



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**”)

POSTING OF CIRCULAR, NOTICE OF GENERAL MEETING, DISCLOSURE OF FORECAST FINANCIAL INFORMATION AND RENEWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are referred to the announcement released by the Company on SENS on Tuesday, 5 September 2017 relating to the proposed acquisition by Stor-Age of 97.3% of the issued share capital of Betterstore Self Storage Holdings Limited (“**Storage King**” or, together with its subsidiaries “**the Storage King Group**”) from CS Capital Partners III, LP, a fund managed by Cabot Square Capital LLP, and the management of the Storage King Group, (“**the Proposed Transaction**”).

2. POSTING OF CIRCULAR AND NOTICE OF GENERAL MEETING

Shareholders are hereby advised that Stor-Age has today, Monday, 18 September 2017, posted a circular (“**the Circular**”) to Stor-Age shareholders, containing full details of the Proposed Transaction, including, *inter alia*, forecast financial information in respect of the Storage King Group and a notice of the general meeting.

Notice is hereby given that a general meeting of shareholders of Stor-Age (the “**General Meeting**”) will be held at 09h00 on Tuesday, 17 October 2017 at Investec Bank Limited (36 Hans Strijdom Avenue Lane, Cape Town City Centre, Cape Town, 8001) for the purposes of considering and, if deemed fit, passing, with or without modification, the following resolutions, which are set out in the notice:

- the approval of the Proposed Transaction as a category one transaction;
- authority to issue shares as required in terms of section 41(3) of the Companies Act; and

- authority of the directors of Stor-Age to do all such things and sign all such documentation as is necessary to give effect to the Proposed Transaction.

3. IMPORTANT DATES AND TIMES

2017

Last day to trade to be eligible to vote at the General Meeting	Tuesday, 3 October
Record date to be eligible to attend and vote at the General Meeting	Friday, 6 October
Last day and time to lodge forms of proxy with the Transfer Secretaries by 09h00 on (note 2)	Friday, 13 October
General Meeting to be held at 09h00 on	Tuesday, 17 October
Results of General Meeting published on SENS on	Tuesday, 17 October

Notes:

1. All times referred to in this announcement are local times in South Africa and are subject to amendment. Any such amendment will be released on SENS.
2. If you have elected to be represented by a proxy at the General Meeting, you are requested to complete and return the form of proxy (attached to the Circular) in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries so as to be received by them no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

4. FORECAST FINANCIAL INFORMATION IN RESPECT OF THE STORAGE KING GROUP

Set out below are the forecast statements of comprehensive income of the Storage King Group and the Crewe property (“**the Forecasts**”) on a standalone basis for the five months ending 31 March 2018 and the 12 months ending 31 March 2019 (“**the Forecast period**”). The Forecasts have been prepared on the assumption that the effective date of the acquisition of the Storage King Group is 31 October 2017 and that the effective date for the purchase of the Crewe property is 1 December 2017.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Stor-Age (“**the Directors**”). The Forecasts have been reviewed and reported on by the independent reporting accountants, KPMG Inc., and their unmodified report thereon is available for inspection at the registered office of Stor-Age and the transaction sponsor and has been reproduced in the Circular.

The Forecasts presented in the table below have been prepared in accordance with Stor-Age's accounting policies and in compliance with International Financial Reporting Standards.

Summarised notes and assumptions in relation to the Forecasts are set out below. Full notes and assumptions have been included in the Circular.

Forecast statements of comprehensive income in respect of the Storage King Group and the Crewe property

