



STOR-AGE PROPERTY REIT  
ANNUAL RESULTS PRESENTATION  
YEAR ENDED 31 MARCH 2020



## PRESENTATION OUTLINE

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2098 - 2105 →  
2110 - 2115



2027 - 2045 →  
2052 - 2055  
2084 - 2085



2020 - 2026 ←  
2075 - 2081  
2086 - 2097  
2106 - 2109



## ANNEXURES

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# INTRODUCTION

# SNAPSHOT

<b>Listing date</b>	November 2015
<b>JSE sector</b>	Speciality REITs
<b>Profile</b>	Highly specialised, low risk, income paying self storage REIT
<b>Self storage universe</b>	10 publicly traded self storage REITs (US: 5, UK: 2, EU <sup>1</sup> : 1, Aus: 1, SA: 1)
<b>Market capitalisation</b>	R6.1 billion <sup>2</sup>

	<b>Total</b>	<b>South Africa</b>	<b>United Kingdom</b>
<b>Total property value</b>	<b>R7.0bn</b>	R4.1bn	R2.9bn
<b>Number of properties</b>	<b>71</b>	50	21
<b>Total number of tenants</b>	<b>34 700</b>	25 300	9 400
<b>Total GLA<sup>3</sup></b>	<b>448 200m<sup>2</sup></b>	365 400m <sup>2</sup>	82 800m <sup>2</sup>
<b>Occupancy</b>	<b>83.8%</b>	85.0%	78.8%
<b>LTV</b>	<b>30.1%</b>	22.5%	40.7%

1. Shurgard is not a REIT, but included in universe
2. As at 19 June 2020. All other data presented as at 31 March 2020
3. GLA – gross lettable area



# INVESTMENT CASE

## Resilient sector with growth opportunities globally

- Niche growth sector globally, driven by societal trends – consumerism, densification and an increasingly mobile population
- Significant SA development pipeline of prime, high barrier to entry properties in outstanding locations – strategy supported by strong operational performance of recently opened Bryanston and Craighall properties
- Development JV – non-binding Heads of Terms entered into with UK-based private equity real estate group, to co-develop new high profile properties in London and the South East
- Current crisis caused by pandemic presents possible opportunities for acquisition of operators who lack liquidity, are unable to collect rentals and can't transition to the digital environment

## Track record of delivery

- Property portfolio grown from listing value of R1.3bn (24 properties) to R7.0bn (71 properties) – 4.5 years
- Consistently delivered on all strategic initiatives
- Continue to deploy capital strategically, adding quality and scale to high quality portfolio on a select basis and in-line with strict investment criteria

## In a rapidly changing world – self storage sector fundamentals remain robust in SA and the UK

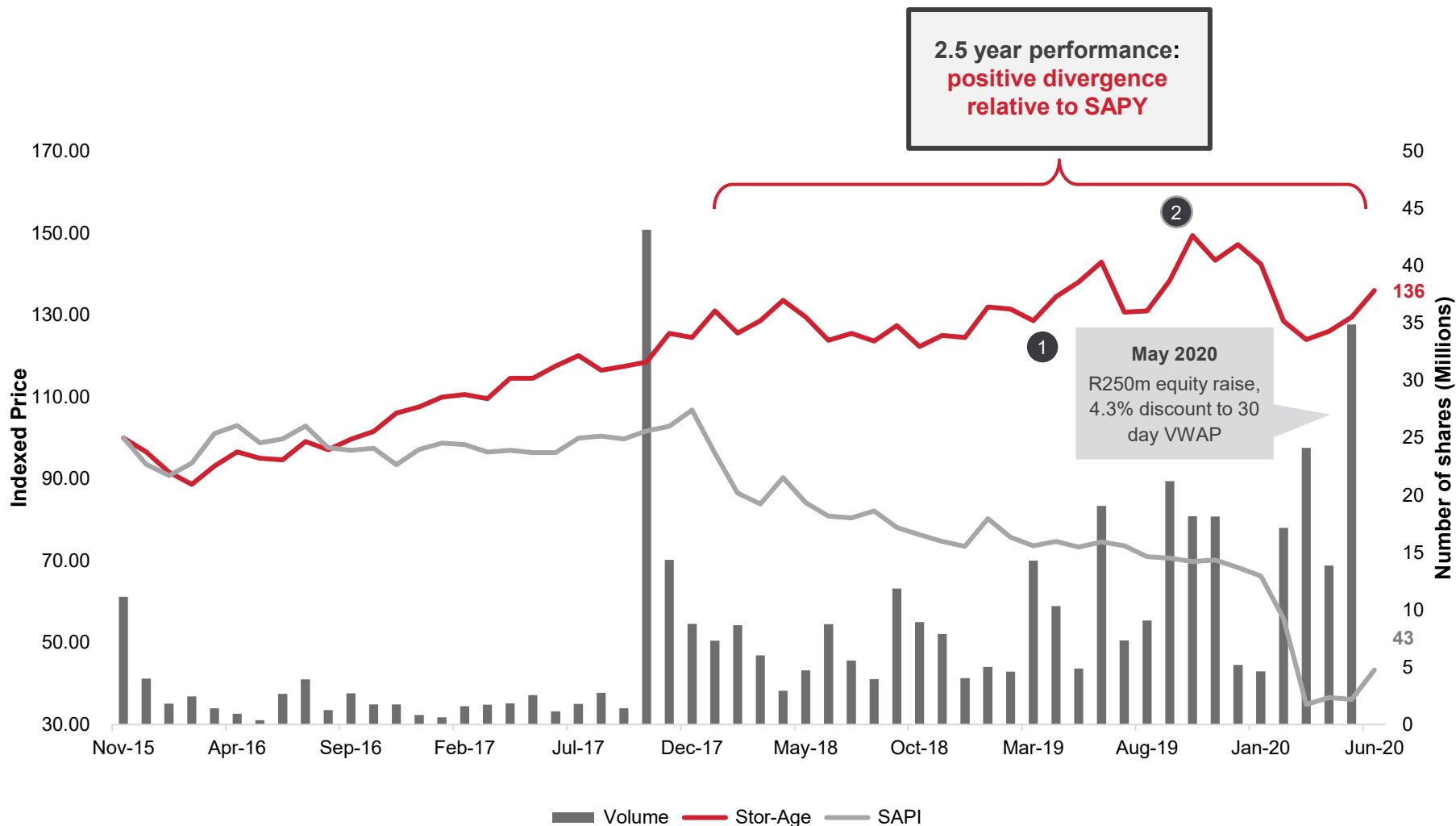
- Primary drivers of demand are life-changing events and / or dislocation – positive or negative in nature
- Continue to see strong demand in SA and UK – enquiries in line with forecasts in May and June
- Continue to see and close attractive acquisition opportunities in SA and the UK
- Maintaining a strategically well-placed and conservative balance sheet remains a priority – LTV target range of 25% to 35% allows for the consistent execution of the strategy

## Diversification benefits to SAPY constituents and to SA

- Niche asset class uncorrelated to traditional drivers of property
- No tenant concentration risk (low value rentals, but high volume)
- No TI's and limited pricing transparency relative to office, retail and industrial sectors
- c.40% exposure to GBP assets and expected to grow further in medium-term

# SHARE PRICE PERFORMANCE – RELATIVE TO SAPY

Consistently outperformed the listed property index and SA REITs since listing in 2015, with ever improving liquidity



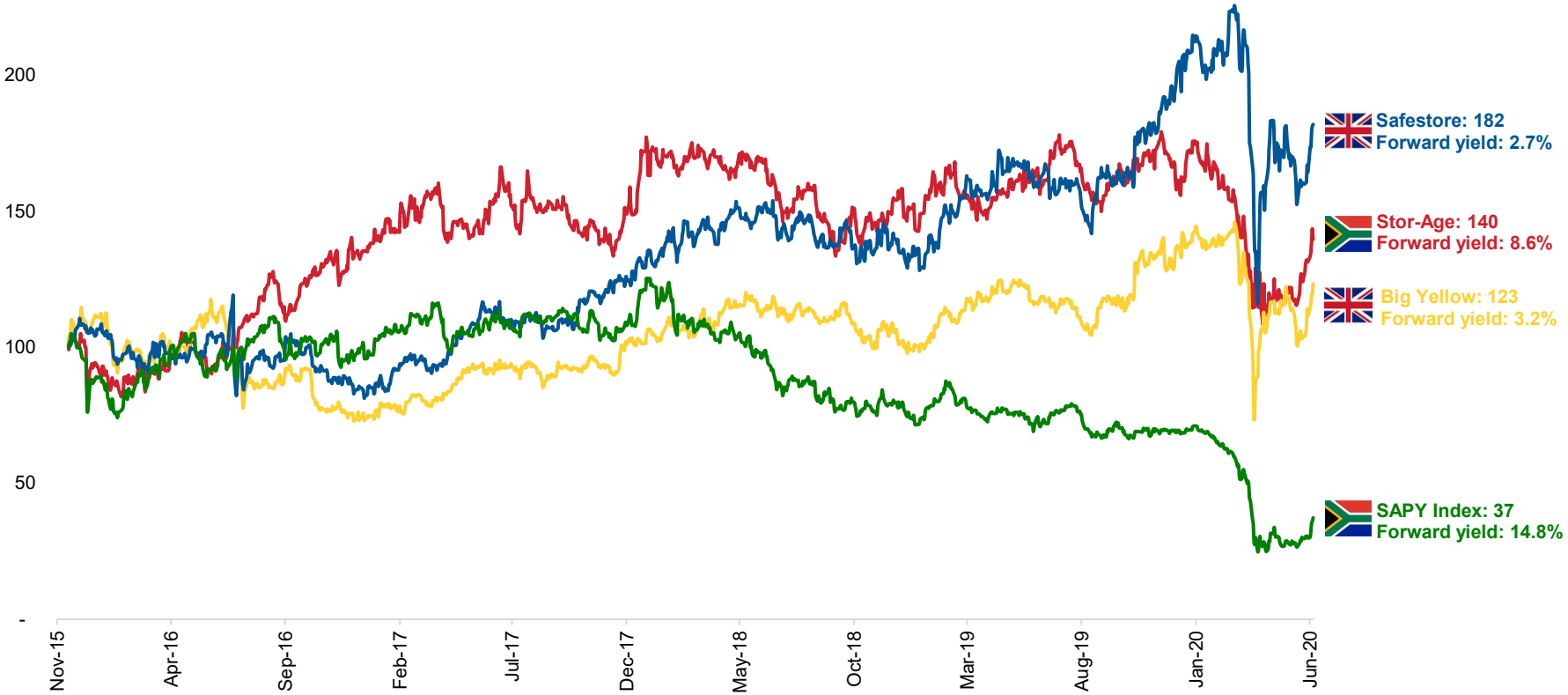
1. ALPI inclusion – March 2019
2. SAPY inclusion – September 2019
3. As at 5 June 2020

# SHARE PRICE PERFORMANCE – RELATIVE TO UK PEERS

## Share price performance in GBP since listing in 2015

### Stor-Age has a c.40% exposure to GBP assets through Storage King

Stor-Age is significantly diversified and entrenched within developed markets. This geographic underpin is coupled with an attractive yield spread relative to UK peers and significant SAPY GBP outperformance.



1. Bloomberg, as at 5 June 2020
2. Conversion to GBP at respective spot exchange rates across the time series
3. LSE listed – Safestore and Big Yellow

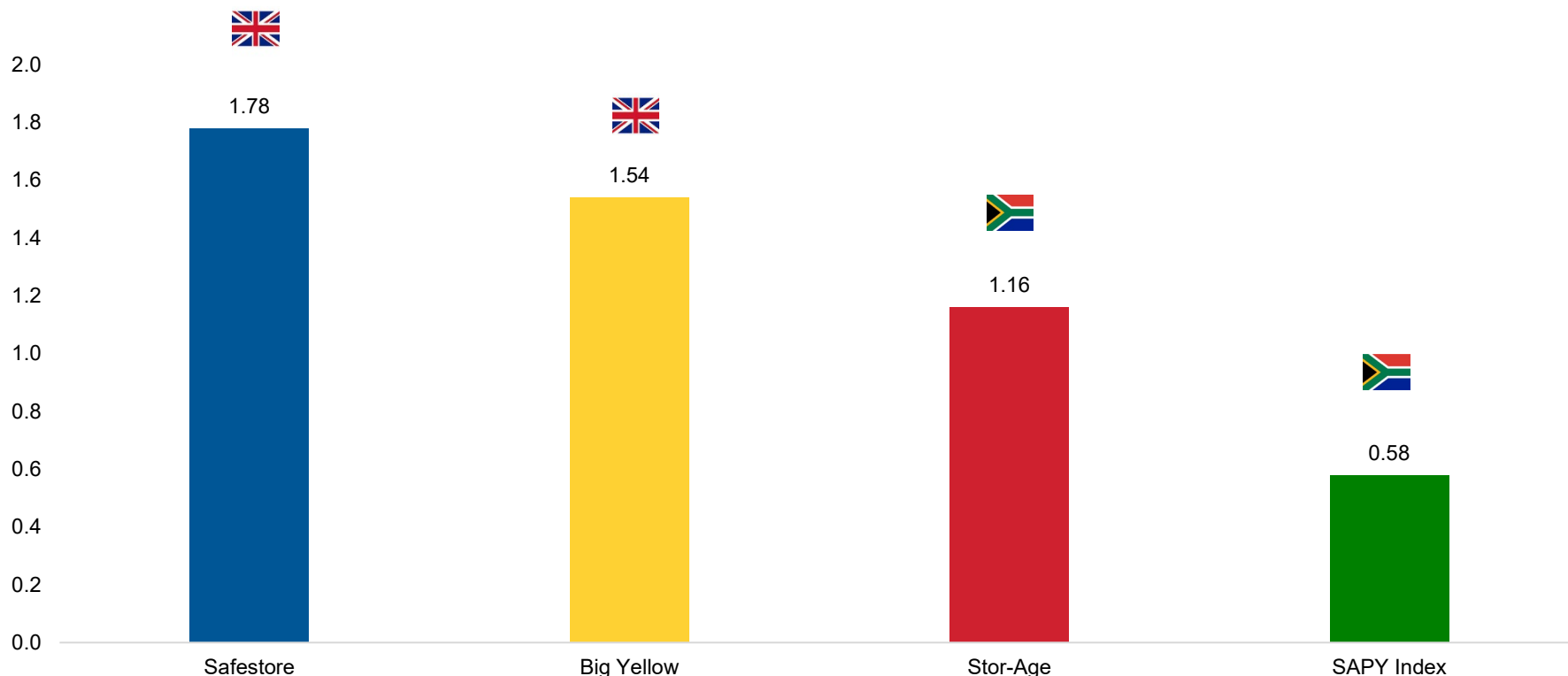


# PRICE / NAV COMPARISON – SAPY AND UK PEERS

Stor-Age's premium to NAV rating is consistent with its UK peers, with further potential valuation upside evident

