APERTURE
INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Stor-Age FY 2026 Results

Share Price	R16.72
Date	22 June 2026

RESULTS SUMMARY

Property REIT Stor-Age reported solid full-year 2026 results. Notably, performance differed between the group's SA and UK operations, with the SA segment outperforming while the UK was disappointing. Group distributable income per share rose 5.1% to 129.29 cents, and the board declared a final dividend of 56.6 cents per share.

The **SA portfolio** was the key driver of growth. Rental income increased 9.6% year-on-year, supported by a 0.9% rise in occupancy and an 8.6% increase in rental rates. Net property operating income grew 10.2%, driven by strong demand and effective revenue management. While closing occupancy eased slightly from 2025 levels, this was largely due to leasing activity that was weighted towards smaller units, rather than larger units vacated.

In contrast, **the UK portfolio** faced headwinds. Rental income rose 1.1%, driven by a 1.0% increase in rental rates and marginally higher occupancy (+0.1%). However, cost inflation (+4.5%) led to a 0.8% decline in net property operating income. Market conditions continue to drive promotional activity and dynamic pricing across the UK sector, leading to lower margins.

OUR LONG-TERM INVESTMENT VIEW

- Self-storage is a somewhat unique subsector within the property industry. The demand for storage units has proven to be defensive during economic downturns, while also being supported by long-term tailwinds such as downsizing and urbanisation. We expect Stor-Age to continue exhibiting these defensive characteristics and also benefit from management's growth initiatives. Stor-Age's entrepreneurial management team has several 'irons in the fire', including utilising some properties to offer digital marketing services to smaller industry players and managing third-party properties for a management fee.
- Stor-Age's unit economics are attractive. The facilities require low levels of maintenance capital expenditure, yet generate a good rental income, resulting in high operating efficiencies.
- In addition to owning and managing their assets, the group offers a third-party management solution called Management 1st. Stor-Age's management views this as a way to generate additional revenue without a commensurate increase in capital investment, while also gathering data for possible future acquisitions or developments. We expect this to result in higher returns on capital, which tend to drive increased shareholder returns.

UNPACKING THE FY 2026 RESULTS

High-level numbers

- Stor-Age's reported **property operating revenue** increased by 5.8% to R1.4bn, primarily driven by growth in its SA operations.
- **Same-store closing occupancies** for the group were 90.8%, 1% lower than the prior year**.** SA occupancies were 0.6% lower at 93.5%. While marginally lower, this marked another strong performance from the SA operations. In the UK, occupancies fell 2.3% to 81.6%, reflecting the highly competitive environment. In recent years, the UK has experienced varied

Portfolio Pipeline

Management outlined their portfolio pipeline, targeting 90 properties in SA and 70 in the UK by 2030. In SA, the focus will be on expanding in key urban markets through new developments, acquisitions and conversions, with an emphasis on visible, investment-grade sites and smaller, tech-enabled infill stores.

In the UK, expansion will be driven by scaling the Storage King platform, growing third-party management partnerships, and developing selectively in prime locations.

The current pipeline includes 20 active projects, performances. Initially, the post-pandemic trends proved to be a tailwind for the self-storage sector; however, the weaker macroeconomic environment, characterised by high cost inflation and interest rates, has become a headwind. Management comments about a continued competitive environment further dampen the region's prospects.

- **Bad debts** as a percentage of rental income were well managed. SA operations experienced an increase of 16 bps to 0.82%, while the UK's bad debts increased by 5 bps over the period. Overall, bad debts as a percentage of rental income were 0.66%, below the group's 1% threshold.
- Direct **operating costs** for the period rose by 6.2% to R362.6m. Planned once-off maintenance projects, property rates and Utilities mainly drove the increase in group costs. In SA, costs increased by 8.3%, largely driven by maintenance costs, while higher business rates and increased insurance costs drove UK costs (4.5%). While the SA operations continued to show margin improvement, the UK operations reported a decline in margins over the period.
- The group's **net asset value (NAV)** rose 3.7% to R17.67.
- The balance sheet remains well capitalised, with a **loan-to-value ratio** of 27.1%, in part assisted by the R500m capital raise during the period. The group's weighted-average debt maturity is 1.3 years, with an effective interest rate of 6.6%.

among them flagship developments in Cape Town and Johannesburg, acquisitions in Durban and several new builds and expansions in the UK.

Looking ahead

Management expects continued momentum in SA, with occupancy and rental rates forecast to support growth in FY27. The development and acquisition pipeline remains robust, supporting long-term targets under the 2030 strategy. In the UK, trading conditions are likely to remain competitive, with operators relying on dynamic pricing and promotions to drive occupancy. Management remains focused on disciplined capital allocation, leveraging its technology-enabled operating model and third-party management platform to deliver sustainable growth across both markets.

We retain our positive view on Stor-Age, with the current share price trading at an attractive valuation.

Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za