

Stor-Age Property REIT Limited  
(Registration number: 2015/168454/06)  
Incorporated in the Republic of South Africa  
Share code: SSS ISIN: ZAE000208963  
("Stor-Age" or "the company" or "the group")

STOR-AGE PROPERTY REIT LIMITED  
PROVISIONAL SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS  
for the year ended 31 March 2017

A DECLARATION OF A CASH DIVIDEND AND POSTING OF A CIRCULAR CONTAINING A DIVIDEND INVESTMENT ALTERNATIVE ELECTION IS INCLUDED IN THIS ANNOUNCEMENT

PROVISIONAL SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS  
for the year ended 31 March 2017 ("the year")

The board of directors ("the board") of Stor-Age is pleased to present the provisional summarised consolidated results of the company and its subsidiary companies ("the group") for the year ended 31 March 2017.

#### HIGHLIGHTS

- Total dividend up 10% (1) to 88.05 cents per share (3.5% ahead of prospectus)(2)
- Strong trading results:
  - total occupancy increased by 37 700 m2
  - closing occupancy rate of 85%
  - closing rental of R86/m2 up 12.7%
  - investment property valued at R2.1 billion
- Expansion of Gardens and Durbanville properties substantially completed
- Three new properties opened in Johannesburg and Durban
- Successful acquisition of Storage RSA (3)
- Conservative gearing of 11.9%

#### INTRODUCTION

Stor-Age's third consecutive period of growth since listing on the JSE in November 2015 has continued our positive trajectory. The group delivered healthy growth in distributions, revenue and occupancies for the year in a still challenging local economy.

The final dividend of 45.01 cents per share, when added to the interim dividend of 43.04 cents per share, brings the total dividend for the year to 88.05 cents per share or 10% annualised growth on the prior year 4.5 month dividend of 30.07 cents per share and 3.5% ahead of the forecast in the listing prospectus.

Our strong operational performance saw good organic and acquisitive growth, with a year-on-year increase in new enquiries and move-in activity across the portfolio, two properties expanded, three new stores opened and the successful completion of a major strategic acquisition. Occupancy in the like-for-like portfolio (excludes Storage RSA) increased by 4 000 m2 and growth in the achieved average rental rate was 9.4%. In February 2017 the acquisition of Storage RSA added 41 800 m2 gross lettable area (GLA) (4) to our portfolio, strengthening our market leading position in the South African self storage market. The closing occupancy at 31 March 2017, including Storage RSA, was 193 400 m2 with an 85% occupancy rate.

- (1) On an annualised basis.
- (2) Stor-Age exceeded the 2017 forecasts stated in the prospectus dated October 2015.
- (3) The Storage RSA portfolio comprises the acquisition of 100% of the shares of Storage RSA Investments Proprietary Limited ("Storage RSA Investments"), and 100% of the shares of Units 1-4 Somerset West Business Park Proprietary Limited ("Somerset West"). Somerset West operated and traded under the Storage RSA brand. Collectively, Storage RSA Investments and Somerset West are referred to as the Storage RSA portfolio or Storage RSA.
- (4) Excludes parking and office GLA.

#### SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 March 2017

|                                      | 2017<br>R'000 | 2016<br>R'000 |
|--------------------------------------|---------------|---------------|
| Assets                               |               |               |
| Non-current assets                   | 2 263 524     | 1 573 536     |
| Investment properties                | 2 050 210     | 1 370 587     |
| Property and equipment               | 2 070         | 1 209         |
| Stor-Age share purchase scheme loans | 125 480       | 119 628       |
| Goodwill and intangible assets       | 83 670        | 81 760        |
| Deferred taxation                    | 2 094         | -             |
| Derivative financial instruments     | -             | 352           |

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Current assets                      | 20 593           | 19 798           |
| Trade and other receivables         | 10 674           | 8 792            |
| Inventories                         | 1 888            | 1 148            |
| Cash and cash equivalents           | 8 031            | 9 858            |
| <b>Total assets</b>                 | <b>2 284 117</b> | <b>1 593 334</b> |
| Equity and liabilities              |                  |                  |
| Shareholders' interest              | 1 889 831        | 1 380 248        |
| Stated capital                      | 1 766 561        | 1 362 647        |
| Non-distributable reserve           | 141 058          | 18 126           |
| Accumulated loss                    | (17 788)         | (525)            |
| Non-current liabilities             | 113 000          | 131 885          |
| Bank borrowings                     | 106 202          | 129 021          |
| Derivative financial instruments    | 1 409            | -                |
| Finance lease obligation            | 5 389            | 2 864            |
| Current liabilities                 | 281 286          | 81 201           |
| Bank borrowings                     | 146 470          | -                |
| Trade and other payables            | 38 573           | 25 704           |
| Provisions                          | 20 047           | 16 000           |
| Finance lease obligation            | 906              | 591              |
| Dividends payable                   | 75 290           | 38 906           |
| <b>Total equity and liabilities</b> | <b>2 284 117</b> | <b>1 593 334</b> |

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
for the year ended 31 March 2017

