

# Stor-Age aims to double size within five years of listing

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NEWLY listed Stor-Age Property Reit plans to double in size over the next five years, supported by consistent demand for storage space from SA's growing middle class.

CEO Gavin Lucas said at the company's listing yesterday that Stor-Age was the leader in the self-storage industry. Mr Lucas said South African households and small and medium businesses had been renting storage units at strong nodes across SA and that this customer base had exploded over the past few years.

Stor-Age is the seventh property company to list on the JSE this year and the fourth real estate investment trust (Reit) to do so. It is the 18th company to list on the exchange this year.

Analysts said Stor-Age would be an attractive prospect for investors who wanted exposure to a specialised property asset as the majority of listed property companies in SA owned a mix of retail and office properties.

"They are a specialised play. All they do is self-storage; there is no other listed exposure," said Evan Robins, the manager of listed property at Old Mutual Investment Group's MacroSolutions boutique. "They are also one of the leaders in that small property sector and have built a credible national platform."

Sesfikile Capital director Kundayi Munzara said his group viewed "management very favourably" and liked the Stor-Age business offering.

Mr Munzara said that about 2-million of the company's shares had traded by midday, which was an impressive volume for a newly listed fund.

Mr Lucas started the company in 2004 when he was an articled clerk while studying to be an accountant, with a R200,000 loan from his brother, also an accountant, and help from his father, who had experience in the building industry.

He said he had found a niche in property services in SA and then researched how storage companies worked in the US and Australia, where many had been

successful. "Storage companies will work here like they do abroad. They are defensive because they are needs-driven. People have to store goods for positive reasons, such as them starting a new job or making renovations to their property, or negative reasons, such as divorce or a death in the family.

"We believe we will double our portfolio in about five years time, moving towards becoming a mid-cap company, and then again in about another five years time, and we will become an established mid cap worth about R10bn," he said.

"I feel that the most successful property companies which distribute sector-beating returns were built up over a number of years, and we would like to follow a similar path of gradual sustained growth."

Stor-Age opened at R9.89, following a significantly oversubscribed pre-listing capital raise. The share price rose as high as R9.99 before closing at R9.91.

Given the pre-listing demand for the stock, its board upped the size of the capital raise. A total of

R1.02bn was raised compared with the initial target of R715m, primarily with selected institutional investors.

The lion's share, or R907m, of the capital raised would be used to reduce gearing to a loan-to-value level of about 10%.

Stor-Age provides self-storage facilities at 32 properties worth R1.3bn, which are characterised by their high visibility to passing traffic, easy access and proximity to middle to upper income suburbs. Including its pipeline, the group's portfolio is close to R2.5bn. It has about 13,000 tenants.

Avior Capital equity analyst Adrian Jardine said the company dominated its niche of the property market and there were no competitors with better positioned storage facilities.

"Stor-Age is the best self-storage operator in SA, with its well-located sites, a healthy development pipeline and a far better product than its fragmented competition," said Mr Jardine.

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**STARTING POINT:** Stor-Age CEO Gavin Lucas addresses investors and media at the group's listing on the JSE's main board yesterday. Picture: MARTIN RHODES