

Brimstone on fire for exposure towards property

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Empowerment group Brimstone Investment Corporation has markedly increased its exposure to the real estate sector through new investment.



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On Tuesday, 19 December, the Cape-based Brimstone — which is anchored by investments in JSE-listed fishing counters Sea Harvest and Oceana Group, as well as private hospitals group Life Health — announced an investment in unlisted FPG Property Fund (FPG).

Brimstone will pay R140m for an initial 10% stake in FPG. FPG is a Cape-based black-owned and managed property fund with a portfolio of properties spanning the retail, industrial and office sectors.

The company has carved a niche in neighbourhood convenience and value centres. Brimstone said more than 70% of tenants had a national presence, which gave FPG "a strong and stable contractual rental base".

The FPG investment adds bulk to Brimstone's existing property hub — which includes an 8.5% stake in JSE-listed Equities Property Fund and R158m worth of properties in Salt River, Epping and Northcliff.

The agreement with FPG also gives Brimstone the first right of refusal to acquire additional shares if further funding is

required by way of an issue of shares. But this right falls away once Brimstone's shareholding reaches the 20% level.

While FPG's property portfolio is mostly based in SA, the fund does hold properties in the UK through a wholly owned subsidiary — FPG UK. The UK endeavours revolve mainly around retail properties as well as developing and renovating residential properties.

In addition, FPG also holds a portfolio of shares in JSE-listed companies that are estimated to be worth around R42m.

FPG's portfolio consists of 37 properties mainly in the greater Cape Town area.

These properties have a total gross lettable area of around 200,000m².

The UK portfolio has eight properties with a total gross lettable area of roughly 10,000m².

Brimstone said its investment would help FPG accelerate its growth trajectory with the fresh capital earmarked for new acquisitions and the development pipeline.

Brimstone has been a fairly active investor in the past few months, making new investments in recently listed counters such as Brian Joffe's Long4Life and tertiary education specialist Stadio Holdings.

Source: Business Day

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