

Investors eager for Stor-Age

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Stor-Age Property Reit has managed to raise R1.275bn in a heavily oversubscribed bookbuild as it looks to fund its first offshore acquisition.



Investors have been looking at more specialised property stocks for value - such as Stor-Age, which is the only JSE-listed group that invests solely in self-storage assets.

This is while the earnings quality of companies exposed to the retail, office and industrial sectors has deteriorated quite quickly on the back of a weak economy, according to Sesfikile Capital portfolio manager and director Kundayi Munzara. Stor-Age raised R1.275bn of equity at a price of R11.50 per share. "These funds would allow us to conclude the circa R1.3bn acquisition of Storage King on October 31, while maintaining a conservatively well-placed balance sheet post the effective date of the transaction," said CEO Gavin Lucas.

Storage King is the sixth largest self-storage brand in the UK.

"The strong demand for our stock resulted in us increasing the size of the capital raise from the initially indicated R900m,

up to the maximum allowable value of R1.275bn," said Lucas.

The Storage King portfolio comprises 13 well-located properties throughout England with a bias towards the southeast and east and an average occupancy of 78% of gross lettable area. A further 12 properties trade under licence of the Storage King brand in the UK, generating licence and management fees.

"The UK market presents an attractive growth opportunity as the country offers a robust macro-economic environment with a relative undersupply of self storage and a language, culture and regulatory system familiar to SA," he said.

Stor-Age would keep its exposure to the UK at between 35% and 40%.

"A significant portion of the company's underlying earnings will have the added benefit of serving as a hard currency rand hedge," said Lucas.

Source: Business Day

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