

Stor-Age Property REIT Limited
 (Registration number 2015/168454/06)
 Incorporated in the Republic of South Africa
 (Share Code: SSS ISIN: ZAE 000208963)
 ("Stor-Age" or "the company" or "the group")

CONDENSED UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

HIGHLIGHTS

- Distribution to shareholders of 43.04 cps, 6.1% ahead of Prospectus forecast
- Conservative gearing of 9.1%
- Strong trading results
- Proposed acquisition of the Storage RSA and Somerset West CC portfolios underway
- Expansion of the Gardens and Durbanville properties nearing completion
- New flagship Sunninghill property opened in September 2016
- New properties at Gillooly's Interchange (Johannesburg) and Berea (Durban) nearing completion

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 September 2016 R'000	Audited 31 March 2016 R'000
Assets		
Non-current assets	1 600 120	1 573 536
Investment properties	1 393 523	1 370 587
Equipment	1 223	1 209
Stor-Age share purchase scheme loans	123 512	119 628
Goodwill and intangible assets	81 862	81 760
Derivative financial instruments	-	352
Current assets	16 740	19 798
Trade and other receivables	9 175	8 792
Inventories	1 259	1 148
Cash and cash equivalents	6 306	9 858
Total assets	1 616 860	1 593 334
Equity and liabilities		
Shareholders' interest	1 380 740	1 380 248
Stated capital	1 365 246	1 362 647
Non-distributable reserve	16 863	18 126
Accumulated loss	(1 369)	(525)
Non-current liabilities	137 092	131 885
Bank borrowings	133 359	129 021
Finance lease obligation	2 821	2 864
Derivative financial instruments	912	-
Current liabilities	99 028	81 201
Trade and other payables	27 168	25 704
Provisions	15 751	16 000
Finance lease obligation	294	591
Shareholders' distribution payable	55 815	38 906

Total equity and liabilities 1 616 860 1 593 334

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 6 months 2016 R'000	Audited 31 March 4.5 months 2016 R'000
Property revenue	78 526	56 900
- Rental income	75 573	54 907
- Other income	2 953	1 993
Direct property costs	(18 824)	(12 996)
Net property operating income	59 702	43 904
Management fees	8 211	4 946
Administration expenses	(11 668)	(9 066)
Operating profit	56 245	39 784
Gain on bargain purchase	-	4 377
Fair value adjustment to investment properties	-	13 397
Fair value adjustment to derivative financial instruments	(1 263)	352
Depreciation and amortisation	(756)	(525)
Profit before interest and taxation	54 226	57 385
Interest income	5 250	4 118
Interest expense	(5 768)	(4 996)
Profit before taxation	53 708	56 507
Taxation expense	-	-
Profit for the period	53 708	56 507
Other comprehensive income	-	-
Total comprehensive income for the period	53 708	56 507
Basic and diluted earnings per share (cents)	41.49	43.67

RECONCILIATION OF BASIC EARNINGS AND HEADLINE EARNINGS

	Unaudited 30 September 6 months 2016 R'000	Audited 31 March 4.5 months 2016 R'000
Profit for the period	53 708	56 507
Basic earnings	53 708	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	53 708	38 733
Total shares in issue ('000)	139 674	139 404
Weighted average shares in issue ('000)	139 449	139 404
Shares in issue entitled to dividends ('000)	129 674	129 404
Weighted average shares in issue entitled to dividends ('000)	129 449	129 404
Basic and diluted earnings per share (cents)	41.49	43.67
Basic and diluted headline earnings per share (cents)	41.49	29.93

Stor-Age has no dilutive instruments in place.

