

## MEDIA RELEASE FROM FOUNTAINHEAD

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### ***Fountainhead acquires landmark Robor building for R570 million, with leaseback***

Fountainhead Property Trust has agreed to acquire the prime industrial property belonging to Robor Pty Ltd at 233 Barbara Road, Elandsfontein, in Ekurhuleni east of Johannesburg, for R570.7 million. It has also entered into a leaseback agreement with Robor for the property.

Len van Niekerk, CEO of Fountainhead says: “The enhancing acquisition furthers Fountainhead’s strategy to acquire large, quality assets with sustainable income growth and a low risk profile. To this end, the acquisition price and lease terms represent an initial yield of 8.5%, escalating at 8% per year over an initial term of 10 years on a triple-net lease basis.”

The Robor site consists of 120,277sqm of buildings and is located in the established, desirable industrial node of Elandsfontein in Gauteng. It includes a combination of manufacturing factories and offices for Robor’s different operations, some of which are being consolidated from another location to this 217,000sqm site, as well as roadways designed for heavy vehicle use.

Established in 1922, Robor (Pty) Ltd is the largest tube and pipe manufacturing business in Southern Africa, with a leading position in most of its markets. Robor is active in most industries exporting to over 50 countries worldwide. The 92 year-old business has operated from this site in Barbara Road for 50 years.

Fountainhead also recently concluded two agreements to sell three retail properties in which it had minority interests for a total consideration of R944 million. The transactions are subject to the approval of the Competition Authorities and the intention is to apply the cash proceeds from these disposals towards the acquisition or, depending on timing, fund the acquisition from debt as it has borrowing capacity.

“With Robor as the tenant, the acquisition represents a low-risk property with long-term, inflation beating net rental income growth,” added van Niekerk. “It also progresses our goal to pursue investments in other sectors which offer high-quality growing income streams.”

The acquisition boosts Fountainhead’s exposure to industrial property by gross lettable area to 31% creating greater sectoral diversification for the fund.

Fountainhead is a property unit trust that has been listed for 30 years with assets valued over R11 billion comprising a portfolio of 64 properties. The retail portfolio includes established centres such as the super-regional Centurion Mall, Boulders, Benmore Shopping Centre, Bryanston Shopping Centre, Blue Route Mall, Kenilworth Centre and a majority share in N1 City.

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