITIONS

During the year the group completed the acquisitions of Craighall and Flexi Store.

Craighall, developed by Stor-Age Property Holdings Proprietary Limited under the CPC structure, was completed at a development cost of R109 million. On full fit-out the property will comprise over 6 500 m^2 GLA.

In December 2019, the acquisition was completed of the five-property Flexi Store portfolio (16 700 m^2 GLA) at a purchase consideration of £13.4 million and an estimated forward yield of 7.29%. Completion of the transaction was delayed from the originally anticipated August 2019 date. Given that the acquisition was accretive to earnings, the delay in completion had a negative impact on earnings for the second half of the year. The performance of the acquired properties since acquisition has been broadly in line with expectations. The acquisition was in line with our stated UK growth strategy of acquiring properties trading into dense catchment areas which complement the existing portfolio.

PIPELINE

Total committed pipeline subject to town planning consent c.53 000 m^2+.

Site	Location	City	Status	Anticipated GLA (m^2)
Tygervalley	Highly visible location on Durban Road just off the N1 highway	Cape Town	Under construction	7 100
Sunningdale	Highly visible location on the corner of Berkshire Boulevard and Whitehall Way	Cape Town	Under construction	6 350
Cresta	Prominent location on the corner of Weltevreden Road and Valley Lane – opposite Cresta Shopping Mall	Johannesburg	Under construction	7 400
De Waterkant	Prominent location on corner of Rose and Waterkant Streets	Cape Town	Town planning approved, development planning underway	6 600
Bryanston	Highly visible location alongside the Virgin Active Gym at the Grosvenor Crossing	Johannesburg	Town planning approved, development planning underway	4 800
Hillcrest	Prominent location on the corner of Main and Kassier Roads	Durban	DBN Town planning approved, development planning underway	7 400
Johannesburg 1	To be announced	Johannesburg	JHB Town planning approved, development planning underway	7 500
Johannesburg 2	To be announced	Johannesburg	Secured and town planning under negotiation	6 000

DEVELOPMENT PIPELINE

Construction at Tygervalley commenced in late October 2019 and we had expected to open in the early part of 2021. In line with the lockdown regulations implemented on 27 March 2020, construction activity ceased and only recommenced on 1 June 2020 with the easing of restrictions. The costs to complete the development are estimated to be R46 million.

At Cresta, the existing building was demolished. The site was cleared and piling for the foundations was underway prior to the national lockdown. Construction activity recommenced on 1 June 2020. The costs to complete the development are estimated to be R62 million.

The design of Tygervalley and Cresta has been planned to cater for separate receiving and dispatch areas to accommodate a growing demand from our commercial user segment. Our expected opening dates for trading are March 2021 and August 2021 for Tygervalley and Cresta respectively, assuming no further delays are experienced or lockdown restrictions imposed.

Sunningdale is to be developed in a joint venture with Garden Cities. The development will complement our existing Table View property, providing Stor-Age with a presence in two excellent locations in the fast-developing west coast region. Stor-Age will have a 50% equity interest in the development and will earn development fees prior to opening, and property management fees once trading commences. At year end, no construction costs had yet been incurred. The costs to complete Phase I of the development are estimated to be R20 million (being Stor-Age's 50% share).

De Waterkant is well-located to service the residents and businesses on the western side of Cape Town CBD, the V&A Waterfront, and the surrounding areas of Bo Kaap, Tamboerskloof and the Atlantic Seaboard suburbs. The development will complement our existing Gardens and Sea Point properties, providing Stor-Age with an extended presence in the heart of some of South Africa's most densely populated and sought-after areas. The design and value engineering process is underway. However, we do not anticipate any development activity to take place in the next 12 months.

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:

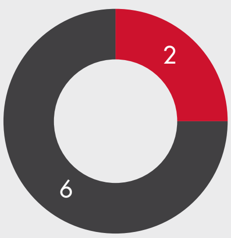
Director	Sub-committees	Meetings attended	Meetings eligible	% attend-ance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remune-ration committee
Paul Theodosiou (Resigned)**	ARC; RC; IC	11	11	100%	3	2		5	1
Graham Blackshaw (Chair)*	IC; SEC	13	13	100%	4		2	7	
John Chapman (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

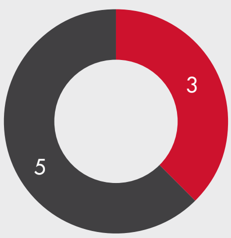
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the company. However, it seeks to continue to further improve diversity.

GENDER DIVERSITY



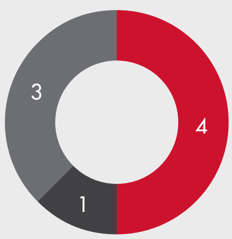
- Female
- Male

RACIAL DIVERSITY



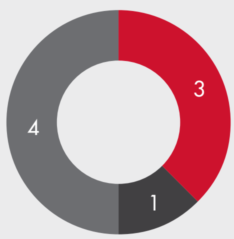
- Black
- White

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.

3

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%)

Performance condition	Weighting	Hurdle level Threshold (50% vesting)	Target (100% vesting)	Stretch (150% vesting)
Dividend per share growth measured relative to the SAPY or comparable index	26.25%	5% out-performance	15% out-performance	25% out-performance
Dividend per share growth measured against SA CPI + margin	26.25%	CPI + 2.25%	CPI + 2.75%	CPI + 3.25%
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%)

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

REMUNERATION COMMITTEE REPORT (continued)

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.

ACTING SUSTAINABLY (continued)

" 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
Reconciliation of rental income		
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
Reconciliation of other income		
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
Reconciliation of property revenue		
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
Reconciliation of direct operating costs		
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.

CONTENTS

These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008, as amended (Companies Act).

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

Published
22 June 2020
Stor-Age Property REIT Limited

DECLARATION BY COMPANY SECRETARY

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

HH-O Steyn CA(SA)
Company Secretary
22 June 2020

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2020

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Stor-Age Property REIT Limited, comprising the statements of financial position at 31 March 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

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

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group and company financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group and company annual financial statements
The group and company annual financial statements of Stor-Age Property REIT Limited, as identified in the first paragraph, were approved by the board of directors on 22 June 2020 and signed on their behalf by:

GA Blackshaw
Chairman

GM Lucas
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee (the audit committee) takes pleasure in presenting its report for the year ended 31 March 2020.

1. Terms of reference

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

The main responsibilities of the audit committee include:

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

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

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

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

The audit committee comprises three independent non-executive directors as detailed in the corporate governance report and is chaired by Gareth Fox CA(SA). Meetings and attendance are also detailed in the corporate governance report. Certain executive directors, senior management as well as the external auditors attended audit committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 31 March 2020. The outcome of the evaluation performed on 1 June 2020 was satisfactory.

3. External auditors

The audit committee nominated KPMG Inc. as external auditors for the current year, having satisfied itself that they are independent of the group. The audit committee noted Ivan Engels as the designated auditor and confirmed that both he and KPMG Inc. are accredited with the JSE as required. The external auditors have unrestricted access to the audit committee.

The audit committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the group and company annual financial statements for the year ended 31 March 2020.

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

4. Significant matters

Valuation of investment property

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

REIT status

As income contains elements which may be deemed to be non-property related income, there is a risk that the company does not meet the requirements to be classified as a REIT as stipulated in section 25BB of the Income Tax Act. Management performs an assessment, on an ongoing basis, to ensure that the company's "rental income" is above the 75% threshold as set out in section 25BB. Management has also taken appropriate external advice in its determination as to whether the requirements set out in section 25BB have been met. Through discussion with management and inspection of financial records, the audit committee is satisfied that the company meets the criteria to be classified as a REIT.

5. Internal audit

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

6. Financial director

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

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2019 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2020.

8. Internal financial controls

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

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

9. Approval of annual financial statements

The audit committee confirms that it formally recommended the adoption of the group and company annual financial statements to the board of directors.

GBH Fox CA(SA)
Audit and risk committee Chairman
22 June 2020

DIRECTORS' REPORT
for the year ended 31 March 2020

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of the Stor-Age Property REIT Limited group and company for the year ended 31 March 2020.

Nature of business

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

Period of operations

The company was incorporated on 25 May 2015 and the group formed on the effective date of 16 November 2015. The company has traded for 12 months in the 2019 and 2020 financial years.

Financial results

The financial results for the year ended 31 March 2020 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Stated capital

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

Date of issue	Purpose	Number of ordinary shares issued	Issue price per share
June 2019	Acquisition issue	18 519	R12.96
December 2019	Acquisition issue	29 647	R13.15
December 2019	Dividend re-investment programme	4 813 818	R14.00

At 31 March 2020 there were 397 848 842 shares in issue. Subsequent to year end, the company issued 128 279 new ordinary shares at R13.10 per share in April 2020 to acquire sectional title units and 21 097 046 new ordinary shares, as part of an accelerated bookbuild, were issued at R11.85 per share on 26 May 2020.

416 574 167 of the shares in issue rank for the dividend declared for the year ended 31 March 2020. Refer to note 13 for further information regarding the shares in issue at year end.

Dividend distribution

A dividend of 54.89 cents per share was declared by the directors for the interim period ended 30 September 2019. A further dividend of 57.16 cents per share was declared for the 6 month period ended 31 March 2020. The dividend for the full year amounts to 112.05 cents per share (2019: 106.68 cents per share).

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

Borrowings

The group has an average borrowing cost of 5.90% (2019: 7.02%) at 31 March 2020 and 79.1% (2019: 110%) of borrowings were subject to fixed interest rates on a net debt basis. The group's borrowing capacity amounts to R3.034 billion (2019: R2.626 billion) and facilities utilised at year end amounted to R2.375 billion (2019: R2.040 billion). The group has undrawn facilities of R658.2 million (2019: R585.6 million) and a gearing ratio of 30.1% (2019: 23.8%). Details of the group's long-term borrowings are set out in note 16.

Subsidiaries

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

Directorate

During the year ended 31 March 2020 the following directors held office:

	Appointment date	Resignation date
Executive		
GM Lucas (chief executive officer)	25 May 2015	
SC Lucas (financial director)+	25 May 2015	
SJ Horton	25 May 2015	
Non-executive		
PA Theodosiou (chairman)#+	2 September 2015	31 December 2019
GA Blackshaw (chairman)	2 September 2015	
GBH Fox#+	2 September 2015	
JAL Chapman	2 January 2020	
KM de Kock#	2 May 2018	
MS Moloko#	12 October 2015	
P Mbikwana#	2 May 2018	

Independent

+ *British citizen*

In terms of the memorandum of incorporation, the following directors retire at the forthcoming annual general meeting and are eligible for re-election: KM de Kock and P Mbikwana.

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

Significant events

The group completed the following acquisitions during the year:

Effective date	Acquisition	Consideration R'million
December 2019	Flexi Store Self Storage Limited	260.0

Further details of the acquisitions are set out in note 24.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2020

Subsequent events
Information on material events that occurred after 31 March 2020 is included in note 34 to the financial statements.

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

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

Details of the directors' assessment of going concern is set out in note 33.

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

UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	2020 R'000	2019 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	104 887	257 566
Adjusted for:		
Fair value adjustment to investment properties	104 407	(85 675)
Fair value adjustment to investment properties (NCI)+	(1 225)	70
Impairment loss on intangible asset	–	4 000
Headline earnings	208 069	175 961
Distributable earnings adjustment	244 861	212 087
Depreciation and amortisation	10 837	6 679
Equity-settled share-based payment expense	7 466	190
Fair value adjustment to financial instruments	194 397	133 080
Restructure of loans and borrowings	–	13 590
Restructuring cost	551	–
Deferred tax	(3 647)	2 689
Unrealised foreign exchange loss on loan	14 851	–
Foreign exchange gain available for distribution	3 700	10 149
Transaction and advisory fees	–	357
Antecedent dividend on share issues*	16 706	45 353
	452 930	388 048
Other adjustments		
Non-controlling interests in respect of the above adjustments	(467)	(357)
Distributable earnings^	452 463	387 691
Dividend declared for the 6 months ended 30 September	214 348	172 824
Dividend declared for the 6 months ended 31 March	238 115	214 867
Total dividends for the year	452 463	387 691
Shares entitled to dividends – interim ('000)	390 505	336 889
Shares entitled to dividends – final ('000)	416 574	387 987
Dividend per share September (cents)	54.89	51.30
Dividend per share March (cents)	57.16	55.38
Total dividend per share for the year (cents)	112.05	106.68

The Board declared a final dividend of 57.16 cents (2019: 55.38 cents) per share for the six months ended 31 March 2020. This represents growth of 5.03% in the total dividend over the comparative period.

* *In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as a result of the issue of shares during the period for which the company did not have full access to the cash flow from such issue.*

\+ *Non-controlling interest.*

^ *Distributable earnings includes the dividend declared for shares issued subsequent to 31 March 2020 which are entitled to participate in the final dividend.*

	2020 R'000	2019 R'000
Dividend declared as per the statement of changes in equity	440 332	387 468
Dividend declared relating to shares issued subsequent to year end	12 131	223
Total dividends for the year	452 463	387 691

UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS
(continued)

	Group 2020	Group 2019	Company 2020	Company 2019
Net asset value*				
Number of shares in issue	397 848 842	392 986 858	397 848 842	392 986 858
Net asset value per share (cents)	1 157.57	1 176.82	971.90	1 028.65
Net asset value per share excluding non-controlling interest (cents)	1 149.25	1 169.65	971.90	1 028.65
Net tangible asset value per share (cents)	1 119.29	1 140.98	952.09	1 008.72
Net tangible asset value per share excluding non-controlling interest (cents)	1 110.98	1 133.82	952.09	1 008.72

	31 March 2020	31 March 2019
Key reporting ratios*		
Total property cost-to-income ratio	27%	27%
Based on the total direct property costs divided by property revenue.		
Administrative cost-to-income ratio	8%	9%
Based on the administration expenses divided by total revenue.		

* *The ratios are computed based on IFRS reported figures and have not been audited by the group's external auditors. Property revenue and total revenue excludes the rental guarantee.*

The second edition of the SA REIT Association's Best Practice Recommendations is effective for Stor-Age's year ending 31 March 2021.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Stor-Age Property REIT Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Stor-Age Property REIT Limited (the group and company) set out on pages 91 to 199, which comprise the statements of financial position as at 31 March 2020, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited as at 31 March 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of Investment Properties

Refer to notes 1.6, 3, 27 and 28 to the consolidated and separate financial statements

Key audit matter	How the matter was addressed in our audit
The group and company's most significant assets are its investment property portfolio comprising of investment properties with a consolidated fair value of R7.1 billion and R0.49 billion within the company's separate financial statements. The preparation of the fair value estimate for the valuation of investment properties involves significant judgments, assumptions and estimation uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements. This was further heightened with the existence of the COVID-19 pandemic, which introduced a level of uncertainty relating to projected net property operating income in the short to medium term. The group and company's accounting policy is to obtain independent valuations for at least one third of the number of properties each year such that all properties are independently valued every three years. The independent valuations were performed at 31 March 2020 for 36 of 71 of the trading properties. The remaining trading properties (35 of 71) were internally valued by the board of directors at 31 March 2020. The fair value of investment properties is determined by using a discounted cash flow model of the net property operating income over a ten-year period and notional sale of the asset at the end of the tenth year. In the UK, 16 of the 21 properties were independently valued as at 31 March 2020. The remaining five properties relate to asset acquisitions concluded in December 2019 and were independently valued at the acquisition date. The data used in the discounted cash flow models incorporated significant unobservable inputs including expected market rental escalations, occupancy rates, expected expense growth, discount rates and exit capitalisation rates. Due to the significant judgments, assumptions and estimation uncertainties involved in the determination of the fair value, the involvement of external experts, the significance of the balance and the work effort from the audit team, the valuation of investment property was considered a key audit matter for the consolidated and separate financial statements.	The audit procedures we performed included the following: • We engaged our own valuation specialists as part of our audit team to assess the appropriateness of the overall valuation methodology and key assumptions including the discount rate, rental escalation, occupancy rates and exit capitalisation rate used in the calculation of the fair value estimate over a sample of properties. These procedures, with particular considerations to the impact of COVID-19, included: i. Comparing discount rates and exit capitalisation rates used to available industry data for similar investment properties; ii. Assessing the reasonableness of rental escalation rates based on available industry data for similar investment properties; and iii. Assessing the reasonability of the COVID-19 related adjustments made by the board of directors relating to expected occupancy rates, rental rates and expected impairment losses on tenant receivables in the short to medium term. • We challenged the appropriateness of the rental escalation, occupancy rates and operating costs inflation assumptions based on actual rental escalations, historic increases in expenses and occupancy rates realised through retrospective comparisons. • We performed sensitivity analyses to determine the effect of changes in the discount rates, exit capitalisation rates and rental income on the valuation of investment properties. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards, including those disclosures related to significant accounting judgments, assumptions and estimates. • We evaluated the sensitivity analysis calculations and disclosures in note 3 to the financial statements using our understanding obtained from our testing in light of changes and uncertainties of COVID-19 factored into the valuations performed and reviewed by specialists and challenged these based on currently available market indicators. • For externally valued properties, we have also evaluated the competencies, capabilities and independence of the external valuators and compared the results of the externally valued properties to those performed by the board of directors.

Accounting for Asset Acquisition

Refer to notes 1.3, 1.5.1 and 24 to the consolidated financial statements

The key audit matter	How this matter was addressed in our audit
The group made one significant acquisition during the year when it acquired 100% of the issued share capital of Flexi Store Self Storage Limited owning five self storage properties. The group has early adopted the amendments of IFRS 3 Business Combinations during the previous financial year, which sets to clarify the definition of a business. The amendments include an optional test to identify concentration of the fair value of the gross assets acquired to a single identifiable set of assets or group of assets (in this case, investment properties). If the concentration test is met, the set of activities and assets is determined not to be a business and therefore treated as an asset acquisition. Management's calculation of the concentration test for the asset acquisition showed that more than 90% of the gross assets were concentrated to the value of the investment properties and therefore deemed to be an asset acquisition. The accounting assessment made by management of whether the acquisition is accounted for as a business combination or asset acquisition under IFRS 3 requires judgment which is complex and could materially affect the consolidated financial statements. The significance of the judgments applied by management used in determining the fair value of the assets acquired made this a key audit matter.	• We evaluated management's assessment in accounting for the acquisition as either a business combination or asset acquisition by reviewing the terms of the purchase agreement against the requirements of IFRS 3. • We inspected the purchase agreements to determine the effective date of the acquisition. • We compared the transactional details and total purchase consideration to underlying legal agreements and bank statements. • We evaluated the fair value of the identifiable assets and liabilities arising from the acquisitions for reasonableness based on our knowledge of the industry. • We compared the fair value of investment properties acquired at acquisition date to the fair value reported by the external valuator as part of our file review of the component auditors. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards including those disclosures related to significant accounting judgments.

INDEPENDENT AUDITOR'S REPORT (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Consolidated and Separate Annual Financial Statements of Stor-Age Property REIT Limited" for the year ended 31 March 2020, which includes the Audit and risk committee report, Directors' report and the Declaration by company secretary as required by the Companies Act of South Africa, the Unaudited distributable earnings and ratios, Unaudited property portfolio information and Unaudited shareholder analysis, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Stor-Age Property REIT Limited for five years.

KPMG Inc.
Registered Auditor

Per IM Engels
Chartered Accountant (SA)
Registered Auditor
Director
22 June 2020

4 Christiaan Barnard Street
Foreshore, Cape Town
South Africa
8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2020

	Note	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets		7 463 998	6 644 781	4 655 379	4 573 696
Investment properties	3	7 074 287	6 242 413	485 653	398 702
Property and equipment		17 653	8 793	7 144	1 395
Stor-Age share purchase scheme loans	4	185 737	184 739	185 737	184 739
Goodwill and intangible assets	5	152 276	140 842	78 819	78 321
Investment in subsidiaries	6	–	–	3 889 417	3 896 010
Investment and long-term interests in joint venture	7	3 527	–	3 527	–
Other receivables	10	–	9 929	–	9 929
Unlisted investment		5 082	4 600	5 082	4 600
Deferred taxation	21	25 436	18 829	–	–
Derivative financial assets	8	–	34 636	–	–
Current assets		228 239	384 085	596 343	733 873
Trade and other receivables	10	146 210	119 273	33 925	38 960
Inventories		5 676	5 239	1 548	1 129
Intercompany receivable	9	–	–	353 307	357 146
Cash and cash equivalents	11	76 353	259 573	23 242	185 085
Dividend receivable	12	–	–	184 321	151 553
Total assets		7 692 237	7 028 866	5 251 722	5 307 569
EQUITY AND LIABILITIES					
Total equity		4 605 378	4 624 751	3 866 687	4 042 453
Stated capital	13	4 360 033	4 292 941	4 360 033	4 292 941
Non-distributable reserve	14	210 839	490 839	(19 595)	(258)
Accumulated loss		(261 904)	(206 533)	(481 407)	(250 420)
Share-based payment reserve	15	7 656	190	7 656	190
Foreign currency translation reserve		255 657	19 149	–	–
Total attributable equity to shareholders		4 572 281	4 596 586	3 866 687	4 042 453
Non-controlling interest		33 097	28 165	–	–
Non-current liabilities		2 506 683	1 706 902	957 940	676 422
Loans and borrowings	16.1	2 045 723	1 493 450	926 112	667 319
Derivative financial liabilities	16.2	152 706	21 298	29 309	9 103
Lease obligations	30	308 254	192 154	2 519	–
Current liabilities		580 176	697 213	427 095	588 694
Loans and borrowings	16.1	160 000	248 861	160 000	248 861
Trade and other payables	17	157 978	206 062	11 645	71 156
Provisions	18	2 858	6 266	2 422	5 768
Lease obligations	30	33 357	21 157	1 293	–
Intercompany payable	9	–	–	25 752	48 042
Dividends payable		225 983	214 867	225 983	214 867
Total equity and liabilities		7 692 237	7 028 866	5 251 722	5 307 569

