

Liberty vehicle looks to eateries

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Liberty 2 Degrees (L2D), which is the Liberty Group's listed property vehicle, says it is improving the tenant mix at a number of its malls as it looks to tackle a weak retail environment across the country.



Melrose Arch

New restaurant tenants form the thrust of the strategy, says CEO Amelia Beattie.

US poultry chain Popeye's Chicken will open its first branch at Sandton City later in 2017. Septimo will launch at Nelson Mandela Square and South African burger group RocoMamas will be a halaal offering at the centre. Popeye's Chicken is also opening at Eastgate along with Starbucks.

L2D released its first set of interim financial results, for the six months to June, on Monday, in which it declared a distribution of 30c per share. Its net asset value per share grew 3.1% during the reporting period.

Its investment properties increased R84m in value while its portfolio vacancy rate fell from 4.6% at the end of December 2016 to 3.3%.

But the market has been unimpressed by L2D since it listed in December 2016. The group's share price is down about 9.5% year to date.

L2D had exposure to the Sandton City complex, the Eastgate complex, Melrose Arch, Liberty Midlands Mall and Nelson Mandela Square at the end of the reporting period.

Some investors had been unhappy that L2D had not included more of the Liberty Group's total R30bn property portfolio in the L2D.

But post the reporting period, Liberty Group had sold its undivided shares of properties it co-owned pursuant to Liberty exercising a put option granted by L2D when it listed.

Before exercising the put option, L2D owned 22% of the Liberty Group's R30bn property portfolio. After the put option, L2D will own 31%.

Some fund managers believe L2D being managed externally may end up out of shareholders' favour. Jay Padayatchi, executive director at Meago Asset Management, said while there was "no doubting the quality... of the assets", its corporate structure remained cause for concern.

Source: Business Day

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