



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 65.

## OUR BUSINESS

WHAT WE DO

STORAGE KING

HOW WE DO IT

OUR GROWTH STRATEGY

# OUR BUSINESS

## WHAT WE DO

Our portfolio comprises 85 self storage properties across South Africa and the UK, with a combined value of R10.2 billion.

Stor-Age rents space to both individuals and businesses, on a short-term flexible lease basis. Across our portfolio of 85 properties, we manage approximately 45 000 tenants.

We experienced an average monthly churn<sup>1</sup> rate of 5.4% 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 9.0% with over 900 new tenants moving in on average every month.

Our average unit size in the UK of approximately 6 m<sup>2</sup> is considerably smaller than our average unit size in South Africa of approximately 12 m<sup>2</sup>. The smaller average unit size in the UK contributes directly to the higher churn rate.

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.

## ACQUIRING AND DEVELOPING PROPERTIES

### ACQUISITION CAPABILITY

Our leading corporate platform, skilled operational management team, industry relationships and specialist sector experience ensure 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.

We have also consistently demonstrated our ability to close transactions and integrate trading properties seamlessly onto our operating platform. Since the start of 2017, we have successfully completed 16 transactions to complement our ongoing success in the South African and UK markets.

During the year we acquired two independent self storage properties in Cape Town. In the UK we concluded three acquisitions, totalling nine properties.

The South African acquisitions included Silver Park Self Storage ("Silver Park") and Green Cube Self Storage ("Green Cube"). The Silver Park property is located alongside Okavango Road in Brackenfell in Cape Town's northern suburbs with 7 600 m<sup>2</sup> GLA. The acquisition was completed in November 2021

for a purchase consideration of R60.1 million. In December 2021 we completed the acquisition of the Green Cube property, located in Cape Town's southern suburbs with 5 500 m<sup>2</sup> GLA, for a purchase consideration of R48.0 million.

Both properties complement the existing portfolio and present an excellent opportunity for occupancy and rental rate growth.

The UK acquisitions included two multi-store portfolios, McCarthy's Storage World ("McCarthy's"), with four properties in Yorkshire and Storagebase, with two properties in the south west, one property in the south east and a further property in the West Midlands. Read more about our UK acquisitions on page 23.

## 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 to develop 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 developing established properties and expanding existing ones in South Africa and the UK is well-developed with clearly defined key success criteria.

At year end, Stor-Age's secured development pipeline in South Africa comprised ten properties with an approximate development cost of R900 million, which will add an estimated 60 800 m<sup>2</sup> GLA to the portfolio.

During the year we completed the development of three properties at Sunningdale (6 350 m<sup>2</sup> GLA at a cost of R65.0 million) and Tyger Valley (7 100 m<sup>2</sup> GLA at a cost of R96.0 million) in Cape Town, and Cresta (7 400 m<sup>2</sup> GLA, at a cost of R102.0 million) in Johannesburg.

Sunningdale and Tyger Valley opened their doors and began trading in May 2021. Cresta began trading in September 2021.

## NEDBANK JV

In September 2021 Stor-Age announced a JV with Nedbank Property Partners, a division of Nedbank, to develop two high profile properties in Morningside and Bryanston. The properties will be branded and managed by Stor-Age.

Nedbank has been a primary debt funder to Stor-Age for more than a decade and has a detailed understanding

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

## WHAT WE DO (continued)

of the self storage asset class. Construction at both properties has commenced.

Each party owns a 50% equity interest in the JV with certain rights to acquire/dispose of their respective equity interest to the other party. Stor-Age will earn fees from developing and managing the properties.

The JV with Nedbank enables Stor-Age to grow and achieve further scale in South Africa whilst providing an attractive return on invested capital. It also allows for the mitigation of the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature level of occupancy.

Moving forward, it is anticipated that the majority of new developments will be completed in a JV structure with a development partner.

### MORNINGSIDE AND BRYANSTON

Construction is currently underway at Morningside (7 400 m<sup>2</sup> GLA) and Bryanston (4 700 m<sup>2</sup> GLA) in Johannesburg, at an estimated development cost of R125.0 million and R75.0 million respectively.

Both properties are exceptionally well located and will benefit from prime exposure to passing traffic, with the Morningside property situated alongside the Wedge Shopping Centre on Rivonia Drive, and the Bryanston property positioned alongside the Virgin Active at Grosvenor Crossing.

### PINELANDS AND PAARDEN EILAND

Planning is in progress to convert two prime properties in Cape Town into modern, bespoke Big Box self storage properties. Construction is scheduled to start during FY23.

Pinelands (7 300 m<sup>2</sup> GLA) and Paarden Eiland (4 700 m<sup>2</sup> GLA), at an estimated development cost of R80.0 million and R59.0 million respectively, are both superbly located. The Pinelands property is situated on the corner of Howard Drive and Gardeners Way, opposite Howard Centre, and the Paarden Eiland property enjoys high exposure to the busy Marine Drive.

