RESILIENT REIT LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2002/016851/06)

unconditionally and irrevocably guaranteed by

RESILIENT PROPERTIES PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2002/016890/07)

INFORMATION STATEMENT
in respect of the
ZAR10,000,000,000
DOMESTIC MEDIUM TERM NOTE PROGRAMME

Resilient REIT Limited (**Resilient**, or the **Issuer**) intends from time to time to issue notes (the **Notes**) under the ZAR10,000,000,000 Domestic Medium Term Note Programme (the **Programme**) on the basis set out in the Programme Memorandum dated 4 December 2019, as amended and restated from time to time (the **Programme Memorandum**). The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified in the section headed "*Summary of Programme*" under the Programme Memorandum and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis.

The specific aggregate nominal amount, the status, maturity, interest rate, or interest rate formula and dates of payment of interest, purchase price to be paid to the Issuer, any terms for redemption or other special terms, currency or currencies, form and denomination of Notes, information as to financial exchange listings and the names of the dealers, underwriters or agents in connection with the sale of Notes being offered at a particular time will be set forth or referred to in the terms and conditions contained in the Programme Memorandum (the **Terms and Conditions**), read together with the pricing supplement applicable to any Notes (the **Applicable Pricing Supplement**) and this Information Statement.

Availability of Information

This Information Statement is available on the Issuer's website at https://www.resilient.co.za/dmtn-programme.htm?contentID=24.

Information on the Issuer's website, other than in this Information Statement and the Programme Memorandum, is not intended to be incorporated by reference into this Information Statement, save for those documents which are incorporated by reference in the section headed "Documents Incorporated by Reference" in the Programme Memorandum.

Recipients of this Information Statement should retain it for future reference. It is intended that the Programme Memorandum read together with the Applicable Pricing Supplement in connection with the issuance of Notes, will refer to this Information Statement for a description of the Issuer and the Guarantor, its financial condition and results of operations (if any) and investor considerations/risk factors, until a new information statement is issued.

Information Statement dated 4 December 2019.

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GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as defined in the Terms and Conditions in the Programme Memorandum, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Information Statement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, and that this Information Statement contains all information required by law and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Information Statement.

The JSE takes no responsibility for the contents of the Programme Memorandum, the annual financial statements, the Applicable Pricing Supplement(s), this Information Statement or any annual reports of the Issuer and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of the Programme Memorandum, the annual financial statements the Applicable Pricing Supplement(s), this Information Statement or any annual reports of the Issuer and any amendments or supplements to the aforementioned documents and the JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

In addition, the Issuer, having made all reasonable inquiries, confirms that this Information Statement contains or incorporates all information which is material in relation to the issuing and the offering of the Notes, that all information contained or incorporated in this Information Statement is true and accurate in all material respects and that the opinions and the intentions expressed in this Information Statement are honestly held and that there are no other facts, the omission of which, would make this Information Statement or any of such information or expression of any such opinions or intentions misleading in any material respect.

The Arranger, the Dealers, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**) and the professional advisors have not separately verified the information contained in this Information Statement. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates or any of the professional advisors as to the accuracy or completeness of the information contained in this Information Statement or any other information provided by the Issuer. None of the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any of the professional advisors accepts any liability in relation to the information contained in this Information Statement or any other information provided by the Issuer in connection with the Notes. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Statement or any other information supplied in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors. Neither the delivery of this Information Statement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that any other financial statement or other information supplied in connection with the Information Statement is correct at any time subsequent to the date indicated in the document containing the same.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes the rendering of financial or investment advice by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor.

This Information Statement and any other information supplied in connection with the Notes is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or any professional advisor, that any recipient of this Information Statement should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each potential investor should consult its own advisors to make its investment decision and to determine whether it is legally permitted to purchase the Notes under Applicable Laws and regulations.

Neither this Information Statement nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors to any person to subscribe for or to purchase any Notes.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, the Arranger(s), Dealers, the JSE Debt Sponsor, their Affiliates nor any professional advisor, represents that this Information Statement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Statement nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. The Arranger(s) or the Dealers have represented that all offers and sales by them will be made on the same terms and in compliance with this prohibition.