* There are no tax effects or non-controlling interests

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Non- distributable reserve R'000	Accumulated loss R'000	Total R'000
Total comprehensive income for the period				
Profit for the period	-	-	56 507	56 507
Transactions with owners, recognised directly in equity				
Issue of 127 shares in 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
Total comprehensive income for the period				
Profit for the period	-	-	53 708	53 708
Transactions with owners, recognised directly in equity				
Issue of 269 440 shares in August 2016	2 599	-	-	2 599
Proceeds	2 599	-	-	2 599
Share issue costs	-	-	-	-
Transfer to non-distributable reserve	-	(1 263)	1 263	-
Shareholders' distribution	-	-	(55 815)	(55 815)
Total transactions with owners	2 599	(1 263)	(54 552)	(53 216)
Balance at 30 September 2016	1 365 246	16 836	(1 369)	1 380 740

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 30 September 6 months 2016 R'000	Audited 31 March 4.5 months 2016 R'000
Cash flows from operating activities		
Cash generated from operations	56 966	71 548
Interest income	473	4 118
Interest paid	(5 963)	(4 996)
Net cash inflow from operating activities	51 476	70 670
Cash flows from investing activities		

Acquisition of investment properties	(23 127)	(1 357 190)
Repayment/(advances) of Stor-Age share purchase scheme loans	892	(119 628)
Acquisition of equipment	(338)	(1 672)
Acquisition of intangible assets	(153)	(104 422)
Acquisition of subsidiaries	-	4 452
Net cash outflow from investing activities	(22 726)	(1 578 460)
Cash flows from financing activities		
Increase in bank borrowings	4 338	129 021
Proceeds from the issue of shares	2 599	1 394 040
Share issue costs	-	(8 793)
(Repayment)/raising of finance leases	(333)	3 380
Dividends paid	(38 906)	-
Net cash (outflow)/inflow from financing activities	(32 302)	1 517 648
Net cash (outflow)/inflow for the period	(3 552)	9 858
Cash and cash equivalents at beginning of period	9 858	-
Cash and cash equivalents at end of period	6 306	9 858

SEGMENTAL INFORMATION FOR THE SIX MONTH PERIOD ENDING 30 SEPTEMBER 2016

Segmental information is based on the geographic location of each investment property. The group trades in five of the nine provinces in South Africa. The group is managed on a consolidated basis and inter-segmental transactions have been eliminated. The segmental information is limited to:

- On the statement of comprehensive income: Rental income, other income, fair value gains and direct property costs.
- On the statement of financial position: Investment property, 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
Revenue						
- Rental income	31 133	37 615	1 594	2 026	3 205	75 573
- Other income	1 129	1 607	74	20	123	2 953
Direct property costs	(6 463)	(10 133)	(613)	(804)	(811)	(18 824)
Total profit for the period	25 799	29 089	1 055	1 242	2 517	59 702

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	75 573	75 573	-
- Other income	2 953	2 953	-
Direct property costs	(18 824)	(18 824)	-
Net property operating income	59 702	59 702	-
Management and development fee income	8 211	-	8 211
Administration costs	(11 668)	-	(11 668)
Operating profit	56 245	59 702	(3 457)
Fair value adjustment to financial instruments	(1 263)	-	(1 263)
Depreciation and amortisation	(756)	-	(756)

Profit before interest and taxation	54 226	59 702	(5 476)
Interest income	5 250	-	5 250
Interest expense	(5 768)	-	(5 768)
Profit before taxation	53 708	59 702	(5 994)
Taxation expense	-	-	-
Total profit for the period	53 708	59 702	(5 994)

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	609 323	682 813	23 115	22 407	55 865	1 393 523
Trade and other receivables	435	1 011	64	36	108	1 654
Inventories	370	375	42	28	48	863

	Total R'000	Allocated R'000	Unallocated R'000
Assets			
Non-current assets	1 600 120	1 393 523	206 597
Investment properties	1 393 523	1 393 523	-
Equipment	1 223	-	1 223
Stor-Age share purchase scheme loans	123 512	-	123 512
Goodwill and intangible assets	81 862	-	81 862
Current assets	16 740	2 517	14 223
Trade and other receivables	9 175	1 654	7 521
Inventories	1 259	863	396
Cash and cash equivalents	6 306	-	6 306
Total assets	1 616 860	1 396 040	220 820
Shareholders' interest	1 380 740	-	1 380 740
Stated capital	1 365 246	-	1 365 246
Non-distributable reserve	16 863	-	16 863
Accumulated loss	(1 369)	-	(1 369)
Non-current liabilities	137 092	-	137 092
Bank borrowings	133 359	-	133 359
Finance lease obligation	2 821	-	2 821
Derivative financial instruments	912	-	912
Current liabilities	99 028	-	99 028
Trade and other payables	27 168	-	27 168
Provisions	15 751	-	15 751
Finance lease obligation	294	-	294
Shareholders' distribution payable	55 815	-	55 815
Total equity and liabilities	1 616 860	-	1 616 860

