Redefine sells 22.8% Delta stake to BEE consortium

In a R1.45bn vendor-funded transaction, Redefine Properties has sold its 22.8% stake in Delta Properties to a women-led BEE consortium.

Phumzile Langeni, non-executive director of Redefine.

Redefine has sold its entire holding in Delta consisting of 162 million shares at R9 a share. Delta had previously acquired 15 government-tenanted offices from Redefine in 2015 through the issue of shares to Redefine.

Redefine CEO Andrew Konig says the transaction is a win-win for both companies and drives an urgent need to strengthen women and broad-based ownership in the property sector.

“We have managed to facilitate the sale of an illiquid counter in a single transaction, locking in capital value and preserving income flow. Strategically, this transaction achieves far more, as it ties in with our own transformation initiatives to support the development of female leaders in the property sector, while also boosting broader empowerment,” he says.

Real transformation

Nooraya Khan, from the BEE consortium says the transaction will result in Delta shares being owned by long-term strategic investors whose interests are closely aligned. The majority black female owned component of the consortium is 51%, while 49% of the shares are owned by Delta’s management and staff, which is also majority black. Phumzile Langeni, a non-executive director of Redefine, is amongst the women participants in the BEE consortium.

“This deal delivers real transformation trickling down to targeted beneficiaries of BBBEE Policy with the emphasis being to enhance black women ownership, and include a significant stake for management and staff, which is key with all the changes taking place in the property industry,” says Khan.

Other benefits include a higher BBBEE rating essential for government requirements to secure long-term leases, staff retention and the removal of the potential overhang of Delta shares in the open market.

The vendor loan will be 50% settled after an initial period of five years and, at the consortium’s election the loan can be extended for a further three years.

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