

Capital Property grows distributions 10.34%

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Diversified property group Capital Property Fund yesterday reported double-digit growth in distributions for the year to December.



<http://www.capitalproperty.co.za/>

The group's distribution per share increased 10.34% to 83.44c thanks to the strong currency effects from its investments abroad and also the returns from its South African direct property portfolio, which beat market expectations.

The core property portfolio produced robust net income growth of 6.1% compared with the net income for the 2013 financial year.

Capital is the first listed property company to release financial results this year. Last year, listed property outperformed other equities. The sector amassed a capital return of 20% for the 12 months to January, while the JSE all-share index's rise of about 7% paled by comparison.

Capital's strategy is to invest in and develop A-grade logistics facilities and premium-grade offices in the major metropolitan areas in SA, and invest up to 30% of the gross asset value in offshore equities.

These include New Europe Property Investments (Nepi), which invests in shopping centres in Eastern Europe, and Rockcastle Global Real Estate, which focuses on Poland and Africa. Rockcastle was a top performer, with share price growth of 74%. Nepi achieved 41% growth over the same period.

MD Barry Stuhler said currency movements had helped Capital. "We were helped by the dollar but hurt by the euro. Overall, the decision to hold offshore assets like this has helped us tremendously. However, we are not taking a gamble on the rand and we will not just buy into offshore for the sake of it."

Old Mutual Investment Group's Evan Robins said Capital was impressive because its returns were based on a multipronged strategy. "The offshore interest is the icing on the cake that allows Capital to produce strong distribution growth numbers

even in the midst of tough local conditions....

"They also benefit from the 'gearing on gearing' that comes from holding stakes in other companies that themselves have gearing."

Source: Business Day

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