

# Exposure to Germany helps shelter Redefine amid post-Brexit jitters about UK

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Redefine International says its diversified portfolio, which has exposure to Germany, has been less affected by the Brexit vote than other UK-focused property funds.



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The company has also managed to retain those investors who seek income payouts.

CEO Mike Watters said on Tuesday, 12 July, that the company had weathered the effects of the Brexit referendum better than a number of other UK-focused property groups.

"We firmly believe the diversified nature of the Redefine International portfolio, with 21% of market values located in Germany, together with our income focus and long average lease length, will prove to be defensive in light of the uncertainty following the UK's vote to exit from the EU.

"We remain comfortable with our debt profile, with an average debt maturity of 7.4 years, and no significant debt maturing until 2020," said Watters.

Redefine said it had made progress in generating returns from its recently acquired Aegon UK (AUK) portfolio that it bought for £490m.

After the EU referendum result, Redefine International completed two leases in the AUK portfolio totalling £600,000, which represented a 10% rise in estimated rental value.

Since exchanging contracts on the AUK portfolio in September 2015, the company has increased the portfolio's weighted average unexpired lease term from seven-and-a-half years to eight years, saved £300,000 in vacancy costs, and achieved an additional uplift of £600,000 to annualised rental income, representing a 5% increase on estimated rental value.

Watters said completed refinancing activities since its half-year results had reduced the cost of debt to 3.4%, from 3.6%.

"We are pleased with the level of income-enhancing activity achieved on the AUK portfolio to date. Investors are attracted to the fact that we distribute strong regular income payouts. I believe this is why post the Brexit vote, we have seen our shares sold down but, not as much as some other counters have," said Watters.

*Source: Business Day*

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