

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")

PROVISIONAL FINANCIAL RESULTS FOR THE PERIOD ENDED 31 MARCH 2016

HIGHLIGHTS

Successful JSE listing in November 2015
R1 billion capital raised through oversubscribed share placement on listing
Distribution to shareholders of R38.9 million (30.07 cents per share), 5% higher than forecast in the Prospectus
Conservative gearing position of 8.7% at year end with 84% of the net debt fixed until November 2018
Strong trading results for the period since listing:
-Increase in occupancy of circa 3 900m²
-Closing occupancy of 155 700m² (86% compared to 82.7% as disclosed in the Prospectus)
-Increase in average rental rate from R72.6/m² as disclosed in the Prospectus to R76.3/m² at year end representing an 11.4% increase on an annualised basis
-Diversified customer base of over 14 000 tenants
-Investment property valued at R1.4 billion
Future planned expansion of Stor-Age Gardens and Stor-Age Durbanville to add circa 5 500m² to portfolio

INTRODUCTION

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa, as well as the first and only self storage Real Estate Investment Trust (REIT) listed on an emerging market bourse following its successful debut on the JSE in November 2015.

Stor-Age's highly specialised property fund is focused on the fast growing self storage sector, a niche sub-sector of the broader commercial property market. Stor-Age seeks to develop, acquire and manage high quality self storage properties where it will achieve strong market penetration, benefit from economies of scale and produce favourable operating margins.

The portfolio comprises 33 self storage properties across South Africa. Stor-Age owns and operates 24 of these properties representing 181 342m² gross lettable area (GLA) and R1.4 billion in value ("Listing Portfolio"). The balance representing 54 919m² GLA makes up the unlisted portfolio ("Managed Portfolio") on which Stor-Age receives property and asset management fees. Collectively, Stor-Age manages over 14 000 individual leases.

The listing brought to market a low-risk income paying specialist self storage REIT and successfully introduced a new property sector asset class in South Africa. We are pleased to confirm that we have exceeded our financial forecasts to 31 March 2016 set out in the Prospectus.

Stor-Age continues to focus on improving the operating platform and infrastructure to maximise revenue, reduce costs and ultimately deliver enhanced returns. At a property level, our people and the high quality and modern, purpose built stores attract and retain a diverse customer base.

PROVISIONAL SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
for the period ended 31 March 2016

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 March 2016

	2016 R'000
Assets	
Non-current assets	1 573 536
Investment properties	1 370 587
Equipment	1 209
Stor-Age share purchase scheme loans	119 628
Goodwill and intangible assets	81 760
Derivative financial instruments	352
Current assets	19 798
Trade and other receivables	8 792
Inventories	1 148
Cash and cash equivalents	9 858
Total assets	1 593 334
Equity and liabilities	
Shareholders' interest	1 380 248
Stated capital	1 362 647
Non-distributable reserve	18 126
Accumulated loss	(525)
Non-current liabilities	131 885
Bank borrowings	129 021
Finance lease obligation	2 864
Current liabilities	81 201
Trade and other payables	25 704
Provisions	16 000
Finance lease obligation	591
Shareholders' distribution payable	38 906
Total equity and liabilities	1 593 334

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the period ended 31 March 2016

	2016 R'000
Property revenue	56 900
- Rental income	54 907
- Other income	1 993
Direct property costs	(12 996)
Net property operating income	43 904
Management fees	4 946
Administration expenses	(9 066)
Operating profit	39 784
Gain on bargain purchase	4 377
Fair value adjustment to investment properties	13 397
Fair value adjustment to derivative financial instruments	352

Depreciation and amortisation	(525)
Profit before interest and taxation	57 385
Interest income	4 118
Interest expense	(4 996)
Profit before taxation	56 507
Taxation expense	-
Profit for the period	56 507
Other comprehensive income	-
Total comprehensive income for the period	56 507

Reconciliation of basic earnings and headlines earnings

	2016
	R'000
Profit for the period	56 507
Basic earnings	56 507
Headline earnings adjustments*	(17 774)
- Fair value adjustment to investment properties	(13 397)
- Gain on bargain purchase	(4 377)
Headline earnings attributable to shareholders	38 733
Total shares in issue ('000)	139 404
Weighted average shares in issue ('000)	139 404
Share entitled to dividends in issue ('000)	129 404
Basic and diluted earnings per share (cents)	43.67
Basic and diluted headline earnings per share (cents)	29.93

Stor-Age has no dilutive instruments in place.

