THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* throughout this Circular, including this cover page.

If you are in any doubt as to the action you should take, please consult your CSDP, banker, broker, attorney, accountant or other professional advisor immediately.

ACTION REQUIRED BY SHAREHOLDERS

If you have disposed of all or any of your Shares, please forward this Circular, together with the attached notice of General Meeting and form of proxy, to the purchaser of such Shares or the broker, CSDP, banker or agent through whom you disposed of such Shares.

Certificated Shareholders and Dematerialised Shareholders with "own name registration"

If you are a Certificated Shareholder or hold Dematerialised Shares with "own name registration" and you are unable to attend the General Meeting to be held on Tuesday, 17 October 2017 at 09h00 at Investec Bank Limited at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001, and wish to be represented thereat, you are requested to complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries so as to be received by them by no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

Dematerialised Shareholders other than those with "own name registration"

If you hold Dematerialised Shares through a CSDP or broker other than with an "own name registration" and wish to attend the General Meeting, you must timeously advise your CSDP or broker of your intention to attend and vote at the General Meeting in order for them to provide you with the necessary letter of representation to do so. Alternatively, should you not wish to attend the General Meeting in person but wish to be represented thereat, you must timeously provide your CSDP or broker with your voting instruction in order for them to vote in accordance with your instruction at the General Meeting.

Shareholders are referred to page 2 of this Circular, which sets out the detailed action required of them in respect of the Proposed Transaction set out in this Circular.

stor-age
self storage

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**")

CIRCULAR TO SHAREHOLDERS

relating to the Proposed Transaction whereby Stor-Age will acquire, by way of a series of inter-dependent transaction steps, 97.3% of the issued share capital of Storage King, which constitutes a Category 1 transaction in terms of the JSE Listings Requirements;

and enclosing:

- **a notice of General Meeting; and**
- **a form of proxy to vote at the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own name registration" only)**

Corporate Advisor and Transaction Sponsor

Investec Bank Limited
Investec Bank Limited
(Registration number 1969/004763/06)

Independent Reporting Accountants

KPMG

Sponsor

questco
CORPORATE ADVISORY

Legal Advisor

CDH
CLIFFE DEKKER HOFMEYR

Independent Property Valuer

CUSHMAN & WAKEFIELD

Date of issue: Monday, 18 September 2017

This Circular is available in English only. Copies of this Circular will be available at the registered office of Stor-Age and the Transaction Sponsor, at the addresses set out in the "corporate information" section of this Circular, during normal business hours from Monday, 18 September 2017, up to and including Tuesday, 17 October 2017. This Circular will also be available on Stor-Age's website www.stor-age.co.za from Monday, 18 September 2017.

CORPORATE INFORMATION

Directors of the Company

Paul Theodosiou# * *(Chairman)*
Graham Blackshaw *(Non-executive)*
Gavin Lucas *(Chief Executive Officer)*
Stephen Lucas* *(Finance Director)*
Steven Horton *(Executive)*
Sello Moloko# *(Non-executive)*
Gareth Fox# *(Non-executive)*

Independent
* *British citizen*

Company Secretary and Registered Office of Stor-Age

Henry Steyn CA(SA)
216 Main Road
Claremont
Cape Town
7708
South Africa
(PO Box 53154, Kenilworth, 7745)

Corporate Advisor and Transaction Sponsor

Investec Bank Limited
2nd Floor
100 Grayston Drive
Sandown
Sandton
2196
(PO Box 785700, Sandton, 2146)

Date and place of incorporation of Stor-Age

Incorporated on 25 May 2015 in the Republic of South Africa

Sponsor

Questco Corporate Advisory Proprietary Limited
(Registration number: 2011/106751/07)
Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
Johannesburg
2191
(PO Box 98956, Sloane Park, 2152)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
(PO Box 61051, Marshalltown, 2107)
Phone: +27 11 370 5159

Legal Advisor (South Africa)

Cliffe Dekker Hofmeyr Incorporated
(Registration number: 2008/018923/21)
11 Buitengracht Street
Cape Town
8001
(PO Box 695, Cape Town, 8000)

Independent Reporting Accountants

KPMG Inc.
(Registration number: 1999/0215432/21)
1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town
8001
(PO Box 4609, Cape Town, 8000)

Independent Property Valuer

Cushman and Wakefield LLP
(Registration number: OC328588)
125 Old Broad Street
London
EC2N 1AR
UK

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the action required by Shareholders.

GENERAL MEETING

The Proposed Transaction whereby Stor-Age will acquire, by way of a series of inter-dependent transaction steps, 97.3% of the issued share capital of Storage King is subject, *inter alia*, to Shareholders passing the requisite resolutions at the General Meeting to be held on Tuesday, 17 October 2017 at 09h00 at Investec Bank Limited at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001, and a notice convening the General Meeting is attached to and forms part of this Circular.

1. If you hold Certificated Shares or Dematerialised Shares with "own name registration"

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you are requested to complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the Transfer Secretaries by no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter delivered to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

2. If you hold Dematerialised Shares and have not elected "own name registration"

In accordance with the custody agreement between you and your CSDP or broker you must advise your CSDP or broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

If you do not wish to attend the General Meeting, you must provide your CSDP or broker with their instruction for attendance or voting at the General Meeting in the manner stipulated in the agreement between you and your CSDP or broker. These instructions must be provided to your CSDP or broker by the cut-off time and date advised by them for instructions of this nature.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the attached form of proxy.

Stor-Age does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of Dematerialised Shares to notify such Shareholder of the action required of them in respect of the Proposed Transaction set out in this Circular.

3. If you have disposed of your Shares

If you have disposed of your Shares, this Circular, together with the attached form of proxy, should be handed to the purchaser of such Shares or the broker or other agent who disposed of your Shares for you.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this section.

	2017
Record date to receive the notice of the General Meeting	Friday, 8 September
Circular, notice of General Meeting and form of proxy posted to Shareholders and announced on SENS on	Monday, 18 September
Last day to trade to be eligible to vote at the General Meeting	Tuesday, 3 October
Record date to be eligible to attend and vote at the General Meeting	Friday, 6 October
Last day and time to lodge forms of proxy with the Transfer Secretaries by 09h00 on	Friday, 13 October
General Meeting to be held at 09h00 on	Tuesday, 17 October
Results of the General Meeting published on SENS on	Tuesday, 17 October

Notes:

1. All times referred to in this Circular are local times in South Africa and are subject to amendment. Any such amendment will be released on SENS.
2. Shareholders are referred to page 2 of this Circular for information on the action required to be taken by them.
3. If you have elected to be represented by a proxy, you are requested to complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries so as to be received by them no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa,* words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons.

"Base Consideration Amount"	£77.13 million;
"Betterstore Self Storage Holdings"	Betterstore Self Storage Holdings Limited (Registration number: 51216), a company incorporated in Guernsey;
"Betterstore Self Storage Properties I"	Betterstore Self Storage Properties I Limited (Registration number: 54467), a company incorporated in Guernsey;
"Betterstore Self Storage Properties III"	Betterstore Self Storage Property III Limited (Registration number: 52723), a company incorporated in Guernsey;
"Betterstore Self Storage Operations"	Betterstore Self Storage Operations Limited (Registration number: 07272715), a company incorporated in England;
"Board"	the board of directors of the Company as set out in the "corporate information" section of this Circular;
"Boost Portfolio"	the properties as set out in paragraph 3.2 of this Circular;
"Boost Portfolio Consideration"	indicated in terms of paragraph 3.2 of this Circular;
"Business Day"	any day other than a Saturday, Sunday or official public holiday in South Africa and in the event that a day referred to in terms of this Circular should fall on a day which is not a Business Day, the relevant date will be extended to the succeeding Business Day;
"Cabot Square"	CS Capital Partners III L.P. (Registration number: LP011353), a limited liability partnership incorporated in England;
"Cabot Square Capital"	Cabot Square Capital LLP (Registration number: OC318397), a limited liability partnership incorporated in England;
"Cabot Square Nominee"	Cabot Square Capital Nominee Limited (Registration number: 04766358), a company incorporated in England;
"CAGR"	Compound Annual Growth Rate;
"Certificated Shares"	Shares which have not yet been Dematerialised into the Strate system, title to which is represented by a Share certificate or other physical document of title acceptable to the Directors;
"Certificated Shareholders"	Shareholders who have not Dematerialised their Share certificates in the Company in terms of Strate and hold Certificated Shares;
"Circular"	all the documents contained in this bound document, dated Monday, 18 September 2017, including the circular to Shareholders and the annexures thereto, a notice of General Meeting and a form of proxy;
"Closing Date"	being 10 business days following the Effective Date;
"Core Portfolio"	the properties as set out in **Annexure 6** of this Circular, other than the Crewe property;
"Corporate Advisor"	Investec Bank Limited (Registration number: 1925/002833/06), a public company registered in South Africa, and all its subsidiaries and associates;
"CSDP"	Central Securities Depository Participant;
"Deferred Consideration"	the additional purchase consideration payable to the Vendors as set out in paragraph 3.1 of this Circular;
"Dematerialise" or "Dematerialisation"	the process whereby Certificated Shares are replaced by electronic records of ownership under Strate and recorded in the sub-register of Shareholders maintained by a CSDP or broker;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by Share certificates, certified transfer deeds, balance receipts or any other physical documents of title;
"Dematerialised Shareholders"	Shareholders who hold Dematerialised Shares;

"Director(s)"	refers to a director(s) of the Company as set out in the "corporate information" section of this Circular;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"Effective Date"	subject to fulfillment of the conditions precedent set out in paragraph 3.3 of this Circular and completion in terms of the SPA, is expected to occur on Tuesday, 31 October 2017;
"GBP"	the currency of the UK, being the Great British Pound;
"General Meeting"	the general meeting of Shareholders to be held on Tuesday, 17 October 2017 at 09h00 at Investec Bank at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001 to consider, and if deemed fit, approve the resolutions contained in the notice of General Meeting of Shareholders attached to this Circular;
"GLA"	gross lettable area;
"Group"	in relation to the Company (wherever incorporated), that company, any company of which it is a subsidiary (being its holding company) and any other subsidiaries of any such holding company and each company in a Group is a member of the Group. Unless the context otherwise requires, the application of the definition of Group to any company at any time will apply to the Company as it is at that time;
"IFRS"	International Financial Reporting Standards;
"Independent Reporting Accountants"	KPMG Inc. (Registration number: 1999/021543/21), a partnership incorporated in the Republic of South Africa;
"Independent Property Valuer"	Cushman and Wakefield LLP (Registration number: OC328588), a private company incorporated in England;
"Initial Purchase Consideration"	the initial purchase consideration of approximately £53.29 million payable by Stor-Age to the Vendors for 97.3% of the issued share capital of Storage King, calculated in accordance with paragraph 3.1 of this Circular;
"JSE"	the exchange operated by JSE Limited (Registration number: 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and having its registered address at 1 Exchange Square, 2 Gwen Lane, Sandown, and licensed as an exchange in accordance with the Financial Markets Act, 2012;
"Last Practicable Date"	Monday, 11 September 2017, being the last practicable date prior to the finalisation of this Circular;
"Legal Advisors"	Cliffe Dekker Hofmeyr Incorporated (Registration Number: 2008/018923/21), a private company incorporated in the Republic of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE, as amended from time to time;
"Management"	certain senior employees of Storage King Group being Robin Greenwood, Terry Doman, Emma Chesterton-Kay and Monica Chohda;
"MLA"	maximum lettable area;
"Net Debt"	net debt of the Storage King Group comprising the aggregate of net third party financial debt of £25 million as at the Effective Date. For the avoidance of doubt, leased property will not be classed as Net Debt;
"Proposed Transaction"	the acquisition by Stor-Age, by way of a series of inter-dependent transaction steps, of 97.3% of the issued share capital of Storage King which includes the Core Portfolio;
"RBS"	Royal Bank of Scotland plc (Registration number: 90312), a company incorporated in Scotland;
"Register"	the Register of Certificated Shareholders maintained by the Transfer Secretaries, including the Sub-Register;
"REIT"	real estate investment trust;
"RICS"	the Royal Institution of Chartered Surveyors;
"RSI"	Roeland Street Investments Proprietary Limited (Registration number: 2011/011717/07), a private company incorporated in the Republic of South Africa (a wholly-owned Subsidiary of Stor-Age), through which Stor-Age will hold its 97.3% interest in Storage King;
"SARB"	South African Reserve Bank;
"SENS"	Stock Exchange News Service;

"Share"	an ordinary share of no par value in the share capital of Stor-Age;
"Shareholders"	holders of Shares;
"South Africa" or "SA"	the Republic of South Africa;
"SPA"	sale and purchase agreement concluded on Monday, 4 September 2017 in terms of which Stor-Age will acquire, by way of a series of inter-dependent transaction steps, 97.3% of the issued share capital of Storage King, further details of which are set out in paragraph 3 of this Circular;
"sq ft"	square feet;
"Stor-Age" or "the Company"	Stor-Age Property REIT Limited (Registration number: 2015/168454/06), a public company incorporated in the Republic of South Africa and listed as a REIT on the main board of the JSE;
"Stor-Age Group"	collectively, the Company and its subsidiaries;
"Storage King"	Betterstore Self Storage Holdings;
"the Storage King Group"	collectively, Betterstore Self Storage Holdings and its Subsidiaries;
"Strate"	Strate Proprietary Limited (Registration number: 1998/022242/07), a private company licensed as a central securities depository in terms of the Financial Markets Act, 2012;
"Subsidiaries"	collectively, Betterstore Self Storage Properties I, Betterstore Self Storage Properties III and Betterstore Self Storage Operations and all their subsidiaries (if any);
"Sub-Register"	the list of Shareholders maintained by a CSDP and forming part of the Register;
"Sponsor"	Questco Corporate Advisory Proprietary Limited (Registration number: 2011/106751/07), a private company incorporated in the Republic of South Africa;
"Transaction Sponsor"	Investec Bank Limited (Registration number: 1925/002833/06), a public company registered and in the Republic of South Africa, and all its subsidiaries and associates;
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (Registration number: 2004/003647/07), a private company with its address at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107);
"UK"	United Kingdom;
"USA" or "US"	the United States of America;
"VAT"	value added tax as defined in the Value Added Tax Act, 1991, as amended;
"Vendors"	collectively, Cabot Square (acting through its manager Cabot Square Capital) and Management, the sellers of Storage King;
"Working Capital"	the Storage King Group's aggregate current assets less current liabilities as at the Effective Date;
"WWI"	Wimbledonway Investments Proprietary Limited (Registration number: 2015/261442/07), a wholly-owned subsidiary of Stor-Age; and
"ZAR" or "R"	the currency of South Africa, being South African Rand.

Stor-Age Property REIT Limited
Approved as a REIT by the JSE
(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**")

Directors of the Company
Paul Theodosiou# * *(Chairman)*
Graham Blackshaw *(Non-executive)*
Gavin Lucas *(Chief Executive Officer)*
Stephen Lucas* *(Finance Director)*
Steven Horton *(Executive)*
Sello Moloko# *(Non-executive)*
Gareth Fox# *(Non-executive)*

Independent
* *British Citizen*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Introduction

In terms of the announcement released on SENS on Tuesday, 5 September 2017 and in the press on Wednesday, 6 September 2017, Shareholders were advised that the Company had signed the SPA with the Vendors to acquire, by way of a series of inter-dependent transaction steps, 97.3% of the issued share capital of Storage King. Management will acquire the remaining 2.7% of the issued share capital of Storage King.

The Proposed Transaction constitutes a Category 1 acquisition in terms of the JSE Listings Requirements and accordingly requires Shareholders' approval.

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transaction, in accordance with the JSE Listings Requirements, and to convene a General Meeting of Shareholders in order for them to consider and if deemed appropriate, pass with or without modification, all of the resolutions in the notice of General Meeting attached to this Circular, to implement the Proposed Transaction.

