

The second wave

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Are batteries the new energy strategy in South African listed real estate?

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Solar has become the default environmental story in South African listed real estate. Major JSE-listed REITs now have an installed base, a percentage of demand met, and a slide to show for it. The numbers climb each reporting season, and the narrative has become comfortable.

Battery storage has recently become an emerging buzzword among REITs. Batteries are where solar was three or four years ago: present in a handful of portfolios, described inconsistently, and not yet a number the market demands.

From compliance exercise to earnings line

Sustainability reporting across South African listed real estate has grown considerably over the past decade. Some companies have gone a step further, linking executive pay directly to environmental targets. Growthpoint Properties, for instance, embeds its rooftop solar capacity and renewable-share targets into short-term and long-term incentive vesting

conditions. Disclosure quality, however, remains uneven across the sector. Some portfolios are backed by genuine certifications and detailed, verifiable metrics, while others amount to little more than a mention in an integrated report.

Given what loadshedding did to net property income, tenant retention, and asset valuations between 2021 and 2024, solar shifted from a compliance exercise to a business imperative. Over time it became a driver of value and profitability in its own right. The initial driver was an unreliable grid, but solar has produced a valuable side effect: real cost savings that feed directly into improved margins.

Vukile Property's solar income exceeded R100m in FY26, contributing 4.4% of gross income at a five-year compound annual growth rate of 45.2%, and Fairvest Limited's value of produced renewable energy grew 46.7% year on year in FY25. These are not tick-box numbers. They are relevant earnings, and they are growing faster than most other lines in the same set of results.

>R100m

VUKILE SOLAR INCOME IN FY26,
4.4% OF GROSS INCOME

45.2%

FIVE-YEAR COMPOUND ANNUAL
GROWTH IN THAT SOLAR INCOME

46.7%

GROWTH IN THE VALUE OF FAIRVEST'S
PRODUCED RENEWABLE ENERGY, FY25

Batteries are where solar was three or four years ago: present in a handful of portfolios, and not yet a number the market demands.

Solar's endgame is a roof, not a percentage

Solar capacity is finite in a way that is easy to forget when the industry talks about renewable percentages that keep increasing. It is bounded by available roof area, by structural loading, and by how much on-site demand actually exists at the moment the sun is generating hardest. Growthpoint has indicated that on a typical day rooftop solar can supply at most 15% to 20% of a building's consumption, because peak generation at midday does not line up with peak demand in the morning and evening.

That limit holds no matter how many panels go up, which is why the more advanced REITs have stopped seeing "more

solar" as the full answer.

Resilient REIT is the clearest illustration of what happens next. Solar is now installed at all of its shopping centres and is projected to supply approximately 43.2% of Resilient's energy consumption by December 2026. Management has explicitly pivoted the growth story to storage. Resilient installed an additional 10 MWh of battery storage in the first half of FY26, taking total capacity to 30.7 MWh, with a further 23.4 MWh approved across six centres.

