

Nedbank concludes loan facility between Collins and Aveng

Nedbank Corporate and Investment Banking (NCIB) has concluded an estimated R1.14bn loan facility to finance a joint venture (JV) between Collins Property Group, a Durban-based commercial property development and investment company, and Aveng.



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The deal was concluded after Collins won a private tender arrangement by Aveng, which saw them dispose of 70% interest in a portion of their industrial property portfolio in a sale and leaseback transaction to Collins. Aveng will retain a 30% stake in the company formed to house the JV between the parties to acquire the property portfolio.

According to Brad Maxwell, managing executive of Investment Banking at NCIB, the deal was made possible by a combination of a partnership-based approach by all the stakeholders and close collaboration between the Property Finance, Corporate Finance, Client Coverage and Tax Advisory businesses of NCIB.

"Corporate Finance at NCIB acted as investment bank and corporate advisor to Aveng, while our Property Finance division provided senior debt funding of R985m to the partners for the acquisition of the property portfolio, as well as equity and mezzanine funding totalling just over R164m for Collins for their equity participation in the transaction," says Maxwell.

Key property player

With an impressive portfolio, Collins has already established a firm standing as a key private property player in the South African market and is one of Nedbank's major clients in KwaZulu-Natal, with a number of substantial deals concluded in the past three years, in excess of R1bn.

"This is an exciting transaction for both companies which presents an opportunity to build on each other's strengths to become market forces within the African continent," says Robin Lockhart-Ross, managing executive of Property Finance at NCIB.

Collins was selected for their expertise in the potential redevelopments within the portfolio, and potential opportunities due to their property footprint and partnerships in Africa that will allow them to unlock future prospects.

Valuable stock

"We are pleased to have concluded this transaction as it adds significant and valuable stock to our commercial property portfolio. We are also delighted to be able to partner Aveng, which is Africa's largest infrastructure group by revenue," says Murray Collins of Collins.

Maxwell explains that the willingness of Aveng to involve Nedbank in the transaction right from the tender stage was a significant contributor to the eventual success of the deal. "The involvement of all our NCIB teams in the tender sale process, the selection of the most appropriate acquirer, the structuring of the complex finance design, and the eventual conclusion of the transaction allowed us to deliver precisely the right deal for both parties, thereby ensuring the best fit between seller and buyer and serving to further strengthen our long-standing relationships with both Aveng and Collins."

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