

# Landlord Capco expands Covent Garden footprint

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London-focused property company Capital & Counties Properties (Capco) has increased its footprint in Covent Garden, acquiring a long leasehold interest for R1.4bn (£79m) before purchaser's costs.



The company said the dual-frontage property at 14-17 Long Acre and 27b Floral Street generated yearly rental income of R61m (£3.4m) across 4,000m<sup>2</sup>, with 60% of the income from retail space.

"The purchase of this property is in line with Capco's strategy of acquiring prime assets at Covent Garden that offer the opportunity to create value," said Capco Covent Garden director Michelle McGrath.

"This acquisition expands our footprint in the area and further consolidates our presence on Floral Street where recent signings include Kent & Curwen and The Shop at Bluebird."

Capco was responsible for the management and curation of 102,193m<sup>2</sup> of space at Covent Garden at the end of June 2017. This constituted 68% of its portfolio, or R43bn (£2.4bn).

The share price was, however, hit by Brexit creating uncertainty about the possibly bubble-like nature of rising property prices in central London. Capco plunged 51.71% in 2016 and is off 2.97% so far in 2017. It continues to trade at a

discount to net asset value of about 25%.

Grindrod chief investment officer Ian Anderson said that while many market participants, including Grindrod, were steering clear of the stock at the moment, the business case remained solid, and the acquisition would help cement Capco's position as the primary landlord in Covent Garden.

Covent Garden remained in a prime position in London, said Anderson, and as further asset deals went through some of the risk being priced into property shares due to Brexit might begin to unwind a little.

Lesiba Ledwaba, head of Ashburton Investments property portfolio said that in relation to Capco's portfolio size, the deal was not material.

"The Covent Garden assets' investment case remains intact and any further value enhancing acquisitions or developments are welcome."

Capco has sought to reposition Covent Garden as a premier shopping and entertainment destination. Capco's share price was 0.38% up at R48.10 at close of trade on Thursday.

*Source: Business Day*

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