STOR-AGE PROPERTY REIT LIMITED

CONDENSED UNAUDITED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2021

Interim dividend 56.60 cents up 8.85% on prior year

- Self storage rental income and net property operating income up 13.1% and 20.1% respectively
- Like-for-like self storage rental income up 11.6% SA; 23.8% UK
- Like-for-like net property operating income up 16.8% SA; 34.7% UK
- Portfolio occupancy up 18 000m² on a like-for-like basis (SA 7 600m²; UK 10 400m²)
- Total occupancy – SA 86.8%; UK 94.1%
- Net investment property value up 9.3% to R7.953 billion
- Loan-to-value ratio of 25.0%
- Acquired three trading self storage properties – Blackpool in the UK for £3.6 million and two properties in SA for R108 million aggregated
- Developments at Sunningdale and Tyger Valley completed in May 2021 and first phase of Cresta in October 2021
- Moorfield JV – completed acquisition of a site in Hounslow (UK) to develop a new store – two further opportunities to be completed shortly
- Announced development JV with Nedbank to develop two properties in SA
- SA development pipeline of ten properties (c.R850 million and 59 200m² GLA)
- Completed UK debt restructuring – including new £21 million seven-year sustainability-linked loan facility with Aviva Investors

COMMENTARY

INTRODUCTION

Stor-Age has delivered an excellent set of results with an 8.85% increase in dividend per share for the six months to September 2021 ("the period") compared to the prior year, driven by strong demand, growth in occupancy and rental rates, and disciplined cost control at a property level.

Over the past 18 months the resilience of Stor-Age's business model was proven as the Covid-19 pandemic unleashed economic and social upheaval and forced individuals and businesses to deal with new challenges. Our specialist sector skills and experience, and superior operating model, enabled Stor-Age to respond quickly and proactively and start FY22 from a position of strength.

Net operating income from our properties, on a like-for-like basis, surged by 16.8% and 34.7% year-on-year in SA and the UK respectively, as rental rates increased (SA - 7.0%; UK - 6.1%), cash collections in SA improved, and an intense focus on managing property costs paid off. In addition, total occupancy (excluding the impact of the looting on our Waterfall property in KZN) increased by 23 700m^2 year-on-year, with the UK finishing at record occupancy levels of 94.1%.

The period was not without its challenges as the third wave and lockdown restrictions in SA slowed down the economic recovery from the shock of 2020, whilst the looting in KZN resulted in significant damage to our Waterfall property (further details are set out on page 3).

We made strong progress in all areas of our strategy during the period, namely organic growth, a strong acquisition pipeline, high-quality developments and expansion projects and embracing technology and innovation to drive further efficiencies and economies of scale. Our scalable platform provides operating leverage for centralised services and is complemented and enhanced by our advanced digital capability, online enquiry generation and conversion skillset, all of which remain fundamental to our long-term strategy.

Our JV with Moorfield Group ("Moorfield") in the UK continues to gain momentum. The JV secured its first site for development in Hounslow, West London (£13 million development cost) with construction due to commence early next year. A further two opportunities are subject to planning consent. In SA, we announced a development JV with Nedbank to develop two properties at an aggregated cost of R200 million, with a number of other developments also under consideration.

We also acquired three trading self storage properties (Blackpool in the UK for £3.6 million and two properties in SA for R108 million aggregated). Two new developments, Sunningdale and Tyger Valley (both in Cape Town), began trading in May 2021. The first phase of Cresta was also completed and commenced trading in October 2021.

Our balance sheet remains strong and robust, reflected in our LTV ratio of 25.0% and in our capital structure which makes use of moderate levels of debt.

Shortly after the period end, we finalised a restructure of our GBP debt facilities with UK lenders, further strengthening our balance sheet and providing us with added flexibility to target select development and acquisition opportunities as they arise. The new facilities, comprising a £50 million term loan and revolving credit facility, a sustainability-linked loan of £21 million and a £25 million accordion option, provide significant headroom to pursue our UK growth strategy.

SA – South Africa
m^2 – square metre
UK – United Kingdom
sqf – square foot
GLA – gross lettable area
LTV – loan to value
JV – joint venture
Like-for-like – refers to properties trading for the full six months in both reporting periods
KZN – KwaZulu-Natal

COMMENTARY (continued)

GROUP SNAPSHOT

Stor-Age is the largest self storage property fund and most recognisable industry brand in South Africa. The portfolio comprises 76 self storage properties across both SA (54) and the UK (22). The SA portfolio is valued at R4.8 billion[1] and the UK portfolio – under the brand Storage King – at R3.2 billion. In the UK a further seven properties trade under the licence of the Storage King brand and generate licence and management fee revenue for the group (totalling 29 properties trading under the Storage King brand).

OPERATIONAL REVIEW

- Total portfolio occupancy up 18 000m² on a like-for-like basis (SA 7 600m²; UK 10 400m²)
- Closing occupancy of 86.8% (SA); 94.1% (UK)
- Closing rental of R116.1/m², up 7.5% (SA); £22.50/sqf[2], up 6.6% (UK)

SA occupancy profile

	30 September 2021			30 September 2020		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
Like-for-like	352 900	309 900	87.8	350 700	302 300	86.2
Other	7 700	3 200	42.0	15 100	13 100	86.9
Total	360 600	313 100	86.8	365 800	315 400	86.2

2021 excludes Waterfall – further details are set out on page 3
Other in 2021 includes Sunningdale (50% equity interest) and Tyger Valley – both commenced trading during the period
Other in 2020 relates to Waterfall

UK occupancy profile

	30 September 2021			30 September 2020		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
Like-for-like	85 900	80 800	94.0	82 800	70 400	85.0
Other	2 600	2 500	98.1	–	–	–
Total	88 500	83 300	94.1	82 800	70 400	85.0

Other relates to Blackpool (acquired in April 2021)

The onset of the pandemic gave rise to new demand drivers for self storage, complementing traditional demand for the product arising from life-changing events and commercial needs. Enquiry levels, our lead indicator of demand, remain elevated above expectations.

In SA, occupancy closed at 86.8% reflecting year-on-year growth in the like-for-like portfolio, the impact of new developments (Sunningdale and Tyger Valley) in the early stages of their lease up, and expansions at other properties in the portfolio. Despite the third wave, protracted lockdown restrictions and the operational disruption caused by the looting in KZN, total occupancy (excluding Waterfall) increased by 10 800m² year-on-year. Excluding new developments and Waterfall, occupancy grew by 7 600m² on a like-for-like basis compared to the prior year. Occupancy did taper off marginally in SA by 1.7% in the six-month period to September 2021 as a result of the socio-economic challenges described above and historic seasonality trends. This resulted in a marginal occupancy loss in the first quarter of the financial year which we expect to recover in the second half of FY22.

[1] *Includes 50% share of Sunningdale, Cresta (commenced trading in October 2021), Silver Park Self Storage (acquired November 2021)*
[2] *UK rental rate quoted on an annual basis*

COMMENTARY (continued)

In the UK, total occupancy increased by 12 900m² to close at 94.1%. Excluding the acquisition of Blackpool in April 2021, like-for-like occupancy in the UK increased by 10 400m² year-on-year. Over the six-month period to September 2021, occupancy increased by 6.9% in the UK coinciding with the lifting of Covid-19 restrictions, an overall improvement in economic activity and a housing market which remains buoyant.

Civil unrest

Our Waterfall property in KZN suffered extensive damage during the violent disorder that took place in July 2021. Widespread looting resulted in the theft and destruction of goods stored by our customers and deliberate acts of sabotage and sporadic fires caused significant structural damage to the buildings. Prior to this incident, the property was trading at 90% occupancy (total GLA 15 100m²) with an annualised revenue stream of approximately R15 million.

Waterfall comprises two adjacent locations (12 500m² GLA at Brackenhill Road and 2 600m² GLA at Nguni Way). Our immediate focus post the unrest was the restoration of Nguni Way, which successfully reopened in October 2021. At the date of this report, occupancy is 1 600m² (62% of total 2 600m² GLA) comprising new lets and existing customers who have continued to store at the property.

Approximately 9 000m² of the 12 500m² GLA at Brackenhill Road is being demolished (and will have to be rebuilt) due to concerns over structural integrity. We expect the remaining 3 500m² GLA to be operational in December 2021.

Stor-Age not only has comprehensive SASRIA insurance in place for property damage and loss of revenue, but also for the benefit of its customers, insurance cover for theft, loss and damage of their stored goods (subject to conditions).

Waterfall had a carrying value of R137.5 million at 31 March 2021, representing 1.8% of the group's property investments. The valuation of the property has been impaired to R47.5 million as at 30 September 2021.

We submitted an initial claim for losses suffered and continue to work with SASRIA, the assessors and various professionals to finalise the claim and the scope of repair and rebuild work required. The board estimates the final claim for property damage will be approximately R35 - 50 million. Included in earnings for the period is a claim for loss of revenue of R3.5 million which we expect to be settled before the end of the year. With regard to losses suffered by our customers, approximately 50% of claims have been approved by SASRIA and are in the process of being settled.

Moorfield JV

Stor-Age has a 24.9% equity interest in a JV with Moorfield, a leading UK real estate fund manager with a 25-year track record, to develop a portfolio of self storage properties in London and the South East of England, with an initial value of £50 million and the potential to increase to £100 million.

The group will earn management fees for acquiring, developing and managing properties in the JV and will have a pre-emptive right to acquire all newly developed properties.

In October 2021 the JV concluded the acquisition of a site in Hounslow, a large suburban town in West London, to develop a 62 000 sqf GLA (5 800m²) store at an estimated cost of £13 million. Final planning consent has been received and construction is expected to begin early next year. Two further opportunities, both subject to final planning consent, are expected to be completed shortly (combined 97 000 sqf/9 000m² GLA) at an estimated development cost of £20 million. The JV continues to pursue a number of other acquisition opportunities.

COMMENTARY (continued)

Nedbank JV

In September 2021 we announced a JV with Nedbank Property Partners, a division of Nedbank, to develop two high profile properties in Morningside (7 400m² GLA) and Bryanston (4 700m² GLA), to be branded and managed by Stor-Age, at a cost of approximately R200 million. Nedbank has been a primary debt funder to Stor-Age for more than a decade and has a detailed understanding of the self storage asset class. We anticipate commencing construction at both properties early next year.

