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

www.resilient.co.za

Unaudited consolidated interim results for the six months ended 30 June 2023 and changes to the Board

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 203,22 cents per share for the six months ended June 2023. This interim dividend is in line with the dividend of 203,98 cents per share for 2H2022 but below the 234,05 cents per share for 1H2022. The main reasons for the decline in distributable earnings are higher interest rates as well as lower distributions from investee companies.

It is Resilient's policy to acquire interest rate caps "at market". Distributable earnings were negatively impacted where long-standing interest rate caps did not provide full protection. Interest rates have increased by 475 basis points since January 2022. All but one interest rate cap are currently providing protection against the higher interest rates.

Hammerson did not declare a dividend in respect of 2H2022 and its dividend in respect of 1H2023 was based on a payout ratio of 65% of its adjusted earnings. This is below industry best practice of at least 85% and impacted Resilient's distribution on its holding as well as through its investment in Lighthouse.

Commentary on results
South Africa
This interim period has been characterised by continued loadshedding and the acceleration of initiatives to deal with this challenge. Resilient continues to emphasise keeping malls and tenants open for trade through periods of loadshedding. Growth in comparable sales has improved from the 2,9% reported for the four months to April to 3,6% for the six months ended June 2023. Foot traffic during this interim period increased by 6,3%. On a rolling 12-month basis, comparable sales increased by 6,4% till June 2023.

The South African property portfolio recorded comparable net property income ("NPI") growth of 5,8% for the reporting period. NPI was impacted by Resilient's pro rata share of the unrecoverable cost of diesel and generator servicing costs of R9,1 million and R2,2 million, respectively (1H2022: R1,4 million and R0,5 million, respectively).

Tenants remaining in occupation renewed expiring leases at rentals on average 5,1% higher than under the expired leases. Leases concluded with new tenants were on average 30,8% higher than the rentals of the outgoing tenants. In total, rentals for renewals and new leases increased on average by 9,6%.

Resilient owns 27 retail centres with a gross lettable area of 1,2 million square metres. Resilient's pro rata share of the vacancy in the portfolio was 1,9% at June 2023. This includes vacancies created to facilitate the introduction of new tenants at Tzaneng Mall and Jabulani Mall.

France

Resilient owns a 40% interest in Retail Property Investments SAS ("RPI") in partnership with Lighthouse. RPI is the owner of four regional malls in France.

France has been negatively affected by tenant failures and receiverships accelerated by the state ceasing its COVID-19 related financial support. A number of national tenants did not recover from COVID-19. Most of these businesses had private equity capital structures. Administrative procedures in France are challenging resulting in delays of up to 12 months to recover the space from failing tenants. Good progress has been made with reletting this space to international retailers. The full year impact of the tenant failures and administrative delays is forecast to be approximately EUR0,5 million (Resilient's share) for 2023.

The acquisition of the land immediately surrounding Rivetoile has been finalised. This land will facilitate the expansion of the ground floor and improve the access and flow of the mall. The project is scheduled to commence in 3Q2023 with completion in 2Q2024.

Property valuations

Resilient's full property portfolio is subject to an independent external valuation annually at year-end. In order to accommodate minority shareholders, Arbour Crossing, Galleria Mall and Tzaneen Lifestyle Centre were valued by Quadrant Properties Proprietary Limited at June 2023. Resilient's share of the positive revaluation of these malls was R49,4 million (+2,1%). Following the elections in Nigeria, a new President took office and substantial economic changes, including the abolition of a petrol subsidy and the parallel exchange rate, were introduced. These changes have had a significant negative impact on the Nigerian economy and exchange rates. As a result, the Board requested an updated valuation. This valuation, performed by CBRE Excellerate, resulted in a devaluation of the Nigerian assets by USD12,9 million (Resilient's share).

Energy projects

Since the first solar installation at The Grove Mall in 2016, the Board has been concerned about the substantial challenges in the cost and supply of electricity. Resilient has been an industry leader in solar and battery installations and has been proactive in ensuring uninterrupted trading during periods of loadshedding. In partnership with its tenants, Resilient has installed 167 in-store battery systems to date. In addition, several tenants have been connected to reliable backup generators.

The local authorities have been slow in implementing the amended regulations relating to solar installations announced by the President.

Approvals have, however, recently been received from the Mbombela Local Authority to expand the solar installation at I'langa Mall from 1,37MWp to 4,37MWp and from the Madibeng Municipality for the increase of the installation at Brits Mall from 1,44MWp to 3,94MWp. Approval has also been received from the National Energy Regulator of South Africa to expand the solar installations at Galleria Mall and Arbour Crossing from 1,45MWp to 5,98MWp and 1,43MWp to 2,98MWp, respectively. Tshwane Municipality continues to delay approvals affecting the planned additional installations at Mams Mall, The Grove Mall and Soshanguve Crossing.

In the current period, the largest rooftop solar installation in South Africa, being the 6,81MWp installation at Boardwalk Inkwazi and the 1,03MWp installation at Tzaneen Crossing were completed. In addition, the installed capacity at Mall of the North and The Crossing Mokopane was expanded from 1,33MWp to 5,23MWp and 1,17MWp to 2,03MWp, respectively. The current installed capacity of 45,8MWp will increase to 59,3MWp by the end of December 2023.