In relation to the Proposed Transaction, the Company requires the approval by more than 50% of the total votes cast by Shareholders at the General Meeting present in person or by proxy as represented at the General Meeting as the Proposed Transaction is classified as a Category 1 transaction in terms of the JSE Listings Requirements.

Furthermore, the Company requires the approval by at least 75% of the total votes cast by Shareholders at the General Meeting present in person or by proxy as represented at the General Meeting given that Stor-Age will be required to issue additional Shares which exceed 30% of the Shares currently in issue in order to part settle the Initial Purchase Consideration.

2. THE STORAGE KING GROUP

2.1 Overview of the Storage King Group

The sixth largest self storage brand in the UK, Storage King Group is also a top 5 global self storage brand (outside of the USA).

The Storage King Group originally entered the UK market in 2006 (with franchise stores using the Storage King brand) following its success in Australasia. In July 2010 the Storage King Group acquired the UK and European brand rights into perpetuity.

The Storage King Group currently owns 13 well-located properties ("**Core Portfolio**") throughout England with a bias towards the South East and East: specifically, eight freehold properties and five leasehold properties with an average 17 year unexpired lease-term.

Positioned near to key market towns and major arterial roads, the Core Portfolio (as at the Last Practicable Date) offers 543 100 sq ft of GLA with an average occupancy of 78.9% and an average rental rate per annum of £21.99 per sq ft. On full fit-out, the GLA will increase to approximately 577 300 sq ft.

In addition to the Core Portfolio, a further 12 properties trade under the license of the Storage King brand, generating license and management fee revenue. In total this represents 25 properties trading under the Storage King brand.

Further, the Storage King Group has entered into two sale and purchase agreements to potentially acquire two self storage properties situated in Crewe and Stafford, both of which agreements remain subject to final approval by Stor-Age following completion of the Proposed Transaction. Further details are set out in paragraph 3.2 below.

The specialist, experienced Management team will remain in place and invested as a minority shareholder (2.7%) alongside Stor-Age. The in-place acquisitions team is a key asset with a well-researched and defined acquisitions strategy that has proven effective to date.

Going forward, Stor-Age will seek to add value to the Storage King Group's operating platform and systems, existing capital management and property and marketing skill sets, as well as drive and optimise synergies in support services and systems over the medium term.

2.1.1 **Overview of UK self storage sector**

A growing, fragmented industry, the UK self storage market has relatively low consumer awareness and penetration, which is anticipated to increase as the industry matures. In line with the strength of the asset class generally, the industry has proven resilient to date despite macro-economic challenges such as the global financial crisis of 2008/9 and the introduction of value-added tax on self storage rentals in 2012. Within the context of uncertain economic conditions as the UK approaches Brexit, the industry remains well positioned for growth with strong fundamentals and limited new entrants.

The key features of the UK self storage market include[1]:

- 1 430+ self storage properties, offering approximately 42.2 million sq ft of space
- Average facility size of 29 470 sq ft and average unit size of 69.1 sq ft
- Average occupancy level of 75.8% of GLA, up from 73.1% in 2015
- Occupancy growth indicates that demand is growing faster than supply
- Industry average net rental rate per annum of £22.68 per sq ft per annum for the 2016 calendar year (2015: £22.15 and 2014: £21.00)
- Market still relatively immature – supply per capita of 0.64 sq ft (vs. Australia 1.8 sq ft per capita, USA 7.8 sq ft per capita)
- New openings – 25 new properties opened in 2016 (significantly up on 2014 and 2015) and circa 25 – 40 new properties expected to open in 2017
- UK holds 47% of the total European self storage market

The growth drivers for the UK self storage market include[1]:

- Incremental growing awareness of self storage in the UK
- Ongoing densification of metropolitan living areas
- Increasing trend towards self-employment and start-ups
- Increasing mortgage availability and low interest rates driving growth
- Low unemployment levels

2.1.2 **Core Portfolio**

An analysis of the Core Portfolio, by sector, tenant profile, geography, vacancy, lease expiry profile and rental rates is set out below.

The Core Portfolio comprises eight freehold and five leasehold properties with an aggregate GLA of 543 100 sq ft, increasing to approximately 577 300 sq ft on full fit-out. Further details of the Core Portfolio are set out in **Annexure 6** of this Circular.

The fair value of the Core Portfolio based on valuations performed by the Independent Property Valuer as at 30 April 2017 is £66.54 million after deduction of notional purchaser's cost. (Excluding the deduction of notional purchaser's costs based on a Special Assumption set out in **Annexure 5** of this Circular, the value of the Core Portfolio is £72.95 million). Details of the fair value of the Core Portfolio are set out in **Annexure 5** of this Circular.

The Core Portfolio comprises a large and diverse tenant base of approximately 6 300 tenants. Approximately 73% are residential tenants and the remaining 27% are commercial tenants (based on area occupied).

The Storage King Group currently operates solely within the self storage sector of the UK.

1 *Source: Self Storage Association UK Annual Industry Report 2017*

2.1.3 **Analysis of the Core Portfolio**

An analysis of the Core Portfolio as at the Last Practicable Date in respect of geographic, sectoral and tenant spread as well as vacancy and lease expiry profile is set out below:

a. Geographic profile

	Based on GLA	Based on gross rentals
UK	100%	100%

b. Sectoral profile

	Based on GLA	Based on gross rentals
Self storage	100%	100%

c. Tenant profile

The tenant base of the Storage King Group is large and diverse and a vast majority of its clients are Category C clients (individuals and/or small businesses). All leases with tenants continue indefinitely unless terminated on 14 days' notice. As at the Last Practicable Date, 65% of the existing tenants had occupied a self storage unit for a period greater than six months. Set out below is an analysis of the historical tenant profile of the Core Portfolio.

	Last Practicable Date	31 December 2016	31 December 2015	31 December 2014
< 6 months	35%	30%	32%	36%
Between 6 and 12 months	13%	15%	16%	16%
Between 1 and 2 years	16%	18%	18%	17%
Between 2 and 3 years	11%	11%	9%	11%
> 3 years	25%	26%	25%	20%
Total	**100%**	**100%**	**100%**	**100%**

d. Vacancy profile

The vacancy profile by GLA of the Core Portfolio, as at the Last Practicable Date, is disclosed in the table below:

Region	Total GLA sq ft	% Occupied*	Vacancy sq ft	% Vacant*
UK	543 100	78.9	114 600	21.1

* *All percentages are rounded to one decimal place.*

e. Rental per sq ft and rental escalations

The weighted average rental per annum per sq ft of occupied space for the Core Portfolio as at the Last Practicable Date is as follows:

Region	Rate/sq ft
UK	£21.99

The existing leases for tenants do not contain specific contractual escalations. However, the Storage King Group has the contractual right to increase rentals at its discretion, on 4 weeks' notice to the respective tenants. The table below sets out the annual percentage increase in the weighted average rental per annum per sq ft for the past three financial years ending 31 December:

Year	% increase
2014	1.4
2015	3.7
2016	4.2

The average annualised property yield based on the forecast net property income is 6.6% (after any transaction costs).

Details of the Core Portfolio are set out in **Annexure 6**.

2.2 **The Storage King Group Management team**

Management has been instrumental in the growth and current success of the Storage King Group with extensive strategic, operational, acquisitions and financial expertise. The Management team is supported by experienced operations managers at each property who are integral to the day-to-day operations of the business.

The Chief Executive Officer, Robin Greenwood, and Head of Operations, Terry Doman, have 28 years' and 18 years' experience in the self storage industry respectively.

2.3 **Independent property valuation**

The effective date of the independent property valuation is 30 April 2017. The independent property valuation was carried out by Oliver Close and Charles Smith of Cushman and Wakefield LLP, who are Registered Valuers of the RICS in the UK and have been approved by the JSE as independent registered valuers in terms of Section 13 of the JSE Listings Requirements.

As at the Last Practicable Date, the Independent Property Valuer confirmed that there had been no material changes to its report issued on Tuesday, 12 September 2017.

Detailed valuation reports have been prepared in respect of each of the properties in the Core Portfolio and will be available for inspection. Further details are set out in paragraph 8.8 of this Circular.

The abridged valuation report in respect of the Core Portfolio is presented in **Annexure 5**.

2.4 **Details of the Vendors of the Proposed Transaction**

Details of the Vendors are set out in **Annexure 7**.

The Vendors will dispose of their shares in Storage King to Stor-Age. The Vendors have not guaranteed the book debts or any other assets.

The following restraints apply in respect of the Vendors as set out in the table below:

Cabot Square	Period of the shorter of the payment of the Deferred Consideration and 15 months after the Effective Date. (Cabot Square will not receive any payments in relation to this restraint).
Management	12 month period following the Effective Date and will concurrently sign employment contracts for a period longer than 12 months.

The business of the Storage King Group will remain unchanged and any tax liabilities of the Storage King Group, including tax liabilities for accrued taxation in relation to the Proposed Transaction, will be settled in the ordinary course of Storage King Group's business from available cash reserves.

Other than in their capacity as holders of Stor-Age's Shares, no Director or promoter of Stor-Age (or any partnership, syndicate or other association in which a promoter or Director has an interest) has any beneficial interest, direct or indirect in the Proposed Transaction.

Stor-Age accounts for goodwill by applying the acquisition method as at the Effective Date. Goodwill is stated at cost less any accumulated impairment losses and is not amortised. Goodwill is allocated to cash generating units and is tested annually for impairment. A gain on bargain purchases arising on acquisition is recognised directly in profit or loss.

The calculation of goodwill in respect of the Proposed Transaction results in the following goodwill being recognised:

Fair value of net assets acquired (£ million)	41.4
Equity consideration excl. transaction costs (£ million)	44.7
Goodwill (£ million)	4.4
Goodwill (R million)[1]	**74.0**

[1] *Assumed ZAR:GBP exchange rate of R17.00:£1.00*

No cash or securities have been paid or benefit given to any promoter within the three preceding years of this Circular or is proposed to be paid or given to any promoter (not being a Director).

The Storage King shares to be acquired in terms of the Proposed Transaction have not, as at the Last Practicable Date, been transferred to Stor-Age and the Storage King shares have not, to the knowledge of Stor-Age, been ceded or pledged.

3. THE PROPOSED TRANSACTION

3.1 **Purchase Consideration**

On the Closing Date, the Company will pay the Initial Purchase Consideration of approximately £53.29 million for 97.3% of the issued share capital of Storage King calculated in accordance with the following formulae:

- Base Consideration Amount of £77.13 million;
- Less: Net Debt estimated on Effective Date of £25 million;
- *Plus* (if the amount is positive) or *Less* (if the amount is negative) a Working Capital Amount of the Storage King Group.

On the basis of an estimated working capital amount of £2.68 million (including cash and cash equivalents of £4.76 million), the Initial Purchase Consideration payable by the Company for 97.3% of the issued shares of Storage King is estimated to be £53.29 million.

The Initial Purchase Consideration will first be applied toward settlement of any outstanding loan claims owing by the Storage King Group to the Vendors and thereafter toward the acquisition of the 97.3% of the issued share capital of Storage King.

The actual Net Debt and Working Capital Amount will be confirmed at Closing Date through a completion balance sheet with an audit of the Working Capital Amount. Any positive or negative adjustment to the Initial Purchase Consideration will be made 30 business days after agreement of the completion balance sheet.

In addition to the Initial Purchase Consideration, the Company is required to pay the Vendors a Deferred Consideration should the Storage King Group's actual EBITDA (which includes a full deduction of leasehold rental expenses) of the Core Portfolio (excluding the EBITDA of the Chester property, further details of which are set out in paragraph 3.2 below) for the 12 month period after the Effective Date exceed EBITDA (excluding Crewe property) of £4.475 million which will be capitalised at 6.0%.

Management and Stor-Age have agreed that Management will remain invested in Storage King for a period of four years after the Effective Date. Management has an option to sell their shares to Stor-Age after this four year period. Should management elect not to exercise their option to sell their shares to Stor-Age, Stor-Age has an option to acquire Management's shares in Storage King after a period of five years after the Effective Date.

3.2 **Boost Portfolio**

The Storage King Group has entered into two sale and purchase agreements to acquire two self storage properties situated in Crewe and Stafford (known respectively as "**the Crewe property**" and "**the Stafford property**" and collectively, the "**Boost Portfolio**"). The Stafford self storage property is yet to be constructed.

Following conclusion of the Proposed Transaction, Stor-Age will have full discretion as to whether or not to complete the acquisitions of any, either, or both of the Boost Portfolio properties. Should Stor-Age elect to acquire any, either or both of the Boost Portfolio properties, Stor-Age will be required to pay the Vendors of the Boost Portfolio the amounts for the properties to be acquired plus premiums, as set out in the table below. The premium(s) will be paid by Stor-Age to the Vendors as consideration for the Vendors sourcing and negotiating the acquisition of the Boost Portfolio properties and will only be paid should Stor-Age choose to acquire any, either or both of the Boost Portfolio properties.

The Crewe property has been independently valued (further details set out in **Annexure 5**) as at the date of acquisition (should Stor-Age elect to proceed with the acquisition), expected to be on or about 30 November 2017 (one month after the Effective Date).

Should Stor-Age decide to acquire the Stafford property, the acquisition will be categorised accordingly in terms of the JSE Listings Requirements and if applicable, the appropriate disclosure will be made in accordance with the JSE Listings Requirements.

Boost Portfolio assets	Boost Portfolio Consideration (£ million)	Purchase premium (£ million)	Expected date of acquisition	Details of the property
Crewe property Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	6.875	0.864	On or about 30 November 2017	Refer to paragraph 3.2 and **Annexure 5** of this Circular
Stafford property Plot 2B, Redhill Business Park, Stone Road, Stafford	3.375	0.424	On or about 30 September 2018	Stafford is still to be constructed

Copies of the Boost Portfolio agreements are available for inspection, as further detailed in paragraph 8.8 of this Circular.

3.3 **Effective date**

The Effective Date of the Proposed Transaction will be the completion date under the SPA which, subject to fulfilment of the conditions precedent set out in paragraph 3.6 below, is expected to occur on Tuesday, 31 October 2017.

3.4 **Rationale for the Proposed Transaction**

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa. The successful listing of Stor-Age on the JSE in November 2015 brought to market a highly specialised, low-risk, income paying self storage REIT with an attractive growth in distributions profile, underpinned by strong operating metrics. Stor-Age is one of nine publicly traded self storage REITs in the world and the first to list on any emerging market exchange.

In order to progress the Company's growth strategy, Stor-Age has invested significant time in international self storage markets over the previous decade, conducting research, acquiring knowledge and establishing strong relationships with international peers, including in the UK.

The UK self storage market represents a significant growth opportunity. It is characterised by a relative undersupply in comparison to the more established Australian and US markets – supply per capita is at 0.64 sq ft (Australia 1.8 sq ft per capita and the USA 7.8 sq ft per capita). Further, post Brexit the UK self storage sector has been viewed as an attractive investment given the defensive nature of the underlying asset class. The UK market is governed by a language, culture, business practices and banking and legal systems that are familiar to South Africans.

The Storage King Group owns a high quality property portfolio with a proven track record of year-on-year growth in earnings and in the underlying portfolio since the global financial crisis in 2008/9. Management has collective experience in the UK self storage industry dating back to 1989 and will, as part of the Proposed Transaction, acquire the remaining 2.7% in Storage King on the same terms as the Company and remain employed in the business.

The acquisition of the Storage King Group therefore represents an excellent entry point into the UK market as well as a scalable platform for Stor-Age to further grow its offshore portfolio in the UK.

After the implementation of the Proposed Transaction, the Company will have a portfolio comprising 44 (SA – 31 properties and UK – 13 properties) properties with a total GLA of 288 500m² (SA – 238 000m² and UK – 50 500m²) and a value of approximately R3.3 billion (SA – R2.1 billion and UK – R1.2 billion).

