

Arrowhead buys property letting enterprise

Arrowhead Properties has bought a property letting enterprise and its related immovable properties at 55, 57 and 59 Glover Road, in Honeydew from Standard Bank for R150m.



Gerald Leissner of Arrowhead says residential properties are under-represented on the JSE's listed property sector. Image: Arrowhead

The properties comprise 333 residential units, all of which are let to Monash South Africa in terms of a triple net lease. Monash in turn sub-lets the units to students who attend the university.

"The purchase is in line with Arrowhead's strategy of expanding its residential property portfolio and, at a forward yield of about 12%, is likely to be distribution-enhancing," said Gerald Leissner, chief executive to Arrowhead.

After the implementation of the acquisition and the previously announced Jika acquisition, the group's residential portfolio would be worth about R550m.

Arrowhead said it intended to continue to explore opportunities to increase its residential portfolio to give unit-holders exposure to what it considered a high-growth sector of the property market. The company said that at about 1% of the listed sector compared with about 15% in larger developed markets this sector was under-represented in the South African market.

Arrowhead will take over the business from February next year.

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