



# APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

## Stor-Age HY 2026 Results

Share Price  
Date

R17.64  
14 November 2025

### RESULTS SUMMARY

Property REIT Stor-Age reported solid interim results for 2026, although performance differed between its SA and UK operations. Group distributable income per share rose 4.5% to 66.4 cents, and the board declared an interim dividend of 59.7 cents per share.

The **SA portfolio** remained the key driver of growth. Same-store rental income increased 9.8% year-on-year, supported by a 1% rise in occupancy and an 8.7% increase in rental rates. Net property operating income grew 10.6%, boosted by robust demand and effective revenue management. While occupancy eased slightly from March 2025 levels, management expects both occupancy and rental rates to strengthen in the second half of FY26, traditionally the group's strongest trading period.

In contrast, the **UK portfolio** continued to face headwinds. Same-store rental income rose 2.5%, driven by a 2% increase in rental rates and marginally higher occupancy (+0.4%). However, cost inflation led to a 1.2% decline in net property operating income. Competitive market conditions continue to drive promotional activity and dynamic pricing strategies across the sector.

### 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 1<sup>st</sup>. 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 HY 2026 RESULTS

#### High-level numbers

- Stor-Age's reported **property operating revenue** increased by 8% to R694.4m, primarily driven by growth in its SA operations. On a comparable basis, revenue grew by 11.4% in SA and 1.4% in the UK. Rental rates rose 8.7% in SA and 2% in the UK.
- **Same-store occupancies** in SA were 1% higher to 92.1%, marking another strong performance from the SA operations. In the UK, average

- The group's **net asset value (NAV)** rose 6.9% to R17.25.
- The balance sheet remains well capitalised, with a **loan-to-value ratio** of 30%. The group's weighted average expiry of debt is 1.8 years, with an effective interest rate of 6.6%.

#### Strategy 2030 and Pipeline

Management outlined their 2030 strategy, which aims to grow its portfolio to 90 properties in SA and 70 in the UK. In SA, the focus will be on expanding

occupancies rose a more muted 0.4%. However, it is notable that the closing occupancy level was slightly lower, reflecting the competitive environment, as highlighted by management. In recent years, the UK has experienced varied 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. Recent management comments about an increasingly 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 28 bps to 0.86% while the UK's bad debts increased over the period by 8 bps. Overall, bad debts as a percentage of rental income was 0.74%, below the group's 1% threshold.
- Direct **operating costs** for the period rose by 9.7% to R181.6m. Planned once-off maintenance projects and the acceleration of capital expenditures mainly drove the increase in SA operation costs (+8%). UK costs (7.8%) were a result of higher business rates as well as increased insurance costs. While the SA operations still managed to show an improvement in margins, the UK operations reported a decline in margins over the period.

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, 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 strengthen during the second half of FY26, which is typically the group's strongest trading period. 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 below our estimate of fair value.

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