



Stor-Age Property REIT Limited
Incorporated in the Republic of South Africa

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Approved as a REIT by the JSE

(“Stor-Age” or the “Company”)

VOLUNTARY ANNOUNCEMENT – STORAGEBASE ACQUISITION (UK)

1 INTRODUCTION

The board of directors of Stor-Age is pleased to announce the acquisition of Storagebase for £59.0 million (the “**Acquisition**” or “**Storagebase**”).

Storagebase comprises four high-quality, well-located properties (the “**Portfolio**”) in the UK.

Moorfield Group (“**Moorfield**”) agreed to participate in the Acquisition on the same terms as the existing joint venture arrangement between the parties. Accordingly, Moorfield will acquire 75.1% and Stor-Age a 24.9% equity interest (the “**Transaction**”) in the Portfolio respectively.

The Portfolio will be branded and managed by Storage King under its third-party management platform – Management 1st.

2 RATIONALE FOR THE ACQUISITION

The Acquisition of four dominant freehold UK properties is in line with the stated growth and investment strategy of the Storage King business of pursuing value-added acquisitions in the UK.

The Acquisition represents an excellent opportunity to acquire a high-quality self storage property portfolio in locations which complement the existing Storage King portfolio, providing additional scale to the platform from both a financial and trading perspective.

With a gross lettable area (“**GLA**”) of 302 400 sqf (28 100m²), the Portfolio consists of predominantly modern, bespoke, purpose-built properties located in Banbury, Wednesbury, Frome and Amesbury.

Banbury, Wednesbury and Frome, representing 200 400 sqf (18 600m²) GLA are well-established mature self storage properties with attractive trading histories, evidenced in the combined portfolio occupancy of more than 90% and an average achieved rental rate of £22.00 + per sqf per annum.

Well-located and with excellent visibility and prominence, the three mature properties trade into dense residential areas and consist of above average GLA target sizes, which contribute to improved operating margins.

The acquisition of the three mature properties represents a forward asset yield of c. 6.3% and an equity yield of c. 13.2% (after an estimated tax charge) for Stor-Age.

Amesbury is a new, modern, purpose-built self storage property scheduled to open in April 2022. With an estimated 102 000 sqf (9 500m²) GLA on full fit-out, the property presents the opportunity for significant valuation upside as it leases-up to mature occupancy levels, supporting outperformance over the medium term.

Including the Amesbury property, the Acquisition represents a forward equity yield of c. 11.6% (after an estimated tax charge) for Stor-Age.

Stor-Age holds a right of first refusal in respect of each individual property, as well as for the Portfolio as a whole, should Moorfield wish to exit any of the properties or the Portfolio at a point in time in the future.

3 PORTFOLIO OVERVIEW

The Portfolio complements existing and to be developed Storage King properties, with Frome and Amesbury providing Storage King with a greater presence in South West England, whilst Banbury and Wednesbury complement existing properties in the Storage King portfolio in South East England and the West Midlands respectively.

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

Property description	Building type	Gross lettable area (sqf)	Weighted average annual rental rate per sqf	Occupancy
Banbury, Oxfordshire, South East England	Conversion	59 300	£22.54	91.1%
Wednesbury, West Midlands, England	Purpose built	69 000	£19.01	86.7%
Frome, Somerset, South West England	Purpose built	72 100	£23.51	94.5%
Amesbury ¹ , Wiltshire, South West England	Purpose built	102 000 ²	n/a ¹	n/a ¹
		302 400		

1 – Assumed to commence trading in April 2022

2 – Estimated GLA on completion

4 ACQUISITION FUNDING

Moorfield Joint Venture (“JV”)

Stor-Age has a 24.9% equity interest in a JV with Moorfield, a leading UK real estate fund manager with a more than 25-year track record, to develop and assemble a portfolio of high-quality self storage properties in England. Stor-Age earns management fees for acquiring, developing and managing properties in the JV.

The JV with Moorfield allows Stor-Age to grow and achieve further scale in the UK whilst providing an attractive return on invested capital, thus providing an avenue to compete in a highly sought-after and competitive first world market by providing access to high quality self storage assets at attractive yields. It also allows Stor-Age to mitigate the financial impact of the lease-up of newly developed self storage properties which can take a number of years to reach a stabilised and mature level of occupancy.

Stor-Age’s equity contribution in the Transaction is £7.5 million.

Aviva Investors (“Aviva”) sustainability-linked debt funding

On completion of the Acquisition, the JV will enter a ‘green’ sustainability-linked loan facility with Aviva. The loan facility will be aligned with Aviva’s Real Estate Debt Sustainable Transition Loan Framework.

Aviva will provide the loan funding for the Acquisition on the following terms:

- Five-year term
- Interest only for the full period of the loan
- Loan to value of 55% – total loan value of £30.8 million
- Margin of 2.25% above the five-year UK gilt rate – estimated at 3.53%

5 CATEGORISATION

The Transaction is not a categorised transaction in terms of the JSE Listings Requirements and is therefore not subject to approval by shareholders. This announcement is voluntary and for information purposes only.

Stor-Age CEO Gavin Lucas commented:

“It’s now just over four years since Stor-Age made a strategic entry into the UK self storage market in November 2017. In that period, we’ve seen Storage King deliver not only superb operating results, but we’ve also seen it grow significantly from 13 properties to 30 today, with a further four properties secured in the development pipeline.

Over and above Storagebase being our third acquisition in the UK in the current financial year, it also demonstrates the strength, competitiveness, and sophistication of our UK platform. Following closely on the heels of the recently announced McCarthy’s Storage World acquisition, it was secured after a competitive bidding process, and then seamlessly packaged by introducing optimally matched in-country equity capital from Moorfield and sustainability-linked debt funding from Aviva.

Storage King remains well-positioned to continue taking advantage of the fantastic growth opportunity in the UK self storage market.”

Cape Town
22 March 2022

Buyer’s agent and valuation services
CBRE

Advisor and Sponsor
Investec Bank Limited