Post conclusion of the Proposed Transaction, Stor-Age will maintain a South Africa-centric focus at approximately 65:35 geographical percentage split, by value, between South Africa and the UK. (When taking into account Stor-Age's pre-emptive right to acquire properties in its own Managed Portfolio (refer to paragraph 4 of this Circular), the weighting to South African assets by value increases to approximately 70%). In addition, the Proposed Transaction provides a Rand hedge on a significant portion of future earnings generated from the investment.

3.5 **Financing and funding the Proposed Transaction**

As part of the Proposed Transaction, Storage King will refinance its existing bank facility with RBS of £17 million with a new facility with RBS of £25 million. The SPA provides for Stor-Age to fund the Initial Purchase Consideration through an optimal mix of equity and debt including part funding through the issue of up to 89 million shares in the Company.

To the extent a Deferred Consideration becomes payable, it will be funded using available internal cash resources and banking facilities at the time.

3.6 **Conditions precedent**

The Proposed Transaction is subject to fulfilment of the following conditions precedent, as set out in the SPA:

- approval from Stor-Age's Shareholders of all resolutions contained in the notice of General Meeting, necessary to implement the Proposed Transaction;
- finalisation and acceptance by Storage King of the debt funding agreement for a nominal amount of not less than £25 million on terms acceptable to Stor-Age in its sole discretion, and such debt funding agreement becoming unconditional in its terms; and
- Stor-Age confirming in writing to the Vendors that it has successfully raised cash through the issue of new shares in the Company, by way of a vendor consideration placement, to the extent that it deems optimal, towards the settlement of the Initial Purchase Consideration.

3.7 **Opinion and recommendations**

The Board, after evaluating the rationale for and the terms and conditions of the Proposed Transaction, is of the opinion that the Proposed Transaction is in the best interests of Shareholders. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to be proposed at the General Meeting. The members of the Board, with direct and/or indirect beneficial shareholdings in Stor-Age intend to vote in favour of all the resolutions to be proposed at the General Meeting.

4. HISTORY AND NATURE OF STOR-AGE'S BUSINESS

Stor-Age is the largest and most recognisable self storage property fund and brand in South Africa, and the first and only self storage REIT listed on any emerging market exchange. Stor-Age debuted successfully on the JSE on 16 November 2015 and brought to market a low-risk income paying specialist self storage REIT. Its highly specialised business focuses on the fast growing self storage sector – a niche sub-sector of the broader commercial property market.

Stor-Age seeks to develop, acquire and manage high quality self storage properties where it will achieve strong market penetration and produce favourable operating margins, benefiting from economies of scale.

Stor-Age's objective is to deliver an attractive income stream from a portfolio of high quality self storage properties with potential for income and capital growth through increasing rentals and occupancy levels, expanding existing properties and acquiring additional self storage properties. Stor-Age pioneered the development of high profile big box self storage properties in outstanding locations in South Africa.

Stor-Age's portfolio comprises 44 self storage properties across South Africa. Stor-Age owns and operates 31 of these properties, comprising 238 000m² of GLA and R2.1 billion in value. The balance comprises 73 000m² of GLA and makes up the unlisted portfolio ("**Managed Portfolio**") from which Stor-Age receives property and asset management fees. Stor-Age holds a pre-emptive right to acquire all properties in the Managed Portfolio.

Stor-Age has a clear vision and well-articulated strategy that aims to deliver attractive and sustainable investment returns, increase the scale of the business and ensure that the company remains the self storage market leader.

The executive team has built a track record of delivery since the founding of Stor-Age more than 10 years ago. The business model is based on global best practice and strong networks with leading first-world market peers, which is evidenced by more than a decade of successfully acquiring, developing, leasing and operating self storage assets. Subsequent to listing, Stor-Age has also successfully concluded a number of high quality acquisitions in the South African market to entrench its positioning as a brand and market leader.

Stor-Age intends to grow the portfolio and enhance performance and investor returns by:

- extracting organic growth through active revenue management, developing additional GLA and optimising the unit mix at the properties;
- leveraging our tenant management software platform to unlock value, drive cost efficiencies and entrench our competitive advantage;
- pursuing acquisitions in a fragmented industry, and consolidating our position as the leading and largest self storage brand in the South African market;
- actively managing and growing licensing, asset management and operator fee income from the development and ongoing management of the Managed Portfolio and pipeline; and
- managing financial risk through prudent capital management policies.

5. FINANCIAL INFORMATION RELATING TO THE STORAGE KING GROUP

5.1 Forecast statements of comprehensive income

Following implementation of the Proposed Transaction, Storage King will become a subsidiary of Stor-Age and its year end will change from 31 December to 31 March.

Annexure 1 contains the forecast statements of comprehensive income (the "**forecasts**") and its related notes and assumptions, of the Storage King Group for the five months ending 31 March 2018 and for the 12 months ending 31 March 2019 (the "**forecast period**").

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The forecasts have been prepared in compliance with IFRS and in accordance with Stor-Age's current accounting policies which are not expected to change over the duration of the forecast period.

The Independent Reporting Accountant's report on the forecasts is contained in **Annexure 2** of this Circular.

5.2 *Pro forma* consolidated statement of financial position

The *pro forma* consolidated statement of financial position of Stor-Age together with the assumptions upon which it is based is set out in **Annexure 3**.

The *pro forma* consolidated statement of financial position of Stor-Age, including the assumptions on which it is based and the financial information from which it has been prepared, reflecting the effect of the Proposed Transaction is the responsibility of the Directors.

The *pro forma* consolidated statement of financial position of Stor-Age:

- is presented for illustrative purposes only and, because of its nature, may not give a fair reflection of the Company's financial position and changes in equity post the implementation of the Proposed Transaction;
- is presented in a manner consistent with the format of Stor-Age's audited financial results for the year ended 31 March 2017;
- has been compiled based on the audited financial results for the year ended 31 March 2017 on the assumption that the Proposed Transaction took place on 31 March 2017; and
- has been prepared in compliance with IFRS, the SAICA Guide on *Pro forma* Financial Information and in accordance with Stor-Age's accounting policies which are consistent with accounting policies adopted in preparing Stor-Age's annual financial statements for the year ended 31 March 2017.

The Independent Reporting Accountant's assurance report on the *pro forma* consolidated statement of financial position of Stor-Age is set out in **Annexure 4** of this Circular. The Independent Reporting Accountant's special purpose audit opinion on the statement of financial position of the Storage King Group as at 31 December 2016 is available for inspection.

6. DIRECTORS' INFORMATION

6.1 Remuneration of Directors

6.1.1 The Proposed Transaction does not result in any changes to the remuneration payable to the Directors in the form of:

- Fees for services as a Director;
- Management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, as part of which is then paid to a Director of the Company;
- Basic salaries;
- Bonuses and performance-related payments;
- Sums paid by way of expense allowance;
- Any other material benefit received;
- Contributions paid under any pension scheme;
- Any commission, gain or profit-sharing arrangements; or
- Any shares issued and allotted in terms of a share purchase/option scheme for employees.

6.1.2 The Company has not entered into any contracts relating to the managerial remuneration, secretarial and technical fees and restraint payments.

6.2 **Directors' interests**

The beneficial interests of the Directors in the Shares of the Company as at the Last Practicable Date are as follows:

Directors of the Company (including Directors who resigned in the last 18 months)	Number of Shares directly held as at the Last Practicable Date	Number of Shares indirectly held as at the Last Practicable Date	Total number of Shares held as at the Last Practicable Date	% Shares in issue
Executive director				
Gavin Lucas	3 500 000	6 911 967	10 411 967	5.80
Stephen Lucas	3 500 000	6 911 967	10 411 967	5.80
Steven Horton	3 500 000	3 000 643	6 500 643	3.62
Non-executive directors				
Paul Theodosiou	550 000	–	550 000	0.31
Graham Blackshaw	–	1 675 043	1 675 043	0.93
Gareth Fox	–	–	–	–
Sello Moloko	62 389	–	62 389	0.03
Total	**11 112 389**	**18 499 620**	**29 612 009**	**16.49**

The following changes in Directors' interests between Stor-Age's preceding year end (31 March 2017) and the Last Practicable Date have taken place:

Name of Director	Date	Number of Shares	Share price	Total Value (R million)	Nature of interest	Details
Sello Moloko	12 July 2017	2 389	R11.30	0.027	Direct beneficial	Dividend re-investment programme

6.3 **Directors' interests in the Proposed Transaction**

Other than the Directors' interests in Stor-Age Shares as set out in paragraph 6.2 above and the acquisition of a new self storage property in Bryanston, Johannesburg (the details pertaining to which are included in **Annexure 9**) none of the Directors of the Company, including a Director of the Company who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in the Proposed Transaction or any other transaction, that were effected by Stor-Age during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

6.4 **Directors' responsibility statement**

The Directors, whose names are set out in the "corporate information" section of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all necessary information required by the JSE Listings Requirements.

7. MAJOR AND CONTROLLING SHAREHOLDERS

Insofar as is known to Stor-Age, the major Shareholders, other than the Directors, who beneficially hold, directly or indirectly, 5% or more of the issued Stor-Age Shares as at the Last Practicable Date are set out below:

Name of Shareholder	Number of Shares held	% of Shares in issue
Coronation Fund Managers Limited	26 725 578	14.88%
Old Mutual Investment Group Proprietary Limited	18 111 733	10.09%
Investec Bank Limited	17 747 594	9.88%
Castle Rock Investments Proprietary Limited	14 066 666	7.83%
Stanlib Asset Management	9 090 870	5.06%
Total	**85 742 441**	**47.74%**

There has been no change in controlling Shareholders (in terms of the JSE Listings Requirements) or trading objects of Stor-Age since its listing in 2015.

8. ADDITIONAL INFORMATION

8.1 Working capital statement

The Directors are of the opinion that, following implementation of the Proposed Transaction, the working capital available to the Group is sufficient for the Group's present requirements, that is, for at least the next 12 months from the date of issue of this Circular.

8.2 Expenses

The total amount of preliminary expenses incurred by Stor-Age within the three years preceding its listing is:

Expense	Recipient	R million
Corporate advisor, bookrunner and sponsor fees	Questco	6.33
Independent Reporting Accountants and Auditors fees	KPMG	0.80
Legal and tax advisor fee	Cliffe Dekker Hofmeyr	0.80
Transfer Secretaries	Computershare	0.03
JSE listing fees	JSE	0.26
JSE documentation inspection fee	JSE	0.06
JSE REIT status application fee	JSE	0.01
JSE REIT new Listing documentation fee	JSE	0.01
JSE ruling fees	JSE	0.01
JSE fees for review of Memorandum of Incorporation	JSE	0.01
JSE fees for review of the Stor-Age Share Purchase and Option Scheme	JSE	0.01
Property valuation fees	Mills Fitchet	0.02
CIPC review and registration	CIPC	0.01
Strate fees	Strate	0.06
Press announcements, printing and marketing	Ince	0.25
Total		**8.66**

The total amount of preliminary expenses incurred by Stor-Age relating to the Proposed Transaction is:

Details	Payable to	R million
Corporate advisory and sponsor fee	Investec Bank Limited	16.40
Legal fees – South Africa	Cliff Dekker Hofmeyr	0.50
JSE sponsor	Questco Corporate Advisory	0.20
Legal fees – UK	CMS Cameron McKenna Nabarro Olswang LLP	2.21
Property legal fees	Bedells	0.06
Property due diligence	Workman	0.18
Legal fees – Guernsey	Walkers	0.06
Bank legal drafts	Dentons	1.45
Tax advisory – UK	Moore Stephens	0.67
Tax advisory – SA	Java Capital	0.40
Tax advisory – SA	Allen & Overy	0.09
Tax advisory – SA	Werkmans	0.26
Commercial property advisors	Matthews & Goodman	0.03
Independent reporting accounting and auditing fees	KPMG Inc. (South Africa)	1.10
Auditing fees	KPMG LLP (UK)	0.12
Property valuation fees	Cushman and Wakefield	1.28
JSE documentation fees	JSE	0.40
Bank debt structuring fees	Royal Bank of Scotland	8.50
Transfer secretarial fees	Computershare	0.07
Press announcements, printing and marketing	Greymatter & Finch	0.13
Contingency costs		1.00
Estimated Total		**35.09**

8.3 **Litigation statement**

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Stor-Age is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the Company's financial position.

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Stor-Age is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the Storage King Group's financial position.

8.4 **Material borrowings and loans**

8.4.1 **Material loans and borrowings advanced to the Stor-Age Group**

Details of the material loans and borrowings advanced to the Company, including the funding obtained from RBS in relation to the Proposed Transaction, as at the Last Practicable Date are set out in **Annexure 8**.

The Company has not entered into any material inter-Company financial or other transactions of similar nature.

As at the Last Practicable Date, the Company has not undertaken any off-balance sheet financing.

8.4.2 **Material loans and borrowings advanced by the Stor-Age Group**

Details of the material loans and borrowings, advanced by the Company, as at the Last Practicable Date are set out in **Annexure 8**.

8.5 **Material contracts**

Material contracts, which have been entered into by the Stor-Age Group during the two years preceding the Last Practicable Date, other than in the ordinary course of business, are:

- the SPA in respect of the Proposed Transaction, the salient details of which are set out in paragraph 3 of this Circular; and
- the "material contracts" set out in **Annexure 9**.

8.6 **Material changes**

On 8 June 2017, Stor-Age announced that it had entered into a memorandum of understanding with the shareholders of DanCor Properties Proprietary Limited ("**DanCor**") in terms of which Stor-Age will acquire approximately 100% of the shares in DanCor ("the **Proposed DanCor Acquisition**"). DanCor currently trades from four locations under the name StorTown in the Durban region with a portfolio comprising approximately 22 000m² of GLA. Shareholders are advised that discussions are ongoing in respect of this matter.

Other than the Proposed Transaction and the Proposed DanCor Acquisition, no other transactions have been entered into by Stor-Age since publication of Stor-Age's results for the year ended 31 March 2017. There has been no changes in the business and trading objects of Stor-Age since Stor-Age's listing on the JSE.

There have been no material changes in the financial and trading position of the Stor-Age Group since publication of its results for the year ended 31 March 2017.

8.7 **General Meeting**

The General Meeting will be held on Tuesday, 17 October 2017 at 09h00 at Investec Bank at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001 to consider, and if deemed fit, to pass, with or without modification, all the resolutions necessary to implement the Proposed Transaction.

A notice convening the General Meeting is attached to, and forms part of, this Circular.

A form of proxy, for use by those Certificated Shareholders and Dematerialised Shareholders with "own name" registration who are unable to attend the General Meeting but wish to be represented thereat, is attached to, and forms part of this Circular. Duly completed forms of proxy should be received by the Company or the Transfer Secretaries by no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter be delivered the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

A Dematerialised Shareholder who does not have "own name" registration, must arrange for his CSDP or broker to furnish him with the necessary letter of representation to attend the General Meeting or to appoint a proxy in accordance with their cut-off time prior to the General Meeting.

Shareholders are referred to the "Action required by Shareholders" section of this Circular, which contains information as to the actions they need to take in regard to the General Meeting.

8.8 **Documents available for inspection**

Copies of the following documents will be available for inspection at the Company's registered office and from the Transaction Sponsor during normal business hours from Monday, 18 September 2017, up to and including the date of the General Meeting:

- memoranda of incorporation of Stor-Age, and its major subsidiaries;
- material contracts referred to in **Annexure 9**;
- abridged valuation reports and the detailed valuation reports prepared by the Independent Property Valuer for the Core Portfolio and the Crewe property;
- copies of service agreements with Directors (or a summary of such agreements), company secretary and any agreements with Storage King's shareholders entered into during the last three years;
- signed reports prepared by the Independent Reporting Accountants, the details of which are set out in **Annexure 3** and **Annexure 4**;
- written consents detailed in paragraph 8.9 of this Circular;
- the audited annual financial statements of Stor-Age for the two years ended 31 March 2017 and 31 March 2016;
- the interim financial results of Stor-Age for the six months ended 30 September 2016;
- the historic statement of financial position for the Storage King Group as at 31 December 2016;
- the audit opinion in respect of the special purpose statement of financial position of the Storage King Group;
- a copy of the SPA;
- a copy of the signed Boost Portfolio agreements; and
- a signed copy of this Circular.

