

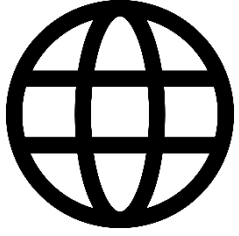


SSAA Annual Survey 2020

Andrew Work, Executive Director, SSAA
Bob Tan, Senior Director, Alternatives, APAC, JLL

Thursday, 4 February 2021





How the **world**
is doing

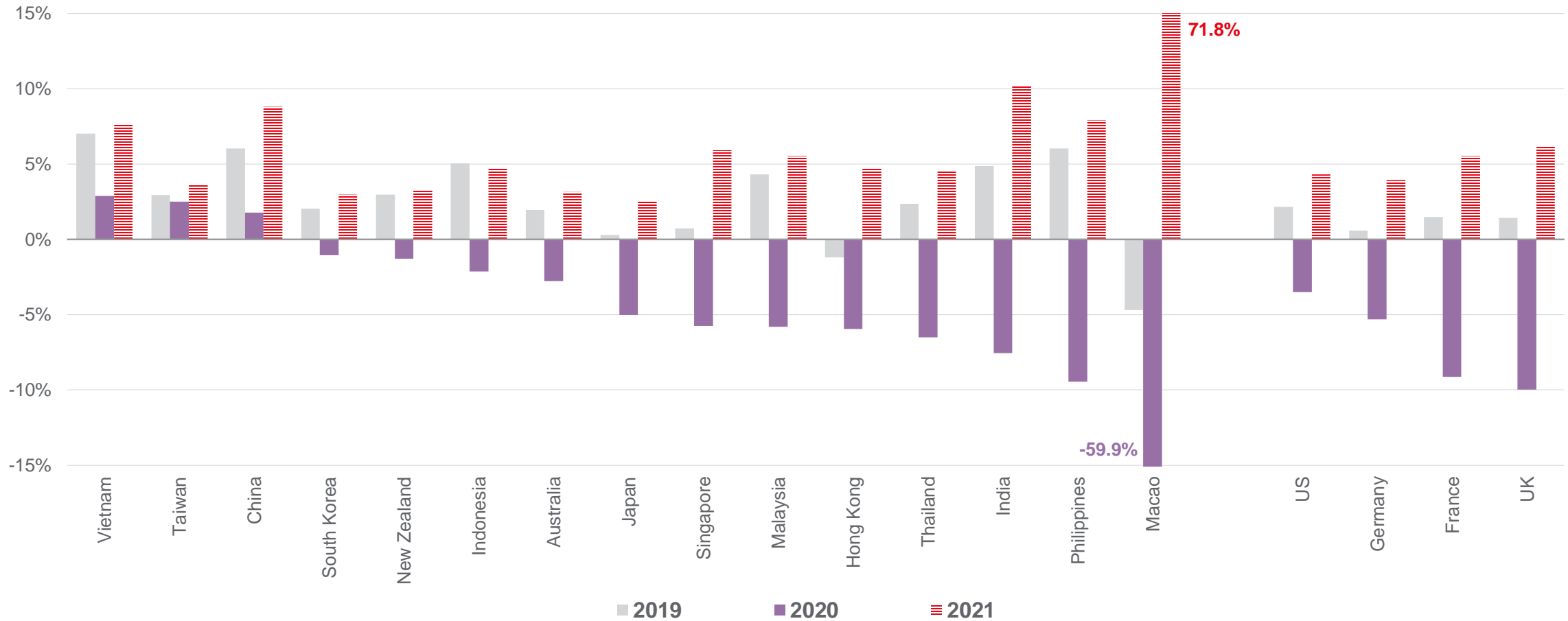


In the new normal

Safe measures and vaccines to drive speed and longevity of post-COVID recovery



Real GDP y-o-y % change



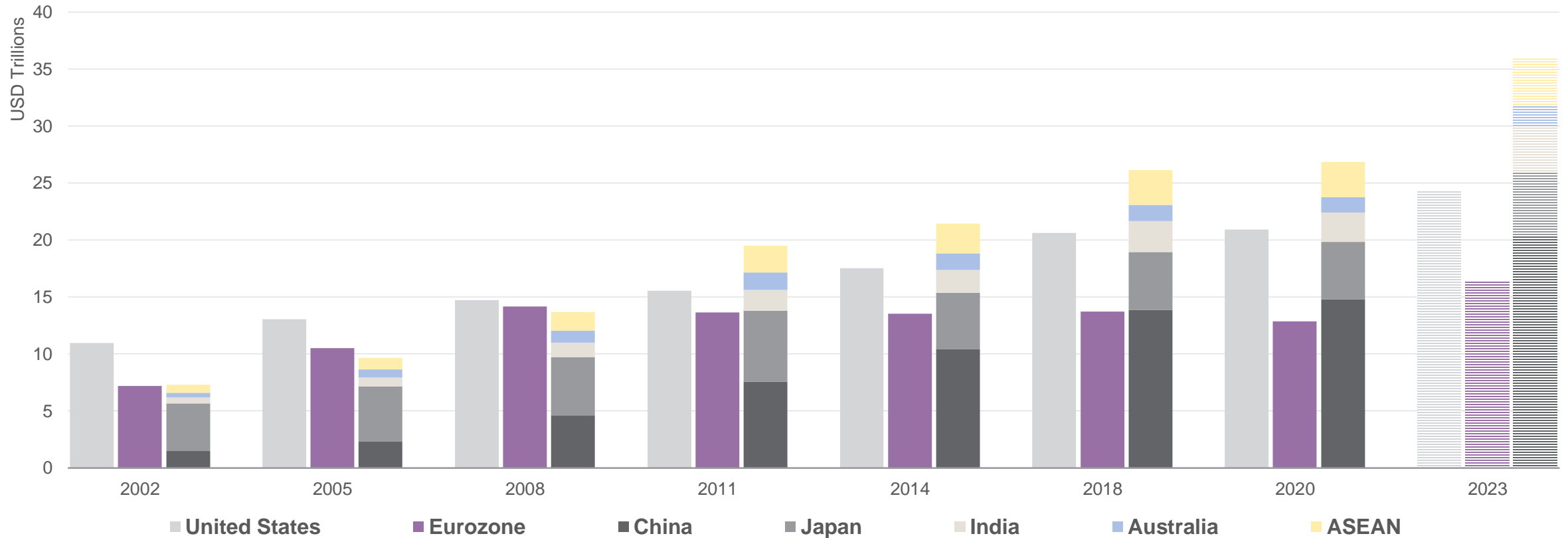
Source: Oxford Economics, 4Q20

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APAC economy will be close to the combined US and EU GDP by 2023



Nominal GDP



Source: Oxford Economics, 4Q20

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COVID-19 Industry Impact



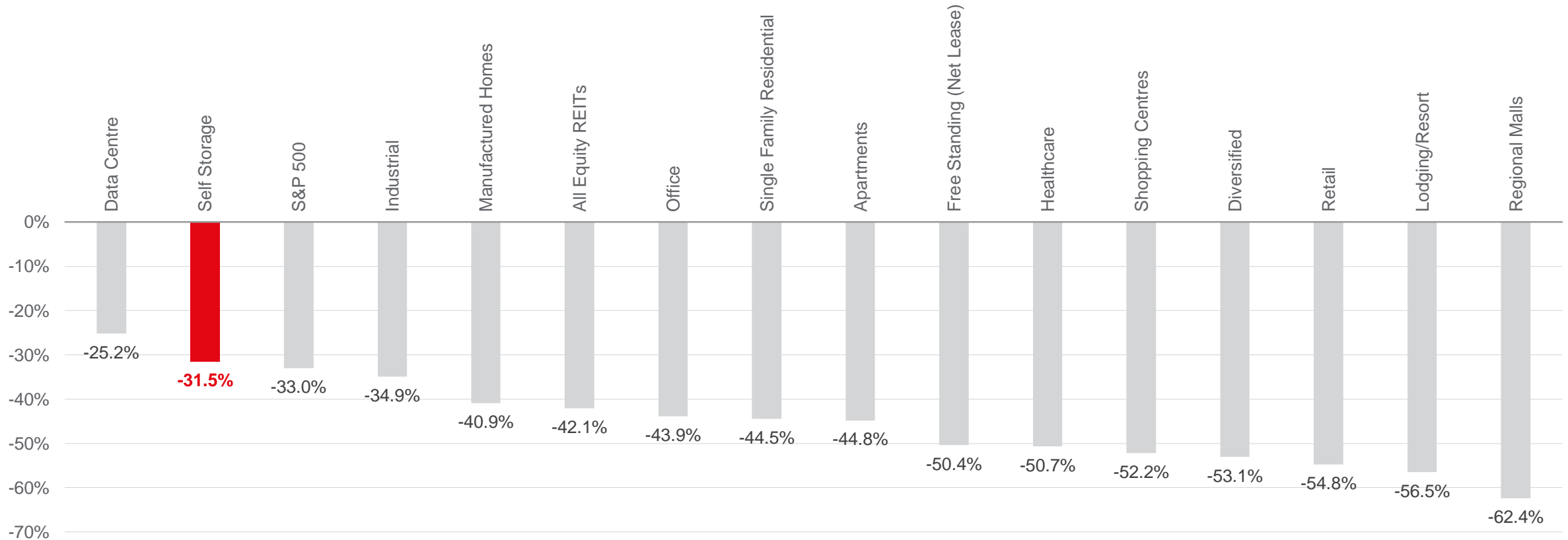
| Most Severe | At Risk | Positive Impact |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Industries with the most immediate challenges to their businesses, revenue, and financial wherewithal | Industries susceptible to disruption depending on the duration and severity of the downturn | Industries likely to expand as a result of changing consumer behaviour and future growth prospect |
| Restaurant and dining | Legal | Warehouse / Storage |
| Performing arts and spectator sports | Finance and banking | E-commerce |
| General retail | Accounting and consulting | Grocery and consumer staples |
| Travel and tourism | Marketing and advertising | Data centres |
| Hospitality | Consumer technology | Medical and biotech |
| Senior housing | | Urgent care healthcare |
| Education | | Government |
| Non-emergency healthcare | | Government contractors |
| Aviation | | Construction and infrastructures |
| Oil and gas | | |
| Co-working | | |

