

Vunani to take over Barrow property worth R207m

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VUNANI Property Investment Fund (VPIF) is set to acquire Johannesburg office properties named Greenstone Hill Office Park Proprietary from Barrow Properties for about R207.2m.

VPIF announced on Friday that an independent valuation of the properties brought back a view that the price tag represented fair value of the Greenstone Properties.

Greenstone Hill Office Park consists of 15 buildings. Under the current transaction VPIN is set to acquire eight buildings in the sectional title schemes.

VPIF said the acquisition comes to fulfil a strategic objective stated when the group listed on the JSE in 2011.

“The main purpose of the listing was to provide VPIF with a platform for acquisitive growth,” they said.

It added that this transaction would further enable VPIF to grow the portfolio by the acquisition of high quality

yield-enhancing properties.

“Post the acquisition, VPIF will own 11 of the 15 buildings in the Greenstone Hill Office Park.”

VPIF said the purchase price for the shares and loan accounts in Greenstone was R86.2m. It added that Greenstone had an existing loan of R121m with Investec Bank which will be settled from the proceeds raised from the proposed rights offer.

VPIF has been cautious in its growth since listing in 2011. While its peers and mainly companies which were listed in recently years have almost doubled their asset base through aggressive acquisitions, VPIN has seen measured growth.

An offshoot of black economic empowerment styled financial services player Vunani, VPIF is a property loan stock company which offers an exposure dominated by the office sector.

In the financial results for the six months ended December 2012, VPIN

said its portfolio was made of 28 high quality buildings with a total gross lettable area of 145 202m² valued at R1.5bn.

In the latter financial period VPIN reported an impressive performance as represented by a 24.4% growth in distribution. The company said that performance indicated the value to unit holders of an experienced, focussed management team.

“The fund’s strategy has remained largely unchanged from inception in 2006 and it will continue to extract value from its chosen market of A+, A and some B grade offices, while avoiding trophy assets until such time as such investments are value enhancing. It added that refurbishment of existing stock continues to enhance earnings.

“The next 12 months will see the fund aggressively pursuing further acquisitions which could result in the raising of additional capital, but not at the expense of yield and quality.”

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PRIME INVESTMENT: Buying to let in the office sector is seen by property firms as a good growth investment. PICTURE: SHUTTERSTOCK