STOR-AGE PROPERTY REIT LIMITED

CONDENSED UNAUDITED CONSOLIDATED INTERIM RESULTS

for the six months ended 30 September 2023
and declaration of a cash dividend

Interim dividend per share 61.36 cents

Rental income and net property operating income up 17.0% and 15.7% respectively

SA and UK same-store rental income up 13.6% and 3.1% respectively

SA and UK average rental rate up 9.6% and 5.1% respectively in same-store portfolio

Net asset value up 7.2% to R15.58[1] per share

SA and UK closing occupancy 90.6% and 83.9% respectively

Occupancy up 9 300m² (SA 13 000m² increase; UK 3 700m² decrease)

Net investment property value R10.871 billion, up 4.5% compared to March 2023

Loan-to-value ratio of 31.9% and 76.8% of net debt subject to interest rate hedging

Six new properties (four in SA and two in the UK) completed in JV structures and commenced trading

Completed the £82.0 million acquisition of the four-property Easistore portfolio in the UK through a JV with Nuveen Real Estate where Stor-Age holds a 10% equity interest

Two new UK developments in the Moorfield JV scheduled to open in H2 FY24

Development pipeline of 66 000m² + GLA, with 17 active projects at various stages of completion

1. In accordance with SA REIT Best Practice Recommendations

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

The board of Stor-Age is pleased to present strong trading results for the six months to 30 September 2023 ("the period" or "H1 of FY24") with a 2.2% increase in dividend per share to 61.36 cents.

Despite the easing of some pandemic-related drivers of demand that led to record performance in recent years across the sector, the group continues to deliver robust growth notwithstanding challenging and uncertain economic conditions.

We delivered an exceptionally strong trading performance in SA with same-store rental income increasing by 13.6% year-on-year, highlighting the strength of our operating platform and the resilience of our product. Average occupancy and rental rates increased by 3.6% and 9.6% respectively, building on the strong performance in FY23, while total occupancy grew by 13 000m^2 compared to the prior year.

Our trading performance in the UK remained resilient despite the weaker macroeconomic environment characterised by higher interest rates and inflationary pressures. Average rental rates for the period increased by 5.1%, while average occupancy was 1.9% lower resulting in same-store rental income growth of 3.1% year-on-year.

We are making significant progress in expanding our third-party management income streams which generates additional revenue with minimal capital investment. Management fees more than doubled to R38.8 million for the period, surpassing the full year management fees reported in FY23.

We opened six new properties (four in SA and two in the UK) during the period in our JV structures with Moorfield Group and Nedbank Property Partners. Early trading at these new properties has been very promising. Two more UK developments in the Moorfield JV are scheduled to open in the second half of FY24.

We also successfully completed the £82.0 million acquisition of the four-property Easistore portfolio in the UK through a JV with Nuveen Real Estate where Stor-Age holds a 10% equity interest. This acquisition provides further opportunities for growth and scale in the UK while earning acquisition and property management fees. In November, we exchanged contracts for a new development site in Leyton in the UK in the Nuveen JV.

Our JV partnerships with leading institutional and private equity partners are an important component of our growth strategy. These partnerships allow us to participate in acquisitions and developments in prime locations with strong demographics, offering future upside with a moderate capital investment.

At 30 September 2023, our loan-to-value ratio was 31.9% with over 75% of our net debt subject to interest rate hedging.

GROUP SNAPSHOT

Stor-Age is the largest self storage property fund and most recognisable brand in SA. The portfolio comprises 97 trading properties across SA (60) and the UK (37), providing storage to 49 000 customers. The combined value of the portfolio, including properties managed in our JV partnerships, was R16.2 billion (SA – R5.9 billion; UK – £449 million) at 30 September 2023 with the maximum lettable area, including the pipeline and ongoing developments, exceeding 650 000m^2. The group employs more than 470 staff across SA and the UK. Stor-Age has been listed on the Johannesburg Stock Exchange since November 2015.

SA – South Africa
m^2 – square metre
UK – United Kingdom
sqf – square foot
GLA – gross lettable area
JV – joint venture
Same-store – refers to properties trading for six months in both reporting periods
Non-same store – properties not classified as same-store in either reporting period

COMMENTARY (continued)

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

	30 September 2023	30 September 2022	+/-	+/- CER[1]
Property operating revenue[2]				
Group (R million)	**591.9**	502.2	17.9%	8.1%
SA (R million)	**294.2**	256.7	14.6%	
UK (£ '000)	**12 674**	12 393	2.3%	
Net property operating income (NPOI)[3]				
Group (R million)	**435.9**	371.0	17.5%	8.0%
SA (R million)	**226.0**	194.7	16.1%	
UK (£ '000)	**8 936**	8 898	0.4%	
NPOI margin[4]				
Group	**73.6%**	73.9%	(0.2pp)	
SA	**76.8%**	75.8%	1.0pp	
UK	**70.5%**	71.8%	(1.3pp)	
Net property operating profit (R million)[5]	**393.3**	334.0	17.7%	8.0%
Number of properties – owned portfolio	**80**	79	1	
Number of properties – owned and managed	**97**	92	5	
Closing occupancy m² – owned portfolio				
Group	**443 100**	433 800	2.1%	
SA	**351 300**	338 300	3.8%	
UK	**91 800**	95 500	(3.9%)	
Closing occupancy % – owned portfolio[6]				
Group	**89.1%**	88.8%	0.3pp	
SA	**90.6%**	88.0%	2.6pp	
UK	**83.9%**	91.5%	(7.6pp)	
Closing average rental rate[6]				
SA (R/m²)	**135.5**	124.0	9.3%	
UK (£/sqf)	**26.0**	24.4	6.6%	
Investment property value (including JVs)[7]				
Group (R million)	**12 034**	10 319	16.6%	
SA (R million)	**5 582**	5 251	6.3%	
UK (£ '000)	**279.3**	252.7	10.5%	
NAV per share[8]	**15.58**	14.53	7.2%	
Loan-to-value ratio[9]	**31.9%**	30.1%	1.8pp	

1 In the constant exchange rate (CER) comparison, 2022 financial information is recalculated using 2023 exchange rates.
2 Property operating revenue comprises revenue from operating our properties including rental income (self storage and other, net of bad debts), ancillary income and sundry income. Refer to operating performance table on page 6.
3 Net property operating income (NPOI) is calculated as property operating revenue less direct operating costs. Refer to operating performance table on page 6.
4 NPOI margin is calculated as NPOI divided by property operating revenue. Refer to operating performance table on page 6.
5 Net property operating profit comprises group earnings before interest, tax, depreciation and amortisation, excluding fair value adjustments to investment property and financial instruments.
6 Excludes managed properties. UK rental rate quoted on an annual basis.
7 Includes proportionate share of JV investment property values (see page 13).
8 Calculated in accordance with SA REIT Best Practices Recommendations (see page 44).
9 Refer to capital structure section on page 14.
pp – percentage points calculated as the absolute difference between 2023 and 2022.

The performance measures set out above are classified as non-IFRS measures and are not intended as substitutes to financial measures prepared in accordance with IFRS.

COMMENTARY (continued)

OPERATIONAL REVIEW

Occupancy summary – owned portfolio	30 September 2023 GLA m²	30 September 2023 Occupied m²	30 September 2023 % occupied	30 September 2022 GLA m²	30 September 2022 Occupied m²	30 September 2022 % occupied
SA						
Same-store	384 000	348 200	90.7%	384 300	338 300	88.0%
Non same-store	3 800	3 100	82.0%	–	–	–
Total SA	387 800	351 300	90.6%	384 300	338 300	88.0%
UK						
Same-store	109 400	91 800	83.9%	104 400	95 500	91.5%
Total group	497 200	443 100	89.1%	488 700	433 800	88.8%

[1] *GLA and occupied space rounded to the nearest hundred.*
[2] *Decrease in same-store GLA of 300m² for SA relates to unit mix reconfigurations and property upgrades.*
[3] *SA non same-store comprises Parklands (acquired in November 2022).*
[4] *JV portfolio occupancy set out on page 10.*

Portfolio analysis as at 30 September 2023	Number of properties	% of property valuation	% of NPOI	% of GLA
SA				
Freehold	51	96.9%	95.3%	95.8%
Leasehold	3	3.1%	4.7%	4.2%
Total	54	100.0%	100.0%	100.0%
UK				
Freehold	18	92.2%	71.0%	73.5%
Leasehold	8	7.8%	29.0%	26.5%
Total	26	100.0%	100.0%	100.0%
Total – own properties	80	100.0%	100.0%	100.0%
Freehold	69	94.5%	83.6%	90.9%
Leasehold	11	5.5%	16.4%	9.1%
Managed properties	17			
SA	6			
UK	11			
Total trading properties	97			
SA	60			
UK	37			
Under development	5			
SA	2			
UK	3			
Total including properties under development	102			
SA	62			
UK	40			

COMMENTARY (continued)

Customer profile	30 September 2023 SA	30 September 2023 UK	30 September 2022 SA	30 September 2022 UK
Number of customers	30 200	19 400	28 700	14 700
Commercial	37%	21%	38%	22%
Residential	63%	79%	62%	78%
Average length of stay – months (existing customers)	25.7	32.1	24.4	29.2
Average length of stay – months (customers vacating during the period)	14.1	10.6	13.6	9.7

Commercial and residential split analysed by area. Includes owned and managed properties.

Self storage caters to 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.

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 (such as death, separation, downsizing, moving and emigration) and dislocation, whether positive or negative, and customers use our product for various reasons across economic cycles.

"Life-changing events" and 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 provides 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 key macro drivers of demand are growth in population density and urbanisation where smaller living spaces, and the lower availability of industrial space, increase the use of self storage. Other trends such as the hybrid working model, new customer adoption, greater levels of mobility and the growth of online retailers will continue to provide longer-term support to demand. These trends are particularly prominent in high-density urban areas where the majority of our properties are located.

We continue to experience declining churn levels (customers moving out each month relative to starting occupancy) and higher average length of stay metrics across both markets. There was also no deterioration in our rental collection rates for the period.

Year-on-year occupancy in our wholly owned portfolio of 80 properties grew by 9 300m^2 (an increase of 13 000m^2 in SA and a decrease of 3 700m^2 in the UK). In SA, same-store occupancy increased by 9 900m^2, finishing at 90.7%. Closing occupancy in the UK portfolio reached 83.9% reflecting an increase in GLA of 5 000m^2 from recently completed extensions at Chester, Bedford and Doncaster (which diluted the closing occupancy compared to the prior year) and lower closing occupancy levels. In both markets, unoccupied space provides the group with a significant growth opportunity given that the associated operating costs are predominantly fixed.

The closing rental rate was up 9.3% and 6.6% year-on-year in SA and the UK respectively.

High levels of occupancy in SA enabled us to achieve double-digit growth in same-store rental income, which increased by 13.6% year-on-year. Our revenue management strategy carefully balances occupancy and rental rates for the most optimal revenue outcome. Occupancy in H1 of FY24 decreased by 1 000m^2 (a 0.4% decrease) but the average rental rate was up 4.5% for the six month period reflecting our preference for growing earnings with higher rentals. Demand levels were in line with expectation. We expect to grow both occupancy and rental rates in SA in the second half of FY24, which traditionally represents our strongest trading period, with H1 of FY24 providing a solid foundation for further growth.