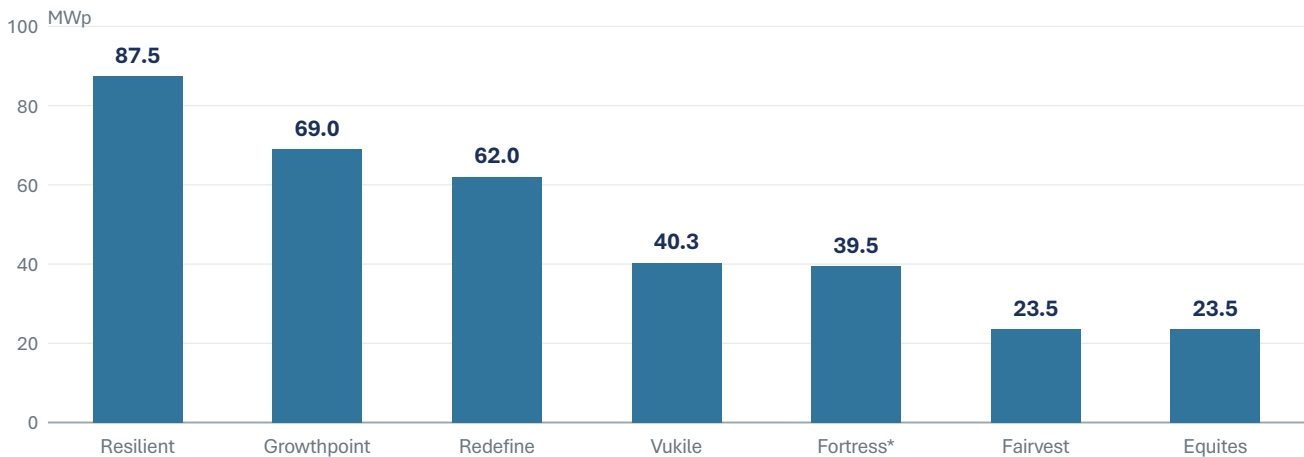
Resilient sits further along the solar path than any of its peers, and the fact that it is actively pulling the battery lever signals two things at once: roof space is running out as a source of growth, and the benefits of a battery system are becoming worth the capital in their own right.

Solar's endgame is a roof, not a percentage

Vukile shows the same pattern at smaller scale. Its 40.3 MWp solar base already supplies 29% of portfolio electricity, and 6 MWh of battery storage across six systems has been layered on

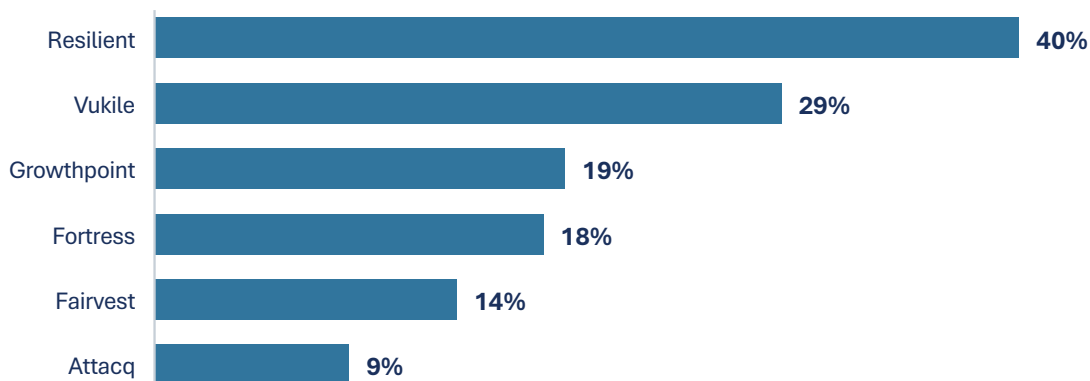
top of that mature base rather than installed as a starting point. Hyprop has recently confirmed its first battery systems at two shopping centres.

FIGURE 1 · INSTALLED SOLAR CAPACITY BY REIT, MWp



Latest disclosed solar capacity (FY25, or FY26 where available). Fortress reports MWac (inverter rating), roughly 15% to 25% below MWp. Source: company reporting.

