

get spaced

**Stor-Age at our core –
put simply, Stor-Age exists
because we solve people's and
business' space problems.**

Our primary objective is to actualise within a number of dimensions simultaneously for maximum value creation. Stor-Age aims for purpose and profit; continuity and change; freedom to innovate and responsibility. We strive to respect our colleagues, our customers, ourselves and the organisation, which is greater than the sum of its parts.

Our four Core Values guide and inspire every single thought, action and decision: Excellence, Sustainability, Relevance and Integrity. Read more about how our Core Values drive our thinking.



OUR BUSINESS

WHAT WE DO

INTRODUCING STORAGE KING

HOW WE DO IT

OUR GROWTH STRATEGY

OUR BUSINESS

WHAT WE DO

Our Trading Portfolio comprises 63 self storage properties across South Africa and the United Kingdom, with a combined value of over R4.9 billion.

Stor-Age owns and operates 50 of these properties, covering 321 000 m² GLA – our Listed Portfolio. Stor-Age's other 13 properties cover 84 000 m² GLA and make up our Managed Portfolio, from which we receive property and asset management fees. Stor-Age holds a pre-emptive right to acquire all properties in the Managed Portfolio, representing a significant growth pipeline.

We manage more than 29 500 individual leases in our Trading Portfolio. In South Africa we experience a churn rate of approximately 5% per month and benefit from more than 1 500 new tenants moving in on average every month. In the UK we experience a churn rate of approximately 8% per month and benefit from more than 550 new tenants moving in on average every month.

Our average unit size in the UK (6 m²) is considerably smaller than our average size in South Africa (13 m²). The smaller average unit size in the UK contributes directly to the higher churn rate of 8%.

DEVELOPING AND ACQUIRING PROPERTIES

ACQUISITION CAPABILITY

Our leading corporate platform, skilled operational management team, industry relationships, and

specialist sector experience ensure that Stor-Age is well-positioned to identify and capitalise on strategic acquisition and development opportunities with attractive growth potential. This is reflected by our successful acquisitions since listing.

Our ability to close transactions and integrate trading stores seamlessly onto the Stor-Age operating platform has been consistently demonstrated. Since the start of 2017, we successfully completed five transactions to complement our ongoing success in the South African market. This includes three significant multi-property transactions, including the offshore acquisition of Storage King in November 2017.

We continue to improve our operating platform and infrastructure to maximise revenue, reduce costs and ultimately deliver enhanced returns. At a property level, our people and the high-quality, secure and convenient space offered by our portfolio attract and retain a diverse customer base.

DEVELOPMENTS

Stor-Age develops investment-grade self storage properties in visible, convenient and accessible locations where there are favourable demographics and where suitable acquisitions are not available. The decision is based on the cost of development versus the cost of



Third largest self storage operator
in South Africa
Portfolio of six properties –
41 800 m² GLA
Acquisition completed
February 2017



Largest self storage operator
in KwaZulu-Natal
Portfolio of four properties –
22 400 m²+ GLA
Acquisition completed
November 2017



Sixth largest self storage brand
in the United Kingdom
Portfolio of 14 properties –
57 000 m² GLA
Additional 12 properties trade under
the licence of Storage King
Acquisition completed
November 2017

WHAT WE DO (continued)

acquisition, the demographic market analysis and the existence of barriers to entry. Our model for rolling out new properties and expanding existing ones is well developed with clearly defined key success criteria.

During the year, we opened a high-profile Big Box property in Randburg as part of the Managed Portfolio. This property will offer 7 000 m²+ GLA on full fit-out. We also began construction of two new properties in Bryanston and Craighall Park using the Certificate of Practical Completion ("CPC") model. On completion, both of the properties will offer a combined 12 750 m² GLA on full fit-out. The CPC model will see Stor-Age assuming beneficial ownership of each of the properties developed on this model on the day of their opening.

Read more about the CPC model in the CEO's report, on page 29.

