

Vividend eyes R483m Access Park acquisition

By [Nick Hedley](#)

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Listed property loan stock company Vividend Income Fund said on Friday, 1 March 2013, it had entered into agreements which, if successfully concluded, would result in it acquiring 90% of Access Park, in Kenilworth, Cape Town, for R483m.

CEO Ari Jacobson said the acquisition of Access Park Kenilworth, which had provided compound growth of just under 14% over the past decade, was "stability enhancing" for Vividend. The property is tenanted by outlet stores and factory shops.

Jacobson said the property provided "better-than average" lease escalations of 10%.

The acquisition of Access Park Kenilworth, which would be Vividend's largest property by value, would grow Vividend's portfolio to 22 properties.

Jacobson said a pick-up in competition for the relatively small assets being sold by larger property groups had driven down their yields even though the risk remained unchanged. The increased competition was a result of the massive inflow of smaller funds to the market.

Vividend had decided to "go down the yield chain" to pursue stability and defensive income growth, Jacobson said. Although the acquisition was dilutionary in terms of linked unit distributions since the acquisition, it provided "defensive and resilient longevity and growth potential to the company's earnings, which is considered appropriate in the current economic climate".

Jacobson said that, "given the stability of our income now with this asset, we may very well, on a riskreward basis, be offering one of the better yields in the market".

Vividend said the acquisition was consistent with the company's strategy of "identifying and acquiring properties that provide sustainable value enhancement to linked unitholders from the effective date of their acquisition".

"The Access Park Kenilworth acquisition introduces a globally unique high-quality, well established, defensive and historically resilient property, both in terms of income growth and tenant demand, to the property portfolio of Vividend."

The remaining 10% of the Access Park Kenilworth property not held by Vividend after the acquisition is subject to separate option agreements.

The purchase consideration of R483m would increase by R158,920 a day from July 1.

Jacobson said Vividend, with an asset base of more than R2bn, was now "starting to move into the medium-sized category". The fund was not focusing on aggressive growth, but was rather pursuing "sustainable value".

"We have been forced down the yield scale where there's more sustainability - that's our focus going forward," Jacobson said.

Source: *Business Day*

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