CONTENTS

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

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

Published
9 June 2021
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
9 June 2021

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2021

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 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

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

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

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 105 to 218 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of King IV.

Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

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 9 June 2021 and signed on their behalf by:

SC Lucas
Chief Financial Officer

GM Lucas
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the "audit committee") takes pleasure in presenting its report for the year ended 31 March 2021.

1. Terms of reference

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

The main responsibilities of the audit committee include:

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

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

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

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

The audit committee comprises four independent non-executive directors as detailed in the corporate governance report and is chaired by Kelly-Maree de Kock 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 2021. The outcome of the evaluation performed on 2 June 2021 was satisfactory.

3. External auditors

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

The audit committee approved the terms of the auditor's engagement letter, their audit plan and budgeted audit fees for the audit of the group and company annual financial statements for the year ended 31 March 2021.

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

4. Significant matters

Valuation of investment property

The major risk relating to investment property is the valuation of investment properties. This has been highlighted as an area of critical judgement and is detailed in note 3 of the annual financial statements. 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.

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 chief financial officer, Stephen Lucas CA(SA), and is satisfied that they are appropriate for his role.

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2020 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2021.

8. Internal financial controls

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

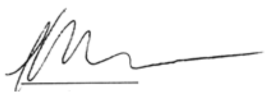
In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. Discharge of responsibilities

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as governed in the board-approved terms of reference.

10. Approval of annual financial statements

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



KM de Kock CA(SA)
Audit and risk committee Chair
9 June 2021

DIRECTORS' REPORT
for the year ended 31 March 2021

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 2021.

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 2020 and 2021 financial years.

Financial results

The financial results for the year ended 31 March 2021 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards and interpretations adopted by the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Stated capital

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

Date of issue	Purpose	Number of ordinary shares issued	Issue price per share
April 2020	Acquisition issue	128 279	R13.10
May 2020	Accelerated bookbuild	21 097 046	R11.85
July 2020	Dividend re-investment programme	4 199 568	R13.15
October 2020	Acquisition issue	314 074	R12.61
October 2020	Acquisition issue	20 246	R12.60
October 2020	Acquisition issue	35 738	R12.59
December 2020	Dividend re-investment programme	9 199 992	R12.40
March 2021	Acquisition issue	33 754	R13.33
March 2021	Acquisition issue	3 604	R13.32

At 31 March 2021 there were 432 881 143 shares in issue.

All of the shares in issue rank for the dividend declared for the year ended 31 March 2021. Refer to note 13 for further information regarding the shares in issue at year end.

Dividend distribution

A dividend of 52.00 cents per share was declared by the directors for the interim period ended 30 September 2020. A further dividend of 54.08 cents per share was declared for the 6 month period ended 31 March 2021. The dividend for the full year amounts to 106.08 cents per share (2020: 112.05 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 4.80% (2020: 5.90%) at 31 March 2021 and 85.4% (2020: 79.1%) of borrowings were subject to fixed interest rates on a net debt basis. The group's borrowing capacity amounts to R2.732 billion (2020: R3.034 billion) and facilities utilised at year end amounted to R2.294 billion (2020: R2.375 billion). The group has undrawn facilities of R437.9 million (2020: R658.2 million) and a gearing ratio of 24.1% (2020: 31.6%). 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 2021 the following directors held office:

	Appointment date	Resignation date
Executive		
GM Lucas (Chief executive officer)	25 May 2015	
SC Lucas (Chief financial officer)+	25 May 2015	
SJ Horton	25 May 2015	
Non-executive		
A Varachhia#	4 January 2021	
GA Blackshaw (Chairman)	2 September 2015	
GBH Fox#+	2 September 2015	30 June 2020
JAL Chapman#	2 January 2020	
KM de Kock#	2 May 2018	
MPR Morojele#	1 September 2020	
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: GA Blackshaw, MPR Morojele and A Varachhia.

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

Subsequent events

Information on material events that occurred after 31 March 2021 is included in note 33 to the financial statements.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2021

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 31.

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Stor-Age Property REIT Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Stor-Age Property REIT Limited and its subsidiaries ("the group and company") set out on pages 118 to 216, which comprise the consolidated and separate statements of financial position as at 31 March 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited and its subsidiaries as at 31 March 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How the matter was addressed in our audit
Valuation of Investment Properties (Consolidated and Separate Financial Statements – Notes 3.1 and 27 in the notes to the consolidated and separate financial statements, and the critical accounting estimates, assumptions and judgements and investment property accounting policy contained in the significant accounting policies section to the consolidated and separate financial statements) The group and company's investment property portfolio had a total value in the consolidated and separate statements of financial position of R7 869 million and R621 million respectively. It is group policy that investment property is recognised at their fair values with 50% of the portfolio valued by an independent external valuer, whilst the remaining 50% is valued by the board of directors. The valuation of the group and company's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values, such as the capitalisation rates, discount rates, forecasted rentals, the lease up period, property expenses, and the notional sale of the asset at the end of the 10th year of the discounted cash flow period used in the valuation model. Among other factors, the individual nature of the properties, their location and expected future rentals, also affects the valuation of the investment property. The board of directors also apply assumptions for yields and estimated market rent to arrive at the final valuation. The valuation of investment properties was considered to be a matter of most significance to the audit due to the significance of the balances, the significance of the estimation uncertainty and the level of judgement involved.	The audit procedures we performed included, amongst others, the following: • We assessed the design and tested the implementation of key controls over the valuation process; • We assessed the board of directors' and managements' external valuer's ("management's expert") competency, capabilities and objectivity. This included inspecting professional qualifications and registrations and making an assessment of the independence and appropriateness of the valuator used; • We inspected the valuation reports for the properties valued by the board of directors, and management's expert in the current year, to assess whether the valuation approach was in accordance with International Financial Reporting Standards, was consistent with the prior financial year, and suitable for use in determining the fair value for the purpose of the consolidated and separate financial statements. • We agreed all investment property fair values, valued by the board of directors and management's expert, to the underlying calculations and reports where applicable. • We tested the key assumptions used in the determination of fair values in respect of both the management's expert, as well as the valuations performed by the board of directors, as follows: – The forecast revenue applied in the 1st year of the discounted cash flow ("DCF") was assessed for reasonability. This was performed by agreeing the occupancy and rental rate assumptions underpinning the forecast revenue in the DCF model to the property management system. – The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to available market data. – We assessed the reasonability of revenue and expense growth rates subsequent to the initial forecast year based on our knowledge of the properties obtained through research, and by comparing to available industry data for similar investment properties. – We assessed the reasonability of the discount and capitalisation rates applied by comparing it to available industry data for similar investment properties. – We tested the mathematical accuracy of the DCF models, by reperforming the calculations.

Key audit matter	How the matter was addressed in our audit
	• In addition to the above, we also selected key valuations, and requested an external, independent auditor's valuation expert to review the reasonability of the: – Forecast revenue applied in the 1st year of the discounted cash flow ("DCF") models; – Projected property expenses applied in the 1st year of the DCF models; – Revenue and expense growth rates in the DCF models subsequent to the initial forecast year; and – Discount, exit and capitalisation rates applied by either the board of directors or management's external expert. • We evaluated whether the completeness and adequacy of the disclosures in the consolidated and separate financial statements relating to the valuation of investment properties against the requirements of International Financial Reporting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stor-Age Property REIT Limited Annual Financial Statements for the year ended 31 March 2021", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Stor-Age Property REIT Limited for one year.

BDO South Africa Incorporated
Registered Auditors

BDO South Africa Incorporated

Bradley Jackson
Director
Registered Auditor

9 June 2021

123 Hertzog Boulevard
Foreshore, Cape Town
South Africa
8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
ASSETS					
Non-current assets		8 241 155	7 463 998	4 773 238	4 655 379
Investment properties	3	7 869 321	7 074 287	620 544	485 653
Property and equipment		15 696	17 653	5 591	7 144
Stor-Age share purchase scheme loans	4	140 041	185 737	140 041	185 737
Goodwill and intangible assets	5	147 019	152 276	79 456	78 819
Investment in subsidiaries	6	–	–	3 899 989	3 889 417
Equity-accounted investees	7	28 637	3 527	21 743	3 527
Unlisted investment		5 474	5 082	5 474	5 082
Deferred taxation	22	2 701	25 436	–	–
Derivative financial assets	8	32 266	–	400	–
Current assets		260 067	228 239	707 524	596 343
Trade and other receivables	10	82 907	146 210	11 606	33 925
Inventories		6 087	5 676	1 926	1 548
Intercompany receivable	9	–	–	387 047	353 307
Cash and cash equivalents	11	171 073	76 353	76 950	23 242
Dividend receivable	12	–	–	229 995	184 321
Total assets		8 501 222	7 692 237	5 480 762	5 251 722
EQUITY AND LIABILITIES					
Total equity		5 656 753	4 605 378	4 215 343	3 866 687
Stated capital	13	4 783 903	4 360 033	4 783 903	4 360 033
Non-distributable reserve	14	1 076 749	210 839	(38 218)	(19 595)
Accumulated loss		(402 047)	(261 904)	(552 308)	(481 407)
Share-based payment reserve	15	21 966	7 656	21 966	7 656
Foreign currency translation reserve		137 574	255 657	–	–
Total attributable equity to shareholders		5 618 145	4 572 281	4 215 343	3 866 687
Non-controlling interest		38 608	33 097	–	–
Non-current liabilities		1 746 619	2 506 683	320 755	957 940
Loans and borrowings	16.1	1 347 000	2 045 723	303 794	926 112
Derivative financial liabilities	16.2	61 810	152 706	15 624	29 309
Deferred taxation	22	65 361	–	–	–
Lease obligations	30	272 448	308 254	1 337	2 519
Current liabilities		1 097 850	580 176	944 664	427 095
Loans and borrowings	16.1	647 359	160 000	647 359	160 000
Trade and other payables	17	173 302	157 978	16 009	11 645
Provisions	18	10 716	2 858	4 444	2 422
Lease obligations	30	32 371	33 357	1 384	1 293
Intercompany payable	9	–	–	41 366	25 752
Dividends payable		234 102	225 983	234 102	225 983
Total equity and liabilities		8 501 222	7 692 237	5 480 762	5 251 722

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Property revenue	19	800 222	698 822	36 958	37 561
– Rental income		738 726	633 973	33 153	36 526
– Other income		61 496	64 849	3 805	1 035
Impairment losses recognised on tenant debtors		(6 375)	(3 808)	(258)	(63)
Direct property costs		(206 435)	(178 186)	(1 955)	(4 607)
Net property operating income		587 412	516 828	34 745	32 891
Other revenue		4 510	4 730	444 528	347 992
– Management fees		4 510	4 730	2 965	2 912
– Dividend income from subsidiaries		–	–	441 563	345 080
Administration expenses	21	(89 307)	(55 461)	(60 336)	(34 820)
Operating profit		502 615	466 097	418 937	346 063
Fair value adjustment to investment properties	3	803 242	(104 407)	(4 062)	(17 006)
Other fair value adjustments to financial instruments	20	62 668	(175 593)	(14 561)	(25 221)
Foreign exchange gains/(losses)		5 368	(14 851)	9 714	(14 851)
Impairment of investment in subsidiary		–	–	–	(76 020)
Depreciation and amortisation		(11 184)	(10 837)	(5 396)	(4 439)
Profit before interest and taxation		1 362 709	160 409	404 632	208 526
Interest income		44 438	58 258	19 291	24 910
Interest expense		(107 906)	(116 625)	(46 920)	(66 318)
Share of net loss of equity-accounted investees		(15)	–	–	–
Profit before taxation		1 299 226	102 042	377 003	167 118
Taxation expense	22	(96 619)	3 175	–	–
– Normal taxation		(6 564)	(472)	–	–
– Deferred taxation		(90 055)	3 647	–	–
Profit for the year		1 202 607	105 217	377 003	167 118
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign operations		(120 800)	242 420	–	–
Other comprehensive income for the year, net of taxation		(120 800)	242 420	–	–
Total comprehensive income for the year		1 081 807	347 637	377 003	167 118
Profit attributable to:		1 202 607	105 217		
Owners of the company		1 192 294	104 887		
Non-controlling interest		10 313	330		
Total comprehensive income attributable to:		1 081 807	347 637		
Owners of the company		1 074 211	341 398		
Non-controlling interest		7 596	6 239		
Earnings per share	23	Cents	Cents		
Basic earnings per share		282.68	26.76		
Diluted earnings per share		280.20	26.62		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2021

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 2019	4 292 941	490 839	(206 533)	19 149	190	4 596 586	28 165	4 624 751
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 2021

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	–	–	1 192 294	(118 083)	–	1 074 211	7 596	1 081 807
Profit for the year	–	–	1 192 294	–	–	1 192 294	10 313	1 202 607
Other comprehensive income	–	–	–	(118 083)	–	(118 083)	(2 717)	(120 800)
Transactions with shareholders, recognised directly in equity								
Issue of shares	423 870	–	–	–	–	423 870	–	423 870
Proceeds	426 147	–	–	–	–	426 147	–	426 147
Share issue costs	(2 277)	–	–	–	–	(2 277)	–	(2 277)
Transfer to non-distributable reserve	–	865 910	(865 910)	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	14 310	14 310	–	14 310
Dividends	–	–	(466 527)	–	–	(466 527)	(2 085)	(468 612)
Total transactions with shareholders	423 870	865 910	(1 332 437)	–	14 310	(28 347)	(2 085)	(30 432)
Balance at 31 March 2021	4 783 903	1 076 749	(402 047)	137 574	21 966	5 618 145	38 608	5 656 753

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2021

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 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
Total comprehensive income for the year	–	–	377 003	–	377 003
Profit for the year	–	–	377 003	–	377 003
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	423 870	–	–	–	423 870
Proceeds	426 147	–	–	–	426 147
Share issue costs	(2 277)	–	–	–	(2 277)
Transfer from non-distributable reserve	–	(18 623)	18 623	–	–
Equity settled share-based payment charge	–	–	–	14 310	14 310
Dividends	–	–	(466 527)	–	(466 527)
Total transactions with shareholders	423 870	(18 623)	(447 904)	14 310	(28 347)
Balance at 31 March 2021	4 783 903	(38 218)	(552 308)	21 966	4 215 343

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2021

	Note	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company Restated* 2020 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	*24.1*	583 259	448 725	14 084	(14 198)
Interest received	*24.2*	35 667	53 995	15 067	21 910
Interest paid	*24.3*	(153 003)	(119 417)	(87 492)	(83 964)
Dividends paid	*24.4*	(460 493)	(430 452)	(458 408)	(429 216)
Dividend received	*24.5*	–	–	395 889	308 608
Taxation paid	*24.6*	–	(857)	–	–
Net cash outflow from operating activities		5 430	(48 006)	(120 860)	(196 860)
Cash flows from investing activities					
Additions to investment properties	*3*	(198 217)	(193 227)	(116 176)	(142 266)
Advance of Stor-Age share purchase scheme loans	*4*	(22 162)	(18 707)	(22 162)	(18 707)
Repayment of Stor-Age share purchase scheme loans	*4*	71 252	20 709	71 252	20 709
Additional investment in subsidiaries	*6*	–	–	(10 043)	–
Acquisition of property and equipment		(4 431)	(8 123)	(1 125)	(3 379)
Advance of loans to subsidiaries	*9*	–	–	(549 247)	(819 337)
Proceeds from subsidiaries	*9*	–	–	531 121	782 835
Acquisition of intangible assets	*5*	(1 921)	(2 574)	(1 474)	(975)
Acquisition of unlisted investment		(650)	(550)	(651)	(550)
Advancement of loan to equity-accounted investments		(22 284)	(3 527)	(17 337)	(3 527)
Asset acquisitions, net of cash acquired		–	(269 500)	–	–
Net cash outflow from investing activities		(178 413)	(475 499)	(115 842)	(185 197)
Cash flows from financing activities					
Proceeds from loans and borrowings	*16.1*	252 637	832 164	240 937	700 502
Repayment of loans and borrowings	*16.1*	(366 131)	(545 421)	(366 131)	(545 421)
Proceeds from the issue of shares	*13*	419 304	67 393	419 304	67 393
Share issue costs	*13*	(2 277)	(931)	(2 277)	(931)
Repayment of lease obligations		(32 867)	(30 448)	(1 423)	(1 329)
Net cash inflow from financing activities		270 666	322 757	290 410	220 214
Net cash inflow/(outflow) for the year		97 683	(200 748)	53 708	(161 843)
Effects of movements in exchange rate changes on cash held		(2 963)	17 528	–	–
Cash and cash equivalents at beginning of year		76 353	259 573	23 242	185 085
Cash and cash equivalents at end of year	*11*	171 073	76 353	76 950	23 242

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

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 the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 9 June 2021.