BARRIERS TO ENTRY AND DEFENSIVE NATURE OF OUR PORTFOLIO

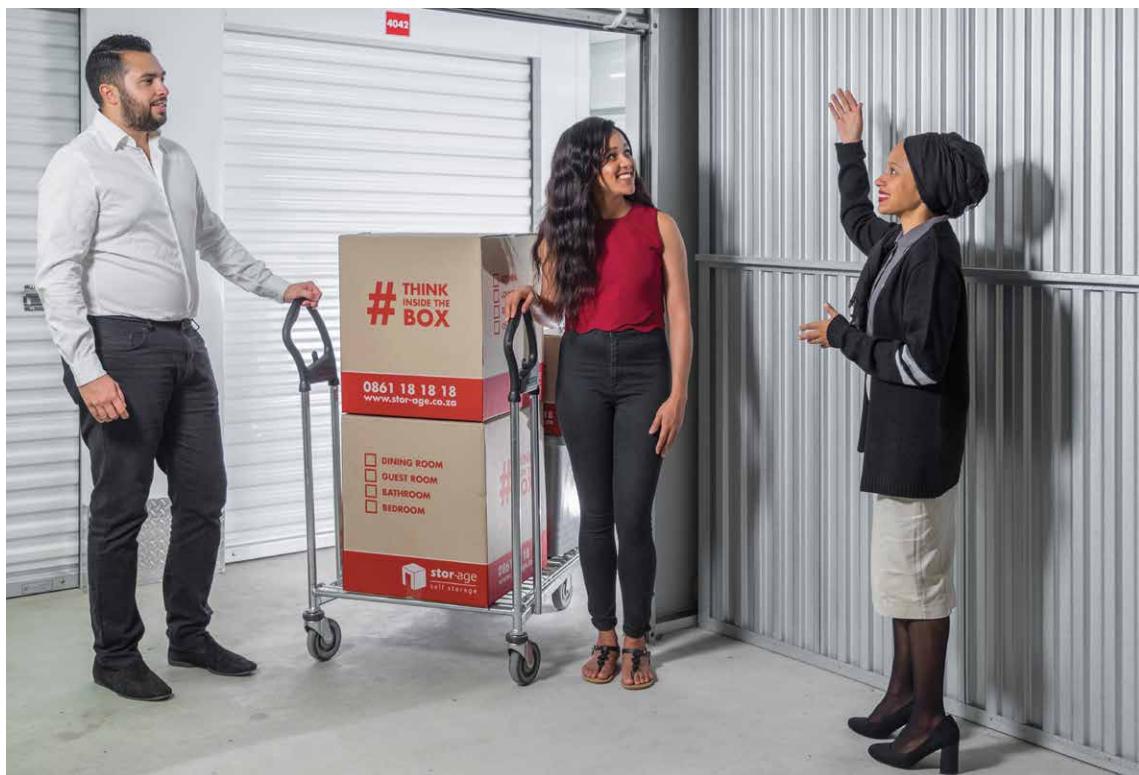
The barriers to new supply in key target nodes are significant. The industry was historically positioned in industrial or urban-edge areas. As a result, there are limited premium grade self storage assets in prime urban and suburban nodes where population density and average household income are key.

Town planning presents a major challenge with long lead times required to gain planning consents. This, in addition to the long lease-up period (financing cost implications) required to reach stabilised occupancy at new stores, is a significant barrier to entry and contributes to the defensive nature of our portfolio.

OUR PROPERTY PORTFOLIO IN SOUTH AFRICA

Our South African portfolio is predominantly purpose built with a national footprint. The 59 properties are split between 49 trading properties and 10 new developments in our pipeline. Our 49 trading properties will offer an estimated 346 000 m² GLA once fully fitted-out. Our pipeline of 10 new properties offers further GLA of 70 000 m² on full build-out.

In defining our property strategy in South Africa, we identified the four main cities on which to focus and then the specific suburbs (including arterial routes) where we would like to establish a presence. This is not a restrictive or instructive strategy, but rather a guide that supports our full business growth strategy.



59

Our portfolio of stores is unrivalled in South Africa, and comprises 59 properties across an extensive national network.

TRADING PORTFOLIO:

49 properties
R3.5 billion
348 000 m² GLA
23 500+ tenants

LISTED PORTFOLIO:

36 properties¹
R2.5 billion
264 000 m² GLA
17 000+ tenants

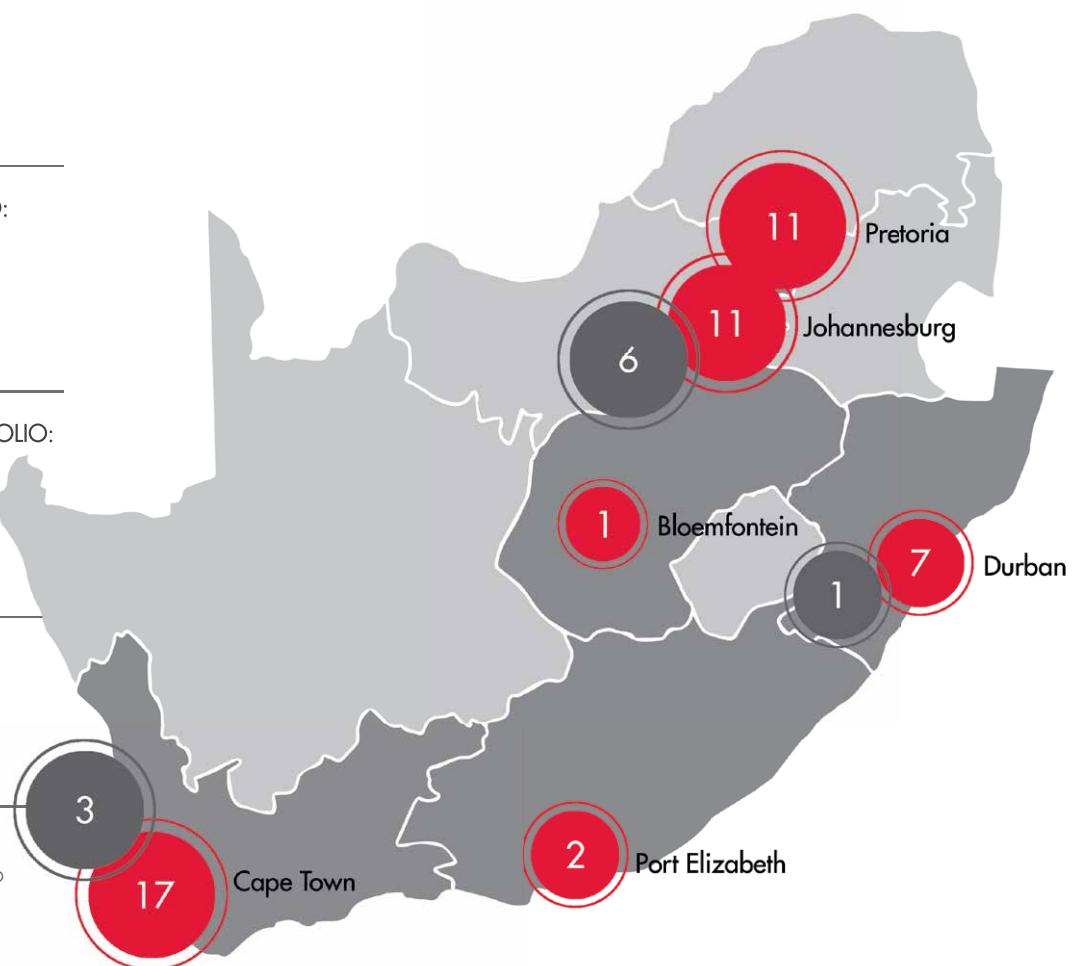
MANAGED PORTFOLIO:

