STOR-AGE PROPERTY REIT LIMITED

INTEGRATED REPORT

2016

Stor-Age Property REIT Limited is the leading and largest self storage property fund and brand in South Africa.

Stor-Age develops, acquires and manages high profile self storage properties.

Successfully listing on the JSE in November 2015, Stor-Age services more than 14 000 tenants across its portfolio. The portfolio of 33 properties consists of 236 000 m² of GLA spread across South Africa and strategically concentrated in the largest cities.

Stor-Age pioneered the development of high profile Big Box self storage properties in outstanding locations in South Africa.

CONTENTS

Corporate information
(Registration number: 2015/168454/06)
ISIN: ZAE000208963
Share code: SSS

Listing date: 16 November 2015

Shares in issue: 139 402 129 (31 March 2016)

SCOPE AND BOUNDARY

This is our first integrated report for the period ended 31 March 2016 and follows our listing on the "Speciality REIT" sector of the JSE Main Board on 16 November 2015.

In this report we aim to explain our strategy, the key opportunities and risks in our markets, our financial and non-financial performance and our expectations for the year ahead.

We focus on material sustainability issues, which we determine through board discussion, market research, engagement with our stakeholders, continuous risk assessments and review of prevailing trends in our industry and the global economy.

Sustainability issues that are not considered material to our business are not discussed in this report.

SCOPE OF THIS REPORT

This report presents the financial results and the economic, environmental, social and governance performance of the group for the reporting period from 16 November 2015 to 31 March 2016. Content encompasses all divisions and subsidiaries of the group, across all regions of operation in South Africa.

REPORTING APPROACH

The report is targeted primarily at current stakeholders and potential investors in the group. In compiling the report we were guided by international and South African reporting guidelines and best practice, and South African legislation including the Companies Act, JSE Listings Requirements, IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, King III and the International Integrated Reporting Framework issued in December 2013.

ASSURANCE

The company's external auditors, KPMG Inc., have independently audited the financial statements for the period ended 31 March 2016. Their unqualified audit report is set out on page 56. The scope of their audit is limited to the information set out in the financial statements on pages 58 to 104.

CORPORATE INFORMATION

The current executive directors are Gavin Lucas (CEO), Stephen Lucas (Financial Director) and Steven Horton and they can be contacted at the registered office of the company.

Stor-Age's integrated report 2016 is posted on the group's website: **www.stor-age.co.za.**

The company's contact details are disclosed on the IBC.

FORWARD-LOOKING STATEMENTS

This integrated report contains forward-looking statements that, unless otherwise indicated, reflect the group's expectations as at 31 March 2016. Actual results may differ materially from the company's expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation. The group's external auditors have not reported on or reviewed these statements.

RESPONSIBILITY STATEMENT AND REVIEW

The Audit and Risk Committee and the board acknowledge their responsibility to ensure the integrity of this report. It has been reviewed by the Audit and Risk Committee, the board, company secretary, sponsor and investor relations consultants. The financial statements included in this integrated report have been audited by the external auditors.

Gavin Lucas
Chief Executive Officer

Stephen Lucas
Financial Director

Gareth Fox
Chairman Audit and Risk Committee

INTRODUCING STOR-AGE

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa, as well as the first and only self storage REIT listed on any emerging market bourse following our successful debut on the JSE in November 2015. Our highly specialised property fund is focused on the fast growing self storage sector, a niche sub-sector of the broader commercial property market.

The establishment and listing of Stor-Age brought together:

- Property owning and fund management businesses held equally by Growthpoint, Faircape and Stor-Age Property Holdings; and the
- Operations business – Stor-Age Self Storage

Stor-Age seeks to develop, acquire and manage high quality self storage properties where it will achieve strong market penetration, benefit from economies of scale and produce favourable operating margins.

Our activities encompass the entire value chain across acquisition, development, ownership and management.

Our more than R2 billion portfolio comprises 33 self storage properties across South Africa. Stor-Age owns and operates 24 of these properties representing 181 342 m² of GLA and R1.4 billion in value ("Listing Portfolio"). The balance representing 54 919 m² of GLA makes up the unlisted portfolio ("Managed Portfolio") on which Stor-Age receives property and asset management fees. Collectively, Stor-Age manages over 14 000 individual leases.

The REIT is managed internally.

THE SOUTH AFRICAN SELF STORAGE INDUSTRY LEADER

Leading and largest self storage property fund in South Africa

High quality self storage properties

Outstanding locations with high barriers to entry

Economies of scale

High visibility buildings and easy access off arterials

Business model based on global best practice

Secured pipeline of development assets

Industry leading operations and digital platform

Favourable operating margins

Decade long track record of successfully developing, tenanting and operating self storage assets

INTRODUCING STOR-AGE (continued)

OUR VISION

To be the best self storage business in the world. Not necessarily the biggest but certainly the best.

OUR MISSION

To rent space. We excel at renting space and it's what we are experts at.

OUR SUCCESS DRIVERS

- Diversified tenant risk (14 000 + customers)
- Presence in South Africa's main metropolitan centres – Johannesburg, Pretoria, Cape Town and Durban
- High barriers to entry
- Market leading brand
- Our people – committed and passionate
- Average length of stay – 20 months
- Favourable operating margins
- Growing demand and awareness
- Low obsolescence and ongoing maintenance capex
- Strong cash flow
- Attractive earnings growth
- Low bad debt record (< 0.5% of revenue)

HIGHLIGHTS

Rental rate per m²
(4.5 months)

R76.3
at year end
an 11.5% annualised increase from R72.6 as disclosed in the prospectus

Occupancy
(4.5 months)

86%
an increase of 3 923 m² from listing

Distributable earnings
(4.5 months)

R38.906m
ahead of listing forecast by 23%

Distribution
(4.5 months)

30.07 cents
outperformance of 5%

Headline earnings per share *(4.5 months)*

29.93 cents
outperformance of 4%

Total value of property assets

R1.4 billion

Total number of properties

33
24 properties in the Listing Portfolio and 9 in the Managed Portfolio

Gearing

8.7%
of property assets

Total GLA

236 000 m²
under management

Customer satisfaction rating

95%
1 700+ responses since listing

Total number of enquiries

17 000+
Trading portfolio

Total number of tenants

14 000+
Trading portfolio

Pipeline

R1.2 billion+
19 properties


stor-age
self storage
get spaced
security

CHAIRMAN'S LETTER OF WELCOME

I am pleased to write my inaugural report for Stor-Age, the first self storage REIT to list on the JSE and indeed, in any emerging market. The trend towards specialist real estate funds has been more evident globally than in South Africa, despite compelling evidence that specialist REITs consistently outperform their diversified peers.

For these reasons the listing of Stor-Age, albeit with an initially modest market capitalisation, reflects an important development in our local REIT sector. As a specialist asset class in the early stages of development in South Africa, self storage offers unique growth prospects which the management team intends to harness in order to deliver strong and sustainable growth in returns.

> "The same social and built-environment trends that are propelling self storage in South Africa are also at play in the UK, Europe and Australia…"

A TRACK RECORD OF DELIVERY

Self storage is a real estate business with a significant operational overlay and therefore demands a highly specialised operations platform to successfully manage the business, particularly if the intention is to create meaningful scale and retain a position of market leadership.

Although new to the public arena, the seasoned executive team has established a track record of delivery since the founding of the business ten years ago. The business model is based on global best practice and strong networks with leading first world market peers, which is evidenced by a decade of successfully acquiring, developing, leasing and operating self storage assets.

CREATING VALUE

The remarkable growth of Stor-Age over the past decade has highlighted one of the notable features of the self storage business model, namely the low correlation between customer demand and the general economic cycle. Residential and commercial customers make use of the product due to a 'need' that arises in both strong and weak markets. Globally self storage has demonstrated resilience in economic downturns while also responding well to periods of strong GDP growth.

TIMELINE

2005	2006	2007	2009	2010	2012	2014	2015
Began local market research	Stor-Age forms and first property opened	International market research begins	4 properties trading in Cape Town	JV formed with Acucap and Faircape	Portfolio grows to 15 properties in 4 cities	Portfolio grows to 28 properties in 6 cities	Listing of Stor-Age on JSE

"Residential and commercial customers make use of the product due to a 'need' that arises in both strong and weak markets. Globally self storage has demonstrated resilience in economic downturns while also responding well to periods of strong GDP growth."

Self storage benefits from higher gross rental margins and a lower operating cost structure than traditional REITs, with relatively modest ongoing capital requirements. Over the long-run and seen in the context of growing customer demand, this should translate into favourable risk-adjusted returns.

GLOBAL MARKETS

Although self storage has a long track record in certain first world markets, particularly in the US (global leader), there are other developed countries where the industry is less mature. As management seeks to grow the fund, its opportunities are therefore not limited to South Africa or even to only emerging markets. The same social and built-environment trends that are propelling self storage in South Africa are also at play in the UK, Europe and Australia, and the board has encouraged management to continue deepening its networks in these markets where many of the self storage businesses are still privately owned.

There are around 60 000 self storage properties worldwide with over 80% of these situated in the US. Despite the 2008 financial crisis, the US industry continued to grow and last year saw $2.5 billion of acquisitions supported by around $1.15 billion in equity capital raisings and $1.1 billion of public debt issuance, with substantially more being accessed via existing credit lines, term loans and the CMBS market.

The US and other developed economies such as the UK and Australia all have their own well-established market leaders in self storage. National Storage was the first such listing on the Australian Stock Exchange in December 2013. Listed at an 8% premium to NAV, in its latest annual results to June 2015 it delivered a return of 39% to rank as the top Australian REIT on a total shareholder return basis (the A-REIT index averaged 20%). Similarly in the UK, Big Yellow delivered an average shareholder return of 15.2% per annum over the 15 years since listing in 2000. This compares favourably to the 7.8% per annum for the FTSE Real Estate Index and 4.8% per annum for the FTSE All Share index over the same period.

These results show the extent to which self storage has historically outperformed the broader property sector over a sustained period, trading at tighter implied yields and higher price-to-NAV premiums. According to the National Association of REITs, the US self storage REIT sector has only generated negative returns in three of the last 22 years to 2015, delivering shareholder returns of 20% or more in 11 of the years and 30% or more in seven. For the 15 years to 2014, self storage was the top performing REIT sector, having delivered average annual returns of 20%, 18% and 24% for the 15-year, 10-year and 5-year periods, respectively.

FINANCIAL PERFORMANCE

Against a background of a consistently strong performance by this asset class globally, Stor-Age has made a promising transition from a private to a public fund and outperformed expectations for the 4.5 month reporting period to March 2016. The distribution per share of 30.07 cents came in ahead of the listing forecast in the prospectus by 4.7%. Distributable earnings were R38.9 million, exceeding the listing forecast by R7.4 million (23%).

Bank debt of R129 million was in place at year end, with net debt of R119 million representing 8.7% of gross property assets of R1.37 billion. Of this debt, an average of 84% is fixed for a further period of just under three years and as debt levels grow with future acquisition activity, the company will maintain this conservative hedging profile.

OUTLOOK AND THANKS

I'd like to congratulate the management team and senior staff on a successful result for the company's first reporting period. Gavin Lucas, our CEO, has shown visionary and entrepreneurial leadership, and he has been well supported by Stephen Lucas and Steven Horton in building a business with an excellent portfolio, a robust and sophisticated operational platform and a pipeline of exciting acquisition opportunities.

Thanks also to my fellow non-executive directors who have brought their formidable experience to bear on the strategic direction and governance of the company.

Stor-Age has a clear vision and well-articulated strategy that aims to deliver attractive and sustainable returns to shareholders, to increase the scale of the business and to retain its position of market leadership. We look forward to realising these goals over the coming years and establishing Stor-Age as a valuable player in the South African listed property industry.

Paul Theodosiou
Chairman
13 June 2016

"Stor-Age has a clear vision and well-articulated strategy that aims to deliver attractive and sustainable returns to shareholders, to increase the scale of the business and to retain its position of market leadership."

ABOUT SELF STORAGE

ABOUT SELF STORAGE

The first self storage properties were developed in Texas, US in the mid-1960s. Becoming immediately successful, development of similar self storage properties quickly gained traction throughout the US and Canada. Today facilities are being constructed worldwide.

In the first world markets of the US, Australia and the UK, supply levels are currently estimated at 0.68, 0.15 and 0.05 m² of self storage space per capita, respectively. While the US market is recognised as being some 20 years more mature than the Australian market, the UK self storage sector is much younger than even the Australian sector. Nonetheless, its supply per capita remains almost three times the average supply per capita of 0.015 m² for the greater European market (with the exception of the Netherlands and Sweden which are closer to the UK supply figures).

It is clear that even in more advanced international markets, self storage remains a developing product.

The first self storage properties in South Africa were built in the late 1980s in industrial areas. Local supply in 'first world pockets' measured in square metres per capita is still low relative to international peers. For smaller operators with limited operational experience, scale and access to finance, the long lead times required to develop a mature 'Big Box' self storage property in a prime location represent a significant barrier to entry. Therefore while the number of self storage properties in the South African market has increased since 2007, outside of Stor-Age there has been very little growth of well developed, high quality self storage properties in high-end urban and suburban nodes.

Internationally and in South Africa, ownership of self storage properties is highly fragmented compared to the broader commercial property sector. Stor-Age's view, supported by two market research studies in 2007 and 2014, is that the local industry is currently in the early stages of post 'first round consolidation'. There have been minimal sale transactions over the last 10 years to date. While the fragmented nature of the industry is therefore a source of opportunity, the limited development of investment grade self storage properties outside of Stor-Age (explained above) will pose a challenge.

DEMAND DRIVERS

Demand for self storage is influenced by socio-economic factors and proximity to demand drivers such as residential development, shopping centres and small business users. Expected future growth drivers include the following trends:

- increasing public awareness of self storage as a service
- smaller living spaces and increasing household numbers
- a shift to apartment living (increase of mixed-use developments – 'live, work and play') with a resulting reduction in household storage space
- home renovations
- shifting social preferences among 'Millennials' that are deferring marriage and traditional family formation in favour of maintenance-free lifestyles
- an ageing formerly 'advantaged' population residing in smaller homes and/or retirement villages
- South Africa's emerging black middle class
- increased population mobility and urban density
- increased number of online retailers which require flexible storage space
- growth in the number of start-up SMEs requiring flexible and convenient space

CUSTOMER PROFILE

Residential users typically use short term storage for life-changing events. However the growing security-driven living trend – estates, apartments and retirement villages – compounded by rising urbanisation, increasing consumerism and access to credit, means that residential users now also have longer term storage demand.

Commercial customers may require storage as a short term measure as they grow or downscale their businesses, or longer term for convenient and secure storage of inventory and archives. We continue to see strong demand from commercial customers across a wide range of industries as they seek a cost effective, flexible solution for their storage requirements, preferring self storage over a traditional long-term lease. Commercial customers generally stay longer than residential customers.

EFFICIENT OPERATIONS

A mature self storage property generally operates with stabilised occupancy levels in excess of 80%. A new self storage property usually requires between three and five years to lease-up to these levels. The lease-up process begins when a new self storage property is completed and occupancy levels increase incrementally over a period of time to reach the stabilised occupancy target.

Operating expenses are generally fixed in nature and consist predominantly of staff-related costs, utilities such as rates, water and electricity as well as advertising costs. Given this, larger stores in high density urban locations generally drive higher revenues and operating margins. Self storage generally requires low levels of ongoing capital expenditure and maintenance.

MEET ABA

… I really enjoy working for a company that has developed so much over a relatively short space of time.

It's afforded me the opportunity to not only forge a career path but to learn at the same time.

I am inspired by the amount of value this company places in its people and appreciative of the effort it places into upskilling its staff …

Aba joined Stor-Age as an Assistant Store Operations Manager. Within a year Aba was appointed as our Human Resource Assistant, where she quickly became an integral part of the team. Today Aba is the Assistant HR Manager.

Aba Ayirebi
Assistant HR Manager

PIONEERING THE DEVELOPMENT OF BIG BOX SELF STORAGE PROPERTIES IN SOUTH AFRICA

Brooklyn – PTA


Claremont – CPT

Table View – CPT

Mount Edgecombe – DBN

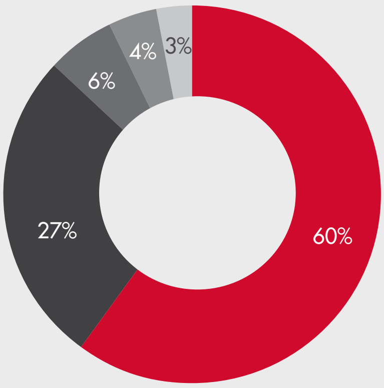
Tokai – CPT

JHB City – JHB


Silver Lakes – PTA

Constantia Kloof – JHB

Gardens – CPT



GEOGRAPHIC REPRESENTATION

- Gauteng
- Western Cape
- Eastern Cape
- Free State
- KwaZulu-Natal

GEOGRAPHIC FOCUS

Primary focus = high profile locations in JHB, PTA, CPT & DBN

OUR BUSINESS

WHO WE ARE AND WHAT WE DO

GROWTH STRATEGY

DIRECTORS

OUR BUSINESS

WHO WE ARE AND WHAT WE DO

Our trading portfolio comprises 33 self storage properties across South Africa.

Stor-Age owns and operates 24 of these properties representing 181 342 m² of GLA – our Listing Portfolio. We manage over 14 000 individual leases with a churn rate of 5 – 6% per month and over 700 new tenants moving in each month. The balance representing 54 919 m² of GLA makes up our Managed Portfolio on which Stor-Age receives property and asset management fees. Stor-Age holds a pre-emptive right to acquire all properties in the Managed Portfolio, representing a significant growth pipeline.

We continue to focus on improving our operating platform and infrastructure to maximise revenue, reduce costs and ultimately deliver enhanced returns. At a property level, our people and the high quality, secure and convenient space (modern, purpose built and security systems) attract and retain a diverse customer base.

SOPHISTICATED OPERATIONS PLATFORM

Operationally Stor-Age consists of two elements: systems and people. Systems (including processes, controls and responsibilities) are clearly defined and set out in operating standards which ensure consistency across the business. The increased use of technology and automation to improve our systems and processes remains a key focus area. The 'people' aspect has been a strategic focus from the outset and we place significant emphasis on recruiting the right people and training, developing and managing our staff to achieve their highest potential.

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

Our web-based tenant management system provides real time information on the operating and financial performance of each property. The system also has a unique built-in CRM tool which allows all enquiries to be logged and tracked (until closed) and management to monitor staff's efforts in this process remotely. Every month, more than 3 200 enquiries are recorded and followed up on.

Pricing is dynamic and varies according to unit size, demand, the stage of lease-up and location. In Stor-Age's 'Big Box' properties, the internal space can be reconfigured to produce variations of unit sizes in order to meet the demand profile and optimise the revenue streams from the property.

BRAND STRENGTH

A key component of our growth strategy has been to develop Stor-Age into the market-leading self storage brand. Our focus on the location, visibility and quality of our properties, coupled with excellent customer service and a leading online platform, has successfully achieved this.

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

The high standards of the properties, people and convenient locations successfully attract customers who are looking for quality and value. Given that the growth in our portfolio is all in high profile locations, there has been a natural increase in brand awareness particularly from the 'Big Box' flagship properties. This trend is expected to continue with the introduction of new properties.

STOR-AGE AT OUR CORE

Stor-Age's Core Ideology consists of both our Core Purpose and our Core Values. Put simply, Stor-Age exists because we solve both people and business space problems.

We aim to actualise within a number of dimensions at the same time. Stor-Age aims to have purpose and profit, continuity and change, freedom and responsibility. We strive to respect our colleagues, our customers, ourselves and the organisation, which is greater than the sum of its parts.

Our four Core Values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity.

WHO WE ARE AND WHAT WE DO (continued)

OUR PEOPLE

Stor-Age operates with a non-hierarchical structure and operations staff are pivotal to the achievement of our strategic objectives including driving occupancy, revenue and cash flow growth in the portfolio.

To foster a partnership culture within the business, management spends significant time at the individual properties and is accessible to staff at all levels. Our learning, development and training programme focusses on both core and soft skills to promote the individual development of staff, while our performance management system ensures that there are regular appraisals and feedback sessions.

OUR PROPERTY

Our property portfolio (including commitments) valued in excess of R2 billion comprises 43 properties in total (including our pipeline). This has achieved our initial five year goal to 2015.

Our portfolio is predominantly purpose built with a truly national footprint. The 43 properties are split between 33 trading properties and ten new developments in our pipeline. Our 33 trading properties will offer 236 000 m² of GLA once fully fitted-out, and provide for a further 20 000 m² of approved development bulk. Our pipeline of ten new properties offers further developable GLA of 74 900 m² on full build-out.