Resilience during the deepest economic shock

Self storage outperform diversified S&P 500 index



FTSE NAREIT Index Performance



Note: based on data for the period 21 February 2020 – 23 March 2020

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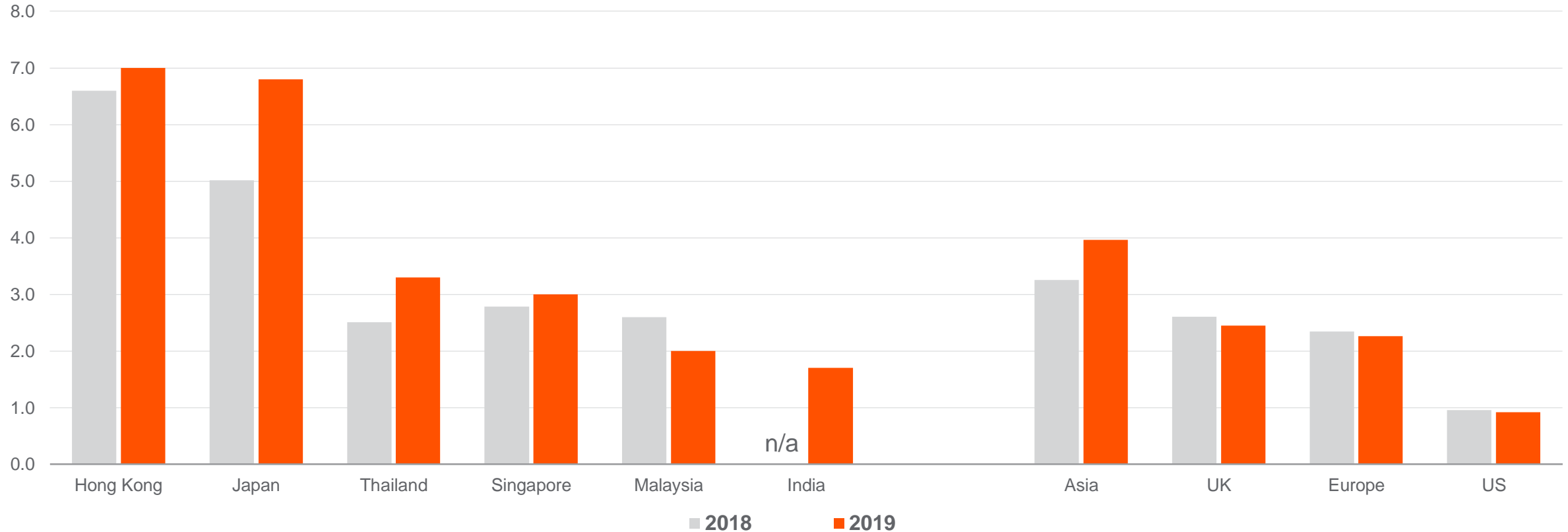
Industry Snapshot



Higher premium in Asia, but that comes with higher cost environment



Average Rental Rate (USD psf pm)



Source: SSAA Annual Survey 2020, IPSOS 2019, fedessa 2019 and 2020, www.sparefoot.com

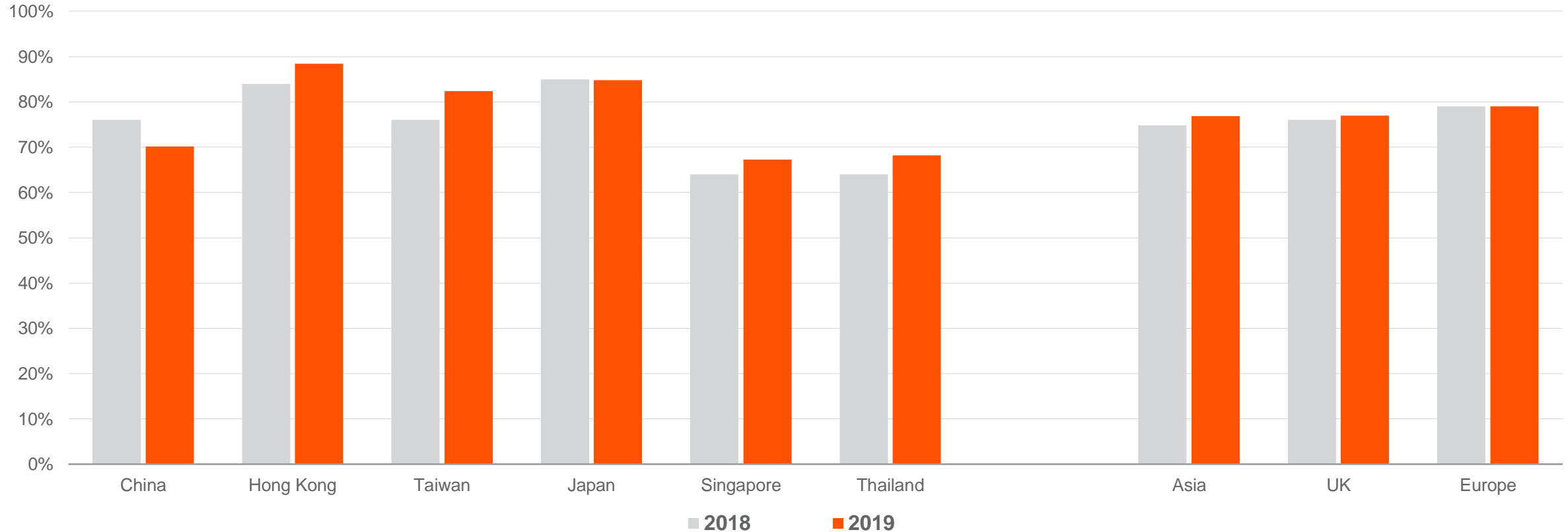
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Occupancy trend remains stable

Short supply in HK after period of consolidation



Average Occupancy (%)



Source: SSAA Annual Survey 2020, IPSOS 2019, fedessa 2019 and 2020, www.sparefoot.com

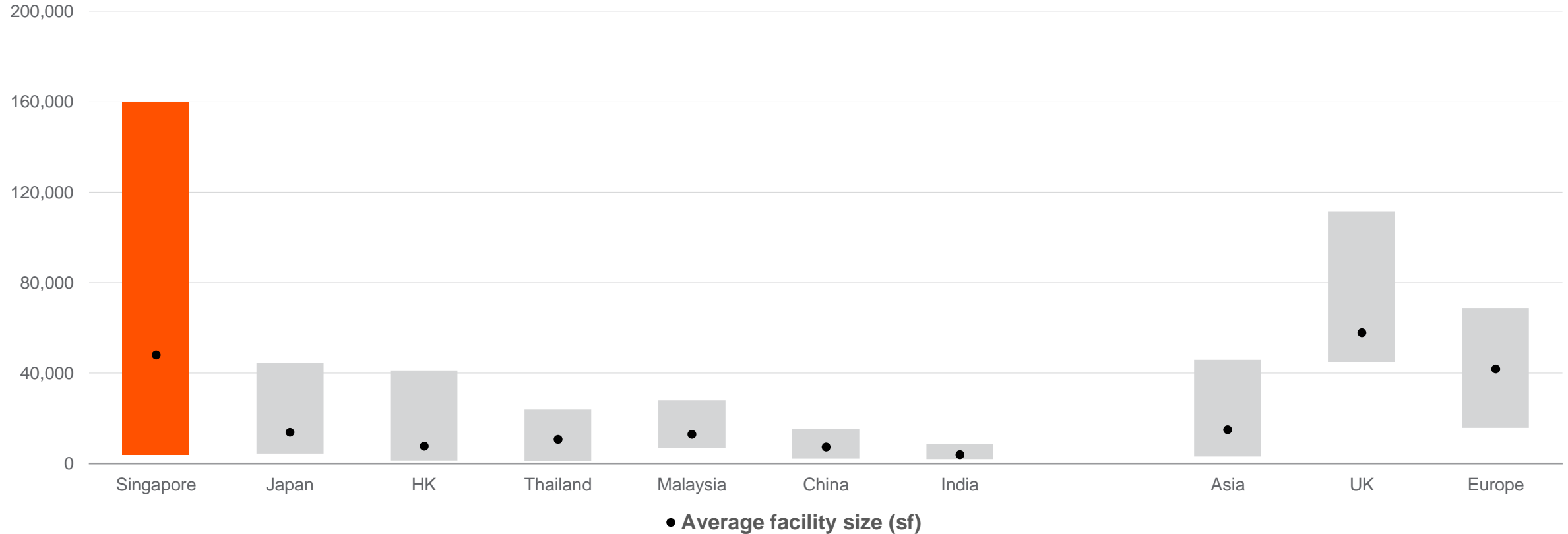
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Average facility size in Asia is relatively small at 15K sf

Singapore continues to feature largest standalone facilities



Average Facility Size (sf)



Source: SSAA Annual Survey 2020, IPSOS 2019, fedessa 2019 and 2020, www.sparefoot.com

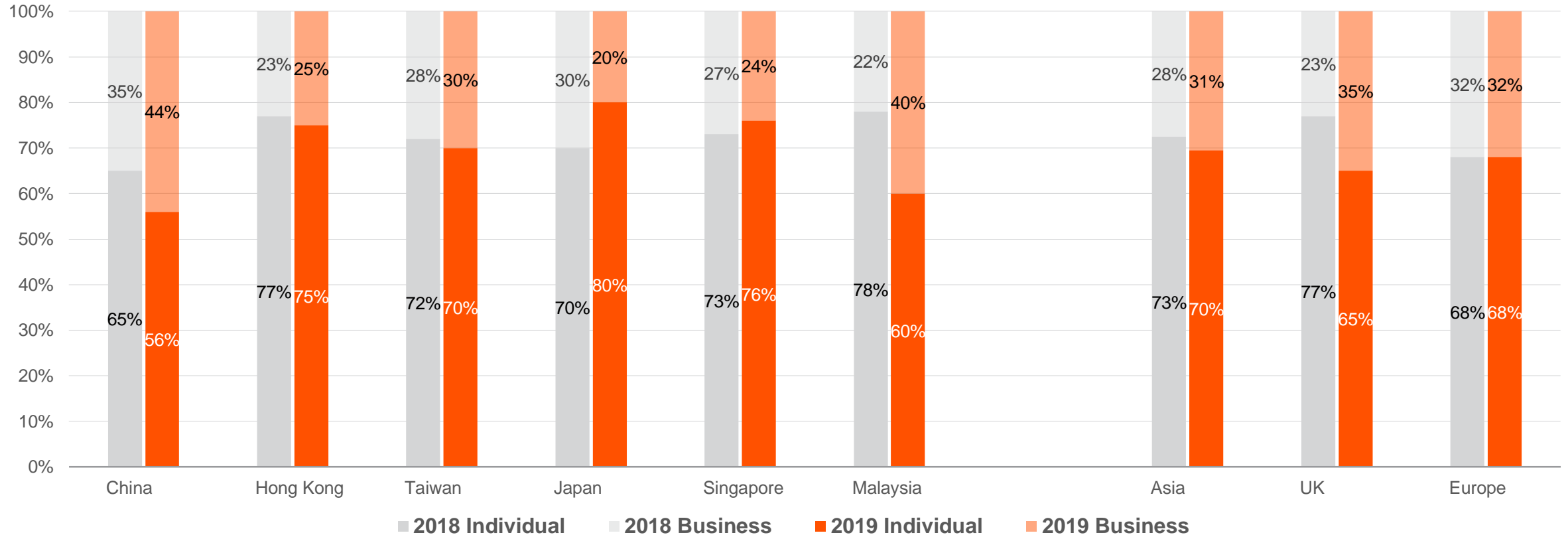
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Business demand grows in some markets

