

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”)



PRE-CLOSE UPDATE

In anticipation of Resilient’s results for the six months ending June 2023, the following pre-close update is provided. The financial information on which this update is based has not been reviewed or reported on by the Company’s external auditors.

SOUTH AFRICA

TRADING PERFORMANCE

Resilient went to extra lengths to facilitate trading during periods of loadshedding. To support its tenants and mitigate the effects of loadshedding, Resilient has, in partnership with its tenants, installed 163 in-store battery systems to date. A number of tenants have also been connected to back-up generators.

The impact of loadshedding on trading has been limited by Resilient’s emphasis on being accessible and open for business through loadshedding wherever possible. Comparable sales growth of 2,9% was achieved for the four months ended April 2023. Foot traffic for the corresponding period grew by 5,8%.

The new Checkers store at The Grove Mall opened on schedule at the end of March 2023 and is trading well.

VACANCIES

Resilient’s *pro rata* share of the vacancy in the portfolio is currently 1,9%. Vacancies increased from 1,7% as at December 2022 due to the implementation of tenant initiatives at Tzaneng Mall and Jabulani Mall that are expected to be completed by mid-2024.

ENERGY

Resilient has, for a number of years, been a leader in solar and battery installations. The local authorities have been slow in implementing the amended regulations relating to solar installations announced by the President. Approval has, however, recently been received from the Mbombela Local Authority to expand the solar installation at I’langa Mall from 1,37MWp to 4,37MWp. Approval has also been received from NERSA 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. Approval from the Madibeng Municipality for the increase of the installation at Brits Mall from 1,44MWp to 3,94MWp is anticipated within the next month.

In the current period, the 6,81MWp installation at Boardwalk Inkwazi and the 1,1MWp 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.

Resilient has trialled different batteries for a period in excess of a year to determine the most effective system for the Group’s requirements. The Board has approved the expansion of the battery system installed at The Grove Mall from 1,35MWh to 6,0MWh. The expansion of the Irene Village Mall battery system from 0,75MWh to 4,0MWh is currently under evaluation.

The roll-out of solar installations and batteries will alleviate the negative impact of diesel costs on earnings. Resilient’s *pro rata* share of the unrecoverable cost of diesel for the four months to April 2023 was approximately R5,4 million.

FUNDING AND INTEREST RATES

Resilient continues to be well supported by both the capital markets and the banks. Since the release of the December 2022 results, a new R750 million five-year facility has been accepted from Nedbank at a cost of 3-month JIBAR plus 1,60%.

Although Resilient's interest rate risk is well-hedged, as interest rate derivatives expire, the sharp rise in interest rates will impact earnings in the future. The average hedge term is 3,2 years and the following interest rate derivatives are in place:

Expiry	Interest rate swaps		Interest rate caps	
	Amount R'000	Average swap rate %	Amount R'000	Average cap rate %
Aug 2023	500 000	7,78	-	
Sep 2023	-		300 000	7,91
Dec 2023	-		200 000	7,43
Dec 2024	1 100 000	4,81	400 000	8,37
Dec 2025	1 500 000	6,10	-	
Dec 2026	1 600 000	6,65	400 000	7,91
Dec 2027	1 500 000	7,44	1 000 000	8,03
Dec 2028	2 500 000	7,01	500 000	7,15
	8 700 000	6,63	2 800 000	7,85

FRANCE

The 6 709m² Primark store at Saint Sever has been handed over to the tenant and is currently undergoing fit-out. The store is scheduled to open in November 2023. The addition of Primark has attracted strong demand from international clothing retailers supporting the strategy of regional dominance. The customer parking is being upgraded to improve reticulation and convenience.

The process of right-sizing older brands and introducing new retail concepts continues at Docks Vauban reinforcing the centre as the dominant retail offering in the region. Similar strategies are being implemented at Docks 76 and Rivetoile. Construction at Rivetoile to improve the ground floor reticulation is awaiting council approval and is anticipated to commence in September 2023.

LISTED INVESTMENTS

Resilient invested R746 million in Hammerson. Hammerson has made a number of positive announcements including the sale of its share of Italie Deux and the Italik extension in France and its share in the Croydon partnership in the UK. In addition, undertakings to substantially reduce operating costs have been made. These announcements have been positively received and Resilient's 200 268 486 shares are currently valued at R1,2 billion.

OUTLOOK

The Board anticipates that the distribution per share for 1H2023 will be in line with that of 2H2022. This forecast is based on the guidance previously provided by Lighthouse and an assumption regarding dividends to be received from Hammerson.

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.

13 June 2023

Sponsor

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