

Investors likely to put Accelerate Property Fund on buying list

More investors are likely to place Accelerate Property Fund on their buying lists after the company finally acquired the rights to add another 90000m² to Fourways Mall.



The deal is worth R730m and will take the fund's flagship Johannesburg property to a huge 170000m². That will make Fourways Mall SA's largest centre, pipping Old Mutual's 155000m² Gateway in Umhlanga.

Unlike some of its newer peers, Accelerate has underperformed the sector since the Georgiou-family founded fund listed in December 2013. At the time, management revealed ambitious plans to redevelop the mall but the market has been waiting for details on timing, pricing and funding.

Now that there is more certainty on the extension of Fourways Mall, the Accelerate story becomes "far more compelling", says Keillen Ndlovu, Stanlib's head of listed property funds.

"Most of the fund's future upside lies in the centre's redevelopment, so last week's announcement should act as a catalyst for a rerating."

Accelerate COO Andrew Costa says given how the deal is structured, Accelerate will own 50% of the redeveloped mall with developers Fourways Precinct and Azrapart.

The redevelopment will incorporate nearby Fourways View centre on the corner of Witkoppen and Cedar roads as well as the Game building adjacent to the taxi parking area.

Costa says the extension should increase the value of Fourways Mall to at least R6,56bn, up from R2,3bn. He is confident there is enough demand from retailers and shoppers to justify an addition of this magnitude.

"Retailers have already committed to take up 70% of the 90000m² extension. These are mostly existing tenants who want to extend stores and bring in more brands, as well as a number of international retailers who couldn't previously be accommodated at Fourways Mall due to a lack of space."

Construction, scheduled to start by September, should be completed by October 2017.

Accelerate's share price is up nearly 10% since mid-June. The stock is, however, still trading at a forward yield of 8%, which is attractive compared to the sector's average 6,7%.

Source: Financial Mail

For more, visit: <https://www.bizcommunity.com>