

INTRODUCING STOR-AGE

ABOUT STOR-AGE

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa with a portfolio worth more than R2.95 billion. We are the first and only self storage Real Estate Investment Trust (REIT) listed on any emerging market exchange. Our highly specialised business focuses on the fast growing self storage sector – a niche sub-sector of the broader commercial property market.

Stor-Age develops, acquires and manages high-quality self storage properties. Through these, we penetrate the market deeply, benefit from economies of scale and produce favourable operating margins.

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

Our portfolio comprises 43 self storage properties across South Africa. Stor-Age owns and operates

31 of these properties, covering 233 000 m² GLA and R2.1 billion in value (Listed Portfolio). The balance covers 67 000 m² GLA and makes up the unlisted portfolio (Managed Portfolio) from which Stor-Age receives property and asset management fees. Stor-Age manages over 18 500 individual leases.

The REIT is managed internally.

THE SOUTH AFRICAN SELF STORAGE LEADER

Leading and largest self storage property fund in South Africa

High-quality self storage properties

Outstanding locations with high barriers to entry

High-visibility buildings with easy access from arterial roads

Business model based on global best practice

Development capability and innovation

Market-leading operations and digital platform

Decade-long track record of developing, tenancing and operating self storage assets

	Listed Portfolio	Managed Portfolio	Trading Portfolio	Pipeline Portfolio
Number of properties	31	12	43	6
GLA	233 000 m ²	67 000 m ²	300 000 m ²	39 000 m ²
Value	R2.1bn	c. R860m	R2.96bn	c. R465m

INTRODUCING STOR-AGE (continued)

OUR INVESTMENT CASE

- Sector specialist allowing for focused attention
- Track record of growing investor returns
- Recession-resilient sector
- Attractive forecast distribution growth in medium term
- Secured pipeline of development assets
- Strong cash flow
- Attractive earnings growth
- Healthy balance sheet and conservative gearing
- Low bad debt record (< 0.5% of revenue)
- Low obsolescence and ongoing maintenance capex

is underpinned by

OUR SUCCESS DRIVERS

- Diversified tenant risk (18 500+ tenants)
- Presence in South Africa's main metropolitan centres – Johannesburg, Pretoria, Cape Town and Durban
- High barriers to entry
- Market-leading brand
- Committed and passionate teams
- Average length of stay – 21 months (properties older than five years – 24 months)
- Favourable operating margins
- 53% of customers storing for more than 1 year
- Growing demand and awareness
- Economies of scale
- Niche asset class uncorrelated to traditional property drivers
- Sector consolidation opportunities
- Proven ability to identify, close and integrate value-add acquisition opportunities
- Sophisticated operating platform

and

OUR VISION

To be the best self storage business in the world.

OUR MISSION

To rent space.

HIGHLIGHTS



88.05 cents | Up 10%*

Total dividend



R86 per m² | Up 12.7%, including 9.4% like-for-like

Closing average rental rate



193 400 m² – 85% of GLA | Up 37 700 m², including 4 000 m² like-for-like

Listed Portfolio occupancy (31 properties)



R2.1 billion | Up R680 million

Investment property (including major strategic acquisition – Storage RSA (R475 million), and expansion of Gardens and Durbanville)



11.9% | 82% hedged on a net-debt basis

Loan to value (LTV)



300 000 m² GLA | Up 64 000 m²

Trading Portfolio size (43 properties)



18 500+ | Trading Portfolio

Total number of tenants



R1.3 billion+ | 18 properties

Pipeline and Managed Portfolio



3 new properties opened | 24 450 m² GLA on full fit-out

Managed Portfolio

* Compared to pro forma dividend for the year ended 31 March 2016 of 80 cents, annualised from the 30.07 cents per share total dividend for the four-and-a-half month reporting period from listing to 31 March 2016



stor-age
self storage

get spaced

**'Big Box'
self storage properties!**

Our Big Box self storage properties are developed in prime locations. Each one is modern, purpose-built and multi-storey. Our properties are light, bright, safe and secure! Being the leading developer of these properties, we capitalise on market requirements more efficiently than our competitors.