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2020

	Note	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Property revenue		698 822	524 351	37 561	16 847
– Rental income		633 973	485 284	36 526	15 800
– Other income		64 849	39 067	1 035	1 047
Impairment losses recognised on tenant debtors		(3 808)	(3 230)	(63)	(14)
Direct property costs		(178 186)	(135 837)	(4 607)	(2 290)
Net property operating income		516 828	385 284	32 891	14 543
Other revenue		4 730	11 065	347 992	267 692
– Management fees		4 730	11 065	2 912	13 609
– Dividend income from subsidiaries		–	–	345 080	254 083
Administration expenses	20	(55 461)	(43 805)	(34 820)	(38 725)
Operating profit		466 097	352 544	346 063	243 510
Transaction and advisory fees		–	(357)	–	–
Restructure of loans and borrowings		–	(13 590)	–	–
Fair value adjustment to investment properties	3	(104 407)	85 675	(17 006)	2 089
Other fair value adjustments to financial instruments	19	(175 593)	(120 431)	(25 221)	(5 760)
Unrealised foreign exchange loss on loan		(14 851)	–	(14 851)	–
Impairment of intangible asset		–	(4 000)	–	(4 000)
Impairment of investment in subsidiary		–	–	(76 020)	–
Depreciation and amortisation		(10 837)	(6 679)	(4 439)	(1 769)
Profit before interest and taxation		160 409	293 162	208 526	234 070
Interest income		58 258	48 917	24 910	16 527
Interest expense		(116 625)	(81 786)	(66 318)	(53 600)
Profit before taxation		102 042	260 293	167 118	196 997
Taxation expense	21	3 175	(2 398)	–	471
– Normal taxation		(472)	291	–	471
– Deferred taxation		3 647	(2 689)	–	–
Profit for the year		105 217	257 895	167 118	197 468
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign operations		242 420	143 183	–	–
Other comprehensive income for the year, net of taxation		242 420	143 183	–	–
Total comprehensive income for the year		347 637	401 078	167 118	197 468
Profit attributable to:		105 217	257 895		
Owners of the company		104 887	257 566		
Non-controlling interest		330	329		
Total comprehensive income attributable to:		347 637	401 078		
Owners of the company		341 398	397 452		
Non-controlling interest		6 239	3 626		

	Note	Cents	Cents
Earnings per share	22		
Basic earnings per share		26.76	80.01
Diluted earnings per share		26.62	79.99

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2020

Group	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve (note 15) R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2018	3 175 075	523 006	(108 855)	(120 732)	–	3 468 494	25 765	3 494 259
Total comprehensive income for the year	–	–	257 566	139 886	–	397 452	3 626	401 078
Profit for the year	–	–	257 566	–	–	257 566	329	257 895
Other comprehensive income	–	–	–	139 886	–	139 886	3 297	143 183
Transactions with shareholders, recognised directly in equity								
Issue of shares	1 117 866	–	–	–	–	1 117 866	–	1 117 866
Proceeds	1 126 512	–	–	–	–	1 126 512	–	1 126 512
Share issue costs	(8 646)	–	–	–	–	(8 646)	–	(8 646)
Transfer to non-distributable reserve	–	(32 167)	32 167	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	190	190	–	190
Dividends	–	–	(387 468)	–	–	(387 468)	(1 174)	(388 642)
Total transactions with shareholders	1 117 866	(32 167)	(355 301)	–	190	730 588	(1 174)	729 414
Changes in ownership interests								
Acquisition of non-controlling interest without a change in control	–	–	57	(5)	–	52	(52)	–
Balance at 31 March 2019	4 292 941	490 839	(206 533)	19 149	190	4 596 586	28 165	4 624 751

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2020

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

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2020

Company	Stated capital (note 13) R'000	Non-distributable reserve (note 14) R'000	Accumulated loss R'000	Share-based payment reserve (note 15) R'000	Total R'000
Balance at 1 April 2018	3 175 075	3 413	(64 091)	–	3 114 397
Total comprehensive income for the year	–	–	197 468	–	197 468
Profit for the year	–	–	197 468	–	197 468
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	1 117 866	–	–	–	1 117 866
Proceeds	1 126 512	–	–	–	1 126 512
Share issue costs	(8 646)	–	–	–	(8 646)
Transfer to non-distributable reserve	–	(3 671)	3 671	–	–
Equity settled share-based payment charge	–	–	–	190	190
Dividends	–	–	(387 468)	–	(387 468)
Total transactions with shareholders	1 117 866	(3 671)	(383 797)	190	730 588
Balance at 31 March 2019	4 292 941	(258)	(250 420)	190	4 042 453
Total comprehensive income for the year	–	–	167 118	–	167 118
Profit for the year	–	–	167 118	–	167 118
Other comprehensive income	–	–	–	–	–
Restructure of subsidiaries*	–	22 890	–	–	22 890
Transactions with shareholders, recognised directly in equity					
Issue of shares	67 092	–	–	–	67 092
Proceeds	68 023	–	–	–	68 023
Share issue costs	(931)	–	–	–	(931)
Transfer to non-distributable reserve	–	(42 227)	42 227	–	–
Equity settled share-based payment charge	–	–	–	7 466	7 466
Dividends	–	–	(440 332)	–	(440 332)
Total transactions with shareholders	67 092	(42 227)	(398 105)	7 466	(365 774)
Balance at 31 March 2020	4 360 033	(19 595)	(481 407)	7 656	3 866 687

* *Refer to note 6 for further details regarding the restructure.*

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2020

		Group		Company	
	Note	2020 R'000	Restated* 2019 R'000	2020 R'000	Restated* 2019 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	23.1	448 725	341 252	(14 198)	(50 348)
Interest received	23.2	53 995	44 982	21 910	16 218
Interest paid	23.3	(119 417)	(75 283)	(83 964)	(57 011)
Dividends paid	23.4	(430 452)	(325 696)	(429 216)	(324 514)
Dividend received	23.5	–	–	308 608	270 458
Taxation (paid)/refund	23.6	(857)	471	–	471
Net cash outflow from operating activities		(48 006)	(14 274)	(196 860)	(144 726)
Cash flows from investing activities					
Additions to investment properties	3	(193 227)	(292 539)	(142 266)	(242 629)
Advance of Stor-Age share purchase scheme loans	4	(18 707)	(21 096)	(18 707)	(21 096)
Repayment of Stor-Age share purchase scheme loans	4	20 709	17 318	20 709	17 318
Acquisition of property and equipment		(8 123)	(6 352)	(3 379)	(1 276)
Acquisition of intangible assets	5	(2 574)	(764)	(975)	(453)
Acquisition of unlisted investment		(550)	(4 600)	(550)	(4 600)
Investment in joint venture		(3 527)	–	(3 527)	–
Asset acquisitions, net of cash acquired	24	(269 500)	(426 130)	–	–
Net cash outflow from investing activities		(475 499)	(734 163)	(148 695)	(252 736)
Cash flows from financing activities					
Advance of loans and borrowings		832 164	735 526	700 502	1 183 551
Repayment of loans and borrowings		(545 421)	(507 460)	(545 421)	(502 960)
Repayment of loans from previous shareholder of RSI 2 and RSI 3	23.7	–	(326 389)	–	–
Additional investment in subsidiaries	6	–	–	–	(1 091 341)
Repayment of loan from subsidiaries	9	–	–	–	298 878
Advance of loan to subsidiaries	9	–	–	(36 502)	(411 740)
Proceeds from the issue of shares		67 393	1 112 512	67 393	1 112 512
Share issue costs		(931)	(8 646)	(931)	(8 646)
Repayment of lease obligations		(30 448)	(22 310)	(1 329)	–
Net cash inflow from financing activities		322 757	983 233	183 712	580 254
Effects of movements in exchange rate changes on cash held		17 528	2 954	–	–
Net cash (outflow)/inflow for the year		(200 748)	234 796	(161 843)	182 792
Cash and cash equivalents at beginning of year		259 573	21 823	185 085	2 293
Cash and cash equivalents at end of year	11	76 353	259 573	23 242	185 085

* *Refer to note 32 for details relating to the restatement of the statement of cash flows.*

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

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

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

1.2 Basis of preparation

Statement of compliance

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 22 June 2020.

1.3 Basis of measurement

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

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

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

Functional and presentation currency

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

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in the current reporting period commencing 1 April 2019:

- IFRS 16 *Leases*
- *Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28*
- *Annual Improvements to IFRS Standards 2015 – 2017 Cycle*

In the prior reporting period, the group elected to early adopt the IFRS 3 amendment to the definition of a 'business' for acquisitions. Any deferred tax assets or deferred tax liabilities arising on initial recognition of the acquired assets and liabilities are not recognised in terms of IAS 12.

The group has changed its accounting policies with the adoption of IFRS 16. The impact of the adoption of this standard is disclosed in note 31. The other amendments adopted did not have any impact on the amounts recognised in the prior period.

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

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

Title of standard or interpretation	Nature of change	Impact on financial statements
Amendments to References to Conceptual Framework in IFRS Standards – Effective for the financial year ending 31 March 2021	Revised definitions of an asset and a liability and new guidance on measurement and derecognition, presentation and disclosure	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.
Amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimated and errors – Effective for the financial year ending 31 March 2021	Definition of material	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.
Classification of liabilities as current or non-current (Amendments to IAS 1) – Effective for the financial year ending 31 March 2022	Assist with the consistent application and clarify the requirements on determining if a liability is current or non-current	The changes will not have a material impact on the financial statements and the group will apply the amendments prospectively.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

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

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

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

1.5 Basis of consolidation

1.5.1 Investment in subsidiaries

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

The group has applied the IFRS 3 amendment to the definition of a 'business' to the acquisitions that occurred from October 2018 and this had no impact on the comparative results. The group has applied a concentration test to determine whether the acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The group financial statements incorporate the financial statements of the company and its subsidiary companies. Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date on which control commences until the date on which control ceases.

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated.

The accounting policies of the subsidiary companies are consistent with those of the holding company.

In the company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

1.5.2 Investment in joint venture

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

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

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

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

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

1.6 **Investment properties**

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

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

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

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

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

Investment properties under development

Property that is being constructed or developed for future use as investment properties is classified as investment properties under development and is measured at cost.

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

Leasehold investment properties

Leasehold properties that are leased under operating leases are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor for the building element of the leasehold is included in the statement of financial position at the present value of the minimum lease payments at inception, and is shown within note 30. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Property and equipment

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

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

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
Computer equipment and software	3 years
Leasehold improvements	Shorter of useful life and the lease term
Right-of-use assets	Shorter of useful life and the lease term
Fire and safety equipment	3 years
Solar panels	25 years

Depreciation methods, useful lives and residual values are reassessed annually. Subsequent expenditure relating to an item of property and equipment is capitalised when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other subsequent expenditure is expensed in profit or loss in the period in which it is incurred.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on the disposal of property and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

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

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

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

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

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

The group's financial assets consist of:

Trade and other receivables

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

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

Cash and cash equivalents

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

Loan receivable

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

Stor-Age share purchase scheme loans

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

Unlisted investment

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

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

1.8.1.1 Financial liabilities

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

1.8.1.2 Offsetting

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

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

1.8.2 Derivative financial instruments and hedge accounting

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Goodwill and intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method as at the acquisition date. Goodwill only arises on acquisition of a business and represents the difference between the consideration transferred for the acquisition and the fair value of the net identifiable assets acquired on acquisition date.

Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Goodwill is allocated to cash generating units and is tested annually for impairment. A gain on bargain purchases arising on acquisition is recognised directly in profit or loss and transferred to non-distributable reserves.

Intangible assets

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

Expenditure on internally generated intangible assets, as well as goodwill, is recognised in profit or loss as an expense as incurred.

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

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

The estimated useful lives for the period is as follows:

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

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

1.10 Leases

1.10.1 Policy applicable for the year ended 31 March 2020

The group leases certain properties classified as investment properties and head office space. The lease contracts entered into are for fixed periods without options to extend the lease term.

In the comparative period leases were classified as either an operating or finance lease. Refer to note 1.10.2 for the full policy applicable for the year ended 31 March 2019. From 1 April 2019 leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group.

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

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

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

Refer to note 31 for the approach applied for the adoption of IFRS 16 *Leases*.

1.10.2 Policy applicable for the year ended 31 March 2019

A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer to the lessee substantially all the risks and rewards incidental to ownership.

Operating leases

Operating lease payments are recognised as an expense on a straightline basis over the lease term with the exception of leasehold properties.

Leasehold properties that are held under operating leases are classified as investment properties and recognised in the statement of financial position at fair value. The lease obligation to the lessor is recognised in the statement of financial position at the present value of minimum lease payments at inception. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation.

Finance leases

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the internal rate of return relating to the lease payments.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.11 Inventories

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

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

Inventories relate to packaging materials. No write-down of materials occurred in the current year.

1.12 Impairment

1.12.1 Financial assets

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

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

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

The group measures the loss allowance at an amount equal to lifetime expected credit losses except for cash and cash equivalents and counterparties to derivative financial assets for which credit risk has not increased significantly since initial recognition. The group adopts the policy for loss allowances for trade receivables and contract assets to be measured at an amount equal to the lifetime expected credit losses. The group estimates the expected credit losses over the maximum contractual period it has exposure to credit risk.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Impairment (continued)

1.12.1 Financial assets (continued)

The group defines the default on a financial asset when the counterparty fails to make contractual payments within 60 days of when they fall due. The group also considers a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered. For tenant debtors, the outstanding balance is only written off after proceeds are received from the auction of the tenant's goods.

Expected credit losses are discounted at the effective interest rate of the financial asset and represent a probability-weighted estimate of credit losses.

Financial assets subsequently measured at amortised cost are disclosed net of a loss allowance.

1.12.2 Non-financial assets

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

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

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

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

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

1.13 Provisions

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

1.14 **Revenue**

Property revenue

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

Revenue from the sale of packaging materials is recognised when the group satisfies the performance obligation by transferring the packaging materials to the customer. Revenue from the sale of packaging material is recognised at the transaction price, excluding Value Added Tax.

Other revenue

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

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

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

1.15 **Direct property costs**

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

1.16 **Interest expense**

Interest expense comprises interest on borrowings and is recognised in profit or loss at the effective interest rate of the instrument.

1.17 **Interest income**

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

1.18 **Operating profit**

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

1.19 **Net property operating income**

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.20 Tax

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

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

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

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

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

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

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

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

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

1.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person that allocates resources to and assesses the performance of the operating segments of an entity. The chief operating decision-maker reviews the internal management reports quarterly. The group has determined that its chief operating decision-maker is the chief executive officer of the company.

Segmental information is based on the nature of the business activities for which the properties are used. The group earns revenue in the form of rentals from the tenants of its investment properties.

The group comprises the following main geographical operating segments:

- South Africa
  - Western Cape
  - Gauteng
  - Free State
  - KwaZulu-Natal
  - Eastern Cape
- United Kingdom

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

1.22 Employee benefits

The cost of all short term employee benefits is recognised as an expense during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the reporting date.

1.23 Stated capital

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

1.24 Non-distributable reserve

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

1.25 Foreign currency

1.25.1 Foreign currency transactions

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

1.25.2 Foreign currency translation reserve

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

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

1.26 Share-based payment

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.27 Non-controlling interest

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

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

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

1.28 Dividends declared

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

1.29 Earnings and headline earnings per share

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

2. FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk
- capital risk management

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the executive directors. The executive directors report to the board of directors on their activities. The group audit committee oversees how the executive directors monitor compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group and company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the group's and company's activities.

2.1 Credit risk

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

Trade and other receivables

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

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

Stor-Age share purchase scheme loans

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

Cash and cash equivalents

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

	Short-term
First National Bank	P-3
Investec Bank	NP
Standard Bank	NP
Nedbank	NP
Royal Bank of Scotland	P-2
Lloyds Bank	P-1

Impairment losses on cash and cash equivalents is measured on a 12-month expected credit loss basis. The group considers that its cash and cash equivalents have low credit risk based on the Moody's external credit ratings of these financial institutions.

2. FINANCIAL RISK MANAGEMENT (continued)

2.1 Credit risk (continued)

Derivative financial assets

The group and company mitigates its exposure to credit risk by entering into derivative contracts with reputable counterparties. The Moody's credit ratings for these counterparties are as follows:

	Short-term
Investec Bank	NP
Standard Bank	NP
Nedbank	NP
Lloyds Bank	P-1

2.2 Liquidity risk

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

The group and company monitor cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 16.

2.3 Market risk

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

Interest rate risk

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

Currency risk

The group is exposed to currency risk on its initial capital exposure as well as the underlying earnings as a result of operations in the United Kingdom. The group uses cross currency interest rate swaps as part of its treasury management, effectively matching the currency of debt with the currency of an asset. Cashflows from its operations in the United Kingdom are exposed to movements in the Rand/Pound exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging projected forward net cashflow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings.

Price risk

The group is exposed to price risk due to its investment in an unlisted investment. The risk to the group is not material and no hedges have to been put in place to manage this risk.

2.4 Capital risk management

The group and company policy is to maintain a strong capital base, comprising its shareholders' interest so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the group and company's stated purpose to deliver long-term sustainable growth in dividends per share. The board of directors monitors the level of dividends to shareholders and ensures compliance with regulations and that no profits of a capital nature are distributed. There were no changes in the group's approach to capital management during the period. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
3. INVESTMENT PROPERTIES				
3.1 Fair value of investment properties				
Historical cost	5 876 424	5 540 159	307 748	302 971
Right-of-use assets	17 298	–	–	–
Subsequent expenditure capitalised	393 718	242 248	188 001	88 821
Fair value adjustment	324 906	429 313	(10 096)	6 910
Exchange differences	461 941	30 693	–	–
Carrying amount at end of year	7 074 287	6 242 413	485 653	398 702
Movement in investment properties:				
Carrying amount at start of year	6 242 413	4 034 430	398 702	88 601
Acquisitions made through asset acquisitions	331 488	1 547 684	–	–
Additions to investment property	4 777	269 965	4 777	256 799
Right-of-use assets	17 298	–	–	–
Subsequent expenditure capitalised*	151 470	90 099	99 180	51 213
Fair value adjustment	(104 407)	85 675	(17 006)	2 089
Exchange differences	431 248	214 560	–	–
Carrying amount at end of year	7 074 287	6 242 413	485 653	398 702

* *Includes interest capitalised of R17.691 million (2019: R12.019 million) for the group and R16.566 million (2019: R9.877 million) for the company.*

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

All investment properties, except for those under development, have generated rental income during the current year. The carrying amount of investment properties under development amount to R179.660 million (2019: R264.296 million).

Investment properties with a fair value of R6.48 billion (2019: R5.77 billion) at the reporting date are pledged as security for the loans and borrowings set out in note 16.

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

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

The group's policy is to have at least one-third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the directors of the company using the same methodology applied by the external valuers.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

In line with this policy, the table below sets out the number of properties the board elected to have externally valued at 31 March 2020.

	South Africa		United Kingdom		Total	
	Number of properties	Value (R million)	Number of properties	Value (R million)	Number of properties	Value (R million)
Internally valued	30	2 486.3	5	349.8	35	2 836.1
Externally valued	20	1 466.0	16	2 592.5	36	4 058.5
	50	3 952.3	21	2 942.3	71	6 894.6

The remaining five properties in the UK comprise the acquisition of Flexi Store in December 2019 which were independently valued by Cushman and Wakefield at 30 November 2019. The board is satisfied that the internal valuation of the five-property Portfolio at 31 March 2020 is not materially different from the independent valuation performed at 30 November 2019.

Measurement of fair value on investment properties

Details of valuation – South Africa

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

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who are independent and members of the South African Institute of Valuers, independently valued 20 properties in the South African portfolio at 31 March 2020.

COVID 19 – Material Valuation Uncertainty statement extracted from Mills Fitchet Magnus Penny's valuation report

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, I, the RICS regulated member consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in South Africa, as well as the significant unobservable inputs used:

South African properties		
Valuation technique	**Significant unobservable inputs**	**Interrelationship between key unobservable inputs and fair value measurements**
The valuation methodology for freehold and long leasehold properties is based on a discounted cash flow of the net operating income over a 10 year period and notional sale of the asset at the end of the tenth year. (a) Net operating income is based on the projected revenue less projected operating costs, including a property management fee subject to a cap and collar. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on management's estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation.	(a) Financial information used to calculate forecast net income – e.g., stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 13.750% and 15.250% (2019: between 16.125% and 18.375%). The lower discount rates in 2020 is a function of the lower growth rates applied to rentals. (c) Capitalisation rate for the notional sale in year 10 – between 8.00% and 9.50% (2019: between 7.625% and 9.0%). (d) The rental escalation for year 1 of the 10 year projection is between 3% and 4% with the exception of one property which was 5% (2019: between 8% and 10% with the exception of six properties which were 12.5%). For year 2 and 3 the rental escalation is between 6% and 8% with the exception of one property which was 10% (2019: same assumptions as year 1). A rate of 6.0% is applied for years 4 to 10 (2019: 8.0% to 8.5%). (e) The operating costs inflation assumption is 6% (2019: 6.0%). In determining the valuations, we have adopted a conservative view on the forecasted cash flows from the properties due to the uncertainty as a result of COVID-19. In addition, we have not yet taken account of any potential cost savings arising from our response to managing the financial impact of the pandemic.	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Sensitivity analysis

	SA properties R million	UK properties R million	Total R million
Sensitivity analysis to exit capitalisation rates			
Exit capitalisation rate minus 0.1%	20.4	16.0	36.4
Exit capitalisation rate plus 0.1%	(19.9)	(15.5)	(35.4)
Sensitivity analysis to market rentals			
Market rental minus 1%	(49.4)	(66.5)	(115.9)
Market rental plus 1%	49.5	68.8	118.3
Sensitivity analysis to discount rates			
Discount rate minus 0.1%	23.1	15.9	39.0
Discount rate plus 0.1%	(22.9)	(15.8)	(38.7)

Details of valuation – United Kingdom

In the UK 16 of the 21 properties have been valued as at 31 March 2020 by external valuers, Cushman & Wakefield (C&W), who are Registered Valuers of The Royal Institution of Chartered Surveyors (RICS) in the UK. The valuation has been carried out in accordance with the current edition of the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors (the Red Book). The valuation of each investment property has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential.

The valuation has been provided for annual financial statements purposes and, as such, is a Regulated Purpose Valuation as defined in the Red Book.

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

- C&W has been carrying out regular valuations for the same purpose as this valuation on behalf of the group since April 2017;
- C&W does not provide other significant professional or agency services to the group;
- in relation to the preceding financial year of C&W, the proportion of total fees payable by the group to the total fee income of the firm is less than 5%; and
- the fee payable to C&W is a fixed amount per property and is not contingent on the appraised value.

