Resilient REIT Limited
Incorporated in the Republic of South Africa
Registration number: 2002/016851/06
JSE share code: RES
ISIN: ZAE000209557
Bond company code: BIRPIF
LEI: 378900F37FF47D486C58
(Approved as a REIT by the JSE)
("Resilient" or "the Company" or "the Group")

www.resilient.co.za

Short-form announcement: Unaudited consolidated financial results for the six months ended 31 December 2020

Nature of the business
Resilient is a retail-focused Real Estate Investment Trust ("REIT") listed on the JSE Limited. Its strategy is to invest in dominant retail centres with a minimum of three anchor tenants and let predominantly to national retailers. A core competency is the successful development of new malls and the reconfiguration of existing malls to adapt to changing market demands. Resilient also invests in offshore property-related assets.

Distributable earnings and dividend declared
The Board has declared an interim dividend of 202,70 cents per share for 1H2021. This represents a 24,4% decrease from the 267,96 cents per share for 1H2020, a period prior to the COVID-19 pandemic.

During 1H2021, 95% of rental and recoveries billed (before discounts) were collected. COVID-related discounts and tenant arrears are set out below:

	Dec 2020 six months		
	SA R'000	Nigeria R'000	Group R'000
Discounts provided to tenants	42 100	1 611	43 711
Tenant arrears written off	18 923	1 600	20 523
Net arrears at period-end	58 229	6 939	65 168

	Dec 2019 six months		
	SA R'000	Nigeria R'000	Group R'000
Discounts provided to tenants	-	-	-
Tenant arrears written off	5 188	2 367	7 555
Net arrears at period-end	27 013	5 678	32 691

	Jun 2020 six months		
	SA R'000	Nigeria R'000	Group R'000
Discounts provided to tenants	166 300	6 620	172 920
Tenant arrears written off	18 607	3 168	21 775
Net arrears at period-end	63 516	3 524	67 040

A total of R15,2 million of the arrears at December 2020 has been collected and Resilient expects to recover R14,3 million on conclusion of the Edcon business rescue process. This aligns the arrears balance to that of the comparative pre-COVID period.

The Group's listed investments contributed R123 million less towards the 1H2021 distributable earnings compared to that for 1H2020. The operational performances of NEPI Rockcastle and Lighthouse were impacted by COVID-related restrictions imposed in the markets in which they operate. In addition, NEPI Rockcastle reduced its payout ratio affecting Resilient's 1H2021 period.

The 1H2020 period benefitted from R127 million of interest earned on the EUR221 million cross-currency swaps as well as R19 million of capitalised interest. The Group had no cross-currency swaps during 1H2021 and capitalised only R55 000 of borrowing costs during this interim period. This had a negative impact on distributable earnings, however, was largely offset by lower borrowing costs as the South African prime rate was 3% lower than during the comparable period.

Financial performance

	Note	Unaudited for the six months ended Dec 2020	Unaudited for the six months ended Dec 2019	Difference
IFRS information				
Total revenue (R'000)	A	1 403 972	1 898 331	(494 359)
Basic (loss)/earnings per share (cents)	B	(219,00)	148,52	(367,52)
Headline (loss)/earnings per share (cents)	B	(126,75)	155,91	(282,66)
Dividend (cents per share)		202,70	267,96	(65,26)
Net asset value (R)		50,60	68,14	(17,54)
Management account information				
Net asset value (R)		55,63	68,78	(13,15)
Loan-to-value ratio (%)	C	33,7	27,2	6,5
Gross property expense ratio (%)	D	38,6	36,9	1,7

Notes:
A: In addition to COVID-related discounts provided and the increase in tenant arrears written off during 1H2021, the comparable period included R374,7 million of revenue from Resilient's listed investments. The Group received no revenue from its listed investments during 1H2021.

B: The movement in basic and headline earnings can be attributed to the following:

	Note	Unaudited for the six months ended Dec 2020 R'000	Unaudited for the six months ended Dec 2019 R'000
Revenue from investments	A	-	374 661
Fair value gain/(loss) on investments		353 241	(454 836)
Share of loss of associate	E	(1 757 000)	(26 485)

C: The loan-to-value ratio is calculated by dividing total interest-bearing borrowings adjusted for cash on hand and the fair value of derivative financial instruments by the total of investments in property, listed securities and loans advanced.

D: 1H2021 was impacted by Resilient's pro rata share of COVID-related discounts of R44 million. It was further impacted by the continued above-inflation increases in administered prices, particularly utilities and rates.

E: Resilient owns 40% of its associate, Lighthouse. Lighthouse recognised a negative fair value adjustment on its investment in Hammerson as the investment was fair valued to GBP0,163 per share immediately prior to Hammerson becoming its associate. Lighthouse further recognised its share of Hammerson's loss for the period, which impacted the basic earnings.

Property performance

South African retail sales for 1H2021 declined by 1,6% compared to 1H2020. This performance demonstrates the resilience of the property portfolio given that the comparable period was unaffected by COVID-related restrictions. Of the 28 malls, 15 recorded positive sales growth.