Each party will own a 50% equity interest in the JV with certain rights to acquire/dispose of their respective equity interest to the other party. Stor-Age will earn fees from developing and managing the properties.

Our JV model with both Moorfield and Nedbank allows us to grow and achieve further scale in both markets whilst providing an attractive return on invested capital. It also allows us to mitigate the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature level of occupancy.

Third-party management solution

Third-party management remains a key component of our growth strategy. It allows us to generate additional revenue with minimal capital investment by leveraging our existing superior infrastructure and skills. In the UK, we provide this under our Management 1st offering aimed at independent operators, developers and private equity owners.

We continue to make progress in this strategic initiative. Eight independent operators (16 properties) have contracted with the group for the digital services offering, a component of the Management 1st product. Over the past 18 months, we have built up a demonstrable track record of outperformance with significant growth in enquiries, and a reduction in cost per acquisition (for an enquiry). We expect demand for these services to continue over the next 12 months.

Customer profile

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

	30 September 2021		30 September 2020	
	SA	UK	SA	UK
Number of tenants	26 200	12 200	26 200	10 600
Commercial	39%	26%	40%	28%
Residential	61%	74%	60%	72%
Average length of stay – months (existing tenants)	23.6	30.8	23.3	26.6
Average length of stay – months (tenants vacating during the period)	14.9	8.7	15.3	10.8

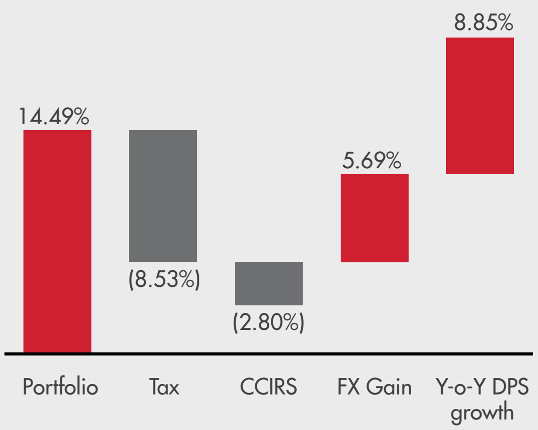
Residential and commercial split analysed by area

DIVIDEND PER SHARE ("DPS")

The key drivers of the 8.85% increase in DPS compared to the prior year were:

- Operating profit before tax (excluding the contribution to earnings from cross currency interest rate swaps ("CCIRS") and realised foreign exchange gains) boosted DPS growth by 14.49%
- The normal tax charge on our UK earnings decreased DPS growth by 8.53%
- The reduced use of CCIRS decreased DPS growth by 2.80%
- Realised foreign exchange gains increased DPS by 5.69%

DPS ANALYSIS – SEPTEMBER 2021



FINANCIAL RESULTS

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

SA

	30 September 2021			30 September 2020			% change	
	LFL Rm	Other Rm	Total Rm	LFL Rm	Other Rm	Total Rm	LFL	Total
Rental income								
Self storage	219.6	0.2	219.8	196.7	–	196.7	11.6	11.7
Other	4.3	–	4.3	3.7	–	3.7	14.7	14.7
Ancillary income	8.8	0.1	8.9	7.8	–	7.8	12.3	13.5
Sundry income	0.8	–	0.8	0.6	–	0.6	29.7	29.9
Bad debt	(1.2)	–	(1.2)	(4.4)	–	(4.4)	73.5	73.5
Direct operating costs	(52.3)	(0.3)	(52.6)	(50.5)	–	(50.5)	(3.8)	(4.3)
Net property operating income	179.9	–	179.9	154.0	–	154.0	16.8	16.8
Bad debt as a % of rental income	0.53	–	0.53	2.25	–	2.25		

The 'Other' column relates to Tyger Valley which commenced trading in May 2021
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and administration fees
Net property operating income excludes rental guarantee and rental underpin

UK

	30 September 2021			30 September 2020			% change	
	LFL £'000	Other £'000	Total £'000	LFL £'000	Other £'000	Total £'000	LFL	Total
Rental income								
Self storage	8 357	223	8 580	6 753	–	6 753	23.8	27.1
Other	271	–	271	252	–	252	7.5	7.5
Ancillary income	862	8	870	674	–	674	27.9	29.1
Sundry income	75	3	78	61	–	61	23.2	28.1
Bad debt	(22)	(2)	(24)	(13)	–	(13)	(69.2)	(84.6)
Direct operating costs	(2 414)	(81)	(2 495)	(2 436)	–	(2 436)	0.9	(2.4)
Net property operating income	7 129	157	7 280	5 291	–	5 291	34.7	37.6
Bad debt as a % of rental income	0.26	0.90	0.28	0.19	–	0.19		

The 'Other' column relates to Blackpool, acquired in April 2021
Ancillary income includes sale of merchandise, late fees charged to customers on overdue accounts and customer insurance

COMMENTARY (continued)

CONSOLIDATED

	30 September 2021 LFL Rm	Other Rm	Total Rm	30 September 2020 LFL Rm	Other Rm	Total Rm	% change LFL	Total
Rental income								
Self storage	386.4	4.7	391.0	345.7	–	345.7	11.8	13.1
Other	9.7	–	9.7	9.3	–	9.3	4.3	4.3
Ancillary income	26.0	0.2	26.2	22.7	–	22.7	14.5	15.6
Sundry income	2.3	0.1	2.4	1.9	–	1.9	17.0	22.7
Bad debt	(1.6)	(0.1)	(1.7)	(4.7)	–	(4.7)	65.6	63.8
Direct operating costs	(100.5)	(1.9)	(102.4)	(104.1)	–	(104.1)	3.5	1.6
Net property operating income	322.2	3.0	325.2	270.8	–	270.8	19.0	20.1
Bad debt as a % of rental income	0.42	1.82	0.43	1.36	–	1.36		

Net property operating income excludes rental guarantee and rental underpin

The commentary below relates to the group's operating performance set out in the above tables. A reconciliation between the disclosures set out in the tables above and the consolidated statement of profit or loss and other comprehensive income is set out on page 40.

Self storage rental income increased by 13.1% to R391.0 million (2020: R345.7 million) driven mainly by organic growth and, to a lesser extent, the impact of acquisitions which was partially offset by a lower average foreign exchange rate for the period compared to the prior year.

On a like-for-like basis SA and UK rental income increased by 11.6% (occupancy 4.3%; rental rate 7.0%) and 23.8% (occupancy 16.7%; rental rate 6.1%) respectively.

The significant occupancy gains in both markets in FY21 provided a catalyst to earnings growth in the period, with the full benefit of the higher occupancy reflected in earnings. The elevated occupancy levels, and higher demand, also allowed us to increase average rental rates.

Other rental income (SA: R4.3 million; UK: £0.3 million) relates mainly to parking and the rental of office space at certain properties in the portfolio.

Bad debt as a percentage of rental income was 0.43% for the group (2020:1.36%) as a significant improvement in SA cash collections resulted in a lower impairment charge in the period.

Ancillary income of R26.2 million (2020: R22.7 million) comprises merchandise sales (such as packaging materials and padlocks), administration fees, late fees and insurance income (UK only). Although this income stream is a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. There is usually a direct correlation between higher occupancy levels, increased move-in activity and ancillary income. In SA and the UK, ancillary income increased by 12.3% and 27.9% respectively year-on-year (excluding acquisitions).

The decrease in direct operating costs to R102.4 million (2020: R104.1 million) is due to the lower average foreign exchange rate in the period and strict and disciplined cost control offset by the impact of acquisitions.

Across both markets, property rates, staff costs, utilities, insurance, maintenance and marketing costs account for the majority of direct operating costs. Managing costs at a property level remains an important component of our strategy to improve operating margins. In SA, direct operating costs increased by 3.8% on a like-for-like basis in line with expectations. In the UK, direct operating costs decreased marginally by 0.9% year-on-year, mainly due to lower marketing spend given the high levels of occupancy and strong demand.

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

Other revenue of R3.0 million (2020: R1.9 million) comprises property and other management fees in SA, licence fee income from Storage King franchisee properties in the UK and a contribution from Management 1st, our third-party management offering in the UK.

Administration expenses amounted to R50.2 million (2020: R37.1 million). After adjusting for the Conditional Share Plan charge, and non-recurring once-off items, we saw an increase in costs relating mainly to increased IT infrastructure spend to support the digitalisation of the business and staff costs.

The fair value adjustment to investment properties of R197.9 million reflects an increase in the carrying value of investment properties at 30 September 2021 (2020: R467.6 million). Further details are set out in the Investment Property section. Other fair value adjustments to financial instruments of R28.7 million (2020: loss of R19.5 million) relate to mark-to-market adjustments of interest rate swaps, forward exchange contracts and CCIRS.

Interest income comprises the following:

	30 September 2021 Rm	30 September 2020 Rm
Share purchase scheme loans	4.5	7.1
CCIRS	8.6	14.9
Loans to JVs	0.8	0.2
Money market and deposit balances	2.4	3.5
Total	16.3	25.7

The lower interest received on share purchase scheme loans is the result of loan balances repaid over the last 12 months. The group also reduced its exposure to CCIRS, resulting in a lower contribution to earnings during the period.

Interest expense of R51.6 million (2020: R59.6 million) comprises mainly interest on bank borrowings. Further details of bank borrowings are set out in the Capital Structure section below.

The normal tax charge of R19.2 million relates to a provision for UK Corporations Tax of 19% on the estimated taxable income arising in the UK as a result of the change in UK tax laws whereby companies which were subject to tax under the Non-Resident Landlord Scheme have now become subject to Corporations Tax (effective 6 April 2020). The historic tax losses available for set off against future taxable income were substantially utilised in FY21. A deferred tax charge of R41.1 million was also recognised in the period, relating mainly to the fair value adjustment to UK investment properties. Under IFRS, a potential CGT liability is required to be recognised as a deferred tax charge on revaluation gains of UK investment properties.