The distribution of this Information Statement and the offer for the subscription or sale of Notes may be restricted by law in certain jurisdictions. Currently, the Notes are only available for subscription by South African residents. Persons into whose possession this Information Statement or any Notes come must inform themselves about, and observe, any such restrictions. In particular there are restrictions on the distribution of this Information Statement and the offer for the subscription or sale of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States of America or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act (**Regulation S**)). The Notes will be offered and sold only in offshore transactions outside the United States of America in accordance with Regulation S and, subject to certain exceptions, may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, US Persons.

Information and opinions presented in the Information Statement were obtained or derived from public sources that the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors believe are reliable but make no representations as to the accuracy or completeness thereof. Any opinions, forecasts or estimates (if any) herein constitute a judgment as at the date of this Information Statement. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied is made regarding future performance. The price, value of and income from any of the securities or financial instruments mentioned in this Information Statement (if any) can fall as well as rise. Any opinions expressed in this Information Statement are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of the Arranger(s), the Dealers, the JSE Debt Sponsor, their Affiliates or the professional advisors as a result of using different assumptions and criteria. Furthermore, the Arranger(s) or the Dealers (and their respective directors, employees, representatives and agents), the JSE Debt Sponsor, their Affiliates or any professional advisors accept no liability for any direct or indirect loss or damage incurred arising from the use of the material presented in this Information Statement, except as provided for by law.

All trademarks, service marks and logos used in this Information Statement are trademarks or service marks or registered trademarks or service marks of the Issuer. This Information Statement may not be reproduced without the prior written consent of the Issuer, the Arranger(s) or Dealers. It may not be considered as advice, a recommendation or an offer to enter into or conclude any transactions.

Copies of this Information Statement are available by request from the registered offices of the Issuer.

INVESTOR CONSIDERATIONS/RISK FACTORS

Capitalised terms used in this section headed "Investor Considerations/Risk Factors" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it at the Programme Date, or which it may not be able to anticipate at the Programme Date. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision.

References below to the "Terms and Conditions", in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out under the section of this Programme Memorandum headed "Terms and Conditions of the Notes".

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated Notes are held in the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be held in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Recourse to the JSE Debt Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

Credit Rating

Tranches of Notes issued under the Programme, the Issuer, the Guarantors and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Any amendment in the Rating of the Issuer and/or the Guarantors and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Modification and waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision, change to South African law or administrative practice in South Africa after the Programme Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to the Issuer's Business

Key Risk		**Business Impact**	**Mitigation of risk**
1. **SOUTH AFRICAN POLITICAL AND ECONOMIC RISK**			
1.1	The current political and economic environment creates challenges for potential growth and funding opportunities in addition to currency volatility, rising interest rates, social unrest, increased administered costs and inflationary effects on consumers.	Social unrest and protests could result in security concerns at Resilient's properties as well as damage to property. The economic conditions could result in the reduction in the demand for space, increased cost of doing business, the potential of tenant defaults and reduced distributions.	The asset and property managers review the security requirements of Resilient's properties on a regular basis. Conservative balance sheet management with the diversification of funding sources. Monitoring the performance of tenants and the collection of rentals by property managers.
2. **FUNDING**			
2.1	Deterioration in the Resilient Group's credit profile, a decline in debt market conditions or a general rise in interest rates could impact the cost and availability of funding.	The cost of financing increases substantially reducing distributable income.	The Resilient Group monitors its key financial ratios and seeks to maintain a strong investment grade credit rating. Interest rate risk is mitigated using interest rate swaps and caps.
3. **CREDIT RISK**			
3.1	Recoverability of financial assets.	The risk of financial loss to the Resilient Group if a tenant or counterparty to a financial instrument fails to meet its	Financial instruments are entered into with reputable financial institutions. Management has established

