BLUE GEM RESEARCH

Stor-Age Property REIT
FY25 Results Note

14 July 2025

FY 25 Results Note
14 July 2025

Did not sign-up for this report?
Sign-up for future reports here

Stor-Age Property REIT Ltd
Steady FY 25 Results

Share Code: SSS – Market Cap: R7.5 billion – PB: 0.9x – DY: 7%

12m Target Price	**R17.80**
Share Price (30 Jun 2025) 54cps dividend paid on 7 July 2025	**R15.95**
Expected 12 m dividend	**R1.17**
Implied 12m Total Return	**19%**

Self-storage | South Africa

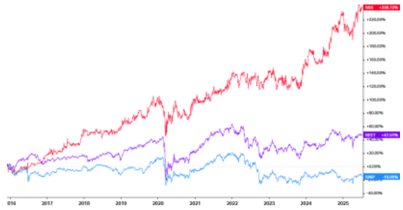
FY 25 Results & Thoughts: Well Run, Well Positioned & Globally Competitive

- Stor-Age owns a well-managed, growing self-storage property portfolio that was built out of a strong SA-base (that remains robust and growing) and is increasingly allocating capital towards the UK (offering Rand Hedge benefits) while cleverly leveraging the capital-light policy of JV funding structures to build out what will likely become a substantial portfolio.
- FY 25 rental income growth has been strong, historically outpacing inflation; SA achieving +10.2% and the UK +6.5% in the period. FY 25 occupancies remain high in owned properties—exceeding 90% in South Africa and around 84% in the UK—while JV properties are still in their lease-up period with occupancies around 74% in SA (FY24: 65%) and 63% in the UK (FY24: 57%).
- The Group's Net Property Operating Income (NPOI) margin has consistently been around 74% since FY19. A 65% EBITDA margin remains strong and underpinned by solid cash flows with a history of distributing nearly all distributable earnings as dividends. The Group did recently shift its distribution policy from 100% to 90~95% of distributable income—retaining some capital for growth—thus, FY 25's payout ratio is 90%.
- Distributable income rose 4% in FY25 and management has indicated a 5% to 6% expected increase for FY26, which we think may prove to be slightly conservative (our forecast is fractionally above the high-end of this range).
- Net Asset Value (NAV) per share increased by 5.6% in FY25 (c. 7% per year for the past four years). We note that the Rand/Pound exchange rate has been very stable over the past two financial years. Theoretically, the Rand should depreciate against the Pound by the annual inflation differential. Should this revert to the theory, there will be upside when and as the Pound assets and earnings are converted to Rand earnings & distributions.
- We consider the Group's balance sheet comfortably/lowly geared though comparable international peers do have somewhat lower average gearing.

Valuation and 12m TP: Relative Model and Dividend Discount Model Used

- Stor-Age's share price has not kept pace with its NAV growth, leading to a Price/Book ("PB") ratio of 0.8~0.9x. The Group's quality, its potential for both Rand Hedge benefits from its UK portfolio, optionality from organic and acquisitive growth informs our view that the share should (at *least*) track its historic 1.0x PB over time.
- We determined the fair value for Stor-Age by using a Relative Valuation Model and a Dividend Discount Model (31 March 2025):
    - **Relative Value**: Our fair value is R16.71 per share,
    - **Dividend Discount Model**: Our fair value is R16.71 per share, &
    - **Equal-weighted average valuation**: R16.71 per share.
- Rolling this fair value forward, we arrive at a 12m Target Price—factoring in dividends—of R17.80 (Previously: R17.10); we expect this to generate a 12m return of c.19% at the 30 June 2025 share price of R15.95.
- **Forecasts**: Refer to **Table 14** in the report for our updated forecasts.

SSS Total Return vs UK REITs & Global REITs

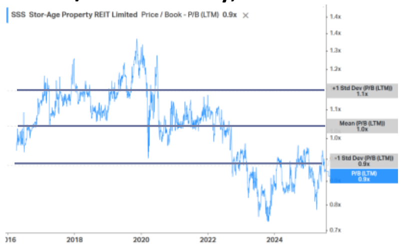


Sources: Koyfin (11/07/2025), UK REITs represented by iShares UK REIT ETF & Global REITs by iShares Global REITs ETF

SSS Total Return vs JSE Top 40

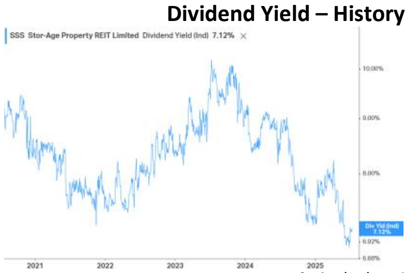
Sources: Koyfin (11/07/2025), JSE Top 40 represented by Satrix Top 40 ETF

Price/Book – History, Ave. & Std Dev.



Sources: Koyfin (11/07/2025)

Dividend Yield – History



Sources: Koyfin (11/07/2025)

x.com/BlueGemResearch

facebook.com/BlueGemResearch

Note: This is Commissions Research; all views expressed, data used and workings and calculations in this report are the Analyst's & not Blue Gem Research (Pty) Ltd's.

BLUE GEM RESEARCH

Historical Financial & Operational Analysis & Commentary

What follows are select statistics extracted from Stor-Age Property REIT's ("Stor-Age" and/or "the Group") FY 25 financial report to which we have added commentary. Our prior note on Stor-Age (LINK) serves as a good background on the Group's historical performance while this note focuses on the FY25 results in relation to the more *recent* history, including the FY 25 results period.

Table 1: Stor-Age's Property Portfolio

	2020	2021	2022	2023	2024	2025
Number of properties:	**71**	**74**	**85**	**93**	**103**	**107**
SA - owned, leased, managed & JVs	50	52	55	57	60	63
UK - owned, leased, managed & JVs	21	22	30	36	43	44
Number of new properties:	**6**	**3**	**11**	**8**	**10**	**4**
Properties in Joint Ventures (JV):		**2**	**11**	**14**	**17**	**20**
SA		2	2	4	5	7
UK			9	10	12	13
Number of new JV properties:		**2**	**9**	**3**	**3**	**3**

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions. JV = joint ventures

- Wholly owned properties represent 81 of the 107 at 31 March 2025 (South Africa (SA):55; United Kingdom (UK):26), 20 were in JVs and 6 were managed (SA:1; UK:5).
- The reported number of properties includes those not trading but completed. Trading properties increased from 99 to 107 which includes two new developments in SA (Century City and Kramerville), one new development in the UK (Leyton), four new third party managed in the UK and one acquisition in SA (Extra Attic). The Acton property in the UK commenced trading in June 2025 (FY26).
- The SA portfolio grew by 13 properties from FY20 to FY25 (owned:5; JV:7; Managed:1) and the UK portfolio by 23 (owned: 5; JV: 13 Managed: 5).
- This demonstrates the Group's capital light(er) expansion strategy by the larger growth in JV numbers relative to owned properties, particularly in the UK. The SA JVs are owned jointly with property investors whilst the Group has minority equity holdings in the UK JVs. This reveals a shifting preference in how the Group structures and spreads its balance sheet investments (i.e. JVs allow the Group's balance sheet to cover *more* properties as it is indirectly leveraging external partners' balance sheets as co-investors while still operationally managing the properties and earning fees from this). **We consider these JV's to be a clever, accretive way to scale the Group with a finite balance sheet.**
- The Group also earns fees from managing new developments and managing and marketing third party properties. It managed 26 properties (SA:8; UK:18); and its Digital First marketing agency had 28 independent self-storage operators as customers comprising 153 properties in the UK, Europe, Central America and Asia (annual revenue of R19m). **Total management fees were R71m in FY25 (70% recurring) recording a 12.5% growth** (i.e. this is a faster growing line item than the Group's net rentals which grew at 8%y/y).

