

DIRECTORS' REPORT

for the period ended 31 March 2016

TO THE SHAREHOLDERS OF STOR-AGE PROPERTY REIT LIMITED

We have pleasure in presenting the financial statements of Stor-Age Property REIT Limited group and company for the period ended 31 March 2016.

Nature of business

Stor-Age Property REIT Limited is a fully integrated and internally managed real estate investment trust, which owns, operates and develops self storage facilities. The company and its subsidiaries operate in South Africa. The nature of business and operations are set out in detail in the period under review section in the integrated report.

Period of operations

The company was incorporated on 25 May 2015 and the group formed on the effective date of 16 November 2015. As this is the group and company's first period of trading, comparative results have not been prepared.

Financial results

The financial results for the period ended 31 March 2016 are set out in the accompanying financial statements and notes. The financial statements are prepared in terms of International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Stated capital

The company's authorised stated capital consists of 1 000 000 000 ordinary shares of no par value. The following shares were issued during the period:

1. 127 shares were issued on incorporation of the entity, on 25 May 2015, at R1 per share
2. 139 404 002 shares were issued on 16 November 2015, at R10 per share

As at 31 March 2016 there were 139 404 129 shares in issue.

129 404 002 of these shares rank for the dividend declared for the period ending 31 March 2016. Refer to note 12 for further information regarding the shares issued.

Dividend distribution

A dividend of 30.07 cents per share was declared by the directors for the period ended 31 March 2016.

The dividend has been declared from distributable earnings and meets the requirements of a REIT "qualifying distribution" for purposes of section 25BB of the Income Tax Act, No 58 of 1962 (as amended).

Borrowings

The group has an average borrowing cost of 9.39% at 31 March 2016. At 31 March 2016, 84% of borrowings were subject to fixed interest rates, with a weighted average fixed interest rate expiry of approximately 2.5 years. The group's borrowing capacity amounts to R685 million and facilities utilised at period end amounted to R129 million. The gearing ratio is 8.7%. Details of the company's long-term borrowings are set out in note 14.

Subsidiaries

Details of the company's interest in its subsidiaries are set out in note 7.

Directorate

At the date of this report the following directors held office:

| | Appointment date |
|--|------------------|
| <i>Executive:</i> | |
| GM Lucas (CEO) | 25 May 2015 |
| SC Lucas (FD) ⁺ | 25 May 2015 |
| SJ Horton | 25 May 2015 |
| <i>Non-executive:</i> | |
| PA Theodosiou (Chairman) ^{##} | 2 September 2015 |
| MS Moloko [#] | 12 October 2015 |
| GA Blackshaw | 2 September 2015 |
| GBH Fox [#] | 2 September 2015 |

[#] *Independent*

⁺ *British citizen*

In terms of the memorandum of incorporation, the following directors retire at the forthcoming annual general meeting and are eligible for re-election: PA Theodosiou and GA Blackshaw.

Details regarding the directors' shareholding in the company and remuneration is set out in note 26.3 and 26.4.

Subsequent events

Information on material events that occurred after 31 March 2016 is included in note 29.

Going concern

The directors consider that the company and its subsidiaries have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group and company financial statements. The company has reasonably satisfied the liquidity and solvency test as required by the Companies Act of South Africa and the directors have satisfied themselves that the company and its subsidiaries are in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

Company secretary

The company secretary is HHO Steyn CA(SA)
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