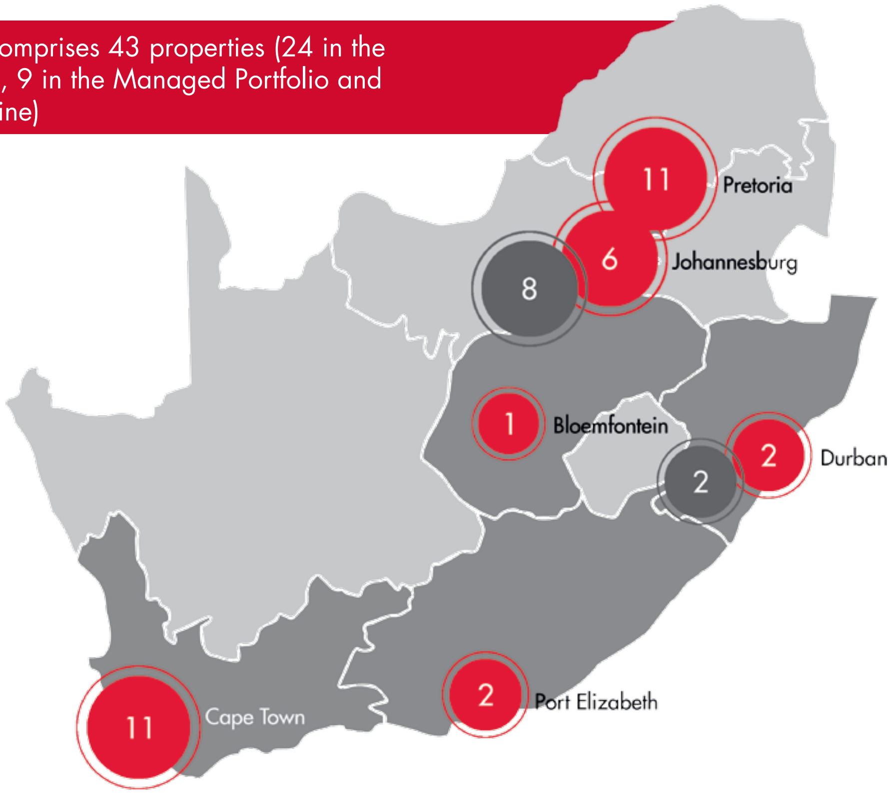
In defining our property strategy in South Africa, we identified the four main cities on which to focus and then the specific suburbs (including arterial routes) where we would like to establish a presence. This is not a restrictive or instructive strategy, but rather a guide whilst supporting our full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

43 Our portfolio comprises 43 properties (24 in the Listing Portfolio, 9 in the Managed Portfolio and 10 in the pipeline)

- TRADING PORTFOLIO:
  33 properties
  R1.90bn
  236 000 m²
  14 300 + tenants

- LISTED PORTFOLIO:
  24 properties
  R1.37bn
  181 000 m²
  11 800 + tenants

- PIPELINE:
  10 properties
  R770m
  72 000 m²



MAINTAINING OUR PROPERTIES

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

We have a dedicated online platform for operational staff to log maintenance requests. Our National Facilities Manager manages the maintenance of our properties with the assistance of facilities management teams in each city in conjunction with store operations and area managers.

OUR CUSTOMERS

Our customers comprise both the residential and commercial sector.

SALES, MARKETING AND E-COMMERCE

Our sales and marketing strategy continues to focus on driving customer response through multiple platforms, improving a user's experience of our website and by focusing on customer service and selling standards at the property level.

During the year we launched our IDEA marketing campaign. Conceptualised over a period of 20 months, the campaign centres on highlighting simple ideas about storage space, aiming to promote awareness of and educate consumers about the convenience and benefits of the product of self storage.

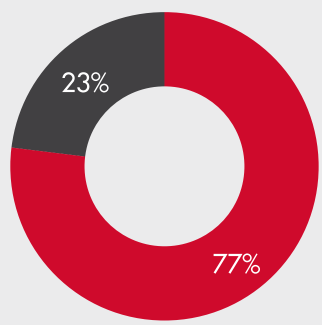
The IDEA campaign has been executed across all marketing mediums, including television, radio and billboard, as well as on our online platform. The campaign roll-out was further supported by a number of regional and store based activations.

We measure customer service standards through a programme of mystery shoppers and customer satisfaction surveys using our in-house 'My Experience Surveys' portal.

SURVEY LEVELS SINCE INCEPTION as at March 2016

	WELCOME SURVEY (point of move-in)	EXIT SURVEY (point of move-out)
6 336 SURVEYS	9% RESPONSE RATE	24% RESPONSE RATE
95% AVERAGE SATISFACTION	99% SATISFACTION LEVEL	93% SATISFACTION LEVEL

CUSTOMERS BY NUMBER



- RESIDENTIAL
- COMMERCIAL

WHO WE ARE AND WHAT WE DO (continued)

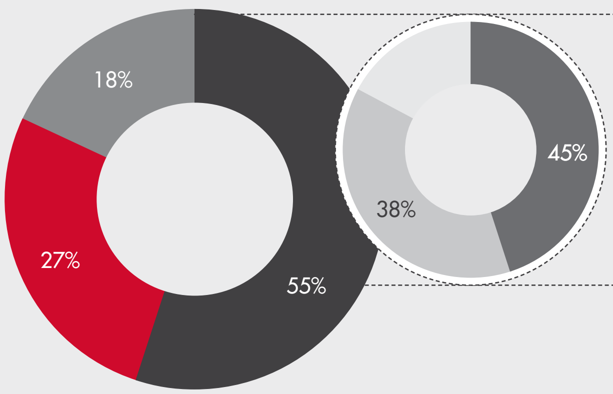
During the period we continued to shift focus away from a high number of 'smaller' regional and store level activations, to concentrate on improving our reach and impact on larger events. Along with this and in line with previously established trends, spend on our digital platform increased significantly during the period under review.

We have embraced the digital age in its entirety and we view our online platform as the experiential glue which binds previously separated media together. We don't view digital as a channel in the same way that a marketer might view television or radio as a channel. Rather we see digital as enabling a cohesive brand experience that wasn't previously on offer by creating unique and specific touch points based on where the customer is located and what specific online search term is used.

Our focus on internet technology and digital marketing has put us at the forefront of the industry and our search engine optimisation results maintain our leading ranking for the most popular and searched terms by using both paid for and organic listings.

Our e-commerce platform encompasses an online reservation system and real time pricing model allowing our online customers to seamlessly transition from obtaining a quote to moving in. This has improved the user experience and reduced move-in time, allowing operations staff to be more efficient. Enquires received on the online platform are integrated with the tenant management operating system to ensure that all enquiry details are recorded.

The Stor-Age website – whether accessed by desktop, tablet or smartphone – accounts for 55% of all enquiries. The telephone accounts for 27% of enquiries as the first point of contact and walk-in enquiries, where we have had no previous contact with a customer, accounts for 18%.



Smartphones and tablets account for 45% of all web visits with smartphones alone accounting for 38% of all visits.

STOR-AGE ENQUIRIES

• WEBSITE • TELEPHONE • WALK-IN • SMARTPHONES AND TABLETS • SMARTPHONES

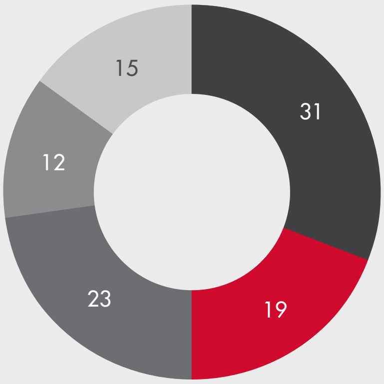
Social media is used as a complementary measure to existing marketing channels to further strengthen the brand. We are active on Facebook, Twitter, Instagram, Pinterest, LinkedIn, Google Plus and YouTube, with our major focus being on Facebook and Twitter. This enables us to heighten the awareness of Stor-Age online and also assists in creating a brand personality for Stor-Age.

Through specific Call-To-Action buttons and rapidly responding to user mentions or messages, we are able to engage with our customers in real time.

Our strategy on Facebook and Twitter has been to generate content which is relevant to the consumer in order to create interest indirectly related to Stor-Age. Stor-Age currently has more than 42 000 followers on Facebook, ranking us as the second highest followed self storage business in the world.

Our social media presence is also used to support community interactions such as The Color Run South Africa or to provide information when supporting charity initiatives such as the Santa Shoebox Project. By promoting these messages we align ourselves with the communities within which we operate and tie ourselves to social responsibility brand leaders in order to build positive sentiment.

Our well established, active, online brand personality and presence plays a crucial role in maintaining Stor-Age as the top of mind brand choice when people are seeking a space solution.

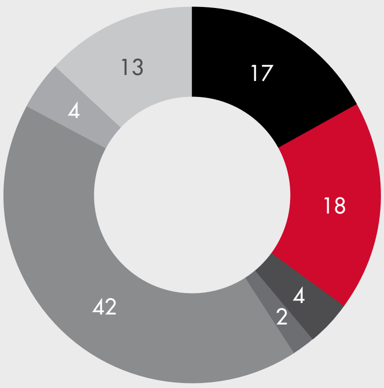


AVERAGE LENGTH OF STAY

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

DEMAND PROFILE

Demand is driven by two significant user groups – those needing the product for short stays due to 'life changing events' (< 6 months 31%) and those requiring the product for longer term space requirements (1 year + 50%).



REASON FOR STORING

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

SELF STORAGE – A 'NEEDS' DRIVEN PRODUCT

Self storage is a 'needs' driven product. All tenants initially use our product due to a tangible 'need'. This makes the business case cyclically resilient.

GROWTH STRATEGY

Stor-Age has a clearly defined strategy to grow the portfolio and enhance performance and investor returns by:

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

---

leveraging our tenant management software platform to unlock value and drive cost efficiencies

---

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

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actively managing and growing licensing, asset management and operator fee income from the development and ongoing management of the Managed Portfolio and pipeline

---

managing financial risk through prudent capital management policies

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GROWTH PLAN

We conduct our strategic growth planning in five year cycles. We are currently in the first year of our second five year cycle. Over the course of the last year we undertook four major research projects to assist us in developing our strategy, focused on four critical areas: supply levels; anticipated demand; customer profiling; and consumer demographics – the latter specifically to understand the emergence of the black middle class and its positive impact on the consumer profile.

The plan is centred on both developing new properties and acquiring existing self storage facilities.

Based on our research we believe there is sufficient demand to develop a 60+ property portfolio across South Africa's major cities. This is on the basis of there being no further significant deterioration in the economic outlook over the medium term.

The strategy seeks to further entrench Stor-Age as the market leader and largest self storage property fund and brand in South Africa:

- Largest store footprint
- Quality stores – high profile locations, urban and urban edge
- Visible, convenient and accessible
- Setting the standard for modern urban self storage development

DEVELOPING AND ACQUIRING PROPERTIES

NEW DEVELOPMENTS

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

BARRIERS TO ENTRY AND DEFENSIVE NATURE

The barriers to new supply in key target nodes in the main metropolitan cities are significant. In the South African market, there is little to no stock of premium grade self storage assets in prime urban and suburban nodes (population density and average household income is key), given that historically the industry has been characterised by operations located in industrial type areas or on the urban edge, where planning ordinances allow for self storage as an alternate land use.

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

ACQUISITIONS OF EXISTING SELF STORAGE PROPERTIES

Due to a lack of supply of high quality self storage properties in desirable locations outside of Stor-Age, we do not anticipate that acquisitions will play a key role in the growth of the portfolio in the short term. However, we will pursue opportunities should they offer value to the business.

DIRECTORS

EXECUTIVE DIRECTORS

Gavin Lucas

CEO – CA(SA)

An entrepreneurial property developer backed by an experienced management team of professionals with a range of skills including investment banking, finance, property and construction, Gavin founded the Stor-Age Group in 2005.

Leading the organisation by providing a common vision and mission, Gavin is responsible for the strategic direction of the group, coordinating plans to meet strategic goals, overseeing the overall operations and stakeholder engagement.

Stephen Lucas

Financial Director – CA(SA); CFA

Stephen is one of the founding shareholders of Stor-Age and has worked alongside Gavin and Steven in developing the Stor-Age business since its inception.

Stephen focuses on the group's financial and operational management, human resources and developing and executing the operations strategy. He also has previous advisory experience in corporate finance and transaction support.

Steven Horton

CA(SA)

Steven is head of property, overseeing the procurement of all opportunities and the development planning, development and property management of the portfolio.

Steven conducted a significant amount of research in the US, UK and Australian self storage markets and spearheaded the completion of the first ever national research study on the South African self storage market in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Paul Theodosiou

Chairman – CA(SA)

After partnering with NIB in the promotion and subsequent listing of Acucap Properties Limited on the JSE, Paul successfully led Acucap as CEO for nearly 15 years prior to their merger with Growthpoint in 2015.

Paul is also a former partner of KPMG.

Gareth Fox

CA(SA)

The current CFO of Western National Insurance Company Limited (PSG Konsult Group).

Prior to this, Gareth headed up the regulatory reporting and tax teams at Santam, where he sat on the South African Insurance Association taxation subcommittee and the Financial Services Board's SAM discussion group.

Sello Moloko

BSc (Hons); PGCE; AMP

Currently executive Chairman of Thesele Group. Sello has previously held a number of executive roles which included being CEO of Old Mutual Asset Managers and deputy CEO of Brait Asset Managers.

Sello is also currently Chairman of Alexander Forbes and Sibanye, non-executive director of General Reinsurance Africa and trustee of the Nelson Mandela Foundation.

NON-EXECUTIVE DIRECTOR

Graham Blackshaw

BA LLB

A former lead development partner in the Faircape group of companies, Graham played an integral role in driving the formation of the Stor-Age Joint Venture between Acucap, Faircape and Stor-Age Property Holdings in 2010.

A qualified attorney, Graham practiced law at Herold Gie and Broadhead before joining the Cape of Good Hope Bank, where he went on to head up the Property Lending Division.

MEET ROBBIE

… for me … its knowledge and passion that drives this business …

We've done so much research, planned carefully and then most crucially, worked hard to make sure it happened.

One of the key factors we identified early on was research, learning and planning, for me this has been the difference in establishing Stor-Age …

Robbie was the first employee to join Stor-Age in 2006 and has been a key figure in developing the operations and processes we have today. Having formed the basis for many departments early on, Robbie's knowledge of self storage and Stor-Age in particular is invaluable. Today Robbie enjoys managing the website, our social media platforms and our operating system as the Digital Manager.

Robbie Cameron
Digital Manager

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

OUR MAIDEN PERFORMANCE

OUR MAIDEN PERFORMANCE

CEO'S REPORT

November 2015 marked an historic milestone for Stor-Age as the business transitioned from a group of private companies to become South Africa's first JSE-listed self storage REIT. While Stor-Age had successfully been trading for close to a decade, the listing brought to market a low-risk income paying specialist REIT and successfully introduced a new property sector asset class, fulfilling a long term strategic goal of the founding management team.

With the benefit of hindsight, the last quarter of 2015 turned out to be an interesting time to list. Our JSE debut was followed by possibly one of the most volatile December trading periods in South Africa's history and then intense global market volatility on reopening after the year-end break. Despite this, I am pleased to report that appetite for our stock remained robust with the backing of our widespread institutional shareholders.

Stor-Age pioneered the development in South Africa of high profile, multi-storey 'Big Box' self storage properties in upmarket locations in 2009. Since opening our first property in 2006, our entrepreneurial management team with its in-depth understanding of the property and self storage markets has proven an ability to manage and grow the business in different markets and varying economic cycles. The team has a strong track record of developing new properties and acquiring and integrating trading stores, while managing the portfolio to achieve ambitious strategic goals.

Our sector leadership in South Africa is evidenced in our status as top self storage operator by lettable area, number of properties, number of tenants and value, and exceptional geographic representation.

WHY SELF STORAGE

Self storage is the direct response of the built environment to the needs of society and represents an exciting growth sector, not just in South Africa and similar emerging markets, but across first world markets such as the US, Australia and the UK.

The built environment evolves over time in direct response to the needs of society, office skyscrapers, the US retail mall concept and a decentralised suburban business park are all examples of this.

Capitalism has ushered in an era of consumerism (consumption-led economies) and at the same time people's living and working spaces are continuously becoming more efficient. People also place an extremely high value on their personal possessions. For our residential customers (approximately 80% of our tenant base), each life-changing event drives a need for the product of self storage. Businesses (approximately 20% of our tenant base), typically SMEs, are attracted to the flexible nature of the product based on size and the lease period.

“Stor-Age pioneered the development in South Africa of high profile, multi-storey 'Big Box' self storage properties in upmarket locations.”

“Our sector leadership in South Africa is evidenced in our status as top self storage operator by lettable area, number of properties, number of tenants and value, and exceptional geographic representation.”

We are fortunate to have an exceptional team of highly committed and passionate individuals who work to build on the legacy of the family business that lies at the heart of our company.

OUR PERFORMANCE

We are pleased to report strong maiden results for the 4.5 months from listing date to March 2016, ahead of our listing forecasts. Our total shareholder distribution of R38.906 million translated into a distribution per share of 30.07 cents, being 4.7% ahead of the forecast 28.72 cents.

Given the prospect of an upward sloping US treasury interest rate cycle in 2016 and into the medium term and the resultant impact on the REIT sector, we took the decision at listing to conservatively reduce our gearing levels. We currently have R119 million of net debt representing a gearing level of 8.7%. Of this, 84% is hedged at 9.65% for a period of almost three years. We still have capacity to drawdown on a further R521 million of our current debt facility with Nedbank Limited.

The performance of the business remains highly resilient, driven by self storage sector fundamentals. 'Need' will always motivate demand both in a healthy economic environment and in economic downturns. Despite the economic environment, people still go through life-changing events and businesses still require space on a flexible basis, even if for downscaling purposes.

Our total shareholder distribution of R38.906 million translated into a distribution per share of 30.07 cents, being 4.7% ahead of the forecast 28.72 cents.

GROWING OUR PROPERTY PORTFOLIO

SOUTH AFRICA

Stor-Age seeks investment opportunities where we can achieve strong market penetration, leverage and further benefit from our economies of scale, enjoy limited competition and produce high operating margins. Our property growth strategy, while aggressive in its targets, is tempered with a commitment to high quality self storage assets. We believe that in focussing on assembling a portfolio at the quality end of the spectrum, we will not compromise the sustainability of our business by chasing short term growth targets.

We plan to grow through a combination of acquisitions of existing self storage properties from third parties (directly into Stor-Age) and developing new self storage properties. Given the limited supply of prime self storage properties in our primary urban and suburban target nodes in South Africa's major cities, the development of new self storage properties forms a significant focus.

INTERNATIONAL

We have spent much time in the more developed self storage markets of the US, Australia and the UK since 2007 with the principal objective of learning from these markets to assist us in rolling out our business plan in South Africa. Our insights also stem from our deep peer networks of medium to large scale self storage operators in these markets.

Given that self storage is still a young and developing market even in these first world countries, we believe that an opportunity to enter one or more of these markets may transpire. We have identified that it would be critical for us to enter through an existing and well established operator.

OUR PEOPLE

Our people and our ability to manage the portfolio off a sophisticated, decentralised platform – a platform which recognises the transition from enquiry to customer to client, and staff who can build relationships with their clients – are critical to our long term success. Our distinct non-hierarchical structure with fully accessible management endeavours to reward everyone for their contribution to our success. We are fortunate to have an exceptional team of highly committed and passionate individuals who work to build on the legacy of the family business that lies at the heart of our company.

Our strong performance for the year was in large part attributable to the efforts of our loyal and quality staff. Our people remain pivotal to the achievement of our strategic objectives and we strive to ensure that we recognise this internally.

OUTLOOK

Our current five year growth plan, currently in its first year, sets broad targets but more importantly details the strategic plan of both 'how we are going to do it' and 'where we intend doing it'.

There is no doubt that South Africa is in the midst of a tough economic environment. However, with the benefit of a core product which has traditionally been highly resilient in challenging trading conditions and a conservatively geared and interest-rate hedged balance sheet, Stor-Age is well placed to withstand the tough economic headwinds blowing through the South African economy at present, as well as global macro-economic volatility.

On the back of a highly successful listing late last year, operating in an under-supplied growth sector and delivering an attractive set of results for the reporting period, Stor-Age is well positioned to move forward in a sustainable manner. We are excited about the future of Stor-Age and strongly believe in the growth potential of our business.

Gavin Lucas
CEO
13 June 2016

"Our entrepreneurial management team with its in-depth understanding of the property and self storage markets has proven an ability to manage and grow the business in different markets and varying economic cycles."

FINANCIAL REVIEW

Stor-Age was incorporated on 25 May 2015 and on 16 November 2015 the company's shares were listed and began trading on the JSE. The listing was implemented simultaneously with the acquisition and amalgamation of various self storage interests. The results reflect the trading results of the business for the 4.5 months from listing to year end on 31 March 2016, with key indicators coming in ahead of the listing forecasts set out in the prospectus.

A storage unit is rented to a customer on a month-to-month basis with a minimum one month term. The rental agreement continues indefinitely until the customer provides notice of termination. Although rental agreements are short term in nature, the average length of stay for existing customers was 20 months as at 31 March 2016. For storage facilities open more than five years, the average length of stay increased to 24 months. For all customers who moved out of the business during the full 12 month period ended 31 March 2016, the average length of stay was 13 months. This reflects a loyal and 'sticky' customer base. 15% of our customers by occupied space have been storing for over three years and a further 35% have been storing with us for between one and three years.

Self storage is a dynamic business, and in any month, customers move in and move out resulting in changes in occupancy and the average rental rate. The churn rate – the percentage of customers moving out each month – is approximately 5 – 6% and although this may vary between properties, it is generally consistent across the portfolio.

FINANCIAL RESULTS

The table below summarises Stor-Age's underlying results of operations for the reporting period compared to the forecasts set out in the prospectus:

Property revenue comprises rental income and other income.

Rental income for the reporting period amounted to R54.9 million in line with our forecast projections, and included an amount of R1.6 million relating to the rental warranty as disclosed in the prospectus. The warranty related to an undertaking provided by the former shareholders of Roeland Street Investments Proprietary Limited (which became a wholly owned subsidiary of the company on listing) to lease space from the company on the basis of overall portfolio occupancy of 90%. The rental warranty utilised during the reporting

	Actual R'000	Forecast R'000
Property revenue	56 900	56 295
Rental income	54 907	54 907
Other income	1 993	1 388
Direct property costs	(12 996)	(12 980)
Net property operating income	43 904	43 315
Management fees	4 946	4 658
Administration costs	(9 066)	(9 000)
Operating profit	39 784	38 973
Interest income	4 118	3 535
Interest expense	(4 996)	(10 986)
Distributable earnings	38 906	31 522
Distribution per share (cents)	30.07	28.72

period was R1.6 million lower than forecast and, at 31 March 2016, a further R4.4 million was available to be used for future periods.

Excluding the rental warranty, rental income amounted to R53.3 million, 3.1% higher than the forecast projection set out in the prospectus and was underpinned by continued strong demand.