8.9 **Consents**

The Independent Reporting Accountants, Legal Advisors, Independent Property Valuer, Corporate Advisor, Transaction Sponsor, Sponsor and Transfer Secretaries have all consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular.

Signed in Cape Town by Gavin Lucas on behalf of all of the Directors of the Company on 18 September 2017 in terms of powers of attorney granted by them.

_____

Gavin Lucas

DULY AUTHORISED

Cape Town
18 September 2017

FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE STORAGE KING GROUP

Set out below are the forecast statements of comprehensive income of the Storage King Group and the Crewe property ("**forecasts**") on a stand-alone basis for the five months ending 31 March 2018 and the 12 months ending 31 March 2019 (the "**forecast period**").

The forecasts have been prepared on the assumption that the Effective Date of the acquisition of the Storage King Group is 31 October 2017 and that the effective date for the purchase of the Crewe property is 1 December 2017.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The forecasts must be read in conjunction with the Independent Reporting Accountant's report thereon which is attached as **Annexure 2**.

The forecasts have been:

- prepared in accordance with the Company's accounting policies and in compliance with IFRS; and
- prepared in relation to Storage King only, which post implementation of the Proposed Transaction, will become a subsidiary of the Company.

Basis of preparation

The forecasts have been prepared utilising the following information:

1. Existing lease agreements in respect of 5% of the lease agreements for each of the Core Portfolio and the Crewe property;
2. Annual financial statements of the Storage King Group for the year ended 31 December 2016;
3. Historical average tenancy for each of the Core Portfolio and the Crewe property;
4. Historical vacancies and bad debt history for each of the Core Portfolio and the Crewe property;
5. The individual trial balances for each of the Core Portfolio and the Crewe property for the six months ended 30 June 2017, four months ended 30 April 2017 and the 12 months ended 31 December 2016; and
6. The Directors and Storage King Group's directors' and senior management's knowledge and experience of the self storage industry.

The Storage King Group's rental revenue is short-term in nature and consists of the following categories of rental revenue:

1. Contracted rental revenue means rental revenue that is short-term in nature and relates to the initial period when all tenants are covered by legally binding lease agreements due to the notice period obligation being 14 days;
2. Near-contracted rental revenue which means rental revenue relating to legally binding lease agreements that is not guaranteed due to the tenants and/or the Storage King Group's ability to terminate the lease agreements with a fourteen day notice period; and
3. Un-contracted rental revenue which constitutes forecast rental revenue that will be derived from new rental agreements with new tenants during the forecast period.

The Storage King forecast statements of comprehensive income

R'000	Forecast for the five months ending 31-Mar-18	Crewe property for the four months ending 31-Mar-18	Forecast for the period ending (incl. Crewe) 31-Mar-18	Forecast for the 12 months ending (excl. Crewe) 31-Mar-19	Crewe property for the 12 months ending 31-Mar-19	Forecast for the 12 months ending (incl. Crewe) 31-Mar-19
Property revenue						
– Rental income	59 529	3 292	62 821	155 314	11 514	166 828
– Other income	12 187	139	12 326	31 127	420	31 547
Direct property costs	(24 819)	(1 338)	(26 157)	(62 406)	(4 196)	(66 602)
Net property operating income	**46 897**	**2 093**	**48 990**	**124 035**	**7 738**	**131 773**
Other revenue	559	–	559	1 374	–	1 374
Administration expenses	(13 041)	–	(13 041)	(32 371)	–	(32 371)
Operating profit	**34 415**	**2 093**	**36 508**	**93 038**	**7 738**	**100 776**
Fair value adjustments – financial instruments	(8 750)	–	(8 750)	(21 688)	–	(21 688)
Interest income	10 459	2 003	12 462	24 905	4 760	29 665
Interest expense	(6 690)	(3 986)	(10 676)	(17 335)	(9 668)	(27 003)
Profit before taxation	**29 434**	**110**	**29 544**	**78 920**	**2 830**	**81 750**
Taxation expense	–	–	–	–	–	–
Profit for the period	**29 434**	**110**	**29 544**	**78 920**	**2 830**	**81 750**
Profit for the period attributable to:						
– Shareholders of the parent	28 620	107	28 727	76 738	2 752	79 490
– Non-controlling interests	814	3	817	2 182	78	2 260

Reconciliation of basic earnings, headline earnings and distributable earnings

R'000	Forecast for the five months ending (excl. Crewe) 31-Mar-18	Crewe property for the four months ending 31-Mar-18	Forecast for the period ending (incl. Crewe) 31-Mar-18	Forecast for the 12 months ending (excl. Crewe) 31-Mar-19	Crewe property for the 12 months ending 31-Mar-19	Forecast for the 12 months ending (incl. Crewe) 31-Mar-19
Profit after tax attributable to shareholders of the parent	**28 620**	**107**	**28 727**	**76 738**	**2 752**	**79 490**
Basic earnings	**28 620**	**107**	**28 727**	**76 738**	**2 752**	**79 490**
Headline earnings adjustments[1,2]	–	–	–	–	–	–
Headlines earnings attributable to Shareholders	**28 620**	**107**	**28 727**	**76 738**	**2 752**	**79 490**
Distributable earnings adjustment[3]	8 750	–	8 750	21 688	–	21 688
Distributable earnings	**37 370**	**107**	**37 477**	**98 426**	**2 752**	**101 178**

[1] *There are no tax effects*
[2] *There are no reconciling items between basic earnings, headline earnings and distributable earnings*
[3] *Represents the reversal of the fair value adjustments – financial instruments*

	Forecast for the five months ending (excl. Crewe) 31-Mar-18	Crewe property for the four months ending 31-Mar-18	Forecast for the period ending (incl. Crewe) 31-Mar-18	Forecast for the 12 months ending (excl. Crewe) 31-Mar-19	Crewe property for the 12 months ending 31-Mar-19	Forecast for the 12 months ending (incl. Crewe) 31-Mar-19
Weighted number of shares in issue ('000)	32 533	357	32 890	78 079	856	78 935
Shares entitled to dividends ('000)	78 079	841	78 920	78 079	841	78 920
Basic and diluted earnings per share (cents)*	87.97	29.99	87.34	98.28	321.47	100.70
Headline earnings per share (cents)	87.97	29.99	87.34	98.28	321.47	100.70
Dividend per share (cents)	47.86	12.72	47.49	126.06	327.20	128.20

* *Storage King has no dilutive instruments in place*

Analysis of contractual nature of rental revenue

	Forecast for the 12 months ending (incl. Crewe) 31-Mar-18	Forecast for the 12 months ending (incl. Crewe) 31-Mar-19
% contracted rental revenue	17.0	–
% near-contracted rental revenue	68.5	51.3
% uncontracted rental revenue	14.5	48.7
	100	**100**

Notes and assumptions:

Historical assumptions that are not under the control of the Directors

1. Management forecasts have been based on analysis of historical information, contracts and information provided by the directors and management of the Storage King Group and the Independent Property Valuer.

2. No increase or decrease in the fair values of the Core Portfolio and the Crewe property will occur during the forecast period.

3. Uncontracted rental revenue comprises 14.5% and 48.7% of basic rental revenue for the five months ending 31 March 2018 and 12 months ending 31 March 2019.

4. Current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates. The maximum forecast occupied space per property, assuming full fit-out of GLA, ranges between 71% and 90% (average of 85% for the Core Portfolio and the Crewe property).

   The forecast occupancy for the Core Portfolio is 78.3% and 80.2% at 31 March 2018 and 31 March 2019 respectively. The forecast occupancy for the Crewe property is 62.3% and 71.7% at 31 March 2018 and 31 March 2019 respectively.

5. Bad debt, as a percentage of rental income, is forecast to be 0.5%, consistent with historic trends.

6. No deferred tax is calculated as a result of the Company's REIT status, which extends to its subsidiaries as defined by IFRS.

7. An assumed average exchange rate of ZAR:GBP of R17.25:£1.00 for the five months ending 31 March 2018 and R17.68:£1.00 for the 12 months ending 31 March 2019 has been used.

8. No unforeseen market and economic factors will affect the tenant's ability to meet their commitments in terms of lease agreements that have been included in the forecast.

Historical assumptions that are under the control of the Directors

1. The forecasts are based on the Core Portfolio and the Crewe property.

2. The conditions precedent specified in the SPA in respect of the Core Portfolio will have been met by the Effective Date, and therefore, the risks and rewards of ownership will have transferred to Stor-Age by this date. As a result, Stor-Age will be able to consolidate 100% of the income and expenditure from the Storage King Group from the Effective Date.

   The conditions precedent specified in the SPA in respect of the Crewe property are assumed to be met by on or about 30 November 2017, and therefore, Stor-Age will be able to consolidate 100% of the income and expenditure from the Crewe property from this date.

3. 78.079 million new Stor-Age Shares are assumed to be issued at an assumed issue price per share of R11.60, together with other available internal cash resources to the extent required, for the purpose of funding the Initial Purchase Consideration. A further 0.841 million new Stor-Age Shares are assumed to be issued for the purchase of the Crewe property.

4. The unoccupied space for the Core Portfolio at 31 March 2018 and 31 March 2019 is estimated to be 21.7% and 19.8% respectively. The unoccupied space for the Crewe property at 31 March 2018 and 31 March 2019 is estimated to be 32% and 30% respectively. The unoccupied space has been forecast on a property-by-property basis and has been assumed to be tenanted over the forecast period based on the estimate lease up of space.

5. The contracted rental revenue has been forecast on the basis starting from the first one-month period during which all existing tenants will be covered by an existing legally binding agreement.

6. The tenant occupancy profile assumed for purposes of the forecasts is as follows:

	Last Practicable Date
< 6 months	35%
Between 6 and 12 months	13%
Between 1 and 2 years	16%
Between 2 and 3 years	11%
> 3 years	25%
Total	**100%**

   Based on the average historical occupancy profile, 64% of tenants will change completely over a two year period and 36% will remain for a period of longer than 2 years. 14.5% of the total forecast rental revenue is deemed to be un-contracted for the period ending 31 March 2018 (R9.1 million) and 48.75% (R81.3 million) of the total forecast rental revenue is deemed to be un-contracted for the 12 months ending 31 March 2019.

7. Near-contracted rental revenue has been determined for each property within the Core Portfolio and the Crewe property based on the existing lease agreements and the average historical occupancy profile and amounts to R53.7 million for the five months ending 31 March 2018 (85.5% of total forecast revenue) and R85.6 million for the 12 months ending 31 March 2019 (51.25% of total forecast revenue).

8. The forecast average annual rental escalations for each property within the Core Portfolio range from 2% to 4% and average 3.3% and 3.4% for the Core Portfolio for the five months ending 31 March 2018 and the 12 months ending 31 March 2019 respectively. No rental escalations are forecast for the Crewe property as the property is still in its lease up.

9. Other property revenue income comprises merchandise sales (sale of boxes and other ancillary products), insurance income, other rental income (office rental and parking) and other income (credit card fees and sundry income) and is based on the average actual income received for the year ended 31 December 2016.

10. Other revenue comprises management fees and franchise fees in respect of the managed and franchise properties are based on the average actual income received for the year ended 31 December 2016.

11. A comparison of the aggregated forecast expenditure for the period ending 31 March 2018 and expenditure incurred for the year ended 31 December 2016 was conducted. Storage King acquired the Chester property on 1 November 2016 and the operating costs for Chester are included in the total operating costs for the Core Portfolio from the acquisition date to 31 December 2016. The forecast includes the costs of the Chester property for the full forecast period.

    The comparison highlighted four items which are forecast to increase/decrease by 15% or more for the aggregated period ending 31 March 2018:

    a. Service agreements, bank charges, stationery and postage, management software and travel expenses in respect of the forecast period are expected to increase by more than 15% in comparison to the historical expenditure levels. The increase is as a result of year-on-year inflation and the impact of including all the properties for the full forecast period;

    b. Electricity expense in respect of the forecast period are expected to decrease by more than 15% in comparison to the historical expenditure levels due to the installation of energy efficient lighting (LED lighting) and improved future contract pricing with the energy suppliers. This has offset the year-on-year inflation and the impact of including all the properties for the full forecast period; and

    c. Merchandise costs in respect of the forecast period are expected to increase by more than 15% in comparison to the historical expenditure levels. The increase is as a result of year-on-year inflation, forecast merchandise sales and the impact of including all the properties for the full forecast period.

12. The Company intends entering into interest rate swap to fix up to 80% of the RBS debt for a period of 5 years. The all-in cost of debt for the RBS debt facility of £25 million is assumed to be 3.75% per annum.

13. The Company intends entering into a cross currency swap for a notional amount of £25 million. The assumed deposit rate on the notional Rand principal is assumed to be 9.5% per annum. The assumed borrowing rate on the notional GBP principal is assumed to be 3.35%. These assumptions are based on market related quotes received from South African banks. The fair value mark-to-market movement is included in the forecast income statement as a result of an expected depreciation of the ZAR.

14. Depreciation and amortisation is immaterial and thus no adjustments have been provided in this regard.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE STORAGE KING GROUP

The Directors
Stor-Age Property REIT Limited
216 Main Road
Claremont
Cape Town
7708
12 September 2017

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST INFORMATION OF STORAGE KING GROUP

Report on the identified forecast information

The definitions and interpretations commencing on page 4 of the Circular to which this letter is attached apply *mutatis mutandis* to this report.

We have undertaken a reasonable assurance engagement in respect of the property forecast information of:

1. Betterstore Self Storage Holdings Limited and its subsidiaries ("**Storage King Group**") excluding the Crewe property; and
2. Storage King Group including the Crewe property for the five months ending 31 March 2018 and the 12 months ending 31 March 2019, as set out in **Annexure 1** of the Circular to be issued or about Monday, 18 September 2017, comprising the forecast statements of profit or loss and other comprehensive income (the "**Forecast Information**"), as required by the JSE Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the Directors' assumptions used to prepare and present the Forecast Information, disclosed in the notes to the Forecast Information, as required by paragraph 13.15 of the JSE Listings Requirements.

Directors' responsibility for the Forecast Information and for the assumptions used to prepare the Forecast Information

The Directors of Stor-Age are responsible for the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in the notes to the Forecast Information presented in accordance with paragraphs 13.12 – 13.14 of the JSE Listings Requirements. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Forecast Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that the Forecast Information may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with the JSE Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the Directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the Directors' best-estimate assumptions on which the Forecast Information is based for reasonableness.

The procedures performed in a limited assurance engagement are less extent than for, and vary in nature from, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information.

Reasonable assurance engagement on the Forecast Information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed in the notes to the Forecast Information (the "**assumptions**") and in accordance with the JSE Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE 3400), *The Examination of Prospective Financial Information* (ISAE 3400), issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed o the Forecast Information and in accordance with the JSE Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the Forecast Information. In making those risk assessments, we considered internal control relevant to Stor-Age's preparation and presentation of the Forecast Information.

Our procedures included:

- Inspecting whether the assumptions, barring unforeseen circumstances, are not an unreasonable basis for the preparation of the forecast;
- Inspecting whether the Forecast Information is properly prepared on the basis of the assumptions;
- Inspecting whether the Forecast Information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- Inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of qualification

Paragraph 13.15(b) of the JSE Listings Requirements requires the reporting accountant to conduct an inspection of the signed legally binding agreements accounting for at least 70% of the contracted rental revenue and recoveries, and to determine that the rental revenue and recoveries to be derived therefrom are accurately reflected as contracted rental revenue. Storage King Group derives its income from leasing storage units to tenants. The leases with tenants are of a standard nature across the Core Portfolio and constitute month-to-month rental agreements that continue until such time as the rental agreement is terminated on fourteen days' notice by the tenant or Storage King Group. Based on historical information the average occupancy period for the Core Portfolio is 25 months. Due to the fact that the rental revenue is not guaranteed as a result of the short term nature of the lease agreements, the rental revenue earned during the period of the rental agreements constitutes near contracted rental revenue. Near contracted rental revenue constitutes 85.5% and 51.3% of the total forecast rental revenue for each of the five months ending 31 March 2018 and twelve months ending 31 March 2019 respectively. Due to the factors set out above only 5% of the legally binding lease agreements, amounting to 326 leases, have been inspected.

