

Rebosis investors get better deal in takeover of Billion Group

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Rebosis Property Fund has changed the terms of its takeover deal with developer Billion Group following pressure from investors who said the retail-focused group was overpaying for some assets.



Under the proposed deal, which was worth about R6bn when it was announced in May, Rebosis would acquire 100% of Baywest City shopping centre, the largest mall in the Eastern Cape; Forest Hill City, a mall in Centurion; and a 50.1% undivided share in BT Ngebs City mall in Mthatha.

Rebosis, which listed five years ago with R3.6bn worth of assets, would also acquire Billion Asset Management and Billion Property Services, giving it significant scale and liquidity.

It is a related-party deal as Rebosis CEO Sisa Ngebulana is the founder of Billion.

Under the revised terms, BT Ngebs City is excluded from the proposed transaction. This is due to its lower acquisition yield relative to the other centres and, therefore, higher effect on earnings growth for Rebosis.

However, it will remain available and subject to the right of first refusal Rebosis has on the Billion pipeline.

The consideration payable in respect of Forest Hill City has been reduced by R120m from R2.213bn to R2.093bn, taking its acquisition yield from 7.1% to 7.5%, including bulk.

The consideration payable in respect of Baywest Mall has been reduced by R60m from R2.332bn to R2.272bn, taking its acquisition yield from 7.8% to 8%, including bulk. The consideration payable for Billion Property Services has been reduced by R20m from R229m to R209m, resulting in an effective forward yield of 13.3%.

The consideration payable for Billion Asset Management remains unchanged.

This prices the deal at less than R5bn.

Head of listed property funds at Stanlib, Keillen Ndlovu, said the deal had been improved. "The yield is now higher and the purchase price has been reduced," he said.

Source: Business Day

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