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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting entity

Stor-Age Property REIT Limited (the "company") is a company domiciled in South Africa. The address of the company's registered office is 216 Main Road, Claremont, Cape Town.

The consolidated financial statements include the financial statements of Stor-Age Property REIT Limited and its subsidiary companies (together referred to as the "group").

1.2 Basis of preparation

Statement of compliance

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

1.3 Basis of measurement

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

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

Functional and presentation currency

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

New and amended standards adopted by the group

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Key judgements and sources of estimation uncertainty

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

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

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

1.5 Basis of consolidation

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

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

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

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

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

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

1.6 **Investment properties**

Investment properties

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

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

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

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

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

Investment properties under development

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

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

Leasehold investment properties

Leasehold properties that are leased under operating leases are classified as investment properties and included at fair value in accordance with the IAS 40 elective. The obligation to the lessor for the building element of the leasehold is included in the statement of financial position at the present value of the minimum lease payments at inception, and is shown within note 29. Lease payments are apportioned between finance charges and a reduction of the outstanding lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Borrowing costs

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

All other borrowing costs are expensed in profit or loss in the period in which they are incurred.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Property and equipment

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

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

Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
Computer equipment and software	3 years
Fire and safety equipment	3 years
Leasehold improvements	25 years
Solar panels	25 years

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

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

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

1.8 Financial instruments

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

1.8.1 Non-derivative financial instruments

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

The group determines the classification of its financial assets on initial recognition when it becomes party to the contractual provisions of the instrument. Financial assets are classified at fair value through profit or loss, fair value through other comprehensive income or at amortised cost depending on the group’s business model for managing the assets and the contractual terms of the cash flows. Subsequently financial assets are not reclassified unless the group amends its business model for managing these financial assets.

On initial recognition financial assets are measured at fair value plus, for financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently the group measures financial assets either at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The group measures financial assets at amortised cost if both of the following conditions are met:

- the objective is to hold assets to collect contractual cash flows, in line with the group’s business model, and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if:

- it is held in a business model where the objective is to hold assets to collect contractual cash flows and for sale, and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

The group's financial assets consist of:

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance, as the group holds trade and other receivables with the objective to collect the contractual cash flows. Tenant debtors are amounts due from customers for the leasing of space and are recognised initially at the amount of consideration that is unconditional. Tenant debtors do not have a significant financing component. Tenants predominantly settle their debts within 30 days and are therefore classified as current assets.

The group adopts the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Further details about the group's impairment policies is set out in note 1.12.

Cash and cash equivalents

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

Loan receivable

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

Stor-Age share purchase scheme loans

Stor-Age share purchase scheme loans are granted to employees and the executive directors to purchase Stor-Age shares. Stor-Age share purchase scheme loans are initially recognised at fair value, and are subsequently measured at amortised cost using the effective interest method, less a loss allowance.

Unlisted investment

The group measures the unlisted investment initially at fair value and subsequently at fair value through profit or loss. Transaction costs incurred on initial recognition is expensed to profit or loss. Any returns earned on the investment is recognised in profit or loss as income when the group's right to receive payment is established.

The group derecognises financial assets when its rights to receive cash flows from the financial assets have expired or substantially all of the risks and rewards of ownership of the financial asset are transferred.

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Financial instruments (continued)

1.8.1 Non-derivative financial instruments (continued)

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

Trade and other receivables

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

Cash and cash equivalents

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

Loan receivable

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

Stor-Age share purchase scheme loans

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

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

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

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

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

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

1.8.2 Derivative financial instruments and hedge accounting

The group's derivative financial instruments comprise interest rate swaps, cross currency interest rate swaps and forward exchange contracts and that are either assets or liabilities. The group utilises the derivative instruments to hedge its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading or speculative purposes. The group does not apply hedge accounting.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. Unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit or loss.

1.9 Goodwill and intangible assets

Goodwill

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

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

Intangible assets

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

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

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

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

The estimated useful lives for the period is as follows:

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

1.10 Leases

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

Operating leases

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

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

Finance leases

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 Inventories

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

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

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

1.12 Impairment

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

For financial assets recognised at amortised cost, the group recognises a loss allowance for expected credit losses.

In performing a significant increase in credit risk assessment the group considers reasonable and supportable information that is available without undue cost or effort. This includes forward-looking information, historical experience, quantitative and qualitative experience. The following indicators are considered:

- actual or anticipated significant adverse changes in business or economic conditions that is expected to cause a significant change to the related party's ability to meet its obligations.
- actual or anticipated significant changes in the operating results of the borrower
- significant increase in credit risk on other financial instruments of the related party
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

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

The group defines the default on a financial asset when the counterparty fails to make contractual payments within 60 days of when they fall due. The group also considers a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation that the contractual cash flows will be recovered. For tenant debtors, the outstanding balance is only written off after proceeds are received from the auction of the tenant's goods.

Expected credit losses are discounted at the effective interest rate of the financial asset and represent a probability-weighted estimate of credit losses.

Financial assets subsequently measured at amortised cost are disclosed net of a loss allowance.

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

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

Objective evidence of impairment includes:

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

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

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

All impairment losses are recognised in profit or loss.

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

1.12.3 Non-financial assets

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Provisions

Provisions are recognised when the group has present legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amount of the obligations. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Details pertaining to the group's provisions are set out in note 17.

1.14 Revenue

Policy applicable for the year ended 31 March 2019

Property revenue

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

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

Other revenue

Other revenue comprises management fees and dividends received from subsidiaries. Management fees include property management fees, asset management fees, licence fees, acquisition fees and development fees.

Property management fees, asset management fees and development fees are recognised in profit or loss when the performance obligations are met. The performance obligations are satisfied over a period of time and therefore revenue is recognised in profit or loss over a period of time. Acquisition fees are recognised in revenue once the performance obligations are settled at a point in time when earned.

Dividends received from subsidiaries are recognised in profit or loss when the shareholder's right to receive payment has been established. Revenue for the company also includes dividends received from subsidiary companies, which is recognised in the period in which they are declared.

Policy applicable for the year ended 31 March 2018

Property revenue

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

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

Other revenue

Other revenue comprises management fees and dividends received from subsidiaries. Management fees include property management fees, asset management fees, licence fees, acquisition fees and development fees. Property management fees, asset management fees, licence fees and acquisition fees are recognised in profit or loss when earned. Development fees are recognised in profit or loss on a straight-line basis over the period of development of the investment property. Dividends received from subsidiaries are recognised in profit or loss when the shareholder's right to receive payment has been established. Revenue for the company also includes dividends received from subsidiary companies, which is recognised in the period in which they are declared.

1.15 Direct property costs

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

1.16 Interest expense

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

1.17 Interest income

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

1.18 Operating profit

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

1.19 Net property operating income

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

1.20 Tax

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

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

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

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

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.21 Segment reporting

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

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

The group comprises the following main geographical operating segments:

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

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

1.22 Employee benefits

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

1.23 Stated capital

Stated capital

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

1.24 Non-distributable reserve

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

1.25 Foreign currency

1.25.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the average exchange rates for the relevant month. These average exchange rates approximate the spot rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of profit or loss and other comprehensive income.

1.25.2 Foreign currency translation reserve

Foreign operation assets and liabilities are translated into the company's presentation currency at the exchange rates at the reporting date. The statement of profit or loss and other comprehensive income of foreign operations are translated into the company's presentation currency at the exchange rates at the dates of the transaction (the company uses an average exchange rate per month).

On consolidation, exchange rate differences arising from the translation of foreign controlled subsidiaries are recognised in other comprehensive income. These exchange differences are accumulated in the foreign currency translation reserve, except where the translation differences are allocated to non-controlling interests. The cumulative amount is reclassified to profit or loss when the foreign operation is disposed of.

1.26 Share-based payment

The share-based payment reserve relates to the grant-date fair value of the equity-settled share-based payment arrangement granted to executive directors and employees over the vesting period of the awards. The corresponding share-based payment charge is recognised in administration expenses in profit or loss.

The group's conditional share plan comprises performance awards and retention awards, which are classified as equity-settled share-based payment arrangements. The awards are granted to employees in exchange for services to be rendered to the group over the vesting period. The share-based payment charge recognised in profit or loss is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. At the reporting date, the group revises its estimate of the number of shares granted that are expected to vest.

Diluted earnings and diluted headline earnings per share is calculated by taking into account the impact of conditional shares granted.

1.27 Non-controlling interest

The non-controlling interest reserve represents the portion of equity ownership in the subsidiary that is not attributable to the parent company.

The group makes the election to measure non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the investee's identifiable net assets at the acquisition date. The policy choice for the measurement of non-controlling interest is made on a combination-by-combination basis.

Changes in the group's ownership of the subsidiary that do not result in a gain or loss of control are accounted for as equity transactions.

1.28 Dividends declared

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

1.29 Earnings and headline earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of shares that are not entitled to receive dividends, in the current year and is based on the profit after tax for the year attributable to the parent. Headline earnings per share are calculated in terms of the requirements set out in Circular 2/2015, issued by SAICA.

2. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

2.1 Credit risk

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

Trade and other receivables

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

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

Stor-Age share purchase scheme loans

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

Cash and cash equivalents

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

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

Impairment losses on cash and cash equivalents is measured on a 12-month expected credit loss basis. The group considers that its cash and cash equivalents have low credit risk based on the Moody's external credit ratings of these financial institutions.

Derivative financial assets

The group and company mitigates its exposure to credit risk by entering into derivative contracts with reputable counterparties. The Moody's credit ratings for these counterparties are as follows:

Investec Bank	Baa3
Standard Bank	Baa3
Nedbank	Baa3
Lloyds Bank	Aa3

2.2 Liquidity risk

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

The group and company monitors cash flow requirements taking account of forecast rentals receivable and operating expenditure on a monthly basis. Surplus funds are utilised to reduce borrowings or are placed in deposit accounts at the best possible interest rate. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the group has negotiated certain lines of credit with financial institutions, as set out in note 25.4.

2.3 Market risk

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

Interest rate risk

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

Currency risk

The group is exposed to currency risk on its initial capital exposure as well as the underlying earnings as a result of operations in the United Kingdom. The group uses cross-currency interest rate swaps as part of its treasury management, effectively matching the currency of debt with the currency of an asset. Cash flow from its operations in the United Kingdom are exposed to movements in the Rand/Pound exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging projected forward net cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings.

Price risk

The group and company has no exposure to price risk.

2.4 Capital risk management

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

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

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

A register of investment properties is available for inspection at the company's registered office. Details pertaining to the group's leasehold properties are set out in note 29.

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

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

Capital commitments pertaining to improvements to existing investment properties and new property developments are set out in note 3.2.

The fair value measurement for investment properties has been categorised as level 3 under the fair value hierarchy based on the inputs to the valuation technique used. The level 3 reconciliation is set out in note 26. There has been no transfers to or from level 3 in the year.

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

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

Measurement of fair value on investment properties

Details of valuation – South Africa

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

Mr M Gibbons (NDPV, MIVSA) of Mills Fitchet Magnus Penny, who are independent and members of the South African Institute of Valuers, independently valued 17 properties in the South African portfolio at 31 March 2019.

