

Stor-Age Property REIT Limited
Registration number: 2015/168454/06
Approved as a REIT by the JSE
Share code: SSS ISIN: ZAE000208963
Alpha code: SSSI
("Stor-Age" or the "group" or the "company")

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 AND DECLARATION OF A CASH DIVIDEND

The board of Stor-Age is pleased to present strong trading results for the year ending 31 March 2024.

HIGHLIGHTS

- Final dividend of 56.81 cents
- Rental income and net property operating income up 14.8% and 14.4% respectively
- Same-store operating metrics:
 - Rental income up 12.7% SA and 3.0% UK
 - Net property operating income up 13.9% SA and 1.1% UK
 - Achieved rental rate up 9.5% SA and 4.7% UK
- Portfolio occupancy up 10 700m² (SA 8 700m²; UK 2 000m²)
- Closing occupancy 90.2% (SA 92.1%; UK 83.5%)
- Third-party management fees up 75.4% to R63.1 million
- Net investment property value up 8.8% to R11.3 billion
- Loan-to-value ratio of 31.4% with over 85% of net debt subject to hedging
- Excellent strategic progress made in our JV structures during the year having opened or acquired 12 properties, representing 72 500m² GLA (SA 4; UK 8)
- Third-party management agreement entered to with Hines (one of the largest privately held real estate investors and managers globally) post year end to manage their recently acquired three property self storage portfolio in Kent, taking the total number of managed properties to 23 (SA 6; UK 17)
- Successful debt auction concluded in April 2024 – raised R500 million across three-year (R300 million) and five-year (R200 million) listed notes below price guidance
- Development pipeline of 60 000m² GLA across 13 projects at various stages of planning and completion

GROUP SNAPSHOT

Stor-Age is the largest self storage property fund and most recognisable brand in SA. The portfolio comprises 103 trading properties across SA (60) and the UK (43), providing storage to 52 000 customers (as at 31 May 2024). The combined value of the portfolio, including properties managed in our JV partnerships, was R17.3 billion (SA – R6.0 billion; UK – £471 million) at 31 March 2024 with the maximum lettable area, including the pipeline and ongoing developments, exceeding 650 000m². The group employs more than 480 staff across SA and the UK. Stor-Age has been listed on the Johannesburg Stock Exchange since November 2015.

KEY FINANCIAL RESULTS

	Year ended 31 March 2024	Year ended 31 March 2023	Change %
Property revenue (R'000)	1 228 346	1 070 788	14.7
Distributable earnings (R'000)	562 680	560 704	0.4
Headline earnings per share (cents)	89.15	105.38	(15.4)
Earnings per share (cents)	148.55	152.67	(2.7)
Dividend per share (cents)	118.17	118.14	-
Net tangible asset value per share (cents)	1 562.05	1 483.02	5.3

DECLARATION OF A CASH DIVIDEND

Notice is hereby given of the declaration of the gross final dividend (number 17) of 56.81 cents per share for the six months ended 31 March 2024 ("Cash Dividend"). The dividend has been declared from income reserves.

The salient dates and times in relation to the Cash Dividend are as follows:

Salient dates and times	2024
Last day to trade ("LDT") cum-dividend	Tuesday, 2 July
Shares to trade ex-dividend	Wednesday, 3 July
Record date	Friday, 5 July
Payments to Certificated Shareholders and accounts credited by CSDP or broker of dematerialised Shareholders	Monday, 8 July

Notes:

- Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 3 July 2024 and the close of trade on Friday, 5 July 2024, both days inclusive.
- The above dates and times are subject to change. Any changes will be released on SENS.

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 abovementioned 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 1 January 2014, 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 45.44800 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 abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Other information

The company's tax reference number is: 9027205245

Issued shares as at the declaration date: 476 151 609 ordinary shares of no par value

This short-form announcement is the responsibility of the Board and does not include full or complete details. Any investment decision should be based as a whole on the audited consolidated annual financial results ("full announcement"), which may be downloaded from:

<https://senspdf.jse.co.za/documents/2024/jse/isse/SSSE/Finals.pdf>

The full announcement is available for inspection at the registered offices of the company at no charge, during office hours for a period of 30 calendar days following the date of this announcement. The full announcement is also available on the company's investor relations website at: <https://investor-relations.stor-age.co.za>

The short-form announcement has not been audited or reviewed by the company's external auditors.

The audited consolidated financial statements for the year ended 31 March 2024 were audited by BDO South Africa Incorporated, who expressed an unmodified opinion thereon.

OUTLOOK

The much-needed relief from high interest rates has yet to materialise. Central banks remain cautious on monetary policy and inflation concerns with the “higher for longer” narrative persisting. Geopolitical tensions and conflicts will inevitably have unintended consequences that we cannot control as will the longer-term repercussions from the recent national elections with coalitions and future policy direction remaining uncertain.

Over the past year we delivered exceptionally strong results in SA and although the UK presented a more challenging environment compared to the last few years, the business is well positioned from a strategic, financial and operational perspective in both markets. We will continue to consider acquisition and development opportunities in SA albeit we remain very circumspect with capital allocation. Our offshore growth is constrained by a high cost of capital and the capital-light management strategy remains the preferred option for growth in international markets. We remain confident in our business model which has proved its resilience through multiple economic crises.

The board expects distributable income per share to be approximately 122 to 126 cents for FY25.

Since its listing in 2015, Stor-Age has maintained a 100% dividend payout ratio. Given the current high cost of capital, and in line with the prudent management of its financial position, the board is considering lowering the payout to ratio to 90-95% of distributable income. The group has carried forward assessed losses of approximately R373 million (which arose in the period prior to Stor-Age’s listing) which would minimise potential tax leakage. Under the UK REIT rules, at least 90% of property rental profits must be distributed to shareholders as a dividend and we do not anticipate any material adverse tax implications in the UK from retaining any portion thereof (subject to satisfying the UK REIT rules). No final decision has yet been made by the board and we intend engaging with shareholders prior to finalising the dividend policy for FY25.

This guidance is based on the following assumptions:

Specific assumptions

- Demand levels for self storage remain in line with expectation
- Occupancy and rental rate growth is in line with management’s forecast
- Third-party management revenue streams increase in line with management’s forecast

Macroeconomic assumptions

- There is no unforeseen and / or significant deterioration in the macroeconomic environment or other factors that are beyond our control
- The recent improvement in energy supply and lower levels of load-shedding is maintained
- No further increases in interest rates in FY25
- The GBP/ZAR exchange rate remains materially unchanged

This guidance is provided in good faith, however there is no guarantee that management's expectations, projections or assumptions will be achieved. This guidance has not been reviewed or reported on by the company’s auditors.

By order of the Board

18 June 2024

GA Blackshaw (Chairman)*, GM Lucas (CEO)*, JAL Chapman#, KM de Kock#, SJ Horton*, AA Koranteng#, SC Lucas*+, AC Menigo#, MPR Morojele#, A Varachhia#

- Non-executive

Independent non-executive
* Executive
+ British citizen

Company secretary

HH-O Steyn

Registered office and business address

216 Main Road, Claremont, 7708

Transfer secretaries

Computershare Investor Services Proprietary Limited
2nd Floor, Rosebank Towers
15 Biermann Avenue, Rosebank 2196

Equity Sponsor

Investec Bank Limited
100 Grayston Drive
Sandton 2196

Debt Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
135 Rivonia Road
Sandton 2196

*SA – South Africa
UK – United Kingdom
GLA – gross lettable area
m² – square metres
JV – joint venture
FY25 – financial year ending 31 March 2025*