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: Provisional audited summarised
consolidated financial statements
for the year ended 31 December 2022

Nature of the business
Resilient is a retail-focused Real Estate Investment Trust ("REIT") listed on the JSE Limited ("JSE"). 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 its strong development skills which support new developments and the reconfiguration of existing malls to adapt to structural changes in the market. Resilient also invests directly and indirectly in offshore property assets.

The Company's focus is on regions with strong growth fundamentals. Resilient generally has the dominant offering in its target markets with strong grocery and flagship fashion offerings.

Distributable earnings and dividend declared
The Board has declared a dividend of 203,98 cents per share for the six months ended December 2022.

The total dividend for 2022 of 438,03 cents per share is 3,2% lower than the 452,73 cents per share for the previous 12 months. Resilient distributed 170 554 201 Lighthouse shares to its shareholders in May 2022. As such, no dividends from these shares were included in distributable earnings for 2022. Had Resilient retained these shares, the dividend would have been 3,8% (469,71 cents per share) higher than the comparable dividend.

Resilient acquired a 3,96% interest in Hammerson at a cost of R732,6 million during 2H2022. Resilient was surprised by the Hammerson board's decision not to pay a dividend relating to 2H2022 and yet to accelerate its developments. Understandably, the market reacted very negatively to this decision by sharply marking down the Hammerson share price. Resilient believes that changes at Hammerson are now appropriate. Resilient's dividend declared in respect of 2H2022 does not include any income from this investment.

Commentary on results
South Africa
Comparable sales growth of 9,4% was achieved for the year ended December 2022 compared to the year ended December 2021 (+16,1% compared to the year ended December 2019 pre-COVID performance). Sales growth was enhanced through right-sizing, relocations and other tenant-focused initiatives. Excluding July (which was the portion of the prior year most affected by social unrest), comparable sales grew by 8,5%.

Resilient did not receive the full benefit of the strong trading performance due to the considerable costs associated with loadshedding. The increased level of loadshedding resulted in additional diesel costs of R11,7 million as well as approximately R6,5 million in additional maintenance costs relating to air conditioning and other electrical equipment. Without battery or full generator support, solar installations cannot operate during periods of loadshedding.

The South African property portfolio recorded comparable net property income growth of 6,0% for the reporting period (excluding COVID-19 rental discounts granted in the prior year).

During 2022, interest rates increased by 325 basis points. This negatively impacted distributable earnings where the long-standing interest rate caps did not provide sufficient protection.

Resilient owns 27 retail centres with a gross lettable area ("GLA") of 1,2 million square metres. Following new lettings, including the new Spar at Mams Mall, Resilient's pro rata share of vacancies has declined to 1,7%. Although vacancies may decline further, the current position is optimal to accommodate tenant rotation and right-sizing in future.

France
Retail Property Investments SAS ("RPI") owns four regional malls in France. Resilient increased its interest in RPI from 25% to 40% at a cost of EUR34,5 million (R579,7 million) effective from 31 August 2022.

The distributable earnings from the French portfolio were lower than forecast. This portfolio was more severely impacted by COVID-19 restrictions than many other European jurisdictions with retail sales negatively affected. As a result, greater rental concessions and discounts were granted.

New tenants, including Lidl, Action and New Yorker, have commenced trading further strengthening the portfolio. Tenant demand by leading international retailers is exceeding expectations and most of the vacant space has been let or is in negotiation to be let during 2023. In the short term, the additional letting is income dilutive due to tenant fit-out contributions and rent-free periods. These initiatives are income and quality accretive for the future. The net operating income from this portfolio is forecast to be EUR8 million (Resilient's share) for FY2023. This is projected to grow at 15% – 20% per annum for FY2024 and FY2025. (This forecast statement and the forecast underlying such statement are the responsibility of the Board and have not been reviewed or reported on by the Company's auditor.)

Property valuations
Jones Lang LaSalle Proprietary Limited ("JLL") advised Resilient that it was significantly reducing its operations in South Africa and was therefore no longer performing portfolio valuations. The Board selected Quadrant Properties Proprietary Limited to perform the South African valuations at December 2022. Resilient's share of the positive revaluation of its South African properties was 4,2% (R1,02 billion).

The French portfolio was valued by JLL and the Nigerian portfolio by CBRE Excellerate. Resilient's share of the positive revaluation of the French portfolio was EUR3,2 million and USD3,0 million for the Nigerian portfolio.

Energy projects
Resilient continues with its accelerated roll-out of solar installations. The previous regulatory restrictions and approval requirements were overridden by the President facilitating this acceleration. The current installed capacity of 32,2MWp will increase to 43,5MWp by the end of April 2023 and to 57,2MWp by December 2023. At December 2022, Resilient produced 14,6% of its electricity consumption which will increase to 19% by the end of April 2023 and to approximately 25% by December 2023 (based on pro rata ownership). The Board is confident that Resilient will achieve its previous target to produce over 50% of its total electricity consumption by 2027.

