

Redefine anticipates future growth

Redefine Properties International, the holding company of London-listed Redefine International plc, could now look forward to growth after a period focused on debt restructuring, according to Redefine International's chief executive Mike Watters.

By [Nick Hedley](#) 30 Apr 2013



Redefine International on Monday (29 April) reported a 29.7% drop in distributions per linked unit to 1.47 pence for the six months ended February.

Watters said while the issuing of 218m new linked units in October had diluted returns per unit, the company now had "a much stronger balance sheet".

"We are currently sitting with cash of about £80m to invest, so those were the two sides of the coin from raising capital," he said.

Adjusted net asset value per linked unit increased 12.5% over the period, boosted by strong growth from the company's Australian investment in Cromwell and growth in the UK and European portfolios, Watters said.

Redefine International disposed of 27% of its Cromwell holding after the end of the reporting period, reducing its holding to 16%. The company planned to keep a strategic share of between 15% and 20%.

The group's loan-to-value ratio declined significantly over the period, from 81.7% to 51.2%.

Watters said the company's merger with London-listed Wichford two years ago meant Redefine International "took on quite a lot of its debt", although the debt was all non-recourse.

Sorting out debts

"For the past 12 or 18 months we have been tied down sorting out the debt and basically restructuring the debt we've held," he said.

This was largely complete and Watters says the company can now look forward to growth and buying new properties.

"Although the UK and European property markets are slowly starting to emerge from their slumber, there are still some very good acquisition opportunities available," Watters said.

He said the group was considering internalising management, converting to a UK real estate investment trust (Reit) and listing on the JSE, thus eliminating the "unwieldy" holding structure.

The company expects full-year distributions to be between 3.07 and 3.29 pence per linked unit.

Alternative Real Estate fund manager Maurice Shapiro said although much of the uncertainty around the company's Wichford debt was resolved, "it would be difficult to ascertain core earnings until the properties linked to this debt have been sold and they no longer contribute to earnings".

Shapiro said that with a broad array of offshore Reits that local investors could choose from, given softer exchange controls meant that investors who were looking for offshore exposure should not invest in offshore property companies simply because they had a listing on the JSE.

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