

PROPERTY LISTINGS

Enter BEE players

The empowerment stature of the JSE's real estate sector will get another shot in the arm this week with the listing of Sandile Nomvete's Delta Property Fund.

Nomvete is the fourth black CEO to enter the listed property sector over the past 18 months. Others are lawyer-turned-developer Sisa Ngebulana, CEO of Rebosis Property Fund; Izak Petersen, CEO of Dipula Income Fund; and Alex Phakathi, recently appointed CEO of Fountainhead Property Trust.

Friday's listing of Delta's R2,1bn property portfolio, comprising mostly government-tenanted offices, will push the sector's market cap over R200bn,

up from around R140bn a year ago.

It's the ninth new listing since April 2011.

Though fund managers have become wary of new listings,

Delta clearly brings an enticing offering to the market judging by the prelisting support it has garnered from the big guns. Delta's prelisting place-

WHAT IT MEANS

JSE gets another new property listing
Delta's focus is on government tenants

ment has raised close to R1bn from key investors, including Stanlib, Coronation, the Public Investment Corp, Momentum and Grindrod.

Delta offers an initial forward yield of 9,12%, which Stanlib listed property funds head Keillen Ndlovu believes offers a "fairly decent" premium to the sector's 7% average. Ndlovu says the fund also has impressive empowerment credentials,

which positions Delta as a landlord of choice in the lucrative government-tenanted space.

Apart from Nomvete, the board includes Tongaat Hulett chairman JB Magwaza and Ipeleng Mkhari, all co-founders of Motseng Investment Holdings.

Meago director Jay Padayatchi says a well-diversified investor base should make Delta more liquid than many of its counterparts. "Liquidity may be the key to Delta's success."

Delta, in its previous guise as Motseng Property Services, acquired its first government-tenanted building in 2009: the Forum building in the Pretoria CBD, the department of transport's head office.

Delta's portfolio comprises 20 buildings worth R2,1bn. Nomvete plans to grow the portfolio to R7bn within five years. He dismisses concerns that government is becoming a risky tenant.

"We have 14 years' experience in dealing with public works and have built up a significant back office to manage rent collection challenges." Besides, Nomvete plans to gradually spread Delta's concentration risk to parastatal-tenanted buildings and rural shopping centres.

Joan Muller



Robbie Tshabalala

Sandile Nomvete
Delta listing