	Forecast for the five months ending	Crewe property for the four months ending	Forecast for the period ending (incl. Crewe)	Forecast for the 12 months ending (excl. Crewe)	Crewe property for the 12 months ending	Forecast for the 12 months ending (incl. Crewe)
R'000	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-19	31-Mar-19	31-Mar-19
Property revenue						
- Rental income	59 529	3 292	62 821	155 314	11 514	166 828
- Other income	12 187	139	12 326	31 127	420	31 547
Direct property costs	(24 819)	(1 338)	(26 157)	(62 406)	(4 196)	(66 602)
Net property operating income	46 897	2 093	48 990	124 035	7 738	131 773
Other revenue	559	-	559	1 374	-	1 374
Administration expenses	(13 041)	-	(13 041)	(32 371)	-	(32 371)
Operating profit	34 415	2 093	36 508	93 038	7 738	100 776
Fair value adjustments - financial instruments	(8 750)	-	(8 750)	(21 688)	-	(21 688)
Interest income	10 459	2 003	12 462	24 905	4 760	29 665
Interest expense	(6 690)	(3 986)	(10 676)	(17 335)	(9 668)	(27 003)
Profit before taxation	29 433	110	29 543	78 920	2 830	81 750
Taxation expense	-	-	-	-	-	-
Profit for the period	29 433	110	29 543	78 920	2 830	81 750
Profit for the period attributable to:						
- Shareholders of the parent	28 620	107	28 727	76 738	2 752	79 490
- Non-controlling interests	814	3	817	2 182	78	2 260
Distributable earnings	37 370	107	37 477	98 426	2 752	101 178

Summarised notes and assumptions

1. The Forecasts are based on analysis of historical information, contracts and information provided by the directors and management of the Storage King Group and independent property valuers (Cushman & Wakefield LLP).
2. The properties underlying the Forecasts comprise eight freehold properties and five leasehold properties situated throughout England (“**the Core Portfolio**”) and the Crewe property.
3. The Forecasts do not include any adjustments to the fair values of the Core Portfolio and the Crewe property that may occur during the Forecast period.
4. Uncontracted revenue comprises 14.5% and 48.7% of basic rental revenue for the five months ending 31 March 2018 and 12 months ending 31 March 2019.
5. Current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates. The maximum forecast occupied space per property, assuming full fit-out of gross lettable area (GLA), ranges between 71% and 90% (average of 85% for the Core Portfolio and the Crewe property).

The forecast occupancy for the Core Portfolio is 78.3% and 80.2% at 31 March 2018 and 31 March 2019 respectively. The forecast occupancy for the Crewe property is 62.3% and 71.7% at 31 March 2018 and 31 March 2019 respectively.

6. An assumed average exchange rate of ZAR:GBP of R17.25:£1.00 for the five months ending 31 March 2018 and R17.68:£1.00 for the 12 months ending 31 March 2019 has been used.
7. The conditions precedent specified in the agreement in respect of the Crewe property are assumed to be met by on 30 November 2017, and therefore, the income and expenditure from the Crewe property has been included in the Forecasts from this date.
8. No unforeseen market and economic factors will affect the tenant’s ability to meet their commitments in terms of lease agreements that have been included in the Forecasts.
9. The conditions precedent specified in the share purchase agreement (“**SPA**”) in respect of the Core Portfolio will have been met by the effective date, and therefore, the risks and rewards of ownership will have transferred to Stor-Age by this date. As a result, Stor-Age will be able to consolidate 100% of the income and expenditure from the Storage King Group from the effective date.

The conditions precedent specified in the SPA in respect of the Crewe property are assumed to be met by on or about 30 November 2017, and therefore, Stor-Age will be able to consolidate 100% of the income and expenditure from the Crewe property from this date.

10. 78.079 million new Stor-Age Shares are assumed to be issued at an assumed issue price per share of R11.60, together with other available internal cash resources to the extent required, for the purpose of funding the initial purchase consideration. A further 0.841 million new Stor-Age shares are assumed to be issued for the purchase of the Crewe property.
11. The Forecasts assume that the Company will enter into interest rate swap to fix up to 80% of Storage King's GBP-denominated debt for a period of 5 years. The all-in cost of the debt facility of £25 million is assumed to be 3.75% per annum.

5. RENEWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement released by the Company on SENS on 8 June 2017 and the subsequent renewals of the cautionary dated 21 July 2017 and 5 September 2017 regarding the proposed acquisition by Stor-Age of DanCor Properties Proprietary Limited (“the DanCor Acquisition”), unrelated to the Proposed Transaction.

Shareholders are advised that, notwithstanding the fact that Forecasts in respect of the Storage King Group has now been released on SENS, given that discussions remain ongoing in respect of the DanCor Acquisition, shareholders are advised to continue to exercise caution when dealing in their Stor-Age shares until a further announcement is made in this regard.

Johannesburg
18 September 2017

Financial Advisor and Transaction Sponsor
Investec Bank Limited

Sponsor
Questco Corporate Advisory Proprietary Limited

Independent Reporting Accountants
KPMG Inc.