In the UK, our performance in H1 of FY24 was more subdued, but this should be viewed in the context of the record performance achieved in three years ending 31 March 2023. Over this period we reported same-store growth in rental income of over 40% with average occupancy and rental rate growth of 14% and 23% respectively. Occupancy increased by 14 400m^2 (a 19% increase), excluding the impact of acquisitions, over the three year period.

Rising interest rates over the past 12 months have led to fewer mortgaged home buyers looking to enter the UK housing market. Stubbornly high inflation remains persistent, putting pressure on business and household purchasing power. Despite these challenges, demand levels were robust with recorded enquiries for the period marginally ahead of the post-pandemic high of the prior year and in line with expectations.

COMMENTARY (continued)

Occupancy in the UK increased by 1 100m² in H1 of FY24. Move-ins for the period were lower than the prior year, reflecting a more competitive trading environment, a fall in the number of home sales reaching completion and a more discerning consumer given the weaker macro environment. Move-outs for the period, and churn levels, were also lower than the prior year which had an offsetting impact. Demand from commercial customers was weaker with occupancy from this group decreasing by 4.5%. This was offset by an increase in occupancy from residential customers of 3.1% which remained relatively resilient.

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 accounted for approximately 3.5% of SA direct operating costs for the period and less than 1.0% of SA property revenue.

In H1 of FY24 we spent approximately R2.1 million (2022: R0.9 million) on diesel fuel for the generators at our properties, higher than the prior year but below our original forecasts.

All trading properties have generators except for the three smallest properties measured by GLA which have battery storage backup solutions. In addition, 30 of the 60 trading properties have photovoltaic rooftop-mounted solar systems (PV systems) installed.

During the year we commenced with 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. We estimate a capex spend of R45.0 – R50.0 million over this period. In H1 of FY24, we incurred capital expenditure of R6.9 million in respect of this programme, excluding new developments where we aim to have a fully integrated solution (PV system, battery storage, and diesel generator whenever feasible) which is included in the overall development cost.

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.

Market sentiment and investor interest in the UK self storage sector remains positive with its strong inflation linked characteristics, a structural undersupply in the market and a level of sector maturity that offers investable assets of suitable scale:

- During times of economic uncertainty, the self storage sector has demonstrated better relative performance to other sectors.
- High investor interest in the sector persists, a trend accentuated by price volatility in the office, retail, and industrial sectors.
- The demand from investors for UK self storage assets remains strong, as indicated by the number of parties with undeployed capital.
- Investors in the sector include those with low leverage.
- Debt markets are expected to maintain liquidity due to income generation.
- The self storage sector has effectively decoupled from its historical association with industrial yields and there continues to be a significant influx of capital seeking entry into the sector.
- Self storage transaction volumes across Europe are projected to exceed €1.0 billion in 2023 based on transactional pipelines and market activity.
- The impact on valuation by outward yield shifts has been mitigated by consistently strong trading metrics.
- The UK self storage market is considered to have a structural undersupply when compared to demand drivers.

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

Source: JLL market research

COMMENTARY (continued)

FINANCIAL RESULTS

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

SA	30 September 2023 SS Rm	30 September 2023 Non SS Rm	30 September 2023 Total Rm	30 September 2022 SS Rm	30 September 2022 Non SS Rm	30 September 2022 Total Rm	% change SS %	% change Total %
Rental income								
Self storage	276.2	2.7	278.9	243.2	–	243.2	13.6	14.7
Other	4.9	0.3	5.2	4.3	–	4.3	13.0	19.0
Ancillary income	11.4	0.1	11.5	10.1	–	10.1	12.9	14.2
Sundry income	0.9	–	0.9	1.1	–	1.1	(18.4)	(18.4)
Bad debt	(2.2)	(0.1)	(2.3)	(2.0)	–	(2.0)	(13.3)	(18.6)
Direct operating costs	(67.1)	(1.1)	(68.2)	(62.0)	–	(62.0)	(8.1)	(9.9)
Net property operating income	224.1	1.9	226.0	194.7	–	194.7	15.1	16.1
Bad debt as a % of rental income	0.81%	3.91%	0.84%	0.81%	–	0.81%		

UK – GBP	30 September 2023 SS £'000	30 September 2023 Non SS £'000	30 September 2023 Total £'000	30 September 2022 SS £'000	30 September 2022 Non SS £'000	30 September 2022 Total £'000	% change SS %	% change Total %
Rental income								
Self storage	11 036	–	11 036	10 702	–	10 702	3.1	3.1
Other	438	–	438	481	–	481	(8.9)	(8.9)
Ancillary income	1 144	–	1 144	1 160	–	1 160	(1.4)	(1.4)
Sundry income	102	–	102	104	–	104	(1.9)	(1.9)
Bad debt	(46)	–	(46)	(54)	–	(54)	14.8	14.8
Direct operating costs	(3 738)	–	(3 738)	(3 495)	–	(3 495)	(7.0)	(7.0)
Net property operating income	8 936	–	8 936	8 898	–	8 898	0.4	0.4
Bad debt as a % of rental income	0.42%	–	0.42%	0.50%	–	0.50%		

CONSOLIDATED	30 September 2023 SS Rm	30 September 2023 Non SS Rm	30 September 2023 Total Rm	30 September 2022 SS Rm	30 September 2022 Non SS Rm	30 September 2022 Total Rm	% change SS %	% change Total %
Rental income								
Self storage	535.4	2.7	538.1	455.0	–	455.0	17.7	18.2
Other	15.2	0.3	15.5	13.9	–	13.9	9.7	11.6
Ancillary income	38.3	0.1	38.4	33.1	–	33.1	15.7	16.1
Sundry income	3.3	–	3.3	3.2	–	3.2	4.0	4.0
Bad debt	(3.3)	(0.1)	(3.4)	(3.0)	–	(3.0)	(11.9)	(15.5)
Direct operating costs	(154.9)	(1.1)	(156.0)	(131.2)	–	(131.2)	(18.1)	(18.9)
Net property operating income	434.0	1.9	435.9	371.0	–	371.0	17.0	17.5
Bad debt as a % of rental income	0.62%	3.91%	0.63%	0.65%	–	0.65%		

The group defines same-store ("SS") as properties that traded for the full six months (for interim reporting purposes) in both reporting periods. For year end purposes, same-store would include properties that traded for the full 12 months in both reporting periods. Properties not classified as same-store in either reporting period are presented as non same-store ("Non SS"). Same-store results and information are important metrics used to analyse the underlying trading performance of the group, excluding the impact of acquisitions or new developments.

Bad debt is disclosed as "expected credit losses recognised on tenant debtors" in the statement of profit or loss and other comprehensive income.

COMMENTARY (continued)

Net property operating income (NPOI) is calculated as property operating revenue less direct operating costs. Property operating revenue comprises revenue from operating our properties including rental income (self storage and other, net of bad debts), ancillary income and sundry income. NPOI measures the financial and operating performance of our properties.

The NPOI margin is calculated as NPOI divided by property operating revenue and measures the operational performance and efficiencies of our properties. The performance measures described above are classified as non-IFRS measures.

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 18.2% to R538.1 million (2022: R455.0 million).

The strong growth in SA occupancy in the second half of FY23 had a positive impact on average occupancy in H1 of FY24 which, when combined with our active revenue management strategy of balancing occupancy and rental rates, saw same-store rental income increasing by 13.6% year-on-year (occupancy 3.6%; rental rate 9.6%). In the UK, same-store rental income increased by 3.1% year-on-year with the rental rates increasing by 5.1% and average occupancy decreasing by 1.9%.

Other rental income (SA: R5.2 million; UK: £0.4 million) relates mainly to parking and the rental of office space at certain properties in the portfolio. The year-on-year decrease in the UK relates to extensions at certain properties and the conversion of office and parking space to self storage.

Ancillary income is derived from the sale of merchandise (such as packaging materials and padlocks) and other income related to our self storage operations (administration fees, late fees and insurance income in the UK). Although this income stream represents a relatively small proportion of total revenue, each component makes a meaningful contribution to earnings with little capital investment.

Ancillary income increased by 16.1% to R38.4 million for the period. There is usually a direct correlation between higher occupancy levels, increased move-in activity and ancillary income. In SA, same-store ancillary income increased by 12.9% whilst the UK reflected a 1.4% decrease year-on-year due to lower move-in activity compared to the prior year.

Bad debt as a percentage of rental income was 0.63% for the group reflecting a marginal improvement on the prior year (2022: 0.65%).

Direct operating costs for the period were R156.0 million (2022: R131.2 million) with a year-on-year increase in costs in the same-store portfolio of 8.1% and 7.0% for SA and the UK respectively. Across both markets, property rates, staff costs, insurance, repairs and maintenance, utilities and marketing account for the majority of direct operating costs as set out below:

	SA 30 September 2023	SA 30 September 2022	UK 30 September 2023	UK 30 September 2022
Property rates	33%	33%	30%	27%
Staff costs	30%	31%	26%	26%
Insurance	9%	8%	11%	8%
Repairs and maintenance	9%	8%	6%	7%
Utilities	6%	5%	8%	11%
Marketing	3%	4%	12%	13%
Other	10%	11%	7%	8%
Total	100%	100%	100%	100%

In SA, the increase was primarily driven by revised property rates assessments and higher electricity and diesel costs. In the UK, the increase related mainly to business rates (new rating revaluations took effect on 1 April 2023) and insurance (increases in insured replacement values) offset by a reduction in electricity costs compared to the peaks of the prior year. Excluding the impact of these items, UK direct operating costs increased by 2.5%.

Net property operating income ("NPOI") reflects property revenue less direct operating costs incurred at a property level and increased by 17.5% to R435.9 million. Applying constant exchange rates to the UK trading performance, NPOI increased by 8.0% reflecting the strength of the operating platform which allows us to leverage economies of scale to manage costs, increase revenue and grow earnings at a property level.

COMMENTARY (continued)

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:

	30 September 2023 Rm	30 September 2022 Rm
Recurring fees:		
Property management fees	19.2	5.9
Digital First	5.4	2.3
Total – recurring fees	24.6	8.2
Non-recurring fees:		
JV development fees – SA	4.5	2.2
JV development fees – UK	7.4	3.5
JV acquisition fees – SA	–	1.5
JV acquisition fees – UK	2.3	2.0
Total – non-recurring fees	14.2	9.2
Total recurring and non-recurring fees	38.8	17.4

Management fees of R38.8 million more than doubled compared to the prior year and have already surpassed the full year amount earned in FY23. Recurring fees of R24.6 million comprised 63% of total management fees. While non-recurring management fees of R14.2 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 R86.7 million (2022: R64.5 million). After adjusting for the Conditional Share Plan charge of R10.4 million (2022: R10.3 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. We also incurred one-off consulting fees relating to the conversion of Storage King to a UK REIT.

The fair value adjustment to investment properties of R105.7 million reflects an increase in the carrying value of investment properties at 30 September 2023 (2022: R218.4 million). Further details are set out in the Investment Property section. Fair value adjustments to financial instruments of R23.4 million (2022: R87.6 million gain) relate to mark-to-market adjustments of derivative hedging instruments.