* There are no tax effects or non-controlling interests

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2016

	Stated capital	Non- distributable reserve	Accumulated loss	Total
	R'000	R'000	R'000	R'000
Total comprehensive income for the period	-	-	56 507	56 507
Profit for the period	-	-	56 507	56 507
Transactions with owners, recognised directly in equity				
Issue of 127 shares on 25 May 2015	-	-	-	-
Proceeds	-	-	-	-
Share issue costs	-	-	-	-
Issue of 139 404 002 shares in November 2015	1 362 647	-	-	1 362 647
Proceeds	1 371 440	-	-	1 371 440
Share issue costs	(8 793)	-	-	(8 793)
Transfer to non-distributable reserve	-	18 126	(18 126)	-
Shareholders' distribution	-	-	(38 906)	(38 906)
Total transactions with owners	1 362 647	18 126	(57 032)	1 323 741
Balance at 31 March 2016	1 362 647	18 126	(525)	1 380 248

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 31 March 2016

	2016
	R'000
Cash flows from operating activities	
Cash generated from operations	71 548
Interest income	4 118
Interest paid	(4 996)
Net cash inflow from operating activities	70 670
Cash flows from investing activities	
Acquisition of investment properties	(1 357 190)
Advances of Stor-Age share purchase scheme loans	(119 628)
Acquisition of equipment	(1 672)
Acquisition of intangible assets	(104 422)
Acquisition of subsidiaries	4 452
Net cash outflow from investing activities	(1 578 460)
Cash flows from financing activities	
Increase in bank borrowings	129 021
Proceeds from the issue of shares	1 394 040
Share issue costs	(8 793)
Raising of finance lease	3 380
Net cash inflow from financing activities	1 517 648
Net cash inflow for the period	9 858
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	9 858

SEGMENTAL INFORMATION
for the period ended 31 March 2016

Segmental information is based on the geographic location of each investment property. The Group trades in 5 of the 9 provinces in South Africa. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, fair value adjustment to investment properties and direct property costs.
- On the statement of financial position: Investment properties, tenant debtors and inventories.

The CEO reviews the segmental information on a quarterly basis.

	Western Cape R'000	Gauteng R'000	Free State R'000	Kwazulu- Natal R'000	Eastern Cape R'000	Total R'000
Property Revenue						
- Rental income	21 872	27 993	1 228	1 341	2 473	54 907
- Other income	660	1 056	84	12	181	1 993
Direct property costs	(5 638)	(5 804)	(469)	(729)	(356)	(12 996)
Operating profit	16 894	23 245	843	624	2 298	43 904
Fair value adjustment to investment properties	29 617	(21 567)	423	3 122	1 802	13 397
Total profit for the period	46 511	1 678	1 266	3 746	4 100	57 301

Reconciliation of segmental results to profit for the period in the statement of profit or loss and other comprehensive income

	Total R'000	Allocated R'000	Unallocated R'000
Property revenue			
- Rental income	54 907	54 907	-
- Other income	1 993	1 993	-
Direct property costs	(12 996)	(12 996)	-
Net property operating income	43 904	43 904	-
Management and development fee income	4 946	-	4 946
Administration costs	(9 066)	-	(9 066)
Operating profit	39 784	43 904	(4 120)
Gain on bargain purchase	4 377	-	4 377
Fair value adjustment to investment properties	13 397	13 397	-
Fair value adjustment to financial instruments	352	-	352
Depreciation and amortisation	(525)	-	(525)
Profit before interest and taxation	57 385	57 301	84
Interest income	4 118	-	4 118
Interest expense	(4 996)	-	(4 996)
Profit before taxation	56 507	57 301	(794)
Taxation expense	-	-	-
Total profit for the period	56 507	57 301	(794)