1.3 Basis of measurement

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

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

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

Functional and presentation currency

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

New and amended standards adopted by the group

The amendments made to standards effective for the current financial year did not have a material impact on the financial statements.

- Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure-Interest rate benchmark reform.

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

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

Title of standard or interpretation	Effective for reporting period ending	Nature of change	Impact on financial statements
Onerous Contracts – Cost fulfilling a Contract	31 March 2022	The amendment to IAS 37 provides clarity on the types of costs included as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.	The changes have been assessed and will not have a material impact on the financial statements.
Annual improvements to IFRS standards 2018 – 2020	31 March 2022	Includes amendments to IFRS 9, relating to the '10 per cent test' for derecognition of financial liabilities, and IFRS 16 relating to the removal of the illustrative example on payments for leasehold improvements.	The changes have been assessed and will not have a material impact on the financial statements.
Reference to the Conceptual Framework	31 March 2022	Amendments to IFRS 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	The changes have been assessed and will not have a material impact on the financial statements.
IBOR Reform and its Effects on Financial Reporting – Phase 2	31 March 2022	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 which address the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.	The changes have been assessed and will not have a material impact on the financial statements.
Classification of liabilities as current or non-current	31 March 2023	The amendment to IAS 1 provides clarity on the requirements for classifying a liability as current or non-current.	The changes have been assessed and will not have a material impact on the financial statements.
Disclosure of Accounting Policy	31 March 2023	The amendments to IAS 1 include disclosures of material rather than significant accounting policies.	The changes have been assessed and will not have a material impact on the financial statements.
Definition of Accounting Estimate	31 March 2023	The IAS 8 amendment includes a new definition for accounting estimates which clarified that they are monetary amounts in the financial statements that are subject to measurement uncertainty.	The changes have been assessed and will not have a material impact on the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

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

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

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

1.5 Basis of consolidation

1.5.1 Investment in subsidiaries

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

The group has applied a concentration test to determine whether the acquired set of activities and assets is not a business. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

Intra-group balances and transactions, and all income and expenses arising from intra-group transactions, are eliminated.

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

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

1.5.2 Investment in joint venture

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

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

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

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

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

1.6 Investment properties

Investment properties

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

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

Subsequent to initial recognition investment properties are measured at fair value. Fair values are determined annually on the open market value basis, using the discounted cash flow method. Valuations are performed as at the reporting date, either internally by the directors or externally by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of investment properties being valued. These valuations form the basis for the carrying amount in the financial statements. The fair value of investment properties do not reflect 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, through the statement of changes in equity 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

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

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

Leasehold investment properties

Leasehold properties held as right-of-use assets, are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor is included in the statement of financial position at the present value of the future lease payments at inception, and is shown within note 30. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

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

1. 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
Leased head office space	Shorter of useful life and the lease term
Fire and safety equipment	3 years
Solar panels	25 years

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

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

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

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

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

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

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

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

Intangible assets

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

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

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

The estimated useful lives for the period is as follows:

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

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

1.10 Leases

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

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.

1.11 Inventories

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

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

Inventories relate to packaging materials.

1.12 Impairment

1.12.1 Financial assets

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

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

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

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

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

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

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

1.12.2 Non-financial assets

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

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

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

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

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment. Impairment of goodwill is never reversed.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Provisions

Provisions are recognised when the group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amount of the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. 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 (other income) is recognised when the group satisfies the performance obligation by transferring the packaging materials to the customer. Revenue from the sale of packaging material is recognised at the transaction price, excluding Value Added Tax.

Other revenue

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

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

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

1.15 Direct property costs

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

1.16 Interest expense

Interest expense comprises interest on borrowings. Interest expense incurred on qualifying investment property assets are capitalised until the assets are substantially ready for use. All other interest expense is recognised in profit or loss at the effective interest rate of the instrument.

1.17 Interest income

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

1.18 Operating profit

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

1.19 Net property operating income

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

1.20 Tax

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

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

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

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

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

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

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

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

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

1.21 Segment reporting

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

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

The group comprises the following main geographical operating segments:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

1.27 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

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements (refer to note 26).

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

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

2.1 Credit risk

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

Trade and other receivables

Trade and other receivables relate mainly to the group's tenants 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:

	Long-term rating
First National Bank	Ba2
Investec Bank	Ba2
Standard Bank	Ba2
Nedbank	Ba2
Royal Bank of Scotland	A2
Lloyds Bank	A1

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

Derivative financial assets

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

	Long-term rating
Investec Bank	Ba2
Standard Bank	Ba2
Nedbank	Ba2
Lloyds Bank	A1

2.2 Liquidity risk

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

The group and company monitor cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 26.4.

2.3 Market risk

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

Interest rate risk

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

Currency risk

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

Price risk

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

2.4 Capital risk management

The group and company policy is to maintain a strong capital base, comprising its shareholders' interest so as to maintain investor, creditor and market confidence and to sustain future development of the business. It is the group and company's stated purpose to deliver long-term sustainable growth in dividends per share.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents disclosed in note 11, and share capital as disclosed in note 13. In order to maintain or adjust the capital structure, the group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt if required.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a distribution to maintain its REIT status. The board has elected (subject to the availability of cash resources and legislative requirements) to declare 100% of the distributable profit of the group as a distribution on a bi-annual basis.

As a result of the group's distribution policy, capital expansion is funded through a combination of debt and equity funding. The group is subject to various loan covenants as disclosed in note 16.1 with the most onerous limit on loan to value ("LTV") of 45%. The group comfortably complied with these covenants. Refer to note 16.3 which sets out the group's LTV calculation.

The board of directors assesses the distribution policy on an ongoing basis and ensures compliance with regulations and that no profits of a capital nature are distributed. There were no changes in the group's approach to capital management during the year.

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
3.	**INVESTMENT PROPERTIES**				
3.1	**Fair value of investment properties**				
	Historical cost	5 914 080	5 876 424	345 404	307 748
	Right-of-use assets^	17 298	17 298	–	–
	Subsequent expenditure capitalised	577 140	393 718	289 299	188 001
	Fair value adjustment	1 128 148	324 906	(14 158)	(10 096)
	Remeasure of lease obligations	393	–	–	–
	Exchange differences	232 262	461 941	–	–
	Carrying amount at end of year	7 869 321	7 074 287	620 544	485 653
	Movement in investment properties:				
	Carrying amount at start of year	7 074 287	6 242 413	485 653	398 702
	Additions made through asset acquisitions	–	331 488	–	–
	Additions to investment property	37 656	4 777	37 656	4 777
	Right-of-use assets	–	17 298	–	–
	Remeasure of lease obligations	393	–	–	–
	Subsequent expenditure capitalised*	183 422	151 470	101 297	99 180
	Fair value adjustment	803 242	(104 407)	(4 062)	(17 006)
	Exchange differences	(229 679)	431 248	–	–
	Carrying amount at end of year	7 869 321	7 074 287	620 544	485 653

^ Only reflects the Springfield property. The remaining leasehold properties are included in the historical cost balance.
* Includes interest capitalised of R16.168 million (2020: R17.691 million) for the group and R15.934 million (2020: R16.566 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. Repairs and maintenance arising from investment properties that generated rental income during the year amounted to R6.5 million (2020: R6.4 million). The carrying amount of investment properties under construction and held for development amount to R282.1 million (2020: R179.7 million).

Investment properties with a fair value of R7.22 billion (2020: R6.48 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.

With effect from 31 March 2021, the group's policy is to have 50% of the South African trading portfolio valued by an independent valuer at the year end reporting date and 50% at the interim reporting date. The properties not valued independently on each reporting date are valued internally by the directors using the same methodology.

All properties in the UK trading portfolio are valued by an independent valuer at year end. At the interim reporting date the properties are valued by the directors.

In line with this policy, the table below sets out the number of trading properties the board elected to have externally valued:

	South Africa		United Kingdom		Total	
	Number of properties	Value (R million)	Number of properties	Value (R million)	Number of properties	Value (R million)
31 March 2021						
Internally valued	25	2 130.7	–	–	25	2 130.7
Externally valued	25	2 287.2	21	3 169.6	46	5 456.8
	50	4 417.9	21	3 169.6	71	7 587.5
31 March 2020						
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

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

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 25 properties in the South African portfolio at 31 March 2021.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

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

South African properties		
Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
The valuation methodology for freehold and long leasehold properties is based on a discounted cash flow of the net operating income over a 10 year period and notional sale of the asset at the end of the tenth year. Net operating income is based on the projected revenue less projected direct operating costs, including a notional property management fee of 6.0% of annual revenue, subject to a cap and collar. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on an estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit-out is deducted from the valuation. For short leasehold properties, the same methodology has been used as for freehold and long leasehold properties, except that no sale of the property in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease. For investment properties under construction, the property being developed is valued adopting the same methodology as set out above but on the basis of the cash flow projection expected for the property at opening and allowing for the outstanding costs to take each store from its current state to completion and full fit out including a contingency where appropriate.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 13.50% and 15.00% (2020: between 13.75% and 15.25%). (c) Exit capitalisation rate (freehold and long leasehold properties) – between 8.00% and 9.50% (2020: between 8.00% and 9.50%). (d) Rental rate growth for years 1 to 3 of the 10 year projection ranges between 6.0% and 8.0% (2020: year 1 ranged between 3.0% and 4.0% with the exception of one property which was 5.0%; year 2 and 3 ranged between 6.0% and 8.0% with the exception of one property which was 10.0%. Rental growth of 6.0% is applied for years 4 to 10 (2020: 6.0%). In determining the valuations at 31 March 2020, we adopted a conservative view on the forecasted cash flows from the properties due to the uncertainty as a result of COVID-19 by reducing the forecast growth rates in year 1 by 50%. In addition, we did not take account of any planned cost savings arising from our response to managing the financial impact of the pandemic. (e) The operating costs inflation assumption is 6.0% (2020: 6.0%).	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

Details of valuation – United Kingdom

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

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

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

In compliance with the disclosure requirements of the Red Book, CBRE has confirmed that:

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

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Valuation technique and significant unobservable inputs

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

United Kingdom properties		
Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
The valuation of the properties has been prepared having regard to trading potential. Cash flow projections have been prepared for all of the properties reflecting estimated lease-up, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used by CBRE to arrive at its opinion of fair value for these 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. For the short leasehold properties, the notional sale of the asset at the end of the 10th year (for leases with an unexpired lease term greater than 10 years) is adjusted for the unexpired lease term at the notional exit point. Net operating income is based on projected revenue received less projected operating costs, including a property management fee based on a percentage of revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first twelve months following the valuation date. The net operating income in future years is calculated assuming either straight line lease-up from day one actual occupancy or variable line lease-up over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each property.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – Freehold and long leasehold properties between 8.50% and 9.50%; Short leasehold properties between 10.00% and 10.50%. (2020: between 8.625% and 13.25%) (c) Exit capitalisation rate (freehold and long leasehold properties) - between 5.625% and 6.625%. (2020: between 5.875% and 10.75%) (d) Rental rate growth ranges between 2.75% and 3.50%. (2020: between 2.75% and 3.00%) (e) The operating costs inflation assumption is 2.75%. (2020: 2.5%)	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease-up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

Sensitivity of fair values to changes in unobservable inputs

		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
	Valuation R million	-0.1% R million	0.1% R million	-1% R million	1% R million	-0.1% R million	0.1% R million
31 March 2021							
South Africa	4 699.7	34.7	(33.9)	(37.4)	37.4	18.1	(17.9)
United Kingdom	3 169.6	24.1	(23.5)	(71.9)	72.9	20.2	(18.8)
Total	7 869.3	58.8	(57.4)	(109.3)	110.3	38.3	(36.7)
31 March 2020							
South Africa	4 132.0	20.4	(19.9)	(49.4)	49.5	23.1	(22.9)
United Kingdom	2 942.3	16.0	(15.5)	(66.5)	68.8	15.9	(15.8)
Total	7 074.3	36.4	(35.4)	(115.9)	118.3	39.0	(38.7)

3.2 Capital commitments authorised

	Group	
	2021 R'000	2020 R'000
Contracted for	142 872	172 679
Authorised but not contracted for	201 148	57 540
	344 020	230 219

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

4. STOR-AGE SHARE PURCHASE SCHEME LOANS

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

	2021 Number of shares	2020 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	16 398 139	16 620 580
Sold during the year	(3 759 985)	(222 441)
Issued during the year	–	–
At end of year	12 638 154	16 398 139
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 2020	Shares issued	Shares sold	Number of shares at 31 March 2021
Issue 1	11 426 000	–	(2 300 246)	9 125 754
Issue 2	217 139	–	(92 779)	124 360
Issue 3	200 000	–	(130 000)	70 000
Issue 4a	675 000	–	(336 960)	338 040
Issue 4b	1 050 000	–	(150 000)	900 000
Issue 5	1 700 000	–	(600 000)	1 100 000
Issue 6	1 130 000	–	(150 000)	980 000
	16 398 139	–	(3 759 985)	12 638 154

	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

Reconciliation of movement in loan

	Opening balance at 1 April 2020 R'000	Interest charged R'000	Dividends paid R'000	Settlement of loan R'000	Advance of loan for new issue/ re-advance of loan R'000	Closing balance at 31 March 2021 R'000
Issue 1	123 879	9 302	(12 428)	(34 412)	9 955	96 296
Issue 2	2 142	160	(224)	(1 144)	279	1 213
Issue 3	2 221	132	(185)	(1 731)	335	772
Issue 4a	8 095	547	(687)	(4 416)	478	4 017
Issue 4b	12 740	880	(1 146)	(2 046)	451	10 879
Issue 5	22 314	1 457	(1 775)	(7 799)	230	14 427
Issue 6	14 346	1 097	(1 233)	(2 026)	253	12 437
	185 737	13 575	(17 678)	(53 574)	11 981	140 041

	Opening balance at 1 April 2019 R'000	Interest charged R'000	Dividends paid R'000	Settlement of loan R'000	Advance of loan for new issue/ re-advance of loan R'000	Closing balance at 31 March 2020 R'000
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

	Interest rate	Outstanding balance R'000	Fair value of shares R'000
Issue 1	8.00%	96 296	119 547
Issue 2	8.31%	1 213	1 629
Issue 3	8.00%	772	917
Issue 4a	7.46%	4 017	4 428
Issue 4b	7.46%	10 879	11 790
Issue 5	7.19%	14 427	14 410
Issue 6	7.90%	12 437	12 838
Shares balance at 31 March 2021		**140 041**	**165 559**
Shares balance at 31 March 2020		185 737	204 158

Loans to directors and employees

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Directors				
– SC Lucas	39 473	49 494	39 473	49 494
– GM Lucas	40 502	49 494	40 502	49 494
– SJ Horton	40 502	49 494	40 502	49 494
Employees	19 564	37 255	19 564	37 255
	140 041	185 737	140 041	185 737

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 R17.678 million (2020: R18.311 million) received by participants in the scheme during the current year have been applied against the interest on the loans of R13.575 million (2020: R17.512 million).

