



Stor-Age Property REIT Limited
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Approved as a REIT by the JSE
("Stor-Age")

BUSINESS AND TRADING UPDATE

Stor-Age, South Africa's leading and largest self storage property fund, is pleased to provide the following voluntary business update.

Trading update

Key operating metrics for the five-month period to 31 August 2021 have again demonstrated the resilience of Stor-Age's business model.

In South Africa on a same store like-for-like basis to 31 August 2021, the average rental rate has increased by 7.1% year-on-year, while total occupancy has increased by 9 200m² or 3.0%.

In the UK on a same store like-for-like basis to 31 August 2021, the average rental rate has increased by 5.7% year-on-year, while total occupancy has increased by 9 800m² or 10.4%.

Nedbank Property Partners development joint venture

Stor-Age has agreed terms to enter a joint venture ("JV") with Nedbank Corporate and Investment Bank, acting through Nedbank Property Partners ("Nedbank"), subject to the finalisation of formal contract documentation, to develop two high profile properties in Morningside (7 400m² GLA) and Bryanston (4 700m² GLA) at a total cost of approximately R200 million. Construction is scheduled to commence at both properties in the second half of FY22.

Nedbank has been a primary debt funder to Stor-Age for more than a decade and has developed an excellent understanding and significant insight into the self storage asset class.

One of the unique characteristics of the self storage development model is the lease-up of newly developed properties to a stabilised and mature level of occupancy, with the lease-up forming a considerable component of a property's overall formation cost. To mitigate the financial impact of the lease-up, it is desirable for Stor-Age to develop new properties in conjunction with a development partner.

Dominated by high profile big box properties in outstanding locations, Stor-Age boasts a significant and attractive development pipeline, consisting of eight properties with an estimated 46 500m² GLA at a total development cost of approximately R685 million. The pipeline represents approximately 12.5% of the total South African portfolio GLA as reported at 31 March 2021. The Morningside and Bryanston properties to be developed in the JV with Nedbank form part of Stor-Age's existing pipeline.

The key terms of the JV with Nedbank are set out as follows:

- Equity ownership will be in the ratio 50.1:49.9 (Stor-Age:Nedbank);
- JV to be funded by equity and mezzanine funding from both parties of 35% and senior debt of 65% of the total development costs;
- All newly developed properties to be branded and managed by Stor-Age;
- Stor-Age will earn development and property management fees from the JV; and

- Stor-Age will have a pre-emptive right to acquire all newly developed assets once certain predefined operating criteria have been met.

Acquisitions

Stor-Age is pleased to announce that it has secured the acquisition of two trading self storage properties in Cape Town's northern and southern suburbs, both of which are complementary to the existing portfolio.

Silver Park Self Storage

Secured for a purchase consideration of R60.1 million, Silver Park Self Storage ("Silver Park") is located alongside Okavango Road in Brackenfell in Cape Town's northern suburbs.

The purpose-built double storey property offers 7 680m² GLA on a c. 12 000m² erf, and services the broader Brackenfell and Kraaifontein areas as well as Morgenster, Protea Heights, Protea Village, Northpine and Scottsdene.

Stor-Age considers Silver Park to be an attractive acquisition opportunity on the eastern side of the N1 highway in the proximity of the Okavango intersection. The property is surrounded by a broad base of users and presents good potential for occupancy and rental rate growth.

The due diligence has been completed and transfer is expected in the last quarter of 2021.

Property 2

Secured for a purchase consideration of R48.0 million, the well-located property is situated in Cape Town's southern suburbs.

The property offers 5 470m² GLA on a c. 6 500m² erf, and services the broader Ottery, Plumstead and Wynberg areas.

The due diligence process is currently underway and nearing completion.

Neither of the two property acquisitions are categorisable transactions in terms of the JSE Listings Requirements.

Storage King debt restructure

To broaden the debt funding sources to support the future growth of Storage King in the UK, a refinance process was initiated with UK lenders and is nearing completion.

With key terms having been agreed and the lenders having received advanced credit approvals, the legal documentation is now in the final stages of completion.

Once finalised, the full terms of the new club lend facility and institutional loan will be disclosed.

Update on the impact of social unrest on Stor-Age Waterfall

Following on from the SENS released on 16 July 2021 where it was noted that Stor-Age Waterfall (127 Brackenhill Road and 1 Nguni Way) located in Hillcrest, KwaZulu-Natal, had been extensively looted and that certain parts of the property were set on fire, the full extent of the damage to the properties has now been assessed and insurance claims with SASRIA lodged.

Approximately 60% of the total 15 100m² GLA suffered significant structural damage and these buildings require full demolition and rebuild. A claim for damages to the value of R83 million plus VAT has been submitted to SASRIA.

Those parts of the property least impacted by the unrest and where the necessary repairs have taken place are scheduled to re-open for trading in October 2021.

Stor-Age has revenue protection cover in place with SASRIA. The initial claim submission to The Hollard (on behalf of SASRIA) has been completed.

The Waterfall property had a carrying value at 31 March 2021 of R137.5 million, representing 1.8% of the total group Investment Property Value of R7.57 billion.

While not legally obligated to have taken out insurance cover with SASRIA on behalf of tenants, Stor-Age prudently took the decision from a reputational risk management perspective (up to certain limits per tenant/unit) to insure the contents of tenants' self storage units under the greater Stor-Age SASRIA policy. The Hollard/SASRIA have registered these claims and the loss adjustors are processing the claims accordingly.

Cape Town
14 September 2021

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