COVID-19 – Material Valuation Uncertainty statement extracted from C&W's valuation report

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that Stor-Age keep the valuation of these properties under frequent review.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. It is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties in the United Kingdom, as well as the significant unobservable inputs used:

United Kingdom properties		
Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
The valuation of the properties has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated lease-up, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by C&W to arrive at its opinion of fair value for these properties. For freehold properties the valuation is based on a discounted cash flow of the net operating income over a 10 year period and a notional sale of the asset at the end of the tenth year. (a) Net operating income is based on projected revenue received less projected operating costs, including a property management fee based on a percentage of revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date. The net operating income in future years is calculated assuming either straight line lease-up from day one actual occupancy or variable line lease-up over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. (b) The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each property. For short leasehold properties, the same methodology has been used as for freeholds, except that no sale of the property in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.	(a) Financial information used to calculate forecast net income – e.g., stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 8.625% and 13.25% (2019: between 9.125% and 15.625%). (c) Capitalisation rate for the notional sale in year 10 – between 5.875% and 10.75% (2019: between 6.125% and 12.875%). (d) The rental escalation is between 2.75% and 3.00% (2019: between 2.75% and 3.25%). (e) The operating costs inflation assumption is 2.5% (2019: 2.75%).	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease-up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3.2 Capital commitments authorised

	Group 2020 R'000	2019 R'000
Contracted for	172 679	76 900
Authorised but not contracted for	57 540	179 177
	230 219	256 077

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

4. STOR-AGE SHARE PURCHASE SCHEME LOANS

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

	2020 Number of shares	2019 Number of shares
Maximum number of shares available for the Scheme	20 000 000	20 000 000
Original Shares issued to participants		
At start of year	16 620 580	15 589 440
Sold during the year	(222 441)	(98 860)
Issued during the year	–	1 130 000
At end of year	16 398 139	16 620 580
Shares available for the Scheme	3 280 560	3 280 560

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

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

Reconciliation of share movement in the current year

	Number of shares at 1 April 2019	Shares issued	Shares sold	Number of shares at 31 March 2020
Issue 1	11 580 000	–	(154 000)	11 426 000
Issue 2	230 580	–	(13 441)	217 139
Issue 3	200 000	–	–	200 000
Issue 4a	730 000	–	(55 000)	675 000
Issue 4b	1 050 000	–	–	1 050 000
Issue 5	1 700 000	–	–	1 700 000
Issue 6	1 130 000	–	–	1 130 000
	16 620 580	–	(222 441)	16 398 139

	Number of shares at 1 April 2018	Shares issued	Shares sold	Number of shares at 31 March 2019
Issue 1	11 610 000	–	(30 000)	11 580 000
Issue 2	269 440	–	(38 860)	230 580
Issue 3	200 000	–	–	200 000
Issue 4a	760 000	–	(30 000)	730 000
Issue 4b	1 050 000	–	–	1 050 000
Issue 5	1 700 000	–	–	1 700 000
Issue 6	–	1 130 000	–	1 130 000
	15 589 440	1 130 000	(98 860)	16 620 580

Reconciliation of movement in loan

	Opening balance at 1 April 2019	Interest charged	Dividends paid	Settlement of loan	Advance of loan for new issue/ re-advance of loan	Closing balance at 31 March 2020
Issue 1	122 173	12 895	(12 698)	(1 641)	3 150	123 879
Issue 2	2 277	186	(254)	(131)	64	2 142
Issue 3	2 220	177	(231)	–	55	2 221
Issue 4a	8 752	593	(774)	(626)	150	8 095
Issue 4b	12 684	932	(1 158)	–	282	12 740
Issue 5	22 292	1 598	(1 875)	–	299	22 314
Issue 6	14 341	1 131	(1 321)	–	195	14 346
	184 739	17 512	(18 311)	(2 398)	4 195	185 737

	Opening balance at 1 April 2018	Interest charged	Dividends paid	Settlement of loan	Advance of loan for new issue/ re-advance of loan	Closing balance at 31 March 2019
Issue 1	119 602	9 668	(11 855)	(394)	5 152	122 173
Issue 2	2 318	194	(246)	(102)	113	2 277
Issue 3	2 154	175	(204)	–	95	2 220
Issue 4a	8 830	689	(776)	(353)	362	8 752
Issue 4b	12 223	932	(1 072)	–	601	12 684
Issue 5	21 834	1 584	(1 736)	–	610	22 292
Issue 6	–	577	(580)	–	14 344	14 341
	166 961	13 819	(16 469)	(849)	21 277	184 739

	Interest rate	Outstanding balance R'000	Fair value of shares R'000
Issue 1	8.00%	123 879	142 254
Issue 2	8.31%	2 142	2 703
Issue 3	8.00%	2 221	2 490
Issue 4a	7.46%	8 095	8 404
Issue 4b	7.46%	12 740	13 073
Issue 5	7.19%	22 314	21 165
Issue 6	7.90%	14 346	14 069
Shares balance at 31 March 2020		185 737	204 158
Shares balance at 31 March 2019		184 739	215 848

Loans to directors and employees

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Directors				
– SC Lucas	49 494	48 387	49 494	48 387
– GM Lucas	49 494	48 387	49 494	48 387
– SJ Horton	49 494	48 387	49 494	48 387
Employees	37 255	39 578	37 255	39 578
	185 737	184 739	185 737	184 739

The terms of the loans to directors and employees are as follows:

- The loans bear interest at a fixed interest rate per annum compounded monthly and capitalised to the loan.
- Dividends received on the shares held by the beneficiaries are applied against the interest payable.
- The loans are secured by a pledge and cession of the shares to the company.
- The maximum period for the repayment of the loans is ten years from the date of issue.
- In the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year.
- In the event of the retrenchment or death of a beneficiary, the loans are repayable within two years.
- If at the maturity date of the loan, the fair value of the shares is less than the outstanding loan balance, the beneficiary will be liable for settling the difference.
- The loans are repayable in cash.

Dividends of R18.311 million (2019: R16.469 million) declared during the current year have been applied against the interest on the loans of R17.512 million (2019: R 13.819 million).

No impairment allowances were made on the outstanding loan balances as at the end of the year.

	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
5. GOODWILL AND INTANGIBLE ASSETS						
Group						
2020						
Cost	128 907	–	4 000	5 586	19 603	158 096
Opening balance	121 013	–	4 000	2 945	17 329	145 287
Additions during the year*	–	–	–	2 574	–	2 574
Reclassification	–	–	–	–	–	–
Foreign exchange movement	7 894	–	–	67	2 274	10 235
Accumulated amortisation	–	–	–	(1 820)	–	(1 820)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(1 375)	–	(1 375)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	128 907	–	–	3 766	19 603	152 276
2019						
Cost	121 013	–	4 000	2 945	17 329	145 287
Opening balance	89 013	32 000	4 000	2 181	17 058	144 252
Additions during the year	–	–	–	764	–	764
Reclassification	32 000	(32 000)	–	–	–	–
Foreign exchange movement	–	–	–	–	271	271
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	121 013	–	–	2 500	17 329	140 842

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

Company	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
2020						
Cost	279	77 400	4 000	2 062	–	83 741
Opening balance	279	77 400	4 000	1 087	–	82 766
Additions during the year*	–	–	–	975	–	975
Accumulated amortisation	–	–	–	(922)	–	(922)
Opening balance	–	–	–	(445)	–	(445)
Amortisation for the year	–	–	–	(477)	–	(477)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2020	279	77 400	–	1 140	–	78 819
2019						
Cost	279	77 400	4 000	1 087	–	82 766
Opening balance	279	77 400	4 000	634	–	82 313
Additions during the year	–	–	–	453	–	453
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	279	77 400	–	642	–	78 321

^ *Management agreements relate to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited and Fernwood Asset Management Proprietary Limited on listing in November 2015.*

* *Additions made to the website are internally generated.*

The carrying amount of goodwill has been allocated to the different cash-generating units below:

	Initial goodwill R'000	Foreign exchange movement R'000	Accumulated impairment loss R'000	Goodwill 31 March 2020 R'000	Goodwill 31 March 2019 R'000
Stor-Age management agreement (note 5.1)	77 697	–	–	77 697	77 697
Storage RSA (note 5.2)	1 769	–	–	1 769	1 769
Betterstore Self Storage (note 5.3)	41 547	7 894	–	49 441	41 547
Carrying amount at end of year	121 013	7 894	–	128 907	121 013

5. GOODWILL AND INTANGIBLE ASSETS (continued)

5.1 Goodwill acquired as part of the Stor-Age Self Storage business combination

The company acquired Stor-Age Self Storage Proprietary Limited (the Operator) on 16 November 2015, for a purchase consideration of R100 million settled by the issue of 10 million ordinary shares (the Consideration Shares). In terms of the amalgamation and merger agreement entered into between the shareholders of the Operator and the company, the shareholders of the Operator agreed to not have full entitlement to any distributions paid by the company in respect of the Consideration Shares until after 31 March 2020 in accordance with the specific provisions set out in the agreement and disclosed in the prospectus. The fair value of the discounted purchase consideration is R77.7 million.

In the company's separate financial statements the purchase consideration of R77.7 million is recognised as an intangible asset. On consolidation, the purchase consideration of R77.7 million is recognised as goodwill.

On consolidation, with the acquisition of Roeland Street Investments 2 Proprietary Limited (RSI 2) and Roeland Street Investments 3 Proprietary Limited (RSI 3), the property management fee payable by all subsidiaries to the company are intercompany transactions. As the company cannot have an asset for its own management, the amount paid in respect of the intercompany management fee has been reclassified to goodwill.

For purposes of impairment testing, goodwill acquired has been allocated to the property management contract, ceded to the company as part of the amalgamation and merger of the Operator. Goodwill has been allocated to segments but the same inputs as disclosed below have been used for each cash generating unit given that the underlying properties are in large metropolitan areas. Management has tested these cash flows using a discounted cash flow valuation over a 10 year period on a standalone basis, using the following assumptions:

	2020	2019
Discount rate	17%	17%
Exit capitalisation rate	9.5%	9.5%
Growth rate	9%	9%
Cost inflation	6%	6%

There was no indication of impairment of the cash generating units at 31 March 2020.

5.2 Goodwill acquired as part of the Storage RSA business combination

The group acquired Storage RSA on 28 February 2017. The recoverable amount of the goodwill relating to Storage RSA is based on the consolidated net asset value of the business. At the reporting date, the net asset value of Storage RSA was greater than the net asset value at the acquisition date.

No impairment loss has therefore been recognised during the current year.

5.3 Goodwill acquired as part of the Betterstore business combination

The company, through its wholly-owned subsidiary Roeland Street Investments (RSI), acquired Betterstore Self Storage Holdings Limited (Betterstore) on 2 November 2017. Goodwill of R 41.565 million arose on acquisition. The Dividend Growth Model was used to determine the value in use for the Betterstore self storage business. The model is appropriate because dividends are the correct reflection of free cashflows of the business. Management has tested the expected dividend cash flow using the dividend growth model over a 5 year period on a stand alone basis, using the following assumptions:

	2020	2019
Dividend growth	4.0%	8.0%
Exit capitalisation rate	6.0%	6.0%
Discount rate	9.13%	10.75%
Exchange rate (GBP/ZAR)	23.00	18.50
Terminal growth rate	2.75%	2.75%

No impairment loss has therefore been recognised during the current year.

5.4 Intangible assets

Following the acquisition of RSI 2 and RSI 3, the company no longer charges management fees to the entities. As a result the company fully impaired the Fernwood Management agreement in the prior year.

5.5 **Sensitivity analysis**

In respect of the goodwill acquired as part of the Stor-Age Self Storage business combination and Betterstore business combination, the impact of a reasonable change in the assumptions are listed below:

	R'million
Stor-Age Self Storage	
Discount rate minus 1%	5.71
Discount rate plus 1%	(5.23)
Long run growth rate minus 1%	(5.62)
Long run growth rate plus 1%	5.88
Betterstore	
Dividend growth rate minus 1%	(82.44)
Dividend growth rate plus 1%	85.49
Discount rate minus 1%	82.17
Discount rate plus 1%	(77.93)

6. INVESTMENT IN SUBSIDIARIES

The investment in subsidiaries is accounted for at cost by the company. Details of the company's interest in directly held subsidiaries at the reporting date are as follows:

Name of subsidiary	Country of incorporation	Percentage held	Investment 2020 R'000	Investment 2019 R'000
Roeland Street Investments Proprietary Limited	South Africa	100%	2 947 193	2 743 243
Roeland Street Investments 2 Proprietary Limited	South Africa	100%	942 224	997 781
Roeland Street Investments 3 Proprietary Limited	South Africa	100%	–	93 485
N14 Self Storage Proprietary Limited ('N14')	South Africa	100%	–	12 516
Wimbledonway Investments Proprietary Limited ('WWI')	South Africa	100%	–	48 985
			3 889 417	3 896 010

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

In the current year, in order to simplify its group structure, Stor-Age transferred its directly held investments in N14, RSI 3 and WWI to RSI in terms of the provisions of sections 113 and 116 of the Companies Act and section 44 of the Income Tax Act No. 58 of 1962. The company recognised a profit of R22.9 million in its non-distributable reserves stemming from the group restructure. The company also impaired its investment in RSI 2 by R76.0 million in the current year due to the decline in the fair value of investment properties held in RSI 2.

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's indirectly held interest in subsidiaries at 31 March 2020 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2020	Interest % held as at 31 March 2019
Storage RSA Investments Proprietary Limited (Storage RSA)*	–	South Africa	–	100%
Storage RSA Trading Proprietary Limited	USS	South Africa	100%	100%
Gauteng Storage Properties Proprietary Limited	USS	South Africa	100%	100%
Storage RSA The Interchange Proprietary Limited*	–	South Africa	–	100%
Storage RSA AP Lubbe Building Proprietary Limited*	–	South Africa	–	100%
Units 1-4 Somerset West Business Park Proprietary Limited*	–	South Africa	–	100%
Unit Self Storage Proprietary Limited (USS)	RSI	South Africa	100%	100%
Stor-Age Properties KZN Proprietary Limited*	–	South Africa	–	99.9%
Stor-Age International Proprietary Limited (SAI)	RSI	South Africa	100%	100%
Betterstore Self Storage Holdings Limited (Betterstore)	SAI	Guernsey	97.8%	97.6%
Betterstore Self Storage Properties I Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Properties III Limited	Betterstore	Guernsey	100%	100%
Betterstore Self Storage Operations Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Holdings Limited	Betterstore	United Kingdom	100%	100%
Storage Boost Limited	Betterstore	United Kingdom	100%	100%
Capital Storage Limited	Betterstore	United Kingdom	100%	100%
Betterstore Properties UK Limited	Betterstore	United Kingdom	100%	100%

* *The net assets of these companies were transferred to other subsidiaries in the group in terms of sections 113 and 116 of the Companies Act and section 44 of the Income Tax Act No. 58 of 1962.*

7. INVESTMENT AND LONG-TERM INTERESTS IN JOINT VENTURE

Name	Principal place of business	Effective interest	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Sunningdale Self Storage Proprietary Limited (Sunningdale)*	South Africa	50%	3 527	–	3 527	–
Carrying amount			3 527	–	3 527	–

* *Stor-Age subscribed for 100 ordinary shares at R1 per share on incorporation of Sunningdale.*

Sunningdale is a joint venture with Garden Cities, initiated in the current year, to develop a new self storage property in Sunningdale, Cape Town. Construction of the self storage will commence in the 2021 financial year.

In terms of the shareholder's agreement, Stor-Age has a right to appoint two of the four directors of Sunningdale and participates in all significant financial and operating decisions.

Stor-Age advanced a loan to Sunningdale of R3.5 million. The loan is unsecured and bears interest at the prime interest rate applicable in South Africa. The group does not expect the loan to be recovered in the short-term.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
8. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts			–	–
Balance at the beginning of the year	34 636	51 712	–	–
Unrealised loss	(34 636)	(29 725)	–	–
Realised gain	–	12 649	–	–
Balance at the end of the year	–	34 636	–	–

The balance at the end of the year has been classified as derivative financial liabilities. Refer to note 16.2.

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

	Company 2020 R'000	Company 2019 R'000
9. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Wimbledonway Investments Proprietary Limited	–	13 574
Unit Self Storage Proprietary Limited	2 372	–
Roeland Street Investments 2 Proprietary Limited	23 380	34 468
	25 752	48 042
Intercompany receivable		
Roeland Street Investments Proprietary Limited	352 517	210 400
Gauteng Storage Properties Proprietary Limited	790	–
N14 Self Storage Proprietary Limited	–	28 728
Storage RSA Trading Proprietary Limited	–	117 423
Stor-Age Properties KZN Proprietary Limited	–	595
	353 307	357 146

The intercompany loan balances mainly comprises working capital amounts and dividends declared to the company at 30 September 2019 that was not settled at 31 March 2020.

No interest is charged on intercompany balances. The intercompany payable/receivable is repayable on demand and will be settled/recovered in the short-term.

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
10.	**TRADE AND OTHER RECEIVABLES**				
	Financial instruments				
	Tenant debtors net of loss allowance	16 827	15 593	179	725
	Gross tenant debtors	18 533	17 444	211	741
	Loss allowance	(1 706)	(1 851)	(32)	(16)
	Staff loans	89	77	89	70
	Related party receivables	13 314	60	14 827	5 179
	Other receivables: Rental guarantee^	10 041	32 232	10 041	32 232
	Variable consideration held in escrow	22 584	–	–	–
	Amount due from previous shareholder of Viking	–	10 378	–	–
	Sundry receivables	25 192	25 972	7 684	8 714
		88 047	84 312	32 820	46 920
	Non-financial instruments				
	Pre-payments+	56 829	44 649	1 105	993
	Taxation receivable	1 334	241	–	–
	VAT	–	–	–	976
		58 163	44 890	1 105	1 969
	Total trade and other receivables	146 210	129 202	33 925	48 889
	Split between non-current and current portion				
	Current assets	146 210	119 273	33 925	38 960
	Non-current assets	–	9 929	–	9 929
		146 210	129 202	33 925	48 889
	Categorisation of trade and other receivables				
	Trade and other receivables are categorised as follows in accordance with IFRS 9:				
	At amortised cost	136 169	96 970	23 884	16 657
	At fair value through profit or loss	10 041	32 232	10 041	32 232

^ *The rental guarantee relates to the acquisition of RSI 2 and RSI 3.*
\+ *For the group this balance includes property rates relating to the UK properties that have been paid in advance for the year.*

Information about the group and company's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 26.

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
11.	**CASH AND CASH EQUIVALENTS**				
	Cash on call	18 408	181 201	18 408	181 201
	Current account	57 945	78 372	4 834	3 884
		76 353	259 573	23 242	185 085

The effective interest rates are set out in note 26.2.

	Company 2020 R'000	Company 2019 R'000
12. DIVIDEND RECEIVABLE		
Wimbledonway Investments Proprietary Limited	–	2 760
N14 Self Storage Proprietary Limited	–	570
Roeland Street Investments Proprietary Limited	139 106	103 533
Roeland Street Investments 2 Proprietary Limited	45 215	40 618
Roeland Street Investments 3 Proprietary Limited	–	4 072
	184 321	151 553

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
13. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
In issue at the beginning of the year	4 292 941	3 175 075	4 292 941	3 175 075
Accelerated book-builds	–	985 000	–	985 000
Stor-Age share incentive scheme	–	14 001	–	14 001
Purchase of investment properties	630	–	630	–
Vendor consideration placement	–	52 000	–	52 000
Dividend re-investment programme	67 393	75 511	67 393	75 511
Share issue costs	(931)	(8 646)	(931)	(8 646)
In issue at the end of the year	4 360 033	4 292 941	4 360 033	4 292 941
Reconciliation of number of issued shares				
In issue at the beginning of the year	392 986 858	301 864 102	392 986 858	301 864 102
Shares issued during the year	4 861 984	91 122 756	4 861 984	91 122 756
In issue at the end of the year	397 848 842	392 986 858	397 848 842	392 986 858

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

Refer to shareholder analysis for further information regarding significant shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
14. NON-DISTRIBUTABLE RESERVE				
Fair value adjustment on investment properties	324 906	429 313	(10 096)	6 910
Fair value adjustment on financial instruments	(118 862)	56 731	(32 389)	(7 168)
Restructure of subsidiaries	–	–	22 890	–
Gain on bargain purchase	4 795	4 795	–	–
	210 839	490 839	(19 595)	(258)
Movements for the year				
Balance at beginning of year	490 839	523 006	(258)	3 413
Adjustment to fair value of investment properties	(104 407)	85 675	(17 006)	2 089
Adjustment to fair value of financial instruments	(175 593)	(120 431)	(25 221)	(5 760)
Transaction costs capitalised on acquisition of subsidiary	–	2 589	–	–
Restructure of subsidiaries	–	–	22 890	–
Balance at end of year	210 839	490 839	(19 595)	(258)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
15. SHARE-BASED PAYMENT RESERVE				
Opening balance	190	–	190	–
Expense recognised in profit or loss	7 466	190	7 466	190
Shares issued during the current year	–	–	–	–
Closing balance	7 656	190	7 656	190

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

Details of conditional shares awarded are set out below:

	Tranche 1	Tranche 2	Total
GM Lucas	171 625	305 111	476 736
SC Lucas	171 625	305 111	476 736
SJ Horton	171 625	305 111	476 736
Other employees	717 012	714 217	1 431 229
Total awards granted at 31 March	1 231 887	1 629 550	2 861 437

At 31 March 2019, 627 918 conditional share awards had been granted to other employees in respect of tranche 1 and, as at this date, a further 103 206 conditional share awards were still to be granted. The actual number of conditional shares awarded by the company as part of tranche 1 was 89 094 and the balance of 14 112 conditional shares were not awarded.

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the CSP has been measured using the Black-Scholes formula.

Details of assumptions

Expected volatility of 16.42% has been based on an evaluation of the historical volatility of the company's share price since listing. The expected forfeiture rate has been based on historical experience and general employee behaviour. On an annual basis, assumptions are adjusted with the availability of objective evidence. Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit or loss in the year the adjustment is made.

	Tranche 1	Tranche 2
Opening number of unvested instruments	1 142 793	–
Awards granted during the current year	89 094	1 629 550
Closing number of unvested instruments	1 231 887	1 629 550
Grant date	13 March 2019	30 August 2019
Vesting date	1 September 2022	1 September 2022
Issue price (30 day VWAP)*	13.11	13.11
Forfeiture rate	7.0%	10.0%
Dividend yield	8.15%	8.77%
Performance condition factor	90.0%	90.0%

The shares awarded under tranche 1 comprise performance shares (75%) which are subject to a 3.5 year service period and the achievement of certain financial and individual performance measures and retentions shares (25%) which are subject to a 3.5 year service period only.

The shares awarded under tranche 2 comprise performance shares only and are subject to a 3 year service period and the achievement of certain financial and individual performance measures.

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period.

No conditional shares vested or were forfeited during the year.

* *Volume-weighted average price.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
16. FINANCIAL LIABILITIES				
16.1 Loans and borrowings				
Reconciliation of loans and borrowings:				
Opening balance at 1 April	1 742 311	641 556	916 180	235 569
Acquired through asset acquisitions	–	806 997	–	–
New borrowing facilities	270 246	–	270 246	–
Withdrawals	561 918	735 526	430 256	1 183 551
Repayments	(545 421)	(507 460)	(545 421)	(502 940)
Foreign exchange movement	14 851	–	14 851	–
Foreign currency translation reserve	161 818	65 692	–	–
Closing balance at 31 March	2 205 723	1 742 311	1 086 112	916 180
Current borrowings	160 000	248 861	160 000	248 861
Non-current borrowings	2 045 723	1 493 450	926 112	667 319
– Long-term borrowings	2 215 355	1 791 769	1 095 744	965 638
– Surplus cash paid into loan facility	(169 632)	(298 319)	(169 632)	(298 319)

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

31 March 2020

ZAR denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2020 R'000
Nedbank C	Nov-23	5 years	Jibar plus 1.73	350 000	298 350
Nedbank D	Oct-21	3 years	Prime less 1.40	375 000	372 150
Nedbank F	Dec-23	3 years	Jibar plus 1.78	300 000	–
Standard Bank C	Oct-21	3 years	Jibar plus 1.66	370 000	300 147
Investec	May-22	3 years	Prime less 1.40	150 000	–
Futuregrowth	Apr-20	Rolling 3 months	Jibar plus 0.70	160 000	160 000
				1 705 000	1 130 647

GBP denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2020 R'000
Lloyds Bank	Nov-24	6 years*	Libor plus 2.75	52 000	1 119 611
Standard Bank D	Sep-21	3 years	Libor plus 2.10	8 000	125 097
				60 000	1 244 708
Total gross loans and borrowings for the group					2 375 355

* *Comprises a four-year term with two 12-month extensions.*

31 March 2019

ZAR denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2019 R'000
Nedbank B	Dec-19	3 years	Prime less 1.50	150 000	149 322
Nedbank C	Nov-20	5 years	Prime less 1.40	350 000	296 012
Nedbank D	Nov-21	3 years	Prime less 1.40	375 000	369 378
Nedbank E	Nov-19	1 year	Prime less 1.50	100 000	99 539
Standard Bank B	Nov-21	3 years	Jibar plus 1.33	520 000	300 248
Investec	Nov-21	3 years	Prime less 1.40	150 000	–
				1 645 000	1 214 499

GBP denominated facilities

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2019 R'000
Lloyds Bank	Nov-24	6 years*	Libor plus 2.75	52 000	826 131
				52 000	826 131
Total gross loans and borrowings for the group					2 040 630

* *Comprises a four-year term with two 12-month extensions.*

All borrowing facilities are interest only facilities.