## Self storage REITs trading at premiums to NAV

- Self storage businesses which operate sizable portfolios benefit from a unique operational platform overlay which is embedded “on top of” the real estate
- The operating platform can be leveraged into pipeline assets, single or multi-property portfolio acquisitions, as well as to manage third-party assets (with limited incremental cost)
- NAV does not reflect the true value of the operating platform and understates the value derived from leasehold assets
- Stor-Age benefits from having a highly sophisticated dual-market platform in SA and the UK



1. As at 5 June 2020; LSE listed – Safestore and Big Yellow



# FINANCIAL REVIEW

# HIGHLIGHTS



Total dividend up 5.03% to 112.05 cents per share



Rental income and net property operating income up 29.7% and 34.1% respectively



Like-for-like rental income up 6.5% (SA) and 5.0% (UK)



Closing total occupancy of 83.8% (SA 85.0%; UK 78.8%)



Total portfolio occupancy up 22 100m<sup>2</sup> (SA 9 800m<sup>2</sup>; UK 12 300m<sup>2</sup>)



Total GLA up 24 500m<sup>2</sup> to 448 200m<sup>2</sup>



Investment property value up 13.3% to R7.0 billion



LTV ratio of 30.1% at year end – 79.1% hedged on a net debt basis



Raised R250 million in oversubscribed bookbuild in May 2020



Acquisition of Flexi Store in December 2019 – five property portfolio in the UK



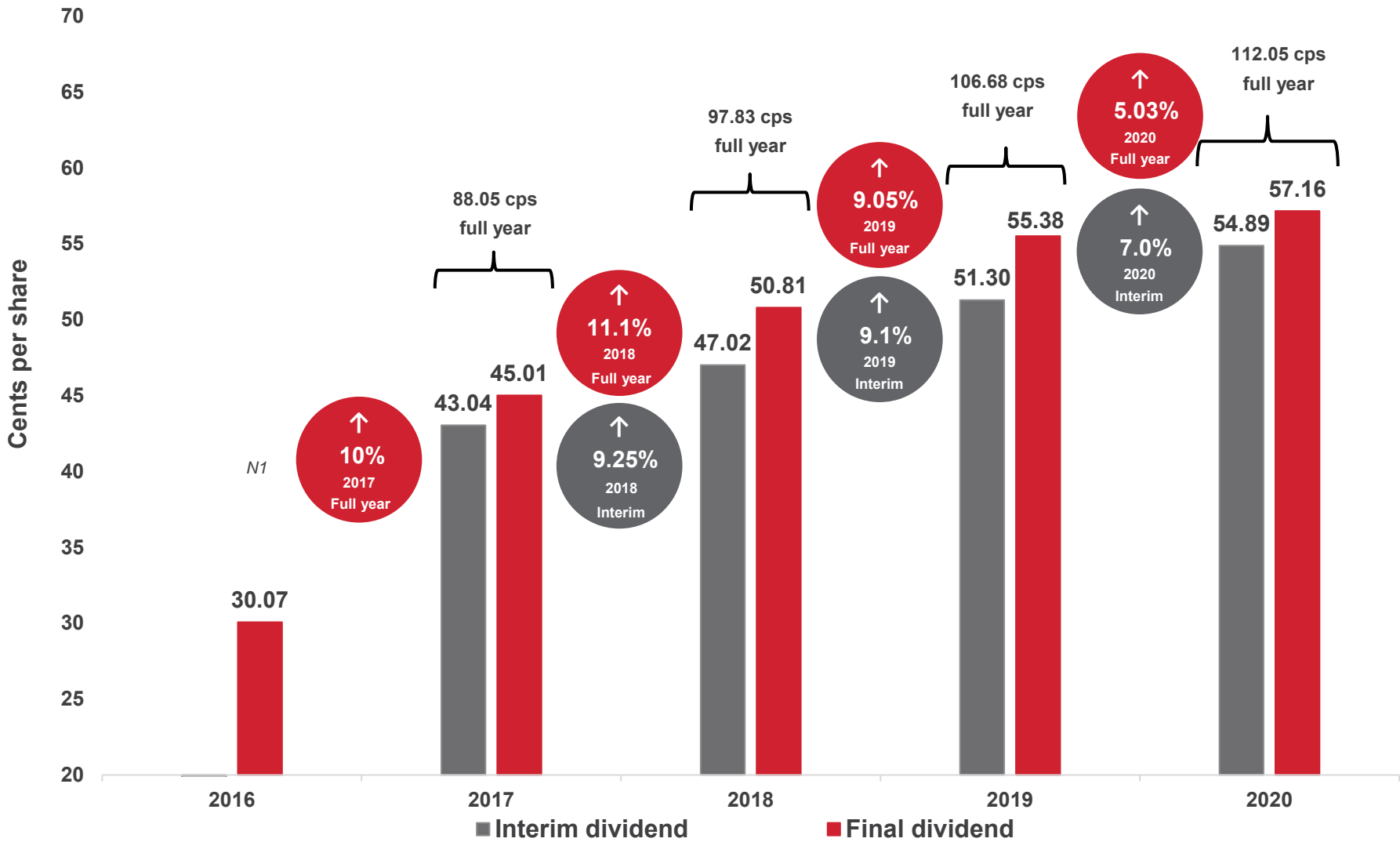
Development JV with UK-based private equity real estate group, to co-develop new high profile properties in London and the South East



First-time inclusion in JSE SA Listed Property Index (September 2019)

# DISTRIBUTIONS

## Distribution per share



N1 – listed November 2015, 4.5 month trading period to year end, distribution annualised

# OCCUPANCY AND TENANT PROFILE

## OCCUPANCY PROFILE

	GLA m <sup>2</sup>	31 Mar 2020 Occupied m <sup>2</sup>	% occupied	GLA m <sup>2</sup>	31 Mar 2019 Occupied m <sup>2</sup>	% occupied
SA	365 400	310 400	85.0	357 600	300 600	84.0
UK	82 800	65 300	78.8	66 100	53 000	80.3
Total	448 200	375 700	83.8	423 700	353 600	83.5

## TENANT PROFILE

	31 Mar 2020		31 Mar 2019	
	SA	UK	SA	UK
Number of tenants	25 300	9 400	24 200	7 900
Residential	60%	69%	64%	68%
Commercial	40%	31%	36%	32%
Average length of stay – months (existing tenants)	23.1	26.2	23.0	25.0
Average length of stay – months (tenants vacating during the period)	13.8	9.6	13.4	9.9

*Residential and commercial split analysed by area*

# TRADING RESULTS

	31 Mar 2020			31 Mar 2019			% Variance		
	SA	UK	Total	SA	UK	Total	SA	UK	Total
	Rm	Rm	Rm	Rm	Rm	Rm			
<b>Property revenue</b>	440.1	258.7	698.8	336.0	193.1	529.1	31%	34%	32%
Rental income <sup>1</sup>	382.2	233.3	615.5	301.5	173.2	474.7	27%	35%	30%
Rental underpin	18.5	-	18.5	10.6	-	10.6	75%	- %	75%
Rental guarantee	24.5	-	24.5	10.0	-	10.0	145%	- %	145%
Ancillary income	13.4	22.0	35.4	11.8	16.1	27.9	14%	36%	27%
Sundry income	1.5	3.4	4.9	2.1	3.8	5.9	(28)%	(10)%	(16)%
Bad debt	(2.8)	(1.0)	(3.8)	(2.1)	(1.1)	(3.2)	(34)%	12%	(18)%
Direct property costs	(99.8)	(78.3)	(178.1)	(80.4)	(60.2)	(140.6)	(24)%	(30)%	(27)%
<b>Net property operating income</b>	<b>337.5</b>	<b>179.4</b>	<b>516.9</b>	<b>253.5</b>	<b>131.8</b>	<b>385.3</b>	<b>33%</b>	<b>36%</b>	<b>34%</b>

## SA earnings:

- Full year inclusion of Managed Portfolio and Bryanston in FY20 (6 months in FY19)
- Rental income up 6.5% LFL (rental rate 5.0% and average occupancy 1.5%)
- Occupancy up 9 800m<sup>2</sup>
  - Craighall 2 400m<sup>2</sup>
  - Organic growth 7 400m<sup>2</sup>
- Closing occupancy 85.0% (2019: 84.0%)
- Closing rental rate R106.0/m<sup>2</sup> – up 6.0% y-o-y

## UK earnings:

- Full year inclusion of Bedford and Weybridge acquisitions (acquired in March 2019). Flexi Store acquisition included from December 2019
- Rental income up 5.0% LFL in GBP terms (rental rate 0.5% and average occupancy 4.5%)
- Occupancy up 12 300m<sup>2</sup>
  - Flexi Store acquisition 11 500m<sup>2</sup>
  - Organic growth 800m<sup>2</sup>
- Closing occupancy 78.8%. Excluding Flexi Store, occupancy = 81.2% (2019: 80.3%)
- Closing rental rate £21.22/sqf – excluding Flexi Store, closing rental rate up 1.0%

### Notes:

1. Excludes rental underpin and rental guarantee
2. LFL – like-for-like
3. UK earnings translated at average rate of R18.79/£ (2019: R18.04/£)

# DISTRIBUTION ANALYSIS

	31 Mar 2020 Rm	31 Mar 2019 Rm
Net property operating income	516.9	385.3
Management fees	4.7	11.0
Administration expenses	(55.5)	(43.8)
Interest income	28.0	19.0
Interest expense	(116.6)	(81.8)
Net CCIRS	30.3	30.0
Earnings	407.8	319.7
Non-controlling interest (Storage King)	(2.0)	(0.2)
FX gain - unrealised	3.7	10.1
FX gain - realised	18.8	12.6
CSP expense	7.5	0.2
Distributable earnings before antecedent dividends	435.8	342.4
Antecedent dividends	16.7	45.3
Distributable earnings	452.5	387.7
Six months ending 30 Sep	214.4	172.8
Six months ending 31 Mar	238.1	214.9
<b>Shares in issue entitled to dividends (million) at 31 March</b>	416.6	388.0
<b>DPS (cents) - interim</b>	54.89	51.30
<b>DPS (cents) - final</b>	57.16	55.38
<b>Total dividend</b>	112.05	106.68

↑  
27.6%

↑  
27.3%

↑  
5.03%

# BALANCE SHEET – SUMMARISED

	31 Mar 2020 Rm	31 Mar 2019 Rm		31 Mar 2020 Rm	31 Mar 2019 Rm
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>Non-current assets</b>			<b>Non-current liabilities</b>		
Investment properties	7 074	6 242	Bank debt	2 205	1 742
SA	4 132	4 025	SA	960	916
UK freehold	2 324	1 834	UK	1 245	826
UK leasehold	618	383	Lease liabilities	342	213
Share purchase scheme loans	186	185	Derivatives mark-to-market	153	21
Intangible assets and goodwill	152	141	FECs	7	-
Derivatives mark-to-market	-	35	CCIRS	82	4
FECs	-	35	Interest rate swaps	64	17
Other non-current assets	52	41		<b>2 700</b>	<b>1 976</b>
	<b>7 464</b>	<b>6 644</b>			
<b>Current assets</b>			<b>Current liabilities</b>		
Cash	76	260	Tenant deposits	20	20
Receivables and inventory	152	124	Payables and provisions	141	192
	<b>228</b>	<b>384</b>	Shareholders' distribution	226	215
				<b>387</b>	<b>427</b>
			<b>NET ASSETS</b>	<b>4 605</b>	<b>4 625</b>
			<b>NET ASSETS EXCLUDING NCI</b>	<b>4 572</b>	<b>4 597</b>
			NAV per share excluding NCI (cents)	<b>1 149</b>	<b>1 170</b>

1. UK balance sheet translated at closing rate of R22.14/£ (2019: R18.87/£)

2. Bank debt includes amounts due in less than 12 months of R160m (2019: R249m). The R160m relates to a 3-month rolling note which is refinanced on a quarterly basis.

