

OVERSUBSCRIBED STOR-AGE BOOKBUILD FUNDS R1.3 BILLION UK ACQUISITION

JSE REIT Stor-Age, the leading and only listed self storage property fund in South Africa, has closed its accelerated bookbuild to fund the acquisition of the sixth largest self storage brand in the United Kingdom, Storage King.

The significantly oversubscribed bookbuild saw R1.275 billion of equity raised at a price of R11.50 per share, representing a 2.5% discount to the 30-day VWAP of R11.80. These funds will allow Stor-Age to conclude the c. R1.3 billion acquisition of Storage King on 31 October, while maintaining a conservatively well-placed balance sheet post the effective date of the transaction. “The strong demand for our stock resulted in us increasing the size of the capital raise from the initially indicated R900 million, up to the maximum allowable value of R1.275 billion. At these levels there was significant excess demand for our stock, indicating a strong vote of confidence in our performance since listing and our current growth strategy,” said Stor-Age CEO Gavin Lucas.

The Storage King portfolio currently comprises 13 well-located properties throughout England with a bias towards the South East and East, and an average occupancy of 78% of gross lettable area (GLA). A further 12 properties trade under license of the Storage King brand in the UK, generating license and management fees. This makes 25 properties in total under the Storage King brand at present. Storage King also exclusively owns the brand rights for the whole of Europe and further, having in place a pipeline of third party acquisition opportunities.

Lucas, who returned from the European Self Storage Conference in Berlin last week, said the company’s strategic move into the growing UK self storage market had been well-received by local European industry participants. “The UK market presents an attractive growth opportunity as the country offers a robust macro-economic environment with a relative undersupply of self storage, and a language, culture and regulatory system familiar to South Africa,” he said. “Storage King is a well-established, reputable brand, with an excellent senior management team. The business has critical mass and established, scalable operations and importantly offers a very attractive level of underlying earnings growth through both rental rate and occupancy increases year-on-year. While Brexit has created some uncertainty for the UK in the short to medium term, the sector fundamentals underpinning the self storage market have ensured that the industry continues to perform attractively.”

“While we remain a South African focused business, post the transaction our exposure to UK property assets will be approximately 35% of the enlarged business and we envisage that over the short to medium term our UK asset exposure will remain in the 30-40% range. A significant portion of our underlying earnings will have the added benefit of serving as a hard currency Rand-hedge.”

The loan-to-value ratio will remain conservatively placed at less than 25% after the proposed transaction. Lucas said the company was on target in its third year of a five-year strategic plan. “We expect to continue to meet our attractive growth in distribution forecast. Driven by a ‘need’, self storage remains remarkably resilient in the context of a highly constrained

local economic environment and it is that ‘need’ which is sustaining the performance of the Stor-Age portfolio.”

Stor-Age’s strategy is centred on acquiring high quality properties in outstanding locations, offering excellent customer service and ensuring that the properties are well-branded. Earlier this year, Stor-Age acquired Storage RSA, one of the country’s largest private self storage operators and this month, the company will also conclude the recently announced acquisition of the Durban based StorTown from DanCor for R145 million. StorTown trades from four properties in Brackenhill, Durban CBD and Durban North and the deal provides Stor-Age with a broader geographical offering in locations complimentary to the existing trading portfolio in the Durban market.

Stor-Age now trades from and manages a portfolio of 61 properties across South Africa and the UK, covering a GLA of more than 410 000 m². Its 62nd property, currently being developed in Bryanston, is situated in a prime location and is scheduled to open in 2018.

“Importantly, post the acquisition of Storage King, our balance sheet will continue to be conservatively geared and interest rate hedged, all the while our highly attractive growth in distribution forecast remains set to continue into the future, underpinned by the underlying level of earnings growth in both the SA and UK businesses.”

Since listing the REIT has consistently exceeded the distribution forecasts in its listing prospectus. The share closed yesterday at R11.81.

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 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 65 properties (60 trading and 5 new developments). The trading portfolio covers more than 400 000m² 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 47 properties (SA:34 and UK:13).

The remaining 18 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 60 properties trading under the Stor-Age and Storage King brands (Stor-Age:47 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.