As at 31 March 2020, Nedbank facilities C and D, the Standard Bank, Futuregrowth and Lloyds Bank facilities were utilised. Surplus cash is placed in the Nedbank C annex facility up to R200 million. The surplus cash paid into the annex facility earned interest at the prime overdraft rate as applicable in South Africa less 1.90%. There are no restrictions on the availability of the cash placed in the facility.

On 26 March 2020 Nedbank facility C was renegotiated. The facility term has been extended to 18 November 2023 and bears interest at Jibar plus 1.73%. Capital repayments of R10 million per month will be made from September 2023.

Interest rate swaps to the value of R500 million (2019: R680 million) and R200 million (2019: R200 million) have been entered into with Nedbank Limited and Standard Bank Limited respectively for the ZAR denominated facilities. Interest rate swaps to the value of £39.4 million (2019: £39.2 million) and £5.0 million have been entered into with Lloyds Bank and Standard Bank Limited respectively for the GBP denominated facilities. Further details are set out in note 26.

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The loans and borrowings are secured as follows:

Investec

- 2014 Old North Coast Road, Mt Edgecombe (Stor-Age Glen Anil)

Nedbank

- Section numbers 4, 5 and 6 in the sectional title scheme known as Trafalgar Place (Stor-Age Sea Point)
- Remainder Erf 15331 Milnerton (Stor-Age Table View)
- Erf 136 Greenbushes (Stor-Age Greenbushes)
- Remainder Erf 6042 Cape Town (Stor-Age Gardens)
- Remainder of Plot 63 Estoire Settlement, Bloemfontein (Stor-Age Bloemfontein)
- Erf 2026 Esther Park Extension 31 Township and Erf 2027 Esther Park Extension 32 Township (Stor-Age Kempton Park)
- Portion 159 (a Portion of Portion 4) of the Farm Allandale No 10 (Stor-Age Midrand)
- Erf 134 Village Main Township, Gauteng (Stor-Age JHB City)
- Erf 900 Kosmosdal Extension 12 Township, Gauteng (Stor-Age Samrand)
- Portion 853 (a Portion of Portion 175) of Klipfontein No. 83, Gauteng (Stor-Age Boksburg)
- Erf 39208 Bellville, Western Cape (Stor-Age Bellville)
- Erf 17299 Durbanville, Western Cape (Stor-Age Durbanville)
- Portion 63 (a Portion of Portion 2) of the Farm Brakfontein No. 399, Gauteng (Stor-Age Hennopspark)
- Portion 871 of the Farm Knopjeslaagte No. 385, Gauteng (Stor-Age Mnandi)
- Remaining Extent of Portion 55 (a Portion of Portion 5) of the Farm Doornkloof No. 391, Gauteng (Stor-Age Lyttelton)
- Portion 337 (a Portion of Portion 194) of the Farm Zwartkop No. 356, Gauteng (Stor-Age Zwartkop)
- Section number 2 in the sectional title scheme known as Flip Du Toit Industrial Park, Gauteng (Stor-Age Pretoria West)
- Remaining Extent of Portion 13 (Portion of Portion 1) of the Farm Grootfontein No. 394, Gauteng (Stor-Age Garsfontein)
- Lease over Erven 412, 413, 414, 415 and 416 Springfield (Stor-Age Springfield)
- Erf 177012 (a Portion of Erf 127260) Cape Town (Stor-Age Tokai)
- Sectional plan number 128/2007, Cape Town in the sectional title scheme known as Edgemead Self Storage Park (Stor-Age Edgemead)
- Sectional plan number 566/2008, Maitland in the sectional title scheme known as City Vault (Stor-Age Maitland)
- Sectional plan number 342/2010, West Rand (Stor-Age West Rand)
- Erf 2650 Westering (Stor-Age Westering)
- Portion 19 (of Erf 3) of Erf 17 Mount Edgecombe (Stor-Age Mount Edgecombe)
- Erf 891 Brooklyn (Stor-Age Brooklyn)
- Portion 1 of Erf 217 Six Fountains Extension 7 Township (Stor-Age Silver Lakes)
- Section number 3 in the sectional title scheme known as Rietfontein 738 in extent 2599 square metres (Stor-Age Mooikloof)
- Erven 1624 & 1625 Sunninghill Ext 163 Township (Stor-Age Sunninghill)

Standard Bank

- Erf 16694 Somerset West (Storage RSA Somerset West)
- Erf 8190 and Erf 8183 Stellenbosch (Storage RSA Stellenbosch)
- Portion 1 of Erf 877 Louwlardia Extension 13 (Storage RSA Midrand)
- Erf 4885 Weltevredenpark Extension 139 (Storage RSA Constantia Kloof)
- Erf 17350 a portion of Erf 15744 Durbanville (Storage RSA Durbanville)
- Headlease over remainder of Erf 995 Contantia Kloof (Stor-Age Constantia Kloof)
- Erf 14804 Somerset West (Storage RSA Heritage Park)
- Erf 1203 Wetton (Stor-Age Ottery)
- Erf 174177, Claremont, Cape Town (Stor-Age Claremont)
- Erf 97, Essexworld, Gauteng (Stor-Age Edenvale)
- Portion 2,3 and 27 of Erf 692 Brickfield, Kwazulu-Natal (Stor-Age Berea)
- Erf 149, Kensington B, Gauteng (Stor-Age Randburg)

Lloyds Bank

Leasehold Properties

- Unit 2, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930804 (Storage King Aylesford)
- Unit 3, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930806 (Storage King Aylesford)
- Unit 1, Carnival Close, Basildon, SS14 3WN, Title number EX802441 (Storage King Basildon)
- Units 5 and 6, Epsom Trade Park, Blenheim, Road, Epsom, KT19 9DU, Title number SY773210 (Storage King Epsom)
- Unit 1, Nimbus Park, Porz Avenue, Houghton Regis, Dunstable, LU5 5WZ , Title number BD260385 (Storage King Dunstable)
- Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ , Title number BK414791 (Storage King Woodley)
- Units 4, 5 and 6, Base 329, Headley Road East, Woodley, RG5 4AZ , Title number BK423724 (Storage King Woodley)
- Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ, Title number NT440635 (Storage King Nottingham)
- 1 Colville Court Winwick Quay Warrington, Title number, WA2 8QT, Title number CH560305 (Storage King Warrington)

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The loans and borrowings are secured as follows:

Freehold Properties

- Land on south east side of Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB25763 (Storage King Cambridge)
- Land at Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB269504 (Storage King Cambridge)
- Land at 505 Coldhams Lane, CBl 3JS, Title number CB30113 (Storage King Cambridge)
- 599 to 613 Princes Road, Dartford, DA2 6HH, Title number K342977 (Storage King Dartford)
- Units 8-14, Hansard Gate, West Meadows, industrial Estate, Derby, DE21 6AR, Title number DY490969 (Storage King Derby)
- 1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH, Title number SYK429163 (Storage King Doncaster)
- Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX, Title number GR408472 (Storage King Gloucester)
- 39 Barton Road, Bletchley, Milton Keynes, MK2 3BA, Title number BM116594 (Storage King Milton Keynes)
- Land at 1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN shown edged with red on the plan of the Title filed with the Land Registry, Title number ON164847 (Storage King Oxford)
- Site at 1 Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number, CH653432 (Storage King Chester)
- The Wash Shop, Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number CH254305 (Storage King Chester)
- Unit 2, Weston Road, Crewe CW1 6AA, Title number CH666094 (Storage King Crewe)
- Land at the south east side of Caxton Road, Elms Farm Industrial Estate, Bedford, MK14 0HT, Title number BD43327 (Storage King Bedford)
- Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF, Title Number SY767961 (Storage King Weybridge)
- Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR, Title number WM866739 (Storage King Dudley)
- Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA, Title number SL148790 (Storage King Shrewsbury)

The following covenants are applicable to the year ended 31 March 2020:

Investec

- Loan to Value shall not exceed 0.50:1
- The interest cover ratio shall be greater than or equal to 2.5:1

Nedbank

- At all times total debt shall not exceed 50% of total assets
- Interest cover is to remain at a level of at least 1.8:1

Lloyds Bank

- Cashflow cover[1] shall not at any time be less than the ratio of 1.1:1
- Loan to market value shall not, at any time, exceed 50%
- Loan to closed market value shall not, at any time, exceed 85%
- Leasehold to portfolio value shall not, at any time, exceed 25%
- Interest cover shall not at any time be less than the ratio of 2.0:1

Standard Bank

- Group LTV shall not exceed 45%
- The ratio of aggregate net rental income to all interest payable in respect of all loan facilities shall not be less than 1.8

No covenants were breached during the year.

[1] *Cashflow cover means the ratio of Cashflow to Debt Service (Debt service means the aggregate of finance charges, repayments of borrowings and the amount of the capital and interest payable under any finance lease due during the relevant period).*

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
16.2	**Derivative financial liabilities**				
	Forward exchange derivatives	6 564	–	–	–
	Cross currency interest rate swaps	81 889	4 573	–	–
	Interest rate swaps	64 253	16 725	29 309	9 103
	– ZAR denominated facilities	28 610	9 103	28 609	9 103
	– GBP denominated facilities	35 643	7 622	700	–
		152 706	21 298	29 309	9 103

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

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

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
17. TRADE AND OTHER PAYABLES				
Financial instruments				
Trade creditors	32 676	28 572	1 745	1 964
Security deposits	19 774	19 571	1 975	1 095
Other payables	6 135	25 149	1 810	1 834
Related party payables	–	55 500	–	56 927
Property accruals	30 537	27 743	5 263	8 341
Tenant deposits	614	650	613	589
	89 736	157 185	11 406	70 750
Non-financial instruments				
Income received in advance	51 937	38 542	405	406
VAT	16 305	10 335	(166)	–
	68 242	48 877	239	406
Total trade and other payables	157 978	206 062	11 645	71 156

Information about the group and company's exposure liquidity risk is included in note 26.4.

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
18. PROVISIONS				
Balance at beginning of year	6 266	16 331	5 768	–
Movement in provision	(3 408)	(10 065)	(3 346)	5 768
Balance at end of year	2 858	6 266	2 422	5 768

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
19. OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS				
Fair value adjustment to derivative financial instruments	(151 067)	(110 431)	(25 153)	(5 760)
Fair value adjustment to other financial instruments	(24 526)	(10 000)	(68)	–
	(175 593)	(120 431)	(25 221)	(5 760)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
20. ADMINISTRATION EXPENSES BY NATURE				
20.1 Employee benefits				
Salaries and wages	31 156	31 958	17 198	26 950
Other staff costs	2 010	1 331	1 579	1 243
	33 166	33 289	18 777	28 193
20.2 Operating and administration expenses				
Office rental expense^	–	1 543	–	1 270
Equity-based share based payment expense	7 466	190	7 466	190
Other administration expenses	5 373	2 837	4 218	7 266
Professional fees	5 717	2 353	1 780	795
Auditors remuneration*	3 739	3 593	2 579	1 011
	22 295	10 516	16 043	10 532
Total	55 461	43 805	34 820	38 725

^ *The prior year's rental expense relates to operating lease payments made under IAS 17 for leased head office space.*

* *R160 217 (2019: R 164 000) was paid to KPMG for non-audit services in the current year. Foreign subsidiaries were audited by BDO. An amount of R238 500 (2019: R476 239) was paid to BDO for non-audit services and R1 838 285 (2019: R856 098) for audit services.*

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
21. TAXATION				
Normal taxation				
Income tax charge for the year	(472)	291	–	471
Deferred taxation				
Deferred tax charge for the year	3 647	(2 689)	–	–
Taxation for the year	3 175	(2 398)	–	471
The taxation charge is reconciled as follows:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses*	2.21%	0.80%	0.57%	0.40%
Exempt income	(22.66%)	(0.20%)	0.00%	(0.20%)
Fair value adjustments	46.03%	(9.50%)	15.60%	0.30%
Other timing differences	(3.15%)	(0.40%)	0.00%	0.00%
Tax rate difference due to foreign operations	20.66%	(0.70%)	0.00%	0.00%
Qualifying distribution	(80.78%)	(22.70%)	(49.33%)	(30.00%)
Unrecognised deferred tax asset	6.59%	5.70%	5.16%	1.30%
Effective taxation charge	(3.10%)	1.00%	0.00%	(0.20%)
Deferred taxation asset				
Assessed losses carried forward	17 528	18 829	–	–
Property valuations	7 908	–	–	–
	25 436	18 829	–	–

Deferred tax movement reconciliation – group^

	Assessed losses R'000	Investment property R'000	Total R'000
2020			
At beginning of the year	18 829	–	18 829
Profit or loss	(3 963)	7 611	3 648
Exchange differences	2 662	297	2 959
At end of year	17 528	7 908	25 436
2019			
At beginning of the year	19 098	–	19 098
Asset acquisitions	107	–	107
Profit or loss	(2 689)	–	(2 689)
Exchange differences	2 313	–	2 313
At end of year	18 829	–	18 829

* *Relates to professional fees and depreciation not deductible*

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

The group has an assessed loss of R406.1 million (2019: R425.5 million) in South Africa. Management has decided, in light of the impact of the REIT legislation, not to recognise a deferred taxation asset relating to the assessed loss as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

With the exception of four UK subsidiaries, the group up until now was taxed at the company standard rate of 0% under the Income Tax (Zero Ten) Guernsey Law, 2007. Guernsey companies however are taxed on net UK rental income as a non-resident landlord in the UK at the company standard rate of 19%. From April 2020 these Guernsey companies, with the exception of Betterstore Self Storage Holdings Ltd, according to the change to the UK corporate tax legislation, are taxed as UK companies at the rate of 19%. The Betterstore group has tax losses available to carry forward and utilise against future profits of £4.1 million (2019: £6.2 million) which has been recognised as a deferred tax asset.

22. EARNINGS AND HEADLINE EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the weighted average number of shares in issue during the year and a profit attributable to shareholders of the parent.

	Group	
	2020 R'000	2019 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the period (attributable to shareholders of the parent)	104 887	257 566
Basic earnings	104 887	257 566
Headline earnings adjustments	103 182	(81 605)
Fair value adjustment to investment properties	104 407	(85 675)
Fair value adjustment to investment properties (NCI)+	(1 225)	70
Impairment of intangible asset	–	4 000
Headline earnings attributable to shareholders	208 069	175 961
Number of shares		
Total number of shares in issue ('000)	397 849	392 987
Shares in issue entitled to dividends at 31 March ('000)	395 349	387 987
Weighted average number of shares in issue ('000)	394 448	326 937
Weighted average number of shares in issue entitled to dividends	391 948	321 937
Add: Weighted potential dilutive impact of conditional shares	2 012	57
Diluted weighted average number of shares in issue	393 960	321 994
Earnings per share		
Basic earnings per share (cents)	26.76	80.01
Diluted earnings per share (cents)	26.62	79.99
Headline earnings per share		
Basic headline earnings per share (cents)	53.09	54.66
Diluted headline earnings per share (cents)	52.81	54.65

+ *Non-controlling interest.*

		Group 2020 R'000	Group Restated* 2019 R'000	Company 2020 R'000	Company Restated* 2019 R'000
23.	**NOTES TO THE STATEMENTS OF CASH FLOWS**				
23.1	**Cash generated from operations**				
	Profit before taxation	102 042	260 293	167 118	196 997
	Adjusted for:				
	Dividends received	–	–	(345 080)	(254 083)
	Interest income	(58 258)	(48 917)	(24 910)	(16 527)
	Interest expense	116 625	81 786	66 318	53 600
	Impairment of intangible asset	–	4 000	–	4 000
	Change in provision estimate	(3 408)	(10 065)	(3 346)	5 768
	Depreciation and amortisation	10 837	6 679	4 439	1 769
	Related party management fee	–	–	–	(5 000)
	Equity-settled share-based payment expense	7 466	190	7 466	190
	Unrealised foreign exchange loss on loan	14 851	–	14 851	–
	Impairment of investment in subsidiary	–	–	76 020	–
	Fair value adjustment to investment properties	104 407	(85 675)	17 006	(2 089)
	Fair value adjustment to financial instruments	181 813	127 517	25 221	5 760
		476 375	335 808	5 103	(9 615)
	Changes in working capital, net of assets acquired	(27 650)	5 444	(19 301)	(40 733)
	(Increase)/decrease in trade and other receivables	(119)	7 154	(9 533)	(37 437)
	Increase in inventory	(24)	(1 044)	(419)	(666)
	Decrease in trade and other payables	(27 507)	(666)	(9 349)	(2 630)
		448 725	341 252	(14 198)	(50 348)
23.2	**Interest received**				
	Interest income per statement of profit or loss	58 258	48 917	24 910	16 527
	Outstanding interest income accrual on loan	(4 263)	(3 935)	(3 000)	(309)
	Interest received	53 995	44 982	21 910	16 218
23.3	**Interest paid**				
	Interest charge per statement of profit or loss	116 625	81 786	66 318	53 600
	Interest capitalised to investment properties (refer to note 3)	17 691	12 019	16 566	9 877
	Realised losses on interest rate swaps	4 947	–	4 947	–
	Outstanding interest expense accrual on loan	(3 843)	(9 569)	(3 437)	(6 466)
	Interest on lease obligations	(16 003)	(8 953)	(430)	–
	Interest paid	119 417	75 283	83 964	57 011

* *Refer to note 32 for further details relating to the restatement.*

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
23.4	**Dividends paid**				
	Balance payable at beginning of year	214 867	151 913	214 867	151 913
	Dividend declared*	440 332	387 468	440 332	387 468
	Dividends paid by subsidiary to non-controlling interest	1 236	1 182	–	–
	Balance payable at end of year	(225 983)	(214 867)	(225 983)	(214 867)
	Dividends paid	430 452	325 696	429 216	324 514
	***Dividends declared**				
	Dividend declared based on shares in issue at year end	440 332	387 468	440 332	387 468
	Antecedent dividend relating to shares issued after year end^	12 131	223	12 131	223
	Distributable earnings	452 463	387 691	452 463	387 691
	^ *Details of the shares issued after year end are set out in note 34.*				
23.5	**Dividend received**				
	Balance receivable at the beginning of year	–	–	151 553	167 928
	Dividend income from subsidiary	–	–	345 080	254 083
	Final restructured subsidiary dividend	–	–	(3 704)	–
	Balance receivable at end of year	–	–	(184 321)	(151 553)
	Dividend received	–	–	308 608	270 458
23.6	**Taxation refund**				
	Balance receivable at the beginning of year	–	–	–	–
	Taxation (paid)/refund	(857)	471	–	471
	Balance receivable at end of year	–	–	–	–
	Taxation (paid)/refund	(857)	471	–	471

The taxation paid in the current year relates to a pre-acquisition balance of a UK subsidiary acquired in March 2019.

		Group	
		2020 R'000	2019 R'000
23.7	**Repayment of loans from previous shareholder of RSI 2 and RSI 3**		
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	–	(315 694)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	–	(10 695)
		–	(326 389)

24. ACQUISITION OF FLEXI STORE SELF STORAGE LIMITED

In December 2019 Stor-Age, through its UK subsidiary Betterstore, acquired 100% of the issued share capital of Flexi Store Self Storage Limited (Flexi Store).

In line with the group's accounting policy to early adopt the amendment to the definition of a "business" in terms of IFRS 3 *Business Combinations*, the group has treated these transactions as asset purchases on the basis that more than 90% of the fair value of the gross assets acquired is attributable to investment property.

The details of the transactions are set out below:

	Group R'000
The assets and liabilities arising from the acquisition on 10 December 2019 are as follows:	
Investment property*	313 204
Investment in subsidiary	2
Plant and equipment	286
Trade and other receivables	7 081
Intangible asset	428
Cash and cash equivalents	8 804
Inventory	257
Deferred tax liability	(837)
Lease liabilities	(74 599)
Trade and other payables	(14 393)
Fair value of net identifiable assets acquired	240 233
Total purchase consideration	240 233
Net cash outflow on acquisition	269 500
Consideration financed by cash	278 304
– Paid directly to sellers	240 233
– Acquisition-related costs	18 278
– Variable purchase consideration receivable – cash held in escrow	19 793
Cash and cash equivalents acquired	(8 804)

Acquisition-related costs of £942.126+ (R18.28 million) that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
+ *Amounts have been translated at GBP1=R19.40 at the date of acquisition.*

25. SEGMENTAL INFORMATION

Segmental information is based on the geographic location of each investment property. The group trades in five of the nine provinces in South Africa and in the United Kingdom through its subsidiary Betterstore Self Storage Holdings. The group is managed on a consolidated basis and inter-segmental transactions have been eliminated. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, impairment losses, fair value adjustments to investment properties and direct property costs
- On the statement of financial position: Investment properties, tenant debtors, inventories, goodwill and intangible assets, loans and borrowings and lease obligations

The chief executive officer reviews the segmental information on a quarterly basis.