3. Lease liabilities reflected as non-current and includes amounts due in 12 months.



# CAPITAL STRUCTURE

	31 Mar 2020				31 Mar 19			
	ZAR facilities	GBP facilities	GBP facilities	Total facilities	ZAR facilities	GBP facilities	GBP facilities	Total facilities
	Rm	£m	Rm	Rm	Rm	£m	Rm	Rm
Total debt facilities	1 705.0	60.0	1 328.5	3 033.5	1 645.0	52.0	981.0	2 626.0
Undrawn debt facilities	574.4	3.8	83.8	658.2	431.0	8.2	155.0	586.0
Gross debt	1 130.6	56.2	1 244.7	2 375.3	1 214.0	43.8	826.0	2 040.0
Gross debt net of cash held in debt facilities	961.0	56.2	1 244.7	2 205.7	916.0	43.8	826.0	1 742.0
Net debt <sup>1</sup>	931.0	54.1	1 198.3	2 129.3	688.0	42.1	795.0	1 483.0
Investment property	4 132.0	132.9	2 942.3	7 074.3	4 025.0	117.5	2 217.0	6 242.0
Subject to fixed rates								
- Amount	700.0	44.5	984.1	1 684.1	880.0	39.5	744.0	1 624.0
- % hedged on net debt	75.2%	82.1%	82.1%	79.1%	127.9%	93.8%	93.6%	109.5%
Effective interest rate	8.25%	3.60%	3.60%	5.90%	9.15%	3.89%	3.89%	7.02%
LTV ratio <sup>2</sup>	22.5%	40.7%	40.7%	30.1%	17.1%	35.8%	35.9%	23.8%
Weighted average expiry of debt (years)	2.5 <sup>3</sup>	4.2 <sup>4</sup>	4.2	3.2	2.4	5.5	5.5	3.7
Weighted average expiry of hedges (years)	1.8	6.4	6.4	4.5	1.8	4.5	4.5	3.0

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

2. LTV defined as the ratio of net debt as a percentage of gross investment property

3. Excludes R160m 3-month rolling loan note

4. Includes two 12-month extension options

# CURRENCY HEDGING

## HEDGING OF NET INVESTMENT IN STORAGE KING

	31 Mar 2020 GBP m	31 Mar 2019 GBP m
Investment property	132.9	117.5
Bank debt	(56.2)	(43.8)
Other assets	8.6	7.5
Other liabilities	(20.4)	(15.9)
<b>Net investment</b>	<b>64.9</b>	<b>65.3</b>
Nominal value of currency hedging instruments – cross currency interest rate swaps (CCIRS)	25.0	25.0
<b>CCIRS as a % of investment property</b>	18.8%	21.3%
<b>CCIRS as a % of net investment</b>	38.5%	38.3%
<b>Effective hedge (CCIRS + bank debt, as a % of total assets)</b>	57.4%	55.1%

Summary of CCIRS	Tenure years	Spot rate ZAR / GBP	GBP nominal (m)	ZAR nominal (m)	ZAR rate receipt	GBP rate payment
Floating GBP interest payment	1.8	18.15	15	272	10.00%	2.80%
No GBP exposure to interest rate	0.6	18.41	10	184	6.47%	-
	<b>1.3</b>	<b>18.25</b>	<b>25</b>	<b>456</b>	<b>8.58%</b>	<b>1.67%</b>

# CURRENCY HEDGING (continued)

## HEDGING OF GBP EARNINGS

Six month period ended	Hedging level	Forward rate
Mar 20	100%	R 22.85
Sep 20	100%	R 23.02
Mar 21	100%	R 23.03
Sep 21	85%	R 23.23
Mar 22	85%	R 23.48
Sep 22	80%	R 24.56
Mar 23	60%	R 24.65

## Hedging policy based on projected forward GBP earnings

	12 months	13-24 months	25-36 months
Minimum	80%	75%	50%
Maximum	100%	100%	100%

# COVID-19 – OUR APPROACH ENTERING LOCKDOWN

## Social impact

- All head office employees provided with means to continue working from home
- Store staff carried on working on a rotational basis to ensure social distancing could be practiced at all times at the properties i.e. one person in the closed retail store on-site
- Our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types
- Properties remained accessible – supporting customers supplying essential services
- Offered complimentary storage space to multiple relief and / or government based entities, including Western Cape Government and the National Health Service (UK)

## Continuity of operations

- Stable and continued operations under strict operating conditions, ensuring that all properties in SA and the UK remained accessible throughout the lockdown
- Activated an online e-sign capability in SA and the UK for the completion of new leases, allowing for “contactless” digital sign-up and move-in process
- Centralised Contact Centre (phone and web enquiries) continued to operate seamlessly from home
- To effectively manage pent-up demand, all store managers in both SA and the UK returned to work in the second half of May 2020

## Cash preservation

- All capex immediately halted
- In line with the restrictions, construction halted at Tygervalley and also at new construction projects at Cresta and Sunningdale
- Reduced “pay-per-click” online marketing activity
- Allocated additional resources to debt management team

# COVID-19 – OUR REACTION DURING LOCKDOWN

## Managing uncertainty and risk

- Unknown depth and duration of the current downcycle
- Significant uncertainty due to constantly changing government regulations
- Rapid acceleration of multi-year change taking place within weeks
- Tenant risk – payment defaults

## Counter measures

- Post lockdown resumption of capex spend and deferral planned as follows
  - › Estimated commitment to September 2021 – c.R210 million
  - › Includes discretionary component subject to review – c.R60 million
- Reviewed FY21 operating expense budgets in SA and the UK and reduced all non-critical spend
- Reduced in-store incentive programs in SA and the UK
- Review of SA store operating model in progress – reduced headcount and better use of technology – leaner, more efficient model
- Auctions of delinquent tenant goods temporarily suspended in SA and the UK
- Tenant rate increase program paused until lockdowns lifted in SA and the UK

## Financial resilience through the cycle

- Entered current downcycle from a position of strength – strong balance sheet position (LTV 30.1%) and mature occupancies across SA and UK portfolios
- No tenant concentration risk – c.35 000 tenants
- Strong liquidity position as at March 2020 – approximately R246 million in cash and R654 million of undrawn credit facilities
- Raised R250 million of new equity capital in May 2020
- April and May 2020 – collected over 93% and 98% of rental due in SA and UK respectively
- Approximately 70% and 95% of SA and UK tenants respectively are on direct debit or equivalent
- Committed to paying March 2020 year end dividend
- Committed to maintaining strong balance sheet position



# STRATEGY



## Strategic planning to 2025

- Highly strategic in planning – completed in 5 year cycles
- Successful track record of executing 5 year strategies to 2015 and 2020
- Business strategy traditionally led by property strategy – for first time complemented by digital strategy (completed in 2019)
- Multiple research projects undertaken to develop strategy to 2025 – includes location mapping, supply and demand components, and leveraging existing customer data
- Continue growing our portfolios through acquisitions, new developments and third-party management contracts
- Leverage benefits of low-cost emerging market head office infrastructure into first-world markets
- Leverage third-party management platform and digital capability to support natural acquisition pipeline
- Assuming current rate of growth in SA and UK asset base continues – implies 50% + weighting to GBP assets in medium-term

# STRATEGY (continued)

Stor-Age is a sector specialist with deep product understanding, significant emerging and first-world market experience, and boasting a successful track-record of managing self storage assets.

The business benefits from outstanding real estate expertise, an excellent dual-market operations platform, a leading digital marketing capability and established global peer networks.



## South Africa

- Acquire existing stores (independents or portfolios) in SA's largest cities – CT, JHB and DBN
- Develop new properties in prominent high barrier to entry locations in our core markets
- Opportunistically leverage the platform – operations capability and real estate expertise

## United Kingdom

- Acquire value enhancing independent operators which benefit from being added to our platform
- Expand the reach of the brand with our third-party management program – Management 1<sup>st</sup>
- Develop new properties with a focus on London and the South East
- Leverage our sector leading in-house digital marketing capability





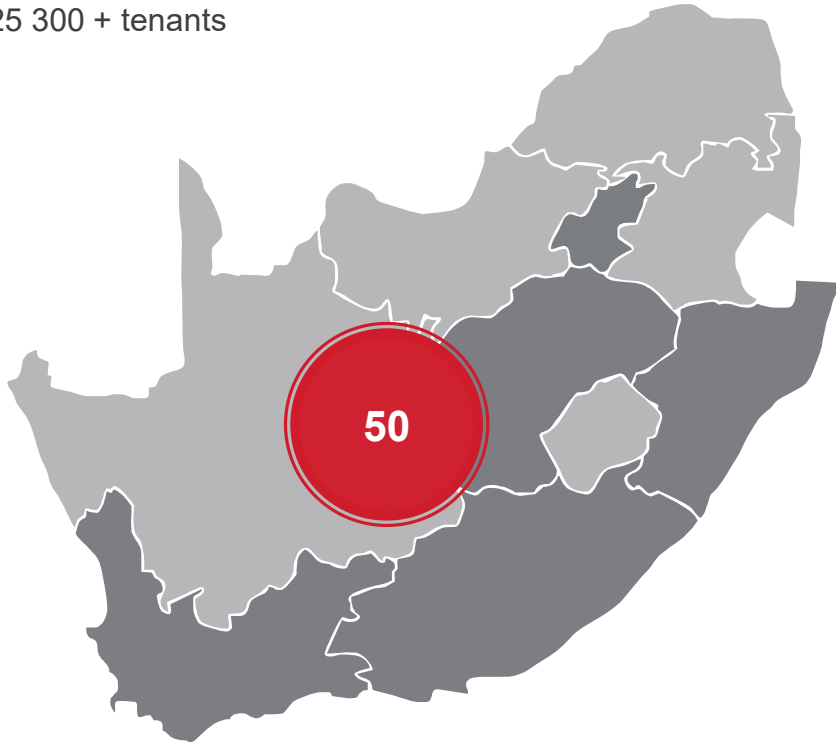
# PROPERTY REVIEW

# PORTFOLIO OVERVIEW

**71** The portfolio comprises 50 properties in SA and 21 properties in the UK

## SA PORTFOLIO

50 properties  
R4.1bn  
365 400m<sup>2</sup> GLA  
25 300 + tenants



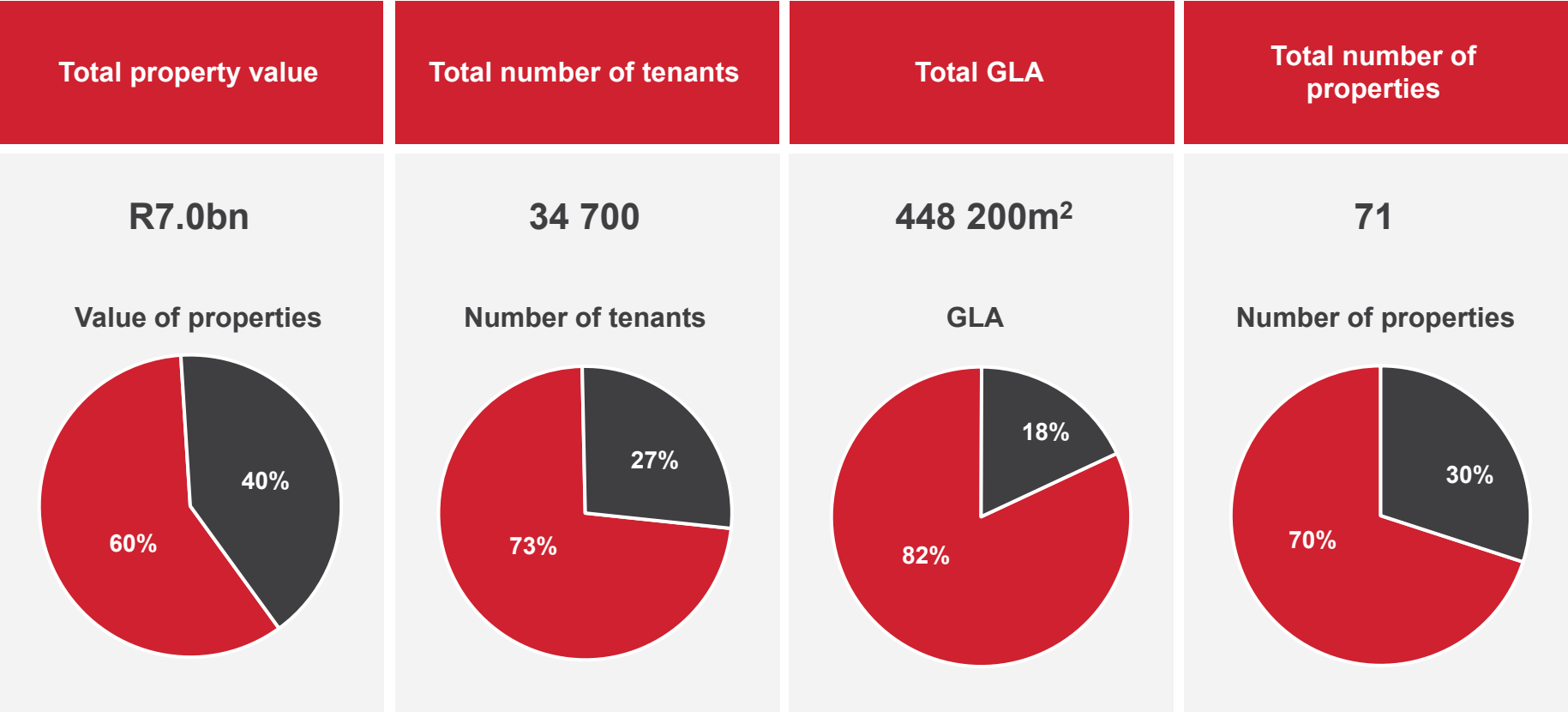
## UK PORTFOLIO<sup>1</sup>

21 properties  
R2.9bn  
82 800m<sup>2</sup> GLA  
9 400 + tenants



1. An additional 7 properties trade under license of the Storage King brand, taking the total number of Storage King branded properties up to 28 across the UK

# PORTFOLIO ANALYSIS



■ South Africa ■ UK

# SOUTH AFRICA

## Strategy

- Clear strategic growth plan to 2025
- Continue to see opportunities for third party acquisitions – highly selective
- Continue to develop high barrier to entry Big Box properties in outstanding locations

## Developments – recently opened

- Craighall
  - › Opened August 2019 – cost R109m, 6 500m<sup>2</sup> GLA
  - › Occupancy at March 2020 – 2 400m<sup>2</sup>

## Developments – under construction

- Tygervalley
  - › Scheduled to open – estimated March 2021
  - › Estimated cost – R88m, 7 100m<sup>2</sup> GLA
- Cresta
  - › Scheduled to open – estimated August 2021
  - › Estimated cost – R102m, 7 400m<sup>2</sup> GLA
- Sunningdale
  - › Scheduled to open – estimated 2H of FY21
  - › Estimated cost – R67m, 6 350m<sup>2</sup> GLA (50:50 JV, Garden Cities)
- Estimated opening dates assume no further lockdowns or restrictions imposed

## Pipeline

- Significant pipeline – dominated by high profile Big Box properties in outstanding locations
- 8 properties – 7<sup>1</sup> with town planning consents in place and 1 in planning
- Estimated GLA 53 000m<sup>2</sup> + at an estimated total cost of R700m +<sup>1</sup>

1. Includes Tygervalley, Cresta and Sunningdale



# ACQUISITIONS COMPLETED SINCE LISTING

Since listing in November 2015 we have completed 11 transactions representing R4.1 billion