### KRAMERVILLE

In Johannesburg, planning is currently in progress to convert the well located Kramerville property. At an estimated total development cost of R55.0 million, the property is forecast to have 4 700 m<sup>2</sup> GLA. The property is ideally suited to self storage conversion, with the necessary structural load capacity. It benefits from existing drive-up access across multiple levels, as well as from high visibility on the corner of Darfield Road and Commerce Crescent.

### UK DEVELOPMENTS

During the year we made significant progress in executing our UK development strategy, adding new sites for future

development to the pipeline, as well as breaking ground on our first new development at Heathrow in west London. Read more about our UK developments on page 24.

### ENERGY GENERATION CAPABILITY

All 55 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 properties:

- 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 outages.

In line with our continued focus on reducing our carbon footprint, 23 of our 55 South African properties are fitted with solar photovoltaic installations. To date, we have invested more than R10 million in renewable energy and generated over 1.7 million kWh. During the period, our total solar PV system of approximately 750 kWh in size reduced our CO<sub>2</sub> emissions by more than an estimated 750 tonnes. Read more about our solar photovoltaic roll-out in our Environmental Sustainability section from page 58.

### 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 areas or on the urban edge. As a result, there are limited multistorey premium-grade self storage assets in prime urban and suburban nodes in South Africa, where population density and average household income are key.

Town planning presents a major challenge in South Africa and the UK, 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 properties, 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 65 properties comprise 55 trading properties and 10 new developments in our pipeline. Our 55 trading properties offer 485 800 m<sup>2</sup> GLA and our pipeline of 10 new properties will offer a further estimated 60 800 m<sup>2</sup> GLA on full build-out.

# 55

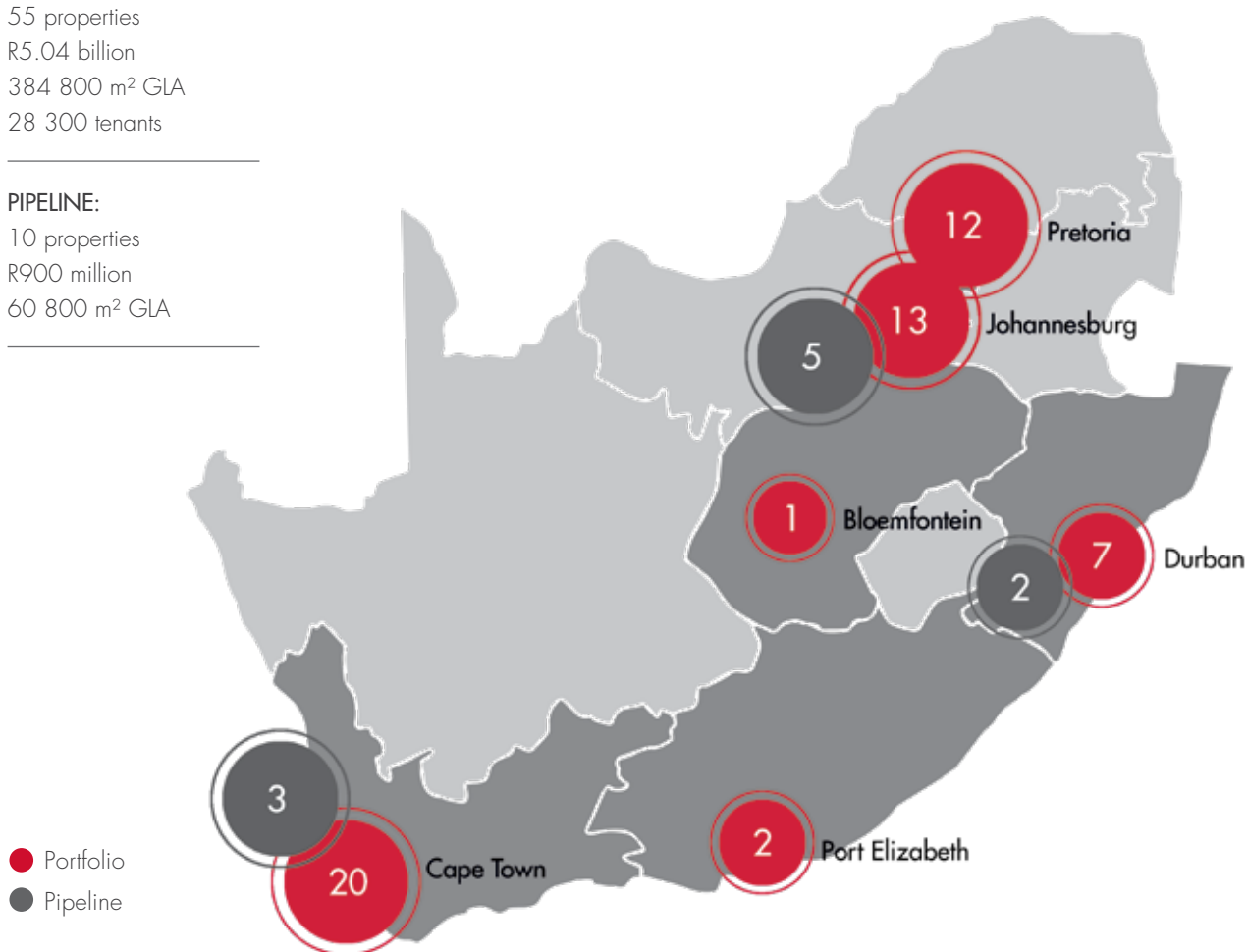
Our portfolio of stores is unrivalled in South Africa, and comprises 55 properties across an extensive national network.