Rental income is a function of occupancy – the amount of space let to individual customers – and the rental rate charged for each unit.

The Listing Portfolio occupancy increased from 151 777 m^2 (as disclosed in the prospectus) to 155 700 m^2 at 31 March 2016, an increase of 3 923 m^2. This translates into a closing occupancy of 86% at year end. Certain properties in the portfolio are in the final stages of their lease-up and their growth in occupancy in the reporting period was in line with original forecasts. The average rental rate for the reporting period was R75.4/m^2, increasing 11.4% on an annualised basis from R72.60/m^2 as disclosed in the prospectus to R76.30/m^2 at year end.

Other income comprises ancillary income such as the sale of merchandise (e.g. packaging materials and padlocks), administration and late fees and other sundry income such as parking and income received from advertising billboards.

Direct operating costs comprise principally store-based staff salaries, rates, utilities, a full allocation of the marketing spend and other property related costs such as insurance, maintenance, IT and communications at a property level. The cost-to-income ratio is 22.8% and the spend for the reporting period is aligned with our prospectus forecasts. We remain focused on managing costs tightly.

Management fees comprise:

- Property management and asset management fees charged on the Managed Portfolio; and
- Acquisition and development fees charged on the development of new self storage properties.

These fees are marginally higher than forecast due to strong trading in the underlying properties for the period under review and development activity taking place earlier than anticipated. Administrative expenses relate mainly to support function costs for IT, finance, HR, property management, professional fees and directors' remuneration. These costs are broadly in line with forecast expenditure.

A dividend of 30.07 cents per share was declared, 4.7% higher than forecast in the prospectus.

DPS (Dividend Per Share) has been adopted as a measure for trading statements.

CAPITAL STRUCTURE

On listing, the company issued 139 404 002 shares at R10 per share raising total capital of R1.394 billion. R1 billion of the capital raised via the placement of shares was applied to settle debt at listing and R394 million was applied to settle vendor transactions as set out in note 21 of the financial statements. The board's policy is to have approximately 80% of total borrowings fixed. In November 2015 and March 2016, we entered into interest rate swap agreements for notional amounts of R75 million (fixed rate 9.52%) and R25 million (fixed rate 10.07%), respectively, both with a maturity date of 30 November 2018.

At 31 March 2016 the company's total borrowings amounted to R129 million with 78% (84% on a net debt basis) subject to fixed rates and total undrawn borrowing facilities of R521 million. The effective interest rate was 9.39%. The undrawn facilities provide sufficient headroom to fund potential acquisitions and growth in the short to medium term.

Net debt stood at R119 million at 31 March 2016. Given the negative outlook for interest rates over the medium term, the board strategically raised additional equity at the time of listing to reduce gearing to approximately 10%. Stor-Age currently has a conservative debt structure and a gearing ratio of 8.7% at 31 March 2016. The group is highly cash generative and surplus cash flow is placed in an annex facility linked to our borrowings or in short term money market accounts.

Net asset value per share at 31 March 2016 was R9.90 and the net tangible asset value per share at 31 March 2016 was R9.31.

INVESTMENT PROPERTIES

Investment property increased from R1.313 billion (1 October 2015 valuation including lease premiums) to R1.371 billion at 31 March 2016. The fair value adjustment to investment properties was R13.4 million and improvements amounted to R44.6 million. All properties in the Listing Portfolio were reviewed and valued independently by Mills Fitchet Magnus Penny (a registered valuer) at 31 March 2016. Further details of the basis of valuation are set out in note 3 of the financial statements and a summary of the portfolio is set out on pages 105 – 107.

ACCOUNTABILITY AND SUSTAINABILITY

ACCOUNTABILITY AND SUSTAINABILITY

RISK MANAGEMENT REPORT

Risk management is an integral component of our strategic management. We are committed to managing risk in a proactive manner with the purpose of remaining a competitive and sustainable business, enhancing our operational effectiveness and continuing to create value for the benefit of our employees, shareholders and other stakeholders in line with our growth strategy. The group's risk management framework is overseen by the Audit and Risk Committee which has an ongoing responsibility to monitor risk management processes by:

Identifying risk factors that may have a material impact on the business	Formulating a mitigating response for each area of impact	Monitoring progress	Reviewing identified risks on an ongoing basis and revising responses accordingly

KEY RISKS AND EFFECTIVE MITIGATORS

1. Weak/negative economic growth

Macro environment weaknesses could inhibit the self storage market's growth in line with our projections, resulting in reduced demand and lower income.

- A 'needs' driven product for life-changing events which prevails in all economic cycles
- Prime portfolio of properties
- Focus on large metropolitan cities which are likely to be more resilient during a downturn and where growth drivers are strongest and barriers to competition at their highest
- Strength of operational management and platform
- Continuing innovation to deliver high levels of customer service
- Strong cash flow generation, high operating margins, low gearing and conservative hedging policies
- 14 000+ tenants spread across a geographically diversified footprint
- Tested strategy development processes drawing on internal analyses, independent research and global trends and best practice

2. Treasury risk

Adverse interest rate movements could result in the cost of debt increasing.

- The group's policy is to fix approximately 80% of total borrowings and we use swap instruments to hedge our interest rate exposure. At 31 March 2016 84% of net borrowings were fixed for 2.8 years
- Gearing remains low at 8.7% on a net debt basis as at 31 March 2016. Our total undrawn borrowing facilities amount to R521 million
- Executive management reviews our current and forecast projections of cash flow, borrowings, interest cover and covenants on a monthly basis
- We are highly cash generative and debt is serviced by our strong operational cash flows

RISK MANAGEMENT REPORT (continued)

3. Property investment and development

An inability to acquire or develop new self storage properties which meet management's criteria may impact the growth of the portfolio.

- The group has an acquisition pipeline through the Managed Portfolio
- We have a pre-emptive right of acquisition over properties in the Managed Portfolio
- We already earn management fees from eight trading properties in the Managed Portfolio
- We will further manage four properties being developed for trade in 2016 and 2017 in the Managed Portfolio
- Six additional development opportunities have been secured in the pipeline
- The fragmented South African self storage market provides potential acquisition opportunities

4. Valuation risk

The value of our properties may decline as a result of external market factors or the impact of performance.

- Independent valuations are conducted by experienced independent, professionally qualified valuers
- A diversified portfolio let to a large number of tenants across a broad national footprint
- Low levels of gearing provide enhanced headroom on valuations and significantly reduce the likelihood of covenant breach

5. HR risk

Our people are critical to our success. Failure to recruit and retain key staff with appropriate skills may lead to high staff turnover and the loss of key personnel and so impact performance.

- Competitive remuneration packages and financial rewards are in place
- Learning and development programme with performance reviews to develop staff to the highest potential
- A culture where management is accessible at all levels and staff are encouraged to improve and challenge the status quo
- Ongoing communication to ensure an engaged workforce
- A succession planning strategy including talent retention

6. Utility costs

Significant increases in utility costs, particularly property taxes and electricity, may put pressure on operating margins.

- Electricity and water usage is monitored monthly
- We use external professionals to assist with monitoring and objecting to valuation revisions where necessary
- The introduction of energy efficient lighting, use of solar power and collection and re-use of rain water for irrigation

7. Credit risk

The group is exposed to tenants' credit risk which may result in a loss of income.

- Customers are required to pay a deposit on move-in
- Diversified tenant base of 14 000+ tenants mitigates any material exposure risk
- 80% of our current customers pay by debit order (certain commercial customers are permitted to pay monthly in advance by EFT and a segment of the customer base was inherited in previous acquisitions where payment by debit order was not required)
- Clearly defined policies and procedures are in place to collect arrear rentals
- Central team of collection specialists assists each store with arrears

8. Compliance risk

The volume and increasing complexity of new and amended legislation often requires the reallocation of financial and human resources to address the requirements. Non-compliance may result in penalties, sanctions or reputational damage.

- We engage with external specialists with appropriate skills where necessary
- Suitably skilled and experienced staff and executives are employed
- Finance and HR staff attend relevant training on a regular basis

CORPORATE GOVERNANCE

Stor-Age is committed to maintaining and upholding sound ethical standards and applying the principles of corporate governance recommended in King III. The principles of integrity, trust and transparency form the foundation of the company's approach to governance. The board is ultimately responsible for the group's governance and recognises the responsibility to conduct business with integrity, transparency, and accountability within an appropriate framework of governance and oversight to ensure the safeguarding of stakeholder interests.

In regularly reviewing the company's governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of the company, while at the same time ensuring the sustainability of its business operations.

The company has therefore applied the requirements of King III in full. As required by the JSE, the application of King III is set out in the annexures on pages 110 – 117, and it is also available on our website – **www.stor-age.co.za.**

GOVERNANCE STRUCTURE

BOARD

Gavin Lucas (CEO)
Stephen Lucas (FD)
Steven Horton
Paul Theodosiou** (Chairman)
Gareth Fox**
Sello Moloko**
Graham Blackshaw*

AUDIT AND RISK COMMITTEE See full report on pages 52 – 53	REMUNERATION COMMITTEE See full report on page 38	SOCIAL AND ETHICS COMMITTEE See full report on page 39	INVESTMENT COMMITTEE
MEMBERS Gareth Fox** (Chair) Sello Moloko** Paul Theodosiou**	**MEMBERS** Gareth Fox** (Chair) Stephen Lucas Paul Theodosiou**	**MEMBERS** Graham Blackshaw* (Chair) Gavin Lucas Sello Moloko**	**MEMBERS** Paul Theodosiou** (Chair) Graham Blackshaw* Steven Horton Gavin Lucas
By invitation Gavin Lucas Stephen Lucas Representatives of the external auditors	**By invitation** Gavin Lucas	**By invitation** Stephen Lucas	
RESPONSIBILITIES			
Assists in overseeing integrated reporting and ensuring the financial integrity of the annual financial statements and other financial reports	Ensures adoption of fair and transparent remuneration policy	Monitors compliance with the company's social and ethical responsibilities	Assists with decision-making regarding the acquisition, development or disposal of property assets
INDEPENDENT NON-EXECUTIVE DIRECTORS			
3/3	2/3	1/3	n/a

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

CORPORATE GOVERNANCE (continued)

THE BOARD

The board is responsible for the strategic direction and control of the company. While overall responsibility for managing the company rests with the board as a whole, the board has appointed sub-committees as set out in the governance structure on page 35 to assist in fulfilling its responsibilities. The board exercises control through a governance framework that includes the review and implementation of detailed reporting presented to it and its sub-committees, and the implementation of a continuously updated risk management programme.

There is a clear division of responsibilities at board level.

The board comprises seven directors of which three are executive and four are non-executive directors, three of whom are independent.

The board is ultimately accountable for the effective governance and direction of the group. It is supported by appropriate internal governance practices and procedures that promote an efficient, objective and independent decision-making culture considering the interests of all stakeholders.

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

The board consists of an appropriate mix of individuals to ensure that there is an adequate level of knowledge, skills and expertise which enables them to contribute meaningfully to the management of the company.

There is an appropriate balance of power and authority on the board so that no individual has unfettered powers of decision-making and no individual dominates the board's deliberations and decisions. The board regularly reviews the decision-making authority given to management as well as those matters reserved for decision-making by the board.

The role and responsibilities of the chairman and the CEO have been clearly defined and are distinct. The CEO is fully responsible and accountable for the overall operations of the group and implementation of the strategy and objectives adopted by the board.

The independent chairman is responsible for ensuring proper governance of the board and its committees, ensuring that the interests of all stakeholders are protected and facilitating constructive relations between the executive and the board. The chairman holds no other listed company chairman positions.

BOARD PROCESSES

Directors disclose their personal financial interests at the start of every board or committee meeting and are asked to recuse themselves from any discussions and decisions where they have a material financial interest. Board meetings take place quarterly to consider the strategic issues and key operational matters, to approve financial results and budgets, to monitor the delegated responsibilities and to set risk parameters. At these meetings, the executives and the various committees provide feedback on key performance indicators, progress on strategic objectives and various other reports.

A written company policy on share dealings is in place and formal notification is sent to all staff and directors upon commencement of a closed period.

A self-evaluation of the board was not conducted during the reporting period but will be undertaken in the 2017 financial year.

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

Directors and committee members are supplied with comprehensive information that allows them to properly discharge their responsibilities. The sponsor is responsible for ongoing director development.

The board undertakes the role of a nomination committee and the selection, appointment and approval of new directors is therefore undertaken by the board as a whole in a formal and transparent manner, free from any dominance of any one particular shareholder. Any new appointees are required to possess the necessary skills to contribute meaningfully to the board's deliberations and to enhance the board's composition in accordance with recommendations, legislation, regulations and best practice. An induction programme is provided for new directors by the company's sponsor.

A third of the non-executive directors must resign and stand for re-election at each annual general meeting. Details of directors making themselves available for re-election at the forthcoming annual general meeting are set out on page 55 of the integrated report.

BOARD AND COMMITTEE MEETINGS

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

	Sub-committees	Meetings attended	Meetings eligible	% attend-ance	Board	Audit and Risk Committee	Social and Ethics Committee	Remune-ration Committee	Investment Committee
Director									
Paul Theodosiou** (Chairman)	AC; RC; IC	4	4	100%	3	1		n/a	n/a
Graham Blackshaw*	IC; SE	4	4	100%	3		1	n/a	n/a
Gareth Fox**	AC; RC	4	4	100%	3	1		n/a	n/a
Sello Moloko**	AC; SE	3	4	75%	3	0	1	n/a	n/a
Gavin Lucas	IC; SE	4	4	100%	3		1	n/a	n/a
Stephen Lucas	RC	3	3	100%	3			n/a	n/a
Steven Horton	IC	3	3	100%	3			n/a	n/a
Actual attendance		25			21	2	3		
Eligible attendance			26		21	3	3		
% attendance				96%	100%	67%	100%		

* *non-executive director*
** *independent non-executive director*

COMPANY SECRETARY

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

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

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

The board will satisfy itself on an annual basis on the competence, qualifications and experience of the company secretary.

During the 2016 financial year, the board considered Mr Steyn's qualifications, experience and performance and following this review, the board confirms that it is satisfied as to the competence, qualifications and experience of Mr Steyn as company secretary.

IT GOVERNANCE

The board believes that the IT governance policy is appropriate. Use is made of external specialists when this is considered necessary.

REMUNERATION COMMITTEE REPORT

In line with best practice set out in King III, the board has appointed a Remuneration Committee. The committee has delegated authority to review and make decisions regarding the company's remuneration policies and the implementation thereof. The Remuneration Committee is mandated by the board to authorise the remuneration and incentivisation of all employees, including executive directors. In addition, the Remuneration Committee recommends directors' fees payable to non-executive directors and members of board sub-committees.

The terms of reference were formally adopted by the board and include the following roles and responsibilities:

- Overseeing the formulation, review and approval by the board of the remuneration policy for staff and executives that promotes the achievement of the company's strategic goals
- Assisting the board in ensuring that the directors are fairly and responsibly remunerated
- Recommending the proposed allocations in terms of the company's Share Purchase and Option Scheme to the board
- Recommending to shareholders the advisory adoption of the company's remuneration policy and non-executive directors' remuneration
- Approving executive directors' guaranteed pay and increases
- Approving non-executive directors' emoluments and increases for the next reporting period

The committee members are set out on page 35 and attendance at meetings is set out on page 37. Other members of the board and external consultants may attend the meetings by invitation.

REMUNERATION POLICY

The company's remuneration policy seeks to attract and retain high-calibre, appropriately skilled staff and executives.

The company's Share Purchase and Option Scheme serves as a long-term incentive and is designed to retain and reward both senior executives and employees at various levels of management in the organisation.

It allows selected individuals the opportunity to share in the success of the company and be incentivised to deliver Stor-Age's strategy over the long-term as well as create alignment between key staff.

Details of the awards made during the year are set out in note 5 to the financial statements.

NON-EXECUTIVE DIRECTORS

Non-executive directors do not have employment contracts and do not receive any benefits associated with permanent employment. The fees paid to executive directors in the reporting period are detailed in note 26.4 to the financial statements.

The proposed fees for the non-executive directors for the current financial year and the ensuing financial year are as follows:

	Proposed annual remuneration (Rand)	
	April 2016 to April 2017	April 2017 to April 2018
Board member	175 100	185 600
Audit and Risk Committee member	41 200	43 675
Social and Ethics Committee member	20 600	21 835
Remuneration Committee member	20 600	21 835

Based on the current planned meeting schedule, the above fees total R1.1 million for the coming reporting period. The proposed fees will be tabled for approval by shareholders as required by the Companies Act, 2008 (Act No. 71 of 2008, as amended) at the upcoming annual general meeting.

Gareth Fox
Remuneration Committee Chairman
13 June 2016

SOCIAL AND ETHICS COMMITTEE REPORT

In line with the requirements relating to social and ethics committees as set out in the Companies Act, 2008 (Act No.71 of 2008), King III and the criteria of the JSE's Socially Responsibility Investing Index, the group has established a Social and Ethics Committee. The committee acts on behalf of the board and is responsible for evaluating social and ethical responsibilities and making recommendations to the board thereon. The committee has all the functions and responsibilities provided for in the Companies Act. The committee members are set out on page 35, and attendance at meetings is set out on page 37.

TERMS OF REFERENCE

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

The main duties of the committee include:

1. Social and economic development including Stor-Age's standing in terms of the goals and purposes of
   - The 10 principles set out in the United Nations Global Compact Principles;
   - The OECD recommendations regarding corruption;
   - The Employment Equity Act;
   - The Broad-Based Black Economic Empowerment Act;
   - The Property Sector Charter; and
   - The DTI Codes of good practice
2. Good corporate citizenship, including
   - Promotion of equality, prevention of unfair discrimination, and elimination of corruption;
   - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
   - Record-keeping of sponsorship, donations and charitable giving;
   - Values and ethics;
   - Adherence to the code of conduct; and
   - Overseeing the monitoring, assessment and measurement of the above
3. The environment, health and public safety, including the impact of Stor-Age's activities and services, monitoring of and implementing recycling practices, reducing Stor-Age's carbon footprint, consumption of electricity, consumption of water and disposal of waste.
   - Overseeing the monitoring, assessment and measurement of the company's activities relating to the environment and health and public safety
4. Customer relationships, including Stor-Age's public relations and compliance with consumer protection laws
   - Overseeing the monitoring, assessment and measurement of the company's consumer relationships, including advertising and public relations
5. Labour and employment including
   - Stor-Age's standing in terms of the International Labour Organisation standards on decent work and working conditions;
   - Stor-Age's employment relationships, and its contribution toward the educational development of its employees; and
   - Overseeing the monitoring of labour and employment practices.

The committee is further tasked with:

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

Reporting on the committee's areas of focus is set out on pages 41 – 46.

Mechanisms to encourage ethical behaviour such as the Code of Ethics and corporate citizenship policies were confirmed as adequate by the committee in the period under review.

Graham Blackshaw
Social and Ethics Committee Chairman
13 June 2016

STOR-AGE DURBANVILLE

Stor-Age Durbanville was the first self storage property in South Africa to be fitted complete with a solar photovoltaic system for the generation of its 3 phase power requirements. The technology went live in September 2013 and in late 2015, after the introduction of net metering by the City of Cape Town, the property was enrolled in the city's programme.

The results of the installation have proven to enhance consumption savings by almost 80% on a like-for-like property basis.

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

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

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

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

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

ACTING SUSTAINABLY

ENVIRONMENTAL SUSTAINABILITY

The most important space at Stor-Age is the environment that surrounds us and that is why we continue to address sustainable practices in the areas of energy efficiency, renewable energy generation and storm water management and conservation. We strive to improve these aspects of our properties both as a commercial property owner and self storage operator in line with the changing environmental legislation and our own commercial objectives.

OPERATIONAL STORE ENERGY CONSUMPTION

Typical energy consumption at our properties is predominantly grid electricity for lighting, lifts, general power, heating, cooling and ventilation. These all result in 'indirect' off-site power station carbon emissions.

Store electricity consumption has been reduced at our properties by the introduction of the following:

- Motion sensor lighting is installed in all properties with light fittings spaced at optimum distances to both reduce the number of fittings used and the energy consumed, taking cognisance of operating standards and requirements.
- LED light fittings are installed as a standard feature in all new properties both internally and externally. LED light fittings save up to 60% of consumption versus standard fittings. We recently embarked on a process to retrofit these installations at all existing properties and this process is substantially complete.
- Solar panelled hot water cylinders are installed for the generation of hot water in both the retail store and security office.
- Each month a detailed analysis is prepared and reviewed to assess consumption at all properties in the portfolio, with exceptions dealt with timeously through active management. We aim to incorporate utility consumption into our Operations Store Manager KPI targets each month to ensure accountability at a property level.
- Stor-Age Durbanville was the first self storage property in South Africa to be fitted complete with a solar photovoltaic system for the generation of its 3 phase power requirements. The technology went live in September 2013 and in late 2015, after the introduction of net metering by the City of Cape Town, the property was enrolled in the city's programme. Net metering allows consumers to over-generate power on site in excess of demand which in turn is pushed back into the grid. Net metering effectively rolls over a net kilowatt credit to be used either at night, at times of low self-generation or in the following month (due to the system having no storage capacity). The results of the installation have proven to enhance consumption savings by almost 80% on a like-for-like property basis. Given the effectiveness of the installation, we plan to integrate the system into further properties over the medium term.

STORM WATER MANAGEMENT AND CONSERVATION

At a number of our recently developed properties, permeable paving has been incorporated into our external civil engineering design.

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

ACTING SUSTAINABLY (continued)

SOCIAL SUSTAINABILITY

At Stor-Age we strive to make a sustainable difference and recognising our role as a responsible member of the broader community and in line with our Core Value of Relevance, we aim to be relevant not just in the lives of our customers and staff, but also within the local community in which we operate.

