



Publication: Cape Times - BusinessReport

Title: Reasonable prospect of rescuing Rebois say its business practitioners

Publish date: 17 Jul 2023

Page: 10

Reach: 10921

AVE: R 61960.21

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PROPERTY FUND

'Reasonable prospect' of rescuing Rebois say its business practitioners

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REBOIS Property Fund, which is in business rescue, said on Friday that it was proceeding to the due diligence and offer phase in relation to the preferred bidders for the group's assets.

The joint business rescue practitioners, Phahlani Mkhombo and Jacques du Toit, said in a statement on Friday that there remained a "reasonable prospect" of rescuing the business.

The JSE-listed real estate investment trust (Reit), established by the Billion group and which became the first substantially black-owned and black-managed Reit on the JSE, entered into business rescue in August 2022, following years of deteriorating performance that was made worse by the Covid-19 pandemic.

The business rescue practitioner intend to sell, according to reports, five key retail centres, Baywest Mall in Gqeberha, Hemingways Mall in East London, Sunnypark and Bloed Street malls in Pretoria, and Forest Hills Mall in Centurion, among a mix of commercial and retail properties. Rebois also holds leases to government departments across some 36 buildings.

The business rescue practitioners said the preferred bidders included private individuals, joint ventures, and JSE-listed Reits. In addition, the government-tenanted portfolio had received interest from unlisted property groups and seasoned property entrepreneurs specialising in this asset class.

Various preferred bidders had already conducted managed site visits including, in certain cases, deploying specialist teams to conclude technical due diligence of various properties.



BAY WEST MALL in Gqeberha, the largest retail centre in the Eastern Cape, is being sold by Rebois in a public sale process, as part of the company's business rescue. | FILE

All was on track for the company to receive final binding offers by tomorrow.

The business rescue practitioners said they were not yet able to publish Rebois's results for the year to August 2022, nor its report for the six months to February 2023, within JSE prescribed times, as the audit for the 2022 year was ongoing, third party valuations were being reviewed, and interim results could only be completed after the annual results were done.

Some 21 160m² of commercial leases were renewed for the 10 months between September 1, 2022,

and June 30, 2023. This included a two-year renewal with the Department of Economic Development in Pietermaritzburg (9 517m²) and new leases (total lettable area of 5 902m²), which includes a five-year lease with the Department of Social Services in Nelspruit (2 264m²) and a five-year lease with the Department of Statistics in Cape Town (800m²).

Commercial vacancies increased from 26.7% to 27.27%, which was higher than the South African Property Owners Association current vacancy rate of 16.7%.

This was attributed to factors

including the economic downturn, rising interest rates and inflationary pressures from rising fuel and food prices that had further reduced the demand for office requirements, and remote working and flexible office space remained an attractive business solution. "Businesses are facing pressures from the increased cost of doing business, with electricity supply shortages, high municipal costs such as rates and taxes, as well as the negative implications thereof on business confidence," the business rescue practitioners said.

Landlords were offering attractive

installation allowances and longer occupation periods to attract tenants in an increasingly competitive environment, which was mostly due to the excess supply of offices in the Johannesburg and Pretoria central business districts.

Rental collections (arrears included) had been maintained at 100%. Large tenants such as the Gauteng Department of Infrastructure and Development and the Department of Public Works and Infrastructure did not have any arrears in excess of 30 days.

Long-outstanding arrears continue to improve through steady collections.