In line with the trends noted during 2H2020, malls with exposure to mining and high-value agricultural produce performed strongly while those with leisure and entertainment offerings were negatively affected as a result of the extended lockdown restrictions. I'langa Mall was the worst performing mall in the portfolio as it was also impacted by the closure of the border and travel restrictions between South Africa and Mozambique. The closure of the offices in the surrounding office nodes had a more severe impact on Rivonia Village than initially expected. Arbour Crossing benefitted from new lettings particularly the relocated and expanded Food Lover's Market and a new gymnasium. A Boxer supermarket was introduced to Mvusuludzo Mall enabling it to gain market share.

Expiring leases with tenants that remained in occupation (including the cession of Edgars leases to Retailability) were renewed at an average increase of 0,5% on expiring rentals. Leases concluded with new tenants (including new leases with TFG in respect of Jet) were on average 8,5% higher than the rentals of the outgoing tenants. In total, rentals for renewals and new leases increased by 2,5% on average. Administered costs, particularly rates and taxes and electricity, are still escalating well ahead of inflation and retail sales growth and are affecting tenants' cost of occupancy.

Post-COVID strategy

Resilient has continued its support for tenants with sustainable business models. The pandemic has, however, accelerated a number of trends affecting retail properties including the decline of department stores, improved logistics by retailers resulting in more efficient use of retail space, changes in demographics with resulting changes in brand preferences, increased spend on groceries as a proportion of retail sales as well as the demand for increased convenience by customers. Resilient has initiatives impacting all malls which, in many cases, require structural changes but will place the malls in a strong position to compete effectively in the future.

Retailability, the new owner of Edgars, has repositioned this business as a fashion emporium with a beauty offering rather than as a department store. The target store size in Resilient's malls is between 2 500m2 and 4 500m2. Resilient supports this approach and 9 of the previous 18 Edgars stores in the portfolio are being closed, relocated and/or reduced in size to meet the new strategy. Resilient will evaluate the remaining stores to determine whether further action needs to be taken.

In some instances, the right-sizing of the Edgars stores will facilitate the introduction of an additional grocer. At Irene Village Mall, Mahikeng Mall and Tzaneen Lifestyle Centre, the malls will be expanded to accommodate additional grocers.

A number of retailers may not recover from the impact of COVID. Fortunately, other established retailers and new entrants are seeking to expand their footprints, particularly in non-metropolitan markets. These include the Studio 88 group, Webbers, Refinery, Ackermans Woman, Polo, Fashion Fusion, Code, Bathu and Drip.

Prospects

Resilient's property portfolio has proved to be defensive in a difficult trading environment. Leisure and entertainment remain severely impacted by COVID and the recovery of these segments is dependent on the roll-out of the vaccination programme. The performance of these segments is already in Resilient's base. Resilient is focused on the future relevance and growth of its portfolio as is evident from the extension, repositioning and reletting programme.

The successful roll-out of the vaccination programme in Europe, particularly in the UK, bodes well for the easing of restrictions which will support the future of Resilient's investments. The investment of Lighthouse in Hammerson looks promising as the Hammerson share price recovers from deeply discounted levels.

The level of uncertainty, particularly relating to the pandemic and the distribution that Resilient will receive from its listed securities, remains elevated. Under these circumstances, the Board is not in a position to provide guidance for 2H2021. The distribution policy remains unchanged and Resilient will maintain its payout ratio at 100%.

Payment of interim dividend

The Board has approved and notice is hereby given of an interim dividend of 202,70000 cents per share for the six months ended 31 December 2020.

The dividend is payable to Resilient shareholders in accordance with the timetable set out below:

Last date to trade cum dividend	Tuesday, 13 April 2021
Shares trade ex dividend	Wednesday, 14 April 2021
Record date	Friday, 16 April 2021
Payment date	Monday, 19 April 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 14 April 2021 and Friday, 16 April 2021, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 19 April 2021. Certificated shareholders' dividend payments will be posted on or about Monday, 19 April 2021.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement released on SENS and does not include full or complete details. This short-form announcement has not been audited or reviewed by the Company's auditor. The full announcement can be found on the Company's website at www.resilient.co.za/downloads.htm?Subcategory=2021 and can be accessed using the following JSE link:

https://senspdf.jse.co.za/documents/2021/jse/isse/RESE/Dec2020.pdf. The full announcement is available for inspection at the registered offices of the Company or its sponsor, at no charge, during office hours from Tuesday, 23 March 2021 to Friday, 9 April 2021. Any investment decision should be based on the full announcement available on the Company's website.

Tax treatment

In accordance with Resilient's status as a REIT, shareholders are advised that the dividend of 202,70000 cents per share for the six months ended 31 December 2020 ("the dividend") meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act").

The dividend will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provide the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividends tax; and

b) a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 162,16000 cents per share.
A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

b) a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration of this dividend: 400 126 254

Resilient's income tax reference number: 9579269144

By order of the Board

Des de Beer — Chief executive officer

Monica Muller — Chief financial officer

Johannesburg
23 March 2021

Directors
Alan Olivier (chairman), Stuart Bird, David Brown, Thembi Chagonda, Des de Beer*, Des Gordon, Nick Hanekom*, Johann Kriek*, Dawn Marole, Monica Muller*, Protas Phili, Umsha Reddy, Barry van Wyk (*executive director)

Company secretary
Ashleigh Egan

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