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")

Short-form announcement: Unaudited consolidated interim financial results for the six months ended 31 December 2019

Nature of the business
Resilient is an internally asset managed Real Estate Investment Trust ("REIT") listed on the JSE Limited. Its strategy is to invest in dominant regional 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 267,96 cents per share for the six months ended December 2019. This represents a 1,63% increase over the 263,66 cents per share of the comparable prior period. Resilient only includes 59,1% of the basic rental received from Edgars, Edgars Beauty, Mac and Jet in its distributable earnings from April 2019. As a result, this interim period's distributable earnings were reduced by R21,7 million (Resilient's proportionate share) compared to the R11,1 million reduction for the last quarter of the previous financial year. The expected impact of the Edcon rental concession for the second half of the financial year is approximately R23 million.

Financial performance

	Note	Unaudited for the six months ended Dec 2019	Unaudited for the six months ended Dec 2018	Movement
IFRS information				
Total revenue (R'000)	A	1 898 331	1 914 551	(16 220)
Basic earnings per share (cents)	B	148,52	16,57	131,95
Headline earnings per share (cents)	B	155,91	27,81	128,10
Dividend (cents per share)		267,96	263,66	4,30
Net asset value per share (R)		68,14	59,42	8,72
Management account information				
Net asset value per share (R)		68,78	64,65*	4,13
Loan-to-value ratio (%)	C	27,5	25,7	1,8
Net property expense ratio (%)		17,3	17,4	(0,1)
Gross property expense ratio (%)		36,9	36,1	0,8
Net total expense ratio (%)		16,4	16,1	0,3
Gross total expense ratio (%)		32,2	30,9	1,3

* The Group's claims against the Siyakha Trusts exceeded the value of the shares held as collateral. Under these circumstances, for calculating the net asset value per Resilient share, the total equity attributable to equity holders should be reduced by the loans the Group advanced to the Siyakha Trusts. The shares held by the Siyakha Trusts should then be deducted from the number of shares in issue in the calculation.

Notes:

In June 2019 shareholders approved the repurchase of 52 182 504 Resilient shares and the acquisition of 7 474 707 Fortress B shares, held as collateral for the loans previously advanced by Resilient to the Siyakha Trusts, in full settlement of these loans. The Siyakha Trusts were deconsolidated at June 2019.

A: Total revenue for December 2018 includes R121,5 million of dividends received from Fortress A and Fortress B shares held by the Siyakha Trusts which were consolidated at the time.
B: The movement in basic and headline earnings is mainly attributed to the following items:

	Unaudited for the six months ended Dec 2019 R'million	Unaudited for the six months ended Dec 2018 R'million
Dividends received, fair value adjustments and interest on borrowings relating to the Siyakha Trusts' Fortress A and Fortress B investments which were deconsolidated	-	(175)
Fair value loss on investment in NEPI Rockcastle	(424)	(705)
Fair value gain on currency derivatives	299	123
Share of (loss)/profit of associate	(26)	257
Income tax	1	(92)

C: The loan-to-value ratio is calculated by dividing total interest-bearing borrowings adjusted for cash on hand by the total of investments in property, listed securities and loans advanced.

In a subdued South African economic environment, Resilient's retail centres achieved comparable sales growth of 4,2%, ahead of the 3,9% inflation rate for the period. Mams Mall and The Crossing Mokopane were excluded from this performance as they were under construction during the comparable period. For the month of December which was comparable, Mams Mall achieved sales growth of 29,3%.

Vacancies
Resilient owns 28 retail centres with a GLA of 1,17 million square metres. Resilient's pro rata share of the vacancy increased marginally from 1,8% at June 2019 to 1,9% at December 2019. Management expects vacancies to remain below 2% for the remainder of the financial year.

Vacancies in the three Nigerian malls decreased during the period from 8,1% to 4,5%.