|   | 2017<br>12 months<br>R'000 | 2016<br>4.5 months<br>R'000 |
|---|----------------------------|-----------------------------|
| Property revenue  | 166 663                    | 56 900                      |
| - Rental income   | 158 801                    | 54 907                      |
| - Other income  | 7 862                      | 1 993                       |
| Direct property costs                                     | (38 348)                   | (12 996)                    |
| Net property operating income                             | 128 315                    | 43 904                      |
| Other revenue   | 13 748                     | 4 946                       |
| - Management fees   | 13 748                     | 4 946                       |
| Administration expenses                                   | (24 995)                   | (9 066)                     |
| Operating profit  | 117 068                    | 39 784                      |
| Gain on bargain purchase                                  | 41                         | 4 377                       |
| Fair value adjustment to investment properties            | 127 240                    | 13 397                      |
| Fair value adjustment to derivative financial instruments | -                          | 352                         |
| Depreciation and amortisation                             | (1 552)                    | (525)                       |
| Profit before interest and taxation                       | 242 797                    | 57 385                      |
| Interest income   | 13 026                     | 4 118                       |
| Interest expense  | (15 769)                   | (4 996)                     |
| Profit before taxation                                    | 240 054                    | 56 507                      |
| Taxation expense  | 671                        | -                           |
| Profit for the year                                       | 240 725                    | 56 507                      |
| Fair value adjustment to derivative financial instruments | (1 760)                    | -                           |
| Deferred taxation   | 394                        | -                           |
| Other comprehensive income for the year, net of taxation  | (1 366)                    | -                           |
| <b>Total comprehensive income for the year</b>            | <b>239 359</b>             | <b>56 507</b>               |
| Reconciliation of basic earnings and headline earnings    |                            |                             |
| Profit for the year                                       | 240 725                    | 56 507                      |
| Basic earnings  | 240 725                    | 56 507                      |

|   |           |          |
|---|-----------|----------|
| Headline earnings adjustments*                                | (127 281) | (17 774) |
| Fair value adjustment of investment properties                | (127 240) | (13 397) |
| Gain on bargain purchase                                      | (41)      | (4 377)  |
| Headline earnings attributable to shareholders                | 113 444   | 38 733   |
| <br>  |           |          |
| Total shares in issue ('000)                                  | 176 876   | 139 404  |
| Weighted average shares in issue ('000)                       | 142 662   | 139 404  |
| Shares entitled to dividends in issue ('000)                  | 166 876   | 129 404  |
| Weighted average shares entitled to dividends in issue ('000) | 132 662   | 129 404  |
| <br>  |           |          |
| Basic and diluted earnings per share (cents)                  | 181.46    | 43.67    |
| Basic and diluted headline earnings per share (cents)         | 85.51     | 29.93    |

Stor-Age has no dilutive instruments in place.

\* There are no tax effects or non-controlling interests

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2017

|   | Stated<br>capital<br>R'000 | Non-<br>distributable<br>reserve<br>R'000 | Accumulated<br>loss<br>R'000 | Total<br>R'000 |
|---|----------------------------|---|------------------------------|----------------|
| Total comprehensive income for the period                     |                            |   |                              |                |
| Profit for the period   | -                          | -   | 56 507                       | 56 507         |
| Transactions with shareholders, recognised directly in equity |                            |   |                              |                |
| Issue of 127 shares on 25 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)                     | -              |
| Dividend  | -                          | -   | (38 906)                     | (38 906)       |
| Total transactions with shareholders                          | 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 year                       | -                          | -   | 239 359                      | 239 359        |
| Profit for the year   | -                          | -   | 240 725                      | 240 725        |
| Other comprehensive income                                    | -                          | -   | (1 366)                      | (1 366)        |
| Transactions with shareholders, recognised directly in equity |                            |   |                              |                |
| Issue of 269 440 shares in August 2016                        | 2 599                      | -   | -                            | 2 599          |
| Proceeds  | 2 599                      | -   | -                            | 2 599          |
| Share issue costs   | -                          | -   | -                            | -              |
| Issue of 37 002 776 shares in February 2017                   | 399 163                    | -   | -                            | 399 163        |
| Proceeds  | 400 000                    | -   | -                            | 400 000        |
| Share issue costs   | (837)                      | -   | -                            | (837)          |
| Issue of 200 000 shares in February 2017                      | 2 152                      | -   | -                            | 2 152          |
| Proceeds  | 2 152                      | -   | -                            | 2 152          |
| Share issue costs   | -                          | -   | -                            | -              |
| Transfer to non-distributable reserve                         | -                          | 125 521                                   | (125 521)                    | -              |
| Transaction costs capitalised on acquisition of subsidiary    | -                          | (2 589)                                   | -                            | (2 589)        |
| Dividend  | -                          | -   | (131 101)                    | (131 101)      |
| Total transactions with shareholders                          | 403 914                    | 122 932                                   | (256 622)                    | 270 224        |
| Balance at 31 March 2017                                      | 1 766 561                  | 141 058                                   | (17 788)                     | 1 889 831      |

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS  
for the year ended 31 March 2017

|   | 2017<br>12 months<br>R'000 | 2016<br>4.5 months<br>R'000 |
|---|----------------------------|-----------------------------|
| Cash flows from operating activities  |                            |                             |
| Cash generated from operations  | 118 589                    | 71 548                      |
| Interest income   | 3 320                      | 4 118                       |
| Interest paid   | (15 769)                   | (4 996)                     |
| Dividends paid  | (94 717)                   | -                           |
| Net cash inflow from operating activities   | 11 423                     | 70 670                      |
| Cash flows from investing activities  |                            |                             |
| Acquisition of investment properties  | (75 283)                   | (1 357 190)                 |
| Repayments/(advances) of Stor-Age share purchase scheme loans                             | 8 605                      | (119 628)                   |
| Acquisition of property, plant and equipment  | (1 781)                    | (1 672)                     |
| Acquisition of intangible assets  | (239)                      | (104 422)                   |
| Acquisition of subsidiaries, net of cash acquired and settlement of financial liabilities | (465 342)                  | 4 452                       |
| Net cash outflow from investing activities  | (534 040)                  | (1 578 460)                 |
| Cash flows from financing activities  |                            |                             |
| Increase in bank borrowings   | 123 651                    | 129 021                     |
| Proceeds from the issue of shares   | 400 000                    | 1 394 040                   |
| Share issue costs   | (837)                      | (8 793)                     |
| (Costs)/raising of finance leases   | (2 024)                    | 3 380                       |
| Net cash inflow from financing activities   | 520 790                    | 1 517 648                   |
| Net cash (outflow)/inflow for the year  | (1 827)                    | 9 858                       |
| Cash and cash equivalents at beginning of the year  | 9 858                      | -                           |
| Cash and cash equivalents at end of the year  | 8 031                      | 9 858                       |

#### SEGMENTAL INFORMATION

for the year ended 31 March 2017

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 intersegmental transactions have been eliminated. The segmental information is limited to:

- On the statement of profit or loss and other comprehensive income: Rental income, other income, fair value adjustments to investment properties and direct property costs.
- On the statement of financial position: Investment properties, tenant debtors and inventories.

