

Liberty Two Degrees sees annual profit slump by over 50%

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South Africa's Liberty Two Degrees, which owns malls in prime locations of Johannesburg and Cape Town, said on Monday, 22 February, its full year profit more than halved due to lower rental income and the temporary closure of shops and hotels due to Covid-19.



Sandton shopping mall in Johannesburg. Reuters/Sphiwe Sibeko

In line with the government's guidance, malls partially closed in South Africa in late March last year, with only essential services outlets allowed to trade during the initial hard lockdown period that lasted until May.

The closure of some shops also prompted landlords and tenants to negotiate lower rental fees.

Liberty Two Degrees (L2D) has stakes in high street malls such as Sandton City Mall and Melrose Arch.

It said its headline earnings per share, the main profit measure in South Africa, fell to 25.04 cents in the year ended 31 December 2020, from 57.76 cents a year earlier.

Its portfolio of properties, jointly owned with a unit of financial services group Liberty Holdings, provided R336m (\$22.78m) of rental relief to its tenants for the year. L2D said its share of that was R112m, adding that tenant arrears increased more than threefold last year to R96.4m by 31 December.

As a result, net property income fell 45.6%, which was also hurt by lower parking revenue as less people went to malls.

L2D approved a full year dividend of 32.33 cents per share, down 46%, after it said last year it would consider one.

Overall footfall for 2020 dropped 30.2% from 2019. It fell 21.4% in the fourth quarter, improving from a 60.8% slump in the second quarter, when the most severe lockdown was in place.

Source: Reuters

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