

Vunani Property Investment Fund	Business Day
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Newly listed Vunani not seeking 'trophy assets'

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VUNANI Property Investment Fund, which made its debut on the JSE yesterday, plans to hit the ground running as it starts to attract a diverse set of investors, helped along by R600m in its kitty to buy properties.

CEO Rob Kane told Business Day that Vunani's strategy was not to buy "trophy assets" but properties priced at their asset value and then redevelop them.

"We are looking for assets in great locations with the view to revamping them. Property is not nuclear physics but about intimately understanding an asset."

Listing at the issue price of 705c per unit sets Vunani's market capitalisation at R850m. The share closed at 725c after its first day on the JSE yesterday.

The portfolio comprises 21 buildings with an aggregate value of R947,6m, with 92% of the portfolio being commercial offices in strategically located nodes. The

other 8% is retail and Mr Kane said the plan was to redevelop it and sell it later to extract value.

Hyprop Property Investment Fund, which previously held a 49,8% stake in Vunani, has reduced this to 11,5%. Hyprop intends exiting its remaining investment in Vunani entirely.

Investec portfolio manager Vuyani Bekwa said Vunani's management seem to have a firm knowledge of the portfolio and were in touch with the day-to-day operations. What was particularly

impressive was maintenance across most of the portfolio.

However, Mr Bekwa said general lease lengths across the portfolio was a concern, as exposures where buildings were occupied by just one tenant.

Though the placement was successful, the share price was likely to come under pressure.

But Stanlib head of property funds Keillen Ndlovu said Vunani would bring diversity into the listed property sector. mokopanelet@bdfm.co.za