No impairment allowances (refer to note 26.3.1) 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						
2021						
Cost	124 880	–	4 000	7 395	18 126	154 401
Opening balance	128 907	–	4 000	5 586	19 603	158 096
Additions during the year*	–	–	–	1 921	–	1 921
Foreign exchange movement	(4 027)	–	–	(112)	(1 477)	(5 616)
Accumulated amortisation	–	–	–	(3 382)	–	(3 382)
Opening balance	–	–	–	(1 820)	–	(1 820)
Amortisation for the year	–	–	–	(1 562)	–	(1 562)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2021	124 880	–	–	4 013	18 126	147 019
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
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

^ *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
2021						
Cost	279	77 400	4 000	3 536	–	85 215
Opening balance	279	77 400	4 000	2 062	–	83 741
Additions during the year*	–	–	–	1 474	–	1 474
Accumulated amortisation	–	–	–	(1 759)	–	(1 759)
Opening balance	–	–	–	(922)	–	(922)
Amortisation for the year	–	–	–	(837)	–	(837)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	(4 000)	–	–	(4 000)
Impairment loss for the year	–	–	–	–	–	–
Carrying amount at 31 March 2021	279	77 400	–	1 777	–	79 456
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

^ *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	Cumulative foreign exchange movement R'000	Accumulated impairment loss R'000	Goodwill 31 March 2021 R'000	Goodwill 31 March 2020 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	3 867	–	45 414	49 441
Carrying amount at end of year	121 013	3 867	–	124 880	128 907

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.

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

	2021	2020
Discount rate	15%	17%
Exit capitalisation rate	9.3%	9.5%
Growth rate	6%	9%
Cost inflation	6%	6%

There was no impairment of the cash generating units at 31 March 2021.

5.2 Goodwill acquired as part of the Storage RSA business combination

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

No impairment loss has 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 as the dividends are the most appropriate reflection of free cash flows of the business. Management has tested the expected dividend cash flow using the dividend growth model over a 5 year period on a standalone basis, using the following assumptions:

	2021	2020
Dividend growth	6.0%	4.0%
Exit capitalisation rate	6.8%	6.0%
Discount rate	9.27%	9.13%
Exchange rate (GBP/ZAR)	20.41	23.00
Terminal growth rate	3.00%	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 and Betterstore business combinations, the impact of a reasonable change in the assumptions on the value-in-use are listed below:

	2021 R'million	2020 R'million
Stor-Age Self Storage		
Discount rate minus 1%	6.79	5.71
Discount rate plus 1%	(6.23)	(5.23)
Long run growth rate minus 1%	(5.75)	(5.62)
Long run growth rate plus 1%	6.01	5.88
Betterstore		
Dividend growth rate minus 1%	(87.93)	(82.44)
Dividend growth rate plus 1%	91.11	85.49
Discount rate minus 1%	89.17	82.17
Discount rate plus 1%	(84.58)	(77.93)

The results of the above sensitivity are not indicative of an impairment as the value in use remains above the carrying value.

6. INVESTMENT IN SUBSIDIARIES

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

Name of subsidiary	Country of incorporation	Percentage held	Investment 2021 R'000	Investment 2020 R'000
Roeland Street Investments Proprietary Limited ('RSI')	South Africa	100%	2 949 017	2 947 193
Roeland Street Investments 2 Proprietary Limited ('RSI 2')	South Africa	100%	950 972	942 224
			3 899 989	3 889 417

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

6. INVESTMENT IN SUBSIDIARIES (continued)

Details of the company's indirectly held interest in subsidiaries at 31 March 2021 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2021	Interest % held as at 31 March 2020
Storage RSA Trading Proprietary Limited	USS	South Africa	100%	100%
Gauteng Storage Properties Proprietary Limited	USS	South Africa	100%	100%
Unit Self Storage Proprietary Limited ('USS')	RSI	South Africa	100%	100%
Stor-Age International Proprietary Limited ('SAI')	RSI	South Africa	100%	100%
Betterstore Self Storage Holdings Limited ('Betterstore')	SAI	Guernsey	97.8%	97.8%
Betterstore Self Storage 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%

7. EQUITY-ACCOUNTED INVESTEES

7.1 Summary of equity-accounted investees

Name	Principal place of business	Effective interest	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
Sunningdale Self Storage Proprietary Limited ('Sunningdale')	South Africa	50%	21 514	3 527	21 743	3 527
SKJV 1 Limited ('SKJV 1')	United Kingdom	24.9%	6 501	–	–	–
SKJV 2 Limited ('SKJV 2')	United Kingdom	24.9%	622	–	–	–
Carrying amount			28 637	3 527	21 743	3 527

In the group financial statements the investments are recognised using the equity-accounted method. The equity-accounted investment is recognised at cost in the company's financial statements.

7.1.1 **Sunningdale**

Sunningdale is a joint venture with Garden Cities to develop a new self storage property in Sunningdale, Cape Town. Shortly after year end, the first phase of construction was completed and the property commenced trading in May 2021.

Stor-Age has the right to appoint two of the four directors of Sunningdale and participates in all significant financial and operating decisions. The group has joint control and Sunningdale is structured as a separate vehicle. The group has a residual interest in the net assets of Sunningdale and accordingly has classified its interest in Sunningdale as a joint venture.

In accordance with the agreement, the construction of the self storage facility is funded firstly out of Sunningdale's own resources and then via loans by shareholders pro-rata to their respective shareholdings. The shareholder loan advanced to Sunningdale is unsecured and bears interest at the prime interest rate applicable in South Africa. The interest is due and payable bi-annually.

Sunningdale has a financial year ending 28 February 2021.

The table below summarises the financial information of Sunningdale included in its own financial statements. The accounting policies of Sunningdale are uniform with those of the group. The table also reconciles the group's summarised financial information to the carrying amount of the group's interest in the company:

	31 March 2021 R'000	31 March 2020 R'000
Non-current assets	42 202	8 731
Current assets	935	957
Non-current liabilities	(43 155)	(9 689)
Net assets (100%)	(18)	(1)
Group's share of net assets (50%)	(9)	–
Elimination of management fee capitalised to the investment property	(218)	–
Shareholder loan	21 741	3 527
Reconciliation of movement:		
Opening balance	3 527	–
Capital advanced	17 413	3 527
Interest accrued	801	–
Closing balance	21 741	3 527
Carrying amount of interest in Sunningdale	21 514	3 527
Administration expenses	(41)	–
Interest income	23	(1)
Taxation expense	–	–
Loss and total comprehensive income (100%)	(18)	(1)
Loss and total comprehensive income (50%)	(9)	–
Group's share of total comprehensive income	(9)	–

7.1.2 **SKJV 1 and SKJV 2**

The group, via its wholly-owned subsidiary Stor-Age International Limited, entered into a joint venture agreement with the Moorfield Group for a £50 million JV (with the potential to increase to £100 million) to develop a portfolio of self storage properties in the UK , providing an effective platform to continue advancing our UK growth strategy. Each development will be housed in a separate vehicle the first of which is SKJV 1, followed by SKJV 2.

Stor-Age has the right to appoint two of the five directors and all shareholders must unanimously agree on the relevant activities of the entities. The group has a residual interest in the net assets of SKJV 1 and SKJV 2 and accordingly has classified its interest in these companies as joint ventures.

SKJV 1 and SKJV 2 were both incorporated in 2020 and have a financial year ending 31 December.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
8. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts	31 866	–	–	–
Interest rate swaps	400	–	400	–
– ZAR denominated facilities	400	–	400	–
Total derivative financial assets	32 266	–	400	–

These amounts represent the mark-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.
Interest rate swap	The group has entered into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans.

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

	Company 2021 R'000	Company 2020 R'000
9. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Gauteng Storage Properties Proprietary Limited	4 743	–
Unit Self Storage Proprietary Limited	9 622	2 372
Roeland Street Investments 2 Proprietary Limited	27 001	23 380
	41 366	25 752
Intercompany receivable		
Roeland Street Investments Proprietary Limited	387 047	352 517
Gauteng Storage Properties Proprietary Limited	–	790
	387 047	353 307

* *Refer to note 35 for further details regarding the restatement.*

The intercompany loan balances mainly comprise working capital amounts and dividends declared to the company at 30 September 2020 that were not settled at 31 March 2021.

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

Refer to note 26 for the expected credit losses disclosure.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
10. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Tenant debtors net of loss allowance	14 787	16 827	126	179
Gross tenant debtors	17 225	18 533	197	211
Loss allowance	(2 438)	(1 706)	(71)	(32)
Staff loans	127	89	125	89
Related party receivables	14	13 314	1 872	14 827
Other receivables: Rental guarantee^	–	10 041	–	10 041
Variable consideration held in escrow	–	22 584	–	–
Sundry receivables	27 096	25 192	4 027	7 684
	42 024	88 047	6 150	32 820
Non-financial instruments				
Pre-payments+	40 883	56 829	667	1 105
Taxation receivable	–	1 334	–	–
VAT	–	–	4 789	–
	40 883	58 163	5 456	1 105
Total trade and other receivables	82 907	146 210	11 606	33 925
Split between non-current and current portion				
Current assets	82 907	146 210	11 606	33 925
Non-current assets	–	–	–	–
	82 907	146 210	11 606	33 925
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9:				
At amortised cost	42 024	78 006	6 150	22 779
At fair value through profit or loss	–	10 041	–	10 041
Non-financial instruments	40 883	58 163	5 456	1 105

^ *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 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
11. CASH AND CASH EQUIVALENTS				
Cash on call	69 012	18 408	69 012	18 408
Current account	102 061	57 945	7 938	4 834
	171 073	76 353	76 950	23 242

The effective interest rates are set out in note 26.2.2.

	Company 2021 R'000	Company 2020 R'000
12. DIVIDEND RECEIVABLE		
Roeland Street Investments Proprietary Limited	183 931	139 106
Roeland Street Investments 2 Proprietary Limited	46 064	45 215
	229 995	184 321

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 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	4 360 033	4 292 941	4 360 033	4 292 941
Accelerated book-builds	250 000	–	250 000	–
Purchase of investment properties	6 843	630	6 843	630
Dividend re-investment programme	169 304	67 393	169 304	67 393
Share issue costs	(2 277)	(931)	(2 277)	(931)
In issue at the end of the year	4 783 903	4 360 033	4 783 903	4 360 033
Reconciliation of number of issued shares				
In issue at the beginning of the year	397 848 842	392 986 858	397 848 842	392 986 858
Shares issued during the year	35 032 301	4 861 984	35 032 301	4 861 984
In issue at the end of the year	432 881 143	397 848 842	432 881 143	397 848 842

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

Refer to unaudited shareholder analysis for further information regarding significant shareholders.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
14. NON-DISTRIBUTABLE RESERVE				
Fair value adjustment on investment properties	1 128 148	324 906	(14 158)	(10 096)
Fair value adjustment on financial instruments	(56 194)	(118 862)	(46 950)	(32 389)
Restructure of subsidiaries	–	–	22 890	22 890
Gain on bargain purchase	4 795	4 795	–	–
	1 076 749	210 839	(38 218)	(19 595)
Movements for the year				
Balance at beginning of year	210 839	490 839	(19 595)	(258)
Adjustment to fair value of investment properties	803 242	(104 407)	(4 062)	(17 006)
Adjustment to fair value of financial instruments	62 668	(175 593)	(14 561)	(25 221)
Restructure of subsidiaries	–	–	–	22 890
Balance at end of year	1 076 749	210 839	(38 218)	(19 595)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
15. SHARE-BASED PAYMENT RESERVE				
Opening balance	7 656	190	7 656	190
Movement	14 310	7 466	14 310	7 466
Expense recognised in profit or loss	14 310	7 466	13 781	7 466
Group share-based payment charge #	–	–	529	–
Shares issued during the current year	–	–	–	–
Closing balance	21 966	7 656	21 966	7 656

During the current year CSP awards were granted to the employees of Betterstore.

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.

15. **SHARE-BASED PAYMENT RESERVE (continued)**

Details of conditional shares awarded are set out below:

	Tranche 1	Tranche 2	Tranche 3	Total
GM Lucas	171 625	305 111	381 388	858 124
SC Lucas	171 625	305 111	381 388	858 124
SJ Horton	171 625	305 111	381 388	858 124
Other employees	717 012	714 217	1 107 588	2 538 817
Total awards granted at 31 March 2021	1 231 887	1 629 550	2 251 752	5 113 189

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

Details of assumptions

Expected volatility of 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. 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	Tranche 3
Opening number of unvested instruments	1 231 887	–	–
Awards granted during the current year	–	1 629 550	2 251 752
Closing number of unvested instruments	1 231 887	1 629 550	2 251 752
Grant date	13 March 2019	30 August 2019	14 September 2020
Vesting date	1 September 2022	1 September 2022	15 September 2023
Issue price (30 day VWAP) *		13.11	13.11
Forfeiture rate		10.0%	7.0%
Dividend yield		8.24%	8.24%
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 and 3 comprise performance shares only and are subject to a 3 year service period and the achievement of certain financial and individual performance measures.

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

No conditional shares vested during the year.