#### PORTFOLIO:

55 properties  
R5.04 billion  
384 800 m<sup>2</sup> GLA  
28 300 tenants

#### PIPELINE:

10 properties  
R900 million  
60 800 m<sup>2</sup> GLA



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.

### 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 an 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.

# STORAGE KING

Stor-Age is now in its fifth year of trading in the UK under the brand Storage King – the sixth largest UK self storage operator.

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 30 and the total GLA from 543 000 sq. ft to 1 300 000 sq. ft<sup>1</sup>. During the year, the Group continued to successfully capitalise on its strategic entry into the UK market, adding a further nine properties to the portfolio.

A further four properties representing an estimated 226 000 sq. ft GLA, at a total estimated development cost of £44.0 million, have been secured in the development pipeline within the Moorfield JV.



<sup>1</sup> Includes trading properties held in JVs and managed by the Group.

## Overview of Storage King

- Sixth largest operator in the UK by number of properties
- Owns 30 properties – 22 freehold and eight leasehold, with an average 12-year unexpired lease term
- A further six properties trade under licence of the Storage King brand, generating licence and management fee revenue, with an additional property under full management. This brings the total number of properties trading under the Storage King brand to 37
- 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

**37** Storage King operates 37 well-located properties throughout England.

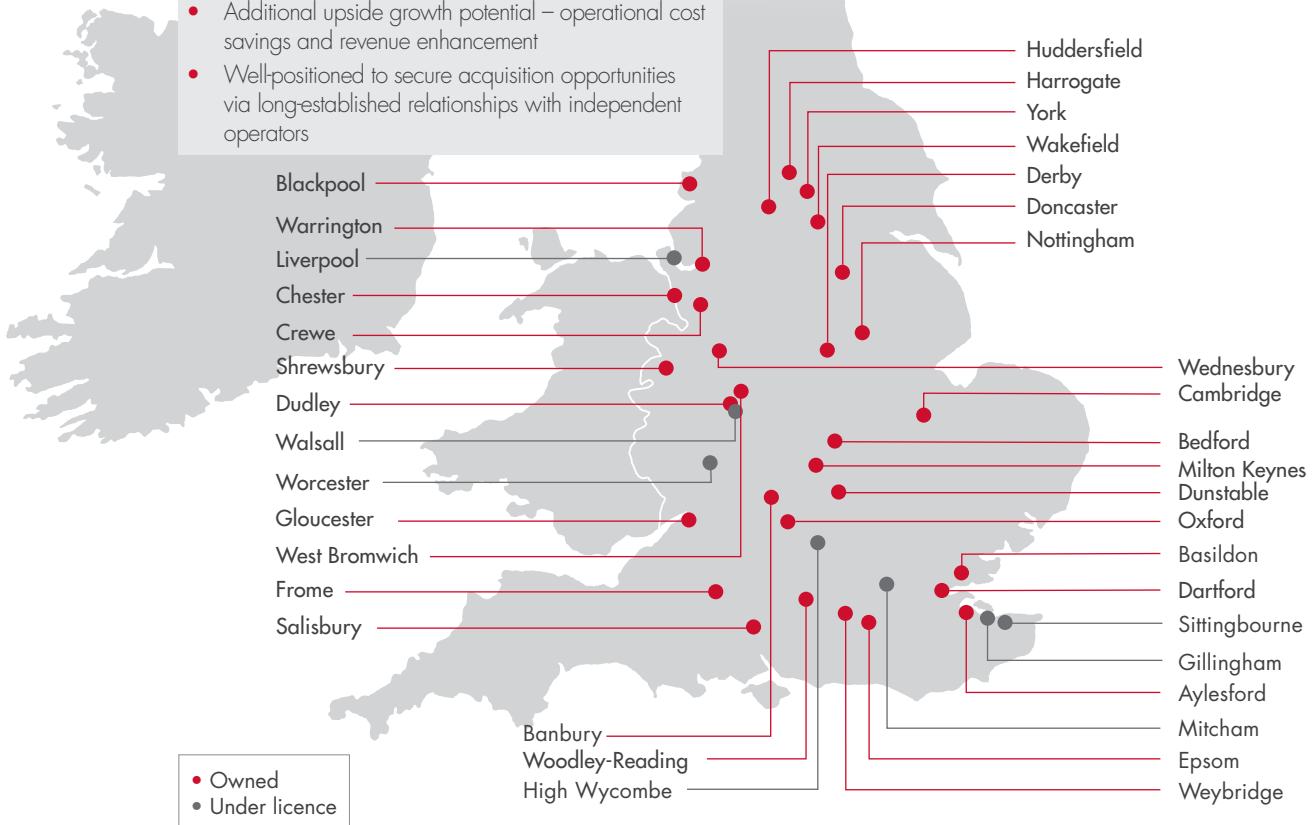
### UK PORTFOLIO:

**30 owned properties<sup>1</sup>**

**R5.58 billion<sup>1</sup>**

**101 000 m<sup>2</sup> GLA<sup>2/3</sup>**

**16 500 tenants**



<sup>1</sup> Includes trading properties held in JVs and managed by the Group.