**Transactions**



**Properties**






**GLA**



**Value**

<b>2017</b>	<b>Properties</b>	25				
	<b>GLA</b>	124 400m <sup>2</sup>				
	<b>Value</b>	R2.0bn				
	<b>Transactions</b>	4	<b>Storage RSA</b>	<b>Unit Self Storage</b>	<b>StorTown</b>	<b>Storage King (UK)</b>

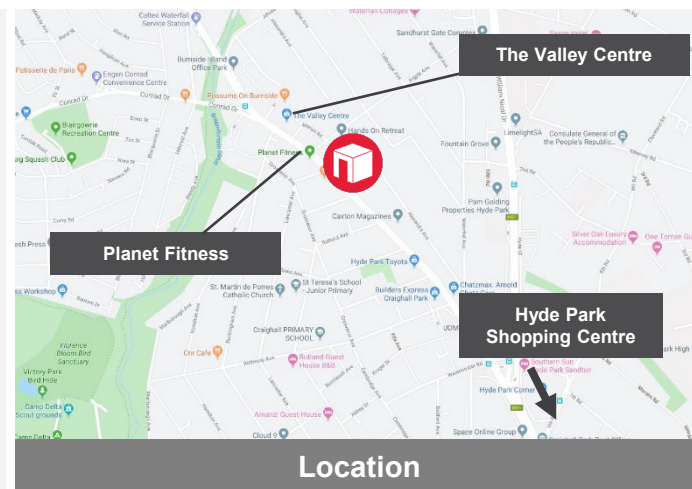
<b>2018</b>	<b>Properties</b>	14			
	<b>GLA</b>	101 300m <sup>2</sup>			
	<b>Value</b>	R1.3bn			
	<b>Transactions</b>	3	<b>All-Store</b>	<b>Bryanston</b>	<b>Managed Portfolio</b>

<b>2019</b>	<b>Properties</b>	8				
	<b>GLA</b>	31 400m <sup>2</sup>				
	<b>Value</b>	R0.8bn				
	<b>Transactions</b>	4	<b>Storage Pod (UK)</b>	<b>Viking Self Storage (UK)</b>	<b>Craighall</b>	<b>Flexi Store (UK)</b>

# STOR-AGE CRAIGHALL – COMPLETED DEVELOPMENT

Located prominently on Jan Smuts Avenue, close to Hyde Park Corner Shopping Centre, the 6 500m<sup>2</sup> GLA property opened in August 2019.

Well located to serve the residential areas of Craighall and neighbouring Craighall Park, Hyde Park, Dunkeld and Blairgowrie. Occupancy at year end was 2 400m<sup>2</sup> (57.8% occupied on its current fit-out and 37.5% on its fully fitted-out GLA).



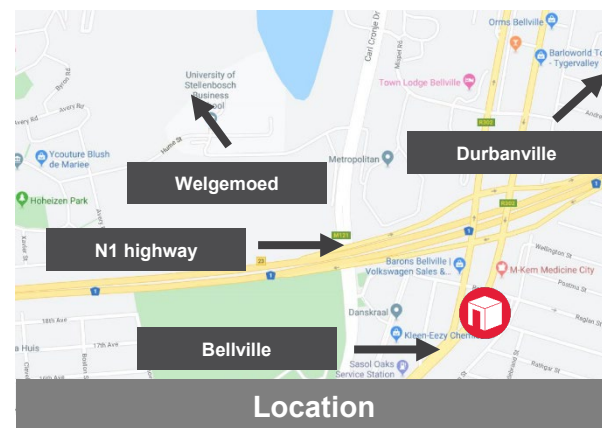
## Project Overview

<b>Erf size</b>	2 393m <sup>2</sup>	<b>Development cost</b>	R109 million
<b>Zoning</b>	Special	<b>Opened</b>	August 2019
<b>GBA</b>	9 046m <sup>2</sup>	<b>Project timeline</b>	15 months
<b>GLA</b>	6 500m <sup>2</sup>	<b>Rezoning period</b>	18 months

# STOR-AGE TYGERVALLEY – NEW DEVELOPMENT

Located in Cape Town's northern suburbs, the property is situated on Durban Road with visibility to the intersection of Durban Road and the N1 highway.

The property will comprise an estimated 7 100m<sup>2</sup> of GLA over six levels with the design catering for a separate receiving and dispatch area to accommodate a growing demand from our commercial user segment.



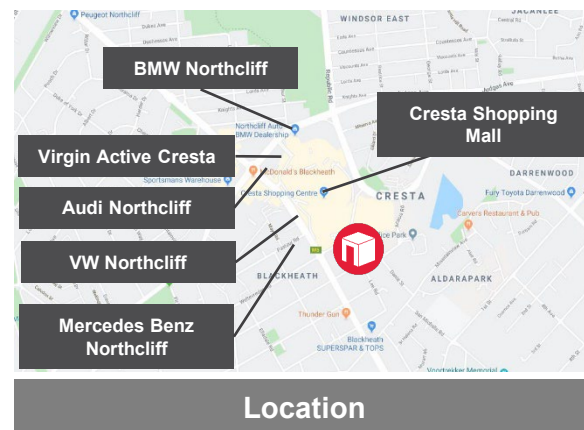
## Project Overview

<b>Erf size</b>	2 537m <sup>2</sup>	<b>Development cost</b>	R88 million
<b>Zoning</b>	Special	<b>Project timeline</b>	15 months
<b>GLA</b>	7 100m <sup>2</sup>	<b>Rezoning period</b>	11 months

# STOR-AGE CRESTA – NEW DEVELOPMENT

Located prominently on the corner of Weltevreden Road and Valley Lane, the new Stor-Age Cresta will sit directly opposite the open parking area to the Cresta Shopping Mall.

The property will comprise an estimated 7 400m<sup>2</sup> of GLA over six levels with the design catering for a separate receiving and dispatch area to accommodate a growing demand from our commercial user segment.



## Project Overview

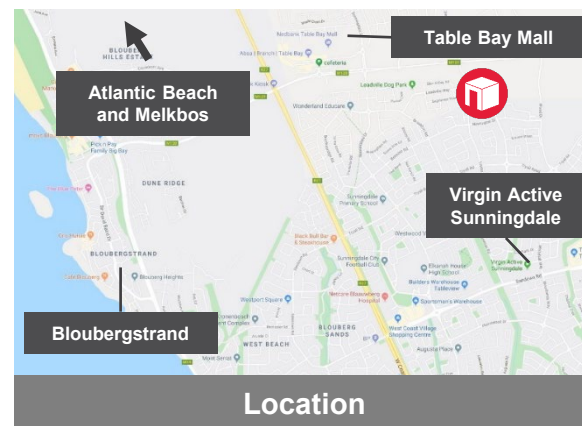
<b>Erf size</b>	3 314m <sup>2</sup>	<b>Development cost</b>	R102 million
<b>Zoning</b>	Special	<b>Project timeline</b>	15 months
<b>GLA</b>	7 400m <sup>2</sup>	<b>Rezoning period</b>	8 months



# STOR-AGE SUNNINGDALE – NEW DEVELOPMENT

Located prominently on the corner of Berkshire Boulevard and Whitehall Way and close to the new Table Bay Mall, the property will comprise an estimated 6 350m<sup>2</sup> of GLA with excellent visibility to commuters accessing the retail and residential nodes of Parklands and Sunningdale. The property will also trade into the nearby suburbs of Bloubergstrand, Blouberg Rise, Big Bay and West Beach.

The development will complement the existing Table View property providing Stor-Age with a presence in two excellent locations in the fast-developing west coast region.



## Project Overview

<b>Erf size</b>	10 000m <sup>2</sup>	<b>Development cost</b>	R67m (50:50 JV Garden Cities)
<b>Zoning</b>	General Business	<b>Project timeline</b>	10 months (phase 1)
<b>GLA</b>	6 350m <sup>2</sup>	<b>Rezoning period</b>	8 months

# ENVIRONMENTAL SUSTAINABILITY

Focus on reducing the already low impact of our properties



## Renewable energy

- Properties fitted with solar PV – 13
- Total system size – 375 kW
- Solar energy generated – 614 000 kWh
- CO<sub>2</sub> emissions avoided – 510 tonnes
- Additional properties in planning – 6



## LED lighting

- LED light fittings installed internally and externally at all properties
- Fitted at optimum distances
- All motion sensed or on timers
- LED fittings save up to 60% of consumption versus standard fittings
- Electricity consumption reduced by 50%+ at selected acquired properties



## Utility management systems

- Properties fitted with web based solution to manage utilities – 12
- Water and electricity consumption on a single dashboard
- Identify abnormal consumption or leakage via automated alarms
- Additional properties in planning – 20



## Water initiatives

- Properties harvesting rainwater – 21
- Properties irrigating with groundwater – 3
- Properties using boreholes – 2
- Properties fitted with tap aerators – 16



## Paperless leases

- E-lease introduced in April 2020
- Expected reduction in paper usage – 80%+



# STORAGE KING (UK)

## Overview

- 6th largest UK self storage brand
- Operating 28 properties throughout England
- Highly scalable, well-invested infrastructure and experienced management
- Long-established relationships with independent operators = opportunity

## Portfolio

- Well-located, with a bias towards the South East and East
  - › Properties 21
  - › GLA<sup>1</sup> c.891 000 sqf
  - › GLA on full fit-out c.912 000 sqf
  - › Freehold: leasehold<sup>2</sup> split 13:8 properties
  - › Unexpired lease term 14 year average

1. Excludes bulk units of c. 31 000 sqf

2. Leasehold investment is a well-understood and accepted form of "ownership" in the UK self storage market



# UK PROPERTY STRATEGY

## Five-year property strategy ending 2025

- Growth target – an estimated 2 to 4 properties per annum
- Highly strategic – 6 geographical target areas
- Four key levers to growth – acquisitions, new developments, Management 1<sup>st</sup>, digital capability
- Supply threshold – 1 sqf per capita outside M25<sup>1</sup>, 1.5 - 3 sqf per capita inside M25

## Acquisitions

- Regional cities
- 35 operators identified
- Minimum
  - › 30 000 sqf + MLA<sup>2</sup>
  - › 75 000 + population, 20 minute drive time

## New developments

- Prominent, visible (main road), convenient and accessible locations
- Big Box (greenfield) or conversions (brownfield)
- Within M25 – flexible: smaller stores, basements, car parks and mixed use
- Minimum targeted
  - › 45 000 sqf + MLA
  - › 100 000 + population, 20 minute drive time

1. M25 or London Orbital Motorway – major road encircling almost all of Greater London

2. MLA – maximum lettable area



# OVERVIEW OF UK AND EUROPEAN SELF STORAGE INDUSTRY

## UK self storage industry

**1 900**

Self storage properties, includes 563 container operators

**49 million sqf**

Total space available

**0.73 sqf**

Space per person

**41%**

The UK holds 41% of the total European self storage market

**118%**

**Churn rate<sup>1</sup>**

Decreased in each of the last four years

**76.2%**

Occupancy on current lettable area

**78.5%**

Occupancy where there has been no expansion in the last two years

**£22.44**

Average rate per sqf per annum

**£33.79**

Average rate per sqf per annum in London; up 22% year-on-year

**107%**

**Churn rate<sup>1</sup>**

For properties open 5 years or more

**Population 66 million**

## European self storage industry

**2 625**

Self storage properties

**59 million sqf**

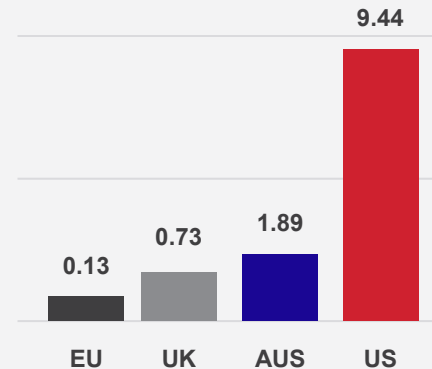
Total space available

**0.13 sqf**

Space per person

**Population  
448 million**

### Average sqf of available space per person



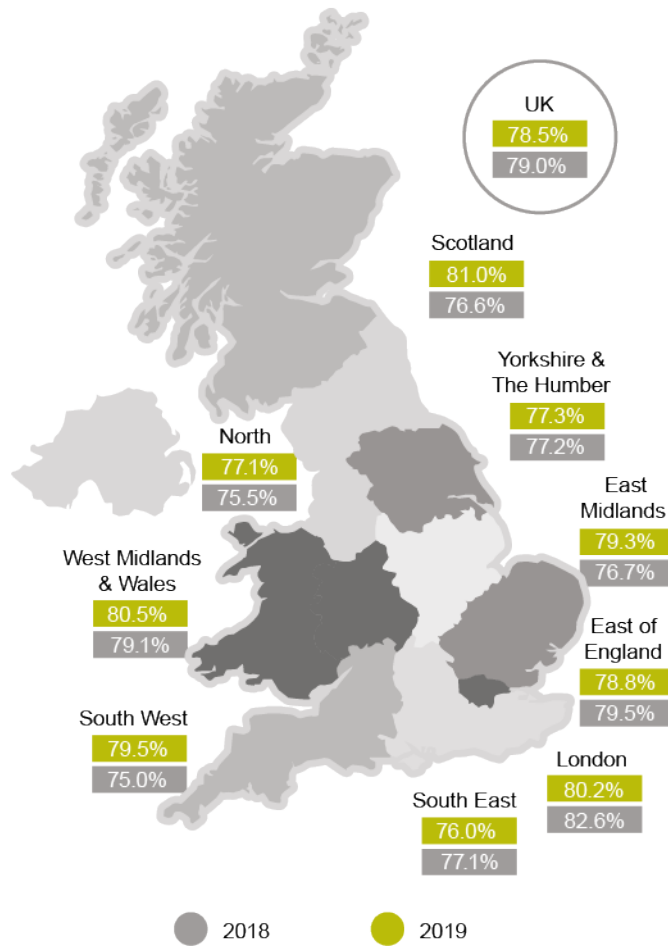
The UK and Europe represents a significant growth opportunity relative to the US and Australian markets