	Unaudited 30 September 6 months 2016 R'000	Audited 31 March 4.5 months 2016 R'000
Headline earnings attributable to shareholders	53 708	38 733
Distributable earnings adjustment	2 107	173
Depreciation and amortisation of assets	756	525
Fair value adjustment to derivative financial instruments	1 263	(352)
Antecedent dividend on share issue on 26 August 2016	88	-
Distributable earnings	55 815	38 906
Shares entitled in issue to dividends ('000)	129 674	129 404
Distribution per share for the period (cents)	43.04	30.07

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 are widely held.

Identity of the related parties with whom material transactions have occurred
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
- Roeland Street Investments 3 Proprietary Limited
- Castle Rock Investments Proprietary Limited

	Unaudited 30 September 6 months 2016 R'000	Audited 31 March 4.5 months 2016 R'000
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Material related party transactions and balances
Related party balances

Loan accounts - owing to related parties

- Roeland Street Investments 2 Proprietary Limited	-	989
- Madison Square Holdings Close Corporation	3 558	566
- Fairstore Trust	-	1 216
- Stor-Age Property Holdings Proprietary Limited	193	-
Loan accounts owing by related parties		
- Stor-Age Property Holdings Proprietary Limited	-	486
- Roeland Street Investments 2 Proprietary Limited	71	-
- Stor-Age Property Holdings Trust	6	260
- Fairstore Trust	2	-

- Castle Rock Capital Trust	3 409	3 209
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	Unaudited	Audited
	30 September	31 March
	6 months	4.5 months
	2016	2016
	R'000	R'000

Material related party transactions and balances

Related party transactions

Interest received on Stor-Age share purchase scheme loans

Directors and employees	4 777	3 528
Interest received from related party		
Castle Rock Capital Trust	171	-
Development fees paid to related party		
Madison Square Holdings Close Corporation	18 657	5 162
Development fees received from related parties		
Roeland Street Investments 2 Proprietary Limited	1 315	763
Roeland Street Investments 3 Proprietary Limited	221	-
Asset management fees received from related party		
Roeland Street Investments 2 Proprietary Limited	2 841	1 727
Property management fees received from related party		
Roeland Street Investments 2 Proprietary Limited	1 561	1 065
Acquisition fees received from related party		
Roeland Street Investments 2 Proprietary Limited	490	565
Roeland Street Investments 3 Proprietary Limited	336	-
Office rental paid to related party		
Stor-Age Property Holdings Proprietary Limited*	359	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.

COMMENTARY

Introduction

Stor-Age continued to perform strongly for the six months to 30 September 2016 ("the period") in a challenging economic environment, reflecting the group's resilience in all market cycles. The dividend for the period of 43.04 cents per share exceeds management's forecast in the Prospectus by 6.1% after adjusting for the increased number of shares in issue and reduced gearing.

Occupancies increased significantly compared to both the prior comparative period and the previous year end, with a double digit rise in the average rental rate. Furthermore, the new flagship Sunninghill property was opened in the period and expansions of key properties will shortly be completed to boost the portfolio's total Gross Lettable Area ("GLA"). Two additional new properties are expected to be opened shortly.

Group overview

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa and the first and only self storage REIT listed on an emerging market exchange. Stor-Age debuted successfully on the JSE in November 2015 and brought to market a low-risk income paying specialist self storage REIT.

Stor-Age seeks to develop, acquire and manage high quality self storage properties where it will achieve strong market penetration and produce favourable operating margins, benefiting from economies of scale.

The portfolio currently comprises 34 self storage properties across South Africa. Stor-Age owns and operates 24 of these, representing 182 909 m2 GLA valued at R1.4 billion ("Listing Portfolio"). The balance of the portfolio makes up the unlisted Managed Portfolio on which Stor-Age receives property and asset management fees and over which it has a pre-emptive first right of acquisition. Collectively Stor-Age manages over 14 500 individual leases.