CHAIRMAN'S LETTER

This, our second integrated annual report and first for a full 12-month trading period, reflects the company's continued excellent financial performance since its listing. We achieved this despite a contracting domestic economy.

Stor-Age was the first self storage REIT to list on the JSE or, for that matter, in any emerging market. As a specialist asset class in the early stages of development, self storage offers unique growth prospects which the management team continues harnessing to deliver strong and sustainable growth in returns.

A TRACK RECORD OF DELIVERY

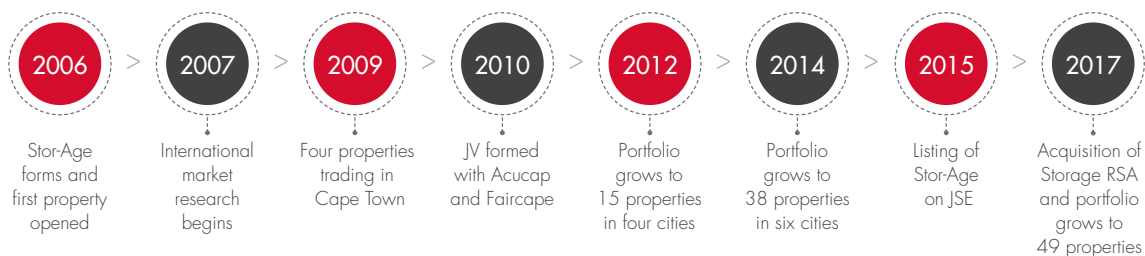
Stor-Age has a clear vision and well-articulated strategy that aims to deliver attractive and sustainable investment returns, increase the scale of the business and ensure that the company remains the self storage market leader.

During the year, on all fronts – acquisitions, new store development, existing property expansions and portfolio management – management executed their mandate with discipline and focus and within the scope of the vision and growth strategy.

The executive team has built a track record of delivery since the business' founding more than 10 years ago. The business model is based on global best practice and strong networks with leading first-world market peers, which is evidenced by more than a decade of successfully acquiring, developing, leasing and operating self storage assets.

“ The business model is based on global best practice and strong networks with leading first-world market peers. ”

TIMELINE



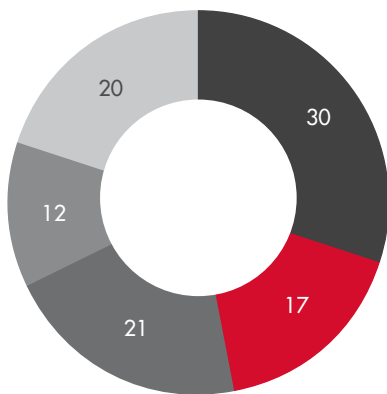
CHAIRMAN'S LETTER (continued)

“ The self storage sector's resilient investment theme is evidenced by more than 50% of our tenants having stored with us for more than a year at 31 March 2017. ”

CREATING VALUE

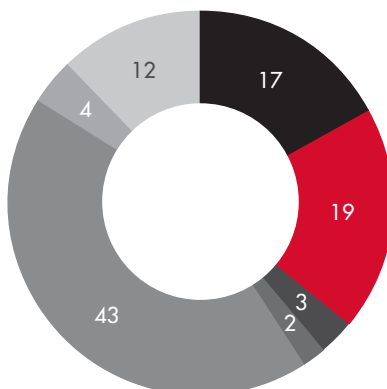
Customer demand and the general economic cycle have low correlation. Residential and commercial customers' self storage needs are relatively consistent in both strong and weak markets, and Stor-Age has delivered a strong set of results for the year. The 88.05 cents dividend per share for the full year, representing 10% annualised growth from the prior period, came in 3.5% above the listing forecast in the prospectus.

The self storage sector's resilient investment theme is evidenced by more than 50% of our tenants having stored with us for more than a year as at 31 March 2017. For customers who ended their leases during the year, the average length of stay was 14 months; for existing customers it is 21 months. For properties open more than five years, the average length of stay is 24 months.



