

CHAIRMAN'S LETTER

I'm pleased to report that Stor-Age delivered excellent financial results, driven by strong organic growth in our South African and UK portfolios, continuing a trend of attractive financial performance since listing in November 2015. We have maintained an uninterrupted dividend trajectory, underpinned by disciplined execution of our five-year strategy which is now in the final year of our current cycle ending 2020. As a specialist asset class, self storage offers unique prospects which the management team continue to harness to deliver attractive and sustainable increases in returns.

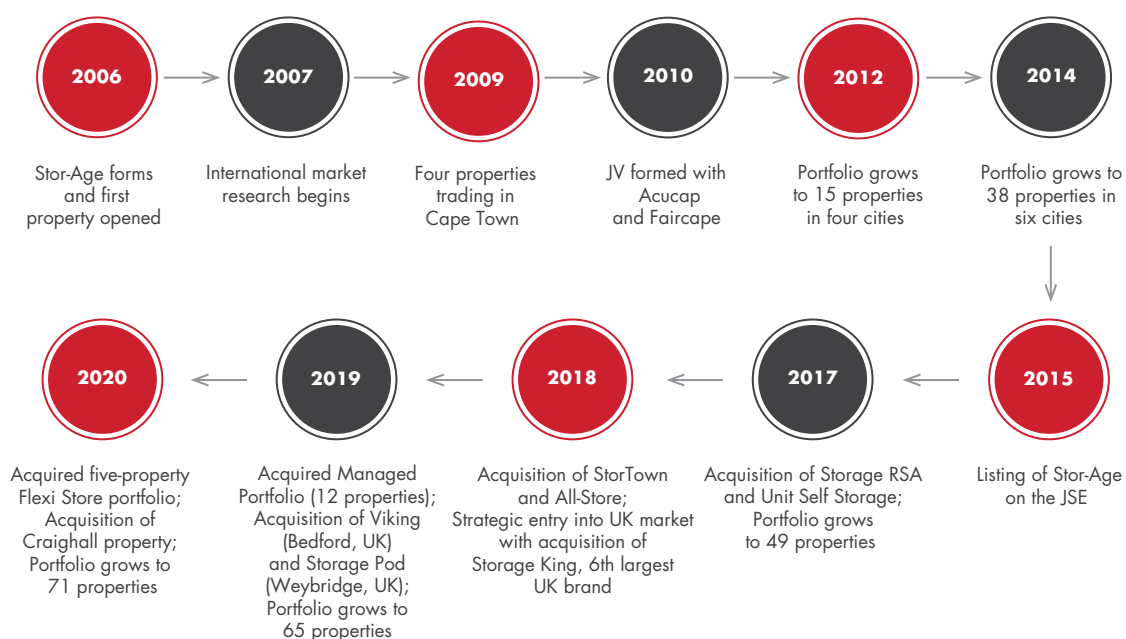
A TRACK RECORD OF DELIVERY

Stor-Age has a clear vision and well-articulated strategy that aims to deliver sustainable growth, increase the scale of the business and ensure that the company remains a self storage market leader with an ambition to continue outperforming its sector peers.

Management has executed its mandate with discipline and focus on all fronts – acquisitions, new store development, existing property expansions, portfolio management, operational execution and marketing. The business model is based on global best practice and strong networks with leading first-world market peers.

“ Stor-Age benefits from having a unique developing and first-world dual-market operating platform, with vastly experienced management teams in both South Africa and the UK, and benefiting from decades of self storage operating experience in the respective markets. ”

