

Siga wants to secure more government leases

A new property fund, Siga Capital is trying to lure thousands of black investors to invest in the lucrative government property lease market that is estimated by Fin24 to be worth at least R30 billion.

Siga Capital will be run by investment banker David Goss and Fin24 says it will list on the Johannesburg Securities Exchange and use the money it raises to acquire and develop properties that will be leased to government departments.

Currently the government is conducting a detailed investigation into more than 4 000 leases that were negotiated by the Department of Public Works after the debacle over a R500-million lease deal with developer Roux Shabangu for new police headquarters in Pretoria.

The Department of Public Works says that hundreds of lease deals could be cancelled if the tender processes and awarding of the contracts were conducted in a corrupt manner.

However, Goss points out that the state is generally a stable tenant that honours its rental commitments. He says the fund will manage a portfolio of properties with 75% of the leases being negotiated with government and 25% with commercial and retail tenants.

Siga Capital is developing the 200 000 square metre Tshwane Precinct that will be built on prime land in the centre of Pretoria at a cost of about R4-billion.

Goss says the company has already raised about R6-billion in debt and a further R4-billion will be raised through the listing, giving it access to R10-billion for its lease portfolio.

The commercial property sector has a market capitalisation of R150-billion, up from just R23-billion in 2009. Only 3% of the market capitalisation of the property market is controlled through black-managed property funds.

For more:

- [Fin24](#)
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