<sup>2</sup> Excludes trading properties held in JVs. Including JV properties, the Storage King portfolio comprises 120 700 m<sup>2</sup> GLA.

<sup>3</sup> 101 000 m<sup>2</sup> = 1 087 100 sq.ft.

# STORAGE KING (continued)

## Portfolio overview

- Well-located, regionally dominant portfolio throughout England
- Near key market towns and major arterial roads
- MLA<sup>1/2</sup> **1 487 100 sq. ft**
- Closing occupancy **88.3%**
- Closing rental rate **£23.63 / sq. ft per annum**

## Exceptional platform

- Experienced management team, with deep sector knowledge and a track record of delivery
- Excellent operating platform, high-quality property portfolio and pipeline of opportunities
- Proven ability to source, negotiate, close, and successfully integrate high quality acquisitions
- Moorfield JV
  - Bespoke, best-in-class new developments in prime locations – unlock value and support outperformance over the medium term
  - Provides an avenue to compete in a highly sought-after and competitive first world market
  - Provides access to high quality self storage assets at attractive yields

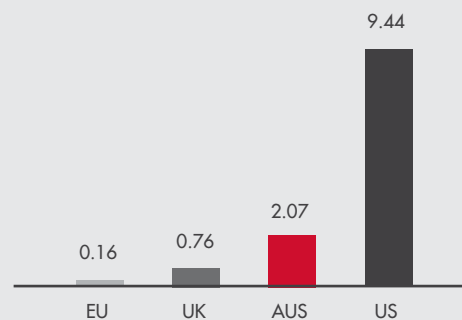
Despite the ongoing uncertainty and negative economic impacts due to the pandemic, self storage continued to experience an acceleration in the underlying fundamentals such that there was a step change in the maturity of the sector. Accordingly, Storage King and the UK self storage industry continued to trade robustly. Further details of Storage King's performance are set out in the Financial Review section on page 46.

## UK self storage industry<sup>3</sup>

<b>2 050</b> Self storage properties, includes 621 container operators	<b>83.3%</b> Occupancy on current lettable area	<b>52 million sq. ft</b> Total space available
<b>86.2%</b> Occupancy of mature stores, those over six years old	<b>0.76 sq. ft</b> Space per person	
<b>£26.13</b> Average rate per sq.ft per annum	<b>40%</b> The UK holds 40% of the total European self storage market	<b>£36.38</b> Average rate per sq. ft per annum in London

**Population 67.6 million**

## Average sq.ft of available space per person



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

<sup>1</sup> MLA - maximum lettable area; 1 487 100 sq. ft = 138 200 m<sup>2</sup>.

<sup>2</sup> Includes trading properties held in JVs and managed by the Group.

<sup>3</sup> Source: The Self Storage Association UK annual industry report, 2022.

## MANAGEMENT 1<sup>ST</sup>

The Group continued to make excellent progress in building out “Management 1<sup>st</sup>” in the UK, its comprehensive third-party management solution offered to independent operators, developers and private equity owners in the UK self storage market. Management 1<sup>st</sup> is a key component of our UK growth strategy and enables 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, an additional seven independent operators representing seventeen properties contracted with the Group for a digital services offering, a component of the full Management 1<sup>st</sup> platform. These operators are situated in England, Scotland, Ireland, Spain and Italy. None of the seventeen properties competes with existing Storage King properties. A total of 35 properties are now contracted with the Group for the digital services offering.

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 1<sup>st</sup>.

## MOORFIELD JV

Entered into in October 2020, the JV aims to assemble a portfolio of high quality self storage properties in prime locations in England through acquisitions and new developments. Stor-Age has a 24.9% equity interest in the JV and also earns management fees for acquiring, developing and managing properties therein.

Moorfield is a leading UK real estate fund manager with a more than 25-year track record of successfully investing in multiple real estate subsectors. The JV provides Moorfield with an opportunity to invest alongside Stor-Age as sector specialists into the attractive and growing niche sector.

It also presents Stor-Age with an opportunity to grow and achieve further scale in the UK. The JV provides an attractive return on invested capital, thus presenting an avenue to compete in a highly sought-after and competitive first world market by providing access to high quality self storage assets at attractive yields. It

“We continue to be guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio.”

also allows the Group to mitigate the financial impact of the lease-up of newly developed self storage properties, which can take several years to reach a stabilised and mature level of occupancy.

The Group holds a pre-emptive right in respect of each individual property in the JV, should Moorfield wish to exit any of the properties or the JV portfolio as a whole at a point in time in the future. The JV continues to pursue a number of other acquisition opportunities.

