STOR-AGE PROPERTY REIT LIMITED

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

For the year ended 31 March 2023

FINAL DIVIDEND 58.09 CENTS

Distributable income per share up 5.6%

Total return (distribution and net tangible asset value growth per share) of 16.9%

Rental income and net property operating income up 17.3% and 15.3% respectively

Same-store rental income up 9.8% SA; 8.9% UK

Achieved rental rate growth of 7.6% SA; 8.0% UK

Portfolio occupancy up 21 200m² (SA 19 200m²; UK 2 000m²)

Same-store closing occupancy of 92.2% SA; 85.4% UK

Net investment property value up 12.2% to R10.4 billion

Loan-to-value ratio of 30.8%, with net debt effectively hedged at 83.5%

Development pipeline of 13 properties (SA 9; UK 4)

First two JV developments (Bath – UK; Morningside – SA) commenced trading shortly after year end

Entered into a JV with Nuveen and acquired the four-property Easistore portfolio in south east England

Six developments scheduled for completion in FY24 (SA 3; UK 3)

Stor-Age Property REIT Limited
Registration number: 2015/168454/06
Approved as a REIT by the JSE
Share code: SSS ISIN: ZAE000208963
("Stor-Age" or "the group" or "the company")

COMMENTARY

INTRODUCTION

Stor-Age achieved a 5.6% increase in dividend per share for the year ended 31 March 2023, in line with its revised guidance of 5.0 - 6.0%.

The year under review unfolded amidst an uncertain global economic environment, characterised by rising inflation, central bank interventions, and the looming threat of a recession. The delicate balance between combating inflation and maintaining growth has become increasingly challenging. While SA's socioeconomic circumstances are well documented, the UK also faced its own array of challenges, including persistent double-digit inflation and domestic political drama, which unsettled financial markets.

Although not immune to economic shocks and volatility, the self storage sector has displayed remarkable resilience in coping with economic stresses, as evidenced during the Global Financial Crisis and the Covid-19 pandemic. Self storage is a needs-based business that benefits from a diverse set of demand drivers which remain present throughout all economic cycles. Demand is underpinned by life-changing events and dislocation, whether positive or negative, and customers use our product for various reasons across economic cycles. Positive structural trends accelerated by the pandemic continue to bolster demand.

In SA, same-store occupancy reached a record level of 92.2% at year end, with same-store rental income increasing by 9.8% year-on-year. Total occupancy, including organic growth, acquisitions and new developments, grew by 19 200m^2 with same-store occupancy up by 10 000m^2. After a strong performance in the first half of FY23, the UK traded in line with expectations for the remainder of the year. Same-store rental income increased by 8.9% year-on-year with occupancy growth of 2 000m^2.

We made significant progress in expanding our third-party management fee streams which generates additional revenue with minimal capital investment. Management fees increased by 146% to R36.0 million for the year.

In November 2022, we acquired Think Secure in Parklands, on Cape Town's west coast, for R65 million. We also continued to develop our JV portfolio through partnerships with leading institutional and private equity partners, an important component of our growth strategy. These partnerships allow us to participate in acquisitions and developments in prime locations with strong demographics that provide future upside with a moderate capital investment. Shortly after year end, our first two JV developments (Bath – UK; Morningside – SA) commenced trading. An additional six developments (three in SA and three in the UK) are scheduled for completion in FY24.

In addition, we also successfully completed the £82.0 million acquisition of the Easistore portfolio in the UK in a JV with Nuveen Real Estate (Stor-Age has a 10% equity interest in the JV). The four-property portfolio will be branded and managed by Storage King under its Management 1st platform, allowing Stor-Age to grow and achieve further scale in the UK while earning acquisition and property management fees.

At year end, our LTV ratio was 30.8%, aligning with our target range of 25 – 35%, with over 83% of our net debt subject to interest rate hedging.

SA – South Africa

m^2 – square metre

UK – United Kingdom

sqf – square foot

GLA – gross lettable area

LTV – loan to value

JV – joint venture

Same-store – refers to properties trading for 12 months in both FY22 and FY23

NPOI – net property operating income

GROUP SNAPSHOT

Stor-Age is the largest self storage property fund and most recognisable brand in SA. The portfolio comprises 93 trading properties across SA (57) and the UK (36), providing storage to 49 000 customers. The combined value of the portfolio, including properties managed in our JV partnerships, was R12.9 billion (SA – R5.6 billion; UK – £335 million) at year end with the maximum lettable area, including the pipeline and ongoing developments, exceeding 620 000m². The group employs more than 480 staff across SA and the UK. Stor-Age has been listed on the Johannesburg Stock Exchange since November 2015.

OPERATIONAL REVIEW

- Total portfolio occupancy (including JVs) up 21 200m² (SA 19 200m²; UK 2 000m²)
- SA closing occupancy of 91.0% (91.1% including JVs)
- UK closing occupancy of 84.2% (81.6% including JVs)
- Occupancy growth, excluding Think Secure acquisition, up by 16 700m² (SA) and 2 000m² (UK) year-on-year
- Closing rental of R129.1/m², up 8.3% (SA); £25.1/sqf[1], up 6.2% (UK)

SA occupancy profile	31 March 2023 GLA m²	Occupied m²	%	31 March 2022 GLA m²	Occupied m²	%
Own portfolio	**387 100**	**352 300**	**91.0%**	380 700	335 000	88.0%
JV portfolio	**6 300**	**5 900**	**93.7%**	4 100	4 000	97.2%
Total	**393 400**	**358 200**	**91.1%**	384 800	339 000	88.1%
Same-store	**360 800**	**332 600**	**92.2%**	358 000	322 600	90.1%
Non same-store	**32 600**	**25 600**	**78.6%**	26 800	16 400	61.1%

UK occupancy profile	31 March 2023 GLA m²	Occupied m²	%	31 March 2022 GLA m²	Occupied m²	%
Own portfolio	**107 800**	**90 700**	**84.2%**	101 000	89 300	88.3%
JV portfolio	**25 200**	**17 800**	**70.5%**	19 800	17 200	87.3%
Total	**133 000**	**108 500**	**81.6%**	120 800	106 500	88.2%
Same-store	**94 200**	**80 500**	**85.4%**	89 000	80 300	90.4%
Non same-store	**38 800**	**28 000**	**72.3%**	31 800	26 200	81.9%

Occupancy growth for the year	SA m²	UK m²
Same-store	10 000	200
Non same-store – acquired and developed in FY22	6 700	1 800
Non same-store – acquired in FY23	2 500	–
Total	19 200	2 000

[1] *UK rental rate quoted on an annual basis.*

COMMENTARY (continued)

Portfolio analysis	Number of properties	% of property valuation	% of NPOI	% of GLA
SA				
Freehold	51	96.6%	95.0%	95.8%
Leasehold	3	3.4%	5.0%	4.2%
Total	54	100.0%	100.0%	100.0%
UK				
Freehold	18	92.4%	71.0%	73.3%
Leasehold	8	7.6%	29.0%	26.7%
Total	26	100.0%	100.0%	100.0%
Total own properties	80	100.0%	100.0%	100.0%
Freehold	69	94.5%	83.7%	90.9%
Leasehold	11	5.5%	16.3%	9.1%
Managed properties	13			
SA	3			
UK	10			
Total trading properties	93			
SA	57			
UK	36			
Under development	8			
SA	4			
UK	4			
Total including properties under development	101			
SA	61			
UK	40			

Trading properties includes Bath (UK) and Morningside (SA), which commenced trading shortly after year end, and the four-property Easistore portfolio acquired in April 2023 in the Nuveen JV.

Customer profile	31 March 2023		31 March 2022	
	SA	UK	SA	UK
Number of tenants	**30 300**	**16 800**	28 300	16 500
Commercial	**37%**	**23%**	39%	26%
Residential	**63%**	**77%**	61%	74%
Average length of stay – months (existing tenants)	**24.5**	**31.8**	23.7	30.8
Average length of stay – months (tenants vacating during the period)	**13.3**	**10.4**	13.9	8.6

Commercial and residential split analysed by area

Self storage serves a diverse range of customers and demand drivers, and the decision to use the product is based on a sensible financial and needs-based rationale.

"Life-changing events" (such as death, separation, downsizing, moving and emigration), as well as more permanent discretionary use, remain the primary drivers of demand for residential users. During these transition periods, individuals require a secure and convenient space to store their belongings. Self storage offers a flexible and accessible option, allowing people to store their possessions until new arrangements can be made.

Commercial customers include many SMMEs, e-commerce and home-based businesses, as well as larger companies seeking cost-effective and flexible storage and distribution solutions. Many of these commercial customers would typically be priced out of the traditional industrial market.

The increasing permanence of the hybrid working model, new customer adoption, greater mobility, micro-living and the densification of residential property, the growth of online retailers, and prolonged demand from existing customers (renting for longer periods) continue to drive demand. These trends are particularly prominent in high-density urban areas where the majority of our properties are located.

Compared to pre-pandemic levels, and on a comparable basis, the average length of stay for residential and commercial customers in SA increased by 12% and 22% respectively. In the UK, it increased by over 20% for both residential and commercial customers. In addition, churn (customers moving out each month as a percentage of starting occupancy) in both markets is lower than pre-pandemic levels, further supporting occupancy.

Year-on-year occupancy, including properties held in JVs, grew by 21 200m^2 (SA – 19 200m^2; UK 2 000m^2) reflecting organic growth in the same-store portfolio and new developments, acquisitions (SA only), and expansions at existing properties. Excluding the Think Secure acquisition, year-on-year occupancy increased by 16 700m^2 in SA.

Closing occupancy in the SA same-store portfolio reached a record high of 92.2% at year end. In the UK, same-store occupancy finished at 85.4% and was impacted by extensions to existing properties during the year which diluted the closing occupancy compared to the prior year. The closing rental rate was up 8.3% and 6.2% year-on-year in SA and the UK respectively.

We continue to adapt to the evolving economic landscape by leveraging technology and using data analytics and automation tools to optimise pricing strategies and marketing campaigns. The rise of online platforms and mobile applications has transformed the way we connect with our customers, offering a broad and growing base of digital channels to source new leads. Our digital enquiry skillset provides a key competitive advantage in capturing and converting demand. It has also unlocked a new avenue for earnings growth with our Digital First business gaining momentum. There is also an increasing trend of using technology in more advanced security systems, access control and surveillance, as well as in online booking and payment systems, which provide further opportunities to increase operational efficiency.

We have a long and successful track record of acquiring, developing, and managing self storage properties in prime locations which have delivered high occupancy and rental rate growth. This is particularly relevant as we navigate a more challenging macro environment. Our property portfolio, predominantly freehold (94.5% by value), has been strategically assembled with a focus on locations where the primary drivers of self storage, population density and household income, are strongest. This disciplined focus on markets with strong demographics positions us well to perform in all macro environments and complements our resilient business model.

Impact of load-shedding in SA

Our properties are not crowded environments, have a small onsite staff complement and typically have low energy consumption relative to other types of real estate. In SA, electricity costs at our properties account for approximately 4.0% of SA direct operating costs and less than 1.0% of SA property revenue.

All trading properties have generators except for the three smallest properties measured by GLA which have battery storage backup solutions. In addition, 25 of the 57 trading properties have photovoltaic rooftop-mounted solar systems (PV systems) installed.

The PV systems use energy from daylight to generate electricity. During load-shedding, the backup diesel generators (or batteries for the smaller properties) are used. We completed a successful trial during the year to integrate our existing PV systems with battery storage and the existing diesel generators for a more optimised solution. We anticipate a 3-year rollout across the portfolio to: 1. install integrated PV systems (including battery storage) at properties which do not yet have these; and 2. implement battery storage solutions at properties that already have PV systems. The smaller properties mentioned earlier will continue using their current battery storage solutions.

We estimate a capex spend of R45.0 – R50.0 million over the 3-year rollout period. For each new development, we aim to have a fully integrated solution that includes a PV system, battery storage, and diesel generator, whenever feasible.

In FY23 we spent approximately R3.0 million on diesel fuel for the generators. Based on the current levels of load shedding being experienced, we estimate a monthly spend of R0.5 – R0.6 million on diesel fuel.