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

In the 2016 financial year we supported many initiatives selected by our store and head office teams resulting in an annualised contribution exceeding R500 000. Highlights of these initiatives include:

SANTA SHOEBOX PROJECT

The partnership with Santa Shoebox has developed steadily. As one of the main sponsors we not only provide drop-and-go points for donors but also provide more than 8 000 shoeboxes to the public in order to facilitate the completion of shoebox donations. Our contribution to the 100 000 donation target was approximately 11 000 completed shoeboxes, up from 8 000 in the previous year. Stor-Age has become a fundamental contributor by providing convenient locations for donors, complementary shoeboxes, storage space, labour and transportation solutions as well as supporting the social media efforts of the non-profit organisation.

In addition to this, Stor-Age also provides year-round storage space to volunteers to collect, store and organise the large scale national event. Staff have enjoyed the partnership and taken the project to heart by volunteering their time for the main collection days.

THE KIDS TO KIDS TRUST

The custodian of the Santa Shoebox Project houses their operation at Stor-Age Claremont in Cape Town. Stor-Age donated space worth approximately R50 000 this year to the trust for the storage and arrangement of their operational requirements, which includes Kidz2Kidz Projects as well as the Santa Shoebox Project. The NPO is registered as a Public Benefit Organisation with the South African Revenue Service and is a level four B-BBEE contributor.

> “*I look forward to seeing drop and go’s throughout the country in 2016 and to introducing tens of thousands of Santa Shoebox donors to the slick and friendly service offered by the Stor-Age teams nationwide.*”

Debbie Zelezniak
Santa Shoebox, National Co-ordinator

SCHOOL SPORTS SPONSORSHIPS

Stor-Age strives to create meaningful interaction with the communities we serve and as such we undertake sports sponsorship agreements with various schools. In the 2016 financial year, sports sponsorship agreements were agreed and implemented with Laerskool Raslouw, Hoërskool Oos Moot and Laerskool Doringkloof.

By sponsoring sporting equipment Stor-Age is directly involved in the development of young sportsmen and sportswomen within the community and helps provide young people with the opportunity to take part in sporting activities.

By enriching and enhancing the experience of participating in sport through sponsorships, Stor-Age is playing a role in fostering future sporting talent.

MEET DEPHINE

… Stor-Age provided training for me to learn and grow within the company …

I am very grateful for the opportunity I have been given.

Working in store seems so far away from my previous roles … I'm so much happier and I'm proud to be here …

Dephine joined Stor-Age in 2009. Her story of growth is inspiring, transitioning from cleaning (previous employer) to Facility Assistant at Stor-Age. Today Dephine is an Assistant Store Operations Manager.

Dephine Zambe
Assistant Store Operations Manager

ACTING SUSTAINABLY (continued)

HUMAN SUSTAINABILITY

> "We believe that Stor-Age is a person, it has its own energy, thoughts, feelings and a personality. It reacts to certain things in certain ways, the same way that you and I react to different things in our lives. We believe that every single one of our people in our organisation contributes to the 'person' that is Stor-Age. We believe that all our people play a part in shaping its collective persona through our own thoughts and actions."

Gavin Lucas
CEO

Stor-Age is committed to the development of all its employees through effective learning, development and training opportunities. Our Learning and Development framework identifies the 15 key capabilities required across all aspects of the business to support succession-plans and prepare staff for future roles and responsibilities.

Stor-Age has developed a range of training courses. Our bespoke Operations Training Programme, which includes both on-the-job training at the properties, as well as a dedicated Operations Training Week, forms the foundation for new joiners at Stor-Age. Our core training programme is complemented by management and leadership development programmes which are delivered both in-house and by external service providers. All store based staff are provided with accredited Health and Safety, First Aid and Fire Fighting training, while our broader programme covers a range of 'soft' and technical self storage specific skills.

Comprehensive job descriptions clearly set out the purpose of each person's role within the business, the KPAs, the activities and responsibilities within each KPA and the competencies required to deliver value in their role. Our Annual Performance Review and Personal Development Plan process provides a clearly defined platform for facilitating formal assessment and feedback to all staff, with a key outcome being the individuals' primary training, learning and development needs.

Stor-Age has a formal Employment Equity Plan in place with clearly established targets to reduce both gender and race related under-representation by 2020. The first 5 year plan is for the period 1 December 2015 to 30 September 2020 and the first report against progress towards delivering on this plan will be in September 2016. We provide fully funded life, disability and funeral assistance cover through an insurance policy to all our store based staff, while our internally facilitated Medical Aid Scheme (Momentum Health) and our Group Retirement Annuity (Allan Gray) has steadily grown in participation.

In addition, the annual Stor-Age staff conference provides an ideal opportunity for the development and enhancement of the business culture. By bringing together all staff, from all levels and from across the country in a single location, everyone is able to truly experience and share the collective experience of Stor-Age as a business in a relaxed and informal setting. Coupled with fostering new partnerships and sharing best practices, the annual conference continues to be a key contributor to the ethos and personality of the business as a whole. A common theme amongst staff following the conference is that it provides a source for renewed motivation for the financial year ahead.

Customer surveys are an integral contributor to the sustainability of the social and ethical aspects of business practices. During the year, over 3 700 surveys were completed with a 95% satisfaction rate. The surveys in question are a key driver of the learning and development programmes that are administered to staff. They are also a key factor when determining best practices within the business. Engagement with customers through this medium has allowed this crucial stakeholder group to have a direct and meaningful influence on the business practices and processes at Stor-Age.

With the challenges of modern day time constraints on the working population, we introduced a flexible work-hours approach at Head Office. This has served to not only increase the productivity of our employees but has seen a significant contribution to a positive work environment.

ACTING SUSTAINABLY (continued)

In order to manage our risk it is important that stringent guidelines (which include courtesy procedures) are implemented and managed to ensure that high levels of Health and Safety, as well as Stor-Age's own standards, are maintained.

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

- Occupational Health and Safety Act (OHSA A1 Part A and Regulations Part B)
- Basic Conditions of Employment
- Labour Relations Act
- Compensation of Injury and Diseases Act
- Skills Development Act
- Employment Equity Act

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

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

- Housekeeping and general cleanliness
- Lighting
- Ventilation
- Emergency evacuations
- Electrical systems in good working order
- Machinery safe and in good working order
- Hazardous chemicals
- Company vehicles roadworthy and serviced timeously

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

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

Stor-Age further endeavours to take steps to eliminate risks based on regular risk assessments, to take and manage or enforce precautionary measures where necessary, and to train or educate all staff accordingly. Systems of evidence are maintained at head office and in all stores.

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

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

Stor-Age Staff Conference 2016

MEET TIM

… having experienced what a great self storage operation looks like in the UK, I've been given an opportunity to share that knowledge here.

I feel my input is appreciated and I can see my thoughts are valued.

… since joining we have added many new properties… there is no way we would have been so successful without proper planning and commitment to change …

Tim joined Stor-Age as a Store Operations Manager in 2010 having worked for eight years in self storage in the UK. With his international experience in hand, Tim has added significant operational value to Stor-Age. Today Tim is our most experienced Area Manager looking after eight properties across two cities.

Tim Wynne-Dyke
Area Manager


stor-age
self storage

CONTENTS

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

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

Published
13 June 2016

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the company has lodged with the Companies and Intellectual Property Commission of South Africa all the returns required by a public company in terms of this Act and that all such returns are true, correct and up to date.

HH-O Steyn CA(SA)
Company secretary
13 June 2016

DIRECTORS' RESPONSIBILITY STATEMENT
for the period ended 31 March 2016

The directors are responsible for the preparation and fair presentation of the group and company annual financial statements of Stor-Age Property REIT Limited, comprising the statements of financial position at 31 March 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the directors' report.

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

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

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

Approval of group and company annual financial statements

The group and company annual financial statements of Stor-Age Property REIT Limited, as identified in the first paragraph, were approved by the board of directors on 13 June 2016 and signed on their behalf by:

PA Theodosiou
Chairman

GM Lucas
CEO

13 June 2016

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee takes pleasure in presenting its report for the financial year ended 31 March 2016.

Terms of reference

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

The main responsibilities of the committee include:

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

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

Members of the committee, attendance of meetings and evaluation

The committee comprises the three independent non-executive directors as detailed in the corporate governance report and is chaired by Gareth Fox CA(SA).

Meetings and attendance are set out on page 37. Certain executive directors as well as the external auditors attended committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the committee and its members as well confirmation of the members' independence in terms of King III and the Act. The outcome of this evaluation and confirmation was satisfactory.

External auditors

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

The committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the annual financial statements for the period ended 31 March 2016.

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

Internal audit

The committee has satisfied itself that the size and complexity of the company does not warrant an internal audit function.

Financial director

In terms of JSE Listings Requirement paragraph 3.84 (h), the audit committee has during the 2016 financial year considered the expertise and experience of the financial director, Stephen Lucas, and is satisfied that they are appropriate for his role.

Internal financial controls

The committee reviewed the risk management and internal control framework presented by management and matters raised by the external auditors report as to the efficacy of the group's internal financial controls. The committee confirms that no material breakdown of internal financial controls was identified during the current financial period.

Approval of annual financial statements

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

Gareth Fox CA(SA)
Audit and Risk Committee Chairman

13 June 2016

DIRECTORS' REPORT
for the period ended 31 March 2016

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of Stor-Age Property REIT Limited group and company for the period ended 31 March 2016.

Nature of business
Stor-Age Property REIT Limited is a fully integrated and internally managed real estate investment trust, which owns, operates and develops self storage facilities. The company and its subsidiaries operate in South Africa. The nature of business and operations are set out in detail in the period under review section in the integrated report.

Period of operations
The company was incorporated on 25 May 2015 and the group formed on the effective date of 16 November 2015. As this is the group and company's first period of trading, comparative results have not been prepared.

Financial results
The financial results for the period ended 31 March 2016 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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

1. 127 shares were issued on incorporation of the entity, on 25 May 2015, at R1 per share
2. 139 404 002 shares were issued on 16 November 2015, at R10 per share

As at 31 March 2016 there were 139 404 129 shares in issue.

129 404 002 of these shares rank for the dividend declared for the period ending 31 March 2016. Refer to note 12 for further information regarding the shares issued.

Dividend distribution
A dividend of 30.07 cents per share was declared by the directors for the period ended 31 March 2016.

The dividend has been declared from distributable earnings and meets the requirements of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

Borrowings
The group has an average borrowing cost of 9.39% at 31 March 2016. At 31 March 2016, 84% of borrowings were subject to fixed interest rates, with a weighted average fixed interest rate expiry of approximately 2.5 years. The group's borrowing capacity amounts to R685 million and facilities utilised at period end amounted to R129 million. The gearing ratio is 8.7%. Details of the company's long-term borrowings are set out in note 14.

Subsidiaries
Details of the company's interest in its subsidiaries are set out in note 7.

Directorate

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

	Appointment date
Executive:	
GM Lucas (CEO)	25 May 2015
SC Lucas (FD) +	25 May 2015
SJ Horton	25 May 2015
Non-executive:	
PA Theodosiou (Chairman) #+	2 September 2015
MS Moloko #	12 October 2015
GA Blackshaw	2 September 2015
GBH Fox #	2 September 2015

Independent
+ *British citizen*

In terms of the memorandum of incorporation, the following directors retire at the forthcoming annual general meeting and are eligible for re-election: PA Theodosiou and GA Blackshaw.

Details regarding the directors' shareholding in the company and remuneration is set out in note 26.3 and 26.4.

Subsequent events

Information on material events that occurred after 31 March 2016 is included in note 29.

Going concern

The directors consider that the company and its subsidiaries have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group and company financial statements. The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act of South Africa and the directors have satisfied themselves that the company and its subsidiaries are in a sound financial position and that it has access to sufficient facilities to meets its foreseeable cash requirements.

Company secretary

The company secretary is HH-O Steyn CA(SA)
Business address: 218 Main Road, Claremont, 7807
Postal address: PO Box 386, Edgemead, 7407

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

Report on the Financial Statements

We have audited the group financial statements and the financial statements of Stor-Age Property REIT Limited, which comprise the statements of financial position at 31 March 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 58 to 104.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Stor-Age Property REIT Limited at 31 March 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other Matter

The supplementary schedules set out on pages 105 – 107 do not form part of the financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on these schedules.

Other Reports Required by the Companies Act

As part of our audit of the financial statements for the period ended 31 March 2016, we have read the Directors' Report, the Audit and Risk Committee's Report and the Declaration by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that this is the first year that KPMG Inc. has been the auditor of Stor-Age Property REIT Limited.

KPMG Inc.
Registered Auditor

Per GM Pickering
Chartered Accountant (SA)
Registered Auditor
Director
13 June 2016

1 Mediterranean Street
Foreshore
Cape Town

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2016

	Note	Group 2016 R'000	Company 2016 R'000
Assets			
Non-current assets		1 573 536	1 367 394
Investment properties	*3*	1 370 587	9 504
Equipment	*4*	1 209	340
Stor-Age share purchase scheme loans	*5*	119 628	119 628
Goodwill and intangible assets	*6*	81 760	81 760
Investment in subsidiaries	*7*	–	1 155 810
Derivative financial instruments	*24.1*	352	352
Current assets		19 798	212 241
Trade and other receivables	*8*	8 792	11 687
Inventories	*9*	1 148	359
Intercompany receivable	*7*	–	156 292
Cash and cash equivalents	*10*	9 858	3 952
Dividends receivable	*11*	–	39 951
Total assets		1 593 334	1 579 635
Equity and liabilities			
Shareholders' interest		1 380 248	1 362 263
Stated capital	*12*	1 362 647	1 362 647
Non-distributable reserve	*13*	18 126	(179)
Accumulated loss		(525)	(205)
Non-current liabilities		131 885	129 021
Bank borrowings	*14*	129 021	129 021
Finance lease obligation	*27*	2 864	–
Current liabilities		81 201	88 351
Trade and other payables	*15*	25 704	9 044
Provisions	*16*	16 000	–
Finance lease obligation	*27*	591	–
Intercompany payable	*7*	–	40 401
Shareholders' distribution payable		38 906	38 906
Total equity and liabilities		1 593 334	1 579 635
Number of shares in issue (note 12)		139 404 129	139 404 129
Net asset value per share (cents)		990.11	977.20
Net tangible asset value per share (cents)		931.46	918.56

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 March 2016

	Note	Group 2016 R'000	Company 2016 R'000
Property revenue	1.14	56 900	2 218
– Rental income		54 907	406
– Other income		1 993	1 812
Direct property costs	1.15	(12 996)	(83)
Net property operating income	1.21	43 904	2 135
Management fees	1.22	4 946	6 896
Dividends receivable from subsidiaries	11	–	39 951
Administration expenses		(9 066)	(9 413)
Operating profit	1.20	39 784	39 569
Gain on bargain purchase		4 377	–
Fair value adjustment to investment properties	3	13 397	(531)
Fair value adjustment to derivative financial instruments	24.1	352	352
Depreciation and amortisation		(525)	(96)
Profit before interest and taxation		57 385	39 294
Interest income		4 118	3 707
Interest expense		(4 996)	(4 479)
Profit before taxation	17	56 507	38 522
Taxation expense	18	–	–
Profit for the period		56 507	38 522
Total comprehensive income for the period		56 507	38 522

	Note	Cents
Basic and diluted earnings per share	19	43.67

STATEMENTS OF CHANGES IN EQUITY
for the period ended 31 March 2016

Group	Stated capital R'000	Non-distributable reserve R'000	Accumulated loss R'000	Total R'000
Total comprehensive income for the period				
Profit for the period	–	–	56 507	56 507
Transactions with owners, recognised directly in equity				
Issue of 127 shares on 25 May 2015	–	–	–	–
Proceeds	–	–	–	–
Share issue costs	–	–	–	–
Issue of 139 404 002 shares in November 2015	1 362 647	–	–	1 362 647
Proceeds	1 371 440	–	–	1 371 440
Share issue costs	(8 793)	–	–	(8 793)
Transfer to non-distributable reserve	–	18 126	(18 126)	–
Shareholders' distribution	–	–	(38 906)	(38 906)
Total transactions with owners	1 362 647	18 126	(57 032)	1 323 741
Balance at 31 March 2016	1 362 647	18 126	(525)	1 380 248

Company	Stated capital R'000	Non-distributable reserve R'000	Accumulated loss R'000	Total R'000
Total comprehensive income for the period				
Profit for the period	–	–	38 522	38 522
Transactions with owners, recognised directly in equity				
Issue of 127 shares on 25 May 2015	–	–	–	–
Proceeds	–	–	–	–
Share issue costs	–	–	–	–
Issue of 139 404 002 shares in November 2015	1 362 647	–	–	1 362 647
Proceeds	1 371 440	–	–	1 371 440
Share issue costs	(8 793)	–	–	(8 793)
Transfer to non-distributable reserve	–	(179)	179	–
Shareholders' distribution	–	–	(38 906)	(38 906)
Total transactions with owners	1 362 647	(179)	(38 727)	1 323 741
Balance at 31 March 2016	1 362 647	(179)	(205)	1 362 263

	2016 Cents
Dividend per share (note 19)	30.07

STATEMENTS OF CASH FLOWS
for the period ended 31 March 2016

	Note	Group 2016 R'000	Company 2016 R'000
Cash flows from operating activities			
Cash generated/(utilised) from operations	20.1	71 548	(3 384)
Interest income	20.2	4 118	3 707
Interest paid	20.3	(4 996)	(4 479)
Net cash inflow/(outflow) from operating activities		70 670	(4 156)
Cash flows from investing activities			
Acquisition of investment properties		(1 357 190)	(10 035)
Advances of Stor-Age share purchase scheme loans		(119 628)	(119 628)
Acquisition of equipment		(1 672)	(374)
Acquisition of intangible assets		(104 422)	(104 422)
Acquisition of subsidiaries	21	4 452	(1 155 810)
Increase in loans from subsidiaries		–	40 401
Increase in loans to subsidiaries		–	(156 292)
Net cash outflow from investing activities		(1 578 460)	(1 506 160)
Cash flows from financing activities			
Increase in bank borrowings		129 021	129 021
Proceeds from the issue of shares		1 394 040	1 394 040
Share issue costs		(8 793)	(8 793)
Raising of finance lease		3 380	–
Net cash inflow from financing activities		1 517 648	1 514 268
Net cash inflow for the period		9 858	3 952
Cash and cash equivalents at beginning of period		–	–
Cash and cash equivalents at end of period		9 858	3 952

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 March 2016

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

Stor-Age Property REIT Limited (the company) is a company domiciled in South Africa. The address of the company's registered office is 218 Main Road, Claremont, Cape Town.

The group financial statements include the financial statements of the company and its subsidiaries from the date of incorporation of the company of 25 May 2015 until the period ended 31 March 2016. As a result, there are no comparatives presented in these financial statements.

1.2 Basis of preparation

Statement of compliance

The group and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listing Requirements. The financial statements were authorised for issue by the board of directors on 13 June 2016.

1.3 Basis of measurement

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

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

Functional and presentation currency

The entity's functional currency used for the preparation of the financial statements is South African Rands which have been rounded to the nearest thousand, unless otherwise indicated.

Adoption of standards and interpretations

The standards and interpretations that are relevant to the group, but which are not yet effective for the March 2016 financial period, are identified in the table below, together with the effective dates:

Standard		Effective Date *	Applicable to Group	Expected Impact
IFRS 16	Leases	01-Jan-19	Yes	Not material
IFRS 9 *(amendment)*	Financial Instruments	01-Jan-18	Yes	Not material
IFRS 15	Revenue from Contracts with Customers	01-Jan-17	Yes	#

* *Effective date is for periods beginning on or after the stated date, unless otherwise indicated*
\# *Management is in the process of assessing the impact on the financial statements*

All standards will be adopted at their effective date.
Standards and interpretations that are not applicable to the group and will have no impact on future financial statements are not included in the list above.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Use of estimates and judgements

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

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

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.5 Basis of consolidation

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

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

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

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

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

1.6 Investment properties

Investment properties

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Investment properties (continued)

Subsequent to initial recognition investment property is measured at fair value. Fair values are determined annually on the open market value basis, using either the discounted cash flow method or the capitalisation of net income method or a combination of these methods. Valuations are performed as at the reporting date, either internally by the directors or externally by professional valuers, who hold recognised and relevant professional qualifications and have recent experience in the location and category of investment property being valued. These valuations form the basis for the carrying value in the financial statements. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this expenditure other than those a rational market participant would take into account when determining the value of the property. Unrealised gains or losses arising from changes in fair value are included in profit or loss for the period in which they arise and are transferred to the non-distributable reserve as they are not available for distribution. Similarly, the realised gains or losses arising on the disposal of investment properties are recognised in profit or loss for the period in which they arise and are transferred to the non-distributable reserve and are not available for distribution.

On disposal of investment properties, the difference between the net disposal proceeds and the fair value at the date of the last financial reporting period (plus any subsequent capital expenditure post the reporting date) is charged or credited to profit or loss. The net gain or loss on the sale of investment properties is transferred to a non-distributable reserve and is not available for distribution.

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

Investment property under development

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

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

Leasehold investment properties

Leasehold properties that are leased under operating leases are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor for the building element of the leasehold is included in the statement of financial position at the present value of the minimum lease payments at inception, and is shown within note 27. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Equipment

Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis, over the current estimated useful lives of the assets. The estimated useful lives of the assets for the current periods is:

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
Computers	3 years
Computer software	3 years

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

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

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

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

1.8.1.1 Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available for sale, as appropriate. The group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable costs.

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

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

Trade and other receivables

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

1.8.1.1 Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised cost.

Loan receivable

Loans receivable are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Stor-Age share purchase scheme loans

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

1.8.1.2 Financial liabilities

Initial recognition of financial liabilities is at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statements of financial position only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are offset only to the extent that their related instruments have been offset in the statements of financial position.