13 properties
c. R1.050 billion
84 000 m² GLA
6 500+ tenants

Pipeline:

10 properties
c. R1.0 billion
70 000 m² GLA

● Trading Portfolio
● Pipeline



MAINTAINING OUR PROPERTIES

As a customer-facing real estate business, it is paramount to maintain the quality of our assets by investing in a rolling programme of preventative maintenance, store cleaning and the repair and replacement of essential equipment.

We have a bespoke, online-based Facilities Management System for store-based employees to log, track and manage all maintenance requests until closed. In conjunction with our store-based employees and area managers, our national facilities manager and city-based regional facilities managers oversee property maintenance with the assistance of dedicated facilities teams in each city.

¹ Includes All-Store – acquired 6 April 2018

INTRODUCING STORAGE KING

In November 2017 Stor-Age acquired a 97.3% interest in Storage King, the sixth-largest self storage brand in the United Kingdom.

The acquisition represented an opportunity to acquire a portfolio of well-located properties and a growth platform with well-invested infrastructure and an experienced management team.

The team have considerable industry experience and a track record of demonstrable operational management, improvement and acquisitive growth.

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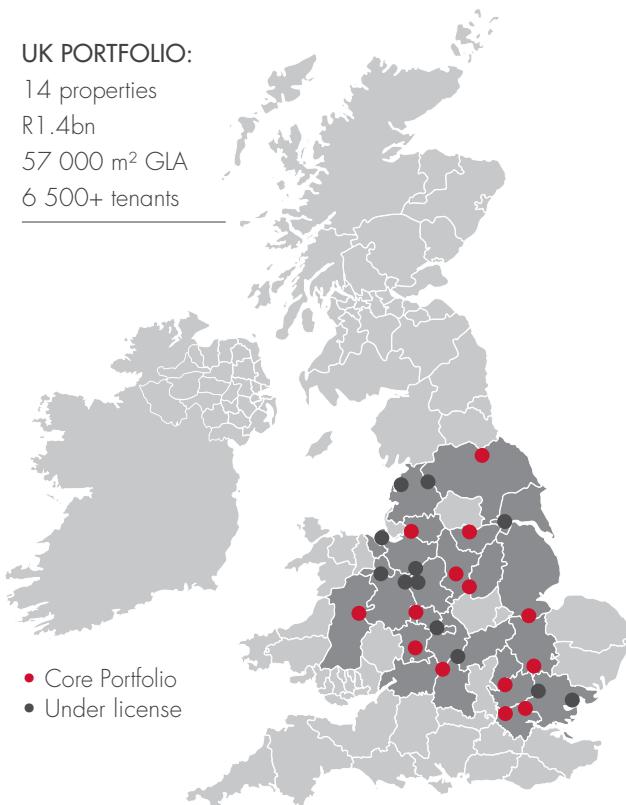
Storage King operates 26 well-located properties throughout England.

Overview of Storage King

- 6th largest operator in the UK by number of stores
- Owns 14 properties ('Core Portfolio') – nine freehold and five leasehold, with an average 14.5 year unexpired lease-term
- In addition to the Core Portfolio, a further 12 properties trade under license of the Storage King brand, generating license and management fee revenue
- Highly scalable, well-invested infrastructure and experienced management
- Additional upside growth potential – operational cost savings and revenue enhancement
- Well positioned to secure upcoming opportunities via long-established relationships with independent operators

UK PORTFOLIO:

14 properties
R1.4bn
57 000 m² GLA
6 500+ tenants



Portfolio overview

- Well located, with a bias towards the South-East and East
- Near key market towns and major arterial roads
- GLA 614 000 sqf
- Average occupancy 78.2%
- Average rental rate £21.13 per sqf pa
- Average store size 44 000 sqf

Exceptional platform opportunity

- Established management team in place, with significant 'on the ground' experience
- Established operating platform, high quality property portfolio and pipeline of opportunities

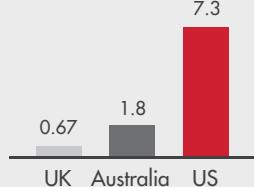
The UK market presents a strong growth opportunity.