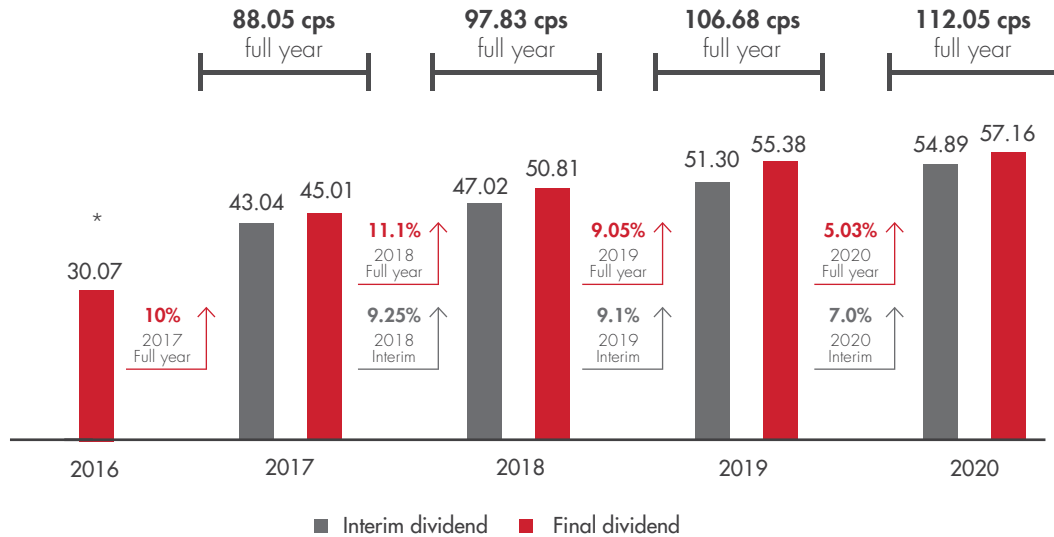
TIMELINE



¹ Shurgard Self Storage, listed on Euronext Brussels, is not a REIT, but included in universe.

CHAIRMAN'S LETTER (continued)

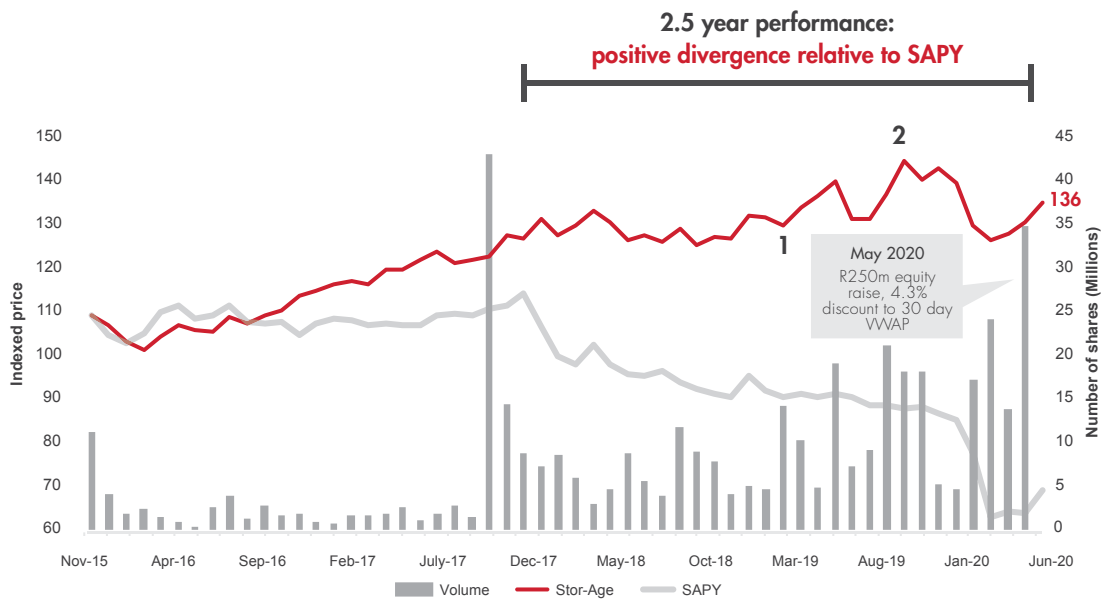
DISTRIBUTION PER SHARE (CENTS PER SHARE)



* Listed November 2015, 4.5 month trading period to year end, distribution annualised.

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.

Since listing, the number of properties in the portfolio has increased from 24 to 71, total available space to let has increased from 181 500 m² to 448 200 m² and our portfolio value has grown from R1.3 billion to R7.0 billion. In September 2019 Stor-Age was included in the JSE SA Property Index ("SAPY"), indirectly recognising the successful execution of our strategy.