1. Churn rate – is calculated by dividing the gross move-outs in a year, by the average unit occupancy for the year

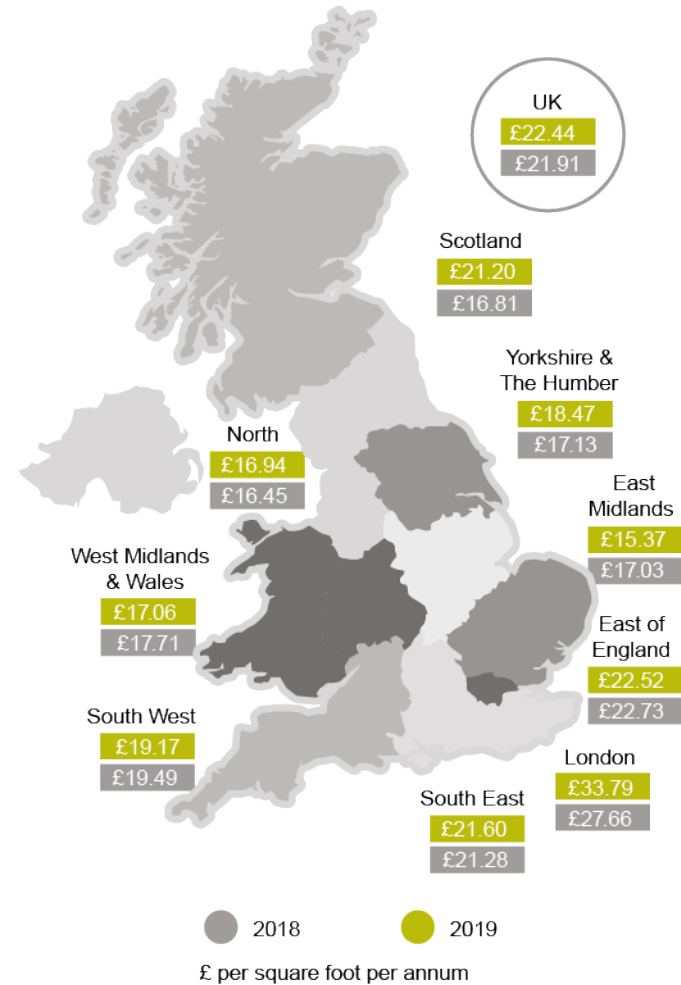
Source: The Self Storage Association UK annual industry report, 2020

# UK SELF STORAGE INDUSTRY – RATE AND OCCUPANCY

## Occupancy at stores with no expansion in previous 2 years



## Average net rental rate by region



Source: The Self Storage Association UK annual industry report, 2020

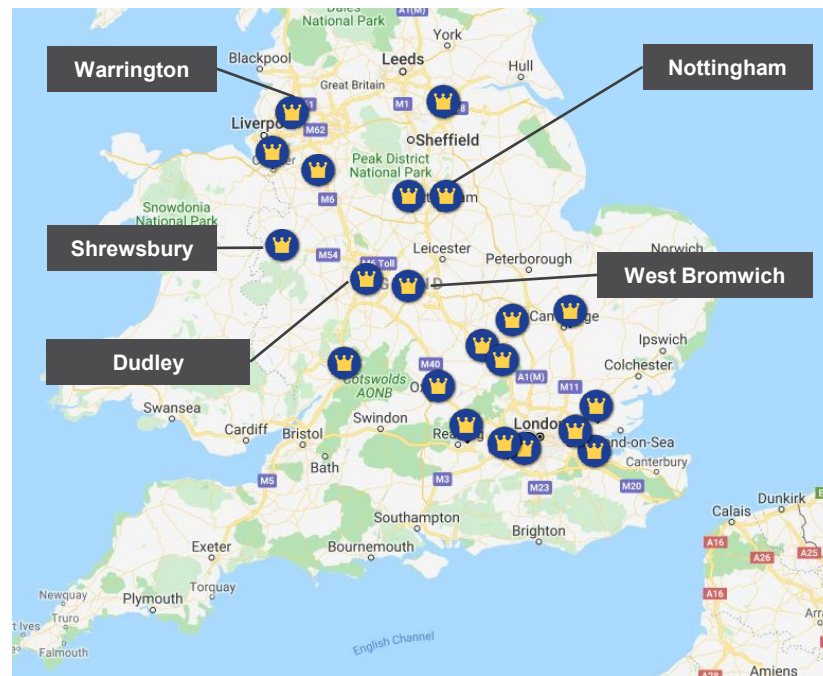
# STORAGE KING – ACQUISITION OF FLEXI STORE

## Salient terms

- Acquisition price – £13.4m / c.R255m
- Acquisition yield<sup>1</sup> – 7.29%
- Acquisition date – December 2019
- 5 properties – 190 000 sqf MLA and 157 000 sqf GLA
- Locations – Dudley, Nottingham, Shrewsbury, Warrington, West Bromwich

## Rationale

- Acquisition in line with UK growth strategy
  - › Complementary locations
  - › Trading into dense catchment areas
  - › Minimum GLA target sizes
  - › Attractive trading histories
- Significant portfolio performance upside through professional management
- Management leveraged a long established relationship with the seller to secure the acquisition



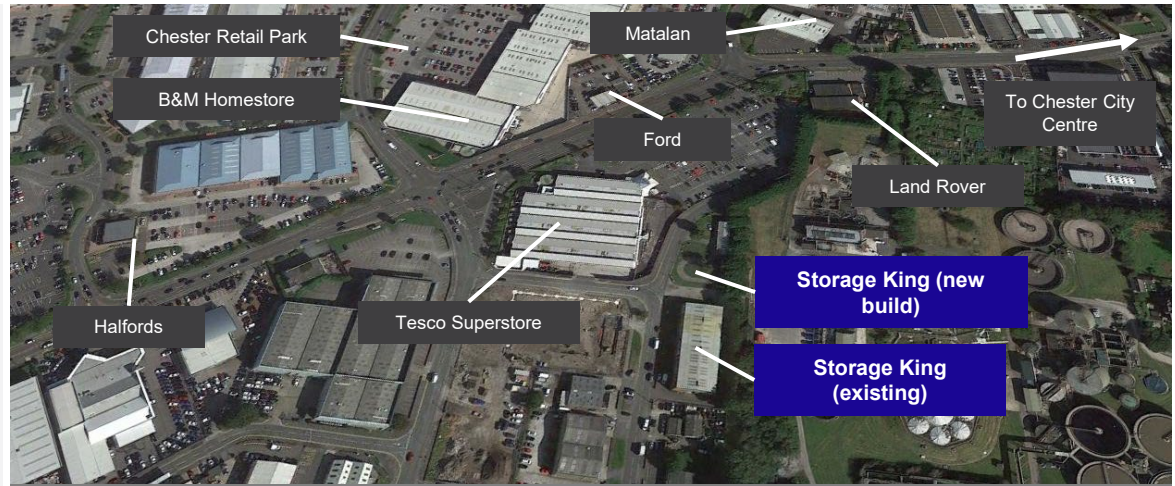
1. Based on the forecast GBP net operating income (pre UK corporations' tax) for the next 12 months and the total consideration payable of £13.4m

# STORAGE KING – CHESTER STORE EXTENSION

Storage King Chester is located to the east of Chester City Centre and enjoys good visibility at the entrance to a Tesco Supermarket.

The extension includes the development of a stand-alone building on vacant land opposite the existing store and will add 28 000 sqf of GLA.

On completion, the store will comprise 51 000 sqf of GLA.



Location



Project Overview

<b>Erf size</b>	1 914m <sup>2</sup>	<b>Development cost</b>	Est. £3.7 million
<b>Planning</b>	Application submitted	<b>Completed GLA</b>	51 000 sqf (4 700m <sup>2</sup> )
<b>GLA</b>	28 000 sqf (2 600m <sup>2</sup> )		



# STORAGE KING – DONCASTER STORE EXTENSION

Storage King Doncaster is located 1.5km to the south east of Doncaster City Centre.

The store enjoys good visibility on a roundabout as one approaches the local football stadium and the Lakeside Village Outlet Shopping Centre.

The extension will add an additional 23 000 sqf of GLA and on completion, the store will comprise 61 000 sqf of GLA.



Location



Project Overview

<b>Erf size</b>	4 351m <sup>2</sup>	<b>Development cost</b>	Est £2.2 million
<b>Planning</b>	Application submitted	<b>Completed GLA</b>	61 000 sqf (5 650m <sup>2</sup> )
<b>GLA (extension)</b>	23 000 sqf (2 130m <sup>2</sup> )		

# STORAGE KING – DEVELOPMENT JV

- Heads of Terms entered – UK based private equity real estate group
- Equity capital contributions will be in the ratio 75:25 (PE: Storage King)
- Purpose – develop new high profile properties, targeting London and the South East
- All newly developed properties will be managed by Storage King under the Management 1<sup>st</sup> offering
- Storage King will earn management fees for developing and managing the assets
- Storage King will have a pre-emptive right to acquire all newly developed assets once certain pre-defined operating criteria have been met



# STORAGE KING – MANAGEMENT 1<sup>ST</sup>

## Rationale

- Large operators own an estimated 30%<sup>1</sup> of self storage properties in the UK
- Significant majority of properties owned by a multitude of smaller operators
- Without the benefits of scale, smaller operators find it increasingly difficult to compete with the larger brands
- Online enquiry generation is particularly challenging in an incrementally fast moving, sophisticated and competitive digital marketing landscape
- Opportunity to introduce business model successfully adopted by US self storage REITs

## Key features

- Third-party management offering
- Tailored to needs of UK self storage industry
- September 2019 launch
- Comprehensive management solution
- Includes managing staff, budgets, billing, collections, revenue management, digital marketing, insurance and maintenance

## Benefits

- Attractive management option for property owners
- For Storage King it provides an avenue to
  - › leverage existing business infrastructure
  - › earn additional revenue streams
  - › expand the brands reach
  - › assemble a future acquisition pipeline



1. Self Storage Association UK annual industry report 2019; large operators defined as those operators owning and / or operating 10 or more self storage properties



# OPERATIONS REVIEW

# THE PLATFORM

## Operations platform – scalable and the key to unlocking value

- Highly sophisticated and scalable dual-market platform – can be leveraged into new markets
- Unique benefit relative to UK peers – cost effective SA head office infrastructure, homogenous product, same language and similar timeline
- Vastly experienced management teams – SA and UK
- Hands-on management approach – key to delivering superior performance
- Drives economies of scale and cost efficiencies
- Real-time data driven decision-making by Contact Centre and digital marketing team allows for centralisation benefits – standardisation, quality control, directing online marketing efforts, pricing optimisation and targeted promotions

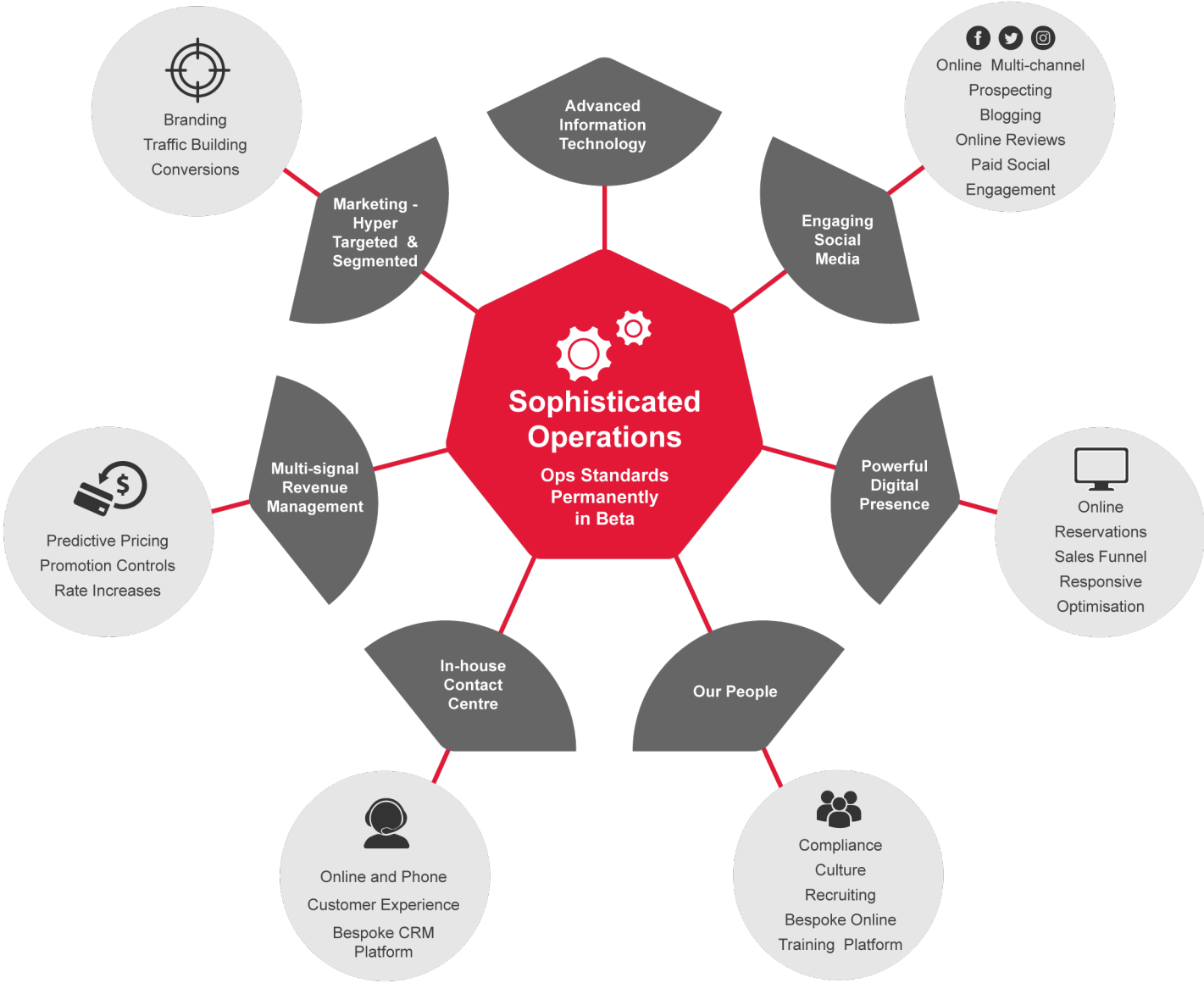
## Digital capability – a key differentiator and difficult to replicate

