OUR PERFORMANCE

CEO'S REPORT

Despite the severely constrained South African and global economic environment, I am pleased to report another strong set of financial and operational results for the fifth year in a row. This was underpinned by organic growth in our South African and UK portfolios and our ability to execute asset and revenue management initiatives to enhance our value proposition.

We are sector leaders in South Africa, evidenced by our status as the top self storage operator by lettable area, number of properties, number of tenants and value, and exceptional geographic representation. The acquisition of the five-property Flexi Store portfolio consolidated our position as the sixth largest self storage brand in the UK. We also launched a third-party management platform and entered into a Heads of Terms to form a new development-focused joint venture ("JV") that will support further expansion in the region.

OUR PERFORMANCE

Our total shareholder distribution of R452.5 million translated into a dividend per share of 112.05 cents. This represents 5.03% growth compared to 106.68 cents in the prior period. Distribution growth was driven by like-for-like growth in rental income and net property operating income of 29.7% and 34.1% respectively.

The group's solid trading performance reflects the highly defensive and resilient nature of our business model and the excellent quality of our underlying property portfolio. This is evidenced by the growing level of enquiries we continue to generate and receive in South Africa and the UK.

Our unrelenting focus on maintaining a healthy, conservatively geared and hedged balance sheet remains a priority for the group. Our LTV of 30.1% at year end is comfortably within our 25-35% target range. Post year end in May 2020 we raised R250 million of new equity via an accelerated bookbuild, reflecting continued investor confidence in the group's performance.

COVID-19

IMPACT ON STOR-AGE

The provision of storage or "mini-logistics" forms an essential part of the logistics network. In South Africa, our properties remained accessible throughout the lockdown for tenants either storing essential goods or providing essential services as defined by the government regulations. Our properties in the UK remained open for business but under strict conditions. In both markets we swiftly ensured the implementation of necessary protocols and procedures, and our accessible properties were managed by one member of staff, in a retail store environment closed to the public, ensuring strict social distancing.

> "By enacting our business continuity plans prior to the lockdown, we ensured a seamless continuation of operations despite our head office teams in both markets working remotely."

Our primary responsibility was the safety, health and well-being of our staff and customers. We immediately increased our focus on hygiene and cleanliness across our property portfolio and ensured all necessary safety protocols were put in place. As our properties are not crowded environments and are typically low-intensity in their use relative to other real estate types, social distancing could be practiced with little effort.

Upon entering the crisis, we immediately halted all capex and undertook a thorough review to identify appropriate elements to defer to subsequent periods. Likewise, we reviewed all operating expense budgets in South Africa and the UK and reduced all non-critical spend.

Stor-Age entered the current downcycle from a position of strength. We have a conservative balance sheet, with our LTV at 30.1% and a strong liquidity position with approximately R246 million in cash and R654 million of undrawn credit facilities (prior to the R250 million capital raise in May 2020).

CEO'S REPORT (continued)

In the two-month period to the end of May, overall occupancy in South Africa decreased by 300 m² (representing less than 0.1% of GLA). In the UK, occupancy decreased by 800 m² (representing less than 1.0% of GLA).

Approximately 70% and 95% of South African and UK tenants respectively are on direct debit or equivalent.

At year end, our portfolios benefited from mature occupancy levels of 85.0% and 78.8% in South Africa and the UK respectively. With 34 700 tenants in total, we also benefit from having significantly less tenant concentration risk than many of our REIT peers on the JSE.

SELF STORAGE SECTOR RESILIENCE

COVID-19 has created an unprecedented health and economic crisis. Unfortunately, this crisis arrived at a point in time when the South African economy had already been under significant pressure for a number of years. While the UK economy has suffered as a result of Brexit, direct fiscal stimulus and greater relative economic strength should allow it to better manage the associated fallout. As a result of the above, the general risk outlook is significantly elevated as there is no certainty regarding the exact impact and duration of the pandemic. Accordingly, we have adopted a conservative and prudent outlook and have planned for a challenging 12-month trading period ahead.