Complementing this, Stor-Age has delivered an impressive performance relative to its peers on the JSE. Assuming R100 was invested on the date of our listing in November 2015, and provided that the full pre-tax dividend was reinvested, the investment would be worth R196.75 as at Friday, 19 June 2020. This is compared to the same investment in the JSE All Share Index, which would be worth R123.20, or in the SAPY, which would be worth R60.69.

In the current period we delivered real gains in rental rates and occupancies. This was achieved despite low-growth macro conditions in South Africa, and political and economic uncertainty in the UK. The group further acquired the new high-profile 'Big Box' Craighall property in Johannesburg and concluded the acquisition of the five-property Flexi Store portfolio in the UK. These acquisitions add long-term value to Stor-Age and are evidence of our ability, as sector specialists, to expand the business in a challenging market. Read more about these properties in the CEO's Report on page 33.

We continue to execute our Storage King integration plan in line with strategy, with our proven experience in closing and integrating transactions, treasury management and capital allocation yielding positive results. Importantly, we continue to generate online enquiries in the competitive UK market by successfully leveraging our in-house South African-based digital marketing capability and we are confident that our UK platform is well-positioned to capitalise on future growth opportunities.

COVID-19

Demand from individuals and businesses across our South African and UK property portfolios is directly influenced by economic activity and consumer and business confidence. The downgrading of South Africa's sovereign credit ratings exerted significant pressure on the local economy. This was compounded by the rapid escalation of COVID-19 and the associated government lockdowns in South Africa and the UK. Looking forward, it is inevitable that both economies will experience significant contraction and that there will be a high degree of uncertainty among consumers and businesses for some time. Accordingly, it is not yet possible to quantify the full magnitude, duration and impact that this pandemic will have on our business.

“ Despite the impact of COVID-19, the core demand drivers for self storage remain – supported by economies that continue to be consumption-led. ”

Fortunately, self storage is uniquely-positioned to support life-changing events that lead to fundamental shifts in how consumers behave and how businesses operate. For example, we believe that opportunities will come as a result of consumers downscaling, the adoption of work-from-home due to forced changes in the commercial office sector and the increasing demand for e-commerce.

Our optimism is similarly reflected in investors' continued confidence in the group's performance and strategy. Demand for our equity has remained strong, and the group successfully raised R250 million in a significantly over-subscribed accelerated bookbuild post year end in May 2020.

CREATING VALUE AND MEETING DEMAND

Urban crowding, an emerging middle class, and the trend toward security living in South Africa create ongoing demand for space in a space-limited economy. The digital age has seen a rise in the number of online start-ups requiring adaptable storage options when growing or downsizing their businesses, accelerated by COVID-19.

Broadly, the same social and built-environment trends propelling self storage in South Africa are evident in the US, UK, Europe and Australia. Over the past fourteen years, the group has established a purpose-built, high-quality portfolio to meet these demands. This is supported by a sophisticated operational platform, a strong administrative capability and a highly skilled digital marketing team, ensuring that we deliver unrivalled value and service to our customers, locally and in the UK.

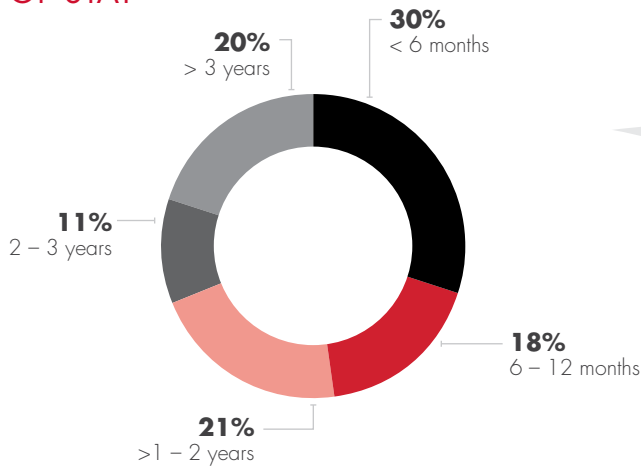
SELF STORAGE INDUSTRY TRENDS

South Africa's self storage industry

The South African self storage industry is well established, competitive and continues to develop. Our research indicates that there are now more than 400 self storage properties in South Africa's six main cities. In specific nodes, we see saturation of supply relative to demand. This differs within each of our four main cities. Accordingly, Stor-Age will only develop new properties where there is strong demand and the barriers to entry are at their highest, most often targeting prime real estate.

