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Redefine strikes a R1.3 billion deal with Delta for the strategic disposal of 15 government-tenanted properties

Redefine Properties, whose stated intention has been to dispose its government tenanted office portfolio currently valued at R2.2 billion, has entered into an agreement with Delta Property Fund to dispose approximately 60% thereof valued at nearly R1.3 billion, to Delta in return for Delta shares.

Andrew Konig, CEO of Redefine, says that apart from realising a significant milestone in Redefine's investment strategy to improve the overall quality of its property portfolio, Redefine will in effect be switching the management of a large part of its government-let properties to proven managers in this area.

Commenting on the transaction, Konig says: "In addition to substantially reducing Redefine's direct exposure to government-tenanted office properties, this deal has several added benefits for our stakeholders. Redefine's shareholding in Delta will enable Redefine's participation in a broader government tenanted portfolio with less risk, potential dilution in distributable income is manageable through an orderly exit from Delta, plus Redefine stands to benefit from a potential rerating of Delta as a consequence of the transformative nature of this transaction."

Delta is a black-owned REIT that specialises in managing properties with a sovereign underpin. Redefine will have representation on the Delta board whilst holding 5% or more of Delta's issued shares.

The portfolio acquired by Delta comprises 13 commercial buildings and two parkades, leased to national and provincial government tenants in Johannesburg, Pretoria and KwaZulu-Natal.

The consideration will be settled in full by Delta through the issue of 162,043,079 shares. Redefine will be entitled to Delta share distributions from the effective date of

the transaction, which be the latter of 1 March 2016, when transfer is expected, or the fulfilment of the usual conditions for a transaction of this nature.

Konig confirms that Redefine will dispose of the balance of its government-tenanted portfolio on a deal-by-deal basis.