

Robor building sold for R570 million in leaseback deal

The Robor building, situated in Barbara Road, Elandsfontein, has been sold to Fountainhead Property Trust in a R570 million lease back deal.



Len van Niekerk

Len van Niekerk, CEO of Fountainhead says, "The enhancing acquisition furthers the trust's strategy to acquire large, quality assets with sustainable income growth and a low risk profile. The acquisition price and lease terms represent an initial yield of 8.5%, escalating at 8% per year over an initial term of 10 years on a triple-net lease basis."

The site consists of 120,277sqm of buildings and includes a combination of manufacturing factories and offices for Robor's different operations, some of which are being consolidated from another location to this 217,000sqm site, and roadways designed for heavy vehicle use.

Established in 1922, Robor is the largest tube and pipe manufacturing business in Southern Africa, with a leading position in most of its markets. It is active in most industries exporting to over 50 countries worldwide. It has operated from this site for 50 years.

Fountainhead also recently concluded two agreements to sell three retail properties in which it had minority interests for R944 million. The transactions are subject to the approval of the Competition Authorities and the intention is to apply the cash proceeds from these disposals towards the acquisition or, depending on timing, fund the acquisition from debt, as it has borrowing capacity.

"With Robor as the tenant, the acquisition represents a low-risk property with long-term, inflation beating net rental income growth. It also progresses our goal to pursue investments in other sectors which offer high-quality growing income streams."

The acquisition boosts the company's exposure to industrial property by gross lettable area to 31% creating greater sectoral diversification for the fund.

The property unit trust has been listed for 30 years with assets valued over R11 billion comprising a portfolio of 64 properties. The retail portfolio includes established centres such as the super-regional Centurion Mall, Boulders, Benmore Shopping Centre, Bryanston Shopping Centre, Blue Route Mall, Kenilworth Centre and a majority share in N1 City.