* *Volume-weighted average price.*

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
16. FINANCIAL LIABILITIES				
16.1 Loans and borrowings				
Reconciliation of loans and borrowings:				
Opening balance at 1 April	2 205 723	1 742 311	1 086 112	916 180
New borrowing facilities	–	270 246	–	270 246
Withdrawals	252 637	561 918	240 937	430 256
Repayments	(366 131)	(545 421)	(366 131)	(545 421)
Foreign exchange movement	(9 765)	14 851	(9 765)	14 851
Foreign currency translation reserve	(88 105)	161 818	–	–
Closing balance at 31 March	1 994 359	2 205 723	951 153	1 086 112
Current borrowings	647 359	160 000	647 359	160 000
Non-current borrowings	1 347 000	2 045 723	303 794	926 112
– Long-term borrowings	1 646 527	2 215 355	603 321	1 095 744
– Surplus cash paid into loan facility	(299 527)	(169 632)	(299 527)	(169 632)

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

31 March 2021

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value R'000	Facility balance at 31 March 2021 R'000
Nedbank	Nov-23	5 years	Jibar+1.73%	350 000	298 358
Nedbank	Oct-21	3 years	Prime-1.40%	375 000	372 136
Nedbank	Dec-23	3 years	Jibar+1.78%	300 000	5 436
Standard Bank	Oct-21	3 years	Jibar+1.66%	370 000	299 418
Futuregrowth	Apr-21	Rolling 3 months	Jibar+0.75%	160 000	160 000
				1555 000	1 135 348

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value £'000	Facility balance at 31 March 2021 R'000
Lloyds Bank	Nov-24	6 years*	Libor+2.75%	52 000	1 043 206
Standard Bank	Sep-21	3 years	Libor+2.10%	5 650	115 332
				57 650	1 158 538
Total gross loans and borrowings for the group					2 293 886
Surplus cash paid into loan facility					(299 527)
Closing balance at 31 March					1 994 359

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

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

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

31 March 2020

ZAR denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value R'000	Facility balance at 31 March 2020 R'000
Nedbank	Nov-23	5 years	Jibar+1.73%	350 000	298 350
Nedbank	Oct-21	3 years	Prime-1.40%	375 000	372 150
Nedbank	Dec-23	3 years	Jibar+1.78%	300 000	–
Standard Bank	Oct-21	3 years	Jibar+1.66%	370 000	300 147
Investec	May-22	3 years	Prime-1.40%	150 000	–
Futuregrowth	Apr-20	Rolling 3 months	Jibar+0.70%	160 000	160 000
				1705 000	1 130 647

GBP denominated facilities

Borrowing facilities	Expiry date	Term	Interest rate^ %	Facility value £'000	Facility balance at 31 March 2020 R'000
Lloyds Bank	Nov-24	6 years*	Libor+2.75%	52 000	1 119 611
Standard Bank D	Sep-21	3 years	Libor+2.10%	8 000	125 097
				60 000	1 244 708
Total gross loans and borrowings for the group					2 375 355
Surplus cash paid into loan facility					(169 632)
Closing balance at 31 March					2 205 723

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

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

All borrowing facilities are interest only facilities.

Surplus cash is placed in the Nedbank annex facility and earned interest at Prime less 1.65%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate swaps with a nominal value of R450 million (2020: R500 million) and R200 million (2020: 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 (2020: £39.4 million) and £5.0 million (2020: £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 26.2.1.

Subsequent to year end, the group agreed terms with Nedbank and Standard Bank for the extension of the debt facilities expiring in September and October 2021 for a further three years on similar terms as set out above.

The loans and borrowings are secured as follows:

Nedbank

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

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

Standard Bank

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

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)

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)

16. FINANCIAL LIABILITIES (continued)

16.1 Loans and borrowings (continued)

The following covenants are applicable to the year ended 31 March 2021:

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
- Cash flow 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] *Cash flow cover means the ratio of Cash flow 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	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
16.2 Derivative financial liabilities				
Forward exchange derivatives	–	6 564	–	–
Cross currency interest rate swaps	27 173	81 889	–	–
Interest rate swaps	34 637	64 253	15 624	29 309
– ZAR denominated facilities	14 630	28 610	14 630	28 609
– GBP denominated facilities	20 007	35 643	994	700
	61 810	152 706	15 624	29 309

These amounts represent the mark-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, ZAR 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.

Refer to note 26 for further details set out on the derivative instruments.

16.3 Capital management

The group's financing policy is to fund the expansion of its property portfolio and achieve its strategic growth objectives through a mix of debt and equity. The group has various mechanisms in place to conserve cash for future expansion such as offering a dividend reinvestment plan to shareholders, which allows for the reinvestment of their cash dividend into additional shares in the company.

The group uses the loan-to-value (LTV) ratio, set out below, as a crucial metric in assessing its capital structure.

	Group	
	2021 R'000	2020 R'000
Loans and borrowings	1 994 359	2 205 723
Less: cash and cash equivalents	(171 073)	(76 353)
Net debt	1 823 286	2 129 370
Investment properties	7 869 321	7 074 287
Less: lease obligations	(301 730)	(337 109)
Fair value of investment properties (net of lease obligations)	7 567 591	6 737 178
LTV ratio	24.1%	31.6%

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
17. TRADE AND OTHER PAYABLES				
Financial instruments				
Trade creditors	31 228	32 676	1 374	1 745
Security deposits	21 557	19 774	2 230	1 975
Other payables	8 040	6 135	2 286	1 810
Related party payables	–	–	520	–
Property accruals	41 063	30 537	6 745	5 263
Tenant deposits	582	614	583	613
	102 470	89 736	13 737	11 406
Non-financial instruments				
Income received in advance	55 366	51 937	2 272	405
Taxation payable	5 979	–	–	–
VAT	9 487	16 305	–	(166)
	70 832	68 242	2 272	239
Total trade and other payables	173 302	157 978	16 009	11 645

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

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
18. PROVISIONS				
Balance at beginning of year	2 858	6 266	2 422	5 768
Movement in provision*	7 858	(3 408)	2 022	(3 346)
Balance at end of year	10 716	2 858	4 444	2 422

* *Relates mainly to provision for bonuses and municipal related costs*

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
19. REVENUE				
Rental income	738 726	633 973	33 153	36 526
Rental income from tenants	733 192	615 503	27 619	19 054
Rental underpin	5 534	18 470	5 534	17 472
Other income	61 496	64 849	3 805	1 035
Ancillary income ^	47 681	35 221	3 706	774
Rental guarantee #	10 042	24 458	–	–
Sundry income	3 773	5 170	99	261
Property revenue	800 222	698 822	36 958	37 561

^ *Includes sale of merchandise, administration fees, late fees, insurance income (UK only).*

The rental guarantee relates to the acquisition of the Managed Portfolio in October 2018 and the rental underpin to the Certificate of Practical Completion developments (Bryanston – September 2017; Craighall – August 2019). Both, provided by the sellers of the properties, effectively provide income protection to Stor-Age as the properties lease-up to mature occupancy levels.

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
20. OTHER FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS				
Fair value adjustment to derivative financial instruments	72 791	(151 067)	(14 302)	(25 153)
Fair value adjustment to other financial instruments	(10 123)	(24 526)	(259)	(68)
	62 668	(175 593)	(14 561)	(25 221)

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
21. ADMINISTRATION EXPENSES BY NATURE				
21.1 Employee benefits				
Salaries and wages	50 900	31 156	29 938	17 198
Equity-based share based payment expense	14 310	7 466	13 781	7 466
Other staff costs	1 695	2 010	1 466	1 579
	66 905	40 632	45 185	26 243
21.2 Operating and administration expenses				
Other administration expenses	11 826	5 373	12 199	4 218
Professional fees	7 415	5 717	1 479	1 780
Auditor's remuneration	3 161	3 739	1 473	2 579
	22 402	14 829	15 151	8 577
Total	89 307	55 461	60 336	34 820

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
22. TAXATION				
22.1 Current and deferred tax expense				
Income tax charge for the year	(6 564)	(472)	–	–
Deferred tax charge for the year	(90 055)	3 647	–	–
Taxation for the year	(96 619)	3 175	–	–
Reconciliation between applicable tax rate and effective tax rate:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses	1.19%	3.82%	1.30%	1.82%
– Employee conditional share plan	*0.31%*	*2.05%*	*1.02%*	*1.25%*
– Corporate interest restriction (CIR)	*0.81%*	*0.00%*	*0.00%*	*0.00%*
– Items of a capital nature	*0.07%*	*1.41%*	*0.28%*	*0.57%*
– Items not in the production of income ^	*0.00%*	*0.36%*	*0.00%*	*0.00%*
Tax-exempt income	0.00%	0.00%	(0.09%)	0.00%
– Government incentives (ETI & TERS)	*0.00%*	*0.00%*	*(0.09%)*	*0.00%*
Fair value adjustments	(10.48%)	46.03%	0.30%	15.60%
Tax rate difference due to foreign operations	(3.99%)	(13.61%)	0.00%	0.00%
Qualifying distribution	(5.97%)	(80.78%)	(28.71%)	(49.33%)
Unrecognised deferred tax asset	(1.30%)	13.44%	(0.80%)	3.91%
Effective tax rate	7.45%	(3.10%)	(0.00%)	(0.00%)
22.2 Deferred tax				
Deferred tax asset				
Tax losses	462	17 528	–	–
Capital allowances	2 239	–	–	–
Fair value adjustments	–	7 908	–	–
	2 701	25 436	–	–
Deferred tax liability				
Fair value adjustments	(65 361)	–	–	–
	(65 361)	–	–	–
	(62 660)	25 436	–	–

^ *Relates mainly to expenses of one of the SA dormant subsidiaries, where the subsidiary did not generate any income during the year. The expenses of this company is not tax deductible as it does not relate to a specific revenue stream.*

Deferred tax movement reconciliation – Group*

	Tax losses	Fair value adjustments	Capital Allowances	Total R'000
2021				
At beginning of the year	17 528	7 908	–	25 436
Profit or loss	(16 416)	(75 980)	2 341	(90 055)
Exchange differences	(650)	2 711	(102)	1 959
At end of year	462	(65 361)	2 239	(62 660)
2020				
At beginning of the year	18 829	–	–	18 829
Profit or loss	(3 963)	7 610	–	3 647
Exchange differences	2 662	298	–	2 960
At end of year	17 528	7 908	–	25 436

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

South Africa

The South African group of companies has assessed losses of R406.1 million (2020: R406.1 million). Management has decided, in light of the impact of the REIT legislation, not to recognise a deferred taxation asset relating to the assessed loss as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

United Kingdom

The deferred tax liability recognition on the fair value adjustments in the UK is a result of the change in UK tax laws whereby companies which were subject to tax under the Non-Resident Landlord Scheme have now become subject to Corporations Tax, effective 6 April 2020.

The UK group of companies has tax losses available to carry forward and utilise against future profits of £0.1 million (2020: £4.1 million).

23. EARNINGS AND HEADLINE EARNINGS PER SHARE

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

	Group 2021 R'000	Group 2020 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the year (attributable to shareholders of the parent)	1 192 294	104 887
Basic earnings	1 192 294	104 887
	Gross	Gross
Headline earnings adjustments	(719 430)	103 182
Fair value adjustment to investment properties	(803 242)	104 407
Fair value adjustment to investment properties (NCI) +	8 707	(1 225)
Tax effect on the above adjustments	75 105	–
Headline earnings attributable to shareholders	472 864	208 069
Number of shares		
Total number of shares in issue ('000)	432 881	397 849
Shares in issue entitled to dividends at 31 March ('000)	432 881	395 349
Weighted average number of shares in issue ('000)	421 786	394 448
Weighted average number of shares in issue entitled to dividends	421 786	391 948
Add: Weighted potential dilutive impact of conditional shares	3 724	2 012
Diluted weighted average number of shares in issue	425 510	393 960
Earnings per share		
Basic earnings per share (cents)	282.68	26.76
Diluted earnings per share (cents)	280.20	26.62
Headline earnings per share		
Basic headline earnings per share (cents)	112.11	53.09
Diluted headline earnings per share (cents)	111.13	52.81

\+ *Non-controlling interest.*

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
24.	NOTES TO THE STATEMENTS OF CASH FLOWS				
24.1	**Cash generated from operations**				
	Profit before taxation	1 299 226	102 042	377 003	167 118
	Adjusted for:				
	Dividends income	–	–	(441 563)	(345 080)
	Interest income	(44 438)	(58 258)	(19 291)	(24 910)
	Interest expense	107 906	116 625	46 920	66 318
	Change in provision	7 858	(3 408)	2 022	(3 346)
	Depreciation and amortisation	11 184	10 837	5 396	4 439
	Equity-settled share based payment expense	14 310	7 466	13 781	7 466
	Foreign exchange (gains)/losses	(5 368)	14 851	(9 714)	14 851
	Impairment of investment in subsidiary	–	–	–	76 020
	Fair value adjustment to investment properties	(803 242)	104 407	(4 062)	17 006
	Fair value adjustment to financial instruments	(62 668)	181 813	14 561	25 221
		524 768	476 375	(6 823)	5 103
	Changes in working capital, net of assets acquired	58 491	(27 650)	20 907	(19 301)
	Decrease/(increase) in trade and other receivables	44 554	(119)	20 416	(9 533)
	Increase in inventory	(520)	(24)	(378)	(419)
	Increase/(decrease) in trade and other payables	14 457	(27 507)	869	(9 349)
		583 259	448 725	14 084	(14 198)
24.2	**Interest received**				
	Interest income	44 438	58 258	19 291	24 910
	Outstanding interest income accrual on loans	(8 771)	(4 263)	(4 224)	(3 000)
	Interest received	35 667	53 995	15 067	21 910
24.3	**Interest paid**				
	Interest expense	107 906	116 625	46 920	66 318
	Interest capitalised to investment properties (refer to note 3)	16 168	17 691	15 935	16 566
	Realised losses on interest rate swaps	54 401	4 947	28 388	4 947
	Outstanding interest expense accrual on loans	(6 492)	(3 843)	(3 419)	(3 437)
	Interest on lease obligations	(18 980)	(16 003)	(332)	(430)
	Interest paid	153 003	119 417	87 492	83 964

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
24.4	**Dividends paid**				
	Balance payable at beginning of year	225 983	214 867	225 983	214 867
	Dividend declared*	466 527	440 332	466 527	440 332
	Dividends paid by subsidiary to non-controlling interest	2 085	1 236	–	–
	Balance payable at end of year	(234 102)	(225 983)	(234 102)	(225 983)
	Dividends paid	460 493	430 452	458 408	429 216
	***Dividends declared**				
	Dividend declared based on shares in issue at year end	466 527	440 332	466 527	440 332
	Antecedent dividend relating to shares issued after year end	–	12 131	–	12 131
	Distributable earnings	466 527	452 463	466 527	452 463
24.5	**Dividend received**				
	Balance receivable at the beginning of year	–	–	184 321	151 553
	Dividend income from subsidiary	–	–	441 563	345 080
	Final restructured subsidiary dividend	–	–	–	(3 704)
	Balance receivable at end of year	–	–	(229 995)	(184 321)
	Dividend received	–	–	395 889	308 608

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

		Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
24.7	**Movement in net debt**				
	Loans and borrowings	1 994 359	2 205 723	951 153	1 086 112
	Lease obligations	304 819	341 611	2 721	3 812
	Gross debt	2 299 178	2 547 334	953 874	1 089 924
	Cash and cash equivalents	(171 073)	(76 353)	(76 950)	(23 242)
	Net debt	2 128 105	2 470 981	876 924	1 066 682