Table 2: Stor-Age's Rental Income Growth, Occupancy & Rental Rate Progression

	Unit	2020	2021	2022	2023	2024	2025
Same store rental income growth							
SA	*%*	6.5	8.6	10.0	9.8	12.7	7.9
UK	*%*	5.0	6.3	21.2	8.9	3.0	2.9
Occupancy							
SA	*%*	85	90	88	92	92	94
UK	*%*	79	90	88	85	84	84
Rental rate progression							
SA	%			6.5	7.6	9.5	7.9
UK	*%*			8.5	8.0	4.7	2.9

Sources: Stor-Age integrated annual reports and presentations

- Same-store **rental income growth slowed down** in 2025:
  - The rental income growth appears to be the result of high and growing occupancy combined with growth in the number of properties and the rental rate increases that were accepted by tenants given the stickiness, ease-of-use and quality of the self-storage product the Group offers.
- Commendably, **Stor-Age has historically managed to grow rental rates quicker than inflation**:
  - Over the last couple of years, average rental rate progression was ca 7~10% for SA and 5~9% for the UK. The rental rate growth has slowed for both territories in FY25, though both still *exceeding* inflation.
- As in prior periods, a **high occupancy was maintained in FY 25 in both territories** (this held true even through the COVID lockdown period that is reflected in the Group's FY 21 and FY 22 results):
  - Management indicated that the high SA occupancy is due to the Group's dominant position in the market, which we believe should be sustainable due to the size, location and prominance.
  - The UK is a much more competitive market and there is substantial new capacity coming on stream, with institutional investors increasingly interested in the sector. The UK occupancy is expected to reach an optimal level of 90% in the next three years.

  - A symptom of the relatively higher competition and lack of dominant position in the UK is revealed by the fact that the Group spends relatively *more* on marketing in the UK than in SA.
- The FY 25 JV properties' occupancy was 83% in SA (FY 24: 65%) and 65% in the UK (FY 24: 57%). This is well below the 94% (SA) and 84% (UK) of the owned portfolio (owned and leased) and indicates that these properties are still in the 3~5 year ramp-up process of reaching optimal occupancy levels (so-called "lease-up period").

Table 3: Stor-Age Property Statistics

	Unit	2020	2021	2022	2023	2024	2025
Number of tenants per region							
SA	*thousand*	25	27	28	30	32	34
UK	*thousand*	9	11	17	17	20	21
% residential tenants per region							
SA	*%*	60	61	61	63	63	66
UK	*%*	69	69	74	74	76	76
Gross lettable area ("GLA") composition (Owned portfolio)							
SA	*%*	81	82	79	78	78	78
UK	*%*	19	18	21	22	22	22
Rental income composition							
SA	*%*	63	57	55	54	51	52
UK	*%*	37	43	45	46	49	48
NPOP composition							
SA	*%*					50	52
UK	*%*					50	48
Property asset value composition (including proportionate JV values)							
SA	*%*					45	47
UK	*%*					55	53

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- **In FY 25, Stor-Age's number of tenants grew as a result of the increase in number of properties and a higher number of tenants which is reflected in the overall higher occupancy**:
  - The majority of the Group's tenants are still residential (66% in SA and 76% in the UK) though the corporate sector rents larger space per lease.
  - This has remained consistent over years and is comparable to international peers.
- During FY 25 and prior years, **the Group's property portfolio composition (when viewed based on Gross Lettable Area or "GLA") has steadily shifted in favour of the UK** where the rental per m² is substantially higher than in SA:
  - The contribution to the Group's total rental income from its SA segment has declined from 63% in FY20 to 52% in FY25, not through an absolute decline in the SA rentals but, rather, from a higher growth in the UK rentals.
- The regional rental mix has been further affected by:
  - The long-term trend towards Rand depreciation versus the Pound Sterling.
  - The relative growth in number of properties in SA versus the UK; 9 *new* SA properties in the development, expansion and redevelopment pipeline of c.46,000 m^2 versus 9 in the UK of c.42,400 m^2.
- Management has indicated that only the Nedbank JV properties are subject to put and call options (five properties with five years (put by Nedbank) and six years (call by the Group) after completion (estimated from FY 27~FY 28).
- There are no defined acquisitive or consolidation plans with regard to other JVs where the Group accounts for its share of annual net profit and can be expected to receive dividends from these JVs' in due course.
- The investment property asset value breakdown shows how **the UK property valuation contribution to total value has grown to be substantially larger than SA**, despite a larger number of properties and substantially higher GLA in SA. We expect the following to affect (or continue to affect) the ratio going forward:
  - In the UK (a Developed Economy that is located on an extremely finite island), property is more expensive and has a higher valuation than in South Africa (a Developing Economy that is not particularly geographically constrained within its borders).
  - Currently there are six new developments and three expansions in SA and six developments and three expansions in the UK.
  - An added benefit to SA shareholders is that this capital allocation steadily enhances the "Rand Hedge" appeal of Stor-Age's shares (i.e. Rand-based returns improve as the Rand weakens versus the Pound Sterling). Note that only 12% of the equity accounted net income and 19% of equity accounted JV value was attributable to SA in FY25.
  - Note that the Rand / Pound exchange rate was very stable in FY25 and FY24 with the opening and closing rate ca R24/GBP and the average rate for each year of ca R23/GBP. The exchange rate should theoretically weaken every year due to inflation differential between the countries[1].
  - In summary, we may expect the property value composition to continue to grow in favour of the UK.

[1] Refer P19 of the Audited Summary Consolidated Financial Statements

Conclusion:
In FY 25, Stor-Age continued the trend of reporting a well-managed, growing property portfolio that was built from a strong SA-base (that remains robust *and* growing) with a management team increasingly allocating capital towards the UK (Rand Hedge benefits) while cleverly leveraging the capital-lite aspect of JV funding structures to build out what will likely become a substantial portfolio.