The chief executive officer (CEO) reviews the segmental information on a quarterly basis.

|  | Western<br>Cape<br>R'000 | Gauteng<br>R'000 | Free State<br>R'000 | KwaZulu-<br>Natal<br>R'000 | Eastern<br>Cape<br>R'000 | Total<br>R'000 |
|--|--------------------------|------------------|---------------------|----------------------------|--------------------------|----------------|
| Revenue  |                          |                  |                     |                            |                          |                |
| - Rental income                                | 65 425                   | 79 334           | 3 537               | 4 126                      | 6 379                    | 158 801        |
| - Other income                                 | 1 660                    | 4 807            | 147                 | 1 053                      | 195                      | 7 862          |
| Direct property costs                          | (13 021)                 | (20 747)         | (1 264)             | (1 669)                    | (1 647)                  | (38 348)       |
| Operating profit                               | 54 064                   | 63 394           | 2 420               | 3 510                      | 4 927                    | 128 315        |
| Fair value adjustment to investment properties | 75 670                   | 38 628           | 1 332               | 9 530                      | 2 080                    | 127 240        |
| Total profit for the year                      | 129 734                  | 102 022          | 3 752               | 13 040                     | 7 007                    | 255 555        |

Reconciliation of segmental results to profit for the year in the statement of profit or loss and other comprehensive income

|                       | Total<br>R'000 | Allocated<br>R'000 | Unallocated<br>R'000 |
|-----------------------|----------------|--------------------|----------------------|
| Property revenue      |                |                    |                      |
| - Rental income       | 158 801        | 158 801            | -                    |
| - Other income        | 7 862          | 7 862              | -                    |
| Direct property costs | (38 348)       | (38 348)           | -                    |

|   |          |         |          |
|---|----------|---------|----------|
| Net property operating income                             | 128 315  | 128 315 | -        |
| Other revenue   | 13 748   | -       | 13 748   |
| - Management fees   | 13 748   | -       | 13 748   |
| Administration costs                                      | (24 995) | -       | (24 995) |
| Operating profit  | 117 068  | 128 315 | (11 247) |
| Gain on bargain purchase                                  | 41       | -       | 41       |
| Fair value adjustment to investment properties            | 127 240  | 127 240 | -        |
| Depreciation and amortisation                             | (1 552)  | -       | (1 552)  |
| Profit before interest and taxation                       | 242 797  | 255 555 | (12 758) |
| Interest income   | 13 026   | -       | 13 026   |
| Interest expense  | (15 769) | -       | (15 769) |
| Profit before taxation                                    | 240 054  | 255 555 | (15 501) |
| Taxation expense  | 671      | -       | 671      |
| Profit for the year                                       | 240 725  | 255 555 | (14 830) |
| Fair value adjustment to derivative financial instruments | (1 760)  | -       | (1 760)  |
| Deferred taxation   | 394      | -       | 394      |
| Other comprehensive income for the year, net of taxation  | (1 366)  | -       | (1 366)  |
| Total comprehensive income for the year                   | 239 359  | 255 555 | (16 196) |

|                       | Western<br>Cape<br>R'000 | Gauteng<br>R'000 | Free State<br>R'000 | KwaZulu-<br>Natal<br>R'000 | Eastern<br>Cape<br>R'000 | Total<br>R'000 |
|-----------------------|--------------------------|------------------|---------------------|----------------------------|--------------------------|----------------|
| Segment assets        |                          |                  |                     |                            |                          |                |
| Investment properties | 996 892                  | 938 818          | 24 500              | 32 000                     | 58 000                   | 2 050 210      |
| Tenant debtors        | 891                      | 941              | 37                  | 50                         | 62                       | 1 981          |
| Inventories           | 977                      | 773              | 43                  | 43                         | 52                       | 1 888          |

|                                      | Total<br>R'000 | Allocated<br>R'000 | Unallocated<br>R'000 |
|--------------------------------------|----------------|--------------------|----------------------|
| Assets                               |                |                    |                      |
| Non-current assets                   | 2 263 524      | 2 050 210          | 213 314              |
| Investment properties                | 2 050 210      | 2 050 210          | -                    |
| Property, plant and equipment        | 2 070          | -                  | 2 070                |
| Stor-Age share purchase scheme loans | 125 480        | -                  | 125 480              |
| Deferred taxation                    | 2 094          | -                  | 2 094                |
| Goodwill and intangible assets       | 83 670         | -                  | 83 670               |
| Current assets                       | 20 593         | 3 869              | 16 724               |
| Trade and other receivables          | 10 674         | 1 981              | 8 693                |
| Inventories                          | 1 888          | 1 888              | -                    |
| Cash and cash equivalents            | 8 031          | -                  | 8 031                |
| Total assets                         | 2 284 117      | 2 054 079          | 230 038              |
| Shareholders' interest               | 1 889 831      | -                  | 1 889 831            |
| Stated capital                       | 1 766 561      | -                  | 1 766 561            |
| Non-distributable reserve            | 141 058        | -                  | 141 058              |
| Accumulated loss                     | (17 788)       | -                  | (17 788)             |
| Non-current liabilities              | 113 000        | -                  | 113 000              |
| Bank borrowings                      | 106 202        | -                  | 106 202              |
| Derivative financial instruments     | 1 409          | -                  | 1 409                |
| Finance lease obligation             | 5 389          | -                  | 5 389                |
| Current liabilities                  | 281 286        | -                  | 281 286              |
| Bank borrowings                      | 146 470        | -                  | 146 470              |
| Trade and other payables             | 38 573         | -                  | 38 573               |
| Provisions                           | 20 047         | -                  | 20 047               |
| Finance lease obligation             | 906            | -                  | 906                  |
| Shareholders' distribution           | 75 290         | -                  | 75 290               |