Segment assets, reserves and liabilities

	Western Cape R'000	Gauteng R'000	Free State R'000	Kwazulu- Natal R'000	Eastern Cape R'000	Total R'000
Segment assets						
Investment properties	592 242	679 045	23 000	20 500	55 800	1 370 587
Tenant debtors	184	650	36	15	43	928
Inventories	400	407	25	32	43	907
				Total R'000	Allocated R'000	Unallocated R'000
Assets						
Non-current assets				1 573 536	1 370 587	202 949
Investment properties				1 370 587	1 370 587	-
Equipment				1 209	-	1 209
Stor-Age share purchase scheme loans				119 628	-	119 628
Goodwill and intangible assets				81 760	-	81 760
Derivative financial instruments				352	-	352
Current assets				19 798	1 834	17 964
Trade and other receivables				8 792	928	7 865
Inventories				1 148	907	241
Cash and cash equivalents				9 858	-	9 858
Total assets				1 593 334	137 421	220 913
Shareholders' interest				1 380 248	-	1 380 248
Stated capital				1 362 647	-	1 362 647
Non-distributable reserve				18 126	-	18 126
Accumulated loss				(525)	-	(525)
Non-current liabilities				131 885	-	131 885
Bank borrowings				129 021	-	129 021
Finance lease obligation				2 864	-	2 864
Current liabilities				81 201	-	81 201
Trade and other payables				25 704	-	25 704
Provisions				16 000	-	16 000
Finance lease obligation				591	-	591
Shareholders' distribution				38 906	-	38 906
Total equity and liabilities				1 593 334	-	1 593 334

Reconciliation of headline earnings to distributable earnings per share

	2016 R'000
Headline earnings attributable to share holders	38 733
Distributable earnings adjustment	173
- Amortisation and depreciation	525
- Fair value adjustment to derivative financial instruments	(352)
Distributable earnings	38 906
Shares entitled to dividends in issue ('000)	129 404
Distribution per share for the period (cents)	30.07

BUSINESS COMBINATIONS

R'000

1. Acquisition of Roeland Street Investments Proprietary Limited ("RSI 1")

On 16 November 2015 the Company acquired 100% of the issued share capital of RSI 1. The total consideration for the acquisition was R201 million. The consideration was paid for by issuing 20.1 million shares in the Company at R10 per share to the sellers. The acquired business contributed revenue of R52 million and net profit after tax of R38 million to the Group from the effective date of 16 November 2015 to 31 March 2016.

The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:

Investment properties*	1 261 956
Cash and cash equivalents	693
Trade and other receivables	1 245
Inventories	1 453
Financial liabilities	(1 024 277)
Finance lease obligation	(2 644)
Trade and other payables	(17 049)
Contingent liability assumed#	(16 000)
Fair value of net assets	205 377
Gain on bargain purchase	(4 377)
Total purchase consideration	201 000
Consideration financed by the issue of shares	201 000
Cash and cash equivalents acquired	693
Net cash inflow on acquisition	693

* The valuation techniques used for measuring fair value are consistent with the Group's policy.

Relating to a customs tax code dispute with the South African Revenue Service ("SARS"). The Company imports an internal hallway system used to partition all individual self storage units in multi-level self storage developments. Since 2009, the system has, without contention, been imported as pre-fabricated buildings due to its very nature in terms of the relevant customs code. SARS has subsequently expressed a view that the system is not pre-fabricated buildings as defined and therefore is not covered by Chapter Note 4 of Chapter 94 of the Customs and Excise Act 91 of 1964. The Company has contested this view through the appointment of both customs and legal advisors. The resolution of this dispute has not yet reached finality. The amount provided represents the maximum exposure.

2016
R'000

2. Acquisition of Wimbledonway Investments Proprietary Limited ("WMI")

On 16 November 2015 the Company acquired 100% of the issued share capital of WMI. The total consideration for the acquisition was R48.9 million. The consideration was paid for by issuing 5.4 million shares in the Company at R10 per share to the sellers and an amount of R5 million was repaid to the Company as set out in the sale and purchase agreement. The acquired business contributed revenue of R2 million and net profit after tax of R1.4 million to the Group from the effective date of 16 November 2015 to 31 March 2016.

The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:

Investment properties*	57 599
Equipment	190
Cash and cash equivalents	3 757
Financial liabilities	(12 540)
Trade and other payables	(7)
Fair value of net assets	48 999
Goodwill	-
Total purchase consideration	48 999
Consideration financed by the issue of shares	54 000
Redeemable by previous shareholders of WMI	(5 001)
Cash and cash equivalents acquired	3 757
Net cash inflow on acquisition	3 757

*The valuation techniques used for measuring fair value are consistent with the Group's policy.

