

## BLACK-OWNED PROPERTY FUND

# Highly indebted Rebosis still has options available

**Alistair Anderson**

Property Writer

The story of the first black-owned and black-managed property fund, Rebosis, does not have to end in tears, with some options available to save it from its high debt burden.

Head of listed property funds at Stanlib Keillen Ndlovu says management needs to implement a strategy that benefits shareholders.

The share price has slumped about 90% over the past two years, forcing it to sell its best shopping centres. Analysts say that Rebosis's problems come largely from its 2015 acquisition of UK-focused New Frontier Properties, which pushed up debt and ultimately led it to halt distributions to shareholders.

Real estate investment trusts (Reits) are supposed to pay the majority of income as dividends and are seen as income funds.

Eastern Cape entrepreneur Sisa Ngebulana, who founded and listed Rebosis in 2011, said in May that he was in talks to sell three of its six malls to Vukile Property Fund for R1.8bn: Mdantsane City Shopping Centre, Bloed Street Mall and Sunnypark Shopping Centre.

He also said Rebosis may have to sell two of its three remaining malls: Baywest, Hemingways and Forest Hill.

This would leave Rebosis

with offices that are largely government tenanted. Listed funds have struggled to manage government offices over the past couple of years because the department of public works has been reluctant to sign long-term leases. This makes it difficult to get bank financing as income forecasts are not precise.

Momentum head of listed property Nesi Chetty says there are a number of scenarios for Rebosis. First, it could sell the

majority of its assets, thereby reducing its loan-to-value, after which the fund would look completely different. It could then try to rebuild. "They could also sell assets and then delist or they may be taken over by another fund," says Chetty.

Ndlovu says Rebosis could be one of a number of SA property funds that delist this year. "Circumstances have forced Rebosis to change its strategy. They have to sell their malls, which are

their strongest assets. It's about keeping the business going."

He says various property funds that have listed over the past few years are too small and too illiquid, which makes them targets for takeovers. "The sector needs consolidation and some funds which cannot meet the requirements of the Reit designation may delist," he says.

Attempts to contact Ngebulana were unsuccessful.

andersona@businesslive.co.za