CAPITAL STRUCTURE

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

COMMENTARY (continued)

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

	ZAR facilities Rm	GBP facilities £m	GBP facilities Rm	Total facilities Rm
Total debt facilities	1 555.0	76.7	1 559.3	3 114.3
Undrawn debt facilities	410.3	16.1	328.0	738.3
Gross debt	1 144.7	60.5	1 231.3	2 376.1
Gross debt net of cash held in facilities	887.0	60.5	1 231.3	2 118.3
Net debt	833.1	56.7	1 153.9	1 987.0
Investment property (net of lease obligations)	4 770.1	156.5	3 182.7	7 952.8
Hedge cover	866.4	56.0	1 139.3	2 005.7
- Interest rate swaps and caps	550.0	35.0	712.0	1 262.0
- Cross currency interest rate swaps	102.3	–	–	102.3
- Fixed rate loans	214.0	21.0	427.2	641.2
% hedge cover on:				
- Gross debt	75.7%	92.5%	92.5%	84.4%
- Gross debt net of cash held in debt facilities	97.7%	92.5%	92.5%	94.7%
- Net debt	104.0%	98.7%	98.7%	100.9%
Effective interest rate	6.36%	3.33%	3.33%	4.79%
LTV ratio	19.9%	32.6%	32.6%	25.0%
Weighted average expiry of debt (years)	2.7	5.6	5.6	4.2
Weighted average expiry of hedge cover (years)	2.1	5.1	5.1	3.8

LTV ratio is defined as net debt as a percentage of gross investment property of R8.246 billion less lease obligations relating to leasehold investment property of R293.3 million
£5.650 million of the GBP facilities is secured against SA investment property assets – for the purposes of the above table, the SA LTV ratio includes the outstanding balance of this facility
Details of debt facilities and hedge cover are based on the refinanced debt facilities as set out below
Weighted average expiry of GBP debt includes two 12-month extension options on facilities of £50 million

Stor-Age is well capitalised with sufficient access to cash resources and funding options.

Our cash position at 30 September 2021, including cash held in our debt facilities, amounted to R389.1 million. Total undrawn borrowing facilities amounted to R738.3 million and the average cost of debt for the group was 4.79%.

The group has ZAR loan facilities of R1.555 billion with a weighted average maturity of 2.7 years (excluding a three-month rolling note of R160 million refinanced on a quarterly basis).

Stor-Age's GBP loan facilities previously comprised a £52.0 million Revolving Credit Facility ("RCF") from Lloyds Bank ("Lloyds"). To support the future growth of the business, a competitive process was initiated with potential lenders to address our funding requirements on improved terms.

In October 2021, the group refinanced the Lloyds facility with an enhanced two bank-club facility of £50m (HSBC UK Bank Plc and Santander UK Plc) comprising a term loan of £30 million (priced at SONIA[3] + 2.40%) and a revolving credit facility of £20 million (priced at SONIA[3] + 2.65%) with a 3-year term and two 12-month extension options. An accordion facility of £25m is also available. In addition, the group also secured a seven-year £21 million sustainability-linked loan from Aviva Investors at an all-in fixed rate of 3.21%. The new facilities diversify the group's funding sources with greater flexibility to fund future investment.

The group also completed the refinancing of R795 million of other debt facilities in October 2021 (extended for a further three-year term).

[3] *Sterling Overnight Interbank Average Rate*

On a net debt basis, over 100% of borrowings is hedged against interest rate risk. Net debt stood at R1.987 billion with a LTV ratio of 25.0%.

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

SA

Expiry period	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY 22	160.0	160.0	–	100.0%
FY 23	–	–	–	-%
FY 24	650.0	303.7	346.3	46.7%
FY 25	745.0	681.0	64.0	91.4%
Total	1 555.0	1 144.7	410.3	73.6%

FY22 relates to a three-month rolling note (R160 million), refinanced quarterly.

UK

Expiry period	Facility £m	Drawn £m	Undrawn £m	% of facility drawn
FY 25	55.7	39.5	16.1	71.0%
FY 27	21.0	21.0	–	100.0%
Total	76.7	60.5	16.1	79.0%

The group makes use of CCIRS as part of its treasury management policy to create a synthetic matching of GBP funding to GBP-denominated assets at optimal levels. The CCIRS hedge part of the net investment in our offshore operations against foreign currency fluctuations. The group has reduced its use of CCIRS over the past 18 months.

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

	30 September 2021 £m	31 March 2021 £m	31 September 2020 £m
Investment property	168.7	155.3	141.7
Leasehold liabilities	(12.2)	(12.6)	(13.0)
Net investment property	156.5	142.7	128.7
Bank debt	(60.5)	(56.8)	(56.8)
Other assets	8.4	8.0	8.2
Deferred tax	(5.3)	(3.2)	(1.2)
Other liabilities	(12.0)	(7.7)	(6.1)
Net investment	87.1	83.0	72.8
Notional value of CCIRS	10.0	15.0	25.0
CCIRS as a % of net investment property	6.4%	10.5%	19.4%
Effective hedge of net investment	11.5%	18.1%	34.4%
Effective hedge of net investment property	45.1%	50.3%	63.5%

Effective hedge of net investment property calculated as the sum of bank debt and CCIRS as a percentage of investment property less leasehold liabilities
Disclosures at 30 September 2021 adjusted to exclude a £5.0 million CCIRS which was settled in October 2021 with a mark-to-market payment of R6.9 million

COMMENTARY (continued)

HEDGING OF GBP EARNINGS

To manage the impact of fluctuations in the GBP/ZAR exchange rate, the group makes use of hedging instruments for the forecast GBP earnings to be repatriated to SA for distribution purposes in line with the following policy:

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

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

Period	Forward contracts % cover	Forward rate R / £	Collar contracts % cover	Average floor R / £	Average cap R / £
FY22	75%	23.35	15%	20.94	22.36
FY23	85%	23.65	5%	21.41	22.60
FY24	75%	23.47	–	–	–

NET ASSET VALUE PER SHARE

	30 September 2021 Rm	31 March 2021 Rm	30 September 2020 Rm
Total equity – statement of financial position	**5 811.3**	5 656.7	5 273.6
Less: Non-controlling interest	**(42.0)**	(38.6)	(35.4)
Net assets	**5 769.3**	5 618.1	5 238.2
Less: Goodwill and intangible assets	**(141.8)**	(147.0)	(151.5)
Net tangible assets	**5 627.5**	5 471.1	5 086.7
Number of shares in issue (million)	**432.9**	432.9	423.3
Net asset value (NAV) per share*	**R13.33**	R12.98	R12.38
Net tangible asset value (NTAV) per share*	**R13.00**	R12.64	R12.02

NAV per share and NTAV per share increased by 2.7% and 2.8% respectively compared to the previous year end.

** excluding non-controlling interest*

COMMENTARY (continued)

NAV per share is principally determined by the fair value of investment property and the ZAR/GBP exchange rate at the reporting date. The revaluation gain on investment property for the period was R197.9 million and includes the impairment for Waterfall of R90.0 million.

The changes to the UK tax regime whereby companies, which were subject to tax under the Non-Resident Landlord Scheme became subject to Corporations Tax (effective 6 April 2020), also resulted in a first-time recognition of deferred tax liabilities on fair value adjustments to UK investment property in FY21. Under IFRS, a potential tax liability which may arise if the properties were to be sold must be recognised as a deferred tax liability (and therefore a reduction of NAV) on the revaluation of investment properties. At 30 September 2021, a deferred tax liability of R108.2 million was reflected in the statement of financial position in respect of UK property revaluations.

Excluding the impact of this deferred tax liability, adjusted NAV per share was R13.57 and adjusted NTAV per share was R13.24 (both excluding the non-controlling interest).

It is not the intention of the board to make any disposals of UK trading properties. Whilst individual disposals may be considered where it is clear that value can be added by recycling the capital into other opportunities, it is not envisaged that any tax will become payable in such a scenario due to the availability of rollover relief.

While NAV is an important measure for property companies, it does not capture the true intrinsic value of the self storage business model, operating platform and future revenue streams from our third-party management model. The valuation approach, as set out in the Investment Property section, is based on conservative assumptions and understates the economic value of our leasehold properties.

In the UK, eight of the 22 properties are short leaseholds with remaining lease periods ranging from 10.7 to 18.3 years.

The property valuation for short leaseholds is conservatively based on future cash flows until the next contractual lease renewal date which, all things being equal, would result in a reduction of the valuation over the remaining lease period. Management expects to successfully re-gear leases before renewal. We also benefit from the Landlord and Tenant Act that protects our rights for renewal except in the case of redevelopment. Our leasehold stores have building characteristics or locations in retail and industrial parks that make self storage either the optimal and best use of the property or the only one authorised by planning. The majority of our landlords are property investors who value the tenancy of Storage King and would typically prefer to extend the length of the leases that they have in their portfolio.

Short leaseholds comprise 11.9% of the total UK property valuation but contribute approximately 25.0% of net operating cash flow arising from the UK portfolio.

INVESTMENT PROPERTY

A fair value gain to investment property combined with acquisitions, capital expenditure and offset by exchange rate fluctuations and the impairment of Waterfall, resulted in an increase in investment property of R377 million from R7.869 billion at 31 March 2021 to R8.246 billion at 30 September 2021.

The table below summarises the increase in our investment properties over the period:

	SA Rm	UK £m	UK Rm	Total Rm
Balance at 31 March 2021	4 699.7	155.3	3 169.6	7 869.3
Acquisition of Blackpool	–	3.8	74.2	74.2
Capital expenditure on:				
New developments	29.6	–	–	29.6
Existing properties	27.0	1.2	23.5	50.5
Properties under construction	32.9	–	–	32.9
Revaluation gain (excluding Waterfall)	116.3	8.4	171.5	287.8
Impairment of Waterfall	(90.0)	–	–	(90.0)
Exchange rate fluctuations	–	–	(8.2)	(8.2)
Balance at 30 September 2021	4 815.5	168.7	3 430.6	8 246.1
Lease obligations relating to leasehold investment property	(45.4)	(12.2)	(247.9)	(293.3)
Investment property net of lease obligations	4 770.1	156.5	3 182.7	7 952.8

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

The DCF assumes a notional management fee of 6.0% of income, subject to a cap and collar, which is deducted from net operating income. The notional management fee represents an allowance for the central administration costs on the basis that the properties would be externally managed.