Total equity and liabilities 2 284 117 - 2 284 117

Segmental information for the 4.5 month period ending 31 March 2016

|  | Western<br>Cape<br>R'000 | Gauteng<br>R'000 | Free State<br>R'000 | KwaZulu-<br>Natal<br>R'000 | Eastern<br>Cape<br>R'000 | Total<br>R'000 |
|--|--------------------------|------------------|---------------------|----------------------------|--------------------------|----------------|
| Revenue  |                          |                  |                     |                            |                          |                |
| - Rental income                                | 21 872                   | 27 993           | 1 228               | 1 341                      | 2 473                    | 54 907         |
| - Other income                                 | 660                      | 1 056            | 84                  | 12                         | 181                      | 1 993          |
| Direct property costs                          | (5 638)                  | (5 804)          | (469)               | (729)                      | (356)                    | (12 996)       |
| Operating profit                               | 16 894                   | 23 245           | 843                 | 624                        | 2 298                    | 43 904         |
| Fair value adjustment to investment properties | 29 617                   | (21 567)         | 423                 | 3 122                      | 1 802                    | 13 397         |
| Total profit for the period                    | 46 511                   | 1 678            | 1 266               | 3 746                      | 4 100                    | 57 301         |

Reconciliation of segmental results to profit for the period in the statement of profit or loss and other comprehensive income

|  | Total<br>R'000 | Allocated<br>R'000 | Unallocated<br>R'000 |
|--|----------------|--------------------|----------------------|
| Property revenue                               |                |                    |                      |
| - Rental income                                | 54 907         | 54 907             | -                    |
| - Other income                                 | 1 993          | 1 993              | -                    |
| Direct property costs                          | (12 996)       | (12 996)           | -                    |
| Net property operating income                  | 43 904         | 43 904             | -                    |
| Other revenue                                  | 4 946          | -                  | 4 946                |
| - Management fees                              | 4 946          | -                  | 4 946                |
| Administration costs                           | (9 066)        | -                  | (9 066)              |
| Operating profit                               | 39 784         | 43 904             | (4 120)              |
| Gain on bargain purchase                       | 4 377          | -                  | 4 377                |
| Fair value adjustment to investment properties | 13 397         | 13 397             | -                    |
| Fair value adjustment to financial instruments | 352            | -                  | 352                  |
| Depreciation and amortisation                  | (525)          | -                  | (525)                |
| Profit before interest and taxation            | 57 385         | 57 301             | 84                   |
| Interest income                                | 4 118          | -                  | 4 118                |
| Interest expense                               | (4 996)        | -                  | (4 996)              |
| Profit before taxation                         | 56 507         | 57 301             | (794)                |
| Taxation expense                               | -              | -                  | -                    |
| Total profit for the period                    | 56 507         | 57 301             | (794)                |

|                       | Western<br>Cape<br>R'000 | Gauteng<br>R'000 | Free State<br>R'000 | KwaZulu-<br>Natal<br>R'000 | Eastern<br>Cape<br>R'000 | Total<br>R'000 |
|-----------------------|--------------------------|------------------|---------------------|----------------------------|--------------------------|----------------|
| Segment assets        |                          |                  |                     |                            |                          |                |
| Investment properties | 592 242                  | 679 045          | 23 000              | 20 500                     | 55 800                   | 1 370 587      |
| Tenant debtors        | 184                      | 650              | 36                  | 15                         | 43                       | 928            |
| Inventories           | 400                      | 407              | 25                  | 32                         | 43                       | 907            |

Segment assets, reserves and liabilities

|                                      | Total<br>R'000 | Allocated<br>R'000 | Unallocated<br>R'000 |
|--------------------------------------|----------------|--------------------|----------------------|
| Assets                               |                |                    |                      |
| Non-current assets                   | 1 573 536      | 1 370 587          | 202 949              |
| Investment properties                | 1 370 587      | 1 370 587          | -                    |
| Equipment                            | 1 209          | -                  | 1 209                |
| Stor-Age share purchase scheme loans | 119 628        | -                  | 119 628              |
| Goodwill and intangible assets       | 81 760         | -                  | 81 760               |
| Derivative financial instruments     | 352            | -                  | 352                  |

|                                     |                  |                  |                  |
|-------------------------------------|------------------|------------------|------------------|
| Current assets                      | 19 798           | 1 835            | 17 963           |
| Trade and other receivables         | 8 792            | 928              | 7 864            |
| Inventories                         | 1 148            | 907              | 241              |
| Cash and cash equivalents           | 9 858            | -                | 9 858            |
| <b>Total assets</b>                 | <b>1 593 334</b> | <b>1 372 422</b> | <b>220 912</b>   |
| Shareholders' interest              | 1 380 248        | -                | 1 380 248        |
| Stated capital                      | 1 362 647        | -                | 1 362 647        |
| Non-distributable reserve           | 18 126           | -                | 18 126           |
| Accumulated loss                    | (525)            | -                | (525)            |
| Non-current liabilities             | 131 885          | -                | 131 885          |
| Bank borrowings                     | 129 021          | -                | 129 021          |
| Finance lease obligation            | 2 864            | -                | 2 864            |
| Current liabilities                 | 81 201           | -                | 81 201           |
| Trade and other payables            | 25 704           | -                | 25 704           |
| Provisions                          | 16 000           | -                | 16 000           |
| Finance lease obligation            | 591              | -                | 591              |
| Dividends payable                   | 38 906           | -                | 38 906           |
| <b>Total equity and liabilities</b> | <b>1 593 334</b> | <b>-</b>         | <b>1 593 334</b> |

