

Redefine International seeks to boost image in UK

By [Nick Hedley](#)

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Redefine International, which is planning to list on the JSE next month, sees this move as part of a broader strategy to address negative market perceptions and raise the company's profile in the UK.



The company, which is listed in London and is the subsidiary of JSE-listed holding company Redefine Properties International, intends to inwardly list on the JSE on 28 October and convert to a UK real estate investment trust (Reit). This will be followed by the collapse and delisting of its JSE-listed holding company to substantially simplify the group's structure.

As Redefine International is majority-held by a holding company, its shares have little free float. The consequences are that the holding company trades at a premium to Redefine International.

Redefine expects its restructuring, Reit conversion and planned management changes to help shed the image that its group structure is too complex, thus widening the potential investor pool.

Redefine International's £1.1bn portfolio comprises retail, office, hotel and industrial assets in the UK, Germany, Switzerland, the Netherlands and, through its investment in Cromwell Property Group, Australia.

Global goals for Redefine

Among its objectives is its inclusion in Europe's EPRA property index and the FTSE 250 index. A longer-term plan is to become a global company along with family-owned company Redefine Properties, one of the JSE's largest property listings.

Redefine International's chief executive Mike Watters says once the company's market capitalisation nears £1bn, Redefine International is expected to be a more relevant investor in the UK listed market.

He says while the business is in great shape, it would continue to focus on improving the quality of its portfolio, where there were a number of asset management opportunities.

Stanlib portfolio manager Ndabe Mkhize says: "I think they do have a compelling investment case. It's a better company than it was a year or two ago. The increased free-float of the company's shares and moves to clean up the structure would help immensely in terms of making the stock more attractive and making the shares easier to trade."

"In addition, legacy debt issues from Redefine International's reverse acquisition of London-listed Wichford are now water under the bridge", Mkhize says.

Recent acquisitions

"The recent acquisitions they made in Germany are strong properties within their respective markets, especially the Schloss-Strassen Centre in Berlin. We also like their portfolio of core London hotels, as well as Redefine International's cash-generative hotel management business," he added.

In addition, Mkhize says, the depth of the company's management team is comforting to investors. The group owns hotel properties and also has a hotel management arm, Redefine BDL Hotels. It's chief executive Helder Pereira says the hotel management business intends becoming the leading hotel management company in the UK and, in the longer term, within the European Union.

While most franchised hotels were managed by independent companies in other markets such as the US, this trend had not yet materialised in the UK and Europe implying there was huge growth potential in the region.

Redefine BDL Hotels has 60 hotels under management. Pereira says average hotel occupancies in London last year were 81%. Official statistics show that the London property market has performed substantially better than the rest of the UK market.

Meanwhile, Darren Yates, head of European research at global property consultancy Knight Frank, says there is still a long road ahead, but Europe's economy seems to be finally turning the corner and this bodes well for the property market in Europe.

****Hedley was recently hosted by Redefine International in Europe and the UK.**

Source: Business Day via I-Net Bridge

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