STOR-AGE PROPERTY REIT LIMITED

INTEGRATED ANNUAL REPORT 2019

Stor-Age Property REIT Limited ("Stor-Age", the "company" or the "group") is the leading and largest self storage property fund and brand in South Africa. We have successfully developed, acquired and managed self storage properties across South Africa for more than a decade. In November 2017, we entered the United Kingdom (UK) with the strategic acquisition of Storage King – the sixth largest self storage brand in the UK.

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

Our 65-property portfolio comprises 423 700 m^2 of gross lettable area (GLA), which is strategically concentrated in South Africa's largest cities and in key markets in the UK. We service more than 32 000 tenants.

Stor-Age listed on the Johannesburg Stock Exchange (JSE) on 16 November 2015.

SNAPSHOT

Listing date	November 2015
JSE sector	Speciality REITs
Profile	Highly specialised, low-risk, income-paying self storage REIT
Self storage universe	10 publicly traded self storage REITs (US: 5, UK: 2, EU: 1,[1] Aus: 1, SA: 1)
Market capitalisation	R5.4 billion

	Total	South Africa	United Kingdom
Total property value[2]	**R6.0 bn**	R4.0 bn	R2.0 bn
Number of properties	**65**	49	16
Total number of customers	**32 000+**	24 000+	8 000+
Total GLA	**423 700 m^2**	357 600 m^2	66 100 m^2
Occupancy	**83.5%**	84.0%	80.3%
Loan to value (LTV)	**24.6%**	17.2%	39.2%

[1] *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*
[2] *Property value is defined as gross investment property of R6.2 billion less finance lease obligation of R0.2 billion relating to leasehold investment property.*

INTRODUCING OUR 2019 INTEGRATED ANNUAL REPORT

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

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

SCOPE OF THIS REPORT

This report presents the financial results and the economic, environmental, social and governance performance of the group for the financial year ended 31 March 2019. Its content encompasses all divisions and subsidiaries of the group, across all regions of operation in South Africa and the UK.

ASSURANCE

The company's external auditors, KPMG Inc., have independently audited the financial statements for the year ended 31 March 2019. Their unqualified audit report is set out on pages 91 to 95. The scope of their audit is limited to the information set out in the financial statements on pages 96 to 180.

ADDITIONAL INFORMATION

For the company's contact details, refer to the inside back cover.

FORWARD-LOOKING STATEMENTS

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

RESPONSIBILITY STATEMENT AND REVIEW

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

Paul Theodosiou
Chairman

Stephen Lucas
Financial director

Gavin Lucas
Chief executive officer

Gareth Fox
Chairman: Audit and risk committee

CONTENTS

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

Shares in issue: 392 986 858 (31 March 2019)

INTRODUCING STOR-AGE

ABOUT STOR-AGE

Stor-Age is the leading and largest self storage property fund and brand in South Africa, and the first and only self storage Real Estate Investment Trust (REIT) listed on any emerging market exchange. During the year, we made significant strides to drive alignment across our business. We concluded the strategic acquisition of the unlisted Managed Portfolio and integrated critical functions of our UK operation, Storage King, the sixth largest self storage brand in the UK. Our portfolio comprises 65 properties across South Africa and the UK, with a combined value of over R6.0 billion.

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

Our portfolio comprises 65 properties, totalling 423 700 m² and representing R6.0 billion in value. The South African portfolio comprises 49 properties, totalling 357 600 m² and represents R4.0 billion in value, while in the UK, Stor-Age owns a 97.6% majority interest in Storage King, comprising 16 properties with 66 100 m² GLA and representing R2.0 billion in value.

DYNAMIC SELF STORAGE SECTOR SPECIALISTS

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

	Portfolio	South Africa	United Kingdom	Pipeline Portfolio
Number of properties	65	49	16	9
GLA (m²)	423 700	357 600	66 100	62 000
Value (Rm)	6 000	4 000	2 000	850

ABOUT STOR-AGE (continued)

OUR INVESTMENT CASE

- Dynamic sector specialists, allowing for focused attention
- Track record of growing investor returns
- Recession-resilient sector: self storage is a niche asset class uncorrelated to traditional property drivers
- Attractive forecast distribution growth, underpinned by robust self storage metrics
- Secured pipeline of acquisition and development opportunities
- Proven ability to identify, close and integrate value-add acquisitions
- Strong cash flow
- Favourable operating margins
- Attractive earnings growth
- Healthy balance sheet and conservative gearing
- Low bad debt record (~ 0.5% of revenue)
- Low obsolescence and ongoing maintenance capex
- High barriers to entry in key target locations

is underpinned by

OUR SUCCESS DRIVERS

- Diversified tenant risk (32 000+ tenants across South Africa and the UK)
- Presence in South Africa's main metropolitan centres – Johannesburg, Tshwane, Cape Town and Durban
- Prominent locations on main roads or arterials, with high visibility to passing traffic
- Committed and passionate employees
- UK management team with significant self storage operations experience, proven local expertise and a well-located property portfolio
- Average length of stay in South Africa – 22 months
- Average length of stay in UK – 25 months
- Growing demand and awareness among customers
- Strong customer satisfaction, with customer service rated as "excellent in 2019" according to the global Net Promoter Score (NPS) standard
- In South Africa, 52% (2018: 54%) of customers store for more than one year
- In the UK, 54% (2018: 51%) of customers store for more than one year

and

OUR VISION

To be the best self storage business in the world

OUR MISSION

To rent space

OUR CORE VALUES

Excellence • Sustainability • Relevance • Integrity

HIGHLIGHTS

106.68 cents | Up 9.05%
Total dividend

63.2% | Including 7.5% (SA) like-for-like
Growth in rental income

6.3% | UK
Growth in net property operating income, on a like-for-like basis
Strong operational performance in UK

88 400 m²
Increase in occupied space
SA – 80 000 m²; UK – 8 400 m²

84.0% (SA) | **80.3% (UK)**
Closing occupancy

R6 billion | Up 56%
Investment property
Including strategic acquisitions – Managed Portfolio (SA) and three additional trading properties (one SA, two UK)

24.6% | SA – 17.2%, UK – 39.2%
Loan to value (LTV)
Fully hedged on a net-debt basis

423 700 m² GLA | Up 107 900 m²
65 properties

32 000+ | SA 24 000+, UK 8 000+
Total number of tenants

R1 billion+
New equity raised
Including two significantly oversubscribed accelerated bookbuilds

R850 million | 9 properties
Pipeline

Big Box self storage properties

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

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

CHAIRMAN'S LETTER

At the time of our listing in November 2015, Stor-Age aimed to deliver attractive and sustainable shareholder returns by bringing to market a highly specialised self storage REIT. Today, Stor-Age is a recognised and dynamic industry specialist with an ambition to outperform the sector and our own benchmarks, and I am pleased to report that we continue to successfully deliver on our objectives. This is evidenced by an excellent fourth set of financial results, driven by strong organic growth in our South African and UK portfolios and the successful integration of acquisitions.

A TRACK RECORD OF DELIVERY

Since listing, Stor-Age has executed its strategy with considerable success and created ongoing value for shareholders in a difficult operating environment. This is evidenced by our track record of acquiring, developing, leasing and operating self storage assets.

The group continues to deliver sustainable growth in returns through real gains in rental rates and occupancies. The value of our portfolio has increased from R3.9 billion to R6.0 billion, our market capitalisation has grown to R5.4 billion as at 31 March 2019 and the number of properties in the REIT increased from 50 in 2018 to 65.

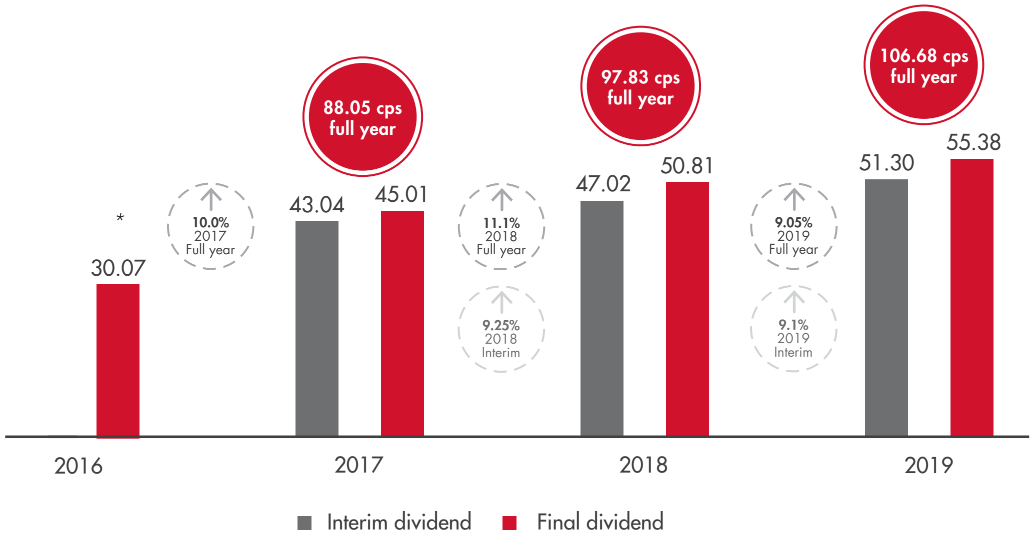
> "Stor-Age is the market leader in South Africa and one of only 10[1] publicly traded self storage REITs globally. Since listing, our shareholders have enjoyed increasing earnings and attractive dividend growth, supported by consistent increases in net asset value (NAV)."

TIMELINE

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

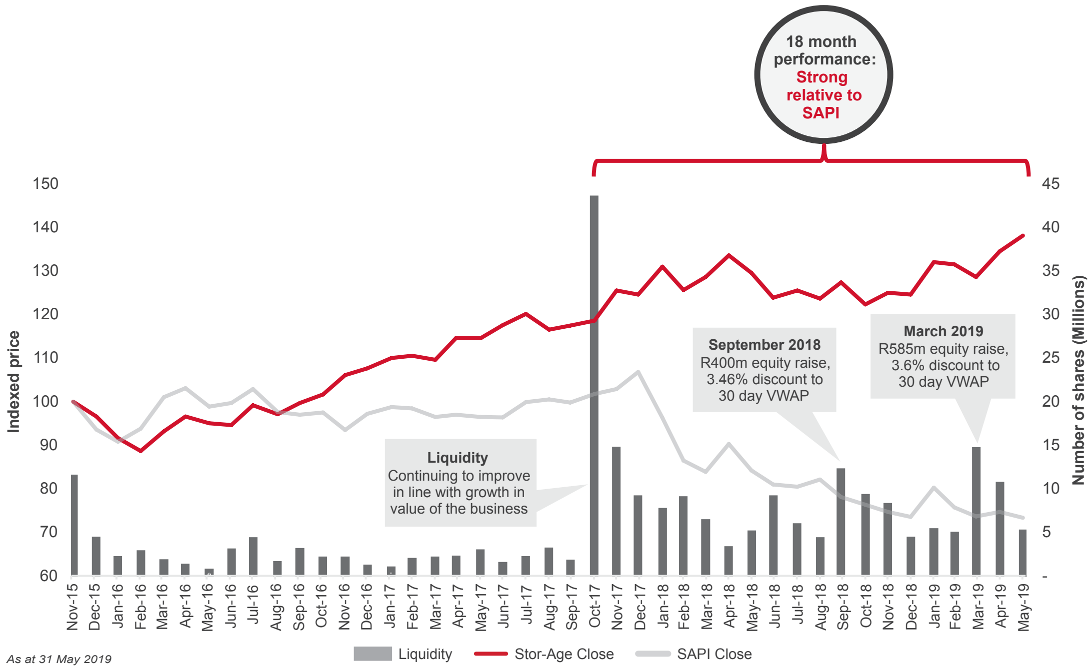
[1] *Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.*

DISTRIBUTION PER SHARE (CENTS PER SHARE)



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

SHARE PRICE PERFORMANCE RELATIVE TO SA LISTED PROPERTY INDEX (SAPI)



Stor-Age's ability to strategically identify and execute investment opportunities and integrate acquisitions remains a competitive advantage.

In South Africa, the acquisitions of All-Store and the Managed Portfolio have positioned us well in a low-growth macroenvironment. The addition of Viking Self Storage and The Storage Pod demonstrates our ability to source, fund and conclude high-quality acquisitions in the UK market. These acquisitions are further evidence of our ability to scale our business in a manner that satisfies our investment criteria. Read more about these acquisitions in the CEO's report on page 33.

Operationally, we executed our Storage King integration plan in line with our strategy. Our proven experience in closing and integrating transactions, treasury management and capital allocation is yielding positive results. We believe the UK business is now well-positioned to pursue its medium-term goal of 85% occupancy, as well as to capitalise on future growth opportunities in a disciplined manner.

Two oversubscribed bookbuilds, one in September 2018 and another in March 2019, successfully raised R985 million in equity. This enabled us to acquire existing trading properties in the UK, fund new development sites in South Africa and strengthen our overall balance sheet. The strong demand evidenced in the two bookbuilds and improved liquidity is testament to the high regard in which Stor-Age is held and reflects investor support for our growth strategy.

Our strategy to counter South Africa's constrained local economy centred on maintaining a strong balance sheet, growing our exposure in the UK market and remaining true sector specialists by only acquiring and developing self storage assets of the highest quality.

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

In addition, we would like to see positive change in the management of our state-owned enterprises and our economy more broadly, ultimately translating into improved GDP growth in the medium term.

“Our proven experience in closing and integrating transactions, treasury management and capital allocation is yielding positive results.”

CREATING VALUE AND MEETING DEMAND

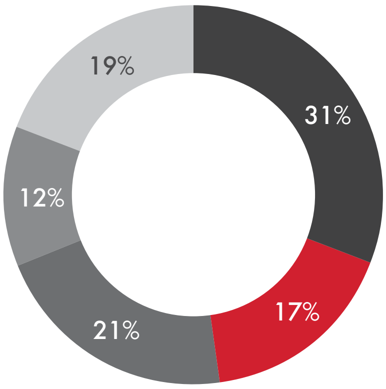
Demand from individuals and businesses across our South African and UK property portfolios is directly influenced by local economic activity and consumer and business confidence, all of which are interrelated. However, self storage remains needs-driven and an asset class with highly defensive characteristics. In addition, the flexibility of the product makes Stor-Age's business case cyclically resilient.

Globally, demand for space is created by population growth, an emerging middle class, urban migration, flexible living choices and property downsizing. Individuals and businesses, particularly start-ups and small, medium and micro enterprises (SMMEs), require adaptable storage options.

SELF STORAGE INDUSTRY TRENDS

South Africa

We continue to see the establishment of new self storage properties. Many of these are opened in less-than-desirable locations and where barriers to entry are typically quite low. Where properties are opened in improved locations, they are typically pre-existing buildings that have been converted into self storage assets or where a self storage operator has taken a short-term lease from a landlord. The short timeframe underlying this type of lease, as well as the relatively high cost to fit out a self storage building, often results in limited capital investment by operators and a less desirable product for customers.

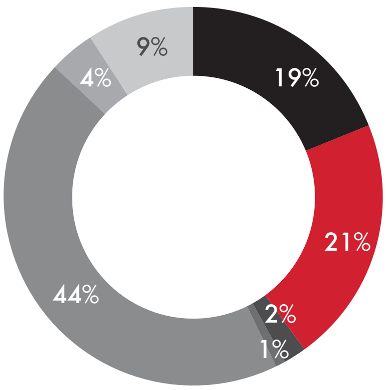


AVERAGE LENGTH OF STAY[1]

- < 6 months
- 6 – 12 months
- > 12 months
- 2 – 3 years
- > 3 years

DEMAND PROFILE

Demand is driven by two significant customer groups: those needing the product for short stays due to life-changing events (< six months: 31%) and those requiring the product for longer-term space requirements (≥ 1 year: 52%).

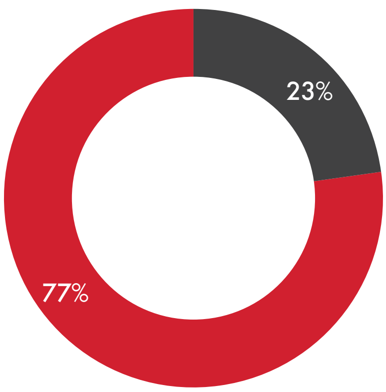


REASONS FOR STORING[1]

- Business needs
- Excess stuff
- Lifestyle choice
- Marriage/divorce
- Moving
- Renovating
- Other

SELF STORAGE – A NEEDS-DRIVEN PRODUCT

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



SOUTH AFRICA AND UK TENANTS (COMBINED)

- Commercial
- Residential

RESIDENTIAL VERSUS COMMERCIAL TENANTS

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

While our commercial tenants account for 23% of our total unit occupancy, they take up 31% of the total occupied space rented.

[1] *For South Africa only*

> While sector dynamics vary significantly across the four main centres in which we trade (Cape Town, Johannesburg, Tshwane and Durban), the South African self storage industry is fast-growing and remains an attractive sector in terms of economic returns.

Albeit limited, we continue to see the establishment of good quality self storage properties in key locations across the country, as well as the reinvestment of self storage industry capital into the market by previous vendors. This presents opportunities for us to leverage our scale and consolidate new properties that can supplement our pipeline of local development opportunities.

In specific nodes, we are seeing saturation of supply relative to demand. This differs within each of our four main cities. Accordingly, Stor-Age will only develop new properties where the barriers to entry are at their highest – most often targeting prime real estate. This approach almost always requires the business to undertake a full rezoning or town planning process, which can take up to three years or longer.

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

The global self storage market

The self storage sector has historically outperformed the property sector and remains a growth sector globally, with a long track record in first-world markets.

This is evidenced by all self storage REITs in the US and Europe (including the UK) trading at premiums to NAV.[2] In the US, this has recently ranged up to approximately 20%. In Europe, all three self storage REITs were trading at premiums to NAV above 40% at the end of March 2019.

In terms of supply, the US now boasts over 54 000 self storage properties, Europe (excluding the UK) more than 2 200, the UK more than 1 500 and Australia more than 1 300.[3]

Despite more elevated supply levels in the US in recent times, underlying demand for storage space and pricing power remained strong. European self storage REITs generally outperformed the broader European real estate market and European equities, performing particularly well up to the end of March 2019.

As can be seen by the graph on page 12, UK self storage REITs have significantly outperformed all other UK REITs over the last five years.

Our UK properties now constitute nearly a third of our total portfolio by value. Brexit-related uncertainty is likely to continue affecting business and consumer sentiment which may negatively affect the UK economy. If the UK successfully withdraws from the EU, Oxford Economics anticipates that the country's economic prospects will remain positive for the rest of the calendar year, with economic activity expected to pick up and reach 1.7%. In the case of a no deal, GDP is expected to fall to 1.0% in 2019 and 0.8% in 2020 before gradually recovering. Ultimately, this uncertainty will persist until the UK's trading relationship with the EU is more clearly defined.

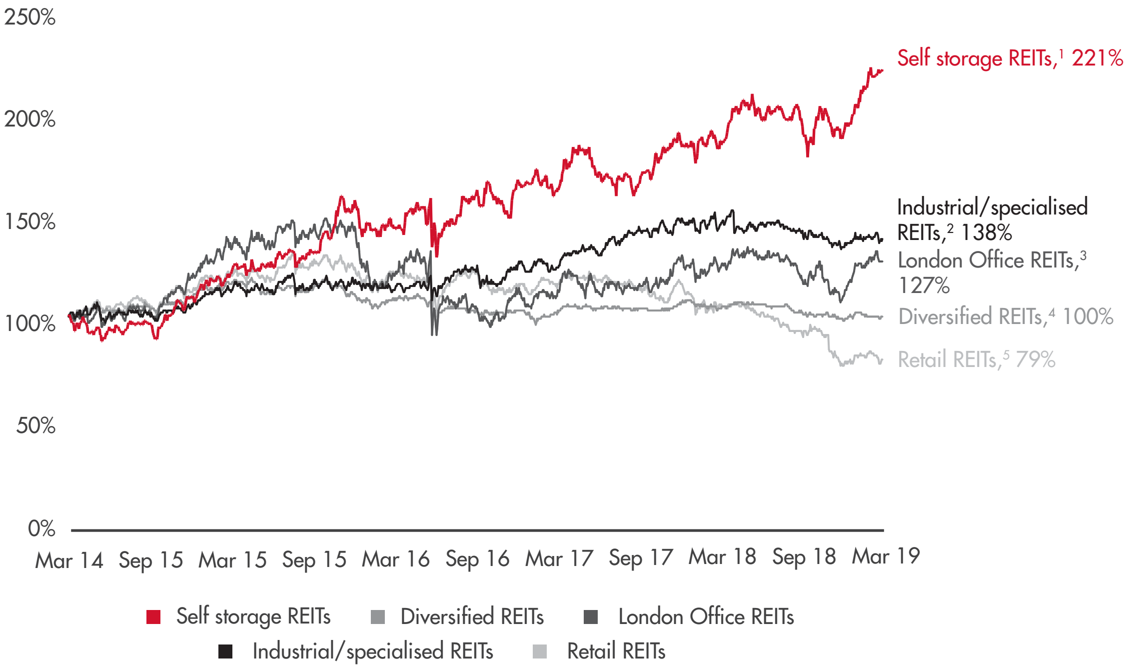
Despite this uncertainty, the UK self storage sector continues to prove resilient and demand is growing faster than supply. Approximately 1.7 million square feet of space was added during the year, and occupancy levels and industry profits continue to increase. Our Storage King portfolio has also performed in line with our expectations since the acquisition in November 2017.

As before, we will continue to vigilantly monitor the UK operating environment. However, I remain confident that Stor-Age is well-prepared for any shifts that could negatively impact growth.

[2] *UBS self storage sector overview, March 2019.*
[3] *The Self Storage Association UK annual industry report, 2019.*

CHAIRMAN'S LETTER (continued)

UK REIT SECTOR – SHARE PRICE PERFORMANCE (POUNDS)



1 *Self storage REIT's index: Big Yellow, Safestore, Lok 'n Store.[6]*
2 *Industrial/specialised REIT's index: Segro, Tritax Big Box, Hansteen.*
3 *London Office REIT index: Great Portland, Derwent, Workspace Group.*
4 *Diversified REIT index: Schroder Real Estate, LXI REIT, Standard Life Investments, British Land Co., Land Securities REIT Group, F&C UK, Ediston Property, Custodian REIT, Redefine International, AEW UK REIT, Regional.*
5 *Retail REIT's index: Shaftesbury, Supermarket Income, Hammerson, New River, Intu Properties, Capital & Regional.*
6 *Lok 'n Store is not a REIT but included in universe.*

"The self storage sector has historically outperformed the property sector and remains a growth sector globally, with a long track record in first-world markets.

This is evidenced by all self storage REITs in the US and Europe (including the UK) trading at premiums to NAV."


stor-age
self storage


www.stor-age.co.za

PERFORMANCE BACKED BY SOLID GOVERNANCE

> "Stor-Age is a relatively young business that is continuing to grow and evolve. Our decisions are guided by our four core values of Excellence, Sustainability, Relevance and Integrity."

In line with our core values, the board and executive team promote ethical business conduct and corporate governance as critical components of Stor-Age's sustainability and success over the medium to long term. In this regard, I particularly value the contribution made by our diverse and experienced board.

As noted in my letter last year, the board undertook a detailed self-evaluation to identify improvement opportunities. During the period under review, we implemented several initiatives to strengthen our governance structures:

- We engaged with key shareholders through our remuneration committee to successfully update our remuneration policy and framework and introduce a long-term incentive scheme in the form of a Conditional Share Plan (CSP). All permanent employees are eligible to participate in the CSP, including senior managers and executives, operations managers at the property level and mid-management employees.
- We engaged with external advisors to structure and execute the buy-out of the entire Managed Portfolio and eliminate executive management's former related-party relationships in respect thereof.
- To improve our board's understanding of the UK self storage market and reduce overall risk exposure, members of our investment committee conducted a tour of a significant number of self storage properties in the broader London market in August 2018. Site visits included properties in the Storage King portfolio as well as properties of leading industry peers.

I am proud to announce that following a review of the FTSE/JSE Africa Index Series, Stor-Age was included in several indices in March 2019. Companies included in this index make up the top 99% of the total pre-free-float market capitalisation of all listed companies on the Johannesburg Stock Exchange. Inclusion in these indices for the first time represents another milestone for Stor-Age on its growth journey and is testament to the ongoing and disciplined execution of its growth strategy.

We are making good progress towards compliance with the recently amended Property Sector Codes, which supports transformation within the property sector. The group's approach is based on our three-year Transformation Plan, launched in 2018. Our philosophy is to drive empowerment from within the group, and along with our advisors, we are currently exploring the potential creation of an education trust and share ownership scheme for previously disadvantaged employees. Read more about this plan in our corporate governance report.

Regarding international growth, we have established a well-defined medium-term strategy and a clear framework of authority to guide decision-making for our UK business. With the benefit of hindsight, the strength of this strategy and framework was evidenced through our investment activities in the current year. These activities required strict adherence to a well-defined process, including meeting key financial hurdles when considering any new acquisition opportunity. As a result of these strict investment criteria, the group chose not to proceed with several potential transactions during the year.

OUTLOOK AND THANKS

“Stor-Age’s business model is based on global best practice and established networks with leading first-world market peers. We deliver unmatched value and service to our customers, locally and in the UK. This is supported by a leading-edge operational platform and a skilled digital marketing capability. Stor-Age also benefits from a well-defined strategy and clear vision and mission, which are deeply embedded across all levels of the business.”

As a result of these strengths, Stor-Age remains well-placed to capitalise on opportunities across the self storage industry and deliver attractive, risk-adjusted growth in distributions and underlying portfolio value.

These successes could not be achieved without the single-minded focus, ongoing support and guidance of our board and the relentless pursuit of excellence by our highly capable Stor-Age team. This includes the executives, senior management and a valued group of employees across the organisation.

Once again, congratulations to the management team and all employees on a successful year. Thank you for your continued energy, commitment, expertise and the passion with which you carry Stor-Age forward for the benefit of all stakeholders.

Paul Theodosiou
Chairman
11 June 2019

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

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

Our four core values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our core values drive our thinking on page 30.

OUR BUSINESS

OUR BUSINESS

WHAT WE DO

Our portfolio comprises 65 self storage properties across South Africa and the UK, with a combined value of over R6.0 billion.

Stor-Age rents space to the public, both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 65 properties, we manage more than 32 000 individual leases. In South Africa, we experience a churn rate of approximately 5.0% per month and benefit from more than 1 400 new tenants moving in on average every month. In the UK, we experience a churn rate of approximately 8% per month and benefit from more than 600 new tenants moving in on average every month.

Our average unit size in the UK (6.8 m^2) is considerably smaller than our average size in South Africa (12.5 m^2). The smaller average unit size in the UK contributes directly to the higher churn rate of 8%.

DEVELOPING AND ACQUIRING PROPERTIES

ACQUISITION CAPABILITY

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

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

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

DEVELOPMENTS

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

Storage King

Sixth largest self storage brand in the United Kingdom
Portfolio of 16 properties – 66 100 m^2 GLA
Additional 12 properties trade under the licence of Storage King

Managed Portfolio

12 properties, 86 700 m^2 GLA
(increasing to c. 88 000 m^2 on full fit-out)
Valued at R1.12 billion

WHAT WE DO (continued)

During the year, we opened a high-profile Big Box property in Bryanston that will offer 6 100 m² GLA on full fit-out and we commenced construction of a new property in Craighall. Both properties have been developed using the Certificate of Practical Completion (CPC) model. On completion of Craighall (expected in August 2019), the properties will offer an estimated combined 12 750 m² GLA on full fit-out.

Read more about the CPC model in the CEO's report, on page 34.

ENERGY GENERATION CAPABILITY

45 of our 49 properties in South Africa are fitted with generators. In the event of an outage, power is seamlessly generated to support the following systems at our stores:

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

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

Generators will be installed at the remaining four properties during the 2020 financial year.

BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

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

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

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

Our South African portfolio is predominantly purpose-built with a national footprint. The 58 properties comprise 49 trading properties and nine new developments in our pipeline. Our 49 trading properties will offer an estimated 363 000 m² GLA once fully fitted out. Our pipeline of nine new properties offers further GLA of 62 000 m² on full build-out.

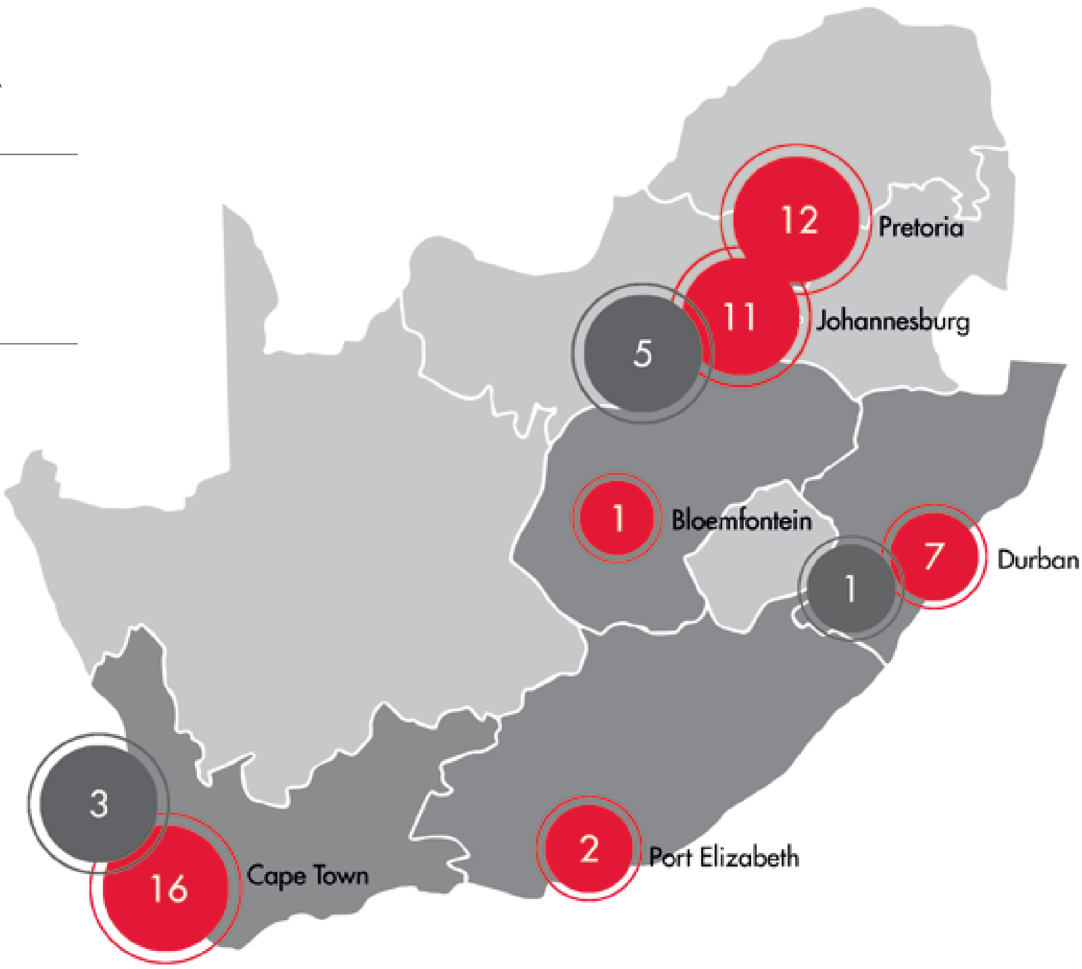
In defining our property strategy in South Africa, we identified the four main cities on which to focus and then the specific suburbs (including arterial routes) where we would like to establish a presence. This is not a restrictive or instructive strategy, rather a guide that supports our full business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

49

Our portfolio of stores is unrivalled in South Africa, and comprises 49 properties across an extensive national network.

PORTFOLIO:
49 properties
R4.0 billion
357 600 m² GLA
24 000+ tenants

PIPELINE:
9 properties
R850 million
62 000 m² GLA



MAINTAINING OUR PROPERTIES

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

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

STORAGE KING

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

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

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

Overview of Storage King

- Sixth largest operator in the UK by number of stores
- Owns 16 properties – 11 freehold and five leasehold, with an average 13-year unexpired lease term
- A further 12 properties trade under licence of the Storage King brand, generating licence and management fee revenue
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well-positioned to secure upcoming opportunities via long-established relationships with independent operators

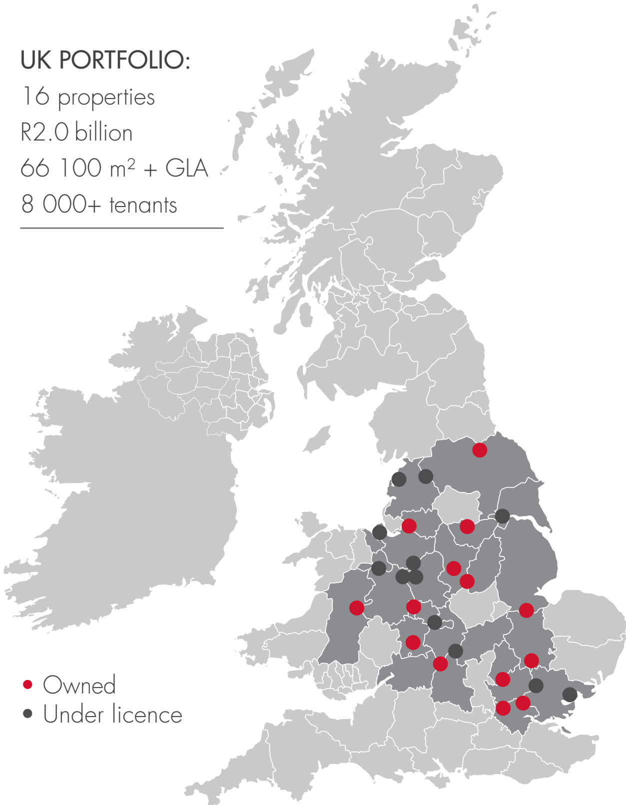
Portfolio overview

- Well-located, with a bias towards the south east and east
- Near key market towns and major arterial roads

• GLA[1]	711 000 sq. ft
• Occupancy	80.3%
• Average rental rate	£21.63 per sq. ft p.a.
• Average store size[2]	44 400 sq. ft

1 711 000 sq. ft = 66 100 m^2 GLA
2 44 400 sq. ft = 4 100 m^2 GLA

UK PORTFOLIO:
16 properties
R2.0 billion
66 100 m^2 + GLA
8 000+ tenants



Exceptional platform opportunity

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

“The UK self storage sector continues to prove resilient and demand is growing faster than supply – approximately 1.7 million square feet of space was added during the year.”

