5 November 2015

Redefine continues to be defined by growth in earnings and net assets

Redefine Properties' full-year results released today reflect the company' strong growth trajectory for the year ended 31 August 2015, backed by a solid financial performance and underpinned by a dynamic, future-focused strategy. The company declared a final distribution of 41 cents per share, taking its full year distribution to 80 cents for the year ended 31 August 2015, translating into a 7.3% increase on the previous year.

Commenting on the results, CEO Andrew Konig says, "This has been a year of high activity in which we significantly expanded on the scope and quality of our investments. Our objective has been to create a robust platform from which we can achieve and sustain long term growth. Our investment profile has also been raised considerably by our inclusion in the JSE Top 40 index, in this, our 15th year as a listed company."

In another first for the company, its distributable income has risen by R875 million to exceed R3 billion, an increase of 36%. Group total assets also increased by 22% to R70 billion, predominantly funded through expansion of the capital base, which resulted in improved credit metrics.

The portfolio of global property assets currently managed by Redefine - and spread across South Africa, Europe and Australia - is valued at R64.5 billion.

Redefine's international operations, which provide geographic diversification, accounted for 17% of distributable income, and are anticipated to grow between 20% and 25% over time.

The company's domestic property portfolio has also improved in quality and scale through a process of acquisitions and development activity. Of the several property transactions concluded during the year under review, one of the most sizeable acquisitions has been the deal with Leaf Property Fund to acquire its 14 high-quality commercial property assets valued at R4.1 billion.

Redefine's directly held property portfolio also received a boost with the merger with Fountainhead Property Trust, which was settled by Redefine issuing R3.8 billion in shares to the Fountainhead minorities. In the process, Redefine has gained direct control of a predominantly retail portfolio of 44 properties.

"The Fountainhead merger translates into more efficient management of the portfolio and largely completes the restructuring that began in 2011. The Leaf acquisition on the other hand increased our representation in the office market, particularly our footprint in the Western Cape where we now have several Green Star-rated properties," says Konig. The Leaf deal boosts Redefine's human capital, and brings valuable skills in retrofitting buildings to improve energy efficiency, an important sustainability focus for the company. Over and above the Leaf and Fountainhead portfolios, the company also acquired and transferred ownership of 34 properties, for the aggregate sum of R3.9 billion.

Redefine's international expansion involved a further investment of R1.6 billion in Cromwell, taking a direct 50% holding in a German property portfolio with an equity contribution of R700 million and maintained its 30% holding in Redefine International by participating in various equity activities totaling R500 million.

New developments in South Africa with an approved value of R3 billion are currently in progress, while refurbishment of existing properties in the portfolio, valued at R800 million, are also underway. Projects worth R1.4 billion were completed during the course of the past financial year.

A strong focus for the company is environmental sustainability. Redefine is in the process of installing smart metering for water and electricity across their portfolio, the positive impact of which will be improved billing and consumption management.

Explaining Redefine's sustainability focus Konig says, "Income yields can be increased by more than 10% with the use of solar. We are looking at alternative sources of energy and especially as there has been an improvement in the efficiency and cost of photo-voltaic panels. However, not all existing roof structures have been designed to carry the weight of these panels, so we need to consider feasibility."

Redefine is aiming for at least a four-star Green Star rating across all its new developments, which includes their 90 Rivonia Road and 90 Grayston Road properties. "Property is embedded in the economy and in the community, and sustainability forms a core component of our long-term strategy to provide world-class, efficient and sustainable spaces. Our asset management strategy is geared to protecting and entrenching our assets." says Konig.

The company is expecting to deliver six to seven percent distribution growth on a per share basis for the forthcoming year.