Interest income comprises the following:

	30 September 2023 Rm	30 September 2022 Rm
Share purchase scheme loans	3.1	3.3
Cross currency interest rate swaps ("CCIRS")	4.1	5.8
Loans to JVs	5.5	3.0
Money market and deposit balances	3.4	2.4
Total	16.1	14.5

Interest expense of R117.4 million (2022: R73.5 million) comprises mainly interest on bank borrowings. Further details of bank borrowings are set out in the Capital Structure section.

Share of profit from JVs of R8.8 million (2022: R15.9 million) relates to the group's proportionate interest of the IFRS profit in respect of its JVs. Further details are provided in note 7.

The normal tax charge of R18.8 million (2022: R17.5 million) relates to a provision for UK corporation tax on the estimated taxable income arising in the UK for the period.

COMMENTARY (continued)

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 the UK, we provide this through our Management 1st offering, aimed at independent operators, developers and private equity owners. Currently, we have 12 properties (including the recently opened West Bromwich property) in the UK operating on our Management 1st platform.

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 reach and engage target audiences.

Our digital enquiry skillset provides a key competitive advantage in accessing and converting prospective customers. Using data-driven insights, we can tailor our marketing strategies and personalise content to individual preferences to create brand awareness and interact with customers in real-time. Scale and specialisation will continue to play an increasingly important role in the customer acquisition process. The barriers to entry for small and developing operators to compete at the same level for enquiry generation in this environment are significant.

Our Digital First business aims to take advantage of this opportunity by offering these services globally to self storage operators and continues to make significant progress across multiple markets. To date, 26 independent operators (2022: 16) comprising 96 properties (2022: 55) across the UK, continental Europe, Central America, Asia 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 R12.8 million.

Although Digital First made a modest contribution to earnings, net of the associated costs, 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.

JOINT VENTURE PARTNERSHIPS

Over the past three years, the group has established several JV partnerships to acquire and develop new self storage properties.

JV partner	Portfolio details
SA	
Nedbank Property Partners (a division of Nedbank) – NPP	Portfolio comprises four new developments (24 100m² GLA on full fit-out) completed in FY24. Estimated development cost on full completion of R370 – R375 million. Stor-Age and NPP each have a 50% equity interest. Development of new Kramerville property (Johannesburg, 5 400m² GLA) currently in progress – estimated development spend R75 million (including land component). Scheduled to open for trading in Q2 FY25.
Garden Cities	Sunningdale (6 300m² GLA), located on Cape Town's western seaboard, was co-developed with Garden Cities and commenced trading in April 2021. Stor-Age and Garden Cities each have a 50% equity interest.
Rabie Property Group	Stor-Age is co-developing a property in Century City (Cape Town) with Rabie (6 100m² GLA). Rabie has a 20-year long and successful track record of development in Century City, a precinct comprising office, retail, residential and leisure developments catering for a more modern lifestyle of convenience. Estimated development cost R96 million. Scheduled to open for trading in Q2 FY25. Stor-Age and Rabie each have a 50% equity interest.

COMMENTARY (continued)

JV partner	Portfolio details
UK	
Moorfield Group	Established in 2021 to assemble a portfolio of high-quality self storage properties with a focus on London (and its commuter towns), the South East and key regional towns and cities. Stor-Age equity interest – 24.9%. Total JV commitments to acquisitions and new developments of approximately £125 million to date. Portfolio comprises six trading properties at 30 September 2023, including two new properties (Bath and Heathrow) which were completed and commenced trading in H1 of FY24. West Bromwich development completed in October 2023 and Canterbury development is scheduled for completion in Q3 FY24. Development on a site acquired in Acton, west London (April 2023) scheduled to commence in Q4 FY24 (estimated development cost to be confirmed).
Nuveen Real Estate	Established in April 2023 to acquire the Easistore portfolio (£82.0 million) comprising four well-located properties across Kent and West Sussex with 22 500m² GLA trading into densely populated residential areas. Stor-Age equity interest – 10.0%. In October 2023, the JV exchanged contracts on the freehold acquisition of a building in Leyton (London) for conversion to a 41 500 sqf GLA property. The building has existing consent for self storage as a land use and only requires consent for some minor modifications to the building. The total development cost is expected to be £12 million with a targeted completion date of Q4 FY25.

JV property portfolio	New developments – Trading	New developments – In progress	Acquired – Trading	Pipeline	Total	GLA on full fit-out (m²)
SA						
NPP	4	1	–	–	5	29 500
Garden Cities	1	–	–	–	1	6 300
Rabie	–	1	–	–	1	6 100
Total	5	2	–	–	7	41 900
UK						
Moorfield	2	2	4	1	9	55 400
Nuveen	–	–	4	1	5	25 800
Total	2	2	8	2	14	81 200

Occupancy summary – JV portfolio	30 September 2023			30 September 2022		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
SA						
Same-store	6 300	6 100	97.3%	6 300	5 100	81.2%
Non same-store	9 600	1 600	17.1%	–	–	–
Total	15 900	7 700	48.7%	6 300	5 100	81.2%

	30 September 2023			30 September 2022		
	GLA m²	Occupied m²	% occupied	GLA m²	Occupied m²	% occupied
UK						
Same-store	25 200	17 100	67.9%	25 200	17 600	69.7%
Non same-store	28 700	16 600	57.8%	–	–	–
Total	53 900	33 700	62.5%	25 200	17 600	69.7%

INVESTMENT PROPERTY

The table below summarises the increase in investment property for the period:

	SA Rm	UK £m	UK Rm	Total Rm
Balance at 31 March 2023	5 214.9	250.7	5 516.3	10 731.2
Transfer of property to Nedbank JV	(30.5)	–	–	(30.5)
Capital expenditure on:				
Properties transferred to Nedbank JV	2.3	–	–	2.3
Existing property	35.3	3.5	83.9	119.2
Properties held for development	8.6	–	–	8.6
Remeasurement of leasehold assets	2.0	0.7	17.6	19.6
Revaluation gain	129.5	(1.0)	(23.8)	105.7
Exchange rate fluctuations	–	–	270.9	270.9
Balance at 30 September 2023	5 362.0	253.9	5 864.9	11 226.9
Lease obligations relating to leasehold investment property	(49.2)	(13.3)	(306.4)	(355.6)
Investment property net of lease obligations	5 312.8	240.6	5 558.5	10 871.3

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.

The group's policy is to value 50% of its SA properties at year end and the other 50% at the interim reporting date. In line with this policy, 27 of the 54 trading properties in the SA portfolio were independently valued for financial statement purposes. The remaining properties were valued internally by the board at 30 September 2023 using the same methodology applied by the external valuers.

In the UK, the group's policy is to value the entire portfolio at year end for financial statement purposes. The portfolio was valued internally by the board at 30 September 2023 using the same methodology applied by the external valuers.

In preparing the internal valuations for the UK portfolio, we consulted with the three main valuers in the UK market (CBRE, Cushman and Wakefield, and Jones Lang LaSalle) to understand the valuation metrics (yields, discount rates and capitalisation rates) being applied to self storage valuations since the year end valuations were performed. In our interactions with the valuers, it was noted that: 1. there is no evidence to suggest either a weakening or improvement in valuation metrics; 2. capitalisation ("cap") rates remain 50 basis points weaker than their peak; 3. while occupancy levels appear to have softened across the sector, average rental rates are increasing (i.e. an offsetting impact); 4. market sentiment and investor interest in the sector remains high due to the resilience of the self storage business model; and 5. where average rental rates are softer and occupancy is under pressure, adjustments on a case-by-case basis to valuation metrics, stabilised occupancy and growth assumptions may be warranted.

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. Where relevant, we adjusted certain valuation assumptions for the UK portfolio such as stabilised occupancy, lease up periods and growth rates.

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 last few years. Despite the weakening in valuation yields since their peak 12 – 18 months ago, we expect this trend to continue with the sector having proved itself as a resilient asset class.

COMMENTARY (continued)

The table below summarises the breakdown of investment property at 30 September 2023:

SA	% of portfolio	Valuation Rm
Leasehold	3.1%	164.3
Gross value		212.9
Lease obligations		(48.6)
Freehold^	96.9%	5 148.5
Investment property net of lease obligations	100.0%	5 312.8
Trading properties	97.8%	5 194.8
Development properties	2.2%	118.0
Investment property net of lease obligations	100.0%	5 312.8

UK	% of portfolio	Valuation £m	Valuation Rm
Leasehold	7.8%	18.7	433.0
Gross value		32.0	739.4
Lease obligations		(13.3)	(306.4)
Freehold and long leasehold+	92.2%	221.9	5 125.5
Investment property net of lease obligations	100.0%	240.6	5 558.5
Trading properties	100.0%	240.6	5 558.5

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

^ *Stor-Age Tokai comprises both a freehold (7 494m² GLA) and leasehold (620m² GLA) component. For the purposes of the above analysis, the property is reflected as freehold.*

	Average value per m² (R)	Discount rate	Exit cap rate
SA – Trading properties	13 149	14.22%	8.51%

	Average value per sqf (£)	Discount rate	Exit cap rate
UK – Trading properties	199	9.21%	6.17%

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.

The average portfolio value per m^2/sqf, based on the projected fully fitted-out GLA, increased by 2.3% and 1.5% for SA and the UK respectively compared to 31 March 2023.

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	5 194.8	240.6	5 558.5	10 753.3
Under development	118.0	–	–	118.0
Moorfield JV:				
Trading	–	88.4	2 042.1	2 042.1
Under development	–	31.6	730.6	730.6
Nuveen JV – trading	–	88.1	2 035.3	2 035.3
Nedbank JV:				
Trading	357.7	–	–	357.7
Under development	38.0	–	–	38.0
Sunningdale JV – trading	100.0	–	–	100.0
Rabie JV – under development	43.3	–	–	43.3
Total including 100% of JV properties	5 851.8	448.8	10 366.5	16 218.4
Total including proportionate share of JV properties	5 582.3	279.3	6 452.4	12 034.8

Details of Stor-Age's equity interest in the various JVs are set out on page 9 and in note 7.

COMMENTARY (continued)

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	2 655.9	4 527.9
Undrawn debt facilities	454.7	10.5	242.0	696.8
Gross debt	1 417.3	104.5	2 413.8	3 831.1
Gross debt net of cash held in facilities	1 362.3	104.5	2 413.8	3 776.1
Net debt	1 310.3	102.5	2 366.8	3 677.2
Hedge cover	1 041.6	77.2	1 783.7	2 825.3
Interest rate derivatives	700.0	54.0	1 247.1	1 947.1
Cross currency interest rate swaps	51.2	–	–	51.2
Fixed rate loans	214.5	21.0	485.0	699.5
Interest bearing loans to JVs	75.9	2.2	51.6	127.5
% hedge cover on:				
Gross debt	73.5%	73.9%	73.9%	73.7%
Gross debt net of cash held in debt facilities	76.5%	73.9%	73.9%	74.8%
Net debt	79.5%	75.4%	75.4%	76.8%
Effective interest rate	9.22%	5.04%	5.04%	6.59%
Investment property (net of lease obligations)	5 312.8	240.6	5 558.5	10 871.3
Carrying value of joint ventures	91.6	25.1	579.8	671.5
Loan-to-value (LTV) ratio	28.1%	35.2%	35.2%	31.9%
Weighted average expiry of debt (years)	2.11	3.22	3.22	2.81

Net debt calculated as gross debt less cash held in debt facilities and cash on hand.