Despite the uncertainty created by Brexit, Storage King and the UK self storage industry continued to trade robustly.

Further details of Storage King's performance are set out in the Financial Review section on page 44.

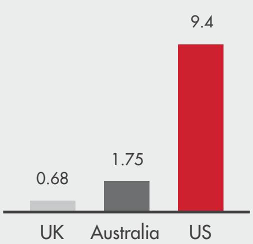
The UK market presents a strong growth opportunity.

1 582 Self storage properties, offering approximately 45.6 million sq. ft of space		**77.2%** Occupancy on current lettable space (CLA)
1.7m sq. ft Added in 2018, with 78 new stores added	**28 800 sq. ft** Average store size	**45.6m sq. ft** Total space available to customers (MLA)
3.8% y-o-y increase in total space occupied or 1.3m sq. ft	**c. 30%** Properties owned or managed by large operators	
46% The UK holds 46% of the total European self storage market	Occupancy and rental rates have increased across the industry over the past 5 years, improving overall profitability	

Source: The Self Storage Association UK annual industry report, 2019.

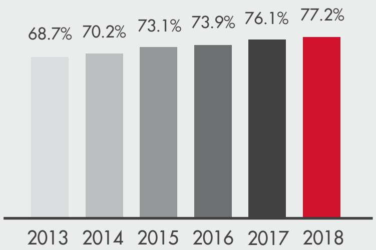
UK industry statistics

AVERAGE SQ. FT OF AVAILABLE SPACE PER PERSON



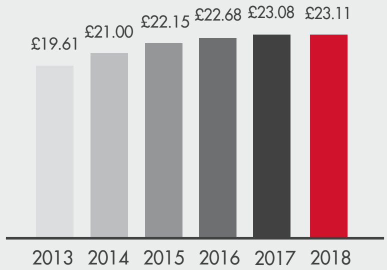
The UK self storage industry represents a significant growth opportunity relative to the US and Australian markets.

OCCUPANCY RATE ON CURRENT LETTABLE AREA



Occupancy levels (based on the amount of space currently available to customers) continue to increase across the industry.

AVERAGE NET ROOM RATE PER YEAR (POUNDS PER SQ. FT)



Average net rental rates have been slowly but steadily increasing over the past six years across the industry.

ACQUISITIONS

In March 2019, Storage King acquired two trading self storage properties in Weybridge and Bedford. The acquisitions demonstrate our ability to successfully identify, negotiate and close acquisitions in a competitive environment.

The acquisitions were in line with the stated growth and investment strategy and represented an excellent opportunity to acquire high-quality self storage properties in locations which complement the existing portfolio. Both properties are being rebranded as Storage King and are being managed off the existing operating infrastructure.

STORAGE POD

Located in Weybridge, Surrey, in the south east of England, Storage Pod was acquired for £11.5 million and has 42 800 sq. ft[1] GLA and a maximum lettable area (MLA) of 55 000 sq. ft.[2] The property is well built and trades into dense residential areas in and around Weybridge.

VIKING SELF STORAGE

Located in Bedford, the county town of Bedfordshire in the east of England, Viking Self Storage was acquired for £12.3 million and has 48 000 sq. ft[3] GLA and a MLA of 54 000 sq. ft.[4] The property is well built and offers good visibility to a main arterial road, while trading into a dense residential area.

[1] *42 800 sq. ft = 4 000 m^2 GLA*
[2] *55 000 sq. ft = 5 100 m^2 GLA*
[3] *48 000 sq. ft = 4 500 m^2 GLA*
[4] *54 000 sq. ft = 5 000 m^2 GLA*

HOW WE DO IT

OUR SOPHISTICATED OPERATIONS PLATFORM

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

Our web-based tenant management system provides real-time information on the operating and financial performance of each property. The system has a unique built-in customer relationship management (CRM) tool. This tool enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. On average, more than 6 500 enquiries are recorded and followed up every month.

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

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

1 Systems, including processes, controls and responsibilities

- Defined in operating standards across the business to ensure consistency and continuously updated for improvements in operating capability
- Increasing use of technology and automation for continuous improvement and improved efficiency

2 People

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

DEVELOPING OUR BRAND STRENGTH

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

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

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

LEADING SALES, MARKETING AND E-COMMERCE

We continue to innovate and improve the customer experience through ongoing review and refinement of our digital and in-store customer touchpoints. This process results in a cohesive brand experience for our customers, cementing loyalty and increasing sales.

Through ongoing management and optimisation of our online platform, we maintained our leading ranking for the most popular searched terms related to self storage. We executed a strategy to hyper-segment our potential customer userbase and deliver customised messages across various digital channels. This relevancy-based and targeted strategy enabled us to create bespoke advertising media (video, animations and static images) that directed users to customised landing pages relevant to their current in-market behaviour. The ongoing roll-out across all marketing mediums is supported by a number of larger regional and store-based activations.

As an accredited Google and Facebook partner, we benefited from access to their technical and creative teams to strengthen and present optimal messaging to the relevant audience on the platform where they are most active.

Our interactive and responsive website is continually refined and updated. This enables ongoing traction and encourages web prospects to enter into our digital sales funnel and be converted into a sale.

As a significant percentage of total web enquiries originate from smartphones and tablets, our website is accordingly designed to be simple and uncluttered.

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

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

A smartphone-driven on-boarding process has been in development for the past 18 months. This new process will help us achieve a paperless in-store operating environment.

The operational strength and local market knowledge of Storage King's management team has successfully been complemented by our digital marketing and e-commerce expertise.

CONTACT CENTRE PERFORMANCE

41 000+
Calls answered

23 000+
New enquiries

8 000+
Live chats

8 full-time employees
Support our sales strategy

During the year, we developed and implemented a digital marketing strategy for Storage King resulting in a 60% increase on advert clicks, a 200% increase in referral conversations and a tenfold increase in blog traffic, which has driven a valuable uptick in overall enquiries in the UK market.

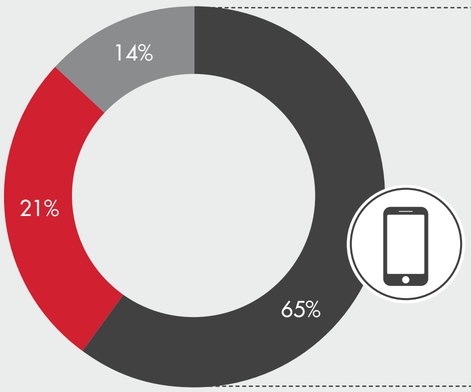
Social media remains a key advertising, consumer engagement and CRM medium for the group. We are mainly active on Facebook (92 800+ followers as at 31 March 2019, ranking us as the fourth most followed self storage business in the world) and Instagram, but also on Twitter, Pinterest, LinkedIn and YouTube. Through specific call-to-action buttons, we are able to engage with our customers in real time.

> “Our well-established, active, online brand personality and presence play a crucial role in maintaining Stor-Age as the top-of-mind choice for a space solution.”

We further use our social media presence and influence to support various community projects. This includes supporting the Santa Shoebox Project and assisting with disaster recovery in the communities in which we operate, such as those affected by the Wupperthal and Overstrand fires recently – read more about this from page 76. Refer to the social sustainability section on page 76 for additional detail on our other corporate social investment initiatives.

HOW WE DO IT (continued)

The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 65% of all enquiries. The telephone accounts for 21% of enquiries as the first point of contact. Walk-in enquiries, where we have had no previous contact with a customer, account for 14%.



Of all enquiries, 65% are generated from the website, up from 57% in the previous financial year.

STOR-AGE ENQUIRIES

- Website
- Telephone
- Walk-ins

MEASURING CUSTOMER SATISFACTION

We measure customer service standards through our mystery shopper programme, Google reviews and customer satisfaction surveys using our in-house My Experience Surveys portal.

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

We continue to actively engage with customers on all digital review platforms including, but not limited to, Google business reviews. Through various engagement tactics, we stimulate these reviews to both drive organic search performance and to foster brand credibility. We are encouraged by our average review rating of 4.54 out of 5.

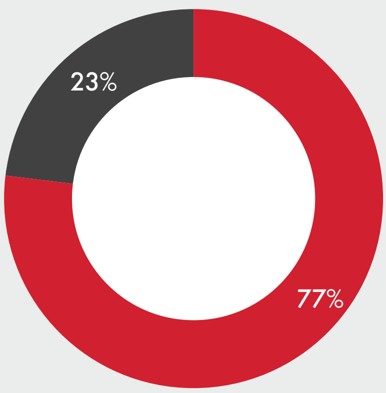
We continued to use the NPS as a key measure of our customers' overall perception of the brand and received over 3 800 responses to these surveys. The welcome survey received a response rate of 7.4%, while the exit survey response rate was 14.1%. To further improve these response rates, we have incorporated the completion of the NPS feedback survey into our move-in and move-out process.

Our overall NPS for the year was 69,* indicating that our customer-centric approach is excellent when compared to global NPS standards and other consumer-facing businesses.

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 78.

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

OUR CUSTOMERS BY NUMBER



- Residential
- Commercial

OUR PEOPLE

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

Our learning, development and training programme, delivered online and in person, develops core and soft skills to promote individual advancement. A performance management system supports this through regular appraisals and feedback sessions.

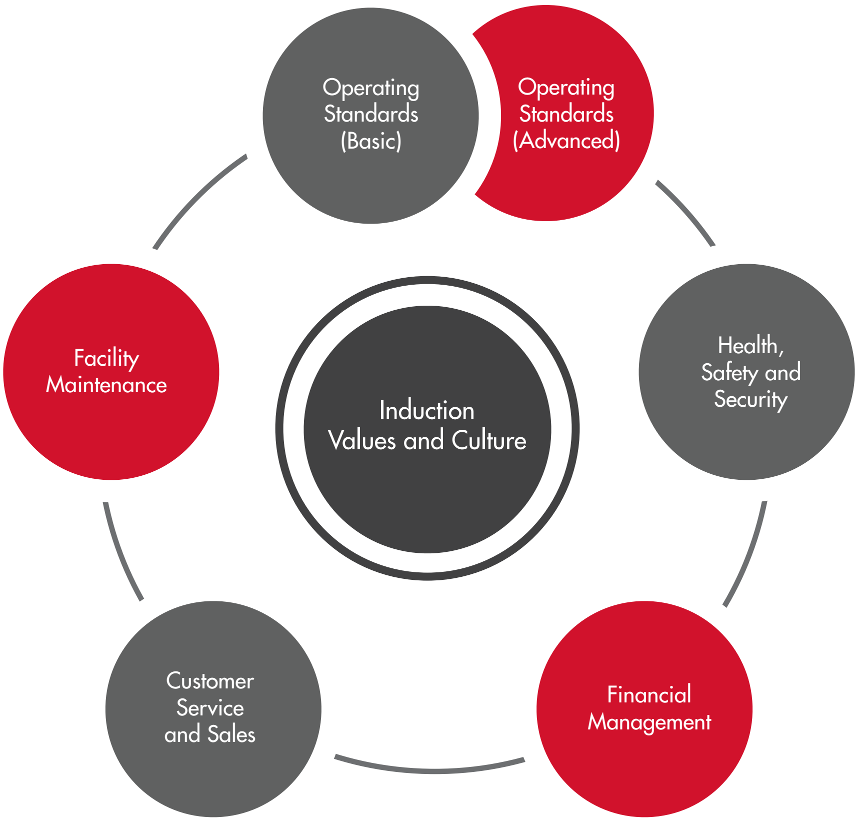
Investment in a leading e-learning platform in 2017 (Edu-Space) continues to provide additional benefits to the business, such as increased flexibility, efficiency and productivity, as well as reduced costs. To support Edu-Space, during the year, we engaged LinkedIn Learning as an on-demand e-commerce resource to enable continued learning for senior managers and functional teams.

To enhance management's planning capability, we introduced a formal management committee (manco) structure. Strategic planning is now implemented through quarterly meetings of the manco, where key objectives and goals are identified.

45
New in-house courses designed in 2019

1 000+
Hours of online training completed in 2019

E-LEARNING FRAMEWORK



HOW WE DO IT (continued)

ENSURING SECURE STORAGE

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

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

Since the digital padlock reconciliation was rolled out, more than 5 000 counts have been performed for more than 2.5 million units.

Access to our properties is automated and requires personal verification. Strategically located cameras provide CCTV surveillance, which is bolstered by alarm systems and electrified perimeter fencing, as well as infrared beams at certain stores.

In an effort to enhance physical security features, we embarked on a process of developing our own bespoke door alarm and monitoring system. All newly developed properties are fitted with this system, with a total of six stores now fully operational.

In addition, we are working with a third-party remote monitoring security company to introduce both remote monitoring of our security camera surveillance systems as well as licence plate recognition technology at both new and existing stores. These systems are considered complementary to our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties have been selected based on an internal risk matrix which takes into account various property and operational related features at each store in the portfolio. At year end, 19 properties were fitted with these systems with an additional five properties in progress.

ENHANCING OUR CYBER SECURITY

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

We have partnered with reputable, specialist service providers to ensure continued cyber security measures are maintained at the highest level. Together with a cloud-based approach for essential services, our information communication and technology objectives of employing effective redundancy measures, enhancing security and ensuring continuity, remain strategic priorities.

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

OUR GROWTH STRATEGY

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are in the fourth year of the cycle ending 2020. We intend to grow the portfolio and enhance performance and investor returns by:

extracting organic growth through active revenue management and by developing additional GLA and optimising the unit mix at properties

leveraging our tenant management software platform to unlock value, drive cost efficiencies and entrench our competitive advantage

pursuing acquisitions in a fragmented industry, and consolidating our position as the leading and largest self storage brand in the South African market

managing financial risk through prudent capital management policies

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

- Largest store footprint
- Quality stores – high-profile locations, urban, urban-edge and suburban
- Visible, convenient and accessible
- The benchmark for modern, urban self storage development

To inform and optimise our strategy, we undertook four major research projects in 2015, which focused on supply levels, anticipated demand, customer profiling and consumer demographics – the latter specifically to understand the emergence of the black middle class and its positive impact on the consumer profile.

Based on our research, we believe there is sufficient demand to develop a 60+ property portfolio across South Africa's major cities as part of our current five-year plan.

During the upcoming year, significant resources will be committed to researching and developing the next version of the five-year plan to 2025.

OUR GROWTH STRATEGY (continued)

OUR GROWTH STRATEGY FOR THE UK MARKET

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

During the year, we continued to focus on key high-impact foundational areas to position Storage King optimally for future growth. We made significant progress in integrating key South African-based head office support services into the Storage King platform. In addition to the property strategy outlined below, we also saw the positive impact on enquiry generation during the year as a result of successfully implementing a digital marketing strategy to boost Storage King's online visibility.

Key features of the growth plan include:

In the medium term, we have aligned our strategy for the UK market with our current five-year growth plan ending in 2020. The strategy seeks to grow the portfolio through a combination of acquiring existing self storage properties, and developing new properties in key target areas. We have identified a growth target of an average of three to five properties per annum.

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

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

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

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

LEASEHOLD OWNERSHIP

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

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

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

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

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

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

CASE STUDY: SANTA SHOEBOX PROJECT

GETTING INVOLVED, MAKING A DIFFERENCE

Each year, the Santa Shoebox Project collects and distributes gifts for underprivileged children throughout South Africa and Namibia. In 14 years it has grown significantly, with the number of Santa Shoeboxes donated now totalling over 850 000. The success of the project is largely due to its personal nature, where donors give gifts to children of whose names, ages and genders they are informed.

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

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

- We produced empty Santa Shoeboxes for the public to collect from any of our stores nationwide. Once packed with gifts, the public could drop their completed Santa Shoebox off at our stores where we stored them until the big drop-off dates. Our employees also assisted at various drop-off events across South Africa.
- We lent significant resources toward promoting the project via various digital platforms as well as in print and broadcast media. We also involved celebrities and influencers to further help promote the project.
- We made use of Stor-Age vans to help distribute Santa Shoeboxes to underprivileged children nationwide.

WHAT THIS CAMPAIGN MEANT FOR STOR-AGE

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

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

“Each year, we make it incredibly easy for the public to become involved in this special initiative. The public can collect a free shoebox from any Stor-Age property nationwide and return it once they have filled it with their items. We then work alongside project organisers to ensure they are distributed to underprivileged children.”

BRINGING OUR CORE VALUES TO LIFE

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

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

EXCELLENCE

SUSTAINABILITY

OUR MISSION: TO RENT SPACE

RELEVANCE

INTEGRITY

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

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

OUR PERFORMANCE

CEO'S REPORT

FINANCIAL REVIEW

OUR PERFORMANCE

CEO'S REPORT

A highly specialised and low-risk income-paying self storage REIT, Stor-Age again delivered an excellent set of financial results for the year ended March 2019. This was underpinned by organic growth in our South African and UK portfolios, strategic integration of acquisitions and our ability to execute asset and revenue management initiatives to enhance our value proposition.

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

Stor-Age's performance is characterised by an attractive level of dividend growth since listing in 2015 and the ongoing and disciplined execution of our current five-year strategy. The acquisition of the Managed Portfolio cements our market-leading position in South Africa, while the conclusion of two high-quality acquisitions in the UK demonstrates our ability to supplement the attractive organic growth delivered by our existing business, Storage King.

OUR PERFORMANCE

Our total shareholder distribution of R388 million translated into a dividend per share of 106.68 cents. This represents 9.05% growth compared to 97.83 cents in the prior period. Distribution growth was driven by like-for-like growth in rental income and net property operating income of 7.5% and 7.3% respectively.

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

Our unrelenting focus on maintaining a healthy, conservatively geared and hedged balance sheet remains a priority for the group. We made progress in this regard with the completion of two strategic initiatives during the year: we restructured our South African and UK debt facilities and successfully raised equity capital via the completion of two significantly oversubscribed accelerated bookbuilds.

GROWING OUR PROPERTY PORTFOLIO

> "Stor-Age seeks investment opportunities in high-quality self storage assets where we can achieve strong market penetration, leverage and further benefit from economies of scale, enjoy limited competition and produce high operating margins."

Our current five-year growth plan, now in its fourth year, sets broad targets for 2020. More importantly, it details how and where we intend to execute acquisitions and developments to grow our asset base. This includes strategic planning and execution on a macro and micro level.

SOUTH AFRICA

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

Our Bryanston development was completed below budget and under the CPC structure.[1] Bryanston offered 3 900 m² GLA when it began trading in September 2018 (phase 1). It has since delivered an exceptionally strong performance, with lease-up exceeding our expectations. The development achieved occupancy gains of 2 900 m², as well as 48% occupancy on full GLA fit-out in the seven months to March 2019. This reflects the viability of our strategy to identify and develop high-quality self storage assets in premium locations where barriers to entry are at their highest.

Craighall is currently being developed under the same CPC structure. On completion, the property will have 6 650 m² GLA. The development is progressing according to schedule and is expected to begin trading in August 2019.

We also closed two local acquisitions during the year – All-Store Self Storage and the Managed Portfolio – and successfully acquired three additional properties, which will offer approximately 20 000 m² GLA, for future development.

All-Store Self Storage was acquired in April 2018. Located in Cape Town's northern suburbs, the property offered an additional 6 100 m² GLA. To enhance the value of this property, we immediately sought to upgrade its retail interface and enhance its kerb appeal to passing traffic. We also developed an additional 1 600 m² GLA.

A strategic milestone was the acquisition of the twelve-property Managed Portfolio in October 2018, nine of which are high-profile and all of which are purpose-built.

These properties were previously managed but not owned by Stor-Age as they were either under development or in the lease-up phase at the time of our listing. In the short to medium term, these properties would therefore have been dilutionary and negatively impacted the group's distribution growth profile – thereby putting at risk our intention to bring a highly specialised and low-risk income-paying self storage REIT to market.[2]

As such, the properties remained under the ownership of the three joint venture partners. As the portfolio approached an appropriate level of maturity and met our objective to deliver attractive and stable income returns, Stor-Age successfully acquired the portfolio in an efficient manner, making it attractive for shareholders.

> "The acquisition of the Managed Portfolio at an average occupancy of 73% was in line with what we communicated to the market at the time of our listing, demonstrating consistent strategy execution. Following the acquisition, the business benefits from a streamlined ownership structure."

The Managed Portfolio comprises a majority of bespoke Big Box self storage properties and added an additional 86 700 m² GLA to the group's existing portfolio. Since acquisition, occupancy has grown by 4 400 m² and ended the year at 80.1% on a full fit-out basis.

The properties are mostly located in prime areas in South Africa's four main cities. Given the prime locations, the challenges to obtain the necessary town planning consents and the significant period of time required to develop and then lease-up the properties, it would be extremely difficult to replicate a portfolio of self storage properties like those in the Managed Portfolio over the short to medium term. Stor-Age therefore not only benefits from promising growth opportunities, but the acquisition also cements our presence within the four major metropoles and entrenches our position of market leadership in South Africa.

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

[2] *The development of new self storage properties is subject to lease-up risk as space cannot be pre-let prior to the development being completed. Additionally, lead times to reach stable and mature occupancy can typically range from three to five years.*

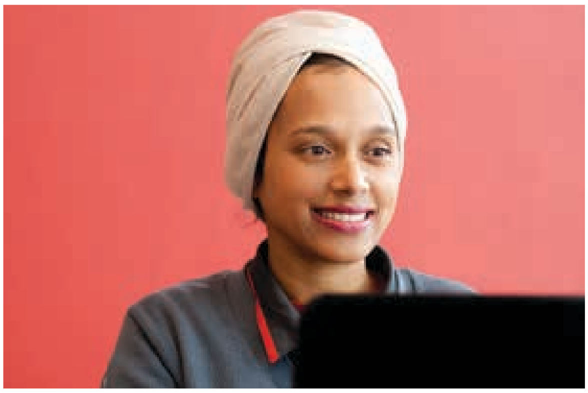
UNITED KINGDOM

In November 2017, we made a strategic entry into the UK self storage market with the acquisition of Storage King – the sixth largest UK self storage brand. At the time, we identified that the in-place Storage King management team had significant operating experience and a thorough understanding of the intricacies of the UK self storage market. In addition, they possessed deep industry connectivity and a successful track record of sourcing off-market acquisition opportunities.

Post acquisition, we identified high-impact focus areas to extract maximum growth from our newly acquired platform. These included support services run from our Stor-Age head office in South Africa that we could integrate into our UK business. We also implemented a digital marketing strategy to boost Storage King's online visibility.

We were particularly successful in leveraging our in-house digital marketing capability to drive Storage King's online enquiry generation during the year. This remains the lifeblood of any self storage business and is particularly important in the UK market which, despite the relative lack of supply in comparison to first-world peers such as the US and Australia, remains fiercely competitive. On the back of the improved enquiry generation, occupied space increased by 8 400 m^2 year on year, including like-for-like growth of 1 300 m^2. This resulted in closing occupancy of 80.3% and growth in like-for-like net property operating income of 6.3%.

We continue to identify additional opportunities to integrate our South African and UK businesses. Our online learning and development platform, Edu-Space, was made available to our UK-based employees during the year. As part of a first phase roll-out, we also expanded our contact centre into the UK market, with overflow calls from a select number of trading stores redirected to South Africa. Based on the success of this initiative to date, we will expand the support service to all of our UK trading properties.



CEO'S REPORT (continued)

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

Progress made since the strategic entry into the UK has ensured a scalable and robust platform to sustainably manage our offshore expansion. In particular, the greater maturity of the UK self storage market relative to South Africa offers significant opportunity for meaningful growth through consolidation as we continue to see growing levels of demand for self storage.

Leveraging the existing relationships of Storage King's management, we acquired two UK-based trading properties off-market in March 2019: Viking Self Storage and The Storage Pod. Both acquisitions are mature, high-quality freehold self storage properties that trade into dense residential areas and in locations complementary to the existing Storage King portfolio. The properties, with attractive average rental rates and high occupancy levels, will be rebranded under Storage King and managed off the existing operating infrastructure.

The acquisition of Viking Self Storage in Bedford added 4 500 m² GLA to the group's existing portfolio, with the opportunity to expand this to 5 000 m². The Storage Pod in Surrey offered a similar acquisition opportunity, featuring a GLA of 4 000 m² and an MLA of 5 100 m².

Combined, these acquisitions have increased the number of trading properties in our UK portfolio to 16 and the number trading under the Storage King brand to 28.[3] This is in line with our stated growth and investment strategy within the region and will supplement the robust performance delivered by Storage King to date.

Despite the uncertainty of Brexit, we anticipate this positive momentum to continue and we remain focused on achieving organic revenue growth by increasing occupancy and rental rates, underpinned by a strong operating platform.

[3] *An additional 12 properties trade under licence of the Storage King brand, taking the total number of Storage King branded properties up to 28 across the UK.*

TECHNOLOGY AS A BUSINESS ENABLER

While visibility remains critical to drive enquiry generation among potential self storage users, a strong online presence, contemporary web user experience and highly effective multichannel online sales platform are equally important. Online enquiries represent 65% (2018: 57%) of all enquiries in our South African business and 87% (2018: 85%) in our UK business.

> “We continue to enjoy significant online visibility on Google and benefit from being one of the most actively followed self storage businesses on Facebook in the world.”

The ability to harness the global omnipresence of these and similar platforms demonstrates the strength of our in-house digital marketing capability. We continue to invest significant time and resources to ensure we are appropriately positioned, and this will remain a strategic focus area going forward.

A big focus during the year was the development of our multiyear digital strategy, which will guide Stor-Age's digital transformation over the medium term. This strategy will help ensure we remain responsive to shifting consumer trends as well as the current rate and pace of technological change and innovation within our own sector and society more broadly. It will also guide resource allocation and our investment in digital technology.

SUSTAINABILITY AS A BUSINESS ENABLER

We continue to reduce our carbon footprint. All of our South African properties are fitted with LED lighting, and Stor-Age was the first South African self storage company to install solar technology for three-phase power generation. Phase one of our solar photovoltaic installations included four properties and, in the upcoming financial year, we will add an additional 16 properties as part of phase two. To support water saving, we harvest rain water at 17 of our 49 properties in South Africa.

OUR PEOPLE

Our exceptional team of dedicated, high-calibre employees are fundamental to and drive the ongoing growth and success of our business.

We recognise the need to maintain a motivated and engaged workforce, and we continue to excel in this arena. The results of our annual anonymous staff survey once again indicated that 95% of our employees are proud to form part of the Stor-Age team.

With our roots firmly embedded as a capital-light start-up, we have an entrepreneurial culture at our core. Post listing in 2015, we have worked hard to remain nimble and responsive, while balancing the need to introduce enhanced organisational frameworks and structures to support sustainable growth.

We are also aware that ours is a developing business operating in a global growth sector. Ongoing training, learning and development will therefore only become more important as our business increases in size and scale. In particular, it is critical that our employees remain engaged and equipped with the competencies required to remain competitive – with a strong focus on customer service and superior selling skills at point of sale to earn the trust of customers visiting our properties. These skills are also important to secure move-ins at the right price to optimise revenues.

> “The training and development of our store-based and customer-facing colleagues therefore remains an essential part of our business and is at the heart of our entrepreneurial culture.”

We continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on technology. We recorded more than 1 000 hours of training across 45 separate modules on Edu-Space, our online Learner Management Platform. We also engaged LinkedIn Learning during the year, an online, on-demand learning platform for senior managers and functional teams.

CEO'S REPORT (continued)

In addition, we established a formal management committee (manco) that meets four times during the year to set annual priorities and quarterly action items. This committee also identifies key performance indicators and delineates appropriate channels of accountability. Ultimately, this drives alignment and productivity across the business. Among other priorities, two key items identified by the manco for the upcoming financial year include ongoing development of our middle to senior management and promoting an enhanced sales and customer service culture within the business.

> "Stor-Age's outstanding success for over a decade is the result of excellent work by our team of committed and talented people."

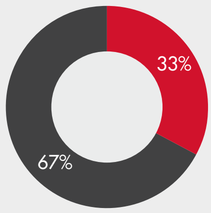
Our flat, non-hierarchical structure, with fully accessible management, endeavours to reward all staff members for their contribution to the growth and success of our business.

A highlight during the year was the approval of a CSP by shareholders. All permanent employees are eligible to participate in the CSP. This includes executive directors, senior management, operations managers at the property level and mid-management employees. Not only will the CSP align the interests of the business and our employees, it further supports broad equity participation due to our employee demographics and promotes the continued growth and success of Stor-Age.

PORTFOLIO ANALYSIS

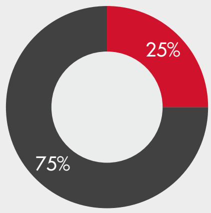
Total property value

VALUE OF PROPERTY (R6.0 bn)



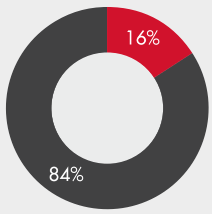
Total number of tenants

NUMBER OF TENANTS (32 000+)



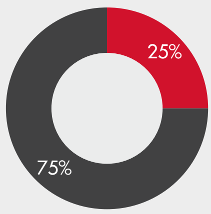
Total GLA

GLA (423 700)



Total number of properties

NUMBER OF PROPERTIES (65)



- UK
- South Africa

OUTLOOK

Notwithstanding the UK acquisitions completed during the year, Stor-Age remains a primarily South African-focused business with a targeted UK exposure of between 30% and 40% of our total asset base over the medium term.

In South Africa, we anticipate the constrained macroconditions to persist for at least a further 12 to 18 months. In the UK, the market will most likely continue to operate below its full potential while uncertainty around Brexit remains. Accordingly, the year ahead will necessitate an increased emphasis on active, hands-on management and disciplined operational focus at an individual property level.

Despite this, we continue to benefit from consistent and growing levels of demand in both markets. The growth in demand is supported both by the fluctuation of economic conditions (which has an impact on the make-up of the underlying demand) and by a growing awareness of the product of self storage. Most domestic and business customers require the product either temporarily or permanently for various reasons throughout the economic cycle. This results in a market depth that is, in our opinion, a significant contributing factor towards the resilience of the self storage product.

> “With the benefit of a robust balance sheet that boasts low levels of gearing and is significantly interest rate hedged, we remain confident in the resilience of our business model and that we will continue to deliver attractive returns.”

This will be underpinned by our high-quality property portfolio, outstanding operating platform, deep sector specialisation and many years of sector experience.

Combined, we believe these factors will enable the group to continue pursuing earning-enhancing opportunities and allow us to deliver attractive and sustainable distribution growth for our shareholders.

ACKNOWLEDGEMENTS

Lastly, I would like to take the opportunity to express my sincere gratitude to the chairman and our board for their continuing support, wisdom, guidance and ongoing advice, not only during the period under review but over the last four years since our listing.

Gavin Lucas
CEO
11 June 2019

FINANCIAL REVIEW

The final dividend for the year of 55.38 cents per share is up 9.0% on the prior year and, when added to the interim dividend of 51.30 cents per share, brings the total dividend to 106.68 cents per share, a 9.05% year-on-year increase.

INTRODUCTION

The group's strong trading performance was achieved in the face of a severely constrained South African economy with low GDP growth, and the continued economic uncertainty in the UK as a result of its protracted withdrawal from the EU. This is testament to the resilient nature of our underlying product as well as our specialist sector focus and expertise, the latter a critical success factor.

Our strong balance sheet, reinforced by the debt restructuring and oversubscribed equity raises, continues to provide the flexibility to target select development and acquisition opportunities as they arise.

PORTFOLIO REVIEW

	31 March 2019			31 March 2018		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
SA	357 600	300 600	84.0	258 800	220 600	85.3
UK	66 100	53 000	80.3	57 000	44 600	78.2
Total	423 700	353 600	83.5	315 800	265 200	84.0

The South African portfolio closed at 357 600 m² GLA, up by 98 800 m² due to the acquisitions of All-Store (6 100 m²) and the Managed Portfolio (86 700 m²) during the year, as well as the opening of Bryanston (3 900 m²) in September 2018 and expansion at existing stores (2 100 m²). The negligible year-on-year decrease in closing occupancy, from 85.3% to 84.0%, reflects the impact of the Managed Portfolio acquisition and the inclusion of the newly completed Bryanston.

