

## Millions pour into Cape

It seems the sale of Cape Town's Waterfront to an influential offshore consortium has reignited sentiment for the local property market – at least judging by a number of interesting post-V&A sale deals.

The most significant of the deals (and probably one spurred by the new ownership developments at the V&A Waterfront) took place 'just down the road' with the Hospitality Group paying R105 million for the 4-star Protea Hotel Victoria Junction.

The deal was struck at an effective 10% discount to the R116 million value accorded to the property by independent valuers JHI Real Estate.

It seems Hospitality have clinched a rather good deal with forecast earnings from Victoria Junction penciled in at R6.8 million for the six months to end June 2007 and R11.3 million for the full year to end June 2008.

With the possible expansion of the V&A Waterfront there is no doubt the value of Victoria Junction could also escalate over the next few years.

Old Mutual-controlled SA Corporate Real Estate (formerly Martprop Property) boosted its Western Cape industrial portfolio through the completion of a R75 million warehouse and office complex in Tygerberg Business Park.

The addition of this development for The Fuel Group, a logistics services business, to SACRE's R2.6 billion portfolio lifts the Western Cape component to 12% following disposals earlier in the year.

Apart from the development for the Fuel Group, SACRE has sold Cape Town industrial properties for R17.2 million and acquired commercial property for R22 million in the Western Cape.

SACRE MD Roger Perkin says the Tygerberg Business Park (off Modderdam Road, Bellville) provides excellent access to the N1 and N2 and the international airport. "It is an ideal location for The Fuel Group's distribution business."

Somewhat out of the limelight CBN also notes that BEE contender Cape Empowerment Trust building some meaningful momentum in its fledgling property investments.

CET recently reported marked growth in its property portfolio to R32 million – which seemingly has spurred the group to take a more active interest in its 20% owned investment in African Alliance Properties.

Earlier this year African Alliance – which CBN believes could be a candidate for a JSE listing in the short term – increased the value of its properties by signing further leases.

CET reported that additional properties were in the process of being purchased with the group – through African Alliance Properties – currently in negotiations with various major role players in the property industry.

These negotiations revolve around plans to establish a Cape-based black-controlled variable loan stock property company with an initial portfolio of at least R800 million.

CET CEO Shaun Rai says the group expects the property initiative to reach this level of critical mass during the first quarter of next year.

In the meantime, it looks as though Gauteng-based Growthpoint Property group has beaten Redefine Property in an attempt to takeover Cape-based Paramount Property.

Paramount owns a host of well known Cape own properties – including the Golden Acre, the old Pick ‘n Pay HQ in Claremont and Paramount Place near Cavendish Square.

Redefine earlier this year blocked proposals to introduce Tokyo Sexwale’s Mvelaphanda Group as a strategic BEE shareholder at Paramount. Redefine is one of the bigger shareholder (+20%) in Paramount, and is believed to be opposing the Mvela transaction in order to initiate a takeover deal at Paramount.

Growthpoint appears to have built a stronger position in Paramount, although Redefine associate, Madison Property, is set to oppose Growthpoint’s advances.

Amidst the hostilities at Paramount, another Cape property group, Atlas, looks set for a change in control with JSE-listed Acucap snapping up a major stake held in trusts associated with late director Peter Irvine.

The Atlas deal means that four large Cape-based property listings – including Spearhead, CBS and Paramount – have undergone corporate action in the last year.