

Company Update Report

Resilient REIT Limited

Real Estate

Analyst thesis

Ticker	RES-ZA
Share price	R77.20
Intrinsic value	R79.21
Upside/(Downside)	3%
Recommendation	Hold

As at: 6 October 2026

Our recommendation is based on:

- Asset quality supports resilient rental income: Resilient REIT Limited's (RES) dominant retail centres, anchored by grocery retailers and leading national brands, support strong tenant demand and low vacancies. The portfolio remains exposed to consumer spending and retailer trading performance, particularly in a weaker macroeconomic environment.
- Earnings growth is being driven by stronger property fundamentals: Positive leasing, low vacancies and active tenant management support rental growth and net property income (NPI).
- Energy investment, development, and acquisitions provide additional growth and margin support. Investing in solar and battery solutions reduces the exposure to administered electricity cost increases, with capacity expected to reach 94.4-megawatt peak, supplying about 43% of the group's electricity requirements.
- Valuation is the key constraint: With the share trading close to its net asset value (NAV), much of the expected operational strength appears reflected in the current price.
- RES owns 40% of Retail Property Investments (RPI) in France, 50% of Spanish Retail Investments (SRI) in Spain, and 27.3% of Lighthouse. Lighthouse contributed R184.3 million to RES's 1H26 distributable earnings, representing about one-fifth of the R919.3 million total. The offshore exposure through RPI, SRI and Lighthouse diversifies RES's earnings base and reduces reliance on South African (SA) retail.

Latest company and market insights

Key highlights

In this report, we review RES's 1H26 results for the six months ended 30 June 2026, released in August 2026, and assess the impact on our outlook:

Financial results at a glance

- SA REIT FFO and distributable income rose 11.7% to R919.3 million from R823.3 million, while FFO per share and DPS increased by 11.7% from 245.72c to 274.38c. Growth was driven by a 6.0% rise in like-for-like SA NPI. Reported revenue expanded by 3.4% to R1.99 billion from R1.93 billion. Underlying contractual rental revenue and recoveries grew by 6.1% to R2.03 billion, but reported revenue growth was moderated by the straight-line rental adjustment, which shifted from a R13.9 million gain to a R38.7 million reduction.
- SA property fundamentals remained healthy: Vacancy rates improved from 2.3% to 1.9% and rental reversions were positive. Retail sales growth moderated to 2.9%, partly due to temporary disruption from tenant repositioning.
- Reported earnings increased strongly, although non-cash items were important: Profit for the period moved 46.3% higher to R985.4 million from R673.4 million, while basic EPS rose by 57.3% from 177.30c to 278.85c. Stronger fair-value movements, lower finance costs, and a lower net impairment drag supported the improvement. A swing from an FX gain to an FX loss partly offset the improvement.
- Group LTV improved from 37.8% in 1H25 to 36.1% in 1H26. Gross debt advanced by 6.2% YoY to R13.95 billion, while investment property under development grew by 13.9% to R685.6 million, reflecting ongoing capital deployment. Liquidity remains adequate, with R2.3 billion of undrawn facilities, while SA REIT ICR improved from 2.5x in 1H25 to 2.9x in 1H26.
- Property operating expenses expanded by 5.7%, but the gross property expense ratio improved from 37.5% to 36.7%, as contractual rental and recovery growth slightly outpaced cost growth. RES's solar and battery strategy continues to help mitigate rising administered electricity costs.
- Offshore earnings remained supportive: Lighthouse's euro-denominated DPS moved 9.7% higher, while its rand-equivalent contribution increased by 11.2%, supported by favourable forward exchange rates.



Management's guidance and sector outlook

Management reaffirmed guidance for FY26 distribution growth of at least 9.0%, implying a minimum distribution of 534.56c per share, assuming interest rates remain unchanged. The outlook is supported by solid SA retail fundamentals and continued growth at Lighthouse, which has guided to 8.7% growth in euro-denominated DPS for FY26. RES should also benefit from favourable forward exchange rates in 2H26, although the benefit from lower interest rates in 1H26 is not expected to recur in 2H26. The SA retail portfolio remains central to earnings, supported by low vacancies, positive rental reversions and ongoing asset management. Growth is further supplemented by developments and acquisitions at Irene, Tzaneen, Mams Mall and The Village Klerksdorp, although returns will depend on execution, yields and funding costs.

Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	The expected three-year revenue CAGR is 3.7%. Growth is supported by positive SA leasing fundamentals and a visible development and acquisition pipeline, including Irene, Tzaneen, Mams Mall and The Village Klerksdorp. The rating is moderated by the contribution of lower interest rates to 1H26 earnings growth, as this benefit is not expected to recur in 2H26.
Valuation	★★★★☆	The share price is trading at a 3% discount to the IV. The current price-to-book value of 1.03x is approximately 13% above its five-year average of 0.91x. The premium likely reflects stronger current distribution growth, low vacancies, positive leasing momentum and expectations that the development pipeline will support future earnings.
Dividend	★★★★☆	LTM dividend yield of 6.9%. NTM dividend yield of 7.4%.
Issuance	★★★★☆	The number of shares issued has decreased by 8% over the past five years.
Catalyst		Completion of Irene Village Mall and its contribution to earnings, transfer of the remaining 50% of Mams Mall and The Village Klerksdorp, and progress on the 22 000 m ² Tzaneen Lifestyle Centre extension provide visible growth catalysts. Additional support could come from sustained positive rental reversions, Lighthouse distribution growth, favourable FX hedging and improved refinancing margins.
Quality of earnings	★★★★☆	The five-year average ROE of 17.9%. The five-year average operating margin of 61.0%. The business has recorded positive FFO growth in five of the past 10 years. RES's recurring performance is better assessed through SA REIT FFO and distributable income than IFRS EPS, as statutory earnings are affected by non-cash property revaluations, derivatives, FX movements and associate accounting. The recurring income profile remains supported by low vacancies, positive leasing and property income.
Moat	★★★★☆	Switching costs: Tenant relocation involves fit-out costs, disruption and moving expenses, which support retention. RES's low vacancy rate and positive rental reversions reinforce this advantage. Cost advantage: Portfolio scale, capital-market access and energy investment support funding flexibility and help contain utility costs. Efficient scale: RES's clearest moat is its dominant retail centres, typically anchored by major national retailers with a strong grocery and fashion presence.
Management and governance	★★★★☆	Johann Kriek, who succeeded Des de Beer as CEO in 2024, brings extensive experience in retail-property management, letting, acquisitions and development. Des now serves as a non-executive director. Management execution has been solid, although capital allocation and delivery of the development pipeline remain key areas to monitor.
Balance sheet	★★★★☆	The net debt-to-EBITDA ratio is 6.1x and the interest coverage ratio is 1.9x. The debt-to-assets ratio is 32.8%
Risks		The principal risks are weaker consumer spending, pressure on tenant affordability, administered-cost inflation and rising finance costs. Recent rate hikes by the South African Reserve Bank and European Central Bank could increase borrowing costs as debt is refinanced or hedges roll off, partly reversing the funding benefit seen in 1H26. Execution and funding risks remain for developments and acquisitions, while offshore earnings are exposed to FX movements, hedging and associate performance. The French portfolio also faces a softer macroeconomic backdrop. Portfolio concentration: RES remains predominantly exposed to retail property, increasing sensitivity to consumer spending, pressure on tenant affordability, and structural changes in retail demand.

