Redefine shares rise despite cut to dividend

By Robert Laing

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Redefine International's share price rose 5% to R6.60 on Wednesday, 26 April, despite it cutting its interim dividend by 20%.

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The UK-focused property group declared a 1.3 pence dividend for the six months to end-February, down from 1.625p in the matching period.

Redefine International was among the biggest casualties of the UK's Brexit vote, with its share price halving from R10.41 in May to R5.62 before President Jacob Zuma recalled former finance minister Pravin Gordhan from an investors roadshow in the UK on 27 March. The recall caused the rand to weaken sharply, helping the British property owner to rebound.

The group's total rental income grew 13% to £50.8m, with its European properties outside the UK, mainly in Germany, showing the fastest growth of 15% to £9.4m.

Rental from its UK retail properties remained flat at £14.7m, UK office rental grew 1.8% to £5.7m while its income from UK hotels fell 1.3% to £7.4m. Overall, its UK rental income remained flat at £27.8m.

"The UK economy has proved more resilient since the June 2016 EU referendum than was widely anticipated, with growth forecasts recently revised upwards to 2% for 2017. Unemployment has remained low and recent growth appears to be widespread across most regions," CEO Mike Watters said in the results statement.

Redefine International kept its forecast dividend for the 2017 financial year at between 2.7p and 2.8p.

Watters said he was relatively confident in his outlook given the group's diversified portfolio, which included a 21% weighting in Germany during the reporting period which has subsequently grown to 25% following the acquisition of a portfolio of properties rented by German supermarkets along with no direct exposure to the financial services markets in London.

Source: BDpro