Qualified Opinion on the Forecast Information

In our opinion, except for the non-compliance with paragraph 13.15(b) described in the basis of qualification paragraph, the Forecast Information, for the five months ending 31 March 2018 and the twelve months ending 31 March 2019, is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Listings Requirements for forecast information.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the JSE Listings Requirements, paragraph 13.15b, we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have nothing to report in this regard.

Yours faithfully

GM Pickering
Chartered Accountant (SA)
Registered Auditor
KPMG Inc.
1 Mediterranean Street
Foreshore
Cape Town City Centre
(PO Box 4609, Cape Town, 8000)

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF STOR-AGE

Basis of preparation

The definitions and interpretations commencing on page 4 of the Circular have been used throughout this **Annexure 3**.

The *Pro forma* consolidated statement of financial position of Stor-Age ("***Pro forma* Statement of Financial Position**") has been prepared for illustrative purposes only and because of its nature may not fairly present Stor-Age's financial position.

The *Pro forma* Statement of Financial Position is based on the published financial information of Stor-Age as at and for the year ended 31 March 2017.

The *Pro forma* Statement of Financial Position has been prepared to illustrate the impact of the Proposed Transaction and the Crewe property acquisition (collectively, the "**Transactions**") on the assumption that the Transactions occurred on 31 March 2017 for purposes of the *Pro forma* Statement of Financial Position. There is some uncertainty as to whether the acquisition of the Crewe property will become unconditional.

The *Pro forma* Statement of Financial Position has been prepared using the accounting policies of Stor-Age which comply with IFRS and are consistent with those applied in the published historical financial information for the year ended 31 March 2017.

The *Pro forma* Statement of Financial Position is the responsibility of the Directors.

KPMG's independent reporting accountant's report on the *Pro forma* Statement of Financial Position is set out in **Annexure 4** to this Circular.

***Pro forma* statement of financial position of Stor-Age as at 31 March 2017**

	Column 1	Column 2	Column 3	Column 4
	Group before Audited R million	Storage King acquisition Audited R million	Chester Land purchase *Pro forma* R million	Purchase price allocation adjustment *Pro forma* R million
Assets				
Non-current assets				
Investment properties	2 050	1 222	6	189
Equipment	2	4	–	–
Stor-Age share purchase scheme loans	125	–	–	–
Goodwill and intangible assets	84	1	–	74
Deferred taxation	2	18	–	–
Investment in subsidiaries	–	–	–	(871)
Derivative financial instruments	–	–	–	–
	2 263	**1 245**	**6**	**(608)**
Current assets				
Trade and other receivables	11	28	–	–
Inventories	2	1	–	–
Intercompany receivable	–	–	–	–
Cash and cash equivalents	8	33	(6)	–
	21	**62**	**(6)**	**–**
Total assets	**2 284**	**1 307**	**–**	**(608)**
Equity and liabilities				
Stated capital	1 767	–	–	–
Non-distributable reserve	141	10	–	(10)
Minority interest	–	–	–	19
Accumulated loss	(18)	467	–	(467)
	1 890	**477**	**–**	**(458)**
Non-current liabilities				
Bank borrowings	107	215	–	15
Derivative financial instruments	1	–	–	–
Shareholder loans	–	358	–	(165)
Finance lease obligation	5	159	–	–
	113	**732**	**–**	**(150)**
Current liabilities				
Bank borrowings	146	17	–	–
Trade and other payables	39	74	–	–
Provisions	20	–	–	–
Finance lease obligation	1	7	–	–
Shareholders' distribution payable	75	–	–	–
	281	**98**	**–**	**–**
	394	**830**	**–**	**(150)**
Total equity and liabilities	**2 284**	**1 307**	**–**	**(608)**
Number of shares in issue ('000)	176 876			
Net asset value (cents per share)	1 068.55			
Net tangible asset value (cents per share)	1 021.05			

Equity Reconciliation as at 31 March 2017

	Shares Issued '000	Equity Value R million
Equity reconciliation		
Shares in issue as at 31 March 2017	176 876	1 767
Shares issued in respect of the purchase of Storage King acquisition	78 079	906
Shares issued in respect of the Crewe property	841	10
Deduction of transaction costs against equity	–	(35)
Total	255 796	2 648

Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
Capital raise and debt restructure *Pro forma* R million	Boost portfolio option *Pro forma* R million	Transaction costs *Pro forma* R million	Group after *Pro forma* R million	Acquisition of the Crewe property *Pro forma* R million	Group After *Pro forma* R million
–	–	–	**3 467**	132	**3 599**
–	–	–	**6**	–	**6**
–	–	–	**125**	–	**125**
–	–	–	**159**	–	**159**
–	–	–	**20**	–	**20**
871	–	–	**–**	–	**–**
–	–	–	**–**	–	**–**
871	**–**	**–**	**3 777**	**132**	**3 909**
–	–	–	**39**	–	**39**
–	–	–	**3**	–	**3**
–	–	–	**–**	–	**–**
35	–	(35)	**35**	(35)	**–**
35	**–**	**(35)**	**77**	**(35)**	**42**
906	**–**	**(35)**	**3 854**	**97**	**3 950**
906	–	(35)	**2 638**	10	**2 648**
–	–	–	**141**	–	**141**
–	–	–	**19**	–	**19**
–	–	–	**(18)**	–	**(18)**
906	**–**	**(35)**	**2 780**	**10**	**2 790**
193	–	–	**530**	87	**617**
–	–	–	**1**	–	**1**
(193)	–	–	–	–	**–**
–	–	–	**164**	–	**164**
–	**–**	**–**	**695**	**87**	**782**
–	–	–	**163**	–	**163**
–	–	–	**113**	–	**113**
–	–	–	**20**	–	**20**
–	–	–	**8**	–	**8**
–	–	–	**75**	–	**75**
–	**–**	**–**	**379**	**–**	**379**
–	**–**	**–**	**1 074**	**87**	**1 161**
906	**–**	**(35)**	**3 854**	**97**	**3 951**
			254 955		255 796
			1 090.55		1 090.87
			1 028.19		1 028.72

Equity Reconciliation as at 31 March 2017

	Shares Issued '000	Equity Value R million
Equity reconciliation		
Shares in issue as at 31 March 2017	176 876	1 767
Shares issued in respect of the purchase of Storage King (Note 4)	78 079	906
Shares issued in respect of the acquisition of the Crewe property (Note 9)	841	10
Deduction of transaction costs written off against equity (Note 7)	–	(35)
Total	255 796	2 648

Notes and assumptions to the *pro forma* Statement of Financial Position of Stor-Age as at 31 March 2017:

1. Column 1 presents the historical statement of financial position of Stor-Age, which has been extracted, without adjustment, from the published statement of financial position of Stor-Age as at 31 March 2017, as presented in the Annual Financial Statements of Stor-Age. The Annual Financial Statements can be viewed in full on the Stor-Age website, SENS or at the Company's registered office.

2. Column 2 presents the historical statement of financial position of the Storage King Group, prepared in accordance with IFRS and Stor-Age's accounting policies. The historical statement of financial position has been audited by KPMG Inc. in accordance with paragraph 8.29(c) of the JSE Listings Requirements. The audit opinion is available for inspection in terms of paragraph 8.8 of the Circular. The statement of financial position of Storage King has been translated at a ZAR:GBP exchange rate of R17.00:£1.00.

3. Column 3 presents the financial effects of the statement of financial position of the Chester land purchase. The Chester land purchase results in an increase in investment property by R6 million and a decrease in cash and equivalents of R6 million due to the settlement of the purchase consideration.

4. Column 4 presents the financial effects on the statement of financial position of the consolidation of the Storage King Group into Stor-Age:

   - The acquisition of 97.3% of the issued share capital in Storage King, results in a business combination is terms of IFRS 3: Business Combinations;
   - The purchase consideration of R871 million (excluding transaction costs of R35 million) is assumed to be settled through the issue of 78.079 million new Shares in Stor-Age at an assumed issue price per Share of R11.60;
   - Investment Property has been increased by R189 million as result on the increased fair value of the properties on purchase and this has resulted in an increase of R189 million to non-distributable reserve;
   - The share capital, retained income and non-distributable reserve of R467 million and R10 million respectively, relating to Storage King, have been eliminated on consolidation;
   - Minority interest of R19 million has been recognised on the 2.7% of the issued share capital not owned by Stor-Age;
   - Bank borrowings of R15 million has been increased as a result payment of Shareholder loans;
   - Shareholder loans of R165 million has been eliminated on consolidation; and
   - Goodwill amounting to R74 million has been raised in respect of the acquisition of Storage King Group.

5. Column 5 presents the financial effects on the statement of financial position taking into account the following:

   - An increase in the stated capital to reflect the issue of 78.079 million new Shares at an assumed issue price per Share of R11.60 ("**Equity Capital Raise**")
   - An increase in the cash and cash equivalents to reflect the receipt of the R906 million proceeds in respect of the Equity Capital Raise, which proceeds are used to part settle the Initial Purchase Consideration of R871 million and transaction costs of R35 million
   - The cash raised as part of the Equity Capital Raise and the increase in bank borrowings of R871 million is reflected as investment in subsidiary net of transaction costs. This is eliminated on consolidation
   - The part repayment of the shareholder loan, of R193 million, through bank borrowings

6. Column 6 presents the financial effects on the statement of financial position of the option to acquire the Boost Portfolio. As disclosed in paragraph 3.2 of the Circular, the Storage King Group has entered into an agreement to acquire two self storage assets being the Crewe property and the Stafford property. Stor-Age will have full discretion as to whether or not to complete the acquisitions of any or either of the Boost Portfolio properties. No value has been ascribed to this option as the option has been assessed to have a fair value of zero.

7. Column 7 presents transaction costs, amounting to approximately R35 million, which relate directly to the Transactions and have been written off against stated capital in accordance with *IAS 32: Financial Instruments*.

8. Column 8 presents the *Pro forma* statement of financial position of Stor-Age subsequent to the Transaction.

9. Column 9 presents the financial effects on the statement of financial position of the acquisition of the Crewe property. As explained above in note 7 and disclosed in paragraph 3.2 of the Circular, the Company may choose to exercise its option to purchase the Crewe property.

   If the Company elects to proceed with the acquisition, the financial effects on the statement of financial position will be as follows:

   a. An increase in Investment Property of R132 million representing the purchase of the Crewe property;
   b. A decrease in cash and cash equivalents of R35 million representing the use of internal cash resources to fund the acquisition of the Crewe property;
   c. An increase in Bank Borrowings of R87 million representing the purchase of the Crewe property; and
   d. An increase in stated capital of R10 million, representing the issue of 841 000 shares to fund the acquisition of the Crewe property.

10. Column 10 presents the *Pro forma* statement of financial position of Stor-Age subsequent to the Transactions.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF STOR-AGE

The Directors
Stor-Age Property REIT Limited
216 Main Road
Claremont
Cape Town
7708

Dear Sirs

12 September 2017

Independent Reporting Accountant's Report on the *Pro Forma* Statement of Financial Position of Stor-Age Property REIT Limited

The definitions and interpretations commencing on page 4 of the Circular to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

We have completed our assurance engagement to report on the compilation of the *Pro forma* Statement of Financial Position of Stor-Age Property REIT Limited (the "**Company**" or "**Stor-Age**") and the related notes as at 31 March 2017. The *Pro forma* Statement of Financial Position of Stor-Age is set out in **Annexure 2** of the Circular.

The *Pro forma* Statement of Financial Position of Stor-Age has been compiled by the Directors to illustrate the impact of the Category 1 Acquisition of Betterstore Self Storage Holdings Limited ("**Storage King Group**"), the Capital Raise and Debt Restructuring and the Crewe acquisition (collectively the "**Transactions**"), as detailed in the Circular, on the Company's financial position as at 31 March 2017, had the Transactions been in effect on 31 March 2017 for the statement of financial position purposes.

As part of this process, the Company's net asset value and net tangible asset value per share, and statement of financial position have been extracted by the Directors from the Company's audited annual financial statements for the year ended 31 March 2017 ("**Audited Financial Information**").

Responsibility of the Directors

The Directors of Stor-Age ("**Directors**") are responsible for compiling the *Pro forma* Statement of Financial Position of Stor-Age on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the JSE Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("**Applicable Criteria**").

Independent Reporting Accountant's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Part A and B).

The firm applies International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Independent Reporting Accountant's

Our responsibility is to express an opinion about whether the *Pro forma* Statement of Financial Position of Stor-Age has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro forma* Statement of Financial Position of Stor-Age on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on the Audited Financial Information used in compiling the *Pro forma* Statement of Financial Position of Stor-Age, nor have we, other than in respect of the audited statement of financial position of Storage King Group as at 31 December 2016, performed an audit or review of the financial information used in compiling the *Pro forma* Statement of Financial Position of Stor-Age.

The purpose of the *Pro forma* Statement of Financial Position of Stor-Age included in the Circular is solely to illustrate the impact of the Transactions on the unadjusted Audited Financial Information as if the Transactions had been undertaken on 31 March 2017, for purposes of the *Pro forma* Statement of Financial Position.

A reasonable assurance engagement to report on whether the *Pro forma* Statement of Financial Position of Stor-Age has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the *Pro forma* Statement of Financial Position of Stor-Age provide a reasonable basis for presenting the significant effects directly attributable to the Transactions and to obtain sufficient appropriate evidence about whether:

- The related *Pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Statement of Financial Position of Stor-Age reflects the proper application of those adjustments to the unadjusted Audited Financial Information.

The procedures selected depend on the independent reporting accountant's judgment, having regard to the independent reporting accountant's understanding of the nature of the Company, the Transactions in respect of which the *Pro forma* Statement of Financial Position of Stor-Age has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Statement of Financial Position of Stor-Age.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Statement of Financial Position of Stor-Age has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

GM Pickering
Director
Registered Auditor

12 September 2017

1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE CORE PORTFOLIO AND THE CREWE PROPERTY

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE LISTING PORTFOLIO

Date 12 September 2017
Attention: The Directors
Stor-Age Property REIT Ltd
216 Main Road
Claremont
Cape Town
7708

Dear Sirs/Madams,

RE: INDEPENDENT VALUER'S REPORT ON THE PROPERTY PORTFOLIO FOR BETTERSTORE SELF STORAGE HOLDINGS LIMITED PROPERTIES AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY STOR-AGE PROPERTY REIT LIMITED

1. INTRODUCTION

We, Oliver Close and Charles Smith, duly authorised by the JSE as Professional Valuers and Registered Valuers of The Royal Institution of Chartered Surveyors (the "**RICS**") do hereby confirm that to the best of our knowledge, we have valued the properties as at 30 April 2017 in order to determine their Market Value, each as a fully equipped operational entity, having regard to trading potential, as at the date specified below.

We have prepared a full detailed valuation report for Stor-Age Property REIT Ltd dated 12 September 2017 (the "**Full Report**") which is available for inspection, further details of which set out in paragraph 8.8 of the Circular and this circular report ("**Circular Report**" or "**Valuation Report**") is a summary of the Full Report. This Circular Report is to be read in conjunction with the Full Report and is subject to the assumptions, conditions and caveats detailed in the Full Report. This Circular Report also includes additional text or references which are specific to the JSE Listings Requirements and therefore may not appear within the Full Report.

Total Aggregate Market Value of the properties in the Core Portfolio: £66 540 000.