- Digitally engaged business, with digital solutions and processes throughout
- Online enquiry generation at the right price is a critical driver of success
- Complexity and cost of online sales is significant – easy to talk about, but difficult to replicate the skillset
- Not sufficient to merely participate online – the capability to leverage the data and continuously adapt rapidly is critical
- Benefit of a nine person in-house digital marketing team is a key differentiator
- Recognised by Google and Facebook as a digital marketing agency, with the following specialists – organic, paid and social media
- Customer experience = new currency – opportunity to personalise and differentiate our product
- Website UX – key focus area
  - › Sales funnel – continual testing and optimisation
  - › Targeted landing pages
  - › Responsive – optimisation for multiple devices












## Revenue management

- Continuous evolution of revenue management system and investing in data analytics capability
- Aim to achieve optimal balance between occupancy and rate, making use of promotions intelligently
- Right price, for the right customer, at the right time
- Dynamic pricing model, based on supply and demand – location specific, stage of lease-up and timing
- Powerful operating software allows for real-time pricing adjustments at pre-determined occupancy thresholds

# PLATFORM OVERVIEW



# PLATFORM ADVANTAGE

	Typical Competitor	Stor-Age			
Customer Targeting	 Static advertising	 Search Engine Optimisation	 Contact Centre	 Pay Per Click	 Social Media
Revenue Management	 Manual process	 Dynamic Revenue Management			
Intelligent Choices	 Instinct	 Data	 Analytics	 Optimisation	

## Digital opportunity

- Customer experience is the new currency – an opportunity to differentiate our product
- Customer journey – presents an opportunity to be highly personalised
- Customer acquisition strategy – inhouse capability to identify new acquisition opportunities in SA and UK, develop solutions, deploy, measure and evaluate results at speed, and then repeat cycle
- Embracing modern solutions – entire SA based back-end redeveloped in Microsoft Azure Cloud Platform, covering the entire application lifecycle, and enabling DevOps<sup>1</sup> capabilities

1. Azure DevOps – a hosted service providing development and collaboration tools

# CONTACT CENTRE

Our Contact Centre supports both the SA and UK platforms. The centralised platform manages enquiries from the phone and web, which includes direct online chat.

## Centralisation benefits

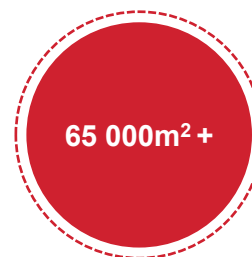
- Real-time data driven decision-making
- Standardisation
- Quality control
- Directing online marketing efforts
- Pricing optimisation
- Targeted promotions



Calls in the year



Online enquiries responded to

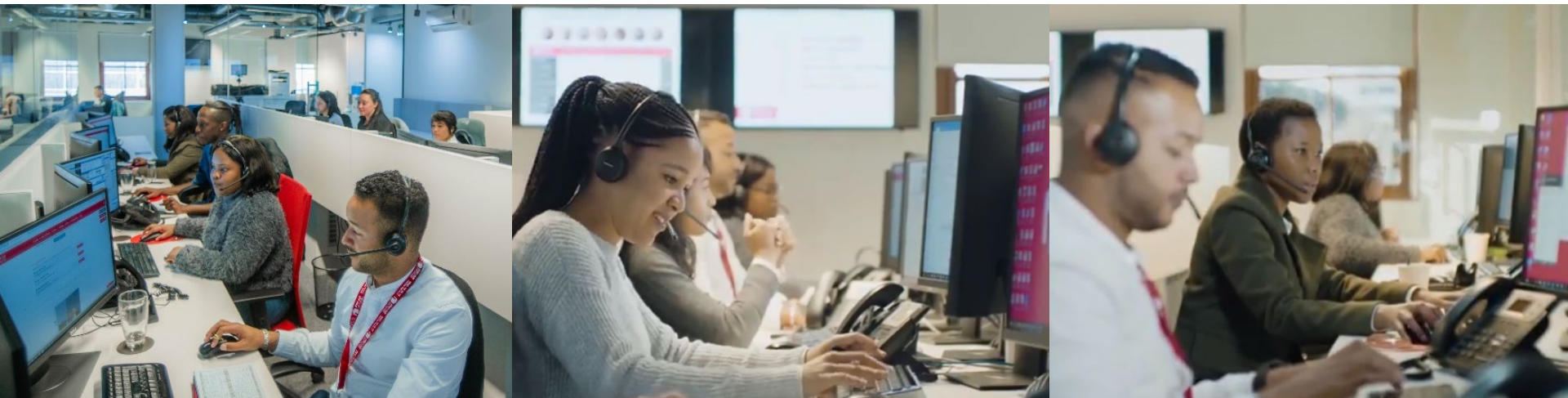


Space reserved



Average Net Promoter Score

Data displayed for year ending March 2020





# EXTENSIVE DIGITAL MARKETING CAPABILITIES

Highly skilled, specialised and scalable with significant capabilities to react to changing digital landscapes.



**Accredited digital marketing agency** – Google and Facebook partner

**Data driven approach led by specialists** – organic, paid and social media

**Expert SEO and PPC team** with industry knowledge and experience

**In-house social media experts** managing online reputation and micro segmentation targeting

**In-house design team** with the agility to create content and take immediate advantage of marketing opportunities

**Exclusive access to the latest beta products** and services through our Google and Facebook accreditation

**Continual investment in website design** and usability to maximise conversions online



# GOOGLE – THE DREAM TEAM OF TARGETING

Driving store visits through the best of Google local formats:

The image displays five panels, each representing a different Google local advertising format. Each panel includes a mobile device screenshot and an illustration of the target audience.

- Maps:** Shows a mobile map interface with a location pin. Below it, an illustration of two people with backpacks and luggage, representing travelers.
- Business profile:** Shows a mobile business profile for 'Stor-Age Brooklyn' with a 'STUDENT STORAGE SPECIAL' banner. Below it, an illustration of a person with wings looking at a map, representing local residents.
- Display:** Shows a mobile display ad for 'Stor-Age Special' with a 'STUDENT STORAGE SPECIAL' banner. Below it, an illustration of a person holding a large tablet with a grid of ads, representing custom intent audiences.
- Search:** Shows a mobile search results page for 'Stor-Age Brooklyn' with a 'STUDENT STORAGE SPECIAL' banner. Below it, an illustration of a couple in formal attire, representing life events.
- YouTube:** Shows a mobile YouTube video player with a 'STUDENT STORAGE SPECIAL' banner. Below it, an illustration of a person sitting on the floor with a smartphone and a shopping bag, representing consumer patterns.

- **Right message**, right time, right audience
- **Creative asset management** tasks include A/B testing
- **Better ROI** by showing ads that are highly relevant and built for performance to the people most likely to convert
- **Smart bidding** by adjusting bids based on user's combination of signals
- **Generating ad copy** that is descriptive, direct and matches campaign goals

# DATA AND TECHNOLOGY – QUICK FACTS



**375 000 +** web page visits

**36.5m +** ad impressions

**52 000 +** organic website enquiries

**170 +** Google campaigns

**R14.0m +** digital marketing spend

**c. 20 000** key word bids daily

**580 000 +** unique website visitors

**95 000 +** conversions – received a price

**Google & Facebook** partner certified

**115 000 +** social media following

**330 +** adverts running at any given time – excluding Google search ads

*All data displayed relates to both Stor-Age and Storage King*

# POWER OF THE PLATFORM – STORAGE POD ACQUISITION

In March 2019 we acquired The Storage Pod, a 5 100m<sup>2</sup> property in Weybridge (UK). Post acquisition the property was rebranded and a full digital marketing strategy implemented. Positive results seen thus far include –



Average monthly enquiries



Average monthly web page visits



Total cost per acquisition – online enquiry



Google My Business Map Views



# POWER OF THE PLATFORM – FLEXI STORE ACQUISITION

In December 2019 we acquired the five-property Flexi Store portfolio located in Dudley, Nottingham, West Bromwich, Shrewsbury and Warrington (UK).  
Post acquisition a full digital marketing strategy was implemented for each property. Positive results seen thus far include –



Average monthly enquiries



Average monthly web page visits



Average monthly move-ins



Website – new users



Nottingham



West Bromwich



Dudley



Shrewsbury



Warrington

# OUTLOOK

- Covid-19 pandemic resulting in significant economic uncertainty – impossible to accurately predict the full impact on our business
  - › SA economy in recession prior to Covid-19
  - › UK economy anticipated to enter recession in 2020
- Stor-Age entered the downcycle from a position of strength and we continue to benefit from
  - › A high quality property portfolio in SA and the UK
  - › A well-managed balance sheet
  - › Deep sector specialisation
- The self storage sector is well positioned to support
  - › Life-changing events driven by the repercussions of the virus
  - › The potential economic dislocation post the lockdowns
  - › The increasing mobility of the population, linked to tech-based solutions for households and businesses
- Stor-Age benefits from a strong track record of delivery
  - › Consistently delivered on all strategic initiatives
  - › Continue to deploy capital strategically, adding quality and scale to high quality portfolio
- Clearly defined growth strategy in place to 2025 – SA and the UK
- The defensive and resilient nature of our business model means we are well placed to navigate the challenges that lie ahead
- Given uncertainty linked to the Covid-19 pandemic, the board has elected not to give any distribution guidance for the year ahead





# ANNEXURES

- A. Trading environment – South Africa
- B. Trading environment – UK
- C. Schedule of properties
- D. Pipeline
- E. Our customers
- F. Valuation methodology
- G. Self storage 101
- H. The market
- I. Self storage at a glance
- J. Differentiators

	Latest period	Comparative period
CPI % y-o-y	4.1	4.5
GDP % (Q4 2019 q-o-q)	(1.4)	1.4
Consumer Confidence Index (Q1 2020)	(9.0)	2.0
Business Confidence Index (Q1 2020)	18.0	28.0

Source: Stats SA, BER

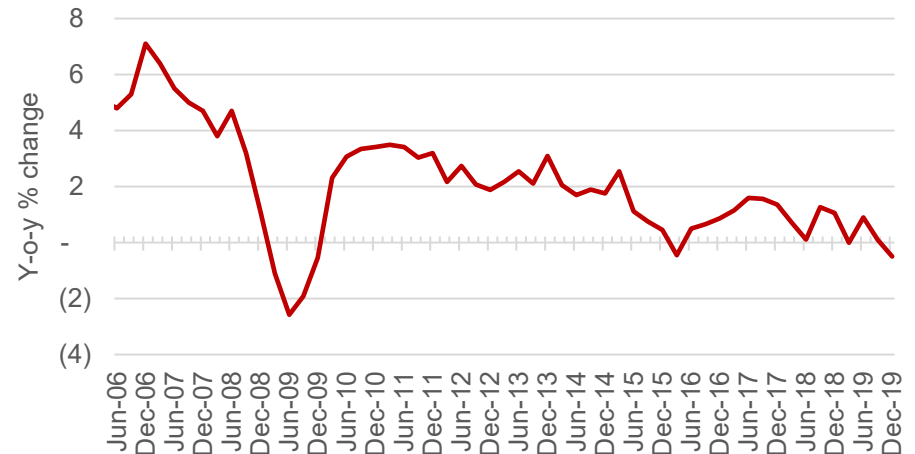
- South Africa entered a recession in the latter stages of 2019, pre-Covid-19 pandemic
- Recent sovereign credit downgrades anticipated to add further pressure
- Covid-19 pandemic – global economy forecast to contract significantly
- Covid-19 pandemic – South African economy
  - › Lockdown entered on 27 March 2020
  - › Lockdown restrictions eased in May and June 2020, allowing for a controlled restart of the economy
  - › Current estimates are for GDP to contract significantly, in excess of the global economy (SARB, IMF, World Bank)
  - › Private sector economists and business organisations have a more pessimistic view of growth and recovery over next 12 months
  - › SA set to experience a profound recession



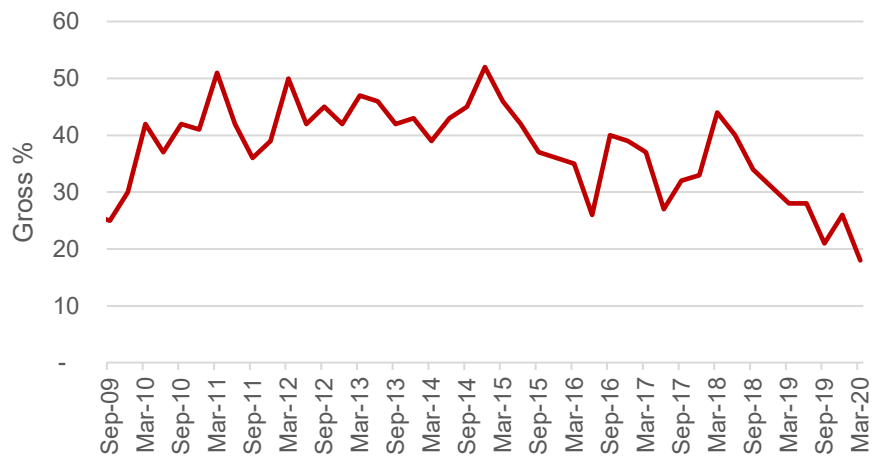
## INFLATION



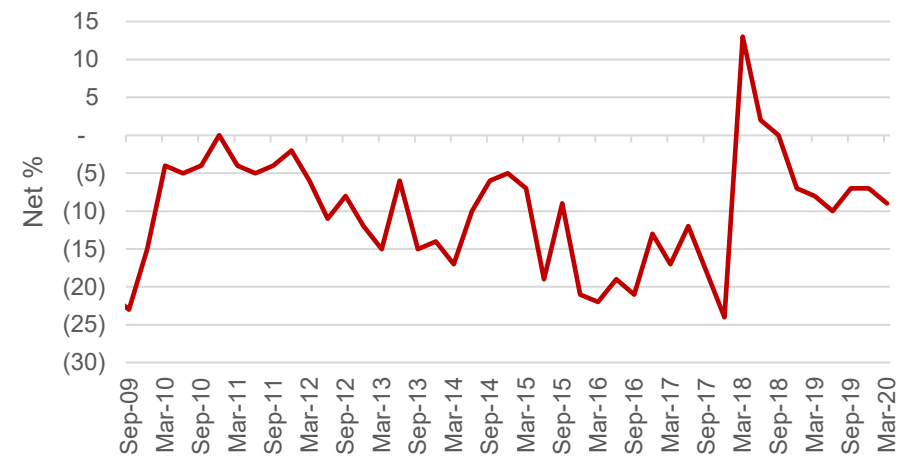
## REAL GDP GROWTH



## BUSINESS CONFIDENCE INDEX



## CONSUMER CONFIDENCE INDEX



Source: Factset and Sharenet

	Latest period	Comparative period
CPI % y-o-y	1.5	1.8
GDP % (2019 y-o-y)	2.8	1.4
Consumer Confidence (Q1 2020)	(9.0)	13.0
Business Confidence (Q2 2020)	(87.0)	(23.0)

