

Tower's income payout surprise

By [Joan Muller](#)

24 Jan 2014

Tower Property Fund, one of four real estate companies that made their debut on the JSE last year, exceeded its pre-listing forecast with a maiden distribution of 33c per share for the six months to November, compared with its pre-listing forecast of 31.4c per share.



Tower's flagship property: the Cape Quarter in Green Point. Image: [Portfolio Collection](#)

The new listing owns a portfolio of 27 properties valued at R1.64bn and spread mostly between the Western Cape and Gauteng. Mixed-use precinct Cape Quarter in Cape Town's Green Point is Tower's flagship property.

Tower's chief executive, Marc Edwards said the results for the six months brought the annualised income return earned by investors to an attractive 9.6%.

He ascribed the fund's pleasing performance to a strong focus on property asset management, with significant savings being made by rationalising service agreements and letting vacant space.

"We have reduced operating costs across the portfolio and made good progress with the greening strategy that underpins the fund," he said.

Edwards said Tower's greening strategy should increase the competitiveness and values of the buildings in its portfolio. "This strategy results in reduced occupancy costs for tenants and fewer vacancies over time because of the lower occupation costs. Moreover, the properties are more marketable to prospective tenants," said Edwards.

One of Tower's Sandton office blocks is expected to be awarded a 6-Star Green Star rating by the Green Building Council South Africa.

Edwards plans to bulk up Tower's portfolio with strategic property acquisitions over the coming year. Management is negotiating to buy commercial properties worth R300m and evaluating a pipeline of acquisitions valued at a further R500m.

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