

# UK portfolios boost property outfits

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South African property players are making impressive strides in building a presence in the UK real estate market. Both New Frontier Properties and Atlantic Leaf Properties on Tuesday, 12 April, declared a solid set of results for the February reporting period, as the AltX-listed real estate counters continued to bulk up their UK asset base.



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New Frontier, in which substantially black-owned and managed Rebosis Property Fund owns a majority stake, grew assets 55% in the six months ending February - from £188m in August to £291m in February. A dividend of 3.6p per share was declared for the six-month period, 18% ahead of the 3.04932p maiden dividend paid out by New Frontier for the eight-month period from January 1 to August 31 last year.

Atlantic Leaf was listed on the JSE in April 2014 by Paul Leaf-Wright, founder of corporate advisory group Leaf Capital, with a market capitalisation of less than R300m. Atlantic Leaf now sits at R2.9bn.

In the 12 months ending February, the value of the company's portfolio surged from £13.6m to £196m. Atlantic Leaf's UK portfolio comprises mostly retail warehouse and distribution centres in outlying areas such as Brecon, Wombourne and Redditch. Four more buildings were bought since year-end for an additional £68m, taking the total number of UK properties owned by Atlantic Leaf to 54. The group also owns a portfolio of listed real estate investment trusts, such as French shopping centre owner UnibailRodamco, and FTSE-listed The British Land Company.

Atlantic Leaf's dividend for the 12-month period came to 7p per share, the company's first full-year payout. Management said yesterday it was targeting a dividend of 8.5p per share for the 2016-17 financial year, which will equate to a hefty 21% increase on the 2015-16 distribution.

New Frontier recently acquired its third UK shopping centre since entering that country about a year ago. The latest acquisition is the Houndshell Shopping Centre in Blackpool, a 30,000m<sup>2</sup> centre bought for £100.75m and tenanted by major UK retail tenants including Debenhams, New Look, River Island, Next, and H&M. The fund's other two shopping centres are located in Burton-on-Trent and Middlesbrough, both sized at about 40,000m<sup>2</sup>

When New Frontier was listed on the JSE and the Stock Exchange of Mauritius in January last year, the initial plan was to enter the African real estate market. But that did not materialise, and New Frontier instead went to the UK, where the focus is now on acquiring retail properties in secondary areas outside London - malls that typically offer rental upside through extension and redevelopment.

New Frontier CEO Mike Riley said the firm planned to grow assets over the next 12 months significantly on the back of an expanding UK economy and improved retail outlook.

While the investment market has slowed, awaiting the outcome of the June referendum to decide if the UK remains in the European Union, he expects to see more opportunities post the vote, regardless of the outcome. Unlike most other rand hedge property stocks, New Frontier's share price remained relatively flat for most of last year.

But, the stock has rallied 13% in the past three months, no doubt following the recent addition to its UK portfolio.

Atlantic Leaf's share price is up 26% in the past 12 months.

*Source: Business Day*

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