

Fountainhead plans rights offer to bolster portfolio

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LISTED property unit trust Fountainhead plans to raise R1bn through a rights offer as part of its strategy to increase the size and overall quality of its property portfolio.

Fountainhead said yesterday the rights offer would enhance the long-term distribution growth prospects for its unitholders.

"This will be achieved through the acquisition of superior properties as well as through refurbishing certain properties in the portfolio."

It said the proceeds from the rights offer, in combination with the utilisation of debt facilities, would be used to fund property acquisitions and refurbishments. The proceeds would also enhance its capability to conclude large acquisitions.

In terms of the rights offer,

166 666 667 new Fountainhead units would be offered for subscription to its unitholders recorded in the register at 5pm on March 18, on the basis of 16,73288 new Fountainhead units for every 100 Fountainhead units held by them at 600c per rights offer unit.

The rights offer price represents a discount of

8,1% to the volume-weighted average price of Fountainhead units on the JSE for the five days ended last Friday.

Fountainhead, which is continuing its strategy of buying quality retail assets in strong retail nodes, has reached an agreement to acquire Access Park, in Cape Town, for R419m.

Fountainhead said it

planned to grow its portfolio, which has a 74% exposure in retail, by between R1bn and R2bn in the next 18 months.

The fund was looking at other opportunities across all sectors, though retail remained an attractive investment

because it had weathered the storm better than others. Fountainhead's focus remained in

Gauteng, KwaZulu-Natal and the Western Cape.

The fund said there were a few opportunities in the pipeline, but emphasised it would buy only good-quality assets to grow the portfolio.

Its portfolio consists of 74% retail, 15% offices, 7% industrial and 4% specialised properties.

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FOUNTAINHEAD

Full year	2010	2009
Income (Rm)	846	785
Operating profit (Rm)	626	590
Net income (Rm)	549,35	617,025
HEPS (c)	55,53	53,66
Distribution PS (c)	54,08	52,00