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get spaced

Storage

Stor-Age Property REIT
2016 RMB Morgan Stanley Property Showcase

Fund fact sheet

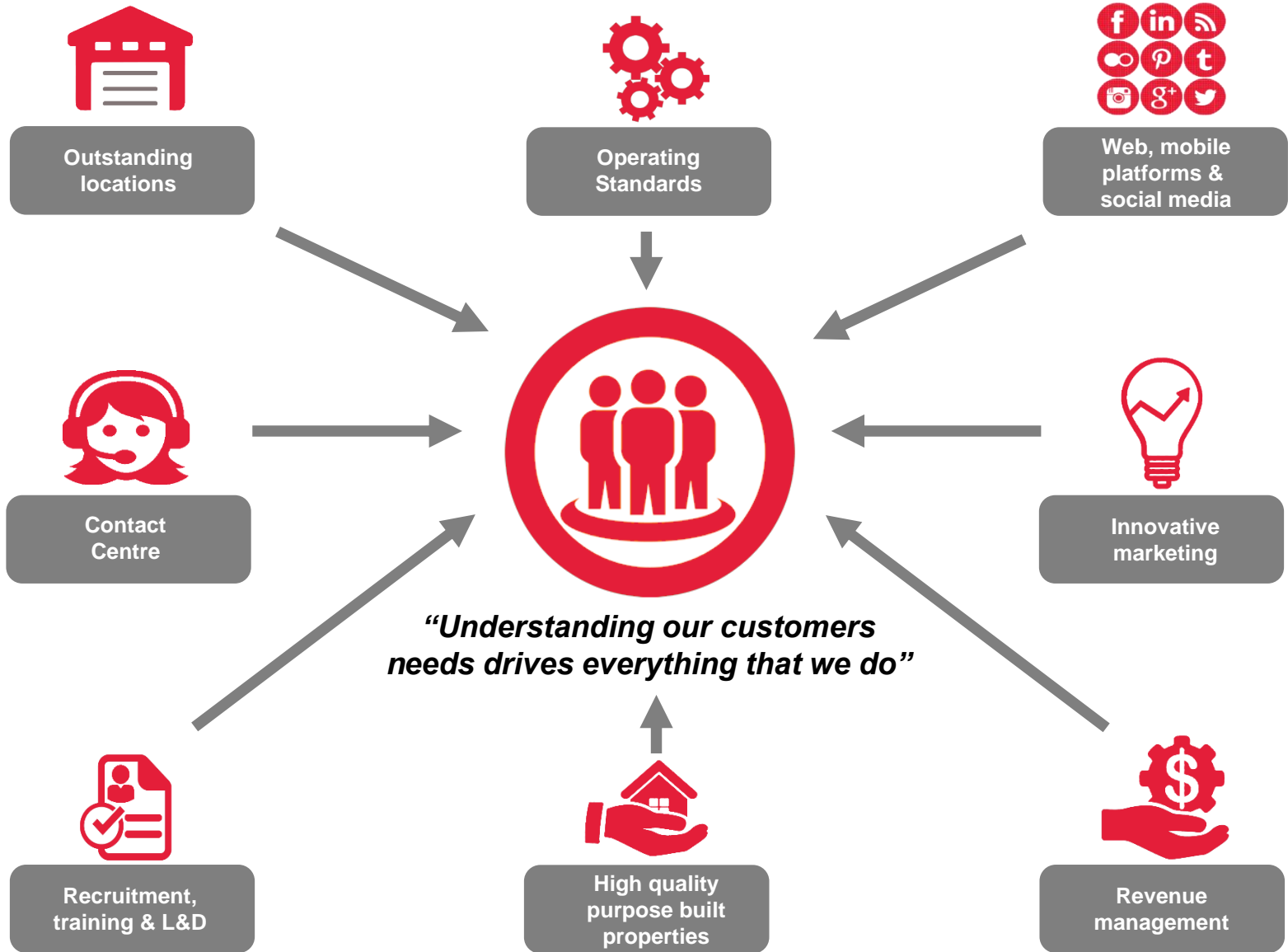
- Highly specialised & dominant player in niche sub-sector
- Low risk income paying REIT with conservative gearing levels (10% geared with an effective 80% hedge)
- Properties
 - Total 43
 - 'Trading Portfolio' consists of:
 - 'Listing Portfolio' 24 ('Mature' assets; average occupancy 86%)
 - 'Managed Properties' 9
 - Secured & to be developed 10
- Listing Portfolio
 - Gross asset value R1.3 billion
 - GLA 181,500 m²
 - Forecast distribution growth 10% pa (medium term)
- Pipeline (Devco)
 - Branded & managed by Stor-Age Fees payable to Stor-Age
 - Current pipeline value c. R1.5 billion
 - Number of properties 19 ('Managed Properties' & to be developed)
 - GLA c. 145,000 m²

