



At our core, simply put, Stor-Age exists because we solve people's and businesses' space problems.

Our primary objective is to actualise within a number of dimensions simultaneously for maximum value creation. Stor-Age aims for purpose and profit; continuity and change; freedom to innovate; and responsibility. We strive to respect our colleagues, our customers, ourselves and the organisation, which is greater than the sum of its parts.

Our four Core Values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our Core Values drive our thinking on page 59.

OUR BUSINESS

WHAT WE DO

STORAGE KING

HOW WE DO IT

OUR GROWTH STRATEGY

OUR BUSINESS

WHAT WE DO

Our portfolio comprises 74 self storage properties across South Africa and the UK, with a combined value of R7.6 billion.

Stor-Age rents space to the public, both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 74 properties, we manage more than 38 000 tenants.

We experienced an average monthly churn¹ rate of 5.3% in South Africa, with more than 1 600 new tenants moving in on average each month. In the UK, we experienced an average monthly churn rate of 7.5% with over 900 new tenants moving in on average every month. Due to the lockdown, churn rates were lower than the prior year but increased in the latter part of the year towards historical long-term averages as economic activity improved.

Our average unit size in the UK of 6.2 m² is considerably smaller than our average unit size in South Africa of 12.5 m². The smaller average unit size in the UK contributes directly to the higher churn rate.

DEVELOPING AND ACQUIRING PROPERTIES

ACQUISITION CAPABILITY

Our leading corporate platform, skilled operational management team, industry relationships and specialist sector experience, ensures that Stor-Age is well-positioned to identify and capitalise on strategic acquisition and development opportunities with attractive growth potential. This is evidenced by our successful acquisition and development track record since listing.

Our ability to close transactions and integrate trading properties seamlessly onto our operating platform has also been consistently demonstrated. Since the start of 2017, we have successfully completed 11 transactions to complement our ongoing success in the South African and UK markets. This includes the offshore acquisition of Storage King in November 2017, the acquisition of the Managed Portfolio in South Africa in October 2018 and the five-property Flexi Store acquisition in December 2019. Post year end, in April 2021 we acquired the largest self storage operator in Blackpool in the UK.

We continue to improve our operating platform and infrastructure to maximise revenue, reduce costs and ultimately deliver enhanced returns. At a property level, our people and the high-quality, secure and convenient space offered by our portfolio attract and retain a diverse customer base.

DEVELOPMENTS

Stor-Age develops investment-grade self storage properties in visible, convenient and accessible locations where there are favourable demographics and where suitable acquisitions are not available. The decision is based on the cost of development versus the cost of acquisition, the demographic market analysis and the existence of barriers to entry. Our model for rolling out new properties and expanding existing ones in both South Africa and the UK is well-developed with clearly defined key success criteria.



¹ The average monthly churn rate is calculated by dividing monthly move-outs by opening occupancy.

WHAT WE DO (continued)

During the year we continued to make significant development progress at three new high profile properties at Sunningdale and Tyger Valley in Cape Town, and Cresta in Johannesburg.

The developments of the 6 350 m² Sunningdale property at an estimated cost of R65 million, as well as the 7 100 m² Tyger Valley property at an estimated cost of R92 million, were completed post year end and opened in May 2021.

Development of our 7 400 m² Cresta property at an estimated cost of R102 million, continued during the period and is expected to begin trading in October 2021.

Two additional prime Cape Town sites with the potential of conversion to self storage were acquired during the period, one in Paarden Eiland and the other in Pinelands.

The Paarden Eiland property will comprise an estimated 4 600 m² GLA over five levels and will enjoy high exposure to the busy Marine Drive which carries significant traffic volume in both directions. The Pinelands property, which will comprise an estimated 7 000 m² GLA on completion, is situated on the corner of Howard Drive and Gardeners Way, opposite Howard Centre.

ENERGY GENERATION CAPABILITY

All 52 properties in South Africa are fitted with generators. In the event of an outage, power is seamlessly generated to support the following systems at our stores:

- On-site operating system and server
- Telephone lines and internet connectivity
- Access control and security system
- Electric fence and perimeter beams
- Fire system
- Emergency lighting
- Lifts and hoists

Generation capacity of up to 110 kilovolt-ampere per property allows us to continue operations without major disruption during bouts of electricity supply cuts.

In line with our continued focus on reducing our carbon footprint, 17 of our 52 South African properties are fitted with solar photovoltaic installations. To date, we have invested c. R10 million in renewable energy and generated over 1 million kWh. During the period, our total solar PV system of 500 kW in size reduced our CO₂ emissions by an estimated 600 tonnes. Read more about our solar photovoltaic roll-out in our Environmental Sustainability section from page 55.

BARRIERS TO ENTRY AND THE DEFENSIVE NATURE OF OUR PORTFOLIO

The barriers to new supply in key target nodes are significant. The industry was historically positioned in industrial or urban-edge areas. As a result, there are limited multistorey premium-grade self storage assets in prime urban and suburban nodes, where population density and average household income are key.

Town planning presents a major challenge with long lead times required to gain planning consents. This, in addition to the long lease-up period (financing cost implications) required to reach stabilised occupancy at new stores, is a significant barrier to entry and contributes to the defensive nature of our portfolio.