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.

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

Our cash position at 30 September 2023, including cash held in our debt facilities, amounted to R153.9 million. Total undrawn borrowing facilities amounted to R696.8 million and the average cost of debt for the group was 6.59%. On a net debt basis, 76.8% of borrowings was hedged. Net debt stood at R3.677 billion with an LTV ratio (as defined above) of 31.9%. The LTV ratio 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 30 September 2023 to increases in interest rates is set out below:

	ZAR	GBP	Total
0.5% increase in 3-month Jibar and Sonia	0.20%	0.17%	0.18%
1.0% increase in 3-month Jibar and Sonia	0.43%	0.34%	0.37%
2.0% increase in 3-month Jibar and Sonia	0.93%	0.71%	0.79%

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

SA Expiry period	Facility Rm	Drawn Rm	Undrawn Rm	% of facility drawn
FY24	160.0	160.0	–	100.0
FY25	762.0	754.8	7.2	99.1
FY26	650.0	502.5	147.5	77.3
FY27	300.0	–	300.0	–
Total	1 872.0	1 417.3	454.7	75.7

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

UK Expiry period	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	71.4	3.6	95.2
FY29	21.0	21.0	–	100.0
Total	115.0	104.5	10.5	90.9

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

Expiry period	SA Rm	SA %	UK £m	UK %
FY24	101.2	10.5%	–	–
FY25	414.5	42.9%	20.0	26.7%
FY26 +	450.0	46.6%	55.0	73.3%
Total	965.7	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	1 310.3	102.5	2 366.8	3 677.2
Net debt – JVs	208.4	14.4	332.9	541.3
Net debt – total	1 518.8	116.9	2 699.7	4 218.5
Investment property	5 312.8	240.6	5 558.5	10 871.3
Investment property – JVs	269.5	38.7	893.9	1 163.4
Investment property – total	5 582.3	279.3	6 452.4	12 034.8
LTV ratio	27.2%	41.8%	41.8%	35.1%

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

COMMENTARY (continued)

HEDGING OF GBP NET INVESTMENT AND CCIRS

	30 September 2023 £m	31 March 2023 £m	30 September 2022 £m
Investment property	253.9	250.7	246.6
Leasehold liabilities	(13.3)	(13.0)	(13.5)
Net investment property	240.6	237.7	233.1
Bank debt	(104.5)	(101.5)	(85.9)
Cash	1.8	4.1	2.8
Other assets	9.7	10.2	11.4
Other liabilities	(20.7)	(23.3)	(23.1)
Net investment excluding deferred tax liabilities	126.9	127.2	138.3
Notional value of CCIRS	2.5	5.0	10.0
CCIRS as a % of net investment property	1.0%	2.1%	4.3%
CCIRS as a % of net investment	2.0%	3.9%	7.2%
Effective hedge of net investment property	44.5%	44.8%	41.1%

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.

The group has intentionally reduced its use of CCIRS from £25.0 million at 31 March 2020 to £2.5 million at 30 September 2023.

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/£
FY24	100%	23.56
FY25	90%	23.44
FY26	65%	24.37

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

NET ASSET VALUE PER SHARE

	30 September 2023 Rm	31 March 2023 Rm	30 September 2022 Rm
Total equity – statement of financial position	7 412.2	7 194.6	7 019.7
Less: Non-controlling interest	(61.2)	(58.4)	(53.3)
Net assets	7 351.0	7 136.2	6 966.4
Less: Goodwill and intangible assets	(159.2)	(156.0)	(149.3)
Net tangible assets	7 191.8	6 980.2	6 817.1
Number of shares in issue (million)	476.2	474.6	474.6
Net asset value (NAV) per share (R)	15.44	15.04	14.68
Net tangible asset value (NTAV) per share (R)	15.10	14.71	14.36
Deferred tax relating to UK investment property revaluations	384.2	369.1	324.2
Adjusted net assets^	7 735.2	7 505.3	7 290.6
Adjusted net tangible assets^	7 576.0	7 349.3	7 141.3
Adjusted NAV per share (R)^	16.25	15.81	15.36
Adjusted NTAV per share (R)^	15.91	15.49	15.05
SA REIT NAV (see page 44)	15.58	15.14	14.53

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

NAV and NTAV per share both increased by 5.2% 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.

Reconciliation of the movement in NAV and NTAV per share for the period:

	NAV per share (R)	%	NTAV per share (R)	%
At 31 March 2023	15.04		14.71	
Foreign currency movement	0.32	2.1	0.32	2.2
Mark-to-market impact of hedging derivatives	(0.05)	(0.3)	(0.05)	(0.3)
Investment property valuations	0.18	1.2	0.18	1.2
Investment in JVs	0.02	0.1	0.02	0.1
Settlement of CSP awards	(0.04)	(0.3)	(0.04)	(0.3)
Other	(0.03)	(0.1)	(0.04)	(0.2)
At 30 September 2023	15.44	2.7	15.10	2.7

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 30 September 2023, a deferred tax liability of R384.2 million (2022: R324.2 million) was reflected in the statement of financial position in respect of UK property revaluations.

Excluding the impact of this deferred tax liability, adjusted NTAV was R15.91, an increase of 5.7%, compared to the prior year.

With the conversion of Storage King to a UK REIT, these deferred tax liabilities will be derecognised in the financial statements.

COMMENTARY (continued)

ACQUISITIONS AND DEVELOPMENT UPDATE

Our growth strategy focuses on organic growth through the expansion of our existing properties, 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.

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.

In the past five years, the group has opened 12 new properties (SA – 9; UK – 3) and acquired 24 existing properties (SA – 4; UK – 20) collectively adding over 190 000m² of GLA on full fit-out. In the case of acquisitions, we have a demonstrable track record of growing earnings once these properties are fully integrated on our operating platform.

We have positioned ourselves in both markets to co-develop new properties with our JV partners. This allows us to allocate capital across a number of opportunities, in both infill locations and new markets, and to mitigate the financial impact of the lease-up. Our current development pipeline equates to over 66 000m², with 17 active projects at various stages of completion. Whilst the associated financing costs of our share of JV developments may have a short-term dilutive impact on earnings, we remain confident that the long-term return profile on invested capital will be value-accretive as new developments lease up to mature occupancy levels.

New developments

Property	Region	Country	Status	Project cost	GLA	Completion date
Century City	Cape Town	SA	Under construction – Rabie JV	R96.0m	6 100m²	Q2 FY25
Kramerville	Johannesburg	SA	Under construction – Nedbank JV	R75.0m	5 400m²	Q2 FY25
De Waterkant	Cape Town	SA	In planning	TBC	6 600m²	TBC
Sandton	Johannesburg	SA	In planning	TBC	6 200m²	TBC
JHB 1	Johannesburg	SA	Secured, subject to town planning	TBC	5 700m²	TBC
Hillcrest	Durban	SA	In planning	TBC	6 500m²	TBC
Canterbury	South East	UK	Under construction – Moorfield JV	£11.7m	54 000 sqf	Q4 FY24
West Bromwich	West Midlands	UK	Completed in October 2024 – Moorfield JV	£11.7m	80 700 sqf	Completed
Acton	London	UK	In planning – Moorfield JV	TBC	52 700 sqf	TBC
Leyton	London	UK	In planning – Nuveen JV	TBC	41 600 sqf	TBC

Extensions and redevelopments

Property	Region	Country	Status	Project cost	GLA	Completion date
Cresta	Johannesburg	SA	Fit-out of additional GLA – in progress	R2.0m	2 100m²	Q3 FY24
Bellville – Durban Rd	Cape Town	SA	Fit-out of additional GLA – in progress	R2.0m	1 900m²	Q3 FY24
Parklands	Cape Town	SA	Expansion – planning permission received	R38.0m	3 300m²	Q4 FY25
Milton Keynes	South East	UK	Expansion – in progress	£2.5m	21 800sqf	Q3 FY24
Crewe	North West	UK	Expansion – in progress	£4.3m	19 600 sqf	Q3 FY24
Huddersfield	North East	UK	Expansion – planning permission received	TBC	22 000 sqf	TBC
Wakefield	Yorkshire	UK	Expansion – planning permission received	TBC	7 000 sqf	TBC
Blackpool	North West	UK	Expansion – planning permission received	TBC	23 000 sqf	TBC

Project cost is the estimated development spend including the land component where applicable.

GLA projections are estimates.

For extensions and redevelopments, the GLA represents additional lettable space arising from the extension/redevelopment.

Milton Keynes and Crewe GLA includes office and bulk space.

TBC – To be confirmed.

COMMENTARY (continued)

Capital commitments

Further details are set out in note 6.

EVENTS AFTER THE REPORTING DATE

UK REIT status – see below.

New development site in Leyton – see page 10.

The board is not aware of any other 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

In November 2023, the requirements to elect to classify the Storage King group of companies as a UK REIT were satisfied.

Under these requirements, 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 satisfies this requirement.

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.

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%.

ESG

In line with our ESG strategy and implementation framework, and on the back of our resilient financial and operational performance, Stor-Age continued to embed responsible and sustainable business practices throughout the organisation during the period.

Our ESG strategy aligns our Vision and Core Values with six key United Nations Sustainable Development Goals (UN SDGs) and takes guidance from the Task Force on Climate-related Financial Disclosures (TCFD). Accordingly, we continue to monitor our impact on the economy, the workplace, the social environment and the natural environment.

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 CO_2 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 97[1] properties, 48 properties (FY23: 30), representing 49%, have solar capacity installed. During the period under review, we completed the installation of solar PV systems at an additional eight properties across both SA and the UK.

To date, Stor-Age has made a total investment into renewable energy capacity of more than R36 million (FY23: R17 million), generating an estimated 4.8 million kWh of energy (FY23: 2.2 million kWh). A further 12 properties have been identified for solar investment in FY24, including existing properties and new developments.

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[2]. Despite an increase in total power demand across the portfolio, emissions generated through municipal electricity consumption are lower as compared to FY20 (peak), as a result of the continued investment into renewable energy capacity.

Renewable energy use in FY23, as reported in the company's most recent annual carbon report, resulted in an estimated 1 094 tCO_2e3 (FY22: 936 tCO_2e3) in avoided greenhouse gas emissions in SA. Renewable electricity use in FY23 resulted in an estimated 15% 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 complimentary use of self storage units).

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, for the second year in a row, we offered complimentary self storage space to assist in their disaster relief efforts.

Other organisations to which we continued to offer complimentary space include the Kolisi Foundation, Gary Kirsten Foundation, Jog Trust, Ed Bham Foundation and the Santa Shoebox Foundation. We also continued to assist The Jag Foundation by offering traditional Out of Home advertising at selected properties. 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.

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 customers 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 50%[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 an estimated seven jobs[4] since starting to store with us. When considering that we had approximately 8 500 commercial tenants storing with us at September 2023, the positive contribution that Stor-Age is indirectly making towards job creation in SA is significant.

[1] *Includes managed properties.*
[2] *As per the FY23 annual carbon report.*
[3] *As per customer surveys completed in FY24.*
[4] *Commercial customers were asked how many direct jobs their business had created since they began storing with Stor-Age – customer surveys completed in FY24.*

COMMENTARY (continued)

OUTLOOK

Stor-Age has successfully navigated the challenges of the evolving operating environment in H1 of FY24 and we continue to enhance every facet of our operations platform in the pursuit of growth. We have a high-quality property portfolio, a sophisticated operating platform, and a defensive and proven resilient business model.