Highest contribution seen in China



Individual vs Business Demand



Source: SSAA Annual Survey 2020, IPSOS 2019, fedessa 2019 and 2020, www.sparefoot.com

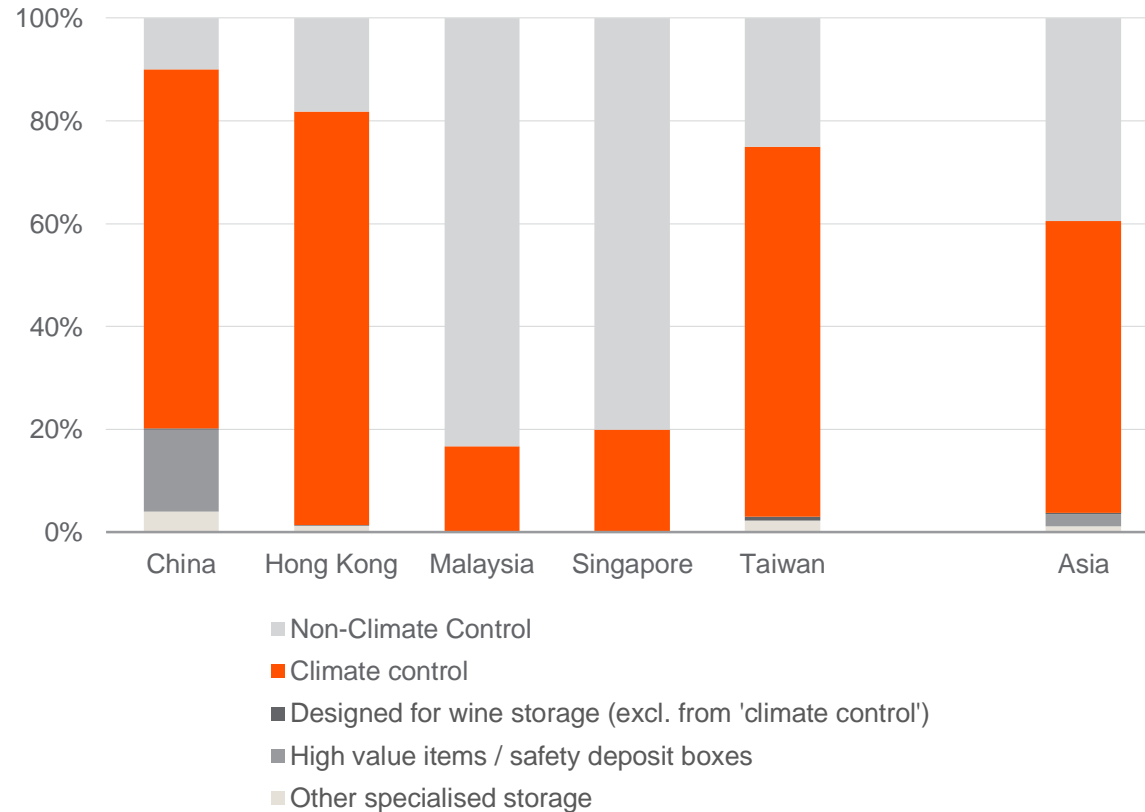
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Product mix varies across markets

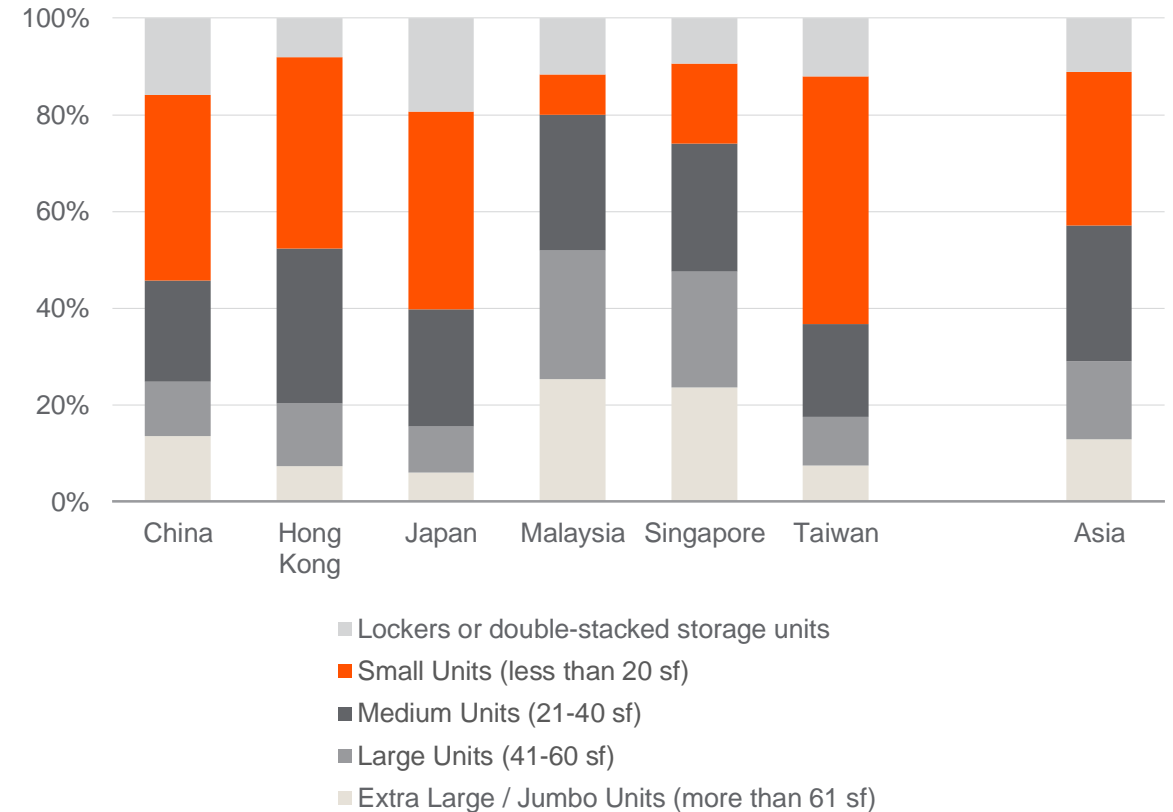
Storage mix is fairly homogenous



Product Mix (Type)



Storage Mix (Size)



Source: SSAA Annual Survey 2020

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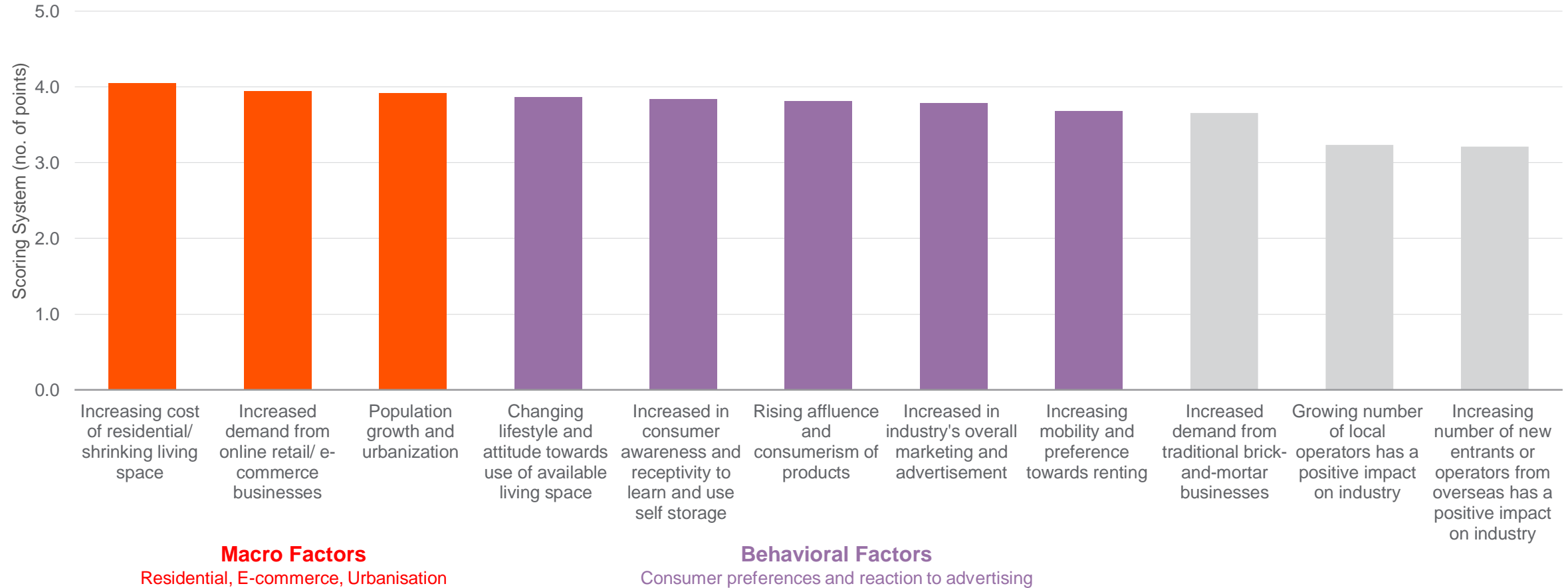
Trends