Reconciliation of the movement in net debt

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Group			
Net debt at 1 April 2020	(2 205 723)	(341 611)	(2 547 334)
Cash flows	113 494	32 867	146 361
Other non-cash movements	9 765	–	9 765
Foreign exchange adjustments	88 105	3 925	92 030
Gross debt at 31 March 2021	(1 994 359)	(304 819)	(2 299 178)
Cash and cash equivalents			171 073
Net debt at 31 March 2021			(2 128 105)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Group			
Net debt at 1 April 2019	(1 742 311)	(213 311)	(1 955 622)
Cash flows	(286 743)	30 448	(256 295)
Recognised on adoption of IFRS 16	–	(22 008)	(22 008)
Acquisition of leasehold properties	–	(74 599)	(74 599)
Other non-cash movements	(14 851)	–	(14 851)
Foreign exchange adjustments	(161 818)	(62 141)	(223 959)
Gross debt at 31 March 2020	(2 205 723)	(341 611)	(2 547 334)
Cash and cash equivalents			76 353
Net debt at 31 March 2020			(2 470 981)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
Net debt at 1 April 2020	(1 086 112)	(3 812)	(1 089 924)
Cash flows	125 194	1 423	126 617
Other non-cash movements	9 765	(332)	9 433
Gross debt at 31 March 2021	(951 153)	(2 721)	(953 874)
Cash and cash equivalents			76 950
Net debt at 31 March 2021			(876 924)

	Loans and borrowings R'000	Lease obligations R'000	Total R'000
Company			
Net debt at 1 April 2019	(916 180)	–	(916 180)
Cash flows	(155 081)	(4 710)	(159 791)
Recognised on adoption of IFRS 16	–	1 329	1 329
Other non-cash movements	(14 851)	(431)	(15 282)
Gross debt at 31 March 2020	(1 086 112)	(3 812)	(1 089 924)
Cash and cash equivalents			23 242
Net debt at 31 March 2020			(1 066 682)

25. SEGMENTAL INFORMATION

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

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

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

Segment property operating income for the year ended 31 March 2021

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	148 655	202 062	5 310	52 338
– Other income	7 374	15 289	381	3 327
Impairment losses recognised on tenant debtors	(2 019)	(2 376)	(166)	(859)
Direct property costs	(33 439)	(47 036)	(1 834)	(14 011)
Operating profit	120 571	167 939	3 691	40 795
Fair value adjustment to investment properties	78 973	228 165	15 712	72 039
Segment property operating income	199 544	396 104	19 403	112 834

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	15 490	423 855	314 871	738 726
– Other income	1 555	27 926	33 570	61 496
Impairment losses recognised on tenant debtors	(344)	(5 764)	(611)	(6 375)
Direct property costs	(4 463)	(100 783)	(105 652)	(206 435)
Operating profit	12 238	345 234	242 178	587 412
Fair value adjustment to investment properties	13 062	407 951	395 291	803 242
Segment property operating income	25 300	753 185	637 469	1 390 654

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	800 222	800 222	–
– Rental income	738 726	738 726	–
– Other income	61 496	61 496	–
Impairment losses recognised on tenant debtors	(6 375)	(6 375)	–
Direct property costs	(206 435)	(206 435)	–
Net property operating income	587 412	587 412	–
Other revenue	4 510	–	4 510
– Management fees	4 510	–	4 510
Administration expenses	(89 307)	–	(89 307)
Operating profit	502 615	587 412	(84 797)
Fair value adjustment to investment properties	803 242	803 242	–
Foreign exchange gains/(losses)	5 368	–	5 368
Other fair value adjustments	62 668	–	62 668
Depreciation and amortisation	(11 184)	–	(11 184)
Profit before interest and taxation	1 362 709	1 390 654	(27 945)
Interest income	44 438	–	44 438
Interest expense	(107 906)	–	(107 906)
Share of net loss of equity-accounted investees	(15)	–	(15)
Profit before taxation	1 299 226	1 390 654	(91 428)
Taxation expense	(96 619)	–	(96 619)
Profit for the year	1 202 607	1 390 654	(188 047)
Translation of foreign operations	(120 800)	–	(120 800)
Other comprehensive income for the year, net of taxation	(120 800)	–	(120 800)
Total comprehensive income for the year	1 081 807	1 390 654	(308 847)

25. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2021

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 748 296	2 195 943	51 200	565 067
Tenant debtors	1 247	2 226	168	911
Inventories	1 917	2 515	93	385
Goodwill and intangible assets	–	–	–	–
Loans and borrowings	–	–	–	–
Lease obligations	(22 215)	(3 237)	–	(19 563)

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	139 200	4 699 706	3 169 615	7 869 321
Tenant debtors	294	4 846	9 941	14 787
Inventories	124	5 034	1 053	6 087
Goodwill and intangible assets	–	–	63 540	63 540
Loans and borrowings	–	–	(1 158 537)	(1 158 537)
Lease obligations	–	(45 015)	(256 715)	(301 730)

Group segment assets, reserves and liabilities as at 31 March 2021

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	8 241 155	7 932 861	308 294
Investment properties	7 869 321	7 869 321	–
Property and equipment	15 696	–	15 696
Stor-Age share purchase scheme loans	140 041	–	140 041
Goodwill and intangible assets	147 019	63 540	83 479
Equity-accounted investees	28 637	–	28 637
Other receivables	–	–	–
Unlisted investment	5 474	–	5 474
Deferred taxation	2 701	–	2 701
Derivative financial assets	32 266	–	32 266
Current assets	260 067	20 874	239 193
Trade and other receivables	82 907	14 787	68 120
Inventories	6 087	6 087	–
Cash and cash equivalents	171 073	–	171 073
Total assets	8 501 222	7 953 735	547 487
Equity and liabilities			
Total equity	5 656 753	–	5 656 753
Stated capital	4 783 903	–	4 783 903
Non-distributable reserve	1 076 749	–	1 076 749
Accumulated loss	(402 047)	–	(402 047)
Share-based payment reserve	21 966	–	21 966
Foreign currency translation reserve	137 574	–	137 574
Total attributable equity to shareholders	5 618 145	–	5 618 145
Non-controlling interest	38 608	–	38 608
Non-current liabilities	1 746 619	1 429 586	317 033
Loans and borrowings	1 347 000	1 158 537	188 463
Derivative financial instruments	61 810	–	61 810
Deferred taxation	65 361	–	65 361
Lease obligations	272 448	271 049	1 399
Current liabilities	1 097 850	30 681	1 067 169
Loans and borrowings	647 359	–	647 359
Trade and other payables	173 302	–	173 302
Provisions	10 716	–	10 716
Lease obligations	32 371	30 681	1 690
Dividends payable	234 102	–	234 102
Total equity and liabilities	8 501 222	1 460 267	7 040 955

25. SEGMENTAL INFORMATION (continued)

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

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)	–
Foreign exchange gains/(losses)	(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)

25. SEGMENTAL INFORMATION (continued)

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 obligations	–	(43 735)	(293 374)	(337 109)

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
Equity-accounted investees			
Other receivables	–	–	–
Unlisted investment	5 082	–	5 082
Deferred taxation	25 436	–	25 436
Derivative financial instruments	–	–	–
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

26. FINANCIAL INSTRUMENTS

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

26.1 Financial risk management

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

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Group as at 31 March 2021				
Financial assets				
Stor-Age share purchase scheme loans	140 041	–	140 041	–
Cash and cash equivalents	171 073	–	171 073	–
Derivative financial assets	32 266	32 266	–	–
Trade and other receivables	82 907	–	42 024	40 883
Unlisted investment	5 474	5 474	–	–
Financial liabilities				
Loans and borrowings	1 994 359	–	1 994 359	–
Derivative financial liabilities	61 810	61 810	–	–
Lease obligations	304 819	–	304 819	–
Trade and other payables	173 302	–	102 470	70 832
Dividend payable	234 102	–	234 102	–
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)	136 169	–	78 006	58 163
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 liabilities	152 706	152 706	–	–
Lease obligations	341 611	–	341 611	–
Trade and other payables	157 978	–	89 736	68 242
Dividend payable	225 983	–	225 983	–

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000	Non-financial instruments R'000
Company as at 31 March 2021				
Financial assets				
Stor-Age share purchase scheme loans	140 041	–	140 041	–
Cash and cash equivalents	76 950	–	76 950	–
Trade and other receivables	11 606	–	6 150	5 456
Derivative financial assets	400	400	–	–
Unlisted investment	5 474	5 474	–	–
Financial liabilities				
Loans and borrowings	951 153	–	951 153	–
Derivative financial liabilities	15 624	15 624	–	–
Lease obligations	2 721	–	2 721	–
Trade and other payables	16 009	–	13 737	2 272
Dividend payable	234 102	–	234 102	–
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)	23 884	–	22 779	1 105
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 liabilities	29 309	29 309	–	–
Lease obligations	3 812	–	3 812	–
Trade and other payables	11 645	–	11 406	239
Dividend payable	225 983	–	225 983	–

26.2 Market risk

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

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.1 Interest rate risk

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

The group 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 2021

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
ZAR denominated facilities							
Nedbank *							
– Swap	150 000	–	03-Jun-20	03-Jun-21	3 month Jibar	3.77%	(35)
	150 000	–					(35)
Nedbank *							
– Swap	200 000	–	03-Jun-20	03-Jun-22	3 month Jibar	4.03%	132
– Swap	100 000	–	03-Jun-20	05-Jun-23	3 month Jibar	4.45%	268
	300 000	–					400
Standard Bank *							
– Swap	100 000	–	02-Aug-19	25-Oct-21^	3 month Jibar	7.60%	(2 835)
– Swap	100 000	–	07-Aug-19	15-Nov-21^	3 month Jibar	7.50%	(2 786)
	200 000	–					(5 621)
Total ZAR denominated facilities	650 000	–					(5 256)
GBP denominated facilities							
Lloyds Bank #							
– Swap	153 095	7 500	01-Dec-20	18-Oct-24	3 month Libor	1.14%	(4 225)
– Swap	220 457	10 800	01-Dec-20	18-Oct-27	3 month Libor	1.18%	(7 206)
– Swap	431 729	21 150	31-Dec-20	18-Oct-27	3 month Libor	0.96%	(7 582)
	805 281	39 450					(19 013)
Standard Bank #							
– Swap	102 064	5 000	10-Feb-20	10-Feb-23	3 month Libor	0.66%	(994)
Total GBP denominated facilities	907 345	44 450					(20 007)
Total	1 557 345	44 450					(25 263)

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

	Notional amount R'000	Notional amount £'000	Effective date	Maturity^ date	Rate benchmark	Fixed rate	Fair value at 31 March 2021 R'000
Standard Bank #							
– Swap option	100 000	–	02-Aug-19	15-Nov-21	3 month Libor	7.15%	(4 420)
– Swap option	100 000	–	07-Aug-19	25-Oct-21	3 month Libor	7.15%	(4 554)
	200 000	–					(8 974)
Total							(34 237)

^ *Under the swaption agreements the bank has the right to extend the agreement at 7.15% to August 2024.*

* *Interest rates are linked to 3 month JIBAR.*

Interest rates are linked to LIBOR.

31 March 2020

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Rate benchmark	Fixed rate	Fair value at 31 March 2020 R'000
ZAR denominated facilities							
Nedbank *							
– Swap	50 000	–	08-Aug-17	30-Oct-20	3 month Jibar	9.00%	(569)
– Swap	50 000	–	12-Apr-19	01-Apr-22	3 month Jibar	9.13%	(2 024)
– Swap	100 000	–	12-Apr-19	01-Apr-22	3 month Jibar	8.96%	(3 710)
	200 000	–					(6 303)
Nedbank ^							
– Swap	100 000	–	12-Apr-19	01-Apr-22	Prime	8.96%	(3 710)
– Swap	100 000	–	12-Apr-19	01-Apr-22	Prime	8.96%	(3 710)
– Swap	100 000	–	08-Aug-19	08-Aug-22	Prime	9.00%	(3 956)
	300 000	–					(11 376)
Standard Bank *							
– Swap	100 000	–	02-Aug-19	15-Nov-21	3 month Jibar	7.60%	(3 863)
– Swap	100 000	–	07-Aug-19	25-Oct-21	3 month Jibar	7.50%	(3 698)
	200 000	–					(7 561)
Total ZAR denominated facilities	700 000	–					(25 240)
GBP denominated facilities							
Lloyds Bank #							
– Swap	468 284	21 150	28-Sep-18	18-Oct-22	3 month Libor	0.96%	(16 849)
– Swap	166 058	7 500	26-Mar-19	18-Oct-24	3 month Libor	1.14%	(5 480)
– Swap	239 124	10 800	01-Dec-19	18-Oct-24	3 month Libor	1.18%	(12 614)
	873 466	39 450					(34 943)
Standard Bank #							
– Swap	110 705	5 000	10-Feb-20	10-Feb-23	3 month Libor	0.66%	(700)
Total GBP denominated facilities	984 171	44 450					(35 643)
Total	1 684 171	44 450					(60 883)

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	Rate benchmark	Fixed rate	Fair value at 31 March 2020 R'000
Standard Bank #							
– Swap option	100 000	–	02-Aug-19	15-Nov-21	3 month Libor	7.15%	(1 665)
– Swap option	100 000	–	07-Aug-19	25-Oct-21	3 month Libor	7.15%	(1 705)
	200 000	–					(3 370)
Total							(64 253)

* *Interest rates are linked to 3 month JIBAR.*
^ *Interest rates are linked to the prime rate applicable in South Africa.*
# *Interest rates are linked to LIBOR.*

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.2 Effective interest rates

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

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2021						
Cash and cash equivalents	*11*		171 073	171 073	–	–
ZAR denominated						
– Cash on call		3.25%	69 012	69 012	–	–
– Current accounts		3.00%	37 108	37 108	–	–
GBP denominated						
– Current accounts		0.00%	64 953	64 953	–	–
Stor-Age share purchase scheme loans	*4*		140 041	–	–	140 041
– Issue 1		8.00%	96 296	–	–	96 296
– Issue 2		8.31%	1 213	–	–	1 213
– Issue 3		8.00%	772	–	–	772
– Issue 4a		7.46%	4 017	–	–	4 017
– Issue 4b		7.46%	10 879	–	–	10 879
– Issue 5		7.19%	14 427	–	–	14 427
– Issue 6		7.90%	12 437	–	–	12 437
Financial liabilities			(25 263)	(35)	(10 440)	(14 788)
Nedbank	*26.2.1*					
– Swap		3.77%	(35)	(35)	–	–
Nedbank	*26.2.1*					
– Swap		4.03%	132	–	132	–
– Swap		4.45%	268	–	268	–
Standard Bank	*26.2.1*					
– Swap		7.60%	(2 835)	–	(2 835)	–
– Swap		7.50%	(2 786)	–	(2 786)	–
Standard Bank						
– Swap		0.66%	(994)	–	(994)	–
Lloyds Bank	*26.2.1*					
– Swap		1.14%	(4 225)	–	(4 225)	–
– Swap		1.18%	(7 206)	–	–	(7 206)
– Swap		0.96%	(7 582)	–	–	(7 582)

	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	*26.2.1*					
– Swap		9.00%	(569)	(569)	–	–
– Swap		9.13%	(2 024)	–	(2 024)	–
– Swap		8.96%	(3 710)	–	(3 710)	–
Nedbank	*26.2.1*					
– Swap		8.96%	(3 710)	–	(3 710)	–
– Swap		8.96%	(3 710)	–	(3 710)	–
– Swap		9.00%	(3 956)	–	(3 956)	–
Standard Bank	*26.2.1*					
– Swap		7.50%	(3 863)	–	(3 863)	–
– Swap		7.50%	(3 698)	–	(3 698)	–
Standard Bank						
– Swap		0.66%	(700)	–	(700)	–
Lloyds Bank	*26.2.1*					
– Swap		0.96%	(16 849)	–	(16 849)	–
– Swap		1.14%	(5 480)	–	–	(5 480)
– Swap		1.18%	(12 614)	–	–	(12 614)

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2021

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.3 Hedge cover of loans and borrowings

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
ZAR denominated	1 135 348	1 130 647	1 135 348	1 130 647
GBP denominated	1 158 538	1 244 708	115 332	125 097
Total loans and borrowings	2 293 886	2 375 355	1 250 680	1 255 744
Surplus cash paid into loan facility	(299 527)	(169 632)	(299 527)	(169 632)
Loans and borrowings, net of cash	1 994 359	2 205 723	951 153	1 086 112
Interest rate swaps	1 557 345	1 684 171	752 064	810 705
Effective hedge cover of loans and borrowings	78.1%	76.4%	79.1%	74.6%

26.2.4 Managing interest rate benchmark reform and associated risks

The global reform of interest benchmarks includes the replacement of some interbank offered rates (IBOR) with alternative benchmark interest rates. The group has exposure to IBORs on some of its loans and borrowings and derivative contracts for which there remains uncertainty regarding the timing and method of transition. At 31 March 2021 the group's contracts remain at IBORs and have not yet transitioned to an alternative benchmark interest rate.

