

Rebosis records 8.2% distribution

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20 Apr 2015

Rebosis Property Fund grew its distributions 8.2% and net property income 10.1% in the six months to February, focusing on improving buildings rather than new acquisitions...



Image credit: <http://rebosis.co.za/>

Rebosis CEO Sisa Ngebulana said at its results presentation in Sandton yesterday that the fund's retail assets had performed especially well, with its flagship East London centre, Hemingways Mall, enjoying 10.5% turnover growth against the industry average of 1.9% over the same period.

"We are very pleased to have exceeded our growth objectives in challenging circumstances," said Ngebulana. "What makes this even more significant is that there were no acquisitions in this period; our focus on operating efficiencies and better portfolio fundamentals were the key drivers of our performance."

Acquisitions would have positive effects on the second six months of the real-estate investment's 2015 financial year. These included the imminent takeover of government-office owner Ascension Properties and Rebosis gaining a stake in UK-based shopping mall owner New Frontier Properties.

Rebosis's market capitalisation would be R8bn and its total assets worth more than R14bn, post the Ascension takeover.

Portfolio manager at Stanlib Craig Smith said the results surpassed his team's expectations.

"We were very pleased. Furthermore, the forward distribution guidance has been revised up from 6%-8% to 8%-10%. This is a healthy range in the current economic climate," he said.

Smith said that Rebosis's retail portfolio was in very good shape with trading density growth improving. He believed that the group's newly acquired stake in New Frontier Properties would also benefit it.

New Frontier was co-founded by Ngebulana. He is the realestate investment trust's non-executive chairman.

Rebosis spent about R1.18bn in the reporting period to acquire a 62% controlling stake in the company.

The company owns two malls in the UK towns of Middlesbrough and Burton.

"The UK economy is improving; it is in fact one of the fastest-growing developed economies at present," he said.

Furthermore, the spread in the UK between the initial return on a property investment and the cost of debt is wide by historical standards.

"This makes this market look attractive," Smith said.

Source: Business Day

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