Macro factors rated to be top 3 demand drivers



Demand Drivers



Source: SSAA Annual Survey 2020

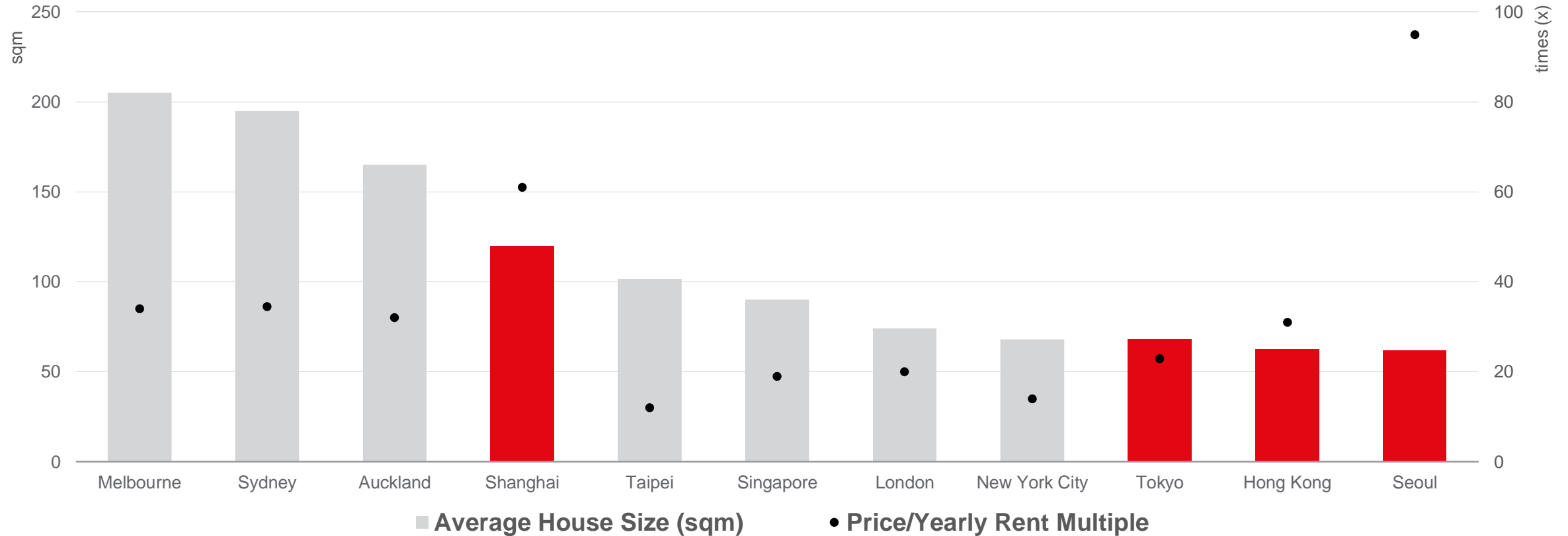
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Relatively small average home sizes in key metro cities

Elevated price-to-rent multiple in Shanghai, Tokyo, Hong Kong, and Seoul



Average House Size

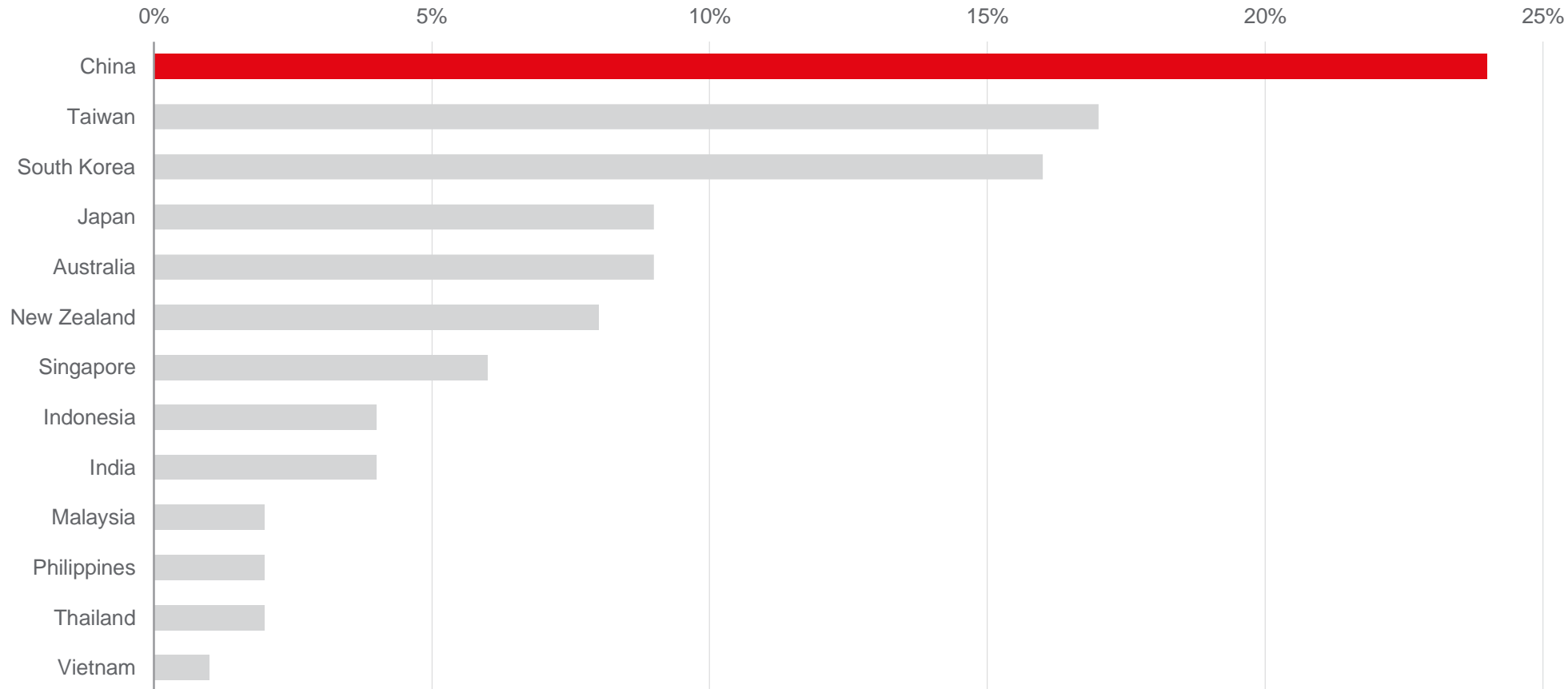


Note: 2019 data for all market
Source: JLL estimates

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E-commerce's share of total retail sales increasing

China leads online penetration by a big margin



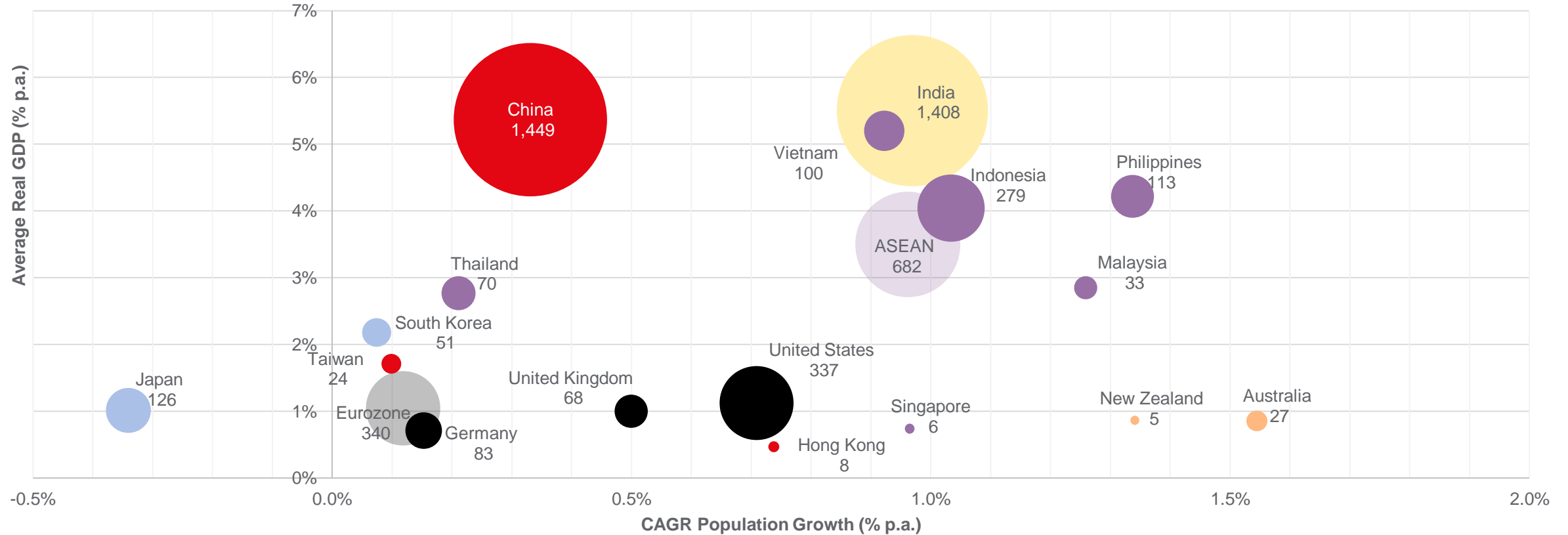
E-commerce now accounts for **16.1%** of all retail sales globally.

This proportion is expected to rise to **22%** by 2023.

Source: PPRO, Statista
Note: APAC; 2020

Demographic trends in Asia

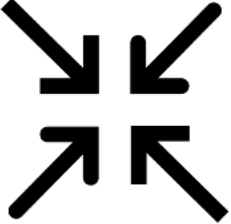
Population and Real GDP Growth



Source: Oxford Economics, 4Q20

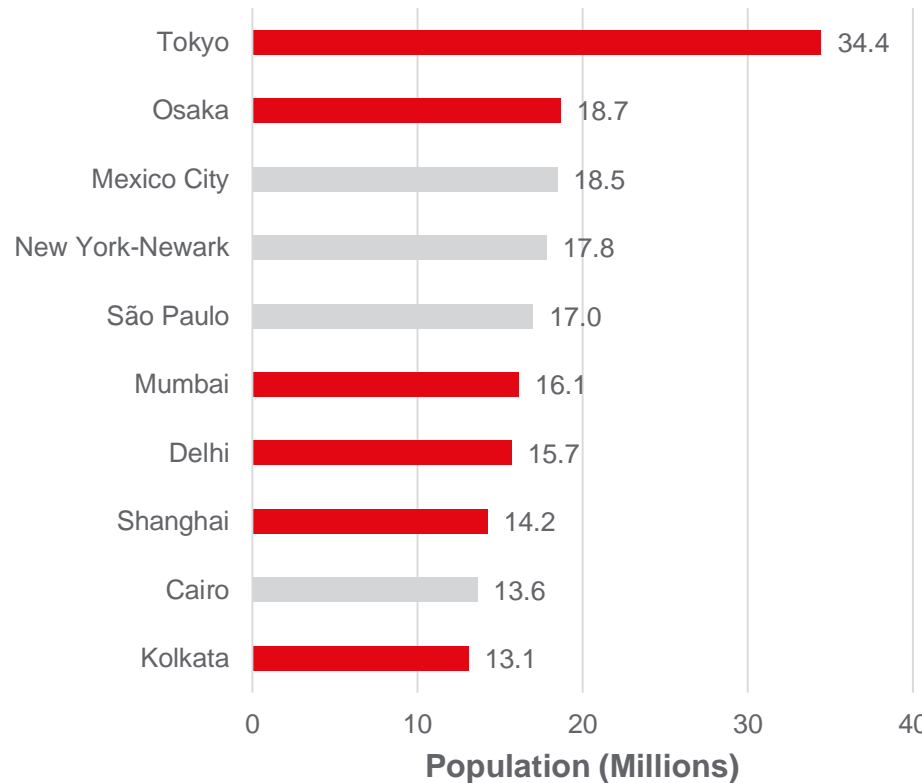
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Asia Pacific is home to 53% of the world's urban population