Edcon
Resilient agreed to invest 40,9% of the basic rental received from Edgars, Edgars Beauty, Mac and Jet in Edcon Limited shares on a monthly basis between April 2019 and March 2021.

Resilient supports Edcon's management and their efforts to restructure their business. The Board recognises, however, that achieving the turnaround of previously distressed retailers is challenging and that the Edcon turnaround may take longer than initially anticipated. Until greater clarity is achieved, the Board resolved to impair 50% of its R32,8 million (Resilient's proportionate share) investment in Edcon at December 2019. Consequently, a further R30 million negative fair value adjustment was recorded on the forward contract to receive Edcon Limited shares

Financial Sector Conduct Authority
The Financial Sector Conduct Authority ("FSCA") has concluded its market abuse investigation into Resilient and found that the Company did not contravene

section 81 of the Financial Markets Act 19 of 2012 ("FMA").

The FSCA's investigation stemmed from allegations that Resilient may have published false, misleading or deceptive statements, promises or forecasts when it restated its 2013 to 2017 financial statements. The FSCA has determined that Resilient, its directors, Board and Audit Committee members did not negligently or intentionally make or publish a false, misleading or deceptive statement and have therefore not contravened section 81 of the FMA. The FSCA has now closed its investigation in this matter.

The Board considers the only remaining open matters to be the FSCA investigations of market manipulation in Resilient shares by market participants and that of possible false, misleading or deceptive statements relating to Resilient arising from third-party commentary and reports.

Prospects
As previously announced, Resilient is in negotiations with third parties to sell a number of its property assets.

The Group will benefit from the recent decrease in the prime rate as a result of its interest rate caps. This benefit is, however, largely offset by increased unbudgeted repairs and maintenance of electrical equipment ascribed to the repeated interruptions in power supply.

The Board is concerned about the continued above inflation increases in administered prices, particularly utilities and rates, in the current subdued economic environment.

Resilient's strategy is to continue increasing its offshore exposure, while maintaining its conservative gearing and hedging policies.

The Board has reconfirmed its guidance of approximately 5% for the full financial year. The growth is based on the assumptions that there is no further deterioration of the macro-economic environment, that no major corporate failures will occur and that tenants will be able to absorb the recovery of rising utility costs and municipal rates. The forecast also assumes that Lighthouse and NEPI Rockcastle will achieve distributions in line with market expectations. The forecast does not take into account any property disposals. 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 267,96000 cents per share for the six months ended 31 December 2019.

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

Last date to trade cum dividend	Tuesday, 3 March 2020
Shares trade ex dividend	Wednesday, 4 March 2020
Record date	Friday, 6 March 2020
Payment date	Monday, 9 March 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 4 March 2020 and Friday, 6 March 2020, 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, 9 March 2020. Certificated shareholders' dividend payments will be posted on or about Monday, 9 March 2020.

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. This short-form announcement has not been audited or reviewed by the Company's auditor. The full announcement can be found on the Company's website at www.resilient.co.za and can be accessed using the following JSE link: https://senspdf.jse.co.za/documents/2020/jse/isse/RESE/Dec2019.pdf.

The full announcement is available for inspection at the registered offices of the Company or its sponsor, at no charge, during office hours from Friday, 14 February 2020 to Friday, 21 February 2020. Any investment decision should be based on the full announcement 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 267,96000 cents per share for the six months ended 31 December 2019 ("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 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 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 214,36800 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 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 declaration of this dividend: 400 131 254
Resilient's income tax reference number: 9579269144

By order of the Board

Des de Beer	Nick Hanekom
Chief executive officer	Chief financial officer

Johannesburg
14 February 2020

Directors
Alan Olivier (chairman); Stuart Bird; David Brown; Thembi Chagonda; Des de Beer*; Andries de Lange*; Des Gordon; Nick Hanekom*; Johann Kriek*; Dawn Marole; Protas Phili; Umsha Reddy; Barry van Wyk (*executive director)

Company secretary
Monica Muller CA(SA)

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