Investment highlights

- Leading & largest self storage property fund in South Africa
- Niche asset class uncorrelated to traditional drivers of property
- Recession-resilient sector
- Business model based on global best practice
- 'Best of breed' REIT structure - fully internalised fund management & operations businesses
- Operational leverage due to embedded platform
- Attractive forecast distribution growth in the medium-term driven off sector fundamentals
- Decade long track record of successfully developing, tenanting & operating self storage assets
- Secured pipeline of development assets
- Established networks with leading first world market peers
- Long standing executive management team with track record of delivery
- Industry leading operations & digital platform

Portfolio

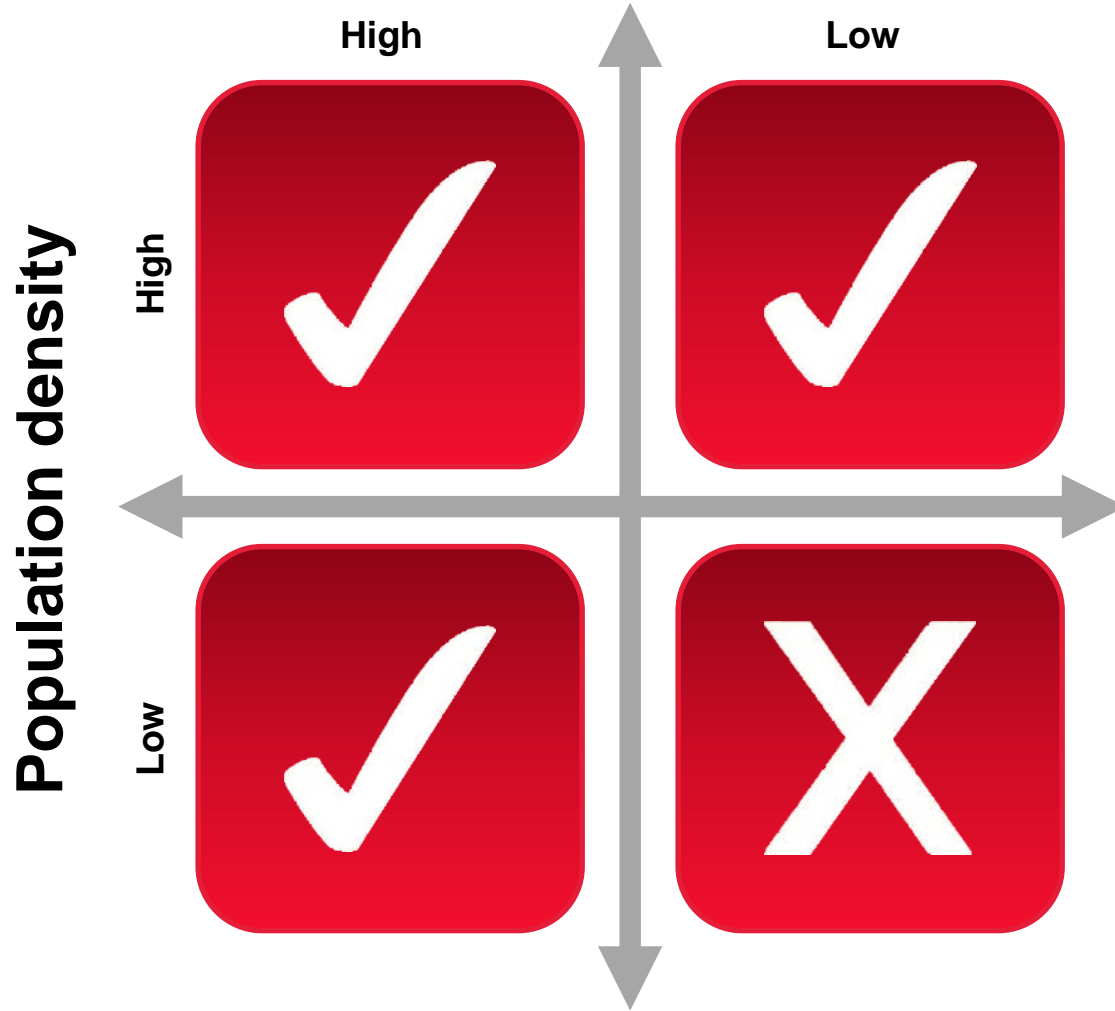
Total properties	24
Total property value	R1.3 billion
Total GLA	181,500 m ²
Developable GLA (town planning in place)	20,000 m ² +
Average property size (GLA)	7,600 m ²
Total number of tenants	11,500 +
Average rental rate	R76/m ²
Portfolio occupancy	86%
Long-term target occupancy	90%