1 505	76.1%	“ The UK self storage industry is well-established and competitive. However when compared to the US and Australian markets, it represents a relatively immature market with significant growth opportunities, supported by attractive sector fundamentals. ”
8.8% Y-o-Y increase in total space occupied	29 600 sqf Average size of store	44.6m sqf Total space available to customers
2.4m sqf Added in 2017, with 70 new stores added	30% Properties owned or managed by large operators	
48% The UK holds 48% of total European self storage market	Occupancy and profitability growth indicates demand is growing faster than supply	

Source: The Self Storage Association UK annual industry report, 2018

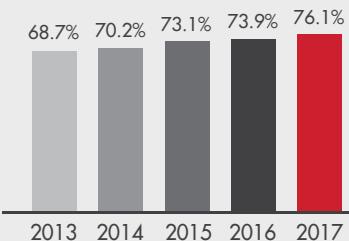
UK industry statistics

AVERAGE SQF OF AVAILABLE SPACE PER PERSON



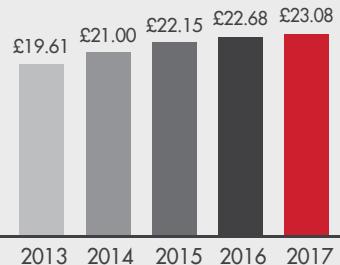
UK supply per capita only a third of Australia

OCCUPANCY RATE ON CURRENT LETTABLE AREA



Occupancy levels (based on the amount of space currently available to customers) continue to increase across the industry

AVERAGE NET ROOM RATE PER YEAR IN POUNDS PER SQF



Average net rental rates for the industry have been slowly but steadily increasing over the past five years, with a 2% increase in 2017



HOW WE DO IT

OUR SOPHISTICATED OPERATIONS PLATFORM

We have invested significantly in developing a sophisticated and scalable management platform to provide centralised services and support across the portfolio. This offers economies of scale and cost efficiencies.

Our web-based tenant management system provides real-time information on the operating and financial performance of each property. The system has a unique built-in customer relationship management

("CRM") tool. This tool enables all enquiries to be logged and tracked until closed, with management able to remotely monitor employees' efforts in this process. On average, more than 5 000 enquiries are recorded and followed up every month.

Pricing is dynamic and varies according to unit size, demand, the stage of lease-up, and location. Internal space across all properties can be reconfigured to produce variations of unit sizes in order to meet the demand profile and optimise the revenue streams from the property.

Operationally, Stor-Age consists of two elements: systems and people. Our approach to each is summarised below:

1 Systems including processes, controls and responsibilities

- Defined in operating standards across the business to ensure consistency and continuously updated for improvements in operating capability
- Increasing use of technology and automation for continuous improvement and improved efficiency

2 People

- Strategic focus from inception
- Significant emphasis on recruiting the right people and training, developing and managing employees to achieve their highest potential
- E-learning platform, Edu-Space, complements key face-to-face learning programmes
- Incentivise outperformance at all levels

DEVELOPING OUR BRAND STRENGTH

Developing Stor-Age into the leading South African self storage brand has been a key strategic objective since inception. We have successfully achieved this through our focus on the location, visibility and quality of our properties, underpinned by excellent customer service and a leading online platform.

Our brand strategy is founded on big branding at properties in high-visibility locations on key arterials in

densely populated residential suburbs with adjacent commercial and business corridors. Our Big Box properties are especially impactful in this regard.

Given the innate complexity and cost of online sales, our effective and innovative internet technology and digital marketing have enhanced our brand reach across our growing national and local store base, and allow us to spread our marketing costs over a growing platform. This has further raised the barrier to entry to competition.

LEADING SALES, MARKETING AND E-COMMERCE

We create unique touch points for our customers based on their location and which specific online search term is used. This enables us to create a cohesive, previously unavailable, brand experience for our customers.

Our search engine optimisation results maintain our leading ranking for the most popular and searched terms by using both paid-for and organic listings.

Our interactive and responsive website is continually refined and updated, enabling it to continue to gain traction and encourage web prospects to enter into our 'digital sales funnel' and convert into a sale. More than 80% of total web enquiries originate from smartphones and tablets. Our website is therefore designed to be simple and uncluttered.

Our e-commerce platform encompasses an online reservation system and real-time pricing model. This enables our online customers to seamlessly transition from obtaining a quote to moving in. This has improved the user experience and reduced move-in time for improved productivity.

The innovation has not stopped, and we continue to find different ways of using data analytics to acquire customers, enhance revenue and reduce our operating expenses – while providing a higher-quality experience to our customers.

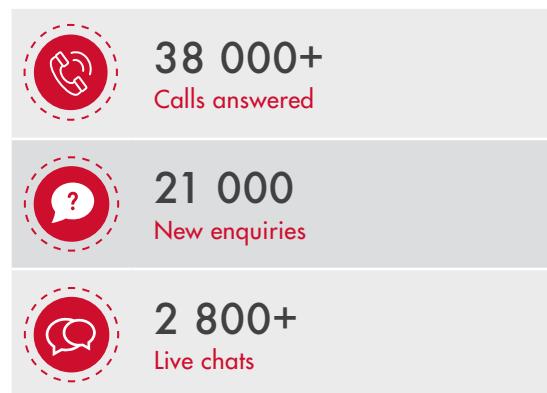
A new smartphone-driven on-boarding process has been under development for the last six months. This will ensure that our customers receive a consistent user-experience, whether they interact with our brand in store or while browsing the web. It will also assist us to achieve a paperless in-store operating environment.

We have eight full-time employees based at our contact centre to support our sales strategy.