Read more about the Moorfield Development JV in Our Business – Growth Strategy on page 33.

## ACQUISITIONS, DEVELOPMENTS AND ADDITIONS

### ACQUISITIONS

During the year we continued to review acquisition opportunities in line with our stated growth and investment strategy and we successfully completed three acquisitions at a total value of £100 million and representing approximately 462 500 sq. ft GLA.

The acquisitions included Blackpool Self Store, which was acquired from an independent operator in April 2021, the four-property McCarthy’s portfolio acquired in January 2022, and the four-property Storagebase portfolio acquired in March 2022.

### BLACKPOOL

Comprising 28 300 sq. ft GLA, with the potential to increase to 55 000 sq. ft GLA by developing the rear car park area, the freehold property was acquired for £3.9 million. The property has performed exceptionally well post acquisition.

### MCCARTHY’S

A high quality, regionally dominant four-property freehold portfolio situated in Yorkshire, the acquisition was completed in January 2022 for £37.5 million. The portfolio comprises 130 600 sq. ft GLA, with the potential to increase to an estimated 203 500 sq. ft on a fully fitted-out basis.



## STORAGE KING (continued)

Situated in York, Harrogate, Huddersfield and Wakefield, the properties are well-located and benefit from excellent visibility and prominence, while trading into dense residential areas and boasting attractive trading histories.

### STORAGEBASE

A high quality, four-property freehold portfolio, the acquisition was completed in March 2022 for a purchase consideration of £59.0 million. Storagebase was acquired in the Moorfield JV, with the Group taking a 24.9% equity stake. The portfolio will be rebranded as Storage King and managed under the Management 1<sup>st</sup> programme.

The portfolio represents 302 400 sq. ft of predominantly modern, bespoke, purpose-built properties located in Banbury, Wednesbury, Frome and Salisbury.

Banbury, Wednesbury and Frome, representing 200 400 sq. ft GLA are well-established mature self storage properties with attractive trading histories.

Salisbury is a new, modern, purpose-built self storage property which opened in April 2022. With an estimated 102 000 sq. ft GLA on full fit-out, the property presents the opportunity for significant valuation upside as it leases-up to mature occupancy levels, supporting outperformance over the medium term.

Well-located and with excellent visibility and prominence, the properties trade into large residential catchment areas and consist of above average GLA target sizes. This will contribute to improved operating margins.

The portfolio complements existing and to-be-developed Storage King properties. Frome and Salisbury provide Storage King with a greater presence in south west England. Banbury and Wednesbury complement existing properties in the Storage King portfolio in south east England and the West Midlands respectively.

### DEVELOPMENTS

Securing and developing new properties in the UK remains a focus area for the Group. Four properties have been secured for future development in the Moorfield JV, which will bring online a total estimated GLA of 226 000 sq. ft. Two of the four properties are currently under construction. The total project costs for the four developments, situated in Heathrow (London),

Bath, the south east and West Midlands, is estimated to be £44.0 million.

All newly developed JV properties will be managed under Management 1<sup>st</sup>.

### HEATHROW

The Heathrow property is a greenfield development located to the west of London, inside the M25 Orbital Motorway (M25) and situated in close proximity to Heathrow Airport. The property transferred in October 2021.

The site is located on a prominent intersection on Great South-West Road (A30) and the Causeway (A312), both of which enjoy high traffic volumes, and is less than one mile from Hatton Cross Station and Heathrow Airport.

The property will comprise an estimated 62 650 sq. ft GLA over five levels with the total project costs estimated to be £13.0 million. Construction of the property began in March 2022.

### BATH

The Bath property is a brownfield conversion located within a prominent retail park and sits directly alongside a Marks and Spencer (M&S) Foodhall, just off the A36 Lower Bristol Road. The property transferred in January 2022.

The property will comprise an estimated 45 000 sq. ft GLA over three levels with the total project costs estimated to be £11.0 million. Construction work for the conversion of the property began in April 2022.

### SOUTH EAST

The property will be a greenfield development, located in a big box retail corridor with visibility to a busy arterial road in a large conurbation. The exchange of contract was completed in April 2021.

Planning has been approved, with completion of transfer and the appointment of the contractor imminent.

Construction of the estimated 55 000 sq. ft GLA property, at a total estimated cost of £9.0 million, will commence upon receipt of final planning consent.

### WEST MIDLANDS

The property will be a brownfield conversion, located within a prominent business park and benefiting from significant exposure to passing traffic.

The estimated 64 000 sq. ft property has been secured and due diligence is complete. Exchange and completion of contracts is imminent with a town planning application to change the use to be submitted thereafter.

#### ADDITIONS<sup>1</sup>

Construction is currently underway to bring online an additional estimated 60 900 sq. ft GLA at an estimated cost of £7.2 million across three existing properties – Chester, Doncaster and Bedford. At each of these properties, the new build sections will provide improved economies of scale, and also significantly enhance the kerb appeal and overall retail aesthetic of the existing property.