1.8.2 Derivative financial instruments and hedge accounting

The group utilises derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. In the group, derivative financial assets and financial liabilities comprise interest rate swaps.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

1.8.2 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

Changes in the fair value of the derivative hedging instruments designated as a cash flow hedge are recognised directly in other comprehensive income and presented in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

The fair value of interest rate swaps is the estimated amount that the group and company would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

1.9 Intangible assets and goodwill

Goodwill

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

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

Intangible assets

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

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

Subsequent expenditure on capitalised intangible assets is capitalised only when it is probable that future economic benefits will flow to the group and that the cost can be measured reliably. All other expenditure is expensed as incurred.

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

The estimated useful lives for the period is as follows:

Intangible asset relating to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited	Indefinite
Intangible asset relating to the amalgamation and merger of Fernwood Asset Management Proprietary Limited	Indefinite

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 Leases

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

Finance leases – lessee

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

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

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.11 Inventories

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

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

1.12 Impairment

Financial assets

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

Objective evidence of impairment includes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Impairment (continued)

Financial assets (continued)

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

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Non-financial assets

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

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

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

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

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

1.13 Provisions

Provisions are recognised when the group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amount of the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Property revenue

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

1.15 Direct property costs

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

1.16 Dividend received from subsidiaries

Dividend received from subsidiaries is recognised in profit or loss when the shareholder's right to receive payment has been established.

1.17 Interest expense

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

1.18 Interest income

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

1.19 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.20 Operating profit

Operating profit is defined as profit before fair value adjustments, amortisation, depreciation, interest and taxation.

1.21 Net property operating income

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

1.22 Management fees

Management fees include property management fees, asset management fees, license fees, acquisition fees and development fees. Property management fees, asset management fees, licence fees and acquisition fees are recognised in profit or loss when earned. Development fees are recognised in profit or loss on a straight-line basis over the period of development of the investment property.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.23 Tax

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

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

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

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

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

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

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

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

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

1.24 Stated capital

Stated capital

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

Dividends

Dividends are recognised as a liability in the period in which they are declared.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.25 Segment reporting

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

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

The group comprises the following main geographical operating segments:

- Western Cape
- Gauteng
- Free State
- KwaZulu-Natal
- Eastern Cape

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

1.26 Employee benefits

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

1.27 Non-distributable reserve

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

1.28 Shareholders' distribution

Dividends and other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

2. FINANCIAL RISK MANAGEMENT

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

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

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

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

2.1 Credit risk

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

Trade and other receivables

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

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

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Stor-Age share purchase scheme loans

The group's exposure to credit risk is influenced by the security provided for the loans and also the characteristics of each borrower who is an employee of the group. The group establishes an allowance for impairment that represents its estimate of specific incurred losses due to the borrowers' inability to meet their commitments.

Cash and cash equivalents

The group limits its exposure to credit risk by only placing funds with reputable financial institutions for investing and cash handling purposes.

2. FINANCIAL RISK MANAGEMENT (continued)

2.2 Liquidity risk

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

The group monitors cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 24.3.

2.3 Market risk

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

Interest rate risk

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

Currency risk

The group has no exposure to currency risk.

Price risk

The group has no exposure to price risk.

2.4 Capital risk management

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

3. INVESTMENT PROPERTIES

	Group 2016 R'000	Company 2016 R'000
Cost	1 357 190	10 035
Accumulated fair value adjustment	13 397	(531)
Carrying value at end of period	1 370 587	9 504
Movement in investment properties:		
Acquisitions made through business combination	1 338 421	–
Additions/subsequent expenditure	18 769	10 035
Fair value adjustment	13 397	(531)
Carrying value at end of period	1 370 587	9 504

Investment properties comprises a number of self storage facilities. Rental agreements are entered into for periods on a month-to-month basis. A register of investment properties is available for inspection at group's registered office.

Stor-Age Constantia Kloof is held under an operating lease with a term of 40 years (commencement date: December 2012). The property has been classified as investment property and included at its fair value of R52 500 000.

The group's policy is to have one third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the directors of the company using the same methodology applied by the external valuers. Notwithstanding this policy, the board elected to have all properties valued by an independent external valuer for the period ended 31 March 2016.

Measurement of fair value on investment properties

Details of valuation

Investment properties have been valued at 31 March 2016 by Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who is independent and a member of the South African Institute of Valuers.

The property valuations determine the current market value for the properties as may be achieved on the market after due consideration of all market forces. The property and its value-forming attributes are benchmarked against the current market and fair consideration is then made in order to indicate what the value of the property may realise in the broader investment or end user market based on the principle of willing buyer and willing seller.

The fair value measurement for investment properties has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used. The level 3 reconciliation is set out in the table above.

3. INVESTMENT PROPERTIES (continued)

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
The valuation methodology for each property is based on a discounted cash flow of the net operating income over a 10 year period and notional sale of the asset at the end of the tenth year. (a) Net operating income is based on the projected revenue less projected operating costs, including a property management fee. For properties that have not reached a stabilised mature occupancy level, the growth in occupancy in future periods is calculated assuming a straight-line lease up to stabilised mature occupancy. The number of months to achieve stabilised mature occupancy is based on management's estimate taking account of the historical lease up of the property being valued and experience from similar properties in the portfolio. The projected revenue and costs are adjusted for estimated revenue growth and cost inflation. The discount rates applied to future cash flow have been estimated by reference to underlying market yields for industrial and retail property and inflation. Any outstanding costs to take an investment property from its current state to completion and full fit out is deducted from the valuation. b) The income capitalisation method is also applied as a check to ensure that the discounted cash flow valuation is appropriate. Net operating income is calculated on a forward 12 month basis assuming stabilised mature occupancy and market related rental rates. A market related capitalisation rate is applied to the annualised net operating income to derive a valuation.	(a) Financial information used to calculate forecast net income- e.g. stabilised occupancy levels, expected future growth in revenue and operating costs. (b) Discount rate – the percentage range of rates is between 17.0% and 18.5% (c) The capitalisation rate for the notional sale of an asset in year 10 used is between 9.0% and 11.0% (d) The rental escalation is between 8.0% and 15.0% (d) The operating costs inflation assumption is 7.0%	All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation, and vice versa. Higher assumptions for stabilised occupancy, lease up rates and rental rate and a lower assumption for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

4. EQUIPMENT

	Group 2016 R'000	Company 2016 R'000
Furniture and fixtures		
– Cost	108	23
– Accumulated depreciation	(26)	(2)
Motor vehicles		
– Cost	913	–
– Accumulated depreciation	(224)	–
Office equipment		
– Cost	162	–
– Accumulated depreciation	(46)	–
Computer equipment		
– Cost	489	351
– Accumulated depreciation	(167)	(32)
Balance at 31 March 2016	1 209	340
Movement for the period		
Acquisitions made through business combinations	1 026	–
– Furniture and fixtures	71	–
– Motor vehicles	819	–
– Office equipment	136	–
Acquisitions	646	374
– Furniture and fixtures	37	23
– Motor vehicles	94	–
– Office equipment	26	–
– Computer equipment	489	351
Depreciation	(463)	(34)
– Furniture and fixtures	(26)	(2)
– Motor vehicles	(224)	–
– Office equipment	(46)	–
– Computer equipment	(167)	(32)
Balance at 31 March 2016	1 209	340

5. STOR-AGE SHARE PURCHASE SCHEME LOANS

At the inaugural meeting held on 20 October 2015, shareholders approved and adopted the Stor-Age Share Purchase and Option Scheme (the ''Scheme"). In terms of the rules of the Scheme, the maximum number of shares which may be granted to the participants is limited to 11 935 200 shares in the company at any time.

	2016 number of shares
Maximum shares available for the scheme	11 935 200
Issued to the participants in the scheme	11 610 000

	Group 2016 R'000	Company 2016 R'000
Loans to directors and employees		
Directors		
– SC Lucas	36 063	36 063
– GM Lucas	36 063	36 063
– SJ Horton	36 063	36 063
Employees	11 439	11 439
	119 628	119 628

The terms of the loans to directors and employees are as follows:
- The loans bear interest at a rate of 8% per annum compounded monthly and capitalised to the loan.
- Dividends received on the shares held by the beneficiaries are applied to the interest payable.
- The loans are secured by a pledge and cession of the shares to the company.
- The maximum period for the repayment of the loans is ten years.
- In the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year.
- In the event of the retrenchment or death of a beneficiary, the loans are repayable within two years.
- The loans are repayable in cash.

2016	Shares acquired	Shares disposed of by beneficiaries	Shares held at end of period
Directors	3 500 000	–	3 500 000
– SC Lucas	3 500 000	–	3 500 000
– GM Lucas	3 500 000	–	3 500 000
– SJ Horton	1 110 000	–	1 110 000
Employees	11 610 000	–	11 610 000

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

2016	Interest rate	Number of shares	Date	Issue price R'000	Outstanding balance R'000	Fair value of shares R'000
Issue 1						
Directors						
– SC Lucas	8.00%	3 500 000	16 November 2015	35 000	36 063	32 725
– GM Lucas	8.00%	3 500 000	16 November 2015	35 000	36 063	32 725
– SJ Horton	8.00%	3 500 000	16 November 2015	35 000	36 063	32 725
Employees	8.00%	1 110 000	16 November 2015	11 100	11 439	10 379
Total		11 610 000		116 100	119 628	108 554

6. GOODWILL AND INTANGIBLE ASSETS

	Group 2016 R'000	Company 2016 R'000
Goodwill	45 679	279
Intangible assets acquired through business combinations	36 000	81 400
Website	81	81
Carrying value at 31 March 2016	81 760	81 760
Goodwill		
Stor-Age Self Storage Proprietary Limited	45 679	279
Total goodwill	45 679	279
Intangible assets		
Acquired through business combinations*#	36 000	81 400
Management agreement relating to the amalgamation and merger of Stor-Age Self Storage Proprietary Limited^	32 000	77 400
Management agreement relating to the amalgamation and merger of Fernwood Asset Management Proprietary Limited^	4 000	4 000
Website	81	81
– Cost	143	143
– Amortisation	(62)	(62)
Total intangible assets	36 081	81 481
Total goodwill and intangible assets	81 760	81 760

* *Details of the amalgamation and merger is set out on note 21.*
\# *Management has assessed the useful life of these intangible assets as indefinite.*
^ *Refer below for details relating to agreements.*

6. GOODWILL AND INTANGIBLE ASSETS (continued)

Goodwill

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

In the Company's separate financial statements the purchase consideration of R77.7 million is recognised as an intangible asset. On consolidation, the purchase consideration of R77.7 million is recognised as follows:
Goodwill – R45.7 million
Intangible asset – R32 million

On consolidation, the property management fee payable by Roeland Street Investments (Pty) Limited ('RSI 1') to the company is an intercompany transaction. As the company cannot have an asset for its own management the amount paid in respect of the intercompany management fee has been reclassified to goodwill.

For purposes of impairment testing, goodwill acquired has been allocated to the property management contract, ceded to the company as part of the amalgamation and merger of the Operator. Goodwill has been allocated to segments but the same inputs as disclosed below have been used for each cash generating unit given that the underlying properties are in large metropolitan areas. Management has tested these cash flows using a discounted cash flow valuation on a standalone basis, using the following assumptions:
Discount rate – 17%
Exit capitalisation rate – 9.5%.
Growth rate – 9%
Cost inflation – 6%

There was no indication of impairment of the cash generating units at 31 March 2016.

Intangible assets

Intangible assets comprise:
– The property management agreement over RSI 1, Roeland Street Investments 2 (Pty) Ltd (RSI 2) and Roeland Street Investments 3 (Pty) Ltd (RSI 3)
– The asset management agreement over RSI 1, RSI 2 and RSI 3
– The intellectual property and licence agreements with RSI 1, RSI 2 and RSI 3.

The asset management agreement has an indefinite useful life in terms of the provisions of the agreement. The property management agreement and the intellectual property and licence agreement have initial periods of 10 years each ending on 30 September 2023. Both agreements have an automatic contractual renewal period at the discretion of either party to the agreement and the directors have therefore determined that both agreements have an indefinite useful life.

Intangible assets are tested annually for impairment based on a discounted cash flow valuation over a ten year period of continuing use of the property and asset management agreement using the following assumptions:
Discount rate – 14.5%
Exit capitalisation rate – 10%.
Growth rate – 9%
Cost inflation – 6%

There was no indication of impairment at 31 March 2016.

7. INVESTMENT IN SUBSIDIARIES

	Percentage holding 2016
Subsidiaries+	
Roeland Street Investments Proprietary Limited	100%
Wimbledonway Investments Proprietary Limited	100%
N14 Self Storage Proprietary Limited	100%

+ *Details regarding the business combinations is set out in note 21.*

Direct investment in subsidiaries	Investment 2016 R'000	Amount owing by 2016 R'000	Amount owing (to) 2016 R'000
Roeland Street Investments Proprietary Limited	1 094 310	140 502	(29 593)
Wimbledonway Investments Proprietary Limited	48 985	–	(10 808)
N14 Self Storage Proprietary Limited	12 515	15 790	–
	1 155 810	156 292	(40 401)

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

8. TRADE AND OTHER RECEIVABLES

	Group 2016 R'000	Company 2016 R'000
Tenant debtors net of provision for doubtful debts	928	–
Gross tenant debtors	1 451	–
Provision for doubtful debt	(523)	–
Prepayments	1 517	1 517
Staff loans	117	117
Related party receivables	3 163	8 486
Taxation receivable	325	–
Sundry receivables	2 742	1 567
	8 792	11 687

Information about the group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 24.2.

		Group 2016 R'000	Company 2016 R'000
9.	**INVENTORIES**		
	Stock on hand	1 148	359
		1 148	359
10.	**CASH AND CASH EQUIVALENTS**		
	Cash on call	346	346
	Current account	9 512	3 606
		9 858	3 952
	The effective interest rates are set out in note 24.1.1.		
11.	**DIVIDENDS RECEIVABLE**		
	Amount receivable from subsidiary	–	39 951
		–	39 951
12.	**STATED CAPITAL**		
	Authorised		
	1 000 000 000 Ordinary shares of no par value		
	Issued		
	127 Ordinary shares issued at R1 per share	–	–
	10 000 000 Ordinary shares recognised at R7.74 per share*	77 400	77 400
	129 404 002 Ordinary shares issued at R10 per share	1 294 040	1 294 040
	Costs capitalised on listing	(8 793)	(8 793)
		1 362 647	1 362 647

* *The fair value of the consideration shares issued to Stor-Age Self Storage Proprietary Limited is R7.74 per share (R10 less dividends foregone of R2.26). 15% of the unissued shares are under the control of the directors until the next annual general meeting.*

\# *Refer to shareholder analysis for further information regarding significant shareholders.*

		Group 2016 R'000	Company 2016 R'000
13.	**NON-DISTRIBUTABLE RESERVE**		
	Fair value adjustment reserve		
	– Investment properties	13 397	(531)
	– Derivative financial instruments	352	352
	Movement in non-distributable reserves		
	Adjustment to fair value reserve of investment properties	13 397	(531)
	Adjustment to fair value reserve of derivative financial instruments	352	352
	Gain on bargain purchase*	4 377	–
	Closing balance at end of period	18 126	(179)

* *Relates to the acquisition of RSI 1*

				Group 2016 R'000	Company 2016 R'000
14. BANK BORROWINGS					
Non-current borrowings				(129 021)	(129 021)
– Long-term borrowings				(142 154)	(142 154)
– Surplus cash paid into loan facility				13 133	13 133
Non-current borrowings comprise loan facilities with Nedbank as set out below:					
	Facility expiry date	Term	Interest rate %		
Facility A	Nov-17	2 years	prime less 1.75	150 000	150 000
Facility B	Nov-18	3 years	prime less 1.50	150 000	150 000
Facility C	Nov-20	5 years	prime less 1.40	350 000	350 000
				650 000	650 000

Nedbank facility A

Facility A bears interest at the prime overdraft rate as applicable in South Africa less 1.75%. Interest is payable monthly, with a final repayment of the capital together with any outstanding amounts due on 16 November 2017.

Nedbank facility B

Facility B bears interest at the prime overdraft rate as applicable in South Africa less 1.50%. Interest is payable monthly, with a final repayment of the capital together with any outstanding amounts due on 16 November 2018.

Nedbank facility C

Facility C bears interest at the prime overdraft rate as applicable in South Africa less 1.40%. Interest is payable monthly, with a final repayment of the capital together with any outstanding amounts due on 16 November 2020.

As at 31 March 2016, only loan Facility A was utilised. All surplus cash is placed in the loan facility. The surplus cash paid into the loan facility earns interest at the prime overdraft rate as applicable in South Africa less 2.75%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate swaps to the value of R75 million and R25 million have been entered into with Nedbank Limited. Further details are set out in note 24.1.

14. BANK BORROWINGS (continued)

Facilities A, B and C are secured as follows:

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

The above properties are pledged as security for loan facilities A, B and C.

Covenants relating to the loans:

- At all times total debt shall not exceed 50% of total assets
- Interest cover is to remain at a level of at least 1.8 to 1 times

No covenants were breached during the period.

15. TRADE AND OTHER PAYABLES

	Group 2016 R'000	Company 2016 R'000
Trade creditors	1 057	560
Income received in advance	3 735	716
Security deposits	12 411	1 256
Other payables	4 012	5 141
Property accruals	2 316	1 192
Tenant deposits	494	–
VAT	1 679	179
	25 704	9 044

16. PROVISIONS

	Group 2016 R'000	Company 2016 R'000
Customs provision*	16 000	–
	16 000	–

* *Customs provision recognised on acquisition of RSI 1, refer to note 21.1.*

17. PROFIT BEFORE TAXATION

is stated after recognising:	Group 2016 R'000	Company 2016 R'000
Interest received	4 118	3 707
Increase/(decrease) in fair value of investment properties	13 397	(531)
Interest paid	(4 996)	(4 479)
Depreciation and amortisation	(525)	(96)
Salaries	(4 747)	(4 113)
Rates	(2 766)	–
Bad debts written off	281	–

18. TAXATION

	Group 2016 R'000	Company 2016 R'000
Income tax charge for the period	–	–

On listing, the company became a REIT with an effective date of 16 November 2015. With the application of section 25BB of the Income Tax Act of South Africa, the company's income tax charge for the current period is zero.

The group has an assessed loss of R144.1 million. Management has decided, in light of the impact of the REIT legislation, not to recognised a deferred taxation asset as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

19. EARNINGS AND HEADLINE EARNINGS PER SHARE

	Group 2016 R'000
Reconciliation of basic earnings and headline earnings per share	
Profit for the period	56 507
Basic earnings	56 507
Headline earnings adjustments*	(17 774)
Fair value adjustment of investment properties	(13 397)
Gain on bargain purchase	(4 377)
Headline earnings attributable to shareholders	38 733
Total shares in issue ('000)	139 404
Weighted average shares in issue ('000)	139 404
Share entitled to dividends in issue ('000)	129 404
Basic and diluted earnings per shares (cents)	43.67
Basic and diluted headline earnings per share (cents)	29.93

The group has no dilutive instruments in place.

* *There are no tax effects or non-controlling interests*

20. NOTES TO THE STATEMENTS OF CASH FLOWS

		Group 2016 R'000	Company 2016 R'000
20.1	**Cash generated from operations**		
	Profit before taxation	56 507	38 522
	Adjusted for:		
	Dividends received	–	(39 951)
	Interest income	(4 118)	(3 707)
	Interest expense	4 996	4 479
	Depreciation and amortisation	525	96
	Bargain purchase gain	(4 377)	–
	Fair value adjustment to investment properties	(13 397)	531
	Fair value adjustment to derivative financial instruments	(352)	(352)
		39 784	(382)
	Changes in working capital, net of assets acquired	31 764	(3 002)
	Increase in trade and other receivables	(8 792)	(11 687)
	Increase in inventory	(1 148)	(359)
	Increase in trade and other payables	25 704	9 044
	Increase in provisions	16 000	–
		71 548	(3 384)
20.2	**Interest income**		
	Interest income per statement of profit or loss	4 118	3 707
	Balance receivable at end of period	–	–
	Interest income	4 118	3 707
20.3	**Interest paid**		
	Interest charge per statement of profit or loss	(4 996)	(4 479)
	Balance payable at end of period	–	–
	Interest paid	(4 996)	(4 479)

21. BUSINESS COMBINATIONS

21.1 Roeland Street Investments Proprietary Limited ("RSI 1")

On 16 November 2015 the company acquired 100% of the issued share capital of RSI 1. The total consideration for the acquisition was R201 million. The consideration was paid for by issuing 20.1 million ordinary shares in the company at R10 per share to the sellers.

The acquired business contributed revenue of R52 million and net profit after tax of R38 million to the group from the effective date of 16 November 2015 to 31 March 2016.