Source: FactSet

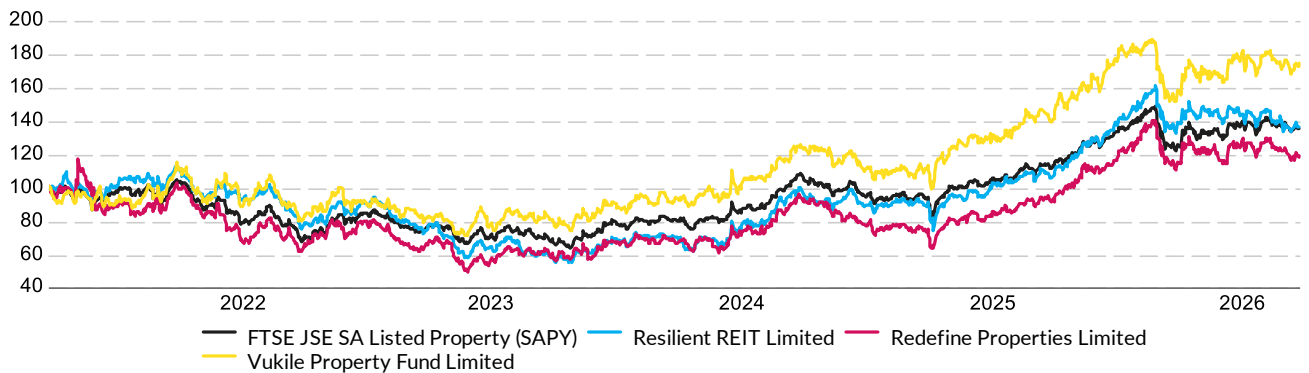
Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
RES-ZA	-3.2%	-0.5%	-7.9%	-2.5%	21.9%	29.8%	98.0%	50.4%	-21.4%
RDF-ZA	2.0%	-0.2%	-4.4%	3.4%	24.1%	21.9%	72.4%	34.5%	-47.0%
VKE-ZA	-2.6%	3.7%	-2.2%	9.1%	18.4%	32.6%	85.8%	97.4%	29.6%
SAPY	0.4%	0.3%	-2.7%	5.9%	14.5%	19.5%	69.0%	50.4%	-23.0%

Source: FactSet

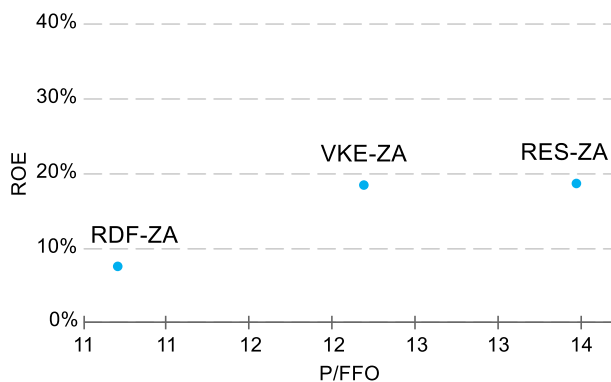


Graph 1: Five-year total return (indexed to 100)



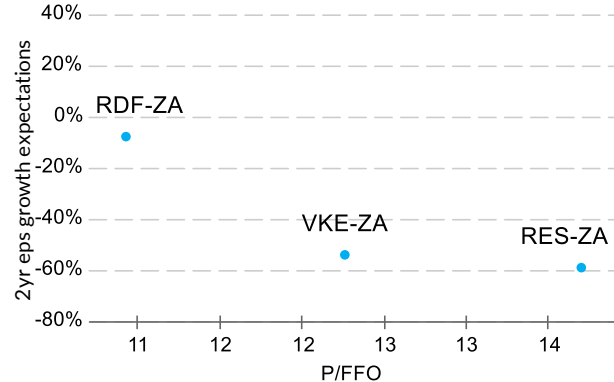
Source: FactSet

Graph 2: P/FFO vs 2Y average ROE



Source: FactSet

Graph 3: P/FFO vs 2Y EPS growth forecast



Source: FactSet

Valuation

We maintain a hold recommendation, with a probability-weighted IV of R79.21 per share against the current share price of R77.20, implying approximately 3% upside. The R76.64 base case remains broadly aligned with the current price, suggesting that much of RES's' central base-case operating outlook is already reflected in the valuation.