In SA, 25 of the 50[4] trading properties in the SA portfolio were valued independently by Mills Fitchet Magnus Penny (Member of the South African Institute of Valuers) at 30 September 2021 for financial statement purposes. The other 25 properties, valued independently at 31 March 2021, were valued internally by the board at 30 September 2021 using the same methodology applied by the external valuer.

In the UK, the entire portfolio (with the exception of Blackpool) was valued independently by CBRE (Registered Valuers of The Royal Institution of Chartered Surveyors in the UK) at 31 March 2021 for the purposes of the financial statements. At 30 September 2021, the portfolio was valued internally by the board using the same methodology applied by the external valuer.

[4] *Excludes Sunningdale (50% JV interest), Cresta (commenced trading in October 2021) and Silver Park Self Storage (acquired November 2021). Waterfall (two locations) treated as a single property for valuation purposes.*

COMMENTARY (continued)

The table below summarises the breakdown of investment properties as at 30 September 2021:

SA	% of portfolio	Valuation (Rm)
Short leasehold	0.6%	26.6
Gross value		47.0
Lease obligations		(20.4)
Freehold and long leasehold*	99.4%	4 743.5
Investment property net of lease obligations	100.0%	4 770.1
Trading properties	94.7%	4 514.6
Properties under construction^	2.1%	102.1
Development properties	3.2%	153.4
Investment property net of lease obligations	100.0%	4 770.1

* *Includes Constantia Kloof (long leasehold property – 29.8 years remaining) and Springfield (long land lease – 28.5 years remaining)*

^ *Properties under construction relates to Cresta – see Development Update for further details*

UK	% of portfolio	Valuation (£m)	Valuation (Rm)
Leasehold	11.9%	18.6	377.4
Gross value		30.8	625.3
Lease obligations		(12.2)	(247.9)
Freehold+	88.1%	137.9	2 805.3
Investment property net of lease obligations	100.0%	156.5	3 182.7

\+ *Freehold includes two properties with 999 year peppercorn leases which are classified as virtual freeholds*
All properties classified as trading properties

The table below summarises the significant inputs applied to the properties using the DCF methodology:

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	12 300	14.09%	8.34%

	Average value per sqf (£)	Discount rate	Exit cap rate
UK – Trading properties	188	9.04%	6.02%

Exit cap rate relates to freehold and long leasehold properties only

COMMENTARY (continued)

ACQUISITIONS AND DEVELOPMENT UPDATE

Our growth strategy is focused on organic growth via the expansion of our existing stores, acquisitions and development opportunities. We have in-house development expertise and remain disciplined, but opportunistic, to ensure that our risk-adjusted yield expectations are met.

SA

In May 2021 we completed the first phase of construction at Sunningdale (6 350m² GLA on full fit-out) and Tyger Valley (7 100m² on full fit-out). Both properties are located in Cape Town and commenced trading in May 2021.

Sunningdale was developed in a JV with Garden Cities. Stor-Age has a 50% equity interest in the development and earned development fees during the construction period. Stor-Age also earns ongoing property management fees from managing the property.

Trading commenced at Cresta in Johannesburg (7 400m² GLA on full fit-out) in October 2021 following the completion of the first phase of construction.

In November 2021 we completed the acquisition of Silver Park Self Storage ("Silver Park"), located alongside Okavango Road in Brackenfell in Cape Town's northern suburbs with 7 700m² GLA, for a purchase consideration of R60.1 million. We also secured the acquisition of Green Cube Self Storage ("Green Cube"), a self storage property (5 500m² GLA) located in Cape Town's southern suburbs, for R48.0 million, expected to be effective in December 2021. Both properties complement the existing portfolio and present an excellent opportunity for occupancy and rental rate growth.

At 30 September 2021, Stor-Age's secured development pipeline in SA (including Morningside and Bryanston to be developed in the JV with Nedbank) comprised ten properties with an approximate development cost of R850 million, which will add an estimated 59 200m² GLA to the portfolio. We anticipate that the majority of our new developments will be completed in a JV structure with a development partner. Further details are set out below:

Property	Location	City	Status	Estimated GLA m²
Bryanston	Grosvenor Crossing alongside Virgin Active	JHB	Town planning approved	4 700m²
Morningside	On Rivonia Road alongside the Wedge Shopping Centre	JHB	Town planning approved	7 400m²
Kramerville	Corner of Dartfield Road and Commerce Crescent	JHB	In planning	4 700m²
De Waterkant	Corner of Rose and Waterkant Streets	CPT	Town planning approved	6 600m²
Pinelands	Corner of Howard Drive and Gardeners Way	CPT	In planning	7 000m²
Paarden Eiland	Alongside Marine Drive	CPT	In planning	4 600m²
Hillcrest	Corner of Main and Kassier Roads	DBN	Town planning approved	7 000m²

JHB – Johannesburg; CPT – Cape Town; DBN – Durban. In addition to the seven properties in the table above, a further three properties (two in JHB and one in DBN) have been secured and are at various stages of the planning/due diligence process.

UK

In April 2021 we acquired a self storage property in Blackpool from an independent operator for £3.6 million. The property has 28 300 sqf GLA (2 600m² and current occupancy 97.8%) with the potential to increase the GLA to 55 000 sqf (5 1000m²) by developing the rear car park area and installing mezzanine floors within the existing building.

COMMENTARY (continued)

The table below summarises development plans in progress at properties in the existing portfolio:

Property	Description and status
Chester	Development of a standalone four-storey building on a vacant portion of land adjacent to the existing store (acquired in 2015). The extension will add 29 700 sqf increasing total GLA to 53 000 sqf. The new building will house an improved retail store and a large forecourt area for parking and offloading. Construction is in progress and is expected to be completed by March 2022.
Doncaster	Development of a four-storey building on the front corner of the site which has historically been used for long-stay parking. The extension will add 22 000 sqf complete with a new retail store and will link to the existing building across the first three levels. On completion, the store will comprise 60 000 sqf GLA. Construction is in progress and is expected to be completed by May 2022.
Bedford	There is a large forecourt and parking area which can be developed into a standalone three-storey building adding 9 200 sqf and increasing total GLA to 57 500 sqf. Formal planning approval has been received. Construction is due to commence in January 2022 and is expected to be completed by June 2022.

One m^2 = 10.76 sqf

Capital commitments

Our future capital commitments over the next 18 months from 30 September 2021 are expected to be approximately R530 million (SA – R300 million; UK – R230 million/£11.3 million).

This includes:

- Acquisition of Silver Park and Green Cube as set out above;
- Development properties to be acquired in the SA pipeline;
- Development of additional GLA at existing properties in SA and the UK;
- Commitments in respect of the Moorfield and Nedbank JVs; and
- General capital expenditure across the portfolio.

ESG

We continue to ensure alignment with the United Nations Sustainable Development Goals and the Task Force on Climate-related Financial Disclosures. Through our adopted ESG framework, which is underpinned by our Core Values of Excellence, Sustainability, Relevance and Integrity, Stor-Age continues to monitor its impact on the economy, the workplace, the social environment and the natural environment.

Environmental

Stor-Age continues to address sustainable practices in the areas of product design, energy efficiency, renewable energy generation, reducing CO^2 emissions, rainwater harvesting, storm water management, waste water management, fuel consumption and conservation. We monitor both our electricity and water usage across the portfolio and continue to successfully reduce our carbon footprint.

For newly acquired trading properties in both SA and the UK, we aim to:

- Install solar PV panels where not already installed
- Install LED lighting where not already installed
- Implement waste management initiatives

In addition, we will look to install electric vehicle charging stations in the UK (site specific and based on demand). It is envisaged that a similar approach will be followed in SA in due course.

For new developments in both SA and the UK, we aim to:

- Install solar PV panels and ensure the general reduction of CO^2 emissions wherever possible
- Install motion sensors and LED light fittings both internally and externally
- Use building materials that assist with insulation
- Harvest rainwater for internal use where possible
- Implement effective surface water design and management
- Target designs which allow for the maximisation of daylight to reduce demand for artificial lighting
- Maintain/enhance each site's ecological value through retention of vegetation and new planting
- Source major building materials from responsible local suppliers where practical
- Minimise construction waste and implement a site waste management plan

Aviva Sustainability-Linked Loan

As set out in the Capital Structure section, Stor-Age secured a seven-year £21 million sustainability-linked loan ("SLL") from Aviva Investors, demonstrating a commitment to the sustainability of the environment in which we operate. The loan is aligned with Aviva's Real Estate Debt Sustainable Transition Loan Framework and is structured such that achievement of certain environmental KPIs will trigger a reduction in the loan margin.

Two independent bodies were appointed to ensure that our KPIs align with the requirements of Aviva's Real Estate Debt Sustainable Transition Loan framework and to ensure that they are structured in accordance with the Loan Market Association's SLL Principles.

Social

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

During the period we continued to partner with and support a range of charities and Non-Profit Organisations. We also launched the Stor-Age Business Hub, a complimentary platform for our commercial customers (predominantly SMMEs) to promote their products or services to other tenants at the property at which they are storing. Through the Stor-Age Business Hub, we are actively supporting the continued sustainability of our commercial customers, many of whom are SMMEs on which the SA economy is dependent on for sustainable job creation and economic development.

In SA, more than 50% of our commercial customers classify themselves as SMMEs and more than 20% classify themselves as entrepreneurs, and for most we play a crucial role in their daily operations as well as their growth strategies. Our properties act as business incubators for many of these SMMEs, assisting local businesses transition from family home-based operations to larger scale entities, employing more staff and thereby further contributing to the local economy. Data from a recent customer survey indicates that business customers have on average created more than six jobs[5] since starting to store with us. When considering that we had approximately 7 900 commercial tenants at September 2021, the positive contribution that Stor-Age is indirectly making towards sustainable job creation in SA is significant.