The transition for contracts indexed at LIBOR to an alternative benchmark interest rate will take place by 31 December 2021, the deadline set by UK regulator for the phasing out of LIBOR. Contracts that mature after this phase-out date will be indexed at an alternative benchmark rate. The contracts affected by the transition are set out in the table below:

	Group 2021 R'000	Company 2021 R'000
Liabilities exposed to GBP LIBOR maturing after 31 December 2021		
Loans and borrowings	1 043 206	–
Derivatives	28 981	9 968
Total	1 072 187	9 968

For the contracts indexed at JIBAR, uncertainty remains on the timing and method of transition.

26.2.5 Sensitivity analysis to interest rates

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss 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 R7.365 million (2020: R6.923 million). The analysis has been prepared on the assumption that all other variables remain constant.

26.2.6 Currency risk

Currency hedging

The group has trading operations in the UK and is exposed to currency risk on its capital investment as well as the underlying earnings. The group uses cross-currency interest rate swaps as part of its treasury management plan to hedge part of its foreign currency investment. The cross-currency interest swaps are structured to receive a fixed 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
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			15 000	272 200		

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 18.1% (2020: 38.5%) 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 2021 GBP'000	31 March 2020 GBP'000
Investment property	155 277	132 888
Loans and borrowings	(56 756)	(56 217)
Other assets	7 981	8 645
Other liabilities	(23 479)	(20 379)
Net investment	83 023	64 937
Nominal value of cross currency interest rate swaps	15 000	25 000
Effective hedge of net investment	18.1%	38.5%

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, 75% 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	Forward rate	Fair value at 31 March 2021 (note 16.2)
June 2021	R23.02/GBP	8 380
November 2021	R23.23/GBP	5 990
June 2022	R23.48/GBP	4 947
November 2022	R24.28/GBP	6 450
June 2023	R24.29/GBP	4 720
November 2023	R23.74/GBP	1 379
		31 866

26.2.7 *Sensitivity analysis to exchange rates*

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At an 8% 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.

26. FINANCIAL INSTRUMENTS (continued)

26.2 Market risk (continued)

26.2.7 Sensitivity analysis to exchange rates (continued)

	Group			
	2021		2020	
R'000	8% ZAR depreciation against the GBP	8% ZAR appreciation against the GBP	21% ZAR depreciation against the GBP	21% ZAR appreciation against the GBP
Distributable earnings	254	9 440	115	7 832

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

Average exchange rate		Year-end spot rate	
2021	2020	2021	2020
£1/R21.35	£1/R18.79	£1/20.41	£1/R22.14

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		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Stor-Age share purchase scheme loans	140 041	185 737	140 041	185 737
Trade and other receivables	41 883	42 019	4 153	7 863
Tenant and related receivables	14 787	16 827	126	179
Sundry receivables	27 096	25 192	4 027	7 684
Other receivables: Rental guarantee	–	10 041	–	10 041
Intercompany receivable	–	–	387 047	353 307
Related party receivables	14	13 314	1 872	14 827
Staff loans	127	89	125	89
Cash and cash equivalents	171 073	76 353	76 950	23 242
	353 138	327 553	610 188	595 106
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	140 041	185 737	140 041	185 737
Shares pledged as security	(165 559)	(204 158)	(165 559)	(204 158)
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 has been assessed as low as 22 of the group's 50 properties are owned by RSI and contribute a significant portion of the group's revenue. The company has reviewed RSI's expected cash flows and believes that the full loan balance is recoverable. 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. No impairment allowance was recognised in the prior year.

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 6). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis has been used to determine the impairment allowance as the receivable has not suffered a significant increase in credit risk and the risk of default is low. No impairment allowance was recognised in the prior year.

Cash and cash equivalents

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

Tenant and related receivables

Tenant debtors are classified as current as they are short-term in nature and generally settled within 30 days. Tenant debtors do not contain a significant financing component. Tenant debtors are initially recognised at the amount of the consideration that is unconditional. Subsequently tenant debtors are measured at amortised cost using the effective interest method as they are held with the objective to collect contractual cash flows. The credit risk is mitigated as the majority of tenants pay by debit order and the group's credit policy requires the holding of rental deposits (for South African tenants) in most instances. In terms of the rental agreements entered into with tenants, the group may under certain conditions dispose of tenant goods to recover the outstanding amounts. The group's policy is to write off tenant debt that is unrecoverable after debt collecting procedures, which includes the auction of tenant goods, have been followed.

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. Further details regarding the impairment allowance is set out in note 26.3.2

Staff loans

Loans are only granted to employees who meet certain criteria as set out in the company's handbook. The loans are interest free and repayable over a fixed period generally not exceeding a term of 12 months. On initial recognition the credit risk and probability of default has been assessed as low as the loan repayments are recovered directly from the employee's salary or any other funds due to the employee on the termination of employment. At the reporting date there has been no significant increase in the credit risk of staff loans and therefore in applying the 12-month expected credit loss basis, no impairment allowance has been recognised in the current year and the prior year.

26. FINANCIAL INSTRUMENTS (continued)

26.3 Credit risk (continued)

26.3.2 Impairment loss allowances

Tenant and related receivables

The expected credit loss rates are based on historical bad debt impairments as a percentage of the tenant debtors balance adjusted for forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The group has identified the gross domestic product and unemployment rate in South Africa and the United Kingdom to be the most relevant factors and accordingly adjusts the historical loss rates.

The loss allowance was determined as follows:

	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group					
31 March 2021					
South Africa					
Expected loss rate	5%	14%	47%	87%	32%
Gross carrying amount	2 986	1 301	1 303	1 531	7 121
Loss allowance	(157)	(178)	(609)	(1 331)	(2 275)
UK					
Expected loss rate	0%	11%	54%	100%	2%
Gross carrying amount	9 695	184	225	–	10 104
Loss allowance	(21)	(20)	(122)	–	(163)
Group					
31 March 2020					
South Africa					
Expected loss rate	2%	7%	26%	75%	18%
Gross carrying amount	2 818	1 481	1 004	894	6 197
Loss allowance	(67)	(102)	(261)	(672)	(1 102)
UK					
Expected loss rate	1%	10%	51%	100%	5%
Gross carrying amount	11 203	447	487	199	12 336
Loss allowance	(112)	(45)	(248)	(199)	(604)
Company					
31 March 2021					
South Africa					
Expected loss rate	6%	23%	59%	87%	36%
Gross carrying amount	82	35	41	39	197
Loss allowance	(5)	(8)	(24)	(34)	(71)
Company					
31 March 2020					
South Africa					
Expected loss rate	1%	5%	10%	86%	15%
Gross carrying amount	90	63	29	29	211
Loss allowance	(1)	(3)	(3)	(25)	(32)

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 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	(1 706)	(1 851)	(32)	(16)
Increase in loss allowance	(7 566)	(4 368)	(184)	(54)
Receivables written off during the year as uncollectible	6 764	4 636	145	38
Foreign exchange movement	70	(123)	–	–
Closing balance at 31 March	(2 438)	(1 706)	(71)	(32)

Stor-Age has no financial assets that have been written off that are subject to legal recovery processes.

26.4 Liquidity risk

The group's exposure to liquidity risk mainly arises from loans and borrowings, lease obligations and trade and other payables. The group continuously monitors its net liquidity position on the basis of expected cash flows.

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group 2021					
Non-derivative financial liabilities					
Loans and borrowings	1 994 359	946 886	–	1 347 000	–
Lease obligations	304 819	34 229	32 374	97 122	353 640
Trade and other payables*	80 331	80 331	–	–	–
Total non-derivatives	2 379 509	1 061 446	32 374	1 444 122	353 640
Derivative financial liabilities	61 810	45 483	–	64 702	–
Total derivatives	61 810	45 483	–	64 702	–
Group 2020					
Non-derivative financial liabilities					
Loans and borrowings	2 205 723	169 104	797 394	1 417 961	–
Lease obligations	341 611	35 352	33 508	100 522	405 501
Trade and other payables*	69 348	69 348	–	–	–
Total non-derivatives	2 616 682	264 700	830 902	1 518 483	405 501
Derivative financial liabilities	152 706	9 104	45 372	80 682	–
Total derivatives	152 706	9 104	45 372	80 682	–

* *Includes trade creditors, other payables, related party payables and property accruals.*

26. FINANCIAL INSTRUMENTS (continued)

26.4 Liquidity risk (continued)

The maturity profile of the group's total and undrawn borrowing facilities are reflected below:

	2021 Total borrowing facilities	2021 Undrawn borrowing facilities	2020 Total borrowing facilities	2020 Undrawn borrowing facilities
Maturity				
Within 1 year	1 020 332	73 446	160 000	–
Between 1 and 3 years	650 000	346 206	922 129	124 735
Beyond 3 years	1 061 461	18 255	1 951 336	533 375
	2 731 793	437 907	3 033 465	658 110

	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 2021					
Non-derivative financial liabilities					
Loans and borrowings	951 153	946 886	–	303 794	–
Lease obligations	2 721	1 522	1 484	–	–
Trade and other payables*	10 846	10 846	–	–	–
Total non-derivatives	964 798	959 332	1 484	303 794	–
Derivative financial liabilities	15 624	58 125	–	18 649	–
Total derivatives	15 624	58 125	–	18 649	–
Company 2020					
Non-derivative financial liabilities					
Loans and borrowings	1 086 112	160 000	797 394	298 350	–
Lease obligations	3 812	1 423	3 007	–	–
Trade and other payables*	8 818	8 818	–	–	–
Total non-derivatives	1 098 742	170 241	800 401	298 350	–
Derivative financial liabilities	29 309	13 472	67 141	25 121	–
Total derivatives	29 309	13 472	67 141	25 121	–

* *Includes trade creditors, other payables, related party payables and property accruals.*

The maturity profile of the company's total and undrawn borrowing facilities are reflected below:

	2021 Total borrowing facilities	2021 Undrawn borrowing facilities	2020 Total borrowing facilities	2020 Undrawn borrowing facilities
Maturity				
Within 1 year	1 020 332	73 446	160 000	–
Between 1 and 3 years	650 000	346 206	922 129	124 735
Beyond 3 years	–	–	800 000	501 650
	1 670 332	419 652	1 882 129	626 385

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:

Group	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
2021					
Assets		–	37 740	7 869 321	7 907 061
Investment properties	3	–	–	7 869 321	7 869 321
Derivative financial assets	8	–	32 266	–	32 266
Unlisted investment		–	5 474	–	5 474
Liabilities		–	61 810	–	61 810
Derivative financial liabilities	16.2	–	61 810	–	61 810
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
Company					
2021					
Assets		–	5 874	620 544	626 418
Investment properties	3	–	–	620 544	620 544
Derivative financial assets	8	–	400	–	400
Unlisted investment		–	5 474	–	5 474
Liabilities		–	15 624	–	15 624
Derivative financial liabilities	16.2	–	15 624	–	15 624
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

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 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.

* *The investment is in products with Cadiz Life Limited which provides loans to black-owned businesses and beneficiaries at affordable interest rates with the purpose of complying with the BBBEE codes.*

28. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management 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

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

- Gauteng Storage Properties Proprietary Limited
- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age International Proprietary Limited
- Storage RSA Investments Proprietary Limited and its subsidiaries

Equity-accounted investees

- Sunningdale Self Storage Proprietary Limited
- SKJV 1 Limited
- SKJV 2 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 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
29.2 Material related party transactions and balances				
Related party balances				
Intercompany payables				
Gauteng Storage Properties Proprietary Limited	–	–	4 743	–
Unit Self Storage Proprietary Limited	–	–	9 622	2 372
Roeland Street Investments 2 Proprietary Limited	–	–	27 001	23 380
Intercompany receivables				
Gauteng Storage Properties Proprietary Limited	–	–	–	790
Roeland Street Investments Proprietary Limited	–	–	387 047	352 517
Storage RSA Trading Proprietary Limited	–	–	–	–
Amounts – owing to related parties				
– Gauteng Storage Properties Proprietary Limited	–	–	3	–
– Roeland Street Investments Proprietary Limited	–	–	253	–
– Roeland Street Investments 2 Proprietary Limited	–	–	170	–
– Unit Self Storage Proprietary Limited	–	–	94	–
Amounts – owing by related parties				
– Betterstore Self Storage Operations Limited	–	–	1 449	–
– Stor-Age Property Holdings Proprietary Limited	11	8 463	11	8 463
– Roeland Street Investments Proprietary Limited	–	–	151	–
– Roeland Street Investments 2 Proprietary Limited	–	–	66	–
– Madison Square Holdings Close Corporation	3	4 934	3	4 934
– Unit Self Storage Proprietary Limited	–	–	31	–
– Gauteng Storage Properties Proprietary Limited	–	–	161	–
Related party transaction				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	352 892	238 654
Wimbledonway Investments Proprietary Limited	–	–	–	3 949
N14 Self Storage Proprietary Limited	–	–	–	857
Roeland Street Investments 2 Proprietary Limited	–	–	88 671	95 361
Roeland Street Investments 3 Proprietary Limited	–	–	–	6 259

29. RELATED PARTY TRANSACTIONS (continued)

29.2 Material related party transactions and balances (continued)

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	13 575	17 512	13 575	17 512
Related party interest income				
Betterstore Self Storage Operations Limited	–	–	29	–
Stor-Age Property Holdings Proprietary Limited	–	3 500	–	3 500
Sunningdale Self Storage Proprietary Limited	801	2	801	2
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	–	–	–	–
Related party construction fees incurred				
Madison Square Holdings Close Corporation	99 227	53 887	63 764	38 183
Related party development fees income				
Sunningdale Self Storage Proprietary Limited	218	1 000	437	1 000
Related party recovery of costs				
Madison Square Holdings Close Corporation	2 400	5 000	2 400	5 000
Betterstore Self Storage Operations Limited	–	–	1 120	–
Office lease payments				
Stor-Age Property Holdings Proprietary Limited	1 423	1 330	1 423	1 330
Office rental income				
Madison Square Holdings Close Corporation	–	131	–	–
Purchase of Craighall self storage property	–	88 904	–	88 904

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 2021				
GM Lucas	3 650 251	7 021 513	10 671 764	2.47%
SJ Horton	3 650 251	3 082 802	6 733 053	1.56%
SC Lucas	3 650 252	7 021 513	10 671 765	2.47%
MS Moloko	64 907	–	64 907	0.01%
GA Blackshaw	–	1 742 648	1 742 648	0.40%
HH-O Steyn (company secretary)	–	300 000	300 000	0.07%
JAL Chapman	132 279	–	132 279	0.03%
	11 147 940	19 168 476	30 316 416	7.00%
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%

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 Pty Ltd ("SPH") entered into a Further Amended and Restated Facility Agreement ("the Loan Facility") with Investec Bank Limited ("the Lender") for a borrowing facility of R58.5 million. The shareholder of SPH is the Stor-Age Property Holdings Trust ("SPH Trust"). Gavin Lucas, Stephen Lucas and Steven Horton, who are the executive directors of Stor-Age, are ultimate beneficiaries of the SPH Trust. The Loan Facility has a 36 month term, bears interest at the prime overdraft rate less 0.75% and is secured by the pledge of 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 2021, the outstanding balance on the Facility was R46.7 million (2020: R37.5 million). The related entities held 24.163 million Stor-Age shares at 31 March 2021.