Basis of preparation

The condensed unaudited consolidated interim results for the six months ended 30 September 2016 are prepared in accordance with the JSE Listings requirements for interim reports and the International Financial Reporting Standard ("IFRS"), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. Except for the adoption of revised and new standards that became effective during the year, all accounting policies applied in the preparation of these unaudited interim financial results are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements. There was no material impact on the interim financial results as a result of the adoption of these standards.

Stephen Lucas (CA)SA, in his capacity as Financial Director, was responsible for the preparation of these unaudited condensed consolidated interim results for the six months ended 30 September 2016. These condensed consolidated interim financial results have not been reviewed or reported on by the company's auditors.

Review of results and operations

Occupancies increased by 6 915 m2 and 1 178 m2 compared to 30 September 2015 and 31 March 2016 respectively, to close the period at 156 879 m2. This reflects an 85.8% occupancy rate across the Listing Portfolio.

The occupancy profile by GLA at 30 September 2016 is disclosed in the following table:

Region	GLA (m2)	% Occupied	Vacancy (m2)	% Vacant
Gauteng	109 773	85.0	16 468	15.0
Western Cape	49 925	87.8	6 088	12.2
Eastern Cape	11 016	81.2	2 073	18.8
KwaZulu-Natal	5 516	98.4	86	1.6
Free State	6 679	80.3	1 315	19.7
Total	182 909	85.8	26 030	14.2

The average rental rate grew by 10% to R79.9/m2 compared to 30 September 2015 or 4.7% compared to the prior reporting period.

Expansion of the Gardens and Durbanville properties will add 5 500 m2 GLA to the portfolio. The first phase of additional GLA is expected to commence trading in December 2016.

Our new flagship Big Box Sunninghill property opened in September 2016 and similar new developments at Gillooly's Interchange (Essexwold, Johannesburg) and Berea (Durban) are nearing completion.

A self storage unit is rented to a customer on a month-to-month basis with a minimum one month term. For all customers that moved out of the properties during the period the average length of stay was 14 months. The average length of stay for existing customers was 21 months at period-end and for properties open more than five years, 24 months. This reflects a loyal and 'sticky' customer base. 16% of our customers have been storing with us for more than three years and a further 36% for between one and three years.

Acquisition of Storage RSA and Somerset West CC

As announced on 22 September 2016, Stor-Age entered into a Memorandum of Understanding with Storage RSA Investments Proprietary Limited ("Storage RSA") to acquire 100% of the shares in Storage RSA.

Stor-Age has also 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.

These proposed acquisitions are in line with our strategy of pursuing value-added acquisitions and strengthening our position as a premium South African self storage brand and represent a rare opportunity for Stor-Age to acquire high-quality self storage properties in prime locations, providing the group with scale from both a balance sheet and trading perspective.

Implementation of the acquisition of Storage RSA will provide Stor-Age with the ability to increase its trading portfolio through the acquisition of an additional 39 500 m2 of GLA from five trading stores (three of which are located in Cape Town and two in Gauteng) together with access to a development opportunity in Bryanston, in respect of which town planning approvals are already in place.

The acquisition of Somerset West CC will provide Stor-Age with an additional trading store, operated under the Storage RSA brand name (under license from Storage RSA), with GLA of 5 500 m2.

Financial results

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

In line with the Prospectus, rental income for the period amounted to R75.6 million and included an amount of R2.4 million in respect of the rental warranty, as disclosed. 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%. At the end of the period a further R2 million was available for use.

The distribution per share for the period exceeds the pro rata distribution per share as disclosed in the Prospectus by 6.1%. The pro rata revenue and distribution per share forecast was extracted from the listing forecast as contained in the Prospectus for the period, assuming that revenue and distributable earnings are earned based on the lease up and rental assumptions as disclosed in the Prospectus.

Both the Gardens and Durbanville expansion projects are being 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.

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. Administrative expenses relate mainly to support function costs for IT, finance, HR, property management, professional fees and directors' remuneration. We continue to review and improve processes to drive efficiencies and, with our focus on centralising certain back office and support functions and the greater use of technology, we are well placed to benefit from economies of scale as the portfolio grows.

Management fees comprise property management and asset management fees charged to the Managed Portfolio and acquisition and development fees charged on the development of new self storage properties.

Funding

The group has term loan facilities of R650 million available with Nedbank. The respective maturities of the various facilities range from November 2017 to November 2020 and accrue interest at an average margin of 1.5% below prime.

