

Key malls help Rebosis deliver solid results

Rebosis Property Fund's dominant retail centres performed strongly in the year ended-August, helping the group achieve its highest distribution growth yet.

Distributions per share grew 11% to 110.41c in the year to August and CEO Sisa Ngebulana said that while it may be difficult to repeat the double-digit growth in distributions in the next financial year given macro-economic headwinds, he believed Rebosis would still achieve attractive income and underlying asset growth.

"The record distribution growth reported is as a result of growth in the value of our existing portfolio, containment of operating costs and good rand return on the New Frontier investment," Ngebulana said.



Sisa Ngebulana. Image source: [Financial Mail](#)

Direct assets under management grew 29.5% to R9.8bn.

Rebosis's four retail assets are Hemingways Mall in East London, which is worth R1.56bn, Sunnypark Mall in Pretoria which is valued at R643m, the R443m Bloed Street Mall in Pretoria and the R412m Mdantsane City in East London.

Ngebulana said he was happy that retail assets in SA were the main drivers of Rebosis's growth.

The group's exposure to New Frontier Properties, a shopping centre owner in the UK, and Ascension Properties, a South African owner of government-tenanted offices, also gave it a boost.

Rebosis acquired a controlling 62% of New Frontier for a total purchase price of R1.18bn in March. New Frontier has acquired three high-street retail centres in Burton-on-Trent, Middlesbrough and Blackpool. Houndshell Shopping Centre in Blackpool was acquired after year-end for a purchase price of Â£105m.

New Frontier contributed 8.9% of Rebosis's net income over the reporting period. Jay Padayatchi, executive director at Meago Asset Managers, said New Frontier had so far been a sound investment.

"They've been looking offshore for a while. New Frontier offers them distributions in hard currency and the yield is consistent. At one point, Sisa was considering going into Africa, but that would have been a riskier play.

"African currencies, for a start, are more likely to fall in line with rand movements in my opinion and the rand has been weak," he said.

Rebosis owns the management company of Ascension Properties, a Cape-based state office owner.

Padayatchi said Ngebulana might move some of Rebosis's office assets into Ascension. Rebosis would then become a retail play and it could receive a rerating.

"Retail is the biggest growth provider for Rebosis and its malls are doing well. The trading density growth above 11% was impressive," Padayatchi said.

Rebosis expected distribution growth for the 2016 financial year to be between 8% and 10%.

Source: Business Day

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