



Rebosis to sell Mdantsane Mall

Embattled company takes a small step in cutting its debt burden

ALISTAIR ANDERSON

Rebosis Property Fund has agreed to sell Mdantsane Mall, one of its prized assets, to Vukile Property Fund, as the embattled company takes a small step in cutting its debt burden.

Rebosis, which was founded by Mthatha-born entrepreneur Sisa Ngebulana, is dealing with its biggest challenges since listing in 2011.

Earlier in July it had to sell its stake in New Frontier at a loss of more than R1.8bn after the UK mall owner's value was destroyed by Brexit uncertainty and a drop in retail sales.

Rebosis's share price has dropped significantly as a result and is down 78% year to date.

On Tuesday, Vukile agreed to buy Mdantsane Mall for R512m but backtracked on buying Bloodstreet Mall and Sunnypark Shopping Centre, which it had told the market in May it was interested in acquiring.

Vukile chief executive Laurence Rapp said he is happy with the outcome of discussions with Rebosis.

"We looked at the three assets

and came to terms on one. The other two malls didn't meet our investment criteria at the prices attached.

"Mdantsane Mall is a very strong asset that fits perfectly into our portfolio. The outcome shows that we are disciplined and can walk away from deals if they don't work."

The sale of Mdantsane Mall will decrease Rebosis's loan-to-value ratio from 57% to 55%, according to Ngebulana, who is

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chief executive of Rebosis.

Rebosis's management wants to cut its loan-to-value to below 40%.

Fund managers have said SA property companies with a loan-to-value above 40% are at risk of missing debt payments and are operating with balance sheets that are too weak.

Ngebulana said Rebosis has managed to negotiate with its lenders to accommodate its debt levels so that its debt



GOING: Rebosis Property Fund have agreed to sell Mdantsane Mall to Vukile Property Fund with chief executive Laurence Rapp happy with the outcome of discussions with Rebosis. Picture: YANDISA MONAKALI



LAURENCE RAPP

covenants are not breached.

"After the interim period, Rebosis entered into new agreements with its lenders to accommodate the current loan-to-value levels and gradual reduction thereof through its disposal strategy. Currently, Rebosis is not in breach of debt covenants," he said.

Ngebulana added that Mdantsane Mall was one of the company's newer shopping centres, and that while the others are older, there are offers for them which Rebosis is considering.

Keillen Ndlovu head of listed property funds at Stanlib said: "We were worried that the three-mall deal would not initially go through given the number of conditions attached to it by Vukile. Rebosis will now have to work harder to sell more assets to fix its balance sheet." — *BDLive*