

Liberty Two Degrees is 'well positioned' for year ahead

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Liberty Two Degrees (L2D) has declared a distribution of 4.85c a share for its first month of trading, with its management saying the group is well positioned for the year ahead.



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L2D is the Liberty Group's listed property vehicle. It has a market capitalisation of R9.37bn and its assets include portions of the Sandton City complex, Eastgate complex, Melrose Arch, Liberty Midlands Mall and Nelson Mandela Square.

"Following the successful listing of L2D as a real estate investment trust (Reit) on the JSE on December 6 2016, we believe we are well positioned to execute on the strategy we set out for 2017. Management believes in the strategic approach of investing in high-quality assets that remain resilient during tough economic cycles and look forward to deploying capital raised during the listing to acquisitions identified and the developments on the ground," said CEO Amelia Beattie on Thursday.

L2D's net asset value sat at R9.64 at the end of December. It listed at R10 and was trading at R10.25 at close of business on Thursday. This meant the company was trading at a 9% premium to net asset value.

The cost-to-income ratio for the portfolio was 27% for the period.

"Our strategy to expand our portfolio coupled with our scale, presence and location of retail assets, positions L2D as one of the premier real estate investment opportunities in SA. The capital expenditure incurred to maintain the high quality of the properties provides a platform for good growth without incurring significant new capital to refresh the environments," Beattie said.

This is the first set of financial statements prepared since the company listed in December. L2D is required by the Collective Investments Schemes Control Act of 2002 to be structured as a JSE-listed portfolio within a trust, with an external independent trustee and an external management company. RMB Trustee Services is the appointed trustee and Stanlib Reit Fund Managers the appointed manager.

L2D said it has a management team with extensive property experience and a sustained track record in acquiring, developing and managing some of SA's "flagship property assets": "Management remains optimistic with the quality of the underlying environments that underpin the resilience and defensive nature of the portfolio, and with the opportunity of having R2.8bn cash available for acquisitions."

Some fund managers have questioned how it will spend this cash. Stanlib's head of listed property funds, Keillen Ndlovu, said L2D offered diversification, and provided more than just exposure to the premium Sandton City and Eastgate malls.

Source: BDpro

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