Our valuation assigns probabilities of 20%, 50%, and 30% to the bear, base and bull cases, respectively, using terminal P/FFO multiples of 13.0x, 16.2x, and 19.5x, respectively. The bear case assumes slower FFO growth, higher refinancing costs and weaker development returns, while the bull case assumes stronger FFO growth, successful execution of developments and acquisitions, improved funding conditions, and stronger offshore contributions. This narrower range keeps the valuation outcomes more proportionate to the underlying operating scenarios.

Table 3: Valuation table

Valuation probabilities			
	Bear	Base	Bull
FY28E FFO (RMn)	1 831	2 004	2 146
Terminal P/FFO	13.0x	16.2x	19.5x
Probability	20%	50%	30%
Scenario intrinsic value	R56.21	R76.64	R98.83
Weighted intrinsic value	R79.21		
Upside/(downside)	3%		

Sources: PSG Wealth Research and FactSet

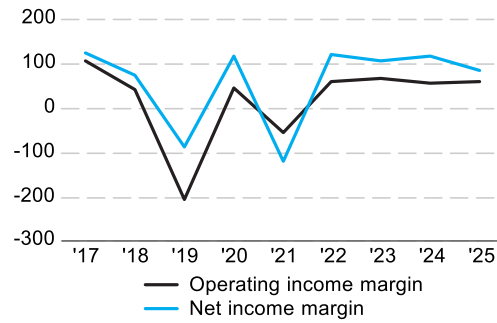


Graph 4: LTM P:E relative to benchmark



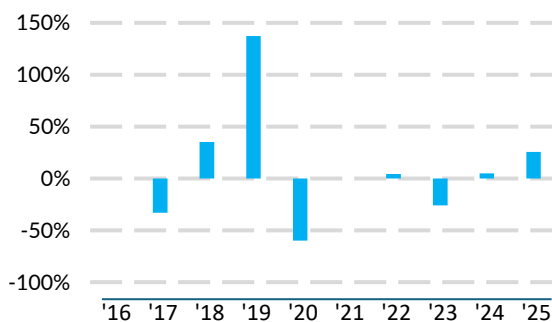
Source: FactSet

Graph 5: Profit margins (%)



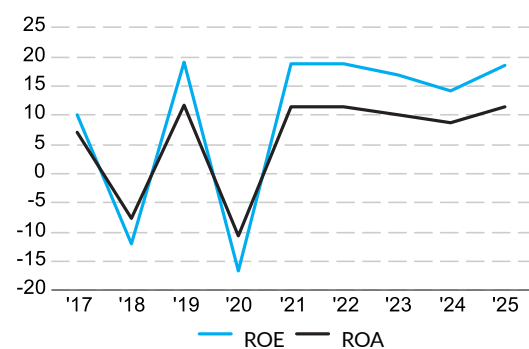
Source: FactSet

Graph 6: 10Y FFO YoY change %



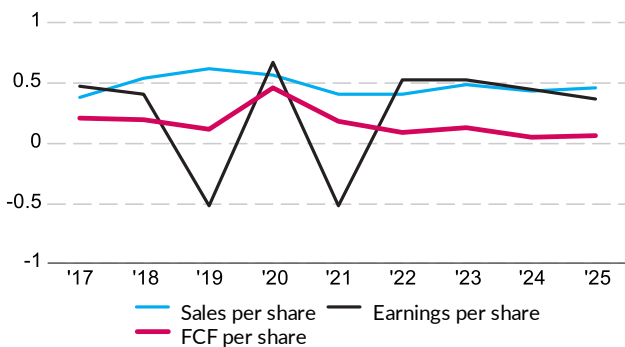
Sources: FactSet and PSG Wealth Research

Graph 7: ROE and ROA (%)