FIGURE 2 · SOLAR AS A SHARE OF PORTFOLIO ELECTRICITY DEMAND



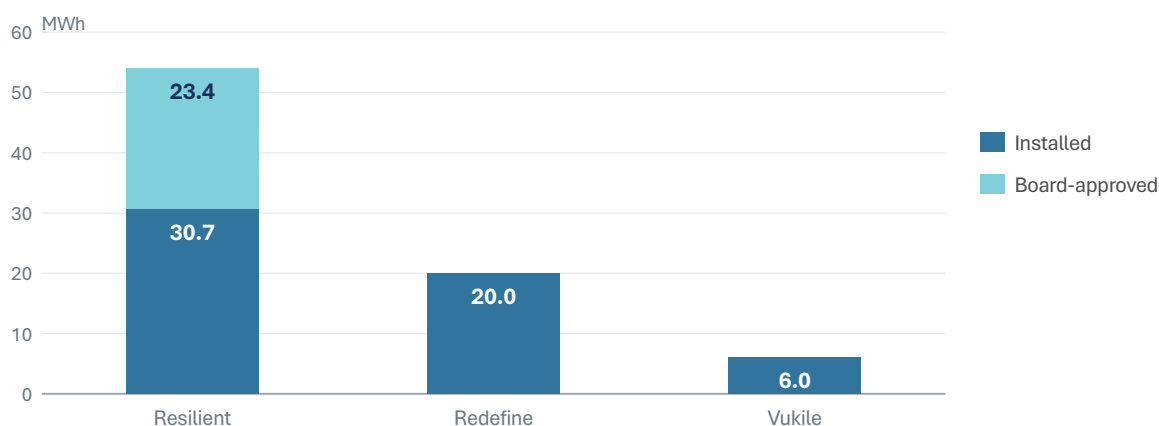
Latest disclosed solar capacity (FY25, or FY26 where available). Source: company reporting.

Battery storage has been layered on top of a mature solar base, rather than installed as a starting point.

On absolute capacity, Resilient, Redefine and Growthpoint lead a tight cluster north of 60 MWp. On share of electricity demand, Resilient and Vukile stand apart, as expected, given their retail portfolio focus, which on average provides larger roof spaces and embedded tenants who require significant power throughout the day.

Installed megawatts alone do not tell you how far a REIT has actually progressed, because the outcome also depends on portfolio mix, portfolio size, roof-to-load ratio, and how aggressively a given demand base can absorb on-site generation. A smaller portfolio with the right roofs can be further along than a larger one with more panels.

FIGURE 3 • BATTERY STORAGE CAPACITY BY REIT, MWh



Installed and board-approved battery energy storage capacity. Source: company reporting.

At a Capital Markets Day hosted by Redefine Properties in August 2026, Redefine disclosed a complete first-phase battery investment case: 20 MWh of total capacity, R117m of total capex, R19m of year-one savings once fully deployed, and a stated first-year return on investment of 16.9%.

The investment was framed as energy arbitrage: charging behind the meter when Eskom's time-of-use tariffs are cheapest and discharging into peak-tariff windows to capture the spread. That single disclosure does not close the sector-wide gap on its own. The return still needs to be proven at scale, beyond a single phase, and the remaining REITs have yet to disclose their battery plans, if they have any.

R117m

REDEFINE PHASE-ONE BATTERY
CAPEX, FOR 20 MWh

R19m

YEAR-ONE SAVINGS ONCE
FULLY DEPLOYED

16.9%

STATED FIRST-YEAR RETURN
ON THE INVESTMENT

What landlords are really paying for

The strategic logic for installing batteries rests on three distinct drivers.

Headroom for more solar. Resilient states its own rationale explicitly: batteries enable further solar expansion and support demand and load management once the roof itself is no longer the constraint. This is the release valve for a solar programme that has reached its physical ceiling. Storage allows a REIT to keep increasing its renewable share even after the panels can no longer generate more.

Resilience without diesel. Grid outages have become less frequent over the past two years, but they have not disappeared, and batteries offer continuity without the fuel cost, maintenance burden, and emissions profile of a generator running through an outage. Where solar plus a battery can carry

a centre through a typical outage window, the diesel generator becomes a backstop rather than a running cost.

Tariff arbitrage. Shifting consumption out of expensive peak-tariff windows has value on its own, independent of solar, even if the electricity being shifted never came from an on-site panel. This is the driver on which Redefine's 16.9% first-year return is built, and it is the one most exposed to how municipal tariff structures evolve.