Now, let us delve into how these operational numbers generate profits and cash flows in accordance with IFRS:

Table 4: Stor-Age's Income Statement

R million	2020	2021	2022	2023	2024	2025
Property revenue (rental & other)	**699**	**800**	**911**	**1,071**	**1,228**	**1,319**
Net property operating income (NPOI)	**517**	**587**	**686**	**791**	**904**	**971**
Proceeds from insurance claim	0	0	0	52	0	0
Management fees	5	5	15	36	63	71
Administration expenses	-55	-89	-103	-153	-184	-198
EBITDA	**477**	**514**	**657**	**682**	**794**	**853**
Net Property Operating Profit (NPOP)	**466**	**503**	**648**	**674**	**784**	**844**
Fair Value Adjustments	-295	871	754	240	189	423
Profit Before Interest and Tax	**160**	**1,363**	**1,394**	**905**	**963**	**1,256**
Net Interest Paid	58	63	91	140	204	267
Income From Associates after tax	0	0	0	30	37	48
Income Before Tax	**102**	**1,299**	**1,303**	**795**	**796**	**1,037**
Taxation	-3	97	271	63	85	-392
Profit For the Period	**105**	**1,203**	**1,031**	**732**	**711**	**1,429**
Income Attributable to Minorities	0	10	12	7	5	17
Income Attributable to Equity Holders	**105**	**1,192**	**1,020**	**725**	**706**	**1,411**
Total Comprehensive Income	348	1,082	893	1,133	970	1,426
Headline Earnings	208	473	482	500	424	484

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- We consider the EBITDA margin a good performance metric and indicator of quality, and, thus, relevant for a valuation:
  - In Stor-Age's case, depreciation relates to other operating fixed assets such as IT equipment and is not material relative to other (operating) costs of the REIT.
  - Thus, Stor-Age's EBITDA margin is close to the "Net Property Operating Profit" (NPOP[2]) margin.
  - **The Group's EBITDA margin of 65% (Table 11) compares well with listed peers that average a c.62% margin (Table 15).**
- The Group's NPOI[3] margin has averaged 74% since FY 20 (**Table 11**) and has consistently been around 74% each year, despite the relative contribution of profit from SA and the UK changing over this period (it was 74% in FY 25).
- The NPOP margin averaged 65% from FY 20 and was 64% in FY 25.
- The "Fair Value Adjustment" line in **Table 4** relates to the changes in valuations of the investment properties and financial hedges of financial instruments. These adjustments differ materially from year to year due to exchange rate differences and changes in valuation assumptions (most materially being any possible discount rate and/or capitalisation rate changes).
- Below in **Table 5**, is a valuation assumption comparison for Stor-Age's properties at FY 24 and FY 25, it is notable that management is forecasting lower rental escalation in SA (red numbers) which may indicate that these properties (on average) are nearing maturity and that future rental escalations may be more in line with inflation. The forecast rental escalation in the UK is also lower than in FY 24 (red number). Though it is an over-simplification to use averages over the portfolio of properties, it *does* seem to indicate that future (foreseeable) rental income growth from same-store properties may be more muted flowing through to lower than historical revenue growth, though occupancy may still increase to counter this.

Table 5: Stor-Age's Property Valuation Assumptions/Ranges

	South Africa (SA)		United Kingdom (UK)	
	2024	2025	2024	2025
(1) Discount rate	13.8%˜15.3%	13.8%˜15%	8.8%˜9.5%	8.3%˜9.8%
(2) Cap rate	8.3%˜10.5%	8.3%˜11%	5.8%˜6.8%	5.3%˜6.5%
(1) – (2) = Difference: Growth	**5.5%˜4.8%**	**5.5%˜4%**	**3%˜2.7%**	**3%˜3.3%**
Rental escalations	6%˜10%	2.5%˜8%	2.5%˜3.5%	2.5%˜3%
Operating cost inflation	6%˜7.2%	6%˜7.2%	2.8%˜3.5%	2.5%˜2.8%
Occupancy	90%˜95%	90%˜95%	80%˜95%	80%˜95%

*Sources: Stor-Age Property REIT integrated annual reports and Blue Gem Research workings; * Actual, projections were not disclosed*

- The increase in net interest paid was primarily due to funding provided to JVs.
- "Income from Associates" represents Stor-Age's share of the JV profits after tax:

[2] NPOI plus Management Fees minus Group Administrative Expenses
[3] Property Revenue (Rental Income + Sales of Packaging Materials *et al*) minus Direct Property Costs (rates, labour *et al*)

  - From FY 21, the Group has preferred to do new developments and acquisitions inside JVs with property groups and private partners.
  - The disclosure of JV profits and statistics until the JV properties' occupancies reach optimum level (3~5 years) does not affect efficiency or performance metrics of the rest of the Group, and the Group's proportion of debt is reflected in the JV carrying value thereby not affecting the Group Loan-to-Value (LTV)[4] ratio.
  - **The Group's process of increasingly investing through JV's allows the Group's finite capital to be allocated to *more* properties (as it need only finance a portion of each and the JV partners finance the rest), which allows the Group to move *faster*, build *more* and *spread its risk better* while (we would assume) enhancing its returns from its existing operating platform.**
- The historic years where the tax charge is more material was due to deferred tax raised for revaluation of investment properties to fair value in the UK. This changed due to the UK operations Real Estate Investment Trust (REIT) status changing (i.e. it became recognised as an UK REIT then):
  - Storage King (the name of the UK-owned entity by Stor-Age) was *not* previously a REIT, and, thus, attracted normal UK tax and was required by IFRS to account for related deferred tax.
  - In the FY 25 results, the large add-back of tax is because of the UK operations obtaining (UK) REIT status during the period.
  - This change triggered a deferred tax balance being reversed to reserves that related to the past revaluation of UK properties to fair value (the tax is raised as if the properties will eventually be sold and the profit would have been taxed).
  - Logically, we do not expect this to recur in the future.
- The Minority Interest value is due to the subsidiary in Guernsey where the Storage King management have a 2.2% minority shareholding:
  - As with some of the JV's, we logically expect Stor-Age to acquire these shares in the future.

Table 6: Stor-Age's Assets

R million	2020	2021	2022	2023	2024	2025
Fixed Assets	**7,092**	**7,885**	**9,555**	**10,764**	**11,706**	**12,449**
Joint ventures	194	34	257	450	734	711
Goodwill	152	147	146	156	161	160
Deferred Tax Asset	25	3	7	13	11	0
Other Assets	0	172	184	173	47	44
Total Fixed Assets	**7,464**	**8,241**	**10,149**	**11,555**	**12,659**	**13,364**
Stock	6	6	7	7	7	8
Debtors	146	83	127	139	126	162
Cash (& Other)	76	171	222	356	322	343
Total Current Assets	**228**	**260**	**357**	**501**	**455**	**513**
Total Assets	**7,692**	**8,501**	**10,506**	**12,056**	**13,114**	**13,877**

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- Fixed Assets mainly represent investment properties at fair value and is quite predictably the largest asset on the balance sheet for the Group.
- The Joint Ventures balance represents the Group's equity accounted investment in and loans to JVs. The reduction in the balance at FY 25 relates to the sale of shares in a UK JV (Acton) from 24.9% to 15% shareholding.
- Debtors are well managed at c.45 days outstanding at FY 25 (**Table 11)**. This is an improvement on the 49 days average over the review period.