DIVIDEND RECONCILIATION  
for the year ended 31 March 2017

|  | 2017<br>12 months<br>R'000 | 2016<br>4.5 months<br>R'000 |
|--|----------------------------|-----------------------------|
| Reconciliation of headline earnings and distributable earnings per share |                            |                             |
| Headline earnings attributable to shareholders                           | 113 444                    | 38 733                      |
| Distributable earnings adjustment  | 17 657                     | 173                         |
| Amortisation and depreciation of assets                                  | 1 552                      | 525                         |
| Fair value adjustment to derivative financial instruments                | -                          | (352)                       |
| Antecedent dividend on share issues                                      | 16 105                     | -                           |
| Distributable earnings   | 131 101                    | 38 906                      |
| Dividend declared for the period ending 30 September                     | 55 811                     | -                           |
| Dividend declared for the period ending 31 March                         | 75 290                     | 38 906                      |
| Total dividend for the year  | 131 101                    | 38 906                      |
| Shares entitled to dividends September ('000)                            | 129 674                    | -                           |
| Shares entitled to dividends March ('000)                                | 167 275                    | 129 404                     |
| Dividend per share September (cents)                                     | 43.04                      | -                           |
| Dividend per share March (cents)   | 45.01                      | 30.07                       |
| Total dividend per share for the year (cents)                            | 88.05                      | 30.07                       |

The interim dividend of 43.04 cents per share for the period ending 30 September 2016 was declared on 18 November 2016 and the final dividend of 45.01 cents per share for the period ending 31 March 2017 was declared on 28 March 2017.

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.

BUSINESS COMBINATIONS

On 28 February 2017 the company (through its wholly-owned subsidiary Roeland Street Investments Proprietary Limited ("RSI 1")) acquired Storage RSA Investments Proprietary Limited ("Storage RSA") and Units 1-4 Somerset West Business Park Proprietary Limited ("Somerset West").

The acquisitions are in line with our strategy of pursuing value-added acquisitions in a fragmented industry and strengthening our position as South Africa's leading

self storage brand.

Storage RSA comprises five trading properties with 36 950 m2 of GLA in aggregate, as well as development opportunity in Bryanston of approximately 4 800 m2 for which town planning approvals are in hand. Somerset West operated and traded under the Storage RSA brand and comprises one trading property of 4 900 m2 of GLA.

The details of the transactions are set out below:

#### 1. Acquisition of Storage RSA Investments Proprietary Limited

On 28 February 2017 RSI 1 acquired 100% of the issued share capital of Storage RSA. Storage RSA is the holding company of four wholly-owned subsidiaries. The value of the interest in these wholly-owned subsidiaries was R295 million at the effective date of the transaction.

The total consideration for the acquisition was R280.3 million and was settled in cash to the vendors.

The acquired business contributed revenue of R3.3 million and net profit before tax and fair value adjustments of R2.1 million to the group from the effective date of 28 February 2017 to 31 March 2017. In the previous financial year, prior to the acquisition by RSI 1, the acquired business generated revenue of R35.0 million and a net profit before tax and fair value adjustments of R24.8 million.

Subsequent to the effective date of the transaction, Storage RSA changed its year end from 28 February to 31 March in order to align its financial year with the group.

2017  
R'000

The assets and liabilities as at 28 February 2017 arising from the acquisition are as follows:

|                                    |           |
|------------------------------------|-----------|
| Investment properties*             | 437 100   |
| Cash and cash equivalents          | 7 261     |
| Property, plant and equipment      | 448       |
| Trade and other receivables        | 1 085     |
| Tax receivable                     | 148       |
| Deferred tax                       | 816       |
| Inventories                        | 421       |
| Shareholder loans                  | (10 540)  |
| Financial liabilities              | (139 337) |
| Trade and other payables           | (10 392)  |
| Provisions                         | (4 835)   |
| Fair value of net assets           | 282 175   |
| Goodwill                           | 1 769     |
| Total purchase consideration       | 283 944   |
| Contingent consideration#          | (3 617)   |
| Consideration financed by cash     | (280 327) |
| Cash and cash equivalents acquired | 7 261     |
| Net cash outflow on acquisition    | (273 066) |

\* The valuation technique used to determine the fair value of the investment properties acquired is based on the group's accounting policy.

# The purchase consideration is based on the pre-closing accounts at the effective date of the transaction. Once the closing accounts have been finalised, the group may be required to settle any outstanding consideration. RSI 1 incurred transaction costs of R2.6 million which were recognised in a non-distributable reserve in the statement of changes in equity.

#### 2. Acquisition of Units 1-4 Somerset West Business Park Proprietary Limited

On 28 February 2017 RSI 1 acquired 100% of the issued share capital of Somerset West. The total consideration for the acquisition was R37.4 million and was settled in cash to the vendors.

The acquired business contributed revenue of R513 000 and net profit before tax and fair value adjustments of R383 000 to the group from the effective date of 28 February 2017 to 31 March 2017. In the previous financial year, prior to the acquisition by RSI 1, the acquired business earned revenue of R1.7 million and a net profit before tax and fair value adjustments of R447 000.

Subsequent to the effective date of the transaction, Somerset West changed its year end from 28 February to 31 March in order to align its financial year with the group.

2017  
R'000

The assets and liabilities as at 28 February 2017 arising from the acquisition are as follows:



|                                    |          |
|------------------------------------|----------|
| Investment property*               | 40 000   |
| Property and equipment             | 87       |
| Trade and other receivables        | 271      |
| Tax receivable                     | 30       |
| Cash and cash equivalents          | 280      |
| Financial liabilities              | (2 675)  |
| Trade and other payables           | (537)    |
| Fair value of net assets           | 37 456   |
| Gain on bargain purchase           | (41)     |
| Total purchase consideration       | 37 415   |
| Net cash outflow on acquisition    | (37 135) |
| Consideration financed by cash     | (37 415) |
| Cash and cash equivalents acquired | 280      |

\* The valuation technique used to determine the fair value of the investment property acquired is based on the group's accounting policy.