#### Summary of buildout activity, completed and planned extensions:

##### CHESTER

Development of a standalone four-storey building on a vacant portion of land adjacent to the existing property was undertaken. The extension has added an estimated 29 700 sq. ft, increasing the total space offered to approximately 53 000 sq. ft GLA. The new building houses an improved retail store and a large forecourt area for parking and offloading.

Construction was completed and the new build section was opened for trading in June 2022.

##### DONCASTER

Development of a four-storey building on the front corner of the property which has historically been used for long-stay parking has been undertaken. The extension will add an estimated 22 000 sq. ft, complete with a new retail store, increasing the total space offered to an estimated 60 000 sq. ft GLA.

##### BEDFORD

A portion of the forecourt and parking area at the property is being developed into a standalone three-storey building, adding an estimated 9 200 sq. ft and increasing the total space offered to approximately 57 500 sq. ft GLA.

##### WEYBRIDGE

The extension and fitout at Weybridge was completed in May 2021, bringing online an additional 15 400 sq. ft GLA.

##### MILTON KEYNES

At Milton Keynes, our design process to add an additional estimated 18 000 sq. ft GLA, has been approved and the discharging of conditions is underway.

“ The Storagebase acquisition, as well as the manner in which we funded it, demonstrates the strength, competitiveness, and sophistication of the Group’s UK platform. Following shortly after the McCarthy’s acquisition, it was secured after a competitive bidding process, and then seamlessly packaged by introducing optimally matched in-country equity capital from Moorfield and sustainability-linked debt funding from Aviva. ”



<sup>1</sup> Building out/expansions at existing properties.

## 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) capability.

The CRM 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 150 000 (2021: 140 000) enquiries across both markets. Pricing is dynamic and varies according to unit size, demand, the stage of lease-up of the individual property 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 Storage King brand in the UK is distinctive and unique, with its own differentiated style, attributes and positioning in the UK market. The portfolio has grown from 13 properties at acquisition in 2017 to 30 properties, along with a further six properties trading under licence of the Storage King brand and with an additional property under full management. Coinciding with this growth and complemented by the Group's elevated online visibility in targeted locations, the strength of the brand is becoming more elevated and recognised.

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, across South Africa and the UK. Our Big Box properties are especially impactful in this regard. Aligned to our focus on big branding, we acknowledge that our digital 'drive-by' (online brand presence) continues to play a key role in positioning us as the brand of choice in each respective market.

Through our multi-year digital strategy, we continue to remain responsive to shifting consumer trends. This strategy allows us to adapt to the significant pace of technological change and innovation within the self storage sector and in society more broadly.

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 removals companies, co-working spaces, last mile logistics, SMMEs, e-commerce platforms, key sporting events, charitable organisations and many others.

A particular area of focus has been the expansion of our partnership 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 year our last mile delivery hub pilot at our Craighall<sup>1</sup> property expanded to two additional properties – Kempton Park and Brooklyn. Initially designed for up to 600 parcels per day, the hub experienced peak daily volumes of 860 parcels in June 2021. The hub is driven off Picup’s technology platform and crowd-sourced driver network. To date, over 125 000 parcels have passed through the hub.

“ We continue to leverage our extensive digital marketing capabilities to create high demand for our well-defined, distinctive and differentiated product across South Africa and the UK. ”



Our brand has been positioned at the quality end of the market and is well-defined, distinctive and differentiated.

<sup>1</sup> In June 2022, the Craighall delivery hub moved to the Cresta property.

## 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 (both static and rich media) that directs users to customised landing pages relevant to their behaviour. The messaging in each of these adverts is curated to be relevant to targeted audiences (in different life stages), that typically drive demand for the self storage product.

“ Digital marketing agency status allows us to continue benefiting from exclusive access to the latest beta products and services from Google and Facebook, supporting the optimisation of our targeted messaging to the right audience, on the right platform, at the right time. ”

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. As a partner with both platforms, we continue to bolster our digital marketing capabilities. This has enabled us to strengthen our messaging and target specific audiences on the platforms where they are most active.

Our interactive and responsive websites continue to be refined and updated, taking careful consideration of the ever-shifting customer journey. 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 originate from mobile devices, our websites are accordingly designed to be simple and uncluttered. We have continued to improve our websites during the period, by enhancing security, refining the user experience and enabling continued deeper integration between our South African and UK platforms.





In South Africa, during the year the significant majority of new customers were onboarded digitally through our digital move-in platform. In the UK, a significant portion of new customers were also onboarded digitally. Our platforms continue to allow us to align our on-boarding processes to other digital efficiencies within the business.

Our e-commerce platform comprises an online reservation system, live customer engagement and a realtime 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 our cloud-based customer service software, which incorporates Facebook messenger, WhatsApp Business API, Google Business Platform messaging and our website live chat, we benefit from having one centralised customer communication platform. During the year approximately 16 000 chats were responded to through this platform.