Valuation technique and significant unobservable inputs

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

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

3. INVESTMENT PROPERTIES (continued)

3.1 Fair value of investment properties (continued)

Measurement of fair value on investment properties (continued)

Details of valuation – United Kingdom

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

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

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

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

Valuation technique and significant unobservable inputs

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

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

3. INVESTMENT PROPERTIES (continued)

3.2 Capital commitments authorised

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

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

4. STOR-AGE SHARE PURCHASE SCHEME LOANS

At the inaugural meeting held on 20 October 2015, shareholders approved and adopted the Stor-Age Share Purchase and Option Scheme (the "Scheme"). The rules of the Scheme were amended in the current year to increase the maximum number of shares which may be granted to the participants from 17 687 634 shares to 20 000 000 shares in the company at any time.

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

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

Reconciliation of share movement in the current year

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

Reconciliation of movement in loan

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

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

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

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

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

The terms of the loans to directors and employees are as follows:

- The loans bear interest at a fixed interest rate per annum compounded monthly and capitalised to the loan.
- Dividends received on the shares held by the beneficiaries are applied against the interest payable.
- The loans are secured by a pledge and cession of the shares to the company.
- The maximum period for the repayment of the loans is 10 years from the date of issue.
- In the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year.
- In the event of the retrenchment or death of a beneficiary, the loans are repayable within two years.
- If at the maturity date of the loan, the fair value of the shares is less than the outstanding loan balance, the beneficiary will be liable for settling the difference.
- The loans are repayable in cash.

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

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

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

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

5. GOODWILL AND INTANGIBLE ASSETS (continued)

Company	Goodwill R'000	Stor-Age Management Agreement^ R'000	Fernwood Management Agreement^ R'000	Website R'000	Storage King brand R'000	Total R'000
2019						
Cost	279	77 400	4 000	1 087	–	82 766
Opening balance	279	77 400	4 000	634	–	82 313
Additions during the year	–	–	–	453	–	453
Accumulated amortisation	–	–	–	(445)	–	(445)
Opening balance	–	–	–	(216)	–	(216)
Amortisation for the year	–	–	–	(229)	–	(229)
Accumulated impairment	–	–	(4 000)	–	–	(4 000)
Opening balance	–	–	–	–	–	–
Impairment loss for the year	–	–	(4 000)	–	–	(4 000)
Carrying amount at 31 March 2019	279	77 400	–	642	–	78 321
2018						
Cost	279	77 400	4 000	634	–	82 313
Opening balance	279	77 400	4 000	382	–	82 061
Additions during the year	–	–	–	252	–	252
Accumulated amortisation	–	–	–	(216)	–	(216)
Opening balance	–	–	–	(160)	–	(160)
Amortisation for the year	–	–	–	(56)	–	(56)
Carrying amount at 31 March 2018	279	77 400	4 000	418	–	82 097

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

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

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

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

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

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

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

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

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

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

5.2 **Goodwill acquired as part of the Storage RSA business combination**

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

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

5.3 **Goodwill acquired as part of the Betterstore business combination**

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

	2019
Dividend growth	8.0%
Exit capitalisation rate	6.0%
Discount rate	10.75%
Exchange rate (GBP/ZAR)	18.50
Terminal growth rate	2.75%

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

5.4 **Intangible assets**

Following the acquisition of RSI 2 and RSI 3, the company no longer charges management fees to the entities. As a result the company fully impaired the Fernwood Management Agreement in the current year.

6. INVESTMENT IN SUBSIDIARIES

The investment in subsidiaries is accounted for at cost by the company. Details of the company's interest in directly held subsidiaries at the reporting date are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The effective interest rates are set out in note 25.2.2.

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

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

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

Refer to shareholder analysis for further information regarding significant shareholders.

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

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

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

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

Details of conditional shares awarded are set out below:

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

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

Details of assumptions

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

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

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

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period.

No conditional shares vested or were forfeited during the year.

* *Volume-weighted average price*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
15. FINANCIAL LIABILITIES				
15.1 Bank borrowings				
Current borrowings	248 861	16 571	248 861	–
– Long-term borrowings	248 861	16 571	248 861	–
Non-current borrowings	1 493 450	624 985	667 319	235 569
– Long-term borrowings	1 791 769	742 035	965 638	352 619
– Surplus cash paid into loan facility	(298 319)	(117 050)	(298 319)	(117 050)
Total bank borrowings	1 742 311	641 556	916 180	235 569
Total bank borrowings, gross of surplus cash	2 040 630	758 606	1 214 499	352 619

The outstanding loan facilities with financial institutions are set out below:

South Africa

Loan facilities	Expiry date	Term	Interest rate %	Facility value R'000	Facility balance at 31 March 2019	Facility balance at 31 March 2018
Nedbank B	Dec 2019	3 years	Prime less 1.50	150 000	149 322	150 000
Nedbank C	Nov 2020	5 years	Prime less 1.40	350 000	296 012	202 619
Nedbank D	Nov 2021	3 years	Prime less 1.40	375 000	369 378	–
Nedbank E	Nov 2019	1 year	Prime less 1.50	100 000	99 539	–
Standard Bank B	Nov 2021	3 years	JIBAR plus 1.33	520 000	300 248	–
Investec	Nov 2021	3 years	Prime less 1.40	150 000	–	–
				1 645 000	1 214 499	352 619

United Kingdom

Loan facilities	Expiry date	Term	Interest rate %	Facility value £'000	Facility balance at 31 March 2019	Facility balance at 31 March 2018
Royal Bank of Scotland	Nov 2022	5 years	LIBOR plus 3.0	24 500	–	405 987
Lloyds Bank	Nov 2024	6 years*	LIBOR plus 2.75	52 000	826 131	–
					826 131	405 987
Total bank borrowings for the group					2 040 630	758 606

* *Comprises a four-year term with two 12-month extensions*

All borrowing facilities are interest only facilities. The Royal Bank of Scotland facility was an amortising facility.

As at 31 March 2019, Nedbank facilities B,C,D and E, the Standard Bank and Lloyds Bank facilities were utilised. All surplus cash is placed in the Nedbank C annex facility. The surplus cash paid into the annex facility earns interest at the prime overdraft rate as applicable in South Africa less 2.40%. There are no restrictions on the availability of the cash placed in the facility.

Interest rate swaps to the value of R680 million (2018: R250 million) and R200 million have been entered into with Nedbank Limited and Standard Bank Limited respectively. An interest rate swap to the value of £39.240 million has been entered into with Lloyds Bank. Further details are set out in note 25.2.1.

The bank borrowings are secured as follows:

Nedbank

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

Standard Bank

- Erf 16694 Somerset West (Storage RSA Somerset West)
- Erf 8190 and Erf 8183 Stellenbosch (Storage RSA Stellenbosch)
- Portion 1 of Erf 877 Louwlardia Extension 13 (Storage RSA Midrand)
- Erf 4885 Weltevredenpark Extension 139 (Storage RSA Constantia Kloof)
- Erf 17350 a portion of Erf 15744 Durbanville (Storage RSA Durbanville)
- Headlease over remainder of Erf 995 Constantia Kloof (Stor-Age Constantia Kloof)
- Erf 14804 Somerset West (Storage RSA Heritage Park)
- Erf 1203 Wetton (Stor-Age Ottery)

15. FINANCIAL LIABILITIES (continued)

15.1 Bank borrowings (continued)

Lloyds Bank

Leasehold Properties

- Unit 2, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930804 (Storage King Aylesford)
- Unit 3, Access 4-20, New Hythe Business Park, Bellingham Way, Larkfield, Aylesford, ME20 7HP, Title number K930806 (Storage King Aylesford)
- Unit 1, Carnival Close, Basildon, SS14 3WN, Title number EX802441 (Storage King Basildon)
- Units 5 and 6, Epsom Trade Park, Blenheim, Road, Epsom, KT19 9DU, Title number SY773210 (Storage King Epsom)
- Unit 1, Nimbus Park, Porz Avenue, Houghton Regis, Dunstable, LU5 5WZ , Title number BD260385 (Storage King Dunstable)
- Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ , Title number BK414791 (Storage King Woodley)
- Units 4, 5 and 6, Base 329, Headley Road East, Woodley, RG5 4AZ , Title number BK423724 (Storage King Woodley)

Freehold Properties

- Land on south east side of Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB25763 (Storage King Cambridge)
- Land at Rosemary Lane edged with red on plan of Title filed at the Land Registry, Title number CB269504 (Storage King Cambridge)
- Land at 505 Coldhams Lane, CBl 3JS, Title number CB30113 (Storage King Cambridge)
- 599 to 613 Princes Road, Dartford, DA2 6HH, Title number K342977 (Storage King Dartford)
- Units 8 – 14, Hansard Gate, West Meadows, industrial Estate, Derby, DE21 6AR, Title number DY490969 (Storage King Derby)
- 1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH, Title number SYK429163 (Storage King Doncaster)
- Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX, Title number GR408472 (Storage King Gloucester)
- 39 Barton Road, Bletchley, Milton Keynes, MK2 3BA, Title number BM116594 (Storage King Milton Keynes)
- Land at 1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN shown edged with red on the plan of the Title filed with the Land Registry, Title number ON164847 (Storage King Oxford)
- Site at 1 Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number, CH653432 (Storage King Chester)
- The Wash Shop, Hartford Way, Sealand lndustrial Estate, Chester, CH1 4NT, Title number CH254305 (Storage King Chester)
- Unit 2, Weston Road, Crewe CW1 6AA, Title number CH666094 (Storage King Crewe)
- Land at the south east side of Caxton Road, Elms Farm Industrial Estate, Bedford, MK14 0HT, Title number BD43327 (Storage King Bedford)
- Unit 28 Trade City, Avro Way, Brooklands Business Park, Weybridge, KT13 0YF, Title Number SY767961 (Storage King Weybridge)

The following covenants are applicable to the year ended 31 March 2019:

Nedbank

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

Lloyds Bank

- Cash flow cover[1] shall not at any time be less than the ratio of 1.1:1
- Loan to market value shall not, at any time, exceed 50%
- Loan to closed market value shall not, at any time, exceed 85%
- Leasehold to portfolio value shall not, at any time, exceed 25%
- Interest cover shall not at any time be less than the ratio of 2.0:1

Standard Bank

- Group loan-to-value (LTV) shall not exceed 45%
- The ratio of aggregate net rental income to all interest payable in respect of all loan facilities shall not be less than 1.8

No covenants were breached during the year.

[1] *Cash flow cover means the ratio of Cash flow to Debt Service (Debt service means the aggregate of finance charges, repayments of borrowings and the amount of the capital and interest payable under any finance lease due during the relevant period)*

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
15.2 Derivative financial liabilities				
Cross-currency interest rate swaps	4 573	–	–	–
Interest rate swaps	16 725	3 343	9 103	3 343
	21 298	3 343	9 103	3 343

These amounts represent the marked-to-market adjustments of the above derivative financial instrument.

Derivative	Risk mitigation
Cross-currency interest rate swaps	Wherever possible, funding is secured in a currency to match the currency of the underlying rental cash flows to minimise foreign exchange volatility through natural hedges. Where this is not possible, Rand denominated funding is obtained for foreign acquisitions and the group then enters into cross-currency interest rate swaps to hedge foreign currency investments.
Interest rate swaps	The group has entered into derivative financial instruments to manage its exposure to interest rates by fixing floating rate interest rates on loans.

		Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
16.	**TRADE AND OTHER PAYABLES**				
	Financial instruments				
	Trade creditors	28 572	22 691	1 964	1 181
	Security deposits	19 571	13 815	1 095	1 242
	Other payables	25 149	8 228	1 834	3 424
	Related party payables	55 500	1 468	56 927	2 262
	Property accruals	27 743	8 494	8 341	3 161
	Tenant deposits	650	588	589	–
		157 185	55 284	70 750	11 270
	Non-financial instruments				
	Income received in advance	38 542	29 837	406	–
	VAT	10 335	9 696	–	564
		48 877	39 533	406	564
	Total trade and other payables	206 062	94 817	71 156	11 834

Information about the group's and company's exposure liquidity risk is included in note 25.4.

		Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
17.	**PROVISIONS**				
	Balance at beginning of year	16 331	20 047	–	–
	Movement in provision#	(10 065)	(3 716)	5 768	–
	Balance at end of year	6 266	16 331	5 768	–

Relates to provisions raised for municipal accounts

		Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
18.	**PROFIT BEFORE TAXATION IS STATED AFTER RECOGNISING:**				
	Interest income on financial assets measured at amortised cost	48 917	23 601	16 527	12 354
	Auditor's remuneration*	(3 593)	(1 151)	(1 011)	(580)
	Staff costs	(80 567)	(54 182)	(26 301)	(21 072)
	Rates	(42 784)	(15 291)	–	–

* *R164 000 (2018: R10 000) was paid to KPMG for non-audit services in the current year.*
Foreign subsidiaries were audited by BDO. An amount of R476 239 (2018: R32 637) was paid to BDO for non-audit services and R856 098 (2018: R402 161) for audit services.

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
19. TAXATION				
Normal taxation				
Income tax charge for the year	291	(3)	471	–
Deferred taxation				
Deferred tax charge for the year	(2 689)	(3 836)	–	(918)
Taxation for the year	(2 398)	(3 839)	471	(918)
The taxation charge is reconciled as follows:				
Profit before taxation	28.00%	28.00%	28.00%	28.00%
Adjustments				
Non-deductible expenses+	0.80%	0.00%	0.40%	0.01%
Exempt income	(0.20%)	0.00%	(0.20%)	0.00%
Fair value adjustments	(9.50%)	(15.65%)	0.30%	(0.32%)
Capital allowances	(0.40%)	0.00%	0.00%	0.00%
Tax rate difference due to foreign operations	(0.70%)	(1.29%)	0.00%	0.00%
Qualifying distribution	(22.70%)	(11.49%)	(30.00%)	(27.93%)
Unrecognised deferred tax asset	5.70%	1.09%	1.30%	0.62%
Effective taxation charge	0.90%	0.66%	(0.20%)	0.38%
Deferred taxation				
At beginning of year	19 098	2 094	–	918
Asset acquisitions	107	–	–	–
Business combination	–	20 840	–	–
Assessed losses carried forward (UK)	(2 689)	(1 786)	–	–
Deferred tax asset reversal	–	(2 050)	–	(918)
Exchange differences	2 313	–	–	–
At end of year	18 829	19 098	–	–

+ *Relates to donations made to non-S18A benefit organisations.*

The group has an assessed loss of R425.5 million (2018: R155.1 million) in South Africa. Management has decided, in light of the impact of the REIT legislation, not to recognise a deferred taxation asset relating to the assessed loss as it is not probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

With the exception of four UK subsidiaries, the Betterstore group is taxed at the company standard rate of 0% under the Income Tax (Zero Ten) Guernsey Law, 2007. Guernsey companies are taxable on net UK rental income as a non-resident landlord. The Betterstore group has tax losses available to carry forward and utilise against future profits of £6.2 million (2018: £6.7 million) which has been recognised as a deferred tax asset.

The deferred tax asset in the current and prior year relates to assessed losses for the UK subsidiaries.

20. EARNINGS AND HEADLINE EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the weighted average number of shares in issue during the year and a profit attributable to shareholders of the parent.

	Company 2019 R'000	Company 2018 R'000
Reconciliation of basic earnings and headline earnings per share		
Profit for the period (attributable to shareholders of the parent)	257 566	576 726
Basic earnings	257 566	576 726
Headline earnings adjustments	(81 605)	(202 600)
Fair value adjustment to investment properties	(85 675)	(203 001)
Fair value adjustment to investment properties (NCI)+	70	778
Impairment loss on intangible asset	4 000	–
Gain on bargain purchase	–	(377)
Headline earnings attributable to shareholders	175 961	374 126
Number of shares ('000)		
Total number of shares in issue	392 987	301 864
Shares in issue entitled to dividends	387 987	298 524
Weighted average number of shares in issue	326 937	237 950
Weighted average number of shares in issue entitled to dividends	321 937	230 450
Add: Weighted potential dilutive impact of conditional shares	57	–
Diluted weighted average number of shares in issue	321 994	230 450
Earnings per share		
Basic earnings per share (cents)	80.01	250.26
Diluted earnings per share (cents)	79.99	250.26
Headline earnings per share		
Basic headline earnings per share (cents)	54.66	162.35
Diluted headline earnings per share (cents)	54.65	162.35

+ *Non-controlling interest*

		Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
21.	NOTES TO THE STATEMENTS OF CASH FLOWS				
21.1	Cash generated from operations				
	Profit before taxation	260 293	582 064	196 997	239 563
	Adjusted for:				
	Dividends received	–	–	(254 083)	(253 631)
	Interest income	(48 917)	(23 601)	(16 527)	(12 354)
	Interest expense	81 786	33 091	53 600	20 098
	Impairment loss intangible asset	4 000	–	4 000	–
	Change in provision estimate	(10 065)	(3 716)	5 768	–
	Depreciation and amortisation	6 679	2 232	1 769	770
	Gain on bargain purchase	–	(377)	–	–
	Related party management fee	–	–	(5 000)	–
	Equity-settled share-based payment expense	190	–	190	–
	Fair value adjustment to investment properties	(85 675)	(203 001)	(2 089)	(2 737)
	Fair value adjustment to derivative financial instruments	127 517	(178 570)	5 760	1 934
		335 808	208 122	(9 615)	(6 357)
	Changes in working capital, net of assets acquired	60 950	(6 356)	14 773	(39 256)
	Decrease/(increase) in trade and other receivables	7 154	(6 739)	(37 437)	(5 584)
	(Increase) in inventory	(1 044)	(529)	(666)	(67)
	Increase/(decrease) in trade and other payables	54 840	912	52 876	(33 605)
		396 758	201 766	5 158	(45 613)
21.2	Interest received				
	Interest income per statement of profit or loss	48 917	23 601	16 527	12 354
	Outstanding interest income accrual on loan	(3 935)	(4 236)	(309)	–
	Interest received	44 982	19 365	16 218	12 354
21.3	Interest paid				
	Interest charge per statement of profit or loss	81 786	33 091	53 600	20 098
	Interest capitalised to investment properties	12 019	6 030	9 877	2 768
	Outstanding interest expense accrual on loan	(9 569)	–	(6 466)	–
	Non-cash interest on finance lease	(8 953)	(5 646)	–	–
	Interest paid	75 283	33 475	57 011	22 866

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
21. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)				
21.4 Dividends paid				
Balance payable at beginning of year	151 913	75 290	151 913	75 290
Dividend declared	387 468	285 845	387 468	285 845
Dividends paid by subsidiary to non-controlling interest	1 182	–	–	–
Balance payable at end of year	(214 867)	(151 913)	(214 867)	(151 913)
Dividends paid	325 696	209 222	324 514	209 222
21.5 Dividend received				
Balance receivable at the beginning of year	–	–	167 928	63 920
Dividend income from subsidiary	–	–	254 083	253 631
Balance receivable at end of year	–	–	(151 553)	(167 928)
Dividend received	–	–	270 458	149 623
21.6 Taxation refund				
Balance receivable at the beginning of year	–	–	–	–
Taxation refund	471	–	471	–
Balance receivable at end of year	–	–	–	–
Taxation refund	471	–	471	–

	Bank borrowings R'000
21.7 Reconciliation of opening bank borrowings to closing bank borrowings	
Group	
Opening balance at 1 April 2017	252 672
Acquired through business combination	468 918
Withdrawals	247 774
Repayments	(273 162)
Exchange differences	(54 645)
Closing balance at 31 March 2018	641 556
Acquired through asset acquisitions	806 997
Withdrawals	735 526
Repayments	(507 460)
Exchange differences	65 692
Closing balance at 31 March 2019	1 742 311
Company	
Opening balance at 1 April 2017	252 672
Withdrawals	247 774
Repayments	(264 877)
Closing balance at 31 March 2018	235 569
Withdrawals	1 183 551
Repayments	(502 960)
Closing balance at 31 March 2019	916 180

		Group R'000
21.8	**Repayment of loans from previous shareholder of RSI 2 and RSI 3**	
	Loan from previous shareholder (Acucap Investments Proprietary Limited) (refer to note 22.1)	(315 694)
	Loan from previous shareholder (Acucap Investments Proprietary Limited) (refer to note 22.2)	(10 695)
		(326 389)

22. ASSET ACQUISITIONS

In October 2018 Stor-Age completed the acquisition of RSI 2 and RSI 3 for an aggregate consideration of R58.0 million. The 12 purpose-built self storage properties – located in Cape Town, Johannesburg, Durban, Port Elizabeth and Pretoria – were previously operated and managed by Stor-Age. The acquisition was structured with a rental guarantee of R44.5 million, paid upfront by the sellers on the effective date of the acquisition, and held in an escrow account. Stor-Age is entitled to drawdown on the escrow amount over a 36-month period, with the first period ended 31 March 2019 and thereafter for every six month period.

In March 2019 Stor-Age, through its wholly owned UK subsidiary Betterstore, acquired 100% of the issued share capital of Viking Self Storage Bedford ("Viking") and The Storage Pod ("Pod"). Both properties are mature, high-quality freehold self storage properties which trade into dense residential areas in locations which complement the existing Storage King portfolio. The properties will be re-branded under the Storage King brand and managed under the existing infrastructure.

In line with the group's accounting policy to early adopt the amendment to the definition of a "business" in terms of IFRS 3 *Business Combinations*, the group has treated these transactions as asset purchases on the basis that more than 90% of the fair value of the gross assets acquired is attributable to investment property.