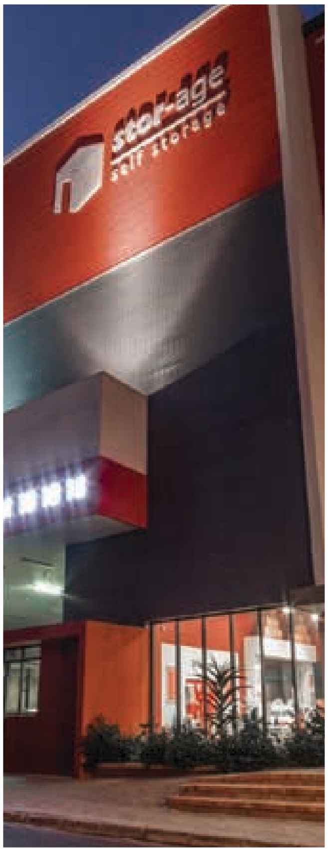
The UK portfolio closed at 66 100 m² GLA, up 9 100 m² year on year, mainly as a result of the acquisitions of Viking Self Storage Bedford (Viking) and The Storage Pod (Pod) in March 2019. Closing occupancy increased from 78.2% to 80.3%, driven by an increase of 1 300 m² in like-for-like occupancy and the positive impact of acquisitions.

FINANCIAL RESULTS

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

	31 March 2019			31 March 2018			% variance		
	SA R'000	UK R'000	Total R'000	SA R'000	UK R'000	Total R'000	SA	UK	Total
Property revenue	329 171	191 950	521 121	241 399	68 778	310 177	36.4	179.1	68.0
Rental income[1]	310 004	172 050	482 054	233 657	61 702	295 359	32.7	178.8	63.2
Ancillary income	9 167	19 900	29 057	6 742	7 076	13 818	36.0	181.2	110.4
Rental guarantee	10 000	–	10 000	–	–	–	100.00	–	100.00
Licence fees	–	–	–	1 000	–	1 000	(100.0)	–	(100.0)
Direct operating costs	(75 649)	(60 188)	(135 837)	(53 203)	(23 714)	(76 917)	(42.2)	(153.8)	(76.6)
Net property operating income	253 522	131 762	385 284	188 196	45 064	233 260	34.7	192.4	65.2

[1] *Tenant debtors impairment has been offset against rental income.*

The acquisitions in South Africa and the UK have been included for the part-period from their respective acquisition dates. Revenue and earnings show significant increases year-on-year.

Total property revenue increased by 68.0% to R521.1 million (2018: R310.2 million). Rental income for the year was R482.1 million (2018: R295.4 million), a 63.2% increase. On a like-for-like basis (excluding the acquisitions in the 2018 and 2019 financial years) SA rental income increased by 7.5%, driven by a 0.5% increase in average occupancy levels and a 7.0% increase in the average rental rate. The latter was slightly constrained by the 1% increase in VAT from 14% to 15%, effective 1 April 2018. Although we were able to pass on the increase to existing tenants on the effective date, the nature of our dynamic pricing model meant we absorbed a portion of the VAT increase in rentals for new tenants moving in after 1 April 2018. While the growth is slightly lower than previous reporting periods, the like-for-like growth is a pleasing result in the overall context of South Africa's economic environment with residential and commercial customers under considerable financial strain.

Total occupancy in the South African portfolio grew by 80 000 m² year on year. Excluding the impact of acquisitions, occupancy growth in the South African portfolio was 4 500m², comprising the seven-month lease-up of Bryanston (2 900 m²) and 1 600 m² relating to other properties in the portfolio. The closing rental was up 9.3% year on year. Occupancy in the Managed Portfolio grew by 4 400 m² from the acquisition in October 2018 to year end. Rental rate growth in the Managed Portfolio was 10.1% for the full year to March 2019.

The UK portfolio delivered a strong operational performance, broadly as expected. Total occupancy grew by 8 400 m² year on year, made up of growth in the like-for-like portfolio of 1 300 m² and from acquisitions of 7 100 m². The closing rental was up 0.8% year on year.

Ancillary income (net of related costs) of R29.1 million (2018: R13.8 million) reflects the positive contribution of acquisitions to date. Although ancillary income is a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. In a more

FINANCIAL REVIEW (continued)

challenging economic environment, the overall performance of this revenue stream plays an important role in generating overall earnings growth. Excluding once-off sundry items in both years (R0.4 million in 2019 and R0.6 million in 2018), ancillary income increased by 12.5% on a like-for-like basis.

The rental guarantee amount of R10.0 million relates to the Managed Portfolio acquisition. The acquisition was structured with a rental guarantee of R44.5 million, paid upfront by the sellers on the effective date of the acquisition, and held in an escrow account. Stor-Age is entitled to draw down on the escrow amount over a 36-month period, with the first period ending 31 March 2019, and thereafter for every six-month period.

Licence fee income of R1.0 million in the prior year relates to the opening of the Randburg property in the Managed Portfolio in July 2017.

Other revenue of R11.1 million (2018: R22.1 million) comprises property and asset management fees charged on the Managed Portfolio and development fees on properties being developed under the CPC* structure. The decrease in these fees is a result of the acquisition of the Managed Portfolio.

The increase in direct operating costs to R135.8 million (2018: R76.9 million) reflects the impact of acquisitions. On a like-for-like basis, direct operating costs increased by 8.2% due to the impact of load shedding (diesel cost to operate generators), increased electricity tariffs and higher municipal rates charged on certain properties. Disciplined cost control remains a key priority.

The increase in administrative expenses from R36.9 million to R43.8 million relates mainly to the Storage King acquisition being included for a full year (2018: five months). This increase is also attributable

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

to the underlying growth in the business, a greater investment in technology, centralisation and automation, the appointment of two additional non-executive directors, and the employment of additional staff.

Interest income of R48.9 million (2018: R23.6 million) comprises interest received on the share purchase scheme loans (R13.8 million), cross-currency interest rate swaps (R30.0 million) and call and money market accounts (R5.1 million). The increase relates mainly to the cross-currency interest rate swaps entered into pursuant to the Storage King transaction.

Interest expense of R81.8 million (2018: R33.1 million) comprises mainly interest on bank borrowings. The increase is due to the GBP-denominated debt arising from the Storage King acquisition and higher levels of South African debt related to acquisitions during the year. Further details of bank borrowings are set out in capital structure below.

CAPITAL STRUCTURE

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to enable the group to expand the portfolio and achieve our strategic growth objectives.

Details of the group's borrowing facilities at 31 March 2019 are set out below:

	31 March 2019		
	SA R'000	UK R'000	Total R'000
Total debt facilities	1 645 000	981 193	2 626 193
Undrawn facilities	430 501	155 062	585 563
Gross debt	1 214 499	826 131	2 040 630
Net debt	687 818	794 920	1 482 738
Investment properties	3 999 366	2 029 736	6 029 102
Subject to fixed rates			
– Amount	880 000	744 386	1 624 386
– % hedged on gross debt	72.5%	90.1%	79.6%
– % hedged on net debt	127.9%	93.6%	109.6%
Effective interest rate	9.15%	3.89%	6.67%
Gearing (LTV ratio)[1]	17.2%	39.2%	24.6%

[1] *LTV ratio is defined as the ratio of debt as a percentage of gross investment property of R6.242 billion less finance lease obligations relating to leasehold investment property of R213 million.*

At 31 March 2019, the group had South African loan facilities of R1.645 billion available. The respective maturities of the facilities range from October 2019 to November 2021, with a weighted average maturity of 2.2 years. R1.125 billion of the facilities accrue interest at an average rate of 1.40% below prime and the remaining R520 million accrues interest at JIBAR plus 1.66%.

The UK loan facility increased from £24.5 million to £52.0 million (R981.1 million) with an expiry date of November 2024. The loan facility is priced at LIBOR plus 2.75% (previously LIBOR plus 3.0%) and is non-amortising (previously amortising).

The interest rate risk on the loan is hedged at approximately 90.0% of the gross debt, in line with underlying LIBOR fixed at 1.17%.

FINANCIAL REVIEW (continued)

At 31 March 2019, Stor-Age's total gross borrowings amounted to R2.040 billion (2018: R758.6 million) with 79.6% (2018: 81.6%) subject to fixed rates, and total undrawn borrowing facilities of R585.6 million (2018: R642.4 million).

On a net-debt basis, 100.0% of borrowings were subject to fixed rates (2018: 99.9%). Net debt stood at R1.483 billion at year end (2018: R619.7 million) with a gearing ratio (LTV) of 24.6% (2018: 16.1%).

The effective interest rate at 31 March 2019 was 6.67% (2018: 6.54%).

The group raised over R1.0 billion in new equity through two accelerated bookbuilds (R400 million in October 2018 and R585 million in March 2019) and a vendor consideration placement of R52.0 million for the acquisition of All-Store. Stor-Age also conserved R75.5 million cash under the dividend reinvestment programme in July 2018 and December 2018.

21 754 530 Ordinary shares issued for cash at R12.00 per share in October 2018 and a further 8 847 880 Ordinary shares issued for cash at R11.65 per share in March 2019. No shares were issued to non-public shareholders as defined in the JSE Listings Requirements.

Net asset value per share (net of non-controlling interest) was R11.70 (2018: R11.49) and net tangible asset value per share (net of non-controlling interest) was R11.34 (2018: R11.01).

CROSS-CURRENCY INTEREST RATES SWAPS (CCIRS) AND HEDGING OF GBP EARNINGS

The acquisition of Storage King in November 2017 was financed through a combination of SA equity capital and UK-denominated debt. The group also makes use of CCIRS as part of its treasury management policy to create a synthetic matching of GBP funding in relation to GBP-denominated assets at optimal levels.

At 31 March 2019, the group had entered into CCIRS with a notional value of £25.0 million (2018: £20.0 million). The notional value of the CCIRS represents an effective hedge of 38.3% (2018: 38.1%) of the net investment in Storage King. The group's GBP-denominated debt of £43.8 million (2018: £24.5 million), together with the notional value of the CCIRS, equates to an effective hedge of 63.1% (2018: 57.8%) of GBP-denominated assets.

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

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

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

Six-month period ending	Hedging level (%)	Forward rate
Mar 2019	100%	R22.30
Sep 2019	100%	R22.68
Mar 2020[1]	100%	R28.19
Sep 2020	75%	R20.76
Mar 2021	75%	R21.41
Sep 2021	50%	R21.80
Mar 2022	50%	R22.49

[1] *The group may elect to restructure this FEC and defer gains to future-dated contracts.*

INVESTMENT PROPERTIES

Gross investment property increased from R4.034 billion at 31 March 2018 to R6.242 billion at year end. The increase related mainly to the acquisitions of the Managed Portfolio (R1.120 billion), Viking (R230 million) and Pod (R215 million) and the CPC* developments (Bryanston and Craighall) of R146 million. The fair value adjustment to investment properties was R86 million and the movement in foreign exchange was R215 million.

The group's policy is to have at least one-third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the board, using the same methodology applied by the external valuers. In line with this policy, 17 of the 49 properties in the SA portfolio were valued independently by Mills Fitchet Magnus Penny (members of the South African Institute of Valuers) at 31 March 2019.

For the UK portfolio, 14 of the 16 properties were valued independently by Cushman and Wakefield (registered valuers of the Royal Institution of Chartered Surveyors in the UK) at 31 March 2019. The remaining two properties, Viking and Pod, had been independently valued by Cushman and Wakefield at 30 November 2018.

Further details on the basis of valuation are set out in note 3 of the financial statements and a summary of the portfolio is set out on pages 184 to 185.

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

ACCOUNTABILITY AND SUSTAINABILITY

ACCOUNTABILITY AND SUSTAINABILITY

CORPORATE GOVERNANCE

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

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

BOARD FOCUS AREAS FOR THE PAST FINANCIAL YEAR

Board focus areas	Actions undertaken by the board and its subcommittees
Transformation	Guiding its transformation objectives, the board continued with the implementation of its three-year Transformation Plan, developed in line with the Property Sector Code.
Restructuring UK debt funding	Negotiated and implemented preferable debt funding facilities with Lloyds, replacing in-place facilities with the Royal Bank of Scotland. The terms secured included enhanced and favourable interest rates, tenure, LTVs and an increased quantum.
Acquisition of the Managed Portfolio	Appointed Investec Corporate Finance to facilitate the independent valuation of the portfolio, negotiation with the sellers and to advise on the legal structuring of the transaction. The transaction was successfully concluded in October 2018.
Disciplined execution of the five-year property growth strategy to 2020	Oversaw the continued execution of the group's property growth strategy. This included acquiring new development properties and the Managed Portfolio in South Africa, acquiring three trading self storage properties (SA: one, UK: two), as well as continuing discussions with the senior management team to begin formulating its thinking towards 2025.
Research and implementation of a long-term incentive scheme in the form of a CSP	Oversaw the successful implementation of a CSP for all permanent employees. This includes executive directors, senior management, operations managers at the property level and mid-management employees.
Research and development of a multiyear digital strategy	Oversaw the development of a multiyear digital strategy. This strategy will guide Stor-Age's digital transformation over the medium term, ensure that we remain responsive to shifting consumer trends and the pace of technological change, as well as guide investment in digital technology.
The roll-out of solar technology for three-phase power generation	The board remains committed to investing in sustainable power solutions through solar technology for three-phase power generation. Stores successfully fitted with these systems include Durbanville and Tokai in the Western Cape, and Johannesburg City and Midrand in Gauteng. An additional 16 properties have been targeted for solar power installation in the 2020 financial year – increasing the combined systems' capacity to an estimated 670 kW.

CORPORATE GOVERNANCE (continued)

GOVERNANCE STRUCTURE

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

BOARD

Gavin Lucas (CEO)
Stephen Lucas (FD)
Steven Horton (Executive director)
Paul Theodosiou** (Chairman)
Gareth Fox**
Sello Moloko**
Graham Blackshaw*
Kelly de Kock**
Phakama Mbikwana**

AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	SOCIAL AND ETHICS COMMITTEE	INVESTMENT COMMITTEE
See full report on pages 86 to 87	See full report on pages 60 to 71	See full report on page 72	See full report on page 73
MEMBERS	**MEMBERS**	**MEMBERS**	**MEMBERS**
Gareth Fox** (Chair) Kelly de Kock** Sello Moloko** Paul Theodosiou**	Gareth Fox** (Chair) Kelly de Kock** Paul Theodosiou**	Graham Blackshaw* (Chair) Gavin Lucas Sello Moloko** Phakama Mbikwana**	Paul Theodosiou** (Chair) Graham Blackshaw* Steven Horton Gavin Lucas
By invitation	**By invitation**	**By invitation**	**By invitation**
Gavin Lucas Stephen Lucas Representatives of the external auditor	Gavin Lucas Stephen Lucas Steven Horton	Stephen Lucas	Stephen Lucas
Roles and responsibilities			
Ensures the integrity of the integrated annual report, annual financial statements and other financial reports.	Ensures adoption of a fair and transparent remuneration policy.	Monitors compliance with the company's social and ethical responsibilities.	Assists with decision-making regarding the acquisition, development or disposal of property assets.
Focus areas during the year			
Implementation and adherence to King IV	Implementation of a long-term incentive scheme in the form of a CSP	Implementation of the Transformation Plan	Local market acquisitions and developments; international expansion and structuring. Restructuring the UK debt funding. Roll-out of solar technology for three-phase power generation.
Independent non-executive directors			
4/4	3/3	2/4	1/4

** Non-executive director | ** Independent non-executive directors*

For more information on the qualifications and experience of subcommittee members, refer to page 52.

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

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

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

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

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

KING IV

Last year we implemented the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1] after thorough consideration of the recommended practices. As a relatively young and growing business, we endeavour to evolve our corporate governance practices, policies and procedures in tandem with our business, taking guidance from the recommended practices outlined in King IV.

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

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

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

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

CORPORATE GOVERNANCE (continued)

BOARD AND SUBCOMMITTEE MEETINGS

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

Director	Sub-committees	Meetings attended	Meetings eligible	% attendance	Board	Audit and risk committee	Social and ethics committee	Investment committee	Remuneration committee
Paul Theodosiou* (Chairman)	ARC; RC; IC	19	19	100%	4	4		8	2
Graham Blackshaw**	IC; SEC	14	14	100%	4		2	8	
Kelly de Kock*	ARC; RC	8	8	100%	4	2[1]			2[1]
Gareth Fox*	ARC; RC	10	11	91%	4	4			2
Phakama Mbikwana*	SEC	6	6	100%	4		2		
Sello Moloko*	ARC; SEC	6	10	60%	2	2	2		
Gavin Lucas***	IC; SEC	14	14	100%	4		2	8	
Stephen Lucas***	RC	5	5	100%	4				
Steven Horton***	IC	12	12	100%	4			8	
Actual attendance		94			34	12	8	32	6
Eligible attendance			99		36	14	8	32	6
% attendance				95%	94%	86%	100%	100%	100%

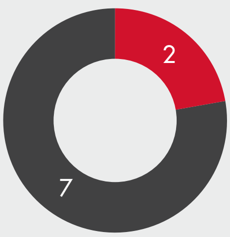
Independent non-executive director
** *Non-executive director*
*** *Executive director*

[1] *Appointed 23 August 2018*

COMPOSITION OF THE BOARD

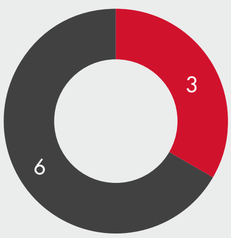
The board is satisfied that it consists of an appropriate mix of individuals to ensure an adequate level of knowledge, skills and expertise – enabling it to contribute meaningfully to the management of the company. However, it seeks to further improve diversity.

GENDER DIVERSITY



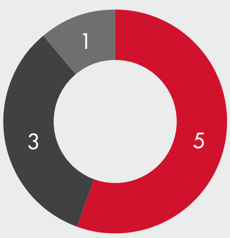
- Female
- Male

RACIAL DIVERSITY



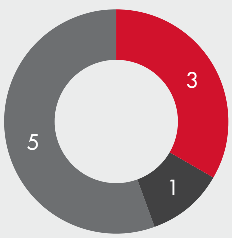
- Black
- White

DIRECTORS



- Independent
- Executive
- Non-executive

AGE



- 50 – 60 years
- 40 – 50 years
- 30 – 40 years

BOARD SKILL SET AND EXPERTISE (NUMBER OF DIRECTORS)

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

In terms of tenure, four of the non-executive board members as at 31 March 2019 were appointed to the board in November 2015 following the company's listing on the JSE, and a further two non-executive directors were appointed in May 2018. Only the three executive directors were involved in the operations of Stor-Age prior to the listing.

> "To reduce gender- and race-related underrepresentation by 2021, Stor-Age developed a three-year Transformation Plan. This plan will also assist us to achieve compliance with the recently amended Property Sector Code, and outlines 10 key milestones to drive transformation in the business."

We appointed two new black female board members – Phakama Mbikwana and Kelly de Kock. Who joined the board as independent non-executive directors, effective 1 May 2018.

We strive to increase racial diversification at board level – our Transformation Plan will be critical in assisting us to implement a broad-based strategy to achieve sustainable business transformation.

There were no changes to the board during the year.

CORPORATE GOVERNANCE (continued)

DIRECTORS

EXECUTIVE DIRECTORS

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

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

Appointed to the board in November 2015.

Stephen Lucas Financial director – CA(SA), CFA

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

Appointed to the board in November 2015.

Steven Horton CA(SA)

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

Appointed to the board in November 2015.

NON-EXECUTIVE DIRECTOR

Graham Blackshaw BA LLB

A former lead development partner in the Faircape group of companies, Graham played an integral role in driving the formation of the Stor-Age joint venture between Acucap, Faircape and Stor-Age Property Holdings in 2010. A qualified attorney, Graham practiced law at Herold Gie and Broadhead before joining the Cape of Good Hope Bank, where he went on to head up the property lending division.

Appointed to the board in November 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Paul Theodosiou Chairman – CA(SA), MBA (UCT)

Paul was the founding CEO of Acucap Properties Limited and ran the company for 14 years until its merger with Growthpoint Properties in 2015. He is a former partner of KPMG.

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

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

Sello is the co-founder and executive chairman of Thesele Group and has more than 27 years' business experience. He is the former non-executive chairman of Alexander Forbes Group Holdings Limited, former CEO of Old Mutual Asset Managers and former deputy CEO of Capital Alliance Asset Managers. He is currently the chairman (outgoing) of Sibanye Gold Limited and of Telkom, and a non-executive director of Prudential Investment Managers and MMI Holdings Limited.

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

Phakama Mbikwana BCom

Phakama has over 15 years of banking experience, where she has been exposed to all the industry segments. She left the banking industry as a principal at Barclays Africa where she held the role of sector head: construction and construction-related sectors in the corporate and investment banking division. She has previously held roles at Standard Bank Group, Investment Solutions (Alexander Forbes Multi-Asset Manager) and Nedbank Corporate. She is currently the CEO of Africa Rising Capital (advisory and investment holdings). She also holds the role of an independent non-executive director on the board of Wits Health Consortium Proprietary Limited.

Appointed to the board in May 2018.

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

Kelly is specialised in the areas of corporate finance and investor relations, as well as mergers and acquisitions. She has more than 13 years' commercial experience in the financial services sector and currently holds the position of chief operating officer at Old Mutual Wealth Trust Company. She previously held the positions of head of institutional business development at Kagiso Asset Management and investor relations manager: South Africa at Old Mutual plc.

Appointed to the board in May 2018.

Gareth Fox CA(SA)

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

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

BOARD RECRUITMENT AND TRAINING

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

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

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

BOARD ROTATION

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 89.

BOARD ETHICS AND EFFICIENCY

The board is satisfied that the self-evaluation conducted in the prior year improved its performance and the effectiveness of the governing body. To further improve its performance evaluation going forward, the board will reassess its self-evaluation criteria to include ethics and behaviour aligned to Stor-Age's core values of Excellence, Sustainability, Relevance and Integrity.

COMPANY SECRETARY

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

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

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

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

IT GOVERNANCE

The business potential of digital technologies and enhanced connectivity is in tension with the greater vulnerability of being connected to a global network such as the internet. We have noted the global increase of ransomware and other cyber security attacks. Enhancements continue to be made to our layered network security systems to strengthen defences.

While there were no major incidents during the reporting period, it is no reason for complacency. We choose reputable, specialist service providers as business partners to ensure continued cyber security measures are maintained at the highest level.

We regularly restore daily backups to confirm the validity of the backup and that there was no data corruption. Each location joined to the network has a primary and secondary last mile connection to ensure maximum uptime. Internal and external users are continuously monitored to ensure the most effective use of resources and to limit the opportunity to breach the group's cyber defences. Our strategy, suppliers and network design are reviewed on a regular basis to stay abreast of leading best practice and remain relevant in the use of technology. External specialists are appointed by the board when considered necessary.

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

EXTERNAL AUDIT

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

APPROACH TO COMPLIANCE

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

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

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

Key areas of focus during the year included compliance with B-BBEE and the Property Sector Code. The Protection of Personal Information Act, the Consumer Protection Act and the Property Sector Code remain areas of focus for the upcoming year.

AUDIT AND RISK MANAGEMENT REPORT

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

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

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

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

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

KEY RISKS AND EFFECTIVE MITIGATORS

Key risks	Mitigators	Risk trend (impact and likelihood)
1. Treasury risk Adverse interest rate movements could result in the cost of debt increasing.	• The group's policy is to fix at least 80% of total SA borrowings and 90% of UK borrowings. We use swap instruments to hedge our interest rate exposure. At 31 March 2019, 128% of net SA borrowings were fixed for 1.8 years. 94% of net UK borrowings were fixed for 4.5 years. • Gearing remains low at 24.6% on a net-debt basis as at 31 March 2019. Our total undrawn borrowing facilities amount to R586 million. • Executive management reviews current and forecast projections of cash flow, borrowings, interest cover and covenants monthly. • We are highly cash generative, and debt is serviced by our strong operational cash flows.	Stable
2. Weak/negative economic growth Macroeconomic weaknesses could inhibit the self storage market's growth in line with our projections, resulting in reduced demand and lower income.	• A needs-driven product for life-changing events which prevail in all economic cycles. • A prime portfolio of properties. • Focus on large economically resilient metropolitan cities where growth drivers are strongest and barriers to competition are at their highest. • Strong operational management and platform. • Continuing innovation to deliver high levels of customer service. • Strong cash flow generation, high operating margins, low gearing and conservative hedging policies. • 32 000 tenants spread across a geographically diversified South African footprint (developing market) and the UK (first-world market). • A tested strategic development process that draws on internal analyses, independent research, global trends and best practice.	Increasing
3. Cape Town drought Limited or no water supply may severely disrupt trading conditions and overall economic growth in the region.	• Increased winter rainfalls during 2018 ensured that key dams servicing the greater Cape Town metropole area recovered to levels whereby the authorities were able to reduce water restrictions and the risk of Day Zero is significantly diminished. • We installed water storage facilities at stores in affected areas. • Customer access to ablution facilities was limited and we ensured the availability of alternative sources of safe drinking water. • Water consumption is monitored.	Decreasing

AUDIT AND RISK MANAGEMENT REPORT (continued)

Key risks	Mitigators	Risk trend (impact and likelihood)
4. Acquisition risk The group concluded four transactions in the past 12 months – an inability to successfully integrate these acquisitions could result in lost income.	• We established internal work streams to discuss and address challenges, as well as formulated a growth strategy for each business. • We focused on managing leadership changes to ensure minimal disruption to the existing businesses.	Decreasing
5. Operating in an offshore jurisdiction The acquisition of Storage King in the UK exposes the group to currency, interest rate and tax risk that may impact or result in the variability of earnings. The protracted withdrawal of the UK from the EU, as well as the ongoing Brexit negotiations, has created uncertainty in the UK economy. This could negatively impact trading conditions in the short to medium term.	• The board formulated and approved hedging policies with respect to the repatriation of foreign earnings. • Interest rate risk is currently fixed at 90% of gross debt. • We consulted with professional advisors to ensure tax compliance in the UK. • The UK management team remained in place post the acquisition and co-invested alongside Stor-Age in Storage King.	Stable
6. Property investment and development An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.	• Nine additional development opportunities have been secured in the pipeline. • The fragmented South African self storage market potentially provides acquisition opportunities. • We acquired 15 trading self storage properties during the year (SA: 13, UK: 2).	Decreasing
7. Valuation risk External market factors or poor performance may lower our properties' values.	• Independent valuations are conducted by experienced independent, professionally qualified valuers. • A diversified portfolio is let to a large number of tenants across a broad national and international footprint. • Low levels of gearing provide enhanced headroom on valuations and significantly reduce the likelihood of covenant breach.	Stable

Key risks	Mitigators	Risk trend (impact and likelihood)
8. Human resource risk Our people are critical to our success. Failure to recruit and retain employees with appropriate skills may lead to high employee turnover and loss of key personnel and, consequently, lower performance.	• Competitive remuneration packages and financial rewards. • Learning and development programme with performance reviews to develop employees to their highest potential. • A culture where management is accessible at all levels and employees are encouraged to improve and challenge the status quo. • Ongoing communication to ensure an engaged workforce. • A succession planning strategy including talent retention. • A Conditional Share Plan introduced during the year.	Stable
9. Utility costs Significant increases in utility costs, particularly property taxes and electricity, may put pressure on operating margins.	• Electricity and water usage is monitored monthly. • We use external professionals to assist with monitoring and objecting to valuation revisions where necessary. • We make use of energy-efficient lighting, solar power and collect and reuse rainwater for irrigation.	Increasing
10. Credit risk The group is exposed to tenants' credit risk, which may result in a loss of income.	• Customers are required to pay a deposit on move-in in South Africa. • Our diversified tenant base minimises any reasonably expectable material exposure risk. • 80% of our current customers in South Africa pay by debit order (certain commercial customers are permitted to pay monthly in advance by electronic funds transfer (EFT), and a segment of the customer base was inherited in previous acquisitions where payment by debit order was not required). • Clearly defined policies and procedures are in place to collect arrear rentals. • A central team of collection specialists in South Africa assists each store with arrears.	Stable

LOOKING AHEAD

As an outcome of the group's risk management process, we identified material changes in the risks affecting the business. These relate primarily to the challenging South African economic climate currently being experienced, as well as the significant increases in administered utility costs by the local authorities.

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

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

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

Gareth Fox
Chairman: audit and risk committee
11 June 2019

REMUNERATION COMMITTEE REPORT

PART ONE
THE CHAIRMAN'S STATEMENT

The board and remuneration committee are pleased to present the 2019 remuneration report which provides context to how we approach remuneration, sets out our remuneration philosophy and policy, and details the actual outcomes for executive and non-executive directors. This report is aligned to best practice, taking into account King IV and the JSE Listings Requirements.

We have presented the remuneration report in three parts.

INTRODUCTION

The 2019 financial year presented several challenges, including a deteriorating macroeconomic environment in South Africa and the continuing uncertainty caused by the timing and terms of the UK's withdrawal from the EU. Despite these challenges, Stor-Age delivered another set of strong trading results and management has proven its ability to successfully execute its business strategy through profitable and sustainable growth.

Our success as sector specialists is highly dependent on developing and retaining exceptional talent. With a focus on competitive, fair and market-related remuneration, the design of our remuneration framework will play a critical role in attracting and incentivising employees who are aligned with our core values and contribute positively to our culture and strategic objectives.

FOCUS AREAS DURING THE YEAR

During the year, the remuneration committee:

- Reviewed the current remuneration structures and remuneration mix against best practice and considered the introduction of both short- and long-term incentives;
- Implemented the Conditional Share Plan (CSP) as approved by the shareholders;
- Engaged with shareholders regarding the remuneration policy and implementation thereof, as well as the performance conditions relating to the CSP;
- Approved CSP awards to participants;
- Conducted total remuneration benchmarking for executive directors;
- Reviewed executive directors' total remuneration, and reviewed and approved salary increases against the market, as well as company and individual performance;
- Reviewed non-executive director remuneration (to be approved by shareholders) with the assistance of the executive directors;
- Reviewed and proposed the company's malus and clawback policy for approval by the board;
- Considered the concept of fair and responsible remuneration and its application within Stor-Age;
- Reviewed and approved the 2019 remuneration report; and
- Considered methods for the investigation and rectification of pay disparities as the result of equal pay for work of equal value.

The remuneration committee mandated management to obtain the support, advice and opinion of PwC as an external adviser on the implementation of the CSP, external benchmarking and other remuneration-related matters during the year under review. The assistance of PwC in this regard was satisfactory, and the remuneration committee is of the view that they operated independently.

On 19 February 2019 shareholders approved the company's CSP. Under the CSP, participants are awarded a right to future delivery of equity (i.e. a conditional right to receive shares). Vesting of shares is subject to the achievement of performance conditions, each with different weightings, and continued employment. The performance period is three years and coincides with the company's financial year. Further details of the salient features, award levels and performance conditions of the CSP can be found in parts two and three of this report.

FOCUS AREAS FOR 2020 AND FORWARD-LOOKING CONSIDERATIONS

The executive directors, being the original founders of the business, have played a significant role in the growth and performance of Stor-Age since its listing in November 2015. In March 2018 the remuneration committee mandated PwC to perform an external benchmarking exercise to better understand the remuneration packages within the market that the company operates. This was completed in June 2018 and confirmed that the company's executive directors' remuneration is considerably lower than its peers in the listed REIT sector. A primary area of focus is therefore to ensure that executive remuneration is market related and reflective of the roles and responsibilities performed. This includes the consideration of an appropriate short-term incentive scheme for the executive directors.

The remuneration committee will also focus on the retention of key talent and critical skills, particularly at the senior management level, by ensuring that key employees are adequately compensated for their performance and contribution. The development of key senior and middle management staff remains an ongoing priority of the executive directors and the remuneration committee. This is particularly important in the context of succession planning to ensure the development of future leaders as the company continues its growth trajectory.

Lastly, we will also give due consideration to the introduction of a minimum shareholding requirement in relation to the company's long-term incentive plan in accordance with best practice.

CONCLUSION

At the annual general meeting (AGM) held in 2018 our remuneration policy achieved a non-binding advisory vote of 80.0% in its favour, while the remuneration implementation report received a vote of 90.7% in its favour.

In line with King IV, Stor-Age will table the remuneration policy and implementation report for two separate non-binding advisory votes at the 2019 AGM. If shareholders do not approve both by more than 75%, the board will institute a formal engagement process with interested shareholders to assess their views and determine the actions needed to resolve concerns.

The remuneration committee is satisfied that it fulfilled all its objectives in line with its terms of reference for the year under review. We remain committed to improving our remuneration practices and ensuring alignment between strategy, performance and remuneration to maximise long-term value creation. We welcome any comments or concerns shareholders may have regarding the remuneration policy and implementation report, recognising that our polices and structures will evolve as we receive shareholder feedback over successive reporting periods. Please direct any comments or queries prior to the AGM in writing to the company secretary, Henry Steyn, at henry.steyn@stor-age.co.za.

We look forward to receiving your support on the resolutions for both the remuneration policy and the implementation report at the AGM on 22 August 2019.

Gareth Fox
Remuneration committee Chairman
11 June 2019

PART TWO
THE REMUNERATION POLICY

This remuneration policy is subject to an advisory vote by shareholders at the AGM to be held on 22 August 2019.

REMUNERATION GOVERNANCE

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

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

The remuneration committee members are listed on page 48 and their meeting attendance on page 50. All members of the remuneration committee are independent non-executive directors. Other board members, external consultants and key individuals may attend remuneration committee meetings by invitation and contribute to remuneration-related matters. However, they may not vote on any matters. The remuneration committee chairman reports to the board following each meeting of the remuneration committee.