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

Our South African portfolio is predominantly purpose-built with a national footprint. The 61 properties comprise 52 trading properties and nine new developments in our pipeline. Our 52 trading properties offer 366 000 m² GLA and our pipeline of nine new properties will offer further GLA of 54 000 m² on full build-out.

In defining our property strategy in South Africa, we identified the four main cities on which to focus and then the specific suburbs (including arterial routes) where we would like to establish a presence. This is not a restrictive or instructive strategy, rather a guide that supports our full business growth strategy.



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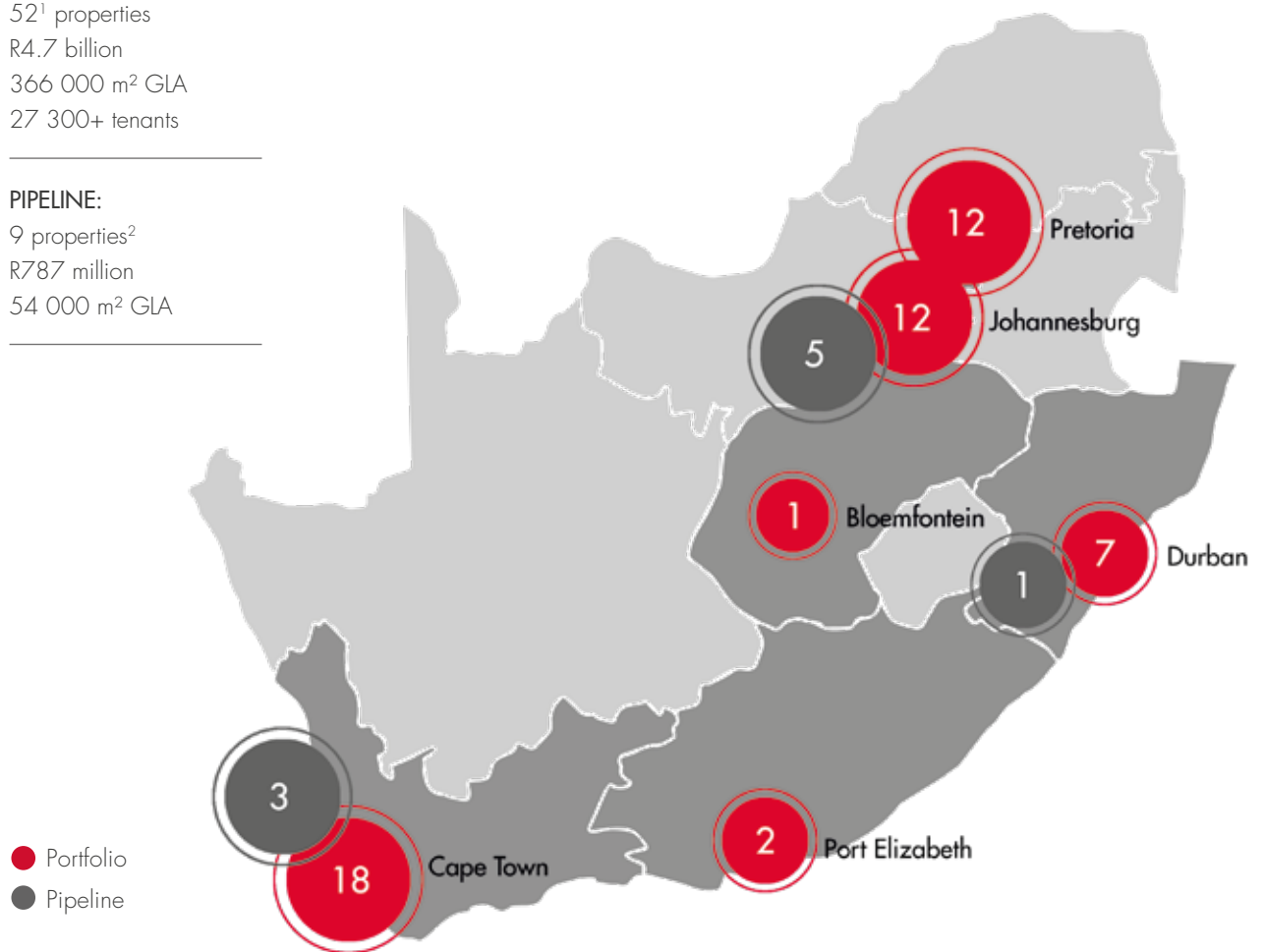
Our portfolio of stores is unrivalled in South Africa, and comprises 52 properties across an extensive national network.

PORTFOLIO:

52¹ properties
R4.7 billion
366 000 m² GLA
27 300+ tenants

PIPELINE:

9 properties²
R787 million
54 000 m² GLA



MAINTAINING OUR PROPERTIES

As a customer-facing real estate business, we understand the critical importance of maintaining the quality of our assets by investing in a rolling programme of preventative maintenance, store cleaning and the repair and replacement of essential equipment.

We have a bespoke, online-based Facilities Management System for store-based employees to log, track and manage all maintenance requests until closed. In conjunction with our store-based employees and area managers, our national facilities manager and city-based regional facilities managers oversee property maintenance with the assistance of dedicated facilities teams in each city.

¹ Includes Sunningdale and Tyger Valley (opened May 2021).
² Includes Cresta, which is currently under construction.

