

Prospectus, results underline Attacq qualities for JSE

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The abridged prospectus and annual results published by Attacq on Monday (7 October) clearly underline the quality proposition that the unlisted property development fund will bring to the market when it makes its debut on the JSE next week (14 October).



Profit for the year to June increased 30% to R728.79m while the net asset value (NAV) per share was 15.9% higher at R11.96.

With assets of R13.35bn, Attacq is one of the biggest and most eagerly awaited property listings to come to the JSE in many years.

The company, which owns the development rights at Waterfall City near Midrand and stakes in prime shopping centres such as Brooklyn Mall in Pretoria and Garden Route Mall in George, is expected to list at an initial market capitalisation of R8.5bn.

Attacq, previously known as Atterbury Investment Holdings, is the JSE's 14th property listing in three years, with most of the new counters having come to the bourse with market capitalisations below R2bn.

Returns above 20%

Attacq's chief executive Morne Wilken said the fund, in its unlisted guise as Atterbury Investment Holdings, had delivered an average compound return of 20.62% to shareholders since inception eight years ago. The fund had traded over the counter until now and has an existing shareholder base of 570.

Analysts expect the company to comfortably reach its R800m private placement target, given that Attacq is differentiating itself in a number of ways from existing property stocks.

The offering, at R15 per share, to select investors closes on Wednesday (9 October).

Unlike most of its listed peers, Attacq is unique is a pure capital growth investment. The stock will not pay out any dividends

in the first few years after listing.

"Attacq's share placement should be well supported. Property investors have been waiting a while for a large listing and Attacq is providing this opportunity," Momentum Asset Management's head of property Nesi Chetty said.

Reinvest earnings

He said the focus of the company would be to reinvest earnings into developments so it would not list as a real estate investment trust (Reit), which is obliged to pay out at least 75% of its earnings via income distributions.

Chetty said much of Attacq's future capital growth lay in the unlocking of Waterfall's development potential over the next 10 to 15 years.

The group recently broke ground on the premises of the R3bn Mall of Africa, which will anchor Waterfall City. "Investors should expect a lot of the focus to be on capital appreciation rather than income," Chetty said.

Meago Asset Management's director Jay Padayatchi said the premium of about 25% to NAV that Attacq was expected to list at was probably justified if one factored in an increase in property values between the June and the listing date.

"In addition, Attacq has a strong management team with an enviable track record and access to one of the most desirable real estate developments in Gauteng."

It was also announced on Monday that Attacq would consolidate its European property interests in AltX-listed MAS Real Estate, an offshore property investment focused on Germany, Switzerland and the UK.

Attacq has sold its stakes in two funds listed on the Euro MTF Market of the Luxembourg Stock Exchange for €34.2m (R468m) in a share swap arrangement to MAS. The deal will nearly double Attacq's stake in MAS from 23.9% to 47.3%.

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