REMUNERATION PHILOSOPHY

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

REMUNERATION STRUCTURE

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

Basic salary

The basic salary is a predetermined cash amount without any further benefits. The amounts paid to the executive directors is set out in note 28.4 of the annual financial statements. The basic salary is reviewed annually based on the company's performance in the previous financial year, individual performance, inflation, affordability and market surveys. Increases in the basic salary are effective from the commencement of the financial year once approved by the remuneration committee.

Benchmarking exercises are conducted to analyse whether the basic salary and remuneration mix is market related and competitive. As mentioned earlier, PwC benchmarked executive director remuneration in 2018. Their report was considered in determining the increase to the basic salary of executive directors.

The remuneration committee has resolved to conduct external benchmarking exercises every three years to ensure that the group's remuneration policy, compensation packages and pay mix are appropriate within the market in which it operates.

Short-term incentives

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

Conditional share plan (CSP)

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

The salient features of the CSP are set out below:	
Purpose	Incentivise, motivate and retain select employees through the award of performance shares and retention shares, the vesting of which is subject to continued employment over the vesting period.
Participants	All permanent employees are eligible to participate, subject to the discretion of the remuneration committee. Although principally intended for senior management and executives, participants will also include operations managers at a property level and staff at a mid-management level who are integral to the company's growth. To be considered for participation, an employee must have been employed by the company for a minimum of 12 months (unless exceptional circumstances apply) and have achieved an above-average performance rating as part of the annual performance appraisal process.
Award components	Performance shares – vesting subject to the satisfaction of performance conditions and continued employment for the vesting period; and Retention shares – vesting subject to the satisfaction of continued employment for the vesting period. The retention share component will not exceed 25% of the total award with the remainder being performance shares.
Plan limits	The overall limit is 8 668 544 million shares (2.2% of shares in issue). The current usage level is equal to 0.3% of shares in issue and 13.2% of the approved capacity. The maximum number of shares which may be settled to any single participant is 3 467 417 (approximately 1.0% of shares in issue at the date of approval of the CSP by shareholders). An annual limit of 0.5% of shares in issue will apply to the awards made in any one period. This limit will be reviewed by the remuneration committee on an annual basis.

The salient features of the CSP are set out below (continued):	
Allocation policy	The remuneration committee will approve annual awards for participants based on each participants' total guaranteed pay (TGP) using the following guidelines: Executive directors and management 100 – 150% Senior management 60 – 70% Mid-level management 40 – 60% Other staff 20 – 25% In the determination of awards for executive directors, the remuneration committee may elect to apply a market-related TGP.
Performance conditions	Performance conditions include financial measures (75%) and non-financial measures (25%). Further details of the specific performance conditions are set out in the implementation report on page 71.
Vesting	Awards will vest after three years subject to performance conditions being achieved and the participant remaining employed by Stor-Age for the duration of the employment period. The performance period will run concurrently with the company's financial year end. For the first award made on 13 March 2019 the employment period is approximately three years and six months from the date of the award to the vesting date (1 September 2022). The portion of the performance shares that will vest at each vesting date will be as follows: • Threshold achievement of performance (the minimum level of performance for vesting of any incentive) – 50% vesting • Target achievement of performance (the level of performance for payment of an on-target incentive) – 100% vesting • Stretch (a level of performance representing exceptional performance in the context of the current business environment) – 150% vesting
Malus and clawback	Awards are subject to the company's malus and clawback policy. Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. Further details of the company's malus and clawback policy are set out on page 65.
Termination of employment	Awards are subject to continued employment which means participants must remain employed until the vesting date of the award. If participants leave before the expiry of the employment period, they may lose all or part of the award depending on the circumstances in which they leave. They will either forfeit the award in full ("bad leavers", e.g. dismissal or resignation), or their awards will be pro-rated ("good leavers", e.g. retrenchment, retirement, or termination due to ill-health, disability or death). In the case of good leavers, a pro rata portion of the participant's unvested award shall vest early on date of termination of employment based on the remuneration committee's determination of whether the performance conditions (if any) have been met.

Share purchase and option scheme

Stor-Age introduced a share purchase and option scheme ("share purchase scheme") on listing. This serves as a mechanism to achieve direct ownership of Stor-Age shares by the executive directors and selected employees, thereby aligning their interests with that of shareholders. Selected individuals are offered the opportunity to acquire Stor-Age shares on market-related terms by way of an interest-bearing loan, subject to certain performance and eligibility requirements. No awards under the share purchase scheme have been made to general staff since September 2017 with participation restricted to the executive directors and a select group of senior managers considered integral to the company's long-term success. Although the share purchase scheme provides for the grant of options, no options have been granted to date. Non-executive directors are not eligible to participate in the share purchase scheme.

The share purchase scheme is essentially a "management buy-in" plan and exposes participants to real financial risk of share price growth and the repayment of the full loan for the purchase of the shares. This includes instances where the share price decreases from purchase date.

ALL EMPLOYEE REMUNERATION

All employees receive a basic salary at a level appropriate for their role and responsibilities. Stor-Age regularly reviews the basic salary of all employees to ensure that it remains market related. Employee salaries (excluding directors) for SA and UK staff are reviewed annually in September and in March respectively, taking account of individual and overall company performance, as well as an employee's experience, qualifications and responsibilities.

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

FAIR AND RESPONSIBLE REMUNERATION

Stor-Age is committed to fair and responsible pay practices in line with its duty to remain a responsible corporate citizen. Various factors are taken into account when considering fair and responsible pay practices, such as sustainability and Stor-Age's strategic objectives.

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

SERVICE AGREEMENTS, RETENTION STRATEGY AND TERMINATION ARRANGEMENTS

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

MALUS AND CLAWBACK POLICY

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

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

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

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

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

All participants who accepted CSP awards during the year agreed to be bound by the malus and clawback policy and further agreed that all remuneration received from the company will be subject to this policy. During the shareholder engagement process prior to the approval of the CSP, it was recommended that the CSP rules be amended to record that awards be subject to malus and clawback provisions. An amendment to the rules has been proposed for the 2019 AGM.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

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

The remuneration to be paid to the non-executive directors for the year ending 31 March 2020 was approved at the AGM held on 23 August 2018 and is set out below. The proposed remuneration for the year ending 31 March 2021, contained within the notice of the AGM, is also set out below:

Role	Approved remuneration 31 March 2020	Proposed remuneration 31 March 2021	% change
Board member	211 000	225 750	7.0%
Chairperson – board	20 000	21 500	7.5%
Audit and risk committee member	50 000	53 500	7.0%
Chairperson – audit and risk committee member	10 000	10 750	7.5%
Social and ethics committee member	25 000	26 750	7.0%
Remuneration committee member	25 000	26 750	7.0%
Investment committee member	30 000	32 100	7.0%

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

PART THREE
THE IMPLEMENTATION REPORT

This implementation report is subject to an advisory vote by shareholders at the AGM to be held on 22 August 2019.

BASIC SALARY

Executive director salaries are reviewed annually. For the year ending 31 March 2019, the remuneration committee approved an increase of 17.5% for executive directors.

Since listing in 2015, Stor-Age has provided executive directors with a very low basic salary and no STI. No salary increases were accepted by the executive directors in 2016 and 2017. In 2018, a nominal 6.0% salary increase was approved by the remuneration committee. As founders of the business, the remuneration philosophy reflected the executive directors' commitment to its long-term success and, to a large extent, their desire to prove the sustainability of the business model in the initial years post the listing. The executive directors have continued to execute Stor-Age's growth strategy with considerable success and have overseen significant organic and acquisitive growth over the last three years.

The remuneration committee recognises the importance of ensuring that executive remuneration is fair, competitive and market related. Based on the external benchmarking report prepared by PwC in June 2018, and taking account of more up-to-date disclosures relating to peer group companies included in the benchmark, the remuneration committee is of the view that executive remuneration is below market. The remuneration committee has resolved to address this over the next two financial years.

In light of this, and considering the performance of the executive directors over the past year, the remuneration committee approved an increase in the basic salary for each executive director from R1.5 million p.a. in the 2019 financial year to R2.0 million p.a. in the 2020 financial year.

The remuneration committee approved an average basic salary increase of 7.4% for other employees in SA on 30 September 2018, and an increase of 3.0% for UK employees. In SA, the lowest band of employees by pay grade received a 10.0% increase.

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

REMUNERATION COMMITTEE REPORT (continued)

EXECUTIVE DIRECTORS' REMUNERATION

In line with the requirements of King IV and the JSE Listings Requirements, the table below sets out the total remuneration on a single-figure basis received by executive directors in 2018 and 2019:

	Basic salary R'000	Other benefits R'000	STI R'000	Value of LTI vested R'000	Total R'000
31 March 2019					
GM Lucas	1 500	–	–	–	1 500
SJ Horton	1 500	–	–	–	1 500
SC Lucas	1 500	–	–	–	1 500
Total	4 500	–	–	–	4 500
31 March 2018					
GM Lucas	1 272	–	–	–	1 272
SJ Horton	1 272	–	–	–	1 272
SC Lucas	1 272	–	–	–	1 272
Total	3 816	–	–	–	3 816

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

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

LONG-TERM INCENTIVE (LTI)

LTIs awarded during the 2019 financial year

The first tranche of awards under the CSP were made on 13 March 2019. No shares vested during the 2019 financial year.

Details of the awards made on 13 March 2019 are set out below:

	Total number of conditional shares	Performance shares (75%)	Retention shares (25%)	Issue price	Value of award R'000
GM Lucas	171 625	128 719	42 906	R13.11	2 250
SJ Horton	171 625	128 719	42 906	R13.11	2 250
SC Lucas	171 625	128 719	42 906	R13.11	2 250
Other employees	627 918	470 938	156 980	R13.11	8 232
Total awards	1 142 793	857 095	285 698		14 982

The executive directors and remuneration committee support broad-based equity participation by employees in the company. In addition to the executive directors, a further 38 employees received CSP awards.

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

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

Performance conditions

Financial measures (75%)

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

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

The financial performance conditions set out above apply to all participants except for operations staff at a property level (approximately 15% of total CSP award) which will be a combination of the above dividend per share measures (30%) and revenue performance targets (70%) specific to the property, or properties as the case may be, managed. This will ensure that the performance conditions are more relevant and specific to their roles.

Non-financial measures (25%)

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

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

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

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

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

DIRECTORS' INTERESTS IN SHARES ACQUIRED IN TERMS OF THE SHARE PURCHASE AND OPTION SCHEME

Selected participants of the share purchase scheme are offered the opportunity to purchase Stor-Age shares by way of an interest-bearing loan from the company to build up a shareholding and share in the long-term success of Stor-Age. The remuneration committee approves the offer to participants to purchase shares under the scheme.

Although the acquisition of shares in this manner is not considered to be remuneration, it does impact the executive directors' shareholding in Stor-Age and ensures alignment with shareholders. We have therefore chosen to include these details in the remuneration report.

During the year 1 130 000 shares were issued to participants under the share purchase scheme. Further details are set out in note 4 of the annual financial statements. At 31 March 2019, 16 719 440 shares had been issued under the share purchase scheme. This represents 4.25% of shares in issue.

The table below provides details of the current shareholding, outstanding loan and the fair value of the shares relating to the executive directors under the share purchase scheme.

31 March 2019

	Number of shares '000	Outstanding balance R'000	Fair value of shares R'000
GM Lucas	4 400	48 387	56 804
SJ Horton	4 400	48 387	56 804
SC Lucas	4 400	48 387	56 804
Total	13 200	145 161	170 412

31 March 2018

GM Lucas	4 150	44 103	53 577
SJ Horton	4 150	44 103	53 577
SC Lucas	4 150	44 103	53 577
Total	12 450	132 309	160 371

Further details relating to the share purchase scheme and the shareholding of the executive directors are set out in note 4 and 28.3 of the annual financial statements respectively.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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

	2019 R'000	2018 R'000
GA Blackshaw	220	207
GBH Fox	266	251
KM de Kock	244	–
MS Moloko	266	251
P Mbikwana	202	–
PA Theodosiou	266	251
Total	1 464	960

The remuneration to be paid to the non-executive directors for the year ending 31 March 2020 (approved at the AGM held on 23 August 2018), as well as the proposed remuneration for the year ending 31 March 2021 (to be approved by shareholders at the forthcoming AGM), is set out on page 66 of this report.

"This report was approved by the remuneration committee and the board. Both are satisfied that there were no material deviations from the existing remuneration policy during the 2019 financial year."

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee acts on behalf of the board and is responsible for evaluating social and ethical responsibilities and making recommendations to the board thereon. The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 48, and attendance at meetings is set out on page 50.

FOCUS AREAS OF THE COMMITTEE DURING THE YEAR

As the market-leading self storage business in South Africa, Stor-Age is committed to making a real difference by implementing sustainable business transformation and employment plans. The main area of focus for the committee during the year was the implementation of the Transformation Plan. Stor-Age views transformation as a strategic business imperative, and this plan outlines ten key milestones to drive transformation in the business, effective from 2019 to 2021.

The main objectives of the plan include:

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

A key outcome from the development of the Transformation Plan in the prior year was the formation of a cross-functional transformation committee that is tasked with overseeing the implementation of the plan. The transformation committee is chaired by a senior member of the management team and includes members of HR, finance, sales and marketing, and learning and development. All appointed members have been assigned responsibilities to help drive the achievement of the key objectives.

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

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

TERMS OF REFERENCE

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

The main duties of the committee include:

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

The committee is further tasked with:

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

The committee's focus areas are reported on in more detail from page 74 to 82. Mechanisms to encourage ethical behaviour such as the Code of Ethics and corporate citizenship policies were confirmed as adequate by the committee in the period under review.

FUTURE FOCUS AREAS FOR THE COMMITTEE:

The priority focus for the committee continues to be overseeing the implementation of the Transformation Plan. In addition, the committee will continue to oversee the group's stakeholder engagement processes.

Graham Blackshaw
Social and ethics committee Chairman
11 June 2019

INVESTMENT COMMITTEE REPORT

KEY FUNCTIONS AND RESPONSIBILITIES

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

The committee meets on an ad hoc basis to review investment proposals relating to acquisitions, new developments and/or substantial redevelopments. The authority limit of the committee is for transactions up to and including the lesser of R200 million and 5% of market capitalisation. The committee makes recommendations to the board regarding proposed transactions that exceed its level of authority.

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

Paul Theodosiou
Investment committee Chairman
11 June 2019

ACTING SUSTAINABLY

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

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

We encourage the sharing of new ideas. We believe in preparing for tomorrow today. We know that to remain a market leader we have to continue to nurture and encourage a culture of innovation from within and find more efficient ways to do things.

We aim to build an organisation that is resilient, and which can endure and adapt through multiple generations of leadership as well as multiple product life cycles.

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

ENVIRONMENTAL SUSTAINABILITY

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

We strive to improve these aspects of our properties as a commercial property owner and self storage operator in line with changing environmental legislation and our own commercial objectives.

OPERATIONAL STORE ENERGY CONSUMPTION

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

The following initiatives have reduced our properties' electricity consumption:

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

Photovoltaic (solar) systems

We were the first self storage property owner in South Africa to install solar technology for three-phase power generation. Stores now fitted with these systems include Durbanville and Tokai in the Western Cape, and Johannesburg City and Midrand in Gauteng. The PV systems installed at these four properties have rendered electricity consumption savings in line with what was projected for each system as part of our phase one roll-out. We have now identified an additional 16 properties as part of a phase two roll-out, which will increase the combined systems' capacity to c. 670 kW. These new systems are scheduled to be installed in the 2020 financial year.

RAINWATER HARVESTING

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

As many of our properties provide the benefit of significant roof space, we have installed these systems at 17 locations across the portfolio.

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

STORM WATER MANAGEMENT AND CONSERVATION

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

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

ACTING SUSTAINABLY (continued)

SOCIAL SUSTAINABILITY

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

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

Highlights of these initiatives include:

SANTA SHOEBOX PROJECT

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

STOR-AGE BURSARY

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

WUPPERTHAL AND OVERSTRAND FIRES

In December 2019, a devastating fire caused extensive damage to the historical town of Wupperthal in the Western Cape and left over 200 people homeless. Stor-Age worked alongside community organisations to encourage the donation of much-needed everyday items through a social media campaign and by opening all Stor-Age stores as drop-off locations. This campaign was highly successful, with several self-storage units filled to capacity with donations. We then arranged for these items to be delivered to the Wupperthal community.

Similarly, when fires extensively damage the Overstrand region in January 2019, we opened our stores and collected and distributed donations to affected communities.

HUMAN SUSTAINABILITY

394	Total number of employees at year end
36 YEARS	Average employee age
17	New jobs created during the year (excluding acquisitions)
7.1%	Growth in employee complement

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

Gavin Lucas CEO

ACTING SUSTAINABLY (continued)

EMPLOYEE LEARNING AND DEVELOPMENT

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

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

- Our e-learning framework, Edu-Space, enables our employees to receive training and assessment simultaneously online across all our locations.
- Our learning capability was supported during the year by the engagement of LinkedIn Learning, an on-demand e-learning platform.
- We offer face-to-face workshops and refresher courses at our four purpose-built training venues.
- Where appropriate, specific and individual training is offered to employees. Our core training programme is complemented by management and leadership development programmes which are delivered in-house and by external service providers.

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

Performance management and support

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

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

Edu-Space highlights*

46	Number of courses delivered
1 000+	Successfully completed modules
99%	Pass rate achieved
1 000+	Hours of online training

Face-to-face training highlights

22	Number of courses delivered
159	Employees who received training

Employee feedback

In our anonymous employee surveys, participants described these courses as:

"Great"
"Well-presented"
"Energised"
"Productive"

4.5/5 Overall average rating of our learning courses by our employees

* *The above information applies to the group's South African business.*

LEARNING AND DEVELOPMENT FRAMEWORK

LEADERSHIP DEVELOPMENT WORKSHOPS
By invitation. Strategic management and leadership development

MANAGEMENT DEVELOPMENT WORKSHOPS
By invitation. Further development of management skills and techniques

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

EXTERNAL STUDY
As identified through APR (annual performance review) and PDR (personal development review) processes

AD HOC WORKSHOPS
Offered on a rotational basis. For example contact centre training, dealing with debtors, operating system extension training, health and safety training

E-LEARNING SESSIONS ON EDU-SPACE
As assigned by management. Driven by business needs

SERVICE AND SALES
Refresher sessions based on mystery shopper data and feedback

OPERATIONS TRAINING WORKSHOPS AT REGIONAL TRAINING CENTRES
Three-day programme (level 2) hosted by the Learning and Development (L&D) Team

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

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

ACTING SUSTAINABLY (continued)

Transformation

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

In the year prior, the board engaged with various consultants and committed significant resources at a senior management level to thoroughly understand the Preferential Procurement Policy Framework Act, the Property Sector Transformation Charter and the Amended Property Sector Codes (gazetted on 9 June 2017). The culmination of our efforts enabled us to finalise a detailed and rolling three-year Transformation Plan, which became effective in April 2018. This Transformation Plan is critical to us aiming to achieve compliance with the Property Sector Code.

EMPLOYEE-FOCUSED INITIATIVES

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

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

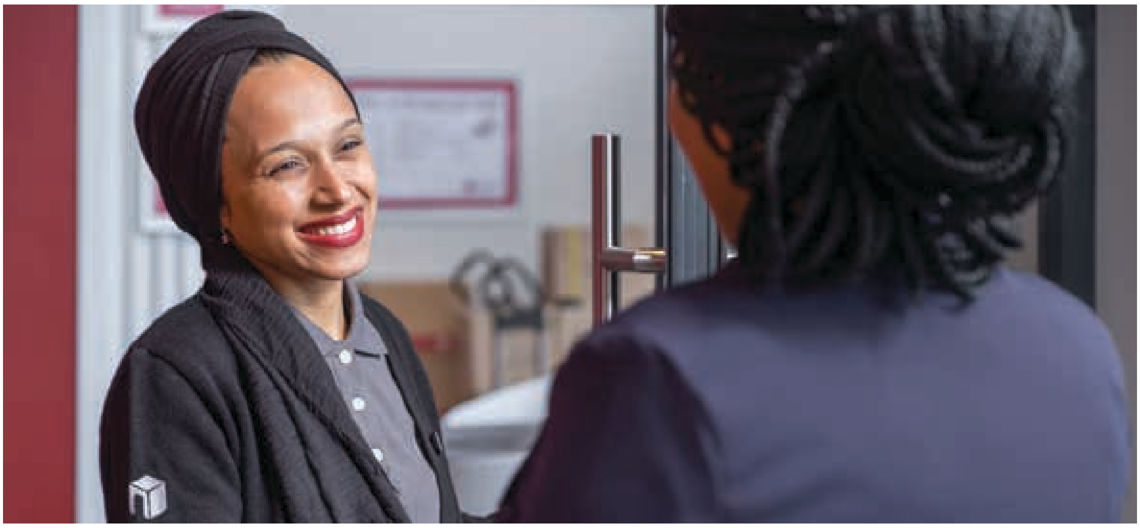
To improve our employee value proposition, extensive research was conducted to source the leading medical aid for our employees. Accordingly, Momentum Health was selected as the medical aid best suited to our company profile. We also selected gap cover from Sanlam, which was voted as the best comprehensive gap cover in the South African market in 2019.

We recognise that wellness is an integral part of driving productivity and retaining skilled talent as it creates a supportive environment. As part of our ongoing wellness initiative, we will launch a healthcare benefit in 2020 that aims to promote a healthy lifestyle, increase awareness and enable our staff to take control of their well-being. It will also leverage internal communication channels and incentives to encourage our employees to make better use of the various health and wellness services available to them.

> “Despite being a decentralised business, we leverage our sophisticated operational platform to facilitate the sharing of ideas and connect our people in real time.”

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

Other initiatives include our anonymous employee surveys, conducted twice a year, with two highlights being that more than 95% of staff are proud to be part of the Stor-Age team; and that they understand how their job aligns with the company's vision and mission. The feedback assists us to create a positive workplace environment and ensure our employees' days are more productive and rewarding. In addition, we run an employee gift programme to acknowledge important milestones in our employees' lives, such as when they get married or engaged, as well as Draw-Age, which is our monthly lucky draw.



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

HEALTH, SAFETY AND COMPLIANCE

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

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

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

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

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

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

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

ACTING SUSTAINABLY (continued)

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

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

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

This enables us to identify any new risks or opportunities and improve our operating standards and training modules on our Edu-Space platform so that we can exceed excellence in workplace health and safety.

"To discuss other aspects of workplace health and safety and track and monitor performance, quarterly meetings are conducted across the portfolio."

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

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

CONTENTS

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

Preparer
Pinchas Hack CA(SA),
supervised by Stephen Lucas CA(SA)

Published
11 June 2019

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
11 June 2019

DIRECTORS' RESPONSIBILITY STATEMENT
for the year ended 31 March 2019

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 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

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

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

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

Approval of group and company annual financial statements
The group and company annual financial statements of Stor-Age Property REIT Limited, as identified in the first paragraph, were approved by the board of directors on 11 June 2019 and signed on their behalf by:

PA Theodosiou
Chairman

GM Lucas
Chief Executive Officer

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (the "audit committee") takes pleasure in presenting its report for the year ended 31 March 2019.

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

   The terms of reference require an annual evaluation of the performance of the audit committee and its members as well as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 31 March 2019. The outcome of the evaluation performed on 4 June 2019 was satisfactory.

3. External auditors

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

   The audit committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the group and company annual financial statements for the year ended 31 March 2019.

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

Business combinations

The major risk relating to business combinations is the correct accounting for the net assets at the date of acquisition. Accounting for business combinations has been highlighted as an area of critical judgment and is further detailed in notes 5 and 22 of the annual financial statements. The group early adopted the IFRS 3 amendment to the definition of a 'business' and applied the amendment to the acquisitions which took place subsequent to 1 October 2018. The audit committee, through discussion with the executive directors, is satisfied with the accounting of the acquisitions. The audit committee has assessed the reasonability of the accounting treatment at the date of acquisition.

REIT status

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

5. Internal audit

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

6. Financial director

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

7. Proactive monitoring

The audit committee confirms that it has considered the findings contained in the JSE's 2018 Proactive Monitoring report when preparing the annual financial statements for the year ended 31 March 2019.

8. Internal financial controls

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

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

9. Approval of annual financial statements

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

GBH Fox CA(SA)
Audit and Risk Committee Chairman
11 June 2019

DIRECTORS' REPORT
for the year ended 31 March 2019

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 2019.

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 subsidiary Betterstore Self Storage Holdings Limited (refer to note 6). The nature of business and operations are set out in detail in the year under review section in the Integrated Annual Report.

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 2018 and 2019 financial years.

Financial results

The financial results for the year ended 31 March 2019 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

Stated capital

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

1. 4 160 000 Ordinary shares issued at R12.50 per share in April 2018
2. 1 401 503 Ordinary shares issued at R12.33 per share in July 2018
3. 1 130 000 Ordinary shares issued at R12.39 per share in September 2018
4. 33 333 333 Ordinary shares at R12.00 per share in October 2018
5. 4 852 861 Ordinary shares at R12.00 per share in December 2018
6. 46 245 059 Ordinary shares at R11.65 per share in March 2019

At 31 March 2019 there were 392 986 858 shares in issue.

387 986 858 of the shares in issue rank for the dividend declared for the year ended 31 March 2019. Refer to note 12 for further information regarding the shares in issue.

Dividend distribution

A dividend of 51.30 cents per share was declared by the directors for the interim period ended 30 September 2018. A further dividend of 55.38 cents per share was declared for the 6 month period ended 31 March 2019. The dividend for the full year amounts to 106.68 cents per share (2018: 97.83 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 6.67% (2018: 6.54%) at 31 March 2019 and 110% (2018: 99.3%) of borrowings were subject to fixed interest rates (on a net debt basis), with a weighted average fixed interest rate expiry of approximately 3.4 years (2018: 2.5 years). The group's borrowing capacity amounts to R2.626 billion (2018: R1.401 billion) and facilities utilised at year end amounted to R2.04 billion (2018: R758.0 million). The group has undrawn facilities of R585.6 million (2018: R642.0 million) and a gearing ratio of 24.6% (2018: 16.1%). Details of the group's long-term borrowings are set out in note 15.

Subsidiaries

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

Directorate

At the date of this report the following directors held office:

	Appointment date
Executive:	
GM Lucas (Chief executive officer)	25 May 2015
SC Lucas (Financial director)+	25 May 2015
SJ Horton	25 May 2015
Non-executive:	
PA Theodosiou (Chairman)#+	2 September 2015
MS Moloko#	12 October 2015
GA Blackshaw	2 September 2015
GBH Fox#+	2 September 2015
KM de Kock#	2 May 2018
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: MS Moloko and GBH Fox.

Details regarding the directors' shareholding in the company and remuneration are set out in notes 28.3 and 28.4.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2019

Significant events
The group completed the following acquisitions during the year:

Effective date	Acquisition	Consideration R million
April 2018	All-Store Self Storage – Cape Town ("Stor-Age Stikland")	52.0
October 2018	Roeland Street 2 (RF) Proprietary Limited and Roeland Street 3 (RF) Proprietary Limited – ("Managed Portfolio")	58.0
March 2019	Viking Self Storage Bedford Limited – ("Storage King – Bedford")	239.9
March 2019	The Storage Pod Limited – ("Storage King – Weybridge")	155.2

Further details of the acquisitions are set out in note 22.

Performance against forecast
The forecast revenue, earnings and distributable earnings as disclosed in the circular issued on 18 September 2017, relating to the acquisition of Storage King, have been materially achieved.

Subsequent events
Information on material events that occurred after 31 March 2019 is included in note 31.

Going concern
The directors consider that the group and company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group and company financial statements. The group's current liabilities exceed its current assets at 31 March 2019 taking account of the upcoming refinancing of two Nedbank property loans.

The two Nedbank loans (Facility B and E) expire in December 2019 and November 2019 respectively. The group has engaged with Nedbank to refinance the facilities and it is expected that the facilities will be renewed on acceptable terms prior to their expiry dates.

Excluding tenant security deposits, provisions (see note 17) and the dividend payable, and taking into account surplus cash in the loan facilities, current assets exceed current liabilities. As indicated in note 30, the directors are satisfied that the company and its subsidiaries have access to sufficient facilities to meet the foreseeable cash requirements (see note 15).

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 that it has access to sufficient facilities to meets its foreseeable cash requirements.

Secretary
The Company Secretary is HH-O Steyn CA(SA)
Business address: 216 Main Road, Claremont, 7807
Postal address: PO Box 53154, Kenilworth, 7745

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Stor-Age Property REIT Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Stor-Age Property REIT Limited ("the group and company") set out on pages 96 to 180, which comprise the statements of financial position as at 31 March 2019, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited as at 31 March 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT (continued)

The key audit matters below are applicable to the consolidated and separate financial statements:

Valuation of Investment Properties

Refer to the accounting policies note 1.6, note 3 and note 26 to the consolidated and separate financial statements.

The key audit matter	How this matter was addressed in our audit
The group's and company's most significant assets is its investment property portfolio comprising of investment properties with a consolidated fair value of R6.2 billion (2018: R4.0 billion) and R0.40 billion (2018: R0.09 billion) within the company's separate financial statements. The preparation of the fair value estimate for the valuation of investment properties involves significant judgments, assumptions and estimation uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements. The group and company's accounting policy is to obtain independent valuations for at least one third of the number of investment properties each year such that all properties are independently valued every three years. The independent valuations of 17 of the 49 properties within the South African portfolio were performed at 31 March 2019. The remaining properties were internally valued by the board at 31 March 2019. The fair value of investment properties is determined by using a discounted cash flow model and the income capitalisation model is used as a reasonability check. Independent valuations of 14 of the 16 properties within the United Kingdom portfolio were performed at 31 March 2019. The remaining two properties relate to acquisitions concluded in March 2019 and were independently valued at 30 November 2018. The fair value of investment properties is determined by external valuators using a discounted cash flow model. The data used in the discounted cash flow models incorporated significant unobservable inputs including expected market rental escalations, expected expense growth, discount rates and exit capitalisation rates. Our audit focused on the fair value measurement of investment properties due to its impact on the consolidated and separate financial statements and the significance of the judgments, assumptions and estimation uncertainties involved in the determination of the fair value of the investment properties. The valuation of investment properties was considered to be a key audit matter for the consolidated and separate financial statements.	Our audit procedures performed included the following: • We used our own valuation specialists to test the appropriateness of the overall valuation methodology and key assumptions including the discount rate, rental escalation, exit capitalisation rate and capitalisation rate (income capitalisation method), used in the calculation of the fair value estimate over a sample of properties. These procedures included: a. Comparing discount rates, capitalisation rate and exit capitalisation rates used to available industry data for similar investment properties; and b. Assessing the reasonableness of rental escalation rates based on available industry data for similar investment properties • We challenged the appropriateness of the rental escalation and expense growth assumptions based on actual rental escalations, historic increases in expenses and occupancy rates realised through retrospective reviews. • We performed sensitivity analysis to determine the effect of changes in the discount rates, exit capitalisation rates and capitalisation rates (income capitalisation method) on the valuation of investment properties. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards including those disclosures related to significant accounting judgments, assumptions and estimates. • For externally valued properties, we have also evaluated the competencies, capabilities and independence of the external valuators.

Accounting for Asset Acquisitions

Refer to the accounting policies note 1.3 and 1.5 and note 22 to the consolidated and separate financial statements.

The key audit matter	How this matter was addressed in our audit
The group made four significant acquisitions during the year including Roeland Street Investment 2 (Pty) Limited ('RSI 2'), Roeland Street Investments 3 (Pty) Limited ('RSI 3'), Storage Pod Limited and Viking Self Storage Bedford Limited. Through the RSI 2 and RSI 3 acquisitions, 12 self storage investment properties were acquired. The group has elected to early adopt the amendments of IFRS 3, Business combinations which sets to clarify the definition of a business. The amendments include an optional test to identify concentration of the fair value of the gross assets acquired to a single identifiable set of assets or group of assets (in this case, Investment Properties). If the concentration test is met, the set of activities and assets is determined not to be a business and therefore treated as an asset acquisition. Management's calculation of the concentration test for the four above mentioned acquisitions showed that more than 90% of the gross assets were concentrated to the fair value of the investment properties and therefore deemed to be an asset acquisition. The accounting assessment made by management of whether the acquisition is accounted for as a business combination or asset acquisition under IFRS 3 requires judgment which is complex and could materially affect the consolidated and separate financial statements. The significance of the judgments applied by management used in determining whether the acquisitions are a business combination or asset acquisitions and the determination of the fair value of the assets acquired, made the accounting for the asset acquisitions a key audit matter.	Our audit procedures included: • We assessed and challenged management's assessment in accounting for each acquisition as either a business combination or asset acquisition by comparing the terms of the purchase agreements against the requirements of IFRS 3. • We inspected the purchase agreements to determine the effective date of the acquisition. • We agreed the transactional details and total purchase consideration to underlying legal agreements and bank statements. • We evaluated the fair value of the identifiable assets and liabilities arising from the acquisitions for reasonableness based on our knowledge of the industry. • We compared the fair value of investment properties acquired at acquisition date to the fair value reported by the external valuator as part of our file review of the component auditors. • We evaluated whether the disclosures in the financial statements were appropriate in accordance with the applicable financial reporting standards including those disclosures related to significant accounting judgments.

Other information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee Report, and the Declaration by Company Secretary as required by the Companies Act of South Africa, and the Directors' Responsibility Statement, Unaudited Property Portfolio Information and Unaudited Shareholder Analysis, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Stor-Age Property REIT Limited for four years.