The market

The self storage market in the UK remains less developed than the United States (US) and Australia, despite the growth in supply over the last few years. According to the UK Self Storage Association (SSA) Annual Survey (published in May 2023), the supply of self storage space is estimated to be 0.82 sqf per head of population in the UK, compared to 9.4 sqf in the US, 2.1 sqf in Australia, and 0.25 sqf for mainland Europe. The market remains relatively fragmented with an estimated 2 200 self storage properties in the UK, including 739 predominantly container-based operations, supplying 55.5 million sqf across 1 086 brands. The top ten operators in the UK, including Storage King, account for approximately 23% by number, and 44% by area, of the UK market. The remaining properties, including container-based operations, are either independently owned or part of smaller portfolios.

The SSA Annual Survey also noted that the industry is transitioning from an exceptional period, with most mature stores remaining close to optimal occupancy with solid rental rates. This provides operators with the ability to absorb some price compression or occupancy loss as the sector moves to post-pandemic normalisation. While churn levels in 2022 increased slightly to 81% (annualised), compared to 76% in 2021, this is still significantly lower than the 118% experienced in the pre-pandemic period.

There is limited industry data available for the SA market although many of the trends observed in more developed markets are equally applicable here.

THIRD-PARTY MANAGEMENT

Third-party management allows us to generate additional revenue with minimal capital investment by leveraging our existing superior infrastructure and skills. This is an integral part of our growth strategy. In FY23, third-party management fees amounted to R36.0 million, an increase of 146% compared to the prior year.

In the UK, we provide this through our Management 1st offering, aimed at independent operators, developers and private equity owners. Currently, we have ten properties in the UK operating on our Management 1st platform. An additional four properties will be added once our JV developments are completed, and two properties managed on behalf of independent owners are anticipated to come online later in FY24 (subject to final agreements being concluded).

The digital marketing component, Digital First, is making significant progress across multiple markets. To date, 23 independent operators (2022: 12) comprising 95 properties (2022: 35) across the UK, continental Europe, Central America and Australia have contracted with Digital First for this service.

Digital First has demonstrated a track record of outperformance for its clients, with significant growth in enquiries and a reduction in cost per acquisition (for an enquiry). We charge for these services in foreign currency while the majority of costs are in ZAR. The estimated annual revenue from our current contracts amounts to R12.5 million compared to the previously reported R6.6 million in our interim results announced in November 2022. This represents a 63% increase assuming constant exchange rates.

Given the continued success in demand generation across multiple markets and languages, as well as the fragmented nature of the global self storage industry, we anticipate further growth in this revenue stream over the next 12 months, particularly in major self storage markets such as North America, Australasia and Asia.

FINANCIAL RESULTS

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

SA	31 March 2023 SS Rm	31 March 2023 Non SS Rm	31 March 2023 Total Rm	31 March 2022 SS Rm	31 March 2022 Non SS Rm	31 March 2022 Total Rm	% change SS	% change Total
Rental income								
Self storage	**479.5**	**27.7**	**507.2**	436.6	9.9	446.5	9.8	13.6
Other	**8.6**	**0.8**	**9.4**	8.9	0.6	9.5	(3.4)	(1.2)
Ancillary income	**19.9**	**1.2**	**21.1**	18.5	0.5	19.0	7.6	11.3
Sundry income	**1.7**	**0.2**	**1.9**	1.5	0.1	1.6	11.2	20.1
Bad debt	**(4.1)**	**(0.3)**	**(4.4)**	(2.5)	(0.2)	(2.7)	(63.4)	(64.3)
Direct operating costs	**(113.4)**	**(13.3)**	**(126.7)**	(103.3)	(6.8)	(110.1)	(9.8)	(15.1)
Net property operating income	**392.2**	**16.3**	**408.5**	359.7	4.1	363.8	9.0	12.3
Bad debt as a % of rental income	**0.85%**	**1.04%**	**0.86%**	0.57%	1.64%	0.60%		

SS – same-store

UK	31 March 2023 SS £'000	31 March 2023 Non SS £'000	31 March 2023 Total £'000	31 March 2022 SS £'000	31 March 2022 Non SS £'000	31 March 2022 Total £'000	% change SS	% change Total
Rental income								
Self storage	**19 300**	**2 392**	**21 692**	17 730	408	18 138	8.9	19.6
Other	**535**	**411**	**946**	538	3	541	(0.6)	74.9
Ancillary income	**1 917**	**361**	**2 278**	1 782	55	1 837	7.6	24.0
Sundry income	**187**	**35**	**222**	148	8	156	26.4	42.3
Bad debt	**(73)**	**(17)**	**(90)**	(51)	(2)	(53)	(43.1)	(69.8)
Direct operating costs	**(6 257)**	**(953)**	**(7 210)**	(5 327)	(149)	(5 476)	(17.5)	(31.7)
Net property operating income	**15 609**	**2 229**	**17 838**	14 820	323	15 143	5.3	17.8
Bad debt as a % of rental income	**0.38%**	**0.71%**	**0.41%**	0.29%	0.49%	0.29%		

GROUP	31 March 2023 SS Rm	Non SS Rm	Total Rm	31 March 2022 SS Rm	Non SS Rm	Total Rm	% change SS	Total
Rental income								
Self storage	**874.2**	**76.6**	**950.8**	796.4	18.2	814.6	9.8	16.7
Other	**19.5**	**9.2**	**28.7**	19.9	0.6	20.5	(2.0)	39.6
Ancillary income	**59.1**	**8.6**	**67.7**	54.6	1.6	56.2	8.2	20.4
Sundry income	**5.5**	**1.0**	**6.5**	4.5	0.3	4.8	22.6	34.2
Bad debt	**(5.6)**	**(0.6)**	**(6.2)**	(3.5)	(0.2)	(3.7)	(59.2)	(66.3)
Direct operating costs	**(241.3)**	**(32.8)**	**(274.1)**	(211.4)	(9.9)	(221.3)	(14.1)	(23.9)
Net property operating income	**711.4**	**62.0**	**773.4**	660.5	10.6	671.1	7.7	15.2
Bad debt as a % of rental income	**0.64%**	**0.76%**	**0.65%**	0.44%	1.12%	0.46%		

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 above tables and the consolidated statement of profit or loss and other comprehensive income is set out in Appendix 3.

Self storage rental income increased by 16.7% to R950.8 million (2022: R814.6 million), driven by organic growth, the impact of acquisitions, foreign exchange movements, and the strong performance of new developments during their lease-up phase.

Same-store rental income in SA and the UK increased by 9.8% (occupancy 2.1%; rental rate 7.6%) and 8.9% (occupancy 0.8%; rental rate 8.0%), respectively. Move-outs in SA were 4.5% lower compared to the prior year, with average rental rates in the second half of FY23 increasing by 8.4% compared to the same period in the prior year.

Other rental income (SA: R9.4 million; UK: £0.9 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 0.65% for the group (2022: 0.46%). Although this reflects some deterioration compared to the prior year, it remains below our 1.0% target.

Ancillary income of R67.7 million (2022: R56.2 million) comprises merchandise sales (such as packaging materials and padlocks), administration fees, late fees and insurance income (UK only). Although this income stream represents a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment. In both markets, ancillary income increased by 7.6% year-on-year in the same-store portfolio.

Direct operating costs of R274.1 million (2022: R221.3 million) reflect the impact of acquisitions, foreign exchange movements and a year-on-year increase in costs in the same-store portfolio (SA – 9.8%; UK – 17.5%). Across both markets, property rates, staff costs, utilities, insurance, maintenance and marketing costs account for the majority of direct operating costs.

In SA, we reallocated R3.4 million of costs in FY23 relating to our internal facilities management team from administration expenses to direct operating costs. Excluding this reallocation, direct operating costs in SA increased by 7.6% in the same-store portfolio.

In the UK, the increase relates mainly to marketing and electricity costs. The prior year reflected a substantial underspend in the UK marketing budget of £204 000. This arose due to very high organic enquiry numbers and low vacancy at our properties resulting in significant savings in digital spend in FY22. Approximately 55% of this underspend was utilised in FY23. Increasing demand and the conflict in Ukraine had a significant impact on electricity costs which increased by more than 150% year-on-year. Although a small component of our operating costs, it had an unavoidable negative impact. While wholesale prices have fallen due to various reasons, they remain higher than pre-pandemic levels.

To date, we have installed solar PV systems at nine properties in the UK. Work is currently underway at an additional seven properties, which includes properties being developed in the Moorfield JV. A further four properties are awaiting approval from the local electricity provider.

Excluding the impact of the marketing underspend in the prior year and higher electricity costs, direct operating costs in the UK increased by 6.3% in the same-store portfolio. This can be attributed to increased spend on property maintenance (certain projects were deferred due to the pandemic) and higher payroll costs.

In the UK, the new rating revaluation took effect on 1 April 2023 which will result in our FY24 business rates increasing by 17.3% (£360 000). Rating revaluations normally take place every five years with the last one occurring in 2017. The 2022 revaluation was deferred due to the ongoing impact of the pandemic and the expected impact on property valuations. The increase in business rates will be partially offset by the reduction in electricity costs compared to the significantly higher costs experienced over the past 18 months.

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

Management fees comprise the following:

	31 March 2023 Rm	31 March 2022 Rm
Recurring fees		
Property management fees (including UK franchisee licence fees)	**11.0**	4.8
Digital First	**5.3**	1.4
Total – recurring fees	**16.3**	6.2
Non-recurring		
JV development fees – SA	**5.2**	0.4
JV development fees – UK	**8.9**	–
JV acquisition fees – SA	**3.0**	–
JV acquisition fees – UK	**2.6**	8.0
Total – non-recurring fees	**19.7**	8.4
Total recurring and non-recurring	**36.0**	14.6

Recurring management fees increased by over R10.0 million to R16.3 million. Although non-recurring management fees of R19.7 million are one-off in nature, they demonstrate the value of the third-party management platform when undertaking developments or acquisitions with other capital providers. On completion of the development or immediately after an acquisition, the group will also earn recurring property management fees.

Administration expenses amounted to R152.8 million (2022: R103.5 million). After adjusting for the Conditional Share Plan charge of R17.7 million (2022: R11.3 million), we saw an increase in costs primarily related to staff costs to support our expansion and development activity. Legal and professional costs relating to valuation work, corporate tax, audit fees and general compliance also increased. In addition, there were market-related adjustments to non-executive director remuneration.

The fair value adjustment to investment properties of R244.0 million reflects an increase in the carrying value of investment properties at 31 March 2023 (2022: R642.3 million). Further details are set out in the Investment Property section. Fair value adjustments to financial instruments of R9.6 million (2022: R121.5 million gain) relate to mark-to-market adjustments of derivative hedging instruments.

Interest income comprises the following:

	31 March 2023 Rm	31 March 2022 Rm
Share purchase scheme loans	**6.4**	7.8
Cross currency interest rate swaps ("CCIRS")	**9.6**	14.2
Loans to JVs	**9.8**	2.0
Money market and deposit balances	**4.6**	1.9
Total	**30.4**	25.9

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 for the year.

Interest expense of R170.6 million (2022: R116.8 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 R32.7 million (2022: R36.0 million) relates to a provision for UK corporation tax of 19% on the estimated taxable income arising in the UK for the year. The lower amount compared to the prior year relates to an overprovision in the estimated tax payable.

Share of profit from JVs of R30.2 million (2022: loss of R0.5 million) relates to the group's proportionate interest of the IFRS profit in respect of its JVs. Further details are provided in note 6.

A deferred tax charge of R30.7 million (2022: R235.4 million) was also recognised on the fair value adjustment to UK investment properties for the year. Under IFRS, a potential capital gains tax liability is required to be recognised as a deferred tax charge on revaluation gains of UK investment properties.

JOINT VENTURE PARTNERSHIPS

Over the past two years, the group has established several JV partnerships to acquire and develop new self storage properties. The JV model allows us to achieve growth and scale in both markets while providing an attractive return on invested capital. It also helps mitigate the financial impact of the lease-up phase of new properties, which can take several years to reach mature occupancy levels.