Highly sophisticated operations platform



Household income



Self storage 101

About self storage

- Storage space for personal & business use
- 'You lock - you keep the key'
- Various unit sizes ranging from 3 to 30 m²
- Convenient, cost effective, secure & flexible lease period
- Domestic & commercial user base
 - Domestic (70 - 80%) - event driven & lifestyle users
 - Commercial (20 - 30%) - typically SME

Demand drivers

- Awareness & acceptance of self storage as an option for space needs is vitally important - more as a prerequisite than as a driver of demand
- Socio-economic factors & proximity to established built environments
- Densification & urbanisation
- SMEs require space whether upscaling or downscaling
- SA specific - security estate living, shift to apartment living, growth in new black middle class, retirement village take-up, SA expats working abroad

The market

International

- +/- 60,000 self storage properties - majority in N. America
- US market - highest penetration levels
- Australian market lags US market by some 20 years, but significantly more established than UK market
- UK market supply per capita is 3X greater than European average supply per capita
- 9 publicly traded self storage REITs globally - 5 US; 2 UK; 1 AUS, 1 SA

South Africa

- Industry started late 1980s
- Industry in early stage of post 'first round consolidation'
- 2007 - c. 120 props, 2014 - c. 260 props
- Growth in key nodes outside Stor-Age almost non-existent
- SA 'first world pockets' supply measured in m² per capita - still low relative to international peers
- Ownership highly fragmented
- Low public awareness of benefits - starting to improve

Self storage at a glance

Investment case

Premised on

- recession resilience & distribution growth outperformance vs traditional diversified REITs
- having a low correlation to traditional performance drivers behind retail, office & industrial sub-sectors

Demand factors

- Healthy in strong economy & resilient in weak economy
- Businesses attracted by flexibility
- Demand types
 - Short term: < 12 months
 - Long term: 12 months +
 - Commercial: 12 to 36 months +

Significant barriers to entry in key target nodes

- Town planning: major challenge - 'Not In My Backyard' ('NIMBY') - specialised skill sets / lengthy process
- Development of small footprint, multi-level properties almost non-existent outside of Stor-Age
- Self storage developments 100% speculative - obtaining bank finance remains challenging

Self storage at a glance (cont.)