CHAIRMAN'S LETTER (continued)

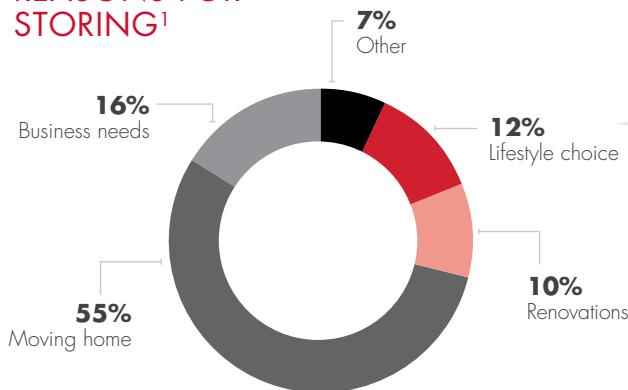
AVERAGE LENGTH OF STAY¹



DEMAND PROFILE

Demand is driven by two significant customer groups: those needing the product for short stays due to life-changing events (< six months: 30%) and those requiring the product for longer-term space requirements (≥ 1 year: 52%).

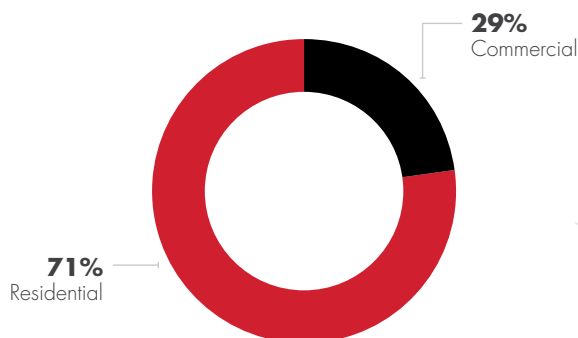
REASONS FOR STORING¹



SELF STORAGE – A NEEDS DRIVEN PRODUCT

All tenants initially use our product due to a tangible need. This makes the business case cyclically resilient.

RESIDENTIAL/COMMERCIAL TENANCY



RESIDENTIAL VERSUS COMMERCIAL TENANTS

Commercial tenants typically store in a larger unit size than residential customers and tend to stay for a longer period of time.

While our commercial tenants account for 29% of our total unit occupancy, they take up 38% of the total occupied space rented.

¹ South African tenants only.

² South African and UK tenants combined.

“ Our development, acquisition, integration and digital marketing capabilities provide a distinct competitive advantage, supported by a strong balance sheet. ”

While self storage is an attractive sector in terms of economic return, barriers to entry in key target locations remain significant. To this end, we are confident in the skills of our management team who have demonstrated their ability to identify and execute on strategic opportunities.

From an acquisition perspective, we remain highly selective and decline opportunities if we are not fully satisfied that the underlying real estate fundamentals warrant capital investment. We ensure sufficient demand relative to existing supply before we invest.

The global self storage market

Self storage remains a growth sector globally with a long track record in first-world markets.

In terms of supply, the US now boasts approximately 55 000 self storage properties, Europe (excluding the UK) approximately 2 700, the UK approximately 1 900 and Australia approximately 1 450.

Notwithstanding the negative impact of COVID-19, the US self storage REIT sector has outperformed its peers and consistently maintained its position in the top four best performing REIT sectors. The outperformance is driven by low capital expenditure needs and attractive operating margins, supported by steady demand.

While the self storage industry in Europe has grown rapidly over the last decade, the market is still considerably underdeveloped compared to the more mature US and Australian markets. It's estimated that in total (including the UK), there are now approximately 4 600 properties providing almost 10 million m² of space. The self storage industry in Europe is fragmented with most properties owned and operated by smaller independent operators, with the UK accounting for approximately 41% of the European market. We believe that the UK displays attractive consolidation opportunities over the medium-term.