Resilient has trialled different batteries for an extended period to determine the most effective systems for the Group's requirements. The Board has approved the expansion of the battery system at The Grove Mall from 1,35MWh to 6,0MWh and at Irene Village Mall from 0,75MWh to 4,0MWh. Battery installations for Boardwalk Inkwazi, Mall of the North, Diamond Pavilion, Kathu Village Mall, Highveld Mall and I'langa Mall are being evaluated.

The roll-out of solar installations and batteries is central to Resilient's strategy of managing operating costs which will ensure the competitiveness of its malls and benefit its tenants. Although battery installations are capital-intensive, the benefits are compelling. These benefits include arbitrage, peak-shaving and loadshedding mitigation. Arbitrage includes utilising grid power to charge batteries during low-cost, off-peak periods and discharging this power during high cost, peak periods. Peak-shaving reduces the demand from the grid during peak periods which also attract the highest rates. Sufficient battery capacity will allow the continued use of solar power during periods of loadshedding.

Solar energy has a substantial positive impact on the achievement of Resilient's ESG. Based on Resilient's pro rata ownership, 20,4% of its electricity consumption was produced from solar installations during the month of June 2023. This is on schedule to increase to 27,7% by year-end.

To date, Resilient has invested R564 million in solar and battery installations with a further R463 million approved and included in capital commitments.

Listed portfolio

While Hammerson's results were well received by the market, the Board's priority remains focused on Resilient's energy initiatives and funding its capital commitments while retaining conservative leverage.

Resilient's 200 268 486 Hammerson shares had an average cost of R3,73 per share. During the reporting period, 58 568 486 Hammerson shares were sold at an average price of R6,08 per share raising proceeds of R356 million. A further 103 863 163 Hammerson shares were sold for R626 million (average price of R6,03 per share) after the reporting period.

Financial performance

	Unaudited for the six months ended Jun 2023	Restated for the six months ended Jun 2022	Movement
IFRS information			
Total revenue (R'000)	1 765 778	1 621 321	144 457
Basic earnings per share (cents)	232,08	499,78	(267,70)
Diluted earnings per share (cents)	231,18	497,94	(266,76)
Headline earnings per share (cents)	276,13	225,47	50,66
Diluted headline earnings per share (cents)	275,06	224,64	50,42
Dividend (cents per share)	203,22	234,05	(30,83)
Net asset value per share (R)	59,95	54,16	5,79
Management accounts information			
Net asset value per share (R)	62,81	58,23	4,58
Loan-to-value ratio ("LTV") (%)*	36,1	32,1	4,0
Gross property expense ratio (%)	38,1	35,0	3,1

Percentage of direct and indirect property assets offshore (%)	24,0	21,3	2,7

* The LTV ratio is 34,9% taking into account the proceeds of R626 million from the disposal of Hammerson shares since the reporting date.

Changes to the Board
Des de Beer has advised the Board of his intention to formally retire as chief executive officer at the end of 2023. Des will remain on the Board as a non-independent non-executive director thereafter. Johann Kriek has been appointed by the Board as the CEO elect.

With effect from 15 August 2023, Barry Stuhler has been appointed to the Board as a non-independent non-executive director. Barry is well-known to the South African investment market as former CEO of Property Fund Managers Limited, the asset manager of Capital Property Fund, and Pangbourne Properties Limited. Barry brings extensive property experience to the Board. The appointments have been made in accordance with Resilient’s Nomination Policy.

Prospects
There are numerous uncertainties in the current economic environment including the cost of electricity (including diesel usage), varying levels of loadshedding, inflation and dividends from investee companies. Based on Resilient's current assumptions, the Board forecasts that the dividend for FY2023 will be approximately R4,00 per share. This is based on the assumptions that there is no further deterioration of the macroeconomic environment, that no major corporate failures will occur and that tenants will be able to absorb the rising utility costs and municipal rates. This forecast and prospects have not been audited, reviewed or reported on by Resilient's auditor.

Payment of interim dividend
The Board has approved and notice is hereby given of an interim dividend of 203,22000 cents per share for the six months ended 30 June 2023.

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

Last date to trade cum dividend	Tuesday, 5 September 2023
Shares trade ex dividend	Wednesday, 6 September 2023
Record date	Friday, 8 September 2023
Payment date	Monday, 11 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 September 2023 and Friday, 8 September 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, 11 September 2023. Certificated shareholders' dividend payments will be posted on or about Monday, 11 September 2023.

Dividend tax treatment
In accordance with Resilient's status as a REIT, shareholders are advised that the dividend of 203,22000 cents per share for the six months ended 30 June 2023 ("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 162,57600 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: 365 204 738

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/HYJun23.pdf, and on the Company's website at https://www.resilient.co.za/financials. The full announcement is available for inspection at the registered offices of the Company or its sponsor or through a secure electronic manner at the election of the person requesting inspection, at no charge, during office hours. Any investment decision should be based on the full announcement available on the Company's website.

By order of the Board

Des de Beer	Monica Muller
Chief executive officer	Chief financial officer

Johannesburg

15 August 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.

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Debt sponsor
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