Loadshedding has limited the positive impact of solar installations without battery or full generator support. Two battery installations by separate companies have been trialled and are operating within expectations. A large-scale roll-out of battery installations is now the priority.

Resilient's malls all have backup generators, however, from both an environmental and cost perspective, these are only utilised when no other alternatives are available.

Financial performance

	Audited for the year ended Dec 2022	Restated for the six months ended Dec 2021	Movement
IFRS information			
Total revenue (R'000)	3 502 675	1 624 392	1 878 283
Basic earnings per share (cents)	1 081,99	524,21	557,78
Diluted earnings per share (cents)	1 077,92	522,63	555,29
Headline earnings per share (cents)	536,41	231,60	304,81
Diluted headline earnings per share (cents)	534,39	230,90	303,49
Dividend (cents per share)	438,03	226,62	211,41
Net asset value per share (R)	58,26	56,58	1,68
Management account information			
Net asset value per share (R)*	62,18	64,96	(2,78)
Loan-to-value ratio (%)	34,7	28,8	5,9
Gross property expense ratio (%)	38,0	38,1	(0,1)
Percentage of direct and indirect property assets offshore (%)	23,8	29,3	(5,5)

* The net asset value at December 2022 would have been R3,41 higher if Resilient had retained the 170 554 201 Lighthouse shares it distributed to its shareholders in May 2022.

Prospects

Resilient has and continues to address structural changes impacting retail properties, including right-sizing department stores and increasing exposure to grocery retailers. Resilient keeps abreast of changing consumer preferences in its target markets by right-sizing and introducing the appropriate retail categories and brands. Resilient is mindful of the challenging economic environment and continues to emphasise investment in dominant retail centres with a high percentage of corporate tenants.

Energy supply and cost has become a major variable in forecasting net operating income. Resilient is making strong progress in its solar and battery strategy which will increase certainty and price stability for its energy requirements (and that of its tenants). The distribution that Resilient will receive from its listed investments, particularly Hammerson, is uncertain.

Under these circumstances, distribution guidance is deferred. Resilient will, however, maintain its payout ratio at 100%.

Payment of final dividend

The Board has approved and notice is hereby given of a final dividend of 203,98000 cents per share for the six months ended 31 December 2022.

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

Last date to trade cum dividend	Tuesday, 18 April 2023
Shares trade ex dividend	Wednesday, 19 April 2023
Record date	Friday, 21 April 2023
Payment date	Monday, 24 April 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 19 April 2023 and Friday, 21 April 2023, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant accounts/broker accounts on Monday, 24 April 2023. Certificated shareholders' dividend payments will be posted on or about Monday, 24 April 2023.

The auditor, PricewaterhouseCoopers Inc., has issued an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2022. The auditor's opinion includes communication of a key audit matter in relation to valuation of investment property. This opinion is available, along with the consolidated financial statements for the year ended 31 December 2022, at the registered offices of the Company and on the Company's website at https://www.resilient.co.za/downloads.htm?Subcategory=2022.
The audit was conducted in accordance with International Standards on Auditing.
The summarised consolidated financial statements for the year ended 31 December 2022 ("full announcement") has been audited by PricewaterhouseCoopers Inc. and an unmodified audit opinion has been issued.

Dividend tax treatment

In accordance with Resilient's status as a REIT, shareholders are advised that the dividend of 203,98000 cents per share for the six months ended 31 December 2022 ("the dividend") meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, 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 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 ceases 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 above-mentioned 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 163,18400 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 ceases 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 above-mentioned 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: 368 934 233

Resilient's income tax reference number: 9579269144

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not include full or complete details. The information regarding the tax treatment of the dividend is included in the full announcement. The full announcement has been released on SENS and is available on the JSE website at https://senspdf.jse.co.za/documents/2023/JSE/isse/RESE/FY2022.pdf, and on the Company's website at https://www.resilient.co.za/downloads.htm?Subcategory=2022. The full announcement is available for inspection at the registered offices of the Company or its sponsor, at no charge, during office hours. Any investment decision by investors and/or shareholders should be based on the full announcement available on the Company's website.

By order of the Board

Des de Beer
Chief executive officer

Monica Muller
Chief financial officer

Johannesburg
23 March 2023

Directors
Alan Olivier (chairman); Stuart Bird; Des de Beer*; Des Gordon; Johann Kriek*; Dawn Marole; Monica Muller*; Protas Phili; Thando Sishuba; Barry van Wyk

(*executive director)

Changes to the Board
Shareholders are referred to the SENS announcement of 1 December 2022 regarding the resignation of Nick Hanekom with effect from 29 December 2022.

Company secretary
Hluke Mthombeni CA(SA)

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4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, 2191

Transfer secretaries
JSE Investor Services Proprietary Limited
13th Floor, 19 Ameshoff Street, Braamfontein, 2001

Sponsor
Java Capital Trustees and Sponsors Proprietary Limited
6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196

Debt sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196