

OLD MUTUAL'S TRIANGLE REAL ESTATE CORE FUND

EXPECTED
MARKET CAP

R12bn

PROPERTIES: Menlyn Park (Pretoria),
Gateway Theatre of Shopping (Umhlanga),
Cavendish Square (Cape Town)

EXPECTED YIELD: 7,7%

SECTOR FOCUS: RETAIL

CEO: Ben Kodisang

MD: Gary Hardisty

A SUCCESSFUL LISTING of Old Mutual's R12bn retail-focused property portfolio mid-2011 will make it the third largest player after Growthpoint (R26bn) and Redefine (R20,5bn). The market previously expected some of Old Mutual's mega-malls – such as Menlyn Park (Pretoria), Gateway Theatre of Shopping (Umhlanga) and Cavendish Square (Cape Town) – to be leaked on to the JSE via Old Mutual-managed SA Corporate.

But the fact the latter has underperformed the market over recent years and comprises mainly smaller, second tier retail centres has no doubt swayed Old Mutual to create a new, separate listing to house its prime assets. The fund will consist of 37 properties, with a 68% exposure to retail.

Ben Kodisang, MD of Old Mutual Investment Group Property Investments (Omigpi), says the fund should list at an initial yield of 7,7%, placing it roughly on a par with that of retail-focused Hyprop. A key sweetener for longer-term investors is that Omigpi has a development pipeline worth R20bn that could add significant bulk to its existing portfolio over the next five years.

Some of those landholdings were bought way back in the Eighties and include prime sites next to the Gautrain stations in Sandton, Rosebank and Midrand. Management will include Kodisang as CEO and Gary Hardisty as MD, who has been running the Triangle fund as an unlisted, institutional fund for the past four years.