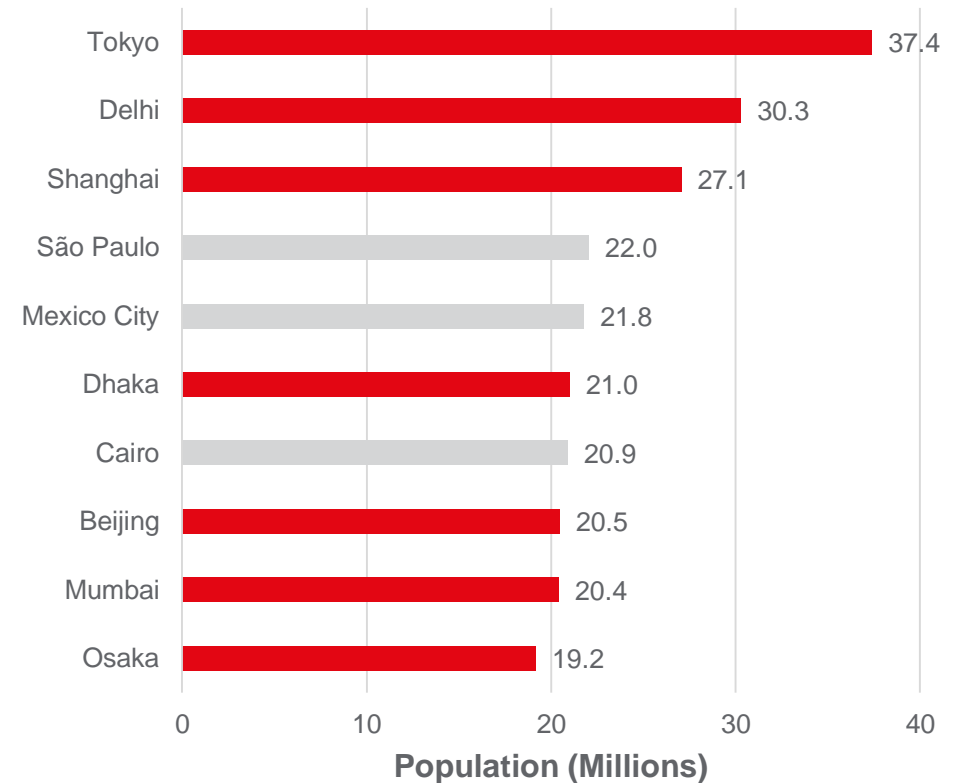
29 

Expected number of mega cities in Asia Pacific housing **1/2 billion** people by 2023

Top 10 Urban Agglomerations (2000)



Top 10 Urban Agglomerations (2020)





Outlook

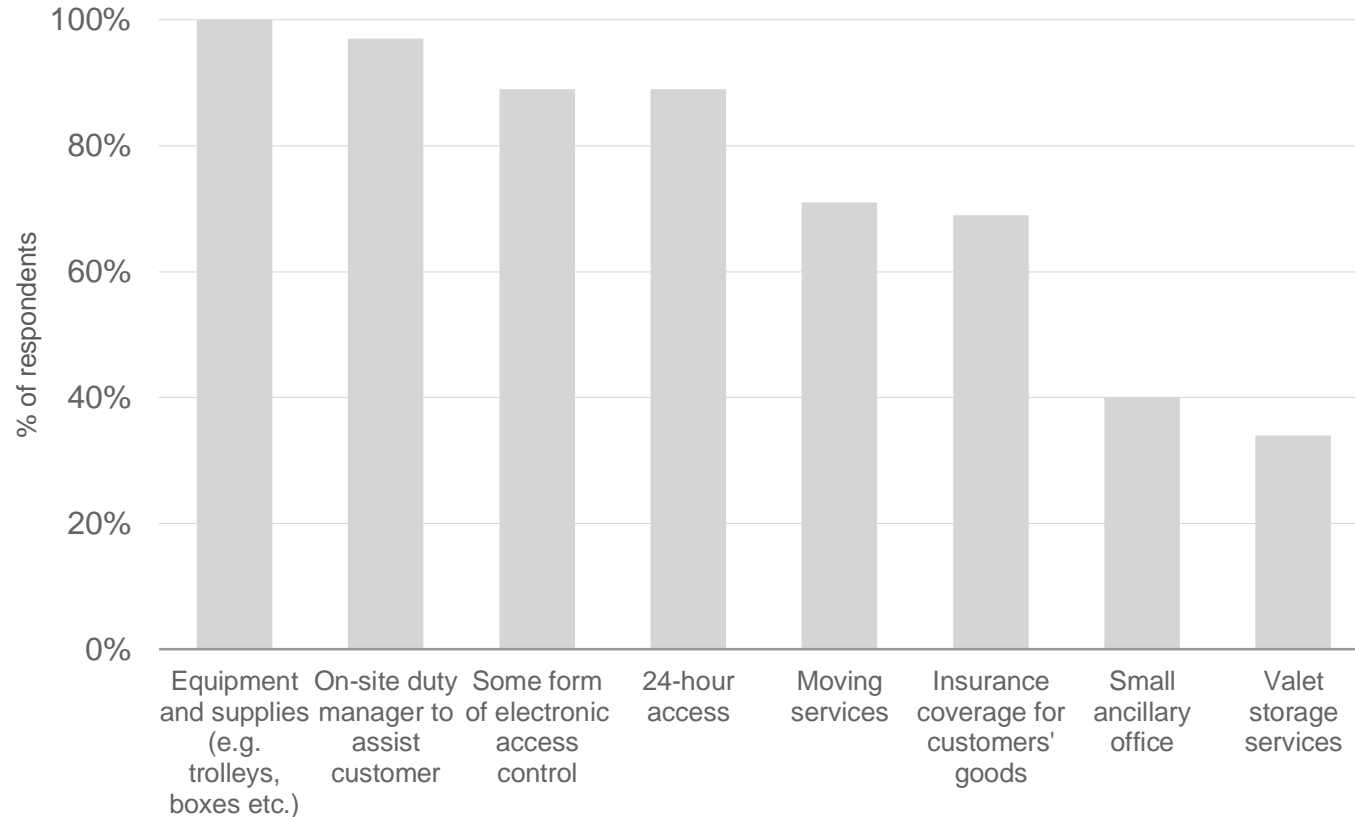


Value add services are gaining traction

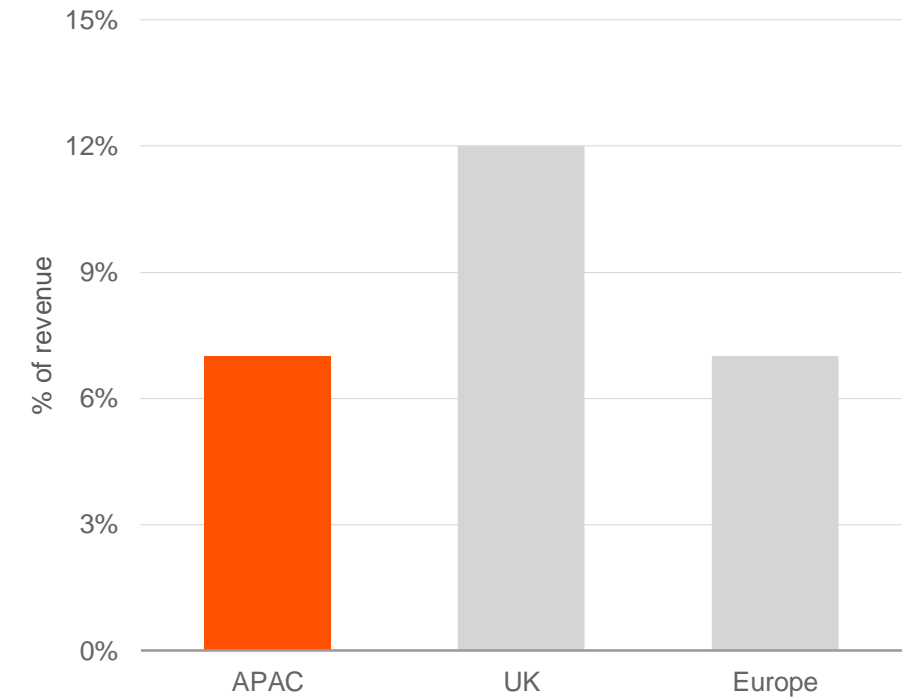
Current estimated contribution of 7% is still well below regional counterparts