2016
R'000

3. Acquisition of N14 Self Storage Proprietary Limited ("N14")

On 16 November 2015, the Company, acquired 100% of the issued share capital of N14. The total consideration for the acquisition was R12.5 million. The consideration was paid for by issuing 7.15 million shares in the Company at R10 per share to the sellers and an amount of R5.4 million was paid to the seller as per the sale and purchase agreement. The acquired business contributed revenue of R780 000 and net profit after tax of R354 000 to the Group from the effective date of 16 November 2015 to 31 March 2016.

The assets and liabilities as at 16 November 2015 arising from the acquisition are as follows:

Investment properties*	18 972
Equipment	836
Cash and cash equivalents	2
Trade and other receivables	23
Financial assets	6 044
Trade and other payables	(13 317)
Fair value of net assets	12 560
Goodwill	-
Total purchase consideration	12 560
Consideration financed by the issue of shares	7 155
Payable to previous shareholders of N14	5 405
Cash and cash equivalents acquired	2
Net cash inflow on acquisition	2

*The valuation techniques used for measuring fair value are consistent with the group's policy.

2016
R'000

4. Fernwood Asset Management Proprietary Limited ("FAM") amalgamation and merger

The Company entered into an amalgamation and merger agreement with FAM in terms whereof the Company acquired all the assets owned by FAM and used in connection with the business of FAM, as a going concern in terms of section 44 of the Income Tax Act. The total consideration for the acquisition was R4 million. The consideration was paid for by issuing 400 000 shares in the Company at R10 per share to the sellers. The asset management agreement acquired as part of the business combination has an indefinite useful life.

The assets and liabilities as at 16 November 2015 arising from the amalgamation and merger are as follows:

Trade and other receivables	9 855
Trade and other payables	(9 855)
Asset management agreement	4 000

Fair value of net assets	4 000
Total purchase consideration	4 000

2016
R'000

5. Stor-Age Self Storage Proprietary Limited amalgamation and merger

The Company entered into an amalgamation and merger agreement with the ("Operator") in terms whereof the Company acquired all the assets owned by the Operator and used in connection with the business of the Operator, as a going concern in terms of section 44 of the Income Tax Act. The total consideration for the acquisition was R77.7 million. The consideration was paid for issuing 10 million shares in the Company at a fair value of R7.74 per share. The property management agreement acquired as part of the business combination has an indefinite useful life.

Property management agreement	32 000
Fair value of net assets	32 000
Total purchase consideration	77 700
Goodwill	45 700

*The valuation techniques used for measuring fair value are consistent with the group's policy.

Had the business combinations and related capital restructuring occurred on 25 May 2015 (inception date) or for an annual period, the most appropriate method of calculating the effect on revenue would be to pro-rate revenue of R55.3 million by grossing it up for the annual or related reporting period. The profit attributable to the Company would be done in a similar manner. This is management's best estimate of the prior period profit, as the actual profit earned pre-listing was substantially different due to significantly different capital structure and trading nature of the underlying entities and would therefore not be an appropriate basis for comparison.

Related party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The shares of Stor-Age Property REIT are widely held.

Identity of the related parties with whom material transactions have occurred

Subsidiaries

- RSI 1
- WWI
- N14

Directors as listed in this announcement

Related through common shareholding/directorships or affiliation with related parties

- Madison Square Holdings Close Corporation
- Roeland Street Investments 2 Proprietary Limited
- Stor-Age Property Holdings Proprietary Limited
- Stor-Age Property Holdings Trust
- Castle Rock Capital Trust
- Fairstore Trust

Material related party transactions and balances

	2016 R'000
Related party balances	
Loan accounts- owing to related parties	
- Roeland Street Investments 2 Proprietary Limited	989
- Madison Square Holdings Close Corporation	566
- Fairstore Trust	1 216
Loan accounts- owing by related parties	
- Stor-Age Property Holdings Proprietary Limited	486
- Stor-Age Property Holdings Trust	260
- Castle Rock Capital Trust	3 209

Related party transactions

Interest received on Stor-Age share purchase scheme loans	
Directors and employees	3 528
Development fees paid to related parties	
Madison Square Holdings Close Corporation	5 162
Roeland Street Investments 2 Proprietary Limited	763
Asset management fees received from related party	
Roeland Street Investments 2 Proprietary Limited	1 727
Property management fees received from related party	
Roeland Street Investments 2 Proprietary Limited	1 065
Acquisition fees received from related party	
Roeland Street Investments 2 Proprietary Limited	565
Office rental paid to related party	
Stor-Age Property Holdings Proprietary Limited*	295

*The Group leases certain premises on an arm's length basis.