In line with our focus on supporting economic transformation in SA at a local level, Stor-Age provided a 12-month learnership programme to 12 previously disadvantaged learners during the period (which will end in January 2022), with the process underway to support another 12 previously disadvantaged learners at the start of the new academic year. The programme assists youth in becoming qualified in areas that fall within the scarce and critical skills of SA.

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

Corporate Governance

Stor-Age remains committed to sound ethical standards and the principles of good corporate governance. The board is ultimately responsible for guiding the group's strategy and for approving policies and practices that ensure that we continue to conduct business according to the group's adopted Core Values. It does this within an appropriate framework of governance and oversight to ensure stakeholder interests are safeguarded.

EVENTS AFTER THE REPORTING DATE

The following events are reported:

- Acquisition of Silver Park and Green Cube – see Acquisitions and Development Update
- Refinancing of debt facilities – see Capital Structure

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

OUTLOOK

The results for the first half of FY22 reflect the resilience of our business model, having been achieved despite considerable economic and market uncertainty over the course of the last 18 months. We continue to execute our strategy in a disciplined manner and our pipeline of new opportunities in both markets provides an excellent platform to continue our growth trajectory in line with a clearly defined vision.

As we navigate a "post-Covid new normal" we are, as always, conscious of the risks and economic outcomes which are by no means certain. Globally, rising infections, inflationary pressures stoked by high energy costs, supply-chain bottlenecks and reduced central bank support are all factors which may impact the future outlook.

In general, the SA economic situation remains constrained in the aftermath of the pandemic and the extent of an improvement, if any, in real growth remains to be seen. In the UK, some impact on trading may materialise in the second half of the year should seasonality trends return although, given current demand levels, it is not yet clear whether this will be as pronounced as it was pre-Covid.

Irrespective of how events may unfold, the self storage business model has proven its resilience through various economic cycles. Our core objective remains unchanged – to deliver real and sustainable growth to shareholders driven by occupancy and revenue growth, acquisitions and new developments, and leverage the economies of scale that our market-leading operating platform provides.

The group is in a strong position and we anticipate the trading momentum will continue in the second half of the year. The board has revised its full year guidance of DPS growth to 31 March 2022 to 6% – 8% higher than the prior year (assuming a 100% pay-out ratio). This guidance assumes that the macroeconomic environment is stable and demand remains at current levels. It is also based on current expectations, projections and various assumptions and is provided in good faith but there can be no assurance that management's expectations, projections or assumptions will be achieved.

This guidance has not been reviewed or reported on by the company's auditors.

DIVIDEND DECLARATION DETAILS

DECLARATION OF A CASH DIVIDEND WITH THE OPTION TO RE-INVEST THE CASH DIVIDEND IN RETURN FOR STOR-AGE SHARES

Notice is hereby given of the declaration of the gross interim cash dividend (number 12) of 56.60 cents per share for the six months ended 30 September 2021 ("Cash Dividend").

Shareholders of Stor-Age ("Shareholders") will be entitled, in respect of all or part of their shareholdings, to elect to re-invest the Cash Dividend in return for Stor-Age Shares ("Share Alternative"). Those Shareholders who do not elect the Share Alternative will receive the Cash Dividend. A circular providing further information in respect of the Cash Dividend and Share Alternative ("the Circular") will be posted to Shareholders on Tuesday, 16 November 2021.

Certificated Shareholders who wish to elect to receive the Share Alternative must complete the Form of Election contained in the Circular.

Dematerialised Shareholders who wish to receive the Share Alternative must instruct their CSDP or broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or broker.

The distribution of the Circular and/or any accompanying documents and the right to elect the Share Alternative in jurisdictions other than the Republic of South Africa may be restricted by law and a failure to comply with any of these restrictions may constitute a violation of the securities laws of such jurisdictions. The Shares have not been and will not be registered for the purposes of the Share Alternative under the securities laws of the United Kingdom, European Economic Area, Canada, United States of America, Japan or Australia, and accordingly are not being offered, sold, taken-up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions.

DIVIDEND DECLARATION DETAILS (continued)

Salient dates and times	2021
Record date for Shareholders to be registered in the company's Securities Register in order to be entitled to receive the Circular	Friday, 5 November
Circular and form of election posted to Shareholders and announced on SENS	Tuesday, 16 November
Last date for Stor-Age to withdraw the entitlement for Shareholders to elect to participate in the Share Alternative before the publication of the announcement of the Share Alternative issue price and finalisation information on SENS	Friday, 19 November
Finalisation announcement of Share Alternative issue price released on SENS ("Finalisation Announcement")	Tuesday, 23 November
Last day to trade ("LDT") cum-dividend or share alternative	Tuesday, 30 November
Shares to trade ex-dividend or Share Alternative	Wednesday, 1 December
Listing of maximum possible Share Alternative Shares commences on the JSE	Friday, 3 December
Last day to elect to receive the Share Alternative (no late Forms of Election will be accepted) at 12:00 (South African time)	Friday, 3 December
Record date	Friday, 3 December
Announcement of results of the Cash Dividend and Share Alternative published on SENS	Monday, 6 December
Cheques posted to Certificated Shareholders and accounts credited by CSDPs or brokers of Dematerialised Shareholders who do not elect to receive the Cash Dividend on	Monday, 6 December
Share certificates posted to Certificated Shareholders and accounts credited by CSDPs or brokers of Dematerialised Shareholders who have elected the Share Alternative on	Wednesday, 8 December
Adjustment to number of Shares listed on or about	Friday, 10 December

Notes:

- **Shareholders electing the Share Alternative are reminded that the new Shares will be listed on LDT+3 and that these new Shares can only be traded on LDT+3 as a result of the settlement of Shares 3 days after the Record Date, which differs from the conventional 1 day after the Record Date settlement process.**
- Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 1 December 2021 and the close of trade on Friday, 3 December 2021 (both days inclusive).
- All times are South African times. The above dates and times are subject to change and any change will be advised on SENS and in the press.

DIVIDEND DECLARATION DETAILS (continued)

FRACTIONS

Fractions of Shares are not capable of being traded on the JSE. Accordingly, where a Shareholder's entitlement to Shares in relation to the Share Alternative as calculated in accordance with the reinvestment price gives rise to a fraction of a new Share, such fraction will be rounded down to the nearest whole number in accordance with the JSE Limited Listings Requirements and a cash payment will be made for the fraction.

TAX IMPLICATIONS

As the company has REIT status, Shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act (No. 58 of 1962), as amended, ("Income Tax Act"). The dividend on the Shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

South African tax residents

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. The dividend is exempt from dividend withholding tax in the hands of South African tax resident Shareholders, provided that the South African resident Shareholders provide the following forms to the CSDP or broker in respect of uncertificated shares, or to the company, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividend tax; and
b) a written undertaking to inform the CSDP, broker or the company, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

DIVIDEND DECLARATION DETAILS (continued)

Non-resident Shareholders

Dividends received by non-resident Shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013 dividends received by non-residents from a REIT were not subject to dividend withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder concerned. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident Shareholders is 45.28 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
b) a written undertaking to inform their CSDP, broker or the company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident Shareholders are advised to contact their CSDP, broker or the company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

The company's tax reference number is: 9027205245

On behalf of the Board

GA Blackshaw
Chairman
Cape Town
16 November 2021

GM Lucas
CEO

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period ended 30 September 2021

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Assets			
Non-current assets	8 569 940	7 999 853	8 241 155
Investment properties	8 246 147	7 603 300	7 869 321
Property and equipment	16 093	15 633	15 696
Stor-Age share purchase scheme loans	87 512	181 350	140 041
Goodwill and intangible assets	141 793	151 523	147 019
Unlisted investment	5 385	4 834	5 474
Deferred taxation	3 791	17 629	2 701
Equity-accounted investees	36 361	12 012	28 637
Derivative financial assets	32 858	13 572	32 266
Current assets	245 939	247 253	260 067
Trade and other receivables	108 813	91 368	82 907
Inventories	5 812	6 027	6 087
Cash and cash equivalents	131 314	149 858	171 073
Total assets	8 815 879	8 247 106	8 501 222
Equity and Liabilities			
Total Equity	5 811 304	5 273 631	5 656 753
Stated capital	4 783 903	4 665 213	4 783 903
Non-distributable reserve	1 228 620	658 919	1 076 749
Accumulated loss	(402 047)	(323 230)	(402 047)
Foreign currency translation reserve	127 815	224 720	137 574
Share-based payment reserve	31 008	12 609	21 966
Total attributable equity to owners	5 769 299	5 238 231	5 618 145
Non-controlling interest	42 005	35 400	38 608
Non-current liabilities	1 846 734	2 285 155	1 746 619
Loans and borrowings	1 445 419	1 812 589	1 347 000
Derivative financial liabilities	29 367	148 871	61 810
Deferred taxation	108 164	25 260	65 361
Lease obligations	263 784	298 435	272 448
Current liabilities	1 157 841	688 320	1 097 850
Loans and borrowings	672 878	282 428	647 359
Trade and other payables	173 779	148 349	173 302
Provisions	8 710	6 813	10 716
Lease obligations	31 895	30 628	32 371
Taxation payable	25 568	–	–
Dividends payable	245 011	220 102	234 102
Total equity and liabilities	8 815 879	8 247 106	8 501 222