Other key factors

- Location, visibility & convenience are the largest differentiating factors
- Low ongoing capex - relationship between capex/NOI growth very attractive
- Simple business ... but sophisticated operator required
- Bigger is better - spreads fixed costs & supports internet marketing
- Internet is a game changer - digital/mobile strategy

Differentiators

Lease-up vs. Mature self storage assets

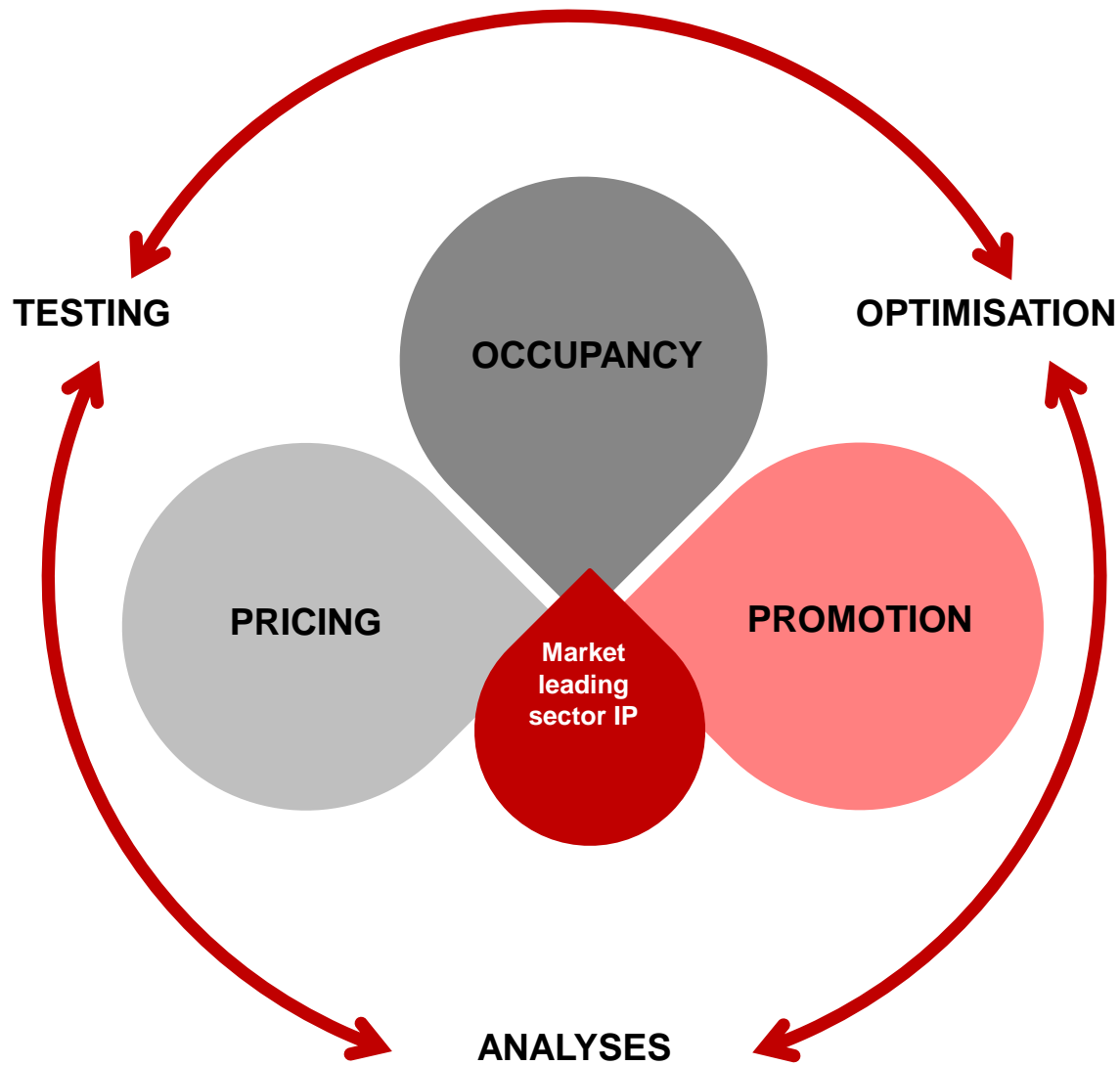
- Lifecycle of asset - two distinct phases - 'Lease-up' & 'Mature' (c. 80% level)
- Lease-up period anywhere between 3 & 5 years

Lease-term

- Average length of stay for existing customers - 21 months
- Two distinct renter profiles: short-term (3 - 6 months) & long-term (12 months +)
- M-to-M leases - actual vs. perceived risk non-existent & provides unique ability to escalate rentals
- Tenant concentration risk non-existent