During the year we continued to execute our IDEA campaign. The campaign is predicated on simple ideas about storage space to educate consumers on the convenience and benefits of the product. The ongoing roll-out across all marketing mediums is supported by a number of larger regional and store-based activations.

“We have embraced the digital age and regard our online platform (management and tenant) as a key differentiator and increased barrier to competition. **”**

CONTACT CENTRE PERFORMANCE

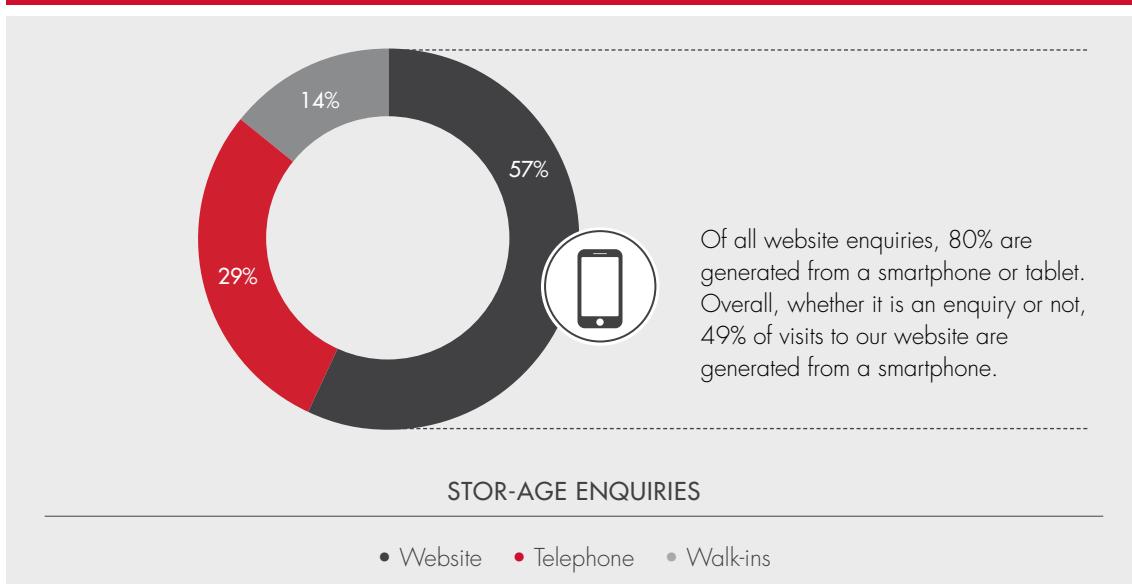


Social media remains a key marketing and CRM medium for the group. We are mainly active on Facebook (81 800 followers as at 31 March 2018, ranking us as the fourth most followed self storage business in the world) and Twitter, but also on Instagram, Pinterest, LinkedIn, Google Plus and YouTube. Through specific call-to-action buttons, we are able to engage with our customers in real time. Our well-established, active, online brand personality and presence play a crucial role in maintaining Stor-Age as the top-of-mind choice for a space solution.

We further use our social media presence to support community projects, such as the Santa Shoebox Project. Our #6BForMe campaign was launched across different social media platforms during the year to create national awareness of the water crisis facing Cape Town – read more about this from page 26. Refer to the social sustainability section on pages 60 to 68 for more detail on our other corporate social investment initiatives.

HOW WE DO IT (continued)

The Stor-Age website – whether accessed by desktop, tablet or smartphone – accounts for 57% of all enquiries. The telephone accounts for 29% of enquiries as the first point of contact. Walk-in enquiries, where we have had no previous contact with a customer, account for 14%.



MEASURING CUSTOMER SATISFACTION

We measure customer service standards through a programme of mystery shoppers and customer satisfaction surveys using our in-house 'My Experience Surveys' portal.

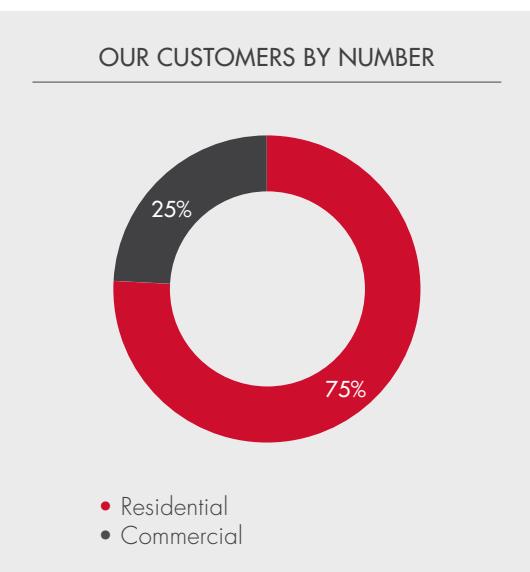
In 2017, we changed our customer satisfaction measurement to NPS to more accurately gauge customer satisfaction. During the year, we received over 3 400 responses. The 'welcome survey' received a response rate above 7.4%, while the 'exit survey' received a response rate of over 19.2%. Our overall NPS for the year was 70. This indicates that our customer-centric approach is 'world class' when compared to global NPS standards and other consumer-facing businesses.

Results and feedback from our customer satisfaction surveys drive our employee learning, development and training programme – read more about this from page 64.

The operational strength and local market knowledge of Storage King's management team will be complemented by our digital marketing and e-commerce expertise.

