

Redefine assets rise cap growth year

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Redefine Properties grew assets by a substantial R16.8bn, or 35%, in the 12 months to August in what CEO Andrew Konig described as a "transformative" year for the JSE's second-largest real estate investment trust (Reit).



Redefine Properties CEO Andrew Konig

Redefine's acquisitions are roughly equivalent to the total portfolio value of mid-sized property stocks such as Vukile Properties and Emira Property Fund, placing Redefine as one of the sector's most active dealmakers this year.

The company's market capitalisation increased by about R20bn to about R55bn, which paved the way for an inclusion in the JSE Top 40 index effective September 21.

Redefine, whose R64.5bn retail, office and industrial property portfolio spans SA, Australia, Germany and the UK, is one of only two Reits (besides Growthpoint Properties) to be ranked among the JSE's 40 largest counters.

Commenting at the annual results presentation on Thursday, 5 November, Konig said Redefine's Top 40 inclusion had significantly raised the company's investment profile. The share price rallied 20% from June 3 to August 12 in what Konig believed was a buying spree pre-emptive of the Top 40 inclusion.

Redefine also saw a big inflow of money from foreign investors this year following an inclusion in the FTSE Nareit US real

estate index. As a result, the value of Redefine shares in international investors' hands doubled from R6.3bn (17.5%) to R12.6bn (22.4%) in the 12 months ending August. Seven years ago, Redefine's foreign shareholding sat at a lowly R86.8m (1.4%).

"Income-chasing foreign investors like the high and growing dividend stream available in SA relative to that in the UK, US and Europe."

Big ticket transactions concluded by Redefine in the past financial year include a deal to acquire 14 high-quality commercial properties from Leaf Capital Fund in a deal worth R4.1bn and the merger with Fountainhead Property Trust. Fountainhead owns a R12bn shopping centre portfolio including large, regional malls such as Centurion Mall south of Pretoria and Blue Route Mall in Tokai, Cape Town.

Redefine also invested R2.8bn to expand its offshore footprint, including a further investment of R1.6bn in Australian-listed Cromwell, taking Redefine's stake in the company to close to 26%. Redefine's offshore interests, including a 30% stake in Redefine International, represent 17% of total assets, which Konig would like to grow to 20%-25%..

Redefine chairman Marc Wainer said on Thursday one third of the company's arrears came from the company's R2.5bn portfolio of government- tenanted offices. Redefine may have finally found a buyer in Delta Property Fund who on Thursday said it was in discussions to acquire its government-tenanted portfolio.

Meago Asset Managers director Thabo Ramushu said that the quality and scale of Redefine's portfolio had improved considerably over the last year. He said results, including annual dividend growth of 7.3%, were pleasing given that it was not easy to achieve decent returns when one was selling high- yielding assets and replacing it with low-yielding assets.

Source: Business Day

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