The details of the transactions are set out below:

		Group R'000
22.1	**Acquisition of RSI 2**	
	The assets and liabilities arising from the acquisition in October 2018 are as follows:	
	Investment property*	1 010 068
	Trade and other receivables	8 887
	Cash and cash equivalents	889
	Inventory	779
	Trade and other payables	(13 970)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	(315 694)
	Other financial liabilities	(685 259)
	Fair value of net identifiable assets acquired	5 700
	Total purchase consideration	5 700
	Net cash outflow on acquisition	42 611
	Consideration financed by cash	43 500
	– Paid directly to sellers	5 700
	– Variable purchase consideration receivable – cash kept in escrow^	37 800
	Cash and cash equivalents acquired	(889)

Acquisition-related costs of R907 000 that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is consistent with the group's accounting policy.*
^ *This amount has been included under trade and other receivables as rental guarantee.*

		Group R'000
22.	**ASSET ACQUISITIONS (continued)**	
22.2	**Acquisition of RSI 3**	
	The assets and liabilities arising from the acquisition in October 2018 are as follows:	
	Investment property*	94 084
	Trade and other receivables	462
	Cash and cash equivalents	290
	Inventory	64
	Trade and other payables	(1 073)
	Loan from previous shareholder (Acucap Investments Proprietary Limited)	(10 695)
	Other financial liabilities	(75 332)
	Fair value of net identifiable assets acquired	7 800
	Total purchase consideration	7 800
	Net cash outflow on acquisition	14 210
	Consideration financed by cash	14 500
	– Paid directly to sellers	7 800
	– Variable purchase consideration receivable – cash kept in escrow^	6 700
	Cash and cash equivalents acquired	(290)

Acquisition-related costs of R342 000 that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is consistent with the group's accounting policy.*
^ *This amount has been included under trade and other receivables as rental guarantee.*

		Group R'000
22.3	**Acquisition of Viking**	
	The assets and liabilities arising from the acquisition in March 2019 are as follows:	
	Investment property*	224 132
	Plant and equipment	1 326
	Other financial assets	10 299
	Trade and other receivables	965
	Cash and cash equivalents	7 136
	Inventory	66
	Trade and other payables	(2 988)
	Contingent liability^	(1 049)
	Fair value of net identifiable assets acquired	239 887
	Total purchase consideration	239 887
	Net cash outflow on acquisition	217 565
	Consideration	239 887
	Outstanding consideration#	(15 186)
	Cash and cash equivalents acquired	(7 136)

Acquisition-related costs of £296 000+ (R5.543 million) that were incurred to effect the transactions have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
^ *The contingent liability relates to the possible change in the property's rateable value that could result in the back pay of municipal rates.*
\# *Relates to the net working capital balance*
\+ *Amounts have been translated at R18.725*

		Group R'000
22.4	**Acquisition of Pod**	
	The assets and liabilities arising from the acquisition in March 2019 are as follows:	
	Investment property*	219 400
	Plant and equipment	890
	Trade and other receivables	1 631
	Cash and cash equivalents	1 562
	Inventory	49
	Deferred tax liability	(107)
	Trade and other payables	(4 060)
	Bank borrowings	(63 780)
	Contingent liability^	(380)
	Fair value of net identifiable assets acquired	155 205
	Total purchase consideration	155 205
	Net cash outflow on acquisition	151 744
	Consideration	155 205
	Outstanding consideration#	(1 899)
	Cash and cash equivalents acquired	(1 562)

Acquisition-related costs of £123 000+ (R2.336 million) that were incurred to effect the transaction have been capitalised to the investment property.

* *The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.*
^ *The contingent liability relates to the possible change in the property's rateable value that could result in the back pay of municipal rates.*
\# *Relates to the net working capital balance*
\+ *Amounts have been translated at R18.990*

23. SEGMENTAL INFORMATION

Segmental information is based on the geographic location of each investment property. The group trades in five of the nine provinces in South Africa and in the United Kingdom through its subsidiary Betterstore Self Storage Holdings. The group is managed on a consolidated basis and inter-segmental transactions have been eliminated. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, fair value adjustments to investment properties and direct property costs.
- On the statement of financial position: Investment properties, tenant debtors, inventories, goodwill and intangible assets, bank borrowings and finance lease obligation

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

Segment property operating income for the year ended 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	125 551	140 510	3 866	31 616
– Other income	5 444	10 638	184	2 086
Impairment losses recognised on tenant debtors	(760)	(888)	(88)	(314)
Direct property costs	(28 828)	(33 397)	(1 595)	(8 947)
Operating profit	101 407	116 863	2 367	24 441
Fair value adjustment to investment properties	53 586	26 257	2 802	4 886
Segment property operating income	154 993	143 120	5 169	29 327

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	10 586	312 129	173 155	485 284
– Other income	815	19 167	19 900	39 067
Impairment losses recognised on tenant debtors	(75)	(2 125)	(1 105)	(3 230)
Direct property costs	(2 882)	(75 649)	(60 188)	(135 837)
Operating profit	8 444	253 522	131 762	385 284
Fair value adjustment to investment properties	1 064	88 595	(2 920)	85 675
Segment property operating income	9 508	342 117	128 842	470 959

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	524 351	524 351	–
– Rental income	485 284	485 284	–
– Other income	39 067	39 067	–
Impairment losses recognised on tenant debtors	(3 230)	(3 230)	–
Direct property costs	(135 837)	(135 837)	–
Net property operating income	385 284	385 284	–
Other revenue	11 065	–	11 065
– Management fees	11 065	–	11 065
Administration expenses	(43 805)	–	(43 805)
Operating profit	352 544	385 284	(32 740)
Transaction and advisory fees	(357)	–	(357)
Restructure of bank borrowings	(13 590)	–	(13 590)
Fair value adjustment to investment properties	85 675	85 675	–
Fair value adjustment to derivative financial instruments	(120 431)	–	(120 431)
Impairment loss intangible asset	(4 000)	–	(4 000)
Depreciation and amortisation	(6 679)	–	(6 679)
Profit before interest and taxation	293 162	470 959	(177 797)
Interest income	48 917	–	48 917
Interest expense	(81 786)	–	(81 786)
Profit before taxation	260 293	470 959	(210 666)
Taxation expense	(2 398)	–	(2 398)
Profit for the year	257 895	470 959	(213 064)
Translation of foreign operations	143 183	–	143 183
Other comprehensive income for the year, net of taxation	143 183	–	143 183
Total comprehensive income for the year	401 078	470 959	(69 881)

23. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2019

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 588 030	1 838 579	28 600	443 869
Tenant debtors	2 254	2 142	64	796
Inventories	1 918	2 027	78	308
Goodwill and intangible assets	–	–	–	–
Bank borrowings	–	–	–	–
Finance lease obligation	22 608	3 104	–	–
	1 614 810	1 845 852	28 742	444 973

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	126 000	4 025 078	2 217 335	6 242 413
Tenant debtors	256	5 512	10 081	15 593
Inventories	127	4 458	781	5 239
Goodwill and intangible assets	–	–	58 894	58 894
Bank borrowings	–	–	826 131	826 131
Finance lease obligation	–	25 712	187 599	213 311
	126 383	4 060 760	3 300 821	7 361 581

Group segment assets, reserves and liabilities as at 31 March 2019

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	6 644 781	6 301 307	343 474
Investment properties	6 242 413	6 242 413	–
Property and equipment	8 793	–	8 793
Stor-Age share purchase scheme loans	184 739	–	184 739
Goodwill and intangible assets	140 842	58 894	81 948
Other receivables	9 929	–	9 929
Unlisted investment	4 600	–	4 600
Deferred taxation	18 829	–	18 829
Derivative financial assets	34 636	–	34 636
Current assets	384 085	20 832	363 253
Trade and other receivables	119 273	15 593	103 680
Inventories	5 239	5 239	–
Cash and cash equivalents	259 573	–	259 573
Total assets	7 028 866	6 322 139	706 727
Equity and liabilities			
Total equity	4 624 751	–	4 624 751
Stated capital	4 292 941	–	4 292 941
Non-distributable reserve	490 839	–	490 839
Accumulated loss	(206 533)	–	(206 533)
Share-based payment reserve	190	–	190
Foreign currency translation reserve	19 149	–	19 149
Total attributable equity to shareholders	4 596 586	–	4 596 586
Non-controlling interest	28 165	–	28 165
Non-current liabilities	1 706 902	1 028 059	678 843
Bank borrowings	1 493 450	826 131	667 319
Derivative financial instruments	21 298	–	21 298
Deferred taxation	–	–	–
Finance lease obligation	192 154	201 928	(9 774)
Current liabilities	697 213	11 383	685 830
Bank borrowings	248 861	–	248 861
Trade and other payables	206 062	–	206 062
Provisions	6 266	–	6 266
Finance lease obligation	21 157	11 383	9 774
Dividends payable	214 867	–	214 867
Total equity and liabilities	7 028 866	1 039 442	5 989 424

23. SEGMENTAL INFORMATION (continued)

Segment property operating income for the year ended 31 March 2018

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Revenue				
– Rental income	110 548	100 720	3 436	12 154
– Other income	2 929	4 362	158	110
Direct property costs	(21 974)	(23 463)	(1 622)	(4 000)
Operating profit	91 503	81 619	1 972	8 264
Fair value adjustment to investment properties	106 771	48 237	1 097	15 639
Segment property operating income	198 274	129 856	3 069	23 903

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Revenue				
– Rental income	6 799	233 657	61 702	295 359
– Other income	183	7 742	7 076	14 818
Direct property costs	(2 144)	(53 203)	(23 714)	(76 917)
Operating profit	4 838	188 196	45 064	233 260
Fair value adjustment to investment properties	884	172 628	30 373	203 001
Segment property operating income	5 722	360 824	75 437	436 261

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

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue	310 177	310 177	–
– Rental income	295 359	295 359	–
– Other income	14 818	14 818	–
Direct property costs	(76 917)	(76 917)	–
Net property operating income	233 260	233 260	–
Other revenue	22 053	–	22 053
– Management fees	22 053	–	22 053
Administration expenses	(36 923)	–	(36 923)
Operating profit	218 390	233 260	(14 870)
Transaction and advisory fees	(6 552)	–	(6 552)
Gain on bargain purchase	377	–	377
Fair value adjustment to investment properties	203 001	203 001	–
Fair value adjustment to derivative financial instruments	178 570	–	178 570
Depreciation and amortisation	(2 232)	–	(2 232)
Profit before interest and taxation	591 554	436 261	155 293
Interest income	23 601	–	23 601
Interest expense	(33 091)	–	(33 091)
Profit before taxation	582 064	436 261	145 803
Taxation expense	(3 839)	–	(3 839)
Profit for the year	578 225	436 261	141 964
Translation of foreign operations	(123 902)	–	(123 902)
Other comprehensive income for the year, net of taxation	(123 902)	–	(123 902)
Total comprehensive income for the year	454 323	436 261	18 062

23. SEGMENTAL INFORMATION (continued)

Group segment assets as at 31 March 2018

	Western Cape R'000	Gauteng R'000	Free State R'000	KwaZulu-Natal R'000
Investment properties	1 161 948	1 026 053	25 700	216 863
Tenant debtors	1 314	1 594	82	354
Inventories	1 109	1 209	74	169
Goodwill and intangible assets*	–	–	–	–
Bank borrowings*	–	–	–	–
Finance lease obligations*	3 181	2 699	–	–
	1 167 552	1 031 555	25 856	217 386

	Eastern Cape R'000	Total South Africa R'000	Total United Kingdom R'000	Total combined R'000
Investment properties	59 000	2 489 564	1544 866	4 034 430
Tenant debtors	139	3 483	6 396	9 879
Inventories	85	2 646	522	3 168
Goodwill and intangible assets*	–	–	58 623	58 623
Bank borrowings*	–	–	405 987	405 987
Finance lease obligations*	–	5 880	175 620	181 500
	59 224	2 501 573	2 192 014	4 693 587