Table 7: Stor-Age's Equity and Liabilities

R million	2020	2021	2022	2023	2024	2025
Ordinary Share Capital	4,360	4,784	5,375	5,362	5,363	5,420
Reserves & Other	212	834	1,222	1,774	2,171	3,045
Ordinary Shareholders' Interest	**4,572**	**5,618**	**6,597**	**7,136**	**7,534**	**8,465**
Minority Interest	33	39	46	58	65	79
Total Shareholders' Interest	**4,605**	**5,657**	**6,643**	**7,195**	**7,599**	**8,544**
Interest Bearing Loans	2,046	1,347	2,599	3,390	3,887	4,285
Deferred Tax Liability		65	287	369	436	0
Lease & derivative long-term liabilities	461	334	249	316	359	405
Total Long-Term Liabilities	**2,507**	**1,747**	**3,135**	**4,076**	**4,681**	**4690**
Creditors and Provisions	161	184	237	276	325	337
Dividends	226	234	262	276	271	258
Tax & Other	33	32	68	74	79	46
Bank Overdrafts	160	647	160	160	160	0
Total Current Liabilities	**580**	**1,098**	**727**	**786**	**834**	**641**
Total Liabilities	**3,087**	**2,844**	**3,862**	**4,862**	**5,515**	**5,333**
Total Equity and Liabilities	**7,692**	**8,501**	**10,506**	**12,056**	**13,114**	**13,877**
Enterprise value (EV)	**6,961**	**7,714**	**9,442**	**10,665**	**11,594**	**11,055**

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

[4] LTV is defined as net debt (debt minus cash on hand) divided by the sum of investment property at fair value plus investments in JVs

Table 8: Stor-Age's Number of Shares and Market Capitalisation

Share/unit data		2020	2021	2022	2023	2024	2025
Number of Shares in Issue	million	397.8	432.9	474.6	474.6	476.2	481.7
Shares issued	million	4.9	35.0	41.7	0.0	1.5	5.4
Weighted Average Shares in Issue	million	391.9	421.8	440.5	474.6	475.4	479.0
Fully Diluted Weighted Average Shares in Issue	million	394	425.5	445.8	478.7	479.8	483.6
Market Capitalisation	R billion	5.0	5.7	7.0	6.1	6.5	7.5

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- Share capital movements relate to the issue of shares for acquisitions, new developments and expansions. Interest bearing loans were raised for the debt-funding aspect of the aforementioned spend (see our comments on LTV). In September 2024 (i.e. during FY 25) **the Group acquired Extra Attic in Airport Industria, Cape Town for a purchase consideration of R73 million funded by the issue of 4.978 million Stor-Age shares to the sellers at R14.66 per share**. The Group also acquired shares for the conditional share plan each year (not material for our purposes).
- The increase in Reserves relates largely to revaluation of investment properties to fair value and the translation differences of converting Storage King's Pound values to Rand at year-end, as a 100% of "Funds from Operations" (FFO[5]) was historically paid out as dividends up to FY 24:
    - Notably, **in FY 24, management changed the distribution policy from 100% of distributable income to 90~95% of distributable income and 90% was distributed in FY 25.**
    - The retained funds can be used as contributions to JVs (share capital and shareholder loans) and thus ensures a wider range of investment opportunities whilst keeping the LTV at the Group stated level of 30˜35%.
- "Other long-term liabilities" relates almost entirely to capitalised lease obligations:
    - This represents the present value of future lease payments to the end of the term of the lease (the 'principal debt').
    - Lease payments are allocated to interest (in the Income Statement) and a reduction in the lease liability (capital portion).
- Enterprise Value ("EV") minus (net) debt equates to market capitalisation in most years as **the share has historically traded around its Net Asset Value ("NAV") – the share has a trailing 6-year Price-to-Book Ratio of c.1.0x.**

Table 9: Stor-Age's Cash Flow History

R million	2020	2021	2022	2023	2024	2025
Cash flow from operating activities	**449**	**583**	**652**	**702**	**808**	**812**
Net interest and tax paid	-67	-118	-113	-192	-235	-291
Available for dividend	**382**	**465**	**539**	**510**	**573**	**521**
Dividends paid	-430	-460	-481	-550	-572	-548
Net Cash flow from operating activities	**-48**	**5**	**58**	**-40**	**1**	**-27**
Additions to investment properties	-463	-198	-1,040	-373	-205	-142
Disposal of interest in equity accounted JV	0	0	0	0	0	31
Additional investment in equity accounted JVs	0	0	-219	-118	-403	-109
Advance / repayment of loans to equity accounted JVs	-4	-22	0	284	232	125
Other	-8	42	36	-25	71	-5
Net cash flow from investing activities	**-475**	**-178**	**-1,223**	**-232**	**-305**	**-100**
Net cash flow from financing activities	**323**	**271**	**1,227**	**306**	**248**	**169**
Net increase (decrease) in cash	**-201**	**98**	**63**	**34**	**-55**	**41**
Cash & Cash Equivalent beginning of period	260	76	171	222	356	309
Translation effects on cash & cash equivalents	18	-3	-11	99	8	-13
Cash & Cash Equivalent end of period	**76**	**171**	**222**	**356**	**309**	**337**
Funds From Operations ("FFO")		**437**	**527**	**504**	**536**	**565**

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- **The six-year *cumulative* "Net cash flow from operating activities" was -R51 million (i.e. basically zero):**
    - **This shows that, after paying interest and tax, the Group has paid out effective all the cash flow generated from its operations to its shareholders as dividends.**
    - **This shows the strength underpinning the distribution (it *really* is backed by <u>real cash flows</u>) and, perhaps, shows why the distribution policy has now shifted to a slightly lower payout as this will allow the Group to retain some of these cash flows to compound inside of the business.**
- Over the last three years, the Group invested R720 million in property additions whilst R42 million was invested in JVs net of loans repaid and an equity stake sold.
- From FY 21, management have disclosed FFO:
    - From FY 21 to FY 25, 98.4% of FFO was paid as dividend.
    - Before the change in distribution policy, Stor-Age paid out a 100% of FFO.
    - See our comments earlier around the distribution policy change to 90~95% payout ratio.