KPMG Inc.
Per Ivan Engels
Chartered Accountant (SA)
Registered Auditor
Director
11 June 2019

4 Christiaan Barnard Street
Foreshore, Cape Town
South Africa
8001

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2019

	Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
ASSETS					
Non-current assets		6 644 781	4 493 563	4 573 696	3 143 972
Investment properties	3	6 242 413	4 034 430	398 702	88 601
Property and equipment		8 793	4 969	1 395	1 644
Stor-Age share purchase scheme loans	4	184 739	166 961	184 739	166 961
Goodwill and intangible assets	5	140 842	144 036	78 321	82 097
Investment in subsidiaries	6	–	–	3 896 010	2 804 669
Other receivables	9	9 929	–	9 929	–
Unlisted investment		4 600	–	4 600	–
Deferred taxation	19	18 829	19 098	–	–
Derivative financial assets	7	34 636	124 069	–	–
Current assets		384 085	90 156	733 873	388 827
Trade and other receivables	9	119 273	65 165	38 960	11 143
Inventories		5 239	3 168	1 129	463
Intercompany receivable	8	–	–	357 146	207 000
Cash and cash equivalents	10	259 573	21 823	185 085	2 293
Dividend receivable	11	–	–	151 553	167 928
Total assets		7 028 866	4 583 719	5 307 569	3 532 799
EQUITY AND LIABILITIES					
Total equity		4 624 751	3 494 259	4 042 453	3 114 397
Stated capital	12	4 292 941	3 175 075	4 292 941	3 175 075
Non-distributable reserve	13	490 839	523 006	(258)	3 413
Accumulated loss		(206 533)	(108 855)	(250 420)	(64 091)
Share-based payment reserve	14	190	–	190	–
Foreign currency translation reserve		19 149	(120 732)	–	–
Total attributable equity to shareholders		4 596 586	3 468 494	4 042 453	3 114 397
Non-controlling interest		28 165	25 765	–	–
Non-current liabilities		1 706 902	801 598	676 422	238 912
Bank borrowings	15.1	1 493 450	624 985	667 319	235 569
Derivative financial liabilities	15.2	21 298	3 343	9 103	3 343
Finance lease obligations	29	192 154	173 270	–	–
Current liabilities		697 213	287 862	588 694	179 490
Bank borrowings	15.1	248 861	16 571	248 861	–
Trade and other payables	16	206 062	94 817	71 156	11 834
Provisions	17	6 266	16 331	5 768	–
Finance lease obligations	29	21 157	8 230	–	–
Intercompany payable	8	–	–	48 042	15 743
Dividends payable		214 867	151 913	214 867	151 913
Total equity and liabilities		7 028 866	4 583 719	5 307 569	3 532 799

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2019

	Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Property revenue		524 351	310 177	16 847	6 887
– Rental income		485 284	295 359	15 800	4 132
– Other income		39 067	14 818	1 047	2 755
Impairment losses recognised on tenant debtors		(3 230)	–	(14)	–
Direct property costs		(135 837)	(76 917)	(2 290)	(1 156)
Net property operating income		385 284	233 260	14 543	5 731
Other revenue		11 065	22 053	267 692	272 857
– Management fees		11 065	22 053	13 609	19 226
– Dividend income from subsidiaries		–	–	254 083	253 631
Administration expenses		(43 805)	(36 923)	(38 725)	(31 314)
Operating profit		352 544	218 390	243 510	247 274
Transaction and advisory fees		(357)	(6 552)	–	–
Restructure of bank borrowings		(13 590)	–	–	–
Gain on bargain purchase		–	377	–	–
Fair value adjustment to investment properties	3	85 675	203 001	2 089	2 737
Fair value adjustment to derivative financial instruments		(120 431)	178 570	(5 760)	(1 934)
– Realised		12 649	56 321	–	–
– Unrealised		(133 080)	122 249	(5 760)	(1 934)
Impairment loss intangible asset		(4 000)	–	(4 000)	–
Depreciation and amortisation		(6 679)	(2 232)	(1 769)	(770)
Profit before interest and taxation		293 162	591 554	234 070	247 307
Interest income		48 917	23 601	16 527	12 354
Interest expense		(81 786)	(33 091)	(53 600)	(20 098)
Profit before taxation	18	260 293	582 064	196 997	239 563
Taxation expense	19	(2 398)	(3 839)	471	(918)
– Normal taxation		291	(3)	471	–
– Deferred taxation		(2 689)	(3 836)	–	(918)
Profit for the year		257 895	578 225	197 468	238 645
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation of foreign operations		143 183	(123 902)	–	–
Other comprehensive income for the year, net of taxation		143 183	(123 902)	–	–
Total comprehensive income for the year		401 078	454 323	197 468	238 645
Profit attributable to:		257 895	578 225		
Owners of the company		257 566	576 726		
Non-controlling interest		329	1 499		
Total comprehensive income attributable to:		401 078	454 323		
Owners of the company		397 452	455 994		
Non-controlling interest		3 626	(1 671)		
Earnings per share	20	Cents	Cents		
Basic earnings per share		80.01	250.26		
Diluted earnings per share		79.99	250.26		

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2019

Group	Stated capital R'000	Non-distributable reserve R'000	Accumulated loss R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Total attributable to parent R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 April 2017	1 766 561	141 058	(17 788)	–	–	1 889 831	–	1 889 831
Total comprehensive income for the year	–	–	576 726	(120 732)	–	455 994	(1 671)	454 323
Profit for the year	–	–	576 726	–	–	576 726	1 499	578 225
Other comprehensive income	–	–	–	(120 732)	–	(120 732)	(3 170)	(123 902)
Transactions with shareholders, recognised directly in equity								
Issue of shares	1 408 514	–	–	–	–	1 408 514	–	1 408 514
Proceeds	1 440 643	–	–	–	–	1 440 643	–	1 440 643
Share issue costs	(32 129)	–	–	–	–	(32 129)	–	(32 129)
Transfer to non-distributable reserve	–	381 948	(381 948)	–	–	–	–	–
Dividends	–	–	(285 845)	–	–	(285 845)	–	(285 845)
Total transactions with shareholders	1 408 514	381 948	(667 793)	–	–	1 122 669	–	1 122 669
Changes in ownership interests								
Acquisition of subsidiary with non-controlling interest	–	–	–	–	–	–	27 434	27 434
Acquisition of subsidiary with non-controlling interest without change in control	–	–	–	–	–	–	2	2
Balance at 31 March 2018	3 175 075	523 006	(108 855)	(120 732)	–	3 468 494	25 765	3 494 259

STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 31 March 2019

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

STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2019

Company	Stated capital R'000	Non-distributable reserve R'000	Accumulated loss R'000	Share-based payment reserve R'000	Total R'000
Balance at 1 April 2017	1 766 561	676	(14 154)	–	1 753 083
Total comprehensive income for the year	–	–	238 645	–	238 645
Profit for the year	–	–	238 645	–	238 645
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	1 408 514	–	–	–	1 408 514
Proceeds	1 440 643	–	–	–	1 440 643
Share issue costs	(32 129)	–	–	–	(32 129)
Transfer to non-distributable reserve	–	2 737	(2 737)	–	–
Dividends	–	–	(285 845)	–	(285 845)
Total transactions with shareholders	1 408 514	2 737	(288 582)	–	1 122 669
Balance at 31 March 2018	3 175 075	3 413	(64 091)	–	3 114 397
Total comprehensive income for the year	–	–	197 468	–	197 468
Profit for the year	–	–	197 468	–	197 468
Other comprehensive income	–	–	–	–	–
Transactions with shareholders, recognised directly in equity					
Issue of shares	1 117 866	–	–	–	1 117 866
Proceeds	1 126 512	–	–	–	1 126 512
Share issue costs	(8 646)	–	–	–	(8 646)
Transfer to non-distributable reserve	–	(3 671)	3 671	–	–
Equity settled share-based payment charge	–	–	–	190	190
Dividends	–	–	(387 468)	–	(387 468)
Total transactions with shareholders	1 117 866	(3 671)	(383 797)	190	730 588
Balance at 31 March 2019	4 292 941	(258)	(250 420)	190	4 042 453

	Note	31 March 2019 Cents	31 March 2018 Cents
Dividend per share	23	106.68	97.83

STATEMENTS OF CASH FLOWS
for the year ended 31 March 2019

	Note	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Cash flows from operating activities					
Cash generated/(utilised) from operations	*21.1*	396 758	201 766	5 158	(45 613)
Interest received	*21.2*	44 982	19 365	16 218	12 354
Interest paid	*21.3*	(75 283)	(33 475)	(57 011)	(22 866)
Dividends paid	*21.4*	(325 696)	(209 222)	(324 514)	(209 222)
Dividend received	*21.5*	–	–	270 458	149 623
Taxation refund	*21.6*	471	–	471	–
Net cash inflow/(outflow) from operating activities		41 232	(21 566)	(89 220)	(115 724)
Cash flows from investing activities					
Additions to investment properties	*3*	(348 045)	(204 369)	(298 135)	(46 697)
Proceeds from disposal of investment properties	*3*	–	5 369	–	5 200
Advance of Stor-Age share purchase scheme loans	*4*	(21 096)	(43 076)	(21 096)	(43 076)
Repayment of Stor-Age share purchase scheme loans	*4*	17 318	44 670	17 318	44 670
Acquisition of property and equipment		(6 352)	(2 828)	(1 276)	(1 805)
Acquisition of intangible assets	*5*	(764)	(1 799)	(453)	(252)
Acquisition of unlisted investment		(4 600)	–	(4 600)	–
Asset acquisitions, net of cash acquired	*22*	(426 130)	–	–	–
Acquisition of subsidiaries, net of cash acquired		–	(1 079 212)	–	–
Net cash outflow from investing activities		(789 669)	(1 281 245)	(308 242)	(41 960)
Cash flows from financing activities					
Advance of bank borrowings	*21.7*	735 526	247 774	1 183 551	247 774
Repayment of bank borrowings	*21.7*	(507 460)	(273 162)	(502 960)	(264 877)
Repayment of loans from previous shareholder of RSI 2 and RSI 3	*21.8*	(326 389)	–	–	–
Additional investment in subsidiaries	*6*	–	–	(1 091 341)	(1 315 076)
Repayment of loan from subsidiaries	*8*	–	–	298 878	(7)
Advance of loan to subsidiaries	*8*	–	–	(411 740)	128 399
Proceeds from the issue of shares		1 112 512	1 392 557	1 112 512	1 392 557
Share issue costs		(8 646)	(32 129)	(8 646)	(32 129)
Repayment of finance leases		(22 310)	(8 693)	–	–
Net cash inflow from financing activities		983 233	1 326 347	580 254	156 641
Effects of movements in exchange rate changes on cash held		2 954	(9 744)	–	–
Net cash inflow/(outflow) for the year		234 796	23 536	182 792	(1 043)
Cash and cash equivalents at beginning of year		21 823	8 031	2 293	3 336
Cash and cash equivalents at end of year	*10*	259 573	21 823	185 085	2 293

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

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 and its subsidiary companies (together referred to as the "group").

1.2 Basis of preparation

Statement of compliance

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The financial statements were authorised by the board of directors for release on 11 June 2019.

1.3 Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties 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.

Functional and presentation currency

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

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in the current reporting period commencing 1 April 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- *Definition of a Business* (Amendments to IFRS 3)
- *Transfers to Investment Property – Amendments to IAS 40*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The group has changed its accounting policies with the adoption of IFRS 9 and IFRS 15. The impact of the adoption of these standards is disclosed in note 24. The other amendments adopted did not have any impact on the amounts recognised in the prior period. The group has elected to early adopt the IFRS 3 amendment to the definition of a 'business' for acquisitions which is effective from October 2018. The group has elected not to restate comparatives and as a result the comparative information provided continues to be accounted for in accordance with the group's previous accounting policies.

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

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

Title of standard or interpretation	Nature of change	Impact on financial statements
IFRS 16 *Leases* – Effective for the financial year ending 31 March 2020	The standard will result in the majority of leases being recognised on the statement of financial position. The distinction between operating and finance leases has been amended. The standard requires lessees to recognise a right-of-use lease asset and a financial liability for the lease payments. No significant changes have been included for lessors.	The group is the lessor of storage space and no material changes are expected except for the property lease held over Stor-Age Springfield. The operating lease is currently not recognised in the statement of financial position and the monthly rental expense is recognised in profit or loss over the term of the lease. With the adoption of the new standard, the group will recognise a right-of-use asset and lease liability in the statement of financial position at R8.6 million on 1 April 2019. Subsequently the right-of-use asset will be recognised under the fair value model in terms of IAS 40 *Investment Property*. The lease liability will unwind over the term of the lease giving rise to an interest expense recognised in profit or loss. The group plans to apply the new standard using the modified retrospective approach which will not result in the restatement of comparative figures.
Amendment to IFRS 9 – Effective for the financial year ending 31 March 2020	Prepayment features with negative compensation and modification of financial liabilities.	The group will apply the amendment prospectively.
Annual improvements 2015 – 2017 – Effective for the financial year ending 31 March 2020	Amending existing IFRSs to clarify guidance and wording.	The group will apply the amendments prospectively.
Amendments to IAS 1 *Presentation of financial statements and* IAS 8 *Accounting policies, changes in accounting estimated and errors* – Effective for the financial year ending 31 March 2021	Definition of material.	The group will apply the amendments prospectively.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

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

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are discussed in note 27.

1.5 Basis of consolidation

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

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

The group financial statements incorporate the financial statements of the company and its subsidiary companies. Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date on which control commences until the date on which control ceases. All group companies have a 31 March financial year end.

Intra-group balances and transactions, and any unrealised 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.

1.6 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 either the discounted cash flow method or the capitalisation of net income method or a combination of these methods. 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 does 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 a non-distributable reserve and is not available for distribution.

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

Investment properties under development

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

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

Leasehold investment properties

Leasehold properties that are leased under operating leases are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor for the building element of the leasehold is included in the statement of financial position at the present value of the minimum lease payments at inception, and is shown within note 29. 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
Fire and safety equipment	3 years
Leasehold improvements	25 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 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

1.8.1.1 Financial assets – Policy applicable for the year ended 31 March 2019

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 other comprehensive income if:

- it is held in a business model where the objective is to hold assets to collect contractual cash flows and for sale, 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.

1.8.1.2 Financial assets – Policy applicable for the year ended 31 March 2018

Financial assets are classified as financial assets at fair value through profit or loss and loans and receivables, as appropriate. The group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised on the trade date when the company becomes party to the contractual provisions of the instruments. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the group transfers substantially all the risks and rewards of ownership.

The group's financial assets consist of trade and other receivables, cash and cash equivalents and loans in respect of the share purchase scheme at amortised cost.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

1.8.1.2 Financial assets – Policy applicable for the year ended 31 March 2018 (continued)

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

Stor-Age share purchase scheme loans

Stor-Age share purchase scheme loans are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method.

1.8.1.3 Financial liabilities – Policy applicable for the year ended 31 March 2018 and 31 March 2019

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. A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expires.

1.8.1.4 Offsetting – Policy applicable for the year ended 31 March 2018 and 31 March 2019

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. Unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit or loss.

1.9 Goodwill and intangible assets

Goodwill

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

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

Intangible assets

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

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

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

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

The estimated useful lives for the period is as follows:

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

1.10 Leases

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

Operating leases

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

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

Finance leases

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

1.12 Impairment

1.12.1 Financial assets – Policy applicable for the year ended 31 March 2019

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

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 Financial assets – Policy applicable for the year ended 31 March 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset that can be measured reliably.

Objective evidence of impairment includes:

- default or delinquency by a debtor;
- indications that a debtor will enter bankruptcy;
- adverse changes in the payment status of borrowers;
- observable data indicating that there is a measurable decrease in expected cash flows from a group of assets.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flow discounted at the original effective interest rate. An allowance account is used to reduce the carrying amount of tenant receivables impaired by credit losses.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

1.12.3 Non-financial assets

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

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

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

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

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

1. 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 17.

1.14 Revenue

Policy applicable for the year ended 31 March 2019

Property revenue

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

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

Other revenue

Other revenue comprises management fees and dividends received 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 received 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 received from subsidiary companies, which is recognised in the period in which they are declared.

Policy applicable for the year ended 31 March 2018

Property revenue

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

Property revenue comprises rental income and other income from the sale of packaging materials and insurance management fees, excluding Value Added Tax. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

Other revenue

Other revenue comprises management fees and dividends received from subsidiaries. Management fees include property management fees, asset management fees, licence fees, acquisition fees and development fees. Property management fees, asset management fees, licence fees and acquisition fees are recognised in profit or loss when earned. Development fees are recognised in profit or loss on a straight-line basis over the period of development of the investment property. Dividends received 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 received from subsidiary companies, which is recognised in the period in which they are declared.

1.15 **Direct property costs**

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

1.16 **Interest expense**

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

1.17 **Interest income**

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

1.18 **Operating profit**

Operating profit is defined as profit before fair value adjustments, gains on bargain purchases, transaction and advisory fees, amortisation, depreciation, interest and taxation.

1.19 **Net property operating income**

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

1.20 **Tax**

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.21 Segment reporting

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

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

The group comprises the following main geographical operating segments:

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

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

1.22 Employee benefits

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

1.23 Stated capital

Stated capital

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

1.24 Non-distributable reserve

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

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 company'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 company's presentation currency at the exchange rates at the dates of the transaction (the company 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 are calculated in terms of the requirements set out in Circular 2/2015, issued by SAICA.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2019

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.

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

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

2.1 Credit risk

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

Trade and other receivables

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

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

Stor-Age share purchase scheme loans

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

Cash and cash equivalents

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

First National Bank	Baa3
Investec Bank	Baa3
Standard Bank	Baa3
Nedbank	Baa3
Royal Bank of Scotland	Baa2
Lloyds Bank	Aa3

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:

Investec Bank	Baa3
Standard Bank	Baa3
Nedbank	Baa3
Lloyds Bank	Aa3

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 monitors 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 25.4.

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 flow 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 and company has no exposure to price risk.

2.4 Capital risk management

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

		Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
3.	**INVESTMENT PROPERTIES**				
3.1	**Fair value of investment properties**				
	Historical cost	5 540 159	3 722 510	302 971	46 172
	Subsequent expenditure capitalised	242 248	152 149	88 821	37 608
	Fair value adjustment	429 313	343 638	6 910	4 821
	Exchange differences	30 693	(183 867)	–	–
	Carrying amount at end of year	6 242 413	4 034 430	398 702	88 601
	Movement in investment properties:				
	Carrying amount at start of year	4 034 430	2 050 210	88 601	36 588
	Acquisitions made through business combination	–	1 755 029	–	–
	Acquisitions made through asset acquisitions	1 547 684	–	–	–
	Additions to investment property	269 965	145 280	256 799	29 068
	Disposal of investment property	–	(17 569)	–	(17 400)
	Subsequent expenditure capitalised*	90 099	82 346	51 213	37 608
	Fair value adjustment	85 675	203 001	2 089	2 737
	Exchange differences	214 560	(183 867)	–	–
	Carrying amount at end of year	6 242 413	4 034 430	398 702	88 601

* *Includes interest capitalised of R12.019 million (2018: R6.030 million) for the group and R9.877 million (2018: R2.768 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 29.

All investment properties, except for those under development, have generated rental income during the current year. The carrying amount of investment properties under development amount to R264.296 million (2018: R60.721 million).

Investment properties with a fair value of R5.77 billion (2018: R3.77 billion) at the reporting date are pledged as security for the bank borrowings set out in note 15.

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 26. There has been no transfers to or from level 3 in the year.

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

In line with this policy, the board elected to have 17 of the 49 properties in the SA portfolio (fair value of R1.367 billion), and 14 of the 16 properties in the UK portfolio (fair value of R1.775 billion), valued by independent external valuers for the year ended 31 March 2019. The remaining two properties in the UK, Viking Self Storage Bedford and The Storage Pod acquired in March 2019 (see note 22), were independently valued by Cushman and Wakefield at 30 November 2018. The board is satisfied that the valuation of these two properties at 31 March 2019 is consistent with the independent valuation performed at 30 November 2018.

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 17 properties in the South African portfolio at 31 March 2019.

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. (a) Net operating income is based on the projected revenue less projected operating costs, including a property management fee subject to a cap and collar. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on management's estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit out is deducted from the valuation. (b) The income capitalisation method is also applied as a check to ensure that the discounted cash flow valuation is appropriate. Net operating income is calculated on a forward 12 month basis assuming stabilised mature occupancy and market related rental rates. A market related capitalisation rate is applied to the annualised net operating income to derive a valuation.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 16.125% and 18.375% (2018: between 15.5% and 17.5%) (c) Capitalisation rate for the notional sale in year 10 – between 7.625% and 9.5% (2018: between 8.5% and 11.0%) (d) The rental escalation is between 8% and 15% (2018: between 8% and 15%) (e) The operating costs inflation assumption is 6.0% (2018: 7.0%)	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Measurement of fair value on investment properties (continued)

Details of valuation – United Kingdom

In the UK 14 of the 16 properties have been valued as at 31 March 2019 by external valuers, Cushman & Wakefield ("C&W"), who are Registered Valuers of The Royal Institution of Chartered Surveyors ("RICS") in the UK. The valuation has been carried out in accordance with the current edition of the RICS Valuation – Professional Standards, published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each investment property has been prepared on the basis of fair value as a fully equipped operational entity, having regard to trading potential.

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

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

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

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 C&W to arrive at its opinion of fair value for these properties. For freehold properties the valuation is based on a discounted cash flow of the net operating income over a 10 year period and a notional sale of the asset at the end of the tenth year. (a) Net operating income is based on projected revenue received less projected operating costs, including a property management fee based on a percentage of revenue, subject to a cap and collar. The initial net operating income is calculated by estimating the net operating income in the first 12 months following the valuation date. The net operating income in future years is calculated assuming either straight line lease-up from day one actual occupancy or variable line lease-up over years one to four of the cash flow period, to an estimated stabilised/mature occupancy level. The projected revenues and costs have been adjusted for estimated cost inflation and revenue growth. (b) The capitalisation rates applied to existing and future net cash flows have been estimated by reference to underlying yields for industrial and retail warehouse property, yields for other trading property types such as purpose-built student housing and hotels, bank base rates, ten-year money rates, inflation and the available evidence of transactions in the sector. The future net cash flow projections (including revenue growth and cost inflation) have been discounted at a rate that reflects the risk associated with each property. For short leasehold properties, the same methodology has been used as for freeholds, except that no sale of the property in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.	(a) Financial information used to calculate forecast net income – e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – between 9.125% and 15.625% (2018: between 9.75% and 13.125%) (c) Capitalisation rate for the notional sale in year 10 – between 6.125% and 12.875% (2018: between 6.875% and 7.75%) (d) The rental escalation is between 2.75% and 3.25% (2018: between 3.00% and 3.25%) (e) The operating costs inflation assumption is 2.75% (2018: 2.75%)	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease-up rates and rental rates and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

3. INVESTMENT PROPERTIES (continued)

3.2 Capital commitments authorised

	Group	
	2019 R'000	2018 R'000
Contracted for	76 900	237 200
Authorised but not contracted for	179 177	120 800
	256 077	358 000

The capital commitments relates to improvements to investment properties and new property developments. The commitments will be funded from the group's borrowing facilities (see note 15).

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 the current year 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.

	2019 Number of shares	2018 Number of shares
Maximum number of shares available for the Scheme	20 000 000	17 687 634
Original Shares issued to participants		
At start of year	15 589 440	12 079 440
Sold during the year	(98 860)	–
Issued during the year	1 130 000	3 510 000
At end of year	16 620 580	15 589 440
Shares available for the Scheme	3 280 560	2 098 194

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

Reconciliation of share movement in the current year

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

Reconciliation of movement in loan

	Opening balance at 1 April 2017	Interest charged	Dividends paid	Advance of loan for new issue	Closing balance at 31 March 2018
Issue 1	120 701	9 589	(10 688)	–	119 602
Issue 2	2 611	200	(493)	–	2 318
Issue 3	2 167	174	(187)	–	2 154
Issue 4a	–	268	(353)	8 915	8 830
Issue 4b	–	317	(495)	12 401	12 223
Issue 5	–	74	–	21 760	21 834
	125 479	10 622	(12 216)	43 076	166 961

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

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

	Interest rate	Number of shares	Date	Award value R'000	Outstanding balance R'000	Fair value of shares R'000
Issue 1	8.00%	11 580 000	16 November 2015	116 100	122 173	149 885
Issue 2	8.31%	230 580	31 August 2016	2 599	2 277	3 478
Issue 3	8.00%	200 000	28 February 2017	2 152	2 220	2 582
Issue 4a	7.46%	730 000	26 September 2017	8 915	8 752	9 812
Issue 4b	7.46%	1 050 000	22 November 2017	12 401	12 684	13 556
Issue 5	7.19%	1 700 000	14 March 2018	21 760	22 292	21 947
Issue 6	7.90%	1 130 000	17 September 2018	14 001	14 341	14 588
Shares balance at 31 March 2019		16 620 580		177 927	184 739	215 848
Shares balance at 31 March 2018		15 589 440		163 926	166 961	201 260

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Loans to directors and employees				
Directors				
– SC Lucas	48 387	44 103	48 387	44 103
– GM Lucas	48 387	44 103	48 387	44 103
– SJ Horton	48 387	44 103	48 387	44 103
Employees	39 578	34 652	39 578	34 652
	184 739	166 961	184 739	166 961

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 10 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 R16.469 million (2018: R12.216 million) declared during the current year have been applied against the interest on the loans of R13.819 million (2018: R10.622 million).

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

5. GOODWILL AND INTANGIBLE ASSETS

	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
Group						
2019						
Cost	121 013	–	4 000	2 945	17 329	145 287
Opening balance	89 013	32 000	4 000	2 181	17 058	144 252
Additions during the year	–	–	–	764	–	764
Reclassification	32 000	(32 000)	–	–	–	–
Foreign exchange movement	–	–	–	–	271	271
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	121 013	–	–	2 500	17 329	140 842
2018						
Cost	89 013	32 000	4 000	2 181	17 058	144 252
Opening balance	47 448	32 000	4 000	382	–	83 830
Additions during the year	–	–	–	1 799	–	1 799
Acquired through business combinations	41 565	–	–	–	17 237	58 802
Foreign exchange movement	–	–	–	–	(179)	(179)
Accumulated amortisation	–	–	–	(216)	–	(216)
Opening balance	–	–	–	(160)	–	(160)
Amortisation for the year	–	–	–	(56)	–	(56)
Carrying amount at 31 March 2018	89 013	32 000	4 000	1 965	17 058	144 036

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

5. GOODWILL AND INTANGIBLE ASSETS (continued)

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
2019						
Cost	279	77 400	4 000	1 087	–	82 766
Opening balance	279	77 400	4 000	634	–	82 313
Additions during the year	–	–	–	453	–	453
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	279	77 400	–	642	–	78 321
2018						
Cost	279	77 400	4 000	634	–	82 313
Opening balance	279	77 400	4 000	382	–	82 061
Additions during the year	–	–	–	252	–	252
Accumulated amortisation	–	–	–	(216)	–	(216)
Opening balance	–	–	–	(160)	–	(160)
Amortisation for the year	–	–	–	(56)	–	(56)
Carrying amount at 31 March 2018	279	77 400	4 000	418	–	82 097

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

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

	Initial goodwill R'000	Accumulated impairment loss R'000	Goodwill 31 March 2019 R'000	Goodwill 31 March 2018 R'000
Stor-Age management agreement (note 5.1)	77 697	–	77 697	45 679
Storage RSA (note 5.2)	1 769	–	1 769	1 769
Betterstore Self Storage (note 5.3)	41 565	–	41 565	41 565
Carrying amount at end of year	121 031	–	121 031	89 013

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

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

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

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

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

	2019	2018
Discount rate	17%	17%
Exit capitalisation rate	9.5%	9.5%
Growth rate	9%	9%
Cost inflation	6%	6%

There was no indication of impairment of the cash-generating units at 31 March 2019.

5.2 Goodwill acquired as part of the Storage RSA business combination

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

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

5.3 Goodwill acquired as part of the Betterstore business combination

The company, through its wholly-owned subsidiary Roeland Street Investments ('RSI'), acquired Betterstore Self Storage Holdings Limited ('Betterstore') on 2 November 2017. Goodwill of R41.565 million arose on acquisition. The dividend growth model was used to determine the value in use for the Betterstore business. The model is appropriate because dividends are the correct reflection of free cash flows of the business. Management has tested the expected dividend cash flow using the dividend growth model over a five-year period on a standalone basis, using the following assumptions:

	2019
Dividend growth	8.0%
Exit capitalisation rate	6.0%
Discount rate	10.75%
Exchange rate (GBP/ZAR)	18.50
Terminal growth rate	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 current year.

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 2019 R'000	Investment 2018 R'000
Roeland Street Investments Proprietary Limited ("RSI")	South Africa	100%	2 743 243	2 743 168
Wimbledonway Investments Proprietary Limited	South Africa	100%	48 985	48 985
N14 Self Storage Proprietary Limited	South Africa	100%	12 516	12 516
Roeland Street Investments 2 Proprietary Limited ("RSI 2")	South Africa	100%	997 781	–
Roeland Street Investments 3 Proprietary Limited ("RSI 3")	South Africa	100%	93 485	–
			3 896 010	2 804 669

The company acquired the shares in RSI 2 and RSI 3 in October 2018.

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

Details of the company's indirectly held interest in subsidiaries at 31 March 2019 are as follows:

Name of subsidiary	Holding company	Country of incorporation	Interest % held as at 31 March 2019	Interest % held as at 31 March 2018
Storage RSA Investments Proprietary Limited ("Storage RSA")	RSI	South Africa	100%	100%
Storage RSA Trading Proprietary Limited	Storage RSA	South Africa	100%	100%
Gauteng Storage Properties Proprietary Limited	Storage RSA	South Africa	100%	100%
Storage RSA The Interchange Proprietary Limited	Storage RSA	South Africa	100%	100%
Storage RSA AP Lubbe Building Proprietary Limited	Storage RSA	South Africa	100%	100%
Units 1 – 4 Somerset West Business Park Proprietary Limited	RSI	South Africa	100%	100%
Units Self Storage Proprietary Limited	RSI	South Africa	100%	100%
Stor-Age Properties KZN Proprietary Limited	RSI	South Africa	99.9%	99.9%
Stor-Age International Proprietary Limited	RSI	South Africa	100%	100%
Betterstore Self Storage Holdings Limited ("Betterstore")	RSI	Guernsey	97.6%	97.4%
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%	–

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
7. DERIVATIVE FINANCIAL ASSETS				
Forward exchange contracts	34 636	51 712	–	–
Cross-currency interest rate swaps	–	69 397	–	–
Interest rate swaps	–	2 960	–	–
	34 636	124 069	–	–

Derivative	Risk mitigation
Forward exchange derivative	The group enters into forward exchange derivatives to manage its exposure to foreign exchange risk by forward selling foreign currency at predetermined prices.

Details pertaining to the valuation of the derivative instruments are set out in note 26.

	Company 2019 R'000	Company 2018 R'000
8. INTERCOMPANY PAYABLE/RECEIVABLE		
Intercompany payable		
Wimbledonway Investments Proprietary Limited	13 574	14 603
Stor-Age Properties KZN Proprietary Limited	–	1 140
Roeland Street Investments 2 Proprietary Limited	34 468	–
	48 042	15 743
Intercompany receivable		
Roeland Street Investments Proprietary Limited	210 400	60 730
N14 Self Storage Proprietary Limited	28 728	29 173
Storage RSA Trading Proprietary Limited	117 423	117 097
Stor-Age Properties KZN Proprietary Limited	595	–
	357 146	207 000

No interest is charged on intercompany balances. The intercompany payable/receivable is repayable on demand.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
9. TRADE AND OTHER RECEIVABLES				
Financial instruments				
Tenant debtors net of loss allowance	15 593	9 881	725	–
Gross tenant debtors	17 469	11 662	741	–
Loss allowance	(1 876)	(1 781)	(16)	–
Staff loans	77	137	70	137
Related party receivables	60	9 311	5 179	9 326
Other receivables: Rental guarantee^	32 232	–	32 232	–
Amount due from previous shareholder of Viking	10 378	–	–	–
Sundry receivables	25 972	4 905	8 714	290
	84 312	24 234	46 920	9 753
Non-financial instruments				
Prepayments+	44 649	40 912	993	1 390
Taxation receivable	241	19	–	–
VAT	–	–	976	–
	44 890	40 931	1 969	1 390
Total trade and other receivables	129 202	65 165	48 889	11 143
Split between non-current and current portion				
Current assets	119 273	–	38 960	–
Non-current assets	9 929	–	9 929	–
	129 202	–	48 889	–
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9:				
At amortised cost	96 970	–	16 657	–
At fair value through profit or loss	32 232	–	32 232	–

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

Information about the group and company's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 25.3.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
10. CASH AND CASH EQUIVALENTS				
Cash on call	181 201	100	181 201	100
Current account	78 372	21 723	3 884	2 193
	259 573	21 823	185 085	2 293

In the prior year in order to meet the bank loan covenants, £300 000 had to be kept in a deposit account prior to a dividend payment to South Africa. In the current year, bank borrowings in the UK was restructured and there are no restrictions in place on the transfer of funds from the UK.

The effective interest rates are set out in note 25.2.2.

