



URBAN PROPERTY FUND

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Divercity invests R2 billion in Joburg inner-city developments

ABSA Towers Main and Jewel City to be redeveloped and linked to Maboneng

Divercity Urban Property Fund is investing R2bn in Johannesburg as part of its strategy to create thriving mixed-use inner-city precincts. This investment, the largest in the Johannesburg CBD for some years, is focused on the redevelopment of the iconic ABSA Towers Main building and Jewel City.

Newly launched Divercity is an investment fund backed by the experience of some of South Africa's leading property investors and developers. It is set to renew and re-energise the country's urban centres with its unique focus on inner-city precinct development that combines commercial buildings with affordable residential space to create inclusive and diverse neighbourhoods. Its strong business case is also transformative in a uniquely South African sense.

Divercity's major shareholders and stakeholders are Atterbury and Ithemba Property, with Talis Property Fund playing a major part in the formation of the fund. Cornerstone investors will be RMH Property and Nedbank Property Partners, subject to Competition Commission approval. It launched earlier this year with a R2bn portfolio of prominent commercial and affordable residential assets, which will grow to over R4bn on completion of its latest development projects.

Wouter de Vos, CEO of Atterbury Property Fund, says: "Divercity is leading the way in creating inclusive, sustainable, amenity-rich neighbourhoods and inspiring others to commit to the vision of regenerated cities. The ABSA Towers Main and Jewel City projects are iconic and symbolic of where Divercity is going."

Following a competitive bidding process, Divercity acquired the 30-storey ABSA Towers Main building from ABSA, conditional on approvals from the Competition Commission.

The currently unoccupied building will be redeveloped into a one-of-a-kind mixed-use building for South Africa, including 520 affordably priced residential rental apartments, a floor of coffee shops, restaurants and recreation, ground floor convenience retail, child care facilities, a public park, integrated public transport facilities and a wealth of public art.

ABSA will also be leasing back nine floors with 10,000sqm of office space in the redeveloped building. Once completed, the development will be valued at over R400m.

“We are constantly looking for ways to express who the new Absa is and what we stand for. We are taking an old building and giving it a new lease on life to benefit our colleagues and the broader community. It’s about finding new ways of getting things done by creating a vibrant space where we can live, work and play together,” says Wendy Cuthbert, head of Absa Corporate Real Estate Solutions (CRES).

Rian Reyneke, CEO of Ithemba, says: “With its partners, Divercity has an established track record of successful commercial development and good placemaking. Like Divercity, ABSA is deeply committed to the Joburg inner city. This commitment and urban regeneration are the shared focus behind the project. Our likeminded partnership has made it possible to redevelop a building as significant as ABSA Towers Main.”

The project will commence in early 2019, with ABSA expected to reoccupy the towers early in 2020. The 20 floors dedicated to residential accommodation and recreation will be launched in various phases.

Besides creating an inclusive new world-class ‘live, work, play’ environment, the project is also designed to enhance the area as a whole. As part of a wider neighbourhood development initiative, a pedestrian-friendly walkway with street furniture, lighting and art will be created from ABSA Towers Main all the way to Maboneng. This unique urban intervention prioritizes pedestrians and people of the local community above vehicular traffic.

Between ABSA Tower Main and Maboneng is Jewel City, the former heart of the diamond and precious metals trade in Johannesburg, which spans six city blocks that have been closed off to the public for decades. Divercity acquired Jewel City from Redefine Properties and the property transferred on 1 October 2018.

Jewel City will reopen to the public as a vibrant mixed-use precinct with a fully pedestrianized streetscape and a total development value of over R1.2bn once fully completed. The project includes the redevelopment of existing buildings as well as the construction of over 40,000sqm of new buildings in the precinct.

The rejuvenated Jewel City will include an abundance of amenities such as a school, clinic, gym, parking and convenience retail as well as fast food and restaurants. It will also include 20,000sqm of commercial space, 1,200 new residential apartments in phase one and up to 1,000 in phase two. The pedestrian-friendly walkway between Absa Tower Main and Maboneng will pass directly through it.

Work on the Jewel City project begins in November with the first phase of retail, commercial and residential space set to be ready by August 2019.

In the next 18 months alone, with its ABSA Towers Main and Jewel City projects as well as R400m of residential accommodation under development in Maboneng, Divercity will launch more than 75,000sqm of new residential space in Joburg – more than 2,500 apartments in total.

Tebogo Mogashoa, Chairman of Talis Property Fund, as well as Chairman of the Atterbury Property Fund explains: “Creating affordable rental accommodation in a mixed-use precinct in a central city location gives wage-earning employees the opportunity to live close to work, which is extremely rare by global standards, and especially so in South Africa. Besides the luxury of offering a short walk to work, the pedestrianised precinct is also integrated with public transport for those who travel further.”

Connected mixed-use developments are widely recognised as creating more economically successful and socially desirable urban environments. But besides being good for Johannesburg, its people, its business and economy, Divercity’s game-changing developments are also good for the environment.

Denser urban living close to work opportunities is prized as an essential strategy for limiting carbon emissions. The two redevelopment projects also represent the adaptive reuse of existing but outdated structures, thereby being sustainable by reducing the need for new building construction, which is a massive contributor to carbon emissions. The new ABSA premises is designed to be Green Star SA rated by the Green Building Council of South Africa (GBCSA). In addition, the residential component of the building will also use sustainable materials where possible and employ sustainability enhancing interventions that limit energy and water use, and costs, for residents.

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