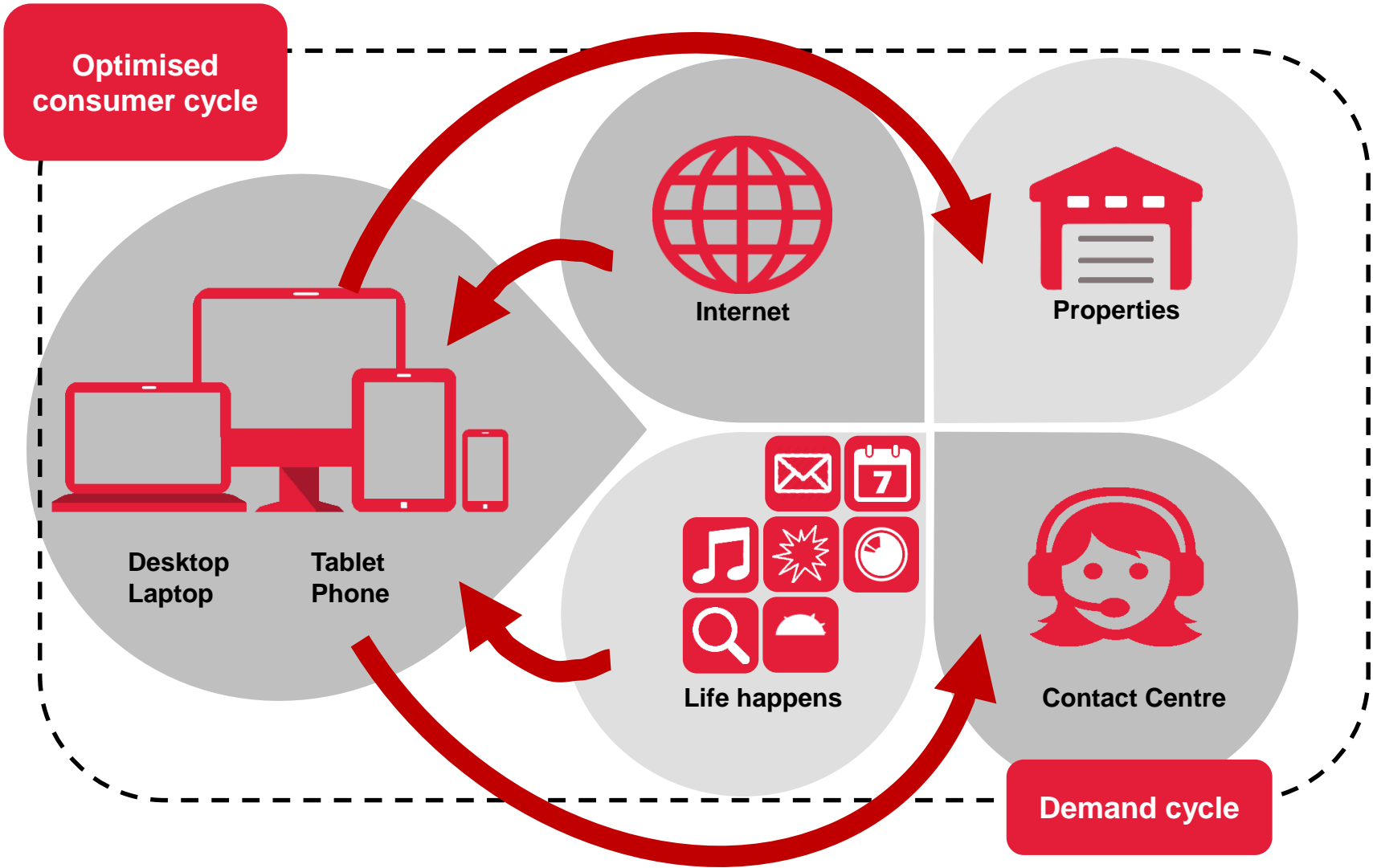
Revenue management & pricing

- Dynamic pricing model - both up & down
- Pricing per m² based on supply & demand - location specific & timing within the month
- Market rate vs. Street rate vs. Book rate
- Different pricing channels based on enquiry source (web, phone & walk-in)
- Pricing strategy differs for Lease-up & Mature assets