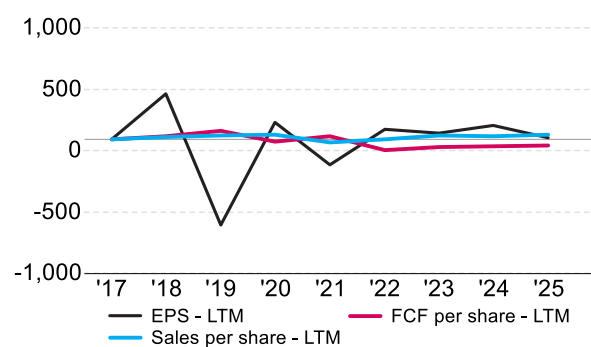
Source: FactSet

Graph 8: Sales, earnings and FCF per share (R)



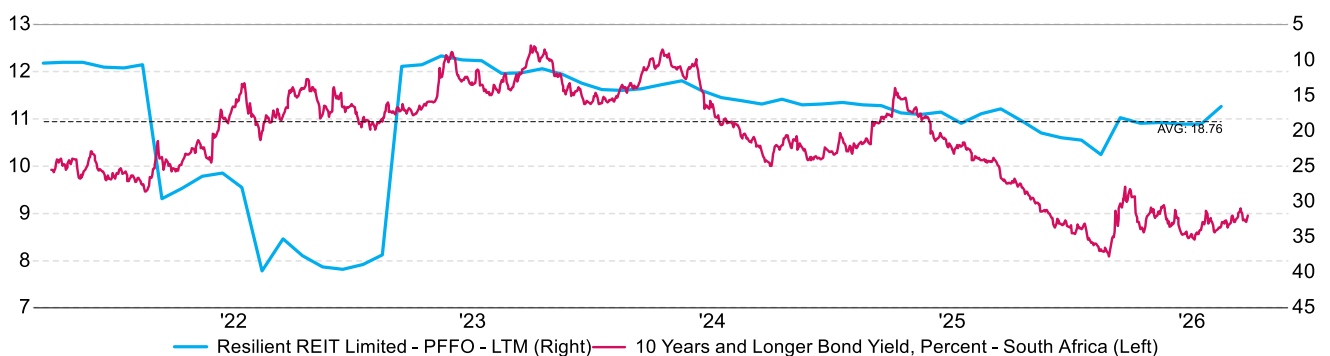
Source: FactSet

Graph 9: Sales, earnings and FCF per share indexed



Source: FactSet

Graph 10: P/FFO (inversed) and SA 10-year bond yield



Source: FactSet



Table 4: Financials and ratios

Income statement (RMn)	FY21	FY22	FY23	FY24	FY25	1Y Growth	3Y CAGR	5Y CAGR
Total revenue	2 865	3 503	3 575	3 652	3 927	7.5%	3.9%	6.5%
Property operating expenses	1 072	1 230	1 331	1 380	1 443	4.5%	5.4%	6.1%
NPI	1 668	2 168	2 240	2 272	2 484	9.4%	4.6%	8.3%
Profit before net finance costs	932	4 595	4 419	4 112	5 735	39.5%	7.7%	nm
SA REIT FFO/share (R)	4.4	6.7	4.1	4.4	4.9	11.8%	-9.5%	nm
Balance sheet (RMn)	FY21	FY22	FY23	FY24	FY25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	29 929	33 236	35 698	38 056	41 469	9.0%	7.7%	6.7%
Total equity	18 609	19 742	21 636	23 371	26 457	12.9%	9.5%	6.7%
Total liabilities	11 320	13 495	14 062	14 684	15 012	2.2%	3.6%	5.8%
Key ratios/metrics	FY21	FY22	FY23	FY24	FY25	5Y Avg		
P/B	1.1	0.9	0.7	0.8	1.0	0.9		
Group ICR	2.8	4.3	2.5	2.3	2.5	2.9		
Group LTV	28.8%	34.7%	35.2%	37.9%	35.8%	34.5%		