The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:

	Group 2016 R'000
Investment properties*	1 261 956
Cash and cash equivalents	693
Trade and other receivables	1 245
Inventories	1 453
Financial liabilities	(1 024 277)
Finance lease obligation	(2 644)
Trade and other payables	(17 049)
Contingent liability assumed#	(16 000)
Fair value of net assets	205 377
Gain on bargain purchase	(4 377)
Total purchase consideration	201 000
Consideration financed by the issue of shares	201 000
Cash and cash equivalents acquired	693
Net cash inflow on acquisition	693

* *The valuations techniques used for measuring fair value are consistent with the group's policy.*

\# *Relating to customs tax code dispute with the South African Revenue Service ("SARS"). The Company imports an internal hallway system used to partition all individual self storage units in multi-level self storage developments. Since 2009, the system has, without contention, been imported as pre-fabricated buildings due to its nature in terms of the relevant customs code. SARS has now subsequently expressed their view that the system is not prefabricated buildings as defined and therefore are not covered by Chapter Note 4 of Chapter 94 of the Customs and Excise Act, 91 of 1964. The Company has contested this view through the appointment of customs and legal advisors. The resolution of this matter has not yet reached finality. The amount provided represents the maximum exposure.*

21. BUSINESS COMBINATIONS (continued)

	Group 2016 R'000
21.2 Acquisition of Wimbledonway Investments Proprietary Limited ("WWI")	
On 16 November 2015 the company acquired 100% of the issued share capital of WWI. The total consideration for the acquisition was R48.9 million. The consideration was paid for by issuing 5.4 million ordinary shares in the company at R10 per share to the sellers and an amount of R5 million was repaid to the company as per the sale and purchase agreement.	
The acquired business contributed revenue of R2 million and net profit after tax of R1.4 million to the group from the effective date of 16 November 2015 to 31 March 2016.	
The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:	
Investment properties*	57 599
Equipment	190
Cash and cash equivalents	3 757
Financial liabilities	(12 540)
Trade and other payables	(7)
Fair value of net assets	48 999
Goodwill	–
Total purchase consideration	48 999
Consideration financed by the issue of shares	54 000
Redeemable by previous shareholders of WWI	(5 001)
Cash and cash equivalents acquired	3 757
Net cash inflow on acquisition	3 757

* *The valuations techniques used for measuring fair value are consistent with the group's policy.*

21. BUSINESS COMBINATIONS (continued)

21.3 Acquisition of N14 Self Storage Proprietary Limited ("N14")

On 16 November 2015 the company acquired 100% of the issued share capital of N14. The total consideration for the acquisition was R12.5 million. The consideration was paid for by issuing 7.15 million ordinary shares in the company at R10 per share to the sellers and an amount of R5.4 million was paid to the seller as per the sale and purchase agreement. The acquired business contributed revenue of R780 000 and net profit after tax of R354 000 to the group from the effective date of 16 November 2015 to 31 March 2016.

The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:

	Group 2016 R'000
Investment properties*	18 972
Equipment	836
Cash and cash equivalents	2
Trade and other receivables	23
Financial assets	6 044
Trade and other payables	(13 317)
Fair value of net assets	12 560
Goodwill	–
Total purchase consideration	12 560
Consideration financed by the issue of shares	7 155
Payable to previous shareholders of N14	5 405
Cash and cash equivalents acquired	2
Net cash inflow on acquisition	2

* *The valuation techniques used for measuring fair value are consistent with the group's policy.*

21. BUSINESS COMBINATIONS (continued)

21.4 Fernwood Asset Management Proprietary Limited ("FAM") amalgamation and merger

The company entered into an amalgamation and merger agreement with FAM, in terms whereof the company acquired all the assets owned by FAM and used in connection with the business of FAM, as a going concern in terms of section 44 of the Income Tax Act. The total consideration for the acquisition was R4 million. The consideration was paid for issuing 400 000 shares in the company at R10 per share.

The agreement acquired as part of the business combination has an indefinite useful life, as set out in note 6.

	Group 2016 R'000
The assets and liabilities arising from the amalgamation and merger are as follows:	
Trade and other receivables	9 855
Trade and other payables	(9 855)
Asset management agreement	4 000
Fair value of net assets	4 000
Total purchase consideration	4 000

21.5 Stor-Age Self Storage Proprietary Limited ("the Operator") amalgamation and merger

The company entered into an amalgamation and merger agreement in terms whereof the company acquired all the assets owned by the Operator and used in connection with the business of the Operator, as a going concern in terms of section 44 of the Income Tax Act. The total consideration for the acquisition was R77.7 million. The consideration was paid for issuing 10 million shares in the company at a fair value of R7.74 per share (refer to note 6 for fair value adjustment).

The agreement acquired as part of the business combination has an indefinite useful life, as set out in note 6.

	Group 2016 R'000
Property management agreement	32 000
Fair value of net assets	32 000
Total purchase consideration	77 700
Goodwill	45 700

Had the business combinations and related capital restructuring occurred on 25 May 2015 (inception date) or for an annual period, the most appropriate method for calculating the effect on revenue would be to pro-rate revenue of R55.3 million by grossing it up for the annual or related reporting period. The profit attributable to the company would be done in a similar manner. This is management's best estimate of the prior period profit, as the actual profit earned pre-listing was substantially different due to the significantly different capital structure and trading nature of the underlying entities and would therefore not be an appropriate basis for comparison.

22. CAPITAL COMMITMENTS AUTHORISED

	Group 2016 R'000
Contracted for	–
Authorised but not contracted for	44 693
	44 693

The capital commitments will be funded by long-term interest bearing borrowings through the draw down of the company's unutilised facilities. Details of the security held over certain properties are set out in note 14.

23. SEGMENTAL INFORMATION

Segmental information is based on the geographic location of each investment property. The group trades in 5 of the 9 provinces in South Africa. The group is managed on a consolidated basis and inter-segmental transactions have been eliminated. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, fair value adjustment to investment properties and direct property costs.
- On the statement of financial position: Investment property, tenant debtors and inventories

Group: period ended 31 March 2016

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000	Eastern Cape R'000	Total R'000
Revenue						
– Rental income	21 872	27 993	1 228	1 341	2 473	54 907
– Other income	660	1 056	84	12	181	1 993
Direct property costs	(5 638)	(5 804)	(469)	(729)	(356)	(12 996)
Operating profit	16 894	23 245	843	624	2 298	43 904
Fair value adjustment to investment properties	29 617	(21 567)	423	3 122	1 802	13 397
Total profit for the period	46 511	1 678	1 266	3 746	4 100	57 301

23. SEGMENTAL INFORMATION (continued)

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue			
– Rental income	54 907	54 907	–
– Other income	1 993	1 993	–
Direct property costs	(12 996)	(12 996)	–
Net property operating income	43 904	43 904	–
Management and development fee income	4 946	–	4 946
Administration costs	(9 066)	–	(9 066)
Operating profit	39 784	43 904	(4 120)
Gain on bargain purchase	4 377	–	4 377
Fair value adjustment to investment properties	13 397	13 397	–
Fair value adjustment to financial instruments	352	–	352
Depreciation and amortisation	(525)	–	(525)
Profit before interest and taxation	57 385	57 301	84
Interest income	4 118	–	4 118
Interest expense	(4 996)	–	(4 996)
Profit before taxation	56 507	57 301	(794)
Taxation expense	–	–	–
Total profit for the period	56 507	57 301	(794)

Segment assets, reserves and liabilities

Group: period ended 31 March 2016

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000	Eastern Cape R'000	Total R'000
Segment assets						
Investment properties	592 242	679 045	23 000	20 500	55 800	1 370 587
Tenant debtors	184	650	36	15	43	928
Inventories	400	407	25	32	43	907

23. SEGMENTAL INFORMATION (continued)

Segment assets, reserves and liabilities

Group: period ended 31 March 2016

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	1 573 536	1 370 587	202 949
Investment properties	1 370 587	1 370 587	–
Equipment	1 209	–	1 209
Stor-Age share purchase scheme loans	119 628	–	119 628
Intangible assets and goodwill	81 760	–	81 760
Derivative financial instruments	352	–	352
Current assets	19 798	1 835	17 963
Trade and other receivables	8 792	928	7 864
Inventories	1 148	907	241
Cash and cash equivalents	9 858	–	9 858
Total assets	1 593 334	1 372 422	220 912
Shareholders' interest	1 380 248	–	1 380 248
Stated capital	1 362 647	–	1 362 647
Non-distributable reserve	18 126	–	18 126
Accumulated loss	(525)	–	(525)
Non-current liabilities	131 885	–	131 885
Bank borrowings	129 021	–	129 021
Finance lease obligation	2 864	–	2 864
Current liabilities	81 201	–	81 201
Trade and other payables	25 704	–	25 704
Provisions	16 000	–	16 000
Finance lease obligation	591	–	591
Shareholders' distribution	38 906	–	38 906
Total equity and liabilities	1 593 334	–	1 593 334

	Group 2016 R'000
Reconciliation of headline earnings to distributable earnings per share	
Headline earnings attributable to shareholders	38 733
Distributable earnings adjustment	173
Amortisation and deprecation	525
Fair value adjustment to derivative financial instruments	(352)
Distributable earnings	38 906
Shares entitled to dividends in issue ('000)	129 404
Distribution per share for the period (cents)	30.07

24. FINANCIAL INSTRUMENTS

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

24.1 Interest rate risk

The group adopts a policy of ensuring that an appropriate amount of its exposure to changes in interest rates on borrowings is on a fixed basis. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The interest rate swaps qualify for hedge accounting and the group thus classifies them as cash flow hedges and states them at fair value based on broker quotes. At the reporting date, the group had entered into the following interest rate swaps and with respect to the following facilities:

	Notional amount R'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2016 R'000
Nedbank facility A					
– Swap A	75 000	20 November 2015	30 November 2018	9.52%	512
– Swap B	25 000	17 March 2016	30 November 2018	10.07%	(160)
Total	100 000				352

* *The fair value on the interest rate swaps is applicable to the group and company*

The interest rate on all of the above instruments have been fixed with Nedbank Limited.

24.1.1 Effective interest rates and repricing

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

2016	Note	Effective interest rate	Carrying amount R'000	0–12 months R'000	1–4 years R'000	More than 4 years R'000
Cash and cash equivalents						
– Cash on call	10	5.40%	346	346	–	–
– Current accounts	10	0.05%	9 512	9 512	–	–
Stor-Age share purchase scheme loans						
– Issue 1	5	8.00%	119 628	–	–	119 628
Financial liabilities						
Nedbank facility A*	24.1					
– Swap A*		9.52%	512	–	512	–
– Swap B*		10.07%	(160)	–	(160)	–

* *These facilities are in the name of the company.*

24. FINANCIAL INSTRUMENTS (continued)
24.1 Interest rate risk (continued)
24.1.2 Fair value of loans

As at 31 March 2016, the loans were valued as follows:

	Interest rate	Expiry date of interest	Group 2016 Carrying value R'000	Company 2016 Fair value R'000
Variable rate loans				
Nedbank	Refer note 14	Refer note 14	142 154	142 154
			142 154	142 154

The loan has been categorised under level 2 on the fair value hierarchy. Details are set out in note 24.4.

24.1.3 Sensitivity analysis

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on the profit or loss of a 1% increase/decrease in the interest rates on the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R422 000. The analysis has been prepared on the assumption that all other variables remain constant.

24.2 Credit risk
24.2.1 Credit exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group 2016 R'000	Company 2016 R'000
Stor-Age share purchase scheme loans	119 628	119 628
Trade and other receivables	3 995	1 567
Tenant and related receivables	928	–
Other receivables	3 067	1 567
Loans receivable	3 280	8 603
Derivative financial instruments	352	352
Cash and cash equivalents	9 858	3 952
	137 113	134 102

The directors are of the opinion that these financial assets have a low credit risk.

	Group 2016 R'000	Company 2016 R'000
24. FINANCIAL INSTRUMENTS (continued)		
24.2 Credit risk (continued)		
24.2.1 Credit exposure (continued)		
The maximum exposure to credit risk for loans at the reporting date:		
Stor-Age share purchase scheme loans	119 628	119 628
Shares pledged as security	(108 554)	(108 554)
Net exposure	11 074	11 074
No participants to whom loans were granted were in breach of their obligations.		
The maximum exposure to credit risk for tenants and related receivables at the reporting date by operating segment was:		
Western Cape	183	
Gauteng	650	
Free State	36	
KwaZulu-Natal	15	
Eastern Cape	43	
	927	
Tenant deposits	(494)	
Net exposure	433	

	Gross carrying value		Impairment recognised	
	Group 2016 R'000	Company 2016 R'000	Group 2016 R'000	Company 2016 R'000
24.2.2 Impairment losses				
The ageing of tenant and related receivables at the reporting date was:				
Not yet due	11	–	–	–
Past due 0–30 days	608	–	113	–
Past due 31–60 days	271	–	115	–
Past due 61–120 days	211	–	93	–
Past due >120 days	350	–	202	–
Total	1 451	–	523	–

	Group 2016 R'000
The movement in the allowance for impairment in respect of tenant and related receivables during the period was as follows:	
Carrying value at 16 November 2015	242
Impairment recognised	281
Carrying value at end of period	523

Impairment losses are recognised on a regular basis after comprehensively assessing the individual circumstances and credit risk of the tenant. Once the group is satisfied that no recovery of the amount owing is possible the amount is considered irrecoverable and, net of deposits held, is written off directly against the financial asset.

Management have assessed the quality of debtors neither past due nor impaired as low risk as the group's credit policy includes holding of rental deposits. Tenants are also required to pledge the items being stored as security for any amounts due under the rental agreement.

24. FINANCIAL INSTRUMENTS (continued)

24.3 Liquidity risk

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

	Carrying value R'000	1–12 months R'000	1–2 years R'000	2–5 years R'000	More than 5 years R'000
Group 2016					
Non-derivative financial liabilities					
Bank borrowings	151 863	11 421	140 442	–	–
Finance lease obligation	21 948	737	507	1 523	19 181
Trade and other payables	25 704	25 704	–	–	–
Shareholders' distribution	38 906	38 906	–	–	–
	238 421	76 768	140 949	1 523	19 181

	Carrying value R'000	1–12 months R'000	1–2 years R'000	2–5 years R'000	More than 5 years R'000
Company 2016					
Non-derivative financial liabilities					
Bank borrowings	151 863	11 421	140 442	–	–
Trade and other payables	9 044	9 044	–	–	–
Shareholders' distribution	38 906	38 906	–	–	–
	199 813	59 371	140 442	–	–

Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

	Group 2016 R'000
Net debt	119 163
Bank borrowings	129 021
Cash and cash equivalents	(9 858)
Property assets (refer note 3)	1 370 587
Gearing ratio	8.7%

The group's current liabilities exceed its current assets at 31 March 2016 as a result of the group's policy on tenant deposits. In terms of this policy, tenants are required to pay a deposit equivalent to one month's rental on entering into the rental agreement. The deposit is repaid on termination of the agreement once management is satisfied that the tenant has complied with all obligations in terms of the agreement and there are no outstanding amounts due. At 31 March 2016 tenant deposits were R12.4 million. The average churn (the number of tenants moving out each month) is approximately 5 – 6% across the portfolio per month. As tenants move out and are repaid their deposit, they are generally replaced by new tenants who will pay a deposit prior to using their allocated storage units. Excluding tenant deposits, the provisions raised for customs dispute and the dividend payable, current assets exceed current liabilities. However, as indicated in note 28, the directors are satisfied that the company and its subsidiaries have access to sufficient facilities to meet the foreseeable cash requirements (see note 14).

24. FINANCIAL INSTRUMENTS (continued)

24.4 Fair value of financial instruments

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The group and company measure fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

24. FINANCIAL INSTRUMENTS (continued)

24.4 Fair value of financial instruments (continued)

The table below analyses financial instruments carried at fair value, by valuation method:

Group	Note	Level 1	Level 2	Level 3	Total
2016					
Financial assets		–	352	119 628	119 980
Derivative financial instruments	24.1	–	352	–	352
Stor-Age share purchase scheme loans	5	–	–	119 628	119 628
Financial liability		–	129 021	–	129 021
Bank borrowings	14	–	129 021	–	129 021
Company					
2016					
Financial assets		–	352	119 628	119 980
Derivative financial instruments	24.1	–	352	–	352
Stor-Age share purchase scheme loans	5	–	–	119 628	119 628
Financial liability		–	129 021	–	129 021
Bank borrowings	14	–	129 021	–	129 021

Level 2 fair values

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative financial instruments	Fair valued monthly by Nedbank Capital 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.
Bank borrowings	Fair valued by discounting future cash flows using the floating rate applicable to these loans.	Not applicable.	Not applicable.

Level 3 fair values

The following table shows the valuation techniques used in measuring level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Stor-Age share purchase scheme loans	Fair valued by discounting future cash flows using the fixed rate applicable to these loans.	Not applicable.	Not applicable.

25. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit and Risk Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Critical judgements are made in applying the group's accounting policies:

– In the valuation of the investment properties to fair value:

  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years until the notional sale of the asset, taking into account the occupancy levels, estimated growth in revenue and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.

  The income capitalisation method is also applied as a check to the discounted cash flow methodology. The method assumes stabilised mature occupancy and market related rental rates in the calculation of net operating income. A market related capitalisation rate is applied to the annualised net operating income to derive a valuation.

– In determining the allowance for impairment of tenant and related receivables:

  Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.

26. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The shares of Stor-Age Property REIT are widely held.

26.1 Identity of the related parties with whom material transactions have occurred

Subsidiaries (see note 7)

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation
- Roeland Street Investments 2 Proprietary Limited
- Stor-Age Property Holdings Proprietary Limited
- Stor-Age Property Holdings Trust
- Castle Rock Capital Trust
- Fairstore Trust

26. RELATED PARTY TRANSACTIONS (continued)

26.2 Material related party transactions and balances

	Group 2016 R'000	Company 2016 R'000
Related party balances		
Intercompany payables		
Roeland Street Investments Proprietary Limited	–	29 593
Wimbledonway Investments Proprietary Limited	–	10 808
Intercompany receivables		
Roeland Street Investments Proprietary Limited	–	140 502
N14 Self Storage Proprietary Limited	–	15 790
Loan accounts - owing to related parties		
– Roeland Street Investments Proprietary Limited	–	9 380
– Roeland Street Investments 2 Proprietary Limited	989	989
– Madison Square Holdings Close Corporation	566	588
– Fairstore Trust	1 216	1 216
– Stor-Age Property Holdings Proprietary Limited	–	511
Loan accounts - owing by related parties		
– Stor-Age Property Holdings Proprietary Limited	486	–
– Stor-Age Property Holdings Trust	260	253
– Castle Rock Capital Trust	3 209	1
Related party transactions		
Dividend income		
Roeland Street Investments Proprietary Limited	–	39 951
Interest received on Stor-Age share purchase scheme loans		
Directors and key management personnel	3 528	3 528
Development fees paid to related parties		
Madison Square Holdings Close Corporation	5 162	–
Roeland Street Investments 2 Proprietary Limited	763	763
Asset management fees received from related party		
Roeland Street Investments 2 Proprietary Limited	1 727	1 727
Property management fees received from related party		
Roeland Street Investments 2 Proprietary Limited	1 065	1 065
Acquisition fees received from related party		
Roeland Street Investments 2 Proprietary Limited	565	565
Office rental paid to related party		
Stor-Age Property Holdings Proprietary Limited*	295	295

* *The group leases certain premises at an arm's length.*

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 26.3 and 26.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

26. RELATED PARTY TRANSACTIONS (continued)

26.3 Directors' and company secretary's shareholdings

31 March 2016	Direct beneficial	Indirect	Total	Percentage
GM Lucas	3 500 000	6 911 955	10 411 955	7.47%
SJ Horton	3 500 000	3 048 334	6 548 334	4.70%
SC Lucas	3 500 000	6 911 955	10 411 955	7.47%
MS Moloko	60 000	–	60 000	0.04%
GA Blackshaw	–	1 725 000	1 725 000	1.24%
GBH Fox	–	–	–	–
PA Theodosiou	550 000	–	550 000	0.39%
HH-O Steyn (company secretary)	–	120 000	120 000	0.09%
	11 110 000	18 717 244	29 827 244	21.40%

There has been no change in directors' and company secretary's shareholding since the period end and up to the date of the approval of the financial statements.

	2016 R'000
26.4 Directors' remuneration	
Fees paid to non-executive directors for meeting attendance were as follows:	
PA Theodosiou (Audit and Risk Committee, Remuneration Committee and Investment Committee)	86
MS Moloko (Social and Ethics Committee, Audit and Risk Committee and Remuneration Committee)	86
GBH Fox (Audit and Risk Committee and Remuneration Committee)	86
GA Blackshaw (Social and Ethics Committee and Investment Committee)	71
	329

Fees paid to executive directors were as follows:

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

	2016 R'000 Basic Salary	2016 R'000 Total
GM Lucas	285	285
SJ Horton	285	285
SC Lucas	285	285
	855	855

No other remuneration or benefits were paid to the executive directors during the period.

27. FINANCE LEASE OBLIGATION

	Group 2016 R'000	Company 2016 R'000
Minimum lease payments due:		
Within one year	737	–
In second to fifth year inclusive	2 030	–
Later than five years	19 181	–
	21 948	–
Less: Future finance charges	(18 493)	–
	3 455	–
Present value of minimum lease payments due:		
Within one year	591	–
In second to fifth year inclusive	1 285	–
Later than five years	1 579	–
	3 455	–

The finance lease obligation refers to the operating lease in respect of Stor-Age Constantia Kloof and the motor vehicles leased through Investec Bank Limited.

The lease term for Stor-Age Constantia Kloof is 40 years (commencement date: December 2012) and the average effective borrowing rate is 15%. The interest rate is fixed at the contract date. The lease has fixed repayments and no arrangements have been entered into for contingent rent.

The vehicles are leased at the prime lending rate through Investec Bank Limited for an average term of 60 months.

During the period, R178 229 was recognised as an expense in the group's statement of profit or loss and comprehensive income in respect of finance leases.

28. GOING CONCERN

The directors consider that the company and its subsidiaries have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group and company financial statements. The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act of South Africa and the directors have satisfied themselves that the company and its subsidiaries are in a sound financial position and that it has access to sufficient facilities to meets its foreseeable cash requirements (see note 14).

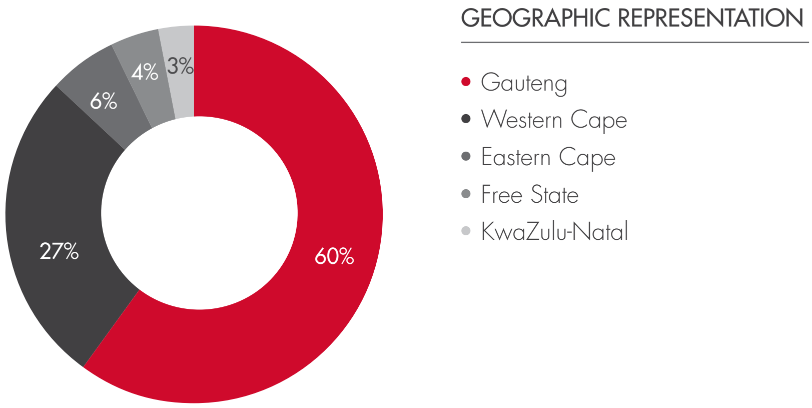
29. EVENTS AFTER REPORTING DATE

As a result of sustained high levels of occupancy and strong customer demand at Stor-Age Gardens and Stor-Age Durbanville, both properties will undergo further development with the addition of 5 500 m^2 and 2 500 m^2 of gross building area at each property respectively. Project development costs for the expansion of Stor-Age Gardens and Stor-Age Durbanville is expected to amount to R32 million and R12 million respectively. The expansion is expected to add circa 5 500 m^2 of GLA to the portfolio and is expected to be completed by January 2017.

