

Property firms chided over pay policy

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With the maturation of the listed South African property sector that began with just a few companies in the early 2000s, remuneration structures are now being challenged.



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Last week, Arrowhead Properties and Dipula Income Fund held annual general meetings where their remuneration policies faced criticism.

Nearly a quarter of the shareholders at Arrowhead's meeting on Tuesday voted against the real estate investment trust's (Reit's) remuneration policy. As many as 22.51% shareholders voted against, while 5.4% abstained.

There was concern that long-term share incentive schemes were not subject to performance conditions.

On Thursday, the majority of shareholders at Dipula's meeting voted against the company's remuneration policy. As many as 44.96% were in favour, 55.04% were against the policy and 0.66% abstained.

Dipula's board of directors said on Friday it had "commenced engagement with shareholders and various stakeholders to deliberate and resolve all matters relating to the company's remuneration policy".

Bridge Fund Managers chief investment officer Ian Anderson said he expected the remuneration structures of many South African Reits to be scrutinised in 2018. "Listed South African companies across industries, including property, are coming under scrutiny at the moment. Looking at many Reits, we see they are struggling with their office portfolios.

"Weak returns from offices affect overall distribution growth. Investors are saying these companies need to deliver first before rewarding management, especially with share incentive schemes."

Source: Business Day

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