The Contact Centre team operates off the Group's bespoke in-house developed customer relationship management system (CRM), StorHub. This CRM, which effectively sits on top of the tenant management system (TMS) in both markets, allows for the seamless interaction between prospective tenants and staff. StorHub is positioned at the intersection of new enquiries (digital and phone), the TMS and digital and telephonic sales. Accordingly, we continue to invest significant resources to further enhance the platform.

## CONTACT CENTRE PERFORMANCE

	<b>69 000+</b> Calls answered
	<b>24 000+</b> Online enquiries responded to
	<b>52 000 m<sup>2</sup>+ GLA</b> Space reserved
	<b>8</b> 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 the Group's digital marketing and e-commerce expertise. All acquired properties continue to be successfully incorporated onto our operations and web platforms, and 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.

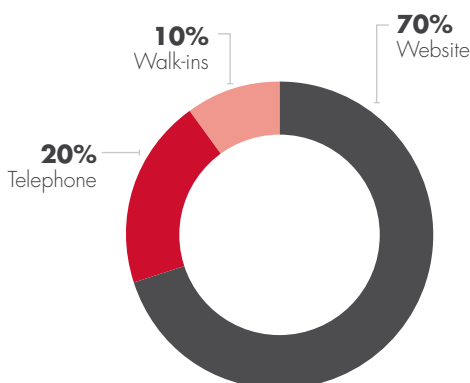
During the year we continued to successfully implement our digital marketing strategy for Storage King, resulting in a like-for-like increase of Google advertising clicks of approximately 21%, while referral traffic showed an approximate 16% increase as a result of our unique content strategy. This has driven a valuable uptick in overall enquiries in the UK market. Our Contact Centre in South Africa continued to take overflow phone calls from Storage King during the year, 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, Instagram, Twitter, TikTok, Pinterest, LinkedIn and YouTube. We currently have a combined total social media following of over 118 000, with the Stor-Age Facebook page ranking as the third most followed self storage business in the world. Through specific call-to-action buttons, we are able to engage with our customers in realtime. As an accredited partner with Facebook (including Instagram) we continue to drive optimal performance and improve enquiry generation on both of these platforms, through constant testing and access to resources. We also utilise LinkedIn to increase enquiry generation from our growing commercial customer segment, and to attract key talent for the business.

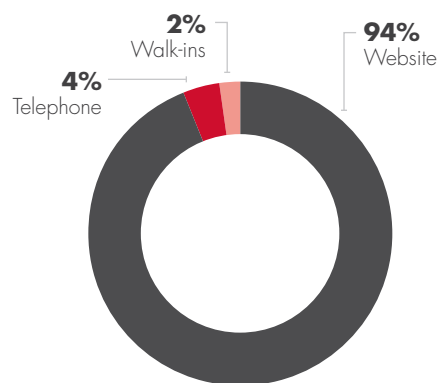
“ By continually refining our approach, while at the same time remaining focused on the key fundamentals that influence demand, we are able to improve enquiry generation from both a quantitative and qualitative perspective. ”

We further use our social media presence and influence to support community projects and non-profit organisations. This includes supporting the Kolisi Foundation and various other local communities and organisations. Refer to the Social Sustainability section from page 63 for more information on these projects and our other corporate social investment initiatives.

## ENQUIRIES – SOUTH AFRICA



## ENQUIRIES – UK



## HOW WE DO IT (continued)

The Stor-Age website, whether accessed by desktop, tablet or smartphone, accounts for 70% of all South African enquiries. The telephone accounts for 20% of enquiries as the first point of contact, while walk-in enquiries, where we have had no previous contact with a customer, account for 10%.

In the UK 94% of all enquiries are made through the Storage King website, while 4% are via the telephone, with the balance comprising walk-in enquiries, amounting to 2%.

### 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 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 South Africa and the UK on all digital review platforms including, but not limited to, Google Business Profile.

Through various engagement tactics, we encourage these reviews to drive organic search performance and to foster brand credibility.

“ Our average Google Business Profile review rating of 4.7 in South Africa and 4.8 in the UK out of 5 is testament to the exceptional quality of our properties and the high calibre of our staff. ”

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 27 000 responses to these surveys during the period. The welcome survey received a response rate of approximately 80% while the exit survey response rate was approximately 60%.

We continue to see an excellent overall response level 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<sup>1</sup>, consistent with what was achieved during the previous year. This indicates that our customer-centric approach is world class when compared to global NPS standards and other consumer-facing businesses.



<sup>1</sup> 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 66.

## ESG

To ensure the sustainability of our business, our people and the physical environment in which we operate, we remain focused and committed to executing our ESG strategy. This strategy aligns our Vision and Core Values with six relevant UN Sustainable Development Goals (SDGs). To further mitigate against climate risk, we have also taken guidance from the Task Force on Climate-related Financial Disclosures (TCFD). Through our ESG framework we continue to monitor our impact on the economy, the workplace, the social environment and the natural environment.

Read more about our ESG Strategy from page 57.

## OUR PEOPLE

Across 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.