The table below summarises the operating performance of the group's JVs:

	31 March 2023				31 March 2022			
	Moorfield £'000	Moorfield R'000	Sunning-dale R'000	Total R'000	Moorfield £'000	Moorfield R'000	Sunning-dale R'000	Total R'000
Rental income								
Self storage	**4 220**	**86 317**	**8 580**	**94 897**	126	2 549	3 565	6 114
Other	**28**	**565**	**425**	**990**	–	10	194	204
Ancillary income	**463**	**9 471**	**336**	**9 807**	–	–	212	212
Sundry income	**18**	**371**	**–**	**371**	–	–	–	–
Bad debt	**(19)**	**(390)**	**(74)**	**(464)**	–	–	(4)	(4)
Direct operating costs	**(1 464)**	**(29 949)**	**(2 268)**	**(32 217)**	(39)	(792)	(1 574)	(2 366)
Net property operating income	**3 246**	**66 385**	**6 999**	**73 384**	87	1 767	2 393	4 160
Bad debt as a % of rental income	**0.45%**	**0.45%**	**0.86%**	**0.49%**	–	–	0.11%	0.07%

In the group consolidated financial statements, our JV investments are equity accounted. The table above represents 100% of each JV's operating performance.

Moorfield relates to trading properties only. The Nedbank JV is also excluded (a negligible amount of rental income was received prior to development commencing). Note 6 sets out further information on the group's share of the financial performance of its JVs.

COMMENTARY (continued)

Moorfield – UK

Stor-Age has a 24.9% equity interest in a JV with Moorfield, a long-established, leading UK real estate fund manager. The JV aims to assemble a portfolio of high-quality self storage properties across the UK with a focus on London (and its commuter towns), the South East and key regional towns and cities. To date, the JV has committed approximately £125 million to acquisitions and new developments.

Details of developments are set out below:

Property	Status	Estimated development cost	Estimated GLA
Bath	Opened for trading in May 2023.	£11.7 million	46 000sqf ($4\ 300m^2$)
Heathrow	Greenfield development. External envelope is complete, internal fit-out and external works currently in progress. Scheduled to open in the second quarter of FY24.	£13.8 million	61 000sqf ($5\ 700m^2$)
Canterbury	Greenfield development. External envelope substantially complete. Internal works underway. Scheduled to open for trading in the third quarter of FY24.	£9.8 million	54 000sqf ($5\ 000m^2$)
West Bromwich	Brownfield conversion. Internal works underway with the lift shaft complete and the mezzanine floors currently being installed. Will also offer approximately 3 500sqf of office space and 13 000sqf of bulk storage space. Scheduled to open for trading in the third quarter of FY24.	£12.0 million	64 000sqf ($5\ 900m^2$) excluding bulk and office space
Acton	Brownfield conversion. Existing building in west London, suitable for conversion, acquired in April 2023 for £11.75 million (zone 3, approximately 55 000sqf of gross building area). Investigations are currently underway to extend the building vertically (up to two floors).	To be confirmed	To be confirmed

The group earns management fees for acquiring, developing and managing JV properties and has a pre-emptive right to acquire newly developed and acquired properties.

In March 2022, the JV acquired Storagebase, a portfolio of four properties located in Salisbury, Banbury, Wednesbury and Frome. These properties are branded and managed by Storage King under the Management 1st platform. The trading performance of these properties for FY23 is outlined in the table above of operating performance of the group's JVs.

Summary of Moorfield JV portfolio:

	31 March 2023
Number of developments	4
Number of trading properties (including Bath)	5
Total number of properties	9
GLA – development properties (estimated) (m^2)	25 600
GLA – trading properties (m^2)	25 200
GLA – all properties (m^2)	50 800
Occupied space (m^2)	17 800
Percentage occupied	70.5%

COMMENTARY (continued)

Nuveen – UK

In April 2023, we announced the acquisition of the Easistore portfolio in a JV with Nuveen Real Estate ("Nuveen"), one of the largest and most established global investment managers with assets under management of US$154 billion. Stor-Age holds a 10% equity interest in the JV. Nuveen made its entry into the European self storage market with two significant acquisitions in Sweden in late 2021.

The Easistore portfolio comprises four well-located properties across Kent and West Sussex with 22 500m² GLA trading into densely populated residential areas. The properties will be branded and managed by Storage King under its Management 1st platform, allowing Stor-Age to grow and achieve further scale in the UK. The group will also earn acquisition and ongoing property management fees providing an attractive return on invested capital.

The £82.0 million acquisition was 50% funded with a five-year loan from Natwest (fixed at 5.64%). Stor-Age's equity contribution, including transaction costs, amounted to £4.4 million.

Sunningdale – SA

Sunningdale was developed in a JV with Garden Cities in which Stor-Age has a 50% equity interest. The property, comprising 6 300m² GLA, commenced trading in April 2021. Occupancy at 31 March 2023 was 93.7%.

Nedbank Property Partners – SA

Stor-Age has partnered with Nedbank Property Partners (a division of Nedbank) in a JV to develop four high profile properties, as outlined below:

Property	Status	Estimated development cost	Estimated GLA
Morningside	Store opened for trading in May 2023.	R125 million	7 400m²
Bryanston	External envelope of the building is substantially complete, external works and the internal fit-out currently in progress. Scheduled to open for trading in the first quarter of FY24.	R75 million	4 700m²
Pinelands	Brownfield conversion. Internal concrete works substantially complete and the internal fit-out currently in progress. Scheduled to open for trading in the second quarter of FY24.	R97 million	7 300m²
Paarden Eiland	Brownfield conversion. Vertical extension of the building (two additional floors) is currently underway, with the fit-out of the lower floors in progress. Scheduled to open for trading in the second quarter of FY24.	R75 million	4 700m²

Each party has a 50% equity interest in the JV with certain rights to acquire or dispose of their respective equity interest to the other party. The properties will be branded and managed by Stor-Age and the group earns fees from developing and managing the properties.

Century City – SA

Stor-Age is co-developing a property in Century City, Cape Town in a JV with Rabie Property Group ("Rabie"), with an estimated 6 100m² GLA and development cost of R96 million. The property is scheduled to open for trading in the first quarter of FY25. Each party has a 50% equity interest in the JV.

The Century City precinct comprises office, retail, residential and leisure developments set within an integrated and secure environment catering for a more modern lifestyle of convenience underpinned by the "Live, Work, Shop, Play" theme. Rabie has a 20-year long and successful track record of development in Century City.

INVESTMENT PROPERTY

A fair value gain to investment property combined with acquisitions, capital expenditure and exchange rate fluctuations, resulted in an increase in investment property (before the deduction of leasehold liabilities) of R1.196 billion from R9.535 billion at 31 March 2022 to R10.731 billion at 31 March 2023.

The table below summarises the increase in investment property over the year:

	SA Rm	UK £m	UK Rm	Total Rm
Balance at 31 March 2022	5 090.3	232.6	4 444.7	9 535.0
Acquisitions	92.4	2.8	54.4	146.8
Transfer of properties to Nedbank JV*	(191.0)	–	–	(191.0)
Capital expenditure on:				
Properties transferred to Nedbank JV	54.1	–	–	54.1
Existing properties	68.3	6.2	134.5	202.8
Properties held for development	14.4	–	–	14.4
Remeasurement of leasehold assets	–	2.1	45.8	45.8
Revaluation gain	86.4	7.2	157.6	244.0
Exchange rate fluctuations	–	–	679.3	679.3
Balance at 31 March 2023	5 214.9	250.7	5 516.3	10 731.2
Lease obligations relating to leasehold investment property	(46.6)	(13.0)	(286.3)	(332.9)
Investment property net of lease obligations	5 168.3	237.7	5 230.0	10 398.3

* *Bryanston, Morningside, Pinelands and Paarden Eiland were transferred to the Nedbank JV in FY23. Stor-Age has a 50% equity interest in the JV. The properties were therefore derecognised from investment property in the group consolidated financial statements. Stor-Age's proportionate interest in the properties is included in Investment in JVs as set out in note 6.*

Investment properties are valued using the discounted cash flow ("DCF") method to determine 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 valuation date.

In SA, 28 of the 54 trading properties in the SA portfolio were independently valued by Mills Fitchet Magnus Penny and Jones Lang LaSalle ("JLL") at 31 March 2023 for financial statement purposes. The group's policy is to value 50% of its SA properties at year end and the other 50% at the interim reporting date. The remaining properties were valued internally by the board at 31 March 2023 using the same methodology applied by the external valuers. In the UK, the entire portfolio was valued independently by CBRE and Cushman and Wakefield at 31 March 2023 for financial statement purposes. Further details of the assumptions used in the valuations are set out in the group financial statements.

The table below summarises the breakdown of investment property at 31 March 2023:

SA	% of portfolio	Valuation Rm
Leasehold	3.4%	173.7
Gross value		219.3
Lease obligations		(45.6)
Freehold^	96.6%	4 994.6
Investment property net of lease obligations	100.0%	5 168.3
Trading properties	97.4%	5 030.7
Development properties	2.1%	109.4
Properties under construction	0.5%	28.3
Investment property net of lease obligations	100.0%	5 168.3

^ *Stor-Age Tokai comprises both a freehold (7 494 m^2 GLA) and leasehold (620 m^2 GLA) component. For the purposes of the above analysis, the property is reflected as freehold*

UK	% of portfolio	Valuation £m	Valuation Rm
Leasehold	7.6%	18.0	395.0
Gross value		31.0	681.3
Lease obligations		(13.0)	(286.3)
Freehold and long leasehold+	92.4%	219.7	4 835.0
Investment property net of lease obligations	100.0%	237.7	5 230.0
Trading properties	100.0%	237.7	5 230.0

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

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	12 837	14.08%	8.53%

	Average value per m² (£)	Discount rate	Exit cap rate
UK – Trading properties	196	9.22%	6.16%

Exit cap rate relates to freehold and long leasehold properties only
Average value per m² and sqf based on fully fitted-out GLA and net investment property values

Self storage valuations involve a degree of judgement in assessing the valuation inputs. Assuming other inputs remain constant, an improvement in a property's net operating income (due to higher occupancy and growth in the average rental rate) would lead to an increase in valuation. Conversely, an increase in the exit cap rate and discount rate would result in a lower valuation and vice-versa. The effect of a change in more than one input would magnify the impact on the valuation. Inputs moving in opposite directions, such as the average rental rate and occupancy improving, but cap rates increasing, could result in no net impact on valuations or, possibly, a higher valuation. Thus, cap rates should not be considered in isolation from a property's underlying operating metrics.

The valuation for short leaseholds is conservatively based on future cash flows until the next contractual lease renewal date. This approach, assuming all else equal, would result in a reduction of the valuation over the remaining lease period. Management expects to successfully renegotiate leases before renewal. In the UK we also benefit from the Landlord and Tenant Act which protects our rights for renewal except in the case of redevelopment. Our leasehold properties 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 Stor-Age and Storage King and would typically prefer to extend the length of the leases in their portfolio.

In a recent report by JLL on the UK and European self storage market, the following observations were made:

- There remains strong market sentiment towards the sector with strong inflation-linked characteristics, a structurally under supplied market and a sector maturity providing investable assets of suitable scale.
- Investor interest in the sector remains high for the aforementioned factors, amplified by the structural themes in the office, retail and industrial sectors.
- Transactional activity in the self storage market continued throughout 2022 with various institutions involved, including Nuveen, Heitman, Carlyle Group, Legal & General, Angelo Gordon and Mayfair Capital.
- In 2021, institutional buyers bid more aggressively than operators in most transactions but towards the end of 2021 and in 2022, operators have bid aggressively on deals.

- The self storage sector has decoupled from its association with industrial yields and there is a significant amount of capital seeking to enter the sector.
- The recent increase in the cost of debt and economic headwinds are expected to slow the trend of yield compression, albeit values have been supported by strong trading performance and outlook.