This value is stated after deduction for notional purchaser's costs, as detailed below.

The Market Value for each property has been assessed as a fully equipped operational entity, having regard to trading potential.

The Aggregate Market Value stated above includes additional land at Chester which has been assessed on the Special Assumption that the additional land (which lies adjacent to the Chester property) is owned by Storage King as at the date of valuation.

There is a further property at Crewe (which is excluded from the Aggregate Market Value stated above) which has been valued separately from the Core Portfolio and which has been assessed on the Special Assumption that it is owned by Storage King as at the date of valuation.

In accordance with your written instructions of 4 September 2017, we confirm that Cushman & Wakefield LLP ("**C&W**") has visited and inspected the 14 properties listed below at various dates during July, August and September 2017 and has received all necessary details required to perform a valuation in order to provide you with our opinion of the Market Value of the properties as fully equipped operational entities, having regard to trading potential as at 30 April 2017.

The contents of this Circular Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated. Other than as detailed below, we will not accept responsibility to any third party in respect of its contents.

Details of the properties comprising the Core Portfolio and Crewe, as detailed in Stor-Age's Category 1 Circular to be dated on or about Tuesday 12 September 2017, to which this Circular Report is attached, including property name, physical address, rentable area, and the valuation attributed to each property, are set out in the table below.

Property Name	Physical Address	Property description and	Current number of units	Opening date	
Aylesford	Units 2&3, Bellingham Way, Aylesford Kent ME20 7HP	Storage facility Leasehold	616	31 October 2007	
Basildon	Unit 1, Carnival Close, Festival Leisure Park, Basildon Essex SS14 3WN	Storage facility Leasehold	729	31 August 2007	
Cambridge	505 Coldhams Lane, Cambridge Cambridgeshire CB1 3JS	Storage facility Freehold	1 024	30 June 2008	
Chester[1]	One Hartford Way, Sealand Industrial Estate, Chester CH1 4NT	Storage facility Freehold	357	31 December 2012	
Dartford	599-613 Princes Road, Dartford Kent DA2 6HH	Storage facility Freehold	737	1 May 2005	
Derby	8 Hansard Gate, West Meadows Industrial Estate Derby DE21 6AR	Storage facility Freehold	761	1 September 2008	
Doncaster	1 Carriage Drive, Corner of White Rose Way Doncaster, South Yorkshire MK2	Storage facility Freehold	541	1 January 2006	
Dunstable	Unit 1, Nimbus Park Porz Avenue, Dunstable, Bedfordshire LU5 5WZ	Storage facility Leasehold	456	31 October 2007	
Epsom	Units 5&6 Epsom Trade Park, Blenheim Road Epsom, Surrey KT19 9AP	Storage facility Leasehold	545	28 February 2008	
Gloucester	Unit 3, Barnwood Point, Corinium Avenue Gloucester GL4 3HX	Storage facility Freehold	627	30 June 2009	
Milton Keynes	39 Barton Road, Water Eaton Industrial Estate Bletchley, Milton Keynes MK2 3HW	Storage facility reehold	527	1 January 1998	
Oxford	Bobby Fryer Close, Garsington Road Oxford OX4 6ZN	Storage facility Freehold	737	1 May 2008	
Woodley	Unit 5, Base 329, Headley Road East Woodley, Reading, Berkshire RG5 4AZ	Storage facility Leasehold	710	30 June 2007	
Total Core Portfolio			**8 367**		
Crewe[2]	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	Storage facility Freehold	375	February 2017	
Total (including Crewe property)					

[1] *The Storage King Group entered into a legal binding agreement on 31 August 2017 to acquire an additional parcel of land (circa 0.171 Ha / 0.42 acres in size) adjacent to the Chester property described in the table above. The valuation reported above for Chester of £3.92 million includes a value of £0.3 million ascribed to the additional parcel of land and is based on the Special Assumption that the additional parcel of land was owned by Storage King at 30 April 2017.*

[2] *The Storage King Group has entered into an agreement to potentially acquire a self storage property situated in Crewe which remains subject to final approval by Stor-Age following completion of the Proposed Transaction. Further details are set out in paragraph 3.2 of the Circular. The valuation reported in the above table for Crewe of £6.890 million is based on the Special Assumption that the property was owned by Storage King at 30 April 2017.*

[3] *The MLA data for valuation purposes includes self storage and office space. The self storage space allows for conversion of bulk space to self storage at certain properties. At Oxford, this includes 12 600 sq ft for future mezzanine areas above the bulk area.*

	Inspection date 2017	Approx. site area (Ha)	Maximum lettable area adopted	Approx. age of building (years)	Valuation (£ million)
	13 July	0.434	43 950	circa 2006	2.240
	11 July	0.364	45 476	circa 2005	2.850
	10 July	0.474	63 956	circa 1970s and extended in 2012	11.040
	11 July	0.238	22 518	circa 1970's and converted for self storage in 2012	3.920
	13 July	0.355	50 360	circa 1950's and substantially reconstructed and converted for self storage in 2003	10.650
	10 July	0.309	56 330	Refurbished and converted for self storage in 2008	7.510
	10 July	0.443	38 787	circa 1990's and extended in 2008	4.280
	12 July	0.242	37 770	circa 2006	0.990
	19 July	0.183	33 730	circa 2007	2.570
	3 August	0.325	43 840	circa 2009	3.940
	12 July	0.796	40 062	circa 1970s and 1980s and converted for self storage use in 1997	5.570
	3 August	0.751	64 730	Late 1990's and converted for self storage use in 2008	9.190
	3 August	0.299	46 744	Part c. 1980s and part 2007	1.790
		5.184	**588 253**[3]		**66.540**
	1 September 2017	0.429	47 000	c. 1980s but refurbished and converted for self storage use in 2016/2017	6.890
			635 253		**73.430**

The valuation of the Core Portfolio (excluding Crewe but including the additional land at Chester, with the Special Assumption on ownership detailed in footnote 1 above) of £66.54 million is after the deduction of notional purchaser's costs. Purchaser's costs in the range of circa 5.7% to 6.7% have been assumed initially and sale plus purchaser's costs in the range of 8.6% to 8.75% are assumed on the notional sales in the tenth year in relation to the freehold properties. In accordance with your instructions we have carried out an additional valuation on a Special Assumption of no purchaser's costs, and this results in a higher property valuation of the Core Portfolio (excluding Crewe but including the additional land at Chester, with the Special Assumption on ownership detailed in footnote 1 above) at 30 April 2017 of £72.95 million.

The Initial Purchase Consideration for the Core Portfolio will be £77.13 million and cannot be broken down into a per property value as Stor-Age are acquiring the issued share capital in the Storage King Group which includes the Core Portfolio.

2. BASIS AND METHOD OF VALUATION

We confirm that the valuation and Valuation Report have been prepared in accordance with the RICS Valuation – Global Standards, which incorporate the International Valuation Standards ("**IVS**") and the RICS UK Valuation Standards (the "RICS Red Book"), edition current at the Valuation Date. It follows that the valuations are compliant with IVS.

Our opinion of the Market Value of each property has been primarily derived using the discounted cashflow method of valuation and reflecting the available evidence of comparable recent market transactions on arm's length terms.

In accordance with your instructions, we have undertaken our valuation on the basis of Market Value. The term "Market Value" as referred to in VPS4 Item 4 of the RICS Red Book and applying the conceptual framework which is set out in IVS 104 is: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Trade related properties

We have valued each self storage property as a fully equipped operational entity, having regard to trading potential.

The valuations made on the basis of trading potential assume that:

a) The business will at all times be effectively and competently managed, operated and promoted; and

b) The business will be properly staffed, stocked and capitalised

The properties are integral to the operation of the business and therefore, as with all classes of property valued by reference to trading potential, the underlying value of the property asset can fluctuate to a greater degree when that trading potential is altered, either up or down, than is normally the case with most other types of commercial property. Consequently, if the EBITDA (earnings before interest, taxes, depreciation and amortisation) were to fall substantially short of current levels, then this would have a detrimental effect on future value, conversely if the EBITDA were to rise substantially this would have a positive effect.

In accordance with the Valuation Services Schedule attached with the Full Report (the "**VSS**"), each property has been valued as a fully equipped and operational entity and includes reference to trade fixtures, fittings, furniture and furnishings and equipment necessary to sustain the business carried out. We have assumed unless otherwise instructed that all plant, machinery, fixtures and fittings are owned outright and not subject to finance leases or charges or are owned by third parties.

We have prepared cashflow projections for each property reflecting estimated absorption, revenue growth and expense inflation. We have arrived at our opinion of Market Value by adopting the discounted cashflow method of valuation based on the results of our cashflow projections.

For the freehold properties we have prepared 10 year projected cashflows with an assumed exit/sale at year 10. For the short leasehold properties we have run our cashflow projections through to lease expiry.

With regard to yields, there is inadequate information on comparable property transactions to accurately confirm a market level. In the absence of adequate relevant transactional evidence, we have had regard to the location and specific attributes of each store in comparison to other similar properties that we have valued and the available evidence of transactions that have taken place. These factors have influenced the yield we have applied to each property in comparison to other self storage properties when compared with a benchmark, being the anticipated prime yield for this property sector.

In assessing the prime yield for the self storage sector, we have had regard to macro-economic factors including the prevailing bank base rate, the cost of 10-year money and inflation. We have also considered prime investment yields for other trading property types such as student housing and hotels, and prime yields for distribution/industrial and retail warehouse properties for both the UK as a whole and the specific property locations. We have reflected the yield levels and trends in these other sectors in refining the yield set. Finally, we have made adjustments to reflect perceived risks in relation to the Property and cashflow projection for each location.

The benchmark rate (prime yield) for a prime freehold self storage facility with a stable track record has been assessed at 5.75% for the UK as at 30 April 2017.

Assumptions

The RICS Red Book contains a glossary that defines various terms used in the RICS Red Book that have a special or restricted meaning. One such term is an assumption which is defined as "A supposition taken to be true" ("**Assumption**"). Accordingly in this context, C&W has made certain Assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, the valuation that C&W will not verify as part of the valuation process but rather, in accordance with the definition in the RICS Red Book, will treat as true because it is agreed that specific investigation by C&W is not required. In the event that any of these Assumptions prove to be incorrect then the Valuation will need to be reviewed. The Assumptions are detailed in the Full Report.

Accommodation

Source of Floor Areas

We have undertaken measurements during our inspections of the property in order to assess the gross internal area of the property. However, the valuation is based on the maximum lettable areas (MLA's) and current lettable areas (CLA's) of the self storage facilities which have been provided by the current operator and have not been checked by us.

Works in Progress

We can confirm that there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There are, however, ongoing external and internal maintenance works and internal fitting out works but, again, there is no loss of rental as a result of these activities.

MARKET UNCERTAINTY- SELF STORAGE VALUATION

Where uncertainty could have a material effect on an opinion of value, the Red Book requires the valuer to draw attention to this, indicating the cause of the uncertainty and the degree to which this is reflected in the valuation reported.

The market for self storage properties is currently relatively thin and illiquid. However, we believe that this is due to a lack of supply of good quality stock rather than a weakness of demand for the same. Very few property transactions have taken place and most activity that has occurred in this sector has been corporate.

Since Q1 2013 there have only been ten transactions involving multiple assets and thirteen single asset transactions in the UK.

Due to the lack of comparable market information in the self storage sector, we have had to exercise more than the usual degree of judgement in arriving at our opinion of value.

It has been held that valuers may properly conclude within a range of values. This range is likely to be greater in an illiquid market where inherent uncertainty exists and a greater degree of judgement must therefore be applied. We strongly recommend that you keep the valuation of the subject portfolio under review. You should anticipate a longer marketing period than might be anticipated for more conventional property types in the event that the Property is offered for sale.

VACANT OR SPARE LAND

The Storage King Group entered into a legal binding agreement on 31 August 2017 to acquire an additional parcel of land (circa. 0.171 Ha / 0.42 acres in size) adjacent to the Chester property described in the table above. The valuation reported above for Chester of £3.92 million includes a value of £0.3 million ascribed to the additional parcel of land and is based on the Special Assumption that the additional parcel of land was owned by Storage King at 30 April 2017.

VALUATION QUALIFICATIONS

The valuation is not subject to any Departures from the RICS Red Book and the valuations is not subject to any Reservations or Qualifications.

OTHER GENERAL MATTERS AND VALUATION SUMMARY

The Full Report will be made available for inspection which details tenure and tenancies, town planning, valuer's commentary, income and expenditure and other details for each of the properties. This has been given to the Directors of Stor-Age Property REIT Limited.

ALTERNATIVE USE FOR THE PROPERTY

Each property has been valued in accordance with its existing use which represents its Market Value. No alternative use values for the properties have been considered in determining their value. None of the properties are in the process of development, other than normal fitting out works for any unfitted self storage areas. However, it should be noted that the additional land adjacent to the property at Chester, referenced above, has planning permission for development as an additional self storage building.

OTHER COMMENTS

Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

VAT

The Client has advised us that the option to tax has been exercised in respect of all the property in the Core Portfolio. We have not been provided with any VAT advice in relation to the Crewe property.

The capital valuations included in this Valuation Report are net of value added tax at the prevailing rate.

SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from the current store operator and the Client and their professional advisers.

We have made the Assumption (as that term is defined in the VSS) that the information provided by the Client and its professional advisers in respect of the property is both full and correct. We have made the further Assumption that details of all matters relevant to value within their collective knowledge, such as projections of future income and expenditure, outstanding requirements under legislation and planning decisions, have been made available to us, and that such information is up to date.

We have not been provided with copies of Certificates of Title. We have made an Assumption that the Client is possessed of good and marketable freehold and leasehold title and that the property is free from rights of way or onerous easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the property is free from mortgages, charges or other encumbrances.

TOWN PLANNING RESTRICTIONS/CONDITIONS AND MATERIAL CONTRAVENTIONS OF STATUTORY REQUIREMENTS

The valuations have assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are generally in accordance with the relevant town planning regulations.

TENANCIES AND LEASES

C&W's opinion of the Market Value is subject to any existing leases of which Stor-Age or its advisors have made C&W aware but otherwise reflects an assumption of vacant possession. However, since every property is a trading self storage facility all of the accommodation is occupied by customers under standard self storage licence agreements, as far as C&W is aware.

C&W has made an assumption that vacant possession can be given of all accommodation which is unlet or occupied by the entity or its employees on service tenancies. C&W has not taken account of any leases between subsidiaries.

The valuations have been based upon physical inspection of the properties but we have relied on the trading data and occupancy data supplied to us by the current operator. We have not reflected any intra-group leases.

The principal terms of the standard self storage licence agreement are as follows:

- the minimum period is one month;
- the agreement renews automatically for a further one month period until the agreement is terminated;
- the tenant must pay a one month deposit;
- the tenant must provide 14 days written notice to terminate the agreement and vacate the unit. If this is not provided, the tenant agrees to forfeit the deposit in lieu of rental;
- no pro rata rental refunds are made in the event the tenant vacates the storage unit before the last day of the month; and
- the rental can be increased by providing 4 weeks' notice to the tenant.

Save for considered assumptions being made with regard to rental rates and occupancy levels during forecasts of the lease-up periods, we confirm that the current rental income being achieved in the portfolio does not materially differ from the estimated future rental income.

OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

We have commented above in relation to the additional land at Chester and the property at Crewe where, in both instances, Storage King Group have entered into agreements to acquire these properties.

To our knowledge there are no other contractual arrangements on the properties other than the self storage licences as detailed in this Circular Report that have a major benefit or are detrimental to the fundamental value base of the properties.

3. CONFIRMATION, DISCLOSURE AND RELIANCE

CONFIRMATION

We confirm that to the best of our knowledge and belief there:

- are no options held by any third parties to purchase the properties; and
- have been no material changes between the date of the valuations and the Last Practicable Date in any circumstances relating to the properties, which would affect the valuation thereof.