UNAUDITED PROPERTY PORTFOLIO INFORMATION
as at 31 March 2016

1. The customer base of Stor-Age is large and diverse, with over 11 650 tenants. 70% of the customers are classified as residential users and the remaining 30% are commercial users.

2. Geographical representation of the properties by self storage property is set out in the following pie chart:



3. Geographical representation of portfolio by Gross Lettable Area (GLA) and revenue:

Region	GLA (m^2)	Revenue (%)
Gauteng	108 461	50.9
Western Cape	49 885	39.8
Eastern Cape	11 016	4.6
KwaZulu-Natal	5 301	2.4
Free State	6 679	2.3
Total	181 342	100.0

4. The weighted average rental per square metre (m^2) of occupied space at 31 March 2016, is R76.36m^2. The weighted average rental per m^2 for each region as at 31 March 2016 is set out in the following table:

Region	Rental/m^2
Gauteng	63.5
Western Cape	113.6
Eastern Cape	55.1
KwaZulu-Natal	56.6
Free State	47.8
Total	76.3

5. The occupancy profile by GLA of the portfolio as at 31 March 2016 is disclosed in the following table:

Region	GLA (m^2)	% Occupied	Vacancy m^2	% Vacant
Gauteng	108 461	85.9	15 336	14.1
Western Cape	49 885	85.4	7 286	14.6
Eastern Cape	11 016	85.0	1 647	15.0
KwaZulu–Natal	5 301	96.4	191	3.6
Free State	6 679	82.3	1 182	17.7
Total	181 342	86.0	25 642	14.0

UNAUDITED PROPERTY PORTFOLIO INFORMATION (continued)
as at 31 March 2016

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

Year	% Increase/(decrease) in rental per m^2
2014	(18%)
2015	17%
2016	9%

The decrease in the rental rate per m^2 is due to the acquisition of the Public Storage portfolio during the 2014 financial year. At the time of the acquisition, the Public Storage portfolio average rental rates which were significantly below market rental rates and the average rental rate of the other properties in the Listing Portfolio. This resulted in the decrease in the average rental rate compared to the previous financial year.

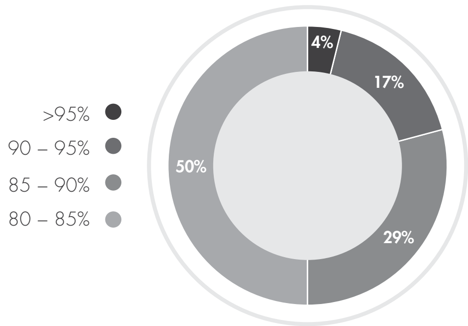
7. The weighted average annualised property yield in respect of the properties is 8.42 %

8. The tenant base of Stor-Age is large and diverse. All leases continue indefinitely unless terminated at the end of a calendar month on two weeks' notice. As at 31 March 2016, 69 % of existing tenants had occupied of a self storage unit for a period greater than six months. Set out below is an analysis of the historical occupancy profile for the Group.

Tenancy	2016	2015	2014
< 6 months	31%	33%	34%
Between 6 and 12 months	19%	21%	23%
Between 1 and 2 years	23%	22%	19%
Between 2 and 3 years	12%	9%	8%
> 3 years	15%	15%	16%
Total	100%	100%	100%

9. The occupancy profile of the Group as at 31 March 2016 is set out in the following pie chart below.

OCCUPANCY PROFILE OF THE GROUP



UNAUDITED SCHEDULE OF PROPERTIES

Store Name	Address	Province	GLA m^2	Valuation R'000
Stor-Age Gardens	121 Roeland Street, Gardens, Cape Town	Western Cape	8 867	155 000
Stor-Age Table View	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	Western Cape	10 087	111 000
Stor-Age Tokai	64–74 White Road, Retreat, Cape Town	Western Cape	8 129	91 000
Stor-Age Pinehurst	Corner of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	Western Cape	8 684	76 500
Stor-Age Bellville	Cnr of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	Western Cape	5 874	50 600
Stor-Age Edgemead	1 Southdale Road Edgemead, Cape Town	Western Cape	4 548	50 600
Stor-Age Sea Point	67 Regent Road, Sea Point, Cape Town	Western Cape	2 757	43 800
Stor-Age City Vault	255 Voortrekker Road, Maitland, Cape Town	Western Cape	939	13 250
			49 885	591 750
Stor-Age Boksburg	37 View Point Road, Bartlett, Boksburg	Gauteng	7 230	74 700
Stor-Age Hennopspark	Jakaranda Street, Hennopspark	Gauteng	9 378	62 000
Stor-Age Samrand	29 Rietspruit Rd, Samrand, Pretoria	Gauteng	7 981	53 500
Stor-Age Constantia Kloof	Cnr of Hendrik Potgieter and 14th Avenue, Constantia Kloof, Gauteng	Gauteng	5 375	52 500
Stor-Age West Rand	Portion 610, St Antonios Road, Muldersdrift	Gauteng	3 069	19 300
Stor-Age Pretoria West	1384 Malie Street, Pretoria West	Gauteng	4 161	8 500
Stor-Age Zwartkops	70 Migmatite Street, Zwartkop ext 13	Gauteng	8 241	46 100
Stor-Age Garsfontein	Plot 13 Garsfontein Road, Grootfontein	Gauteng	9 711	39 300
Stor-Age Jhb City	32 Rosettenville Road, Village Main, Jhb City	Gauteng	7 866	43 400
Stor-Age Kempton Park	Cnr of Cheetah and Klipspringer Street, Kempton Park	Gauteng	9 214	63 400
Stor-Age Lyttleton	1250 Theron Street, Pierre van Rhyneveld	Gauteng	20 938	115 000
Stor-Age Mnandi	39 Tulip Avenue, Raslow	Gauteng	8 275	41 100
Stor-Age Midrand	492 Komondor Road, Glen Austin X3, Midrand	Gauteng	7 022	42 700
			108 461	661 500
Stor-Age Bloemfontein	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State	6 679	23 000
Stor-Age Greenbushes	Plot 136 Old Cape Road, Port Elizabeth	Eastern Cape	11 016	55 800
Stor-Age Springfield	166 Inersite Avenue, Umgeni Business Park	KwaZulu-Natal	5 301	20 500

SHAREHOLDER INFORMATION

UNAUDITED SHAREHOLDER ANALYSIS

Analysis of shareholders as at 31 March 2016

SHAREHOLDER SPREAD	Number of shareholders	Number of shares	Percentage of issued shares
Public	2 582	109 696 884	78.7%
Non-public	7	29 707 245	21.3%
– Directors and associates	7	29 707 245	21.3%
Total	2 589	139 404 129	100.0%
Shareholders owing 5% or more of the share capital of the company			
Castle Rock Investments (Proprietary) Limited		14 066 666	10.1%
Institutions controlling (on behalf of clients) more than 5% of the share capital of the company			
Coronation Fund Managers		17 303 539	12.4%
Catalyst Fund Managers		11 622 260	8.3%
Investec Private Bank		10 568 529	7.6%
Old Mutual		9 006 686	6.5%
STANLIB		8 861 668	6.4%

SHAREHOLDERS' DIARY

Financial year end	31 March 2016
Publication of final results	14 June 2016
Maiden dividend announced	14 June 2016
Maiden dividend paid	04 July 2016
Annual report posted to shareholders	25 July 2016
Notice of annual general meeting posted to shareholders	25 July 2016
Annual general meeting	24 August 2016
Interim reporting date	30 September 2016
Publication of interim results	22 November 2016
Interim dividend announced	22 November 2016
Interim distribution paid	12 December 2016
Financial year end	31 March 2017
Final dividend announced	13 June 2017
Final dividend paid	03 July 2017

ANNEXURE: GLOSSARY OF TERMS

"Big Box"	A reference to multi-storey self storage properties owned and developed by Stor-Age
"the board"	The board of directors of Stor-Age Property REIT Limited
"CEO"	Chief Executive Officer. The CEO of Stor-Age is Gavin Lucas.
"CMBS"	Commercial Mortgage Backed Securities
"the Companies Act"	South African Companies Act No 71, of 2008, as amended
"FD"	Financial Director. The FD of Stor-Age is Stephen Lucas.
"GLA"	Gross lettable area, measured in square metres
"the group"	Stor-Age Property REIT Limited and its subsidiaries
"IBC"	Inside Back Cover
"IFC"	Inside Front Cover
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King III"	King Report on Corporate Governance for South Africa, 2009
"Listing Portfolio"	24 properties, 181 342 m^2 of GLA, R1.4 billion
"m^2"	square metre
"Managed Portfolio"	Unlisted portfolio of 54 919 m^2 of GLA on which Stor-Age receives property and asset management fees
"the period" or "the reporting period"	The 4.5 months from date of listing, 16 November 2015 to year end, 31 March 2016
"the previous year"	The year ended 31 March 2015
"REIT"	Real Estate Investment Trust, a JSE property investment vehicle which owns and operates income-producing property
"Stor-Age" or "the company"	Stor-Age Property REIT Limited, listed on Main Board JSE in the Speciality REIT sector
"Trading Portfolio"	The portfolio of 33 self storage properties comprising the Listing Portfolio and the Managed Portfolio
"the year" or "the year under review"	The year ended 31 March 2016

Financial definitions

"DPS"	Distribution per share
"IFRS"	International Financial Reporting Standards
"NAV"	Net asset value
"US"	United States of America

ANNEXURE: APPLICATION OF THE PRINCIPLES IN THE KING CODE

Stor-Age is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the Code of Corporate Practices and Conduct in South Africa as laid out in King III.

It therefore strives to meet those objectives in accordance with the content of the table below.

KEY – Level of compliance:
1 – Not applied/will not be applied
2 – In process/partially applied
3 – Full application

Principle number	Description	Level of compliance	Comments
Chapter 1: Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation.	3	Ethics form part of the values of the board and group.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	3	The group identifies and contributes to selected corporate social investment initiatives.
1.3	The board should ensure that the company's ethics are managed effectively.	3	The board meets regularly to review management of the company.
Chapter 2: Boards and directors			
2.1	The board should act as the focal point for and custodian of corporate governance.	3	Contained in board charter as guiding principle.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	3	The board, in accordance with the board charter, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations.
2.3	The board should provide effective leadership based on an ethical foundation.	3	Contained in board charter as guiding principle.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	3	The group identifies and contributes to selected corporate social investment initiatives.
2.5	The board should ensure that the company's ethics are managed effectively.	3	The board meets regularly to review management of the company.
2.6	The board should ensure that the company has an effective and independent audit committee.	3	Audit and Risk Committee is in operation.
2.7	The board should be responsible for the governance of risk.	3	Contained in board charter as guiding principle.

Principle number	Description	Level of compliance	Comments
Chapter 2: Boards and directors			
2.8	The board should be responsible for information technology (IT) governance.	3	Contained in board charter as guiding principle.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	3	Contained in board charter as guiding principle and reviewed regularly.
2.10	The board should ensure that there is an effective risk-based internal audit.	1	An internal audit function is not deemed relevant for the size and type of company.
2.11	The board should appreciate that stakeholders` perceptions affect the company's reputation.	3	Contained in board charter as guiding principle.
2.12	The board should ensure the integrity of the company's integrated report.	3	Board reviews the integrated report.
2.13	The board should report on the effectiveness of the company's system of internal controls.	3	Include in the Audit and Risk Committee report to shareholders.
2.14	The board and its directors should act in the best interests of the company.	3	Contained in board charter as guiding principle.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	3	None of the related companies are currently in business rescue.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The chief executive officer of the company should not also fulfil the role of chairman of the board.	3	Board has elected a chairman. The chairman is independent and is not the CEO.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	3	The board has appointed a CEO.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	3	The board consists of seven directors of whom four are non-executive and three of whom are independent.
2.19	Directors should be appointed through a formal process.	3	A formal and transparent process is in place for appointed directors. The board assists with the process of identifying suitable candidates.

ANNEXURE: APPLICATION OF THE PRINCIPLES IN THE KING CODE (continued)

Principle number	Description	Level of compliance	Comments
Chapter 2: Boards and directors			
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	3	Continuous training of board members is taking place.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	3	The board considers the company secretary to be suitably qualified and experienced and in a position to advise the company.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	3	The board delegates certain functions to the following committees: Audit and Risk Committee, Remuneration Committee, Social and Ethics Committee.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	3	The board has formed standing committees to perform certain functions and ad hoc committees are formed as and when required.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	3	The Stor-Age governance framework has been applied to all subsidiaries.
2.25	Companies should remunerate directors and executives fairly and responsibly.	3	Directors' remuneration is determined annually based on market related benchmarks by the Remuneration Committee chaired by an independent director.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	3	The company discloses directors' remuneration in the annual report.
2.27	Shareholders should approve the company's remuneration policy.	3	The policy was approved by the Remuneration Committee and will be tabled at a future annual general meeting.
Chapter 3: Audit committee			
3.1	The board should ensure that the company has an effective and independent audit committee.	3	The board has an audit and risk committee in compliance with King III.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	3	Committee consists of suitably qualified and experienced independent directors.
3.3	The audit committee should be chaired by an independent non-executive director.	3	The committee is chaired by Gareth Fox, independent non-executive director.

Principle number	Description	Level of compliance	Comments
Chapter 3: Audit committee			
3.4	The audit committee should oversee integrated reporting (integrated reporting, financial, sustainability and summarised information).	3	The committee reviews the integrated report prepared by management.
	The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report.	3	All significant judgements and reporting decisions are reported to the committee.
	The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, and any other intended release of price-sensitive financial information, trading statements, circulars and similar documents.	3	The audit and risk committee reviews all integrated reports, interim results and any provisional results announcements.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	3	The audit and risk committee oversees the assurance activities to ensure that they are constructed in a co-ordinated manner.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	3	The audit and risk committee satisfied itself as to the appropriateness of the expertise and experience of the financial director, Stephen Lucas, and the finance function and concluded these were appropriate.
3.7	The audit committee should be responsible for overseeing of internal audit.	1	An internal audit function is not deemed relevant for the size and type of company.
3.8	The audit committee should be an integral component of the risk management process.	3	The company has a combined audit and risk committee.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	3	The committee oversees the external audit functions and reviews the appropriateness and independence of the external auditor annually.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	3	The committee formally reports to the shareholders in the annual report and on a frequent basis to the board.

ANNEXURE: APPLICATION OF THE PRINCIPLES IN THE KING CODE (continued)

Principle number	Description	Level of compliance	Comments
Chapter 4: The governance of risk			
4.1	The board should be responsible for the governance of risk.	3	The board, with the assistance if the audit and risk committee is responsible for the governance of risk.
4.2	The board should determine the levels of risk tolerance.	3	The audit and risk committee assesses the levels of risk tolerance for the group.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	3	See 4.1
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	3	The board has delegated the day-to-day responsibility for risk management to management.
4.5	The board should ensure that risk assessments are performed on a continual basis.	3	The audit and risk committee actively monitors the group's key risks as part of its standard agenda.
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	3	The audit and risk committee operates within its approved charter, framework and policy which will be reviewed on an annual basis.
4.7	The board should ensure that management considers and implements appropriate risk responses.	3	Management reports any material risks and its approach to the audit and risk committee on a regular basis.
4.8	The board should ensure continual risk monitoring by management.	3	Management reports any material risks and its approach to the audit and risk committee on a regular basis.
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	3	The audit and risk committee shall review and report to the board on the effectiveness of the company's risk management processes.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	3	The board is comfortable with the existing processes which are in place.

Principle number	Description	Level of compliance	Comments
Chapter 5: The governance of information technology			
5.1	The board should be responsible for information technology (IT) governance.	3	The board understands the importance, relevance and inherent risks in IT and has delegated the management thereof to management. The risk and audit committees assist in ensuring appropriate compliance structures are in place.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	3	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	3	
5.4	The board should monitor and evaluate significant IT investments and expenditure.	3	
5.5	IT should form an integral part of the company's risk management.	3	
5.6	The board should ensure that information assets are managed effectively.	3	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	3	
Chapter 6: Compliance with laws, codes, rules and standards			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	3	The board requires management to report on compliance on a regular basis.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	3	Training is provided to board members from time to time as required.
6.3	Compliance risk should form an integral part of the company's risk management process.	3	The audit and risk committee operates within its approved charter, framework and policy which will be reviewed on an annual basis.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	3	Management is responsible for compliance processes.

ANNEXURE: APPLICATION OF THE PRINCIPLES IN THE KING CODE (continued)

Principle number	Description	Level of compliance	Comments
Chapter 7: Internal risk			
7.1	The board should ensure that there is an effective risk-based internal audit.	1	Due to the size of the company, the board does not consider it to be cost effective to maintain a full-time internal audit function. The company's situation and needs in terms of an internal audit function will be reassessed on an annual basis. The board has mandated the audit and risk committee to initiate internal audit investigations as and when deemed necessary.
7.2	Internal audit should follow a risk-based approach to its plan.	1	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	1	
7.4	The audit committee should be responsible for overseeing internal audit.	1	
7.5	Internal audit should be strategically positioned to achieve its objectives.	1	
Chapter 8: Governing stakeholder relations			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	3	Stor-Age recognises that developing and nurturing positive relationships with its significant stakeholders are key drivers of success that inform business strategy and enable the group to better understand and address the impact of its activities on society.
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	3	Management is responsible for dealing proactively with stakeholder relationships.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	3	All stakeholders are considered during decision making processes.
8.4	Companies should ensure the equitable treatment of shareholders.	3	The board considers the equitable treatment of shareholders in decision making.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	3	Communication to stakeholders is the responsibility of the executive team and company secretary and is monitored by the board.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	3	All disputes communicated to the board are resolved as effectively as possible.

Principle number	Description	Level of compliance	Comments
Chapter 9: Integrated reporting and disclosure			
9.1	The board should ensure the integrity of the company's integrated report.	3	The board is responsible for the integrity of the integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	3	The company's vision and mission statements, strategic objectives and value system are integrated into all policies, procedures, decision-making and operations, with 'sustainability' being one of the company's four Core Values.
9.3	Sustainability reporting and disclosure should be independently assured.	1	Sustainability reporting is not currently independently assured, as all information can be derived from the audited annual financial statements. The board will investigate the necessity to obtain independent assurance on a periodic basis.

NOTICE OF ANNUAL GENERAL MEETING

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
(Incorporated in the Republic of South Africa)
(Registration number 2015/168454/06)
Share code: SSS
ISIN: ZAE000208963
("**Stor-Age**" or "**the Company**")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have disposed of all your Stor-Age securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to what action you should take, please consult your broker, banker, attorney, CSDP or other professional adviser immediately.

This document is available in English only. A copy of the document may be obtained from the registered office of the Company at the address provided on the IBC during normal business hours from date hereof until 24 August 2016.

Notice is hereby given to shareholders registered in Stor-Age's securities register as shareholders as at the record date of Friday, 15 July 2016 that the annual general meeting of Stor-Age will be held at the offices of KPMG, Training Room 1, 4th Floor, 1 Mediterranean Street, Foreshore, Cape Town on Wednesday, 24 August 2016 at 12h00 to:

(i) deal with such business as may lawfully be dealt with at the meeting; and

(ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions of shareholders set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") on which exchange the Company's shares are listed, which meeting is to be participated in and voted at by shareholders registered in Stor-Age's securities register as shareholders as at the record date of 19 August 2016.

The last day to trade to be registered in Stor-Age's security register by the record date of Friday, 19 August 2016, is Tuesday, 16 August 2016.

Kindly note that meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to attend, participate and vote at the meeting. Forms of identification include valid identity documents, driver's licences and passports.

When reading the resolutions below, please refer to the explanatory notes for the resolutions on pages 124 to 128.

1. **Presentation of financial statements**

   The consolidated audited financial statements of the Company and its subsidiaries (as approved by the board of directors of the Company), incorporating the external auditors', the Audit and Risk Committee's and directors' reports for the period ended 31 March 2016, have been distributed and accompany this notice as required and will be presented to shareholders.

   The complete financial statements are set out on pages 48 to 104 of the accompanying 2016 Stor-Age Integrated Report ("the integrated report").

2. Report from the Social and Ethics Committee

In accordance with Companies Regulation 43(5)(c), a report from the chairman or a member of the Social and Ethics Committee will be presented to shareholders at this meeting.

3. Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director

"Resolved that Mr G A Blackshaw, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Blackshaw appears on page 23 of the integrated report.

4. Ordinary resolution number 2: Re-election of Mr P A Theodosiou as a director

"Resolved that Mr P A Theodosiou, who retires by rotation in terms of clause 26.3 of the Company's memorandum of incorporation and who, being eligible, has offered himself for re-election, be re-elected as an independent non-executive director of the Company."

An abridged curriculum vitae of Mr Theodosiou appears on page 23 of the integrated report.

5. Ordinary resolution number 3: Re-appointment of auditor

"Resolved that KPMG Inc. be re-appointed as auditor of the Company (for the financial year ending 31 March 2017), with the designated partner being Mr G M Pickering, until the conclusion of the next annual general meeting of the Company."

6. Ordinary resolution number 4: Election of Mr G B H Fox as a member of the Audit and Risk Committee

"Resolved that Mr G B H Fox, being an independent, non-executive director of the Company, be elected as a member of the Audit and Risk Committee of the Company with effect from the end of this meeting."