Due to various macroeconomic issues impacting the UK economy, valuers in the UK have increased their prime yield/capitalisation (cap) rate for self storage property valuations by up to 50 basis points (bps) compared to 12 months ago. It is important to note that while the UK self storage sector experienced yield compression in 2021 and 2022, cap rates never compressed to the same extent as industrial and logistics properties which were being valued at very low yields. Cap rates applied to a self storage property valuation are also adjusted upwards for a number of factors including location, micro location, quality of the build, lease up risk for properties that have not reached maturity, and historical trading performance.

When presenting the FY22 results, management believed that the valuation of its UK properties did not reflect the full extent of the cap rate compression seen in the sector. As a result, the increase in cap rates at March 2023 was negated by the more conservative March 2022 valuations. The net impact in the weighted average exit cap rate compared to March 2022 was an increase of 19bps reflecting an increase in valuation cap rates offset by a reduction due to improved occupancy and rental rate metrics.

There has been an increasing amount of capital seeking to access the UK self storage market with private equity and institutions having entered the market either through direct acquisition or by funding new developments over the past two years. Despite the increase in valuation cap rates, we expect this trend to continue with the sector having proved itself as a resilient asset class.

In SA, the weighted average exit cap rate increased from 8.45% to 8.53%. However when comparing the forecast net yield for the next 12 months for mature properties in the portfolio, yields are approximately 25bps higher than the prior year. This indicates that more conservative assumptions have been applied to future cash flows underpinning the valuations.

The average portfolio value per m^2/sqf based on fully fitted-out GLA increased by 4.0% for SA (same-store 3.6%) and 3.7% for the UK.

The table below summarises the group's net investment property and investment property held in JVs:

	SA Rm	UK £m	UK Rm	Total Rm
Own portfolio:				
Trading	5 030.7	237.7	5 230.0	10 260.7
Under development	109.4	–	–	109.4
Under construction	28.3	–	–	28.3
Moorfield JV:				
Trading	–	63.9	1 405.4	1 405.4
Under development	–	33.2	729.9	729.9
Nedbank JV – under development	284.3	–	–	284.3
Sunningdale JV – trading	92.7	–	–	92.7
Century City JV – under development	20.6	–	–	20.6
Total including 100% of JV properties	5 566.0	334.7	7 365.3	12 931.3
Total including proportionate share of JV properties	5 366.9	261.8	5 761.7	11 128.6

Stor-Age has a 24.9% equity interest in the Moorfield JV and a 50% equity interest in each of the Nedbank, Sunningdale and Century City JVs

CAPITAL STRUCTURE

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	1 872.0	115.0	2 530.8	4 402.8
Undrawn debt facilities	455.8	13.5	296.7	752.4
Gross debt	1 416.2	101.5	2 234.2	3 650.4
Gross debt net of cash held in facilities	1 360.2	101.5	2 234.2	3 594.4
Net debt	1 101.6	97.1	2 137.3	3 238.9
Hedge cover	1 055.0	75.0	1 650.5	2 705.5
– Interest rate derivatives	700.0	54.0	1 188.4	1 888.4
– Cross currency interest rate swaps	102.0	–	–	102.0
– Fixed rate loans	214.0	21.0	462.2	676.2
– Interest bearing loans to JVs	38.9	–	–	38.9
% hedge cover on:				
– Gross debt	74.5%	73.9%	73.9%	74.1%
– Gross debt net of cash held in debt facilities	77.6%	73.9%	73.9%	75.3%
– Net debt	95.8%	77.2%	77.2%	83.5%
Effective interest rate	9.04%	4.65%	4.65%	6.35%
Investment property (net of lease obligations)	5 168.3	237.7	5 230.0	10 398.3
Carrying value of joint ventures	50.9	16.9	371.1	422.0
LTV ratio	24.9%	34.6%	34.6%	29.9%
Weighted average expiry of debt (years)	2.33	3.72	3.72	3.18
Weighted average expiry of hedge cover (years)	1.80	3.38	3.38	2.78

LTV ratio is defined as net debt as a percentage of the sum of net investment property and investment in JVs

£9.0 million of GBP borrowings is secured against SA investment property assets – for the purposes of the above table, the SA LTV ratio includes this

GBP borrowings includes £3.1 million of unsecured borrowings

The group has agreed refinancing terms for two ZAR borrowing facilities (R650 million in aggregate) due for expiry at the end of November 2023. The disclosures and calculations in the Capital Structure section are based on these new terms

Weighted average expiry of debt excludes a three-month rolling note of R160 million refinanced on a quarterly basis

Weighted average expiry of GBP debt includes one 12-month extension option on facilities of £75 million

Hedge cover excludes R100m expiring in June 2023 and includes R100m hedge cover entered into in May 2023

Weighted average expiry of hedge cover excludes interest bearing loans to JVs

Our cash position at 31 March 2023, including cash held in our debt facilities, amounted to R411.5 million. Total undrawn borrowing facilities amounted to R752.4 million and the average cost of debt for the group was 6.35%. On a net debt basis, 83.5% of borrowings was hedged. Net debt stood at R3.239 billion with an LTV ratio (as defined above) of 29.9%. The LTV calculated in accordance with the SA REIT Best Practice Recommendations for financial reporting is 30.8% (see page 46).

COMMENTARY (continued)

The sensitivity of our average cost of debt at 31 March 2023 to increases in interest rates is set out below:

	ZAR	GBP	Total
0.5% increase in 3-month Jibar and Sonia	0.20%	0.16%	0.17%
1.0% increase in 3-month Jibar and Sonia	0.39%	0.31%	0.34%
2.0% increase in 3-month Jibar and Sonia	0.64%	0.47%	0.53%

The tables below summarise the expiry profile of our debt facilities:

SA	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY24	160.0	160.0	–	100.0%
FY25	762.0	754.5	7.5	99.0%
FY26	650.0	501.8	148.2	77.2%
FY27	300.0	–	300.0	–
Total	1 872.0	1 416.2	455.8	75.7%

FY24 includes a three-month rolling note (R160 million), refinanced quarterly.

UK	Facility £m	Drawn £m	Undrawn £m	% of facility drawn
FY24	10.0	3.1	6.9	31.1%
FY25	9.0	9.0	–	100.0%
FY27	75.0	68.4	6.6	91.2%
FY29	21.0	21.0	–	100.0%
Total	115.0	101.5	13.5	88.3%

The table below summarises the expiry profile of our hedge cover (excluding interest bearing loans to JVs):

	SA Rm	SA %	UK £m	UK %
FY24	152.3	15.0%	–	–
FY25	414.3	40.8%	20.0	26.7%
FY26+	450.0	44.2%	55.0	73.3%
Total	1 016.6	100.0%	75.0	100.0%

The group's "look-through" LTV ratio, including JVs, is set out below:

	SA Rm	UK £m	UK Rm	Total Rm
Net debt – as above	1 101.6	97.1	2 137.3	3 238.9
Net debt – JVs	157.6	7.2	157.7	315.3
Net debt – total	1 259.2	104.3	2 295.0	3 554.2
Investment property – as above	5 168.3	237.7	5 230.0	10 398.3
Investment property – JVs	198.6	24.2	531.7	729.6
Investment property – total	5 366.9	261.9	5 761.7	11 128.6
LTV ratio	27.2%	36.4%	36.4%	31.9%

JV share of net debt and investment property represent the group's percentage equity interest

HEDGING OF GBP NET INVESTMENT AND CCIRS

	31 March 2023 Rm	31 March 2022 Rm
Investment property	**250.7**	232.6
Leasehold liabilities	**(13.0)**	(11.8)
Net investment property	**237.7**	220.8
Bank debt	**(101.5)**	(84.9)
Cash	**4.1**	2.7
Other assets	**10.2**	7.8
Other liabilities	**(23.3)**	(26.0)
Net investment excluding deferred tax liabilities	**127.2**	120.4
Notional value of CCIRS	**5.0**	10.0
CCIRS as a % of net investment property	**2.1%**	4.5%
CCIRS as a % of net investment	**3.9%**	8.3%
Effective hedge of net investment property	**44.8%**	43.0%

Effective hedge of net investment property calculated as the sum of bank debt and CCIRS as a percentage of investment property less leasehold liabilities. Bank debt includes all GBP-denominated borrowings.

HEDGING OF GBP EARNINGS

To manage the impact of fluctuations in the GBP/ZAR exchange rate, the group uses 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	Hedging level %	Forward rate R/£
FY23	100%	23.15
FY24	95%	23.24
FY25	80%	23.39
FY26*	50%	24.24

* *For FY26, hedging instruments in place for H1 earnings only*

NET ASSET VALUE PER SHARE

	31 March 2023 Rm	31 March 2022 Rm
Total equity – statement of financial position	**7 194.6**	6 643.2
Less: Non-controlling interest	**(58.4)**	(46.2)
Net assets	**7 136.2**	6 597.0
Less: Goodwill and intangible assets	**(156.0)**	(145.7)
Net tangible assets	**6 980.2**	6 451.3
Number of shares in issue (million)	**474.6**	474.6
Net asset value (NAV) per share (R)	**15.04**	13.90
Net tangible asset value (NTAV) per share (R)	**14.71**	13.59
Deferred tax relating to UK investment property revaluations	**369.1**	287.4
Adjusted net assets^	**7 505.3**	6 884.4
Adjusted net tangible assets^	**7 349.3**	6 738.7
Adjusted NAV per share (R)^	**15.81**	14.51
Adjusted NTAV per share (R)^	**15.49**	14.20
SA REIT NAV (see page 44)	**15.14**	13.90

NAV and NTAV per share both increased by 8.2% compared to the prior year.

NAV is principally determined by the fair value of investment property, the ZAR/GBP exchange rate at the reporting date and mark-to-market adjustments to derivative hedging instruments.

^ *Non-IFRS measure and shown for illustrative purposes only*

Reconciliation of the movement in NAV and NTAV per share:

	NAV per share (R)	%	NAV per share (R)	%
At 31 March 2022	13.90		13.59	
Foreign currency movement	0.83	6.0	0.83	6.1
Mark-to-market impact of hedging derivatives	(0.02)	(0.1)	(0.02)	(0.1)
Investment property valuations	0.35	2.5	0.35	2.6
Investment in JVs	0.07	0.5	0.07	0.5
Settlement of CSP awards	(0.08)	(0.6)	(0.08)	(0.6)
Other	(0.01)	(0.1)	(0.04)	(0.3)
At 31 March 2023	15.04	8.2	14.71	8.2

Under IFRS, a potential tax liability which may arise if UK investment 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 31 March 2023, a deferred tax liability of R369.1 million (2022: R287.4 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 was R15.81 per share and adjusted NTAV was R15.49, an increase of 9.0% and 9.1%, respectively, compared to the prior year.

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

COMMENTARY (continued)

ACQUISITIONS AND DEVELOPMENT UPDATE

Our growth strategy focuses on organic growth through 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. The town planning and approval process, particularly in high-density urban areas, is complex and time-consuming in both markets. Securing development sites and gaining the requisite planning and approval consents is a significant barrier-to-entry for new supply. Although we have observed new supply (more so in the UK) entering the market over the past 24 months, both markets have been able to absorb this as demand and length of stay metrics have increased. We anticipate that new developments will be somewhat subdued in the short-term due to the higher interest rate cycle, town planning constraints, and construction cost inflation. A slowdown in supply would be positive for existing operators in the medium to long-term.

SA

In November 2022 we acquired Think Secure in Parklands, a suburb on Cape Town's west coast for R65 million. The property is well located on the corner of Sandown and Koeberg Roads in Parklands serving the broader Parklands, Sunningdale and Table View areas. Its location complements our Sunningdale and Table View properties. The purpose-built multi-storey property has 4 000m^2 GLA (on a fully fitted-out basis) and also has significant additional bulk. A planning application has been submitted to add an estimated 2 900m^2 GLA, resulting in approximately 6 900m^2 GLA upon completion.

Details of ongoing developments with our JV partners are provided on page 11.

Construction is due to commence at Kramerville, situated on the Corner of Dartfield Road and Commerce Crescent, Johannesburg with an estimated 5 400m^2 GLA and a development cost of R45 million. The property will be developed in the Nedbank JV.