* *The amounts are represented to conform with current year disclosure.*

Group segment assets, reserves and liabilities as at 31 March 2018

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	4 493 563	4 093 053	400 510
Investment properties	4 034 430	4 034 430	–
Property and equipment	4 969	–	4 969
Stor-Age share purchase scheme loans	166 961	–	166 961
Goodwill and intangible assets	144 036	58 623	85 413
Deferred taxation	19 098	–	19 098
Derivative financial instruments	124 069	–	124 069
Current assets	90 156	13 047	77 109
Trade and other receivables	65 165	9 879	55 286
Inventories	3 168	3 168	–
Cash and cash equivalents	21 823	–	21 823
Total assets	4 583 719	4 106 100	477 619
Equity and liabilities			
Total equity	3 494 259	–	3 494 259
Stated capital	3 175 075	–	3 175 075
Non-distributable reserve	523 006	–	523 006
Accumulated loss	(108 855)	–	(108 855)
Foreign currency translation reserve	(120 732)	–	(120 732)
Total attributable equity to shareholders	3 468 494	–	3 468 494
Non-controlling interest	25 765	–	25 765
Non-current liabilities	801 598	579 257	222 341
Bank borrowings	624 985	405 987	218 998
Derivative financial instruments	3 343	–	3 343
Finance lease obligations	173 270	173 270	–
Current liabilities	287 862	8 230	279 632
Bank borrowings	16 571	–	16 571
Trade and other payables	94 817	–	94 817
Provisions	16 331	–	16 331
Finance lease obligations	8 230	8 230	–
Dividends payable	151 913	–	151 913
Total equity and liabilities	4 583 719	587 487	3 996 232

23. SEGMENTAL INFORMATION (continued)

	2019 R'000	2018 R'000
Reconciliation of headline earnings to distributable earnings per share		
Headline earnings attributable to shareholders	175 961	374 126
Distributable earnings adjustment	212 087	(88 360)
Depreciation and amortisation	6 679	2 232
Equity-settled share-based payment expense	190	–
Fair value adjustment to derivative financial instruments	133 080	(178 570)
Restructure of bank borrowings	13 590	–
Deferred tax	2 689	3 836
Foreign exchange gain available for distribution	10 149	–
Transaction and advisory fees	357	6 552
Antecedent dividend on share issues*	45 353	77 590
	388 048	285 766
Other adjustments		
Non-controlling interests in respect of the above adjustments	(357)	79
Distributable earnings	387 691	285 845
Dividend declared for the 6 months ending 30 September	172 824	133 932
Dividend declared for the 6 months ending 31 March	214 867	151 913
Total dividends for the year	387 691	285 845
Shares entitled to dividends September ('000)	336 889	284 840
Shares entitled to dividends March ('000)	387 987	298 964
Weighted average shares in issue entitled to dividends ('000)	321 937	230 450
Dividend per share September (cents)	51.30	47.02
Dividend per share March (cents)	55.38	50.81
Total dividend per share for the year (cents)	106.68	97.83

The Board declared a final dividend of 55.38 cents (2018: 50.81 cents) per share for the six months ended 31 March 2019 on 13 March 2019 and finalised on 11 June 2019. This represents growth of 9.0% over the comparative period.

* *In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as result of the issue of shares during the period for which the company did not have full access to the cash flow from such issue.*

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Net asset value*				
Number of shares in issue	392 986 858	301 864 102	392 986 858	301 864 102
Net asset value per share (cents)	1 176.82	1 157.56	1 028.65	1 031.72
Net asset value per share excluding non-controlling interest (cents)	1 169.65	1 149.03	1 028.65	1 031.72
Net tangible asset value per share (cents)	1 140.98	1 109.84	1 008.72	1 004.52
Net tangible asset value per share excluding non-controlling interest (cents)	1 133.82	1 101.31	1 008.72	1 004.52

	31 March 2019	31 March 2018
Key reporting ratios*		
Total property cost-to-income ratio	27%	25%
Based on the total direct property costs divided by property revenue.		
Administrative cost-to-income ratio	9%	11%

Based on the administration expenses divided by total revenue.

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

24. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements

The company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* in the current year.

24.1 IFRS 9 *Financial Instruments*

IFRS 9 supersedes the provisions in IAS 39 relating to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. In accordance with the transitional provisions in IFRS 9 paragraphs 7.2.15 and 7.2.26, comparative figures have not been restated. The adoption of IFRS 9 has not had a significant impact on the group's accounting policies pertaining to financial assets, financial liabilities and derivative financial instruments.

The table below sets out the classification and measurement of the group's financial instruments under IAS 39 and IFRS 9 at 1 April 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 R'000	New carrying amount under IFRS 9 R'000
Group				
Financial assets				
Stor-Age share purchase scheme loans	Loans and other receivables	Amortised cost	166 961	166 961
Cash and cash equivalents	Loans and other receivables	Amortised cost	21 823	21 823
Derivative financial assets	Loans and other receivables	Amortised cost	124 069	124 069
Trade and other receivables	Loans and other receivables	Amortised cost	65 165	65 165
Financial liabilities				
Bank borrowings	Amortised cost	Amortised cost	641 556	641 556
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss	3 343	3 343
Finance lease obligations	Amortised cost	Amortised cost	181 500	181 500
Trade and other payables	Amortised cost	Amortised cost	94 817	94 817
Dividend payable	Amortised cost	Amortised cost	151 913	151 913
Company				
Financial assets				
Stor-Age share purchase scheme loans	Loans and other receivables	Amortised cost	166 961	166 961
Cash and cash equivalents	Loans and other receivables	Amortised cost	2 293	2 293
Trade and other receivables	Loans and other receivables	Amortised cost	11 143	11 143
Financial liabilities				
Bank borrowings	Amortised cost	Amortised cost	235 569	235 569
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss	3 343	3 343
Trade and other payables	Amortised cost	Amortised cost	11 834	11 834
Dividend payable	Amortised cost	Amortised cost	151 913	151 913

The impact of the impairment model under IFRS 9 has no impact on the impairment losses recognised in the group's results at 31 March 2018 as reflected below:

	Group R'000
Loss allowance at 31 March 2018 under IAS 39	1 384
Loss allowance at 31 March 2018 under IFRS 9	1 384

Additional information about how the group measures the allowance for impairment is set out in note 25.3.2.

24.2 IFRS 15 *Revenue from Contracts with Customers*

IFRS establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The adoption of IFRS 15 has had the following impact on the group and company's revenue streams:

Property management, asset management and development fees

Under IAS 18 *Revenue* the group accounted for these fees when incurred and in the case of development fees, on a straight-line basis over the period of development of the property. Under IFRS 15 the treatment of the development fees remain the same as the performance obligations, the company acting as the manager of the property, are transferred over a period of time.

Licence fees

Under IAS 18 *Revenue* the group accounted for these fees when incurred. Under IFRS 15, the licence fees will be recognised when the company's performance obligation is extinguished.

Sale of packaging materials

Under IAS 18 *Revenue* the group accounted for the sale of packaging materials when the risk and rewards of ownership transferred to the customer. Under IFRS 15, the group accounts for revenue when the performance obligation to transfer the goods to customer is satisfied.

The group has not restated the comparative results as the impact of the application of the new standard is not material.

25. FINANCIAL INSTRUMENTS

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

25.1 Financial risk management

The table below sets out the company and group's accounting classification of each class of financial asset and liability at 31 March:

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Group as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	259 573	–	259 573
Derivative financial instruments	34 636	34 636	–
Trade and other receivables (excluding rental guarantee)	96 970	–	96 970
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Bank borrowings	1 742 311	–	1 742 311
Derivative financial instruments	21 298	21 298	–
Finance lease obligations	213 311	–	213 311
Trade and other payables	206 062	–	206 062
Dividend payable	214 867	–	214 867
Group as at 31 March 2018			
Financial assets			
Stor-Age share purchase scheme loans	166 961	–	166 961
Cash and cash equivalents	21 823	–	21 823
Derivative financial instruments	124 069	124 069	–
Trade and other receivables	65 165	–	65 165
Financial liabilities			
Bank borrowings	641 556	–	641 556
Derivative financial instruments	3 343	3 343	–
Finance lease obligations	181 500	–	181 500
Trade and other payables	94 817	–	94 817
Dividend payable	151 913	–	151 913

	Total R'000	At fair value through profit or loss R'000	At amortised cost R'000
Company as at 31 March 2019			
Financial assets			
Stor-Age share purchase scheme loans	184 739	–	184 739
Cash and cash equivalents	185 085	–	185 085
Trade and other receivables (excluding rental guarantee)	14 688	–	14 688
Rental guarantee	32 232	32 232	–
Unlisted investment	4 600	4 600	–
Financial liabilities			
Bank borrowings	916 180	–	916 180
Derivative financial instruments	9 103	9 103	–
Trade and other payables	71 156	–	71 156
Dividend payable	214 867	–	214 867
Company as at 31 March 2018			
Financial assets			
Stor-Age share purchase scheme loans	166 961	–	166 961
Cash and cash equivalents	2 293	–	2 293
Trade and other receivables	11 143	–	11 143
Financial liabilities			
Bank borrowings	235 569	–	235 569
Derivative financial instruments	3 343	3 343	–
Trade and other payables	11 834	–	11 834
Dividend payable	151 913	–	151 913

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

25. FINANCIAL INSTRUMENTS (continued)

25.2 Market risk

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

25.2.1 Interest rate risk

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

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000	Fair value at 31 March 2018 R'000
South Africa							
Nedbank facility B							
– Swap C	50 000	–	8 Nov 2016	8 Nov 2019	9.50%	(273)	(761)
– Swap E	25 000	–	16 Mar 2017	31 Mar 2020	9.40%	(170)	(349)
– Swap G	25 000	–	1 Feb 2018	31 Jul 2019	9.08%	(32)	(177)
	100 000	–				(475)	(1 287)
Nedbank facility C							
– Swap F	50 000	–	8 Aug 2017	30 Oct 2020	9.00%	(227)	(323)
– Swap H	100 000	–	1 Feb 2018	18 Nov 2020	9.45%	(1 162)	(1 733)
	150 000	–				(1 389)	(2 056)
Nedbank facility D							
– Swap L	100 000	–	8 Nov 2018	1 Nov 2021	9.43%	(1 536)	–
– Swap M	100 000	–	13 Nov 2018	1 Nov 2021	9.47%	(1 634)	–
	200 000	–				(3 170)	–
Nedbank facility E							
– Swap N	80 000	–	13 Nov 2018	1 Oct 2019	8.87%	(85)	–
– Swap O	50 000	–	13 Nov 2018	31 Oct 2019	8.87%	(60)	–
– Swap P	100 000		13 Nov 2018	2 Nov 2020	9.27%	(897)	–
	230 000	–				(1 042)	–
Standard Bank facility							
– Swap K	100 000	–	24 Oct 2018	25 Oct 2021	7.80%	(1 423)	–
– Swap Q	100 000	–	13 Nov 2018	13 Nov 2021	7.80%	(1 604)	–
	200 000	–				(3 027)	–
Total South Africa	880 000	–				(9 103)	(3 343)

	Notional amount R'000	Notional amount £'000	Effective date	Maturity date	Fixed rate	Fair value at 31 March 2019 R'000	Fair value at 31 March 2018 R'000
United Kingdom							
Royal Bank of Scotland facility							
– Swap I	–	22 275	31 Dec 2017	24 Oct 2022	1.05%	–	2 960
	–	22 275				–	2 960
Lloyds Bank facility							
– Swap J	399 081	21 150	19 Oct 2018	18 Oct 2022	1.10%	(3 000)	–
– Swap R	203 786	10 800	13 Mar 2019	18 Oct 2024	1.32%	(3 529)	–
– Swap S	141 519	7 500	27 Mar 2019	18 Oct 2024	1.14%	(1 093)	–
	744 386	39 450				(7 622)	–
Total United Kingdom	–	61 725				(7 622)	2 960
Total	1 624 386	61 725				(16 725)	(383)