Financial Instruments.

Derivative financial instruments are classified as level 2 fair value instruments. They are fair valued monthly by Nedbank capital using mark-to-market mid market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.

NOTES

BASIS OF PREPARATION

The provisional summarised consolidated financial statements results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the consolidated financial statements.

Any information included in this announcement that might be perceived as a forward looking statement has not been reviewed and reported on by the Company's auditors in accordance with section 8.40(a) of the Listings Requirements.

The provisional summarised consolidated financial statements for the period ended 31 March 2016 and this summarised report were prepared under the supervision of the Financial Director, Stephen Lucas CA(SA).

COMPARATIVE INFORMATION

No comparative financial information has been reflected in these provisional summarised consolidated financial results as the Company was only incorporated on 25 May 2015 and the results therefore reflects the first completed financial period of the Company since incorporation.

AUDIT OPINION

The consolidated financial statements for the period ended 31 March 2016 were audited by KPMG Inc., who expressed an unqualified opinion thereon. It should be noted that this provisional summarised report is itself not audited but is extracted from the audited consolidated financial statements. The directors take full responsibility for the preparation of this provisional summarised report and that the financial information has been correctly extracted from the consolidated annual financial statements. The consolidated annual financial statements for the period ended 31 March 2016 and the audit report thereon is available for inspection at the Company's registered office. The audit report does not necessarily report on all of the information contained in this provisional summarised report. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

COMMENTARY

1. REVIEW OF RESULTS AND OPERATIONS

Stor-Age Property REIT Limited was incorporated on 25 May 2015 and on 16 November 2015 the Company's shares were listed and began trading on the JSE. The listing was implemented simultaneously with the acquisition and amalgamation of various self storage interests.

The results reflect the trading results of the business for the 4.5 months from listing to year end on 31 March 2016, with key indicators coming in ahead of the listing forecasts set out in the Prospectus.

The board has declared a dividend of 30.07 cents per share, 4.7% higher than forecast in the Prospectus, payable on 4 July 2016 to all shareholders recorded in the register on the record date for the distribution (being 1 July 2016).

A storage unit is rented to a customer on a month-to-month basis with a minimum one month term. The rental agreement continues indefinitely until the customer provides notice of termination. Although rental agreements are short term in nature, the average length of stay for existing customers was 20 months as at 31 March 2016. For storage facilities open more than five years, the average length of stay increased to 24 months. For all customers who moved out of the business during the full 12 month period ended 31 March 2016, the average length of stay was 13 months. This reflects a loyal and 'sticky' customer base. 15% of our customers by occupied space have been storing for over three years and a further 35% have been storing with us for between one and three years.

2. FINANCIAL RESULTS

Property revenue comprises rental income and other income.

Rental income for the reporting period amounted to R54.9 million in line with our forecast projections, and included an amount of R1.6 million relating to the rental warranty as disclosed in the Prospectus. The warranty related to an undertaking provided by the former shareholders of Roeland Street Investments Proprietary Limited (which became a wholly owned subsidiary of the Company on listing) to lease space from the Company on the basis of overall portfolio occupancy of 90%. The rental warranty utilised during the reporting period was R1.6 million lower than forecast and, at 31 March 2016, a further R4.4 million was available to be used for future periods.

Excluding the rental warranty, rental income amounted to R53.3 million, 3.1 % higher than the forecast projection set out in the Prospectus and was underpinned by continued strong demand.

Rental income is a function of occupancy - the amount of space let to individual customers - and the rental rate charged for each unit.

The Listing Portfolio occupancy increased from 151 777m² (as disclosed in the Prospectus) to 155 700m² at 31 March 2016, an increase of 3 923m². This translates into a closing occupancy of 86% at year end. Certain properties in the portfolio are in the final stages of their lease-up and their growth in occupancy in the reporting period was in line with original forecasts. The average rental rate for the reporting period was R75.4/m², increasing 11.4% on an annualised basis from R72.60/m² as disclosed in the Prospectus to R76.30/m² at year end.