Of all website enquiries, 80% are generated from a smartphone or tablet. Overall, whether it is an enquiry or not, 49% of visits to our website are generated from a smartphone.

We have developed a comprehensive marketing strategy for Storage King, to be rolled out in the 2019 financial year. This strategy will include opportunities for the UK business to leverage off our sophisticated and leading operations platform.



OUR PEOPLE

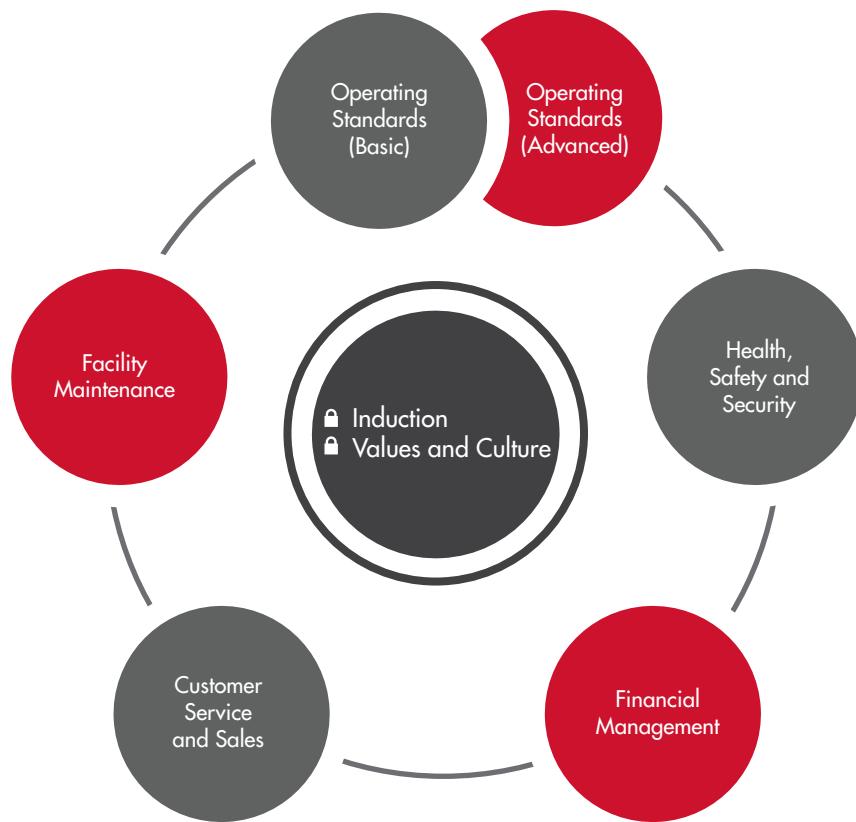
Stor-Age has a flat operational structure that recognises that our store-based teams are pivotal to achieving our strategic objectives, including driving occupancy, revenue and cash flow growth in the portfolio. To foster a partnership culture within the business, management spends significant time at the properties and is accessible to all employees.

Our learning, development and training programme, delivered online and in person, develops core and soft skills to promote individual advancement. Our performance management system supports this through regular appraisals and feedback sessions.

Our investment in a leading e-learning platform in 2017 (Edu-Space) has provided additional benefits to the business, such as increased flexibility, efficiency and productivity, as well as reduced costs. Our e-learning framework is outlined below:



E-LEARNING FRAMEWORK



HOW WE DO IT (continued)

ENSURING SECURE STORAGE

We aim to provide the ultimate in secure storage. This includes ensuring our customers' peace of mind when it comes to their personal security and the security of their possessions.

As part of our security measures, we perform weekly manual padlock counts for every unit at each store nationwide. This count is then reconciled to our customer records to ensure accuracy and identify any security issues that may arise.

Driven by our commitment to Excellence, we identified the opportunity to enhance this manual process during the year. We subsequently launched our new automated Digital Padlock Reconciliation – a digitised process that automatically reconciles to the operating system. This digital recon is performed on tablets by our store-based operations employees. An additional feature enables senior management visiting our stores to perform synchronised counts that overlap with existing reports. This ensures transparency and accuracy of results. In addition, the system significantly boosts employee efficiency.

Since the Digital Padlock Reconciliation has been rolled out, there have been more than 1 600 counts performed for just under 819 000 units.

Access to our storage facilities is automated and requires personal verification. Strategically located cameras provide CCTV surveillance, which is bolstered by alarm systems and electrified perimeter fencing, as well as infrared beams at certain facilities.

ENHANCING OUR CYBER SECURITY

In response to the global increase of ransomware and other cyber security attacks, we continue to enhance our layered network security systems to strengthen defences.

We have partnered with reputable, specialist service providers to ensure continued cyber security measures are maintained at the highest level. Together with a cloud-based approach for essential services, our information communication and technology objectives of avoiding redundancy, enhancing security and ensuring continuity, remain strategic priorities.