STORAGE KING

Stor-Age is now in its fourth year of trading in the UK under the brand Storage King – the sixth largest UK self storage operator. During the year, the Group continued to successfully capitalise on its strategic entry into the UK market.

The acquisition in November 2017 represented an opportunity to acquire a portfolio of well-located properties and a growth platform with well-invested infrastructure and an experienced management team. The team has considerable industry experience and a track record of demonstrable operational management, improvement and acquisitive growth.

This has been evidenced in the period since acquisition, with Storage King increasing the number of properties in its portfolio from 13 to 22¹ and the total GLA from 543 000 sq. ft to 892 000 sq. ft.

In September 2019, the Group successfully launched “Management 1st” in the UK, a comprehensive third-party management solution offered to independent operators, developers and private equity owners in the UK self storage market. Management 1st is a key component of our UK growth strategy and will enable

the Group to earn additional revenue with minimal capital investment given that we leverage our existing superior infrastructure and skills. The management solution further provides a natural acquisitions pipeline over the medium to long term when third-party owners wish to exit.

During the year four independent operators representing twelve properties contracted with the Group for a digital services offering, a component of the full Management 1st platform. None of the twelve properties competes with existing Storage King properties. While these new agreements will make a modest contribution to earnings in the short term, we remain excited about the longer term prospects of building critical mass and further developing a meaningful revenue stream from Management 1st.



¹ Includes Blackpool in the UK (acquired April 2021).

Overview of Storage King

- Sixth largest operator in the UK by number of stores
- Owns 22¹ properties – 14 freehold and eight leasehold, with an average 14-year unexpired lease term
- A further seven properties trade under licence of the Storage King brand, generating licence and management fee revenue
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well-positioned to secure acquisition opportunities via long-established relationships with independent operators

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Storage King operates 29 well-located properties throughout England.

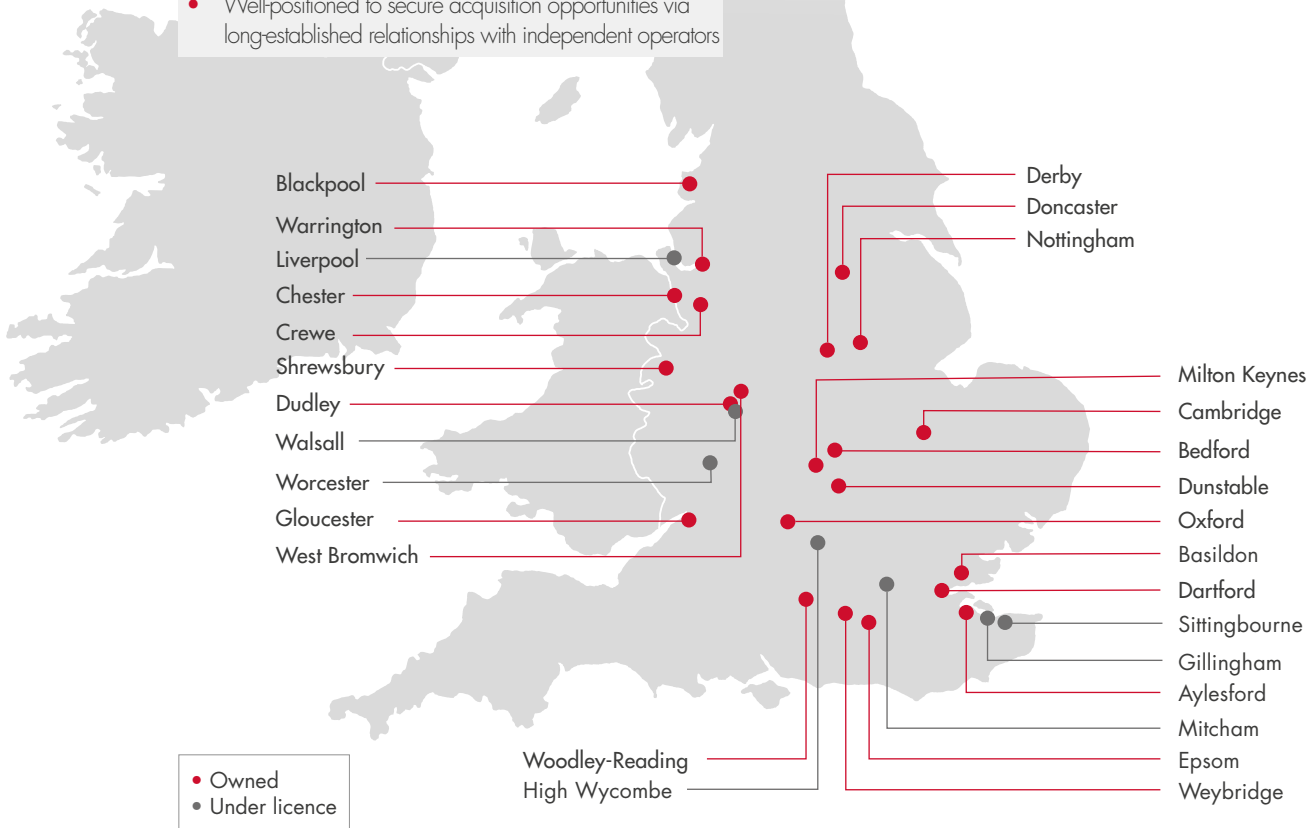
UK PORTFOLIO:

22 owned properties¹

£2.9 billion

82 800 m² GLA

11 100+ tenants



¹ Includes Blackpool (acquired April 2021).

