

Attacq prepares for conversion into Reit

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Attacq, the owner of Mall of Africa and other assets in Johannesburg's Waterfall node, is cleaning up its portfolio to focus on developments in Midrand and the rest of Africa as well as offshore opportunities.



Image source: www.waterfall-estate.co.za

Most of the company's interests in Pretoria and Namibia are being sold. Attacq, which listed in 2013, is converting from a development company into a real estate investment trust (Reit) to pay income returns to investors. The group is making progress in the sale of various non-core assets.

"We want to focus on our existing portfolio, our Waterfall development portfolio, our investment in European group MAS Real Estate and our exposure to various African shopping centres," said recently appointed chief operating officer Jackie van Niekerk. Attacq will become a Reit on 1 July 2018.

Attacq will own 30.8% of MAS Real Estate, a western European property investor that recently began investing in eastern Europe.

Attacq also has stakes in malls in Ghana, Zambia and Nigeria, through a partnership with Hyprop Investments.

The share price closed at R18.30 on Tuesday, 15 August. The company listed at R17 in October 2013, meaning its price

has grown only 7.65% since listing.

The group came to market as purely a capital growth play, but investors became frustrated that its assets - including Mall of Africa in Gauteng - were earning income that was not being distributed to investors.

"Becoming a Reit was always a part of our intended journey. We were going to convert in about two years' time from now when more of our Waterfall assets were online, but the market was keen for us to convert now. We want to become the premier property company in SA," said CEO Morn Wilken.

He said Attacq's unique proposition was that it owned commercial rights in the Waterfall node and land so it had space to develop multi-use assets. Competing funds had far fewer development opportunities in SA and were more reliant on finding partners abroad. Stanlib's head of listed property funds Keillen Ndlovu said Attacq's decision to become a Reit had prompted him to invest more in the company.

"South African investors prefer income-paying yield property stocks as opposed to developers or net asset value plays.

"Our market is more yield-driven as opposed to [net asset value] driven. What net asset values are is generally debatable, whereas cash distributions are simple to value as what you see is what you get."

Source: Business Day

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