Nedbank loan facilities	Facility expiry date	Term	Interest rate %	Facility value R'million
Nedbank facility A	Nov 17	2 years	prime less 1.75	150
Nedbank facility B	Nov 18	3 years	prime less 1.50	150
Nedbank facility C	Nov 20	5 years	prime less 1.40	350

Prime rate interest swap	Notional amount R'million	Effective date	Maturity date	Fixed rate %
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Swap A	75	Nov 15	Nov 18	9.52
Swap B	25	Mar 16	Nov 18	10.07

At 30 September 2016 the company's total borrowings amounted to R133.4 million with 75% (79% on a net debt basis) subject to fixed rates as set out above, and total undrawn borrowing facilities of R516.6 million. Stor-Age's effective interest rate for the period was 9.39%. A further three-year R50 million prime rate swap was entered into with Nedbank at a rate of 9.50% post the end of the reporting period on 8 November 2016, resulting in the company being 100% hedged.

The development costs for the expansion of the Gardens and Durbanville properties are circa R44 million in aggregate. At period-end total development costs of R16.2 million had been incurred.

The board's policy is to fix approximately 80% of borrowings. The proposed acquisition of Storage RSA will most likely result in an increase in borrowings after consideration of the most optimal funding structure. Taking cognisance of this and in line with the business and growth strategy the board anticipates fixing a further portion of borrowings in the short term.

Net asset value per share at 30 September 2016 was R9.89 and the net tangible asset value per share was R9.30.

Events after the reporting date

The board is not aware of any events, other than those disclosed in this report that have a material impact on the results or disclosures of the group, which have occurred subsequent to the end of the reporting period.

Prospects

The board reaffirms its full year distribution growth forecast for the year to 31 March 2017 to be 10% higher on an annualised basis than the previous financial period. This guidance is based on the assumptions that no further significant deterioration in the macro-economic environment and the South African economy occurs. The financial and operational assumptions applied in arriving at this guidance are consistent with those applied in the Prospectus. This guidance has not been reviewed or reported on by the company's auditors.

Dividend finalisation

Notice is hereby given of the declaration of the gross interim dividend (number 2) of 43.04 cents per share for the six months ended 30 September 2016.

Salient dates:	2016
Last date to trade cum dividend	Tuesday, 6 December
Shares trade ex dividend	Wednesday, 7 December
Record date	Friday, 9 December
Payment date	Monday, 12 December

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2016 and Friday, 9 December 2016.

The dividend payment will be transferred to the CSDP/broker accounts of dematerialised shareholders on 12 December 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 above-mentioned 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 36.58400 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 Pty (Ltd) and the HJS Trust prior to listing, in terms of which the company acquired all the assets owned by Stor-Age Self Storage Proprietary Limited in terms of s44 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 at the time, and the distribution of those shares to Castle Rock Investments (Pty) Ltd 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 (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 distribution 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 (R'000) (note 1)	55 815
Number of shares entitled to the dividend ('000)	129 674
Number of shares in issue as at the date of this announcement ('000)	139 674
Consideration Shares not entitled to the dividend ('000) (note 2)	10 000
Dividend per share (cents)	43.04

Notes:

1. Stor-Age did not dispose of any properties during the period ended 30 September 2016 and all of the distributable profits of Stor-Age were earned in the ordinary course of business.
2. Consideration shares comprises 10 000 000 Stor-Age shares, being all of the Consideration Shares that are excluded from participating in the Distributable Profits.
3. At the date of this announcement, Stor-Age had 139 673 569 ordinary shares in issue.

On behalf of the board

PA Theodosiou
Chairman

GM Lucas
CEO

Cape Town
22 November 2016

CONTACT DETAILS

Registered office
218 Main Road
Claremont
7807

Transfer secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg

Sponsor
Questco (Pty) Ltd
Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston 2191
2191

Investor Relations
Singular Systems (Pty) Ltd
28 Fort Street
Birnam
2196

Directors
PA Theodosiou (Chairman)#+, GM Lucas (CEO)*, SC Lucas*+, SJ Horton*, MS Moloko#, GA Blackshaw, GBH Fox#

Independent
* Executive
+ British citizen