The purchase price paid for Somerset West is based on the pre-closing accounts at the effective date of the transaction.

#### 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

##### Subsidiaries

- Roeland Street Investments Proprietary Limited
- Wimbledonway Investments Proprietary Limited
- N14 Self Storage Proprietary Limited
- Storage RSA Investment Proprietary Limited
- Units 1-4 Somerset West Business Park Proprietary Limited

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
- Roeland Street Investments 3 Proprietary Limited
- Stor-Age Property Holdings Proprietary Limited
- Stor-Age Property Holdings Trust
- Castle Rock Capital Trust
- Fairstore Trust

Material related party transactions and balances

|  | 2017  | 2016  |
|--|-------|-------|
|  | R'000 | R'000 |
| Related party balances                             |       |       |
| Amounts owing to related parties                   |       |       |
| - Roeland Street Investments 2 Proprietary Limited | -     | 989   |
| - Madison Square Holdings Close Corporation        | -     | 566   |
| - Fairstore Trust                                  | -     | 1 216 |
| Amounts owing by related parties                   |       |       |
| - Stor-Age Property Holdings Proprietary Limited   | 221   | 486   |
| - Stor-Age Property Holdings Trust                 | -     | 260   |
| - Castle Rock Capital Trust                        | 982   | 3 209 |
| - Roeland Street Investments 2 Proprietary Limited | 97    | -     |
| - Madison Square Holdings Close Corporation        | 814   | -     |
| Working capital owing by related parties           |       |       |
| - Roeland Street Investments 2 Proprietary Limited | 444   | -     |
| Working capital owing to related parties           |       |       |
| - Roeland Street Investments 2 Proprietary Limited | 1 406 | -     |

Related party transactions

|   |       |       |
|---|-------|-------|
| Interest received on Stor-Age share purchase scheme loans |       |       |
| - Directors and key management personnel                  | 9 706 | 3 528 |

|  |          |         |
|--|----------|---------|
| Development fees paid (to)/from related parties      |          |         |
| - Madison Square Holdings Close Corporation          | (39 225) | (5 162) |
| - Roeland Street Investments 2 Proprietary Limited   | 1 718    | 763     |
| - Roeland Street Investments 3 Proprietary Limited   | 635      | -       |
| Asset management fees received from related party    |          |         |
| - Roeland Street Investments 2 Proprietary Limited   | 6 130    | 1 727   |
| Property management fees received from related party |          |         |
| - Roeland Street Investments 2 Proprietary Limited   | 3 393    | 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*    | 741      | 295     |

\* The group leases certain premises on an arm's length basis.

#### COMMENTARY

##### 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 any emerging market exchange. Stor-Age debuted successfully on the JSE on 16 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 we will achieve strong market penetration and produce favourable operating margins, benefiting from economies of scale.

The portfolio currently comprises 43 self storage properties across South Africa totalling 300 000 m2. Stor-Age owns and operates 31 of these, representing 233 000 m2 of GLA valued at over R2.1 billion ("Listing Portfolio") (4). 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 18 500 individual leases.

(4) Includes the acquisition of Unit Self Storage in May 2017 - see Events after the Reporting Date

##### BASIS OF PREPARATION

The provisional summarised consolidated annual financial results are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act, 71 of 2008, as amended, ("Companies Act") applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summarised consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the consolidated financial statements.

Any information included in this announcement that might be perceived as a forward looking statement has not been reviewed or reported on by the company's auditors in accordance with section 8.40(a) of the Listings Requirements.

The provisional summarised consolidated annual financial results for the year ended 31 March 2017 and this summarised report were prepared under the supervision of the Financial Director, Stephen Lucas CA(SA).

##### AUDIT OPINION

These provisional summarised consolidated annual financial results are extracted from the audited information, but is not itself audited. The consolidated annual financial statements for the year ended 31 March 2017 were audited by KPMG Inc., who expressed an unmodified opinion thereon. The audited consolidated annual financial statements for the year ended 31 March 2017 and the auditor's report thereon is available for inspection at the company's registered office.

The directors take full responsibility for the preparation of these provisional summarised consolidated annual financial statements and that the financial information has been correctly extracted from the consolidated annual financial statements.

The auditor's report does not necessarily report on all of the information contained in these provisional summarised consolidated annual financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

##### OPERATIONAL REVIEW AND STORAGE RSA ACQUISITION

The audited consolidated annual financial statements for the year to March 2017, from which this summarised report has been extracted, represent the group's first full 12 month reporting period since listing on the JSE on 16 November 2015. At the previous year end Stor-Age reported on a 4.5 month trading period since listing.

The trading results of Storage RSA are included in the group results for the one month period from the effective date of acquisition to year end. The acquisition of Storage RSA, the third largest self storage operator in South Africa, was successfully completed on 28 February 2017. The portfolio comprises six high-quality

properties located in Cape Town and Gauteng, as well as a development opportunity in Bryanston with c.4 800 m2 of developable GLA for which town planning approvals are in hand. The acquisition was in line with our strategy of pursuing value-added acquisitions in a fragmented industry and strengthening our position as South Africa's leading self storage brand. It represents a rare opportunity for Stor-Age to acquire similar high-quality self storage properties in prime locations boasting strong occupancies, providing the group with scale from both balance sheet and trading perspectives.

The total GLA in the Listed Portfolio at year end was 227 800 m2 (2016: 181 342 m2) with a closing occupancy of 85%. The closing rental rate at year end was R86/m2, an increase of 12.7%.

All properties in the Storage RSA portfolio are trading at mature occupancy levels save for Durbanville, a newly opened lease-up property of 7 800 m2 GLA which began trading in July 2016 (Durbanville is performing in line with expectation and at year end was 35% occupied).

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 year end and for properties open more than five years, 24 months. This reflects a loyal and 'sticky' customer base. 20% of our customers have been storing with us for more than three years and a further 33% for between one and three years.