[5] "FFO" is a term widely used in the industry. It is similar to operating cash flow before working capital movements for the main operating activity of the business. It is disclosed in the annual report and is described as "*SA REIT best practice recommendations disclosure*"

Table 10: Stor-Age Dividends, FFO, NAV & Share Price

Share statistics per share	2020	2021	2022	2023	2024	2025
Total Dividend / Share	R1.12	R1.06	R1.12	R1.18	R1.18	R1.11
Funds From Operations / Share		**R1.04**	**R1.20**	**R1.06**	**R1.13**	**R1.18**
Net Asset Value[1] per share	**R11.58**	**R12.98**	**R13.90**	**R15.14**	**R16.14**	**R17.04**
JSE Market Price at Period End	R12.45	R13.10	R14.78	R12.85	R13.56	R14.59

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions; 1 Calculated per REIT best practice recommendations which renders a different result than dividing Total Shareholders' Interest (including outside shareholders) by the number of issued shares at reporting date

- The Group's **Net Asset Value (NAV) per share increased by ca 7% p.a. over our review period and, when coupled with an average dividend yield (Table 11) of ca 8.5%,** has provided a return substantially beating the SA c.4% to 5% annual inflation rate.
- Interestingly, the share price had a more muted (+3.2% y/y CAGR) appreciation which is reflected in the Price/Book Ratio ("PB") which ranged from 1~1.1x in earlier years to its current range of 0.8~0.9x (**Table 13**):
  - In other words, the share's valuation has slowly derated over time despite the operational performance we have noted above and below.
  - A further consideration is that the UK property value is likely to represent more than 60% of the total and, over time, likely Rand depreciation should naturally increase this component of NAV.
- Thus—refer to our **Valuation** section for more details hereon—**we do believe that there remains reasonable upside in the share price from its current levels** and generally view the share as "cheap" versus its valuation.

Table 11: Stor-Age's Returns, Margins and Risk Ratios

		2020	2021	2022	2023	2024	2025
Returns							
NPOP / fixed assets	%	6.6	6.4	6.8	6.3	6.7	6.8
FFO / Opening Shareholder Funds	%		9.5	9.3	7.6	7.4	7.4
Equity accounted profits / equity accounted investment value	%				6.7	5.0	6.7
Historical DY	**%**	**8.7**	**8.5**	**8.5**	**8.0**	**9.2**	**8.2**
Margins							
NPOI	%	74	73	75	74	74	74
EBITDA	%	68	64	72	64	65	65
NPOP	%	67	63	71	63	64	64
PAT	%	15	150	113	68	58	108
Risk							
Debt / Equity (Blue Gem Calculation)	%	51	36	42	48	53	46
LTV	**%**	**33**	**26**	**29**	**32**	**34**	**31**
Current Ratio	times	0.4	0.2	0.5	0.6	0.6	0.8
Interest cover (EBITDA / interest)	times	8.2	8.2	7.2	4.5	3.9	3.2
Dividend cover: FFO per share / Div per share	times		1.0	1.1	0.9	1.0	1.1
Debtors Collection Period	days	76	38	51	47	38	45

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- **Stor-Age's EBITDA and NPOP margins are 65% and 64%, which compares well with these globally listed peers and highlights how well the Group is managed relative to some of the *best* (and biggest) global players in self-storage (Table 17).**
- Added to this fact, Stor-age's LTV is in line with some global peers (peers average an LTV of 21% versus Stor-Age's LTV of ca 31%; **Table 16**).
- Look-through LTV for Owned and JV portfolios in local currencies:

Loan-to-Value:	Total	Owned	JV
SA	30%	28%	64%
UK	38%	39%	36%
Total	**34%**	**33%**	**44%**

  This demonstrates that the JV LTV is substantially higher than the Owned portfolio.
- Stor-Age also hedges its interest rates and, in our opinion, the balance sheet is conservatively managed. Interest cover of 3.1 times at FY 25 is comfortable.
- As most new acquisitions and developments will likely be executed in joint ventures, it allows Stor-Age to deploy the same amount of capital over *more* opportunities and, thus, helps reduce their portfolio and balance sheet risk:
  - These JV properties are branded Stor-Age (in SA) and Storage King (in the UK).
  - This implies to us that (at some future date via acquisitive activity) the properties could be brought fully onto the balance sheet, probably when occupancy reaches around 80+% and by which time related debt would have been largely or fully paid off.
  - We consider this "well-positioned upside" for the future as these JV's are being operated by Stor-Age; i.e. management already have line-of-sight to the underlying and, thus, lowers any acquisitive risk here while minimizing any due diligence costs (i.e. they will know *exactly* what they are acquiring when/if any JV-partner interests are taken out).
  - Our speculation aside, management *has* indicated that they are happy to remain invested in the JVs, apart from the put and call rights in the Nedbank JVs, and are looking forward to dividend streams when the properties are more mature.

- All debt ratios are within debt provider covenants with good headroom and generally well-managed balance sheet.

Table 12: Stor-Age's Growth Analysis

Growth in		2020	2021	2022	2023	2024	2025
Revenue	%	33	15	14	18	15	7
NPOP	%	32	8	29	4	16	8
Dividend per share	**%**	**5**	**-5**	**6**	**5**	**0**	**-6**
NAV per share	**%**	**-1**	**12**	**7**	**9**	**7**	**6**
FFO per share	%			15	-11	6	5
Sales per share	%	9	6	9	9	15	6

Sources: Stor-Age Property REIT (various reports) & Blue Gem Research workings and assumptions

- FY 25 numbers indicate slightly subdued growth and—amongst other reasons—appear partly due to developments and acquisitions now mainly done in JVs where the Group largely have minority equity positions.
- **The dividend declined in FY 25 as Stor-Age changed its policy from paying out *all* distributable income to 90˜95% of distributable income, and the FY 25 dividend reflected this with a 90% payout of distributable income.**

Table 13: Stor-Age's Valuation Multiples

		2020	2021	2022	2023	2024	2025
Price/Book (NAV)	**times**	**1.1**	**1.0**	**1.1**	**0.9**	**0.8**	**0.9**
Price/Earnings	times	23	12	14	12	15	14
EV/EBITDA	times	15	15	14	16	15	13
Price/Sales Per Share	times	7.0	7.0	7.0	6.0	5.0	5.3

Sources: Sharedata and Blue Gem Research

- Historically, Stor-Age has been a "low beta share" (1-year beta is 0.1˜0.2x & its 5-year beta is 0.3x) and the share has a wide institutional shareholder base with relatively good liquidity for its reasonably small size.
- Our thoughts on the various market valuation metrics and ratios for Stor-Age are as follows:
    - The Price Earnings ("PE") ratio is less useful due to a REIT's earnings including fair value adjustments which fluctuate materially over years.
    - **We consider the Price/Book ("PB") ratio as far more useful, given that the largest line item on the Group's balance sheet (Investment Properties) is regularly fair valued** (**Table 6**).
    - The Enterprise Value (market value of equity plus interest bearing debt = total assets minus other non-interest-bearing liabilities) is a widely used measure when performing a Market Approach valuation (**Table 17**). The EBITDA number is before fair value adjustments.
    - Finally, Price/Sales per share ("P/S") can also be a useful valuation metric over years.
- At FY 25, all valuation multiples were lower than the historical averages:
    - We may reasonably expect the multiples to revert to the historical averages especially as the business becomes more profitable and more diversified as more properties are added.