VA Services Provided



VA Services as % of Revenue

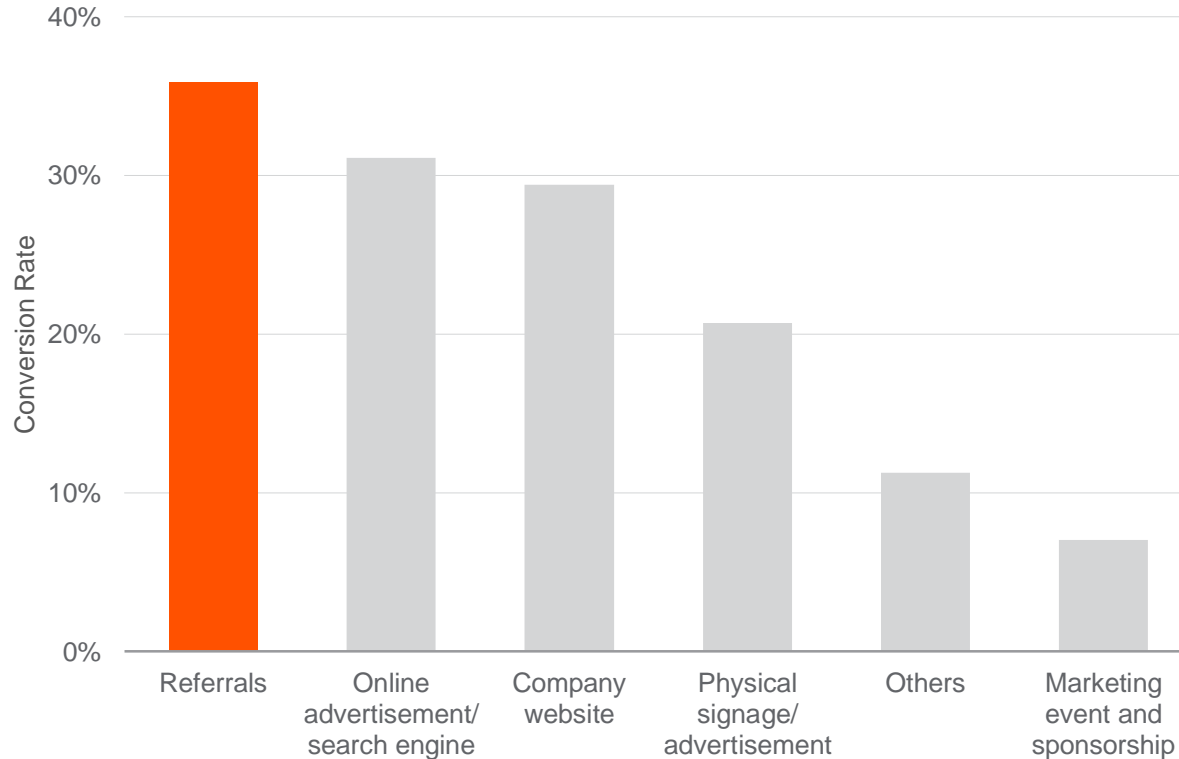


Building versatile online platform is critical

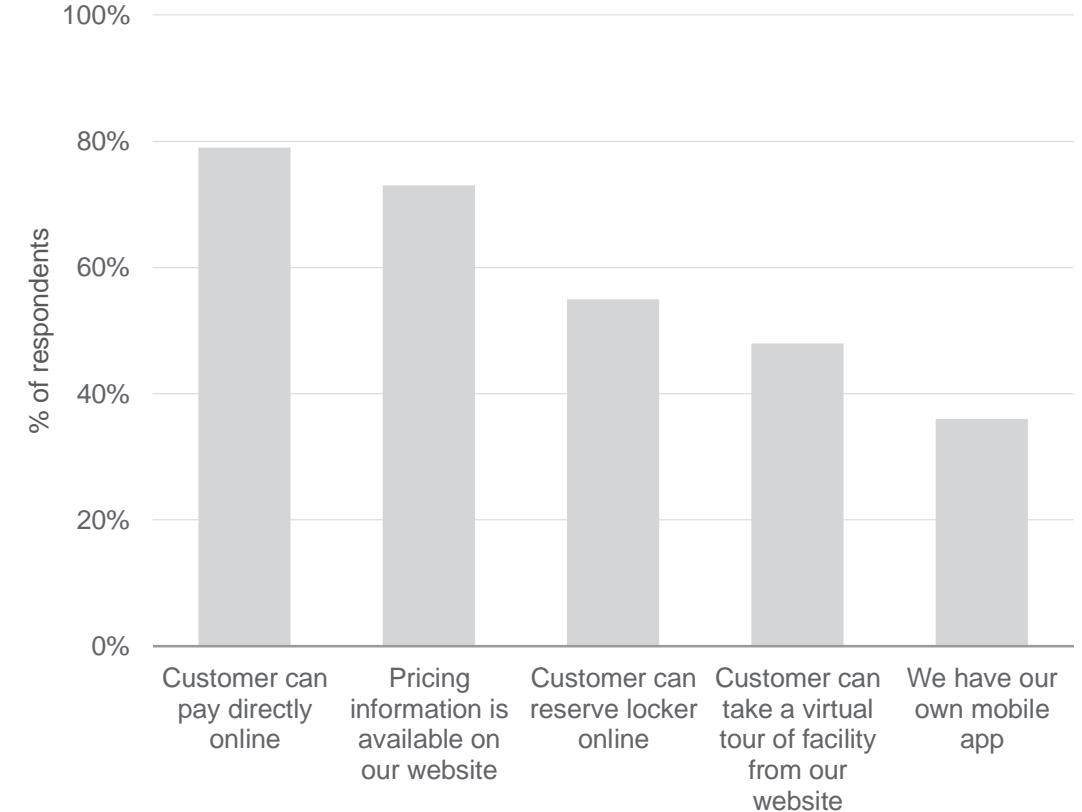
Referrals seem to have the highest conversion potential



Conversion Rate



Online Strategy

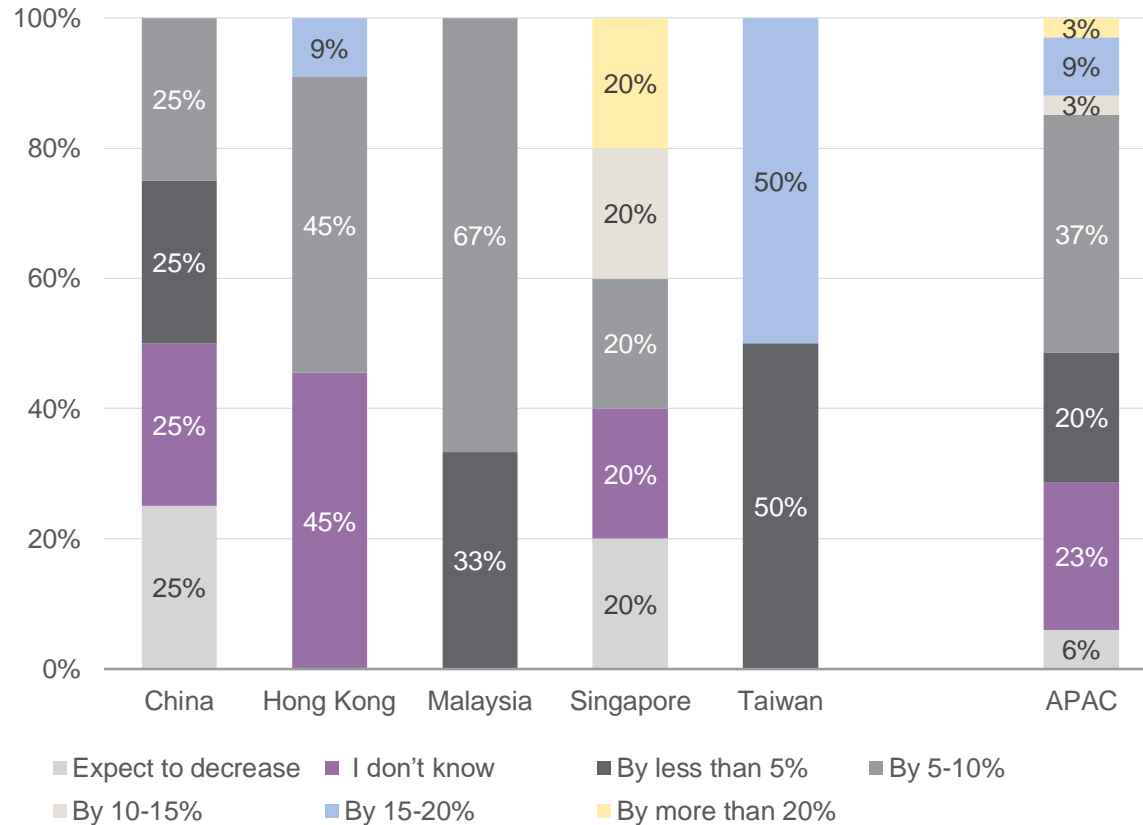


Post COVID-19: 58% expect rental growth in 2020

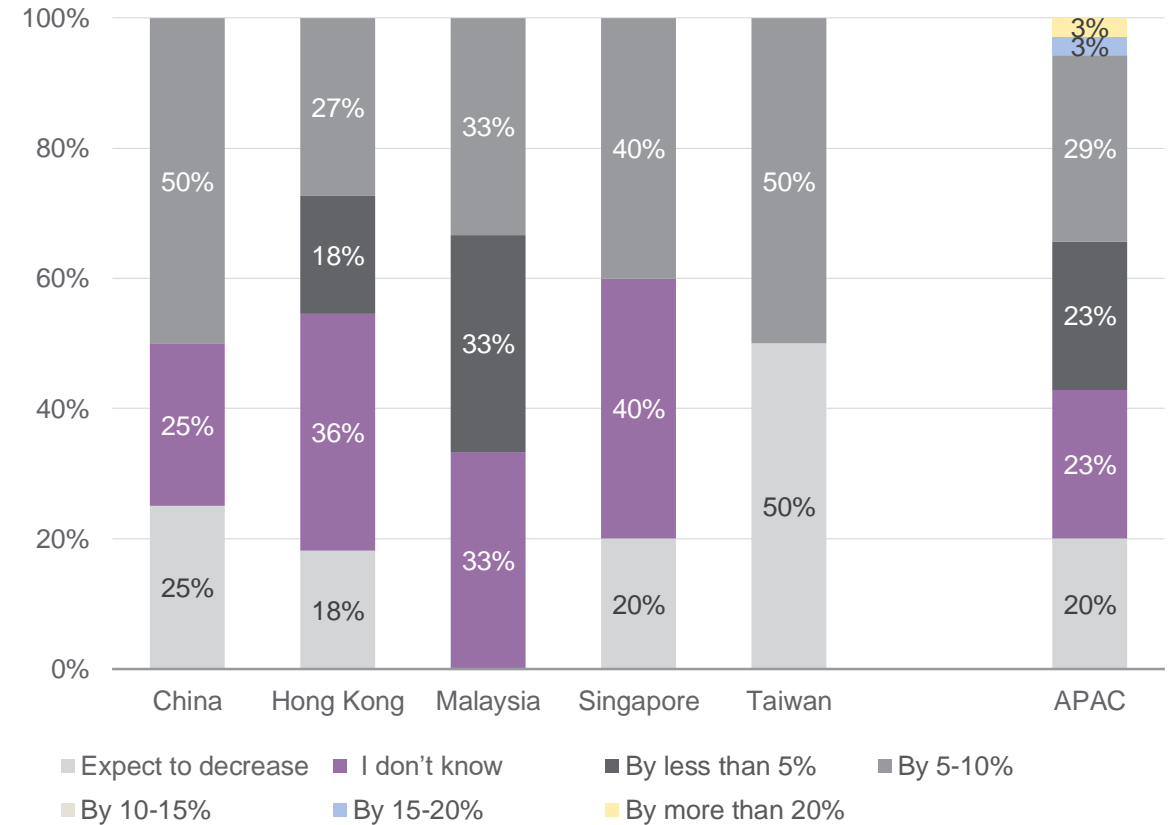
Pre COVID-19: 72% expect rental growth in 2020