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.

29. RELATED PARTY TRANSACTIONS (continued)

29.4 Directors' remuneration

	2021 R'000	2020 R'000
A Varachhia+ (investment committee)	60	–
GA Blackshaw (social and ethics committee, investment committee and remuneration committee)	311	271
GBH Fox^ (audit and risk committee and remuneration committee)	75	296
JAL Chapman (investment committee)	241	60
KM de Kock (audit and risk committee and remuneration committee)	292	286
MPR Morojele# (audit and risk committee and remuneration committee)	161	–
MS Moloko (social and ethics committee and audit and risk committee)	286	286
P Mbikwana (social and ethics committee and audit and risk committee)	265	236
PA Theodosiou (audit and risk committee, remuneration committee and investment committee)	–	252
	1 691	1 687

+ *A Varachhia was appointed on 4 January 2021*
# *MPR Morojele was appointed on 1 September 2020*
^ *GBH Fox resigned on 30 June 2020*

Fees paid to executive directors were as follows:

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

	2021				2020			
	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	–	700	2 700	2 000	–	–	2 000
SJ Horton	2 000	–	700	2 700	2 000	–	–	2 000
SC Lucas	2 000	–	700	2 700	2 000	–	–	2 000
	6 000	–	2 100	8 100	6 000	–	–	6 000

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

	Group 2021 R'000	Group 2020 R'000	Company 2021 R'000	Company 2020 R'000
30. LEASE OBLIGATIONS				
Lease payments due:				
Within one year	34 229	35 352	1 522	1 423
Between one and two years	32 602	36 727	1 484	1 522
Between two and five years	96 894	97 303	–	1 485
Later than five years	353 640	405 501	–	–
	517 365	574 883	3 006	4 430
Less: Future finance charges	(212 546)	(233 272)	(285)	(618)
	304 819	341 611	2 721	3 812
Present value of lease payments due:				
Within one year	32 371	33 357	1 384	1 293
Between one and two years	28 917	31 495	1 337	1 258
Between two and five years	78 690	86 215	–	1 261
Later than five years	164 841	190 544	–	–
	304 819	341 611	2 721	3 812
Split between non-current and current portion				
Current liabilities	32 371	33 357	1 384	1 293
Non-current liabilities	272 448	308 254	1 337	2 519
	304 819	341 611	2 721	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 (7 494 m² GLA) and leasehold (620 m² GLA) component. The lease terms set out above relate to the lease of a section of the property.*

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

31. GOING CONCERN

At 31 March 2021 the group's current liabilities exceed its current assets by R837.8 million (Company R377.6 million) as a result of the upcoming refinancing of various debt facilities totalling R786.9 million which expire on 30 September 2021 and the distribution payable at year end of R234.1 million.

Subsequent to year end the group agreed terms with its lenders for the extension of these facilities for a further three years from expiry.

The group currently has approximately R437.9 million (company: R419.7 million) in unutilised long term borrowing facilities as well as R470.6 million (company: R376.45 million) cash on hand (including surplus cash paid into its loan facilities of R299.5 million) which is immediately available to the group and can be accessed to settle its current liabilities in the ordinary course of business.

The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act of South Africa and the directors have 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 and to settle their 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.

32. 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.

In responding to the crisis caused by COVID-19 in March 2020, our priority remained ensuring the safety of our employees and customers. We immediately educated our staff on and introduced new safety protocols including sanitisers and social distancing measures, provided PPE and reinforced hygiene and cleaning standards throughout our properties. Soon after the respective national lockdowns commenced in SA and the UK, we activated a fully online e-sign capability for new leases allowing for a contactless digital sign-up and move-in process. During lockdown, our properties remained accessible to customers in both SA and the UK as we continued to support the provision of essential services.

To further support the communities in which Stor-Age operates, we offered complimentary storage space to several relief and government-based entities. Our properties also served as drop-off points for public donations to assist the efforts of charitable organisations.

Our specialist sector skills and experience, and superior operating model, enabled Stor-Age to adapt with agility to challenges related to the pandemic. We were able to quickly transform our operating model to meet COVID-19 safety requirements and regulations, enabling the group to keep its properties open. Our centralised operating platform and ongoing innovation in our digital platform further empowered the group to withstand the pandemic disruptions and continue serving customers.

As expected, we immediately saw a drop in activity as soon as the lockdowns commenced, resulting in a decrease in occupancy in April and May 2020 in both markets. As lockdown restrictions eased, our primary focus was improving enquiry generation and driving move-in activity to increase occupancy. By the end of May 2020, enquiry levels returned to pre-COVID-19 levels.

From June 2020 we saw an increase in enquiries and move-in activity as the social and economic disruption caused by the pandemic gave rise to additional demand for self storage. Factors driving this demand include work/study-from-home, home improvements, migration in and out of metropolitan markets, disruption to businesses, employment insecurity and an acceleration of e-commerce. Year-on-year enquiries increased by over 20% in both markets.

In these circumstances, mobility tends to increase as people relocate for better economic prospects or more affordable living situations and businesses are forced to quickly adapt, often meaning a need for flexibility in their space (and therefore storage) requirements. In addition, businesses that have pivoted to online sales require product storage space and/or a distribution point for their customers.

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

In the UK, the buoyant housing market also contributed to additional demand.

The group portfolio closed at record occupancy levels of 90.1% (2020: 83.8%) with a year-on-year increase of 28 500m². In SA, year-on-year occupancy grew by 18 900m² and in the UK by 9 600m². Excluding the Flexi portfolio acquisition in December 2019, like-for-like occupancy in the UK increased by 6 700m² to close at 91.4%.

An intensified focus on working capital and cash collections yielded positive results. We collected over 98% and 99% of rentals due in SA and the UK, respectively, and bad debt losses accounted for under 1.0% of group rental income. While we provided rental relief to certain customers as necessitated by the environment, this had no material impact on revenue.

The self storage business model has a track record of resilience in constrained economic environments. Our customers use the product on a short and long-term basis throughout various economic cycles, which creates a market depth that is a significant contributing factor towards the resilience of the product. While self storage has always proven a reliable business model in both positive and negative environments, given this context, awareness of the product has spiralled since the onset of the pandemic as evidenced by the significant year-on-year growth in enquiries.

While we cannot have perfect visibility as to the long-term impact of the socio-economic and structural changes on the industry or customer behaviour, we expect that some of the additional demand will be longer-lasting and more permanent in nature. Our sophisticated operating platform, including digital capability, allows us to quickly analyse changes in customer behaviour across a range of metrics in real time and to adapt our customer acquisition strategy in response.

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. While Stor-Age has been able to respond to the challenges of the pandemic, and manage the risks accordingly, it is difficult to accurately predict the long-term impact of the crisis given the high levels of uncertainty. The group continues to manage the business prudently focusing on enquiry generation, cost management, dedicating appropriate resources to cash collections and deferring non-essential capital expenditure.

We also expect historic seasonality trends to come through in both markets in the year ahead – the winter months being slower in trading – which may result in fluctuations in occupancy. In SA, further lockdowns, delays in the vaccination rollout and the possibility of a third and fourth wave of infections could make the operating environment more challenging.

Our capital structure, industry-leading operating platform, digital capability and specialist sector focus will allow us to continue taking advantage of opportunities and managing challenges that may lie ahead.

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.

33. EVENTS AFTER REPORTING DATE

In April 2021 the group acquired a self storage property in Blackpool from an independent operator for £3.6 million. The property has a current GLA of 31 000 sqf (2 900m², occupancy 90%) with the potential to increase the GLA to 55 000 sqf (4 600m²) by developing the rear car park area and installing mezzanine floors within the existing building.

Terms with lenders were agreed for the extension of two ZAR debt facilities (R745.0 million in aggregate, of which R671.6 million has been utilised), which are due to expire 30 September 2021, for a further three years on similar terms. The group also agreed terms for the extension of the £5.65 million facility due to expire on 30 September 2021 for a further three years.

The group entered into a three-year fixed interest rate swap (notional R100 million) in respect of its SA debt.

The group secured a new development opportunity in SA subsequent to the year end, subject to satisfactory due diligence.

The first phase of construction at Sunningdale (6 350 m² GLA on full fit-out) and Tyger Valley (7 100m² on full fit-out) was completed subsequent to year end. Both properties are located in Cape Town and commenced trading in May 2021.

The 2021 UK budget announced by the chancellor Exchequer Rishi Sunak on March 3 proposed raising the corporate income tax rate from 19% to 25% in April 2023. The report stage and final reading were completed on May 24 and the Bill is now regarded as substantially enacted. This will have a significant impact on the corporate tax expenses in the future.

The board is not aware of any other events that have a material impact on the results or disclosures of the group and which have occurred subsequent to the end of the reporting period.

34. PROPERTY ANALYSIS

34.1 Trading properties

Property name	Address	Province	Gross lettable area (m^2)	Valuation R'000
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	12 297	246 781
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	10 106	169 170
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	9 041	166 245
Stor-Age Pinehurst	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	10 649	143 562
Stor-Age Tokai (*)	64-74 White Road, Retreat, Cape Town	Western Cape	8 114	141 300
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	7 720	89 859
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	7 720	109 188
Stor-Age Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	6 215	79 822
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	5 874	69 502
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	4 953	69 242
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	2 902	61 146
Stor-Age Somerset West	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	5 512	48 431
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	7 261	87 318
Stor-Age Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	5 006	46 059
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	1 411	25 500
Stor-Age Ottery	Corner Bloemhof Avenue and Springfield Street, Ottery	Western Cape	5 354	57 750
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	7 454	107 184
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	6 151	115 774
Stor-Age Craighall	376A Jan Smuts Avenue, Craighall, Randburg, 2024	Gauteng	4 421	118 009
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	8 650	161 450
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	5 049	30 237
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	5 525	39 117
Stor-Age Randburg	225 Braam Fischer Drive, Randburg, Johannesburg	Gauteng	5 784	99 807
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	8 667	90 528
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	7 709	154 374
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	20 914	173 080
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	7 976	105 467
Storage RSA Centurion	65 Freight Road, Louwlardia, Midrand	Gauteng	7 598	86 013
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	9 371	85 222
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	7 202	94 000
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	9 202	84 731
Stor-Age Constantia Kloof (*)	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	5 370	102 232
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	9 293	80 000
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	8 005	67 046
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	7 845	61 800
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	7 137	71 827
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	9 696	52 153

Property name	Address	Province	Gross lettable area (m^2)	Valuation R'000
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	8 228	47 960
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	4 515	27 405
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	4 161	14 900
Stor-Age Berea	23 Calder Road, Berea, Durban	Kwazulu-Natal	7 861	94 170
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	Kwazulu-Natal	9 047	152 261
Stor-Age Springfield (*)	166 Inersite Avenue, Umgeni Business Park	Kwazulu-Natal	5 516	79 299
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	Kwazulu-Natal	15 109	137 509
Stor-Age Durban CBD	200 Gale Street, Durban	Kwazulu-Natal	3 898	35 461
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	Kwazulu-Natal	3 975	47 397
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	6 679	51 200
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	11 032	72 880
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	6 825	66 320
Total SA properties			366 000	4 417 688

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

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

34. PROPERTY ANALYSIS (continued)

34.1 Trading properties (continued)

Property name	Address	Region	Gross lettable area (m^2)	Gross lettable area (Sqf)	Valuation (£'000)
Storage King Aylesford (*)	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 035	43 435	4 299
Storage King Basildon (*)	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	4 221	45 436	5 100
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	4 495	48 385	15 120
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	5 872	63 201	14 400
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	2 165	23 304	3 660
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	4 011	43 176	7 540
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	4 261	45 870	13 420
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	5 182	55 780	10 890
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	3 618	38 942	7 190
Storage King Dudley	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands	3 423	36 847	3 510
Storage King Dunstable (*)	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	3 336	35 910	3 199
Storage King Epsom (*)	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	3 109	33 470	5 061
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 067	43 775	6 850
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	3 175	34 180	7 860
Storage King Nottingham (*)	Land and Buildings at Distribution Centre, Radford Road, Nottingham, NG7 7NQ	Midlands	4 575	49 247	3 824
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	6 439	69 313	13 800
Storage King Shrewsbury	Unit 2 8B Storage King Archers Way Battlefield Enterprise Park, Shrewsbury, SY1 3GA	West Midlands	3 206	34 506	4 980
Storage King Warrington (*)	1 Colville Court Winwick Quay Warrington, WA2 8QT	North West	3 027	32 582	3 142
Storage King West Bromwich (*)	AGL House, Birmingham Road, West Bromwich, West Midlands, B71 4JY	West Midlands	2 340	25 187	1 225
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	3 957	42 588	16 160
Storage King Woodley (*)	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 301	46 294	4 047
Total UK properties			82 815	891 428	155 277

The closing average rental rate of UK properties is £21.49 per square foot

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

The valuations set out above are gross values before the deduction of investment property lease obligations. Details of the lease obligations are set out in note 30.