	Company 2019 R'000	Company 2018 R'000
11. DIVIDEND RECEIVABLE		
Wimbledonway Investments Proprietary Limited	2 760	2 548
N14 Self Storage Proprietary Limited	570	730
Roeland Street Investments Proprietary Limited	103 533	164 650
Roeland Street Investments 2 Proprietary Limited	40 618	–
Roeland Street Investments 3 Proprietary Limited	4 072	–
	151 553	167 928

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
12. STATED CAPITAL				
Authorised				
1 000 000 000 Ordinary shares of no par value				
Issued				
301 864 102 Ordinary shares in issue at 1 April 2018 (1 April 2017: 176 876 345 Ordinary shares)	3 175 075	3 207 204	3 175 075	3 207 204
4 160 000 Ordinary shares issued at R12.50 per share in April 2018	52 000	–	52 000	–
1 401 503 Ordinary shares issued at R12.33 per share in July 2018+	17 277	–	17 277	–
1 130 000 Ordinary shares issued at R12.39 per share in September 2018	14 001	–	14 001	–
33 333 333 Ordinary shares issued at R12.00 per share in October 2018	400 000	–	400 000	–
4 852 861 Ordinary shares at R12.00 per share in December 2018+	58 234	–	58 234	–
46 245 059 Ordinary shares at R12.65 per share in March 2019	585 000	–	585 000	–
Share issue costs for the current year	(8 646)	(32 129)	(8 646)	(32 129)
In issue at the end of the year	4 292 941	3 175 075	4 292 941	3 175 075
Reconciliation of number of issued shares				
In issue at the beginning of the year	301 864 102	176 876 345	301 864 102	176 876 345
Issued during the year	91 122 756	124 987 757	91 122 756	124 987 757
In issue at the end of the year	392 986 858	301 864 102	392 986 858	301 864 102

+ *Includes the effects of shares issued at the dividend re-investment price*

Refer to shareholder analysis for further information regarding significant shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
13. NON-DISTRIBUTABLE RESERVE				
Fair value adjustment on investment properties	429 313	343 638	6 910	4 821
Fair value adjustment on derivative financial instruments	56 731	177 162	(7 168)	(1 408)
Transaction costs capitalised on acquisition of subsidiary	–	(2 589)	–	–
Gain on bargain purchase	4 795	4 795	–	–
	490 839	523 006	(258)	3 413
Movements for the year				
Balance at beginning of year	523 006	141 058	3 413	676
Adjustment to fair value of investment properties	85 675	203 001	2 089	2 737
Adjustment to fair value of derivative financial instruments	(120 431)	178 570	(5 760)	–
Transaction costs capitalised on acquisition of subsidiary	2 589	–	–	–
Gain on bargain purchase	–	377	–	–
Balance at end of year	490 839	523 006	(258)	3 413

The fair value adjustments and the gain on bargain purchase accounted for in profit or loss were transferred to the non-distributable reserve in the prior year.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
14. SHARE-BASED PAYMENT RESERVE				
Opening balance	–	–	–	–
Expense recognised in profit or loss	190	–	190	–
Shares issued during the current year	–	–	–	–
Closing balance	190	–	190	–

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

Details of conditional shares awarded are set out below:

	Number of conditional shares
GM Lucas	171 625
SC Lucas	171 625
SJ Horton	171 625
Other employees	627 918
Total awards granted at 31 March 2019	1 142 793
Awards still to be granted	103 206
Total CSP awards	1 245 999

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

Details of assumptions

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

Closing number of unvested instruments	1 142 793
Grant date	13 March 2019
Vesting date	1 September 2022
Issue price (30 day VWAP)*	13.11
Forfeiture rate	7.0%
Dividend yield	8.15%
Performance condition factor	90.0%

The full share grant may be forfeited if participants do not meet the vesting conditions as detailed in the remuneration report. 25% of the conditional shares are subject to a three-year service period only and 75% are subject to a three-year service period as well as certain group and individual performance conditions.

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

No conditional shares vested or were forfeited during the year.

* *Volume-weighted average price*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
15. FINANCIAL LIABILITIES				
15.1 Bank borrowings				
Current borrowings	248 861	16 571	248 861	–
– Long-term borrowings	248 861	16 571	248 861	–
Non-current borrowings	1 493 450	624 985	667 319	235 569
– Long-term borrowings	1 791 769	742 035	965 638	352 619
– Surplus cash paid into loan facility	(298 319)	(117 050)	(298 319)	(117 050)
Total bank borrowings	1 742 311	641 556	916 180	235 569
Total bank borrowings, gross of surplus cash	2 040 630	758 606	1 214 499	352 619

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

South Africa

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2019	Facility balance at 31 March 2018
Nedbank B	Dec 2019	3 years	Prime less 1.50	150 000	149 322	150 000
Nedbank C	Nov 2020	5 years	Prime less 1.40	350 000	296 012	202 619
Nedbank D	Nov 2021	3 years	Prime less 1.40	375 000	369 378	–
Nedbank E	Nov 2019	1 year	Prime less 1.50	100 000	99 539	–
Standard Bank B	Nov 2021	3 years	JIBAR plus 1.33	520 000	300 248	–
Investec	Nov 2021	3 years	Prime less 1.40	150 000	–	–
				1 645 000	1 214 499	352 619

United Kingdom

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2019	Facility balance at 31 March 2018
Royal Bank of Scotland	Nov 2022	5 years	LIBOR plus 3.0	24 500	–	405 987
Lloyds Bank	Nov 2024	6 years*	LIBOR plus 2.75	52 000	826 131	–
					826 131	405 987
Total bank borrowings for the group					2 040 630	758 606

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

All borrowing facilities are interest only facilities. The Royal Bank of Scotland facility was an amortising facility.

As at 31 March 2019, Nedbank facilities B,C,D and E, the Standard Bank and Lloyds Bank facilities were utilised. All surplus cash is placed in the Nedbank C annex facility. The surplus cash paid into the annex facility earns interest at the prime overdraft rate as applicable in South Africa less 2.40%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate swaps to the value of R680 million (2018: R250 million) and R200 million have been entered into with Nedbank Limited and Standard Bank Limited respectively. An interest rate swap to the value of £39.240 million has been entered into with Lloyds Bank. Further details are set out in note 25.2.1.

The bank borrowings are secured as follows:

Nedbank

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

Standard Bank

- Erf 16694 Somerset West (Storage RSA Somerset West)
- Erf 8190 and Erf 8183 Stellenbosch (Storage RSA Stellenbosch)
- Portion 1 of Erf 877 Louwlardia Extension 13 (Storage RSA Midrand)
- Erf 4885 Weltevredenpark Extension 139 (Storage RSA Constantia Kloof)
- Erf 17350 a portion of Erf 15744 Durbanville (Storage RSA Durbanville)
- Headlease over remainder of Erf 995 Constantia Kloof (Stor-Age Constantia Kloof)
- Erf 14804 Somerset West (Storage RSA Heritage Park)
- Erf 1203 Wetton (Stor-Age Ottery)

15. FINANCIAL LIABILITIES (continued)

15.1 Bank borrowings (continued)

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)

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)

The following covenants are applicable to the year ended 31 March 2019:

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 loan-to-value (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	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
15.2	**Derivative financial liabilities**				
	Cross-currency interest rate swaps	4 573	–	–	–
	Interest rate swaps	16 725	3 343	9 103	3 343
		21 298	3 343	9 103	3 343

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

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

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
16. TRADE AND OTHER PAYABLES				
Financial instruments				
Trade creditors	28 572	22 691	1 964	1 181
Security deposits	19 571	13 815	1 095	1 242
Other payables	25 149	8 228	1 834	3 424
Related party payables	55 500	1 468	56 927	2 262
Property accruals	27 743	8 494	8 341	3 161
Tenant deposits	650	588	589	–
	157 185	55 284	70 750	11 270
Non-financial instruments				
Income received in advance	38 542	29 837	406	–
VAT	10 335	9 696	–	564
	48 877	39 533	406	564
Total trade and other payables	206 062	94 817	71 156	11 834

Information about the group's and company's exposure liquidity risk is included in note 25.4.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
17. PROVISIONS				
Balance at beginning of year	16 331	20 047	–	–
Movement in provision#	(10 065)	(3 716)	5 768	–
Balance at end of year	6 266	16 331	5 768	–

Relates to provisions raised for municipal accounts

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
18. PROFIT BEFORE TAXATION IS STATED AFTER RECOGNISING:				
Interest income on financial assets measured at amortised cost	48 917	23 601	16 527	12 354
Auditor's remuneration*	(3 593)	(1 151)	(1 011)	(580)
Staff costs	(80 567)	(54 182)	(26 301)	(21 072)
Rates	(42 784)	(15 291)	–	–

* *R164 000 (2018: R10 000) was paid to KPMG for non-audit services in the current year.*
Foreign subsidiaries were audited by BDO. An amount of R476 239 (2018: R32 637) was paid to BDO for non-audit services and R856 098 (2018: R402 161) for audit services.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
19. TAXATION				
Normal taxation				
Income tax charge for the year	291	(3)	471	–
Deferred taxation				
Deferred tax charge for the year	(2 689)	(3 836)	–	(918)
Taxation for the year	(2 398)	(3 839)	471	(918)
The taxation charge is reconciled as follows:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses+	0.80%	0.00%	0.40%	0.01%
Exempt income	(0.20%)	0.00%	(0.20%)	0.00%
Fair value adjustments	(9.50%)	(15.65%)	0.30%	(0.32%)
Capital allowances	(0.40%)	0.00%	0.00%	0.00%
Tax rate difference due to foreign operations	(0.70%)	(1.29%)	0.00%	0.00%
Qualifying distribution	(22.70%)	(11.49%)	(30.00%)	(27.93%)
Unrecognised deferred tax asset	5.70%	1.09%	1.30%	0.62%
Effective taxation charge	0.90%	0.66%	(0.20%)	0.38%
Deferred taxation				
At beginning of year	19 098	2 094	–	918
Asset acquisitions	107	–	–	–
Business combination	–	20 840	–	–
Assessed losses carried forward (UK)	(2 689)	(1 786)	–	–
Deferred tax asset reversal	–	(2 050)	–	(918)
Exchange differences	2 313	–	–	–
At end of year	18 829	19 098	–	–

+ *Relates to donations made to non-S18A benefit organisations.*

The group has an assessed loss of R425.5 million (2018: R155.1 million) in South Africa. Management has decided, in light of the impact of the REIT legislation, not to recognise a deferred taxation asset relating to the assessed loss as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

With the exception of four UK subsidiaries, the Betterstore group is taxed at the company standard rate of 0% under the Income Tax (Zero Ten) Guernsey Law, 2007. Guernsey companies are taxable on net UK rental income as a non-resident landlord. The Betterstore group has tax losses available to carry forward and utilise against future profits of £6.2 million (2018: £6.7 million) which has been recognised as a deferred tax asset.

The deferred tax asset in the current and prior year relates to assessed losses for the UK subsidiaries.

20. 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.

	Company 2019 R'000	Company 2018 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the period (attributable to shareholders of the parent)	257 566	576 726
Basic earnings	257 566	576 726
Headline earnings adjustments	(81 605)	(202 600)
Fair value adjustment to investment properties	(85 675)	(203 001)
Fair value adjustment to investment properties (NCI)+	70	778
Impairment loss on intangible asset	4 000	–
Gain on bargain purchase	–	(377)
Headline earnings attributable to shareholders	175 961	374 126
Number of shares ('000)		
Total number of shares in issue	392 987	301 864
Shares in issue entitled to dividends	387 987	298 524
Weighted average number of shares in issue	326 937	237 950
Weighted average number of shares in issue entitled to dividends	321 937	230 450
Add: Weighted potential dilutive impact of conditional shares	57	–
Diluted weighted average number of shares in issue	321 994	230 450
Earnings per share		
Basic earnings per share (cents)	80.01	250.26
Diluted earnings per share (cents)	79.99	250.26
Headline earnings per share		
Basic headline earnings per share (cents)	54.66	162.35
Diluted headline earnings per share (cents)	54.65	162.35

+ *Non-controlling interest*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
21. NOTES TO THE STATEMENTS OF CASH FLOWS				
21.1 Cash generated from operations				
Profit before taxation	260 293	582 064	196 997	239 563
Adjusted for:				
Dividends received	–	–	(254 083)	(253 631)
Interest income	(48 917)	(23 601)	(16 527)	(12 354)
Interest expense	81 786	33 091	53 600	20 098
Impairment loss intangible asset	4 000	–	4 000	–
Change in provision estimate	(10 065)	(3 716)	5 768	–
Depreciation and amortisation	6 679	2 232	1 769	770
Gain on bargain purchase	–	(377)	–	–
Related party management fee	–	–	(5 000)	–
Equity-settled share-based payment expense	190	–	190	–
Fair value adjustment to investment properties	(85 675)	(203 001)	(2 089)	(2 737)
Fair value adjustment to derivative financial instruments	127 517	(178 570)	5 760	1 934
	335 808	208 122	(9 615)	(6 357)
Changes in working capital, net of assets acquired	60 950	(6 356)	14 773	(39 256)
Decrease/(increase) in trade and other receivables	7 154	(6 739)	(37 437)	(5 584)
(Increase) in inventory	(1 044)	(529)	(666)	(67)
Increase/(decrease) in trade and other payables	54 840	912	52 876	(33 605)
	396 758	201 766	5 158	(45 613)
21.2 Interest received				
Interest income per statement of profit or loss	48 917	23 601	16 527	12 354
Outstanding interest income accrual on loan	(3 935)	(4 236)	(309)	–
Interest received	44 982	19 365	16 218	12 354
21.3 Interest paid				
Interest charge per statement of profit or loss	81 786	33 091	53 600	20 098
Interest capitalised to investment properties	12 019	6 030	9 877	2 768
Outstanding interest expense accrual on loan	(9 569)	–	(6 466)	–
Non-cash interest on finance lease	(8 953)	(5 646)	–	–
Interest paid	75 283	33 475	57 011	22 866

		Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
21.	NOTES TO THE STATEMENTS OF CASH FLOWS (continued)				
21.4	**Dividends paid**				
	Balance payable at beginning of year	151 913	75 290	151 913	75 290
	Dividend declared	387 468	285 845	387 468	285 845
	Dividends paid by subsidiary to non-controlling interest	1 182	–	–	–
	Balance payable at end of year	(214 867)	(151 913)	(214 867)	(151 913)
	Dividends paid	325 696	209 222	324 514	209 222
21.5	**Dividend received**				
	Balance receivable at the beginning of year	–	–	167 928	63 920
	Dividend income from subsidiary	–	–	254 083	253 631
	Balance receivable at end of year	–	–	(151 553)	(167 928)
	Dividend received	–	–	270 458	149 623
21.6	**Taxation refund**				
	Balance receivable at the beginning of year	–	–	–	–
	Taxation refund	471	–	471	–
	Balance receivable at end of year	–	–	–	–
	Taxation refund	471	–	471	–

		Bank borrowings R'000
21.7	**Reconciliation of opening bank borrowings to closing bank borrowings**	
	Group	
	Opening balance at 1 April 2017	252 672
	Acquired through business combination	468 918
	Withdrawals	247 774
	Repayments	(273 162)
	Exchange differences	(54 645)
	Closing balance at 31 March 2018	641 556
	Acquired through asset acquisitions	806 997
	Withdrawals	735 526
	Repayments	(507 460)
	Exchange differences	65 692
	Closing balance at 31 March 2019	1 742 311
	Company	
	Opening balance at 1 April 2017	252 672
	Withdrawals	247 774
	Repayments	(264 877)
	Closing balance at 31 March 2018	235 569
	Withdrawals	1 183 551
	Repayments	(502 960)
	Closing balance at 31 March 2019	916 180

		Group R'000
21.8	**Repayment of loans from previous shareholder of RSI 2 and RSI 3**	
	Loan from previous shareholder (Acucap Investments Proprietary Limited) (refer to note 22.1)	(315 694)
	Loan from previous shareholder (Acucap Investments Proprietary Limited) (refer to note 22.2)	(10 695)
		(326 389)

22. ASSET ACQUISITIONS

In October 2018 Stor-Age completed the acquisition of RSI 2 and RSI 3 for an aggregate consideration of R58.0 million. The 12 purpose-built self storage properties – located in Cape Town, Johannesburg, Durban, Port Elizabeth and Pretoria – were previously operated and managed by Stor-Age. The acquisition was structured with a rental guarantee of R44.5 million, paid upfront by the sellers on the effective date of the acquisition, and held in an escrow account. Stor-Age is entitled to drawdown on the escrow amount over a 36-month period, with the first period ended 31 March 2019 and thereafter for every six month period.

In March 2019 Stor-Age, through its wholly owned UK subsidiary Betterstore, acquired 100% of the issued share capital of Viking Self Storage Bedford ("Viking") and The Storage Pod ("Pod"). Both properties are mature, high-quality freehold self storage properties which trade into dense residential areas in locations which complement the existing Storage King portfolio. The properties will be re-branded under the Storage King brand and managed under the existing infrastructure.

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

The details of the transactions are set out below:

		Group R'000
22.1	**Acquisition of RSI 2**	
	The assets and liabilities arising from the acquisition in October 2018 are as follows:	
	Investment property*	1 010 068
	Trade and other receivables	8 887
	Cash and cash equivalents	889
	Inventory	779
	Trade and other payables	(13 970)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	(315 694)
	Other financial liabilities	(685 259)
	Fair value of net identifiable assets acquired	5 700
	Total purchase consideration	5 700
	Net cash outflow on acquisition	42 611
	Consideration financed by cash	43 500
	– Paid directly to sellers	5 700
	– Variable purchase consideration receivable – cash kept in escrow^	37 800
	Cash and cash equivalents acquired	(889)

Acquisition-related costs of R907 000 that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is consistent with the group's accounting policy.*
^ *This amount has been included under trade and other receivables as rental guarantee.*

		Group R'000
22.	**ASSET ACQUISITIONS (continued)**	
22.2	**Acquisition of RSI 3**	
	The assets and liabilities arising from the acquisition in October 2018 are as follows:	
	Investment property*	94 084
	Trade and other receivables	462
	Cash and cash equivalents	290
	Inventory	64
	Trade and other payables	(1 073)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	(10 695)
	Other financial liabilities	(75 332)
	Fair value of net identifiable assets acquired	7 800
	Total purchase consideration	7 800
	Net cash outflow on acquisition	14 210
	Consideration financed by cash	14 500
	– Paid directly to sellers	7 800
	– Variable purchase consideration receivable – cash kept in escrow^	6 700
	Cash and cash equivalents acquired	(290)

Acquisition-related costs of R342 000 that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is consistent with the group's accounting policy.*
^ *This amount has been included under trade and other receivables as rental guarantee.*

	Group R'000
22.3 Acquisition of Viking	
The assets and liabilities arising from the acquisition in March 2019 are as follows:	
Investment property*	224 132
Plant and equipment	1 326
Other financial assets	10 299
Trade and other receivables	965
Cash and cash equivalents	7 136
Inventory	66
Trade and other payables	(2 988)
Contingent liability^	(1 049)
Fair value of net identifiable assets acquired	239 887
Total purchase consideration	239 887
Net cash outflow on acquisition	217 565
Consideration	239 887
Outstanding consideration#	(15 186)
Cash and cash equivalents acquired	(7 136)

Acquisition-related costs of £296 000+ (R5.543 million) that were incurred to effect the transactions have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
^ *The contingent liability relates to the possible change in the property's rateable value that could result in the back pay of municipal rates.*
\# *Relates to the net working capital balance*
\+ *Amounts have been translated at R18.725*

	Group R'000
22.4 Acquisition of Pod	
The assets and liabilities arising from the acquisition in March 2019 are as follows:	
Investment property*	219 400
Plant and equipment	890
Trade and other receivables	1 631
Cash and cash equivalents	1 562
Inventory	49
Deferred tax liability	(107)
Trade and other payables	(4 060)
Bank borrowings	(63 780)
Contingent liability^	(380)
Fair value of net identifiable assets acquired	155 205
Total purchase consideration	155 205
Net cash outflow on acquisition	151 744
Consideration	155 205
Outstanding consideration#	(1 899)
Cash and cash equivalents acquired	(1 562)

Acquisition-related costs of £123 000+ (R2.336 million) that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
^ *The contingent liability relates to the possible change in the property's rateable value that could result in the back pay of municipal rates.*
\# *Relates to the net working capital balance*
\+ *Amounts have been translated at R18.990*

23. SEGMENTAL INFORMATION

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

- On the statement of profit or loss and other comprehensive income: Rental income, other income, 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, bank borrowings and finance lease obligation

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

Segment property operating income for the year ended 31 March 2019

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

23. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 588 030	1 838 579	28 600	443 869
Tenant debtors	2 254	2 142	64	796
Inventories	1 918	2 027	78	308
Goodwill and intangible assets	–	–	–	–
Bank borrowings	–	–	–	–
Finance lease obligation	22 608	3 104	–	–
	1 614 810	1 845 852	28 742	444 973

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	126 000	4 025 078	2 217 335	6 242 413
Tenant debtors	256	5 512	10 081	15 593
Inventories	127	4 458	781	5 239
Goodwill and intangible assets	–	–	58 894	58 894
Bank borrowings	–	–	826 131	826 131
Finance lease obligation	–	25 712	187 599	213 311
	126 383	4 060 760	3 300 821	7 361 581

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

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	6 644 781	6 301 307	343 474
Investment properties	6 242 413	6 242 413	–
Property and equipment	8 793	–	8 793
Stor-Age share purchase scheme loans	184 739	–	184 739
Goodwill and intangible assets	140 842	58 894	81 948
Other receivables	9 929	–	9 929
Unlisted investment	4 600	–	4 600
Deferred taxation	18 829	–	18 829
Derivative financial assets	34 636	–	34 636
Current assets	384 085	20 832	363 253
Trade and other receivables	119 273	15 593	103 680
Inventories	5 239	5 239	–
Cash and cash equivalents	259 573	–	259 573
Total assets	7 028 866	6 322 139	706 727
Equity and liabilities			
Total equity	4 624 751	–	4 624 751
Stated capital	4 292 941	–	4 292 941
Non-distributable reserve	490 839	–	490 839
Accumulated loss	(206 533)	–	(206 533)
Share-based payment reserve	190	–	190
Foreign currency translation reserve	19 149	–	19 149
Total attributable equity to shareholders	4 596 586	–	4 596 586
Non-controlling interest	28 165	–	28 165
Non-current liabilities	1 706 902	1 028 059	678 843
Bank borrowings	1 493 450	826 131	667 319
Derivative financial instruments	21 298	–	21 298
Deferred taxation	–	–	–
Finance lease obligation	192 154	201 928	(9 774)
Current liabilities	697 213	11 383	685 830
Bank borrowings	248 861	–	248 861
Trade and other payables	206 062	–	206 062
Provisions	6 266	–	6 266
Finance lease obligation	21 157	11 383	9 774
Dividends payable	214 867	–	214 867
Total equity and liabilities	7 028 866	1 039 442	5 989 424

23. SEGMENTAL INFORMATION (continued)

Segment property operating income for the year ended 31 March 2018

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	110 548	100 720	3 436	12 154
– Other income	2 929	4 362	158	110
Direct property costs	(21 974)	(23 463)	(1 622)	(4 000)
Operating profit	91 503	81 619	1 972	8 264
Fair value adjustment to investment properties	106 771	48 237	1 097	15 639
Segment property operating income	198 274	129 856	3 069	23 903

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	6 799	233 657	61 702	295 359
– Other income	183	7 742	7 076	14 818
Direct property costs	(2 144)	(53 203)	(23 714)	(76 917)
Operating profit	4 838	188 196	45 064	233 260
Fair value adjustment to investment properties	884	172 628	30 373	203 001
Segment property operating income	5 722	360 824	75 437	436 261

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	310 177	310 177	–
– Rental income	295 359	295 359	–
– Other income	14 818	14 818	–
Direct property costs	(76 917)	(76 917)	–
Net property operating income	233 260	233 260	–
Other revenue	22 053	–	22 053
– Management fees	22 053	–	22 053
Administration expenses	(36 923)	–	(36 923)
Operating profit	218 390	233 260	(14 870)
Transaction and advisory fees	(6 552)	–	(6 552)
Gain on bargain purchase	377	–	377
Fair value adjustment to investment properties	203 001	203 001	–
Fair value adjustment to derivative financial instruments	178 570	–	178 570
Depreciation and amortisation	(2 232)	–	(2 232)
Profit before interest and taxation	591 554	436 261	155 293
Interest income	23 601	–	23 601
Interest expense	(33 091)	–	(33 091)
Profit before taxation	582 064	436 261	145 803
Taxation expense	(3 839)	–	(3 839)
Profit for the year	578 225	436 261	141 964
Translation of foreign operations	(123 902)	–	(123 902)
Other comprehensive income for the year, net of taxation	(123 902)	–	(123 902)
Total comprehensive income for the year	454 323	436 261	18 062

23. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2018

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 161 948	1 026 053	25 700	216 863
Tenant debtors	1 314	1 594	82	354
Inventories	1 109	1 209	74	169
Goodwill and intangible assets*	–	–	–	–
Bank borrowings*	–	–	–	–
Finance lease obligations*	3 181	2 699	–	–
	1 167 552	1 031 555	25 856	217 386

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	59 000	2 489 564	1544 866	4 034 430
Tenant debtors	139	3 483	6 396	9 879
Inventories	85	2 646	522	3 168
Goodwill and intangible assets*	–	–	58 623	58 623
Bank borrowings*	–	–	405 987	405 987
Finance lease obligations*	–	5 880	175 620	181 500
	59 224	2 501 573	2 192 014	4 693 587

* *The amounts are represented to conform with current year disclosure.*

Group segment assets, reserves and liabilities as at 31 March 2018

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	4 493 563	4 093 053	400 510
Investment properties	4 034 430	4 034 430	–
Property and equipment	4 969	–	4 969
Stor-Age share purchase scheme loans	166 961	–	166 961
Goodwill and intangible assets	144 036	58 623	85 413
Deferred taxation	19 098	–	19 098
Derivative financial instruments	124 069	–	124 069
Current assets	90 156	13 047	77 109
Trade and other receivables	65 165	9 879	55 286
Inventories	3 168	3 168	–
Cash and cash equivalents	21 823	–	21 823
Total assets	4 583 719	4 106 100	477 619
Equity and liabilities			
Total equity	3 494 259	–	3 494 259
Stated capital	3 175 075	–	3 175 075
Non-distributable reserve	523 006	–	523 006
Accumulated loss	(108 855)	–	(108 855)
Foreign currency translation reserve	(120 732)	–	(120 732)
Total attributable equity to shareholders	3 468 494	–	3 468 494
Non-controlling interest	25 765	–	25 765
Non-current liabilities	801 598	579 257	222 341
Bank borrowings	624 985	405 987	218 998
Derivative financial instruments	3 343	–	3 343
Finance lease obligations	173 270	173 270	–
Current liabilities	287 862	8 230	279 632
Bank borrowings	16 571	–	16 571
Trade and other payables	94 817	–	94 817
Provisions	16 331	–	16 331
Finance lease obligations	8 230	8 230	–
Dividends payable	151 913	–	151 913
Total equity and liabilities	4 583 719	587 487	3 996 232

	2019 R'000	2018 R'000
23. SEGMENTAL INFORMATION (continued)		
Reconciliation of headline earnings to distributable earnings per share		
Headline earnings attributable to shareholders	175 961	374 126
Distributable earnings adjustment	212 087	(88 360)
Depreciation and amortisation	6 679	2 232
Equity-settled share-based payment expense	190	–
Fair value adjustment to derivative financial instruments	133 080	(178 570)
Restructure of bank borrowings	13 590	–
Deferred tax	2 689	3 836
Foreign exchange gain available for distribution	10 149	–
Transaction and advisory fees	357	6 552
Antecedent dividend on share issues*	45 353	77 590
	388 048	285 766
Other adjustments		
Non-controlling interests in respect of the above adjustments	(357)	79
Distributable earnings	387 691	285 845
Dividend declared for the 6 months ending 30 September	172 824	133 932
Dividend declared for the 6 months ending 31 March	214 867	151 913
Total dividends for the year	387 691	285 845
Shares entitled to dividends September ('000)	336 889	284 840
Shares entitled to dividends March ('000)	387 987	298 964
Weighted average shares in issue entitled to dividends ('000)	321 937	230 450
Dividend per share September (cents)	51.30	47.02
Dividend per share March (cents)	55.38	50.81
Total dividend per share for the year (cents)	106.68	97.83

The Board declared a final dividend of 55.38 cents (2018: 50.81 cents) per share for the six months ended 31 March 2019 on 13 March 2019 and finalised on 11 June 2019. This represents growth of 9.0% over the comparative period.

* *In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as 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.*

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Net asset value*				
Number of shares in issue	392 986 858	301 864 102	392 986 858	301 864 102
Net asset value per share (cents)	1 176.82	1 157.56	1 028.65	1 031.72
Net asset value per share excluding non-controlling interest (cents)	1 169.65	1 149.03	1 028.65	1 031.72
Net tangible asset value per share (cents)	1 140.98	1 109.84	1 008.72	1 004.52
Net tangible asset value per share excluding non-controlling interest (cents)	1 133.82	1 101.31	1 008.72	1 004.52

	31 March 2019	31 March 2018
Key reporting ratios*		
Total property cost-to-income ratio	27%	25%
Based on the total direct property costs divided by property revenue.		
Administrative cost-to-income ratio	9%	11%

Based on the administration expenses divided by total revenue.

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

24. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements

The company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* in the current year.

24.1 IFRS 9 *Financial Instruments*

IFRS 9 supersedes the provisions in IAS 39 relating to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions in IFRS 9 paragraphs 7.2.15 and 7.2.26, comparative figures have not been restated. The adoption of IFRS 9 has not had a significant impact on the group's accounting policies pertaining to financial assets, financial liabilities and derivative financial instruments.

The table below sets out the classification and measurement of the group's financial instruments under IAS 39 and IFRS 9 at 1 April 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 R'000	New carrying amount under IFRS 9 R'000
Group				
Financial assets				
Stor-Age share purchase scheme loans	Loans and other receivables	Amortised cost	166 961	166 961
Cash and cash equivalents	Loans and other receivables	Amortised cost	21 823	21 823
Derivative financial assets	Loans and other receivables	Amortised cost	124 069	124 069
Trade and other receivables	Loans and other receivables	Amortised cost	65 165	65 165
Financial liabilities				
Bank borrowings	Amortised cost	Amortised cost	641 556	641 556
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss	3 343	3 343
Finance lease obligations	Amortised cost	Amortised cost	181 500	181 500
Trade and other payables	Amortised cost	Amortised cost	94 817	94 817
Dividend payable	Amortised cost	Amortised cost	151 913	151 913
Company				
Financial assets				
Stor-Age share purchase scheme loans	Loans and other receivables	Amortised cost	166 961	166 961
Cash and cash equivalents	Loans and other receivables	Amortised cost	2 293	2 293
Trade and other receivables	Loans and other receivables	Amortised cost	11 143	11 143
Financial liabilities				
Bank borrowings	Amortised cost	Amortised cost	235 569	235 569
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss	3 343	3 343
Trade and other payables	Amortised cost	Amortised cost	11 834	11 834
Dividend payable	Amortised cost	Amortised cost	151 913	151 913

The impact of the impairment model under IFRS 9 has no impact on the impairment losses recognised in the group's results at 31 March 2018 as reflected below:

	Group R'000
Loss allowance at 31 March 2018 under IAS 39	1 384
Loss allowance at 31 March 2018 under IFRS 9	1 384

Additional information about how the group measures the allowance for impairment is set out in note 25.3.2.

24.2 IFRS 15 *Revenue from Contracts with Customers*

IFRS establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The adoption of IFRS 15 has had the following impact on the group and company's revenue streams:

Property management, asset management and development fees

Under IAS 18 *Revenue* the group accounted for these fees when incurred and in the case of development fees, on a straight-line basis over the period of development of the property. Under IFRS 15 the treatment of the development fees remain the same as the performance obligations, the company acting as the manager of the property, are transferred over a period of time.

Licence fees

Under IAS 18 *Revenue* the group accounted for these fees when incurred. Under IFRS 15, the licence fees will be recognised when the company's performance obligation is extinguished.

Sale of packaging materials

Under IAS 18 *Revenue* the group accounted for the sale of packaging materials when the risk and rewards of ownership transferred to the customer. Under IFRS 15, the group accounts for revenue when the performance obligation to transfer the goods to customer is satisfied.

The group has not restated the comparative results as the impact of the application of the new standard is not material.

25. FINANCIAL INSTRUMENTS

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

25.1 Financial risk management

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

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Group as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	259 573	–	259 573
Derivative financial instruments	34 636	34 636	–
Trade and other receivables (excluding rental guarantee)	96 970	–	96 970
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Bank borrowings	1 742 311	–	1 742 311
Derivative financial instruments	21 298	21 298	–
Finance lease obligations	213 311	–	213 311
Trade and other payables	206 062	–	206 062
Dividend payable	214 867	–	214 867
Group as at 31 March 2018			
Financial assets			
Stor-Age share purchase scheme loans	166 961	–	166 961
Cash and cash equivalents	21 823	–	21 823
Derivative financial instruments	124 069	124 069	–
Trade and other receivables	65 165	–	65 165
Financial liabilities			
Bank borrowings	641 556	–	641 556
Derivative financial instruments	3 343	3 343	–
Finance lease obligations	181 500	–	181 500
Trade and other payables	94 817	–	94 817
Dividend payable	151 913	–	151 913

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Company as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	185 085	–	185 085
Trade and other receivables (excluding rental guarantee)	14 688	–	14 688
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Bank borrowings	916 180	–	916 180
Derivative financial instruments	9 103	9 103	–
Trade and other payables	71 156	–	71 156
Dividend payable	214 867	–	214 867
Company as at 31 March 2018			
Financial assets			
Stor-Age share purchase scheme loans	166 961	–	166 961
Cash and cash equivalents	2 293	–	2 293
Trade and other receivables	11 143	–	11 143
Financial liabilities			
Bank borrowings	235 569	–	235 569
Derivative financial instruments	3 343	3 343	–
Trade and other payables	11 834	–	11 834
Dividend payable	151 913	–	151 913

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25. FINANCIAL INSTRUMENTS (continued)
25.2 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.