Pre COVID-19



Post COVID-19

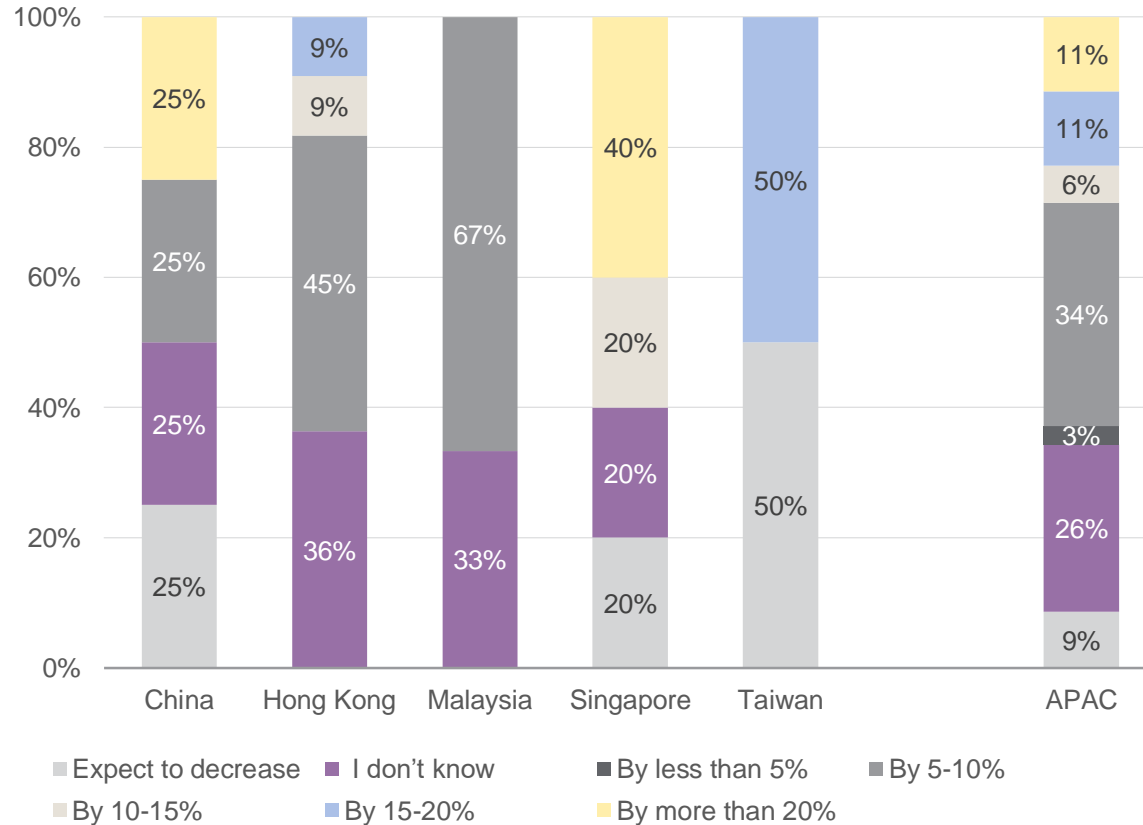


Post COVID-19: 53% expect **profitability** growth in 2020

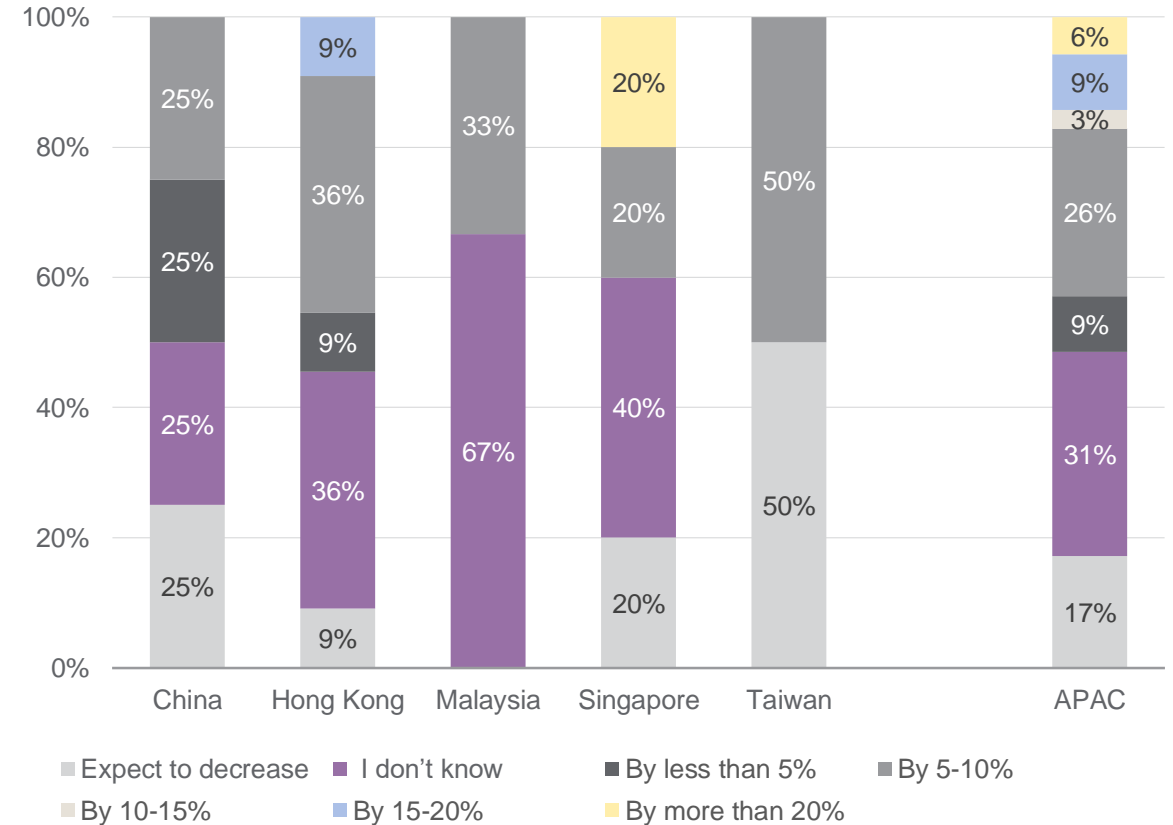
Pre COVID-19: 65% expect profitability growth in 2020



Pre COVID-19



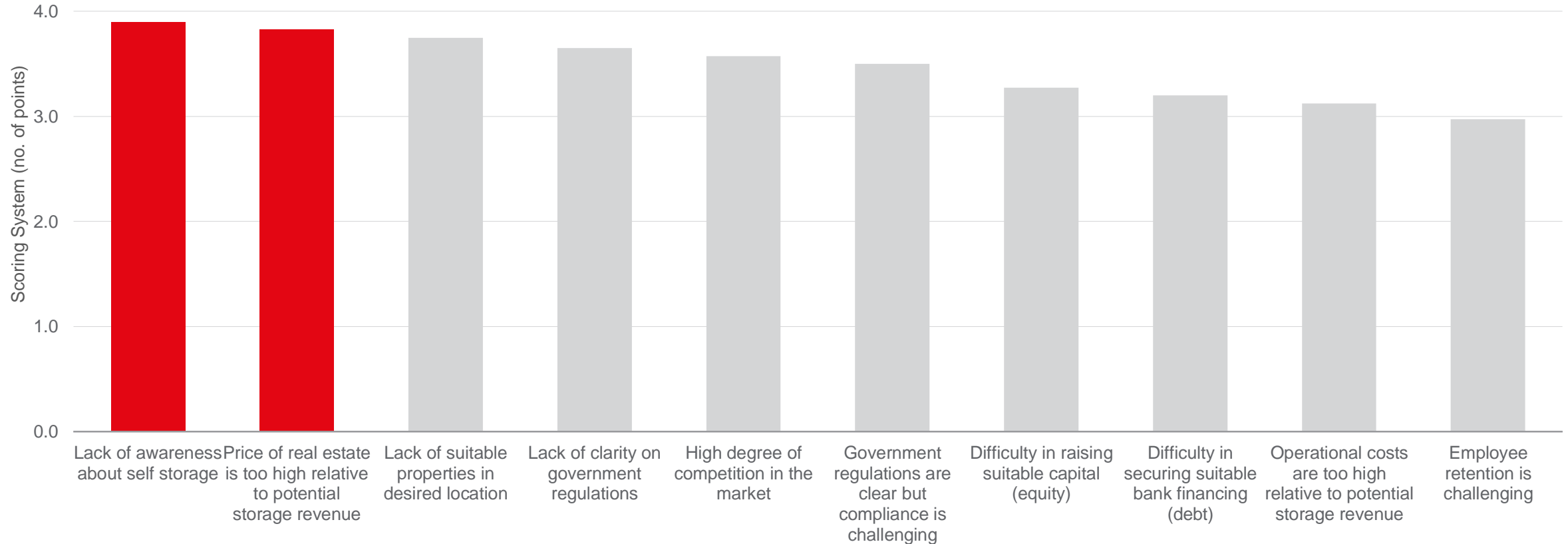
Post COVID-19



Lack of awareness and high real estate costs are cited as the two biggest challenges



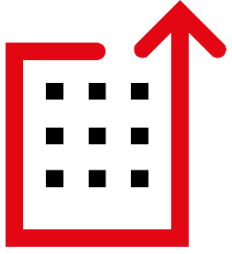
Key Challenges



Note: 2019 data for all market

Source: JLL estimates

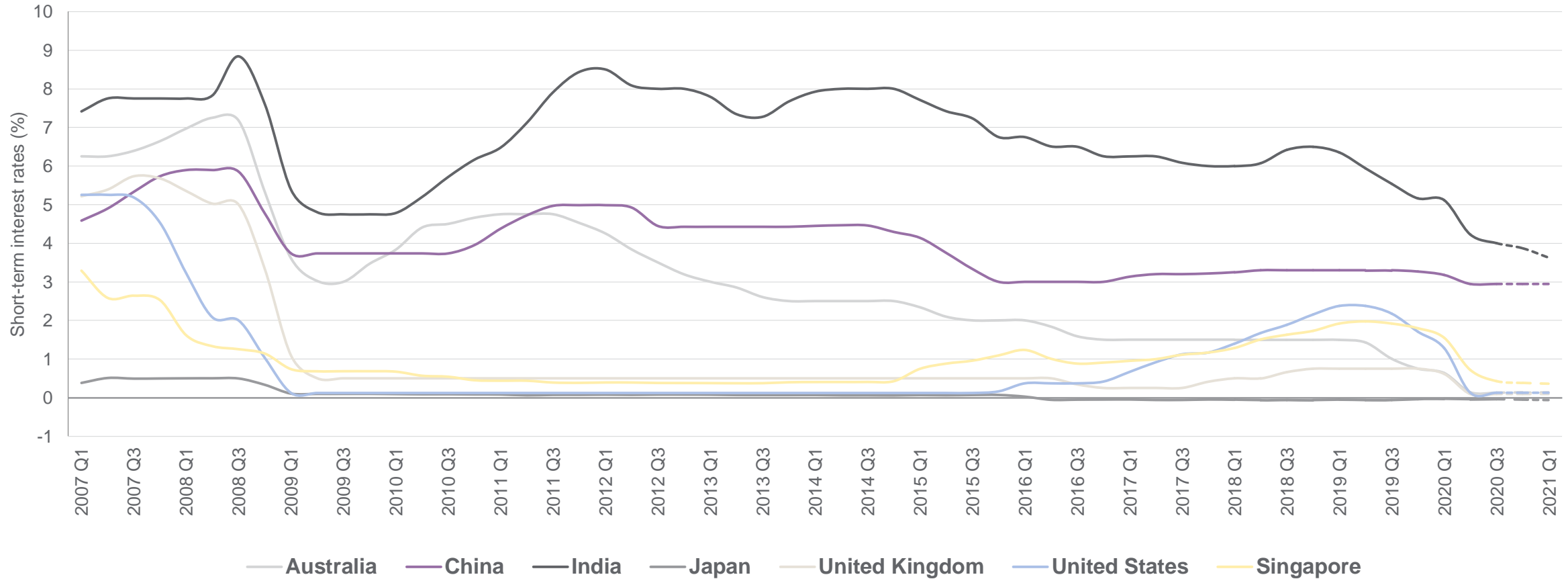
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Investment