See our **Valuation** section below for more detailed thoughts hereon.

Other Notable Observations

- Stor-Age manages third-party self-storage properties for a management fee ("**Management 1st**"). Despite adding to FFO, this line of service will not be reflected in property valuations on the Group's balance sheet (i.e. while leveraging the existing internal skills set and cost-base, this cash flow stream is actually a capital-lite service business with equity-like characteristics, as opposed property-like tangible assets).
- Furthermore, Stor-Age has internally developed a business called "**Digital First**" that continues to show year-on-year growth in revenue:
    - We believe that the digital enquiry skillset provides a key competitive advantage in accessing and converting prospective customers.
    - With the rise of online platforms and mobile applications, Digital First aims to take advantage of this opportunity by offering these services globally to self-storage operators.
    - To date, Digital First is managing the digital marketing for 153 self-storage properties (excluding Group owned and UK JV properties) across 20 countries and in 12 languages with estimated annual revenue from current contracts at R19 million.
    - Besides incremental, high-margin revenues being added to the Group, another less obvious attraction of this business is that it affords Stor-Age the opportunity to *identify* good acquisition prospects.
    - The Group has expressed interest in expanding this business to other countries apart from the UK, particularly Europe and, with a cost-base in Rand, this bodes well for future expansion at a low-cost relative to global peers.
    - While these unique characteristics of Stor-Age excite us, they are *not* necessarily captured by the Group's NAV (i.e. its balance sheet that mostly reflects its property-like tangible assets).
    - **We do believe that Management 1st and Digital First both add to the long-term value of the Group.**

Stor-Age's UK REIT Status

- On 6 June 2024, the Storage King group of companies (i.e. Stor-Age's UK subsidiary) was classified successfully as a UK Real Estate Investment Trust ("REIT"):
- For the period prior to 6 June 2024, the Storage King group of companies were subject to corporation tax of 25%.
- Post this date, corporation tax is only payable on the residual business as described above.
- More detail can be seen in our previous note: LINK.

Forecasts

Table 14: Forecast Income Statements

Rm	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
Property revenue (rental income + other income)	**1,228**	**1,319**	**1,411**	**1,510**	**1,616**
Net property operating income (NPOI)	**904**	**971**	**1,039**	**1,112**	**1,190**
Management fees earned	63	71	78	86	95
Administration expenses	-184	-198	-212	-227	-243
EBITDA	**794**	**853**	**915**	**981**	**1,053**
Net Property Operating Profit (NPOP)	**784**	**844**	**905**	**971**	**1,041**
Net Interest Paid	204	267	288	311	336
Income From Associates Before Tax	37	48	55	61	65
Income Before Tax before Fair Value Adjustments (FVA)	**617**	**625**	**672**	**720**	**770**
Taxation	85	26	28	30	32
Profit For The Period before FVA	**532**	**599**	**644**	**690**	**738**
Income Attributable To Minority Interests	5	17	18	19	20
Income Attributable To Equity Holders before FVA	**527**	**582**	**626**	**671**	**718**
Dividends	**567**	**535**	**574**	**616**	**659**
FFO	**536**	**565**	**608**	**652**	**697**
Distributable income		**593**	**638**	**684**	**732**
Dividend / FFO		90%	90%	90%	90%
Ratios					
Revenue growth		*7.4%*	*7.0%*	*7.0%*	*7.0%*
NPOI margin	*73.6%*	*73.6%*	*73.6%*	*73.6%*	*73.6%*
Management fees growth		*12.7%*	*10.0%*	*10.0%*	*10.0%*
Administration expenses % of revenue		*15.0%*	*15.0%*	*15.0%*	*15.0%*
EBITDA margin	*64.7%*	*64.7%*	*64.8%*	*65.0%*	*65.1%*
NPOP margin	*63.8%*	*64.0%*	*64.1%*	*64.3%*	*64.5%*
Growth in income from associates		*29.7%*	*15.0%*	*10.0%*	*7.5%*
Growth in income before tax and FVA		*1.3%*	*7.5%*	*7.2%*	*7.0%*
Growth in distributable income			*7.6%*	*7.2%*	*7.0%*
Dividend growth if 100% paid out in FY25			*7.3%*	*7.2%*	*7.0%*

Source: Stor-Age Summary Financial Statements and Blued Gem calculations

Forecast Assumptions and Rationale

- **We are projecting a 7% growth in revenue** (combination of rising occupancy, rising rates and new developments previously made annualizing), and made several other high level assumptions **culminating in a c.7% growth in distributable income over the next 3 years**:
  - The expansion in EBITDA and NPOP margins is due to economies of scale,
  - The projected growth in interest is 8% per annum, &
  - The taxation is reflected as only the current tax payable, no deferred tax was reflected or projected.
  - New developments of 35,900 m² and 37,500 m² were reported for SA and the UK respectively whilst planned expansions total 10,100 m² for SA and 4,800 m² for the UK. This calculates as a 12% addition for SA and 37% for the UK. Most of the new properties and expansion completion dates are 'to be confirmed' meaning additional revenue and profit from them will likely phase in over more than one financial year.
- **Our forecasts compares optimistically against management's own guidance of 5%~6% distributable income growth for FY 26, and we note this here for the reader to arrive at their own conclusions.**
- **We expect the dividends (at 90% payout of distributable income) to show a similar growth of c.7%.**

Valuation

Peer comparison

Globally, we regard Shurgard (UK and Europe), Big Yellow & Safestore (UK) as the most comparable listed self-storage REIT peers.

Table 15: Peer Comparison Income Statement, Balance Sheet

Income statement	Stor-Age Mar-25 Rm	Shurgard Dec-24 €m	Big Yellow Mar-25 £m	Safestore Oct-24 £m
Property revenue (rental income + other income)	**1 319**	**407**	**205**	**223**
Net property operating income (NPOI)	**971**	**268**	**142**	**150**
Other	0	-11	9	0
Management fees earned	71	0	0	0
Administration expenses	-198	-28	-16	-16
EBITDA	**853**	**233**	**138**	**136**
Net Property Operating Profit (NPOP)	**844**	**229**	**135**	**134**
Fair Value Adjustments: Properties & Financial Instruments	423	331	80	292
Profit Before Interest and Tax	**1 256**	**560**	**215**	**426**
Net Interest Paid	267	35	16	27
Income From Associates Before Tax / other income	48	0	4	0
Income Before Tax	**1 037**	**526**	**204**	**399**
Taxation	-392	122	2	26
Profit For the Period	**1 429**	**404**	**202**	**373**
Income Attributable to Minority Interests	17	1	0	0
Income Attributable to Equity Holders	**1 411**	**403**	**202**	**373**
Dividends	548	71	89	66