We confirm that we have no pecuniary interest that would conflict with proper valuations of the properties by the Company other than normal professional fees. With 26 and 23 years' experience respectively in property valuation, the undersigned are qualified to express an opinion on the value of the properties.

CONFIDENTIALITY

The contents of this Valuation Report and appendices are confidential to you, for your sole use only and for the Purpose of Valuation as stated. Other than as detailed below, we will not accept responsibility to any third party in respect of its contents.

DISCLOSURE

You must not disclose the contents of this Valuation Report to a third party in any way, including where we are not referred to by name or if the Valuation Report is to be combined with other reports, documents or information, without first obtaining our written approval to the form and context of the proposed disclosure. We will not approve any disclosure that does not refer adequately to any assumptions or departures that we have made.

This Valuation Report or any part of it may not be modified, altered (including altering the context in which the Valuation Report is displayed) or reproduced without our prior written consent. Any person who breaches this provision shall indemnify us against all claims, costs, losses and expenses that we may suffer as a result of such breach. We hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons except as otherwise set out below.

RELIANCE

This Valuation Report may be relied upon only in connection with the Purpose of Valuation stated and only by:

i. you;

ii. any such other parties who have signed a Reliance Letter.

This Valuation Report and any other report that we prepare for you under the engagement are issued for your own use for the specific purpose to which it refers. We do not accept responsibility to any third party or for the whole or any part of its contents. Reliance on the Valuation Report is limited to you and such other persons as requested by you and agreed by us from time to time. To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this Valuation Report by any person or persons for the purposes of determining whether or not to approve the resolution which is required in respect of the proposed acquisition of the property by the Client other than those parties to whom this Valuation Report is addressed and to whom we have issued a reliance letter.

Yours faithfully

CUSHMAN AND WAKEFIELD LLP

Oliver Close
Professional Valuer
(Registered without restriction in terms of RICS)
43-45 Portman Square, London W1A 3BG

Charles Smith
Professional Valuer
(Registered without restriction in terms of RICS)
43-45 Portman Square, London W1A 3BG

DETAILS OF THE CORE PORTFOLIO AND THE CREWE PROPERTY

The table below sets out details of the properties comprising the Core Portfolio and the Crewe property:

Property name	Physical address	Property description, use and freehold/leasehold	Effective date of acquisition (2017)	Rental per sq ft per annum[1] (£)	GLA (sq ft)	Valuation (£ million) as at 30 April 2017
Aylesford	Units 2&3, Bellingham Way, Aylesford Kent ME20 7HP	Storage facility Leasehold	31 October	22.14	42 635	2.240
Basildon	Unit 1, Carnival Close, Festival Leisure Park, Basildon Essex SS14 3WN	Storage facility Leasehold	31 October	23.62	43 691	2.850
Cambridge	505 Coldhams Lane, Cambridge Cambridgeshire CB1 3JS	Storage facility Freehold	31 October	25.06	62 206	11.040
Chester[2]	One Hartford Way, Sealand Industrial Estate, Chester CH1 4NT	Storage facility Freehold	31 October	23.44	21 729	3.920
Dartford	599-613 Princes Road, Dartford Kent DA2 6HH	Storage facility Freehold	31 October	24.44	44 175	10.650
Derby	8 Hansard Gate, West Meadows Industrial Estate Derby DE21 6AR	Storage facility Freehold	31 October	18.73	55 165	7.510
Doncaster	1 Carriage Drive, Corner of White Rose Way Doncaster, South Yorkshire MK2	Storage facility Freehold	31 October	15.26	37 237	4.280
Dunstable	Unit 1, Nimbus Park Porz Avenue, Dunstable, Bedfordshire LU5 5WZ	Storage facility Leasehold	31 October	20.88	31 055	0.990
Epsom	Units 5&6 Epsom Trade Park, Blenheim Road Epsom, Surrey KT19 9AP	Storage facility Leasehold	31 October	28.13	33 430	2.570
Gloucester	Unit 3, Barnwood Point, Corinium Avenue Gloucester GL4 3HX	Storage facility Freehold	31 October	18.85	40 685	3.940
Milton Keynes	39 Barton Road, Water Eaton Industrial Estate Bletchley, Milton Keynes MK2 3HW	Storage facility Freehold	31 October	21.28	34 290	5.570
Oxford	Bobby Fryer Close, Garsington Road Oxford OX4 6ZN	Storage facility Freehold	31 October	23.36	50 480	9.190
Woodley	Unit 5, Base 329, Headley Road East Woodley, Reading, Berkshire RG5 4AZ	Storage facility Leasehold	31 October	22.14	46 344	1.790
Total Core Portfolio (excluding Crewe)					**543 122**	**66.540[3]**
Crewe[4]	Unit 2 and 3 at the Railway Exchange, Weston Road, Crewe, CW1 6AA	Storage facility Freehold	30 November	20.00	47 000	6.890
Total (including Crewe)					**588 482**	**73.430**

[1] *As at Last Practicable Date.*

[2] *The Storage King Group entered into a legal binding agreement on 31 August 2017 to acquire an additional parcel of land (circa 0.4 acres in size) adjoining the Chester property described in the table above. The valuation reported below for Chester of £3.92 million includes a value of £0.3 million ascribed to the additional parcel of land and is based on the Special Assumption that the additional parcel of land was owned by Storage King at 30 April 2017.*

[3] *The independent valuation of the Core Portfolio (excluding Crewe but including the additional land at Chester, with the Special Assumption on ownership detailed in footnote 2) of £66.54 million is after the deduction of notional purchaser's costs. Purchaser's costs in the range of circa 5.7% to 6.7% have been assumed initially and sale plus purchaser's costs in the range of 8.6% to 8.75% are assumed on the notional sales in the tenth year in relation to the freehold properties. Cushman and Wakefield LLP carried out a valuation on a Special Assumption assuming no purchaser's costs, and this results in a higher property valuation of the Core Portfolio (excluding Crewe but including the additional land at Chester, with the Special Assumption on ownership detailed in footnote 2 above) at 30 April 2017 of £72.95 million.*

[4] *The Storage King Group has entered into sale and purchase agreement to potentially acquire a self storage property situated in Crewe which remains subject to final approval by Stor-Age following completion of the Proposed Transaction. Further details are set out in paragraph 3.2 of the Circular. The valuation reported in the above table for Crewe of £6.890 million is based on the Special Assumption that the property was owned by Storage King at 30 April 2017.*

DETAILS OF VENDORS OF THE PROPOSED TRANSACTION

Vendors names and addresses	Amount payable (£ million)	Share consideration (£ million)	Amount payable for goodwill or items of similar nature	Name of beneficial shareholder of the Vendor
Cabot Square Capital LLP, as manager of CS Capital Partners III, L.P. One Connaught Place London W2 2ET	40.549	–	–	N/A
Terry Doman 11 The Fairway Abbots Langley Hertfordshire WD5 0JU	0.361	0.215	–	N/A
Emma Chesterton-Kay 42 High Street Bedmond Abbots Langley Hertfordshire WD5 0QX	0.336	0.240	–	N/A
Monica Chohda 29 West Hatch Manor Ruislip Middlesex HA4 8QU	0.416	0.160	–	N/A
Robin Greenwood 4 South Drive Ruislip Middlesex HA4 8EX	1.214	0.900	–	N/A
TOTAL	**42.877**	**1.515**	**–**	**N/A**

MATERIAL BORROWINGS AND LOANS

1. MATERIAL LOANS AND BORROWINGS ADVANCED TO THE STOR-AGE GROUP

1.1 Immediately following implementation of the Proposed Transaction the material borrowings of the Stor-Age Group will be as set out in the following table:

No.	Lender	Borrower	Facility amount ’000	Description	Interest rate	Terms and conditions of repayment or renewal	Maturity date	Secured
1	Nedbank	RSI	R150 000	2-year facility	Prime less 1.75%	Interest only for full loan term, 50% LTV; minimum interest cover ratio of 1.8 times and 0.25% raising fee.	16 November 2017	Yes
2	Nedbank	RSI	R150 000	3-year facility	Prime less 1.50%	Interest only for loan term, 50% LTV; minimum interest cover ratio of 1.8 times and 0.25% raising fee.	16 November 2018	Yes
3	Nedbank	RSI	R350 000	5-year facility	Prime less 1.40%	Interest only for full loan term, 50% LTV; minimum interest cover ratio of 1,8 times and 0.25% raising fee.	16 November 2020	Yes
4	Royal Bank of Scotland	Storage King	£27 000	5-year facility	LIBOR plus 3%	Amortising facility with quarterly repayments	5 years from date of signature	Yes

1.2 Other than in respect of loan 1 above, none of the other borrowings of the Stor-Age Group are repayable within 12 months from the Last Practicable Date. Stor-Age intends to refinance loan 1 prior to expiry.

1.3 Loans numbered 1 to 3 are secured against various properties owned by the Stor-Age Group as set out in its Annual Financial Statements for the year ended 31 March 2017.

1.4 Loan number 4 is secured against the Core Portfolio.

1.5 As disclosed in the above table, loans numbered 1 to 3 arose in the ordinary course of business as a source of funding.

1.6 None of the borrowings disclosed in the above table have any conversion or redemption rights attached to them.

2. MATERIAL LOAN AND BORROWINGS ADVANCED BY THE STOR-AGE GROUP

Stor-Age share purchase scheme loans:

At the inaugural meeting held on 20 October 2015, Shareholders approved and adopted the Stor-Age share purchase and option scheme.

Name	Interest rate	Number of shares	Date	Issue price	Outstanding balance	Fair value of shares
	%		2015	R'000	R'000	R'000
Issue 1						
Gavin Lucas *(executive)*	8.00	3 500 000	16 Nov	35 000	36 390	38 500
Stephen Lucas *(executive)*	8.00	3 500 000	16 Nov	35 000	36 390	38 500
Steven Horton *(executive)*	8.00	3 500 000	16 Nov	35 000	36 390	38 500
Employees	8.00	1 110 000	16 Nov	11 100	11 533	12 210
Total		**11 610 000**		**116 100**	**120 703**	**127 710**
Issue 2	%		**2017**	**R'000**	**R'000**	**R'000**
Employees	8.31	269 440	31 Aug	2 599	2 610	2 964
Total		**269 440**		**2 599**	**2 610**	**2 964**
Issue 3	%		**2017**	**R'000**	**R'000**	**R'000**
Employees	8.00	200 000	28 Feb	2 152	2 167	2 200
Total		**200 000**		**2 152**	**2 167**	**2 200**
Shares issued to participants at 31 March 2017		**12 079 440**		**120 851**	**125 480**	**132 874**
Shares issued to participants at 31 March 2016		11 610 000		116 100	119 628	108 554

Loans to Directors and employees	2017 R'000	2016 R'000
Gavin Lucas *(executive)*	36 390	36 063
Stephen Lucas *(executive)*	36 390	36 063
Steven Horton *(executive)*	36 390	36 063
Employees	16 310	11 439
Total	**125 480**	**119 628**

The terms of the loans to Directors and employees are as follows:

- The loans bear interest at a fixed interest rate per annum compounded monthly and capitalised to the loan;
- dividends received on the shares held by the beneficiaries are applied to the interest payable;
- the loans are secured by a pledge and cession of the shares to the Company;
- the maximum period for the repayment of the loans is ten years;
- in the event of the resignation or dismissal of a beneficiary, the loans are repayable within one year;
- in the event of the retrenchment or death of a beneficiary, the loans are repayable within two years;
- if at the maturity date of the loan, the fair value of the Shares is less than the outstanding loan balance;
- the beneficiary will be liable for settling the difference and
- the loans are repayable in cash.

MATERIAL CONTRACTS

1. ACQUISITION OF NEW SELF STORAGE PROPERTY IN BRYANSTON

On 4 July 2017, Stor-Age entered into an agreement with Stor-Age Property Holdings Proprietary Limited ('**SPH**") (an associate entity of executive Directors), for the development and subsequent acquisition of a new self storage property in Bryanston, Johannesburg.

In terms of the transaction –

(i) Stor-Age will initially sell to SPH the property, namely Portion 11 of Erf 4668 Bryanston measuring 5 127 square metres for a consideration of R17 400 000 which will be cash settled;

(ii) SPH will develop the Phase I buildings and all related parking and other facilities and amenities on the property and then sell and transfer the developed Property to Stor-Age; and

(iii) SPH will guarantee in favour of Stor-Age the rental of R160 per square metre for a period of 36 months commencing on the date on which the first tenant becomes liable for the payment of rental up to a maximum amount of R14 757 120 ("**the Rental Guarantee**").

The transaction was classified as a small related party transaction in terms of the JSE Listings Requirements. An independent expert opinion was obtained, which declared the transaction to be fair as far as the shareholders of the Company (excluding the related party and its associates) were concerned.

The aggregate purchase consideration is R99 306 387 (excluding VAT), comprising –

(i) an amount of R17 400 000 in respect of the property on which the development will be situated; and

(ii) a further amount of R81 906 387 in respect of the development costs to be incurred.

The purchase price shall be subject to a downward adjustment if the development costs come in under the agreed budget.

The agreements to develop and acquire the property form part of a development and acquisition structure, known as a Certificate of Practical Completion Structure ("**CPC**"). The CPC Structure is rooted in US Self Storage REIT "Certificate of Occupancy" deals, of which there is significant favourable precedent.

The rationale for the transaction is set out below:

- New self storage developments are 100% speculative:
  - there is no pre-tenanting of space prior to opening;
  - lease-up periods are lengthy and can range from 3-5 years; and
  - the economic cost of lease-up is significant relative to the total formation-cost of the asset.
- There is a significant opportunity in the South African market to develop high profile properties in prime locations, however the development of these properties within the existing REIT structure would currently be dilutionary and impact the Company's distribution growth profile;
- There is total pricing transparency, in that the purchase price and timing are confirmed upfront;
- The development and lease-up risk profiles are significantly diminished for Stor-Age, with:
  - all development cost savings flowing to Stor-Age; and
  - potential cost-overruns being for the account of SPH.

2. ACQUISITION OF STORAGE RSA

Stor-Age, through its wholly owned subsidiary, RSI, entered into an agreement with the shareholders at the time of Storage RSA Investments Proprietary Limited ("**Storage RSA**"), in terms of which Stor-Age (through its subsidiary, RSI) acquired 100% of the shares in, and loan claims against Storage RSA, with effect from 1 March 2017.

Storage RSA was established in 1997, when it opened its first store in Somerset West, Cape Town. The Storage RSA group is the third largest self storage operator in South Africa with a well-defined portfolio comprising seven high-quality properties, four of which are located in the Western Cape with the remaining three being located in Gauteng.

Rationale for the transaction:

- The Board was of the view that the transaction was in line with Stor-Age's stated strategy of pursuing value-added acquisitions in a fragmented industry, thereby consolidating its position as a dynamic brand in the South African market.
- The transaction will provide Stor-Age with considerable scale from both a balance sheet and trading perspective, with the introduction of additional high quality properties to the portfolio.
- From a sector perspective, concluding the deal significantly solidifies and contributes to Stor-Age's position as a significant self storage operator and property fund in the South African market.

The basis of the Storage RSA Transaction was that RSI:

- subscribed for 99.99% of the shares in Storage RSA for an aggregate total consideration of R278 225 530;
- acquired the remaining 0.01% of the shares in Storage RSA from the shareholders at the time for R1 000;
- acquired the shareholders' loans owing by Storage RSA to the previous shareholders for an aggregate consideration of R10 541 593; and
- was furnished with a rental guarantee subject to a maximum amount of R7 900 000.

The consideration in respect of the acquisition of Storage RSA was settled in cash, which cash was raised by way of a vendor consideration placement of Stor-Age shares.