		contractual obligations. This arises predominantly from the Resilient Group's receivables from tenants, co-owners, employees to whom staff incentive loans were advanced and investment securities.	a credit policy in terms of which tenants are analysed individually for creditworthiness prior to entering into a lease. The Resilient Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that are listed on a recognised stock exchange. Loans to co-owners are secured against their interests in the property being developed. The recoverability of financial assets is assessed at each reporting period.
4. **OPERATIONAL RISK**			
4.1	Retention of key staff.	Skilled and experienced staff may not be retained.	Key staff are remunerated through the incentivisation scheme as well as bonuses.
4.2	Local authorities' service delivery is deteriorating and many local authorities are not billing correctly. Several local authorities no longer read electricity or water meters timeously.	Resilient is not being billed the correct utility amounts on a monthly basis.	Resilient has installed its own meters and employed third party meter readers. Recoveries from tenants are based on this information rather than the billings received from local authorities.
4.3	Destruction of assets.	Buildings destroyed due to *force majeure*, fire, etc. and as a result income cannot be generated from tenants.	Insurance cover is carefully monitored to ensure that it is sufficient. The insurable amount is based on replacement valuations obtained from an independent valuer. Resilient uses reputable underwriters with sufficient financial backing to sustain the cover paid for.
5. **DEVELOPMENT RISK**			
5.1	Development projects fail to deliver expected returns due to increased costs or delays.	Resilient may suffer reputational damage as well as financial loss if developments are not completed timeously and within budget.	Resilient has an in-house development team that closely monitors the progress and costs of each of its developments. Contracts are entered into with reputable construction companies.
6. **NON-COMPLIANCE WITH LAWS AND REGULATIONS**			
6.1	Non-compliance with laws and regulations in South Africa as well as the other jurisdictions within which Resilient operates.	Non-compliance may result in reputational damage and financial penalties.	Resilient engages legal advisors both in South Africa and in the other jurisdictions in which it operates and monitors compliance. Resilient is a member of

			various industry organisations. The Resilient Group's employees regularly attend conferences and training specific to their area of responsibility within the Resilient Group which would assist in the identification of new and relevant legislation.
7. **CURRENCY RISK**			
7.1	Resilient's net asset value as well as the returns on offshore investments may fluctuate as a result of currency movements.	As a result of Resilient's offshore investments, the appreciation/depreciation of the Rand will result in a reduction/increase in the Resilient Group's net asset value. In addition, the appreciation/ depreciation of the Rand will result in less/more income being earned on offshore investments which will affect the Resilient Group's ability to accurately forecast the returns on offshore investments. This may further result in Resilient not meeting its distribution guidance.	The policy of the Board of Directors of Resilient (the **Board**) is to use cross-currency swaps to mitigate exposure to foreign currency risk on Resilient's investments in Lighthouse Capital Limited and NEPI Rockcastle plc. This has the effect of obtaining funding in currencies similar to that of the underlying foreign investments. Dividend income from foreign investments is hedged in line with the following policy: • Hedge 100% of the income projected to be received in the following 12 months; • Hedge 67% of the income projected to be received in months 13 to 24; and • Hedge 33% of the income projected to be received in months 25 to 36.
8. **REPUTATIONAL RISK**			
8.1	Negative publicity.	Reputational damage may impact Resilient's ability to attract funding. In addition to this, investor confidence may be impacted.	Resilient actively engages with various stakeholders to understand concerns. Where possible, actions are taken to address these concerns.
8.2	Regulatory scrutiny.	Reputational damage may impact Resilient's ability to attract funding. In addition to this, investor confidence may be impacted.	Resilient co-operates with all regulators where necessary.

FINANCIAL RISK MANAGEMENT

Resilient has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board has overall responsibility for the establishment and oversight of Resilient's risk management framework. The Board has delegated the responsibility for developing and monitoring Resilient's risk management policies to the risk committee (the **Risk Committee**). The committee reports to the Board on its activities. The Resilient Group Risk Committee oversees how management monitors compliance with the Resilient Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Resilient.