While the macro environment remains uncertain, we remain confident in our business model which has proved its resilience through multiple economic crises. We will maintain our emphasis on organic growth through active revenue management, enquiry generation and conversion, technology and automation, and cost efficiencies. Our development pipeline and JV relationships offer significant growth potential, enabling us to build scale and improve operating margins.

The board expects the full year dividend per share to be approximately 118 to 122 cents for FY24.

This guidance is based on the following assumptions:

Specific assumptions

- Demand levels for self storage remain in line with expectation
- Occupancy and rental rate growth is in line with management's forecast
- Third-party management revenue streams increase in line with management's forecast
- 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
- No further increases in interest rates to 31 March 2024.

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 and is the responsibility of the directors.

DECLARATION OF A CASH DIVIDEND

Notice is hereby given of the declaration of the gross interim dividend (number 16) of 61.36 cents per share for the six months ended 30 September 2023 ("Cash Dividend"). The cash dividend has been declared from income reserves as shown in the short-term announcement.

The salient dates and times in relation to the Cash Dividend are as follows:

Salient dates and times	**2023**
Last day to trade cum-dividend	Tuesday, 28 November
Shares to trade ex-dividend	Wednesday, 29 November
Record date	Friday, 1 December
Payments to Certificated Shareholders and accounts credited by CSDP or broker of dematerialised Shareholders	Monday, 4 December

Notes:

- *Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 29 November 2023 and the close of trade on Friday, 1 December 2023, both days inclusive.*
- *The above dates and times are subject to change. Any changes will be released 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.

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 49.08800 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and

b) a written undertaking to inform their CSDP, broker or the company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

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

The company's tax reference number is: 9027205245

Note: At the date of announcement, Stor-Age had 476 151 609 ordinary shares in issue.

On behalf of the board

GA Blackshaw
Chairman

GM Lucas
CEO

Cape Town
14 November 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2023

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Assets			
Non-current assets	12 292 910	10 968 345	11 555 079
Investment properties	11 226 903	10 139 414	10 731 243
Property and equipment	31 528	19 590	32 320
Stor-Age share purchase scheme loans	79 262	81 933	80 460
Goodwill and intangible assets	159 151	149 331	156 029
Investment in joint ventures	671 486	379 355	422 020
Unlisted investment	27 330	10 822	27 566
Deferred taxation	11 545	9 246	12 814
Derivative financial assets	85 705	178 654	92 627
Current assets	223 052	284 495	501 124
Trade and other receivables	116 474	155 221	138 638
Inventories	7 644	6 737	6 955
Cash and cash equivalents	98 934	122 537	355 531
Total assets	12 515 962	11 252 840	12 056 203
Total Equity	7 412 188	7 019 651	7 194 619
Stated capital	5 361 146	5 362 339	5 362 339
Retained earnings	1 421 568	1 452 739	1 350 847
Foreign currency translation reserve	547 630	131 911	396 258
Share-based payment reserve	20 687	19 370	26 759
Total equity attributable to owners	7 351 031	6 966 359	7 136 203
Non-controlling interest	61 157	53 292	58 416
Non-current liabilities	4 227 979	3 486 542	4 075 662
Loans and borrowings	3 507 511	2 874 170	3 390 198
Derivative financial liabilities	7 049	–	6 618
Deferred taxation	384 231	324 175	369 118
Lease obligations	329 188	288 197	309 728
Current liabilities	875 795	746 647	785 922
Loans and borrowings	231 870	160 000	160 000
Trade and other payables	249 983	216 796	259 379
Provisions	4 629	3 918	16 609
Lease obligations	37 607	30 304	35 100
Taxation payable	59 546	50 626	39 133
Dividends payable	292 160	285 003	275 701
Total equity and liabilities	12 515 962	11 252 840	12 056 203

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2023

	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000
Property revenue	600 462	513 711	1 070 788
Rental income	558 768	477 583	996 635
Other income	41 694	36 128	74 153
Expected credit losses recognised on tenant debtors	(3 404)	(3 030)	(6 273)
Direct property costs	(155 910)	(129 518)	(273 920)
Net property operating income	441 148	381 163	790 595
Other revenue	38 790	17 383	35 950
Management fees	38 790	17 383	35 950
Administration expenses	(86 650)	(64 538)	(152 781)
Net property operating profit	393 288	334 008	673 764
Foreign exchange gains	3 864	2 303	5 468
Fair value adjustment to investment properties	105 654	218 384	244 026
Other fair value adjustment to financial instruments	(23 436)	87 578	(9 626)
Depreciation and amortisation	(4 761)	(5 135)	(8 596)
Profit from operations	474 609	637 138	905 036
Net finance cost	(101 276)	(58 978)	(140 201)
Interest income	16 119	14 491	30 419
Interest expense	(117 395)	(73 469)	(170 620)
Share of profit of joint ventures, net of tax	8 785	15 907	30 246
Profit before taxation	382 118	594 067	795 081
Taxation expense	(17 547)	(37 465)	(63 415)
Normal taxation	(18 791)	(17 450)	(32 747)
Deferred taxation	1 244	(20 015)	(30 668)
Profit for the period	364 571	556 602	731 666
Items that may be reclassified to profit or loss			
Translation of foreign operations	155 764	132 202	400 126
Items that may not be reclassified to profit or loss			
Share of other comprehensive (loss)/income of joint ventures	(1 433)	45	1 350
Other comprehensive income for the period, net of taxation	154 331	132 247	401 476
Total comprehensive income for the period	518 902	688 849	1 133 142
Profit attributable to:	364 571	556 602	731 666
Owners of the parent company	362 881	550 773	724 583
Non-controlling interest	1 690	5 829	7 083
Total comprehensive Income attributable to:	518 902	688 849	133 142
Owners of the parent company	514 253	680 633	118 790
Non-controlling interest	4 649	8 216	14 352
Earnings per share			
Basic earnings per share (cents)	76.45	116.05	152.67
Diluted earnings per share (cents)	75.82	115.07	151.35

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2023

	Stated capital R'000	Retained earnings R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Total attributable to parent R'000	Non-controlling Interest R'000	Total equity R'000
Audited balance at 31 March 2022	5 374 681	1 186 969	2 051	33 273	6 596 974	46 213	6 643 187
Total comprehensive income for the period	–	550 773	129 860	–	680 633	8 216	688 849
Profit for the period	–	550 773	–	–	550 773	5 829	556 602
Other comprehensive income	–	–	129 860	–	129 860	2 387	132 247
Transactions with shareholders							
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	–	–	–	10 323	10 323	–	10 323
Dividends	–	(285 003)	–	–	(285 003)	(1 137)	(286 140)
Total transactions with shareholders	(12 342)	(285 003)	–	(13 903)	(311 248)	(1 137)	(312 385)
Unaudited balance at 30 September 2022	5 362 339	1 452 739	131 911	19 370	6 966 359	53 292	7 019 651
Total comprehensive income for the period	–	173 810	264 347	–	438 157	6 136	444 293
Profit for the period	–	173 810	–	–	173 810	1 254	175 064
Other comprehensive income	–	–	264 347	–	264 347	4 882	269 229
Transactions with shareholders							
Equity settled share-based payment charge	–	–	–	7 389	7 389	–	7 389
Dividends	–	(275 702)	–	–	(275 702)	(1 012)	(276 714)
Total transactions with shareholders	–	(275 702)	–	7 389	(268 313)	(1 012)	(269 325)
Audited balance at 31 March 2023	5 362 339	1 350 847	396 258	26 759	7 136 203	58 416	7 194 619
Total comprehensive income for the period	**–**	**362 881**	**151 372**	**–**	**514 253**	**4 649**	**518 902**
Profit for the period	**–**	**362 881**	**–**	**–**	**362 881**	**1 690**	**364 571**
Other comprehensive income	**–**	**–**	**151 372**	**–**	**151 372**	**2 959**	**154 331**
Transactions with shareholders							
Shares acquired for conditional share plan	**(2 571)**	**–**	**–**	**–**	**(2 571)**	**–**	**(2 571)**
Shares issued in terms of conditional share plan	**1 378**	**–**	**–**	**(16 469)**	**(15 091)**	**–**	**(15 091)**
Equity settled share-based payment charge	**–**	**–**	**–**	**10 397**	**10 397**	**–**	**10 397**
Dividends	**–**	**(292 160)**	**–**	**–**	**(292 160)**	**(1 908)**	**(294 068)**
Total transactions with shareholders	**(1 193)**	**(292 160)**	**–**	**(6 072)**	**(299 425)**	**(1 908)**	**(301 333)**
Unaudited balance at 30 September 2023	**5 361 146**	**1 421 568**	**547 630**	**20 687**	**7 351 031**	**61 157**	**7 412 188**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2023

	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000
Cash flows from operating activities			
Cash generated from operations	368 374	336 400	702 117
Interest received	9 823	11 184	18 994
Interest paid	(112 512)	(71 517)	(178 884)
Dividends paid	(277 609)	(263 596)	(549 612)
Taxation paid	–	(7 566)	(32 526)
Net cash (outflow)/inflow from operating activities	(11 924)	4 905	(39 911)
Cash flows from investing activities			
Additions to investment properties	(115 836)	(206 198)	(373 282)
Surplus in share purchase scheme paid to participants	(2 958)	(2 871)	(8 042)
Repayment of Stor-Age share purchase scheme loans	4 939	6 703	13 319
Acquisition of property and equipment	(2 263)	(3 628)	(6 852)
Acquisition of intangible assets	(734)	(4 747)	(3 053)
Acquisition of unlisted investment	–	–	(17 000)
Disposal of subsidiary, net of cash	(87)	–	(2 910)
Additional investment in joint ventures	(255 147)	(118 083)	(117 747)
Proceeds of loans repaid from joint ventures	91 851	69 094	283 835
Net cash outflow from investing activities	(280 235)	(259 730)	(231 732)
Cash flows from financing activities			
Proceeds from loans and borrowings advanced	283 284	415 826	752 165
Repayment of loans and borrowings	(208 920)	(227 830)	(372 492)
Purchase of shares to settle conditional share plan	–	(36 568)	(36 568)
Repayment of lease obligations	(22 286)	(16 457)	(37 284)
Net cash inflow from financing activities	52 078	134 971	305 821
Net cash (outflow)/inflow for the period	(240 081)	(119 854)	34 178
Effects of movements in exchange rate changes on cash held	(16 516)	20 058	99 020
Cash and cash equivalents at beginning of period	355 531	222 333	222 333
Cash and cash equivalents at end of period	98 934	122 537	355 531

SELECTED EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

1. BASIS OF PREPARATION

The condensed unaudited consolidated interim results for the six months ended 30 September 2023 are prepared in accordance with the JSE Limited Listings Requirements for interim reports and the requirements of the Companies Act of South Africa. The report is prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and Financial Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of these condensed unaudited consolidated interim financial statements are consistent with those applied in the previous consolidated annual financial statements.

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

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

The condensed unaudited consolidated interim results were prepared under the supervision of the Financial Director, Stephen Lucas CA(SA).The consolidated interim results have not been reviewed or reported on by the company's auditors.