An abridged curriculum vitae of Mr Fox appears on page 23 of the integrated report.

7. Ordinary resolution number 5: Election of Mr M S Moloko as a member of the Audit and Risk Committee

"Resolved that Mr M S Moloko, being an independent, non-executive director of the Company, be elected as a member of the Audit and Risk Committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Mr Moloko appears on page 23 of the integrated report.

8. Ordinary resolution number 6: Election of Mr P A Theodosiou as a member of the Audit and Risk Committee

"Resolved that, subject to the passing of ordinary resolution number 2, Mr P A Theodosiou, being an independent, non-executive director of the Company and Chairman of the board, be elected as a member of the Audit and Risk Committee of the Company, with effect from the end of this meeting."

An abridged curriculum vitae of Mr Theodosiou appears on page 23 of the integrated report.

9. **Ordinary resolution number 7: General authority to directors to issue shares for cash**

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Act and the JSE Listings Requirements, the directors of the Company be authorised by way of a general authority to allot and issue any portion of the ordinary shares of the Company for cash, on the following basis:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" and not to "related parties", all as defined by the JSE Listings Requirements;
- this authority will only be valid until the Company's next annual general meeting (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this meeting);
- issues of ordinary shares, in the aggregate, in any one financial year, may not exceed 6 970 206 ordinary shares, which represents 5% of the number of ordinary shares in the Company's issued share capital at the date of this notice of meeting, being 139 404 129 ordinary shares, provided that
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ration;
  - any such general issues are subject to exchange control regulations and approval at that point in time;
- after the Company has in terms of this authority issued ordinary shares for cash equivalent to 5% of the number of shares of that class in issue prior to that issue, the Company shall publish an announcement containing full details of such issue/s (including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the shares and the effects of the issue the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share); and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party/ies subscribing for the shares."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve the ordinary resolution number 7 regarding the general authority to issue shares for cash.

10. **Ordinary resolution number 8: Amendment of the Rules of The Stor-Age Share Purchase and Option Scheme ("the Scheme")**

"Resolved, with effect from 1 September 2016, that the maximum number of Shares which may be allocated in terms of Rule 1.2.50 of the Scheme be increased from 11 935 200 to 13 940 412 (such latter number not to exceed 10% of all shares in issue by the Company at 31 March 2016) as the lesser number is insufficient for the purposes of the Scheme, and Rule 1.2.50 be deleted and replaced with the following '"**Scheme Allocation**" means the aggregate number of shares which can be offered for subscription or purchase under this Scheme, being 13 940 412 (thirteen million nine hundred and forty thousand four hundred and twelve) Shares (which Shares shall not exceed 10% of the Issued Share Capital as at 31 March 2016)'."

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the company is required to approve ordinary resolution number 8, with votes attaching to shares owned or controlled by persons who are existing participants in the Scheme excluded from voting.

11. Advisory endorsement number 1: Endorsement of remuneration policy

"Resolved that, through a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out in the Remuneration Committee Report on page 38 of the Integrated Report, is endorsed."

12. Special resolution number 1: Remuneration of non-executive directors for their service as directors (2017 financial year)

"Resolved that, in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their service as directors on an all-inclusive basis, and which is proposed to be paid for the financial year ending 31 March 2017, monthly in arrears, with effect from 1 April 2016, is approved:

	Proposed annual remuneration (Rand)
Board member	175 100
Audit and risk committee member	41 200
Social and ethics committee member	20 600
Remuneration committee member	20 600

13. Special resolution number 2: Remuneration of non-executive directors for their service as directors (2018 financial year)

"Resolved that, in terms of clause 28 of the Company's memorandum of incorporation and section 66(9) of the Act, the following remuneration, which constitutes an annual retainer and is proposed to be paid to the non-executive directors for their service as directors on an all-inclusive basis, and which is proposed to be paid for the financial year ending 31 March 2018, monthly in arrears, with effect from 1 April 2017, is approved:

	Proposed annual remuneration (Rand)
Board member	185 600
Audit and risk committee member	43 675
Social and ethics committee member	21 835
Remuneration committee member	21 835

14. **Special resolution number 3: General authority to provide financial assistance to related or inter-related companies and entities**

    "Resolved that, as a general authority and to the extent required by the Act, the board of directors of the Company may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, such authority to endure until the next annual general meeting of the Company."

15. **Special resolution number 4: Authority to provide financial assistance to directors, prescribed officers, other employee incentive scheme beneficiaries and entities related or inter-related to them**

    "Resolved that, to the extent required by the Act, the board of directors of the Company may, subject to compliance with the requirements of the Act, the Company's memorandum of incorporation and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance, by way of loan, guarantee, the provision of security or otherwise, to any present or future director or prescribed officer of the Company or of a related or inter-related company or entity, or to any other beneficiary participating in any Stor-Age or Stor-Age group employee incentive scheme, or to a person related to any such director, prescribed officer or beneficiary, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme (as contemplated by the Act) that satisfies the requirements of section 97 of the Act, such authority to endure until the next annual general meeting of the Company."

16 . **Special resolution number 5: Amendment to the memorandum of incorporation in order to align with the Listings Requirements of the JSE Limited**

    "Resolved that clause 6.11. of the memorandum of incorporation of the Company be amended by deletion of the paragraph immediately below sub-paragraph 6.11.7 ["provided that if any….. rounded down"] and be replaced with the following wording:

    Notwithstanding anything to the contrary herein contained, if a fraction of a share comes into being as a result of any corporate action, the treatment of such fraction, together with any consequential cash payment, will be subject to compliance with the treatment of fractions as set out in the JSE Listings Requirements".

A 75% majority of the votes cast by the shareholders present or represented by proxy at the annual general meeting of the Company is required to approve special resolutions 1 to 5.

VOTING AND PROXIES

A shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in his/her stead.

The attached form of proxy is only to be completed by those shareholders who:

- hold their ordinary shares in certificated form; or
- are recorded on a sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Monday, 22 August 2016. Any shareholder who does not lodge a completed form of proxy by the relevant time will nevertheless be entitled to lodge a form of proxy in respect of the annual general meeting immediately prior to the commencement thereof, with the chairperson of the annual general meeting.

GENERAL

Electronic participation

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend thereat, to participate in the annual general meeting by way of electronic communication. In this regard, the Company intends making teleconferencing facilities available at the following locations –

- at the offices of KPMG, Training Room 1, 4th Floor, 1 Mediterranean Street, Foreshore, Cape Town (which is the location for the annual general meeting); and
- at the offices of KPMG, the Wanooka Boardroom, 1 Albany Road, Parktown, Johannesburg.

Should you wish to participate in the annual general meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to attend at either of the above-mentioned locations on the date of the annual general meeting. The abovementioned locations will be linked to each other by means of a real-time telephonic conference call facility on the date of, and from the time of commencement of, the annual general meeting. The real-time telephonic conference call facility will enable all persons to participate electronically in the annual general meeting in this manner and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the annual general meeting. The cost of the telephonic conference call facility described will be for the account of the Company.

By order of the board

H H-O Steyn
Company secretary
25 July 2016

Address of registered office

218 Main Road
Claremont
7708

Address of transfer secretaries

70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

NOTICE OF ANNUAL GENERAL MEETING (continued)

Explanatory notes to resolutions proposed at the annual general meeting of the Company

Re-election of directors retiring by rotation at the annual general meeting – ordinary resolutions numbers 1 and 2

In accordance with clause 26.3.2 of the Company's memorandum of incorporation, one-third of the directors are required to retire at each annual general meeting and may offer themselves for re-election. In accordance with the relevant provision, it has been determined that Messrs G A Blackshaw and P A Theodosiou are due to retire from the board.

The board of directors of the Company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the re-election of the directors listed above. It is the view of the board that the re-election of the candidates referred to above would enable the Company to:

- responsibly maintain a mixture of business skills and experience relevant to the Company and balance the requirements of transformation, continuity and succession planning; and
- comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the board.

In addition, the directors of the Company have conducted an assessment of the performance of each of the retiring directors and have reviewed the skills, knowledge, experience, diversity and demographics represented on the board. Having received the results of that assessment and review, the board is satisfied that each of their performance continues to be effective and to demonstrate commitment to their roles. Accordingly, the board recommends to shareholders the re-election of each of the retiring directors referred to in ordinary resolutions numbers 1 an 2, by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Act.

Abridged curricula vitae of the retiring directors appear on page 23 of the integrated report.

Re-appointment of auditor – ordinary resolution number 3

KPMG Inc. has indicated its willingness to continue in office and ordinary resolution number 3 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next annual general meeting.

At a Stor-Age audit and risk committee meeting held on 3 June 2016, the committee considered the independence of the auditor KPMG Inc., in accordance with section 94(8) of the Act. In assessing the independence of the auditor, the audit committee satisfied itself that KPMG Inc.:

- does not hold a financial interest (either directly or indirectly) in Stor-Age;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Stor-Age;
- is not economically dependent on Stor-Age, having specific regard to the quantum of the audit fees paid by Stor-Age and its subsidiaries to KPMG Inc. during the period under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Stor-Age or its subsidiaries which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of auditors for non-audit-related services and which could compromise or impair the auditor's independence; and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Stor-Age or its subsidiaries.

Accordingly, the Stor-Age audit and risk committee was satisfied that KPMG Inc. is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants (IFAC) and nominated the re-appointment of KPMG Inc. as registered auditor for the financial year ending 31 March 2017. On 13 June 2016, the Stor-Age board confirmed their support, subject to shareholders' approval as required in terms of section 90(1) of the Act, for the re-appointment of KPMG Inc. and Mr G M Pickering respectively as the independent registered audit firm and individual registered auditor of Stor-Age.

Furthermore, the Stor-Age audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that KPMG Inc., the reporting accountant and individual auditor are accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

Election of Audit and Risk Committee members – ordinary resolutions numbers 4 to 6

In terms of section 94(2) of the Act, the audit and risk committee is no longer a committee of the board, but a committee elected by the shareholders at each annual general meeting. Chapter 3 of the King Report on Governance for South Africa 2009 (King III) likewise requires the shareholders of a public company to elect the members of an audit and risk committee at each annual general meeting. In accordance therewith the directors should present shareholders with suitable candidates for election as audit committee members.

In terms of the Companies Regulations, at least one-third of the members of the Company's audit and risk committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the curriculum vitae of the proposed members, they have experience in, among others, audit, accounting, economics, commerce and general industry.

At a meeting of the board of directors held on 13 June 2016, the board satisfied itself that, among others, the independent, non-executive directors offering themselves for election as members of the Stor-Age audit and risk committee:

- are independent, non-executive directors as contemplated in the Act and in King III;
- are suitably qualified and experienced for audit and risk committee membership;
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the Company;
- collectively possess skills which are appropriate to the Company's size and circumstances, as well as its industry;
- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the Company; and
- adequately keep up to date with key developments affecting their required skills set.

General authority to directors to issue shares for cash – ordinary resolution number 7

In terms of the JSE Listings Requirements, when equity securities are issued for cash (or the extinction of a liability, obligation or commitment, restraint, or settlement of expenses), amongst others, the shareholders are required to authorise the issue.

NOTICE OF ANNUAL GENERAL MEETING (continued)

The existing general authority granted by the shareholders at the previous general meeting, held on 20 October 2015, will expire at the annual general meeting to be held on 24 August 2016, unless renewed. The authority may only be acted upon subject to the Act and the JSE Listings Requirements. The aggregate number of securities capable of being allotted and issued in terms of this authority is limited as set out in the resolution.

The directors consider it advantageous to renew this authority to enable the Company to take advantage of any business opportunity that may arise in future.

Amendment of the Rules of The Stor-Age Share Purchase and Option Scheme – ordinary resolution number 8

The Rules governing The Stor-Age Share Purchase and Option Scheme currently provide that the scheme allocation thereunder will be limited to 11 935 200 linked units, which was intended to constitute 10.00% of the Company's issued share capital as at the date of listing. Because of the oversubscription, the actual number of shares issued at the date of listing amounted to 139 404 129. The board seeks the approval of shareholders for the increase of the total scheme allocation to a maximum number of 13 940 412 shares (not to exceed 10% of all shares in issue by the Company as at 31 March 2016) in order to align the permissible number of scheme shares with the actual shares issued by the Company. This also allows more flexibility for the purposes of awarding further incentives in accordance with the Company's remuneration policy.

The Rules governing The Stor-Age Share Purchase and Option Scheme, together with the First Addendum thereto, will be available for inspection during normal business hours at the registered office of the Company set out on the IBC from the date of issue of this notice of annual general meeting, up to and including the date of the annual general meeting.

Endorsement of remuneration policy – advisory endorsement number 1

In terms of King III recommendations, every year, the Company's remuneration policy should be tabled for a non-binding advisory vote at the annual general meeting. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted in the remuneration of executive directors and on their implementation.

Accordingly, the shareholders are requested to endorse the Company's remuneration policy as recommended by King III.

Remuneration of non-executive directors for their service as directors for the year ending 31 March 2017 – special resolution number 1

In terms of section 66(8) and (9) of the Act, which took effect on 1 May 2011, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2017, is to be paid to the non-executive directors, as they are not remunerated as employees of the Company, as in the case of the executive directors.

This resolution is recommended by the Company's board of directors. Full particulars of all remuneration of non-executive directors for their service as directors, paid during the past year, are contained on page 103 of the integrated report.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

Remuneration of non-executive directors for their service as directors for the year ending 31 March 2018 – special resolution number 2

In terms of section 66(8) and (9) of the Act, which took effect on 1 May 2011, remuneration may only be paid to directors for their service as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in a company's memorandum of incorporation. In terms of clause 28 of the Company's memorandum of incorporation, the remuneration of the directors shall from time to time be determined by the Company in general meeting and, as such, the payment of such remuneration is not prohibited in terms of the Company's memorandum of incorporation. The remuneration hereby sought to be approved, in respect of the financial year ending 31 March 2018, is to be paid to the non-executive directors, as they are not remunerated as employees of the Company, as in the case of the executive directors.

This resolution is recommended by the Company's board of directors. Full particulars of all remuneration of non-executive directors for their service as directors, paid during the past year, are contained on page 103 of the integrated report.

Stor-Age's remuneration committee is satisfied that this remuneration is fair relative to the remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their service as directors.

Authority to provide financial assistance to related or inter-related companies and entities and to directors, prescribed officers and other employee share scheme beneficiaries – special resolutions numbers 3 and 4

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance for any purpose, provided by a company to related or inter-related companies or corporations, including, amongst others, its subsidiaries.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, amongst others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that –

(a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and

(b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Act. Furthermore, it may be necessary or desirous for the Company to provide financial assistance to related or inter-related companies and entities to subscribe for options or securities or purchase securities of the Company or another company related or inter-related to it. Under the Act, the Company will however require the special resolution number 3 to be adopted. In the circumstances and in order to, amongst others, ensure that the Company's subsidiaries and other related and inter-related companies and entities have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 3.

Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Act. To the extent that any Stor-Age or Stor-Age group incentive scheme does not qualify for such exemptions, financial assistance (as contemplated in sections 44 and 45) to be provided under any such scheme will, amongst others, also require approval by special resolution. Accordingly, special resolution number 4 effectively authorises financial assistance to any of the directors or prescribed officers of the Company or of a related or inter-related company or entity (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a beneficiary of the Stor-Age group incentive scheme, in order to facilitate their participation in any such scheme that does not qualify for the aforesaid exemptions.

The existing authorities granted by the shareholders at the previous general meeting, held on 20 October 2015, will expire at the annual general meeting to be held on 24 August 2016, unless renewed.

Amendment to the memorandum of incorporation– special resolution number 5

The reason for special resolution 5 is to provide for a new fraction entitlement principle as required by the JSE Limited Listings Requirements.

The effect of special resolution 5 will be that a new fraction entitlement principle will be provided for as required by the JSE Listings Requirements.

A copy of the memorandum of incorporation reflecting the proposed amendment will be available for inspection during normal business hours at the registered office of the Company set out on the IBC from the date of issue of this notice of annual general meeting, up to and including the date of the annual general meeting.

SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN SECTION 58 OF THE COMPANIES ACT, 2008, AS AMENDED ("ACT")

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   - 4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
   - 5.1. stated in the revocation instrument, if any; or
   - 5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   - 6.1. the shareholder, or
   - 6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –

   8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;

   8.2. the company must not require that the proxy appointment be made irrevocable; and

   8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

stor-age
self storage

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
(Incorporated in the Republic of South Africa)
(Registration number 2015/168454/06)
Share code: SSS ISIN: ZAE000208963
("**Stor-Age**" or "**the Company**")

FORM OF PROXY – THE ANNUAL GENERAL MEETING OF STOR-AGE PROPERTY REIT LIMITED

For use by the Company's shareholders who hold certificated ordinary shares and/or dematerialised ordinary shares in the Company through a Central Securities Depository Participant ("CSDP") or broker who have selected "own name" registration, in the exercise of their voting rights in respect of the ordinary shares they hold in the capital of the Company, at the annual general meeting of the Company to be held at KPMG, Training Room 1, 4th Floor, 1 Mediterranean Street, Foreshore, Cape Town and at the offices of KPMG, the Wanooka Boardroom, 1 Albany Road, Parktown, Johannesburg, being the place where the Company intends to make provision for shareholders thereof, or their proxies, who are entitled to attend the annual general meeting, to participate therein by way of electronic communication, on Wednesday, 24 August 2016 at 12h00.

Not for use by the Company's shareholders who hold dematerialised ordinary shares in the Company who have not selected "own name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting in respect of the ordinary shares they hold in the capital of the Company, and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

I/We ____ (Name in block letters)

of ____ (Address)

____ (Address)

being the registered holder of ____________________ shares in the ordinary share capital of the Company hereby appoint:

1. ____ or failing him

2. ____ or failing him

3. the chairperson of the meeting

as my/our proxy to act for me/us on my/our behalf at the annual general meeting, or any adjournment thereof, which will be held for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions and advisory endorsement as detailed in this notice of annual general meeting, and to vote for and/or against such resolutions and advisory endorsement and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

Please indicate with an "X" in the appropriate spaces provided how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.

		Number of shares		
	Resolutions	In favour	Against	Abstain
1	Ordinary resolution number 1: Re-election of Mr G A Blackshaw as a director			
2	Ordinary resolution number 2: Re-election of Mr P A Theodosiou as a director			
3	Ordinary resolution number 3: Re-appointment of auditor			
4	Ordinary resolution number 4: Election of Mr G B H Fox as a member of the Audit and Risk Committee			
5	Ordinary resolution number 5: Election of Mr M S Moloko as a member of the Audit and Risk Committee			
6	Ordinary resolution number 6: Election of Mr P A Theodosiou as a member of the Audit and Risk Committee			
7	Ordinary resolution number 7: General authority to directors to issue shares for cash			
8	Ordinary resolution number 8: Amendment of the Rules governing The Stor-Age Share Purchase and Option Scheme			
9	Advisory endorsement number 1: Endorsement of remuneration policy			
10	Special resolution number 1: Remuneration of non-executive directors for their service as directors (2017 financial year)			
11	Special resolution number 2: Remuneration of non-executive directors for their service as directors (2018 financial year)			
12	Special resolution number 3: General authority to provide financial assistance to related or inter-related companies and entities			
13	Special resolution number 4: Authority to provide financial assistance to directors, prescribed officers, other employee incentive scheme beneficiaries and companies and corporations related or inter-related to them			
14	Special resolution number 5: Amendment to the memorandum of incorporation			

Signature ____

Signed at ____________________ on this __________ day of ____________________ 2016

Assisted by (where applicable) (full name) ______________________________

Capacity ______________________________ Date ____________________

Contact numbers: Landline ______________________________ Mobile ____________________

INSTRUCTIONS AND NOTES ON SIGNING AND LODGING THE PROXY FORM

1. A shareholder holding dematerialised ordinary shares in the Company by "own name" registration, or who holds ordinary shares in the Company that are not dematerialised may insert the name of a proxy or the name of two alternative proxies of their choice in the space(s) provided, with or without deleting "the chairperson of the meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not also be a shareholder of the Company.
2. The completion and lodgement of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting, in respect of their ordinary shares, in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
3. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided in order that the Company may determine the voting rights exercised in respect of the shares. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions and advisory endorsement at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the ordinary shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
4. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration must be signed, not initialled.
5. The chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or submitted other than in accordance with these instructions and notes.
6. Where there are joint holders of shares and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of the shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. If this form of proxy is signed under power of attorney, such power of attorney, unless previously registered by the Company, must accompany the form of proxy.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. A shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the ordinary shares held by him bears to the aggregate amount of the nominal value of all the ordinary shares issued by the Company.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
11. It is requested that forms of proxy are lodged at or mailed to Computershare Investor Services (Pty) Limited to be received by not later than 12h00 on Monday, 22 August 2016.

Hand deliveries to:
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street
JOHANNESBURG
2001

Postal deliveries to:
Computershare Investor Services (Pty) Limited
PO Box 61051
MARSHALLTOWN
2107

Email: Proxy@computershare.co.za

CONTACT DETAILS

Company secretary and registered office

Henry Steyn CA(SA)
218 Main Road
Claremont, 7708

Sponsor

Questco Proprietary Limited
(Registration number 2002/005616/07)
Yellowwood House
33 Ballyclare Drive
Ballywoods Office Park
Bryanston, 2191
(PO Box 98956, Sloane Park, 2152)

Auditors and Independent Reporting Accountants

KPMG Inc.
(Registration number 1999/0215432/21)
Registered Auditors
1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

Bankers

Nedbank Group Limited
(Registration number 1966/010630/06)
1st Floor, Nedbank Clocktower Building
V&A Waterfront
Cape Town, 8001
First National Bank a division of First Rand Bank Limited
(Registration number 1929/001225/06)
27th Floor, Portside, 5 Buitengracht Street
Cape Town, 8001

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

GREYMATTER & FINCH # 10355

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www.stor-age.co.za