Segment property operating income for the year ended 31 March 2020

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	140 890	194 543	4 639	46 554
– Other income	10 584	20 954	365	5 270
Impairment losses recognised on tenant debtors	(951)	(1 282)	(103)	(289)
Direct property costs	(34 282)	(45 954)	(2 006)	(12 944)
Operating profit	116 241	168 261	2 895	38 591
Fair value adjustment to investment properties	(31 186)	(36 207)	6 452	13 107
Segment property operating income	85 055	132 054	9 347	51 698

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	14 028	400 654	233 319	633 973
– Other income	2 277	39 450	25 399	64 849
Impairment losses recognised on tenant debtors	(217)	(2 842)	(966)	(3 808)
Direct property costs	(4 658)	(99 844)	(78 342)	(178 186)
Operating profit	11 430	337 418	179 410	516 828
Fair value adjustment to investment properties	(982)	(48 816)	(55 591)	(104 407)
Segment property operating income	10 448	288 602	123 819	412 421

25. SEGMENTAL INFORMATION (continued)

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	698 822	698 822	–
– Rental income	633 973	633 973	–
– Other income	64 849	64 849	–
Impairment losses recognised on tenant debtors	(3 808)	(3 808)	–
Direct property costs	(178 186)	(178 186)	–
Net property operating income	516 828	516 828	–
Other revenue	4 730	–	4 730
– Management fees	4 730	–	4 730
Administration expenses	(55 461)	–	(55 461)
Operating profit	466 097	516 828	(50 731)
Fair value adjustment to investment properties	(104 407)	(104 407)	–
Unrealised foreign exchange loss on loan	(14 851)	–	(14 851)
Other fair value adjustments	(175 593)	–	(175 593)
Depreciation and amortisation	(10 837)	–	(10 837)
Profit before interest and taxation	160 409	412 421	(252 012)
Interest income	58 258	–	58 258
Interest expense	(116 625)	–	(116 625)
Profit before taxation	102 042	412 421	(310 379)
Taxation expense	3 175	–	3 175
Profit for the year	105 217	412 421	(307 204)
Translation of foreign operations	242 420	–	242 420
Other comprehensive income for the year, net of taxation	242 420	–	242 420
Total comprehensive income for the year	347 637	412 421	(64 784)

Group segment assets as at 31 March 2020

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 626 077	1 857 341	35 200	487 782
Tenant debtors	1 573	2 503	122	622
Inventories	2 100	2 011	83	253
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 332)	(3 155)	–	(18 248)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	125 600	4 132 000	2 942 287	7 074 287
Tenant debtors	274	5 094	11 733	16 827
Inventories	111	4 558	1 118	5 676
Goodwill and intangible assets	–	–	69 044	69 044
Loans and borrowings	–	–	(1 244 708)	(1 244 708)
Lease obligation	–	(43 735)	(293 374)	(337 109)

25. SEGMENTAL INFORMATION (continued)

Group segment assets, reserves and liabilities as at 31 March 2020

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	7 463 998	7 143 331	320 667
Investment properties	7 074 287	7 074 287	–
Property and equipment	17 653	–	17 653
Stor-Age share purchase scheme loans	185 737	–	185 737
Goodwill and intangible assets	152 276	69 044	83 232
Investment and long-term interests in joint venture	3 527	–	3 527
Other receivables	–	–	–
Unlisted investment	5 082	–	5 082
Deferred taxation	25 436	–	25 436
Derivative financial assets	–	–	–
Current assets	228 239	22 503	205 736
Trade and other receivables	146 210	16 827	129 383
Inventories	5 676	5 676	–
Cash and cash equivalents	76 353	–	76 353
Total assets	7 692 237	7 165 834	526 403
Equity and liabilities			
Total equity	4 605 378	–	4 605 378
Stated capital	4 360 033	–	4 360 033
Non-distributable reserve	210 839	–	210 839
Accumulated loss	(261 904)	–	(261 904)
Share-based payment reserve	7 656	–	7 656
Foreign currency translation reserve	255 657	–	255 657
Total attributable equity to shareholders	4 572 281	–	4 572 281
Non-controlling interest	33 097	–	33 097
Non-current liabilities	2 506 683	1 550 067	956 616
Loans and borrowings	2 045 723	1 244 708	801 015
Derivative financial instruments	152 706	–	152 706
Lease obligations	308 254	305 359	2 895
Current liabilities	580 176	31 750	548 426
Loans and borrowings	160 000	–	160 000
Trade and other payables	157 978	–	157 978
Provisions	2 858	–	2 858
Lease obligations	33 357	31 750	1 607
Dividends payable	225 983	–	225 983
Total equity and liabilities	7 692 237	1 581 817	6 110 420

Segment property operating income for the year ended 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	125 551	140 510	3 866	31 616
– Other income	5 444	10 638	184	2 086
Impairment losses recognised on tenant debtors	(760)	(888)	(88)	(314)
Direct property costs	(28 828)	(33 397)	(1 595)	(8 947)
Operating profit	101 407	116 863	2 367	24 441
Fair value adjustment to investment properties	53 586	26 257	2 802	4 886
Segment property operating income	154 993	143 120	5 169	29 327

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	10 586	312 129	173 155	485 284
– Other income	815	19 167	19 900	39 067
Impairment losses recognised on tenant debtors	(75)	(2 125)	(1 105)	(3 230)
Direct property costs	(2 882)	(75 649)	(60 188)	(135 837)
Operating profit	8 444	253 522	131 762	385 284
Fair value adjustment to investment properties	1 064	88 595	(2 920)	85 675
Segment property operating income	9 508	342 117	128 842	470 959

25. SEGMENTAL INFORMATION (continued)

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	524 351	524 351	–
– Rental income	485 284	485 284	–
– Other income	39 067	39 067	–
Impairment losses recognised on tenant debtors	(3 230)	(3 230)	–
Direct property costs	(135 837)	(135 837)	–
Net property operating income	385 284	385 284	–
Other revenue	11 065	–	11 065
– Management fees	11 065	–	11 065
Administration expenses	(43 805)	–	(43 805)
Operating profit	352 544	385 284	(32 740)
Transaction and advisory fees	(357)	–	(357)
Restructure of loans and borrowings	(13 590)	–	(13 590)
Fair value adjustment to investment properties	85 675	85 675	–
Other fair value adjustments to financial instruments	(120 431)	–	(120 431)
Impairment of intangible asset	(4 000)	–	(4 000)
Depreciation and amortisation	(6 679)	–	(6 679)
Profit before interest and taxation	293 162	470 959	(177 797)
Interest income	48 917	–	48 917
Interest expense	(81 786)	–	(81 786)
Profit before taxation	260 293	470 959	(210 666)
Taxation expense	(2 398)	–	(2 398)
Profit for the year	257 895	470 959	(213 064)
Translation of foreign operations	143 183	–	143 183
Other comprehensive income for the year, net of taxation	143 183	–	143 183
Total comprehensive income for the year	401 078	470 959	(69 881)

Group segment assets as at 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 588 030	1 838 579	28 600	443 869
Tenant debtors	2 254	2 142	64	796
Inventories	1 918	2 027	78	308
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 608)	(3 104)	–	–

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	126 000	4 025 078	2 217 335	6 242 413
Tenant debtors	256	5 512	10 081	15 593
Inventories	127	4 458	781	5 239
Goodwill and intangible assets	–	–	58 894	58 894
Loans and borrowings	–	–	(826 131)	(826 131)
Lease obligations	–	(25 712)	(187 599)	(213 311)

25. SEGMENTAL INFORMATION (continued)

Group segment assets, reserves and liabilities as at 31 March 2019

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	6 644 781	6 301 307	343 474
Investment properties	6 242 413	6 242 413	–
Property and equipment	8 793	–	8 793
Stor-Age share purchase scheme loans	184 739	–	184 739
Goodwill and intangible assets	140 842	58 894	81 948
Other receivables	9 929	–	9 929
Unlisted investment	4 600	–	4 600
Deferred taxation	18 829	–	18 829
Derivative financial instruments	34 636	–	34 636
Current assets	384 085	20 832	363 253
Trade and other receivables	119 273	15 593	103 680
Inventories	5 239	5 239	–
Cash and cash equivalents	259 573	–	259 573
Total assets	7 028 866	6 322 139	706 727
Equity and liabilities			
Total equity	4 624 751	–	4 624 751
Stated capital	4 292 941	–	4 292 941
Non-distributable reserve	490 839	–	490 839
Accumulated loss	(206 533)	–	(206 533)
Share-based payment reserve	190	–	190
Foreign currency translation reserve	19 149	–	19 149
Total attributable equity to shareholders	4 596 586	–	4 596 586
Non-controlling interest	28 165	–	28 165
Non-current liabilities	1 706 902	1 018 285	688 617
Loans and borrowings	1 493 450	826 131	667 319
Derivative financial instruments	21 298	–	21 298
Lease obligations	192 154	192 154	–
Current liabilities	697 213	21 157	676 056
Loans and borrowings	248 861	–	248 861
Trade and other payables	206 062	–	206 062
Provisions	6 266	–	6 266
Lease obligations	21 157	21 157	–
Dividends payable	214 867	–	214 867
Total equity and liabilities	7 028 866	1 039 442	5 989 424

26. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit, liquidity and market risks arise in the normal course of the group's business. Derivative financial instruments are used as and when required to hedge exposure to fluctuations in interest rates and currency.

26.1 Financial risk management

The table below sets out the company's and group's accounting classification of each class of financial asset and liability at 31 March:

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Group as at 31 March 2020			
Financial assets			
Stor-Age share purchase scheme loans	185 737	–	185 737
Cash and cash equivalents	76 353	–	76 353
Trade and other receivables (excluding rental guarantee)	78 006	–	78 006
Rental guarantee	10 041	10 041	–
Unlisted investment	5 082	5 082	–
Financial liabilities			
Loans and borrowings	2 205 723	–	2 205 723
Derivative financial instruments	152 706	152 706	–
Lease obligations	341 611	–	341 611
Trade and other payables	157 978	–	157 978
Dividend payable	225 983	–	225 983
Group as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	259 573	–	259 573
Derivative financial instruments	34 636	34 636	–
Trade and other receivables (excluding rental guarantee)	52 080	–	52 080
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Loans and borrowings	1 742 311	–	1 742 311
Derivative financial instruments	21 298	21 298	–
Lease obligations	213 311	–	213 311
Trade and other payables	206 062	–	206 062
Dividend payable	214 867	–	214 867

26. FINANCIAL INSTRUMENTS (continued)

26.1 Financial risk management (continued)

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Company as at 31 March 2020			
Financial assets			
Stor-Age share purchase scheme loans	185 737	–	185 737
Cash and cash equivalents	23 242	–	23 242
Trade and other receivables (excluding rental guarantee)	22 779	–	22 779
Rental guarantee	10 041	10 041	–
Unlisted investment	5 082	5 082	–
Financial liabilities			
Loans and borrowings	1 086 112	–	1 086 112
Derivative financial instruments	29 309	29 309	–
Lease obligations	3 812	–	3 812
Trade and other payables	11 645	–	11 645
Dividend payable	225 983	–	225 983
Company as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	185 085	–	185 085
Trade and other receivables (excluding rental guarantee)	14 688	–	14 688
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Loans and borrowings	916 180	–	916 180
Derivative financial instruments	9 103	9 103	–
Trade and other payables	71 156	–	71 156
Dividend payable	214 867	–	214 867

26.2 Market risk

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

26.2.1 Interest rate risk

The group adopts a policy of ensuring that an appropriate amount of its exposure to changes in interest rates on borrowings is on a fixed basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The group states the fair value of interest rate swaps based on broker quotes.

At the reporting date, the group had entered into the following interest rate swaps and with respect to the following facilities:

31 March 2020

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2020 R'000
ZAR denominated facilities						
Nedbank facility C*						
– Swap F	50 000	–	08-Aug-17	30-Oct-20	9.00%	(569)
– Swap U	50 000	–	12-Apr-19	01-Apr-22	9.13%	(2 024)
– Swap V	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
	200 000	–				(6 303)
Nedbank facility D^						
– Swap W	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
– Swap X	100 000	–	12-Apr-19	01-Apr-22	8.96%	(3 710)
– Swap AA	100 000	–	08-Aug-19	08-Aug-22	9.00%	(3 956)
	300 000	–				(11 376)
Standard Bank facility C*						
– Swap Y	100 000	–	02-Aug-19	15-Nov-21	7.60%	(3 863)
– Swap Z	100 000	–	07-Aug-19	25-Oct-21	7.50%	(3 698)
	200 000	–				(7 561)
Total ZAR denominated facilities	700 000	–				(25 240)
GBP denominated facilities						
Lloyds Bank facility#						
– Swap J	468 284	21 150	28-Sep-18	18-Oct-22	0.96%	(16 849)
– Swap S	166 058	7 500	26-Mar-19	18-Oct-24	1.14%	(5 480)
– Swap T	239 124	10 800	01-Dec-19	18-Oct-24	1.18%	(12 614)
	873 466	39 450				(34 943)
Standard Bank facility D#						
– Swap AB	110 705	5 000	10-Feb-20	10-Feb-23	0.66%	(700)
Total GBP denominated facilities	984 171	44 450				(35 643)
Total	1 684 171	44 450				(60 883)

* *Interest rates are linked to Jibar.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
# *Interest rates are linked to Libor.*

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

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2020 R'000
Standard Bank facility C*						
– Swap option A	100 000	–	02-Aug-19	15-Nov-21	7.15%	(1 665)
– Swap option B	100 000	–	07-Aug-19	25-Oct-21	7.15%	(1 705)
						(3 370)
Total						(64 253)

* *Interest rates are linked to Jibar.*

26. FINANCIAL INSTRUMENTS (continued)
26.2 Market risk (continued)
26.2.1 Interest rate risk (continued)

31 March 2019

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000
ZAR denominated facilities						
Nedbank facility B^						
– Swap C	50 000	–	08-Nov-16	08-Nov-18	9.50%	(273)
– Swap E	25 000	–	16-Mar-17	31-Mar-20	9.40%	(170)
– Swap G	25 000	–	01-Feb-18	31-Jul-19	9.08%	(32)
	100 000	–				(475)
Nedbank facility C^						
– Swap F	50 000	–	08-Aug-17	30-Oct-20	9.00%	(227)
– Swap H	100 000	–	01-Feb-18	18-Nov-20	9.45%	(1 162)
	150 000	–				(1 389)
Nedbank facility D^						
– Swap L	100 000	–	08-Nov-18	01-Nov-21	9.43%	(1 536)
– Swap M	100 000	–	13-Nov-18	01-Nov-21	9.47%	(1 634)
	200 000	–				(3 170)
Nedbank facility E^						
– Swap N	80 000	–	13-Nov-18	01-Oct-19	8.87%	(85)
– Swap O	50 000	–	13-Nov-18	31-Oct-19	8.87%	(60)
– Swap P	100 000		13-Nov-18	02-Nov-20	9.27%	(897)
	230 000	–				(1 042)
Standard Bank facility B*						
– Swap K	100 000	–	24-Oct-18	25-Oct-21	7.80%	(1 423)
– Swap Q	100 000	–	13-Nov-18	13-Nov-21	7.80%	(1 604)
	200 000	–				(3 027)
Total ZAR denominated facilities	880 000	–				(9 103)
GBP denominated facilities						
Lloyds Bank facility#						
– Swap J	399 081	21 150	28-Sep-18	18-Oct-22	1.10%	(3 000)
– Swap R	203 786	10 800	13-Mar-19	18-Oct-24	1.32%	(3 529)
– Swap S	141 519	7 500	26-Mar-19	18-Oct-24	1.14%	(1 093)
	744 386	39 450				(7 622)
Total GBP denominated facilities	744 386	39 450				(7 622)
Total	1 624 386	39 450				(16 725)

* *Interest rates are linked to Jibar.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
# *Interest rates are linked to Libor.*

26.2.2 Effective interest rates

At the reporting date the group's interest rate profile was:

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2020						
Cash and cash equivalents	11		76 353	76 353	–	–
ZAR denominated						
– Cash on call		5.00%	16 991	16 991	–	–
– Current accounts		4.75%	13 021	13 021	–	–
GBP denominated						
– Cash on call		0.35%	1 417	1 417	–	–
– Current accounts		0.00%	44 924	44 924	–	–
Stor-Age share purchase scheme loans	4		185 737	–	–	185 737
– Issue 1		8.00%	123 879	–	–	123 879
– Issue 2		8.31%	2 142	–	–	2 142
– Issue 3		8.00%	2 221	–	–	2 221
– Issue 4a		7.46%	8 095	–	–	8 095
– Issue 4b		7.46%	12 740	–	–	12 740
– Issue 5		7.19%	22 314	–	–	22 314
– Issue 6		7.90%	14 346	–	–	14 346
Financial liabilities			(60 883)	(569)	(42 220)	(18 094)
Nedbank facility C	26.2.1					
– Swap F		9.00%	(569)	(569)	–	–
– Swap U		9.13%	(2 024)	–	(2 024)	–
– Swap V		8.96%	(3 710)	–	(3 710)	–
Nedbank facility D	26.2.1					
– Swap W		8.96%	(3 710)	–	(3 710)	–
– Swap X		8.96%	(3 710)	–	(3 710)	–
– Swap AB		9.00%	(3 956)	–	(3 956)	–
Standard Bank facility C	26.2.1					
– Swap Y		7.50%	(3 863)	–	(3 863)	–
– Swap Z		7.50%	(3 698)	–	(3 698)	–
Standard Bank facility D						
– Swap AB		0.66%	(700)	–	(700)	–
Lloyds Bank facility	26.2.1					
– Swap J		0.96%	(16 849)	–	(16 849)	–
– Swap S		1.14%	(5 480)	–	–	(5 480)
– Swap T		1.18%	(12 614)	–	–	(12 614)

26. FINANCIAL INSTRUMENTS (continued)
26.2 Market risk (continued)
26.2.2 Effective interest rates (continued)

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2019						
Cash and cash equivalents			259 573	259 573	–	–
ZAR denominated						
– Cash on call	11	6.00%	181 201	181 201	–	–
– Current accounts		6.00%	47 144	47 144	–	–
GBP denominated						
– Cash on call		0.00%	31 228	31 228	–	–
– Current accounts		0.00%	–	–	–	–
Stor-Age share purchase scheme loans	4		184 739	–	–	184 739
– Issue 1		8.00%	122 173	–	–	122 173
– Issue 2		8.31%	2 277	–	–	2 277
– Issue 3		8.00%	2 220	–	–	2 220
– Issue 4a		7.46%	8 752	–	–	8 752
– Issue 4b		7.46%	12 684	–	–	12 684
– Issue 5		7.19%	22 292	–	–	22 292
– Issue 6		7.90%	14 341	–	–	14 341
Financial liabilities						
Nedbank facility B	26.2.1		(16 725)	(620)	(11 483)	(4 622)
– Swap C		9.50%	(273)	(273)	–	–
– Swap E		9.40%	(170)	(170)	–	–
– Swap G		9.08%	(32)	(32)	–	–
Nedbank facility C	26.2.1					
– Swap F		9.00%	(227)	–	(227)	–
– Swap H		9.45%	(1 162)	–	(1 162)	–
Nedbank facility D	25.2.1					
– Swap L		9.43%	(1 536)	–	(1 536)	–
– Swap M		9.47%	(1 634)	–	(1 634)	–
Nedbank facility E	25.2.1					
– Swap N		8.87%	(85)	(85)	–	–
– Swap O		8.87%	(60)	(60)	–	–
– Swap P		9.27%	(897)	–	(897)	–
Standard Bank facility	25.2.1					
– Swap K		7.80%	(1 423)	–	(1 423)	–
– Swap Q		7.80%	(1 604)	–	(1 604)	–
Lloyds Bank facility	26.2.1					
– Swap J		1.10%	(3 000)	–	(3 000)	–
– Swap R		1.32%	(3 529)	–	–	(3 529)
– Swap S		1.14%	(1 093)	–	–	(1 093)

The effective rates disclosed above are fixed except for cash and cash equivalents.

The bank facilities and interest rate swaps are in the name of the company except for the Pound denominated interest rate swaps which are in the name of Betterstore Self Storage Properties I Limited.

26.2.3 Sensitivity analysis

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss of a 1% increase/decrease in the interest rates of the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R6.923 million (2019: R4.078 million). The analysis has been prepared on the assumption that all other variables remain constant.

26.2.4 Currency risk

Currency hedging

The group has trading operations in the UK and is exposed to currency risk on its capital investment as well as the underlying earnings. The group uses cross currency interest rate swaps as part of its treasury management plan to hedge part of its foreign currency investment. The cross currency interest swaps are structured to receive a fixed JIBAR-linked rate and pay a fixed LIBOR-linked rate. Details of the cross currency interest rate swaps are set out below:

Bank	Maturity date	Spot	Nominal GBP'000	Nominal ZAR'000	ZAR rate	GBP rate
Nedbank	2 November 2020	18.41	10 000	184 100	6.47%	0.00%
Investec	26 October 2021	18.72	5 000	93 600	10.00%	3.04%
Investec	26 October 2022	18.72	5 000	93 600	10.00%	2.98%
Investec	7 June 2021	17.00	5 000	85 000	10.00%	2.33%
Total			25 000	456 300		

Hedging of capital investment

The acquisition of UK self storage operations was financed through a combination of debt and equity from South Africa, as well as a debt funding from Lloyds Bank in the UK. At year end, approximately 38.5% (2019: 38.3%) of the group's foreign currency net investment have been hedged through a combination of cross currency interest rate swaps and the GBP-denominated loan from Lloyds Bank. The summary quantitative data about the group's exposure to currency risk is set out below:

	31 March 2020 GBP'000	31 March 2019 GBP'000
Investment property	132 888	117 511
Loans and borrowings	(56 217)	(43 782)
Other assets	8 645	7 554
Other liabilities	(20 379)	(15 931)
Net investment	64 937	65 352
Nominal value of cross currency interest rate swaps	25 000	25 000
Effective hedge of net investment	38.5%	38.3%

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.4 Currency risk (continued)

Hedging of cash flow

Cash flow from operations in the UK are exposed to movements in the GBP/ZAR exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging at least 80% of its 12-month projected forward net cash flow, 70% of its 13-24 month projected forward net cash flow and 50% of its 25-36 month projected forward net cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings. In line with this policy the group has the following open forward rate instruments are in place:

Maturity date	FEC rate (ZAR/GBP)	Fair value at 31 March 2020 (note 16.2)
June 2020	R22.85:1	1 036
November 2020	R23.02:1	502
June 2021	R23.03:1	(763)
November 2021	R23.23:1	(1 409)
June 2022	R23.48:1	(2 750)
November 2022	R24.56:1	(1 320)
March 2023	R24.65:1	(1 860)
		(6 564)

26.2.5 Sensitivity analysis

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At a 21% movement in the ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

	Group			
	2020		2019	
R'000	21% ZAR depreciation against the GBP	21% ZAR appreciation against the GBP	24% ZAR depreciation against the GBP	24% ZAR appreciation against the GBP
Distributable earnings	115	7 832	200	17 952

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

Average exchange rate		Year-end spot rate	
2020	2019	2020	2019
£1/R18.7874	£1/R18.0421	£1/R22.1411	£1/R18.8691

26.3 Credit risk

26.3.1 Credit exposure

The carrying amount of each class of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Stor-Age share purchase scheme loans	185 737	184 739	185 737	184 739
Trade and other receivables	42 019	41 565	7 863	9 439
Tenant and related receivables	16 827	15 593	179	725
Sundry receivables	25 192	25 972	7 684	8 714
Other receivables: Rental guarantee	10 041	32 232	10 041	32 232
Amount due from previous shareholder of Viking	–	10 378	–	–
Derivative financial assets	–	34 636	–	–
Intercompany receivable	–	–	353 307	357 146
Related party receivables	13 314	60	14 827	5 179
Staff loans	89	77	89	70
Cash and cash equivalents	76 353	259 573	23 242	185 085
	327 553	563 260	595 106	773 890
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	185 737	184 739	185 737	184 739
Shares pledged as security	(204 158)	(215 848)	(204 158)	(215 848)
Net exposure	–	–	–	–

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

In assessing the measurement of any potential impairment allowance, the directors consider the expected credit losses that may arise on the share purchase scheme loans over the next 12 months. As the fair value of the shares pledged as security exceeds the share purchase scheme loans owing to the company, the directors have concluded that there has not been a significant increase in credit risk since initial recognition and therefore no impairment allowance has been recognised in the current year.

