

Rebosis is not rushing to buy 100% of Ascension

By Nick Hedley and Alistair Anderson 27 Jun 2014

Rebosis Property Fund - which now owns 32% of Ascension Properties in addition to Ascension's management company - is in "no rush" to takeover of the company after a three-way merger collapsed.



Rebosis Chief Executive Sisa Ngebulana says the timing for the three-way merger of property funds was just not right. Image: [UFI](#)

The merger of three black-managed funds - Delta Property Fund, Rebosis and Ascension - was called off this week, with the companies citing timing problems. Earlier this year, Delta and Rebosis were both courting Ascension - each being misled to believe its negotiations were exclusive. They later decided to evaluate the larger triple merger.

The cancellation leaves a merger between Rebosis and Ascension on the cards, which Delta said it would support.

Delta sold its Ascension interests to Rebosis when the tie-up was abandoned.

Rebosis Chief Executive Sisa Ngebulana said this had increased Rebosis' cumulative stake in Ascension from 16% to 32% in addition to Rebosis managing Ascension's portfolio.

Rebosis' asset base had been pushed up to R7.4bn, but would grow to more than R10bn if Ascension was taken over in full.

Amicable solution praised



Delta's Sandile Nomvete says that exciting opportunities remain to be explored with Rebosis

Ngebulana praised Delta's management for how it handled the cancelled larger deal, saying it had the potential to "lead to litigation and waste of shareholder value through legal fees" if handled differently.

Last year, Growthpoint Properties and Redefine Properties concluded a lengthy and costly bidding war for Fountainhead Property Trust's assets - in which Fountainhead alone incurred professional costs of R12m.

Ngebulana said: "I take my hat off to Delta in terms of how they've approached this."

The Rebosis board now needed to decide whether it still wants to go ahead with a scheme of arrangement to take over the business but at the moment it says it is happy with the way things stand.

Delta's Chief Executive Sandile Nomvete said the funds had some very exciting plans in terms of how they can work things out (at a later stage) using the respective skill sets between the two management teams.

"But we just felt the time wasn't right and unfortunately the longer we took, we could see that some of the unitholders were getting a bit pensive. The market has changed significantly - it has declined by about 20% across the board and people are wanting some resolution, and unfortunately time was a luxury that both management teams didn't have."

Nomvete said Delta was busy launching its Africa-focused Delta International fund.

Rebosis would pay Delta R349m for its Ascension stake.

Delta's resolve to support Rebosis in any takeover bid for Ascension was welcomed as an "amicable solution" by analysts.

Stanlib fund manager Keillen Ndlovu said: "It's not our best outcome but the positive thing is that Delta and Rebosis are parting ways in a graceful manner, as indicated by Delta selling its Ascension shares to Rebosis," he said.

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