

Royal Bafokeng on diversification trail

Property investment part of plan to ease reliance on precious metals

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ROYAL Bafokeng Holdings (RBH), investment arm of the Royal Bafokeng nation, is looking for attractive investments, particularly in financial services, energy and infrastructure, says Wilhelm Nauta of the group's strategic investments division.

RBH, which lists its platinum assets on the JSE on November 8, bought a 10.5% stake in property company Atterbury Investment Holdings for R500-million cash this week.

The transaction forms part of RBH's overall diversification strategy to reduce its reliance on precious metals, says Nauta.

He says Atterbury is "very

entrepreneurial", has a good marketplace image — and "they have very good assets and a track record of creating value".

Atterbury owns premium properties in Johannesburg, Cape Town and Pretoria, and is developing the Waterfall property in Woodmead, Johannesburg. "Waterfall is a very attractive property and could be a money-spinner in future."

The company has a 43% stake in Attfund, a R9.6-billion retail property fund, which includes Clearwater Mall and Woodlands Boulevard in Johannesburg and Cape Gate Precinct, Cape Town.

Atterbury has grown its asset base from R600-million when it was founded in 2005 to more than R7-billion.

Morné Wilken, executive director at Atterbury, attributes the company's success to its focus, mainly on retail and office development in large metropolitan areas, and the successful use of joint ventures.

"We stick to our knitting," says Wilken.

The company's "good mix" of developed and developing prime property is attractive, says Nauta. While earnings may be more volatile than those of listed property funds, the prospect of higher earnings from Atterbury is enticing, says Nauta.

"It is not Atterbury's strategy to list, and we're happy with that. We support their strategy." But RBH is not actively seeking more property investments.

"We'd rather consolidate our stake in Atterbury than make parallel investments.

"Atterbury is the horse we pick in this race. We believe we're partnering with the A team in town."

RBH also owns a stake in Eris Property Group, formed in 2008 when Rand Merchant Bank Properties restructured.

The group had R262-million in cash reserves and assets of R30.2-billion at end-December last year, and R553-million cash was spent on investment activity in financial 2009.

RBH investments include stakes in Vodacom, Zurich Insurance Company of SA, Astrapak, Metair Investments, Senwes and DHL Express.