AVERAGE LENGTH OF STAY

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



DEMAND PROFILE

Demand is driven by two significant user groups – those needing the product for short stays due to 'life changing events' (< 6 months: 30%) and those requiring the product for longer term space requirements (≥ 1 year: 53%).

REASON FOR STORING

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

SELF STORAGE – A 'NEEDS' DRIVEN PRODUCT

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

Our investment property portfolio grew by R680 million to R2.050 billion, underpinned by a 46 500 m² increase in GLA. The growth in GLA was supported by the key strategic acquisition of Storage RSA (41 800 m² GLA) and the build-out in the existing portfolio by a further 4 700 m² GLA.

Stor-Age benefits from a conservative balance sheet structure, with bank debt of R253 million in place at year end, with net debt of R244.6 million representing 11.9% of gross property assets. Of this debt, an average of 82% is fixed for a further two-and-a-half-year period, and, as debt levels grow with future acquisitions, the company will maintain this conservative hedging profile.

Given the economic environment, maintaining a strong balance sheet remains a key strategic pillar of the business. To this end, in February 2017 we were pleased to raise R400 million of equity capital to fund the Storage RSA acquisition and reduce associated debt.

GLOBAL MARKETS

Self storage has an established track record in certain first-world markets, particularly in the US, but there are other developed countries where the industry is less mature. As management seeks to grow the fund, its opportunities are not limited to South Africa or even emerging markets. The same social and built-environment trends that are propelling self storage in South Africa are also at play in the UK, Europe and Australia, and the board continues encouraging management to deepen its networks in these markets where many of the self storage businesses are still privately owned.

OUTLOOK AND THANKS

I'd like to congratulate the management team and senior employees on successful results for the company's first full 12-month reporting period. Management has built a high-quality business with an excellent portfolio, a robust and sophisticated operational platform and a pipeline of exciting acquisition opportunities.

Thanks also to my fellow non-executive directors for their invaluable contributions. Each of them continues to bring their formidable experience to bear on the strategic direction and governance of the company.

Stor-Age has had an excellent second financial year, and the board remains committed to growing the company in a sustainable manner and delivering value to shareholders.



Paul Theodosiou
Chairman

13 June 2017

“ As management seeks to grow the fund, its opportunities are not limited to South Africa or even emerging markets.”



MEET MATTHEWS

“

... My decision to join Stor-Age was purely grounded in the success of the company and the prospect of its exponential growth. I was inspired when seeing how the executive team had managed to clearly communicate the mission statement and how they involved a like-minded workforce in ensuring its fruition.

For me, this has been the key aspect of being a part of Stor-Age, especially being exposed to an environment where an entrepreneurial mindset is encouraged in the interest of furthering the collective agenda ...

”



Matthews joined Stor-Age as an Assistant Operations Manager. Within a year, his strong performance at a number of properties provided the platform for him to become a Store Operations Manager. He has since been appointed as a Central Sales Specialist at head office where his efforts are directed at making a meaningful contribution to the Stor-Age customer experience.

Matthews Mogale
Central Sales Specialist

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



Brooklyn – PTA



Claremont – CPT



Table View – CPT



Mount Edgecombe – DBN



Tokai – CPT



JHB City – JHB



Silver Lakes – PTA



Constantia Kloof – JHB



Gardens – CPT



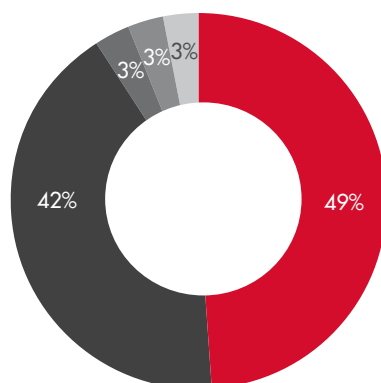
Sunninghill – JHB



Gillooly's – JHB



Berea – DBN



GEOGRAPHIC REPRESENTATION*

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

GEOGRAPHIC FOCUS

Primary focus = high profile locations in Johannesburg, Pretoria, Cape Town and Durban

* trading portfolio