STOR-AGE CONTINUES TO OUTPERFORM

HIGHLIGHTS

- **Strong trading results despite tough economic environment**
- **Distribution per share 6% higher than listing forecast**
- **Sector fundamentals supporting attractive growth in distributions**
- **Diversified customer base of 14 500 + tenants**
- **Healthy conservative balance sheet - gearing at 9%**
- **Acquisition of Storage RSA portfolio underway**
- **Expansion of Gardens & Durbanville properties nearing completion**
- **New flagship Sunninghill property opened in September 2016**

JSE newcomer Stor-Age Property REIT today announced strong interim results for the six months to September 2016, declaring a dividend of 43.04 cents, outperforming the Prospectus forecast by more than 6%. Stor-Age listed on the JSE in November 2015. The group today also announced its strides in finalising the milestone acquisition of sizable peer, Storage RSA ("RSA"), for up to R340 million in aggregate.

Stor-Age currently owns and operates a R1,4 billion portfolio of 24 self storage properties covering 183 000m² in distinct locations across South Africa. Rental income for the interim period amounted to R75.6 million in line with Prospectus forecasts. Year-on-year, occupancies increased significantly (c. 6 900m²) to reflect an 86% occupancy level across the portfolio, and the average rental rate grew by an impressive 10% to R79.9/m². Stor-Age further earns property and asset management fees over another 10 properties falling outside of the listed group, over which it has a pre-emptive right of acquisition. The group ended the period on conservative gearing of 9.1%.

CEO Gavin Lucas attributes Stor-Age's excellent results in a challenging economic environment to the resilience of its business model throughout economic cycles. "Self storage is a 'needs based' product and the need prevails in all cycles. People are always experiencing life changing events and require flexibility, for instance when performing renovations at home or moving. Likewise businesses always require flexible space options – whether they are upscaling or downscaling."

The busy six months saw the group continue to roll-out its more than R500 million development pipeline with a new flagship facility in Sunninghill opened in September. Stor-Age Sunninghill is the group's first Big Box self storage property in the upmarket Sandton area. "The new R85 million state-of-the-art self storage property marks the next phase of Stor-Age's organic growth in Gauteng as it signals the group's debut into the high density northern suburbs," says Lucas.

Expansions of the Gardens and Durbanville properties are nearing completion and two further new high profile stores will come online shortly near the Gillooly's interchange, Bedfordview and in Berea, Durban. In aggregate these developments will boost the portfolio by 29 000m².

Lucas says that while the interim results and pipeline progress are indeed pleasing, he is excited by the near finalisation of the acquisition of RSA's six property portfolio. This will add 39 500m² to Stor-Age's portfolio in Gauteng and Cape Town with the opportunity for an additional new development in Bryanston. Stor-Age has also concluded negotiations for an additional transaction that will see the group acquire a property currently operated under the RSA brand under licence.

"RSA presents Stor-Age with the rare opportunity to buy South African self storage properties that complement the location, scale and quality of Stor-Age's existing portfolio." Lucas says the acquisition is in line with the group's strategy of consolidating its position through value-add acquisitions in a fragmented industry and bears testament to the excellent relationships built with industry peers over the last decade. "The acquisition will bulk up our balance sheet in addition to our trading footprint," he adds.

The c. R297 million purchase price for the shares in and claims on loan account against RSA will be settled to the vendors in cash, with the option to fund the acquisition through a combination of existing debt facilities and/or by issuing fresh equity.

Looking ahead Lucas says short to medium term focus will remain on driving occupancies, revenue and cash flow from all properties and bedding down the RSA portfolio acquisitions. He affirms that the group will continue pursuing acquisitions but on the premise of quality only, with no dilution of quality for short term growth. "Our acquisition strategy is underpinned by a healthy balance sheet and we are well positioned to weather the economic headwinds in South Africa, as well as global market volatility."

He concludes that assuming no further significant deterioration in the current economic environment, Stor-Age's full year dividend growth forecast to March 2017 remains 10% higher than 2016. For the 4.5 months from listing to year-end in March 2016, Stor-Age declared a dividend of 30 cents a share, outperforming its listing forecast by 4.7%.

Stor-Age's share closed yesterday at R10,40.

Ends.

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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 of properties are differentiated by their high visibility to passing traffic, easy access off busy arterial routes and proximity to middle to upper income suburbs.

The portfolio of 34 Stor-Age branded and managed properties covers approximately 258 000 m² of GLA concentrated in the four major cities - Johannesburg, Pretoria, Cape Town and Durban.

Stor-Age has in place a more than R1 billion pipeline of 17 properties over which it has a pre-emptive right of acquisition. Stor-Age earns ongoing licencing, asset management and property management fees from the pipeline properties, which are housed in a separate company. Of the 17 properties, ten are currently trading and the balance of seven are either under construction or in planning.