2. SEGMENTAL INFORMATION

The group's segmental information is based on the reporting format provided to the group's chief operating decision-makers ("CODM"). The CODMs are the group's executive directors who regularly review the performance of these operating segments. The CODMs evaluate the group's performance based on the following geographical segments:

- South Africa (SA)
- United Kingdom (UK)

The reportable segments for the six month period ending 30 September 2023 were amended from those reported at 31 March 2023 as follows:

- The aggregation of the SA operating segments were previously reported as Western Cape, Gauteng, Free State, KwaZulu-Natal and Eastern Cape.
- Assets and liabilities which were previously unallocated to operating segments are now allocated to either the SA or UK operating segments.
- Administration expenses, management fees, foreign exchange gains, other fair value adjustment to financial instruments, depreciation and amortisation, net finance costs, a share of profits of JVs and taxation have been allocated to either the SA or UK operating segments.

The group is managed on a consolidated basis and inter-segmental transactions have been eliminated.

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

2. SEGMENTAL INFORMATION (CONTINUED)

STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2023			Unaudited* 30 September 2022			Unaudited* 31 March 2023		
Figures in R'000	SA	UK	Total reported	SA	UK	Total reported	SA	UK	Total reported
Investment properties	5 362 039	5 864 864	11 226 903	5 194 318	4 945 096	10 139 414	5 214 925	5 516 318	10 731 243
Property and equipment	22 386	9 142	31 528	13 808	5 782	19 590	23 276	9 044	32 320
Stor-Age share purchase scheme loans	79 262	–	79 262	81 933	–	81 933	80 460	–	80 460
Goodwill and intangible assets	82 830	76 321	159 151	82 806	66 525	149 331	83 275	72 754	156 029
Investment in joint ventures	196 508	474 978	671 486	97 778	281 577	379 355	50 930	371 090	422 020
Unlisted investment	27 330	–	27 330	10 822	–	10 822	27 566	–	27 566
Deferred taxation	–	11 545	11 545	–	9 246	9 246	–	12 814	12 814
Derivative financial assets	12 271	73 434	85 705	13 002	165 652	178 654	12 605	80 022	92 627
Trade and other receivables	47 485	68 989	116 474	44 724	110 497	155 221	27 480	111 158	138 638
Inventories	4 972	2 672	7 644	4 763	1 974	6 737	4 663	2 292	6 955
Cash and cash equivalents	51 927	47 007	98 934	61 706	60 831	122 537	258 670	96 861	355 531
Total assets	5 887 010	6 628 952	12 515 962	5 605 660	5 647 180	11 252 840	5 783 850	6 272 353	12 056 203
Loans and borrowings	1 354 906	2 384 475	3 739 381	1 181 591	1 852 579	3 034 170	1 348 512	2 201 686	3 550 198
Derivative financial liabilities	2 042	5 007	7 049	–	–	–	2 695	3 923	6 618
Deferred taxation	–	384 231	384 231	–	324 175	324 175	–	369 118	369 118
Lease obligations	58 771	308 024	366 795	46 895	271 606	318 501	56 850	287 978	344 828
Trade and other payables	76 761	173 222	249 983	64 223	152 573	216 796	63 019	196 360	259 379
Provisions	3 304	1 325	4 629	3 206	712	3 918	15 265	1 344	16 609
Taxation payable	–	59 546	59 546	–	50 626	50 626	–	39 133	39 133
Dividends payable	292 160	–	292 160	285 003	–	285 003	275 701	–	275 701
Total liabilties	1 787 944	3 315 830	5 103 774	1 580 918	2 652 271	4 233 189	1 762 042	3 099 542	4 861 584

* *The disclosure has been presented to align with the current period's presentation. For the year ended 31 March 2023, the allocation between the segments is unaudited.*

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

2. SEGMENTAL INFORMATION (CONTINUED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2023			Unaudited* 30 September 2022			Unaudited* 31 March 2023		
Figures in R'000	SA	UK	Total reported	SA	UK	Total reported	SA	UK	Total reported
Rental income	289 335	269 433	558 768	256 177	221 406	477 583	533 616	463 019	996 635
Other income	12 432	29 262	41 694	11 107	25 021	36 128	23 029	51 124	74 153
Property revenue	301 767	298 695	600 462	267 284	246 427	513 711	556 645	514 143	1 070 788
Expected credit losses recognised on tenant debtors	(2 334)	(1 070)	(3 404)	(1 968)	(1 062)	(3 030)	(4 435)	(1 838)	(6 273)
Direct property costs	(68 149)	(87 761)	(155 910)	(60 240)	(69 278)	(129 518)	(126 676)	(147 244)	(273 920)
Net property operating income	231 284	209 864	441 148	205 076	176 087	381 163	425 534	365 061	790 595
Management fees	21 000	17 790	38 790	13 158	4 225	17 383	28 479	7 471	35 950
Administration expenses	(56 446)	(30 204)	(86 650)	(46 239)	(18 299)	(64 538)	(104 937)	(47 844)	(152 781)
Net property operating profit	195 838	197 450	393 288	171 995	162 013	334 008	349 076	324 688	673 764
Foreign exchange gains	3 864	–	3 864	2 303	–	2 303	5 468	–	5 468
Fair value adjustment to investment properties	129 453	(23 799)	105 654	114 657	103 727	218 384	86 409	157 617	244 026
Other fair value adjustment to financial instruments	83	(23 519)	(23 436)	16 332	71 246	87 578	12 984	(22 610)	(9 626)
Depreciation and amortisation	(3 940)	(821)	(4 761)	(3 178)	(1 957)	(5 135)	(6 870)	(1 726)	(8 596)
Profit from operations	325 298	149 311	474 609	302 109	335 029	637 138	447 063	457 969	905 036
Net finance cost	(39 258)	(62 018)	(101 276)	(24 346)	(34 632)	(58 978)	(59 592)	(80 609)	(140 201)
Interest income	11 452	4 667	16 119	8 378	6 113	14 491	20 287	10 132	30 419
Interest expense	(50 710)	(66 685)	(117 395)	(32 724)	(40 745)	(73 469)	(79 879)	(90 741)	(170 620)
Share of net profit of joint ventures, net of tax	5 196	3 589	8 785	12 471	3 436	15 907	12 461	17 785	30 246
Profit before taxation	291 236	90 882	382 118	290 234	303 833	594 067	399 936	395 145	795 081
Taxation expense	–	(17 547)	(17 547)	–	(37 465)	(37 465)	–	(63 415)	(63 415)
Normal taxation	–	(18 791)	(18 791)	–	(17 450)	(17 450)	–	(32 747)	(32 747)
Deferred taxation	–	1 244	1 244	–	(20 015)	(20 015)	–	(30 668)	(30 668)
Profit for the period	291 236	73 335	364 571	290 234	266 368	556 602	399 936	331 730	731 666

* *The disclosure has been presented to align with the current period's presentation. For the year ended 31 March 2023, the allocation between the segments is unaudited.*

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

3. EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings per share disclosed below is calculated in terms of IAS 33 Earnings per share and Circular 1/2023, issued by SAICA.

	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000
Basic earnings (profit attributable to owners of the parent)	362 881	550 773	724 583
Basic earnings	362 881	550 773	724 583
Adjusted for:	(120 588)	(202 915)	(224 417)
Fair value adjustment to investment properties	(105 654)	(218 384)	(244 026)
Fair value adjustment to investment properties (NCI)+	(524)	2 285	3 472
Fair value adjustment to investment properties of joint ventures	(9 692)	(16 260)	(33 131)
Tax effect on the above adjustments	(4 718)	29 444	49 268
Headline earnings	242 293	347 858	500 166
Total shares in issue ('000)	476 152	474 610	474 610
Weighted average shares in issue ('000)	474 678	474 610	474 610
Shares in issue entitled to dividends ('000)	476 152	474 610	474 610
Weighted average shares in issue entitled to dividends ('000)	474 678	474 610	474 610
Weighted potential dilutive impact of conditional shares ('000)	3 957	4 039	4 130
Diluted weighted average number of shares in issue entitled to dividends ('000)	478 635	478 649	478 740

	Unaudited 6 months 30 September 2023	Unaudited 6 months 30 September 2022	Audited 12 months 31 March 2023
Earnings per share			
Basic earnings per share (cents)	76.45	116.05	152.67
Diluted earnings per share (cents)	75.82	115.07	151.35
Headline earnings per share			
Basic headline earnings per share (cents)	51.04	73.29	105.38
Diluted headline earnings per share (cents)	50.62	72.67	104.48

\+ *Non-controlling interest*

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

4. INVESTMENT PROPERTIES

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Historical cost	6 995 775	6 959 066	7 026 282
Subsequent expenditure capitalised	1 125 403	960 277	995 353
Fair value adjustment	2 120 141	1 988 845	2 014 487
Remeasurement of lease obligations	65 751	42 122	46 180
Exchange differences	919 833	189 104	648 941
Carrying amount at end of period	11 226 903	10 139 414	10 731 243
Movement in investment properties:			
Carrying amount at start of year	10 731 243	9 535 000	9 535 000
Additions to investment property	–	55 279	146 820
Disposal of investment property	(30 507)	(92 741)	(191 041)
Remeasurement of lease obligations	19 571	41 729	45 787
Subsequent expenditure capitalised	130 050	162 264	271 315
Fair value adjustment	105 654	218 384	244 026
Exchange differences	270 892	219 499	679 336
Carrying amount at end of period	11 226 903	10 139 414	10 731 243

During the period, the group entered into a joint venture agreement with Nedbank Property Partners to develop a property in Kramerville, Johannesburg. The property was owned by the group's wholly-owned subsidiary, SSS JV3 Proprietary Limited (JV3). On conclusion of the joint venture agreement, the group's shareholding reduced to 50%. On derecognition of JV3's net assets, the carrying value of the property was R30.5 million. Further details of the group's investment in joint ventures is set out in note 7.

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 CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS (continued)

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
30 September 2023 (unaudited)				
Assets				
Investment properties	11 226 903	–	–	11 226 903
Derivative assets	85 705	–	85 705	–
Unlisted investment	27 330	–	27 330	–
Liabilities				
Derivative liabilities	7 049	–	7 049	–
30 September 2022 (unaudited)				
Assets				
Investment properties	10 139 414	–	–	10 139 414
Derivative assets	178 654	–	178 654	–
Unlisted investment	10 822	–	10 822	–
Liabilities				
Derivative liabilities	–	–	–	–
31 March 2023 (audited)				
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	–

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

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

5. FAIR VALUE MEASUREMENT (CONTINUED)

The following table reflects the valuation techniques used in measuring level 2 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative assets and liabilities: Interest rate 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

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 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.

