



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")

---

## ACQUISITION OF UK PORTFOLIO AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

---

### 1 INTRODUCTION

Further to the cautionary announcement published on SENS on Thursday, 20 January 2022 shareholders are advised that the board of directors of Stor-Age (the "**Board**") is pleased to announce that Stor-Age, through its wholly-owned subsidiary, Betterstore Self Storage Properties I Limited ("**Betterstore**"), has concluded an agreement with Michael and Margaret McCarthy (the "**Sellers**"), in terms of which Betterstore will acquire 100% of the issued share capital of a newly formed company holding four freehold properties (the "**Acquisition**"), for a purchase consideration of £37.5 million (the "**Purchase Price**").

### 2 TERMS OF THE ACQUISITION

- 2.1 The sale and purchase agreement for the Acquisition was signed on 27 January 2022, with an effective date of 31 January 2022 and is conditional on the following outstanding conditions precedent:
- 2.1.1 The Sellers' restructure has been completed in all respects in accordance with the sale and purchase agreement ("**SPA**")
  - 2.1.2 The release of all existing encumbrances registered against the properties and the Seller's business, assets and subsidiary (as defined in the SPA)
- 2.2 The Purchase Price will be settled in cash, using available cash and debt funding.
- 2.3 The Sellers have provided warranties and indemnities that are customary for a transaction of this nature.

### 3 PROPERTY SPECIFIC INFORMATION

Details of the properties are set out in the table below:

Property name	Geographic location	Gross lettable area (sqf)	Maximum lettable area (sqf)	Weighted average annual rental rate per sqf	Property valuation (£000)
McCarthy's Storage World, York	Water Lane, York, YO39 6PQ	33 686	45 686	£18.24	8 970

McCarthy's Storage World, Harrogate	Ripon Road, Harrogate. HG1 2BS	41 789	41 789	£26.88	12 670
McCarthy's Storage World, Huddersfield	Leeds Road, Huddersfield, HD1 6NE	27 233	77 233	£17.28	9 270
McCarthy's Storage World, Wakefield	Kirkgate, Wakefield, WF1 1UW	29 463	38 763	£17.52	6 730
Total		132 171	203 471		37 640

#### Notes

1. All properties are classified as self storage and are held on a freehold basis.
2. The total Purchase Price is considered to be in line with the fair market value of the properties as set out above, determined by an external valuation performed by Cushman & Wakefield (Registered Valuers of The Royal Institution of Chartered Surveyors in the UK), as at 20 January 2022, for the purposes of debt funding relating to the Acquisition.
3. Weighted average rental rate per sqf is quoted on an annual basis
4. sqf – square foot

#### 4 FINANCIAL INFORMATION

Set out below is the forecast income, net operating income and earnings after tax in respect of the Acquisitions (the “**Forecast**”) for the two months ending 31 March 2022 and the year ending 31 March 2023 (the “**Forecast Period**”).

The Forecast has been prepared on the assumption that the Acquisition is effective on 1 February 2022.

The Forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company. The Forecast has not been reviewed or reported on by independent reporting accountants.

The Forecast presented in the table below has been prepared in accordance with the Company's accounting policies, which are in compliance with International Financial Reporting Standards.

	<b>Forecast for the two months ending 31 March 2022 R'000</b>	<b>Forecast for the year ending 31 March 2023 R'000</b>
Rental income – self storage	8 461	54 258
Rental income – other	1 260	7 920
Ancillary income	1 340	8 557
Total income	11 061	70 735
Direct operating costs	(2 835)	(17 894)
Net operating income	8 226	52 841
Finance costs	(2 109)	(13 254)
Earnings before UK corporations tax	6 117	39 587
Tax	(917)	(5 938)
Earnings after tax	5 200	33 649

The Forecast incorporates the following material assumptions in respect of income and operating costs:

1. The Forecast is based on information derived from management accounts, budgets and lease agreements in respect of the Acquisition.
2. Analysis of contractual nature of rental income:

	<b>Forecast for the two months ending 31 March 2022</b>	<b>Forecast for the year ending 31 March 2023</b>
% contracted rental income	56.6	12.9
% near contracted rental income	37.4	75.0
% uncontracted rental income	6.0	12.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

3. The self storage lease agreements are month-to-month and may be terminated by a customer on providing two weeks' notice. In determining the Forecast, management has assumed that the properties exhibit similar levels of tenant churn based on historical performance and experience from similar properties.
4. No fair value adjustments and no depreciation are recognised in the Forecast Period.
5. There are no unforeseen economic factors that will affect the ability of customers to meet their commitments in terms of existing lease agreements. The Forecast assumes bad debts of 0.5% of rental income.
6. The Forecast assumes a loan-to-value ratio of 50.0% throughout the Forecast Period. UK debt funding of GBP19.125 million, and an interest rate of 3.15% has been assumed, being the estimated cost of debt funding for the Acquisition.
7. A GBP:ZAR exchange rate of ZAR21.00 has been assumed for the two months ending 31 March 2022 and a GBP:ZAR exchange rate of ZAR22.00 has been assumed for the year ending 31 March 2023.

## 5 CATEGORISATION

The Acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements and is not subject to approval by shareholders.

## 6 WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Following the release of this announcement Stor-Age shareholders are advised that they are no longer required to exercise caution when dealing in their Stor-Age shares. The rationale for the acquisition and dividend guidance, as disclosed in the cautionary announcement, remain unchanged.

Johannesburg  
28 January 2022

Transaction Advisor and Sponsor  
Investec Bank Limited