

# Weak laws 'hinder investment in Africa'

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South African listed property players are still concerned about a lack of legal structures and reliable regulations in other African countries, saying it is making investments on the continent a more difficult sell than European ones.



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Speaking on a panel at the South African Property Owners Association's annual conference in Cape Town, Fortress Income Fund CEO Mark Stevens said it was still a high risk to invest institutional capital in the likes of Nigeria because property laws and regulatory frameworks were not strong enough yet.

Fortress has invested in western Europe through its stake in Hammerson and in central and eastern Europe through New Europe Property Investments (Nepi) and Rockcastle Global Real Estate that own assets in countries including Poland, Romania and the Czech Republic. Nepi and Rockcastle are on track to merge into the largest property fund on the JSE with a market capitalisation of more than R80bn.

Fortress is part of the Resilient Reit group of companies. Resilient Reit had originally planned to build 10 shopping centres in Nigeria. It built Delta Mall but then decreased the size of two other malls under construction. The remaining seven malls have been shelved.

"We have been unable to spend the money that we raised in Nigeria. The economic policies related to currency control are not conducive to investing for us," said Resilient Reit MD Des de Beer earlier in 2017.

"Nigeria is on ice in our portfolio for the time being. We are looking to move our efforts elsewhere," he said.

Rendeavour CEO and founder and developing market investment expert Stephen Jennings said many African countries offered high growth linked to a decreasing degree of political and conflict risk compared with the likes of western Europe and the US.

He said many South African investors might have taken their money out of the continent because of push factors without considering genuine opportunities in Africa.

Stevens said he believed political risk had caused havoc in SA's economy.

"We are in a recession and recent ratings downgrades have prompted investors to buy assets offshore.

"SA's government needs to stay out of running much of the economy," Stevens said.

*Source: Business Day*

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