

# Ascension acquires R1 billion property portfolio

Listed property loan stock Ascension Properties Limited have announced that its proposed acquisition of a R1 billion commercial property portfolio from Capital Property Fund is now unconditional.



A notice to unitholders stated that Ascension has received irrevocable undertakings from unitholders representing more than 50% of the issued linked unit capital of the company to vote in favour of the resolutions relating to the transaction.

The transaction has already been approved by the Competition Authorities and remained subject to unitholder approval. Ascension, having obtained these irrevocable undertakings, will hold a general meeting on 30 November at which the transaction will be formally approved. The acquisition will become effective from 1 December 2012.

## Portfolio will be doubled

The Capital transaction will effectively double Ascension's portfolio to R2,3 billion. Equally important, however, is that it will improve the liquidity of its listed units substantially as a result of 50% of the purchase price being settled by the issue of new Ascension units to Capital. This will result in Capital owning 91,6 million A-linked units and 61,8 million B-linked units, which Capital has undertaken to unbundle to its unitholders thereby widening the unitholder base of Ascension significantly.

As a result of the Capital transaction Ascension has declared a special distribution to unitholders as follows:

- A-linked units : 17,91 cents per unit of which 2,08 cents relates to the period from 11 June 2012 (when the company listed) to 30 June 2012, and 15,83 cents to the five-month period from 1 July to 30 November 2012.
- B-linked units: 9,65 cents per unit of which 2,63 cents relates to the period from the listing date to 30 June 2012, and 7,02 cents to the five-month period from 1 July to 30 November 2012.

Last date to trade cum-dividend is 23 November 2012 and the payment date is 3 December.

## Very attractive returns

The company has forecast distributions for the twelve months starting 1 December 2012 of 38,79 cents per A-linked unit and 19,68 cents per B-linked unit. Based on the issue prices of the units to be issued to Capital of 405 cents per A-linked unit and 200 cents per B-linked unit, this equates to a forward yield of 9,6% per A-linked unit and 9,8% per B-linked unit. These yields offer very attractive returns compared to its sector peers.

Ascension, which listed on the Johannesburg Securities Exchange property sector in June 2012, has achieved remarkable growth so far. "Ascension is well placed to continue growing the portfolio by at least R1 billion a year over the medium term and to deliver attractive returns to its unitholders," according to CEO Ashraf Mohamed.

Ascension is a black managed and substantially black owned property income fund. It focuses on commercial office buildings with a strong emphasis on towards government and empowerment sensitive tenants.

For more, visit: <https://www.bizcommunity.com>