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")

Audited financial results for the year ended 31 December 2023

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 203,02 cents per share for the six months ended December 2023. The total dividend of 406,24 cents per share for FY2023 is in line with the guidance of approximately 400,00 cents per share provided in the interim results. The results were ahead of guidance mainly due to less loadshedding experienced in the portfolio compared to what was expected, particularly in the months of November and December. The total dividend for FY2023 is 7,3% lower than the 438,03 cents per share for the previous year. The main reasons for the decline in distributable earnings are higher interest rates (increase of 450 basis points since January 2022 with long-standing interest rate caps not providing full protection) and lower distributions from investee companies.

Commentary on results
South Africa
The South African property portfolio recorded comparable net property income ("NOI") growth of 7,1% for the year. This growth has been supported by Resilient's energy strategy that assisted in containing the rise in electricity costs.

During FY2023, comparable sales increased by 5,2%. Comparable sales were impacted by the high base effect in KwaZulu-Natal, construction at Mahikeng Mall and surrounding infrastructure upgrades in Mahikeng as well as the redevelopment of Tzaneng Mall. Excluding these malls, the remaining portfolio achieved comparable sales growth of 6,9%. Strong trading performances were achieved in the Northern Cape, Mpumalanga and Limpopo provinces. During FY2023, trading was supported by the new Checkers at The Grove Mall as well as the Dis-Chem and Food Lover's Market that opened in Kathu Village Mall. Dis-Chem also opened in I'langa Mall, Tubatse Crossing and Diamond Pavilion. A relocated and enlarged Truworths store was opened in Mvusuludzo Mall. A&D Spitz, Kurt Geiger, G-Star RAW, Fabiani, Pringle, Skipper Bar and Le Coq Sportif opened in Tubatse Crossing while Totalsports, Sportscene and Markham expanded materially. G-Star RAW and Fabiani opened in Limpopo Mall. At Mall of the North, Checkers was fully revamped, while Sportscene, Totalsports, Baby City and Hi-Fi Corporation were materially expanded. Checkers and Clicks are being expanded and revamped at Diamond Pavilion. Sportscene, Totalsports and Markham were expanded and revamped at Kathu Village Mall. During the year, A&D Spitz, Fabiani, Polo, Yuppiechef and Pringle were introduced and Poetry and Sportscene were expanded at I'langa Mall. The new Pick n Pay store in Jabulani Mall, owned by a leading local franchisee, opened in November 2023.

Rentals on lease renewals were concluded on average 4,6% higher than expiring rentals. Leases concluded with new tenants were on average 26,5% higher than the rentals of the outgoing tenants. In total, rentals for renewals and new leases increased on average by 7,9%.

Resilient is invested in 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 1,5% at December 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"), the owner of four regional malls in France, in partnership with Lighthouse Properties p.l.c. ("Lighthouse").

In 1H2023, the French portfolio was negatively affected by a number of tenant failures and receiverships, including Go-Sport, La Grande Recre, Kookai, Don't Call Me Jennyfer and San Marina. A common theme was that most of these retailers had private equity capital structures. Administrative procedures in France are challenging, resulting in delays of up to 12 months to recover space from failing tenants. These tenant failures increased the French vacancies from 7,2% at FY2022 to 9,0% at 1H2023. At December 2023, vacancies reduced to 7,9% following lettings to national retailers such as Chaussea (a leading French footwear retailer), Bershka, Action and Normal. Although economic conditions remain subdued, terms have been agreed (pending lease signature) with international tenants for 3 877m2 of currently vacant space. The conclusion of these leases will further reduce vacancies in the French portfolio to 5,2%.

Comparable sales for FY2023 grew by 6,5% with footfall increasing by

9,6%. The improved footfall was driven by the introduction of new retailers including Action, New Yorker and Primark.

At Saint Sever, Primark successfully opened its 6 709m2 flagship store and is trading ahead of expectation. The Primark opening increased December's footfall by over 29% year-on-year. The introduction of Primark has resulted in a significant increase in tenant demand. During the year, New Yorker, ONLY and Crep'eat opened for trading and Bershka, Normal and Chaussea have either concluded leases or taken beneficial occupation to open new stores during FY2024. Footlocker has agreed to relocate from its current 250m2 store to a new 450m2 flagship concept on the upper level of the mall. Terms have been agreed with a large international sports retailer to occupy the majority of the space vacated by Go-Sport (which went into receivership in February 2023) with the remaining space having been let to Chaussea.