“ Through the combination of our bespoke e-learning platform, a variety of learning and development initiatives and our comprehensive performance management system, we provide our staff with the best opportunity for personal growth. ”

Our bespoke e-learning platform (Edu-Space) continues to provide additional benefits to the business across South Africa and the UK, such as increased flexibility, efficiency and productivity, as well as reduced costs. By producing business specific learning modules on the platform, senior managers across the different functional areas continue to improve the overall sustainability of the business by imparting their knowledge and experience.

During the year, we also continued to benefit from having access to bespoke professionally-crafted

online learning content, delivered via our Edu-Space platform, supplementing what we have developed in-house.

In order to foster and support improved planning and alignment by the executives and senior management teams in South Africa and the UK, we held virtual and in-person half-year and full-year planning workshops during the year.

Our South African-based management committee (manco) structure continues to enhance our management planning capability and foster the growth of senior 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, progress thereon is reported and any required adjustments are made.

## E-LEARNING FRAMEWORK



52

New online courses designed in FY22



47 000+

Hours of online training completed in FY22



## 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.

We continue to work with a third-party security company in South Africa 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, 48 properties were fitted with these systems, with installation at the additional seven properties in progress.

Security remains a key focus in the UK. Third-party security companies monitor the security camera surveillance systems and access at all properties which have a keycode entry system, allowing customers to access their units after hours.

To enhance physical security features, we previously developed a bespoke self storage door alarm and monitoring system in South Africa. All newly developed properties in South Africa are fitted with this system, with a total of 11 stores now operational. In the UK, 21 of the 30 properties are fitted with door alarms throughout and we plan to complete the installation at the balance of the portfolio over the medium term.

In FY23 we plan to install electric fence monitoring at 13 properties in South Africa. The smart system will monitor for low voltage and in the event of detection, an alarm will be triggered.

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.

## ENHANCING OUR CYBER SECURITY

Ransomware remains a key area of focus for the Group. 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. The Group's various data sources are decentralised in separate locations to limit the severity of any potential breaches.

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 hybrid 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 second 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.

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

	<b>Extracting organic growth</b> through active revenue management, developing additional GLA and optimising the unit mix at properties
	<b>Leveraging our tenant management software platform</b> to unlock value, drive cost efficiencies and entrench our competitive advantage
	<b>Pursuing acquisitions</b> , and consolidating our position as the leading and largest self storage brand in the South African market
	<b>Developing new properties</b> in prominent high barrier to entry locations in our core markets
	<b>Opportunistically leveraging the platform</b> through our operations and digital capability, as well as our real estate expertise
	<b>Managing financial risk</b> through prudent capital management policies
	<b>Integrating ESG principles</b> throughout the organisation by focusing on sustainability and the implementation of our ESG strategy

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

In preparation for our strategic growth cycle to 2025, in 2020 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 that inform and optimise our growth strategy, allowing us to better understand our residential and business customers, and anticipate future demand. During the year we continued to execute on our growth strategy, further expanding our footprint.

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+<sup>1</sup> properties.

<sup>1</sup> Includes the Company's pipeline.

## OUR GROWTH STRATEGY (continued)

### NEDBANK JOINT VENTURE

During the year the Group entered into a joint venture with Nedbank Property Partners, a division of Nedbank, to develop two high profile properties in Morningside (7 400 m<sup>2</sup> GLA) and Bryanston (4 700 m<sup>2</sup> GLA), at a cost of approximately R200 million. Stor-Age will have a 50% equity interest in the JV.

Construction at both properties has commenced.

We anticipate developing further properties in our South African pipeline in the JV structure.

Read more about the Nedbank JV in Our Business – What we do, on page 17.

### 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 management platform.

During the year, we continued to focus on key high-impact foundational areas to further 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 1<sup>st</sup>. We have identified a growth target of an average of two to four properties per annum. Read more about Management 1<sup>st</sup> 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 Greater London and its commuter towns, as well as regional cities and towns
- Within/close to attractive urban or suburban nodes
- Ideally within/close to a retail corridor
- Ideally located with main road frontage to passing traffic
- 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:

- High profile locations in Greater London and its commuter towns, as well as regional cities and towns
- Big Box (greenfield) – high-density retail or commercial type nodes, within attractive urban/suburban areas and with main road frontage to passing traffic
- 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

In 2021 we finalised terms and entered into a joint venture with Moorfield, a leading UK real estate fund manager, to assemble a portfolio of prime self storage assets in England through the development of new properties and the acquisition of existing trading stores, that meet pre-defined criteria.

The UK-focused JV provides Stor-Age with a significant platform to execute its strategic growth plans in the UK over the medium term.

Key terms:

- Target to achieve approximately 50% loan to cost for new developments
- Equity capital contributions in the ratio 75.1:24.9 (Moorfield:Stor-Age)
- Separate SPVs set up for each new development or acquisition
- All newly developed properties will be managed by Storage King under Management 1<sup>st</sup>
- Storage King will earn management fees for acquiring, developing and managing the assets
- Storage King will have a pre-emptive right to acquire assets from the JV once certain predefined operating criteria have been met

Read more about acquisitions and new developments in the Moorfield JV in Our Business – Storage King, on page 20.

## 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.



3D render of the under construction Heathrow property.