#### FINANCIAL RESULTS

Revenue and headline earnings for the year amounted to R180.4 million and R113.4 million respectively.

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. Rental income for the year amounted to R158.8 million. Excluding the Storage RSA portfolio, rental income was R155.1 million.

Total occupancy grew by 37 700 m2 over the year acquisitively (Storage RSA 33 700 m2) and organically (like-for-like portfolio 4 000 m2). We take a balanced approach to revenue management and our occupancy growth was accompanied by an increase in our closing rental rate of 12.7% to R86 and like-for-like growth in our achieved average rental rate throughout the period of 9.4%.

Other income comprises licence fees relating to the opening of new stores in the Managed Portfolio and ancillary income such as the sale of merchandise (e.g. packaging materials and padlocks), administration fees, late fees and other sundry income.

Management fees comprise property management and asset management fees charged on the Managed Portfolio; and acquisition and development fees charged on the development of new self storage properties. These fees for the year were in line with expectations and the underlying performance of the Managed Portfolio.

Direct operating costs comprise mainly store-based staff salaries, rates, utilities, a full allocation of marketing spend and other property-related costs such as insurance, maintenance, IT and communications at a property level. The cost-to-income ratio (direct operating costs as a percentage of property revenue) is 23.4%.

Administrative expenses relate mainly to support function costs for IT, finance, HR, property management, professional fees and directors' remuneration. These costs are broadly in line with forecast expenditure. We remain focussed on managing our cost base tightly to enable revenue growth that translates into earnings growth.

#### CAPITAL STRUCTURE

Our financing policy is to fund our current needs through a mix of debt, equity and cash flow to allow the company to expand the portfolio and achieve our strategic growth objectives. 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 % |
|--------------------------|---------------------------|----------------|---------------|--------------|
| Swap A                   | 75                        | Nov 15         | Nov 18        | 9.52         |
| Swap B                   | 25                        | Mar 16         | Nov 18        | 10.07        |
| Swap C                   | 50                        | Nov 16         | Nov 19        | 9.50         |
| Swap D                   | 25                        | Nov 16         | Sep 18        | 9.19         |
| Swap E                   | 25                        | Nov 16         | Mar 20        | 9.40         |

At 31 March 2017 the group's total gross borrowings amounted to R252.7 million (2016: R129 million) with 79% (2016: 78%) subject to fixed rates as set out above, and total undrawn borrowing facilities of R397.3 million (2016: R521 million). On a net debt basis, 82% (2016: 84%) of the group's borrowings were subject to fixed rates. The board's policy is to fix approximately 80% of borrowings. The effective interest rate at year end was 9.36% (2016: 9.39%).

In February 2017 we raised R400 million of equity capital through the placement of 37 million ordinary shares to fund the Storage RSA acquisition and reduce debt associated with the acquisition. The development costs for the expansion of our existing Gardens and Durbanville properties of R41 million, as well the acquisition of the Bryanston vacant land of R17.4 million, were funded from our debt facilities.

We maintain a conservative capital structure with net debt at R244.6 million at 31 March 2017 (2016: R119.2 million) and a gearing ratio of 11.9% (2016: 8.7%).

Net asset value per share was R10.68 (2016: R9.90) and net tangible asset value per share was R10.21 (2016: R9.31).

#### INVESTMENT PROPERTIES

A reconciliation of the movement in investment properties to 31 March 2017 is set out below:

|   | R million |
|---|-----------|
| Value at 31 March 2016                            | 1 371     |
| Storage RSA acquisition                           | 477       |
| Additions:  |           |
| Gardens expansion                                 | 30        |
| Durbanville expansion                             | 11        |
| Acquisitions of Bryanston development opportunity | 17        |
| Unit mix and GLA reconfigurations                 | 14        |
| Other   | 3         |
| Fair value adjustment                             | 127       |
| Value at 31 March 2017                            | 2 050     |

The group's policy is to have one-third of the properties externally valued by an independent valuer each year and the remaining properties valued internally by the board, using the same methodology applied by the external valuers. In line with this policy, 10 of the 30 properties in the group were valued independently by Mills Fitchet Magnus Penny (a registered valuer) at 31 March 2017.

#### OCCUPANCY

The occupancy profile of the portfolio by GLA at 31 March 2017 is disclosed in the following table (5):

| Region        | GLA (m2) | % Occupied | Vacancy m2 | % Vacant |
|---------------|----------|------------|------------|----------|
| Gauteng       | 126 508  | 86.5       | 17 089     | 13.5     |
| Western Cape  | 78 095   | 82.0       | 14 080     | 18.0     |
| Eastern Cape  | 11 016   | 84.1       | 1 752      | 15.9     |
| KwaZulu-Natal | 5 516    | 97.8       | 122        | 2.2      |
| Free State    | 6 679    | 81.6       | 1 230      | 18.4     |
| Total         | 227 814  | 85.0       | 34 273     | 15.0     |

(5) Excludes the acquisition of Unit Self Storage Proprietary Limited - see Events after the Reporting Date.

#### EVENTS AFTER THE REPORTING DATE

On 9 May 2017, the group acquired 100% of the shares in Unit Self Storage Proprietary Limited owning the Unit Self Storage property in Ottery, Cape Town for a purchase consideration of R42.08 million. The acquisition represents an opportunity to acquire a well-constructed self storage property in a complementary location to the existing portfolio. The property offers over 5 300 m2 self storage space across two levels, consisting of 460 self storage units ranging from 4.5 m2 to 36 m2 in size and an average rental rate of R84/m2.

On 8 June 2017, the group announced that it had entered into a Memorandum of Understanding with the shareholders of DanCor Properties Proprietary Limited ("DanCor") to acquire 100% of the shares in DanCor. DanCor currently trades from four locations under the name StorTown situated in the Durban CBD and Durban North with total GLA of c.22 000 m2. The acquisition is in line with Stor-Age's stated strategy of pursuing value-added acquisitions in a fragmented industry.