The effect of the group's hedging policy on bank borrowings is as follows:

	31 March 2019 SA R'000	31 March 2019 UK R'000	31 March 2019 Total R'000	31 March 2018 SA R'000	31 March 2018 UK R'000	31 March 2018 Total R'000
Total debt facilities	1 645 000	981 193	2 626 193	995 000	405 987	1 400 987
Undrawn facilities	430 501	155 062	585 563	642 381	–	642 381
Gross debt	1 214 499	826 131	2 040 630	352 619	405 987	758 606
Net debt (see note 25.4)	687 818	794 920	1 482 738	227 531	392 202	619 733
Investment properties, net of finance lease obligations	3 999 366	2 029 736	6 029 102	2 489 564	1 363 367	3 852 931
Subject to fixed rates						
– Amount	880 000	744 386	1 624 386	250 000	369 117	619 117
– % hedged on gross debt	72.5%	90.1%	79.6%	70.9%	90.9%	81.6%
– % hedged on net debt	127.9%	93.6%	109.6%	109.9%	94.1%	99.9%
Effective interest rate	9.15%	3.89%	6.67%	9.10%	4.32%	6.54%
Gearing (LTV ratio)#	17.2%	39.2%	24.6%	9.1%	28.8%	16.1%

\# *LTV ratio defined as the ratio of net debt as a percentage of gross investment properties (net of finance lease obligations relating to leasehold investment property assets)*

25. FINANCIAL INSTRUMENTS (continued)

25.2 Market risk (continued)

25.2.2 Effective interest rates

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

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2019						
Cash and cash equivalents	*10*		259 573	259 573	–	–
– Cash on call		6.00%	181 201	181 201	–	–
– Current accounts		6.00%	78 372	78 372	–	–
Stor-Age share purchase scheme loans	*4*		184 739	–	–	184 739
– Issue 1		8.00%	122 173	–	–	122 173
– Issue 2		8.31%	2 277	–	–	2 277
– Issue 3		8.00%	2 220	–	–	2 220
– Issue 4a		7.46%	8 752	–	–	8 752
– Issue 4b		7.46%	12 684	–	–	12 684
– Issue 5		7.19%	22 292	–	–	22 292
– Issue 6		7.90%	14 341	–	–	14 341
Financial liabilities			(16 725)	(620)	(11 483)	(4 622)
Nedbank facility B	*25.2.1*					
– Swap C		9.50%	(273)	(273)	–	–
– Swap E		9.40%	(170)	(170)	–	–
– Swap G		9.08%	(32)	(32)	–	–
Nedbank facility C	*25.2.1*					
– Swap F		9.00%	(227)	–	(227)	–
– Swap H		9.45%	(1 162)	–	(1 162)	–
Nedbank facility D	*25.2.1*					
– Swap L		9.43%	(1 536)	–	(1 536)	–
– Swap M		9.47%	(1 634)	–	(1 634)	–
Nedbank facility E	*25.2.1*					
– Swap N		8.87%	(85)	(85)	–	–
– Swap O		8.87%	(60)	(60)	–	–
– Swap P		9.27%	(897)	–	(897)	–
Standard Bank facility	*25.2.1*					
– Swap K		7.80%	(1 423)	–	(1 423)	–
– Swap Q		7.80%	(1 604)	–	(1 604)	–
Lloyds Bank facility	*25.2.1*					
– Swap J		1.10%	(3 000)	–	(3 000)	–
– Swap R		1.32%	(3 529)	–	–	(3 529)
– Swap S		1.14%	(1 093)	–	–	(1 093)

	Note	Effective interest rate	Carrying amount R'000	0 – 12 months R'000	1 – 4 years R'000	More than 4 years R'000
2018						
Cash and cash equivalents			21 823	21 823	–	–
– Cash on call	*10*	6.00%	100	100	–	–
– Current accounts		0.05%	21 723	21 723	–	–
Stor-Age share purchase scheme loans	*4*		166 961	–	–	166 961
– Issue 1		8.00%	119 602	–	–	119 602
– Issue 2		8.31%	2 318	–	–	2 318
– Issue 3		8.00%	2 154	–	–	2 154
– Issue 4a		7.46%	8 830	–	–	8 830
– Issue 4b		7.46%	12 223	–	–	12 223
– Issue 5		7.19%	21 834	–	–	21 834
Financial liabilities			(3 343)	–	(3 343)	–
Nedbank facility B	*25.2.1*					
– Swap C		9.50%	(761)	–	(761)	–
– Swap E		9.40%	(349)	–	(349)	–
– Swap G		9.08%	(177)	–	(177)	–
Nedbank facility C	*25.2.1*					
– Swap F		9.00%	(323)	–	(323)	–
– Swap H		9.45%	(1 733)	–	(1 733)	–
Financial assets			2 960	–	–	2 960
Royal Bank of Scotland Facility	*25.2.1*					
– Swap I		1.05%	2 960	–	–	2 960

The effective rates disclosed above are fixed except for cash and cash equivalents.

The bank facilities and interest rate swaps are in the name of the company except for the Pound denominated interest rate swaps which are in the name of Betterstore Self Storage Properties I Limited.

25. FINANCIAL INSTRUMENTS (continued)

25.2 Market risk (continued)

25.2.3 Sensitivity analysis

The group has a mixture of fixed and floating interest bearing financial liabilities. The effect on profit or loss of a 1% increase/decrease in the interest rates of the floating rate interest bearing financial liabilities balances outstanding at the reporting date would result in a corresponding increase/decrease in the interest expense of R4.078 million (2018: R1.396 million). The analysis has been prepared on the assumption that all other variables remain constant.

25.2.4 Currency risk

Currency hedging

The group has trading operations in the UK and is exposed to currency risk on its capital investment as well as the underlying earnings. The group uses cross-currency interest rate swaps as part of its treasury management plan to hedge part of its foreign currency investment. The cross-currency interest swaps are structured to receive a fixed JIBAR-linked rate and pay a fixed LIBOR-linked rate.

Hedging of capital investment

The acquisition of UK self storage operations was financed through a combination of debt and equity from South Africa, as well as a debt funding from Lloyds Bank in the UK. During the year the Lloyds Bank debt facility replaced the Royal Bank of Scotland debt facility. At year end, approximately 38.3% (2018: 38.1%) of the group's foreign currency net investment have been hedged through a combination of cross-currency interest rate swaps and the GBP-denominated loan from Lloyds Bank. Details of the cross-currency interest rate swaps are set out below:

Bank	Maturity date	Spot (R)	Nominal GBP'000	Nominal ZAR'000	ZAR Rate	GBP Rate
Nedbank	2 Nov 2020	18.41	10 000	184 100	6.47%	0.00%
Investec	26 Oct 2021	18.71	5 000	93 555	10.00%	3.04%
Investec	26 Oct 2022	18.71	5 000	93 555	10.00%	2.98%
Investec	7 Jun 2021	17.00	5 000	85 000	10.00%	2.33%
Total			25 000	456 210		

Hedging of cash flow

Cash flow from operations in the UK are exposed to movements in the GBP/ZAR exchange rate. To manage the impact of currency volatility, the group has adopted a progressive policy of hedging at least 80% of its 12-month projected forward net cash flow, 70% of its 13-24 month projected forward net cash flow and 50% of its 25 – 36 month projected forward net cash flow derived in foreign currency. The group does not enter into any further arrangements to hedge the impact of currency fluctuations on distributable earnings. In line with this policy the group has the following open forward rate instruments are in place:

Maturity date	Forward exchange rate (ZAR/GBP)	Fair value at 31 March 2019 (note 7)
Jun 2019	R22.47:1	7 672
Nov 2019	R23.01:1	7 818
Jun 2020	R29.02:1	19 530
Nov 2020	R20.77:1	96
Jun 2021	R21.41:1	(168)
Nov 2021	R21.74:1	(256)
Jun 2022	R22.40:1	(56)
		34 636

25.2.5 *Sensitivity analysis*

A reasonably possible strengthening (weakening) of ZAR against GBP would have affected the measurement of financial instruments denominated in a foreign currency and affected distributable earnings from the UK operations by the amounts shown below. The analysis takes into account the fixed hedging of cash flow as discussed above and is based on the average ZAR/GBP exchange rate for the relevant period since the UK operations were acquired. At a 24% movement in the ZAR against GBP, the effects of the movement in the exchange rate will be fully hedged. The sensitivity analysis assumes that other macroeconomic factors remain unchanged.

	Group			
	2019		2018	
	24% ZAR depreciation against the GBP R'000	24% ZAR appreciation against the GBP R'000	16% ZAR depreciation against the GBP R'000	16% ZAR appreciation against the GBP R'000
Distributable earnings	200	17 952	52	8 908

The exchange rates used for the translation of the group's foreign operations is as follows:

Average exchange rate		Year-end spot rate	
2019	2018	2019	2018
£1/R18.0421	£1/R17.2136	£1/R18.8691	£1/R16.5709

25.3 Credit risk

25.3.1 *Credit exposure*

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

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Stor-Age share purchase scheme loans	184 739	166 961	184 739	166 961
Trade and other receivables	41 565	14 786	9 439	290
Tenant and related receivables	15 593	9 881	725	–
Sundry receivables	25 972	4 905	8 714	290
Other receivables: Rental guarantee	32 232	–	32 232	–
Amount due from previous shareholder of Viking	10 378	–	–	–
Derivative financial assets	34 636	124 069	–	–
Intercompany receivable	–	–	357 146	207 000
Related party receivables	60	9 311	5 179	9 326
Staff loans	77	137	70	137
Unlisted investment	4 600	–	4 600	–
Cash and cash equivalents	259 573	21 823	185 085	2 293
	567 860	337 087	778 490	386 007

25. FINANCIAL INSTRUMENTS (continued)

25.3 Credit risk (continued)

25.3.1 Credit exposure (continued)

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Stor-Age share purchase scheme loans				
The maximum exposure to credit risk for loans at the reporting date:				
Stor-Age share purchase scheme loans	184 739	166 961	184 739	166 961
Shares pledged as security	(215 848)	(201 260)	(215 848)	(201 260)
Net exposure	–	–	–	–

The group's exposure to credit risk pertaining to the share purchase scheme loans are mitigated by the shares pledged as security to Stor-Age. In terms of the rules of the Scheme, the dividend received by a participant on their Scheme shares must be applied against the interest owing on the share purchase scheme loan owing by the participant to the company. The participant may elect to withdraw the amount by which such dividend exceeds the interest owing or apply such proceeds to the capital balance of the share purchase scheme loan.

In assessing the measurement of any potential impairment allowance, the directors consider the expected credit losses that may arise on the share purchase scheme loans over the next 12 months. As the fair value of the shares pledged as security exceeds the share purchase scheme loans owing to the company, the directors have concluded that there has not been a significant increase in credit risk since initial recognition and therefore no impairment allowance has been recognised in the current year.

No participants to whom loans were granted were in breach of their obligations.

