

Musgrave building sold for R65m

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SA Corporate Real Estate Fund has agreed to buy the Musgrave building in Durban for R65m. The building is owned by Old Mutual Life Assurance Company (OMLACSA), and occupied by PricewaterhouseCoopers (PwC).

The purchase of the property, for cash, will be effective on transfer which is expected to take place during the first quarter of 2013.

"The acquisition is firmly in line with the overall investment strategy of the fund at an initial yield on total cost of 10.43% on the assumption that transfer of the property is registered on March 1 2013," the SA Corporate Fund said in a statement.

The property comprises a five story A-Grade office block and is fully let to PwC on a triple net lease escalating at 8% a year compound. The lease expires on June 30 2015.

As SA Corporate and OMLACSA have a common asset manager, Old Mutual Property (OMP) and further, as OMLACSA is an associate of OMP, the acquisition is a "small related party" transaction in terms of the JSE listings requirements.

The acquisition is subject to obtaining the relevant regulatory approvals, and a due diligence investigation within 21 business days from date of signature.

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