

## HERIOT REIT LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2017/167697/06)  
(Approved as a REIT by the JSE)  
JSE share code: HET ISIN: ZAE000246740  
("Heriot" or "the Company" or "the Group")



## SHORT-FORM ANNOUNCEMENT: GROUP INTERIM UNAUDITED RESULTS AND DIVIDEND DISTRIBUTION DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

### NATURE OF BUSINESS

Heriot is a property holding and investment company that is listed in the "Diversified REITs" sector on the Alternative Exchange of the JSE Limited ("JSE"). The Group is primarily invested in retail and industrial properties situated in areas with high growth potential. Heriot's primary objective is to grow and streamline its asset base through the acquisition of high-quality properties, the redevelopment of existing properties and the disposal of assets identified as non-core. Pursuant to its investment strategy, Heriot acquired 100% of Thibault REIT Limited ("Thibault") on 28 June 2024 and increased its strategic interest in Safari Investments RSA Limited ("Safari") to 59,2%.

### KEY FINANCIAL HIGHLIGHTS

	Unaudited for the 6 months ended 31 Dec 2024	Unaudited for the 6 months ended 31 Dec 2023	Change %
Distribution per share (cents)	56.84	49.87	14,0
Total assets (R'm)	12,980.77	9,662.51	34,3
Net asset value per share (cents)	1,896.21	1,577.55	20,2
Gross revenue (R'm)	836.58	596.62	40,2
Net profit after taxation (R'm)	720.44	310.00	132,4
Earnings per share (cents)	197.28	102.56	92,4
Headline earnings per share (cents)	51.86	51.06	1,6

### FINANCIAL RESULTS

In a highly challenging economic environment, Heriot has delivered robust interim results, showcasing the strength of its management team, investment strategies and a portfolio anchored by blue-chip national tenants across its diversified fund. Staying true to its entrepreneurial ethos, Heriot continues pursuing investment opportunities across its core focus property sectors, which include emerging market retail, industrial and hospitality.

The Group achieved record distributable earnings of R181,453 million for the six months ended 31 December 2024 (the "reporting period"), representing a 42.5% increase compared to distributable earnings of R127,371 million for the comparable period in 2023. This remarkable growth was driven by:

- **Acquisition of Thibault:** On 28 June 2024, Heriot acquired Thibault through a share exchange agreement. The inclusion of Thibault's statement of comprehensive income on a line-by-line basis contributed R27,5 million to distributable earnings, and its 10% shareholding in Safari added a further R8,9 million to distributable earnings for the reporting period;
- **Proceeds from the disposal of non-current assets held for sale:** The net proceeds of R8,1 million from the sale of an investment property have been included in distributable earnings for the reporting period;

- **Non-IFRS® distributable earnings adjustment:** Thibault's share of Safari's final dividend amounting to R4,4 million for the period ended 30 June 2024, being pre-acquisition earnings of the Group, was included in distributable earnings for the reporting period;
- **Safari's financial performance:** Safari reported a 13.3% increase in dividends per share ("DPS") for the reporting period, enhancing the Group's distributable earnings;
- **Repo rate reduction:** The 75-basis-point reduction in the repo rate positively impacted the Group's earnings, as the Group's debt is entirely linked to floating rates;
- **Weighted average cost of debt ("WACD") reductions:** Refinancing debt at favourable rates lowered lending margins, further boosting distributable earnings. The WACD for the reporting period was 9.99% (2023: 10.23%);
- **Aparthotel sector performance:** Financial performance improved due to new developments coming online, strategic upgrades to properties and outsourcing management to hotel operators;
- **Industrial sector performance:** Significantly improved from letting vacant space and increased rentals on lease renewals; and
- **Low vacancies:** Group vacancies remained low at 1.5% at 31 December 2024 (2023: 1.7%).

The Group's continued effective cash management and strong cash flows support the payment of 100% of distributable earnings as dividends. On this basis, the Company is declaring an interim dividend of 56.84 cents per share for the six months ending 31 December 2024. This represents a 14.0% increase compared to distributable earnings of 49.87 cents per share for the same period in 2023. DPS continues to be Heriot's key performance metric.