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

Intercompany receivables

The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The risk of a default occurring over 12 months is the same as the lifetime risk of a default occurring, and therefore the 12 month and lifetime expected credit loss will be the same. In assessing whether there has been a significant increase in credit risk the directors review the lending company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year.

26. FINANCIAL INSTRUMENTS (continued)

26.3 Credit risk (continued)

26.3.1 Credit exposure (continued)

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 29). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis has been used to determine the impairment allowance as the receivable has not suffered a significant increase in credit risk and the risk of default is low.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between Aa3 and Baa3, that is in line with the group's treasury management policies. The impairment allowance on cash and cash equivalents has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers cash and cash equivalents to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Tenant and related receivables

Tenant debtors are classified as current as they are short-term in nature and generally settled within 30 days. Tenant debtors do not contain a significant financing component. Tenant debtors are initially recognised at the amount of the consideration that is unconditional. Subsequently tenant debtors are measured at amortised cost using the effective interest method as they are held with the objective to collect contractual cash flows. The credit risk is mitigated as the majority of tenants pay by debit order and the group's credit policy requires the holding of rental deposits (for South African tenants) in most instances. In terms of the rental agreements entered into with tenants, the group may under certain conditions dispose of tenant goods to recover the outstanding amounts. The group's policy is to write off tenant debt that is unrecoverable after debt collecting procedures, which includes the auction of tenant goods, have been followed.

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. The group performs the assessment to determine whether there has been a significant increase in credit risk by grouping tenants between South Africa and the UK. Further details regarding the impairment allowance is set out in note 26.3.2.

Staff loans

Loans are only granted to employees who meet certain criteria as set out in the company's handbook. The loans are interest free and repayable over a fixed period generally not exceeding a term of 12 months. On initial recognition the credit risk and probability of default has been assessed as low as the loan repayments are recovered directly from the employee's salary or any other funds due to the employee on the termination of employment. At the reporting date there has been no significant increase in the credit risk of staff loans and therefore in applying the 12-month expected credit loss basis, no impairment allowance has been recognised.

26.3.2 Impairment loss allowances

Tenant and related receivables

The expected credit loss rates are based on historical bad debt impairments as a percentage of the tenant debtors balance adjusted for forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The group has identified the gross domestic product and unemployment rate in South Africa and the United Kingdom to be the most relevant factors and accordingly adjusts the historical loss rates.

The loss allowance was determined as follows:

	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group					
31 March 2020					
South Africa					
Expected loss rate	2%	7%	26%	75%	18%
Gross carrying amount (R'000)	2 818	1 481	1 004	894	6 197
Loss allowance (R'000)	(67)	(102)	(261)	(672)	(1 102)
UK					
Expected loss rate	1%	10%	51%	100%	5%
Gross carrying amount (R'000)	11 203	447	487	199	12 336
Loss allowance (R'000)	(112)	(45)	(248)	(199)	(604)
Group					
31 March 2019					
South Africa					
Expected loss rate	1%	5%	37%	97%	22%
Gross carrying amount (R'000)	3 297	1 475	1 325	949	7 046
Loss allowance (R'000)	(40)	(80)	(496)	(919)	(1 535)
UK					
Expected loss rate	0%	10%	90%	0%	3%
Gross carrying amount (R'000)	9 472	642	283	–	10 397
Loss allowance (R'000)	–	(66)	(250)	–	(316)
Company					
31 March 2020					
South Africa					
Expected loss rate	1%	5%	10%	86%	15%
Gross carrying amount (R'000)	90	63	29	29	211
Loss allowance (R'000)	(1)	(3)	(3)	(25)	(32)
Company					
31 March 2019					
South Africa					
Expected loss rate	0%	0%	0%	26%	2%
Gross carrying amount (R'000)	23	647	10	61	741
Loss allowance (R'000)	–	–	–	(16)	(16)

26. FINANCIAL INSTRUMENTS (continued)
26.3 Credit risk (continued)
26.3.2 Impairment loss allowances (continued)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Reconciliation of loss allowance				
The loss allowance for tenant debtors at 31 March reconciles to the opening loss allowance as follows:				
Opening balance at 1 April	(1 851)	(1 781)	(16)	–
Increase in loss allowance recognised in profit or loss during the year	(4 368)	(3 985)	(54)	(16)
Receivables written off during the year as uncollectable	4 636	3 914	38	–
Foreign exchange movement	(123)	1	–	–
Closing balance at 31 March	(1 706)	(1 851)	(32)	(16)

Stor-Age has no financial assets that have been written off that are subject to legal recovery processes.

26.4 Liquidity risk

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group					
2020					
Non-derivative financial liabilities					
Loans and borrowings	2 205 723	169 104	842 766	1 498 643	–
Lease obligation	341 611	35 352	33 508	100 522	405 501
Trade and other payables*	69 348	69 348	–	–	–
	2 616 682	273 804	876 274	1 599 165	405 501
2019					
Non-derivative financial liabilities					
Loans and borrowings	1 742 311	265 460	653 051	881 234	–
Lease obligation	213 311	22 587	22 704	68 113	225 267
Trade and other payables*	136 964	136 964	–	–	–
	2 092 586	425 011	675 755	949 347	225 267

* *Includes trade creditors, other payables, related party payables and property accruals.*

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Company					
2020					
Non-derivative financial liabilities					
Loans and borrowings	1 086 112	173 472	864 535	323 471	–
Lease obligations	3 812	1 423	3 007	–	–
Trade and other payables*	8 818	8 818	–	–	–
	1 098 742	183 713	867 542	323 471	–
2019					
Non-derivative financial liabilities					
Loans and borrowings	916 180	271 632	550 482	162 984	–
Trade and other payables*	69 066	69 066	–	–	–
	985 246	340 698	550 482	162 984	–

* *Includes trade creditors, other payables, related party payables and property accruals.*

27. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The group and company measure fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group and company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The group and company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps and cross currency interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

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

Fair value hierarchy (continued)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties where the fair value approximates the carrying amount:

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
Group					
2020					
Assets		–	5 082	7 084 328	7 089 410
Investment properties	*3*	–	–	7 074 287	7 074 287
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	152 706	–	152 706
Derivative financial liabilities	*16.2*	–	152 706	–	152 706
2019					
Assets		–	39 236	6 274 645	6 313 881
Investment properties	*3*	–	–	6 242 413	6 242 413
Derivative financial assets	*8*	–	34 636	–	34 636
Other receivables	*10*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	21 298	–	21 298
Derivative financial liabilities	*16.2*	–	21 298	–	21 298
Company					
2020					
Assets		–	5 082	495 694	500 776
Investment properties	*3*	–	–	485 653	485 653
Other receivables	*10*	–	–	10 041	10 041
Unlisted investment		–	5 082	–	5 082
Liabilities		–	29 309	–	29 309
Derivative financial liabilities	*16.2*	–	29 309	–	29 309
2019					
Assets		–	4 600	430 934	435 534
Investment properties	*3*	–	–	398 702	398 702
Other receivables	*10*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	9 103	–	9 103
Derivative financial liabilities	*3*	–	9 103	–	9 103

Level 2 fair values

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

Type	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Derivative financial instruments – *Forward exchange contracts*	Fair valued monthly by Investec using mark-to-market mid-market values. This fair value is determined, inter alia, using quoted forward exchange rates at the reporting date and present value calculations.	Not applicable	Not applicable
Derivative financial instruments – *Cross–currency interest rate swaps*	Fair valued monthly by Investec and Nedbank using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the basis swap curves of the respective currencies at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative financial instruments – *Interest rate swaps*	Fair valued monthly by Nedbank, Standard Bank and Lloyds Bank using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Unlisted investment	Fair valued monthly by Cadiz Asset Management in relation to underlying performance of the fund using appropriate discount and default rates.	Not applicable	Not applicable

Level 3 fair values

The following table shows the valuation techniques used in measuring level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
Other receivables: Rental guarantee	Fair valued bi-annually by the directors based on the projected revenue of the underlying investment properties versus the expected rental revenue thresholds as agreed between the previous shareholders of RSI 2 and RSI 3.	Financial information used to calculate forecast revenue – e.g. stabilised occupancy levels, expected future growth in revenue	Higher assumptions for stabilised occupancy, lease up rates and rental rates for the underlying investment properties would result in an increase in projected revenue, and thus a decrease in valuation.
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3

There have been no transfers to or from level 3 in the current year and prior year.

28. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the audit and risk committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Significant judgements are made in applying the group's accounting policies:

- Valuation of investment properties to fair value:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years until the notional sale of the asset in year 10, taking into account the occupancy levels, estimated growth in revenue and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.
- Determining the expected credit loss allowance of financial assets:
  Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.
- Determining the goodwill and intangible assets impairment:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years, taking into account the properties under management and the estimated growth in asset and property management fees and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.
- Group's taxation:
  The group is subject to tax in multiple jurisdictions and therefore an element of judgement and estimation is applied in calculating the group's tax charge and provision for income taxes. The relevant tax authorities may disagree with the tax computation and therefore the final tax charge cannot be calculated until an assessment has been made by the tax authority.
- Functional currency:
  The functional currency of Stor-Age International Proprietary Limited is GBP. Judgement has been applied in determining the currency of the primary economic environment in which Stor-Age International Proprietary Limited operates.
- Determining the lease term under IFRS 16:
  Judgement is used to determine whether the group is reasonably certain to exercise extension options of leases.

29. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

29.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries and equity-accounted investment

- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Roeland Street Investments 3 Proprietary Limited
- Wimbledonway Investments Proprietary Limited
- N14 Self Storage Proprietary Limited
- Units 1-4 Somerset West Business Park Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age Properties KZN Proprietary Limited
- Stor-Age International Proprietary Limited
- Storage RSA Investments Proprietary Limited and its subsidiaries
- Sunningdale Self Storage Proprietary Limited

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation
- Stor-Age Property Holdings Proprietary Limited
- Fairstore Trust

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
29.2 Material related party transactions and balances				
Related party balances				
Intercompany payables				
Unit Self Storage Proprietary Limited	–	–	2 372	–
Roeland Street Investments 2 Proprietary Limited	–	–	23 380	34 468
Wimbledonway Investments Proprietary Limited	–	–	–	13 574
Intercompany receivables				
Stor-Age Properties KZN Proprietary Limited	–	–	–	595
N14 Self Storage Proprietary Limited	–	–	–	28 728
Roeland Street Investments Proprietary Limited	–	–	352 517	210 400
Gauteng Storage Properties Proprietary Limited	–		790	
Storage RSA Trading Proprietary Limited	–	–	–	117 423
Amounts – owing by related parties				
– Stor-Age Property Holdings Proprietary Limited	8 463	–	8 463	–
– Castle Rock Capital Trust	–	–	–	–
– Roeland Street Investments 2 Proprietary Limited	–	–	–	–
– Madison Square Holdings Close Corporation	4 934	60	4 934	60
Working capital – owing by related parties				
– Roeland Street Investments Proprietary Limited	–	–	–	891
– Roeland Street Investments 2 Proprietary Limited	–	–	–	316
– Roeland Street Investments 3 Proprietary Limited	–	–	–	8
– Units 1-4 Somerset West Business Park Proprietary Limited	–	–	–	371
– Unit Self Storage Proprietary Limited	–	–	–	–
– Stor-Age Properties KZN Proprietary Limited	–	–	–	23
– Storage RSA Trading Proprietary Limited	–	–	–	3 570
– N14 Self Storage Proprietary Limited	–	–	–	–
Working capital – owing to related parties				
– Wimbledonway Investments Proprietary Limited	–	–	–	–
– Roeland Street Investments 3 Proprietary Limited	–	–	–	618
– Unit Self Storage Proprietary Limited	–	–	–	516
– Stor-Age Property Holdings Proprietary Limited	–	55 500	–	55 500
– Roeland Street Investments 2 Proprietary Limited	–	–	–	–
Related party transaction				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	238 654	203 087
Wimbledonway Investments Proprietary Limited	–	–	3 949	5 229
N14 Self Storage Proprietary Limited	–	–	857	1 076
Roeland Street Investments 2 Proprietary Limited	–	–	95 361	40 619
Roeland Street Investments 3 Proprietary Limited	–	–	6 259	4 072

29. RELATED PARTY TRANSACTIONS (continued)

29.2 Material related party transactions and balances (continued)

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	17 512	13 819	17 512	13 819
Related party interest income				
Madison Square Holdings Close Corporation	–	159	–	159
Stor-Age Property Holdings Proprietary Limited	3 500	150	3 500	150
Sunningdale Self Storage Proprietary Limited	2	–	2	–
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	–	1 223	–	1 223
Related party construction fees incurred				
Madison Square Holdings Close Corporation	53 887	45 656	38 183	26 045
Related party development fees income				
Roeland Street Investments 2 Proprietary Limited	–	369	–	369
Sunningdale Self Storage Proprietary Limited	1 000	–	1 000	–
Asset management fees income				
Roeland Street Investments 2 Proprietary Limited	–	2 933	–	2 933
Roeland Street Investments 3 Proprietary Limited	–	279	–	279
Property management fees income				
Roeland Street Investments 2 Proprietary Limited	–	3 221	–	3 221
Roeland Street Investments 3 Proprietary Limited	–	228	–	228
Related party recovery of costs				
Madison Square Holdings Close Corporation	5 000	–	5 000	–
Financial guarantee fee				
Stor-Age International Proprietary Limited	–	–	–	5 000
Office lease payments				
Stor-Age Property Holdings Proprietary Limited*	1 330	1 270	1 330	1 270
Office rental income				
Madison Square Holdings Close Corporation	131	100	–	–
Purchase of Bryanston self storage property^	–	80 946	–	–
Purchase of Craighall self storage property	88 904	–	88 904	–
Acquisition of RSI 2 and RSI 3 from related parties				
Stor-Age Property Holdings Proprietary Limited	–	21 750	–	21 750
Fairstore Trust	–	14 500	–	14 500

^ *Relates to the development of Bryanston under the Certificate of Practical Completion (CPC) structure. The development was completed in September 2018 and acquired by Stor-Age for a consideration of R80.9 million.*

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 29.3 and 29.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

	Direct beneficial	Indirect	Total	Percentage
29.3 Directors' and company secretary's shareholdings				
31 March 2020				
GM Lucas	4 400 000	7 012 180	11 412 180	2.87%
SJ Horton	4 400 000	3 075 802	7 475 802	1.88%
SC Lucas	4 400 000	7 012 180	11 412 180	2.87%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou*	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	300 000	300 000	0.08%
JAL Chapman^	45 000	–	45 000	0.01%
	14 384 907	19 142 810	33 527 717	8.43%
31 March 2019				
GM Lucas	4 400 000	7 006 846	11 406 846	2.90%
SJ Horton	4 400 000	3 071 802	7 471 802	1.90%
SC Lucas	4 400 000	7 006 846	11 406 846	2.90%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	285 000	285 000	0.07%
	14 339 907	19 113 142	33 453 049	8.50%

* *PA Theodosiou resigned on 31 December 2019.*

^ *JAL Chapman was appointed on 2 January 2020.*

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

On 12 December 2018 Stor-Age Property Holdings Proprietary Limited (SPH) entered into a Further Amended and Restated Facility Agreement (the Loan Facility) with Investec Bank Limited (the Lender) for a borrowing facility of R58.5 million. The shareholder of SPH is the Stor-Age Property Holdings Trust (SPH Trust). Gavin Lucas, Stephen Lucas and Steven Horton, who are the executive directors of Stor-Age, are ultimate beneficiaries of the SPH Trust. The Loan Facility has a 36 month term, bears interest at the prime overdraft rate less 0.75% and is secured by the pledge of 18.720 million Stor-Age shares (the pledged shares) in favour of the Lender.

The pledged shares relate to Stor-Age shares held by SPH, the SPH Trust and other companies and trusts related to the executive directors (the related entities). At 31 March 2020, the outstanding balance on the Facility was R37.5 million. The related entities held 24.128 million Stor-Age shares at 31 March 2020.

There has been no change to the disclosures set out above between the year end and the date of approval of the annual financial statements.

		2020 R'000	2019 R'000
29	**RELATED PARTY TRANSACTIONS (continued)**		
29.4	**Directors' remuneration**		
	Fees paid to non-executive directors for meeting attendance were as follows:		
	GA Blackshaw (social and ethics committee and investment committee)	271	220
	GBH Fox (audit and risk committee and remuneration committee)	296	266
	JAL Chapman^ (investment committee)	60	–
	KM de Kock (audit and risk committee and remuneration committee)	286	244
	MS Moloko (social and ethics committee and audit and risk committee)	286	266
	P Mbikwana (social and ethics committee)	236	202
	PA Theodosiou* (audit and risk committee, remuneration committee and investment committee)	252	266
		1 687	1 464

* *PA Theodosiou resigned on 31 December 2019.*
^ *JAL Chapman was appointed on 2 January 2020.*

Fees paid to executive directors were as follows:

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

	2020				2019			
	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000
GM Lucas	2 000	–	–	2 000	1 500	–	–	1 500
SJ Horton	2 000	–	–	2 000	1 500	–	–	1 500
SC Lucas	2 000	–	–	2 000	1 500	–	–	1 500
	6 000	–	–	6 000	4 500	–	–	4 500

As set out in the remuneration report there is no short-term incentive plan in place for executive directors.

		Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
30.	**LEASE OBLIGATIONS**				
	Minimum lease payments due:				
	Within one year	35 352	22 587	1 423	–
	In second to fifth year inclusive	134 030	90 818	3 007	–
	Later than five years	405 501	225 267	–	–
		574 883	338 672	4 430	
	Less: Future finance charges	(233 272)	(125 361)	(618)	–
		341 611	213 311	3 812	–
	Present value of minimum lease payments due:				
	Within one year	33 357	21 157	1 293	–
	In second to fifth year inclusive	117 710	73 437	2 519	–
	Later than five years	190 544	118 717	–	–
		341 611	213 311	3 812	–

The lease obligations refer to the group's head office leased space and leasehold properties.

The terms of the leases for the leasehold properties are set out below:

Property	Commencement date	Termination date	Location
Stor-Age Constantia Kloof	December 2012	June 2051	South Africa
Stor-Age Somerset Mall	April 2012	June 2037	South Africa
Stor-Age Tokai*	October 2014	September 2024	South Africa
Stor-Age Springfield^	April 2019	March 2050	South Africa
Storage King Aylesford	October 2007	October 2032	United Kingdom
Storage King Basildon	August 2007	July 2032	United Kingdom
Storage King Dunstable	October 2007	October 2032	United Kingdom
Storage King Epsom	February 2008	February 2033	United Kingdom
Storage King Woodley	June 2007 & December 2007	June 2032 & December 2032	United Kingdom
Storage King West Bromwich	June 2012	June 2022	United Kingdom
Storage King Warrington	January 2020	January 2040	United Kingdom
Storage King Nottingham	July 2008	November 2032	United Kingdom

* *Stor-Age Tokai comprises both a freehold (7 329 m² GLA) and leasehold (800 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

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

31. CHANGE IN ACCOUNTING POLICY: ADOPTION OF IFRS 16 *LEASES*

The group adopted IFRS 16 *Leases* from 1 April 2019 by applying the modified retrospective approach and has not restated comparative results in accordance with IFRS 16. Adjustments resulting from the adoption of the new standard has therefore been recognised in the opening balances at 1 April 2019. The leases definition has been grandfathered for existing leases.

Lessor accounting

IFRS 16 does not have an impact on leases with customers as leases are for one month only and renew for further periods of one month until either Stor-Age or the customer provides notice to vacate. The accounting treatment for leases with customers are therefore consistent with the comparative year.

Lessee accounting

The group recognises a right-of-use asset with a corresponding lease liability. On initial recognition the group recognises the right-of-use asset at the initial value of the financial liability adjusted for lease pre-payments, plus initial direct costs incurred less lease incentives received. Subsequently the right-of-use asset for leasehold properties is measured in terms of IAS 40 *Investment Property* and recognised at fair value. The right-of-use asset for leased office space is recognised in terms of IAS 16 *Property, Plant and Equipment* and depreciated using the straight-line method from the inception of the lease to the earlier of the end of the useful life of the asset or the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments discounted using the group's incremental borrowing rate and is subsequently measured at amortised cost using the effective interest method.

The lease liability is remeasured when the group changes its assessment of whether it will exercise an extension or termination option which results in a change in the future lease payments. Similarly an adjustment is made to the carrying amount of the corresponding right-of-use asset.

31. CHANGE IN ACCOUNTING POLICY: ADOPTION OF IFRS 16 *LEASES* (continued)

Transition

On 1 April 2019, the group recognised additional right-of-use assets, including investment properties and property, plant and equipment, and additional lease liabilities at the present value of the remaining lease payments. The future remaining lease payments were discounted using the weighted average incremental borrowing rate of 10%.

The following practical expedients have been applied as permitted by IFRS 16:

- a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics
- leases whose term ends within 12 months of the date of initial application have not been recognised
- initial direct costs excluded from the measurement of right-of-use assets at the date of initial application
- hindsight used in determining the lease term if the contract contains options to extend or terminate the lease

	Group R'000	Company R'000
Measurement of lease liabilities		
Operating lease commitments at 31 March 2019*	101 478	5 759
Discounted using the lessee's incremental borrowing rate of at 1 April 2019	22 008	4 710
Current	767	1 293
Non-current	21 241	3 417
	22 008	4 710
Measurement of right-of-use assets		
On initial recognition the corresponding right-of-use assets were measured at an amount equal to the lease liabilities.		
Impact on financial statements		
Property, plant and equipment – right-of-use assets	4 710	4 710
Investment properties – right-of-use asset	17 298	–
Lease liabilities	(22 008)	(4 710)

* *The operating lease commitments relate to the land lease at Stor-Age Springfield, which continue to 31 March 2050 and reflect the total payments on the lease to expiry of the lease. The lease liability reflects the net present value of these payments.*

32. RESTATEMENT OF STATEMENT OF CASH FLOWS

The statement of cash flows has been restated for the effect of the loans payable arising from CPC developments. The movement in these loans were previously included as part of "cash flows from operating activities" (arising from a movement in working capital) and the corresponding increase in investment property was reflected as a "cash flows from investing activities".

This resulted in cash generated from operations being overstated at 31 March 2019 for Bryanston and Craighall. The group believes that the restatement results in the statement of cash flows providing a more accurate representation of the impact of the CPC developments on the statement of cash flows.