STORAGE KING (continued)

Portfolio overview

- Well-located, with a bias towards the south east and east
- Near key market towns and major arterial roads
- GLA¹ 892 000 sq. ft
- Closing occupancy 90.4%
- Average rental rate £22.10 per sq. ft p.a.
- Average store size² 42 500 sq. ft

Exceptional platform opportunity

- Established management team in place, with significant on-the-ground experience
- Established operating platform, high-quality property portfolio and pipeline of opportunities

“ The resilient nature of the self storage sector and the relative outperformance of the broader commercial property market during the pandemic has led to significant investor demand for self storage assets and operating platforms in the UK. As a result of this, the sector experienced significant yield compression over the last 12 months. ”

Despite the uncertainty created by Brexit, as well as the negative economic impacts due to the COVID-19 pandemic, Storage King and the UK self storage industry continued to trade robustly. Further details of Storage King's performance are set out in the Financial Review section on page 44.

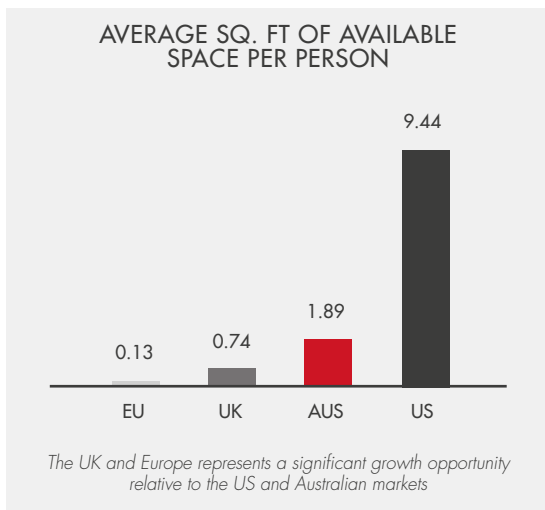
UK self storage industry³

2 000 Self storage properties, includes 563 container operators	82.3% Occupancy on current lettable area	50.5 million sq. ft Total space available
84.3% Occupancy where there has been no expansion in the last two years	0.74 sq. ft Space per person	
£23.94 Average rate per sq.ft per annum	41% The UK holds 41% of the total European self storage market	£33.06 Average rate per sq. ft per annum in London
Population 66 million		

¹ 892 000 sq. ft = 82 800 m² GLA

² 42 500 sq. ft = 3 950 m² GLA

³ Source: The Self Storage Association UK annual industry report, 2021.



ACQUISITIONS, DEVELOPMENTS AND ADDITIONS

ACQUISITIONS

During the period we continued to review acquisition opportunities in line with our stated growth and investment strategy. Post year end, in April 2021 we successfully acquired Blackpool's largest self storage operator, Blackpool Self Store, for £3.6 million. With a 90% occupancy level, the property offers 31 000 sq. ft of lettable area, with the potential to increase to approximately 55 000 sq. ft. The freehold acquisition takes the total number of properties in the portfolio to 22, with a total of 29 trading under the Storage King brand.

MOORFIELD DEVELOPMENT JV

In October 2020 the Group entered into a JV with Moorfield to develop a portfolio of self storage properties focused on London and the South East, with an initial value of £50 million and the potential to increase to £100 million. The first two properties have been secured, with contracts having been exchanged and each site being acquired subject to final planning consent.

“ Our continued expansion in the UK demonstrates our ability to successfully identify, negotiate and close acquisitions in a competitive environment. ”

SITE 1

At a cost of £4.1 million, the exchange of contract was completed in January 2021.

The greenfield site is located in a prime position on a busy arterial road within the M25 orbital motorway to the west of Greater London. A successful pre-application has been concluded with council and the planning application for rezoning has been submitted.

The total development cost is estimated to be approximately £11.5 million, with construction estimated to begin in the second half of FY22.

SITE 2

At a cost of £1.5 million, the exchange of contract was completed in April 2021.

The greenfield site is located in a big box retail corridor with visibility to a busy arterial road in a large conurbation in South East England. A successful pre-application has been concluded with council.

The total development cost estimate is approximately £7.5 million, with construction scheduled to begin once final planning consent has been received.

Read more about the Moorfield Development JV in Our Business – Growth Strategy on page 32.

ADDITIONS

At year end, planning and development was underway to bring online an additional 87 000 sq. ft GLA across 6 existing properties at an estimated cost of £7.9 million.

In May 2021 we completed the extension and fitout at Weybridge, bringing online approximately 15 400 sq. ft additional GLA. Council and planning approvals are also in hand for the extensions at our Chester, Doncaster and Bedford properties, with construction due to start during the 2022 financial year.

At Milton Keynes our design process has been completed and our planning application was submitted in July 2021 to add a further 18 200 sq. ft GLA at an estimated cost of £2.5 million.

HOW WE DO IT

OUR SOPHISTICATED DUAL-MARKET OPERATIONS PLATFORM

We have invested significantly to develop a sophisticated and scalable management platform that provides centralised services and support across the portfolio. This offers economies of scale and cost efficiencies. Our web-based tenant management system provides real-time information on the operating and financial performance of each property. The system has a unique built-in customer relationship management (CRM) tool.

