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
(Approved as a REIT by the JSE)
("**Resilient**" or "**Company**")

PRE-CLOSE UPDATE

In anticipation of Resilient's results for the year ended 30 June 2019, 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.

Distributable earnings

- Edcon: Edgars intends closing two stores in the portfolio. There is demand from national tenants for this space at higher rentals. With effect from 1 April 2019, Resilient will only be including 59,1% of its basic rental on Edgars, Edgars Beauty and Jet stores in its distributable earnings. This results in an R11,1 million (Resilient's proportionate share) reduction in distributable earnings for the 2019 financial year.
- Distributable earnings are being negatively impacted by increased expenses for repairs and maintenance of electrical items such as replacement of transformers and air conditioners. This is largely due to the quality of and/or interruptions in the power supply.
- No fees from trading or development profits are included in distributable earnings.
- Resilient's previous distribution guidance was published prior to the finalisation of negotiations with Edcon. As such, the guidance range was intentionally broad so as to cater for the various outcomes of such negotiations. Distribution is now expected to be at the lower end of guidance.

Balance sheet

- Share capital
    - Since January 2019, under its general authority and on market, Resilient has acquired 5 789 865 of its shares at an average price of R55,04 per share.
    - With approval of 99,99% of voting shareholders at the general meeting yesterday, Resilient has repurchased and cancelled 20 822 746 shares and has acquired a further 31 359 758 treasury shares.
    - In total, Resilient now holds 41 069 748 treasury shares.

- Siyakha Trusts
    - The Siyakha Education Trust and The Siyakha 2 Education Trust ("**the Trusts**"), which hold no Resilient shares and have no liability to Resilient, have been deconsolidated.
    - The prior recognition of the Trusts' investments in Fortress (December 2018: R1,88 billion) and amounts owing to Fortress (December 2018: R3,91 billion) has been eliminated.
    - Resilient continues to meet its bursary commitments as part of its CSI initiatives.

- NAV, loan-to-value ratio and facilities
    - Despite an increase in capitalisation rates in the market, the Board is confident of a positive revaluation of the South African property portfolio.
    - Resilient has R2,7 billion of undrawn facilities available.
    - Since December 2018, Resilient has accepted R2,9 billion of facilities from three banks and terminated an existing facility of R750 million.

- Resilient’s cross-currency swaps of EUR221 million are less than 35% of the fair value of its Euro denominated investments being NEPI Rockcastle and Lighthouse.
- There are no cross-currency swaps relating to the investment in Nigeria. Resilient Africa has in-country US Dollar debt secured by the property assets with no recourse to Resilient’s South African balance sheet.
- The group loan-to-value ratio is anticipated to be below 30% at year-end.

Vacancy

- Under challenging market conditions Resilient’s shopping centres continue to trade well and vacancies in the South African portfolio remain below 2%.

25 June 2019

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