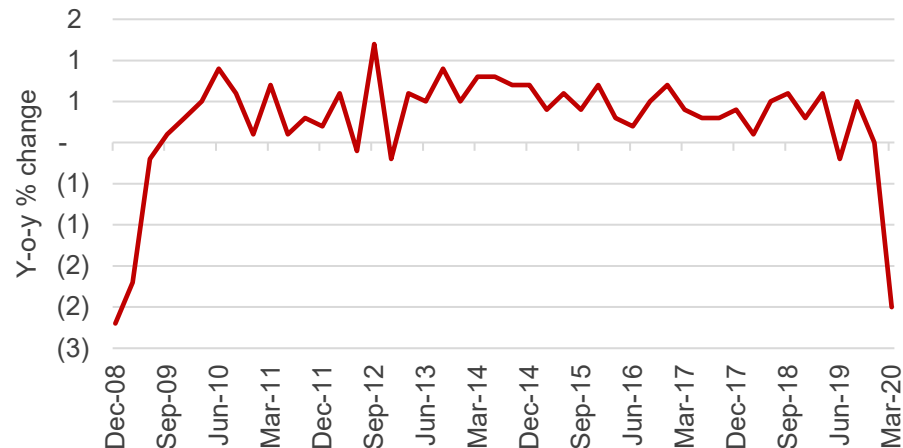
Source: Office for National Statistics, GfK

- 2019 – political and economic uncertainty relating to the outcome of Brexit continued
- Positive impact post-December 2019 election short-lived
- UK left EU on 31 January 2020 and entered transition period
  - › Scheduled to end on 31 December 2020 (UK due to leave the Single Market and Customs Union)
  - › Future relationship between UK and EU to still be determined
- Covid-19 pandemic – global economy forecast to contract significantly
- Covid-19 pandemic – UK economy
  - › Lockdown entered on 23 March 2020
  - › Lockdown restrictions eased in May and June 2020
  - › Significant stimulus package – direct fiscal and economic support
  - › Bank of England cut interest rates to historical lows in March 2020
  - › In February 2019 Oxford Economics predicted GDP growth in 2020 of 1.9%
  - › Current estimates are for GDP to contract significantly, with the UK experiencing a profound recession
  - › Low inflation rate, loose monetary policy and government support schemes are thought to offer prospects of an economic rebound in 2021

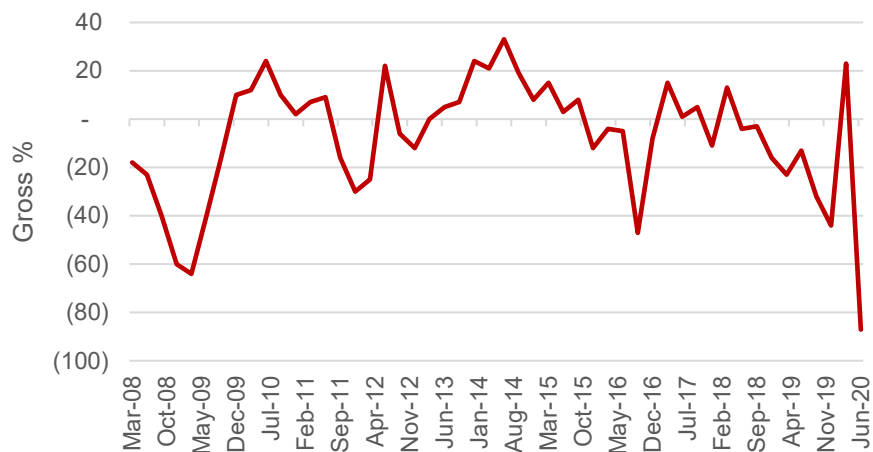
## INFLATION



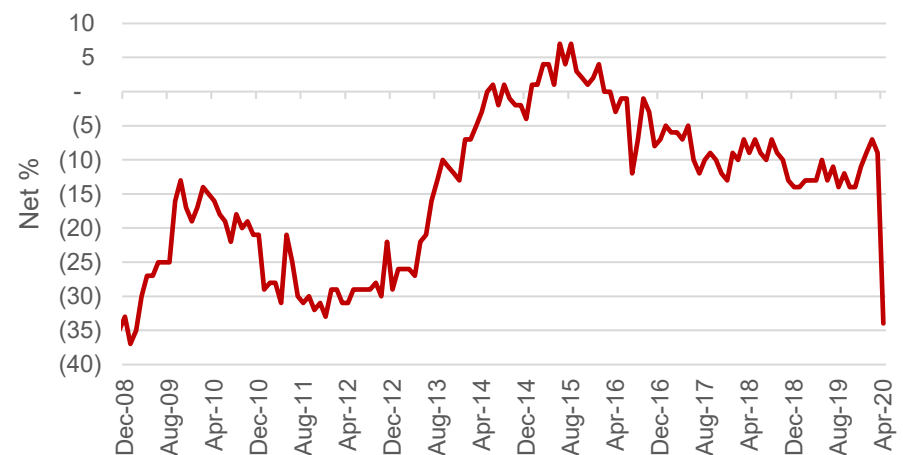
## REAL GDP GROWTH



## BUSINESS CONFIDENCE INDEX



## CONSUMER CONFIDENCE INDEX



Source: Factset and Sharenet

# SCHEDULE OF PROPERTIES

Annexure C

Store name (SA)	Address	Province
STOR-AGE BELLVILLE	Cnr of Peter Barlow and Kasselsvlei Road, Bellville, Cape Town	W Cape
STOR-AGE CITY VAULT MAITLAND <sup>1</sup>	255 Voortrekker Road, Maitland, Cape Town	W Cape
STOR-AGE DURBANVILLE	Cnr of Pinehurst Drive and Okavango Road, Pinehurst, Cape Town	W Cape
STOR-AGE EDGEMEAD <sup>1</sup>	1 Southdale Road Edgemead, Cape Town	W Cape
STOR-AGE GARDENS	121 Roeland Street, Gardens, Cape Town	W Cape
STOR-AGE SEA POINT	67 Regent Road, Sea Point, Cape Town	W Cape
STOR-AGE TABLE VIEW	121 Koeberg Road, Corner of Koeberg and Blaauwberg Road, Table View, Cape Town	W Cape
STOR-AGE TOKAI	64-74 White Road, Retreat, Cape Town	W Cape
STOR-AGE SOMERSET WEST	42 Delson Circle, Somerset West, Cape Town	W Cape
STOR-AGE CLAREMONT	Cnr of Main Road & Brooke Street, Claremont, Cape Town	W Cape
STOR-AGE SOMERSET MALL	Cnr Forsyth Road & De Beers Avenue, Somerset West, Cape town	W Cape
STORAGE RSA STELLENBOSCH	7 George Blake Street and 6 Stoffel Smit Street, Stellenbosch	W Cape
STORAGE RSA DURBANVILLE	4 Plein Street, Durbanville, Cape Town	W Cape
STORAGE RSA SOMERSET WEST MALL	24 Ou Paardevlei Road, Somerset West, Cape Town	W Cape
STOR-AGE OTTERY	Springfield Street, Ottery, Cape Town	W Cape
STOR-AGE STIKLAND	11 Danie Uys Street, Bellville, Stikland	W Cape
STOR-AGE RANDBURG	225 Bram Fischer Drive, Randburg	Gauteng
STOR-AGE BOKSBURG	37 View Point Road, Bartlett, Boksburg, Johannesburg	Gauteng
STOR-AGE CONSTANTIA KLOOF	Cnr of Hendrik Potgieter and 14th Avenue, Constantia Kloof, Johannesburg	Gauteng
STOR-AGE GARSFONTEIN	Plot 13 Garsfontein Road, Grootfontein, Pretoria	Gauteng
STOR-AGE HENNOPSPARK	Jakaranda Street, Hennopspark, Pretoria	Gauteng
STOR-AGE JHB CITY	32 Rosettenville Road, Village Main, Jhb City, Johannesburg	Gauteng
STOR-AGE KEMPTON PARK	Cnr of Cheetah and Klipspringer Street, Kempton Park, Johannesburg	Gauteng
STOR-AGE CENTURION	1250 Theron Street, Pierre van Rhyneveld, Pretoria	Gauteng
STOR-AGE MIDRAND	492 Komondor Road, Glen Austin X3, Midrand, Johannesburg	Gauteng
STOR-AGE MNANDI	39 Tulip Avenue, Raslow, Pretoria	Gauteng
STOR-AGE PRETORIA WEST	1384 Malie Street, Pretoria West	Gauteng

1. Sectional title scheme

# SCHEDULE OF PROPERTIES (continued)

Annexure C

Store name (SA)	Address	Province
STOR-AGE ROOIHUISKRAAL	29 Rietspruit Rd, Samrand, Pretoria	Gauteng
STOR-AGE WEST RAND <sup>1</sup>	Portion 610, St Antonios Road, Muldersdrift, Johannesburg	Gauteng
STOR-AGE ZWARTKOP	70 Migmatite Street, Zwartkop Ext 13, Pretoria	Gauteng
STOR-AGE CRAIGHALL	367A Jan Smuts Ave, Craighall, Johannesburg	Gauteng
STORAGE RSA MIDRAND/CENTURION	65 Freight Road, Cnr of Old Johannesburg and Brakfontein, Louwlandia Ext 13, Centurion, Pretoria	Gauteng
STORAGE RSA CONSTANTIA KLOOF	17 JG Strydom Drive, Constantia Kloof, Johannesburg	Gauteng
STOR-AGE BRYANSTON	2 Vlok Road, Bryanston, Johannesburg	Gauteng
STOR-AGE BROOKLYN	Cnr of Jan Shoba & Justice Mohamed Street, Brooklyn, Pretoria	Gauteng
STOR-AGE IRENE	Cnr of 40th Avenue & 24th Street, Irene, Pretoria	Gauteng
STOR-AGE MOOIKLOOF	738 Blesbok Street Pretoria East	Gauteng
STOR-AGE SILVER LAKES	Six Fountains Boulevard off Hans Strijdom Drive, Six Fountains, Pretoria	Gauteng
STOR-AGE EDENVALE	60 Civin Drive Germinston, Johannesburg	Gauteng
STOR-AGE SUNNINGHILL	4 Kikuyu Road, Sunninghill, Johannesburg	Gauteng
STOR-AGE SPRINGFIELD	166 Intersite Avenue, Umgeni Business Park, Durban	KZN
STOR-AGE WATERFALL (SECTION 1)	127 Brackenhill Road, Hillcrest	KZN
STOR-AGE WATERFALL (SECTION 2)	1 Nguni Way Hillcrest	KZN
STOR-AGE DURBAN CBD	200 Gale Street, Durban	KZN
STOR-AGE GLEN ANIL	2014 Old North Coast Road, Mt Edgecombe	KZN
STOR-AGE MT EDGECOMBE	33 Flanders Drive, Mount Edgecombe, Durban	KZN
STOR-AGE BERE A	23 Calder Road, Berea. Durban	KZN
STOR-AGE WESTERING	85 Warbler Road, Westering, Port Elizabeth	E Cape
STOR-AGE GREENBUSHES	Plot 136 Old Cape Road, Port Elizabeth	E Cape
STOR-AGE BLOEMFONTEIN	Sand Du Plessis Avenue, Estoire, Bloemfontein	Free State