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 September 2021

	Unaudited 6 months 30 September 2021 R'000	Unaudited 6 months 30 September 2020 R'000	Audited 12 months 31 March 2021 R'000
Property revenue	431 164	390 869	800 222
– Rental income	402 611	359 732	738 726
– Other income	28 553	31 137	61 496
Impairment losses recognised on tenant debtors	(1 636)	(4 700)	(6 375)
Direct property costs	(102 416)	(105 436)	(206 435)
Net property operating income	327 112	280 733	587 412
Other revenue	2 970	1 865	4 510
- Management fees	2 970	1 865	4 510
Administration expenses	(50 229)	(37 072)	(89 307)
Operating profit	279 853	245 526	502 615
Other foreign exchange gains/(losses)	(1 871)	2 663	5 368
Fair value adjustment to investment properties	197 864	467 581	803 242
Other fair value adjustment to financial instruments	28 666	(19 501)	62 668
Depreciation and amortisation	(6 232)	(6 206)	(11 184)
Profit before interest and taxation	498 280	690 063	1 362 709
Interest income	16 305	25 678	44 438
Interest expense	(51 605)	(59 635)	(107 906)
Share of net loss of equity-accounted investees	(711)	–	(15)
Profit before taxation	462 269	656 106	1 299 226
Taxation expense	(60 367)	(33 118)	(96 619)
– Normal taxation	(19 237)	–	(6 564)
– Deferred taxation	(41 130)	(33 118)	(90 055)
Profit for the period	401 902	622 988	1 202 607
Items that may be reclassified to profit or loss			
Translation of foreign operations	(9 911)	(31 700)	(120 800)
Other comprehensive income for the period, net of taxation	(9 911)	(31 700)	(120 800)
Total comprehensive income for the period	391 991	591 288	1 081 807
Profit attributable to:	401 902	622 988	1 202 607
Shareholders of the company	396 882	618 987	1 192 294
Non-controlling interest	5 020	4 001	10 313
Total comprehensive income attributable to:	391 991	591 288	1 081 807
Shareholders of the company	387 123	588 050	1 074 211
Non-controlling interest	4 868	3 238	7 596
Earnings per share			
Basic earnings per share (cents)	91.68	149.18	282.68
Diluted earnings per share (cents)	90.71	148.24	280.20

Definitions

__Other income__ comprises ancillary income such as the sale of merchandise (e.g. packaging materials and padlocks), administration fees, late fees, insurance income (UK only), the rental guarantee and other sundry income.

__Direct property costs__ comprise mainly property based staff salaries, rates, utilities, marketing costs and other direct property-related costs such as insurance, maintenance and utilities at a property level.

__Administration expenses__ relate mainly to support function costs such as IT, finance, HR, property management, professional fees and directors' remuneration.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2021

	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 R'000	Non-controlling Interest R'000	Total equity R'000
Balance at 1 April 2020	4 360 033	210 839	(261 904)	255 657	7 656	4 572 281	33 097	4 605 378
Total comprehensive income for the period	–	–	1 192 294	(118 083)	–	1 074 211	7 596	1 081 807
Profit for the period	–	–	1 192 294	–	–	1 192 294	10 313	1 202 607
Other comprehensive income	–	–	–	(118 083)	–	(118 083)	(2 717)	(120 800)
Transactions with shareholders, recognised directly in equity								
Issue of shares	423 870	–	–	–	–	423 870	–	423 870
Proceeds	426 147	–	–	–	–	426 147	–	426 147
Share issue costs	(2 277)	–	–	–	–	(2 277)	–	(2 277)
Transfer to non-distributable reserve	–	865 910	(865 910)	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	14 310	14 310	–	14 310
Dividends	–	–	(466 527)	–	–	(466 527)	(2 085)	(468 612)
Total transactions with shareholders	423 870	865 910	(1 332 437)	–	14 310	(28 347)	(2 085)	(30 432)
Balance at 31 March 2021	4 783 903	1 076 749	(402 047)	137 574	21 966	5 618 145	38 608	5 656 753
Balance at 1 April 2021	4 783 903	1 076 749	(402 047)	137 574	21 966	5 618 145	38 608	5 656 753
Total comprehensive income for the period	–	–	396 882	(9 759)	–	387 123	4 868	391 991
Profit for the period	–	–	396 882	–	–	396 882	5 020	401 902
Other comprehensive income	–	–	–	(9 759)	–	(9 759)	(152)	(9 911)
Transactions with shareholders, recognised directly in equity								
Issue of shares	–	–	–	–	–	–	–	–
Proceeds	–	–	–	–	–	–	–	–
Share issue costs	–	–	–	–	–	–	–	–
Transfer to non-distributable reserve	–	151 871	(151 871)	–	–	–	–	–
Equity settled share-based payment charge	–	–	–	–	9 042	9 042	–	9 042
Dividends	–	–	(245 011)	–	–	(245 011)	(1 471)	(246 482)
Total transactions with shareholders	–	151 871	(396 882)	–	9 042	(235 969)	(1 471)	(237 440)
Balance at 30 September 2021	4 783 903	1 228 620	(402 047)	127 815	31 008	5 769 299	42 005	5 811 304

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2021

	Unaudited 6 months 30 September 2021 R'000	Unaudited 6 months 30 September 2020 R'000	Audited 12 months 31 March 2021 R'000
Cash flows from operating activities			
Cash generated from operations	274 940	287 645	583 259
Interest received	13 622	21 454	35 667
Interest paid	(61 679)	(79 140)	(153 003)
Dividends paid	(235 573)	(239 049)	(460 493)
Net cash (outflow)/inflow from operating activities	(8 690)	(9 090)	5 430
Cash flows from investing activities			
Additions to investment properties	(183 127)	(115 458)	(198 217)
Advance of Stor-Age share purchase scheme loans	(15 584)	(4 786)	(22 162)
Repayment of Stor-Age share purchase scheme loans	71 065	11 523	71 252
Acquisition of property and equipment	(3 075)	(2 345)	(4 431)
Acquisition of intangible assets	(1 384)	(1 183)	(1 921)
Acquisition of unlisted investment	–	–	(650)
Advance of loan to equity-accounted investees	(2 999)	(7 840)	(22 284)
Net cash outflow from investing activities	(135 104)	(120 089)	(178 413)
Cash flows from financing activities			
Advance of loans and borrowings	279 172	69 192	252 637
Repayment of loans and borrowings	(163 845)	(153 318)	(366 131)
Proceeds from the issue of shares	–	305 224	419 304
Share issue costs	–	(1 724)	(2 277)
Repayment of lease obligations	(16 975)	(16 429)	(32 867)
Net cash inflow from financing activities	98 352	202 945	270 666
Net cash (outflow)/inflow for the period	(45 442)	73 766	97 683
Effects of movements in exchange rate changes on cash held	5 683	(261)	(2 963)
Cash and cash equivalents at beginning of period	171 073	76 353	76 353
Cash and cash equivalents at end of period	131 314	149 858	171 073

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS

1. BASIS OF PREPARATION

The condensed unaudited consolidated interim results are presented in South African Rand and all values are rounded to the nearest thousand ("R'000") except when otherwise indicated.

The condensed unaudited consolidated interim results for the six months ended 30 September 2021 are prepared in accordance with the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The report is prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies in the preparation of these condensed unaudited consolidated interim financial statements are consistent with those applied in the previous consolidated financial statements.

Any information included in this announcement that might be perceived as a forward looking statement has not been reviewed or reported on by the company's auditors in accordance with section 8.40(a) of the Listings Requirements.

The condensed unaudited consolidated interim results were prepared under the supervision of the Financial Director, Stephen Lucas CA(SA).

2. 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 Limited. 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 to: Rental income, other income, impairment losses recognised on tenant debtors and fair value adjustment to investment properties and direct property costs.
- On the statement of financial position: Investment property, tenant debtors, inventories, goodwill and intangible assets, bank borrowings and lease obligations.

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

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

2. SEGMENTAL INFORMATION (continued)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME EXTRACTS*

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000	Eastern Cape R'000	Total SA R'000	Total UK R'000	Total as reported R'000
For the six months ended								
30 September 2021 (unaudited)								
Property revenue	81 482	112 487	3 134	29 233	9 240	235 576	195 588	431 164
– Rental income	78 585	107 379	2 933	28 234	8 815	225 946	176 665	402 611
– Other income	2 897	5 108	201	999	425	9 630	18 923	28 553
Impairment losses recognised on tenant debtors	(90)	(594)	(80)	(267)	(141)	(1 172)	(464)	(1 636)
Direct property costs	(17 333)	(25 945)	(802)	(6 070)	(2 423)	(52 573)	(49 843)	(102 416)
Segment property operating income	64 059	85 948	2 252	22 896	6 676	181 831	145 281	327 112
Fair value adjustment to investment properties	35 490	33 255	1 901	(66 101)	21 794	26 339	171 525	197 864
Segment property operating profit	99 549	119 203	4 153	(43 205)	28 470	208 170	316 806	524 976
For the six months ended								
30 September 2020 (unaudited)								
Property revenue	75 794	106 709	2 624	26 741	8 243	220 111	170 758	390 869
– Rental income	71 922	98 581	2 443	24 896	7 362	205 204	154 528	359 732
– Other income	3 872	8 128	181	1 845	881	14 907	16 230	31 137
Impairment losses recognised on tenant debtors	(1 556)	(1 748)	(118)	(834)	(163)	(4 419)	(281)	(4 700)
Direct property costs	(17 007)	(23 993)	(938)	(7 557)	(2 263)	(51 758)	(53 678)	(105 436)
Segment property operating income	57 231	80 968	1 568	18 350	5 817	163 934	116 799	280 733
Fair value adjustment to investment properties	42 020	195 294	9 176	56 438	7 355	310 283	157 298	467 581
Segment property operating profit	99 251	276 262	10 744	74 788	13 172	474 217	274 097	748 314
For the year ended								
31 March 2021 (audited)								
Property revenue	156 029	217 351	5 691	55 665	17 045	451 781	348 441	800 222
– Rental income	148 655	202 062	5 310	52 338	15 490	423 855	314 871	738 726
– Other income	7 374	15 289	381	3 327	1 555	27 926	33 570	61 496
Impairment losses recognised on tenant debtors	(2 019)	(2 376)	(166)	(859)	(344)	(5 764)	(611)	(6 375)
Direct property costs	(33 439)	(47 036)	(1 834)	(14 011)	(4 463)	(100 783)	(105 652)	(206 435)
Segment property operating income	120 571	167 939	3 691	40 795	12 238	345 234	242 178	587 412
Fair value adjustment to investment properties	78 973	228 165	15 712	72 039	13 062	407 951	395 291	803 242
Segment property operating profit	199 544	396 104	19 403	112 834	25 300	753 185	637 469	1 390 654

* *Head office costs and treasury function costs are not allocated to the operating segments*