25.2.1 Interest rate risk
The group adopts a policy of ensuring that an appropriate amount of its exposure to changes in interest rates on borrowings is on a fixed basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The group states the fair value of interest rate swaps based on broker quotes. At the reporting date, the group had entered into the following interest rate swaps and with respect to the following facilities:

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000	Fair value at 31 March 2018 R'000
South Africa							
Nedbank facility B							
– Swap C	50 000	–	8 Nov 2016	8 Nov 2019	9.50%	(273)	(761)
– Swap E	25 000	–	16 Mar 2017	31 Mar 2020	9.40%	(170)	(349)
– Swap G	25 000	–	1 Feb 2018	31 Jul 2019	9.08%	(32)	(177)
	100 000	–				(475)	(1 287)
Nedbank facility C							
– Swap F	50 000	–	8 Aug 2017	30 Oct 2020	9.00%	(227)	(323)
– Swap H	100 000	–	1 Feb 2018	18 Nov 2020	9.45%	(1 162)	(1 733)
	150 000	–				(1 389)	(2 056)
Nedbank facility D							
– Swap L	100 000	–	8 Nov 2018	1 Nov 2021	9.43%	(1 536)	–
– Swap M	100 000	–	13 Nov 2018	1 Nov 2021	9.47%	(1 634)	–
	200 000	–				(3 170)	–
Nedbank facility E							
– Swap N	80 000	–	13 Nov 2018	1 Oct 2019	8.87%	(85)	–
– Swap O	50 000	–	13 Nov 2018	31 Oct 2019	8.87%	(60)	–
– Swap P	100 000		13 Nov 2018	2 Nov 2020	9.27%	(897)	–
	230 000	–				(1 042)	–
Standard Bank facility							
– Swap K	100 000	–	24 Oct 2018	25 Oct 2021	7.80%	(1 423)	–
– Swap Q	100 000	–	13 Nov 2018	13 Nov 2021	7.80%	(1 604)	–
	200 000	–				(3 027)	–
Total South Africa	880 000	–				(9 103)	(3 343)

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000	Fair value at 31 March 2018 R'000
United Kingdom							
Royal Bank of Scotland facility							
– Swap I	–	22 275	31 Dec 2017	24 Oct 2022	1.05%	–	2 960
	–	22 275				–	2 960
Lloyds Bank facility							
– Swap J	399 081	21 150	19 Oct 2018	18 Oct 2022	1.10%	(3 000)	–
– Swap R	203 786	10 800	13 Mar 2019	18 Oct 2024	1.32%	(3 529)	–
– Swap S	141 519	7 500	27 Mar 2019	18 Oct 2024	1.14%	(1 093)	–
	744 386	39 450				(7 622)	–
Total United Kingdom	–	61 725				(7 622)	2 960
Total	1 624 386	61 725				(16 725)	(383)

The effect of the group's hedging policy on bank borrowings is as follows:

	31 March 2019			31 March 2018		
	SA R'000	UK R'000	Total R'000	SA R'000	UK R'000	Total R'000
Total debt facilities	1 645 000	981 193	2 626 193	995 000	405 987	1 400 987
Undrawn facilities	430 501	155 062	585 563	642 381	–	642 381
Gross debt	1 214 499	826 131	2 040 630	352 619	405 987	758 606
Net debt (see note 25.4)	687 818	794 920	1 482 738	227 531	392 202	619 733
Investment properties, net of finance lease obligations	3 999 366	2 029 736	6 029 102	2 489 564	1 363 367	3 852 931
Subject to fixed rates						
– Amount	880 000	744 386	1 624 386	250 000	369 117	619 117
– % hedged on gross debt	72.5%	90.1%	79.6%	70.9%	90.9%	81.6%
– % hedged on net debt	127.9%	93.6%	109.6%	109.9%	94.1%	99.9%
Effective interest rate	9.15%	3.89%	6.67%	9.10%	4.32%	6.54%
Gearing (LTV ratio)#	17.2%	39.2%	24.6%	9.1%	28.8%	16.1%

LTV ratio defined as the ratio of net debt as a percentage of gross investment properties (net of finance lease obligations relating to leasehold investment property assets)

25. FINANCIAL INSTRUMENTS (continued)

25.2 Market risk (continued)

25.2.2 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
2019						
Cash and cash equivalents	*10*		259 573	259 573	–	–
– Cash on call		6.00%	181 201	181 201	–	–
– Current accounts		6.00%	78 372	78 372	–	–
Stor-Age share purchase scheme loans	*4*		184 739	–	–	184 739
– Issue 1		8.00%	122 173	–	–	122 173
– Issue 2		8.31%	2 277	–	–	2 277
– Issue 3		8.00%	2 220	–	–	2 220
– Issue 4a		7.46%	8 752	–	–	8 752
– Issue 4b		7.46%	12 684	–	–	12 684
– Issue 5		7.19%	22 292	–	–	22 292
– Issue 6		7.90%	14 341	–	–	14 341
Financial liabilities			(16 725)	(620)	(11 483)	(4 622)
Nedbank facility B	*25.2.1*					
– Swap C		9.50%	(273)	(273)	–	–
– Swap E		9.40%	(170)	(170)	–	–
– Swap G		9.08%	(32)	(32)	–	–
Nedbank facility C	*25.2.1*					
– Swap F		9.00%	(227)	–	(227)	–
– Swap H		9.45%	(1 162)	–	(1 162)	–
Nedbank facility D	*25.2.1*					
– Swap L		9.43%	(1 536)	–	(1 536)	–
– Swap M		9.47%	(1 634)	–	(1 634)	–
Nedbank facility E	*25.2.1*					
– Swap N		8.87%	(85)	(85)	–	–
– Swap O		8.87%	(60)	(60)	–	–
– Swap P		9.27%	(897)	–	(897)	–
Standard Bank facility	*25.2.1*					
– Swap K		7.80%	(1 423)	–	(1 423)	–
– Swap Q		7.80%	(1 604)	–	(1 604)	–
Lloyds Bank facility	*25.2.1*					
– Swap J		1.10%	(3 000)	–	(3 000)	–
– Swap R		1.32%	(3 529)	–	–	(3 529)
– Swap S		1.14%	(1 093)	–	–	(1 093)

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2018						
Cash and cash equivalents			21 823	21 823	–	–
– Cash on call	*10*	6.00%	100	100	–	–
– Current accounts		0.05%	21 723	21 723	–	–
Stor-Age share purchase scheme loans	*4*		166 961	–	–	166 961
– Issue 1		8.00%	119 602	–	–	119 602
– Issue 2		8.31%	2 318	–	–	2 318
– Issue 3		8.00%	2 154	–	–	2 154
– Issue 4a		7.46%	8 830	–	–	8 830
– Issue 4b		7.46%	12 223	–	–	12 223
– Issue 5		7.19%	21 834	–	–	21 834
Financial liabilities			(3 343)	–	(3 343)	–
Nedbank facility B	*25.2.1*					
– Swap C		9.50%	(761)	–	(761)	–
– Swap E		9.40%	(349)	–	(349)	–
– Swap G		9.08%	(177)	–	(177)	–
Nedbank facility C	*25.2.1*					
– Swap F		9.00%	(323)	–	(323)	–
– Swap H		9.45%	(1 733)	–	(1 733)	–
Financial assets			2 960	–	–	2 960
Royal Bank of Scotland Facility	*25.2.1*					
– Swap I		1.05%	2 960	–	–	2 960

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.

25. FINANCIAL INSTRUMENTS (continued)

25.2 Market risk (continued)

25.2.3 Sensitivity analysis

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss of a 1% increase/decrease in the interest rates of the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R4.078 million (2018: R1.396 million). The analysis has been prepared on the assumption that all other variables remain constant.

25.2.4 Currency risk

Currency hedging

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

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. During the year the Lloyds Bank debt facility replaced the Royal Bank of Scotland debt facility. At year end, approximately 38.3% (2018: 38.1%) of the group's foreign currency net investment have been hedged through a combination of cross-currency interest rate swaps and the GBP-denominated loan from Lloyds Bank. Details of the cross-currency interest rate swaps are set out below:

Bank	Maturity date	Spot (R)	Nominal GBP'000	Nominal ZAR'000	ZAR Rate	GBP Rate
Nedbank	2 Nov 2020	18.41	10 000	184 100	6.47%	0.00%
Investec	26 Oct 2021	18.71	5 000	93 555	10.00%	3.04%
Investec	26 Oct 2022	18.71	5 000	93 555	10.00%	2.98%
Investec	7 Jun 2021	17.00	5 000	85 000	10.00%	2.33%
Total			25 000	456 210		

Hedging of cash flow

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

Maturity date	Forward exchange rate (ZAR/GBP)	Fair value at 31 March 2019 (note 7)
Jun 2019	R22.47:1	7 672
Nov 2019	R23.01:1	7 818
Jun 2020	R29.02:1	19 530
Nov 2020	R20.77:1	96
Jun 2021	R21.41:1	(168)
Nov 2021	R21.74:1	(256)
Jun 2022	R22.40:1	(56)
		34 636

25.2.5 Sensitivity analysis

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At a 24% movement in the ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

	Group			
	2019		2018	
	24% ZAR depreciation against the GBP R'000	24% ZAR appreciation against the GBP R'000	16% ZAR depreciation against the GBP R'000	16% ZAR appreciation against the GBP R'000
Distributable earnings	200	17 952	52	8 908

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

Average exchange rate		Year-end spot rate	
2019	2018	2019	2018
£1/R18.0421	£1/R17.2136	£1/R18.8691	£1/R16.5709

25.3 Credit risk

25.3.1 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	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Stor-Age share purchase scheme loans	184 739	166 961	184 739	166 961
Trade and other receivables	41 565	14 786	9 439	290
Tenant and related receivables	15 593	9 881	725	–
Sundry receivables	25 972	4 905	8 714	290
Other receivables: Rental guarantee	32 232	–	32 232	–
Amount due from previous shareholder of Viking	10 378	–	–	–
Derivative financial assets	34 636	124 069	–	–
Intercompany receivable	–	–	357 146	207 000
Related party receivables	60	9 311	5 179	9 326
Staff loans	77	137	70	137
Unlisted investment	4 600	–	4 600	–
Cash and cash equivalents	259 573	21 823	185 085	2 293
	567 860	337 087	778 490	386 007

25. FINANCIAL INSTRUMENTS (continued)

25.3 Credit risk (continued)

25.3.1 Credit exposure (continued)

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	**184 739**	166 961	**184 739**	166 961
Shares pledged as security	**(215 848)**	(201 260)	**(215 848)**	(201 260)
Net exposure	**–**	–	**–**	–

The group's exposure to credit risk pertaining to the share purchase scheme loans are mitigated by the shares pledged as security to Stor-Age. In terms of the rules of the Scheme, the dividend received by a participant on their Scheme shares must be applied against the interest owing on the share purchase scheme loan owing by the participant to the company. The participant may elect to withdraw the amount by which such dividend exceeds the interest owing or apply such proceeds to the capital balance of the share purchase scheme loan.

In assessing the measurement of any potential impairment allowance, the directors consider the expected credit losses that may arise on the share purchase scheme loans over the next 12 months. As the fair value of the shares pledged as security exceeds the share purchase scheme loans owing to the company, the directors have concluded that there has not been a significant increase in credit risk since initial recognition and therefore no impairment allowance has been recognised in the current year.

No participants to whom loans were granted were in breach of their obligations.

Intercompany receivables

The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The risk of a default occurring over 12 months is the same as the lifetime risk of a default occurring, and therefore the 12-month and lifetime expected credit loss will be the same. In assessing whether there has been a significant increase in credit risk the directors review the lending company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year.

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 28.2). 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 is been used to determine the impairment allowance as there receivable has not suffered a significant increase in credit risk.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between Aa3 and Baa3, that is in line with the group's treasury management policies. The impairment allowance on cash and cash equivalents has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers cash and cash equivalents to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Derivative financial assets

Derivative contracts are entered into with counterparties which have a Moody's credit rating between Aa3 and Baa3. The impairment allowance on derivative contracts has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers derivative contracts to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Tenant and related receivables

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

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. The group performs the assessment to determine whether there has been a significant increase in credit risk by grouping tenants between South Africa and the UK. Further details regarding the impairment allowance is set out in note 25.3.2.

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.

Unlisted investment

The unlisted investment was made with the objective to improve the group's compliance with the Broad-Based Black Economic Empowerment scorecard. The investment is managed by a reputable fund manager that carefully screens all investment opportunities. No impairment allowance has been recognised on the unlisted investment based on the past performance of the fund.

Amount due from previous shareholder of Viking

The amount due from the previous shareholders of Viking are held in an escrow account by the previous shareholder's lawyers. As the risk of default by the previous seller is low, no impairment allowance has been recognised in the current year.

25. FINANCIAL INSTRUMENTS (continued)

25.3 Credit risk (continued)

25.3.2 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 2019					
SA					
Expected loss rate	1%	0%	37%	97%	–
Gross carrying amount (R'000)	3 297	1 475	1 325	949	7 046
Loss allowance (R'000)	(40)	(80)	(496)	(919)	(1 535)
UK					
Expected loss rate	0%	0%	90%	0%	–
Gross carrying amount (R'000)	9 472	642	283	–	10 397
Loss allowance (R'000)	–	(66)	(250)	–	(316)
Group					
1 April 2018					
SA					
Expected loss rate	–	–	–	–	–
Gross carrying amount (R'000)	1 731	922	1 079	1 136	4 868
Loss allowance (R'000)	(89)	(124)	(524)	(647)	(1 384)
UK					
Expected loss rate	–	–	–	–	–
Gross carrying amount (R'000)	6 165	447	182	–	6 794
Loss allowance (R'000)	–	(215)	(182)	–	(397)
Company					
31 March 2019					
SA					
Expected loss rate	0%	–	0%	26%	–
Gross carrying amount (R'000)	23	647	10	61	741
Loss allowance (R'000)	–	–	–	(16)	(16)

There were no tenant and related receivables due to the company at 31 March 2018.

The loss allowance for the year ended 31 March 2018 has been calculated in terms of IAS 39. The table below shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Current and past due R'000	Credit impaired (Stage 3) R'000	Total R'000
SA			
Opening loss allowance as at 1 April 2018 (calculated under IFRS 9)	1 384	–	1 384
Increase in loss allowance recognised in profit or loss during the year	3 413	–	3 413
Receivables written off during the year as uncollectible	(408)	(2 854)	(3 262)
Trade Receivables that are credit impaired	(2 854)	2 854	–
Closing loss allowance as at 31 March 2019 (calculated under IFRS 9)	1 535	–	1 535
UK			
Opening loss allowance as at 1 April 2018 (calculated under IFRS 9)	397	–	397
Increase in loss allowance recognised in profit or loss during the year	572	–	572
Receivables written off during the year as uncollectible	(65)	(588)	(653)
Trade Receivables that are credit impaired	(588)	588	–
Closing loss allowance as at 31 March 2019 (calculated under IFRS 9)	315	–	315

25.4 Liquidity risk

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group					
2019					
Non-derivative financial liabilities					
Bank borrowings	1 742 311	265 460	653 051	881 234	–
Finance lease obligation	213 311	22 587	22 704	68 113	225 267
Trade and other payables	136 964	136 964	–	–	–
	2 092 586	425 012	675 755	949 347	225 267
2018					
Non-derivative financial liabilities					
Bank borrowings*	641 556	17 655	24 445	344 680	296 734
Finance lease obligation	181 500	19 019	19 259	57 776	191 470
Trade and other payables	45 588	45 588	–	–	–
	868 644	82 262	43 704	402 456	488 204

* *The amounts are represented to conform with current year disclosure.*

25. FINANCIAL INSTRUMENTS (continued)

25.4 Liquidity risk (continued)

	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					
2019					
Non-derivative financial liabilities					
Bank borrowings*	916 180	271 632	550 482	162 984	–
Trade and other payables	69 066	69 066	–	–	–
	985 246	340 698	550 482	162 984	–
2018					
Non-derivative financial liabilities					
Bank borrowings	235 569	21 437	162 840	94 165	–
Trade and other payables	7 846	7 846	–	–	–
	243 415	29 283	162 840	94 165	–

* *The amounts are represented to conform with current year disclosure.*

	Group 2019 R'000	Group 2018 R'000
Net debt	1 482 738	619 733
Bank borrowings	1 742 311	641 556
Cash and cash equivalents	(259 573)	(21 823)
Property assets (refer to note 3)	6 029 102	3 852 930
Investment properties	6 242 413	4 034 430
Finance leases	(213 311)	(181 500)
Gearing ratio	24.6%	16.1%

The group's gearing ratio of 24.6% (2018: 16.1%) is lower than the maximum gearing ratio of 60% permitted by the SA REIT guidelines.

26. 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.

26. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties where the fair value approximates the carrying amount:

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
Group					
2019					
Assets		–	39 236	6 274 645	6 313 881
Investment properties	3	–	–	6 242 413	6 242 413
Derivative financial assets	7	–	34 636	–	34 636
Other receivables	9	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	21 298	–	21 298
Derivative financial liabilities	15.2	–	21 298	–	21 298
2018					
Assets		–	124 069	4 034 430	4 158 499
Investment properties	3	–	–	4 034 430	4 034 430
Derivative financial assets		–	124 069	–	124 069
Liabilities		–	3 343	–	3 343
Derivative financial liabilities	15.2	–	3 343	–	3 343
Company					
2019					
Assets		–	4 600	430 934	435 534
Investment properties	3	–	–	398 702	398 702
Other receivables	9	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	9 103	–	9 103
Derivative financial liabilities		–	9 103	–	9 103
2018					
Assets		–	–	88 601	88 601
Investment properties	3	–	–	88 601	88 601
Liabilities		–	3 343	–	3 343
Derivative financial liabilities	3	–	3 343	–	3 343

Level 2 fair values

The following table shows the valuation techniques used in measuring level 2 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative financial instruments – *Forward exchange contracts*	Fair valued monthly by Investec using mark-to-market mid market values. This fair value is determined, inter alia, using quoted forward exchange rates at the reporting date and present value calculations.	Not applicable	Not applicable
Derivative financial instruments – *Cross–currency interest rate swaps*	Fair valued monthly by Investec and Nedbank using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the basis swap curves of the respective currencies at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative financial instruments – *Interest rate swaps*	Fair valued monthly by Nedbank, Standard Bank and Lloyds Bank using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Unlisted investment	Fair valued monthly by Cadiz Asset Management in relation to underlying performance of the fund using appropriate discount and default rates.	Not applicable	Not applicable

Level 3 fair values

The following table shows the valuation techniques used in measuring level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship 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

26. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

Level 3 reconciliation – Investment Property

	Opening balance R'000	Gains recognised in profit or loss for the year R'000	Acquisitions R'000	Disposals R'000	Exchange differences recognised in other comprehensive income R'000	Closing balance R'000
Group						
2019						
Investment properties	4 034 430	85 675	1 907 748	–	214 560	6 242 413
2018						
Investment properties	2 050 210	203 001	1 982 655	(17 569)	(183 867)	4 034 430
Company						
2019						
Investment properties	88 601	2 089	308 012	–	–	398 702
2018						
Investment properties	36 588	2 737	66 676	(17 400)	–	88 601

27. 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. The income capitalisation method is also applied as a check to the discounted cash flow methodology. The method assumes stabilised mature occupancy and market-related rental rates in the calculation of net operating income. A market-related capitalisation rate is applied to the annualised net operating income to derive a valuation.
- 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.

28. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

28.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries

- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Roeland Street Investments 3 Proprietary Limited
- Wimbledonway Investments Proprietary Limited
- N14 Self Storage Proprietary Limited
- Units 1-4 Somerset West Business Park Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age Properties KZN Proprietary Limited
- Stor-Age International Proprietary Limited
- Storage RSA Investments Proprietary Limited and its subsidiaries

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 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
28. RELATED PARTY TRANSACTIONS (continued)				
28.2 Related party transactions				
Related party balances				
Intercompany payables				
Stor-Age Properties KZN Proprietary Limited	–	–	–	1 140
Roeland Street Investments 2 Proprietary Limited	–	–	34 468	–
Wimbledonway Investments Proprietary Limited	–	–	13 574	14 603
Intercompany receivables				
Stor-Age Properties KZN Proprietary Limited	–	–	595	–
N14 Self Storage Proprietary Limited	–	–	28 728	29 173
Roeland Street Investments Proprietary Limited	–	–	210 400	60 730
Storage RSA Trading Proprietary Limited	–	–	117 423	117 097
Amounts – owing by related parties				
– Stor-Age Property Holdings Proprietary Limited	–	6 336	–	6 336
– Castle Rock Capital Trust	–	2	–	2
– Roeland Street Investments 2 Proprietary Limited	–	15	–	15
– Madison Square Holdings Close Corporation	60	2 972	60	2 972
Working capital – owing by related parties				
– Roeland Street Investments Proprietary Limited	–	–	891	–
– Roeland Street Investments 2 Proprietary Limited	–	–	316	–
– Roeland Street Investments 3 Proprietary Limited	–	1 024	8	1 024
– Units 1-4 Somerset West Business Park Proprietary Limited	–	–	371	197
– Unit Self Storage Proprietary Limited	–	–	–	191
– Stor-Age Properties KZN Proprietary Limited	–	–	23	–
– Storage RSA Trading Proprietary Limited	–	–	3 570	–
– N14 Self Storage Proprietary Limited	–	–	–	–
Working capital – owing to related parties				
– Wimbledonway Investments Proprietary Limited	–	–	–	–
– Roeland Street Investments 3 Proprietary Limited	–	–	618	–
– Unit Self Storage Proprietary Limited	–	–	516	–
– Stor-Age Property Holdings Proprietary Limited	55 500	–	55 500	–
– Roeland Street Investments 2 Proprietary Limited	–	2 492	–	2 492

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Related party transactions				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	203 087	247 243
Wimbledonway Investments Proprietary Limited	–	–	5 229	5 121
N14 Self Storage Proprietary Limited	–	–	1 076	1 267
Roeland Street Investments 2 Proprietary Limited	–	–	40 619	–
Roeland Street Investments 3 Proprietary Limited	–	–	4 072	–
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	13 819	8 739	13 819	8 739
Related party interest income				
Madison Square Holdings Close Corporation	159	–	159	–
Stor-Age Property Holdings Proprietary Limited	150	–	150	–
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	1 223	–	1 223	–
Licence fees income				
Roeland Street Investments 3 Proprietary Limited	–	1 000	–	1 000
Related party construction fees incurred				
Madison Square Holdings Close Corporation	45 656	30 163	26 045	16 661
Related party development fees income				
Roeland Street Investments 2 Proprietary Limited	369	763	369	763
Roeland Street Investments 3 Proprietary Limited	–	276	–	276
Stor-Age Property Holdings Proprietary Limited	–	3 914	–	3 914
Asset management fees income				
Roeland Street Investments 2 Proprietary Limited	2 933	7 204	2 933	7 204
Roeland Street Investments 3 Proprietary Limited	279	327	279	327
Property management fees income				
Roeland Street Investments 2 Proprietary Limited	3 221	4 685	3 221	4 685
Roeland Street Investments 3 Proprietary Limited	228	228	228	228
Financial guarantee fee				
Stor-Age International Proprietary Limited	–	–	5 000	–
Office rental expense				
Stor-Age Property Holdings Proprietary Limited	1 270	801	1 270	801
Office rental income				
Madison Square Holdings Close Corporation	100	–	–	–
Disposal of Bryanston land				
Stor-Age Property Holdings Proprietary Limited	–	18 550	–	18 550
Purchase of Bryanston self storage property^	80 946	–	–	–
Acquisition of RSI 2 and RSI 3 from related parties				
Stor-Age Property Holdings Proprietary Limited	21 750	–	21 750	–
Fairstore Trust	14 500	–	14 500	–

^ *Relates to the development of Bryanston under the CPC structure. The development was completed in September 2018 and acquired by Stor-Age for a consideration of R80.9 million.*

28. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 28.3 and 28.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

28.3 Directors' and company secretary's shareholdings

	Direct beneficial	Indirect	Total	Percentage
31 March 2019				
GM Lucas	4 400 000	7 006 846	11 406 846	2.90%
SJ Horton	4 400 000	3 071 802	7 471 802	1.90%
SC Lucas	4 400 000	7 006 846	11 406 846	2.90%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	285 000	285 000	0.07%
	14 339 907	19 113 142	33 453 049	8.50%
31 March 2018				
GM Lucas	4 150 000	6 911 955	11 061 955	3.66%
SJ Horton	4 150 000	3 000 643	7 150 643	2.37%
SC Lucas	4 150 000	6 911 955	11 061 955	3.66%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 854 278	1 854 278	0.61%
PA Theodosiou	1 075 000	–	1 075 000	0.36%
HH-O Steyn (company secretary)	–	245 000	245 000	0.08%
	13 589 907	18 923 831	32 513 738	10.76%

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.

28.4 Directors' remuneration

	2019 R'000	2018 R'000
Fees paid to non-executive directors for meeting attendance were as follows:		
GA Blackshaw (Social and Ethics Committee and Investment Committee)	220	207
GBH Fox (Audit and Risk Committee and Remuneration Committee)	266	251
KM de Kock (Audit and Risk Committee and Remuneration Committee)	244	–
MS Moloko (Social and Ethics Committee and Audit and Risk Committee)	266	251
P Mbikwana (Social and Ethics Committee)	202	–
PA Theodosiou (Audit and Risk Committee, Remuneration Committee and Investment Committee)	266	251
	1 464	960

Fees paid to executive directors were as follows:

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

	2019				2018			
	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Basic salary R'000	R'000 Other benefits	Short-term incentives R'000	Total R'000
GM Lucas	1 500	–	–	1 500	1 272	–	–	1 272
SJ Horton	1 500	–	–	1 500	1 272	–	–	1 272
SC Lucas	1 500	–	–	1 500	1 272	–	–	1 272
	4 500	–	–	4 500	3 816	–	–	3 816

As set out in the remuneration report there is no short-term incentive plan in place for executive directors.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
29. FINANCE LEASE OBLIGATION				
Minimum lease payments due:				
Within one year	22 587	19 019	–	–
In second to fifth year inclusive	90 818	77 035	–	–
Later than five years	225 267	191 470	–	–
	338 672	287 524	–	–
Less: Future finance charges	(125 361)	(106 024)	–	–
	213 311	181 500	–	–
Present value of minimum lease payments due:				
Within one year	21 157	8 230	–	–
In second to fifth year inclusive	73 437	40 205	–	–
Later than five years	118 717	133 065	–	–
	213 311	181 500	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

29. FINANCE LEASE OBLIGATION (continued)

The terms of the leases for the leasehold properties are set out below:

Property	Commencement date	Termination date	Location
Stor-Age Constantia Kloof	December 2012	June 2051	South Africa
Stor-Age Somerset Mall	April 2012	June 2037	South Africa
Stor-Age Tokai*	October 2014	September 2024	South Africa
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

* *Stor-Age Tokai comprises both a freehold (7 329 m^2 GLA) and leasehold (800 m^2 GLA) component. The lease terms set out above relate to the lease of a section of the property.*

30. GOING CONCERN

The group's current liabilities exceed its current assets by R313.1 million at 31 March 2019 (2018: R197.7 million) as a result of the dividend payable and the upcoming refinancing of two Nedbank property loans.

The two Nedbank property loans of R248.9 million (Facility B and E) expire in December 2019 and November 2019 respectively and the group has engaged with Nedbank to refinance the facilities and it is expected that the facilities will be renewed on acceptable terms prior to their expiry dates.

The group currently has approximately R586 million (2018: R642 million) in unutilised long term borrowing facilities available at year end as well as surplus cash paid into its loan facilities of R298 million (2018: R117 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 that it has access to sufficient facilities to meet its foreseeable cash requirements.

The directors consider that the group and company 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.

31. EVENTS AFTER REPORTING DATE

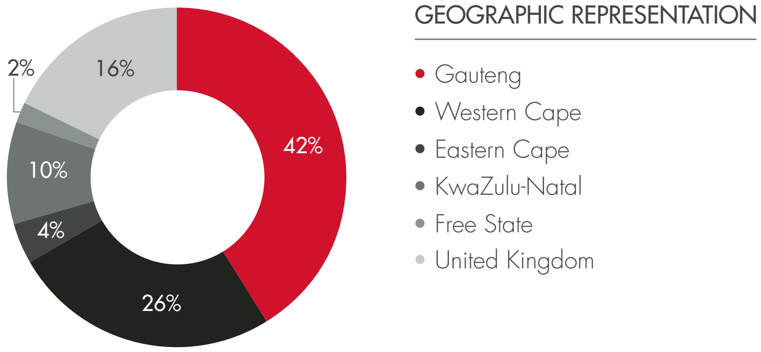
There are no subsequent events that took place after 31 March 2019.

UNAUDITED PROPERTY PORTFOLIO INFORMATION

as at 31 March 2019

1. The total customer base of the group is large and diverse, with over 32 000 (2018: 23 000) tenants. Of the 24 000 tenants based in South Africa, 75% (2018: 72%) of the customers are residential users and the remaining 25% (2018: 28%) are commercial users. In the United Kingdom, Storage King has over 8 000 tenants of which 83% (2018: 81%) of the customers are residential users and the remaining 17% (2018: 19%) are commercial users.

2. Geographical representation of the properties by region is set out in the following pie chart:



3. Geographical representation of portfolio by Gross Lettable Area (GLA) and revenue:

Region	GLA (m^2)	Revenue %
Gauteng	179 616	28.8
Western Cape	108 703	25.0
Eastern Cape	17 857	2.2
KwaZulu-Natal	44 776	6.4
Free State	6 679	0.8
South Africa	357 631	63.2
United Kingdom	66 058	36.8
Total	423 689	100.0

4. The weighted average rental per square metre (m^2) of occupied space for SA properties at 31 March 2019 is R100.0/m^2 (2018: R91.6/m^2), an increase of 9.3%. The weighted average rental per square metre for each region as at 31 March 2019 is set out in the following table:

Region	Rental/m^2
Gauteng	91.1
Western Cape	124.8
Eastern Cape	78.4
KwaZulu-Natal	91.9
Free State	58.0
South Africa	100.0

The closing average rental rate of UK properties is £21.63 per square foot (£21.13), an increase of 0.8%. In the UK, average rental rates are reflected on an annual basis.

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)

as at 31 March 2019

5. The occupancy profile by GLA of the portfolio as at 31 March 2019 is disclosed in the following table:

Region	GLA (m^2)	Occupied %	Vacancy (m^2)	Vacant %
Gauteng	179 616	84.5	27 805	15.5
Western Cape	108 703	82.9	18 617	17.1
Eastern Cape	17 857	84.0	2 863	16.0
KwaZulu-Natal	44 776	84.1	7 121	15.9
Free State	6 679	90.0	667	10.0
South Africa	357 631	84.0	57 073	16.0
United Kingdom	66 058	80.3	13 039	19.7
Total	423 689	83.5	70 112	16.5

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 their 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 square metre for the past four financial years.

Year	% Increase in rental per m^2
2016	9%
2017	9%
2018	7%
2019	9%

7. The weighted average annualised property yields based on the forward 12 month net operating income ("NOI"), after deducting a notional management fee, and assuming a stabilised occupancy level are set out below:

	12 month forward NOI	12 month forward NOI assuming stabilised occupancy
SA properties	7.72%	8.13%
UK properties	6.66%	7.69%

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

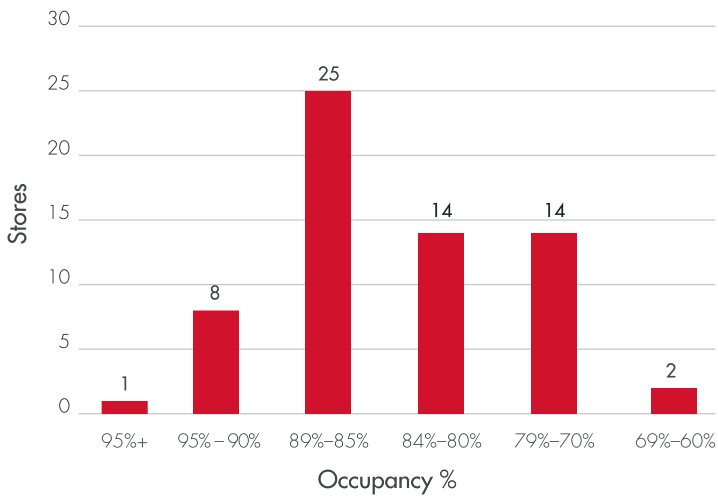
8. The tenant base of the group is large and diverse. All leases continue indefinitely unless terminated by providing two weeks' notice. As at 31 March 2019, 69% of existing tenants in South Africa and 70% in the UK had occupied a self storage unit for a period greater than six months. Set out below is an analysis of the historical occupancy profile for the group.