1. Sectional title scheme

# SCHEDULE OF PROPERTIES (continued)

Annexure C

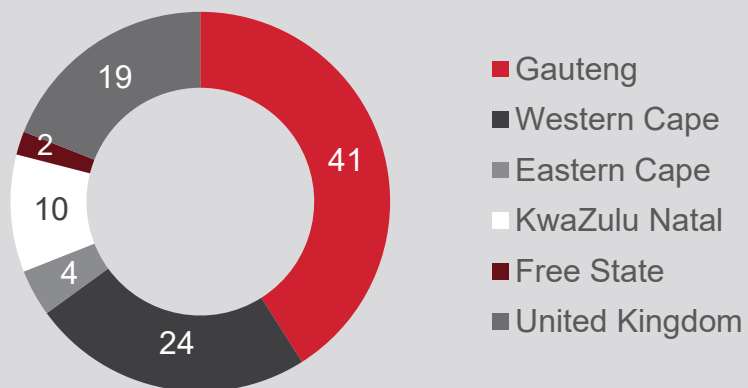
Store name (UK)	Address	Area
STORAGE KING AYLESFORD	Unit 2 and 3, New Hythe Business Park, Bellingham Way, Aylesford, ME20 7HP	South East
STORAGE KING BASILDON	Unit 1, Carnival Close, Basildon, SS14 3WN	East
STORAGE KING CAMBRIDGE	505 Coldhams Lane, CB1 3JS	East
STORAGE KING CHESTER	1 Hartford Way, Sealand Industrial Estate, Chester, CH1 4NT	North West
STORAGE KING DARTFORD	599 to 613 Princes Road, Dartford, DA2 6HH	South East
STORAGE KING DERBY	Units 8-14, Hansard Gate, West Meadows Industrial Estate, Derby, DE21 6AR	East Midlands
STORAGE KING DONCASTER	1 Carriage Drive, White Rose Way, Doncaster, DN4 5JH	Yorkshire
STORAGE KING DUNSTABLE	Unit 1, Nimbus Park, Porz Avenue, Houghton Regis, Dunstable, LU5 5WZ	East
STORAGE KING EPSOM	Units 5 and 6, Epsom Trade Park, Blenheim Road, Epsom, KT19 9DU	South East
STORAGE KING GLOUCESTER	Unit 3, Barnwood Point, Corinium Avenue, Barnwood, Gloucester, GL4 3HX	South West
STORAGE KING MILTON KEYNES	39 Barton Road, Bletchley, Milton Keynes, MK2 3BA	South East
STORAGE KING OXFORD	1 Bobby Fryer Close, Garsington Road, Oxford, OX4 6ZN	South East
STORAGE KING WOODLEY	Unit 5, Area 9, Headley Road East, Woodley, RG5 4SQ	South East
STORAGE KING CREWE	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6FL	North West
STORAGE KING BEDFORD	Unit 2, Caxton Rd, Bedford MK41 0HT	East
STORAGE KING WEYBRIDGE	Avro Way, Weybridge KT13 0YF	South East
STORAGE KING DUDLEY	Unit 8 Iconic Park, Birmingham, New Road, Dudley, DY1 4SR	West Midlands
STORAGE KING NOTTINGHAM	Unit 1 Lewis Industrial Estate ,Radford Road, Nottingham, NG7 7NQ	East Midlands
STORAGE KING SHREWSBURY	Archers Way Battlefield Enterprise Park Shrewsbury, SY1 3AF	West Midlands
STORAGE KING WARRINGTON	1 Colville Court Winwick Quay Warrington, Cheshire WA2 8QT	North West
STORAGE KING WEST BROMWICH	AGL House, Birmingham Road, West Bromwich, West Midlands B71 4JY	West Midlands

# PIPELINE

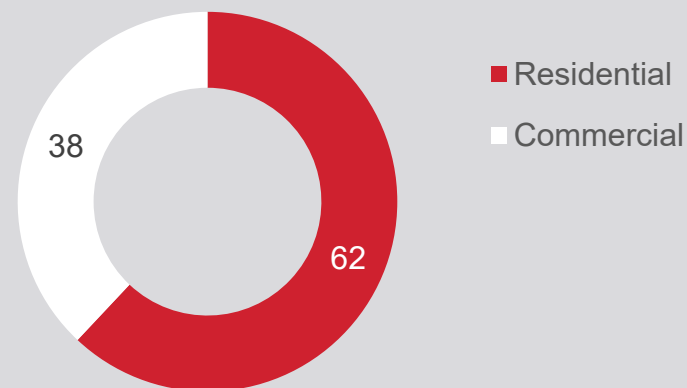
Total committed pipeline subject to town planning consent c.53 000m<sup>2</sup> +

Site	Location	City	Status	Anticipated GLA (m <sup>2</sup> )
TYGERVALLEY	Highly visible location on Durban Road just off the N1 highway	CPT	Under construction	7 100
SUNNINGDALE	Highly visible location on the corner of Berkshire Boulevard and Whitehall Way	CPT	Under construction	6 350
CRESTA	Prominent location on the corner of Weltevreden Road and Valley Lane – opposite Cresta Shopping Mall	JHB	Under construction	7 400
DE WATERKANT	Prominent location on corner of Rose and Waterkant Streets	CPT	Town planning approved, development planning underway	6 600
BRYANSTON	Highly visible location alongside the Virgin Active Gym at the Grosvenor Crossing	JHB	Town planning approved, development planning underway	4 800
HILLCREST	Prominent location on the corner of Main and Kassier Roads	DBN	Town planning approved, development planning underway	7 400
JHB 1	To be announced	JHB	Town planning approved, development planning underway	7 500
JHB 2	To be announced	JHB	Secured and town planning under negotiation	6 000

## GEOGRAPHIC REPRESENTATION<sup>1</sup>



## RESIDENTIAL / COMMERCIAL TENANT MIX BY GLA<sup>2</sup>



### GEOGRAPHIC FOCUS

Primary focus = high profile locations in JHB, PTA, CT, DBN and UK

### RESIDENTIAL vs COMMERCIAL

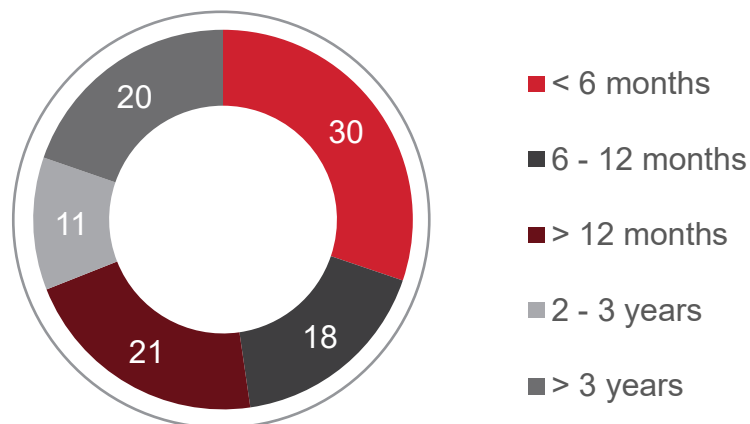
Residential tenants outnumber commercial tenants, however commercial tenants on average rent more space per user.

1. Analysis by property – as at March 2020

2. SA and UK – March 2020



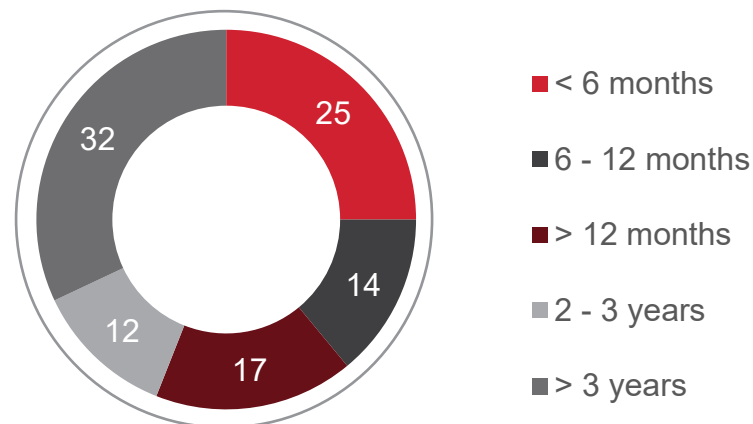
## AVERAGE LENGTH OF STAY – SA



### DEMAND PROFILE – SA

Two significant user groups need the product for short stays due to 'life changing events' (< 6 months 30%) and those requiring longer term space (1 year + 52%)

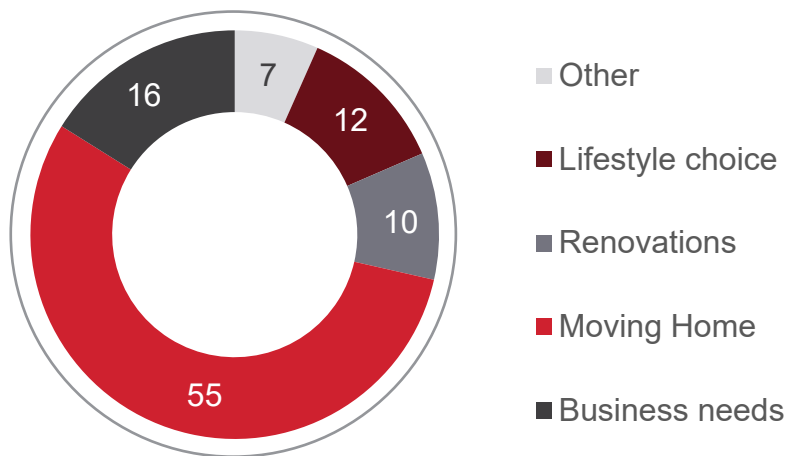
## AVERAGE LENGTH OF STAY – UK



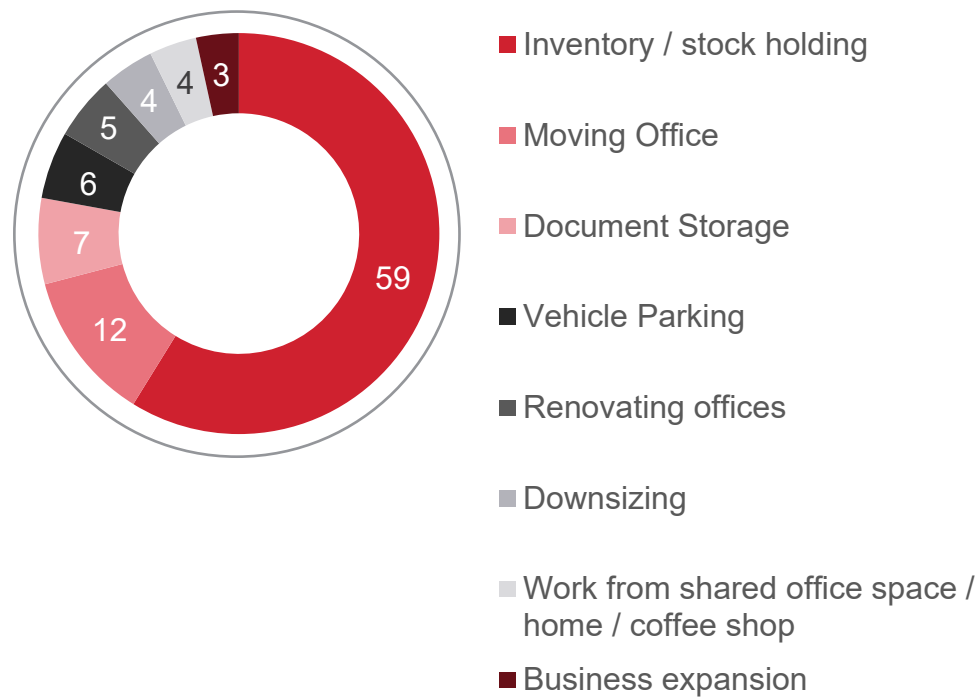
### DEMAND PROFILE – UK

Two significant user groups need the product for short stays due to 'life changing events' (< 6 months 25%) and those requiring longer term space (1 year + 61%)

## REASON FOR STORING – GENERAL



## REASON FOR STORING – BUSINESS



Data presented as at March 2020

- 10 year DCF + terminal value
- Key assumptions
  - › Forecast cash flow – occupancy, lease-up profile, rental rate escalations, direct operating costs and central administration charge (7% of revenue)
  - › Discount and capitalisation rate
  - › Terminal value
- Methodology consistent with US, UK and AUS self storage REITs



## About self storage

- Storage space for personal and business use
- 'You lock – you keep the key'
- Various unit sizes typically ranging from 3 to 30m<sup>2</sup>
- Convenient, cost effective, secure and flexible lease period
- Domestic and commercial user base
- Domestic (70 – 80%) – event driven and lifestyle users
- Commercial (20 – 30%) – typically SME

## Demand drivers

- Awareness and acceptance of self storage as an option is vitally important = prerequisite
- Socio-economic factors and proximity to established built environments
- Densification and urbanisation
- SMEs require space whether upscaling or downscaling
- SA specific – security estate living, shift to apartment living, growth in new black middle class, retirement village take-up, SA expats working abroad



## International

- ± 60 000 self storage properties – majority in N. America
- US market – highest penetration levels
- Australian market lags US market by c. 20 years – significantly more established than UK
- UK market supply per capita 3X > than Europe average supply per capita
- 10 publicly traded self storage REITs<sup>1</sup> globally – 5 US, 2 UK, 1 EUR, 1 AUS, 1 SA

## South Africa

- Approximately 400+ properties across SA
- Industry well established
- Limited development of institutional quality assets in high barrier to entry areas
- Certain areas have relatively high levels of supply measured in m<sup>2</sup> per capita – typically displaying ‘first world’ levels of competitiveness
- Ownership highly fragmented
- Public awareness of benefits – improving



1. Shurgard is not a REIT, but included in universe

## Investment case

- Premised on
  - › Recession resilience and distribution growth outperformance vs traditional diversified REITs
  - › Low correlation to traditional performance drivers behind retail, office and industrial sub-sectors

## Demand factors

- Healthy in strong economy and resilient in weak economy (theory being 'tested' in current economic environment – SA and UK)
- Businesses attracted by flexibility
- Demand types
  - › Short term: <12 months
  - › Long term: 12 months +
  - › Commercial: 12 to 36 months +

## Significant barriers to entry in key target nodes

- Town planning: major challenge – 'Not In My Backyard' ('NIMBY') – specialised skill sets / lengthy process
- Development of small footprint, multi-level properties limited outside of Stor-Age
- Self storage developments 100% speculative – obtaining bank finance for private entrepreneurs remains challenging



## Other key factors

- Location, visibility and convenience = differentiators
- Low ongoing capex – relationship between capex / NOI growth very attractive
- Simple business ... but sophisticated operator required
- Bigger is better – spreads fixed costs and supports internet marketing
- Internet is a game changer – digital / mobile strategy is critically important in order to generate online visibility and enquiries
- Google complexity is significant – effectively a barrier to entry for smaller operators and entrepreneurs



## Lease-up vs. Mature self storage assets

- Lifecycle of asset – two distinct phases – ‘Lease-up’ and ‘Mature’ (c. 80% level)
- Lease-up period anywhere between 3 and 5 years

## Lease-term

- Average length of stay for existing customers – 23 months (all properties)
- Average length of stay for existing customers – 25 months (properties open 5 + years)
- Two distinct renter profiles: short-term (3 – 6 months) and long-term (12 months +)
- M-to-M leases – actual vs. perceived risk non-existent and provides unique ability to escalate rentals
- Tenant concentration risk non-existent

## Revenue management and pricing

- Dynamic pricing model – both up and down
- Pricing per m<sup>2</sup> based on supply and demand – location specific and timing within the month
- Market rate vs. street rate vs. book rate – all can be different simultaneously
- Different pricing channels based on enquiry source – web, phone and walk-in
- Pricing strategy differs significantly for lease-up and mature assets





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