UK

Details of developments in the Moorfield JV and the Easistore acquisition in the Nuveen JV can be found on pages 10 to 11.

During the year we completed three extensions at Chester, Bedford and Doncaster adding an additional 54 000 sqf in aggregate. Further expansions are being undertaken at Crewe and Milton Keynes which will add 40 000 sqf in total and are expected to be completed by the third quarter of FY24.

Planning applications are currently in progress for GLA extensions at Huddersfield (22 000 sqf), Wakefield (7 000 sqf) and Blackpool (23 000 sqf). We do not intend commencing development work on these projects in FY24.

Capital commitments

Further details are set out in note 7.

EVENTS AFTER THE REPORTING DATE

Acquisition of Easistore – see above.

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.

UK REIT STATUS

The board intends electing to classify the Storage King group of companies as a UK REIT, subject to satisfying various conditions and approval from HMRC.

Importantly, the principal company of the UK REIT group of companies must be solely tax-resident in the UK and meet the "non-close" condition, meaning it cannot be controlled by five or fewer participants.

The shares of the principal company must also be listed and traded on a recognised stock exchange. There is an exemption from the listing condition if the UK REIT is directly or indirectly owned by "institutional investors", which includes an overseas equivalent of a UK REIT. Stor-Age's listing on the JSE would satisfy this requirement.

In addition to the above, other conditions that a UK REIT must satisfy include:

- At least 75% of total profits must arise from a property rental business.
- The group of companies must own three or more rental properties and no single property should account for more than 40% of the total value of the properties involved.
- At least 90% of property rental profits, and 100% of its property income dividends, must be distributed to shareholders as dividends.
- Property rental profits (before interest and capital allowances) should be at least 1.25 times the group interest costs to avoid a tax charge.

If the conditions under the UK REIT regime are met, UK REITs are exempt from UK corporation tax on profits from their property rental business and capital gains arising from the disposal of properties or shares of property-rich companies engaged in UK property rental business activity. Any other UK income and gains not specifically derived from UK property rental activities are part of the "residual business" and will be subject to UK corporation tax at 25%. This would be primarily sales of merchandise, insurance income and property management fees.

A dividend declared by a UK REIT to a SA holding company would attract a 20% withholding tax and relief can be claimed for 5% under the double tax treaty between the UK and SA, provided the conditions under the treaty are met. This will reduce the effective withholding tax to 15% compared to the UK corporation tax rate of 25% (effective from 1 April 2023).

If the UK REIT election was to be made, Storage King would continue to be regulated under Guernsey corporate law but will be a UK tax resident after establishing central management and control in the UK. We would not need to make changes to our corporate governance structure or financial reporting protocols.

ESG

Our ESG strategy, which focuses on the areas of environmental sustainability, social sustainability and corporate governance, aligns our Vision and Core Values with six relevant UN Sustainable Development Goals (SDGs) and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

Our long-term ESG strategy is centred on:

- Developing environmentally-friendly buildings that have a low environmental impact
- Fostering a culture of high integrity across the business
- Maintaining an unwavering approach to good corporate governance
- Ensuring well-managed risk, both financial and environmental
- Supporting the local communities in which we operate
- Facilitating a work environment that supports our employees' wellness

COMMENTARY (continued)

Environmental sustainability

We address sustainable practices in SA and the UK in the areas of energy efficiency, renewable energy generation, reducing CO2 emissions, rainwater harvesting, stormwater management and wastewater management. We continuously monitor electricity and water consumption across our portfolio and continue to successfully reduce our carbon footprint.

Of our total portfolio of 93[2] properties, 34 properties (FY22: 25), representing 37%, have solar capacity installed. During the year solar installations were completed at an additional 9 properties.

To date, Stor-Age has made a total investment into renewable energy capacity of R21.5 million (FY22: R11.6 million), generating an estimated 4.3 million kWh of energy (FY22: 1.9 million kWh). A further 12 properties have been identified for solar investment in FY24.

Since the start of FY18, Stor-Age has avoided an estimated 2 771 tonnes of CO_2 equivalent emissions in SA through the consumption of onsite solar PV renewable electricity. Despite an increase in total power demand across the portfolio, emissions generated through municipal electricity consumption have shown a downward trend since FY21.

Renewable energy use in FY23 resulted in an estimated 1094 tCO_2e3 (FY22: 936 tCO_2e3) in avoided greenhouse gas emissions in SA. Renewable electricity use in FY23 resulted in an estimated15% reduction in the company's Scope 1, 2 and 3 carbon footprint in SA (FY22: 13%).

Social sustainability

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

Charities and Non-Profit Organisations (NPOs)

During the year we continued to partner with a range of charities and NPOs. This included the South African Red Cross Society where, following the flooding which impacted parts of KwaZulu-Natal ("KZN") in April 2022, we assisted their disaster relief efforts with complimentary space to aid the distribution of beds and blankets to affected communities. In addition, all our KZN properties served as drop off points for donations. These donations, primarily non-perishable foods, clothing and blankets, were then distributed to communities in need.

Other organisations to which we continued to offer complimentary space include the Gary Kirsten Foundation, Jag Foundation, Kolisi Foundation, JOG Trust, The Toy Run, Rotary Club Cresta, Helping Hands SA and The Ed Bham Foundation. We also continued to assist The Jag Foundation by offering traditional Out of Home advertising at key sites. These efforts are further supported with our digital marketing capability.

Learnership programme

Since 2021 we have partnered with the Skills Development Corporation (SDC), an accredited learning institution based in Johannesburg, to provide a 12-month Business Administration Services learnership programme to 12 unemployed learners from previously disadvantaged backgrounds. In 2022 ten candidates successfully completed the SDC Business Administration Services learnership programme. In 2023 we are supporting a further 12 learners. This partnership provides Stor-Age with a sustainable means of supporting economic transformation in SA at a local level.

[2] *Includes JV properties*

Business Hub initiative

We continue to support our commercial customers and various NPOs through the Stor-Age Business Hub initiative, launched in 2021. The Business Hub is a complimentary offering for business customers and NPOs that provides a platform for them to promote their products or services to other tenants at the property at which they are storing, as well as to a wider online community. The Stor-Age Business Hub actively supports the continued sustainability of our commercial customers, many of whom are SMMEs and on which the SA economy is dependent for sustainable job creation and economic development.

In SA, more than 55%[3] of Stor-Age commercial customers classify themselves as SMMEs and more than 15%[3] as entrepreneurs. For many of these SMMEs, we play a crucial role in supporting their daily operations and growth strategies, with our properties acting as business incubators and assisting many of them to transition from family home-based operations to larger scale entities. Our proprietary data indicates that the average Stor-Age commercial customer has created more than an estimated seven jobs[4] since starting to store with us. When considering that we had approximately 8 300 commercial tenants storing with us at March 2023, the positive contribution that Stor-Age is indirectly making towards job creation in SA is significant.

OUTLOOK

Over the past three years, we have conducted our planning and prepared our financial forecasts amid significant uncertainty. Looking ahead to FY24, it becomes even more challenging to predict the economic landscape and the potential macroeconomic and geopolitical outcomes that may impact customer demand and behaviour.

Our business is founded on the core principles of a clearly defined vision, disciplined execution of our strategy, and deep sector specialisation. We have a high-quality property portfolio, a sophisticated operating platform, and a defensive and resilient business model, which positions us strongly to navigate challenges that arise. While a higher interest rate environment would inevitably have a negative impact on earnings growth, we anticipate additional revenue growth from our third-party management platform, offsetting some of this impact. We remain confident in our business model which has proved its resilience through multiple economic crises.

The board expects a dividend per share of between 115 and 121 cents for FY24.

This guidance is based on the following assumptions:

Specific assumptions

- Demand levels for self storage remain elevated
- Occupancy and rental rate growth is in line with management's forecast
- Third-party management revenue streams increase in line with management's forecast
- The Storage King group of companies is classified as a UK REIT with effect from 1 July 2023
- A 100% dividend payout ratio is maintained

Macroeconomic assumptions

- There is no unforeseen and / or significant deterioration in the macroeconomic environment or other factors that are beyond our control
- Loadshedding in SA does not remain above level 4 for extended periods of time
- Interest rates increase by no more than 50bps in SA and 25bps in the UK in FY24

This guidance is provided in good faith, however there is no guarantee that management's expectations, projections or assumptions will be achieved. This guidance has not been reviewed or reported on by the company's auditors.

[3] *As per customer surveys completed in FY23*
[4] *Commercial customers were asked how many direct jobs their business had created since they began storing with Stor-Age – customer surveys completed in FY23*

DECLARATION OF A CASH DIVIDEND

DECLARATION OF A CASH DIVIDEND

Notice is hereby given of the declaration of the gross final cash dividend (number 15) of 58.09 cents per share for the six months ended 31 March 2023 ("Cash Dividend").

Salient dates and times:	2023
Last day to trade ("LDT") cum dividend	Tuesday, 4 July
Shares to trade ex dividend	Wednesday, 5 July
Record Date	Friday, 7 July
Electronic transfers effected to Certificated Shareholders and accounts credited by CSDPs or brokers to Dematerialised Shareholders	Monday, 10 July

Notes:

1. Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 5 July 2023 and the close of trade on Friday, 10 July 2023.
2. The above dates and times are subject to change. Any changes will be announced on SENS.

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.

DECLARATION OF A CASH DIVIDEND (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 46.47200 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholders have 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.

Note: At the date of announcement, Stor-Age had 474 610 430 ordinary shares in issue.

On behalf of the board

GA Blackshaw
Chairman

GM Lucas
CEO

Cape Town

19 June 2023

AUDIT OPINION

These summarised consolidated annual financial results are extracted from the audited financial statements, but are not themselves audited. The consolidated financial statements for the year ended 31 March 2023 were audited by BDO South Africa Incorporated, who expressed an unmodified opinion thereon. The audited consolidated financial statements for the year ended 31 March 2023 and the auditor's report thereon is available for inspection at the company's registered office.

The directors take full responsibility for the preparation of these summarised consolidated annual financial results and confirm that the financial information has been correctly extracted from the consolidated financial statements.

The auditor's report does not necessarily report on all of the information contained in these summarised consolidated annual financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office or on Stor-Age's corporate website.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Assets		
Non-current assets	**11 555 079**	10 148 725
Investment properties	**10 731 243**	9 535 000
Property and equipment	**32 320**	19 975
Stor-Age share purchase scheme loans	**80 460**	84 135
Goodwill and intangible assets	**156 029**	145 706
Investment in joint ventures	**422 020**	246 580
Unlisted investment	**27 566**	10 838
Deferred taxation	**12 814**	6 650
Derivative financial assets	**92 627**	99 841
Current assets	**501 124**	356 911
Trade and other receivables	**138 638**	127 350
Inventories	**6 955**	7 228
Cash and cash equivalents	**355 531**	222 333
Total assets	**12 056 203**	10 505 636
Total Equity	**7 194 619**	6 643 187
Stated capital	**5 362 339**	5 374 681
Retained earnings	**1 350 847**	1 186 969
Foreign currency translation reserve	**396 258**	2 051
Share-based payment reserve	**26 759**	33 273
Total equity attributable to shareholders	**7 136 203**	6 596 974
Non-controlling interest	**58 416**	46 213
Non-current liabilities	**4 075 662**	3 135 260
Loans and borrowings	**3 390 198**	2 598 851
Derivative financial liabilities	**6 618**	5 579
Deferred taxation	**369 118**	287 436
Lease obligations	**309 728**	243 394
Current liabilities	**785 922**	727 189
Loans and borrowings	**160 000**	160 000
Trade and other payables	**259 379**	221 050
Provisions	**16 609**	15 711
Lease obligations	**35 100**	29 279
Taxation payable	**39 133**	38 690
Dividends payable	**275 701**	262 459
Total equity and liabilities	**12 056 203**	10 505 636