Heriot's NAV per share increased by 20.2% from R15.78 as of 31 December 2023 to R18.96 as of 31 December 2024. The growth has been driven by:

- An increase in the value of the Group's property portfolio that is supported by positive rental escalations on renewals and re-lets across the portfolio during the period; and
- A bargain purchase gain of R373,5 million was recognised through the statement of changes in equity on the Thibault acquisition as of 30 June 2024.

As a result of increased property valuations, the Group's loan to value ratio decreased by 1.1% from 42.2% at 31 December 2023 to 41.1% at the reporting date. This remains comfortably below the Group covenant limit of 50%.

## PROSPECTS

Heriot's results for the reporting period demonstrate the resilience of its portfolio, particularly the durability of its emerging market retail and industrial properties. The current local and global macroeconomic conditions have created difficult trading conditions for the Group. Still, developments over recent months have laid the foundation for growth in the short to medium term. These include improving Eskom's energy availability, establishing the Government of National Unity and the long-awaited interest rate-cutting cycle.

However, these developments remain subject to volatility and are influenced by various factors affecting their stability and long-term success. The Group's core portfolio is well-positioned to navigate these uncertainties, and on this basis, management is on track to deliver DPS growth of 10% to 15% for the year ending 30 June 2025.

The forecast in support of this guidance has been prepared using the following key assumptions:

- A 75bps interest rate cut within the 2025 financial year;
- Forecast property income will escalate at contractual rental escalations, and renewals will be concluded at market-related rates;
- Adequate allowance has been made for vacancies and rent reversions; and
- No major corporate and tenant failures will occur.

This guidance has not been reviewed or reported on by the Company's auditor.

## PAYMENT OF DIVIDEND

The board has declared an interim gross cash dividend of 56.83543 cents per share out of the Company's distributable income for the 6 month period ended 31 December 2024.

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

	2025
Declaration date	Thursday, 27 March
Last date to trade <i>cum</i> dividend	Monday, 14 April
Shares trade <i>ex</i> dividend	Tuesday, 15 April
Record date	Thursday, 17 April
Payment date	Tuesday, 22 April

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 April 2025 and Thursday, 17 April 2025, both days inclusive. The dividend will be transferred to dematerialised shareholders' Central Securities Depository Participant ("CSDP") or broker accounts on Tuesday, 22 April 2025. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Tuesday, 22 April 2025.

In accordance with Heriot's status as a REIT, shareholders are advised that 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 on the shares 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 such 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 45.46834 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) 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 the dividend: 319,261,982 (excluding 900,000 treasury shares)

Heriot's income tax reference number: 9541295185

Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details where after the cash dividend will be paid via electronic transfer into the personal bank accounts of certificated shareholders.

#### **ABOUT THIS ANNOUNCEMENT**

This short-form announcement is the responsibility of the directors of Heriot and the contents were approved by the board on 27 March 2025. This short-form announcement is only a summary of the full interim unaudited consolidated financial statements for the six months ended 31 December 2024 ("**Full Interims**"), which are available at <https://senspdf.jse.co.za/documents/2025/JSE/ISSE/HET/HY2025.pdf> and on Heriot's website at [www.heriotreit.com](http://www.heriotreit.com). This announcement does not include full or complete details and any investment decisions by investors and/or shareholders should be based on consideration of the Full Interims as a whole. The information contained in this short-form announcement has not been audited or reviewed by the Company's external auditors.

By order of the board

Johannesburg

27 March 2025

#### **COMPANY SECRETARY**

CIS Company Secretaries Proprietary Limited

#### **REGISTERED OFFICE**

Suite 1, Ground Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, 2196

PO Box 652737, Benmore, 2010

#### **DIRECTORS**

SB Herring (Chairperson)\*, RL Herring (CEO), D Snoyman (CFO), A Mazwai\*, SJ Blieden\*†, R Lockhart-Ross\*†, GJ Heron\*†.

\*Non-executive †Independent

#### **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited

#### **DESIGNATED ADVISOR**

Valeo Capital, Unit G02 Skyfall Building, De Beers Ave, Paardevlei, 7130