Other income comprises ancillary income such as the sale of merchandise (e.g. packaging materials and padlocks), administration and late fees and other sundry income such as parking and income received from advertising billboards.

Direct operating costs comprise principally store-based staff salaries, rates, utilities, a full allocation of the marketing spend and other property related costs such as insurance, maintenance, IT and Communications at a property level. The cost-to-income ratio is 22.8% and the spend for the reporting period is aligned with our Prospectus forecasts. We remain focused on managing costs tightly.

Management fees comprise:

- Property management and asset management fees charged on the Managed Portfolio; and
- Acquisition and development fees charged on the development of new self storage properties.

These fees are marginally higher than forecast due to strong trading in the underlying properties for the period under review and development activity taking place earlier than anticipated.

Administrative expenses relate mainly to support function costs for IT, finance, HR, property management, professional fees and directors' remuneration. These costs are broadly in line with forecast expenditure.

3. CAPITAL STRUCTURE

On listing, the Company issued 139 404 002 shares at R10 per share raising total capital of R1.394 billion. R1 billion of the capital raised via the placement of shares was applied to settle debt at listing and R394 million was applied to settle vendor transactions as set out in the business combinations note above.

The Board's policy is to have approximately 80% of total borrowings fixed. In November 2015 and March 2016 Stor-Age entered into interest rate swap agreements for notional amounts of R75 million (fixed rate 9.52%) and R25 million (fixed rate 10.07%), respectively, both with a maturity date of 30 November 2018.

At 31 March 2016 the Company's total borrowings amounted to R129 million with 78% (84% on a net debt basis) subject to fixed rates and total undrawn borrowing facilities of R521 million. The effective interest rate was 9.39%. The undrawn facilities provide sufficient headroom to fund potential acquisitions and growth in the short to medium term.

Net debt stood at R119 million at 31 March 2016. Given the negative outlook for interest rates over the medium term, the Board strategically raised additional equity at the time of listing to reduce gearing to approximately 10%. Stor-Age currently has a conservative debt structure and a gearing ratio of 8.7% at 31 March 2016.

Net Asset Value per share at 31 March 2016 was R9.90 and the Net Tangible Asset Value per share at 31 March 2016 was R9.31 per share.

4. INVESTMENT PROPERTIES

Investment property increased from R1.296 billion (1 October 2015 valuation) to R1.371 billion at 31 March 2016. All properties in the Listing Portfolio were reviewed and valued independently by Mills Fitchet Magnus Penny (a registered valuer) at 31 March 2016.

5. OCCUPANCY

The occupancy profile by gross lettable area (GLA) of the portfolio as at 31 March 2016 is disclosed in the following table:

Region	GLA (m ²)	% Occupied	Vacancy m ²	% Vacant
Gauteng	108 461	85.9	15 336	14.1
Western Cape	49 885	85.4	7 286	14.6
Eastern Cape	11 016	85.0	1 647	15.0
KwaZulu Natal	5 301	96.4	191	3.6
Free State	6 679	82.3	1 182	17.7
Total	181 342	86.0	25 642	14.0

Portfolio occupancy increased from 82.7% (as disclosed in the Prospectus) to 86% during the period under review. Certain properties are in the final stages of their lease-up and we remain focused on achieving the lease-up forecast set out in the Prospectus.

6. EVENTS AFTER THE REPORTING DATE

As a result of sustained high levels of occupancy and strong customer demand at Stor-Age Gardens and Stor-Age Durbanville, both properties will undergo further development with the addition of 5 500 m² and 2 500 m² of gross building area at each property respectively. Project development costs for the expansion of Stor-Age Gardens and Stor-Age Durbanville is expected to amount to R32 million and R12 million respectively. The expansion is expected to add circa 5 500m² of GLA to the portfolio, and expected to be completed by January 2017.

Both projects will be funded from existing debt facilities and are projected to be yield neutral within their first 12 months of trading and yield enhancing thereafter, providing an immediate uplift to the net asset value of the portfolio on completion. In line with IAS 10, Events after the Reporting Period, the resulting effect is a non-adjusting event that is not recognised in the financial statements.