34.2 Land held for development

Property name	Address	Province	Valuation R'000
Bryanston	4 Cross Road, Bryanston	Gauteng	16 276
Morningside	Portion 5 (a portion of portion 3) of ERF 1543 Morningside Extension 12 Township Registration Division I.R	Gauteng	32 599
Hillcrest	23/25 Highlands Road, Hillcrest	Kwazulu-Natal	19 000
De Waterkant	3-9 Rose Street, Cape Town	Western Cape	49 000
			116 875

34.3 Properties under development

Property name	Address	Province	Valuation R'000	Gross lettable area (m2)
Tyger Valley	210 Durban Road, Oakdale, Cape Town	Western Cape	88 352	7 100
Cresta	288 Weltevreden Rd, Blackheath, Randburg	Gauteng	76 782	7 400
			165 134	14 500

GLA for properties under development represents estimated GLA on completion of the development. The first phase of construction at Tyger Valley was completed shortly after year end and trading commenced in May 2021. Cresta is scheduled to commence trading in October 2021 (first phase).

35. RESTATEMENT OF STANDALONE STATEMENT OF CASH FLOWS

The company statement of cash flows has been restated for the effect of loans advanced to and received from subsidiaries. The loans were previously classified as "cash flows from financing activities" instead of "cash flows from investing activities".

The company has corrected the classification in the statement of cash flows between "cash flows from financing activities" to "cash flows from investing activities" as indicated below:

	As previously reported 31 March 2020 R'000	Adjustment R'000	As restated 31 March 2020 R'000
Company			
Net cash outflow from investing activities			
Advance of loan to subsidiaries	–	(819 337)	(819 337)
Proceeds from subsidiaries	–	782 835	782 835
Net cash outflow from investing activities	(148 695)	(36 502)	(185 197)
Cash flows from financing activities			
Advance of loan to subsidiaries	(36 502)	36 502	–
Net cash outflow from financing activities	183 712	36 502	220 214

36. CONTINGENT LIABILITY

Stor-Age has a 97.8% interest in Storage King through its subsidiary Betterstore Self Storage Holdings Limited ("Betterstore"). The remaining 2.2% interest is held by the Storage King management team ("SK management").

In terms of an agreement between Stor-Age and SK management, and as disclosed in the shareholder circular relating to Stor-Age's acquisition of a controlling interest in Betterstore, SK management would remain invested in the Storage King business for a period of four years after the effective date of the acquisition (November 2017). SK management has an option to sell their interest to Stor-Age at the end of this four-year period. Should SK management elect not to exercise this option, Stor-Age has an option to acquire SK management's interest five years after the effective date of the acquisition. The value of the SK management interest will be determined with reference to the net asset value of Betterstore using the same methodology that was applied to the original acquisition of Stor-Age's controlling interest.

The group has concluded that no value can be ascribed to either of the options as the benefit or obligation, as the case may be, cannot be measured reliably and therefore has disclosed the above arrangement as a contingent liability.

APPENDIX 1
UNAUDITED DISTRIBUTABLE EARNINGS AND RATIOS

	2021 R'000	2020 R'000
Reconciliation of earnings to distributable earnings		
Profit attributable to shareholders of the parent	1 192 294	104 887
Adjusted for:		
Fair value adjustment to investment properties	(803 242)	104 407
Fair value adjustment to investment properties (NCI)+	8 707	(1 225)
Tax effect on the above adjustments	75 105	–
Headline earnings	472 864	208 069
Distributable earnings adjustment	(16 727)	244 861
Depreciation and amortisation	11 184	10 837
Equity-settled share-based payment expense	14 310	7 466
Fair value adjustment to financial instruments	(52 693)	194 397
Restructuring cost	–	551
Other items of a capital nature	1 659	–
Deferred tax	14 950	(3 647)
Foreign exchange (gains)/losses	(5 368)	14 851
Foreign exchange gain available for distribution	(8 477)	3 700
Antecedent dividend on share issues*	7 708	16 706
	456 137	452 930
Other adjustments		
Non-controlling interests in respect of the above adjustments	(1 744)	(467)
Distributable earnings^	454 393	452 463
Dividend declared for the six months ended 30 September	220 290	214 348
Dividend declared for the six months ended 31 March	234 103	238 115
Total dividends for the year	454 393	452 463
Shares entitled to dividends – interim ('000)	423 644	390 505
Shares entitled to dividends – final ('000)	432 881	416 574
Dividend per share September (cents)	52.00	54.89
Dividend per share March (cents)	54.08	57.16
Total dividend per share for the year (cents)	106.08	112.05

The board declared a final dividend of 54.08 cents (2020: 57.16 cents) per share for the six months ended 31 March 2021.

* *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*

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Net asset value*				
Number of shares in issue	432 881 143	397 848 842	432 881 143	397 848 842
Net asset value per share (cents)	1 306.77	1 157.57	973.79	971.90
Net asset value per share excluding non-controlling interest (cents)	1 297.85	1 149.25	973.79	971.90
Net tangible asset value per share (cents)	1 272.81	1 119.29	955.43	952.09
Net tangible asset value per share excluding non-controlling interest (cents)	1 263.89	1 110.98	955.43	952.09

* *The ratios are computed based on IFRS reported figures and have not been audited by the group's external auditors.*

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE

The group has adopted the second edition of the SA REIT Association's BPR for the first time in the current year. The comparative year's metrics have been amended to ensure comparability.

	31 March 2021 R'000	31 March 2020 R'000
SA REIT Funds from Operations ("FFO") per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	1 192 294	104 887
Adjusted for:		
Accounting/specific adjustments	(691 880)	136 123
Fair value adjustments to:		
– Investment properties	(803 242)	104 407
– Debt and equity instruments held at fair value through profit or loss	10 123	24 526
Depreciation and amortisation of intangible assets	11 184	10 837
Deferred tax movement recognised in profit or loss	90 055	(3 647)
Adjustments arising from investing activities:		
Foreign exchange and hedging items:	(78 159)	165 918
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(99 857)	148 474
Foreign exchange losses relating to capital items – realised and unrealised	21 698	17 444
Other adjustments:	14 671	15 014
Non-controlling interests in respect of the above adjustments	6 963	(1 692)
Antecedent earnings adjustment	7 708	16 706
SA REIT FFO	436 926	421 942
Number of shares outstanding at end of year (net of treasury shares) ('000)	432 881 143	397 848 842
SA REIT FFO per share (cents)	100.93	106.06
Company-specific adjustments (per share)	5.15	5.99
– Equity settled share based payment	3.31	1.88
– Foreign exchange gain available for distribution	0.35	5.66
– Other *	1.11	(2.25)
– Shares in issue not entitled to dividends	–	0.70
– Other items of a capital nature	0.38	–
Dividend per share (cents)	106.08	112.05
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	5 618 145	4 572 281
Adjustments:		
Dividend to be declared #	–	–
Fair value of certain derivative financial instruments	2 371	70 817
Foreign exchange contracts	(31 866)	6 564
Interest rate swaps	34 237	64 253
Goodwill and intangible assets	(147 019)	(152 276)
Deferred tax	62 660	(25 436)
SA REIT NAV:	5 536 157	4 465 386
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	432 881 143	397 848 842
Effect of dilutive instruments (options, convertibles and equity interests)	3 724 045	2 012 416
Dilutive number of shares in issue	436 605 188	399 861 258
SA REIT NAV (Rand per share):	12.68	11.17

* *The adjustment is required as the number of shares outstanding at the end of the year is different to the shares entitled to dividends for interim and final.*
# *Dividend payable is reflected as a current liability at year end.*

	31 March 2021 R'000
SA REIT cost-to-income ratio	
Expenses	
Direct property cost per IFRS income statement (includes municipal expenses)	206 435
Administration expenses per IFRS income statement	89 307
Depreciation	11 184
Exclude	
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(6 158)
Operating costs	300 768
Rental income	
Contractual rental income per IFRS income statement	738 726
Gross rental income	738 726
SA REIT cost-to-income ratio^	40.7%
SA REIT administration cost-to-income ratio	
Expenses	
Administration expenses as per IFRS income statement	89 307
Administration costs	89 307
Rental income	
Contractual rental income per IFRS income statement	738 726
Gross rental income	738 726
SA REIT administration cost-to-income ratio*	12.1%
SA REIT GLA vacancy rate	
GLA of vacant space	44 600
GLA of total property portfolio	448 800
SA REIT GLA vacancy rate	9.9%

Antecedent dividend arising on shares issued after 30 September 2020 and before payment of the dividend.
^ *Including ancillary income the ratio is 38.2%.*
* *Including ancillary income the ratio is 11.4%.*

APPENDIX 2
SA REIT BEST PRACTICE RECOMMENDATIONS DISCLOSURE (continued)

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

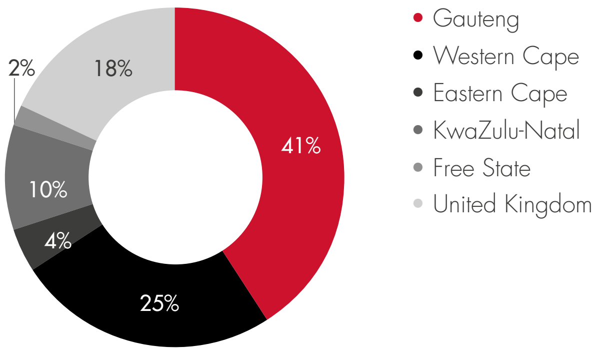
	2021
SA REIT loan-to-value	
Gross debt net of cash held in facilities *	2 299 178
Less:	
Cash and cash equivalents	(171 073)
Less:	
Derivative financial instruments	(29 544)
Net debt	2 098 561
Total assets – per Statement of Financial Position	8 501 222
Less:	
Cash and cash equivalents	(171 073)
Derivative financial assets	(32 266)
Goodwill and intangible assets	(147 019)
Trade and other receivables	(82 907)
Carrying amount of property-related assets	8 067 957
SA REIT loan-to-value ("SA REIT LTV")	26.0%

* *Includes lease obligations payable on investment properties.*

UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2021

1. The total customer base of the group is large and diverse with over 38 400 (2020: 34 700) tenants. Of the 27 300 tenants based in South Africa, 61% (2020: 60%) of the customers are residential users and the remaining 39% (2020: 40%) are commercial users. In the United Kingdom, Storage King has over 11 100 tenants of which 73% (2020: 69%) of the customers are residential users and the remaining 27% (2020: 31%) 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 m²	Revenue %
Gauteng	186 000	27.4
Western Cape	110 000	20.1
Eastern Cape	17 900	2.1
KwaZulu-Natal	45 400	7.1
Free State	6 700	0.7
South Africa	366 000	57.4
United Kingdom	82 800	42.6
Total	448 800	100.0

4. The weighted average rental per square metre (m²) of occupied space for SA properties at 31 March 2021 is R111.4/m² (2020: R106.0/m²), an increase of 5.3%. The weighted average rental per square meter for each region as at 31 March 2021 is set out in the following table:

Region	Rental/m²
Gauteng	102.2
Western Cape	135.7
Eastern Cape	84.1
KwaZulu-Natal	110.2
Free State	75.0
South Africa	111.4

The closing average rental rate of UK properties is £21.49 per square foot (2020: £21.22), an increase of 1.3%. In the UK, average rental rates are reflected on an annual basis.

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)
as at 31 March 2021

5. The occupancy profile by GLA of the portfolio as at 31 March 2021 is disclosed in the following table:

Region	GLA m^2	Occupied %	Vacancy m^2	Vacant %
Gauteng	186 000	91.4	16 000	8.6
Western Cape	110 000	86.6	14 700	13.4
Eastern Cape	17 900	93.3	1 200	6.7
KwaZulu-Natal	45 400	90.3	4 400	9.7
Free State	6 700	94.0	400	6.0
South Africa	**366 000**	**90.0**	**36 700**	**10.0**
United Kingdom	82 800	90.4	7 900	9.6
Total	**448 800**	**90.1**	**44 600**	**9.9**

6. The existing leases for the current tenant base do not contain contractual escalations. The companies in the group have the contractual right to increase rentals at its discretion, provided 30 days' notice is given to the respective tenants. The following table sets out the annual percentage increases in the average rental per m^2 for the past five financial years.

Year	SA % Increase in rental per m^2	UK % Increase in rental per sqf
2017	9%	–
2018	7%	–
2019	9%	2.4%
2020	6%	(1.9%)
2021	5%	1.3%

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	8.35%	8.48%
UK properties	7.82%	7.71%

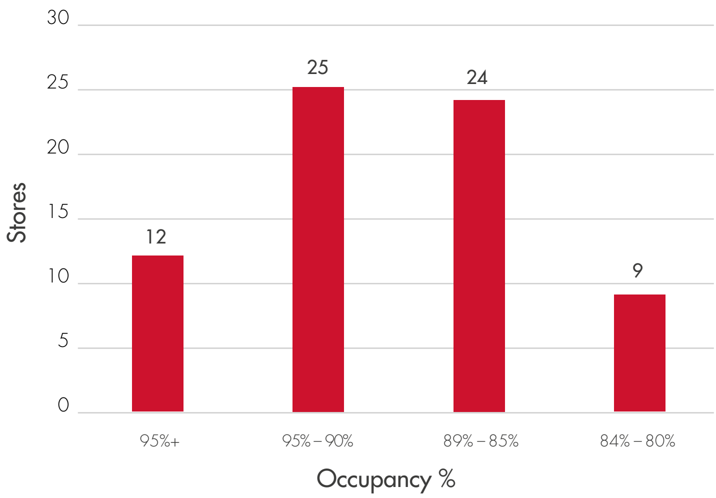
The above yields have been calculated excluding undeveloped land and developments in progress.

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 2021, 69% of existing tenants in South Africa and 66% in the UK had occupied a self storage unit for a period greater than six months. Set out below is an analysis of the historical tenancy profile for the group at year end.

South Africa Tenancy	2021	2020	2019
<6 months	31%	30%	31%
Between 6 and 12 months	16%	18%	17%
Between 1 and 2 years	21%	21%	21%
Between 2 and 3 years	12%	11%	12%
>3 years	20%	20%	19%
Total	100%	100%	100%

United Kingdom Tenancy	2021	2020	2019
<6 months	34%	25%	30%
Between 6 and 12 months	12%	14%	15%
Between 1 and 2 years	14%	17%	19%
Between 2 and 3 years	10%	12%	10%
>3 years	30%	32%	26%
Total	100%	100%	100%

9. The occupancy profile of the group as at 31 March 2021 is set out in the following bar chart below:



APPENDIX 3
RECONCILIATION OF OPERATING PERFORMANCE TO CONSOLIDATED 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 45 ("performance table") and the condensed consolidated statement of profit or loss and other comprehensive income on page 119 ("statement of profit or loss"):

	Unaudited 12 months 31 March 2021 R'000	Unaudited 12 months 31 March 2020 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	**714 348**	598 639
Rental income – other	**18 844**	16 864
Rental underpin*	**5 534**	18 470
Rental income – Statement of profit or loss	**738 726**	633 973
Reconciliation of other income		
Performance table:		
Ancillary income	**47 681**	35 221
Sundry income	**3 773**	5 170
Rental guarantee*	**10 042**	24 458
Other income – Statement of profit or loss	**61 496**	64 849
Reconciliation of direct operating costs		
Performance table:		
Direct operating costs	**(206 435)**	(176 489)
IT support classified as admin costs	**–**	(1 697)
Direct operating costs – Statement of profit or loss	**(206 435)**	(178 186)

* *Refer to page 46 of the commentary.*