> "Whether the economy is growing or contracting, the life-changing events that drive demand for self storage continue to occur."

That said, Stor-Age and the self storage business model have a track record of resilience in constrained economic environments. While there is little doubt about the pending significant contraction in the economies in both South Africa and the UK, the primary drivers of demand for our product are positive and negative life-changing events and/or dislocation. Demand is further supported by fluctuating economic conditions. Our customers typically require the product either temporarily or permanently for various reasons throughout the economic cycle. This creates a market depth that contributes significantly towards the resilience of the self storage product.

> "In April, May and June 2020, we collected more than 93% and 98% of rental due in South Africa and the UK respectively."

Stor-Age is also well positioned to benefit in the medium to long-term from the rapid acceleration of change brought about by COVID-19. We anticipate that the incremental use of technology as an enabler within business and greater adoption by society at large will result in an increasingly mobile population. The impact on where and how people live and work, as well as the possibility of business models evolving to require less operational space, will in our view give rise to incremental demand for our product in South Africa and the UK.

GROWING OUR PROPERTY PORTFOLIO

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

SOUTH AFRICA

We continue to identify promising investment opportunities to expand our South African property portfolio. This includes adding space to existing properties, acquiring trading self storage properties from third parties, and leveraging our proven in-house capability to develop new properties in high-profile, prime locations.

The Craighall development in Johannesburg, which Stor-Age acquired during the period, was completed below budget under the Certificate of Practical Completion ("CPC") structure[1] at a development cost of R109 million. On full fit-out the property will comprise over 6 500 m² of GLA.

[1] *Stor-Age entered into the CPC agreement with Stor-Age Property Holdings Proprietary Limited for the development of its self storage property in Craighall. The CPC structure reduces the development and lease-up risk for Stor-Age and provides an opportunity to develop high-profile properties in prime locations without diluting the group's distribution growth profile over the medium-term. In addition, the CPC is subject to strict independent and regulatory controls.*

Despite severe pressure on the local economy, and while maintaining a particularly conservative and disciplined outlook, we continue to see opportunities to consistently grow our South African portfolio over the medium-term, through both new developments and acquisitions.

UNITED KINGDOM

Looking towards the UK, Storage King offers scale and a high-quality property portfolio. It also offers a pipeline of opportunities and an attractive level of underlying earnings growth through rental rate and occupancy increases year-on-year.

Continuing to leverage the existing relationships of Storage King's management, we acquired the Flexi Store portfolio for a purchase consideration of £13.4 million in December 2019. The acquisition is in line with our stated growth and investment strategy and comprises a portfolio of five self storage properties in locations which complement the existing portfolio.

The portfolio, which traded under licence of the Storage King brand, will be managed under the existing operating infrastructure of the group. The acquisition increases the total number of owner operated Storage King properties to 21. It adds an additional 14 600 m^2 of GLA with a maximum lettable area of 17 650 m^2.

In September 2019, we launched 'Management 1st' in the UK, a comprehensive third-party management solution offered to independent operators, developers and private equity owners. Management 1st provides an attractive management option for smaller property owners. It further enables Storage King to leverage its existing operations infrastructure to earn additional revenue streams and expand the brand's reach, while providing a natural acquisitions pipeline over the medium to long-term.

CEO'S REPORT (continued)

> "As true sector specialists, the ability to seamlessly transport our online capability across borders assists us in continuing to unlock value for shareholders and remains a significant strength regardless of where we operate."

In March 2020, we entered into a non-binding Heads of Terms with a UK-based specialist private equity group. Our ambition is to form a JV and develop a five to seven asset portfolio with a gross asset value of approximately £50 million. The JV will aim to develop high-profile properties, targeting London and the South East. Discussions and work to finalise the definitive binding documentation are ongoing.

Equity capital contributions to the JV are envisaged to be in the approximate ratio of 75:25, with Storage King contributing 25%. All newly developed properties will be managed by Storage King under the Management 1st offering. Storage King will also earn management fees for developing the assets and will have a pre-emptive right to acquire all newly developed assets once certain pre-defined operating criteria have been met.