7. PROSPECTS

Despite the weak domestic economic outlook, demand for self storage remains robust. Barring a significant further deterioration in the South African economy over the next 12 months, Stor-Age is well placed to meet the projections for the year ending 31 March 2017 as set out in the Prospectus.

The Board expects dividend growth of 10% annualised for the year ending 31 March 2017. This guidance has not been reviewed or reported on by the Company's auditors.

8. DIVIDEND FINALISATION

Notice is hereby given of the declaration of the maiden gross final dividend (number 1) of 30.07 cents per share for the period ended 31 March 2016.

Salient dates:	2016
Last date to trade cum dividend	Friday, 24 June
Shares trade ex dividend	Monday, 27 June
Record date	Friday, 1 July
Payment date	Monday, 4 July

Share certificates may not be dematerialised or rematerialised between Monday, 27 June 2016 and Friday, 1 July 2016.

The dividend payment will be transferred to the CSDP/broker accounts of dematerialised shareholders on 4 July 2016 and cheques will be posted, at the risk of the shareholder concerned, to certificated shareholders on or about that date. As the Company has REIT status, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act (No. 58 of 1962), as amended, ("Income Tax Act"). The dividend on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

South African tax residents

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. The dividend is exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provide the following forms to the CSDP or broker in respect of uncertificated shares, or to the Company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividend tax; and
- b) a written undertaking to inform the CSDP, broker or the Company, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Non-residents shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013 dividends received by non-residents from a REIT were not subject to dividend withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder concerned. Assuming dividend withholding tax will be withheld at a rate of 15%, the net dividend amount due to non-resident shareholders is 25.5595 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
- b) a written undertaking to inform their CSDP, broker or the Company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

The Company's tax reference number is 90274205245.

Non-participating Shares

An amalgamation and merger agreement was entered into between the Company, Castle Rock Investments and the HJS Trust, in terms of which the Company acquired all the assets owned by Stor-Age Self Storage Proprietary Limited in terms of section 44 of the Income Tax Act ("the Agreement") in consideration for the allotment of 10 000 000 ordinary shares in the Company ("Consideration Shares"), comprising 7.17% of the issued share capital, and the distribution of those shares to Castle Rock Investments and HJS Trust as a dividend.

In terms of the Agreement, a mechanism was agreed in terms of which the Consideration Shares will not participate fully in the distribution of distributable profits earned by the Company in the ordinary course of business ("Distributable Profits"), and declared by the Company as an interim or final dividend, for the period from the listing date of the Company (i.e. 16 November 2015) until 31 March 2020, on a tiered basis as follows:

	% of the Consideration Shares entitled to participate in the distribution of the Distributable Profits
16 November 2015 to 31 March 2016	0%
1 April 2016 to 31 March 2017	0%
1 April 2017 to 31 March 2018	25%
1 April 2018 to 31 March 2019	50%
1 April 2019 to 31 March 2020	75%
1 April 2020 onwards	100%

The Consideration Shares will however participate fully in any distributions of profits earned from the disposal of any properties.

The amount which would have been declared as a dividend in respect of the Consideration Shares shall be declared and paid as a dividend, pro rata, to the holders of the remaining shares in Stor-Age. As security for this arrangement, the Consideration Shares, or the relevant portion thereof, as the case may be, are held in certificated form in escrow for the period during which the distribution restrictions apply and in the event that these shares are disposed of, the shares will be transferred to another escrow arrangement and the acquirer thereof will be subject to the same restrictions regarding the distributions detailed above.

A reconciliation of the number of shares in issue and the number of shares entitled to receive the dividend, together with the resultant dividend per share, is included below:

Distributable profits (note 1) (R'000)	38 906
Number of shares entitled to the dividend ('000)	129 404
Number of shares in issue as at the date of this announcement ('000)	139 404
Consideration Shares not entitled to the dividend ('000) (note 2)	10 000
Dividend per share (cents)	30.07

Notes:

1. Stor-Age did not undertake any disposals of any properties during the period ended 31 March 2016 and all of the distributable profits of Stor-Age was earned in the ordinary course of business.
2. Comprises 10 000 000 Stor-Age shares, being all of the Consideration Shares that are excluded from participating in the Distributable Profits.

On behalf of the board

PA Theodosiou	GM Lucas
Chairman	CEO

Cape Town
14 June 2016

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