Balance sheet	Mar-25 Rm	Dec-24 €m	Mar-25 £m	Oct-24 £m
Fixed Assets	**12 449**	**6 413**	**3 013**	**3 290**
Joint ventures equity accounted	711	0	0	7
Goodwill & intangibles	160	14	1	0
Deferred Tax Asset	0	0	0	6
Other Assets	44	7	0	0
Total Non-Current Assets	**13 364**	**6 434**	**3 014**	**3 303**
Stock	8	0	1	1
Debtors	162	46	6	32
Cash	343	143	9	26
Total Current Assets	**513**	**189**	**16**	**59**
Total Assets	**13 877**	**6 623**	**3 030**	**3 362**
Ordinary Shareholders' Interest	**8 465**	**4 011**	**2 566**	**2 227**
Minority Interest	79	9	0	0
Total Shareholders' Interest	**8 544**	**4 020**	**2 566**	**2 227**
Interest Bearing Loans	4 285	1 480	393	824
Deferred Tax Liability	0	782	0	155
Other Long-Term Liabilities (leases & derivatives)	405	146	19	104
Total Long-Term Liabilities	**4 690**	**2 408**	**412**	**1 083**
Creditors and Provisions	337	185	52	52
Dividends	258	0	0	0
Tax & Other	46	10	0	0
Bank Overdrafts	0	0	0	0
Total Current Liabilities	**641**	**195**	**52**	**52**
Total Liabilities	**5 333**	**2 603**	**464**	**1 135**
Total Equity and Liabilities	**13 877**	**6 623**	**3 030**	**3 362**
Total interest-bearing liabilities net of cash & dividends due	4 089	1 483	403	902
Market capitalisation (reporting currency)	7 027	3 641	1 957	1 457
Enterprise value	11 055	5 124	2 360	2 359
Exchange rate	18	1.17	1.38	1.38
Comparison in same currency	**US$m**	**US$m**	**US$m**	**US$m**
Market capitalisation	390	4 260	2 700	2 010
Revenue	73	348	149	162

Sources: Company financial statements

Table 16: Peer comparison Cash Flows

Cash flow	Stor-Age Mar-25 Rm	Shurgard Dec-24 €m	Big Yellow Mar-25 £m	Safe store Oct-24 £m
Cash flow from operating activities	**812**	**241**	**136**	**127**
Net interest and tax paid	-291	-64	21	31
Available for dividend	**521**	**177**	**157**	**158**

Sources: Company financial statements and Blue Gem Research

Table 17: Peer comparison Ratio Analysis

Ratios	Unit	Stor-Age	Shur-gard	Big Yellow	Safe-store	*Peer Average*
Profitability						
NPOI / revenue	%	74	66	69	67	*67*
EBITDA / revenue	%	65	57	67	61	*62*
NPOP / revenue	%	64	56	66	60	*61*
NPOP + income from associates / revenue	%	68	56	68	60	*61*
Tax / NPOP + income from associates	%	3	11	19	19	*16*
PAT - fair value adjustments / revenue	%	45	18	60	36	*38*
Cash from operations / revenue	%	62	59	66	57	*61*
Risk						
EBITDA / interest (interest cover)	times	3.2	6.7	8.6	5.0	*6.8*
Interest / NPOP + income from associates	%	30	15	12	20	*16*
Interest bearing debt / fixed assets (LTV proxy)	%	33	23	13	27	*21*
Interest bearing debt / equity (gearing)	%	48	37	16	41	*31*
Interest bearing debt / EBITDA	times	4.8	6.4	2.9	6.7	*5.3*
Property valuation						
Fair value adjustments / NPOP	%	50	145	59	218	*141*
Fair value adjustments / fixed assets - fair value adjustments	%	4	5	3	10	*6*
Dividend returns						
Dividend / PAT - fair value adjustments (payout ratio)	%	0.9	1.0	0.7	0.8	*0.8*
Dividend / market capitalisation (dividend yield)	%	7.8	2.0	4.5	4.5	*3.7*
Valuation						
NPOP / fixed assets (capitalisation rate)	%	6.8	3.6	4.5	4.1	*4.0*
EV / (EBITDA + Income from associates)	times	12	22	17	17	*19*
Equity / PAT	times	8	10	13	6	*10*
Price / book	times	0.8	0.9	0.8	0.7	*0.8*

Sources: Company financial statements and Blue Gem Research. Note: valuation multiples calculated at each company's year-end

Stor-Age's profitability ratios are better than the average of the peers and its cash generation is on par.

- The Group's gearing is higher at 48% compared to the peer group average of 31% and its LTV is 50% above the average, indicating that peers are more conservatively funded.
- The Group is valued well *below* the peer average on an EV / EBITDA multiple. The reasons may be attributed to the higher Stor-Age gearing and higher interest rates in SA vs the peer countries and country risk (SA vs developed markets).
- That said, **we do feel it is more comparably valued on a Price/Book basis, and Stor-Age's P/B of 0.8x versus a peer average of 0.8x implies a slight premium in Stor-Age's valuation in the market, especially considering the large emerging market (i.e. SA) component in Stor-Age vs the competitors (basically zero emerging market exposure).**
- **Stor-Age's dividend yield at 7.8% is well above the average of 3.7% of the peers in ZAR. It pays out a bit more than the average of distributable income. In our view, this could justify higher than peer valuation multiples.**
- **Finally, we have updated our Dividend Discount model too and, between the Relative Value and Dividend Discount Model's blended average, we view Stor-Age's fair value as R16.71 at 31 March 2025.**
- **Rolling this forward we arrive at a 12m TP of R17.80.**

Table 18: Stor-Age Valuation – Relative Valuation Model

Company	Country	EV/EBITDA	Price/Book
Shurgard Self Storage Ltd	Europe	22x	0.9x
Big Yellow Group PLC	UK	18x	0.8x
Safestore Holdings PLC	UK	17x	0.7x
Average of peers		**19x**	**0.8x**
Selected multiple		**19x**	**0.8x**
Adjustments			
Country risk, size, gearing, interest rates		20.0%	5.0%
Adjusted multiple		**15x**	**0.8x**
Stor-Age NAV FY25 (R million)			8,544
Stor-Age EBITDA + income from associates FY25 (R million)		901	
Enterprise value (R million)		**13,695**	
Less: Net Debt (R million)		-4,089	
Equity value (R million)		**9,606**	**6,493**
Average equity value (R million)			**8,050**
Shares outstanding (million)			*481.7*
Equity value per share (31 March 2025)			**R16.71**

