Redefine reports distributable income hit by high interest rates

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South African commercial property group Redefine on Monday, 6 November, said its full-year distributable income fell 4.1%, mainly due to elevated interest rates that increased net funding costs.

Source: Pexels

The group reported distributable income - a primary measure of financial performance among listed property firms - of R3.5bn ($192m) in the year ended 31 August versus R3.6bn a year earlier.

South Africa's central bank paused its interest-rate hiking cycle in July for the first time since November 2021. Economists expect rate cuts to restart as early as the first half of 2024.

Redefine, with a diversified property portfolio valued at R96.8bn, said group interest costs, including finance costs and income received from cross-currency and interest-rate swaps, increased 34.2%.

Group revenue rose 16.1%, aided by the full-year consolidation of its Polish joint venture and acquisition of local properties as well as new developments.

The owner of Centurion Mall and East Rand Mall said operating metrics in the retail portfolio continued to improve and that improved trading densities will benefit future lease-renewal negotiations.

Its office portfolio continued to benefit from demand for premium grade and well-located property, with a 3% improvement in occupancy. But it said market rental levels are likely to remain under pressure given a competitive landscape.