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

2. SEGMENTAL INFORMATION (continued)

STATEMENT OF FINANCIAL POSITION EXTRACTS

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000	Eastern Cape R'000	Total SA R'000	Total UK R'000	Un-allocated R'000	Total as reported R'000
30 September 2021 (unaudited)									
Investment properties	1 828 475	2 266 872	55 216	501 900	163 057	4 815 520	3 430 627	–	8 246 147
Goodwill and intangible assets	–	–	–	–	–	–	57 834	83 959	141 793
Trade and other receivables	1 113	2 105	169	818	275	4 480	17 982	86 351	108 813
Inventories	1 574	2 543	88	359	123	4 687	1 125	–	5 812
Loans and borrowings	–	–	–	–	–	(886 977)	(1 231 320)	–	(2 118 297)
Lease obligations	(22 096)	(3 278)	–	(20 072)	–	(45 446)	(247 925)	(2 308)	(295 679)
30 September 2020 (unaudited)									
Investment properties	1 703 396	2 105 281	44 573	547 393	133 075	4 533 718	3 069 582	–	7 603 300
Goodwill and intangible assets	–	–	–	–	–	–	67 384	84 139	151 523
Trade and other receivables	1 973	2 490	183	952	299	5 897	16 553	68 918	91 368
Inventories	1 879	2 528	106	416	142	5 071	956	–	6 027
Loans and borrowings	–	–	–	–	–	–	(1 107 392)	(987 625)	(2 095 017)
Lease obligations	(22 286)	(3 196)	–	(19 044)	–	(44 526)	(280 716)	(3 821)	(329 063)
31 March 2021 (audited)									
Investment properties	1 748 296	2 195 943	51 200	565 067	139 200	4 699 706	3 169 615	–	7 869 321
Goodwill and intangible assets	–	–	–	–	–	–	63 540	83 479	147 019
Trade and other receivables	1 247	2 226	168	911	294	4 846	9 941	68 120	82 907
Inventories	1 917	2 515	93	385	124	5 034	1 053	–	6 087
Loans and borrowings	–	–	–	–	–	–	(1 158 537)	(835 822)	(1 994 359)
Lease obligations	(22 215)	(3 237)	–	(19 563)	–	(45 015)	(256 715)	(3 089)	(304 819)

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

3. EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings per share disclosed below is calculated in terms of IAS 33 Earnings per share and Circular 1/2021, issued by SAICA.

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Basic earnings (profit attributable to shareholders of the parent)	396 882	618 987	1 192 294
Basic earnings	396 882	618 987	1 192 294
	Gross	Gross	Gross
Adjusted for:	(161 497)	(433 685)	(719 430)
Fair value adjustment to investment properties	(197 864)	(467 581)	(803 242)
Fair value adjustment to investment properties (NCI)+	3 778	3 465	8 707
Tax effect on the above adjustment	32 589	30 431	75 105
Headline earnings	235 385	185 302	472 864
Total shares in issue ('000)	432 881	423 274	432 881
Weighted average shares in issue ('000)	432 881	414 926	421 786
Shares in issue entitled to dividends at the reporting date ('000)	432 881	423 274	432 881
Weighted average shares in issue entitled to dividends ('000)	432 881	414 926	421 786
Weighted potential dilutive impact of conditional shares ('000)	4 646	2 619	3 724
Diluted weighted average number of shares in issue entitled to dividends ('000)	437 527	417 545	425 510

	Unaudited 30 September 2021	Unaudited 30 September 2020	Audited 31 March 2021
Earnings per share			
Basic earnings per share (cents)	91.68	149.18	282.68
Diluted earnings per share (cents)	90.71	148.24	280.20
Headline earnings per share			
Basic headline earnings per share (cents)	54.38	44.66	112.11
Diluted headline earnings per share (cents)	53.80	44.38	111.13

+ *Non-controlling interest*

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

4. FAIR VALUE MEASUREMENT

The company's financial assets and liabilities and investment properties are classified according to the following three-tiered fair value hierarchy:

- 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.

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:

	Carrying value R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
30 September 2021 (unaudited)				
Assets				
Investment properties	8 246 147	–	–	8 246 147
Derivative assets	32 858	–	32 858	–
Unlisted investment	5 385	–	5 385	–
Liabilities				
Derivative liabilities	29 367	–	29 367	–
30 September 2020 (unaudited)				
Assets				
Investment properties	7 603 300	–	–	7 603 300
Derivative assets	13 572	–	13 572	–
Other receivables^	3 541	–	–	3 541
Unlisted investment	4 834	–	4 834	–
Liabilities				
Derivative liabilities	148 871	–	148 871	–
31 March 2021 (audited)				
Assets				
Investment properties	7 869 321	–	–	7 869 321
Derivative assets	32 266	–	32 266	–
Unlisted investment	5 474	–	5 474	–
Liabilities				
Derivative liabilities	61 810	–	61 810	–

There were no transfers between Level 1, 2 or 3 during the period.

^ *Included in trade and other receivables*

4. FAIR VALUE MEASUREMENT (continued)

The following table reflects 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 assets and liabilities: 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
Derivative assets and liabilities: 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 assets and liabilities: 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
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

The following table reflects 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 Roeland Street Investments 2 and Roeland Street Investments 3 (collectively referred to as the Managed Portfolio).	Financial information used to calculate forecast revenue – e.g. stabilised occupancy levels, lease up projections, 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 forecast revenue, and thus a decrease in valuation.
Investment properties	Investment properties are valued either internally (by the board) or externally (by professional valuers) at each reporting period using the discounted cash flows ("DCF") method to arrive at a fair value. The valuation of freehold and long leasehold properties is based on DCF of the net operating income over a 10-year period and a notional sale of the asset at the end of the 10th year. The same methodology is used for short leasehold properties, except that the cash flows only reflect the unexpired lease period from the date of valuation.	Financial information used to calculate forecast net operating income; discount and capitalisation rates; rental escalation; inflation. No significant changes have occurred since the last reporting date.	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.

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

4. FAIR VALUE MEASUREMENT (continued)

The table below summarises the significant inputs applied to the trading properties using the DCF methodology.

	Unaudited 30 September 2021	Unaudited 30 September 2020	Audited 31 March 2021
SA			
Average value per m² (R)	12 300	11 700	11 900
Discount rate (%)	14.09	14.15	14.11
Exit cap rate (%)	8.34	8.40	8.36
UK			
Average value per m² (£)	188	163	178
Discount rate (%)	9.04	9.88	9.05
Exit cap rate (%)	6.02	6.77	6.05

The table below reflects the sensitivity of the fair value of investment properties to changes in the significant unobservable inputs.

		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
30 September 2021 (Unaudited)	Valuation R million	-0.1% R million	+0.1% R million	-1.0% R million	+1.0% R million	-0.1% R million	+0.1% R million
SA	4 815.5	25.2	(24.6)	(58.0)	58.2	28.1	(27.8)
UK	3 430.6	26.3	(25.5)	(46.8)	46.9	21.3	(21.1)
Total	8 246.1	51.5	(50.1)	(104.8)	105.1	49.4	(48.9)
30 September 2020 (Unaudited)							
SA	4 533.7	23.4	(22.8)	(52.6)	52.6	25.9	(25.7)
UK	3 069.6	19.2	(18.6)	(40.3)	40.4	18.5	(18.3)
Total	7 603.3	42.6	(41.4)	(92.9)	93.0	44.4	(44.0)
31 March 2021 (Audited)							
SA	4 699.7	34.7	(33.9)	(37.4)	37.4	18.1	(17.9)
UK	3 169.6	24.1	(23.5)	(71.9)	72.9	20.2	(18.8)
Total	7 869.3	58.8	(57.4)	(109.3)	110.3	38.3	(36.7)

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

5. RELATED PARTY TRANSACTIONS

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 Limited are widely held.

Identity of the related parties with whom material transactions have occurred

- Subsidiaries
  - Roeland Street Investments Proprietary Limited
  - Roeland Street Investments 2 Proprietary Limited
  - Unit Self Storage Proprietary Limited
  - Gautenge Storage Properties Proprietary Limited
  - Stor-Age International Proprietary Limited
  - Betterstore Self Storage Holdings Limited
  - SSS JV 1 Proprietary Limited
  - SSS JV 2 Proprietary Limited
- Equity-accounted investees
  - Sunningdale Self Storage Properties Limited
  - SKJV 1 Limited
  - SKJV 2 Limited
  - SKJV 3 Limited
- Directors as listed in this announcement
- Related through common shareholding/directorships or affiliation with related parties
  - Madison Square Holdings Close Corporation ("MSH")
  - Stor-Age Property Holdings Proprietary Limited

Material related party transactions and balances

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Related party balances			
Amounts - owing to related parties	885	254	14
Related party transactions			
Interest income on Stor-Age share purchase scheme loans	4 463	7 088	13 575
Interest income from related party	845	205	801
Construction fees paid to MSH	28 016	34 013	99 227
Management fees income from related parties	250	–	218
Recovery of cost	1 000	2 400	2 400
Office rental expense to related party	757	707	1 423
Office rental income from related party	–	18	–

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

6. NET ASSET VALUE PER SHARE

	Unaudited 30 September 2021	Unaudited 30 September 2020	Unaudited 31 March 2021
Number of shares in issue	432 881 143	423 273 735	432 881 143
Net asset value* (cents)			
Net asset value per share	1 342.47	1 245.92	1 306.77
Net asset value per share excluding non-controlling interest	1 332.77	1 237.55	1 297.85
Net tangible asset value per share	1 309.72	1 210.12	1 272.81
Net tangible asset value per share excluding non-controlling interest	1 300.01	1 201.75	1 263.89

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

7. GOING CONCERN

At 30 September 2021 the group's current liabilities exceed its current assets by R911.9 million.

Included in current liabilities are amounts totalling R512.9 million drawn down from debt facilities. Subsequent to the period end the group refinanced these facilities for a further three years to 30 September 2024. Also included in current liabilities is the dividend payable of R245.0 million.

At 30 September 2021, the group had access to cash resources of R389.0 million (including cash held in its long-term debt facilities).