This tool enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. During the period, we generated and managed more than 140 000 enquiries across both markets. Pricing is dynamic and varies according to unit size, demand, the stage of lease-up and location. Internal space across all properties can be reconfigured to produce variations of unit sizes to meet the demand profile and optimise the revenue streams from the property.

Operationally, Stor-Age consists of two elements: systems and people. Our approach to each is summarised below:

1 Systems, including processes, controls and responsibilities

- Defined in operating standards across the business to ensure consistency and continuously updated for improvements in operating capability
- Increasing use of technology and automation for continuous improvement and improved efficiency
- Increased enhancements to our layered network security systems to strengthen defences

2 People

- Strategic focus from inception
- Significant emphasis on recruiting the right people and training, developing and managing employees to achieve their highest potential
- E-learning platform, Edu-Space, complements key face-to-face learning programmes
- Incentivise outperformance at all levels

DEVELOPING OUR BRAND STRENGTH

Developing Stor-Age into the leading South African self storage brand has been a key strategic objective since inception. We have successfully achieved this through our focus on the location, visibility and quality of our properties, underpinned by excellent customer service and a leading online platform.

Our brand strategy is founded on big branding at properties in high-visibility locations on key arterials in densely populated residential suburbs with adjacent commercial and business corridors. Our Big Box properties are especially impactful in this regard.

Given the innate complexity and cost of online sales, our effective and innovative internet technology and digital marketing capabilities have enhanced our brand reach across our growing national and local store base, and allow us to spread our marketing costs over a growing platform. This continues to raise the barrier to entry for competition.

During the period we actively pursued mutually beneficial, strategic commercial partnerships to increase brand visibility among residential and business target audiences. These partnerships enable us to enhance our marketing efforts and engage in cost-effective campaigns that improve enquiry generation through new and existing channels.

Commercial partners include financial institutions, removals companies, coworking spaces, last mile logistics, SMEs, e-commerce platforms, key sporting events, charitable organisations and many others.



A particular area of focus has been the formalisation of our exploratory working relationship with Picup, a logistics software company specialising in 'last mile' delivery solutions. Our portfolio of prime, well-located and secure properties in South Africa's main cities are located in areas where a significant majority of e-commerce deliveries are destined.

During the period our last mile delivery hub pilot at our Craighall property continued to gain traction. Initially designed for up to 500 parcels per day, the hub has experienced peak daily volumes of 768 and average daily parcel volumes of 450 in May 2021. The hub is driven off Picup's tech platform and crowdsourced driver network. Given the early-stage success, an additional two Stor-Age properties are under consideration for extending the proof-of-concept trial.



HOW WE DO IT (continued)

INDUSTRY LEADING SALES, MARKETING AND E-COMMERCE

Leveraging our industry experience and digital capability, we continue to outperform our competitors in terms of new customer acquisition. We continuously innovate and improve the customer experience through ongoing review and refinement of our digital and in-store customer touchpoints. This process results in a cohesive brand experience for our customers, cementing loyalty and increasing sales.

Through ongoing management and optimisation of our online platforms, we maintained our leading rankings for the most popular search terms related to self storage in South Africa and the UK. We continued to execute our strategy of hyper-segmenting our potential customer userbase and delivering customised and relevant messages across various digital channels in both markets. This relevancy-based and targeted strategy enabled us to continuously create bespoke advertising media (video, animations and static images) that directs users to customised landing pages relevant to their behaviour.

“ As an accredited Google and Facebook partner, we continue to benefit from access to beta products through their technical and creative teams, which has enabled us to strengthen and present optimal messaging to the relevant audience on the platforms where they are most active. ”

As an accredited Google and Facebook partner, we have benefitted from having dedicated teams from both platforms who provide us with extensive resources and insights. This has resulted in positive demand generation despite persistent challenging macro conditions in South Africa and the UK.

Our interactive and responsive websites continue to be refined and updated. This enables ongoing traction and encourages web prospects to enter into our digital sales funnels and be converted into a sale.

As a significant percentage of total web enquiries originates from mobile devices, our websites are accordingly designed to be simple and uncluttered. We improved our websites during the period by enhancing

security, refining the user experience and enabling continued deeper integration between our South African and UK platforms.

Following the successful integration of a new digital move-in platform into our daily operations in the early stages of the initial lockdown, more than 95% of new customers during the year in South Africa and a significant majority in the UK were onboarded digitally through this paperless onboarding process. This platform has allowed us to align our on-boarding process to other digital efficiencies within the business.

Our e-commerce platform comprises of an online reservation system, live customer engagement and a real-time pricing module. This enables our online customers to seamlessly transition from obtaining a quote to moving in, thereby enhancing their user experience and reducing move-in time for improved productivity. Our revenue management tool, which we fully integrated into our operating system, further streamlines our pricing management process. It uses multiple signal modelling, which assists us in making pricing adjustments as required.

During the period we continued to focus on improving customer communication to further drive enquiry generation and sales conversion. Through the introduction of cloud-based customer service software, we incorporated Facebook messenger, the WhatsApp Business API (launched in South Africa in August 2020), and our website live chat into one centralised customer communication platform. We also extensively tested the integration of the newly-launched Google My Business messaging feature into this centralised communication platform.

