State employees now own stakes in top malls in SA

PIC purchases two property companies that give government employees stakes in some shopping centres

THABANG MOKOPANELE Published: 2012/01/27 07:01:16 AM

THE Public Investment Corporation (PIC) has bought two property companies that give government employees and retired public servants stakes in some of SA's premium shopping centres.

The Competition Tribunal this week approved the PIC's R6,8bn purchase of property companies Pareto and BVI on behalf of the Government Employees Pension Fund, bringing the fund close to its mandated strategic asset allocation of 5% of its portfolio in property.

The PIC has a property team that focuses on development management, property finance and asset management. External property management companies are hired for rent collection and debt management and to oversee maintenance, among other things.

More than 1,2-million public servants and 318000 pensioners and beneficiaries of the state pension fund now own stakes in some of the largest shopping centres, including Sandton City, Cavendish Square in Cape Town and The Pavilion. Pareto was sold to the fund by Eskom.

Last year, the PIC and Growthpoint Properties bought the Victoria and Alfred Waterfront for R9,7bn — one the largest property deals to date in SA.

CEO Elias Masilela said yesterday the PIC would be "aggressively pursuing" property investment opportunities in underdeveloped areas of SA. "This will be essential to ensure we improve the quality of life in these areas, by bringing services closer to the communities as well as ensuring they start enjoying the same shopping experience as citizens in urban areas."

Mr Masilela said by investing in real estate, the PIC was effectively distributing economic value across geographic areas.

He said by owning the best retail property portfolio in SA, members of the pension fund would enjoy the superior returns and capital growth associated with owning assets of this nature. Pareto and BVI had a combined gross asset value of R13,6bn.

The PIC's property portfolio is now worth more than R26,9bn and is one of the largest and most diversified in SA. It includes investments in premier retail malls, convention centres and hotels, some in historically neglected rural and urban townships, and in strategic national assets such as airports.

mokopanelet@bdfm.co.za