

Growthpoint, PIC buy V&A Waterfront

Despite initially denying it, Cape Town's Victoria and Alfred Waterfront has been sold to a consortium of investors for R10bn.

The consortium is made up of property giant Growthpoint, and the Public Investment Corporation, which has R1trn under management.

Growthpoint Properties (JSE:GRT) was one of the companies said to be interested in buying the property when Dubai hit an economic crisis in 2009.

The property was bought from Dubai World's Istithmar PJSC and Strawinsky Properties BV.

Growthpoint CEO Norbert Sasse at a presentation in Sandton on Monday said he expects the Competition Commission process to take "two-three months to complete" and did not expect "there to be any issues".

He added that there is 280,000 square meters of space that can be developed.

Sasse says going forward Growthpoint and its partner PIC would be keen to develop the undeveloped space. There is an opportunity for residential development in the precinct, he added.

Once the residential development is made Growthpoint and PIC will look to sell the residential side.

But on the whole project, Growthpoint has a long-term view on the precinct.

Asked why it partnered with the PIC, Norbert said: "We were approached late last year by the PIC to be its partners. "We are known to them they have been investors in us."

"We are pleased that this South African landmark will once again rest in South African hands. In addition to the benefits this asset will bring to many South African pensioners who now own 50% of the viable and dynamically growing V&A Waterfront. It also represents an opportunity for growth which will come from the future development of the undeveloped bulk", PIC CEO Elias Masilela said.

The deal is being funded by the property giant's debt facilities and banks.

Estienne De Klerk, executive director at GrowthPoint Properties told *Moneyweb* that "the two funders that approved the funding are RMB and Standard Bank. With RMB we have a facility for R2bn, they have undertaken to give us an additional R1bn.

"Standard Bank has given us a R2bn facility." "These facilities are all long-term available to ourselves".

De Klerk said Growthpoint is a South African company and it made sense for them to finance the deal using local debt.

In 2006 Istithmar PJSC and UK-based London & Regional Properties the consortium outbid local players for the V&A Waterfront, paying a staggering \$1bn (R6.9bn) for the rejuvenated mixed-use Cape Town harbour precinct amid South Africa's property boom. Dubai World Africa has interests in other South African real estate, like game farms.

The V&A Waterfront bid surprised local real estate players, who put much lower values on the real estate and structured their bids accordingly.