

Investec completes capital raise to fund Griffin acquisition

Investec Group completed its accelerated book build which opened at market close on 17 June, raising R561m at a price of R15.70.



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The placing of the Investec Property Fund (IPF) shares by Investec creates capacity for Investec to subscribe for, and underwrite the placing of new IPF shares, by way of a vendor placing to partially fund the R826m acquisition of a portfolio of properties from Griffin Holdings Proprietary Limited and various of its subsidiaries, as announced to the market on 5 June 2015.

The vendor placing will be implemented once the Griffin acquisition is unconditional by means of an issue of shares to Investec for R561m at a price of R15.70, being the same price as the book build.

Quality portfolio

The Griffin acquisition comprises 22 properties (18 industrial properties, two motor dealerships and two office properties) at an attractive yield of 9.3% based on contractual income. Furthermore the portfolio has contractual, above inflation, in-force escalations of 8.6%, a 3.2 year weighted average lease expiry and no vacancies. The acquisition introduces a quality portfolio of income producing properties into the Fund's asset base and boosts assets to R9.5bn, just shy of the R10bn target set out at listing.

"We are pleased with the outcome of the capital raise as it enables IPF to acquire assets of the quality of the Griffin portfolio and at the same time achieve an enhancement to IPF's distribution," said Nick Riley, CEO of IPF.

The structure of the capital raise is further evidence of the Investec Group's support of the growth of the Fund. Last year it sold down c.53 million IPF shares in order to create capacity to take up c.5 million shares (c.R525m) which it received as consideration for the sale of a portfolio of properties to the Fund. Investec has also participated and taken up equity in all of the IPF distribution reinvestment alternative plans.

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