We see significant opportunity to further grow and strengthen our UK business through acquisitions and new developments over the medium-term. Buoyed by the success of our underlying operations to date, the attractive levels of real growth in rentals despite Brexit, as well as our ability to identify, negotiate, close and integrate acquisitions, we anticipate that the growth in our UK portfolio will outstrip the growth in our South African portfolio over the medium-term.

TECHNOLOGY AS A BUSINESS ENABLER

At its core, self storage is a real estate business with an operational overlay that benefits from country specific scale and the relative strength of its brand. Despite this, it primarily remains a micro-market, micro-managed and localised business trading in a defined catchment area. As evidence of this, the 2020 Self Storage Association UK Annual Industry Report found that 56% and 71% of customers travel 15 minutes and 20 minutes or less respectively to their self storage property.

The lifeblood of a self storage business is enquiry generation, which was traditionally generated by how visible properties were to potential users. Visibility remains critical. However, a strong online presence, a contemporary web user-experience, and a highly effective multi-channel online customer acquisition and sales platform are as important in current times, if not

more so. Our in-house capability to identify new online customer acquisition opportunities, develop solutions, deploy to the live environment, measure and evaluate results at speed, and then repeat the cycle, is a key skill set.

With online enquiries representing more than 60% of all enquiries in our South African business and more than 80% in our UK business, online enquiry generation at the right price is a critical driver of success.

The complexity and cost of online sales is significant. While it is easy to talk about, developing, maintaining and continuously enhancing the skill set is costly and challenging. It is no longer sufficient to merely participate online. The capability to leverage the underlying prospect and tenant data, and continuously adapt rapidly, is critical.

Recognised by Google and Facebook as an accredited digital marketing agency, Stor-Age is a digitally engaged business, with digital solutions and processes throughout.

Our capability in this sphere is a skill set with a niche sector specific overlay that is seamlessly transportable across borders. It remains a significant strength regardless of where we operate. We continue to invest significant time and resources to ensure that we have the capability to respond and evolve as required, and this remains a strategic focus area going forward.

In line with our multi-year digital strategy, a significant focus during the year was the successful redevelopment of our South African-based back-end in the Microsoft Azure Cloud Platform. This not only improved security and the user experience, but also allows for deeper integration with our UK platforms. This covered the entire application lifecycle. We further enabled DevOps, a hosted service providing development and collaboration tools. We see this work as critical to enhancing our agility in the digital environment.

SUSTAINABILITY AS A BUSINESS ENABLER

We continue to reduce our carbon footprint. During the year we fitted an additional nine properties with solar photovoltaic installations and we plan to fit an additional six properties in the upcoming year. Stor-Age was the first South African self storage company to install solar technology for three-phase power generation. In total we now have 13 properties fitted with solar photovoltaic installations, with a total system size of 375 kW. During the year these properties generated approximately 614 000 kWh of solar energy and resulted in a reduction of approximately 510 tonnes of CO_2 emissions.

> “The benefit of a nine-person in-house digital marketing team is a key differentiator relative to all of our peers in South Africa and the majority of our peers in the UK.”

All of our South African properties are fitted with LED lighting internally and externally, and we harvest rainwater at 21 of our properties in South Africa.

Post year end, we introduced e-leases for tenant onboarding in South Africa and the UK. We anticipate that this will achieve an estimated reduction in paper utilisation of approximately 80% going forward.

OUR PEOPLE

Our strong performance during the year was in large part attributable to the efforts of our committed and hardworking employees. Our people remain pivotal to achieving our strategic objectives and we strive to ensure that we continue to recognise this internally.

In line with our core value of Excellence, we set our standards exceptionally high across the business. It remains critical that our employees are engaged and equipped with the competencies required to remain competitive. We place a strong focus on customer service and superior selling skills at point of sale to earn the trust of customers visiting our properties. We continue to work hard at remaining nimble and responsive, while balancing the need to introduce enhanced organisational frameworks and structures to support sustainable growth. Our distinct non-hierarchical structure with fully accessible management endeavours to continuously reward everyone for their contribution to our success.