South Africa Tenancy	2019	2018	2017	2016
< 6 months	31%	29%	30%	31%
Between 6 and 12 months	17%	17%	17%	19%
Between 1 and 2 years	21%	21%	21%	23%
Between 2 and 3 years	12%	11%	12%	12%
> 3 years	19%	22%	20%	15%
Total	100%	100%	100%	100%

United Kingdom Tenancy	2019	2018
< 6 months	30%	31%
Between 6 and 12 months	15%	18%
Between 1 and 2 years	19%	17%
Between 2 and 3 years	10%	10%
> 3 years	26%	24%
Total	100%	100%

9. The occupancy profile of the group as at 31 March 2019 is set out in the following bar graph:

OCCUPANCY PROFILE



UNAUDITED PROPERTY PORTFOLIO INFORMATION

Schedule of Properties as at 31 March 2019

			2019				2018		
Property name	Address	Province	Purchase price R'000	Valuation R'000	GLA m^2	GLA Sq Ft.#	Valuation R'000	GLA m^2	GLA Sq Ft.#
South Africa									
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	140 000	263 400	12 341	–	238 750	11 090	–
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	104 000	138 800	10 111	–	127 000	10 114	–
Stor-Age Claremont	Corner Main Road and Brooke Street, Claremont, Cape Town	Western Cape	160 200	164 700	9 015	–	–	–	–
Stor-Age Durbanville	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	72 700	118 400	10 649	–	120 000	10 649	–
Stor-Age Tokai*^	64-74 White Road, Retreat, Cape Town	Western Cape	94 300	121 000	8 124	–	113 000	8 129	–
Storage RSA Somerset West	24 Ou Paardevlei, Somerset West, Cape Town	Western Cape	90 000	92 000	7 720	–	96 000	7 720	–
Storage RSA Durbanville	2-8 Plein Street, Durbanville, Cape Town	Western Cape	88 000	90 200	7 810	–	88 000	7 811	–
Storage RSA Stellenbosch	7 George Blake and 6 Stoffel Smit, Stellenbosch	Western Cape	65 000	83 400	6 255	–	80 000	6 247	–
Stor-Age Bellville	Corner of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	46 000	65 800	5 874	–	63 900	5 874	–
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	48 950	69 202	6 764	–	54 376	6 719	–
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	41 000	63 700	2 756	–	59 000	2 756	–
Stor-Age Somerset West	Corner Forsyth Road and De Beers Avenue, Somerset West	Western Cape	48 900	66 811	5 512	–	–	–	–
Stor-Age Stikland	11 Danie Uys St, Stikland, Cape Town	Western Cape	52 000	68 800	6 103	–	–	–	–
Storage RSA Heritage Park	42 Delson Circle, Heritage Park, Somerset West, Cape Town	Western Cape	40 000	49 000	5 006	–	46 700	5 001	–
Stor-Age Maitland	255 Voortrekker Road, Maitland, Cape Town	Western Cape	13 500	19 500	1 556	–	18 507	1 556	–
Stor-Age Ottery	Corner Bloemhof Avenue and Springfield Street, Ottery	Western Cape	42 081	47 700	5 384	–	44 700	5 356	–
			1 146 631	1 522 413	110 958	–	1 149 933	89 022	–
Stor-Age Brooklyn	Corner Jan Shoba and Justice Mohammed St., Pretoria	Gauteng	92 900	95 700	7 476	–	–	–	–
Stor-Age Bryanston	1 Vlok Road, Bryanston, Sandton	Gauteng	95 325	104 500	3 858	–	–	–	–
Stor-Age Edenvale	60 Civin Drive, Germiston, Johannesburg	Gauteng	125 800	127 300	8 655	–	–	–	–
Stor-Age Irene	Corner 24th Street and 40th Avenue, Irene, Pretoria	Gauteng	36 200	32 000	5 034	–	–	–	–
Stor-Age Mooikloof	738 Blesbok Street., Pretoria East	Gauteng	40 400	40 100	5 525	–	–	–	–
Stor-Age Randburg	225 Braam Fischer Drive, Randburg, Johannesburg	Gauteng	96 900	96 200	5 809	–	–	–	–
Stor-Age Silver Lakes	Six Fountains Boulevard, Pretoria	Gauteng	92 800	89 000	8 690	–	–	–	–
Stor-Age Sunninghill	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng	119 100	118 800	7 707	–	–	–	–
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	115 000	139 700	20 919	–	133 500	20 919	–
Storage RSA Constantia Kloof	17 JG Strijdom Road, Weltevredenpark	Gauteng	94 700	96 200	7 977	–	95 000	7 977	–
Storage RSA Midrand	65 Freight Road, Louwlardia, Midrand	Gauteng	83 000	82 500	7 597	–	83 000	7 597	–
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	60 500	75 100	9 393	–	70 500	9 387	–
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	74 000	82 200	7 229	–	71 000	7 229	–
Stor-Age Kempton Park	Corner of Cheetah and Klipspringer Street, Kempton Park	Gauteng	71 000	76 500	9 202	–	75 000	9 124	–
Stor-Age Constantia Kloof*	Corner of Hendrik Potgieter and 14th Avenue, Constantia Kloof	Gauteng	48 000	84 129	5 373	–	79 167	5 375	–
Stor-Age Zwartkop	70 Migmatite Street, Zwartkop ext 13	Gauteng	46 000	66 600	9 293	–	62 500	9 319	–
Stor-Age Samrand	29 Rietspruit Road, Samrand, Pretoria	Gauteng	55 650	55 000	7 978	–	53 900	7 978	–
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	43 100	55 400	7 848	–	56 500	7 848	–
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	45 500	56 100	7 136	–	53 000	7 248	–
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	43 600	47 700	9 711	–	44 500	9 711	–
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	41 500	41 600	8 248	–	42 000	8 248	–
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	22 600	37 702	5 824	–	20 107	5 788	–
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	10 500	12 800	4 161	–	11 550	4 161	–
			1 554 075	1 712 831	180 643	–	951 224	127 909	–

Property name	Address	Province	Purchase price R'000	2019 Valuation R'000	2019 GLA m²	2019 GLA Sq Ft.#	2018 Valuation R'000	2018 GLA m²	2018 GLA Sq Ft.#
Stor-Age Berea	23 Calder Road, Berea, Durban	KwaZulu-Natal	93 600	91 200	7 418	–	–	–	–
Stor-Age Mount Edgecombe	33 Flanders Drive, Blackburn, Durban	KwaZulu-Natal	109 300	109 900	9 047	–	–	–	–
Stor-Age Springfield	166 Inersite Avenue, Umgeni Business Park	KwaZulu-Natal	17 100	44 500	5 516	–	41 500	5 516	–
Stor-Age Waterfall	1 Nguni Way and 127 Brackenhill Road, Hillcrest	KwaZulu-Natal	101 424	118 900	15 115	–	110 000	15 115	–
Stor-Age Durban CBD	200 Gale Street, Durban	KwaZulu-Natal	28 191	30 600	3 903	–	21 500	3 469	–
Stor-Age Glen Anil	2014 Old North Coast Road, Mt Edgecombe	KwaZulu-Natal	15 386	28 900	3 777	–	26 600	3 782	–
			365 001	424 000	44 776	–	199 600	27 882	–
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	22 500	28 600	6 679	–	25 700	6 679	–
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	53 800	64 700	11 032	–	59 000	11 032	–
Stor-Age Westering	85 Warbler Road, Westering, Port Elizabeth	Eastern Cape	65 000	61 300	6 825	–	–	–	–
			118 800	126 000	17 857	–	59 000	11 032	–

Property name	Address	Region in England	Purchase price £'000	2019 Valuation £'000	2019 GLA m²	2019 GLA Sq Ft.#	2018 Valuation £'000	2018 GLA m²	2018 GLA Sq Ft.#
United Kingdom									
Storage King Aylesford*	Units 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East	4 441	4 428	4 035	43 435	4 428	4 035	43 435
Storage King Basildon*	Unit 1, Carnival Park, Carnival Close, Basildon, SS14 3WN	East	5 067	4 756	4 223	45 456	4 756	3 985	42 891
Storage King Bedford	Unit 2 Caxton Road, Bedford, MK41 OHT	East Midlands	12 300	11 930	4 477	48 175	–	–	–
Storage King Cambridge	505 Coldhams Lane, Cambridge, CB1 3JS	East	12 180	12 610	5 872	63 206	12 610	5 872	63 206
Storage King Chester	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West	4 350	4 162	2 222	23 919	4 162	2 142	23 054
Storage King Dartford	599 to 613 Princes Road, Dartford, DA2 6HH	South East	11 760	11 949	4 264	45 900	11 949	4 242	45 660
Storage King Derby	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands	8 270	8 628	5 189	55 855	8 628	5 191	55 875
Storage King Doncaster	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire	4 710	5 290	3 618	38 942	5 290	3 609	38 842
Storage King Dunstable*	Unit 1, Nimbus Park, Porz Avenue, Houghton Road, Dunstable, LU5 5WZ	East	2 537	2 539	3 362	36 190	2 539	3 409	36 690
Storage King Epsom*	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East	4 916	4 677	3 106	33 430	4 677	3 106	33 430
Storage King Gloucester	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West	4 330	4 460	4 067	43 775	4 460	4 068	43 785
Storage King Milton Keynes	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East	6 130	6 730	3 181	34 235	6 730	3 186	34 290
Storage King Oxford	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East	10 130	10 456	6 098	65 640	10 456	6 098	65 640
Storage King Weybridge	Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF	South East	11 480	11 480	3 981	42 848	–	–	–
Storage King Woodley*	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East	4 773	4 664	4 302	46 309	4 664	4 306	46 344
Storage King Crewe	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	North West	7 606	7 863	4 063	43 731	7 863	3 790	40 795
			114 980	116 622	66 059	711 046	93 212	57 037	613 937

* *Leasehold properties*
^ *The lease covers a portion of Stor-Age Tokai. Details pertaining to the lease are set out in note 29.*
\# *One square metre = 10.76 square feet*
\+ *Schedule of properties list excludes undeveloped land and includes sectional title GLA at Edgemead, Maitland and West Rand managed by Stor-Age but not owned.*

SHAREHOLDER INFORMATION

Analysis of Ordinary Shareholders as at 29 March 2019

SHAREHOLDER SPREAD	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	1 492	20.23%	582 441	0.15%
1 001 – 10 000	4 080	55.31%	16 463 075	4.19%
10 001 – 100 000	1 446	19.60%	41 926 468	10.67%
100 001 – 1 000 000	285	3.86%	87 691 963	22.31%
Over 1 000 000	74	1.00%	246 322 911	62.68%
Total	7 377	100.00%	392 986 858	100.00%
Distribution of Shareholders				
Collective investment schemes	223	3.02%	188 243 407	47.90%
Retail shareholders	5 556	75.32%	51 343 611	13.06%
Retirement benefit funds	175	2.37%	45 158 266	11.49%
Trusts	843	11.43%	25 517 133	6.49%
Private companies	232	3.14%	26 921 724	6.85%
Assurance companies	34	0.46%	15 053 218	3.83%
Foundations and charitable funds	111	1.50%	11 382 508	2.90%
Custodians	12	0.16%	7 678 148	1.95%
Hedge funds	14	0.19%	5 152 804	1.31%
Stockbrokers and nominees	13	0.18%	4 632 099	1.18%
Scrip lending	6	0.08%	3 387 146	0.86%
Organs of state	1	0.01%	2 786 965	0.71%
Medical aid funds	17	0.23%	2 196 225	0.56%
Close corporations	75	1.02%	1 132 536	0.29%
Public companies	5	0.07%	889 856	0.23%
Managed funds	24	0.33%	827 067	0.21%
Investment partnerships	28	0.38%	323 650	0.08%
Insurance companies	6	0.08%	256 408	0.07%
Public entities	1	0.01%	104 067	0.03%
Control accounts	1	0.01%	20	0.00%
Total	7 377	100.00%	392 986 858	100.00%
Shareholder Type				
Non-Public Shareholders	16	0.22%	40 468 052	10.30%
Directors and Associates	16	0.22%	40 468 052	10.30%
Public Shareholders	7 361	99.78%	352 518 806	89.70%
Total	7 377	100.00%	392 986 858	100.00%

SHAREHOLDER SPREAD	Number of shareholdings	Number of shares	% of issued capital
Fund Managers with a holding greater than 3% of the issued shares			
Foord Asset Management		38 219 124	9.73%
Old Mutual Investment Group		34 549 904	8.79%
Stanlib Asset Management		26 624 738	6.77%
Investec Asset Management		18 250 260	4.64%
Bridge Fund Managers		15 907 234	4.05%
Coronation Fund Managers		15 339 868	3.90%
Sesfikile Capital		15 326 288	3.90%
Prescient Investment Management		14 201 520	3.61%
Total		178 418 936	45.40%
Beneficial shareholders with a holding greater than 3% of the issued shares			
Old Mutual Group		36 637 955	9.32%
Nedbank Group		24 266 263	6.17%
Stanlib		20 489 633	5.21%
Alexander Forbes Investments		17 370 437	4.42%
Castle Rock Investments (Pty) Ltd		14 066 666	3.58%
Prescient		13 521 846	3.44%
Coronation Fund Managers		12 854 311	3.27%
Total		139 207 111	35.42%
Total number of shareholdings	7 377		
Total number of shares in issue	392 986 858		

SHAREHOLDERS' DIARY

Annual report posted to shareholders	Tuesday, 23 July 2019
Notice of AGM posted to shareholders	Tuesday, 23 July 2019
Annual general meeting	Thursday, 22 August 2019
Interim reporting date	Monday, 30 September 2019
Publication of interim results and interim dividend announcement	Tuesday, 19 November 2019
Last day to trade	Tuesday, 3 December 2019
Shares trade ex-dividend	Wednesday, 4 December 2019
Record date	Friday, 6 December 2019
Interim dividend paid	Monday, 9 December 2019
Financial year end	Tuesday, 31 March 2020
Publication of final results and final dividend announced	Tuesday, 9 June 2020
Last day to trade	Tuesday, 30 June 2020
Shares trade ex-dividend	Wednesday, 1 July 2020
Record date	Friday, 3 July 2020
Final dividend paid	Monday, 6 July 2020

ANNEXURE: GLOSSARY OF TERMS

"Aus"	Australia
"Big Box"	A reference to multi-storey self storage properties owned and developed by Stor-Age
"the board"	The board of directors of Stor-Age Property REIT Limited
"CEO"	Chief Executive Officer. The CEO of Stor-Age is Gavin Lucas.
"the company/the group, we/us/our"	Stor-Age Property REIT Limited, its subsidiaries and its management
"the Companies Act"	South African Companies Act No 71 of 2008, as amended
"CPC"	Certificate of Practical Completion
"EU"	European Union
"FD"	Financial Director. The FD of Stor-Age is Stephen Lucas.
"GLA"	Gross lettable area, measured in square metres
"IBC"	Inside Back Cover
"IFC"	Inside Front Cover
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King IV™"	King IV Report on Corporate Governance™ for South Africa, 2016
"The listing date/listing"	Refers to our listing on the JSE on 16 November 2015
"m^2"	square metre
"Managed Portfolio"	Unlisted portfolio of 86 700 m^2 of GLA on which Stor-Age received property and asset management fees
"the period" or "the reporting period"	The 12 months from 1 April 2018 to 31 March 2019
"the previous year"	The year ended 31 March 2018
"REIT"	Real Estate Investment Trust
"SA"	South Africa
"sqf"	square foot
"Stor-Age" or "the company"	Stor-Age Property REIT Limited, listed on Main Board JSE in the Speciality REIT sector
"the year" or "the year under review"	Refers to our financial year and reporting period, being 1 April 2018 to 31 March 2019. References to other years are specified as being so.
"UK"	United Kingdom
"US"	United States of America

Financial definitions

"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS
ISIN: ZAE000208963
("Stor-Age" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the Broker, Central Securities Depository Participant ("CSDP"), banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your Broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the inside back cover during normal business hours from date hereof until Thursday, 22 August 2019.

Notice is hereby given to shareholders registered in Stor-Age's securities register as at the record date of Friday, 12 July 2019 ("Notice Record Date") that the annual general meeting of Stor-Age (the "AGM") will be held at the Terrace Room, Second Floor Conference Centre, Vineyard Hotel, Colinton Road, Newlands on Thursday, 22 August 2019 at 14h00 to:

(i) deal with such business as may lawfully be dealt with at the AGM; and
(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") on which exchange the Company's shares are listed, which meeting is to be participated in and voted at by shareholders registered in Stor-Age's securities register as shareholders as at the record date of Friday, 16 August 2019 ("Meeting Record Date").

The last day to trade to be registered in Stor-Age's securities register by the Meeting Record Date of Friday, 16 August 2019, is Tuesday, 13 August 2019.

Kindly note that AGM participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend, participate and vote at the AGM. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions set out in this notice of AGM.

1. *Presentation of financial statements*

   The consolidated financial statements of the Company, as approved by the board of directors of the Company (the "Board"), for the year ended 31 March 2019 have been distributed and accompany this notice as required and will be presented to shareholders at the AGM together with the reports of the directors and the audit and risk committee.

   The integrated report is available on the Company's website, http://investor-relations.stor-age.co.za/Annual-Reports/2019

2. *Report from the social and ethics committee*

   In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the social and ethics committee will be presented to shareholders at this AGM.

Voting requirement:
Unless otherwise indicated, in order for each of the ordinary resolutions to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

3. *Ordinary resolution number 1: Re-election of Mr GBH Fox as a director*
   "Resolved that Mr GBH Fox, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Mr Fox appears in Annexure 1 of this notice of AGM.

4. *Ordinary resolution number 2: Re-election of Mr MS Moloko as a director*
   "Resolved that Mr MS Moloko, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

   An abridged curriculum vitae of Mr Moloko appears in Annexure 1 of this notice of AGM.

5. *Ordinary resolution number 3: Re-appointment of auditor*
   "Resolved that KPMG Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2020), with the designated partner being Mr IM Engels, until the conclusion of the next annual general meeting of the Company."

6. *Ordinary resolution number 4: Election of Mr GBH Fox as a member and the chairman of the audit and risk committee*
   "Resolved that, subject to the passing of ordinary resolution number 1, Mr GBH Fox, being an independent, non-executive director of the Company, be elected as a member and the chairman of the audit and risk committee of the Company with effect from the end of this meeting."

   An abridged curriculum vitae of Mr Fox appears in Annexure 1 of this notice of AGM.

7. *Ordinary resolution number 5: Election of Mr MS Moloko as a member of the audit and risk committee*
   "Resolved that, subject to the passing of ordinary resolution number 2, Mr MS Moloko, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Mr Moloko appears in Annexure 1 of this notice of AGM.

8. *Ordinary resolution number 6: Election of Ms KM de Kock as a member of the audit and risk committee*
   "Resolved that Ms KM de Kock, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Ms de Kock appears in Annexure 1 of this notice of AGM.

9. *Ordinary resolution number 7: Election of Mr PA Theodosiou as a member of the audit and risk committee*
   "Resolved that Mr PA Theodosiou, being an independent, non-executive director of the Company, be elected as a member of the audit and risk committee of the Company, with effect from the end of this meeting."

   An abridged curriculum vitae of Mr Theodosiou appears in Annexure 1 of this notice of AGM.

10. *Ordinary resolution number 8: General authority to directors to issue shares for cash*

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, the Board be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" and not to "related parties", all as defined by the JSE Listings Requirements;
- this authority will only be valid until the Company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this AGM);
- issues of ordinary shares during the validity period of this resolution may not exceed 39 300 537 ordinary shares in the aggregate, which represents 10% of the number of ordinary shares in the Company's issued share capital at the date of this notice of AGM, being 393 005 377 ordinary shares (exclusive of treasury shares), provided that:
  - any ordinary shares issued under this authority during the validity period of this resolution must be deducted from the number above;
  - in the event of a sub-division or consolidation of issued equity securities during the validity period of this resolution contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;
  - any such general issues are subject to exchange control regulations and approval at that point in time;
- after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% or more of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, and in respect of the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share) and the intended use of the funds;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve the ordinary resolution number 8 regarding the general authority to issue shares for cash.

11. *Ordinary resolution number 9: Amendment of the Rules of The Stor-Age Property REIT Limited Conditional Share Plan ("CSP")*

"Resolved that the Rules of the CSP be amended by including a new clause 5.2.1.5 to read as follows:

'an agreement to be bound by the Company's remuneration malus and clawback policy, and that the Award will be subject to such policy'; and renumbering the existing clauses 5.2.1.5 and 5.2.1.6 to be 5.2.1.6 and 5.2.1.7 respectively."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the AGM is required to approve ordinary resolution number 9, with votes attaching to shares owned or controlled by persons who are existing participants in the CSP excluded from voting.

12. *Advisory endorsement: Endorsement of Remuneration Policy*
To consider the non-binding advisory votes set out below thereby providing the Company with the views of the shareholders regarding the:

- Remuneration Policy contained in the Remuneration Committee Report; and
- Implementation Report in regard to the Remuneration Policy.

General approval of the Company's Remuneration Policy and Implementation Report (non-binding advisory votes 1 and 2)

Non-binding advisory vote 1 – approval of Company's Remuneration Policy
"Resolved that the Company's Remuneration Policy, as set out in the Remuneration Committee Report contained in the 2019 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

Non-binding advisory vote 2 – approval of Company's Remuneration Implementation Report
"Resolved that the Company's Implementation Report in regard to its Remuneration Policy, as contained in the 2019 Integrated Report, be and is hereby endorsed by way of a non-binding advisory vote."

13. *Special resolution number 1: Remuneration of non-executive directors for their service as directors for the 2021 financial year*
"Resolved that, in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their service as directors on an all-inclusive basis, and which is proposed to be paid for the financial year ending 31 March 2021, monthly in arrears, with effect from 1 April 2020, is approved:

	Proposed annual remuneration (Rand)
Board member	225 750
Chairperson – Board	21 500
Audit and risk committee member	53 500
Chairperson – audit and risk committee	10 750
Investment committee member	32 100
Social and ethics committee member	26 750
Remuneration committee member	26 750

14. *Special resolution number 2: General authority to provide financial assistance to subsidiary companies*
"Resolved that, as a general authority and to the extent required by sections 44 and 45 of the Act, the Board may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries for any purpose or in connection with any matter including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or for the purchase of any securities of the Company, such authority to endure for a period of two years following the date of the passing of this special resolution number 2."

Voting requirement:
A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve special resolutions 1 and 2.

VOTING AND PROXIES

A shareholder entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

The attached form of proxy is only to be completed by those shareholders who:

- hold their ordinary shares in certificated form; or
- are recorded on a sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their ordinary shares through a CSDP or Broker and wish to attend the AGM, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or they must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker. These shareholders must not use a form of proxy.

It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Tuesday, 20 August 2019. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the AGM immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the AGM.

GENERAL

Electronic participation

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the AGM by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the Terrace Room, Second Floor Conference Centre, Vineyard Hotel, Colinton Road, Newlands (which is the location for the AGM); and
- at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg.

Should you wish to participate in the AGM by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the AGM. The above-mentioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the AGM. The real-time telephonic conference call facility will enable all persons to participate electronically in the AGM in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the AGM. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the Board

H H-O Steyn
Company Secretary
23 July 2019

Address of registered office
216 Main Road
Claremont
7708
(P O Box 53154, Kenilworth 7745)

Address of transfer secretaries
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196
(P O Box 61051, Marshalltown 2107)

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory notes to resolutions proposed at the annual general meeting of the Company

Re-election of directors retiring at the AGM – ordinary resolutions numbers 1 to 2

In accordance with clause 26.3 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In accordance with this provision, it has been determined that Messrs GBH Fox and MS Moloko are due to retire from the Board.

The directors of the Company have reviewed the composition of the Board against corporate governance and transformation requirements and have recommended the re-election of the directors listed above. It is the view of the Board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and contribute to the requirements of transformation, continuity and succession planning; and
- enhance corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the Board.

In addition, the directors of the Company have conducted an assessment of the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the Board. Having received the results of that assessment and review, the Board is satisfied that the performance of the existing directors continues to be effective and to demonstrate commitment to their roles. Accordingly, the Board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1 to 2, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged curricula vitae of the retiring directors appear in Annexure 1 of this notice of AGM.

Re-appointment of auditor – ordinary resolution number 3

KPMG Inc. has indicated its willingness to continue in office and ordinary resolution number 3 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 4 June 2019, the committee considered the independence of the auditor KPMG Inc., in accordance with section 94(8) of the Act. In assessing the independence of the auditor, the audit and risk committee satisfied itself that KPMG Inc.:

- does not hold a financial interest (either directly or indirectly) in Stor-Age;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Stor-Age;
- is not economically dependent on Stor-Age, having specific regard to the quantum of the audit fees paid by Stor-Age and its subsidiaries to KPMG Inc. during the period under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Stor-Age or its subsidiaries which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of auditors for non-audit-related services and which could compromise or impair the auditor's independence; and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Stor-Age or its subsidiaries.

Accordingly, the Stor-Age audit and risk committee was satisfied that KPMG Inc. is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants and nominated the re-appointment of KPMG Inc. as registered auditor for the financial year ending 31 March 2020. On 6 June 2019 the Board confirmed its support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of KPMG Inc. and Mr IM Engels respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Furthermore the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that KPMG Inc., the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

Election of audit and risk committee members – ordinary resolutions numbers 4 to 7
In terms of section 94(2) of the Act, the audit and risk committee is not a committee of the Board, but a committee elected by the shareholders at each annual general meeting. The Act requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit committee members.

In terms of the Companies Regulations, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the curricula vitae of the proposed members, they have experience in, amongst others, audit, accounting, economics, commerce and general industry.

At a meeting of the Board held on 6 June 2019 the Board satisfied itself that, amongst others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King IV;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set.

NOTICE OF ANNUAL GENERAL MEETING (continued)

General authority to directors to issue shares for cash – ordinary resolution number 8

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

The existing general authority granted by the shareholders at the previous annual general meeting, held on 23 August 2018, will expire at the AGM to be held on 22 August 2019, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited to 10% of the issued share capital as set out in the resolution.

Amendment of the Rules of The Stor-Age Property REIT Limited Conditional Share Plan ("CSP") – ordinary resolution number 9

Following an extensive shareholder engagement process, it has been suggested that malus and clawback provisions should be incorporated into the rules of the CSP. The proposed amendment to the rules of the CSP will accommodate this suggestion. The Rules governing the CSP will be available for inspection during normal business hours at the registered office of the Company set out on the inside back cover from the date of issue of this notice of AGM, up to and including the date of the AGM.

Endorsement of Remuneration Policy and Implementation Report – advisory endorsements number 1 and number 2

King IV recommends that the Company's Remuneration Policy be disclosed in three parts every year, namely:

- a background statement;
- an overview of the Remuneration Policy; and
- an implementation report;

and that shareholders be requested to pass separate non-binding advisory votes on the policy and the implementation report at the AGM.

Voting on the two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The remuneration committee prepared and the Board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2019 Integrated Report.

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

Accordingly, the shareholders are requested to endorse the Company's Remuneration Policy and Implementation Report as set out in paragraph 11 of the AGM notice.

Remuneration of non-executive directors for their service as directors for the year ending 31 March 2021 – special resolution number 1

In terms of section 66(8) and (9) of the Act, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2021, is to be paid to the non-executive directors as they are not remunerated as employees of the Company, as in the case of the executive directors.

This resolution is recommended by the Company's directors. Full particulars of all remuneration paid to non-executive directors for their service as directors during the past year, and proposed to be paid for the 2021 financial year, are respectively set out in the annual financial statements, and in the Integrated Report, available on the Company's website.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

Authority to provide financial assistance to subsidiary companies – special resolution number 2

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related companies and entities to subscribe for options or securities or purchase securities of the Company. Under the Act, the Company will however require the special resolution number 2 to be adopted. In the circumstances and in order to, amongst others, ensure that the Company's subsidiaries have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

The existing authorities granted by the shareholders at the previous annual general meeting, held on 23 August 2018, will expire at the AGM to be held on 22 August 2019, unless renewed, and special resolution 2 will therefore be appropriately renewed.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –

   3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and

   3.2 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

4. Irrespective of the form of instrument used to appoint a proxy –

   4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –

   5.1 stated in the revocation instrument, if any; or
   5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.

6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –

   6.1 the shareholder; or
   6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.

8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –

   8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   8.2 the company must not require that the proxy appointment be made irrevocable; and
   8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

ANNEXURE 1

CVs OF DIRECTORS FOR RE-ELECTION TO THE BOARD AND ELECTION TO THE AUDIT COMMITTEE

NON-EXECUTIVE DIRECTORS

Mr GBH Fox

CA(SA)

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

Mr MS Moloko

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

Sello is the co-founder and executive chairman of Thesele Group and has more than 27 years' business experience. He is the former non-executive chairman of Alexander Forbes Group Holdings Limited, former CEO of Old Mutual Asset Managers and former deputy CEO of Capital Alliance Asset Managers. He is currently the chairman (outgoing) of Sibanye Gold Limited and of Telkom, and a non-executive director of Prudential Investment Managers and MMI Holdings Limited.

Ms KM de Kock

CA(SA), CFA, MBA

Kelly is specialised in the areas of corporate finance and investor relations, as well as mergers and acquisitions. She has more than 13 years' commercial experience in the financial services sector and currently holds the position of Chief Operating Officer at Old Mutual Wealth Trust Company. She previously held the positions of Head of Institutional Business Development at Kagiso Asset Management and Investor Relations Manager: South Africa at Old Mutual plc.

Mr PA Theodosiou

Chairman – CA(SA), MBA (UCT)

Paul was the founding CEO of Acucap Properties Limited and ran the company for 14 years until its merger with Growthpoint Properties in 2015. He is a former partner of KPMG.

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number 2015/168454/06
Share code: SSS ISIN: ZAE000208963
("Stor-Age" or "the Company")

FORM OF PROXY

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or Broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the Company to be held at the Terrace Room, Second floor Conference Centre, Vineyard Hotel, Colinton Road, Newlands and at the offices of Stor-Age, 4 Kikuyu Road, Sunninghill, Johannesburg, being the place where the Company intends to make provision for shareholders thereof, or their proxies, who are entitled to attend the annual general meeting, to participate therein by way of electronic communication, on Thursday 22 August 2019 at 14h00.

Not for use by the Company's shareholders who hold dematerialised ordinary shares in the Company who have not selected "own name" registration. Such shareholders must contact their CSDP or Broker timeously if they wish to attend and vote at the annual general meeting in respect of the ordinary shares they hold in the capital of the Company, and request that they be issued with the necessary letter of representation to do so or provide the CSDP or Broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or Broker to vote in accordance with their instructions at the annual general meeting.

I/We ____ (Name in block letters)

of ____ (Address)

being the registered holder of ____________ shares in the ordinary share capital of the Company hereby appoint:

1. ____ or failing him

2. ____ or failing him

Contact numbers: Landline ____________________ Mobile ________________________

Email address: ____

3. the chairperson of the meeting

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions and advisory endorsement as detailed in this notice of annual general meeting, and to vote for and/or against such resolutions and advisory endorsement and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

FORM OF PROXY (continued)

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

	Resolutions	Number of shares		
		In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Mr GBH Fox as a director			
2	Ordinary resolution number 2: Re-election of Mr MS Moloko as a director			
3	Ordinary resolution number 3: Re-appointment of auditor			
4	Ordinary resolution number 4: Election of Mr GBH Fox as a member and the chairman of the audit and risk committee			
5	Ordinary resolution number 5: Election of Mr MS Moloko as a member of the audit and risk committee			
6	Ordinary resolution number 6: Election of Ms KM de Kock as a member of the audit and risk committee			
7	Ordinary resolution number 7: Election of Mr PA Theodosiou as a member of the audit and risk committee			
8	Ordinary resolution number 8: General authority to directors to issue shares for cash			
9	Ordinary resolution number 9: Amendment of the Rules of The Stor-Age Property REIT Limited Conditional Share Plan			
10	Non-binding advisory votes:			
	1. Endorsement of Company's Remuneration Policy; and			
	2. Endorsement of Company's Remuneration Implementation Report			
11	Special resolution number 1: Remuneration of non-executive directors for their service as directors (2021 financial year)			
12	Special resolution number 2: General authority to provide financial assistance to subsidiary companies			

Signature ______________________________

Signed at ______________________ on ______________________ 2019

Assisted by (where applicable) (full name) ______________________________

Signature ______________________________

Date ______________________ Capacity ______________________

INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration must be signed, not initialled.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Tuesday, 20 August 2019. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the proxy exercising such shareholder's rights as a shareholder at the AGM, with the chairperson of the annual general meeting.

Hand deliveries to:
Computershare Investor Services (Pty) Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196

Postal deliveries to:
Computershare Investor Services (Pty) Limited
P O Box 61051
Marshalltown 2107

Email:
Proxy@computershare.co.za


stor-age
self storage


stor-age
self storage

CONTACT DETAILS

Company secretary and registered office

Henry Steyn CA(SA)
216 Main Road
Claremont 7708
Cape Town

Sponsor

Questco Corporate Advisory
(Registration number 2002/005616/07)
Yellowwood House
33 Ballyclare Drive
Ballywoods Office Park
Bryanston 2191
(PO Box 98956, Sloane Park 2152)

Auditors and independent reporting accountants

KPMG Inc.
(Registration number 1999/0215432/21)
Registered Auditors
The Halyard
4 Christiaan Barnard Street,
Foreshore
Cape Town City Centre
Cape Town 8001
(PO Box 4609, Cape Town 8000)

Bankers

Nedbank Group Limited
(Registration number 1966/010630/06)
1st Floor, Nedbank Clocktower Building
V&A Waterfront
Cape Town 8001
First National Bank (a division of
FirstRand Bank Limited)
(Registration number 1929/001225/06)
27th Floor, Portside, 5 Buitengracht Street
Cape Town 8001

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg 2196
(PO Box 61051, Marshalltown 2107)

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