

Redefine sells German assets for R1.53bn

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Redefine International, the FTSE 250 income-focused, UK-based property group and Israeli pension group Menora Mivtachim have sold four German office assets to a US private equity group for €106m (R1.53bn).



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Redefine International CEO Mike Watters said his group was looking for value from other opportunities and that the lease on the German portfolio was nearing its end.

The assets, held in a joint venture with Menora Mivtachim, were disposed of as a portfolio via a share sale.

Redefine International owned 49% of the assets and the sale price was at an 8.6% premium to the book value.

Redefine International's net proceeds after debt were €24.9m, which included a performance fee of €2.4m. The proceeds would be reinvested into value-accretive opportunities and used to reduce debt.

"In line with our strategy to continuously improve the quality of our portfolio, these four offices were identified for sale. We are very pleased with the transaction having achieved an impressive 27% internal rate of return over the investment period," said Watters.

"The proceeds ... will be reinvested into value-accretive assets and used to effectively reduce debt," he said.

"This is in line with our stated aim and commitment to focus on delivering superior income-led total returns."

The properties are in Berlin, Dresden, Cologne and Stuttgart and are let to a German government-backed social insurance body, VBG.

The portfolio generated a total annual gross rental income of €8.1m, of which €4m was attributable to Redefine International. In 2012, the company entered into a joint venture deal with Menora Mivtachim to undertake co-investments in properties located in Germany.

Redefine International would source suitable investments, manage the acquisition process and provided asset management services.

Following the sale, Redefine International would no longer manage the assets.

Watters said Redefine International and Menora Mivtachim had worked well together and the companies would consider doing future business.

Like many other UK-based property funds, Redefine International has come under pressure of late due to currency volatility caused by the fallout from the UK's Brexit vote.

The UK voted in favour of an exit from the EU on June 23 last year, prompting a drastic fall in the share prices of various UK-based JSE-listed property stocks the following day.

Source: BDpro

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