The UK officially left the European Union on 31 January 2020 and immediately entered a transition period. This period is scheduled to end on 31 December 2020 when the UK will leave the Single

Market and Customs Union. Ultimately, uncertainty will persist until the final terms governing the future relationship between the UK and the European Union are more clearly defined. As before, we will vigilantly monitor the UK operating environment. However, I remain confident that Stor-Age is well-prepared for any shifts that could negatively impact our future prospects.

A NEW STRATEGY

In pursuit of our Vision, to be the best self storage business in the world, we execute our strategy in five-year tranches. The current year concludes our second five-year strategy and sets up for the third version of the plan, which will take us to 2025.

It is tremendously satisfying to reflect on what has been achieved in the last five years. In this time we have cemented our place as the leading and largest self storage property fund and brand in South Africa. We brought to market the first self storage REIT listing on any emerging market stock exchange globally. We then proceeded to grow the portfolio significantly, focusing on high quality locations and properties. We have continued to add new properties in high-profile and sought-after locations, all the while providing our shareholders with attractive returns.

In November 2017 we strategically entered a new market through the acquisition of Storage King, the sixth largest self storage brand in the UK. We have not only grown the size of this business significantly since acquisition, but also integrated two distinct yet complementary self storage operating platforms across South Africa and the UK.

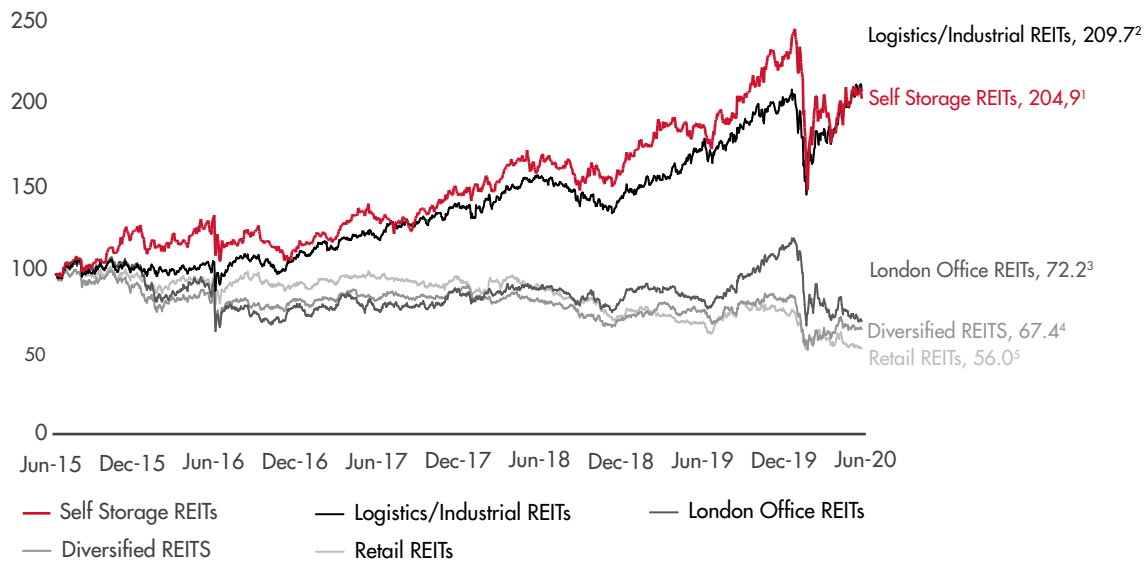
Planning behind the new five-year strategy has been meticulous, and we committed significant resources to complete research projects that informed our growth strategy to 2025. These projects included location mapping, supply and demand components, risk management, as well as leveraging existing customer data. In both South Africa and the UK, the property strategy is compiled at a detailed level, with specific geographical targets and nodes.

On a personal note, I am particularly impressed with the work completed on the digital front, resulting in our digital transformation strategy. The impact of this work is evident in our success in the highly competitive online enquiry generation sphere in the UK, as well as in how it has influenced the formulation of the strategy to 2025. Both locally and in the UK, this has given us a strong competitive advantage and assisted in elevating us to the position of a leading international self storage operator.

