

## Resilient to speak to shareholders about volatile share price

By <u>Alistair Anderson</u> 5 Feb 2018

Property company Resilient says it will meet shareholders to allay concerns about its share price, which has been under pressure in recent weeks.



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"[This will] provide them with an opportunity to field any concerns that may explain the current weakness in the share price," the group said on JSE share network service SENS.

"Some institutional shareholders have suggested that the Siyakha Education Trusts, broad-based educational empowerment initiatives established some years ago by Resilient, become more public regarding their operations and affairs. The board has requested the trustees to respond openly to this interest," Resilient said.

The company also noted criticism about cross-holdings between Resilient and listed logistics and retail group Fortress, in that Resilient owns 15.92% of the B shares issued by Fortress, and Fortress owns 9.32% of Resilient.

"Fortress was established by Resilient several years ago as a strategic initiative and remains an attractive investment. Like all strategies, however, this is regularly re-evaluated by Resilient. Resilient is very comfortable with its investments in Nepi

Rockcastle and Greenbay Properties. Neither of these companies holds shares in Resilient," the group said.

Resilient said it had not been presented with any complaints or allegations of wrongdoing.

"There were rumours in the market that Resilient would be the subject of a Viceroy Research report. When this proved to be unfounded, rumours emerged of the imminent release of a report apparently intended to substantiate the views of short-sellers of Resilient shares," the company said.

"The company has not been approached for comment regarding any report or the like. The board will consider and respond fully and appropriately to any complaint or allegation concerning the company based on facts and provided that it is not made anonymously," it said.

The fall in Resilient's share price and its associates' share prices has placed pressure on the listed property sector.

Paul Stewart, head of fund management at Bridge Fund Managers, said investors needed to be aware that companies not within the Resilient stable had not suffered the same share price falls.

"The South African Listed Property Index (Sapy) was down 13.8% year to date at Thursday's close, but this fall must be contextualised. The losses can be largely attributed to the Resilient group making up 13.5% of the 13.8% Sapy decline," he said.

"A few other Sapy stocks with predominant offshore exposure like MAS Real Estate, Sirius Real Estate and Echo Polska Properties, have also been trading lower. The offshore property names are under pressure this month as we are seeing global yields move higher, that is the US and Europe, and the rand continues to appreciate," he said.

"Added to deteriorating global conditions for real estate, there are plenty of rumours circulating around the market that the Resilient group: Resilient, Fortress, Nepi Rockcastle and Greenbay Properties, can no longer sustain or deserve their premium valuations. As a result, we are seeing their massive premiums to net asset value, which these stocks have enjoyed for several years, begin to unwind," Stewart said.

"It should be noted that this group of stocks are widely held by South African fund managers as a proxy for the South African property market, and there is growing concern that if these South African fund managers start to experience redemptions from their clients, more selling pressure will be heaped onto these shares."

"It is interesting to note that the prices of other SA property heavy weights like Growthpoint and Redefine have remained relatively stable. There are also several property stocks and funds that have avoided these recent losses and are in positive territory for the year to date and for today. The Nedgroup Investments Property Fund is actually up 0.38% year to date, outperforming the index by over 14%," Stewart said.

Source: Business Day