CONTACT CENTRE PERFORMANCE



62 000+
Calls answered



23 000+
Online enquiries responded to



63 000 m²+ GLA
Space reserved



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Full-time employees support our
in-store sales strategy

The operational strength and local market knowledge of Storage King’s management team is complemented by our digital marketing and e-commerce expertise. All acquired properties have been successfully incorporated onto our operations and web platforms, and now benefit from our in-house Google and Facebook accredited digital marketing capability. This resulted in an increase in enquiries and web page visits, and a lower cost of acquisition.

During the year we continued to successfully implement our digital marketing strategy for Storage King, resulting in a 16% increase in advert clicks, a 17% increase in referral traffic and a 250% increase in blog traffic, which has driven a valuable uptick in overall enquiries in the UK market. Our Contact Centre in South Africa began taking overflow phone calls from Storage King during the year, further improving response times and communication within the UK market.

Social media remains a key advertising, consumer engagement and CRM medium for the Group. We are mainly active on Facebook (c. 100 000 followers across both brands, with Stor-Age ranking as the third most followed self storage business in the world) and Instagram, but also on Twitter, Pinterest, LinkedIn and YouTube. Through specific call-to-action buttons, we are able to engage with our customers in real time. As an accredited partner with Facebook (who also own Instagram) we continue to drive optimal performance and improve enquiry generation on both of these platforms, through constant testing and access to resources.

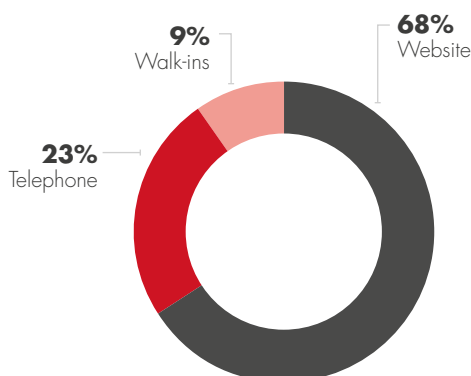
“ We remain at the forefront of online enquiry generation across both markets through constant innovation, improving our in-house digital marketing capabilities and our Google and Facebook partner accreditation. ”

We further use our social media presence and influence to support various community projects and local non-profit organisations. This includes supporting the Kolisi Foundation, of which we became a main sponsor in March 2021, the Santa Shoebox Project and various other local communities and organisations. Refer to the Social Sustainability section from page 57 for more information on these projects and our other corporate social investment initiatives.

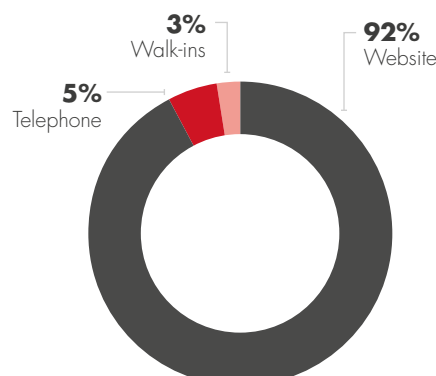
The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 68% of all South African enquiries. The telephone accounts for 23% of enquiries as the first point of contact. Walk-in enquiries, where we have had no previous contact with a customer, account for 9%.

In the UK 92% of all enquiries are made through the Storage King website, while 5% are via the telephone. During the period, walk-in enquiries amounted to 3%.

ENQUIRIES – SOUTH AFRICA



ENQUIRIES – UK



HOW WE DO IT (continued)

MEASURING CUSTOMER SATISFACTION

In South Africa, we actively measure customer service standards through customer welcome and exit surveys using our in-house My Experience Surveys portal, a key source of vital customer data, as well as Google reviews and our mystery shopper programme. In the UK, we make use of both Google reviews and TrustPilot (a third-party review platform).

The mystery shopper programme in South Africa entails in-store visits and telephone calls, to gauge the quality of our sales process. The scoring of each call focuses on customer satisfaction, closing the deal and the flow of the call according to the Stor-Age sales process. These practices ensure that we maintain a consistent user experience across our brands.

We continue to actively engage with customers in both South Africa and the UK on all digital review platforms including, but not limited to, Google My Business reviews. Through various engagement tactics, we encourage these reviews to both drive organic search performance and to foster brand credibility.

“ We are encouraged by our average Google My Business review rating of 4.7 in South Africa and 4.8 in the UK out of 5. ”

In South Africa, we continued to track our Net Promoter Score (NPS) through our welcome and exit surveys as a key measure of our customers' overall perception of the brand. We received over 25 000 responses to these surveys during the period. The welcome survey received a response rate of 76% while the exit survey response rate was 66%.

We continue to see an increase in these responses as a result of having incorporated the completion of the NPS feedback survey into our move-in and move-out process.

Our overall NPS for the year was 77*, consistent with what was achieved during the previous year. This indicates that our customer-centric approach is excellent when compared to global NPS standards and other consumer-facing businesses.



* Above 50 is "excellent" and above 70 is considered "world class".

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 29.

OUR PEOPLE

Across both of our brands in South Africa and the UK we have a flat operational structure that recognises our store-based teams as pivotal to achieving our strategic objectives. This includes driving occupancy, revenue and cash flow growth in the portfolio. To foster a partnership culture within the business, management spends significant time at the properties and is accessible to all employees.