CHAIRMAN'S LETTER (continued)

UK REIT SECTOR – SHARE PRICE PERFORMANCE (POUNDS)

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



¹ Self Storage REIT index: Big Yellow, Safestore, Lock'nStore (non-REIT).
² Logistics/Industrial REIT index: Segro, Tritax Big Box, Hansteen.
³ London office REIT index: Great Portland, Derwent, Workspace Group.
⁴ Diversified REIT Index: Schroder Real Estate, ULI REIT, Standard Life Investments, British Land Co., Land Securities REIT, Ediston Property, Custodian REIT, Redefine International AEW UK REIT, Regional.
⁵ Retail REIT index: Shaftesbury, Supermarket Income, Hammerson, New River, Capital Regional.

Source: Bloomberg – 24 July 2020.

“ Stor-Age’s operational performance in both South Africa and the UK remained strong against a backdrop of economic uncertainty. Our intensified operational focus and discipline at a property level, supported by our digital marketing capability, generated ongoing occupancy and revenue growth. ”



CHAIRMAN'S LETTER (continued)

“ We continue to see opportunities to deploy capital to both acquire and develop new properties in line with our well-defined investment criteria. ”

Since the inception of our business almost 15 years ago, we have spent significant time in more mature first-world self storage markets, primarily the US, UK and Australia. Our primary motivation was to fast track our sector knowledge to capitalise on local market opportunities. As an additional benefit, we gained valuable country-specific sector insights, and established significant relationships and networks with publicly-traded and privately-operated peers. We continue to develop and strengthen these relationships as we grow our business in South Africa and the UK.

Our strategic planning has shown that there are continued growth prospects in the South African and UK markets. An additional benefit is the investment committee's inherent ability to assess the merits of new growth opportunities against the well-defined strategy. The group's operating and sector skill is highly specialised, the product nature across countries is homogenous, and there is relative undersupply in many European countries with many self storage businesses still privately owned. Accordingly, the board continues to encourage management to deepen its networks in these markets.

PERFORMANCE BACKED BY SOLID GOVERNANCE

We are aware that the actions taken today will impact on short and medium-term risks and opportunities. This is particularly relevant to the sustainability of Stor-Age, a growing and evolving business. Accordingly, everything that we do is underpinned by our four core values of Excellence, Sustainability, Relevance and Integrity.

We continue to make good progress towards compliance with the recently amended Property Sector Codes, which support transformation within the property sector. The group's approach is based on our Transformation Plan and our philosophy is to drive empowerment from within the group. Read more about this plan in our corporate governance report from page 51.

In line with our core values, the board and executive team promote and support ethical standards of business conduct and corporate governance. We endorse the principles of King IV^{TM1}, and more information about our application of King IV can be found in our corporate governance report from page 51.

We welcome a new member to our board, John Chapman. He has a considerable wealth of commercial property experience and we look forward to his contributions to the skill set, expertise and independence of the board.



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The board further undertook a detailed self-evaluation during the year. This process was managed and coordinated by our independent auditors. Each board member was given an opportunity to comment on eight key performance areas, expanded into 40 questions, around the functioning of the board. Members were given the opportunity to provide feedback on the performances of their peers across a number of relevant categories. Some helpful insights emerged from this process, which will assist in strengthening the board's performance and competence.

OUTLOOK AND THANKS

On behalf of the board, I would like to take this opportunity to thank our previous chairman, Paul Theodosiou, who retired from the board at the end of December 2019. With many years of experience in the South African listed property sector, Paul was the ideal person to lead Stor-Age through its listing in 2015 and its first four and a half years as a publicly traded company.

On a personal level, I express my gratitude for the way in which Paul led our board and instilled a professional culture. Of the highest integrity, he maintained an appropriate focus on robust, yet considered and respectful engagement. At the same time he ensured a friendly, welcoming and inclusive environment for all board members.

I thank my fellow non-executive directors, and congratulate the management team and all employees on another successful year. Thank you for the energy, commitment, skill and competence you continue to bring to our business.

The year ahead already has and will continue to pose unprecedented challenges. However, with an excellent portfolio across the South African and UK markets, a robust and sophisticated operational platform and a healthy and conservatively managed balance sheet, Stor-Age is well positioned to weather the uncertainty.



Graham Blackshaw

Chairman

22 June 2020

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