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2023

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Property revenue	**1 070 788**	910 682
Rental income	**996 635**	849 716
Other income	**74 153**	60 966
Expected credit losses recognised on tenant debtors	**(6 273)**	(3 738)
Direct property costs	**(273 920)**	(221 280)
Net property operating income	**790 595**	685 664
Other revenue	**35 950**	14 594
Management fees	**35 950**	14 594
Insurance proceeds from building claim	**–**	51 725
Administration expenses	**(152 781)**	(103 489)
Net property operating profit	**673 764**	648 494
Foreign exchange gains/(losses)	**5 468**	(3 565)
Fair value adjustment to investment properties	**244 026**	642 313
Other fair value adjustment to financial instruments	**(9 626)**	121 505
Restructure of loans and borrowings	**–**	(6 377)
Depreciation and amortisation	**(8 596)**	(8 309)
Profit from operations	**905 036**	1 394 061
Net finance cost	**(140 201)**	(90 934)
Interest income	**30 419**	25 904
Interest expense	**(170 620)**	(116 838)
Share of profit/(loss) of joint ventures, net of tax	**30 246**	(471)
Profit before taxation	**795 081**	1 302 656
Taxation expense	**(63 415)**	(271 413)
Normal taxation	**(32 747)**	(35 986)
Deferred taxation	**(30 668)**	(235 427)
Profit for the year	**731 666**	1 031 243
Items that may be reclassified to profit or loss		
Translation of foreign operations	**400 126**	(137 946)
Items that may not be reclassified to profit or loss		
Share of other comprehensive income of joint ventures	**1 350**	(7)
Other comprehensive income/(loss) for the year, net of taxation	**401 476**	(137 953)
Total comprehensive income for the year	**1 133 142**	893 290
Profit attributable to:	**731 666**	1 031 243
Owners of the company	**724 583**	1 019 737
Non-controlling interest	**7 083**	11 506
Total comprehensive Income attributable to:	**1 133 142**	893 290
Owners of the company	**1 118 790**	884 214
Non-controlling interest	**14 352**	9 076
Earnings per share		
Basic earnings per share (cents)	**152.67**	231.49
Diluted earnings per share (cents)	**151.35**	228.73

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2023

	Stated capital R'000	Retained earnings 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 2021	4 783 903	674 702	137 574	21 966	5 618 145	38 608	5 656 753
Total comprehensive income for the year	–	1 019 737	(135 523)	–	884 214	9 076	893 290
Profit for the year	–	1 019 737	–	–	1 019 737	11 506	1 031 243
Other comprehensive income	–	–	(135 523)	–	(135 523)	(2 430)	(137 953)
Transactions with shareholders							
Issue of shares	590 778	–	–	–	590 778	–	590 778
Proceeds	596 577	–	–	–	596 577	–	596 577
Share issue costs	(5 799)	–	–	–	(5 799)	–	(5 799)
Equity settled share-based payment charge	–	–	–	11 307	11 307	–	11 307
Dividends	–	(507 470)	–	–	(507 470)	(1 471)	(508 941)
Total transactions with shareholders	590 778	(507 470)	–	11 307	94 615	(1 471)	93 144
Balance at 31 March 2022	5 374 681	1 186 969	2 051	33 273	6 596 974	46 213	6 643 187
Balance at 1 April 2022	**5 374 681**	**1 186 969**	**2 051**	**33 273**	**6 596 974**	**46 213**	**6 643 187**
Total comprehensive income for the year	**–**	**724 583**	**394 207**	**–**	**1 118 790**	**14 352**	**1 133 142**
Profit for the year	**–**	**724 583**	**–**	**–**	**724 583**	**7 083**	**731 666**
Other comprehensive income	**–**	**–**	**394 207**	**–**	**394 207**	**7 269**	**401 476**
Shares acquired for conditional share plan	**(21 692)**	**–**	**–**	**–**	**(21 692)**	**–**	**(21 692)**
Shares awarded in terms of conditional share plan	**9 350**	**–**	**–**	**(24 226)**	**(14 876)**	**–**	**(14 876)**
Equity settled share-based payment charge	**–**	**–**	**–**	**17 712**	**17 712**	**–**	**17 712**
Dividends	**–**	**(560 705)**	**–**	**–**	**(560 705)**	**(2 149)**	**(562 854)**
Total transactions with shareholders	**(12 342)**	**(560 705)**	**–**	**(6 514)**	**(579 561)**	**(2 149)**	**(581 710)**
Balance at 31 March 2023	**5 362 339**	**1 350 847**	**396 258**	**26 759**	**7 136 203**	**58 416**	**7 194 619**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2023

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Cash flows from operating activities		
Cash generated from operations	**702 117**	651 628
Interest received	**18 994**	20 989
Interest paid	**(178 884)**	(132 975)
Dividends paid	**(549 612)**	(480 584)
Taxation paid	**(32 526)**	(852)
Net cash (outflow)/inflow from operating activities	**(39 911)**	58 206
Cash flows from investing activities		
Additions to investment properties	**(373 282)**	(1 040 387)
Surplus in share purchase scheme paid to participants	**(8 042)**	(22 232)
Repayment of share purchase scheme loans	**13 319**	80 083
Acquisition of property and equipment	**(6 852)**	(9 765)
Acquisition of intangible assets	**(3 053)**	(5 391)
Acquisition of unlisted investment	**(17 000)**	(5 500)
Additional investment in joint ventures	**(117 747)**	(219 481)
Disposal of subsidiary, net of cash	**(2 910)**	–
Repayment of joint venture loan advanced	**283 835**	–
Net cash outflow from investing activities	**(231 732)**	(1 222 673)
Cash flows from financing activities		
Proceeds from loans and borrowings advanced	**752 165**	2 143 008
Repayment of loans and borrowings	**(372 492)**	(1 474 329)
Proceeds from the issue of shares	**–**	596 577
Share issue costs	**–**	(5 799)
Purchase of shares to settle conditional share plan	**(36 568)**	–
Repayment of lease obligations	**(37 284)**	(32 331)
Net cash inflow from financing activities	**305 821**	1 227 126
Net cash inflow for the year	**34 178**	62 659
Effects of movements in exchange rates on cash held	**99 020**	(11 399)
Cash and cash equivalents at beginning of year	**222 333**	171 073
Cash and cash equivalents at end of year	**355 531**	222 333

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

for the year ended 31 March 2023

1. BASIS OF PREPARATION

The summarised consolidated financial results for the year ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34 Interim Financial Reporting, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited.

The accounting policies applied by the group in preparation of these summarised consolidated financial results are consistent with those applied by the group in its prior year's consolidated financial statements.

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

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 JSE Listings Requirements.

The audited consolidated annual financial statements and the auditor's opinion thereon are available for inspection at the company's registered office and on the company's website.

The summarised consolidated financial results were prepared under the supervision of the Chief Financial Officer, 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: Rental income, other income, impairment losses recognised on tenant debtors, 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,investment in joint ventures, loans and borrowings and lease obligations.

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

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 South Africa R'000	Total United Kingdom R'000	Total as reported R'000
For the year ended 31 March 2023								
Property revenue	**207 277**	**256 981**	**7 291**	**64 901**	**20 192**	**556 642**	**514 146**	**1 070 788**
Rental income	**199 764**	**245 092**	**6 803**	**62 682**	**19 273**	**533 614**	**463 021**	**996 635**
Other income	**7 513**	**11 889**	**488**	**2 219**	**919**	**23 028**	**51 125**	**74 153**
Expected credit losses recognised on tenant debtors	**(1 363)**	**(1 966)**	**(141)**	**(708)**	**(257)**	**(4 435)**	**(1 838)**	**(6 273)**
Direct property costs	**(45 498)**	**(60 036)**	**(1 729)**	**(14 814)**	**(4 600)**	**(126 677)**	**(147 243)**	**(273 920)**
Net property operating income	**160 416**	**194 979**	**5 421**	**49 379**	**15 335**	**425 530**	**365 065**	**790 595**
Fair value adjustment to investment properties	**104 497**	**(37 998)**	**4 661**	**5 397**	**9 852**	**86 409**	**157 617**	**244 026**
Segment property operating income	**264 913**	**156 981**	**10 082**	**54 776**	**25 187**	**511 939**	**522 682**	**1 034 621**
For the year ended 31 March 2022								
Property revenue	173 222	232 898	6 590	59 723	18 870	491 303	419 379	910 682
Rental income	166 782	222 122	6 145	57 707	17 988	470 744	378 972	849 716
Other income	6 440	10 776	445	2 016	882	20 559	40 407	60 966
Expected credit losses recognised on tenant debtors	(562)	(1 319)	(161)	(437)	(192)	(2 671)	(1 067)	(3 738)
Direct property costs	(39 307)	(53 802)	(1 577)	(12 427)	(4 599)	(111 712)	(109 568)	(221 280)
Net property operating income	133 353	177 777	4 852	46 859	14 079	376 920	308 744	685 664
Fair value adjustment to investment properties	53 238	83 155	2 012	(89 702)	20 129	68 832	573 481	642 313
Segment property operating income	186 591	260 932	6 864	(42 843)	34 208	445 752	882 225	1 327 977

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

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 South Africa R'000	Total United Kingdom R'000	Unallocated R'000	Total as reported R'000
31 March 2023									
Investment properties	**2 121 610**	**2 348 431**	**60 140**	**512 862**	**171 882**	**5 214 925**	**5 516 318**	**–**	**10 731 243**
Goodwill and intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**72 576**	**83 453**	**156 029**
Investment in joint ventures	**–**	**–**	**–**	**–**	**–**	**50 930**	**371 090**	**–**	**422 020**
Trade and other receivables	**1 737**	**3 134**	**206**	**786**	**322**	**6 185**	**19 667**	**112 786**	**138 638**
Inventories	**1 917**	**2 067**	**134**	**382**	**162**	**4 662**	**2 293**	**–**	**6 955**
Loans and borrowings	**–**	**–**	**–**	**–**	**–**	**–**	**(2 201 685)**	**(1 348 513)**	**(3 550 198)**
Lease obligations	**(21 509)**	**(3 402)**	**–**	**(21 679)**	**–**	**(46 590)**	**(286 312)**	**(11 926)**	**(344 828)**
31 March 2022									
Investment properties	1 998 985	2 383 706	55 355	490 560	161 747	5 090 353	4 444 647	–	9 535 000
Goodwill and intangible assets	–	–	–	–	–	–	61 723	83 983	145 706
Investment in joint ventures	–	–	–	–	–	37 894	208 686	–	246 580
Trade and other receivables	1 201	2 489	210	629	254	4 783	14 015	108 552	127 350
Inventories	2 455	2 758	104	299	148	5 764	1 464	–	7 228
Loans and borrowings	–	–	–	–	–	–	(1 594 824)	(1 164 027)	(2 758 851)
Lease obligations	(21 948)	(3 319)	–	(20 607)	–	(45 874)	(225 314)	(1 485)	(272 673)

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

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.

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Profit for the year (attributable to shareholders of the parent)	**724 583**	1 019 737
Basic earnings	**724 583**	1 019 737
Adjusted for:	**(224 417)**	(538 035)
Fair value adjustment to investment properties	**(244 026)**	(642 313)
Fair value adjustment to investment properties (NCI)+	**3 472**	12 632
Fair value adjustment to investment properties of joint ventures	**(33 131)**	–
Tax effect on the above adjustments and change in substantively enacted tax rate	**49 268**	143 371
Insurance proceeds from building claim	**–**	(51 725)
Headline earnings	**500 166**	481 702
Total number of shares in issue ('000)	**474 610**	474 610
Weighted average number of shares in issue ('000)	**474 610**	440 516
Shares in issue entitled to dividends ('000)	**474 610**	474 610
Weighted average number of shares in issue entitled to dividends ('000)	**474 610**	440 516
Weighted potential dilutive impact of conditional shares	**4 130**	5 319
Diluted weighted average number of shares in issue	**478 740**	445 835

Earnings per share	Audited 31 March 2023	Audited 31 March 2022
Basic earnings per share (cents)	**152.67**	231.49
Diluted earnings per share (cents)	**151.35**	228.73
Headline earnings per share		
Basic headline earnings per share (cents)	**105.38**	109.35
Diluted headline earnings per share (cents)	**104.48**	108.04

+ *Non-controlling interest*

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

4. INVESTMENT PROPERTIES

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Historical cost	**7 026 282**	6 996 528
Subsequent expenditure capitalised	**995 353**	798 013
Fair value adjustment	**2 014 487**	1 770 461
Remeasurement of lease obligations	**46 180**	393
Exchange differences	**648 941**	(30 395)
Carrying amount at end of year	**10 731 243**	9 535 000
Movement in investment properties		
Carrying amount at start of year	**9 535 000**	7 869 321
Additions to investment property	**146 820**	1 065 150
Disposal of investment property	**(191 041)**	–
Remeasurement of lease obligations	**45 787**	–
Subsequent expenditure capitalised	**271 315**	220 873
Fair value adjustment	**244 026**	642 313
Exchange differences	**679 336**	(262 657)
Carrying amount at end of year	**10 731 243**	9 535 000

5. 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.

