

Sanlam's sub-Saharan fund launches soon

By [Nick Hedley](#)

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Financial services group Sanlam is due to launch its sub-Saharan Africa Real Estate Fund at the end of March, which it intends to list on the Stock Exchange of Mauritius.



The fund, which forms part of Sanlam's growth strategy into Africa and was initially intended to be launched last month, excludes South African real estate.

Sanlam Investments chief executive Johan van der Merwe said on Monday (11 February) the fund "aims to take advantage of the favourable supply and demand imbalance for quality real estate across the subcontinent, as well as its strengthening demographics and resultant return characteristics".

Sanlam expects to grow the portfolio to more than US\$500m over the medium term with the bulk of initial investors expected from the US and southern Africa. The group plans to close the initial capital raising process on 31 March, with the target audience being large institutions in the savings industry.

Van der Merwe said while the majority of the developed world "is struggling to find yield", Africa currently had seven of the top 10 growing economies in the world, creating an opportunity for Sanlam to provide the investor community "with a suite of products that facilitates participation in these markets".

Sanlam Properties chief executive Thomas Reilly, said "sophisticated investors" had struggled to find an internationally acceptable product to access the growing African market.

Reilly said while its holding in the Accra Mall in Ghana was currently the fund's only property, "we have been able to secure a strong pipeline of select assets with attractive returns".

The fund would not develop property but would acquire existing income-earning assets in countries where Sanlam had an existing footprint, including various West and East African countries, as well as Zambia and Mozambique.

"Given the fact that the fund assumes little or no development risk, these returns are proving to be attractive to investors, particularly when taking into account the lowered risk profile of the fund," Reilly said.

Head of listed property funds for Stanlib, Keillen Ndlovu, said last month that the focus of local funds was shifting to the rest of the continent where investments were gaining momentum.

"Several SA property companies, listed and unlisted, are targeting countries like Nigeria, Ghana, Kenya, Angola, Mozambique, Zambia and Mauritius. Most projects are at infancy stages and it will take the listed property sector two to three years to see the benefit of this," Ndlovu said.

Meanwhile, Resilient Property Income Fund has committed R600m towards Resilient Africa - an initiative with Standard Bank and Shoprite that intends focusing exclusively on Nigeria.

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