

# Arrowhead buys Indite Property Fund

By [Nick Hedley](#)

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Listed property loan stock company Arrowhead Properties said on Wednesday (23 January) it will buy 100% black-owned and managed Indite Property Fund, as part of its growth and black economic empowerment strategies.



The deal, worth R178m, would align Arrowhead with the South African Property Charter and allow the group to enter into longer-term leases with government tenants, Arrowhead said.

Once the transaction is finalised Arrowhead will transfer its government-tenanted buildings - valued at about R390m - into the Indite portfolio which will be externally managed by Indite Manco.

Arrowhead said earlier this month it had made progress in its acquisition strategy - which aims to grow the portfolio by R660m, or 30%, in its current financial year and to grow its portfolio to R10bn by 2016.

Indite Property Fund's portfolio owns six buildings in Gauteng, Free State, KwaZulu-Natal and the North West Province, with tenants that include Transnet and a black-owned auditing firm.

The purchase price will be settled using a combination of Arrowhead units and cash.

Arrowhead's chief operating officer Mark Kaplan said on Wednesday (23 January) that the market was "fleeing from government property" because it was management-intensive and individuals could not easily enter the sector.

"Government properties are offering higher yields," he said.

"There's an opportunity to buy high-yielding properties with an A-grade tenant, which was usually entrenched in its properties," he said.

Thomas Matlala, chief executive of Indite Manco, said: "Together with Arrowhead, we see a great opportunity to grow Indite aggressively in the government and parastatal markets.

"We are well positioned to capitalise on opportunities in this sector by developing our niche strength as a 100% black-

managed property fund," Matlala added.

Arrowhead said last week it would acquire 15 office, retail and industrial properties from various sellers for a combined price of R489m and an average net yield of 11%.

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