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

5. FAIR VALUE MEASUREMENT (CONTINUED)

The table below analyses financial assets and liabilities carried at fair value, by valuation method, and investment properties where the fair value approximates the carrying amount:

	Carrying value R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
31 March 2023				
Assets				
Investment properties	**10 731 243**	**–**	**–**	**10 731 243**
Derivative assets	**92 627**	**–**	**92 627**	**–**
Unlisted investment	**27 566**	**–**	**27 566**	**–**
Liabilities				
Derivative liabilities	**6 618**	**–**	**6 618**	**–**
31 March 2022				
Assets				
Investment properties	9 535 000	–	–	9 535 000
Derivative assets	99 841	–	99 841	–
Unlisted investment	10 838	–	10 838	–
Liabilities				
Derivative liabilities	5 579	–	5 579	–

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

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 derivatives	Fair valued monthly by Nedbank, Standard Bank, HSBC and Santander 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 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 and Nedbank 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 the asset manager in relation to underlying performance of the fund using appropriate discount and default rates.	Not applicable	Not applicable

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

5. FAIR VALUE MEASUREMENT (CONTINUED)

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
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 a DCF of the net operating income over a 10-year period and a notional sale of the asset at the end of the 10th year. The same methodology is used for short leasehold properties, except that 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; stabilised occupancy. 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, and vice versa.

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

	Audited 31 March 2023	Audited 31 March 2022
South Africa		
Average value per m² (ZAR) of trading properties	**12 837**	12 375
Discount rate (%)	**14.08**	14.00
Exit cap rate (%)	**8.53**	8.45
United Kingdom		
Average value per sqf (GBP) of trading properties	**196**	189
Discount rate (%)	**9.33**	8.84
Exit cap rate (%)	**6.16**	5.97

Average value per m² and sqf based on fully fitted-out GLA and net investment property values.

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

31 March 2023 (Audited)		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
	Valuation R million	-0.1% R million	+0.1% R million	-1.0% R million	+1.0% R million	-0.1% R million	+0.1% R million
South Africa	**5 214.9**	**28.1**	**(27.6)**	**(55.6)**	**54.9**	**32.3**	**(32.1)**
United Kingdom	**5 516.3**	**34.0**	**(32.7)**	**(57.0)**	**57.3**	**26.2**	**(26.8)**
Total	**10 731.2**	**62.1**	**(60.3)**	**(112.6)**	**112.2**	**58.5**	**(58.9)**

31 March 2022 (Audited)		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
	Valuation R million	-0.1% R million	+0.1% R million	-1.0% R million	+1.0% R million	-0.1% R million	+0.1% R million
South Africa	5 090.4	25.2	(27.6)	(62.9)	62.8	29.8	(31.3)
United Kingdom	4 444.6	34.0	(32.7)	(57.0)	57.3	26.2	(26.8)
Total	9 535.0	59.2	(60.3)	(119.9)	120.1	56.0	(58.1)

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

6. INVESTMENT IN JOINT VENTURES

The group has joint venture (JV) arrangements in place across SA and the UK to develop, own and operate self storage properties. In SA the group has JV arrangements with Garden Cities, Nedbank Property Partners and Rabie Property Group (through the Century City Property Investment Trust). In the UK the JV partner is Moorfield Group.

Summarised financial information for material joint ventures

The tables below set out the summarised financial information for the JVs which are material to the group. The financial information has been presented by JV partner and aligns with the group's accounting policies.

Summarised statement of financial position (100%)

	Garden Cities		Nedbank Property Partners	Century City Property Investment Trust	Total	
	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2023 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
SA						
Non-current assets	**93 210**	59 842	**284 323**	**20 636**	**398 169**	59 842
Investment properties	**92 742**	58 895	**284 323**	**20 636**	**397 701**	58 895
Other non-current assets	**468**	947	**–**	**–**	**468**	947
Cash and cash equivalents	**1 259**	2 122	**1 236**	**33**	**2 528**	2 122
Other current assets	**64**	1 082	**1 879**	**1 366**	**3 309**	1 082
Current liabilities	**(864)**	(470)	**(1 754)**	**–**	**(2 618)**	(470)
Non-current liabilities	**(69 049)**	(63 762)	**(286 267)**	**(22 035)**	**(377 351)**	(63 762)
Loans and borrowings	**(62 388)**	(63 762)	**(286 267)**	**(22 035)**	**(370 690)**	(63 762)
Deferred taxation	**(6 661)**	–	**–**	**–**	**(6 661)**	–
Net assets/(liabilities)	**24 620**	(1 186)	**(583)**	**–**	**24 037**	(1 186)
Group's share in %	**50%**	50%	**50%**	**50%**	**50%**	50%
Opening balance	**37 894**	21 514	**–**	**–**	**37 894**	21 514
Share of total comprehensive income	**13 012**	(967)	**(551)**	**–**	**12 461**	(967)
Increase in investment	**4 674**	15 325	**12 682**	**15 335**	**32 691**	15 325
Settlement of loan	**(41 919)**	–	**–**	**–**	**(41 919)**	–
Interest accrued	**3 079**	2 022	**6 182**	**542**	**9 803**	2 022
Carrying amount	**16 740**	37 894	**18 313**	**15 877**	**50 930**	37 894

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

	Moorfield Development JV*		Moorfield Trading JV#		Total	
	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
UK						
Non-current assets	**729 893**	239 082	**1 409 675**	1 130 407	**2 139 568**	1 369 489
Investment properties	**729 860**	239 082	**1 405 438**	1 126 563	**2 135 298**	1 365 645
Other non-current assets	**33**	–	**4 237**	3 844	**4 270**	3 844
Cash and cash equivalents	**7 498**	–	**53 178**	27 312	**60 676**	27 312
Other current assets	**23 832**	20 068	**23 041**	62 625	**46 873**	82 693
Current liabilities	**(34 339)**	–	**(43 034)**	(57 846)	**(77 373)**	(57 846)
Non-current liabilities	**(726 912)**	(259 150)	**(1 035 246)**	(875 364)	**(1 762 158)**	(1 134 514)
Loans and borrowings	**(726 912)**	(259 150)	**(1 007 929)**	(875 364)	**(1 734 841)**	(1 134 514)
Deferred taxation	**–**	–	**(27 317)**	–	**(27 317)**	–
Net assets/(liabilities)	**(28)**	–	**407 614**	287 134	**407 586**	287 134
Group's share in %	**24.9%**	24.9%	**24.9%**	24.9%	**24.9%**	24.9%
Opening balance	**67 259**	7 123	**141 427**	–	**208 686**	7 123
Share of total comprehensive income	**(35)**	(521)	**19 169**	(1 549)	**19 134**	(2 070)
Increase in investment	**102 198**	60 657	**1 248**	142 976	**103 446**	203 633
Foreign exchange differences	**18 082**	–	**21 742**	–	**39 824**	–
Carrying amount	**187 504**	67 259	**183 586**	141 427	**371 090**	208 686

* *Reflects the results of SK Heathrow, SK Canterbury, SK Bath, SK West Bromwich and SK Acton which at the reporting date were all under development.*

\# *Reflects the consolidated results for the SK Bidco group which owns four properties trading under the Storage King brand.*

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

6. INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income (100%)

	Garden Cities		Nedbank Property Partners	Century City Property Investment Trust	Total	
	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2023 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
SA						
Property revenue (net of impairment losses recognised on tenant debtors)	**8 931**	3 755	**325**	**–**	**9 256**	3 755
Other income	**336**	212	**–**	**–**	**336**	212
Direct property costs	**(2 268)**	(1 575)	**–**	**–**	**(2 268)**	(1 575)
Administration expenses	**(721)**	(550)	**(255)**	**–**	**(939)**	(550)
Fair value adjustment to investment properties	**32 520**	–	**–**	**–**	**32 520**	–
Depreciation and amortisation	**(35)**	(17)	**–**	**–**	**(35)**	(17)
Interest income	**100**	43	**37**	**–**	**100**	43
Interest expense	**(5 931)**	(3 499)	**(1 210)**	**–**	**(7 141)**	(3 499)
Deferred taxation	**(6 907)**	457	**–**	**–**	**(6 907)**	457
Profit/(loss) for the year	**26 025**	(1 174)	**(1 103)**	**–**	**24 922**	(1 174)
Total comprehensive income	**26 025**	(1 174)	**(1 103)**	**–**	**24 922**	(1 174)

	Moorfield Development JV*		Moorfield Trading JV#		Total	
	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
UK						
Property revenue (net of impairment losses recognised on tenant debtors)	**–**	–	**86 492**	2 549	**86 492**	2 549
Other income	**–**	–	**9 842**	10	**9 842**	10
Direct property costs	**–**	–	**(29 949)**	(792)	**(29 949)**	(792)
Administration expenses	**(129)**	(7)	**(9 423)**	(358)	**(9 552)**	(365)
Fair value adjustment to investment properties	**–**	–	**67 755**	–	**67 755**	–
Depreciation and amortisation	**–**	–	**(1 458)**	–	**(1 458)**	–
Interest income	**–**	–	**54**	–	**54**	–
Interest expense	**–**	–	**(22 177)**	(601)	**(22 177)**	(601)
Taxation	**–**	–	**(29 584)**	(338)	**(29 584)**	(338)
Normal taxation	**–**	–	**(4 075)**	(338)	**(4 075)**	(338)
Deferred taxation	**–**	–	**(25 509)**	–	**(25 509)**	–
Profit/(loss) for the year	**(129)**	(7)	**71 552**	470	**71 423**	463
Other comprehensive income	**(10)**	–	**5 431**	(7)	**5 421**	(7)
Total comprehensive income	**(139)**	(7)	**76 983**	463	**76 844**	456

* *Reflects the results of SK Heathrow, SK Canterbury, SK Bath, SK West Bromwich and SK Acton which at the reporting date were still under development.*

Reflects the consolidated results for the SK Bidco group which owns four properties trading under the Storage King brand.

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

7. CAPITAL COMMITMENTS AUTHORISED

7A. CAPITAL COMMITMENTS GROUP

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Contracted for	**153 674**	188 947
Authorised but not contracted for	**102 868**	245 790
	256 541	434 737

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

7B. CAPITAL COMMITMENTS GROUP

Commitment to provide funding to joint ventures for capital expenditure projects:

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Contracted for	**103 937**	88 375
	103 937	88 375

8. RELATED PARTY TRANSACTIONS

These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

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
  Gauteng Storage Properties Proprietary Limited
  Stor-Age International Proprietary Limited
  SSS JV3 Proprietary Limited
  Betterstore Self Storage Holdings Limited and its subsidiaries

- Investment in joint ventures

  Sunningdale Self Storage Proprietary Limited
  SKJVs collectively refers to the JV partnerships between Stor-Age and Moorfield Group
  SSS JVs collectively refers to the JV partnerships between Stor-Age and Nedbank Property Partners
  Storage Century City JV Proprietary 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

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

8. RELATED PARTY TRANSACTIONS (CONTINUED)

Material related party transactions and balances	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Related party balances		
Amounts – owing to related parties	**518**	–
Amounts – owing by related parties	**11 170**	31
Related party transactions		
Interest income on Stor-Age share purchase scheme loans	**6 414**	7 781
Interest income from related party	**9 803**	2 022
Construction fees paid to MSH	**41 742**	33 272
Recovery of cost	**600**	1 000
Management fees income from related parties	**7 212**	2 633
Acquisition and development fees from related parties	**20 830**	6 002
Office rental expense to related party	**1 672**	1 522

9. UNLISTED INVESTMENT

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
Opening balance	**10 838**	5 474
Additional investment	**17 000**	5 500
Fair value adjustment	**(272)**	(136)
Closing balance	**27 566**	10 838

The investments are held in various managed pooled funds. The funds focus on promoting financial inclusion and capacity building of black-owned SMEs within the broader SME ecosystem. This is achieved by empowering entrepreneurs with real funding solutions, targeted training, insightful mentorship, and strategic support.