Intercompany receivables

The intercompany receivables are repayable on demand and have an effective interest rate of 0%. The risk of a default occurring over 12 months is the same as the lifetime risk of a default occurring, and therefore the 12-month and lifetime expected credit loss will be the same. In assessing whether there has been a significant increase in credit risk the directors review the lending company's solvency and liquidity position and its budget for the next reporting period. No impairment loss allowances have been recognised on the intercompany receivables in the current year.

Related party receivables

The related party receivables relate to transactions entered into in the normal course of business with related parties other than the company's subsidiaries (see note 28.2). The credit risk has been assessed as low as the transactions are routine in nature and not significant. The 12-month expected credit losses basis is been used to determine the impairment allowance as there receivable has not suffered a significant increase in credit risk.

Cash and cash equivalents

Cash and cash equivalents are held with financial institution counterparties that have a Moody's credit rating, between Aa3 and Baa3, that is in line with the group's treasury management policies. The impairment allowance on cash and cash equivalents has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers cash and cash equivalents to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Derivative financial assets

Derivative contracts are entered into with counterparties which have a Moody's credit rating between Aa3 and Baa3. The impairment allowance on derivative contracts has been based on the 12-month expected credit loss basis. Based on the Moody's rating of the financial institutions, the group considers derivative contracts to have a low credit risk and therefore no impairment allowance has been recognised in the current year.

Tenant and related receivables

Tenant debtors are classified as current as they are short-term in nature and generally settled within 30 days. Tenant debtors do not contain a significant financing component. Tenant debtors are initially recognised at the amount of the consideration that is unconditional. Subsequently tenant debtors are measured at amortised cost using the effective interest method as they are held with the objective to collect contractual cash flows. The credit risk is mitigated as the majority of tenants pay by debit order and the group's credit policy requires the holding of rental deposits (for South African tenants) in most instances. In terms of the rental agreements entered into with tenants, the group may under certain conditions dispose of tenant goods to recover the outstanding amounts.

The impairment allowance is based on the IFRS 9 simplified approach to measuring expected credit losses which is based on the lifetime expected credit loss allowance for all trade receivables. The group performs the assessment to determine whether there has been a significant increase in credit risk by grouping tenants between South Africa and the UK. Further details regarding the impairment allowance is set out in note 25.3.2.

Staff loans

Loans are only granted to employees who meet certain criteria as set out in the company's handbook. The loans are interest free and repayable over a fixed period generally not exceeding a term of 12 months. On initial recognition the credit risk and probability of default has been assessed as low as the loan repayments are recovered directly from the employee's salary or any other funds due to the employee on the termination of employment. At the reporting date there has been no significant increase in the credit risk of staff loans and therefore in applying the 12-month expected credit loss basis, no impairment allowance has been recognised.

Unlisted investment

The unlisted investment was made with the objective to improve the group's compliance with the Broad-Based Black Economic Empowerment scorecard. The investment is managed by a reputable fund manager that carefully screens all investment opportunities. No impairment allowance has been recognised on the unlisted investment based on the past performance of the fund.

Amount due from previous shareholder of Viking

The amount due from the previous shareholders of Viking are held in an escrow account by the previous shareholder's lawyers. As the risk of default by the previous seller is low, no impairment allowance has been recognised in the current year.

25. FINANCIAL INSTRUMENTS (continued)

25.3 Credit risk (continued)

25.3.2 Impairment loss allowances

Tenant and related receivables

The expected credit loss rates are based on historical bad debt impairments as a percentage of the tenant debtors balance adjusted for forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The group has identified the gross domestic product and unemployment rate in South Africa and the United Kingdom to be the most relevant factors and accordingly adjusts the historical loss rates.

The loss allowance was determined as follows:

	Past due 0 – 30 days	Past due 31 – 60 days	Past due 61 – 120 days	Past due >120 days	Total
Group 31 March 2019					
SA					
Expected loss rate	1%	0%	37%	97%	–
Gross carrying amount (R'000)	3 297	1 475	1 325	949	7 046
Loss allowance (R'000)	(40)	(80)	(496)	(919)	(1 535)
UK					
Expected loss rate	0%	0%	90%	0%	–
Gross carrying amount (R'000)	9 472	642	283	–	10 397
Loss allowance (R'000)	–	(66)	(250)	–	(316)
Group 1 April 2018					
SA					
Expected loss rate	–	–	–	–	–
Gross carrying amount (R'000)	1 731	922	1 079	1 136	4 868
Loss allowance (R'000)	(89)	(124)	(524)	(647)	(1 384)
UK					
Expected loss rate	–	–	–	–	–
Gross carrying amount (R'000)	6 165	447	182	–	6 794
Loss allowance (R'000)	–	(215)	(182)	–	(397)
Company 31 March 2019					
SA					
Expected loss rate	0%	–	0%	26%	–
Gross carrying amount (R'000)	23	647	10	61	741
Loss allowance (R'000)	–	–	–	(16)	(16)

There were no tenant and related receivables due to the company at 31 March 2018.

The loss allowance for the year ended 31 March 2018 has been calculated in terms of IAS 39. The table below shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	Current and past due R'000	Credit impaired (Stage 3) R'000	Total R'000
SA			
Opening loss allowance as at 1 April 2018 (calculated under IFRS 9)	1 384	–	1 384
Increase in loss allowance recognised in profit or loss during the year	3 413	–	3 413
Receivables written off during the year as uncollectible	(408)	(2 854)	(3 262)
Trade Receivables that are credit impaired	(2 854)	2 854	–
Closing loss allowance as at 31 March 2019 (calculated under IFRS 9)	1 535	–	1 535
UK			
Opening loss allowance as at 1 April 2018 (calculated under IFRS 9)	397	–	397
Increase in loss allowance recognised in profit or loss during the year	572	–	572
Receivables written off during the year as uncollectible	(65)	(588)	(653)
Trade Receivables that are credit impaired	(588)	588	–
Closing loss allowance as at 31 March 2019 (calculated under IFRS 9)	315	–	315

25.4 Liquidity risk

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

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Group					
2019					
Non-derivative financial liabilities					
Bank borrowings	1 742 311	265 460	653 051	881 234	–
Finance lease obligation	213 311	22 587	22 704	68 113	225 267
Trade and other payables	136 964	136 964	–	–	–
	2 092 586	425 012	675 755	949 347	225 267
2018					
Non-derivative financial liabilities					
Bank borrowings*	641 556	17 655	24 445	344 680	296 734
Finance lease obligation	181 500	19 019	19 259	57 776	191 470
Trade and other payables	45 588	45 588	–	–	–
	868 644	82 262	43 704	402 456	488 204

* *The amounts are represented to conform with current year disclosure.*

25. FINANCIAL INSTRUMENTS (continued)

25.4 Liquidity risk (continued)

	Carrying amount R'000	1 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
Company					
2019					
Non-derivative financial liabilities					
Bank borrowings*	916 180	271 632	550 482	162 984	–
Trade and other payables	69 066	69 066	–	–	–
	985 246	340 698	550 482	162 984	–
2018					
Non-derivative financial liabilities					
Bank borrowings	235 569	21 437	162 840	94 165	–
Trade and other payables	7 846	7 846	–	–	–
	243 415	29 283	162 840	94 165	–

* *The amounts are represented to conform with current year disclosure.*

	Group	
	2019 R'000	2018 R'000
Net debt	1 482 738	619 733
Bank borrowings	1 742 311	641 556
Cash and cash equivalents	(259 573)	(21 823)
Property assets (refer to note 3)	6 029 102	3 852 930
Investment properties	6 242 413	4 034 430
Finance leases	(213 311)	(181 500)
Gearing ratio	24.6%	16.1%

The group's gearing ratio of 24.6% (2018: 16.1%) is lower than the maximum gearing ratio of 60% permitted by the SA REIT guidelines.

26. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

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

Fair value hierarchy

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

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

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

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

26. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

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

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Carrying amount at 31 March R'000
Group					
2019					
Assets		–	39 236	6 274 645	6 313 881
Investment properties	*3*	–	–	6 242 413	6 242 413
Derivative financial assets	*7*	–	34 636	–	34 636
Other receivables	*9*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	21 298	–	21 298
Derivative financial liabilities	*15.2*	–	21 298	–	21 298
2018					
Assets		–	124 069	4 034 430	4 158 499
Investment properties	*3*	–	–	4 034 430	4 034 430
Derivative financial assets		–	124 069	–	124 069
Liabilities		–	3 343	–	3 343
Derivative financial liabilities	*15.2*	–	3 343	–	3 343
Company					
2019					
Assets		–	4 600	430 934	435 534
Investment properties	*3*	–	–	398 702	398 702
Other receivables	*9*	–	–	32 232	32 232
Unlisted investment		–	4 600	–	4 600
Liabilities		–	9 103	–	9 103
Derivative financial liabilities		–	9 103	–	9 103
2018					
Assets		–	–	88 601	88 601
Investment properties	*3*	–	–	88 601	88 601
Liabilities		–	3 343	–	3 343
Derivative financial liabilities	*3*	–	3 343	–	3 343

Level 2 fair values

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative financial instruments – *Forward exchange contracts*	Fair valued monthly by Investec using mark-to-market mid market values. This fair value is determined, inter alia, using quoted forward exchange rates at the reporting date and present value calculations.	Not applicable	Not applicable
Derivative financial instruments – *Cross–currency interest rate swaps*	Fair valued monthly by Investec and Nedbank using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the basis swap curves of the respective currencies at the dates when the cash flows will take place.	Not applicable	Not applicable
Derivative financial instruments – *Interest rate swaps*	Fair valued monthly by Nedbank, Standard Bank and Lloyds Bank using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Unlisted investment	Fair valued monthly by Cadiz Asset Management in relation to underlying performance of the fund using appropriate discount and default rates.	Not applicable	Not applicable

Level 3 fair values

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Other receivables: Rental guarantee	Fair valued bi-annually by the directors based on the projected revenue of the underlying investment properties versus the expected rental revenue thresholds as agreed between the previous shareholders of RSI 2 and RSI 3.	Financial information used to calculate forecast revenue – e.g. stabilised occupancy levels, expected future growth in revenue	Higher assumptions for stabilised occupancy, lease-up rates and rental rates for the underlying investment properties would result in an increase in projected revenue, and thus a decrease in valuation.
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3

26. FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (continued)

Level 3 reconciliation – Investment Property

	Opening balance R'000	Gains recognised in profit or loss for the year R'000	Acquisitions R'000	Disposals R'000	Exchange differences recognised in other comprehensive income R'000	Closing balance R'000
Group						
2019						
Investment properties	4 034 430	85 675	1 907 748	–	214 560	6 242 413
2018						
Investment properties	2 050 210	203 001	1 982 655	(17 569)	(183 867)	4 034 430
Company						
2019						
Investment properties	88 601	2 089	308 012	–	–	398 702
2018						
Investment properties	36 588	2 737	66 676	(17 400)	–	88 601

27. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

- Valuation of investment properties to fair value:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years until the notional sale of the asset in year 10, taking into account the occupancy levels, estimated growth in revenue and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility. The income capitalisation method is also applied as a check to the discounted cash flow methodology. The method assumes stabilised mature occupancy and market-related rental rates in the calculation of net operating income. A market-related capitalisation rate is applied to the annualised net operating income to derive a valuation.
- Determining the expected credit loss allowance of financial assets:
  Judgement is used to determine the recoverability of tenant and related receivables based on security held, experience with similar tenants, the period the amount is overdue and knowledge of the tenant's circumstances.
- Determining the goodwill and intangible assets impairment:
  The discounted cash flow of net operating income valuation method is used which assumes the net operating income for the next 10 years, taking into account the properties under management and the estimated growth in asset and property management fees and operating costs. The discount rate is also adjusted for any projected market, business and financial volatility.
- Group's taxation:
  The group is subject to tax in multiple jurisdictions and therefore an element of judgement and estimation is applied in calculating the group's tax charge and provision for income taxes. The relevant tax authorities may disagree with the tax computation and therefore the final tax charge cannot be calculated until an assessment has been made by the tax authority.
- Functional currency:
  The functional currency of Stor-Age International Proprietary Limited is GBP. Judgement has been applied in determining the currency of the primary economic environment in which Stor-Age International Proprietary Limited operates.

28. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. These related parties include directors of the company and key management personnel who are responsible for planning, directing and controlling the activities of the company. The shares of Stor-Age Property REIT are widely held.

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

Subsidiaries

- Roeland Street Investments Proprietary Limited
- Roeland Street Investments 2 Proprietary Limited
- Roeland Street Investments 3 Proprietary Limited
- Wimbledonway Investments Proprietary Limited
- N14 Self Storage Proprietary Limited
- Units 1-4 Somerset West Business Park Proprietary Limited
- Unit Self Storage Proprietary Limited
- Stor-Age Properties KZN Proprietary Limited
- Stor-Age International Proprietary Limited
- Storage RSA Investments Proprietary Limited and its subsidiaries

Directors as listed in the directors' report

Key management personnel

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation
- Stor-Age Property Holdings Proprietary Limited
- Fairstore Trust

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
28. RELATED PARTY TRANSACTIONS (continued)				
28.2 Related party transactions				
Related party balances				
Intercompany payables				
Stor-Age Properties KZN Proprietary Limited	–	–	–	1 140
Roeland Street Investments 2 Proprietary Limited	–	–	34 468	–
Wimbledonway Investments Proprietary Limited	–	–	13 574	14 603
Intercompany receivables				
Stor-Age Properties KZN Proprietary Limited	–	–	595	–
N14 Self Storage Proprietary Limited	–	–	28 728	29 173
Roeland Street Investments Proprietary Limited	–	–	210 400	60 730
Storage RSA Trading Proprietary Limited	–	–	117 423	117 097
Amounts – owing by related parties				
– Stor-Age Property Holdings Proprietary Limited	–	6 336	–	6 336
– Castle Rock Capital Trust	–	2	–	2
– Roeland Street Investments 2 Proprietary Limited	–	15	–	15
– Madison Square Holdings Close Corporation	60	2 972	60	2 972
Working capital – owing by related parties				
– Roeland Street Investments Proprietary Limited	–	–	891	–
– Roeland Street Investments 2 Proprietary Limited	–	–	316	–
– Roeland Street Investments 3 Proprietary Limited	–	1 024	8	1 024
– Units 1-4 Somerset West Business Park Proprietary Limited	–	–	371	197
– Unit Self Storage Proprietary Limited	–	–	–	191
– Stor-Age Properties KZN Proprietary Limited	–	–	23	–
– Storage RSA Trading Proprietary Limited	–	–	3 570	–
– N14 Self Storage Proprietary Limited	–	–	–	–
Working capital – owing to related parties				
– Wimbledonway Investments Proprietary Limited	–	–	–	–
– Roeland Street Investments 3 Proprietary Limited	–	–	618	–
– Unit Self Storage Proprietary Limited	–	–	516	–
– Stor-Age Property Holdings Proprietary Limited	55 500	–	55 500	–
– Roeland Street Investments 2 Proprietary Limited	–	2 492	–	2 492

	Group 2019 R'000	Group 2018 R'000	Company 2019 R'000	Company 2018 R'000
Related party transactions				
Dividend income				
Roeland Street Investments Proprietary Limited	–	–	203 087	247 243
Wimbledonway Investments Proprietary Limited	–	–	5 229	5 121
N14 Self Storage Proprietary Limited	–	–	1 076	1 267
Roeland Street Investments 2 Proprietary Limited	–	–	40 619	–
Roeland Street Investments 3 Proprietary Limited	–	–	4 072	–
Interest income on Stor-Age share purchase scheme loans				
Directors and key management personnel	13 819	8 739	13 819	8 739
Related party interest income				
Madison Square Holdings Close Corporation	159	–	159	–
Stor-Age Property Holdings Proprietary Limited	150	–	150	–
Related party interest expense				
Stor-Age Property Holdings Proprietary Limited	1 223	–	1 223	–
Licence fees income				
Roeland Street Investments 3 Proprietary Limited	–	1 000	–	1 000
Related party construction fees incurred				
Madison Square Holdings Close Corporation	45 656	30 163	26 045	16 661
Related party development fees income				
Roeland Street Investments 2 Proprietary Limited	369	763	369	763
Roeland Street Investments 3 Proprietary Limited	–	276	–	276
Stor-Age Property Holdings Proprietary Limited	–	3 914	–	3 914
Asset management fees income				
Roeland Street Investments 2 Proprietary Limited	2 933	7 204	2 933	7 204
Roeland Street Investments 3 Proprietary Limited	279	327	279	327
Property management fees income				
Roeland Street Investments 2 Proprietary Limited	3 221	4 685	3 221	4 685
Roeland Street Investments 3 Proprietary Limited	228	228	228	228
Financial guarantee fee				
Stor-Age International Proprietary Limited	–	–	5 000	–
Office rental expense				
Stor-Age Property Holdings Proprietary Limited	1 270	801	1 270	801
Office rental income				
Madison Square Holdings Close Corporation	100	–	–	–
Disposal of Bryanston land				
Stor-Age Property Holdings Proprietary Limited	–	18 550	–	18 550
Purchase of Bryanston self storage property^	80 946	–	–	–
Acquisition of RSI 2 and RSI 3 from related parties				
Stor-Age Property Holdings Proprietary Limited	21 750	–	21 750	–
Fairstore Trust	14 500	–	14 500	–

^ *Relates to the development of Bryanston under the CPC structure. The development was completed in September 2018 and acquired by Stor-Age for a consideration of R80.9 million.*

28. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The directors' and company secretary's direct and indirect shareholding in the company and their remuneration is reflected in notes 28.3 and 28.4. Apart from their salaries and their participation in the Stor-Age share purchase scheme loans, the group provides no non-cash benefits to directors.

28.3 Directors' and company secretary's shareholdings

	Direct beneficial	Indirect	Total	Percentage
31 March 2019				
GM Lucas	4 400 000	7 006 846	11 406 846	2.90%
SJ Horton	4 400 000	3 071 802	7 471 802	1.90%
SC Lucas	4 400 000	7 006 846	11 406 846	2.90%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 742 648	1 742 648	0.44%
PA Theodosiou	1 075 000	–	1 075 000	0.27%
HH-O Steyn (company secretary)	–	285 000	285 000	0.07%
	14 339 907	19 113 142	33 453 049	8.50%
31 March 2018				
GM Lucas	4 150 000	6 911 955	11 061 955	3.66%
SJ Horton	4 150 000	3 000 643	7 150 643	2.37%
SC Lucas	4 150 000	6 911 955	11 061 955	3.66%
MS Moloko	64 907	–	64 907	0.02%
GA Blackshaw	–	1 854 278	1 854 278	0.61%
PA Theodosiou	1 075 000	–	1 075 000	0.36%
HH-O Steyn (company secretary)	–	245 000	245 000	0.08%
	13 589 907	18 923 831	32 513 738	10.76%

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

28.4 Directors' remuneration

	2019 R'000	2018 R'000
Fees paid to non-executive directors for meeting attendance were as follows:		
GA Blackshaw (Social and Ethics Committee and Investment Committee)	220	207
GBH Fox (Audit and Risk Committee and Remuneration Committee)	266	251
KM de Kock (Audit and Risk Committee and Remuneration Committee)	244	–
MS Moloko (Social and Ethics Committee and Audit and Risk Committee)	266	251
P Mbikwana (Social and Ethics Committee)	202	–
PA Theodosiou (Audit and Risk Committee, Remuneration Committee and Investment Committee)	266	251
	1 464	960

Fees paid to executive directors were as follows:

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

	2019				2018			
	Basic salary R'000	Other benefits R'000	Short-term incentives R'000	Total R'000	Basic salary R'000	R'000 Other benefits	Short-term incentives R'000	Total R'000
GM Lucas	1 500	–	–	1 500	1 272	–	–	1 272
SJ Horton	1 500	–	–	1 500	1 272	–	–	1 272
SC Lucas	1 500	–	–	1 500	1 272	–	–	1 272
	4 500	–	–	4 500	3 816	–	–	3 816

As set out in the remuneration report there is no short-term incentive plan in place for executive directors.

	Group		Company	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
29. FINANCE LEASE OBLIGATION				
Minimum lease payments due:				
Within one year	22 587	19 019	–	–
In second to fifth year inclusive	90 818	77 035	–	–
Later than five years	225 267	191 470	–	–
	338 672	287 524	–	–
Less: Future finance charges	(125 361)	(106 024)	–	–
	213 311	181 500	–	–
Present value of minimum lease payments due:				
Within one year	21 157	8 230	–	–
In second to fifth year inclusive	73 437	40 205	–	–
Later than five years	118 717	133 065	–	–
	213 311	181 500	–	–

29. FINANCE LEASE OBLIGATION (continued)

The terms of the leases for the leasehold properties are set out below:

Property	Commencement date	Termination date	Location
Stor-Age Constantia Kloof	December 2012	June 2051	South Africa
Stor-Age Somerset Mall	April 2012	June 2037	South Africa
Stor-Age Tokai*	October 2014	September 2024	South Africa
Storage King Aylesford	October 2007	October 2032	United Kingdom
Storage King Basildon	August 2007	July 2032	United Kingdom
Storage King Dunstable	October 2007	October 2032	United Kingdom
Storage King Epsom	February 2008	February 2033	United Kingdom
Storage King Woodley	June 2007 & December 2007	June 2032 & December 2032	United Kingdom

* *Stor-Age Tokai comprises both a freehold (7 329 m^2 GLA) and leasehold (800 m^2 GLA) component. The lease terms set out above relate to the lease of a section of the property.*

30. GOING CONCERN

The group's current liabilities exceed its current assets by R313.1 million at 31 March 2019 (2018: R197.7 million) as a result of the dividend payable and the upcoming refinancing of two Nedbank property loans.

The two Nedbank property loans of R248.9 million (Facility B and E) expire in December 2019 and November 2019 respectively and the group has engaged with Nedbank to refinance the facilities and it is expected that the facilities will be renewed on acceptable terms prior to their expiry dates.

The group currently has approximately R586 million (2018: R642 million) in unutilised long term borrowing facilities available at year end as well as surplus cash paid into its loan facilities of R298 million (2018: R117 million), which is immediately available to the group and can be accessed to settle its current liabilities in the ordinary course of business.

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

The directors consider that the group and company have adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such it is appropriate to adopt the going concern basis in preparing the consolidated and separate financial statements.

31. EVENTS AFTER REPORTING DATE

There are no subsequent events that took place after 31 March 2019.