“ We continue to provide our staff with the best opportunity for personal growth through a variety of learning and development initiatives, which includes our bespoke e-learning platform and a comprehensive performance management system. ”

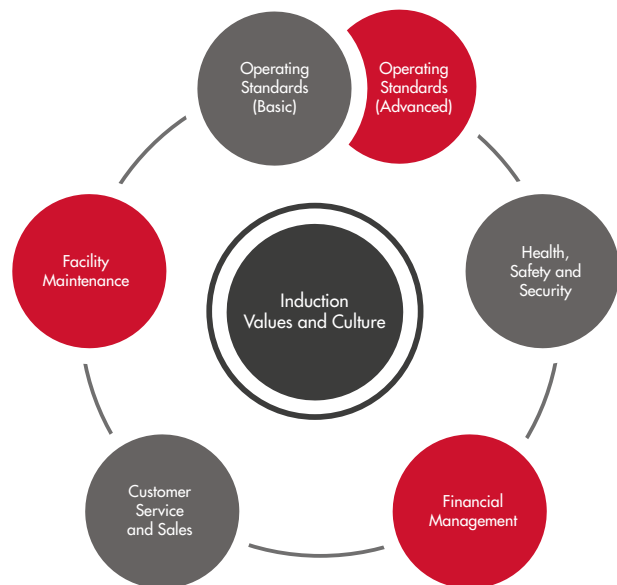
Our bespoke e-learning platform (Edu-Space) continues to provide additional benefits to the business across both South Africa and the UK, such as increased flexibility, efficiency and productivity, as well as reduced costs. As an example, senior managers across the different functional areas in the business are now equipped to produce business-specific learning modules on the platform.

To further support our Edu-Space platform, we continued to make use of LinkedIn Learning as an on-demand online education resource for senior managers and functional teams. Post year end, we also acquired bespoke professionally-crafted online learning content to supplement that which we have developed in-house.

During the period we held virtual facilitated half-year and full-year planning workshops for our combined

senior management teams from South Africa and the UK. Our South African-based management committee (manco) structure continues to enhance our management planning capability and foster the growth of senior middle managers in key portfolios across the business. Strategic planning across the business continues to be implemented through quarterly meetings of the manco, where key objectives and goals are identified.

E-LEARNING FRAMEWORK¹



¹ Includes South Africa and UK



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New online courses designed in 2021



22 000+

Hours of online training completed in 2021

HOW WE DO IT (continued)

ENSURING SECURE STORAGE

We aim to provide the ultimate in secure storage. This includes ensuring our customers' peace of mind when it comes to their personal security and the security of their possessions.

Given the greater security risk in South Africa, we continue to work with a third-party security company for remote monitoring of our security camera surveillance systems as well as licence plate recognition technology at new and existing properties. These systems are considered complementary to our existing systems and improve our ability to actively manage our on-site security infrastructure. Properties have been selected based on an internal risk matrix, which takes into account various property and operational related features at each store in the portfolio. At year end, 38 properties were fitted with these systems, with installation at an additional 12 properties in progress.

To enhance physical security features, we previously developed a bespoke self storage door alarm and monitoring system in South Africa. All newly developed properties are fitted with this system, with a total of 10 stores now operational. In the UK, 16 of the 22 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term.

As part of our security measures, we continue to perform weekly and month-end padlock counts of every storage unit at our properties. This is a digitised process in South Africa, where the status of each unit (occupied, vacant, overlocked in the case of a debtor) is recorded by the property's operations manager on tablets using an application developed internally. The reconciliation of the padlock count to the tenant management system is automated and produces an exception report. An additional feature enables senior management visiting properties to perform synchronised counts that overlap with existing reports.

While improving employee efficiency, the digitised process also improves transparency and the accuracy of results.

Access to our properties is automated and requires personal verification by means of an electronic tag in South Africa and a personal identification number in the UK. Strategically located cameras provide CCTV surveillance, which is bolstered by alarm systems. In South Africa, electrified perimeter fencing and infrared beams at certain stores are installed as well.

ENHANCING OUR CYBER SECURITY

In response to the global increase of ransomware and other cyber security attacks, we continue to enhance our layered network security systems to strengthen defences.

We partner with reputable, specialist service providers to ensure cyber security measures are maintained at the highest level. Together with a cloud-based approach for essential services, our information communication and technology objectives of employing effective redundancy measures, enhancing security and ensuring continuity, remain strategic priorities. At the same time, we continue to communicate with all staff across the business to share best practice when it comes to vigilance and cybercrime awareness.

To mitigate risks associated with the work-from-home environment, Virtual Private Network (VPN) connections are managed by a perimeter firewall. User behaviour and devices are subject to the same permissions and security when connected to the network remotely.

Our users are continuously monitored to ensure the most effective use of resources and to limit opportunities to breach the Group's cyber defences. Our cyber security strategy, suppliers and network design are reviewed regularly to stay abreast of leading best practice and remain relevant in the use of technology.



OUR GROWTH STRATEGY

With deep product understanding and experience in emerging and first-world markets, Stor-Age boasts a successful track record of developing, acquiring and managing self storage assets. The business benefits from outstanding real estate expertise, an excellent dual-market operations platform, leading digital marketing capability and an established global peer network.