10. NET ASSET VALUE PER SHARE

	Audited 31 March 2023	Audited 31 March 2022
Number of shares in issue	**474 610 430**	474 610 430
Net asset value*		
Net asset value per share (cents)	**1 515.90**	1 399.71
Net asset value per share excluding non-controlling interest (cents)	**1 503.59**	1 389.98
Net tangible asset value per share (cents)	**1 483.02**	1 369.01
Net tangible asset value per share excluding non-controlling interest (cents)	**1 470.72**	1 359.28

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

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS (continued)

for the year ended 31 March 2023

11. LOANS AND BORROWINGS

	Audited 31 March 2023 R'000	Audited 31 March 2022 R'000
ZAR denominated facilities	**1 416 242**	1 282 017
GBP denominated facilities	**2 234 153**	1 622 848
Total gross loans and borrowings for the group	**3 650 395**	2 904 865
Surplus cash paid into loan facility	**(56 000)**	(100 000)
Unamortised loan fees	**(44 197)**	(46 014)
Closing balance	**3 550 198**	2 758 851
Current loans and borrowings	**160 000**	160 000
Non-current loans and borrowings	**3 390 198**	2 598 851
Long-term borrowings	**3 446 198**	2 698 851
Surplus cash paid into loan facility	**(56 000)**	(100 000)

12. GOING CONCERN

The directors have assessed the group's ability to continue as a going concern.

At 31 March 2023 the group's current liabilities exceed its current assets by R284.8 million. Included in current liabilities is a loan facility of R160.0 million which is refinanced on a quarterly basis. Also included in current liabilities is the dividend payable of R275.7 million. The group had access to cash resources of R411.5 million (including cash held in its long-term debt facilities). Total undrawn borrowing facilities amounted to R752.4 million.

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

13. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date Stor-Age entered into a JV with Nuveen Real Estate to acquire a four-property portfolio in the UK. Nuveen owns 90% and Stor-Age owns 10% of the equity interest in the JV. Stor-Age's equity contribution to the JV is £4.4 million.

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

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 31 March 2023 R'000	Unaudited 31 March 2022 R'000
Headline earnings	**500 166**	481 702
Adjusted for:		
Equity-settled share-based payment expense	**17 761**	11 307
Fair value adjustment to financial instruments	**31 131**	(104 308)
Other items of a capital nature	**4 451**	6 377
Fixed rate loan adjustment*	**9 551**	7 895
Depreciation and amortisation	**8 596**	8 309
Deferred tax	**(8 736)**	92 056
Foreign exchange (gain)/loss	**(5 468)**	3 565
Foreign exchange gain available for distribution	**3 222**	–
Antecedent dividend^	**–**	15 253
	60 508	40 454
Other adjustments		
Non-controlling interests in respect of the above adjustments+	**30**	(4 367)
Distributable earnings	**560 704**	517 789
Distributable income per share (cents)	**118.14**	114.07
Interim (cents)	**60.05**	56.60
Final (cents)	**58.09**	57.47
Distributable earnings	**560 704**	517 789
Company-specific adjustments		
Insurance claim proceeds relating to the loss of revenue	**–**	(10 319)
Distributable earnings after company-specific adjustments	**560 704**	507 470
Dividend declared for the six months ending 30 September	**285 003**	245 011
Dividend declared for the six months ending 31 March	**275 701**	262 459
Total dividends for the year	**560 704**	507 470
Shares entitled to dividend ('000)	**474 610**	474 610
Dividends per share (cents)	**118.14**	111.90
Interim dividend (cents)	**60.05**	56.60
Final dividend (cents)	**58.09**	55.30

The board declared an interim dividend of 58.09 cents (2022: 55.30 cents) per share for the six months ended 31 March 2023. This represents an increase of 5.0% over the comparative period.

* *The development of the Tyger Valley and Cresta properties was funded from the group's existing debt facilities. On the commencement of trading of the properties, the group restructured the loan funding for the developments with fixed rate loans 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 loans are accounted for on the effective interest rate method. For distribution purposes, the group makes an adjustment to reflect the actual interest paid on the loans.*

^ *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.*

\+ *Non-controlling interest.*

Appendix 2 – SA REIT DISCLOSURES

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 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	**724 583**	1 019 737
Adjusted for:		
Accounting/specific adjustments	**(204 490)**	(398 441)
Fair value adjustments to:		
Investment properties	**(244 026)**	(642 313)
Debt and equity instruments held at fair value through profit or loss	**272**	136
Depreciation and amortisation of intangible assets	**8 596**	8 309
Deferred tax movement recognised in profit or loss	**30 668**	235 427
Foreign exchange and hedging items:	**3 886**	(118 076)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**9 354**	(121 641)
Foreign exchange gains or losses relating to capital items – realised and unrealised	**(5 468)**	3 565
Other adjustments:	**(19 766)**	23 518
Adjustments made for joint ventures	**(23 268)**	–
Non-controlling interests in respect of the above adjustments	**3 502**	8 265
Antecedent dividend	**–**	15 253
SA REIT FFO	**504 213**	526 738
Number of shares outstanding at end of year (net of treasury shares)	**474 610 430**	474 610 430
SA REIT FFO per share (cents)	**106.24**	110.98
Company-specific adjustments (per share)	**11.90**	3.09
Equity settled share based payment	**3.74**	2.39
Realised foreign exchange gain	**5.21**	3.62
Antecedent dividend adjustment	**–**	4.98
Fixed-rate loan adjustment	**2.01**	1.66
Insurance proceeds from building claim	**–**	(10.90)
Capital items non distributable	**0.94**	1.34
Distributable income per share (cents)	**118.14**	114.07
Interim	**60.05**	56.60
Final	**58.09**	57.47
Insurance claim proceeds relating to loss of revenue	**–**	(2.17)
Total dividend per share (cents)	**118.14**	111.90
Interim dividend per share	**60.05**	56.60
Final dividend per share	**58.09**	55.30

Appendix 2 – SA REIT DISCLOSURES (continued)

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 R'000
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	**7 136 203**	6 596 974
Adjustments:		
Fair value of certain derivative financial instruments	**(89 932)**	(61 371)
Forward exchange contracts	**(11 727)**	(65 374)
Interest rate swaps	**(78 205)**	4 003
Goodwill and intangible assets	**(156 029)**	(145 706)
Deferred tax	**356 304**	280 786
SA REIT NAV	**7 246 546**	6 670 683
Shares outstanding		
Number of shares in issue at year end (net of treasury shares)	**474 610 430**	474 610 430
Effect of dilutive instruments (options, convertibles and equity interests)	**4 130 000**	5 318 520
Dilutive number of shares in issue	**478 740 430**	479 928 950
SA REIT NAV (Rand per share)	**15.14**	13.90

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 R'000
SA REIT cost-to-income ratio		
Expenses		
Direct property cost per IFRS income statement (includes municipal expenses)	**273 920**	221 280
Administration expenses per IFRS income statement	**152 781**	103 489
Other expenses, if directly related to property operations, with clear explanations of these items		
Depreciation and amortisation	**8 596**	8 309
Other expense 2 – nature and description		
Exclude:		
Depreciation expense in relation to property and equipment of an administrative nature and amortisation expense in respect of intangible assets	**(8 158)**	(7 871)
Operating costs	**427 139**	325 207
Rental income		
Contractual rental income per IFRS income statement	**996 635**	849 716
Gross rental income	**996 635**	849 716
SA REIT cost-to-income ratio*^	**42.9%**	38.3%

* *Based on rental income. Including ancillary income and management fee, the ratio is 38.8% (2022: 35.7%).*
^ *Excludes joint ventures.*

Appendix 2 – SA REIT DISCLOSURES (continued)

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 R'000
SA REIT administration cost-to-income ratio		
Expenses		
Administration expenses as per IFRS income statement	**152 781**	103 489
Rental income		
Contractual rental income per IFRS income statement	**996 635**	849 716
Gross rental income	**996 635**	849 716
SA REIT administration cost-to-income ratio*	**15.3%**	12.2%
SA REIT GLA vacancy rate		
GLA of vacant space (m^2)	**51 900**	57 400
GLA of total property portfolio (m^2)	**494 900**	481 700
SA REIT GLA vacancy rate^	**10.5%**	11.9%

* *Based on rental income. Including ancillary income and management fee, the ratio is 13.9% (2022: 11.4%).*
^ *Excludes joint ventures.*

	Unaudited 31 March 2023		Unaudited 31 March 2022	
Cost of debt	SA	UK	SA	UK
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	**9.5%**	**6.6%**	5.9%	3.2%
Fixed interest-rate borrowings				
Weighted average fixed rate	**(0.4%)**	**(0.6%)**	0.2%	–
Pre-adjusted weighted average cost of debt:	**9.1%**	**6.0%**	6.1%	3.2%
Adjustments:				
Impact of interest rate derivatives	**–**	**(1.3%)**	0.4%	0.2%
Impact of interest rate cap	**(0.1%)**	**–**	–	–
Impact of cross-currency interest rate swaps	**–**	**0.1%**	–	0.1%
Amortisation of raising fees	**0.1%**	**0.4%**	0.1%	0.2%
All-in weighted average cost of debt:	**9.1%**	**5.2%**	6.6%	3.7%

Appendix 2 – SA REIT DISCLOSURES (continued)

	Unaudited March 2023 R'000	Unaudited March 2022 R'000
SA REIT loan-to-value		
Gross debt net of cash held in facilities	**3 594 395**	2 804 865
Leasehold liabilities relating to investment properties	**332 890**	271 188
Less: Cash and cash equivalents	**(355 531)**	(222 333)
Less: Derivative financial instruments	**(86 009)**	(94 262)
Net debt	**3 485 745**	2 759 458
Total assets – per Statement of Financial Position	**12 056 203**	10 505 636
Less:		
Cash and cash equivalents	**(355 531)**	(222 333)
Derivative financial assets	**(92 627)**	(99 841)
Goodwill and intangible assets	**(156 029)**	(145 706)
Trade and other receivables	**(138 638)**	(127 350)
Carrying amount of property-related assets	**11 313 378**	9 910 406
SA REIT loan-to-value ("SA REIT LTV")	**30.8%**	27.8%

Appendix 3 – RECONCILIATION OF NON-IFRS METRICS

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

The table below shows the reconciliation between the group's operating performance set out in the table on page 6 ("performance table") and the consolidated statement of profit or loss and other comprehensive income on page 7 ("statement of profit or loss"):

	Unaudited 31 March 2023 R'000	Unaudited 31 March 2022 R'000
Reconciliation of rental income		
Performance table:		
Rental income – self storage	**950 848**	814 552
Rental income – other	**28 691**	20 341
Non-core income	**985**	–
Rental underpin	**5 564**	4 504
Insurance claim proceeds relating to loss of revenue	**10 547**	10 319
Rental income – Statement of profit or loss	**996 635**	849 716
Reconciliation of other income		
Performance table:		
Ancillary income	**67 699**	56 259
Sundry income	**6 454**	4 707
Other income – Statement of profit or loss	**74 153**	60 966

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")

Registered office
216 Main Road
Claremont
7708

Directors
GA Blackshaw (Chairman)•, GM Lucas (CEO)*, JAL Chapman#, KM de Kock#, SJ Horton*, SC Lucas(CFO)*+, P Mbikwana#, AC Menigo# (appointed 23 January 2023), MPR Morojele#, A Varachhia#

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

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HH-O Steyn

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