Financially distressed Rebosis enters business rescue

Following discussions with some of its largest creditors, the Rebosis board has resolved to commence with voluntary business rescue proceedings and is in the process of appointing a business rescue practitioner.

Source: Rebosis

The real estate investment trust (Reit) has also been granted approval by the JSE for the suspension of trading in the company's ordinary shares and A-ordinary shares on the exchange with immediate effect.

In a recent Sens announcement, Rebosis highlighted several significant risks to its six-month cashflow including:

- The expected timeframes within which shareholder approval could reasonably be obtained on the disposals;
- The impact of a rising interest rate cycle on servicing debt costs;
- The inability to recover increased municipal costs from sovereign tenants; and the high costs of rates and taxes being levied by some municipalities; and
- The continuous delay of rental payments by certain national, provincial government departments, as well as municipalities which contribute in excess of 50% of Rebosis' revenue.

The management and board believe that the company meets the definition of being "financially distressed" according to the Companies Act, 71 of 2008 as amended.

Ooba to increase equity stake in Private Property
26 Aug 2022

Central to its turn-around strategy, it says, is disposals. Rebosis intends to, inter alia, place an initial total of 25 assets on the market for disposal. These assets would have comprised 23 commercial office buildings and two retail centres.

In identifying the assets earmarked for disposal, the management and board considered non-core assets as well as key assets that are trading well but require some capital injections for capex and tenant installation to unlock the embedded value in these assets.

The board believes that under the direction of an experienced business rescue practitioner, a return to sustainability may be achievable.