

'Natural step' for Heriot to join AltX

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Diversified property group Heriot Reit listed on the AltX on Monday, 24 July, making it one of the few real estate companies to list in SA in 2017.



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New Europe Property Investments and Rockcastle Global Real Estate merged earlier in July and then relisted as NepiRockcastle. Newpark Reit also listed. Mara Delta changed its name to Grit Real Estate.

Prejelin Naggan, the head of primary markets at the JSE, said the introduction of the real estate investment trust (Reit) structure in SA was still a drawcard for property groups to the main board and alternate exchange (AltX).

"The introduction of Reits has helped to encourage new entrants into the listed space and also made it more attractive to local investors," he said.

Heriot brings the number of companies listed on the JSE's Real Estate sector to 61, with 37 of these being Reits. The sector has a market capitalisation greater than R813bn and constitutes 5.8% of the JSE's total market capitalisation.

The Reit structure, which was introduced in 2013, gives property companies enhanced tax efficiency as tax is payable by the end investor. Reits must also pay at least 75% of their taxable earnings available for distribution to investors as

dividends, which gives investors certainty, said Naggan.

Heriot CEO Steven Herring said the company's listing created a platform from which it could grow its portfolio and shareholder base. Heriot had not gone to market to get fresh capital for the listing but had chosen to become a public group as a natural step.

"After 20 years in the property market, I am looking forward to Heriot's next chapter as a listed entity and to the wave of opportunities the listed space may bring us," he said.



Heriot to bring R4.1bn assets to listing on AltX

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Head of listed property funds at Stanlib, Keillen Ndlovu, said the dearth of new property listings could be ascribed to various factors, but mainly to most local entities focusing on offshore markets, given the increasingly limited opportunities in SA due to lower and uncertain economic growth prospects.

The property sector had become large and diverse quite quickly and investors had more than 50 property stocks to choose from.

"Unless the listing is sizeable and/or unique, then it makes sense to list separately, otherwise working with one of the existing property companies or Reits is probably a better option right now," said Ndlovu.

Meago Asset Management director Jay Padayatchi said a few new listings could be done before the end of 2017, but could shift to early 2018, given the political risks SA was facing. "There is, however, still appetite for listed property as was evidenced by Vukile's R900m capital raise last week," he said.

Source: Business Day

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