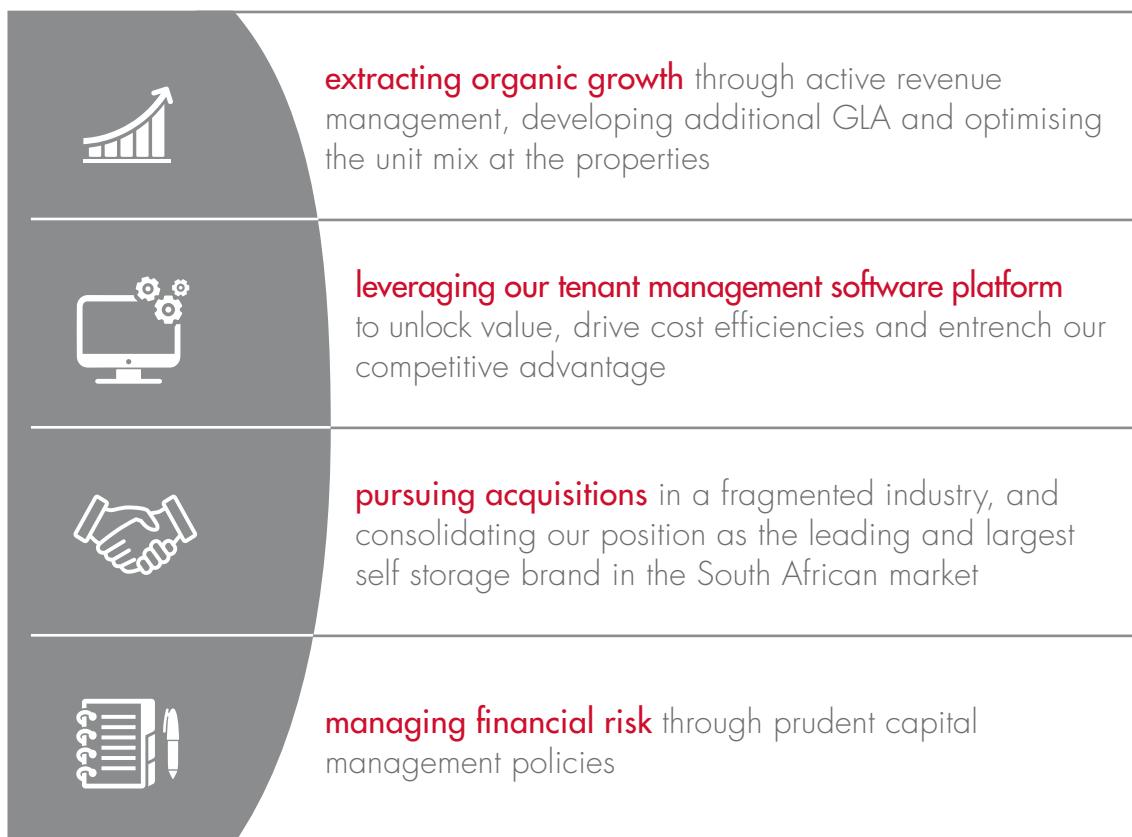
Our external and internal users are continuously monitored to ensure the most effective use of resources and to limit opportunities to breach the company's cyber defences. Our cyber security strategy, suppliers and network design are reviewed regularly to stay abreast of leading best practice and remain relevant in the use of technology.



OUR GROWTH STRATEGY

OUR GROWTH STRATEGY FOR THE SOUTH AFRICAN MARKET

We conduct our strategic growth planning in five-year cycles. We are in the third year of the cycle ending 2020. We intend to grow the portfolio and enhance performance and investor returns by:



The strategy seeks to maintain Stor-Age's position as the leading and largest self storage property fund and brand in South Africa:

- Largest store footprint
- Quality stores – high-profile locations, urban, urban-edge and suburban
- Visible, convenient and accessible
- The benchmark for modern, urban self storage development

To inform and optimise our strategy, we undertook four major research projects in 2015 focused on supply levels, anticipated demand, customer profiling and consumer demographics – the latter specifically to understand the emergence of the black middle class and its positive impact on the consumer profile.

Based on our research, we believe there is sufficient demand to develop a 60+ property portfolio across South Africa's major cities as part of our current five-year plan.

OUR GROWTH STRATEGY (continued)

OUR GROWTH STRATEGY FOR THE UK MARKET

Our business plan for Storage King is guided by our strategic and long-term focus on growing and optimally positioning our UK property portfolio.

Post-acquisition, we focused on key high-impact foundational areas to position Storage King optimally for future growth. This included identifying Stor-Age head office support services for full integration into the Storage King platform. In addition to the property strategy outlined below, we also developed and implemented a marketing strategy to boost Storage King's online visibility and drive the optimisation and reach of all marketing initiatives.

Key features of the growth plan include:

Acquiring existing self storage properties that meet Storage King's acquisition criteria:

- Good locations in strategic and regional cities
- Within/close to attractive urban or suburban nodes
- Ideally within/close to a retail corridor
- Ideally located with main road frontage to passing traffic
- 50+ independents identified
- Minimum requirements targeted
 - 30 000+ sqf maximum lettable area (MLA)
 - 75 000+ population, 20 minute drive time

In the medium term, we have aligned our strategy for the UK market with our current five-year growth plan ending in 2020. The strategy seeks to grow the portfolio through a combination of acquiring existing self storage properties, and developing new properties in key target areas. We have identified a growth target of three to five properties per annum.