Total undrawn borrowing facilities (after the refinancing of debt facilities referred to above and taking into account the new GBP debt facilities secured in October 2021) amounted to R738.3 million.

Taking the above factors into account, the board is satisfied that the group has sufficient facilities to meet its foreseeable cash requirements.

APPENDIX 1 – DISTRIBUTABLE EARNINGS

RECONCILIATION OF HEADLINE EARNINGS TO DISTRIBUTABLE EARNINGS

The dividend declared to shareholders is based on distributable earnings calculated in terms of the Best Practice Recommendation of the SA REIT Association and is a non-IFRS metric.

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Unaudited 31 March 2021 R'000
Headline earnings	235 385	185 302	472 864
Adjusted for:			
Equity-settled share-based payment expense	9 042	4 953	14 310
Fair value adjustment to financial instruments	(17 357)	22 726	(52 693)
Other items of a capital nature	–	1 659	1 659
Fixed rate loan adjustment*	1 993	–	–
Depreciation and amortisation	6 232	6 206	11 184
Deferred tax	8 541	2 687	14 950
Other foreign exchange (gain)/loss	1 871	(2 663)	(5 368)
Net unrealised foreign exchange adjustment	–	(4 763)	(8 477)
Antecedent dividend^	–	5 317	7 708
	10 322	36 122	(16 727)
Other adjustments			
Non-controlling interests in respect of the above adjustments+	(696)	(1 134)	(1 744)
Distributable earnings	245 011	220 290	454 393
Dividend declared for the six months ending 30 September	245 011	220 290	220 290
Dividend declared for the six months ending 31 March	–	–	234 103
Total dividends for the period	245 011	220 290	454 393
Shares entitled to dividend ('000)	432 881	423 644	432 881
Dividend per share (cents)	56.60	52.00	106.08
– Interim dividend (cents)	56.60	52.00	52.00
– Final dividend (cents)	–	–	54.08

The board declared an interim dividend of 56.60 cents (2020: 52.00 cents) per share for the six months ended 30 September 2021 on 16 November 2021.

This represents an increase of 8.85% over the comparative period.

* *The development of the Tyger Valley property was funded from the group's existing debt facilities. On the commencement of trading in May 2021, the group restructured the loan funding for the development with a fixed rate loan whereby the forecast net operating cash flow is matched to the interest cost of the funding over the lease-up period. This method ensures that there is no dilution over the lease-up of the development. A capital fee is charged at the inception of the fixed rate loan to account for interest differential over the lease-up period. One of the unique characteristics of the self storage development model is the lease-up of newly developed properties to a stabilised and mature level of occupancy, with the lease-up forming a considerable component of a property's overall formation cost. Under IFRS, the fixed rate loan is accounted for on the effective interest rate method. For distribution purposes, the group makes an adjustment to reflect the actual interest paid on the loan.*

\+ *Non-controlling interest*

^ *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.*

APPENDIX 2 – SA REIT DISCLOSURES

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
SA REIT Funds from Operations (SA REIT FFO) per share		
Profit or loss per IFRS Statement of Comprehensive Income attributable to the parent	396 882	618 987
Adjusted for:		
Accounting/specific adjustments:	(150 414)	(421 654)
Fair value adjustments to:		
– Investment property	(197 864)	(467 581)
– Debt and equity instruments held at fair value through profit or loss	88	6 603
Depreciation and amortisation of intangible assets	6 232	6 206
Deferred tax movement recognised in profit or loss	41 130	33 118
Foreign exchange and hedging items:	(15 574)	10 234
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(17 445)	12 897
Foreign exchange gains or losses relating to capital items	1 871	(2 663)
Other adjustments:	3 082	7 648
Non-controlling interests in respect of the above adjustments	3 082	2 331
Antecedent earnings adjustment	–	5 317
SA REIT FFO	233 976	215 215
Number of shares outstanding at end of period (net of treasury shares) ('000)	432 881	423 274
SA REIT FFO per share (cents)	54.05	50.85
Company-specific adjustments (per share)	2.55	1.15
Equity settled share based payment	2.09	1.17
Foreign exchange loss included in distribution	–	(0.36)
Antecedent dividend adjustment – share issue after end of period	–	(0.05)
Fixed rate loan adjustment	0.46	–
Capital items non distributable	–	0.39
Dividend per share (cents)	56.60	52.00

APPENDIX 2 – SA REIT DISCLOSURES (continued)

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
SA REIT Net Asset Value ("NAV")		
Reported NAV attributable to the parent	5 769 299	5 238 231
Adjustments:		
Dividend to be declared#	–	(194)
Fair value of certain derivative financial instruments	(14 968)	65 134
Forward exchange contracts	(32 351)	(13 572)
Interest rate swaps	17 383	78 706
Goodwill and intangible assets	(141 793)	(151 523)
Deferred tax	105 969	25 260
SA REIT NAV	5 718 507	5 176 908
Shares outstanding		
Number of shares in issue at period end (net of treasury shares) ('000)	432 881	423 274
Effect of dilutive instruments (options, convertibles and equity interests) ('000)	4 646	2 619
Dilutive number of shares in issue ('000)	437 527	425 893
SA REIT NAV (Rand per share)	13.07	12.16
SA REIT cost-to-income ratio		
Expenses		
Direct property cost per IFRS income statement (includes municipal expenses)	102 416	105 436
Administration expenses per IFRS income statement	50 229	37 072
Depreciation and amortisation	6 232	6 206
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(4 780)	(4 178)
Operating costs	154 097	144 536
Rental income		
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	402 611	361 597
Gross rental income	402 611	361 597
SA REIT cost-to-income ratio*	38.3%	40.0%

Antecedent dividend arising on shares issued after 30 September 2020 and before payment of the dividend

* *Based on rental income, including ancillary income the ratio is 35.4% (2020: 37.3%)*

APPENDIX 2 – SA REIT DISCLOSURES (continued)

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
SA REIT administration cost-to-income ratio		
Expenses		
Administration expenses as per IFRS income statement	50 229	37 072
Administration costs	50 229	37 072
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	402 611	359 732
Gross rental income	402 611	359 732
SA REIT administration cost-to-income ratio^	12.5%	10.3%
SA REIT GLA vacancy rate		
GLA of vacant space	52 700	62 800
GLA of total property portfolio	449 100	448 600
SA REIT GLA vacancy rate	11.7%	14.0%

^ *Based on rental income, including ancillary income the ratio is 11.6% (2020: 9.7%)*

APPENDIX 2 – SA REIT DISCLOSURES (continued)

Cost of debt	Unaudited 30 September 2021 SA	Unaudited 30 September 2021 UK	Unaudited 30 September 2020 SA	Unaudited 30 September 2020 UK
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.2%	2.9%	5.1%	2.8%
Fixed interest-rate borrowings				
Weighted average fixed rate	0.4%	0.1%	–	–
Pre-adjusted weighted average cost of debt	**5.6%**	**3.0%**	**5.1%**	**2.8%**
Adjustments:				
Impact of interest rate derivatives	0.8%	0.3%	1.1%	0.7%
Impact of CCIRS	–	0.1%	(0.9%)	0.2%
Amortised transaction costs imputed into the effective interest rate	0.2%	0.1%	0.2%	0.1%
All-in weighted average cost of debt	**6.6%**	**3.5%**	**5.5%**	**3.8%**

SA REIT loan-to-value	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
Gross debt net of cash held in facilities	2 118 297	2 095 017
Leasehold liabilities relating to investment properties	293 371	325 242
Less:		
Cash and cash equivalents	(131 314)	(149 858)
Add/Less:		
Derivative financial instruments	(3 491)	135 299
Net debt	**2 276 863**	**2 405 700**
Total assets – per Statement of Financial Position	8 815 879	8 247 106
Less:		
Cash and cash equivalents	(131 314)	(149 858)
Derivative financial assets	(32 858)	(13 572)
Goodwill and intangible assets	(141 793)	(151 523)
Trade and other receivables	(108 813)	(91 368)
Carrying amount of property-related assets	8 401 101	7 840 785
SA REIT loan-to-value ("SA REIT LTV")	**27.1%**	**30.7%**

APPENDIX 3 – RECONCILIATION OF NON-IFRS METRICS

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

The table below shows the reconciliation between the group's operating performance set out in the table on page 6 ("performance table") and the condensed consolidated statement of profit or loss and other comprehensive income on page 23 ("statement of profit or loss"):

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000
Reconciliation of rental income		
Performance table:		
Rental income - self storage	391 033	345 705
Rental income - other	9 645	9 299
Rental underpin	1 933	4 728
Rental income – Statement of profit or loss	402 611	359 732
Reconciliation of other income		
Performance table:		
Ancillary income	26 212	22 683
Sundry income	2 341	1 954
Rental guarantee	–	6 500
Other income – Statement of profit or loss	28 553	31 137
Reconciliation of direct operating costs		
Performance table:		
Direct operating costs	(102 416)	(104 077)
IT support classified as admin costs	–	(1 359)
Direct operating costs - Statement of profit or loss	(102 416)	(105 436)

The rental underpin of R1.9 million (2020: R4.7 million) relates to the Certificate of Practical Completion developments (Bryanston – acquired in September 2017; Craighall – acquired in August 2019).

The rental guarantee of R6.5 million in the period ending 30 September 2020 relates to the acquisition of the Managed Portfolio (a portfolio of 12 properties acquired in October 2018). The rental guarantee was fully utilised in FY21.

The rental underpin and the rental guarantee were provided by the sellers of the respective properties and provided rental income protection to Stor-Age as the properties leased-up to mature occupancy levels.

ADMINISTRATION

Stor-Age Property REIT Limited
Reg No. 2015/168454/06
Incorporated on 25 May 2015
Approved as a REIT by the JSE
Share Code: SSS ISIN: ZAE000208963
("Stor-Age" or "the group" or "the company")

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7708

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JAL Chapman[#] , KM de Kock[#] , SJ Horton[*]
SC Lucas[*+], P Mbikwana[#], MS Moloko[#^], MPR Morojele[#],
A Varachhia[#]

- • *Non-executive*
- # *Independent non-executive*
- * *Executive*
- \+ *British citizen*
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