3. FAM AMALGAMATION AGREEMENT

Stor-Age, in pursuance of its listing on the JSE as a REIT in October 2015, entered into an amalgamation and merger agreement with Fernwood Assets Management (Proprietary) Limited ("**FAM**"), South African Self Storage Investments Proprietary Limited ("**SASSI**"), Acucap Investments Proprietary Limited ("**Acucap Investments**") and the Trustees for the time being of the Fairstore Trust ("**Fairstore Trust**") on or about 20 October 2015, in terms whereof Stor-Age acquired all the assets of whatsoever nature owned by FAM and used in connection with the business of FAM under the name and style of "*Fernwood Asset Management*" ("**FAM Assets**"), as a going concern in terms of section 44 of the Income Tax Act, in consideration for the allotment and issue of 400 000 (four hundred thousand) Shares at a share issue price of R10 per share ("**Consideration Shares**") to FAM who in turn undertook to distribute the Consideration Shares to SASSI, Acucap Investments and the Fairstore Trust as a dividend. The FAM Amalgamation Agreement has been implemented in accordance with its terms.

4. OPERATOR AMALGAMATION AGREEMENT

Stor-Age, in pursuance of its listing on the JSE as a REIT in October 2015, entered into an amalgamation and merger agreement with Castle Rock Investments Proprietary Limited, ("**Castle Rock Investments**") and the Trustees for the Time Being of the HJS Trust ("**HJS Trust**") and Stor-Age Self Storage (Pty) Ltd ("**Operator**") on or about 22 October 2015, in terms whereof Stor-Age acquired all the assets of whatsoever nature owned by the Operator and used in connection with the business of the Operator under the name and style of "*Stor-Age*" (**"Operator Assets**"), as a going concern in terms of section 44 of the Income Tax Act, in consideration for the allotment and issue of 10 000 000 (ten million) Shares at an share price of R10 per share.("**Consideration Shares**") to the Operator who in turn undertook to distribute the Consideration Shares to Castle Rock Investments and the HJS Trust as a dividend. The Operator Amalgamation Agreement has been implemented in accordance with its terms.

5. RSI ASSET FOR SHARE AGREEMENT

Stor-Age, in pursuance of its listing on the JSE as a REIT in October 2015, entered into an asset-for-share agreement in terms section 42 of the Income Tax Act with Acucap Investments, SASSI and the Fairstore Trust ("**Sellers**") on or about 21 October 2015 in terms whereof Stor-Age purchased –

- 40 (forty) ordinary shares in RSI (constituting 33.3333% of the shares in issue) from Acucap Investments ("**Acucap Sale Shares**");
- 40 (forty) ordinary shares in RSI (constituting 33.3333% of the shares in issue) from SASSI ("**SASSI Sale Shares**");
- 40 (forty) ordinary shares in RSI (constituting 33.3333% of the shares in issue) from the Fairstore Trust ("**Fairstore Sale Shares**"); and

(collectively referred to as the "**Sale Shares**"), collectively constituting 100% of the ordinary shares in issue in RSI, in consideration for issuing 6 696 667 (six million six hundred and ninety six thousand six hundred and sixty seven) Shares ("**Consideration Shares**") to each of the Sellers, representing in total 20 090 001 Shares ("**Purchase Consideration**"). The total consideration in respect of the RSI Asset For Share Agreement is R200 900 000. The RSI Asset For Share Agreement has been implemented in accordance with its terms.

6. WWI ASSET FOR SHARE AGREEMENT

6.1 Stor-Age, in pursuance of its listing on the JSE as a REIT, entered into an asset-for-share agreement in terms section 42 of the Income Tax Act with Castle Rock Investments ("**Seller**") on or about 20 October 2015, in terms whereof Stor-Age acquired 100% of the ordinary shares in WWI from Castle Rock Investments ("**Castle Rock Investments Sale Shares**") in consideration for the issue of 5 400 000 (five million four hundred thousand) Shares ("**Consideration Shares**") to the Seller ("**Purchase Consideration**"). The total consideration in respect of the WWI Asset For Share Agreement was R54 000 000. The WWI Asset For Share Agreement has been implemented in accordance with its terms.

6.2 The Purchase Consideration has been calculated on the basis of the Net Asset Value as at the Listing Date as being an amount of R54 000 000 (fifty four million rand) ("**Agreed NAV**"). The Purchase Consideration will be increased or decreased, as the case may be, by an amount ("**Adjustment Amount**") equal to the difference between the Agreed NAV and the Net Asset Value calculated on the basis of the balance sheet of WWI on the Listing Date.

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**")

Directors of the Company
Paul Theodosiou#* (Chairman)
Graham Blackshaw (Non-executive)
Gavin Lucas (Chief Executive Officer)
Stephen Lucas* (Finance Director)
Steven Horton (Executive)
Sello Moloko# (Non-executive)
Gareth Fox# (Non-executive)

Independent

* *British citizen*

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a General Meeting of the Shareholders of the Company will be held at on Tuesday, 17 October 2017 at 09h00, at Investec Bank Limited at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001 ("**General Meeting**") for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

Kindly note that in terms of section 63(1) of the Companies Act No 71 of 2008, as amended ("**the Act**"), meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licenses and passports.

Business of the General Meeting

SPECIAL RESOLUTION NUMBER 1 - AUTHORITY TO ISSUE SHARES AS REQUIRED IN TERMS OF THE ACT

"**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of ordinary resolution 1 below, to the extent that the aggregate Stor-Age shares issued pursuant to the implementation of the Proposed Transaction set out in ordinary resolution 1 and in terms of the proposed vendor placement to be implemented for purposes of funding the Proposed Transaction is equal to or exceeds 30% of the voting power of all Stor-Age Shares presently in issue, the issue of all such Shares be and is hereby authorised and approved in terms of section 41(3) of the Companies Act, No. 71 of 2008 (as amended)."

Special resolution number 1 must be approved by at least 75% of the votes cast by Stor-Age Shareholders present in person or by proxy or represented at the General Meeting.

The reason for special resolution number 1 is that section 41(3) of the Act requires that companies obtain the approval of shareholders by special resolution for any issue of securities if the voting power of the securities that will be issued will be equal to or exceed 30% of the voting power of all the securities of that class held immediately before the issue. The effect of special resolution number 1 will therefore be to grant the Company the requisite approval to issue the Shares as required in terms of section 41(3) of the Act. Shareholder approval under section 41(3) is required only to the extent that a particular issue or a "series of integrated" issues, as contemplated in section 41(3) read with section 41(4) of the Act, equal to or exceed 30% of the current voting power of issued Shares.

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE PROPOSED ACQUISITION AS A CATEGORY 1 TRANSACTION

"**RESOLVED AS AN ORDINARY RESOLUTION** that, in terms of the JSE Listings Requirements, the Company be and is hereby authorised to implement the acquisition by Stor-Age, by way of a series of inter-dependent transaction steps, of 97.3% of the issued share capital of Storage King, being the "Proposed Transaction" as more fully defined and described in the circular to which this notice of General Meeting is annexed.

The reason for ordinary resolution number 1 is to approve the Proposed Transaction which is categorised as a Category 1 transaction in terms of the JSE Listings Requirements. The effect of ordinary resolution number 1 is that the Proposed Transaction shall be approved in terms of the JSE Listings Requirements.

Ordinary resolution number 1 must be approved by more than 50% of the votes cast by Stor-Age Shareholders present in person or by proxy or represented at the General Meeting.

ORDINARY RESOLUTION NUMBER 2 – AUTHORITY OF DIRECTORS

"**RESOLVED AS AN ORDINARY RESOLUTION** that any director of the Company ("**Director**") and/or the company secretary, be and are hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the first ordinary resolution set out in this notice, hereby ratifying and confirming all such things already done and documentation already signed."

The reason for and effect of ordinary resolution number 2 is to grant any Director and/or the Company Secretary the authority to sign all documents and to do all other things required to give effect to the first resolution set out above, and to ratify and confirm all such documentation signed and things already done.

Ordinary resolution number 2 must be approved by at least 50% of the total votes cast by Shareholders of the Company present in person or by proxy or represented at the General Meeting.

Electronic participation

Stor-Age Shareholders and/or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Stor-Age's company secretary and identify yourself to the satisfaction of the company secretary to obtain the dialing code and pin number. Stor-Age Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. The costs borne by you or your proxy in relation to the teleconference call will be for your own account.

Recommendation

The Board of the Company has duly considered the implications all of the resolutions and is satisfied that they are in the best interests of Shareholders as a whole and recommends that Shareholders vote in favour of the resolutions.

By order of the Board of Stor-Age

Henry Steyn
Company Secretary

18 September 2017

NOTES RELATING TO VOTING

Voting entitlement

The Directors of the Company have determined that for the purposes of determining voting entitlement at the General Meeting, Shares will be taken to be held by persons who are registered as Shareholders on Friday, 6 October 2017 at 09h00.

How do you exercise your right to vote?

The vote on each resolution will be decided on a show of hands or a poll as determined by the Chairman subject to any requirements of the memorandum of incorporation, the Act, the Shareholders and the JSE Listing Requirements.

In a resolution of the Company determined by a show of hands, each Shareholder present in person or by proxy has one vote. If your Shares are jointly held, only one of the joint holders is entitled to vote on a show of hands.

For a resolution of the Company determined by poll, each Shareholder present in person or by proxy has one vote for every share held.

Voting as a proxy

A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.

Jointly held Shares

If your Shares are jointly held, only one of the joint holders is entitled to vote. If more than one Shareholder votes in respect of jointly held Shares, only the vote of the Shareholder whose name appears first in the register will be counted.

Power of Attorney

Where a Shareholder appoints an attorney to act on his or her behalf at the General Meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Company at its registered office or by the Transfer Secretaries by 09h00 on Friday, 13 October 2017, being 48 hours before the General Meeting, unless it has been previously provided to the Company.

If you plan to attend the General Meeting, we ask that you arrive 15 minutes prior to the time designated for the General Meeting so that we may check the value of your Shares against the register of Shareholders and note your attendance.

Corporations

Where a corporation that is a Shareholder appoints a person to act as its representative, the appointment must be received by the Company at its registered office or by the Transfer Secretaries by 09h00 on Friday, 13 October 2017, being 48 hours before the General Meeting. Alternatively, the representative must bring to the General Meeting satisfactory evidence of his or her appointment, including any authority under which it was signed.

FORMS OF PROXY

If you cannot or do not wish to attend the General Meeting, you may appoint a proxy to attend and vote for you. A form of proxy is attached for the convenience of any Shareholder holding certificated Shares ("**Certificated Shareholder**") who/which is unable to attend the General Meeting or who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Transfer Secretaries, whose details are provided below. Any Shareholder who/which completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the General Meeting should the Shareholder subsequently decide to do so.

Shareholders of dematerialised Shares ("**Dematerialised Shareholders**") who have elected "own-name" registration in the sub-register of the Company maintained by a CSDP, who are unable to attend the General Meeting but who wish to be represented thereat, are requested to complete and return the relevant attached form of proxy in accordance with the instructions contained therein.

Dematerialised Shareholders who have not elected "own-name" registration in the sub-register of the Company maintained by a CSDP, and who wish to attend the General Meeting, must instruct their CSDP or broker timeously in order that such CSDP or broker may issue them with the necessary letter of representation.

Dematerialised Shareholders who have not elected "own-name" registration and who are unable to attend the General Meeting, must provide their CSDP or broker with their instruction for attendance or voting at the relevant General Meeting in the manner stipulated in the agreement between the Shareholders concerned and the CSDP governing the relationship between such Shareholders and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

The proxy does not need to be a Shareholder. If you appoint two or more proxies, you must specify the proportion or number of votes that each proxy is entitled to exercise. If you do not, each will be entitled to vote half your votes. Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.

A Proxy Form must be signed by the Shareholder or their attorney or, in the case of a corporation, executed in under its common seal, by any 2 directors or a director and secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or signed by an authorised officer or attorney. If the Proxy Form is signed by an attorney or by an authorised officer of a corporation, the original or a notarised copy of the power of attorney or other authority ("**Document of Appointment**") must accompany the Proxy Form unless it has previously been provided to the Company.

Where a Shareholder appoints a body corporate as proxy, that body corporate will need to ensure that the instrument appointing the corporate representative is received by the Company at its registered office or by the Transfer Secretaries by 9 am on Friday, 13 October 2017, being 48 hours before the General Meeting.

Proxy Forms along with any document of appointment should be completed and lodged with or posted to, the Transfer Secretaries so as to be received by them no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter delivered to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the Proxy Form. If, in respect of any of the items of business, you do not direct your proxy how to vote, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions. If you mark the abstain box for a particular item you are directing your proxy not to vote on your behalf and your Shares will not be counted in computing the required majority on a poll. Please refer to the Proxy Form for further instructions.

The Chairman is deemed to be appointed where a signed Proxy Form is returned which does not contain the name of a proxy. In addition, if you direct your proxy how to vote and your nominated proxy does not attend, or attends but does not vote, on a poll on a resolution, the Chairman of the General Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

If the Chairman is your proxy, you can direct the Chairman of the General Meeting to vote for or against, or to abstain from voting on a resolution by marking the appropriate box opposite the relevant item on the proxy form.

The Chairman intends to vote available undirected proxies in favour of all resolutions.

Stor-Age Property REIT Limited
Registered office
216 Main Road
Claremont
Cape Town
7708
South Africa

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)
Phone: +27 11 370 5100

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Graham Blackshaw (Non-executive)
Gavin Lucas (Chief Executive)
Stephen Lucas* (Finance Director)
Steven Horton (Executive)
Sello Moloko# (Non-executive)
Gareth Fox# (Non-executive)

Independent
* British citizen

FORM OF PROXY

(for use by Certificated Shareholders and "own name" Dematerialised Shareholders only)

For use by Certificated Shareholders and 'own name' Dematerialised Shareholders who have elected "own-name" registration at the General Meeting of Shareholders to be held on Tuesday, 17 October 2017 at 09h00 at Investec Bank Limited at 36 Hans Strijdom Avenue, Cape Town City Centre, Cape Town, 8001.

I/We: (please print names in full)_____

of (address) _____

Telephone number: _____ Cellphone number: _____

Email address: _____

being the registered holder/s of [ ] Shares in the Company, hereby appoint (see notes 1 and 2)

(name) _____ (address) _____

Of failing him/her, the Chairman as my/our proxy to attend and speak and to vote for me/us on my/our behalf at the General Meeting of Shareholders to be held on Tuesday, 17 October 2017 and at any adjournment thereof and to demand a poll.

I direct my/our proxy to vote in the following manner:

	Number of votes		
	For*	**Against***	**Abstain***
Special resolution number 1 Authority to issue shares as required in terms of the Act			
Ordinary resolution number 1 Approval of the Proposed Transaction			
Ordinary resolution number 2 Authority of Directors			

*Mark "For", "Against" or "Abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

Unless instructed to the contrary, proxies in favour of the Chairman of the General Meeting will be used in support of the specific matters set out in the notice of meeting.

PLEASE SIGN

Signed at _____ on this _____ day of _____ 2017.

Signature _____

Assisted by me (if applicable) _____

Signature _____

Please read the notes on the reverse hereof.

NOTES:

1. Any instrument appointing a proxy in which the name of the appointee is not filled is regarded as given in favour of the Chairman of the General Meeting.

2. A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder. An additional proxy form will be supplied by the Company on request.

3. A proxy need not be a Shareholder of the Company.

4. Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if the Shareholder is a corporation, must be under its common seal, or if it does not have one, by two directors or by a director and a secretary, or if it is a company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of Shares in the Company, then the relevant authority must be enclosed with the Proxy Form unless it has previously been provided to the Company.

5. The Proxy Form and authority (if any) under which it is signed must be deposited at:

   Computershare Investor Services (Pty) Limited
   Rosebank Towers,15 Biermann Avenue
   Rosebank, 2196
   PO Box 61051
   Marshalltown 2107
   South Africa

so as to be received by them no later than 09h00 on Friday, 13 October 2017 for administrative purposes or thereafter be delivered to the Chairman of the General Meeting by hand by no later than the time at which voting at the General Meeting is due to commence.