In pursuit of Excellence, ongoing training, learning and development remain at the heart of our culture. We continue to invest in our in-house, bespoke learning and development programme, underpinned by a strategic focus on technology. We recorded more than 700 hours

CEO'S REPORT (continued)

of training across 61 separate modules on Edu-Space, our online Learner Management Platform in South Africa and the UK. We also continued to benefit from access to LinkedIn Learning during the year, an online, on-demand learning platform for senior managers and functional teams. Recognising the rapid growth of the business in recent years, a particular area of focus was the ongoing development of staff comprising our middle to senior management team. Accordingly, we hosted workshops during the year geared towards equipping them with enhanced skills to take their careers and the business forward sustainably. We also rolled out a revised online sales and customer service training course for all South African staff, as well as facilitated bi-annual senior management planning workshops for the South African and UK teams.

> "Our operating platform plays a critical role in driving performance and extracting value. It's an area of the business where the executives continue to dedicate significant time and resources."

Our people and our sophisticated, decentralised platform are two key drivers to our long-term success.

Our formal management committee (manco) structure introduced in 2019 continues to grow in influence. The manco met four times during the year to set annual priorities and quarterly action items, identify key performance indicators and delineate appropriate channels of accountability. Ultimately, this drives alignment and productivity across the business.

OUTLOOK AND THANKS

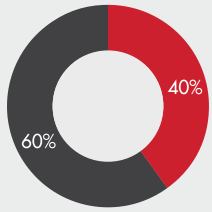
On behalf of the executives, I would like to take this opportunity to express my sincere gratitude to Paul Theodosiou, the previous chairman of our board, who retired from Stor-Age at the end of December 2019. As our inaugural chairman, over and above the value contributed from his vast commercial and listed property experience, Paul played an instrumental role in seeding the enduring foundations on which our board is built, as well as in displaying exemplary levels of leadership.

PORTFOLIO ANALYSIS

• South Africa • UK

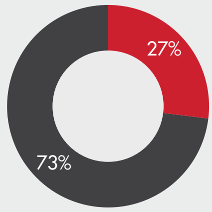
Total property value

VALUE OF PROPERTY (R7.0 billion)



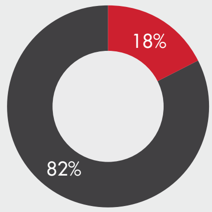
Total number of tenants

NUMBER OF TENANTS (34 700)



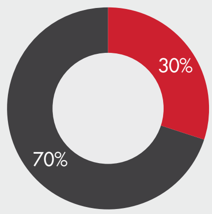
Total GLA

GLA (448 200 m²)



Total number of properties

NUMBER OF PROPERTIES (71)



I would also like to welcome Graham Blackshaw as our new chairman and wish him well for the future. At the same time, I would like to thank Graham and the rest of the board members for their continuing support, wisdom, guidance and ongoing advice during the period.

COVID-19 rapidly ushered in a period of significant economic contraction globally, including in South Africa and the UK, as well as extremely high levels of uncertainty. While we are no doubt only at the beginning of the pandemic and its associated impact, we take great confidence in Stor-Age's resilience displayed to date.

As a result of the conservative, strategic and disciplined management of Stor-Age, we are fortunate to have entered the current downcycle from a position of strength. Stor-Age remains a world-class self storage business and a dynamic sector specialist, with the benefit of a core product which has traditionally been highly resilient in challenging trading conditions and a conservatively geared and interest-rate hedged balance sheet.

Stor-Age remains well placed to withstand the tough economic headwinds, as well as global macro-economic volatility.

Gavin Lucas
CEO

22 June 2020

"While we are no doubt only at the beginning of the pandemic and its associated impact, we take great confidence in Stor-Age's resilience displayed to date."