

Liberty aims at high-end Reit listing on JSE

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Liberty - which has investments in some of Gauteng's most well-known retail centres including Sandton City, Melrose Arch, Nelson Mandela Square and Eastgate - intends to list part of its premium property portfolio on the JSE as a real estate investment trust (Reit) in December.



Image source: amdec.co.za

The Reit, Liberty Two Degrees, will have R10bn in assets, exposing JSE investors to various iconic malls for the first time.

As much as R6bn will be accounted for by portions of Liberty's current properties and R4bn by new capital. The listed Reit will hold the portion of the Liberty property portfolio assets in a co-ownership arrangement with Liberty. This will help the Reit to increase its share in properties of which it owns a portion.

Larger portions of the properties in the Liberty Group's overall R30bn portfolio and its pipeline, which includes African developments, could be brought into Liberty Two Degrees in the future, head of Stanlib Direct Property Investments Amelia Beattie said.

Beattie, who is to become CEO of the newly listed entity, said Liberty Two Degrees intended to list on December 2.

On a successful listing, Liberty expects the Liberty Property Portfolio to increase 3-5% in value.

This should lead to a direct increase in the amount held by policyholders. As a Reit, Liberty Two Degrees will have to pay out most of its income in dividends to investors.

Liberty will also offer existing policyholders the opportunity to switch up to R3bn of their current direct property holding to a new property portfolio that will invest in the listed entity. The Reit will have the ability to borrow and raise equity to create further growth opportunities.

Liberty Two Degrees will be managed by the same team within Stanlib that has managed the Liberty Property Portfolio under Beattie's stewardship.

Thabo Dloti, group CEO of Liberty Holdings, said the listing of the property portfolio would "enhance the value proposition to Liberty's customers and further improve the returns profile of this premier portfolio of properties. The capital raise will enable Liberty to expand and enhance its existing portfolio of quality property assets in SA and sub-Saharan Africa, gain access to a far wider investor community, and add significantly to the dynamics of the listed property sector of the JSE."

Chloe Ma, property analyst at Stanlib Listed, said that Liberty had created an exciting opportunity for investors.

"The portfolio consists of some of the largest, most dominant shopping centres with strong track records in South Africa," Ma said.

"I think it is a great option for investors that are looking for retail specialist exposure as retail assets with this type of quality are scarce and may not ever come on the market," she said.

Liberty owns 75% of the Sandton City complex, 25% of Melrose Arch, as well as 100% of Eastgate, Liberty Midlands Mall, Nelson Mandela Square and Liberty Promenade Mall.

It also owns 70% of Botshabelo Mall in Bloemfontein, a project that will be completed in the fourth quarter of 2016.

Beattie said listed property had been standing out as an asset type for a number of years.

"Listed property has for the last 20 years been a leading South African asset class performer, with average annual total returns of 19%. For the same period, local equities delivered annual returns of 16%, local bonds 12% and cash 9%," she said.

A prospectus with details about the listing would be released in the coming months.

Source: Business Day