Seen across the sector, these drivers trace a common path. Most REITs start fully grid-dependent, then install early embedded solar, then accelerate the solar rollout alongside efficiency measures, and finally scale into wheeling and battery storage together. The REITs furthest along this path increasingly describe their approach as an integrated hybrid energy strategy: solar, storage, grid, wheeling and demand flexibility managed as one system rather than as separate initiatives.

What would force disclosure

Who owns the asset, and who captures the saving?

Ownership structure adds a further wrinkle worth flagging. Equites delivers solar to its logistics occupiers through a power purchase agreement rather than owning the installation outright. That is a maintenance-free arrangement for the landlord, but one where the economics of generation sit partly with the tenant rather than accruing fully to Equites itself.

No other major South African REIT has yet disclosed an equivalent structure for batteries, but the same question will apply once one does. A landlord-owned battery captures the full arbitrage and resilience value on its own balance sheet, while a third-party-owned or PPA-structured system splits that value in ways that are much harder for an outside investor to model without explicit disclosure of who owns the asset and who captures the saving.

What would force disclosure

Solar became a standardised, comparable metric only once loadshedding made energy resilience an acute and universal concern that investors actively priced. Batteries have not had that forcing moment yet. That will change as roof space runs out, as Resilient's has, and as time-of-use tariff structures make the arbitrage case more visible.

Two developments over the next twelve to eighteen months are likely to accelerate battery implementation: municipal tariff

reform, and a possible increase in sustainability-linked funding. Several metros are moving toward more granular time-of-use structures as embedded generation grows. Cape Town's 2026/27 tariff book introduces a new opt-in residential time-of-use tariff designed for customers to arbitrage peak and off-peak pricing, which can be maximised by the use of battery systems. eThekweni's own tariff filings cite deregulated embedded generation access as a driver of rising network management requirements, and Johannesburg's City Power schedule maintains dedicated small-scale embedded generation and time-differentiated charges of its own. Each of these widens or sharpens the peak to off-peak spread that makes battery arbitrage pay.

As sustainability-linked financing spreads, lenders will increasingly need disclosure granular enough to price renewable-linked covenants properly, which will push disclosure in the same direction that investor pressure alone has been slow to achieve.

It is the same pattern as solar, where the strongest disclosers now are the ones that started measuring early. On batteries, that measurement has just become visible from the outside for the first time, at a handful of names. The disclosure standard the rest of the sector will eventually be measured against no longer has to be hypothetical; it now has live examples to catch up with.

THE BOTTOM LINE

The REITs worth watching are not those with the most installed battery capacity today, but those already measuring it.

43.2%

OF RESILIENT'S ENERGY CONSUMPTION
FROM SOLAR BY DECEMBER 2026

30.7 MWh

RESILIENT INSTALLED BATTERY CAPACITY,
WITH 23.4 MWH APPROVED

16.9%

STATED FIRST-YEAR RETURN ON REDEFINE'S
PHASE-ONE BATTERY INVESTMENT

First published in *Funds on Friday*, Glacier Research, 18 September 2026, Volume 1334. Catalyst Fund Managers SA (Pty) Ltd (FSP 36009), Catalyst Fund Managers Global (Pty) Ltd (FSP 45418) and Catalyst Fund Managers Alternative Investments (Pty) Ltd (FSP 47363), collectively referred to as CFM, are licensed Financial Services Providers in terms of section 8 of the Financial Advisory and Intermediary Services Act 37 of 2002. This document is provided for information only and does not constitute advice or a solicitation for funds. The opinions expressed are in good faith and, while every care has been taken in preparing this document, CFM makes no representations and gives no warranties of whatever nature in respect of it, including as to the accuracy or completeness of any information, facts or opinions contained herein. There are certain risks associated with investments in financial products, including market, credit and currency risks. Past performance is not necessarily an indication of future performance. Sources: company reporting, and municipal tariff schedules for the City of Cape Town, eThekweni and City Power Johannesburg. CFM's Compliance Officer is Nick Howse at eComply, info@ecomply.co.za.