

HERIOT REIT LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 2017/167697/06)
(Approved as a REIT by the JSE)
JSE share code: HET ISIN: ZAE000246740
("Heriot" or "the Company" or the "Group")



SHORT-FORM ANNOUNCEMENT: REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NATURE OF BUSINESS

Heriot, a property holding and investment company listed in the "Diversified REITs" sector on the Alternative Exchange of the JSE, is invested in a diversified portfolio of properties valued at R4,647 billion, with a focus on retail assets in non-metropolitan areas. The Group's primary objective is to develop or acquire yield-enhancing assets within South Africa to create a stable and diverse portfolio of assets for the purposes of generating secure and escalating net rental income streams.

KEY FINANCIAL HIGHLIGHTS

	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020	Change %
Dividend per share (cents)	90.72	84.20	7.7
Total assets (R'm)	4,948.14	4,787.45	3.4
Net asset value per share (cents)	1,142.55	1,107.27	3.2
Gross revenue (R'm)	504.13	508.09	(0.8)
Net profit after taxation (R'm)	322.40	88.06	266.1
Earnings per shares (cents)	122.57	32.29	278.5
Headline earnings per shares (cents)	87.35	74.27	17.6

PROSPECTS

While there is evidence that markets are stabilising, uncertainty around COVID-19 remains and the expected fourth wave of infections may result in further trading restrictions for tenants. The vaccine take-up has been relatively slow in South Africa and the country's level of unemployment has reached unprecedented levels.

Heriot's focus remains on retaining tenants and reducing vacancies while continuing to explore opportunities to grow its asset base by way of the acquisition of high quality properties in its target markets and core sectors and through the redevelopment of existing properties. Heriot will further focus on enhancing the value of properties in its portfolio through the installation of solar and other energy saving initiatives.

The Board is confident that Heriot's investment in retail properties in non-metropolitan areas, that cater more for the daily needs of shoppers, together with the high quality of its tenant base will deliver growth of 6,0% to 8,0% in the dividend per share for the year ending 30 June 2022.

The forecast in support of this guidance has been prepared using the following key assumptions:

- Forecast property income is based on contractual rental escalations and market-related renewals;
- Adequate allowance has been made for vacancies and rent reversions;
- No further rental concessions will be granted to tenants due to harsher lockdown restrictions that may be imposed as a result of a fourth wave of COVID-19 infections;
- No further major corporate and tenant failures will occur other than those failures that occurred during the reporting period; and
- Interest rates will remain unchanged.

This guidance has not been reviewed or reported on by the Company's auditors.

PAYMENT OF FINAL DIVIDEND

The board has declared final gross cash dividend of 46,88 cents per share out of the Company's distributable income for the year ended 30 June 2021.

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

	2021
Last date to trade <i>cum</i> dividend	Tuesday, 19 October
Shares trade <i>ex</i> dividend	Wednesday, 20 October
Record date	Friday, 22 October
Payment date	Monday, 25 October

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 October 2021 and Friday, 22 October 2021, both days inclusive. The dividend will be transferred to dematerialised shareholders' CSDP/broker accounts on Monday, 25 October 2021. Certificated shareholders' dividend payments will be posted or paid to certificated shareholders' bank accounts on or about, Monday 25 October 2021.

In accordance with Heriot's status as a REIT, shareholders are advised that 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 on the shares 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 such 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 37,50400 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) 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 the dividend: 255,395,858 (excluding 900,000 treasury shares)

Heriot's income tax reference number: 9541295185

Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details where after the cash dividend will be paid via electronic transfer into the personal bank accounts of certificated shareholders.

REVIEW CONCLUSION

The condensed consolidated financial statements for the year ended 30 June 2021 have been reviewed by the Company's auditors, BDO South Africa Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report together with the condensed financial statements identified in the auditor's report is available for inspection at the Company's registered office.

ABOUT THIS ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of and the contents were approved by the board on 30 September 2021. This short-form announcement is a summary of the full announcement released on SENS on 30 September 2021 and does not include full or complete details. The short-form announcement has not been audited or reviewed by the Company's external auditors.

The full announcement is available on the Company's website at www.heriotreit.com and can be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2021/jse/isse/HETE/FY2021.pdf> or on the Company's website at www.heriotreit.com.

The full announcement is available for inspection at the registered offices of the Company or its sponsor, at no charge, during office hours from Wednesday, 30 September 2020 to Wednesday, 7 October 2020 or on the Company's website at www.heriotreit.com. Any investment decision by investors and/or shareholders should be based on the full announcement.

By order of the Board

30 September 2021

COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited

REGISTERED OFFICE

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DIRECTORS

SB Herring (Chairperson)*, RL Herring (CEO), JA Finn (CFO), SJ Blieden*†, T Cohen*†, R Lockhart-Ross*†, N Ngale*†

*Non-executive †Independent

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

DESIGNATED ADVISOR

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