Bookbuild raises R1.1bn for Resilient in eager market

By Joan Muller

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Mall owner Resilient real estate investment trust has raised R1.1bn in an oversubscribed bookbuild, exceeding management's target by R300m.

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The proceeds of the equity raise on Tuesday, 10 May, will be used, among others, to further grow Resilient's exposure to offshore real estate.

Resilient has a R14bn (about 33% of total assets) exposure to hard currency property markets through Romanian-focused New Europe Property Investments (Nepi), sister fund Rockcastle, which is building a presence in Poland, and FTSE-listed shopping centre owner Hammerson.

In Tuesday's accelerated bookbuild, just more than 8.5-million new shares were placed at a price of R129 per share - a 3.5% discount on Monday's closing price.

Resilient financial director Nick Hanekom said management was looking to bolster the company's balance sheet to maintain low levels of gearing, which stood at 21% at the December interim period.

"The board is seeing a number of investment opportunities including the redevelopment of local assets as well as some interesting new offshore opportunities," Hanekom said.

Resilient's South African shopping centres that are undergoing extensions include I'langa Mall in Nelspruit and Diamond Pavilion in Kimberley. Future extensions include Mams Mall in Mamelodi and Irene Village Mall in Centurion. Resilient owns 27 shopping centres in SA, mostly in smaller cities and towns.

Resilient has been one of the listed property sector's best-performing counters in the year to date, both from a capital and dividend growth perspective. It delivered 25.2% dividend growth for the six months to end-December, aided by hard currency dividends from Nepi, Rockcastle and Hammerson. The share price is up 20% year to date, ahead of the index's 11% over the same time.

Meago Asset Managers director Jay Padayatchi said there was probably a significant amount of pension fund appetite for Resilient's bookbuild given the surprising speed at which new shares had been taken up. "R1.1bn is not a small amount to raise so quickly in a falling market."

Source: Business Day