



OLD MUTUAL

Investment Group

Property
Investments

PRESS RELEASE

TWO NEW BEE PROPERTY FUNDS SET FOR 2011

Cape Town, 1 March 2011 - Two new property funds run by black-owned management companies will get under way in 2011 with backing from Old Mutual Investment Group Property Investments (OMIGPI).

Firstly, Neo Africa Properties (Pty) Ltd is developing a fund of commercial properties leased to the government that will meet the Department of Public Works' broad-based black economic empowerment (BBBEE) policy for ownership.

Secondly, the Urban Growth Fund will comprise property investments that incorporate the core principles of responsible investment. Fund investments will include urban regeneration, township developments, investments in health and education facilities and green buildings. The fund's activities are primarily development led in order to maximise the growth of property assets in the responsible investment area.

OMIGPI, which is rated as a level 2 BBBEE contributor, will have a minority interest in both greenfields management companies, says managing director Ben Kodisang.

"OMIGPI views this as the ideal way to transfer skills to the property industry in line with the requirements of the Property Charter," said Mr Kodisang. "By collaborating with these select partners to set up these initiatives, we are pioneers in promoting the expansion of asset management capability that will ultimately benefit the broader industry."

Neo Africa Properties is run by CEO Musa Ngcobo and executive director Nic Corbishley.

Mr Ngcobo is chairman of the SA Property Owners' Association transformation committee, a member of the Property Sector Charter Council and co-founder of NEO Africa Properties, a subsidiary of NEO Africa, a diversified BBBEE consulting and investment holding company. He is also a non-executive independent director of JSE-listed SA Corporate Real Estate Fund. Mr Corbishley, who has decades of experience in the property industry at board level, is a director and shareholder of Neo Africa Properties.

Mr Ngcobo said the Neo Africa Properties fund will source assets from property owners who do not comply with the requirements of the Department of Public Works strategy on BEE, job creation and poverty alleviation, from existing BEE players seeking an exit, from underutilised government stock, and by acquisition from major players such as the Triangle Real Estate Fund and SA Corporate Real Estate Fund.

"Our aim is for the management company to be cash flow-positive by the second quarter of 2011," he said.

The Urban Growth Fund is run by Vusi Nondo and Anil Dhanjee, formerly portfolio managers at OMIGPI. Mr Nondo was responsible for managing the Old Mutual SRI Real Estate Fund, valued at R550 million. Mr Dhanjee was responsible for setting up and managing the Triangle Real Estate India Fund, which is investing R500 million in retail-focused projects in Aurangabad, Nagpur and Coimbatore on the Indian sub-continent.

Mr Dhanjee said: “We welcome this opportunity to be part of a pioneering initiative. Our experience at OMIGPI will be invaluable in establishing a fund with rigorous governance to meet the requirements of both institutional and large individual investors. ”

Mr Kodisang said OMIGPI is providing start-up capital for the two management companies through interest-free loans repayable by 2012.

“While OMIGPI will have joint control of the boards, executive responsibility will reside with the majority black shareholders. OMIGPI will also be providing administrative support and operating infrastructure and intends to exit its investments in the medium term, once the businesses are well-established.”

Ends

About OMIGPI

Old Mutual Investment Group Property Investments (OMIGPI) is the largest private property owner in the country. Their current portfolio is valued at R25 billion and consists of 344 buildings accommodating over 5 000 tenants. These properties include leading shopping malls (like Menlyn Park, Gateway and Cavendish Square), office complexes, factories and warehouses across Africa

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