



**Stor-Age Property REIT Limited**  
Incorporated in the Republic of South Africa  
Registration number 2015/168454/06  
Share Code: SSS ISIN: ZAE000208963  
(Approved as a REIT by the JSE)  
("Stor-Age" or "the Company")

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## **TERMS ANNOUNCEMENT IN RESPECT OF THE ACQUISITION OF STORTOWN IN KWAZULU NATAL AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

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### **1. INTRODUCTION**

Shareholders are referred to the announcement released on SENS on 8 June 2017 in which they were advised that Stor-Age had entered into a memorandum of understanding with the shareholders of DanCor Properties Proprietary Limited ("DanCor") in terms of which Stor-Age would acquire 100% of the shares in DanCor ("the Transaction").

DanCor currently conducts its self storage business from four locations under the name StorTown ("StorTown") with properties situated in Brackenhill (two properties), Durban CBD and Durban North ("the StorTown Properties").

The board of directors of Stor-Age ("the Board") is pleased to advise shareholders that Stor-Age has now entered into a formal agreement in respect of the Transaction.

### **2. TERMS OF THE TRANSACTION**

Stor-Age will, through its wholly-owned subsidiary, Roeland Street Investments Proprietary Limited ("RSI"), subscribe for 99.9% of the shares in DanCor ("DanCor Shares") for R145,000,000 ("Subscription Consideration"). The existing shareholders of DanCor ("Existing Shareholders") will retain 0.1% of the DanCor Shares for the immediate future.

The full Subscription Consideration shall be applied to the reduction of third-party debt and loans owing by DanCor to the Existing Shareholders, including shareholder loans that arose in respect of disposal agreements entered into by DanCor and the Existing Shareholders pursuant to an internal restructuring, prior to implementation of the Transaction, in terms of which DanCor agreed to dispose of its assets not related to its self storage business, to the Existing Shareholders ("Restructure Agreements").

### **3. EFFECTIVE DATE**

The effective date of the Transaction shall be the later of 1 November 2017 and the date on which the last condition precedent to the Transaction has been fulfilled or where possible, waived.

### **4. RATIONALE FOR THE TRANSACTION**

The Board is of the view that the Transaction supports Stor-Age's stated strategy of pursuing value-added acquisitions in a fragmented industry in order to strengthen the group's position as a premium South African self storage brand.

Implementation of the Transaction will provide Stor-Age with a broader geographical store offering across the city of Durban in locations which are complimentary to the existing trading portfolio.

The intention is for all stores to be rebranded and added to Stor-Age's sophisticated operations platform, with the majority of the value enhancement planned over time through key initiatives such as digital marketing, revenue management and increased scale in a key market.

## 5. INFORMATION RELATING TO THE STORTOWN PROPERTIES

Information relating to the StorTown Properties is set out below:

	Brackenhill	Nguni	Durban CBD	Durban North
<b>Location:</b>	Portion 783 of the Farm Upper End of Lange Fontein, no. 980, Ethekewini, measuring 2.3567 hectares	A Portion of Portion 740 of the Farm Upper End of Lange Fontein, no. 980, Ethekewini (to be subdivided)	Portion 3 of Erf 6743 Durban, measuring 1 454 square metres	Portion 1 of the Farm Lot Option Site, no. 16038, measuring 8 167 square metres
<b>Rentable area (m<sup>2</sup>):</b>	12 856 m <sup>2</sup>	2 255 m <sup>2</sup>	3 294 m <sup>2</sup>	3 782 m <sup>2</sup>
<b>Allocation of purchase price (note 1)</b>	R89,930,070	R11,493,434	R28,190,966	R15,385,530

Note 1 - The value attributed to the StorTown Properties (as at the effective date) has been derived by the Board using the capitalisation of income method. The Board is of the view that the purchase price allocation as disclosed above represents the Board's best estimate of the fair value of the StorTown Properties. No independent valuation has been performed on these properties.

The aggregate weighted average rental per square metre of all the StorTown Properties acquired pursuant to the Transaction is R85.00.

## 6. VALUE OF THE NET ASSETS AND PROFIT ATTRIBUTABLE TO THE NET ASSETS SUBJECT TO THE TRANSACTION

As at 31 August 2017, the value of the net assets that are the subject of the StorTown Properties was R87.58 million and the net profits attributable to the StorTown properties, for the 12 months then ended, was R10.25 million.

The net assets and net profits attributable to the StorTown Properties as disclosed above have been sourced from the unpublished management accounts of DanCor. Whilst the Board has satisfied itself as to the quality of these management accounts, shareholders are cautioned that these management accounts have not been audited or reviewed by the auditors of the Company.

## 7. CONDITIONS PRECEDENT

The Transactions have been approved by the Competition Commission and remain conditional upon the fulfilment or, where applicable, waiver, of certain further conditions precedent, including:

- approval of the Transaction by the existing shareholders and the board of directors of DanCor;
- conclusion of the Restructure Agreements;
- approval of the Transaction by the Board and Investment Committee of Stor-Age; and
- obtaining the relevant consents and approvals in respect of the Transaction by the third-party debt providers, to the extent required.

## 8. CATEGORISATION

The Transaction constitutes a category 2 transaction in terms of the JSE Listings Requirements.

## 9. MEMORANDUM OF INCORPORATION

Stor-Age undertakes to ensure that nothing contained in the memorandum of incorporation of DanCor (or any of its subsidiaries) will frustrate Stor-Age in any way from compliance with its

obligations in terms of the JSE Listings Requirements or relieve Stor-Age from compliance with the JSE Listings Requirements.

**10. WITHDRAWAL OF THE CAUTIONARY ANNOUNCEMENT**

As a consequence of the announcement of the salient terms and conditions in respect of the Transaction, the cautionary announcement is hereby withdrawn. Accordingly, shareholders are no longer required to exercise caution when dealing in the securities of the Company.

**Cape Town**

10 October 2017

**Corporate Advisor and Sponsor**



Questco Corporate Advisory Proprietary Limited

**Transaction Attorneys**



Cliffe Dekker Hofmeyr

**Competition Attorneys**



Baker McKenzie LLP