STOR-AGE MAINTAINS GROWTH TRAJECTORY AND GROWS DIVIDEND

Highlights
Year ended 31 March 2017

- **Total dividend up 10% (3,5% ahead of prospectus)**
- **Strong trading results across the portfolio**
- **Robust organic growth with store extensions and new stores**
- **Successful acquisitions trail continuing**
- **Healthy conservative balance sheet**

JSE REIT Stor-Age - South Africa's largest self storage property fund - today posted excellent annual results ahead of pre-listing forecasts, marking its third reporting period since listing of consecutive growth. The group's results were driven by a strong trading performance across its portfolio and the successful completion of the Storage RSA acquisition in February 2017. The total dividend for the year of 88.05 cents is 58 cents higher than the prior year.

CEO Gavin Lucas says he is pleased with the group's results and more so with its ongoing operational and strategic activity in a still tough economy. "Stor-Age's performance reflects the recession-resilient nature of our self storage product. Demand remains strong as the underlying 'need' prevails. The self storage market, albeit fledgling in South Africa, is holding steady in contrast to other property sub-sectors locally. Management's niche sector expertise and track record in self storage are further key drivers of the group's success."

Occupancy in the portfolio, excluding group newcomer Storage RSA, increased 4 000m^2 on the prior year with a robust 9.4% increase in the average rental rate achieved. Including Storage RSA the increase in occupancy was 37 700m^2. The closing rental rate grew by an impressive 12,7% to R86. The enlarged portfolio ended the year 85% occupied.

Lucas says continued high occupancy levels across the portfolio are expected. "Stor-Age averaged a score of 95%-plus from almost 4 000 customer surveys in the year, reflecting our superior tenant service and operating platform that focus on service standards, hassle-free accessibility and ease of transacting." The average length of stay for existing customers was 21 months and at year-end, 17% of customers had been storing with Stor-Age for 3 years and more.

The R2.1 billion Listed Portfolio increased to 31 properties when the group brought on board Storage RSA's six high quality stores. "Extending our GLA with comparable store quality, average size and location makes Storage RSA a rare value-adding acquisition opportunity in the local fragmented industry," says Lucas. Effective 28 February 2017, the acquisition also offers a development opportunity in Bryanston for which town planning approvals are in hand.

Further bolstering the group's geographical footprint, Stor-Age managed the opening of three new Stor-Age branded properties in Durban and Johannesburg in the Managed Portfolio. The group maintains first right of acquisition to purchase these into the Listed Portfolio in future.

Post year-end Stor-Age has continued its acquisition trail. In May 2017 the group bought Cape-based single-store operator Unit Self Storage, and in June announced the intention to acquire another multi-store operator - DanCor Properties (trading as StorTown) - with four well-tenanted and geographically attractive properties in Durban. A Memorandum of Understanding is in place. The StorTown purchase will take Stor-Age's footprint to five high quality stores in Durban over c. 27 000m² GLA and positions it attractively in the KZN market.

Looking ahead Lucas says from an organic growth perspective, the group will focus on driving occupancies, rental rate and cash flow, ensuring that revenue translates into earnings and dividend growth. Stor-Age is in the second year of its defined five year growth plan to 2020 and "is currently ahead of growth targets". Acquisitively he says the short-term focus is on bedding down recent acquisitions to maintain consistent group standards and unlock maximum value.

He adds: "In line with our strategy, our healthy balance sheet opens the opportunity for continued organic and acquisitive growth going forward." More than 80% of net debt is hedged and gearing stands at a conservative 12%.

He concludes that management has forecast 9% to 10% dividend growth for the year ahead to March 2018.

The share closed Monday at R11.53.

Ends.

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JSE sector: **Speciality REITs**

Note:

Stor-Age is South Africa's only specialist self storage REIT on the JSE. The fast growing self storage sector is a niche sub-sector of the broader commercial property market. Stor-Age's portfolio is differentiated by its properties' high visibility to passing traffic, easy access off busy arterial routes and proximity to middle to upper income suburbs.

The full portfolio of 49 Stor-Age-branded and managed properties covers approximately 300 000m² of gross lettable area concentrated in the four major cities - Johannesburg, Pretoria, Cape Town and Durban. 31 properties reside in the Listed Portfolio.

The remaining 18 properties represent a R1.3 billion pipeline for Stor-Age ("Managed Portfolio"). The group has a pre-emptive right of acquisition over the Managed Portfolio and earns ongoing licencing, asset management and property management fees from the pipeline properties therein. Of the 18 properties, 12 are currently trading and the balance of six are either under construction or in planning.