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

#### PROSPECTS

We have continued to strengthen and entrench our market leading position with successful acquisitions in our Listed Portfolio and the opening of new stores in our Managed Portfolio. At the same time we remain focused on continued improvement in our operational performance and leveraging our brand and strong operating platform to continue delivering attractive and sustainable growth. Our balance sheet flexibility and low gearing also provide us with the opportunity to take advantage of future development and acquisition opportunities which meet our investment criteria.

The domestic economic environment remains tough with little respite expected in the short-term. Prospects for the 2018 financial year are subject to numerous macroeconomic factors which remain uncertain. The board anticipates dividend growth of approximately 9 - 10% for the year ending 31 March 2018 subject to no further deterioration in the South African economy over the next 12 months. This guidance has not been reviewed or reported on by the company's auditors.

## DECLARATION OF A CASH DIVIDEND WITH THE OPTION TO RE-INVEST THE CASH DIVIDEND IN RETURN FOR STOR-AGE SHARES

Notice is hereby given of the declaration of the gross final dividend (number 3) of 45.01 cents per share for the six months ended 31 March 2017 ("Cash Dividend").

Shareholders of Stor-Age ("Shareholders") will be entitled, in respect of all or part of their shareholdings, to elect to re-invest the Cash Dividend in return for Stor-Age Shares ("Share Alternative"). Those Shareholders who do not elect the Share Alternative will receive the Cash Dividend. A circular providing further information in respect of the Cash Dividend and Share Alternative ("the Circular") will be posted to Shareholders on 13 June 2017.

Certificated Shareholders who wish to elect to receive the Share Alternative must complete the Form of Election contained in the Circular.

Dematerialised Shareholders who wish to receive the Share Alternative must instruct their CSDP or Broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or Broker.

### POSTING OF CIRCULAR

A circular will be posted to Shareholders today, 13 June 2017, setting at full particulars relating to the Cash Dividend and Share Alternative ("the Circular").

The distribution of the Circular and the right to elect Shares in jurisdictions other than the Republic of South Africa may be restricted by law and failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdiction. The rights of Shareholders to elect Shares is not being offered, directly or indirectly, in the United States of America, the United Kingdom, Canada, Australia or Japan unless certain exemptions from the requirements of those jurisdictions are applicable.

### Salient dates and times

|  |                    |
|--|--------------------|
| Finalisation announcement of Share Alternative issue price announced on SENS ("Finalisation Announcement")   | Tuesday, 27 June   |
| Last day to trade ("LDT") cum-Dividend and Share Alternative   | Tuesday, 4 July    |
| Shares to trade ex-Dividend  | Wednesday, 5 July  |
| Listing of maximum possible Share Alternative Shares commences on the JSE at 09:00   | Friday, 7 July     |
| Last day to elect to receive the Share Alternative (no late Forms of Election will be accepted) at 12:00   | Friday, 7 July     |
| Record date to determine which Shareholders may participate in the Cash Dividend/Share Alternative   | Friday, 7 July     |
| Announcement of results of Cash Dividend and the Share Alternative on SENS   | Monday, 10 July    |
| Cheques posted to certificated Shareholders and accounts credited by CSDPs or Brokers of dematerialised Shareholders who will receive the Cash Dividend                | Monday, 10 July    |
| Share certificates posted to certificated Shareholders and accounts credited by CSDPs or Brokers of dematerialised Shareholders who have elected the Share Alternative | Wednesday, 12 July |
| Adjustment to number of Shares listed on or about  | Friday, 14 July    |

### Notes:

- All times are South African times. The above dates and times are subject to change and any change will be advised via SENS and press announcements.
- Shareholders electing the Share Alternative are reminded that the new Shares will be listed on LDT+3 and that these new Shares can only be traded on LDT+3 (i.e. Friday, 7 July 2017) as a result of the settlement of Shares three days after the Record Date, which differs from the conventional one day after the Record Date settlement process.
- Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 5 July 2017 and the close of trade on Friday, 7 July 2017, both dates inclusive.

### FRACTIONS

Trading on the JSE in the Strate environment does not permit fractions of Shares. Accordingly, where a shareholder's entitlement to Shares in relation to the Share Alternative as calculated in accordance with the Reinvestment Price gives rise to a fraction in a new share, such fraction will be rounded down to the nearest whole number in accordance with the JSE Limited Listings Requirements and a cash payment equal to the balance will be made for the fraction.

### TAX IMPLICATIONS

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-resident 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 22 February 2017, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, 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 20%, the net dividend amount due to non-resident shareholders is 36.01 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 above-mentioned 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.

The issued ordinary share capital of Stor-Age at the date of this announcement is 177 274 762 ordinary shares of no par value.

#### Non-participating shares

An amalgamation and merger agreement was entered into between the company, Castle Rock Investments 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 5.65% (2016: 7.17%) of the issued share capital, and the distribution of those shares to Castle Rock Investments 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. The basis of the tiered participation is set out below:

|                                   | % of the Consideration Shares<br>entitled to participate<br>in the distribution of<br>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 (note 1) (R'000)                               | 75 290  |
| Number of shares entitled to the dividend ('000)                     | 167 275 |
| Number of shares in issue as at the date of this announcement ('000) | 177 275 |
| Consideration Shares not entitled to the dividend ('000) (note 2)    | 10 000  |
| Dividend per share (cents)   | 45.01   |

#### Notes:

1. Stor-Age did not undertake any disposals of any properties during the year ended 31 March 2017 and all of the distributable profits of Stor-Age were earned in the ordinary course of business.
2. Comprises 10 000 000 Stor-Age shares, being all of the Consideration Shares that are excluded from participating in the Distributable Profits.

On behalf of the board.

PA Theodosiou      GM Lucas  
Chairman            CEO

Cape Town  
13 June 2017

CONTACT DETAILS

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

# Independent  
\* Executive  
+ British citizen