



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")

DETAILED RENEWAL OF CAUTIONARY ANNOUNCEMENT IN RESPECT OF THE PROPOSED ACQUISITION BY THE COMPANY OF STORAGE RSA

1. INTRODUCTION

Shareholders are referred to the announcement released by the Company on SENS on 22 September 2016 in terms of which the board of directors of Stor-Age ("the Board") advised shareholders that Stor-Age had entered into a Memorandum of Understanding with Storage RSA Investments Proprietary Limited ("Storage RSA") in terms of which Stor-Age would acquire 100% of the shares in Storage RSA ("the Storage RSA Transaction").

The Board is pleased to advise shareholders that the Company has now concluded a further Memorandum of Understanding with the members of Units 1-4 Somerset West Business Park CC ("Somerset West CC") with respect to the proposed acquisition of 100% of the members' interest in Somerset West CC ("the Somerset West Transaction").

Shareholders are hereby advised that Stor-Age has made significant progress in negotiating the terms of the Storage RSA Transaction and the Somerset West Transaction (collectively, "the Proposed Transactions"), and accordingly the Board wishes to update shareholders in this regard.

This announcement should be read together with the announcement of 22 September 2016 which contains further information in respect of Storage RSA.

2. RATIONALE

The Proposed Transactions are in line with Stor-Age's strategy of pursuing value-added acquisitions and strengthening the group's position as a premium South African self storage brand.

The Proposed Transactions represent a rare opportunity for Stor-Age to acquire high-quality self storage properties in prime locations, providing Stor-Age with scale from both a balance sheet and trading perspective.

Implementation of the Storage RSA Transaction will provide Stor-Age with the ability to increase its trading portfolio through the acquisition of an additional 39,500m² of gross lettable area from 5 trading stores, together with access to a development opportunity in Bryanston, in respect of which town planning approvals are already in place.

The Somerset West Transaction will provide Stor-Age with an additional trading store, operated under the Storage RSA brand name (under license from Storage RSA), with a gross lettable area of 5,500m².

The Proposed Transactions are expected to be yield neutral for the first 12 months post the effective date and thereafter yield accretive.

3. EFFECTIVE DATES

Each Proposed Transaction will be effective on the later of 1 February 2017 and the first day of the month that immediately follows the month in which all conditions precedent to the relevant Proposed Transaction are fulfilled and/or (where possible) waived ("Effective Date").

4. PURCHASE CONSIDERATION

In terms of the Proposed Transactions, Stor-Age (through its wholly-owned subsidiary, Roeland Street Investments Proprietary Limited ("RSI")) will –

- (a) through a combination of a subscription for new shares and an acquisition of the remaining shares in Storage RSA, acquire the entire issued share capital of Storage RSA together with the shareholders' loan claims against Storage RSA, for an aggregate total consideration of approximately R297 000 000; and
- (b) following the conversion of Somerset West CC into a company ("Somerset West (Pty) Ltd") and through a combination of a subscription for new shares and an acquisition of the remaining shares in Somerset West (Pty) Ltd, acquire the entire issued share capital of Somerset West (Pty) Ltd together with the shareholders' loan claims against Somerset West (Pty) Ltd, for an aggregate total consideration of approximately R40 000 000.

The purchase consideration payable in respect of each of the Proposed Transactions will be settled utilising existing debt facilities in Stor-Age or through a combination of the issue of Stor-Age shares by way of a vendor consideration placement and debt.

5. CONCLUSION OF FORMAL AGREEMENTS AND CONDITIONS PRECEDENT

The parties remain in discussion regarding the salient terms of the Proposed Transactions, which therefore remain subject to the conclusion of formal agreements which shall contain various conditions precedent.

The Proposed Transactions are not inter-conditional, are distinct and separable and are not required to be aggregated for JSE Listings Requirements purposes.

6. RENEWAL OF THE CAUTIONARY ANNOUNCEMENT

As the parties remain in negotiation regarding the final definitive terms of the Proposed Transactions and the conclusion of formal agreements, shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made providing all relevant details in respect of the Proposed Transactions.

Cape Town

22 November 2016

Corporate Advisor and Sponsor


questco
CORPORATE ADVISORY
Questco (Pty) Ltd
Contact: sponsor@questco.co.za

Competition Law Advisor


BAKER & MCKENZIE

Baker & McKenzie

Legal advisor to Stor-Age



Cliffe Dekker Hofmeyr Inc