

Vunani Property Investment Fund	Business Report
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## New Hyprop, Vunani fund debuts on JSE

**Roy Cokayne**

VUNANI Property Investment Fund (VPIF), created by listed retail property fund Hyprop Investments and Vunani Properties, a subsidiary of black-owned financial services group Vunani Capital, successfully listed in the real estate sector on the main board of the JSE yesterday.

Rob Kane, the chief executive of VPIF, said yesterday that the listing had exceeded its expectations. Trading on stock markets in the past two weeks had been "particularly rocky" but he believed VPIF would trade through this comfortably.

"The listing was part of the original business plan for the fund. We're here for the long haul and to grow the company's asset base. Property is not a two- or three-week business. We're listing for the long term and hope investors we brought with us will be with us for the long haul as well," Kane said.

VPIF claims to be the only office-dominated property portfolio listed on the JSE. Its portfolio comprises 21 buildings worth a total of R947.6 million predominantly leased by national clients, including Standard Bank, Vodacom and the government. Vacancies in the portfolio are low at 4.8 percent, which includes planned vacancies of 2 percent caused by yield enhancing refurbishments that are under way.

Kane said VPIF did not consider postponing the listing, stressing it needed R366m to list and had raised R622m. "For us, that is a good measure of confidence from the market."

The company saw a good pipeline of acquisition opportunities and would be taking advantage of them, he said.

Kane was "pretty sure"

VPIF would announce some acquisitions when it next published its financial results in three months time.

VPIF disclosed that it has a R450m pipeline of acquisition opportunities plus the right of first refusal on all Vunani Properties developments, which were currently worth R150m.

Kane said he would be surprised if VPIF had not deployed the full R600m into acquisitions within the next year but stressed it was mindful not to dilute the quality and yield of the company's assets.

He confirmed VPIF was already in negotiations to acquire one of Vunani's assets. There was no growth target for the value of the VPIF portfolio and the focus was only on protecting the yield.

"We will grow as opportunities come along. Our primary reason for listing is growth. We are ambitious and Vunani is a very entrepreneurial company and so we will take it as it comes," he said.

The listing was in conjunction with an initial offer of linked units by way of a private placement of a maximum 66.3 million new units. To assist with liquidity, major shareholders Vunani Properties and Hyprop Limited also made units available for sale as part of the bookbuild.

A total of 88.27 million units were taken up at a placement price of R7.05 each, raising R622m. Of the linked units placed, 63.59 million new units worth R448m will be issued by VPIF with the balance being sold by Vunani and Hyprop.

Hyprop, which held a 49.8 percent stake in VPIF, had reduced its interest in the fund to 11.5 percent.

The shares closed at R7.25, valuing VPIF at R875m.