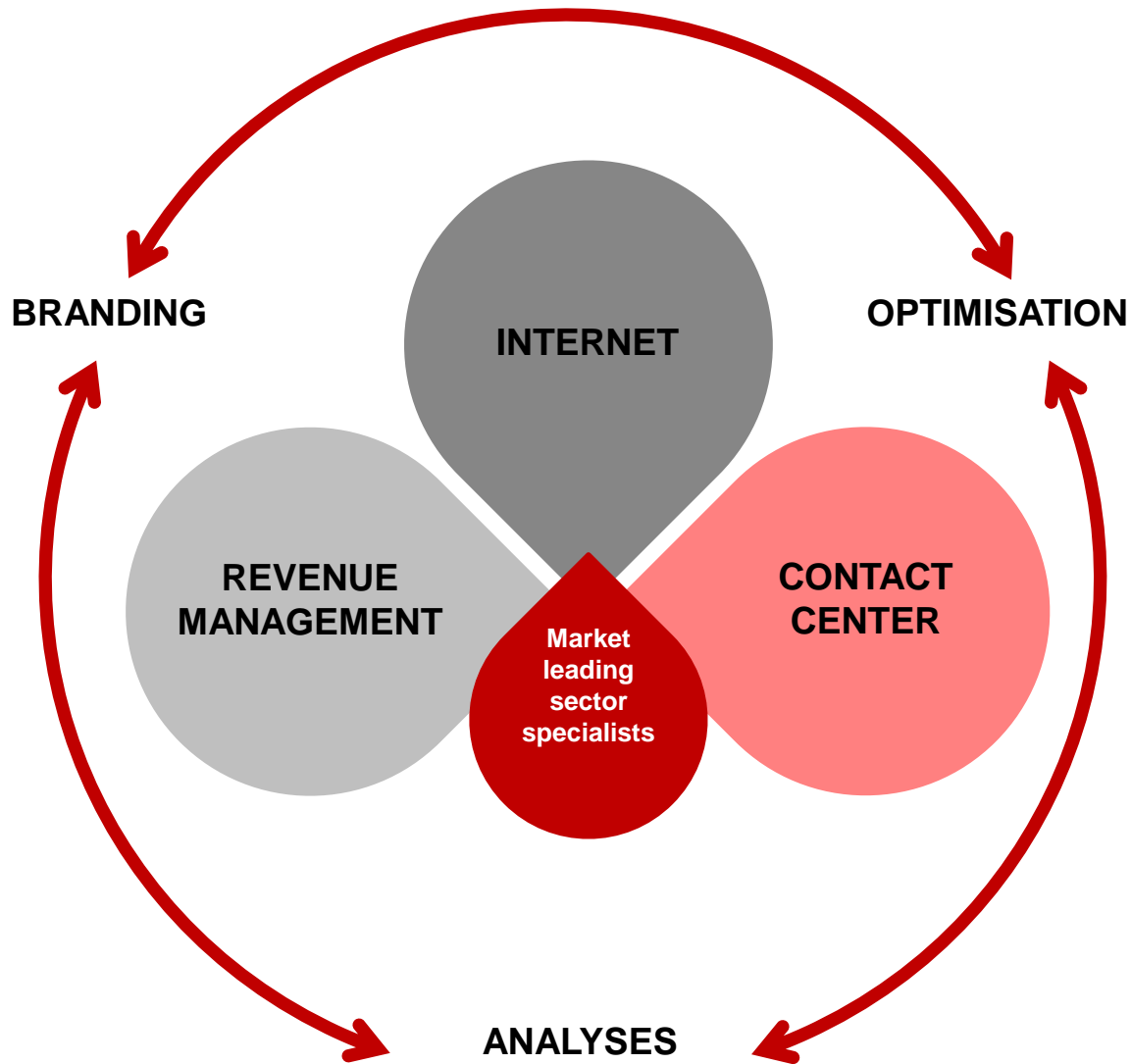


Integrated Revenue Management Strategy





Optimising demand



Centralisation Strategy