Prolonged low interest rates supportive of property values



Source: Oxford Economics, 4Q20

Yield spreads in Singapore and Tokyo looking attractive



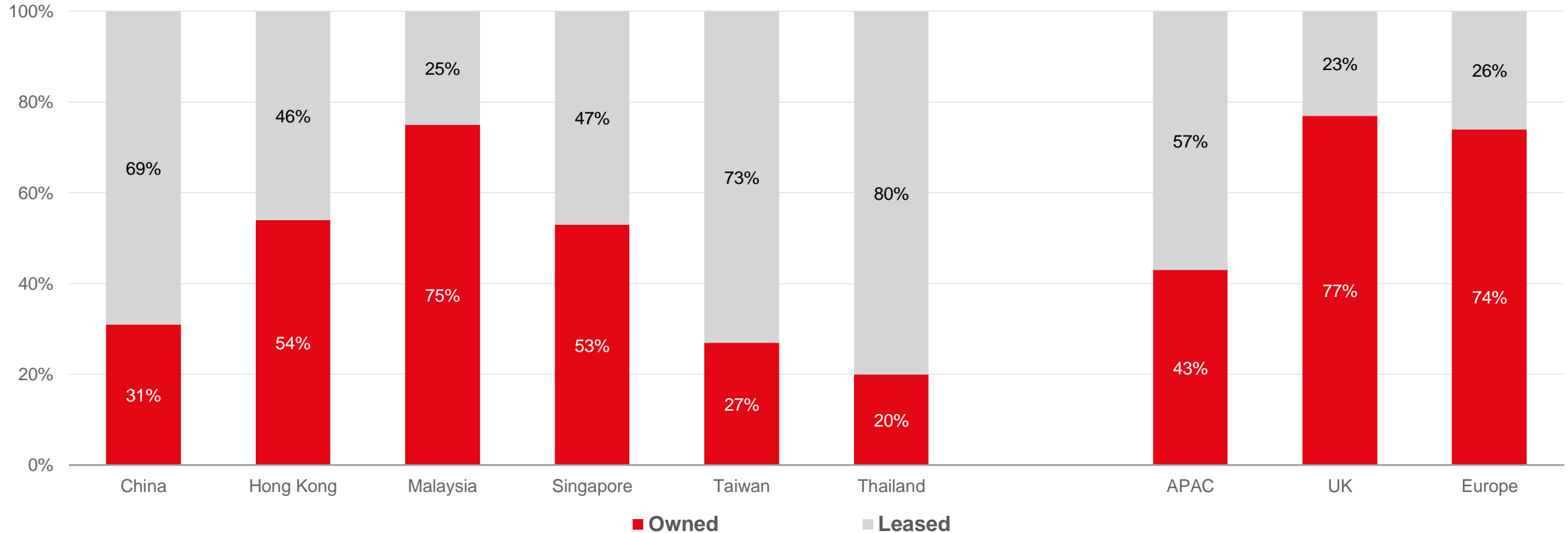
| Industrial Market | Typical Cost of Debt (%) | Typical LVR (%) | Transactional Yield (%) | Yield Spread of Debt Cost (bps) | Cash-on-Cash Yield (%) |
|-------------------|--------------------------|-----------------|-------------------------|---------------------------------|------------------------|
| Hong Kong | 2.05 | 50 | 3.90 | 185 | 5.75 |
| Seoul | 2.60 | 60 | 5.00 | 240 | 8.60 |
| Singapore | 2.00 | 40-50 | 6.50 | 450 | 10.18 |
| Shanghai (RMB) | 4.80 | 30-50 | 4.40 | -40 | 4.07 |
| Sydney | 2.00 | 50 | 4.50 | 250 | 7.00 |
| Melbourne | 2.00 | 50 | 4.60 | 260 | 7.20 |
| Tokyo | 0.60 | 55-60 | 3.50 | 290 | 7.85 |

Note: Cash-on-cash yield is calculated by: (transactional yields – cost of debt x LTV ratio) / (1 – LTV ratio)
 Debt costs are based on investment grade borrowers, core stabilised assets fixed pricing on typical market maturities
 Source: JLL, Q3 2020

Share of ownership probably needs to be higher to be attractive to institutional capital



Ownership vs Lease



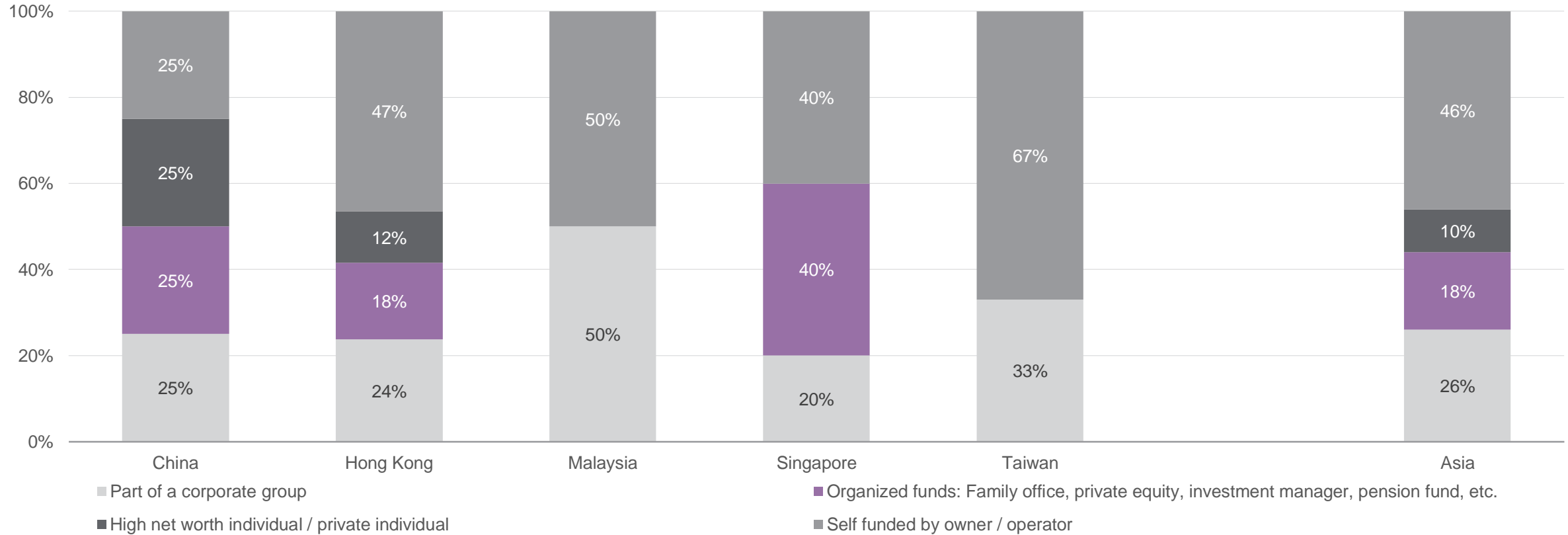
Note: Owned includes freehold and leasehold titles. Leased refers to building lease

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Private and self funding accounts for more than 50%

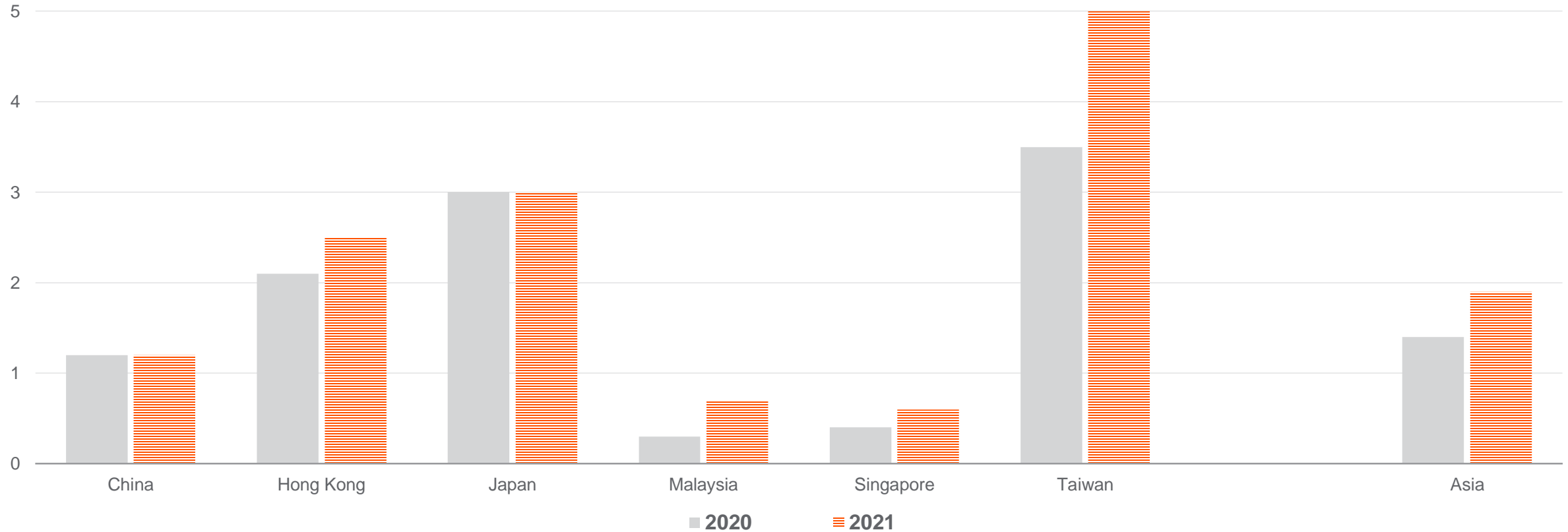


Source of Funding



Green shoots amidst COVID-19

Plans for New Stores



Source: SSAA Annual Survey 2020, IPSOS 2019, fedessa 2019 and 2020, www.sparefoot.com

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Mixed responses on intention to seek external funding

Investment sentiment should improve in 2021



50%
Yes

Venture Capital

Private Equity

Joint Venture

Strategic Partnership

Desire to seek external funding over the next 2 years

50%
No

Thank you

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