The group and company has corrected the classification in the statement of cash flows between "cash flows from operating activities" and "cash flows from investing activities" as indicated below:

	As previously reported 31 March 2019 R'000	Adjustment R'000	As restated 31 March 2019 R'000
Group			
Cash flows from operating activities			
Cash generated from operations	396 758	(55 506)	341 252
Net cash inflow/(outflow) from operating activities	41 232	(55 506)	(14 274)
Cash flows from investing activities			
Additions to investment properties	(348 045)	55 506	(292 539)
Net cash outflow from investing activities	(789 669)	55 506	(734 163)
Company			
Cash flows from operating activities			
Cash generated from operations	5 158	(55 506)	(50 348)
Net cash outflow from operating activities	(89 220)	(55 506)	(144 726)
Cash flows from investing activities			
Additions to investment properties	(298 135)	55 506	(242 629)
Net cash outflow from investing activities	(308 242)	55 506	(252 736)

The impact on cash generated from operations is set out below:

	As previously reported 31 March 2019 R'000	Adjustment R'000	As restated 31 March 2019 R'000
Group			
Changes in working capital, net of assets acquired	60 950	(55 506)	5 444
Decrease in trade and other receivables	7 154	–	7 154
Increase in inventory	(1 044)	–	(1 044)
Increase/(decrease) in trade and other payables	54 840	(55 506)	(666)
Cash generated from operations	396 758	(55 506)	341 252
Company			
Changes in working capital, net of assets acquired	14 773	(55 506)	(40 733)
Increase in trade and other receivables	(37 437)	–	(37 437)
Increase in inventory	(666)	–	(666)
Increase/(decrease) in trade and other payables	52 876	(55 506)	(2 630)
Cash generated from operations	5 158	(55 506)	(50 348)

33. GOING CONCERN

The group's current liabilities exceed its current assets by R352 million at 31 March 2020 as a result of the dividend payable of R226 million and the inclusion of borrowings of R160 million. The borrowings of R160 million relate to a three-month rolling debt instrument note which is refinanced on a quarterly basis. The company's current assets exceed its current liabilities.

The group statement of cash flows reflects a cash outflow from operating activities of R48.0 million in 2020 and R14.3 million in 2019. The company statement of cash flows reflects a cash outflow from operating activities of R196.9 million in 2020 and R144.7 million in 2019.

The company has R626 million in unutilised long term borrowing facilities available at year end (group: R658 million) as well as surplus cash paid into its loan facilities of R169 million (group: R169 million) which is immediately available and can be accessed by the company and the group to settle its current liabilities in the ordinary course of business. In addition the company raised R250 million of new equity in May 2020 in an accelerated book-build.

In 2019 and 2020 Stor-Age paid antecedent dividends of R45.3 million and R77.6 million respectively. The payment of the antecedent dividend component is reflected as part of the full dividend payment under cash flows from operating activities. The antecedent dividend component has, in effect, already been received by the company is and included in the proceeds from the issue of shares under cash flows from financing activities. This results in a mismatch of the respective cash flows.

The payment of dividends is also reflected on a gross basis and does not take account of cash conserved under the dividend reinvestment programme (DRIP). Stor-Age conserved R67.4 million and R75.6 million in 2020 and 2019 respectively using the DRIP.

From the company's perspective, the recognition of dividends received and the actual cash flow related to those dividends may arise in different reporting periods. The treasury function for the group is managed centrally and cash flows between the company and subsidiaries within the group may arise in different reporting periods. The company has access to long term borrowing facilitates as set out above and funds may be advanced to subsidiaries in the group for working capital or investment purposes. The company does not charge intercompany interest on loans to subsidiaries in the group.

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

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

Impact of COVID-19

Stor-Age is well-positioned both financially and operationally to navigate the economic uncertainty arising from the COVID-19 pandemic. Stor-Age and the self storage business model have a track record of resilience in difficult economic environments.

Pre-lockdown

Prior to the lockdown in South Africa and the UK, we saw no noticeable impact of the pandemic on our key trading performance indicators.

Business continuity plans were enacted in anticipation of the lockdown and have been working well in ensuring a seamless continuation of operations in both markets. Our primary responsibility at all times has been the safety, health and well-being of our staff and customers and we immediately increased our focus on hygiene and cleanliness across all our properties.

Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types, allowing for social distancing to be practiced with little effort. We also put contingency plans in place to manage the possibility of increased absenteeism as a result of self-isolation or illness.

Lockdown

Our objective has been to keep the properties accessible for customers in both South Africa and the UK to support the provision of essential services.

We immediately offered complimentary storage space to a number of relief and government-based entities including the Western Cape Government and Community Chest in SA and the National Health Service (NHS) in the UK. We continue to support these authorities, charities and NGOs by offering the use of properties to support relief efforts.

Soon after the respective lockdowns commenced, we successfully activated an online e-sign capability for the completion of new leases, allowing for the facilitation of a "contactless" digital sign-up and move-in process.

In line with expectations, we saw a significant reduction in both move-in and move-out activity in both South Africa and the UK as soon as the lockdowns commenced in March 2020. In South Africa, the impact was largely offsetting in April. In the UK the impact carried through to April.

South Africa

We saw enquiry levels drop significantly, as expected, from end of March continuing into April 2020. With the move to level 4 restrictions at the beginning of May 2020, we experienced a noticeable increase in demand as new regulations were passed regarding increased personal mobility and the reopening of certain sectors of the economy.

With the easing of restrictions, we experienced a higher level of move-outs relative to move-ins during the first weekend in May. The move-outs were principally linked to the increased mobility of the population (i.e. a proportion of customers who would ordinarily have moved out at the end of March and/or April because they had come to the natural end of their need for the product, did so during the first weekend of May). The move-outs were nonetheless still significantly lower than we would normally expect in a month.

After the regulations allowing for the movement of households on 7 May 2020 were amended, enquiries returned to normal levels in South Africa in line with expectations. We immediately saw an improved move-in trend in the days following the announcement. On 14 May 2020, the government further relaxed the rules around moving, expressly including commercial operations and removing the end date of 7 June 2020 for household moves (as had been included in the 7 May 2020 update). In the two month period to the end of May, overall occupancy decreased by only 300 m^2.

UK

The lockdown in the UK was initially less restrictive. While overall activity (move-ins and move-outs) was severely curtailed relative to the norm, it still gave rise to a larger negative impact on move-ins compared to move-outs in March. There was a drop off in enquiries from the start of the lockdown although it was not as significant as in South Africa. In April 2020 occupancy decreased by 1 200 m^2.

In May 2020, enquiry levels in the UK returned to pre-COVID-19 levels and were in line with expectations. New regulations coming into effect on 13 May 2020 allowing buyers and renters to once again view properties physically, arrange removals and move home, provided further impetus. There was a significant increase in move-in activity in May 2020 relative to April 2020 resulting in an increase in occupancy of 400 m^2 for the month.

Rental collection

In the three-month period post year-end (i.e. April, May and June 2020) we collected over 93% and 98% of rental due in South Africa and the UK respectively.

The collection of rentals and recovery of debt remains a key focus area. We have committed additional resources to this given the elevated risk levels in this area and the expected strain consumers may experience in the coming months.

33. GOING CONCERN (continued)

Other considerations

The rapid escalation of the COVID-19 pandemic and the risk management measures that have been put in place have exerted significant pressure on the economies in SA and the UK. Given the extremely high levels of uncertainty, it is impossible to accurately predict the full impact of the COVID-19 crisis on our business.

While we don't anticipate a significant deterioration in occupancy levels in either market, it will largely be dependent on customer behaviour, the levels of demand for self storage, the overall state of the economy in both markets and any restrictions that the respective governments may introduce in the future. This may impact the revenue assumptions underpinning our cash flow forecasts and the valuation of our investment properties. All items of expenditure for the forthcoming financial year have been reviewed to achieve costs savings and, where possible, unnecessary expenditure eliminated. Non-essential capital expenditure has also been deferred. Bad debt levels may increase as a result of financial pressure on customers, however there is no single concentration risk with approximately 35 000 customers.

Notwithstanding the challenges and risks that the COVID-19 pandemic may present, both the group and company are well capitalised with sufficient access to cash resources and undrawn borrowing facilities. The directors consider that the company and group have adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

34. EVENTS AFTER REPORTING DATE

Stor-Age issued 128 279 new ordinary shares in April 2020 to acquire sectional title units and 21.097 million new ordinary shares for an aggregate consideration of R250.0 million as part of an accelerated book-build. The dividend declared in relation to the shares issued subsequent to year end amount to R12.1 million.

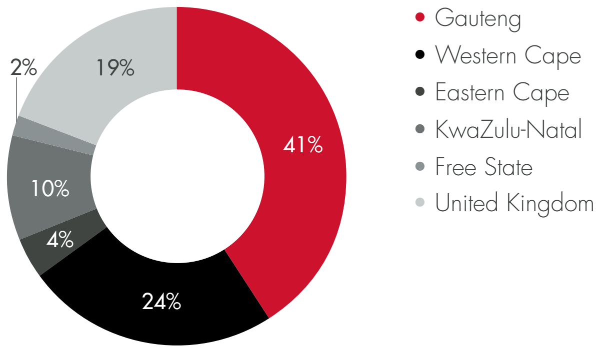
The board is not aware of any other events that have a material impact on the results or disclosures of the group and which have occurred subsequent to the end of the reporting period.

UNAUDITED PROPERTY PORTFOLIO INFORMATION

as at 31 March 2020

1. The total customer base of the group is large and diverse with over 34 700 (2019: 32 100) tenants. Of the 25 300 tenants based in South Africa, 60% (2019: 64%) of the customers are residential users and the remaining 40% (2019: 36%) are commercial users. In the United Kingdom, Storage King has over 9 400 tenants of which 69% (2019: 68%) of the customers are residential users and the remaining 31% (2019: 32%) are commercial users.

2. Geographical representation of the properties by region is set out in the following pie chart:



3. Geographical representation of portfolio by Gross Lettable Area (GLA) and revenue:

Region	GLA m^2	Revenue %
Gauteng	185 714	30.7
Western Cape	109 720	22.2
Eastern Cape	17 857	2.2
KwaZulu-Natal	45 409	7.4
Free State	6 679	0.7
South Africa	365 379	63.2
United Kingdom	82 858	36.8
Total	448 237	100.0

4. The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2020 is R106.0/m^2 (2019: R100.0/m^2), an increase of 6%. The weighted average rental per square meter for each region as at 31 March 2020 is set out in the following table:

Region	Rental/m^2
Gauteng	96.1
Western Cape	139.0
Eastern Cape	80.3
KwaZulu-Natal	99.9
Free State	68.0
South Africa	106.0

The closing average rental rate of UK properties is £21.22 per square foot (2019: £21.63), a decrease of 1.9%. In the UK, average rental rates are reflected on an annual basis. The decrease is due to the acquisition of Flexi Store which has lower average rental rates. Excluding the acquisition, the closing rental rate was up 1.0% year-on-year.

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)
as at 31 March 2020

5. The occupancy profile by GLA of the portfolio as at 31 March 2020 is disclosed in the following table:

Region	GLA m^2	Occupied %	Vacancy m^2	Vacant %
Gauteng	185 714	85.4	27 200	14.6
Western Cape	109 720	82.3	19 415	17.7
Eastern Cape	17 857	83.8	2 892	16.2
KwaZulu-Natal	45 409	89.8	4 653	10.2
Free State	6 679	87.6	829	12.4
South Africa	365 379	85.0	54 989	15.0
United Kingdom	82 858	78.8	17 545	21.2
Total	448 237	83.8	72 534	16.2

6. The existing leases for the current tenant base do not contain contractual escalations. The companies in the group have the contractual right to increase rentals at its discretion, provided 30 days' notice is given to the respective tenants. The following table sets out the annual percentage increases in the average rental per m^2 for the past five financial years.

Year	% increase in rental per m^2
2016	9%
2017	9%
2018	7%
2019	9%
2020	6%

7. The weighted average annualised property yields based on the forward 12 month net operating income (NOI), and assuming a stabilised occupancy level are set out below:

	12-month forward NOI	12-month forward NOI assuming stabilised occupancy
SA properties	8.03%	8.65%
UK properties	6.64%	7.52%

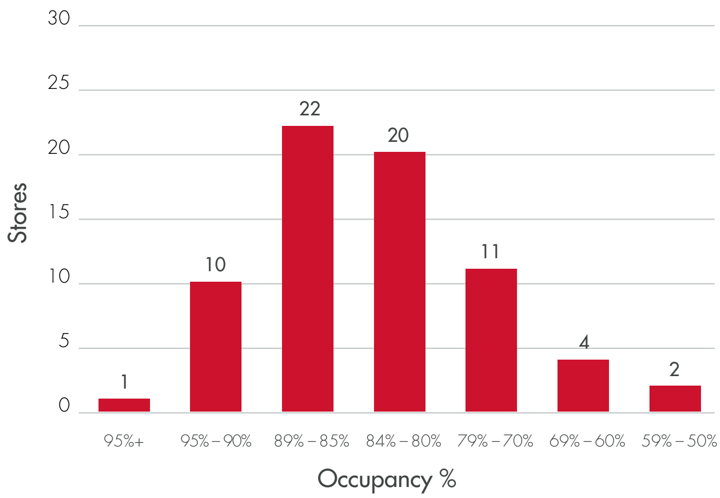
The above yields have been calculated excluding undeveloped land and developments in progress.

8. The tenant base of the group is large and diverse. All leases continue indefinitely unless terminated by providing two weeks' notice. As at 31 March 2020, 70% of existing tenants in South Africa and 75% in the UK had occupied a self storage unit for a period greater than six months. Set out below is an analysis of the historical occupancy profile for the group.

South Africa Tenancy	2020	2019	2018
<6 months	30%	31%	29%
Between 6 and 12 months	18%	17%	17%
Between 1 and 2 years	21%	21%	21%
Between 2 and 3 years	11%	12%	11%
>3 years	20%	19%	22%
Total	100%	100%	100%

United Kingdom Tenancy	2020	2019	2018
<6 months	25%	30%	31%
Between 6 and 12 months	14%	15%	18%
Between 1 and 2 years	17%	19%	17%
Between 2 and 3 years	12%	10%	10%
>3 years	32%	26%	24%
Total	100%	100%	100%

9. The occupancy profile of the group as at 31 March 2020 is set out in the following bar chart below:



UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

Schedule of properties as at 31 March 2020

			2020				2019		
Property name	Address	Province	Purchase price R'000	Valuation R'000	GLA m^2	GLA Sq Ft.#	Valuation R'000	GLA m^2	GLA Sq Ft.#
South Africa									
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	140 000	261 000	12 297	–	263 400	12 341	–
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	104 000	143 500	10 106	–	138 800	10 111	–
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	160 200	158 700	9 041	–	164 700	9 015	–
Stor-Age Durbanville	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	72 700	124 800	10 649	–	118 400	10 649	–
Stor-Age Tokai*^	64-74 White Road, Retreat, Cape Town	Western Cape	94 300	121 500	8 122	–	121 000	8 124	–
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	90 000	94 200	7 720	–	92 000	7 720	–
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	88 000	93 900	7 720	–	90 200	7 810	–
Storage RSA Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	65 000	83 300	6 255	–	83 400	6 255	–
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	46 000	70 100	5 874	–	65 800	5 874	–
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	48 950	65 200	4 833	–	69 202	4 923	–
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	41 000	58 300	2 760	–	63 700	2 756	–
Stor-Age Somerset West	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	48 900	59 316	5 512	–	66 811	5 512	–
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	52 000	78 600	7 261	–	68 800	6 103	–
Storage RSA Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	40 000	47 100	5 005	–	49 000	5 006	–
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	13 500	18 600	1 216	–	19 500	1 142	–
Stor-Age Ottery	Corner Bloemof Avenue and Springfield Street, Ottery	Western Cape	42 081	48 700	5 349	–	47 700	5 362	–
			1 146 631	1 526 816	109 720	–	1 522 413	108 703	–
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	92 900	95 700	7 476	–	95 700	7 476	–
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	95 325	102 200	6 156	–	104 500	3 858	–
Stor-Age Craighall	376A Jan Smuts Avenue, Craighall, Randburg, 2024	Gauteng	88 900	112 100	4 211	–	–	–	–
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	125 800	132 100	8 655	–	127 300	8 655	–
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	36 200	27 800	5 034	–	32 000	5 034	–
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	40 400	40 600	5 525	–	40 100	5 525	–
Stor-Age Randburg	225 Bram Fischer Drive, Randburg, Johannesburg	Gauteng	96 900	86 400	5 804	–	96 200	5 809	–
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	92 800	83 900	8 690	–	89 000	8 690	–
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	119 100	115 300	7 709	–	118 800	7 707	–
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	115 000	141 600	20 919	–	139 700	20 919	–
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	94 700	98 500	7 976	–	96 200	7 977	–
Storage RSA Midrand	65 Freight Road, Louwlardia, Midrand	Gauteng	83 000	78 500	7 598	–	82 500	7 597	–
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	60 500	71 900	9 371	–	75 100	9 393	–
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	74 000	84 300	7 202	–	82 200	7 229	–
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	71 000	76 900	9 202	–	76 500	9 202	–
Stor-Age Constantia Kloof*	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	48 000	89 892	5 370	–	84 129	5 373	–
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	46 000	68 700	9 293	–	66 600	9 293	–
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	55 650	52 300	8 005	–	55 000	7 978	–
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	43 100	55 600	7 848	–	55 400	7 848	–
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	45 500	59 500	7 136	–	56 100	7 136	–
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	43 600	44 900	9 696	–	47 700	9 711	–
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	41 500	37 100	8 228	–	41 600	8 248	–
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	22 600	32 100	4 449	–	37 702	4 797	–
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	10 500	11 500	4 161	–	12 800	4 161	–
			1 642 975	1 799 392	185 714	–	1 712 831	179 616	–

Property name	Address	Province	2020 Purchase price R'000	2020 Valuation R'000	2020 GLA m²	2020 GLA Sq Ft.#	2019 Valuation R'000	2019 GLA m²	2019 GLA Sq Ft.#
Stor-Age Berea	23 Calder Road, Berea, Durban	KwaZulu-Natal	93 600	84 333	7 861	–	91 200	7 418	–
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	KwaZulu-Natal	109 300	118 100	9 047	–	109 900	9 047	–
Stor-Age Springfield*	166 Intersite Avenue, Umgeni Business Park	KwaZulu-Natal	17 100	63 608	5 516	–	41 500	5 516	–
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	KwaZulu-Natal	101 424	127 900	15 109	–	110 000	15 115	–
Stor-Age Durban CBD	200 Gale Street, Durban	KwaZulu-Natal	28 191	32 100	3 901	–	21 500	3 903	–
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	KwaZulu-Natal	15 386	39 300	3 975	–	26 600	3 777	–
			365 001	465 341	45 409	–	400 700	44 776	–
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	22 500	35 200	6 679	–	28 600	6 679	–
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	53 800	65 000	11 032	–	64 700	11 032	–
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	65 000	60 600	6 825	–	61 300	6 825	–
			118 800	125 600	17 857	–	126 000	17 857	–
Total			3 295 907	3 952 349	365 379	–	3 790 544	357 631	–

Property name	Address	Region in England	2020 Purchase price £'000	2020 Valuation £'000	2020 GLA m²	2020 GLA Sq Ft.#	2019 Valuation £'000	2019 GLA m²	2019 GLA Sq Ft.#
United Kingdom									
Storage King Aylesford*	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 441	4 053	4 037	43 435	3 902	4 037	43 435
Storage King Basildon*	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	5 067	4 816	4 225	45 456	4 576	4 225	45 456
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	11 930	11 640	4 492	48 335	11 930	4 477	48 175
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	12 180	11 460	5 874	63 201	12 090	5 874	63 206
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	4 350	4 350	2 166	23 304	3 850	2 223	23 919
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	11 760	12 560	4 266	45 900	12 540	4 266	45 900
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	8 270	8 590	5 195	55 900	8 730	5 191	55 855
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	4 710	5 590	3 619	38 942	5 620	3 619	38 942
Storage King Dunstable*	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	2 537	2 864	3 337	35 910	3 136	3 363	36 190
Storage King Epsom*	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	4 916	4 507	3 104	33 395	4 504	3 107	33 430
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 330	5 270	4 068	43 775	4 830	4 068	43 775
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	6 130	6 540	3 176	34 170	6 500	3 182	34 235
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	10 130	11 690	6 442	69 313	12 100	6 100	65 640
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	11 480	12 540	3 983	42 853	11 480	3 982	42 848
Storage King Woodley*	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 773	4 390	4 304	46 309	4 214	4 304	46 309
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	7 606	6 230	4 016	43 216	7 510	4 064	43 731
Storage King Dudley	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands	4 348	4 297	3 404	36 627	–	–	–
Storage King Nottingham	Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ	Midlands	3 873	3 730	4 605	49 551	–	–	–
Storage King Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA	West Midlands	4 728	4 187	3 230	34 756	–	–	–
Storage King Warrington	1 Colville Court Winwick Quay Warrington, WA2 8QT	North West	3 470	3 224	3 028	32 582	–	–	–
Storage King West Bromwich	AGL House, Birmingham Road, West Bromwich, West Midlands, B71 4JY	West Midlands	665	360	2 318	24 947	–	–	–
			131 694	132 888	82 889	891 877	117 512	66 082	711 046

* *Leasehold properties.*
^ *The lease covers a portion of Stor-Age Tokai. Details pertaining to the lease are set out in note 30.*
\# *One square metre = 10.76 square feet.*
\+ *Schedule of properties list excludes undeveloped land and includes sectional title GLA at Edgemead, Maitland and West Rand managed by Stor-Age but not owned.*

UNAUDITED SHAREHOLDER INFORMATION

Analysis of Ordinary Shareholders as at 31 March 2020

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder Spread				
1 – 1 000	2 267	26.43%	676 977	0.17%
1 001 – 10 000	4 325	50.42%	17 271 375	4.34%
10 001 – 100 000	1 582	18.44%	45 522 065	11.44%
100 001 – 1 000 000	334	3.89%	96 442 170	24.24%
Over 1 000 000	70	0.82%	237 936 255	59.81%
Total	8 578	100.00%	397 848 842	100.00%
Distribution of Shareholders				
Assurance Companies	45	0.52%	14 358 761	3.61%
Close Corporations	73	0.85%	1 117 424	0.28%
Collective Investment Schemes	264	3.08%	191 327 169	48.09%
Custodians	27	0.31%	8 990 853	2.26%
Foundations & Charitable Funds	116	1.35%	10 239 857	2.57%
Hedge Funds	5	0.06%	579 646	0.15%
Insurance Companies	5	0.06%	252 188	0.06%
Investment Partnerships	34	0.40%	401 552	0.10%
Managed Funds	24	0.28%	1 223 553	0.31%
Medical Aid Funds	23	0.27%	3 044 410	0.77%
Organs of State	4	0.05%	7 418 047	1.86%
Private Companies	233	2.72%	26 967 234	6.78%
Public Companies	6	0.07%	4 015 595	1.01%
Retail Shareholders	6 507	75.86%	52 897 879	13.30%
Retirement Benefit Funds	243	2.83%	44 293 877	11.13%
Scrip Lending	7	0.08%	612 959	0.15%
Stockbrokers & Nominees	81	0.94%	2 626 553	0.66%
Trusts	881	10.27%	27 481 285	6.91%
Total	8 578	100.00%	397 848 842	100.00%
Shareholder Type				
Non-Public Shareholders	18	0.21%	40 554 852	10.19%
Directors and Associates	18	0.21%	40 554 852	10.19%
Public Shareholders	8 560	99.79%	357 293 990	89.81%
Total	8 578	100.00%	397 848 842	100.00%
Total number of shareholdings	8 578			
Total number of shares in issue	397 848 842			