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are currently in the first year of the cycle ending 2025, and have undertaken strategic and meticulous planning for the five-year period. A key focus remains our digital transformation strategy which significantly influences our business strategy. Read more about this strategy in our Chairman's letter from page 7.

We intend to continue growing the portfolio and enhancing performance and investor returns by:



Extracting organic growth through active revenue management, developing additional GLA and optimising the unit mix at properties



Leveraging our tenant management software platform to unlock value, drive cost efficiencies and entrench our competitive advantage



Pursuing acquisitions, and consolidating our position as the leading and largest self storage brand in the South African market



Developing new properties in prominent high barrier to entry locations in our core markets in South Africa and the UK



Opportunistically leveraging the platform through our operations and digital capability, as well as our real estate expertise



Managing financial risk through prudent capital management policies

The strategy seeks to maintain Stor-Age's position as the leading and largest self storage property fund and brand in South Africa:

- Largest store footprint
- Quality stores in high-profile and convenient locations
- Prominent and easily accessible
- The benchmark for modern, urban self storage development

To inform our strategic cycle to 2025, we revisited the four major research projects completed in 2015 with a specific focus on supply levels, anticipated demand,

customer profiling and consumer demographics. These projects give us key insights which inform and optimise our growth strategy, allowing us to better understand our residential and business customers, and anticipate future demand.

While we see an opportunity to acquire existing properties, our new development strategy is detailed, with a focus on high barrier to entry areas in our core markets. Our plan to 2025 includes growing the South African portfolio to 70+ properties.

OUR GROWTH STRATEGY (continued)

OUR GROWTH STRATEGY FOR THE UK MARKET

Our business plan for Storage King is guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio and continuing to leverage our high quality in-place self storage management platform.

During the year, we continued to focus on key high-impact foundational areas to position Storage King optimally for future growth. We continued to make significant progress in integrating key South African-based head office support services into the Storage King platform. In addition to the property strategy outlined below, we continued to see the positive impact on enquiry generation during the year as a result of successfully leveraging our digital marketing capability into the UK.

Our five-year strategy for the UK market to 2025 seeks to grow the portfolio through a combination of acquiring existing self storage properties, developing new properties in key target areas and adding trading properties to our third-party management platform – Management 1st. We have identified a growth target of an average of two to four properties per annum. Read more about Management 1st in Our Business – Storage King, on page 20.

Key features of the medium-term growth plan include:

Acquiring existing self storage properties that meet Storage King's acquisition criteria:

- Good locations in strategic and regional cities
- Within/close to attractive urban or suburban nodes
- Ideally within/close to a retail corridor
- Ideally located with main road frontage to passing traffic
- 35+ operators identified
- Minimum requirements targeted
 - 30 000+ sq. ft maximum lettable area (MLA)
 - 75 000+ population, 20-minute drive time

Developing investment-grade self storage properties in prominent, visible, convenient and accessible locations:

- Key locations in strategic and regional cities
- Big Box (greenfield) – high-density retail or commercial type nodes, within attractive urban/suburban areas and with main road frontage to passing traffic (typically multistorey, three+ floors)
- Conversions (brownfield) – conversion of existing buildings in retail or commercial type nodes in close proximity to dense urban areas
- Minimum requirements targeted
 - 45 000+ sq. ft MLA
 - 100 000+ population, 20-minute drive time

MOORFIELD JV

During the year we finalised terms and entered into a joint venture with Moorfield, a leading UK real estate fund manager, to develop a portfolio of self storage assets with an initial value of approximately R1.1 billion (£50 million) and with the potential to increase to over R2.2 billion (£100 million). The UK-focused development JV, which provides Stor-Age with a significant platform to execute its strategic growth plans in the UK over the medium term, will enable the Group to develop a portfolio of self storage assets, focused on London and the South East of England.

The key terms of the JV are set out below:

- Initial equity contribution of £25m
- Target to achieve approximately 50% loan to cost for new developments

- Equity capital contributions will be in the ratio 75.1:24.9 (Moorfield:Stor-Age)
- Separate SPVs will be set up for each new development
- All newly developed properties will be managed by Storage King under Management 1st
- Storage King will earn management fees for acquiring, developing and managing the assets
- Storage King will have a pre-emptive right to acquire all newly developed assets once certain predefined operating criteria have been met

The JV is pursuing various opportunities, leveraging Storage King's established relationships and reputation to secure off-market opportunities. Read more about the first two properties that have been secured for development in Our Business – Storage King, on page 23.

LEASEHOLD OWNERSHIP

Storage King maintains a flexible approach to leasehold and freehold property ownership, which enables it to grow the business, secure prime locations and position the portfolio optimally.

While Storage King's approach to leasehold property valuation is based conservatively on future cash flows until the next contractual lease renewal date, it has a demonstrable track record of successfully regearing leases several years before renewal. Storage King benefits from the Landlord and Tenant Act, which protects its right of renewal except in the case of redevelopment.

In addition, the vast majority of Storage King's leasehold properties are located in retail parks and/or have building characteristics that make their current usage either the optimal or best use of the property.

Furthermore, as property investors, Storage King's landlords value the quality of Storage King as a tenant and often extend the length of the leases in their portfolios. This enables Storage King to maintain favourable terms.

Ultimately, maintaining a flexible approach to leasehold ownership as part of a broader portfolio assembly strategy has allowed Storage King to operate from properties that would otherwise have been unavailable.

