

Redefine to 'redefine' Fountainhead

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Redefine Properties has a number of plans for Fountainhead Property Trust's assets and structure, which it is comfortable it can implement given how it is placed to block Growthpoint Properties' bid for Fountainhead's assets.



Redefine's chief executive Marc Wainer said Redefine's holding of 45.6% of Fountainhead's issued units translated into a R5bn investment, which was in addition to owning Fountainhead's management company which Redefine bought last year for R600m.

Growthpoint and Redefine both bid for Fountainhead's R10.3bn portfolio for months until Redefine withdrew its offer last month, citing "no resolution in sight" and the negative effect this was having on its ability to run Fountainhead's business because of delays and uncertainties.

Redefine acquired a large stake in Fountainhead to align interests between Redefine and Fountainhead unit-holders and to block Growthpoint's offer as its shareholding would make it difficult for Growthpoint to win unit-holder votes for the assets.

Wainer said on Wednesday (3 April) Redefine was "pleased" with the decision last week by the independent committee of Fountainhead's board to end discussions with Growthpoint, thus "ending an extended period of uncertainty for Fountainhead unit-holders".

He said plans for Fountainhead were "to run it differently". While Fountainhead was a property unit trust, it would be run "very much on the lines of a listed company".

Opportunities

This would allow unit-holders to attend annual general meetings and provide "total transparency".

Redefine had identified opportunities to add space and value to major Fountainhead assets including Centurion Mall, The Brightwater Commons and Kenilworth Centre.

"We will also be looking to dispose of non-core properties - they have some very small properties which are not core to the portfolio," Wainer said.

He said the plan was for Fountainhead to have "very much a retail bias" in the future.

In terms of asset management agreement between Redefine and Fountainhead, Wainer said if Redefine identified an opportunity, Fountainhead would be offered participation in such deals.

Fountainhead also needed to appoint various staff, including a full time chief executive, a chief financial officer and various portfolio managers.

"We want to restructure the debt, which we weren't able to do before because we couldn't go to the debt capital markets with the uncertainty - nobody was going to take Fountainhead bonds," he said.

Wainer said Redefine was, for the time being, happy with its Fountainhead unit-holding, which was a comfortable blocking mechanism on a Growthpoint bid vote.

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