SHAREHOLDER SPREAD	Number of shares	% of issued capital
Fund Managers with a holding greater than 3% of the issued shares		
Foord Asset Management	37 482 178	9.42%
Old Mutual Investment Group	33 743 010	8.48%
Prudential Investment Managers	27 837 687	7.00%
Stanlib Asset Management	21 909 800	5.51%
Prescient Investment Management	19 816 220	4.98%
Ninety One	14 810 965	3.72%
Momentum Investments	14 491 925	3.64%
Marriott Asset Management	12 734 718	3.20%
Total	182 826 503	45.95%
Beneficial shareholders with a holding greater than 3% of the issued shares		
Old Mutual Group	33 566 476	8.44%
Alexander Forbes Investments	22 152 409	5.57%
MMI	18 391 282	4.62%
Prudential	17 138 135	4.31%
Prescient	16 778 118	4.22%
Stanlib	16 075 366	4.04%
Nedbank Group	14 272 678	3.59%
Castle Rock Investments Proprietary Limited	14 066 666	3.54%
Marriott	12 734 718	3.20%
Total	165 175 848	41.52%

SHAREHOLDERS' DIARY

Annual report posted to shareholders	Tuesday, 28 July 2020
Notice of AGM posted to shareholders	Tuesday, 28 July 2020
Annual general meeting	Thursday, 27 August 2020
Interim reporting date	Wednesday, 30 September 2020
Publication of interim results and interim dividend announcement	Tuesday, 17 November 2020
Last day to trade	Tuesday, 1 December 2020
Shares trade ex-dividend	Wednesday, 2 December 2020
Record date	Friday, 4 December 2020
Interim dividend paid	Monday, 7 December 2020
Financial year end	Wednesday, 31 March 2021
Publication of final results and final dividend announced	Wednesday, 9 June 2021
Last day to trade	Monday, 29 June 2021
Shares trade ex-dividend	Tuesday, 30 June 2021
Record date	Friday, 2 July 2021
Final dividend paid	Monday, 5 July 2021

ANNEXURE: GLOSSARY OF TERMS

"Aus"	Australia
"Big Box"	A reference to multistorey self storage properties owned and developed by Stor-Age
"the board"	The board of directors of Stor-Age Property REIT Limited
"CEO"	Chief Executive Officer. The CEO of Stor-Age is Gavin Lucas.
"the company/the group, we/us/our"	Stor-Age Property REIT Limited, its subsidiaries and its management
"the Companies Act"	South African Companies Act No 71 of 2008, as amended
"CPC"	Certificate of Practical Completion
"EU"	European Union
"FD"	Financial Director. The FD of Stor-Age is Stephen Lucas.
"GLA"	Gross lettable area, measured in square metres
"IBC"	Inside Back Cover
"IFC"	Inside Front Cover
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King IV™"	King IV Report on Corporate Governance™ for South Africa, 2016
"The listing date/listing"	Refers to our listing on the JSE on 16 November 2015
"m^2"	square metre
"Managed Portfolio"	Portfolio of 86 700 m^2 of GLA on which Stor-Age received property and asset management fees prior to being acquired by Stor-Age
"the period" or "the reporting period"	The 12 months from 1 April 2019 to 31 March 2020
"the previous year"	The year ended 31 March 2019
"REIT"	Real Estate Investment Trust
"SA"	South Africa
"sqf"	square foot
"Stor-Age" or "the company"	Stor-Age Property REIT Limited, listed on Main Board JSE in the Speciality REIT sector
"the year" or "the year under review"	Refers to our financial year and reporting period, being 1 April 2019 to 31 March 2020. References to other years are specified as being so
"UK"	United Kingdom
"US"	United States of America
Financial definitions	
"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
("Stor-Age", the "Company" or the "Group")

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your Broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the inside back cover during normal business hours from date hereof until Thursday, 27 August 2020.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 17 July 2020 ("Notice Record Date") that the annual general meeting of Stor-Age (the "AGM") will be held at the Pavilion Conference Centre, Kelvin Grove, Palmyra Road, Newlands on Thursday, 27 August 2020 at 14h30 to:

(i) deal with such business as may lawfully be dealt with at the AGM; and

(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") on which exchange the Company's shares are listed, which meeting is to be participated in and voted at by shareholders registered in Stor-Age's securities register as shareholders as at the record date of Friday, 21 August 2020 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 21 August 2020, is Tuesday, 18 August 2020.

Kindly note that AGM participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend, participate and vote at the AGM. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions set out in this notice of AGM.

1. *Presentation of financial statements*

   The consolidated financial statements of the Company, as approved by the board of directors of the Company (the "Board"), for the year ended 31 March 2020 have been distributed and accompany this notice as required and will be presented to shareholders at the AGM together with the reports of the directors and the audit and risk committee.

   The complete financial statements are set out on pages 91 to 199 of the 2020 Stor-Age Integrated Annual Report ("the 2020 Integrated Report").

The 2020 Integrated Report is available on the Company's website http://investor-relations.stor-age.co.za/Annual-Reports/2020/

2. *Report from the social and ethics committee*

   In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the social and ethics committee will be presented to shareholders at this AGM.

Voting requirement:

Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

NOTICE OF ANNUAL GENERAL MEETING (continued)

3. *Ordinary resolution number 1: Re-election of Ms K M de Kock as a director*

   "Resolved that Ms K M de Kock, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered herself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

4. *Ordinary resolution number 2: Re-election of Ms P Mbikwana as a director*

   "Resolved that Ms P Mbikwana, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered herself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Ms Mbikwana appears in Annexure 1 of this notice of AGM.

5. *Ordinary resolution number 3: Appointment of Mr J A L Chapman as a director*

   "Resolved that Mr J A L Chapman be appointed as an independent non-executive director of the Company."

   An abridged curriculum vitae of Mr Chapman appears in Annexure 1 of this notice of AGM.

6. *Ordinary resolution number 4: Re-appointment of auditor*

   "Resolved that KPMG Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2021), with the designated partner being Mr I M Engels, until the conclusion of the next annual general meeting of the Company."

7. *Ordinary resolution number 5: Election of Ms K M de Kock as member and chair of the audit and risk committee*

   "Resolved that, subject to the passing of ordinary resolution number 1, Ms K M de Kock, being an independent, non-executive director of the Company, be elected as a member and chair of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

8. *Ordinary resolution number 6: Election of Ms P Mbikwana as a member of the audit and risk committee*

   "Resolved that, subject to the passing of ordinary resolution number 2, Ms P Mbikwana, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company with effect from the end of this meeting."

   An abridged curriculum vitae of Ms Mbikwana appears in Annexure 1 of this notice of AGM.

9. *Ordinary resolution number 7: Election of Mr M S Moloko as a member of the audit and risk committee*

   "Resolved that Mr M S Moloko, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Mr Moloko appears in Annexure 1 of this notice of AGM.

10. *Ordinary resolution number 8: General authority to directors to issue shares for cash*

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, the Board be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" and not to "related parties", all as defined by the JSE Listings Requirements;
- this authority will only be valid until the Company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this AGM);
- issues of ordinary shares during the validity period of this resolution may not exceed 20 953 708 shares in the aggregate, which represents 5% of the number of ordinary shares in the Company's issued share capital at the date of this notice of AGM, being 419 074 167 ordinary shares (exclusive of treasury shares), provided that:
  - any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above;
  - in the event of a sub-division or consolidation of issued equity securities during the validity period of this resolution contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
  - any such general issues are subject to exchange control regulations and approval at that point in time.
- after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% or more of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, and in respect of the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share) and the intended use of the funds; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 8 regarding the general authority to issue shares for cash.

11. *Advisory endorsement: Endorsement of remuneration policy*

To consider the non-binding advisory votes set out below thereby providing the Company with the views of the shareholders regarding the:

- Remuneration Policy contained in the Remuneration Committee Report; and
- Implementation Report in regard to the Remuneration Policy.

General approval of the Company's Remuneration Policy and Implementation Report (non-binding advisory votes 1 and 2)

Non-binding advisory vote 1 – approval of Company's remuneration policy

"RESOLVED THAT the Company's Remuneration Policy, as set out in the Remuneration Committee Report contained in the 2020 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – approval of Company's remuneration implementation report

"RESOLVED THAT the Company's Implementation Report in regard to its Remuneration Policy, as contained in the 2020 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

12. *Special resolution number 1: Remuneration of non-executive directors for their service as directors for the 2022 financial year*

"Resolved that, in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their service as directors on an all-inclusive basis, and which is proposed to be paid for the financial year ending 31 March 2022, monthly in arrears, with effect from 1 April 2021, is approved:

	Proposed annual remuneration (Rand)
Board member	219 500
Chairperson – board	20 800
Audit and risk committee member	52 000
Chairperson – audit and risk committee	10 400
Social and ethics committee member	26 000
Remuneration committee member	26 000
Investment committee member	31 200

13. *Special resolution number 2: General authority to provide financial assistance to subsidiary companies*

"Resolved that, as a general authority and to the extent required by sections 44 and 45 of the Act, the Board may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries for any purpose or in connection with any matter including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or for the purchase of any securities of the Company, such authority to endure for a period of two years following the date of the passing of this special resolution number 2."

14. *Special resolution number 3: General authority to repurchase ordinary shares*

"Resolved that the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval, to acquire ordinary shares of no par value issued by the Company ("Ordinary Shares"), in terms of the Act, the Company's memorandum of incorporation ("MoI") and the JSE Listings Requirements, being that:

- any such acquisition of Ordinary Shares shall be implemented on the open order book of the JSE and without any prior arrangement;
- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- an announcement will be published as soon as the Company or any of its subsidiaries has acquired Ordinary Shares constituting, on a cumulative basis, 3% of the number of Ordinary Shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
- acquisitions of Ordinary Shares in aggregate in any one financial year may not exceed 5% of the Company's Ordinary Shares in issue as at the date of passing of this special resolution;

- in determining the price at which Ordinary Shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such Ordinary Shares may be acquired will be 5% of the weighted average of the market value at which such Ordinary Shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such Ordinary Shares;
- at any point in time, the Company may only appoint one agent to effect any repurchase of shares on the Company's behalf;
- the Board authorises the acquisition, the Company passes the solvency and liquidity test and that, from the time that test is done, there are no material changes to the financial position of the Company;
- the Company shall remain in compliance with the minimum shareholder spread requirements of the JSE; and
- the Company and/or its subsidiaries do not repurchase any shares during a prohibited period in accordance with the JSE Listings Requirements, unless they have in place a repurchase programme in terms of which the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed to the JSE in writing, prior to the commencement of the prohibited period."

Reason for and effect of this special resolution

The Company's MoI contains a provision allowing the Company or any subsidiary to repurchase securities issued by the Company, subject to the approval of shareholders in terms of the MoI, the requirements of the Act and the JSE Listings Requirements. This special resolution will authorize the Company and/or its subsidiaries, by way of a general authority from shareholders, to repurchase Ordinary Shares issued by the Company.

The Board has no specific intention to give effect to this special resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own shares.

Once adopted, this special resolution will permit the Company, or any of its subsidiaries, to repurchase Ordinary Shares in terms of the Act, its MoI and the JSE Listings Requirements.

Although no repurchase of Ordinary Shares is contemplated at the time of this notice, the directors, having considered the effects of a repurchase of the maximum number of Ordinary Shares in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of this AGM:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The Board has authorised the repurchase of Ordinary Shares, and confirmed that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group.

The following additional information, some of which may appear elsewhere in the 2020 annual financial statements, is provided in terms of section 11.26 of the JSE Listings Requirements, for purposes of the general authority

- Major beneficial shareholders – page 199 of the 2020 Integrated Report
- Share capital of the Company – page 143 of the 2020 Integrated Report
- The directors are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the financial position of the Company or the Group.
- The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Act and the JSE Listings Requirements.

Voting requirement:

A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve special resolutions 1 to 3.

NOTICE OF ANNUAL GENERAL MEETING (continued)

VOTING AND PROXIES

A shareholder entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

The attached form of proxy is only to be completed by those shareholders who:

- hold their ordinary shares in certificated form; or
- are recorded on a sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or Broker and wish to attend the AGM, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or they must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. These shareholders must not use a form of proxy.

It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Tuesday, 25 August 2020. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the AGM.

GENERAL

Electronic Participation

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the AGM by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the Pavilion Conference Centre, Kelvin Grove, Palmyra Road, Newlands (which is the location for the AGM); and
- at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg.

Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the AGM. The abovementioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the AGM. The real-time telephonic conference call facility will enable all persons to participate electronically in the AGM in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the Board

H H-O Steyn
Company Secretary
28 July 2020

Address of registered office
216 Main Road
Claremont
7708
(PO Box 53154, Kenilworth, 7745)

Address of transfer secretaries
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
(P O Box 61051, Marshalltown, 2107)

Explanatory notes to resolutions proposed at the annual general meeting of the Company

Re-election of directors retiring at the AGM – ordinary resolutions numbers 1 to 3

In accordance with clause 26.3 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election and, in accordance with clause 26.4 of the Company's memorandum of incorporation, any appointments made by the Board during an interim period must be confirmed at the immediately following annual general meeting. In accordance with these provisions, it has been determined that Ms K M de Kock, Ms P Mbikwana and Mr J A L Chapman are due to retire from the Board.

The directors of the Company have reviewed the composition of the Board against corporate governance and transformation requirements and have recommended the re-election of the directors listed above. It is the view of the Board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and contribute to the requirements of transformation, continuity and succession planning; and
- enhance corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board.

In addition, the directors of the Company have conducted an assessment of the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the Board. Having received the results of that assessment and review, the Board is satisfied that the performance of the existing directors continues to be effective and to demonstrate commitment to their roles. Accordingly, the Board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1, 2 and 3, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged curricula vitae of the retiring directors appear in Annexure 1 of this notice of AGM.

Re-appointment of auditor – ordinary resolution number 4

KPMG Inc. has indicated its willingness to continue in office and ordinary resolution number 4 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 1 June 2020, the committee considered the independence of the auditor KPMG Inc., in accordance with section 94(8) of the Act. In assessing the independence of the auditor, the audit and risk committee satisfied itself that KPMG Inc.:

- does not hold a financial interest (either directly or indirectly) in Stor-Age;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Stor-Age;
- is not economically dependent on Stor-Age, having specific regard to the quantum of the audit fees paid by Stor-Age and its subsidiaries to KPMG Inc. during the period under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Stor-Age or its subsidiaries which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of auditors for non-audit-related services and which could compromise or impair the auditor's independence; and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Stor-Age or its subsidiaries.

Accordingly, the Stor-Age audit and risk committee was satisfied that KPMG Inc. is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants and nominated the re-appointment of KPMG Inc. as registered auditor for the financial year ending 31 March 2021. On 11 June 2020 the Board confirmed its support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of KPMG Inc. and Mr I M Engels respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Furthermore the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that KPMG Inc., the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

Election of audit and risk committee members – ordinary resolutions numbers 5 to 7

In terms of section 94(2) of the Act, the audit and risk committee is not a committee of the Board, but a committee elected by the shareholders at each annual general meeting. The Act requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit and risk committee members.

In terms of the Regulations of the Act, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the curricula vitae of the proposed members, they have experience in, among others, audit, accounting, economics, commerce and general industry.

At a meeting of the Board held on 11 June 2020 and in terms of a subsequent resolution passed on 24 July 2020, the Board satisfied itself that, among others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King IV;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set.

General authority to directors to issue shares for cash – ordinary resolution number 8

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

The existing general authority granted by the shareholders at the previous annual general meeting, held on 22 August 2019, will expire at the AGM to be held on 27 August 2020, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited to 5% of the issued share capital as set out in the resolution.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Endorsement of remuneration policy and implementation report – advisory endorsements number 1 and number 2

King IV recommends that the Company's Remuneration Policy be disclosed in three parts every year, namely:

- a background statement,
- an overview of the Remuneration Policy,
- an Implementation Report,

and that shareholders be requested to pass separate non-binding advisory votes on the Remuneration Policy and the Implementation Report at the AGM.

Voting on the two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The remuneration committee prepared and the Board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2020 Integrated Report.

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report as set out in paragraph 11 of the AGM notice.

Remuneration of non-executive directors for their service as directors for the year ending 31 March 2022 – special resolution number 1

In terms of section 66(8) and (9) of the Act, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2022, is to be paid to the non-executive directors as they are not remunerated as employees of the Company, as in the case of the executive directors.

This resolution is recommended by the Company's directors. Full particulars of all remuneration paid to non-executive directors for their service as directors during the past year, and proposed to be paid for the 2022 financial year, are respectively set out on page 186 of the annual financial statements, and on page 72 of the 2020 Integrated Report, available on the Company's website.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Authority to provide financial assistance to subsidiary companies – special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related companies and entities to subscribe for options or securities or purchase securities of the Company. Under the Act, the Company will however require the special resolution number 2 to be adopted. In the circumstances and in order to, amongst others, ensure that the Company's subsidiaries have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

The existing authorities granted by the shareholders at the previous annual general meeting, held on 22 August 2019, will expire at the AGM to be held on 27 August 2020, unless renewed, and special resolution 2 will therefore be appropriately renewed.

General authority to repurchase ordinary shares – special resolution number 3

The directors wish to be in a position, if and when circumstances are favourable, to have the ability to acquire Stor-Age shares at market prices if deemed advisable by the Board. It is envisaged that opportunities may present themselves in the share market where it may be deemed beneficial for the Company to acquire its own shares.

For these reasons, directors would like shareholder authority to enable acquisitions of Stor-Age shares. As set out in the proposed resolution, such authority will be subject to clearly defined restrictions to ensure compliance with all statutes as laid down by the Act and the JSE Listings Requirements. The Act stipulates that a special resolution is required in order to authorise the Company to purchase its own shares.

NOTICE OF ANNUAL GENERAL MEETING (continued)

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
   - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   - 5.1 stated in the revocation instrument, if any; or
   - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
   - 6.1 the shareholder, or
   - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2 the company must not require that the proxy appointment be made irrevocable; and
   - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

ANNEXURE 1

CV'S OF DIRECTORS FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT AND RISK COMMITTEE

Ms K M de KOCK

CA (SA), CFA, MBA

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.

Ms P MBIKWANA

B Comm (Accounting & Economics), IEP (Duke)

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, a South African-based corporate and project finance advisory and investment holding firm which was founded in 2009.

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.

Mr J A L CHAPMAN

B. Sc (Building Management)

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

Mr M S 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 Thesele Group, Sello holds the position as independent non-executive chairman of Telkom SA SOC Limited and Guardrisk Group. He also currently serves as non-executive director on the boards of Prudential Investment Managers, Momentum Metropolitan Holdings, Momentum Metropolitan Life, and D G Capital.

Sello is a trustee of the UCT Foundation and the Nelson Mandela Foundation where he chairs the investment committee. He was the national president of the Association of Black Securities and Investment Professionals ("ABSIP") from 2005 to 2007. In 2003, ABSIP presented him with the Financial Services Pioneer Award in recognition of his achievements in the field of investment management.

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
("Stor-Age" or "the Company")

FORM OF PROXY

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the company to be held at the Pavilion Conference Centre, Kelvin Grove, Palmyra Road, Newlands and at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg, being the place where the Company intends to make provision for shareholders thereof, or their proxies, who are entitled to attend the annual general meeting, to participate therein by way of electronic communication, on Thursday 27 August 2020 at 14h30.

Not for use by the Company's shareholders who hold dematerialised ordinary shares in the Company who have not selected "own name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting in respect of the ordinary shares they hold in the capital of the Company, and request that they be issued with the necessary letter of representation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We ____ (Name in block letters)

of ____ (Address)

being the registered holder of ______________ shares in the ordinary share capital of the Company hereby appoint:

1. ____ or failing him/her

2. ____ or failing him/her

3. the chairperson of the meeting

Contact numbers: Landline ________________________ Mobile ________________________________

E-mail address: ____

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions and advisory endorsement as detailed in this notice of annual general meeting, and to vote for and/or against such resolutions and advisory endorsement and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

FORM OF PROXY (continued)

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

	Resolutions	Number of shares		
		In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Ms K M de Kock as a director			
2	Ordinary resolution number 2: Re-election of Ms P Mbikwana as a director			
3	Ordinary resolution number 3: Appointment of Mr J A L Chapman as a director			
4	Ordinary resolution number 4: Re-appointment of auditor			
5	Ordinary resolution number 5: Election of Ms K M de Kock as a member and the chair of the audit and risk committee			
6	Ordinary resolution number 6: Election of Ms P Mbikwana as a member of the audit and risk committee			
7	Ordinary resolution number 7: Election of Mr M S Moloko as a member of the audit and risk committee			
8	Ordinary resolution number 8: General authority to directors to issue shares for cash			
9	Non-binding advisory votes:			
	1. endorsement of remuneration policy; and			
	2. endorsement of the implementation report			
10	Special resolution number 1: Remuneration of non-executive directors for their service as directors (2022 financial year)			
11	Special resolution number 2: General authority to provide financial assistance to subsidiary companies			
12	Special resolution number 3: General authority to repurchase ordinary shares			

Signature ______________________________

Signed at ____________________ on ____________________ 2020

Assisted by (where applicable) (full name) ______________________________

Signature ______________________________

Date ____________________ Capacity ____________________

FORM OF PROXY (continued)

INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration must be signed, not initialled.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Tuesday, 25 August 2020. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the annual general meeting.

Hand deliveries to:
Computershare Investor Services (Pty) Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Postal deliveries to:
Computershare Investor Services (Pty) Limited
P O Box 61051
Marshalltown
2107

Email:
Proxy@computershare.co.za


stor-age
self storage

stor-age
self storage


ADMINISTRATION

Stor-Age Property REIT Limited
Reg No. 2015/168454/06
Incorporated on 25 May 2015
Approved as a REIT by the JSE
Share Code: SSS
ISIN: ZAE000208963

Registered office
216 Main Road
Claremont
7708

Directors
GA Blackshaw (Chairman)•, GM Lucas (CEO)*,
JAL Chapman#, KM de Kock#, SJ Horton*,
SC Lucas*+, P Mbikwana#, MS Moloko#

- • *Non-executive*
- # *Independent non-executive*
- * *Executive*
- + *British citizen*

Company secretary
HH-O Steyn

Transfer secretaries
Computershare Investor Services Proprietary Limited
2nd Floor
Rosebank Towers
15 Biermann Avenue
Rosebank

Sponsor
Investec Bank Limited
100 Grayston Drive
Sandton

GREYMATTERFINCH # 14380

stor-age

self storage

www.stor-age.co.za