

Rebosis strategy focuses on local assets

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Rebosis Property Fund's new CEO, Andile Mazwai, has ambitions to increase its investments in Port Elizabeth's Baywest City and Centurion's Forest Hill, but market commentators say he will need to wait for a strong improvement in the economy before he can stamp his name on the group.



Mazwai took over from founder Sisa Ngebulana in October, having been on Rebosis's board and hand-selected by him. Mazwai said the group's capital would be focused on the Baywest and Forest Hill nodes as opposed to investing more aggressively abroad.

He was speaking at the release of Rebosis's financial results for the year to August, which showed the retail-focused fund grew its B share dividend 7.4%, to 128.35c per share. Its A share dividend grew at 5%, which had been guaranteed by Rebosis.

"Baywest and Forest Hill can become real nodes. They offer massive development opportunities. Our shopping centre in Baywest City can serve people who open offices in the area and live in the area.

"The Billion Group is developing [a] residential [node] there, which will complement the mall but we need a general level of development in the area so that it can become the node of choice for companies and professionals in Port Elizabeth,"

Mazwai said.

"Forest Hill in Centurion also offers exciting opportunities. We are developing our new head office in Forest Hill near our Forest Hill shopping centre."

Rebosis sold R971m of its shares in UK-invested New Frontier Properties to a broad-based black economic empowerment consortium during the reporting period.

Rebosis's interest in New Frontier fell from 67.6%, to 36% through the sale.

Referring to the 2017 financial year, Mazwai said Rebosis had found an array of ways to save money.

"The solid distribution growth is mainly as a result of the diversified nature of our enlarged portfolio, as well as continued asset management initiatives and a conservative approach to risk management.

"During the year, we continued with our capital recycling programme, disposing of a non-core asset to the value of R115m and converting the office building in Mahikeng to a 633-bed student residence.

"Our results were further supported by the internalisation of a management company, resulting in an additional saving of R27.9m," he said.

Stanlib portfolio manager Ahmed Motara said Rebosis appeared to have changed its strategy under Mazwai, who took over on October 1.

"There seems to be seismic shift in strategy. Rebosis was turned into a retail-focused fund under Ngebulana. But now, Mazwai wants to continue to hold offices and is holding a lower proportion of assets offshore. We need to see how this different strategy rolls out."

Rebosis has forecast distribution growth per ordinary share for the 2018 financial year of between 4% and 6%.

Director at Meago Asset Management Jay Padayatchi said "the strategy to establish the Forest Hill and Baywest precincts ... may well create the necessary attraction to the nodes, but this will most likely be a medium-term strategy".

Source: Business Day

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