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

5. FAIR VALUE MEASUREMENT (CONTINUED)

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

	Unaudited 30 September 2023	Unaudited 30 September 2022	Audited 31 March 2023
South Africa			
Average value per m^2 (ZAR) of trading properties	13 149	12 700	12 837
Discount rate (%)	14.22	13.49	14.08
Exit cap rate (%)	8.51	8.44	8.53
United Kingdom			
Average value per sqf (GBP) of trading properties	199	209	196
Discount rate (%)	9.21	8.98	9.33
Exit cap rate (%)	6.17	6.01	6.16

Average value per m^2 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:

		Change in exit capitalisation rates		Change in market rentals		Change in discount rates	
30 September 2023 (Unaudited)	Valuation R million	–0.1% R million	+0.1% R million	–1.0% R million	+1.0% R million	–0.1% R million	+0.1% R million
South Africa	5 362.0	27.6	(26.6)	(66.3)	65.9	32.3	(32.5)
United Kingdom	5 864.9	47.9	(46.4)	(66.6)	66.6	38.3	(37.9)
Total	11 226.9	75.5	(73.0)	(132.9)	132.5	70.6	(70.4)
30 September 2022 (Unaudited)							
South Africa	5 194.3	25.9	(26.6)	(64.3)	64.4	30.9	(31.8)
United Kingdom	4 945.1	39.9	(38.5)	(66.2)	66.8	31.5	(31.1)
Total	10 139.4	65.8	(65.1)	(130.5)	131.2	62.4	(62.9)
31 March 2023 (Audited)							
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)

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

6. CAPITAL COMMITMENTS AUTHORISED

6.1. CAPITAL COMMITMENTS GROUP

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Contracted for	63 305	193 441	153 674
Authorised but not contracted for	15 405	129 683	102 868
	78 710	323 124	256 541

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.

6.2. CAPITAL COMMITMENTS IN RESPECT OF JVS

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

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Contracted for	124 243	98 918	103 937
Authorised but not contracted for	45 635	19 800	–
	169 878	118 718	103 937

7. 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 partners are Moorfield Group and Nuveen Real Estate.

The table below summarise Stor-Age's interest in JVs, split by their country of incorporation, which are material to the group at the reporting date.

Name of company	JV partner	Effective interest %	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
SA					
Sunningdale Self Storage Proprietary Limited	Garden Cities	50.0	21 728	42 241	16 740
SSS JV 1 Proprietary Limited	Nedbank Property Partners	50.0	12 611	–	8 546
SSS JV 2 Proprietary Limited	Nedbank Property Partners	50.0	8 088	55 536	9 767
SSS JV 3 Proprietary Limited	Nedbank Property Partners	50.0	9 725	–	–
Storage Century City JV Proprietary Limited	Century City Property Investment Trust	50.0	39 493	–	15 877
UK					
SK Heathrow Limited	Moorfield Group	24.9	63 857	49 475	65 510
SK Canterbury1 Limited	Moorfield Group	24.9	42 610	12 879	26 067
SK Bath Limited	Moorfield Group	24.9	43 281	41 582	52 647
SKJV Bidco Limited	Moorfield Group	24.9	182 713	149 470	183 586
SK West Brom Limited	Moorfield Group	24.9	61 420	28 172	36 700
SK Acton Limited	Moorfield Group	24.9	81 097	–	6 580
SK Enterprise JV Limited	Nuveen Real Estate	10.0	104 863	–	–
			671 486	379 355	422 020

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

7. INVESTMENT IN JOINT VENTURES (CONTINUED)

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		
	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000	Unaudited 30 September 2023 R'000	Audited 31 March 2023 R'000	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
SA											
Non-current assets	100 457	86 461	93 210	395 716	112 636	284 323	43 288	20 636	539 461	199 097	398 169
Investment properties	100 000	92 534	92 742	395 716	112 636	284 323	43 288	20 636	539 004	205 170	397 701
Other non-current assets	457	(6 073)	468	–	–	–	–	–	457	(6 073)	468
Cash and cash equivalents	2 160	632	1 259	8 385	15 223	1 236	109	33	10 654	15 855	2 528
Other current assets	597	146	64	7 247	14 623	1 879	2 636	1 366	10 480	14 769	3 309
Current liabilities	(543)	(810)	(864)	(3 635)	–	(1 754)	–	–	(4 178)	(810)	(2 618)
Non-current liabilities	(71 015)	(62 216)	(69 049)	(407 710)	(142 472)	(286 267)	(46 033)	(22 035)	(524 758)	(204 688)	(377 351)
Loans and borrowings	(62 758)	(62 216)	(62 388)	(407 710)	(142 472)	(286 267)	(46 033)	(22 035)	(516 501)	(204 688)	(370 690)
Other non-current liabilities	(8 257)	–	(6 661)	–	–	–	–	–	(8 257)	–	(6 661)
Net assets/(liabilities)	31 656	24 213	24 620	3	10	(583)	–	–	31 659	24 223	24 037
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%			
Opening balance	16 740	37 894	37 894	18 313	–	–	15 877	–	50 930	37 894	37 894
Share of total comprehensive income	3 455	12 471	13 012	293	–	(551)	–	–	3 748	12 471	12 461
Increase in investment	2 607	967	4 674	44 510	55 536	12 682	22 212	15 335	69 329	56 503	32 691
Settlement of loan	(1 500)	(10 603)	(41 919)	(34 888)	–	–	–	–	(36 388)	(10 603)	(41 919)
Interest accrued	426	1 512	3 079	2 196	–	6 182	1 404	542	4 026	1 512	9 803
Carrying amount	21 728	42 241	16 740	30 424	55 536	18 313	39 493	15 877	91 645	97 777	50 930

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

7. INVESTMENT IN JOINT VENTURES (CONTINUED)

SUMMARISED STATEMENT OF FINANCIAL POSITION (100%)

	Nuveen JV	Moorfield JV			Total		
	Unaudited 30 September 2023 R'000	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
UK							
Non-current assets	2 080 849	2 776 510	1 695 375	2 139 568	4 857 359	1 695 375	2 139 568
Investment properties	2 035 291	2 772 732	1 576 965	2 135 298	4 808 023	1 576 965	2 135 298
Other non-current assets	45 558	3 778	118 410	4 270	49 336	118 410	4 270
Cash and cash equivalents	25 629	86 767	43 245	60 676	112 396	43 245	60 676
Other current assets	35 959	91 223	48 313	46 873	127 182	48 313	46 873
Current liabilities	(97 353)	(108 768)	(56 485)	(77 373)	(206 121)	(56 485)	(77 373)
Non-current liabilities	(1 561 528)	(2 403 832)	(1 415 076)	(1 762 158)	(3 965 360)	(1 415 076)	(1 762 158)
Loans and borrowings	(1 474 703)	(2 373 452)	(1 415 076)	(1 734 841)	(3 848 155)	(1 415 076)	(1 734 841)
Other non-current liabilities	(86 825)	(30 380)	–	(27 317)	(117 205)	–	(27 317)
Net assets	483 556	441 900	315 372	407 586	925 456	315 372	407 586
Group's share in %	10.0%	24.9%	24.9%	24.9%			
Opening balance	–	371 090	208 686	208 686	371 090	208 686	208 686
Share of total comprehensive income	1 425	2 179	3 391	19 134	3 604	3 391	19 134
Increase in investment	101 556	140 427	66 867	103 446	241 983	66 867	103 446
Settlement of loan	–	(55 406)	–	–	(55 406)	–	–
Foreign exchange differences	1 882	16 688	2 634	39 824	18 570	2 634	39 824
Carrying amount	104 863	474 978	281 578	371 090	579 841	281 578	371 090

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

7. INVESTMENT IN JOINT VENTURES (CONTINUED)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME (100%)

	Garden Cities			Nedbank Property Partners		Total		
	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000	Unaudited 6 months 30 September 2023 R'000	Audited 12 months 31 March 2023 R'000	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000
SA								
Property revenue (net of expected credit losses recognised on tenant debtors)	6 273	3 923	9 267	569	325	6 842	3 923	9 592
Direct property costs	(1 428)	(1 085)	(2 268)	(1 395)	–	(2 823)	(1 085)	(2 268)
Administration expenses	(434)	(281)	(721)	(489)	(255)	(923)	(281)	(976)
Fair value of investment properties	7 388	32 520	32 520	7 657	–	15 045	32 520	32 520
Depreciation and amortisation	(21)	(15)	(35)	–	–	(21)	(15)	(35)
Interest income	106	72	100	795	37	901	72	137
Interest expense	(3 378)	(2 719)	(5 931)	(6 552)	(1 210)	(9 930)	(2 719)	(7 141)
Deferred taxation	(1 596)	(7 473)	(6 907)	–	–	(1 596)	(7 473)	(6 907)
Profit/(loss) for the period	6 910	24 942	26 025	585	(1 103)	7 495	24 942	24 922
Total comprehensive income/(loss)	6 910	24 942	26 025	585	(1 103)	7 495	24 942	24 922

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

7. INVESTMENT IN JOINT VENTURES (CONTINUED)

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME (100%)

	Nuveen JV	Moorfield JV			Total		
	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000	Unaudited 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Audited 12 months 31 March 2023 R'000
UK							
Property revenue (net of expected credit losses recognised on tenant debtors)	74 472	58 331	46 006	96 334	132 803	46 006	96 334
Direct property costs	(20 095)	(21 925)	(12 568)	(29 949)	(42 020)	(12 568)	(29 949)
Administration expenses	(28 434)	(6 008)	(4 507)	(9 552)	(34 442)	(4 507)	(9 552)
Fair value of investment properties	–	8 714	–	67 755	8 714	–	67 755
Fair value adjustment to financial instruments	31 212	–	–	–	31 212	–	–
Depreciation and amortisation	(29)	(1 339)	(779)	(1 458)	(1 368)	(779)	(1 458)
Interest income	4 222	11	–	54	4 233	–	54
Interest expense	(46 859)	(16 433)	(10 736)	(22 177)	(63 292)	(10 736)	(22 177)
Taxation	–	(6 938)	(3 618)	(29 584)	(6 938)	(3 618)	(29 584)
Normal taxation	–	(5 195)	(3 618)	(4 075)	(5 195)	(3 618)	(4 075)
Deferred taxation	–	(1 743)	–	(25 509)	(1 743)	–	(25 509)
Profit for the period	14 489	14 413	13 798	71 423	28 902	13 798	71 423
Other comprehensive income	(240)	(5 660)	(181)	5 421	(5 900)	(181)	5 421
Total comprehensive income	14 249	8 753	13 617	76 844	23 002	13 617	76 844

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

8. RELATED PARTY TRANSACTIONS

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
  - 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 the Moorfield Group)
  - SSS JVs (collectively refers to the JV partnerships between Stor-Age and Nedbank Property Partners)
  - Storage Century City JV Proprietary Limited
  - SK Enterprise JV Limited
- Directors as listed in this announcement
- Related through common shareholding/directorships or affiliation with related parties
  - Madison Square Holdings Close Corporation ("MSH")
  - Stor-Age Property Holdings Proprietary Limited

Material related party transactions and balances	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Related party balances			
Amounts – owing to related parties	–	–	518
Amounts – owing by related parties	63	1 773	11 170
Related party transactions			
Interest income on Stor-Age share purchase scheme loans	3 123	3 259	6 414
Interest income from related party	4 025	–	9 803
Construction fees paid to MSH	6 722	33 425	41 742
Recovery of cost from MSH	300	300	600
Management fees income from related parties	24 632	4 504	7 212
Acquisition and development fees from related parties	14 168	9 257	20 830
Office rental expense to related party	1 031	810	1 672

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

9. NET ASSET VALUE PER SHARE

	Unaudited 30 September 2023	Unaudited 30 September 2022	Unaudited 31 March 2023
Number of shares in issue	476 151 609	474 610 430	474 610 430
Net asset value*			
Net asset value per share (cents)	1 556.68	1 479.03	1 515.90
Net asset value per share excluding non-controlling interest (cents)	1 543.84	1 467.81	1 503.59
Net tangible asset value per share (cents)	1 523.26	1 447.57	1 483.02
Net tangible asset value per share excluding non-controlling interest (cents)	1 510.41	1 436.34	1 470.72

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

10. LOANS AND BORROWINGS

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
ZAR denominated facilities	1 417 277	1 284 685	1 416 242
GBP denominated facilities	2 413 832	1 881 197	2 234 153
Total gross loans and borrowings for the group	3 831 109	3 165 882	3 650 395
Surplus cash paid into loan facility	(55 000)	(88 000)	(56 000)
Unamortised loan fees	(36 728)	(43 712)	(44 197)
Closing balance	3 739 381	3 034 170	3 550 198
Current loans and borrowings	231 870	160 000	160 000
Non-current loans and borrowings	3 507 511	2 874 170	3 390 198
Long-term borrowings	3 562 511	2 962 170	3 446 198
Surplus cash paid into loan facility	(55 000)	(88 000)	(56 000)

11. EVENTS AFTER THE REPORTING DATE

UK REIT status – see page 19.