Sources: Stor-Age and Blue Gem Research workings and assumptions

Table 19: Stor-Age Valuation – Dividend Discount Model

Input	Assumptions/Source	Value
Cost of Equity	**CAPM formula**	**10%**
Risk free	*SA R2032 26 June 2025*	8.25%
Equity risk premium	*PWC Valuation Survey*	6.0%
Beta	*Sharedata*	0.30
Terminal growth rate (real)	**Inflation + moderate growth**	**3.0%**
Projected dividend		R1.17
GGM Valuation Rounded: Formula is (R1.17) / (10% - 3%) =		**R16.71**

Sources: Stor-Age, Koyfin, various data providers, and Blue Gem Research workings and assumptions

Table 20: Stor-Age's Equal-weighted Valuation

Summary valuation and expected 12-month return	Assumption	Value
Average of two valuations	31 March 25	**R16.71**
Share price 31 March 2025		R14.59
Target price 31 March 2026 (valuation + 5% growth in NAV)		**R17.55**
Expected return from 31 March 2025:		
Dividend	8.0%	R1.17
Price appreciation	20.3%	R2.96
Total 12m Expected Return	**10.6%**	**R4.13**
As a % of 31 March 2025 share price		*28%*
As a % of valuation		*5%*

Hypothetical expected return from 30 June 2025	
Share price 30 June 2025	R15.95
Target price 30 June 2026 (valuation + proportional growth)	**R17.80**
12 m dividend (potentially higher thus conservative)	R1.17
Total return	**R2.97**
Return as % of share price on 30 June 2025	*19%*

Source: Blue Gem Research

Disclaimer

Confused by this report? View our FAQ and the below disclaimer.

Potentially a Commissioned Report

With reference to the disclosure contained within the 'Disclosures*' section below, it is possible that Blue Gem Research (Pty) Ltd has agreed with Stor-Age Property REIT Ltd (here after referred to as 'the Company') for the inclusion of the Company in its coverage universe for a certain time period. Part of this agreement includes payment to Blue Gem Research (Pty) Ltd by the Company and, as such, Blue Gem Research (Pty) Ltd, any employees, contractors and/or contracted analysts who worked on this report cannot be considered independent in any way. Thus, it is safest for you to consider this as a commissioned report, marketing material, and it cannot be considered financial advice, investment advice or any such similar material.

In the event that this is not a 'Commissioned Report', then all the usual disclaimers concerning independent research are applicable per industry norms.

Ownership of the Report

While this report was produced by the Analyst—under supervision of and using templates produced by Blue Gem Research (Pty) Ltd—this report is the property of Blue Gem Research (Pty) Ltd, but may be freely distributed so long as in the act of such a distribution no additions to, deletions from and modifications to this report are made. Furthermore, no party without the express permission of Blue Gem Research (Pty) Ltd may sell this report or make any direct form of compensation from the re-distribution thereof.

Frequency of Next Update

The frequency of new and/or updated report is left at the discretion of Blue Gem Research (Pty) Ltd and/or the Analyst. No guaranty or promise is made for any level of frequency or timeliness concerning an update or related report with regards to this report.

Disclosures*

A. The Analyst is an officer, board member, or director of the Company
B. The Company is a client of Blue Gem Research (Pty) Ltd (i.e. this is a Commissioned Report) and Blue Gem Research (Pty) Ltd has received money in exchange for the production of this report.
C. Analyst holds long or short personal positions in a class of common equity securities of this company

Stor-Age Property REIT Ltd	B

Financial Numbers, Forecasts, Valuations and other Assumptions

While every effort has been made by the Analyst and Blue Gem Research (Pty) Ltd to ensure the accuracy and integrity of the financial numbers, ratios, forecast, valuations and other quantitative and qualitative data in this report, Blue Gem Research (Pty) Ltd does not warranty or guaranty its accuracy. The reader relies on this data and information from this report at his/her own risk. Furthermore, in the case of forecasts and valuations, Blue Gem Research (Pty) Ltd wholly and completely cannot be held liable for any damage or loss caused by any individual, collection of individuals or business or any other party by said party acting or not acting based on the forecasts and valuation(s) included in this report. By their very nature, forecasts and valuations may not be accurate and, indeed, may be wholly and completely wrong. All opinions, views, forecasts and valuations are solely the responsibility of and the independent opinion of the Analyst and, while Blue Gem Research (Pty) Ltd, has endeavoured the ensure the Analyst's view expressed stands up to scrutiny, the view is solely that of the Analyst and, thus, Blue Gem Research (Pty) Ltd cannot be held liable for it nor does the act of publishing this/these opinions, views, forecasts and valuations in any way show agreement, endorsement or sharing of the Analyst's view.

Legal Entities

To South African Residents: **Blue Gem Research (Pty) Ltd is not an Authorised Financial Services Provider.** This report is not financial advice, investment advice or any such similar material. **This report constitutes "marketing information".** Blue Gem Research (Pty) Ltd and/or its employees and/or officers and/or the Analyst(s) have no knowledge of any reader's or readers' financial position(s) and, hence, this cannot in any way be construed as direct or indirect advice leading any person or persons to act thereon. Any decision made or not made which can in any way be linked to this report is solely the responsibility of the party or parties making such a decision. I.e. Blue Gem Research (Pty) Ltd cannot be held liable for any result based on any decision that can be directly or indirectly linked to this report.

General

For the purposes of this report Blue Gem Research (Pty) Ltd refers to all directors, employees, contractors, sub-contractors and any Analysts of Blue Gem Research (Pty) Ltd. This research report is based on information from sources that Blue Gem Research (Pty) Ltd believes to be reliable. Whilst every care has been taken in preparing this document, no research analyst or employee or director of Blue Gem Research (Pty) Ltd gives any representation, warranty or undertaking and accepts no responsibility or liability as to the accuracy or completeness of the information set out in this document (except with respect to any disclosures relative to members of Blue Gem Research (Pty) Ltd and the research analyst/s involvement with any issuer referred to above. All views, opinions and estimates contained in this document may be changed after publication at any time without notice. Past performance is not indicative of future results. The investments and strategies discussed here may not be suitable for all investors or any particular class of investors; if you have any doubts, you should consult your investment advisor. The investments discussed may fluctuate in price or value. Changes in rates of exchange may have an adverse effect on the value of investments. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Directors, employees, contractors, sub-contractors and any Analysts of Blue Gem Research (Pty) Ltd and/or their respective directors' may own the investments of any of the issuers discussed herein and may sell them to or buy them from clients on a principal or agent basis. The contents of this report may be out of date from the date it was published and facts, circumstances, markets, prices, exchange rates and other relevant financial context may have changed significantly that renders this report null and void, and the onerous to consider this is placed on the reader at the time of reading. This report is for information purposes only. By accepting this document, you agree to be bound by the foregoing limitations and release Blue Gem Research (Pty) Ltd from any potential legal or otherwise liability.

NOT FOR DISTRIBUTION OUTSIDE OF SOUTH AFRICA OR IN ANY JURISTICTION WHERE THIS MAY BREACH THE LOCAL LAWS OR REGULATIONS.