In 1Q2024, the expansion project at Rivetoile commenced. This project will improve the flow on the upper level of the mall. JD Sports is currently fitting out its store and will open during 2Q2024.

At Docks Vauban, Starbucks opened during August 2023. Leases have been concluded with Action and Pull&Bear to enter the mall. The extensive road infrastructure upgrade in the immediate vicinity of the mall was completed during November 2023, which has improved access and egress to the mall.

Action opened a 1 247m2 store on the first floor of Docks 76 during December 2023. A lease has been concluded with Snipes for a 426m2 store which is scheduled to open during March 2024.

Spain

Resilient and Lighthouse each own a 50% interest in the holding company of Salera Properties, S.L.U. ("Propco"). On 21 December 2023, Propco entered into an agreement for the acquisition of Salera Centro Comercial ("Salera"), a retail shopping centre in the city of Castellon de la Plana, Spain. The transaction closed and Propco took transfer of Salera on 31 January 2024.

Salera opened in 2006 and is the dominant regional shopping centre in the province of Castellon. The shopping centre provides a comprehensive retail offering of 68 752m2, including a 13 693m2 Alcampo Hypermarket. The Alcampo Hypermarket is under separate ownership and does not form part of the acquisition. Salera is fully let to 147 major international and national tenants including Primark, H&M, JD Sports, FNAC, Primor, C&A and eight Inditex brands (Zara, Massimo Duo, Leties, Bershka, Pull&Bear, Oysho, Zara Home and Stradivarius). The entertainment offering includes a 14-screen cinema, an arcade, bowling, as well as a food court. The current annual footfall is 9 million, which is 8,7% above 2019 levels. The shopping centre is well located with easy access to the A-7 motorway (the main motorway between Valencia and Barcelona).

The retail landscape in Castellon de la Plana is consolidating into Salera and Zara closed its high-street location in the city in January 2024. Salera now offers the only Zara in the region.

During December 2023, Resilient paid EUR8,6 million (R171,6 million) as a deposit towards the acquisition of Salera. The purchase consideration of EUR174,5 million (100% and inclusive of transaction costs) represents an annualised net initial yield of 7,7% based on the forecast 2024 net operating income. In total, Resilient paid EUR87,25 million (R1,765 billion) for its share of Salera. The intention is for Propco to introduce senior bank debt of approximately 45% of the acquisition price in due course.

Nigeria

Resilient Africa, together with local partners, owns Asaba Mall, Delta Mall and Owerri Mall. Resilient owns 60,94% of Resilient Africa in partnership with Shoprite Holdings Limited ("Shoprite").

Resilient Africa received USD45 million of funding from the Shoprite group which was due to be repaid on 3 March 2024. The funding was secured by the three properties, with no recourse to Resilient's South African balance sheet. As the valuation of the properties exceeds the value of the funding, Resilient and Shoprite effectively agreed, subsequent to year-end, that Resilient's portion of the properties will settle its share of the debt. Consequently, Resilient will dispose of its Nigerian operations to Shoprite for a consideration of R1. From 3 March 2024, Resilient has no further financial obligations with regard to the Nigerian operations with Shoprite taking full responsibility thereof.

The Nigerian investment contributed 42 cents per share to Resilient's net asset value of R66,28 per share at December 2023.

Energy projects

Resilient has continued the roll-out of solar and battery installations in line with its long-term energy strategy in South Africa. Resilient exceeded its target by increasing its generation capacity to 59,9MWp by December 2023. This constitutes 27,7% of Resilient's total energy consumption.

It is projected that installed capacity will increase by a further 16,5MWp during FY2024. Resilient continues to reduce its energy demand through various initiatives, including relamping of centres and upgrading air-conditioning systems. Resilient actively assists tenants in becoming more energy efficient.

Property valuations

Resilient's full property portfolio was subject to an external valuation at December 2023. The South African property portfolio was valued by Quadrant Properties Proprietary Limited. Resilient's share of the positive revaluation of its South African portfolio was R1,2 billion (4,8%).

The French portfolio was valued by Jones Lang LaSalle and the Nigerian portfolio by CBRE Excellerate. Resilient's share of the negative revaluation of the French portfolio was EUR8,3 million and its share of the negative revaluation of the Nigerian portfolio was USD11,7 million.

Listed portfolio

Resilient's interest in Hammerson plc was sold during the year in line with the Board's priority to proceed with Resilient's energy initiatives and fund its capital commitments while retaining conservative leverage. Total proceeds of R1,2 billion were received against the original purchase price of R746,4 million. In respect of its Lighthouse investment, Resilient elected to receive scrip dividends in April 2023 and 50% of its dividend as a scrip dividend in October 2023. The Group currently owns 30,8% of Lighthouse.