New development site in Leyton – see page 10.

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 6 months 30 September 2023 R'000	Unaudited 6 months 30 September 2022 R'000	Unaudited 12 months 31 March 2023 R'000
Headline earnings	242 293	347 858	500 166
Adjusted for:			
Equity-settled share-based payment expense	10 397	10 323	17 761
Fair value adjustment to financial instruments	18 537	(78 821)	31 131
Other items of a capital nature	2 336	2 028	4 451
Fixed rate loan adjustment*	–	5 634	9 551
Depreciation and amortisation	4 761	5 135	8 596
Deferred tax	4 706	(5 917)	(8 736)
Other foreign exchange gain	(3 864)	(2 303)	(5 468)
Foreign exchange gain available for distribution	12 883	–	3 222
	49 756	(63 921)	60 508
Other adjustments			
Non-controlling interests in respect of the above adjustments	111	1 066	30
Distributable earnings	292 160	285 003	560 704
Distributable income per share (cents)	61.36	60.05	118.14
Interim (cents)	61.36	60.05	60.05
Final (cents)	–	–	58.09
Distributable earnings			
Dividend declared for the six months ending 30 September	292 160	285 003	285 003
Dividend declared for the six months ending 31 March	–	–	275 701
Total dividends for the period	292 160	285 003	560 704
Shares entitled to dividend ('000)	476 152	474 610	474 610
Dividends per share (cents)	61.36	60.05	118.14
Interim dividend (cents)	61.36	60.05	60.05
Final dividend (cents)	–	–	58.09

The board declared an interim dividend of 61.36 cents (2022: 60.05 cents) per share for the six months ended 30 September 2023.

This represents an increase of 2.2% over the comparative period.

* *The development of the Bellville – Durban Road 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.*

APPENDIX 2 – SA REIT DISCLOSURES

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Unaudited 31 March 2023 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	362 881	550 773	724 583
Adjusted for:			
Accounting/specific adjustments	(101 901)	(193 218)	(204 490)
Fair value adjustments to:			
Investment properties	(105 654)	(218 384)	(244 026)
Debt and equity instruments held at fair value through profit or loss	236	16	272
Depreciation and amortisation of intangible assets	4 761	5 135	8 596
Deferred tax movement recognised in profit or loss	(1 244)	20 015	30 668
Foreign exchange and hedging items:	19 336	(89 897)	3 886
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	23 200	(87 594)	9 354
Foreign exchange gains or losses relating to capital items – realised and unrealised	(3 864)	(2 303)	(5 468)
Other adjustments:	(8 873)	(9 397)	(19 766)
Adjustments made for joint ventures	(8 460)	(12 748)	(23 268)
Non-controlling interests in respect of the above adjustments	(413)	3 351	3 502
SA REIT FFO	271 443	258 261	504 213
Number of shares outstanding at end of year (net of treasury shares)	476 151 609	474 610 430	474 610 430
SA REIT FFO per share (cents)	57.01	54.42	106.24
Company-specific adjustments	4.35	5.63	11.90
Equity settled share based payment	2.18	2.18	3.74
Realised foreign exchange gain	1.68	1.85	5.21
Fixed-rate loan adjustment	–	1.19	2.01
Capital items non distributable	0.49	0.41	0.94
Total dividend per share (cents)	61.36	60.05	118.14
Interim dividend per share	61.36	60.05	60.05
Final dividend per share	–	–	58.09

APPENDIX 2 – SA REIT DISCLOSURES (continued)

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Unaudited 31 March 2023 R'000
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	7 351 031	6 966 359	7 136 203
Adjustments:			
Fair value of certain derivative financial instruments	(83 663)	(175 803)	(89 932)
Forward exchange contracts	4 717	(59 866)	(11 727)
Interest rate swaps	(88 380)	(115 937)	(78 205)
Goodwill and intangible assets	(159 151)	(149 331)	(156 029)
Deferred tax	372 686	314 929	356 304
SA REIT NAV	7 480 903	6 956 154	7 246 546
Shares outstanding			
Number of shares in issue at end of period (net of treasury shares)	476 151 609	474 610 430	474 610 430
Effect of dilutive instruments (options, convertibles and equity interests)	3 957 000	4 039 000	4 130 000
Dilutive number of shares in issue	480 108 609	478 649 430	478 740 430
SA REIT NAV (Rand per share)	15.58	14.53	15.14
SA REIT cost-to-income ratio			
Expenses			
Direct property cost per IFRS income statement (includes municipal expenses)	155 910	129 518	273 920
Administration expenses per IFRS income statement	86 650	64 538	152 781
Depreciation and amortisation	4 761	5 135	8 596
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	(4 761)	(4 916)	(8 158)
Operating costs	242 560	194 275	427 139
Rental income			
Contractual rental income per IFRS income statement	558 768	477 583	996 635
Gross rental income	558 768	477 583	996 635
SA REIT cost-to-income ratio*^	43.4%	40.7%	42.9%

* *Based on rental income. Including ancillary and management fee income, the ratio is 37.9% (Sep 2022: 36.6%); (Mar 2023: 38.6%)*
^ *Excludes joint ventures*

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Unaudited 31 March 2023 R'000
SA REIT administration cost-to-income ratio			
Expenses			
Administration expenses as per IFRS income statement	86 650	64 538	152 781
Administration costs	86 650	64 538	152 781
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	558 768	477 583	996 635
Gross rental income	558 768	477 583	996 635
SA REIT administration cost-to-income ratio*	15.5%	13.5%	15.3%

* *Based on rental income. Including ancillary and management fee income, the ratio is 13.6% (Sep 2022: 12.2%); (Mar 2023: 13.9%)*

APPENDIX 2 – SA REIT DISCLOSURES (continued)

	Unaudited 30 September 2023	Unaudited 30 September 2022	Unaudited 31 March 2023
SA REIT GLA vacancy rate			
GLA of vacant space (m^2)	54 100	54 900	51 900
GLA of total property portfolio (m^2)	497 200	488 700	494 900
SA REIT GLA vacancy rate^	10.9%	11.2%	10.5%

^ *Excludes joint ventures*

Cost of debt	Unaudited 30 September 2023 SA	Unaudited 30 September 2023 UK	Unaudited 30 September 2022 SA	Unaudited 30 September 2022 UK	Unaudited 31 March 2023 SA	Unaudited 31 March 2023 UK
Variable interest-rate borrowings						
Floating reference rate plus weighted average margin	10.0%	7.6%	8.1%	4.7%	9.5%	6.6%
Fixed interest-rate borrowings						
Weighted average fixed rate	(0.5%)	(0.8%)	(0.2%)	(0.3%)	(0.4%)	(0.6%)
Pre-adjusted weighted average cost of debt:	9.5%	6.8%	7.9%	4.4%	9.1%	6.0%
Adjustments:						
Impact of interest rate derivatives	(0.1%)	(1.7%)	(0.1%)	(0.4%)	–	(1.3%)
Impact of interest rate cap	(0.2%)	(0.1%)	0.1%	–	(0.1%)	–
Impact of cross-currency interest rate swaps	–	0.1%	–	0.1%	–	0.1%
Amortisation of raising fees	0.1%	0.3%	0.1%	–	0.1%	0.4%
All-in weighted average cost of debt:	9.3%	5.4%	8.0%	4.1%	9.1%	5.2%

APPENDIX 2 – SA REIT DISCLOSURES (continued)

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Unaudited 31 March 2023 R'000
SA REIT loan-to-value			
Gross debt net of cash held in facilities	3 776 109	3 077 882	3 594 395
Less:			
Cash and cash equivalents	(98 934)	(122 537)	(355 531)
Add/Less:			
Derivative financial instruments	(78 656)	(178 654)	(86 009)
Net debt	3 598 519	2 776 691	3 152 855
Total assets – per Statement of Financial Position	12 515 962	11 252 840	12 056 203
Less:			
Leasehold liabilities relating to investment properties	(355 609)	(316 100)	(332 890)
Cash and cash equivalents	(98 934)	(122 537)	(355 531)
Derivative financial assets	(85 705)	(178 654)	(92 627)
Goodwill and intangible assets	(159 151)	(149 331)	(156 029)
Trade and other receivables	(116 474)	(155 221)	(138 638)
Carrying amount of property-related assets	11 700 089	10 330 997	10 950 488
SA REIT loan-to-value	30.8%	26.9%	28.7%

APPENDIX 3 – RECONCILIATION OF NON-IFRS METRICS

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

The table below shows the reconciliation between the group's operating performance set out in the table on page 6 ("performance table") and the condensed consolidated statement of profit or loss and other comprehensive income on page 24 ("statement of profit or loss"):

	Unaudited 12 months 30 September 2023 R'000	Unaudited 12 months 30 September 2022 R'000	Unaudited 12 months 31 March 2023 R'000
Reconciliation of rental income			
Performance table:			
Rental income – self storage	538 071	455 089	950 848
SA	278 906	243 159	507 179
UK	259 165	211 930	443 669
Rental income – other	15 423	13 702	28 691
SA	5 155	4 227	9 341
UK	10 268	9 476	19 350
Non-core income – SA	–	–	985
Rental underpin – SA	–	3 517	5 564
Insurance claim proceeds relating to loss of revenue – SA	5 274	5 274	10 547
Rental income – Statement of profit or loss	558 768	477 583	996 635
Reconciliation of other income			
Performance table:			
Ancillary income	38 387	33 057	67 699
SA	11 522	10 092	21 104
UK	26 865	22 965	46 595
Sundry income	3 306	3 071	6 454
SA	910	1 015	1 925
UK	2 397	2 056	4 529
Other income – Statement of profit or loss	41 694	36 128	74 153
Reconciliation of direct operating costs			
Performance table:			
Direct operating costs	(155 910)	(131 216)	(273 920)
SA	(68 149)	(61 938)	(126 676)
UK	(87 761)	(69 278)	(147 244)
Reallocation between direct and administration costs – SA	–	1 698	–
Direct operating costs – Statement of profit or loss	(155 910)	(129 518)	(273 920)

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")

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

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- * Executive
- + British citizen

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stor-age

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