*nm: Not meaningful

Sources: FactSet, PSG Wealth Research and RES's annual financial statements

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition	Abbreviation	Definition
1H / 2H	First half/second half of the financial year	NPI	Net property income
bps	Basis points	P/E / P:E	Price-to-earnings ratio
CAGR	Compound annual growth rate	P/FFO	Price-to-funds-from-operations ratio
DPS	Dividend per share	RDF	Redefine Properties Limited
EBITDA	Earnings before interest, tax, depreciation and amortisation	REIT	Real Estate Investment Trust
EPS	Earnings per share	RES	Resilient REIT Limited
FCF	Free cash flow	Rbn	South African rand billion
FFO	Funds from operations	RMn	South African rand million
FX	Foreign exchange	ROA	Return on assets
FY / FYXX	Financial year end	ROE	Return on equity
ICR	Interest cover ratio	RPI	Retail Property Investments SAS
IV	Intrinsic value	SA	South Africa
JSE	Johannesburg Stock Exchange	SA REIT FFO	SA REIT funds from operations
LTM	Last 12 months	SAPY	FTSE/JSE SA Listed Property Index
LTV	Loan-to-value ratio	SRI	Spanish Retail Investments SOCIMI, SA
MTD	Month-to-date	VKE	Vukile Property Fund Limited
NAV	Net asset value	YoY	Year-on-year
NTM	Next 12 Months	YTD	Year-to-date
P/B	Price-to-book ratio		



Contact details

Junior Yun

Equity Analyst

+27 (11) 996 5200

Junior.Yun@psg.co.za

Marnus Piekaar, CFA

Head of Fundamental Research

+27 (11) 996 5200

Marnus.Piekaar@psg.co.za

The purpose of this document is to provide information and is not available for external distribution.

About PSG Investment Management recommendations

PSG Investment Management provides medium- to long-term recommendations based on the premium or discount that a company trades at, relative to our estimation of intrinsic value. We expect companies to rerate towards their intrinsic value over a one- to three-year period. The long-term valuation is a quantitative-based valuation based on the fundamental performance of each company in the past, as well as their future forecasts. The fundamental features used are based on profitability and growth measures such as EPS growth and return on equity (ROE).

House view guidance: House view guidance is indicative only. Each client's circumstances are different, and it remains critical that indicative guidance is discussed with your portfolio manager or financial adviser.

Date and share price: The date the report was reviewed and approved by the investment research team is likely to precede the release date and price on the report.

*Share price as at closing.

Disclaimer

This publication is confidential and released for the information of clients only. It shall not be reproduced in whole or in part without our permission. Any unauthorised use, duplication, redistribution or disclosure is prohibited by law. This publication is not to be construed as providing investment services in any jurisdiction where the provision of such services is not permitted. It is provided for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security, and we have no responsibility whatsoever arising here from or in consequence thereof. The user assumes the entire risk of any use made of this publication. Any decision to purchase securities mentioned in this publication must consider existing public information on such security or any registered prospectus. The information contained herein has been obtained from sources which and persons whom we believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute our judgement as of the date of this material and are subject to change without notice. This publication does not attempt to identify the nature of the specific market or other risks associated with an investment. Leveraged/Geared positions in securities can accentuate the profit/loss made on investments. Geared/Leveraged positions are not recommended based on the information contained in this publication. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and investors must make their investment decisions using their own objective advisers as they believe necessary and based upon their specific financial situations and investment objectives. Certain investments/recommendations may have tax implications for private customers. Investors should seek advice from a tax adviser before acting on information contained in this publication. The securities described herein are subject to fluctuation in price and/or value and investors may get back less than originally invested. Past performance is not indicative of future results. The employees responsible for producing this report may from time-to-time own securities mentioned herein.

Analyst certification

The research analyst who prepared this report certifies that the view expressed herein accurately reflects the research analyst's personal views about the subject, security and issuer and that no part of their compensation was, is or will be directly or indirectly related to specific recommendations or opinions contained in this report.

FSP

PSG Investment Management (Pty) Ltd is an authorised financial services provider. FSP: 44306

PSG Securities Limited is an authorised member of the JSE and authorised financial services provider. FSP: 42996

DISCLAIMER: This report constitutes general information and does not constitute financial advice as defined in the Financial Advisory and Intermediary Services Act (FAIS).