

## STOR-AGE OUTPERFORMS SECTOR TO POST CONTINUED GROWTH

### Highlights

- **Dividend up 9.25%**
- **Strong trading results**
- **Local acquisitions fully integrated**
- **Conservative gearing of 13.9%**
- **Post-period expansion into the UK**
- **Oversubscribed equity capital raise**

*Almost two years to the day since listing on 16 November 2015, JSE self storage specialist REIT, Stor-Age, today announced continued strong results for the six months to September 2017 and declared a dividend for the fourth consecutive period of 47.02 cents per share. The largest self storage fund in South Africa, Stor-Age has maintained organic growth in earnings and in the underlying portfolio while also expanding locally and into the UK. The REIT has amassed a portfolio valued at R3.6 billion and effectively tripled its market capitalisation to approximately R3.5 billion over the past two years.*

CEO Gavin Lucas says he is pleased with the REIT's interim performance which has maintained its growth trajectory. "Since listing Stor-Age has consistently hit all financial and strategic markers, in contrast to a property sector which over the same two-year period appears to be buckling under the pressure of a constrained economy." He explains that while the business is underpinned by a high quality property portfolio, the recession-resilient nature of self storage itself provides the REIT with a distinct advantage in down cycles. He adds that "we also benefit in good economic times, as the product remains needs-based and the need prevails through the different economic cycles".

Revenue increased year-on-year by 43% to R124 million, while operating profit grew by 50% to R84.5 million from September 2016. Lucas explains that rental income grew in double digits whether measured organically or including the period's major acquisitions. On a like-for-like basis rental income increased 10% due to a higher average occupancy coupled with an 8.7% increase in the average rental rate. Taking into account the period's key acquisitions of Storage RSA and Unit Self Storage, rental income increased by 46% to R110 million. The closing rental rate of R88 per m<sup>2</sup> grew 10% from this time last year.

The REIT's acquisition of sizable peer Storage RSA - which Lucas describes as "a rare acquisition opportunity in South Africa of relative scale and comparable asset quality" - was completed in February 2017 and added six high-quality properties in Cape Town and Gauteng covering 42 000m<sup>2</sup>. The further acquisition of the 5 400m<sup>2</sup> Unit Self Storage property in Cape Town was completed in May "and complements our existing Cape footprint". Lucas says all new stores have been successfully integrated and are trading well as expected.

The period also saw Stor-Age innovate a development structure in the local market - a "Certificate of Practical Completion" deal - for its Bryanston self storage property. He explains that the CPC development model is based on the proven US self storage REIT structures. "Essentially it enables Stor-Age to mitigate development and lease-up risk by acquiring the completed asset off-plan from a developer, at a pre-determined price based on objective criteria, with a rental guarantee underpin for the forecast lease-up."

Post the period Stor-Age continued expanding locally with four properties under the StorTown brand in the Durban area and notably, into the UK for the first time. On 2 November 2017 the group strategically entered the growing UK self storage market by acquiring Storage King, a top 10 UK self storage operator, bringing on board 13 high quality properties in England.

Stor-Age's consequent bookbuild exercise to help fund the acquisitions enjoyed overwhelming investor interest, which Lucas says "affirms that there is significant investor confidence in our business model".

He points out that while a significant portion of Stor-Age's underlying earnings will now be Sterling-denominated, the company remains a primarily South African-focused REIT, based here and with earnings weighted to local properties for the foreseeable future. However, he says the UK self storage market presents an excellent growth opportunity relative to more established markets such as Australia or the USA, which Stor-Age is well placed to benefit from, given that it has entered through an established, proven and scalable platform. "Importantly, we have retained the local skills with the Storage King management team remaining on board and co-invested."

Looking ahead Lucas is confident that Stor-Age's balance sheet flexibility and still low gearing will continue supporting the successful acquisition and development strategy to complement ongoing organic growth. He concludes: "We intend to continue pushing ourselves to outperform the sector and our own benchmarks".

Subject to stable macro conditions, Stor-Age is forecasting an 11-12% rise in the full year dividend.

The share closed yesterday at R[].

Ends.

---

**Issued by:** Jacques de Bie / Michele Mackey  
[jdebie@singular.co.za](mailto:jdebie@singular.co.za) / [michele@singular.co.za](mailto:michele@singular.co.za)  
+27 10 003 0700 OR  
082 691 5384 / 082 497 9827

**On behalf of:** Stor-Age Property REIT Limited  
CEO, Gavin Lucas

**Website:** [www.stor-age.co.za](http://www.stor-age.co.za)  
**Share code:** SSS  
**JSE sector:** Speciality REITs  
**ISIN:** ZAE000208963

**Issue date:** 21 November 2017

*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.

Stor-Age made a strategic entry into the UK self storage market in October 2017 and now owns the 6th largest UK self storage brand - Storage King.

The combined portfolio across South Africa and the United Kingdom comprises 66 properties (61 trading and 5 new developments). The trading portfolio covers more than 400 000m<sup>2</sup> of GLA and is concentrated in the four major South African cities - Johannesburg, Cape Town, Pretoria and Durban, with the United Kingdom portfolio having a bias towards the East and South-East of England. The Listed Portfolio comprises 48 properties (SA:35 and UK:13).

The remaining 17 properties represent a c. R1.3 billion pipeline for Stor-Age under its SA based Managed Portfolio. The group has a pre-emptive right of acquisition over the Managed Portfolio and in the interim earns ongoing licencing, asset management and property management fees. Of the 18 properties, 13 are currently trading and the balance of five are either under construction or in planning.

In addition to 61 properties trading under the Stor-Age and Storage King brands (Stor-Age:48 and Storage King:13), a further 12 properties trade under licence of the Storage King brand in the UK, bringing the total number of properties trading under the Storage King brand to 25. Storage King earns licencing fees on these properties.