

Rebosis shareholders support deal

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Rebosis Property Fund, the JSE's first listed black-managed property group, has won overwhelming shareholder support in its takeover of Billion Group.



Rebosis will acquire two large, regionally dominant retail centres as well as services companies in a deal worth R4.9bn. Up to about R3.7bn will be debt funded by debt, with the balance due in cash.

The cash would be funded through a series of claw-back offers that would be underwritten by Billion, Abacus, which is a 50% owner of Baywest Mall, and by Nedbank.

Rebosis, which listed five years ago with R3.6bn in assets, would also acquire Billion Asset Management and Billion Property Services, thus increasing scale and liquidity.

Rebosis said on Monday, 3 October, that shareholders had approved the transaction in a 87.6% vote in favour. Rebosis would also acquire Baywest City shopping centre, the largest mall in the Eastern Cape, and Forest Hill City, a mall in Centurion.

Rebosis changed the terms of the deal in July after investors said the retail-focused group was overpaying. A 50.1%

undivided share in BT Ngebs City mall in Mthatha had been included, but was removed following a negative reaction by shareholders.

In terms of the JSE's listings requirements, 75% shareholder approval was needed.

"We are very excited and also humbled by the overwhelming confidence our shareholders showed today," said Kameel Keshav, the chief financial officer at Rebosis.

"The acquisition allows Rebosis to acquire scarce, highquality income-generating retail assets. Our retail exposure will be bolstered to 72% of the portfolio post the transaction.

"We've always been very circumspect when it comes to quality and regional dominance, especially in the current tough economic environment.

"Even after the acquisition, the retail portfolio will only consist of six large regional shopping centres with exceptional quality," he said.

Rebosis has been seeking a re-rating and has been working to become a retail-focused property group for some time.

"While the deal may not be perfect and some concerns may still persist by some shareholders around longer-term dilution, it is an overall enhancement of the quality of Rebosis. On the back of this, there should be a re-rating over the short to medium term, given its current forward yield. So overall positive on the transaction," said Meago Asset Management executive director Jay Padayatchi.

Forest Hill City is in Centurion, Gauteng, and opened at the end of May 2014.

This regional shopping centre comprises about 72,811m² and has parking for about 4,200 vehicles. It was one of the early movers in the recent trend of bringing large space entertainment into shopping centres. The entertainment offering includes an Olympic-size indoor ice rink, heated wave pool, ten-pin bowling alley and a games arcade.

Baywest Mall is a regional shopping centre of 89,989m² in Port Elizabeth. It opened in May last year and has parking for about 3,302 vehicles.

Ngebulana said one reason the mall stood out was its entertainment aspects, which included the only Olympic-sized ice rink in the Eastern Cape, IMAX and Cine Prestige theatres and a ten-pin bowling alley.

It was expected that the internalisation of Billion's management company into Rebosis would better align the interests of management with that of Rebosis shareholders and is in line with global best practice, according to Rebosis.

Source: Business Day