



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")

SHORT-FORM ANNOUNCEMENT: UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

www.resilient.co.za

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 dividend 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			Dec 2019 six months			Jun 2020 six months		
	SA R'000	Nigeria R'000	Group R'000	SA R'000	Nigeria R'000	Group R'000	SA R'000	Nigeria R'000	Group R'000
Discounts provided to tenants	42 100	1 611	43 711	-	-	-	166 300	6 620	172 920
Tenant arrears written off	18 923	1 600	20 523	5 188	2 367	7 555	18 607	3 168	21 775
Net arrears at period-end	58 229	6 939	65 168	27 013	5 678	32 691	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
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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. Ilanga 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 Mvuvuludzo 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 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. The information regarding the tax treatment of the dividend is included in the full announcement. The full announcement is available on the Company's website at www.resilient.co.za. 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 should be based on the full announcement available on the Company's website.

By order of the Board

Des de Beer
Chief executive officer

Johannesburg
23 March 2021

Monica Muller
Chief financial officer

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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Transfer secretaries

Link Market Services South Africa 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

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1 Merchant Place, corner of Fredman Drive and Rivonia Road, Sandton, 2196