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Resilient lives up to its name with growth during recession

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Resilient Reit's strategy of owning a diverse range of shopping centres in SA and interests in several offshore groups is paying off, with the company continuing to outdo its peers.

Image source: www.resilient.co.za

Resilient grew its dividend 16.1% in the 2017 financial year to June, making it one of only a few listed property stocks to declare double-digit growth in distributions this results season.

Resilient benefited from attractive currency rates previously locked onto its offshore dividend income from its holdings in Greenbay Properties, Hammerson, New Europe Property Investments and Rockcastle Global Real Estate.

The relatively small Nigerian portfolio disappointed.

The group said SA's recession had affected retail sales at its centres which, on a comparable basis, rose 5.1% from 7.7% a year ago.

But the Northern Cape, where retail sales declined 4.9% in the previous financial year and 0.3% during the interim period, grew 3.5% for the full financial year on improvements in volumes and the prices of mineral commodities. .

"We have to find growth opportunities somewhere. Currently there is no growth in SA, which is why we have gone offshore and tried to build long-term investments there," said CEO Des de Beer.

Investec Asset Management portfolio manager Peter Clark said the results had met expectations. "Distribution growth is well above the sector average, which is what the market has come to expect, [but] the growth in net asset value was somewhat disappointing at 2.5%. The growth continues to be boosted by offshore holdings, which will continue to increase as a percentage of the asset base."

Group vacancies in the direct South African portfolio rose marginally from 1.8% .at the end of June 2016 to 1.9% at the end of June 2017. Vacancies at the Arbour Crossing centre were worrying and talks were under way to introduce a gym to take up most of the space.

Resilient owns 60.94% of the Resilient Africa initiative for the development of shopping malls in Nigeria in partnership with Shoprite Checkers.

De Beer said the Nigerian assets struggled, but the economy had returned to growth supported by oil prices and a relaxation of currency controls.

Source: Business Day