Developing investment grade self storage properties in prominent, visible, convenient and accessible locations:

- Key locations in strategic and regional cities
- Big Box (greenfield) – high density retail or commercial type nodes, within attractive urban/suburban areas and with main road frontage to passing traffic (typically multi-storey, three+ floors)
- Conversions (brownfield) – conversion of existing buildings in retail or commercial type nodes in close proximity to dense urban areas
- Minimum requirements targeted
 - 45 000+ sqf MLA
 - 100 000+ population, 20 minute drive time

LEASEHOLD OWNERSHIP

Storage King maintains a flexible approach to leasehold and freehold property ownership, which enables it to grow the business, secure prime locations and position the portfolio optimally.

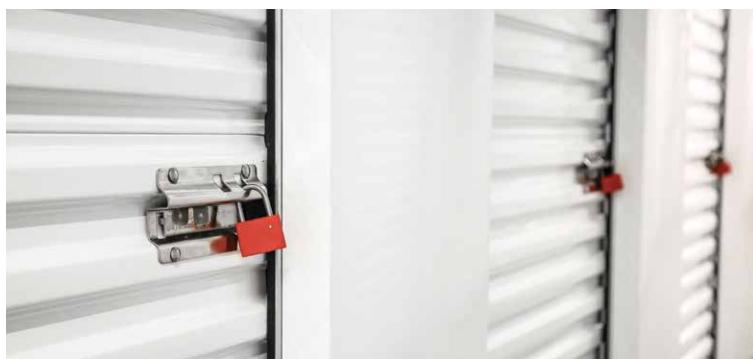
While Storage King's approach to leasehold property valuation is based conservatively on future cash flows until the next contractual lease renewal date, it has a demonstrable track record of successfully re-gearing leases several years before renewal. Storage King benefits from the Landlord and Tenant Act, which protects its right of renewal except in the case of redevelopment.

In addition, the vast majority of Storage King's leasehold properties are located in retail parks and/or have building characteristics that make their current usage either the optimal or best use of the property.

Furthermore, as property investors, Storage King's landlords value the quality of Storage King as a tenant and often extend the length of the leases in their portfolios. This enables Storage King to maintain favourable terms.

Ultimately, maintaining a flexible approach to leasehold ownership as part of a broader portfolio assembly strategy has allowed Storage King to operate from properties that would have been unavailable otherwise.

Our brand has been positioned at the quality end of the market and is well defined, distinctive and differentiated.



CASE STUDY: #6BFORME – GETTING INVOLVED, MAKING A DIFFERENCE

Severe drought in the Western Cape has the City of Cape Town in the grip of a water crisis. Level 6B water restrictions came into effect on 1 February 2018, with residents allocated a mere 50 litres of water per person per day.

As the leading self storage company in South Africa, Stor-Age decided to take action and get involved. With our national footprint, significant digital and

marketing capability, and strong presence in South Africa's four key metropoles, we were in the perfect position to make a difference.

We launched an initiative called #6BForMe in February. The goal was simple, yet effective:

#6BForMe: Leverage our strong online presence to create awareness of the water restrictions

Set up water collection points at Stor-Age properties nationwide

#6BForMe: Urge South Africans around the country to ask, "How can I help?" – and to get involved and donate store-bought, sealed water

Leverage the group's distribution network to deliver water throughout the province – this was done in partnership with Logistics Solutions and the City of Cape Town to ensure the water reached those most in need

Once we developed the idea, we needed to make it heard.



We partnered with the Cape Town 10's Tournament – one of the biggest ten-a-side rugby tournaments in the world and one of South Africa's foremost sport and lifestyle events. This provided the perfect platform to launch the #6BForMe campaign.

The tournament was hosted over the first weekend of February, which coincided with the level 6B restrictions coming into effect. We could therefore bring the campaign to a wide audience. We included brand ambassadors and local sporting celebrities to promote the campaign and drive awareness and action.

The campaign was:



Broadcast on national radio and television



Publicised in print and on social media



Advertised across various digital media platforms

“The extensive press coverage spurred South Africans across the country to take action and donate water at one of our many stores. Over 10 000 litres of water was collected and delivered to the City of Cape Town. **”**

WHAT THIS CAMPAIGN MEANT FOR STOR-AGE:

- This campaign created an opportunity to showcase our properties to existing and potential customers – while alleviating the pressure of the drought.
- #6BForMe generated a feel-good, positive awareness of our brand. Members of the public were also directed to the dedicated #6BForMe website (www.6bforme.com), which increased brand awareness – while being informative (10 000+ page visits).
- Collaboration with strategic partners, such as logistics Solutions, ensured we managed costs – while driving impact.
- We estimate this campaign delivered R1m+ in public relations' value for the group – while supporting our communities.



BRINGING OUR CORE VALUES TO LIFE

We believe in striving for excellence in everything we do – in our thoughts, our decision making, and our actions.

#6BForMe was the outcome of purposeful collaboration and teamwork – testament to the passion and dedication of our employees.

We believe that every action taken today will have a direct impact on the actions we can take tomorrow.

#6BForMe created public awareness about how to conserve water in the face of water scarcity. It also created brand awareness and generated financial returns for our business.

This success contributes to our long-term sustainability – and to our ability to support communities now and into the future.



We aim to be relevant in everything that we do.

The campaign gave us the opportunity to be active in our communities, and to make a difference in the lives of people affected by the drought. #6BForMe created awareness of a crisis relevant to everyone living in the City of Cape Town and South Africa.

We feel strongly about doing the right thing, first time, all the time.

The campaign was the result of mutual concern about the impact the water crisis could have on our communities, customers and country. In response, we took quick action to rally people behind the crisis.