Financial performance

	Audited for the year ended Dec 2023	Audited for the year ended Dec 2022	Movement
IFRS information			
Total revenue (R'000)	3 575 417	3 502 675	72 742
Basic earnings per share (cents)	1 048,61	1 081,99	(33,38)
Diluted earnings per share (cents)	1 046,43	1 077,92	(31,49)
Headline earnings per share (cents)	395,10	536,41	(141,31)
Diluted headline earnings per share (cents)	394,27	534,39	(140,12)
Dividend per share (cents)	406,24	438,03	(31,79)
Net asset value per share (R)	65,71	58,26	7,45
Management account information			
Net asset value per share (R)	66,28	62,18	4,1
Loan-to-value ratio (%)	35,2	34,7	0,5
Gross property expense ratio (%)	39,9*	38,0	1,9
Percentage of direct and indirect property assets offshore (%)	22,0	23,8	(1,8)

* The cost ratio has been impacted by increased vacancy in the French portfolio (9,0% at 1H2023, subsequently reduced to 7,9% at December 2023) and increased repairs and maintenance, particularly air-conditioning and electrical components (2023: R78,4 million, 2022: R62,4 million).

Prospects
Macroeconomic factors such as low economic growth and the higher interest rates continue to impact on the Group's performance.

In a South African context, high unemployment, continued loadshedding, infrastructure maintenance and the delivery of municipal services remain concerning. Despite these factors, Resilient's South African portfolio has performed well. This is expected to continue in FY2024. Management's focus will therefore remain on ensuring the portfolio is defensive against these challenges.

Resilient will continue to maintain a conservative loan-to-value ratio and hedging profile. Distributions will be impacted as in-the-money interest rate hedges rebase. Lighthouse has guided lower dividends for FY2024 as it further grows its direct property portfolio. The currency hedges in respect of FY2024 are higher than those of FY2023, neutralising the impact of the lower euro dividends expected.

The Board forecasts that the dividend for FY2024 will be in line with that of FY2023. This assumes that interest rates remain unchanged, Lighthouse achieves its guidance, there is no further deterioration of the macroeconomic environment, no major corporate failures occur and that tenants will be able to absorb the rising utility costs and municipal rates. The Board will maintain a payout ratio of 100% of distributable earnings. This forecast and prospects have not been audited, reviewed or reported on by Resilient's auditor.

Payment of final dividend
The Board has approved and notice is hereby given of a final dividend of 203,02000 cents per share for the six months ended 31 December 2023.

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

Last date to trade cum dividend	Tuesday, 9 April 2024
Shares trade ex dividend	Wednesday, 10 April 2024
Record date	Friday, 12 April 2024
Payment date	Monday, 15 April 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 April 2024 and Friday, 12 April 2024, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant ("CSDP") accounts/broker accounts on Monday, 15 April 2024. Certificated shareholders' dividend payments will be posted on or about Monday, 15 April 2024.

The auditor, PricewaterhouseCoopers Inc., has issued an unmodified audit opinion on the FY2023 AFS. This opinion is available, along with the FY2023 AFS, at the registered offices of the Company and on the Company's website at https://www.resilient.co.za/financials. The audit was conducted in accordance with International Standards on Auditing.

This results announcement is the responsibility of the directors and is only a summary of the information in the FY2023 AFS and does not include full or complete details. The FY2023 AFS have been released on SENS and are available on the JSE website at https://senspdf.jse.co.za/documents/2024/JSE/isse/RESE/FY2023.pdf, and on the Company's website at https://www.resilient.co.za/financials. Any investment decision by investors and/or shareholders should be based on the FY2023 AFS available on the Company's website.

Dividend tax treatment

In accordance with Resilient's status as a REIT, shareholders are advised that the dividend of 203,02000 cents per share for the six months ended 31 December 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 162,41600 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.

By order of the Board

Johann Kriek	Monica Muller	Johannesburg
Chief executive officer	Chief financial officer	14 March 2024

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

Changes to the Board
Des de Beer served as chief executive officer ("CEO") until December 2023 and his status changed to non-independent non-executive director from January 2024. Johann Kriek was appointed as CEO from 1 January 2024.

Company secretary and registered address
Hluke Mthombeni CA(SA)
4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, 2191

Transfer secretaries
JSE Investor Services Proprietary Limited, 5th Floor, One Exchange Square, Gwen Lane, Sandown, 2196

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