Resilient's risk management policies are established to identify and analyse the risks faced by the Resilient Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Resilient Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Resilient Group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Resilient Group's receivables from tenants, loans, loans to co-owners, investment securities and cash and cash equivalents.

Trade and other receivables

Trade and other receivables relate mainly to Resilient's tenants and deposits with municipalities. In monitoring the customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties. Resilient's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. Resilient's wide-spread tenant base reduces credit risk.

Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before Resilient's standard payment terms and conditions are offered. When available, the Resilient Group's review includes external ratings.

The majority of rental revenue is derived from retail properties situated in Gauteng, KwaZulu-Natal, Limpopo and Mpumalanga but there is an acceptable spread of credit risk within the tenant mix.

The Resilient Group determines an expected loss rate in terms of a provision matrix of ageing of the Resilient Group's trade receivables. This is performed by determining the historic credit loss experienced from observed default rates. This is then adjusted using forward-looking information in order to establish the expected credit loss rates.

Staff incentive loans

Resilient's exposure to credit risk is influenced by the security provided for the loan and also the characteristics of each borrower who are employees of the Resilient Group. The credit risk is mitigated by the security that is provided to Resilient in the form of the pledge and cession of the shares by the employees of the Resilient Group.

The shares issued to employees by The Resilient Share Purchase Trust vest immediately and participants assume the full risks associated with the investment and the loan advanced. Loans are repayable in full at the earlier of the 10^{th} anniversary of the loans being granted or the termination of employment. Where shares are granted to employees on loan account and the employee accepts the risks of repayment of the loan, the transaction is recognised as a financial asset and a corresponding issue of equity.

Loans to co-owners

In reducing credit risk attributable to loans to co-owners, Resilient will register bonds over the properties as security for the co-owners' outstanding loans. Resilient recognises a loss allowance for expected credit losses and this allowance is reassessed at each reporting date.

Investments

Resilient limits its exposure to credit risk by only investing in liquid securities and only with counterparties that are listed on a recognised stock exchange.

Resilient does not typically invest in securities that are not listed on a recognised stock exchange, however, has agreed to an arrangement with Edcon Limited which has resulted in an unlisted investment in Edcon Limited. This investment exposes the Resilient Group to credit risk. The Resilient Group will monitor this risk to ensure that in the event that the risk rises above the Resilient Group's level of tolerance, actions will be instituted to limit financial loss.

Cash and cash equivalents

Resilient's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash handling purposes.

Sureties

Resilient's policy is to provide sureties with regard to subsidiaries to the extent required in the normal course of business. Such sureties are provided to enable the subsidiaries to obtain the funding necessary to enable them to acquire investment property or investments.

Liquidity risk

Liquidity risk is the risk that Resilient will not be able to meet its financial obligations comprising interest-bearing borrowings, amounts owing to non-controlling shareholders and trade and other payables, as they fall due. Resilient's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Resilient's reputation. Resilient regularly reviews the maturity profile of its financial liabilities in order to avoid the concentration of maturities.

Resilient receives rental on a monthly basis and uses it to reduce its borrowings. Typically, Resilient ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect Resilient's income or the value of its financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Resilient enters into derivatives and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Committee.

Currency risk

Resilient is indirectly exposed to currency risk through its investments in offshore listed securities and Resilient Africa. The exposure is partially hedged as the currency position is considered to be long-term in nature.

Resilient's policy is to hedge its foreign currency exposure to equity investments.

Foreign income is hedged in line with the following policy:

- Hedge 100% of the income projected to be received in the following 12 months;
- Hedge 67% of the income projected to be received in months 13 to 24; and
- Hedge 33% of the income projected to be received in months 25 to 36.

Interest rate risk

Resilient is exposed to interest rate risk on its loans advanced, interest-bearing borrowings and cash and cash equivalents.

Loans advanced, interest-bearing borrowings and cash and cash equivalents bear interest at rates linked to prime/JIBAR. However, Resilient adopts a policy of ensuring that at least 80% of its exposure to interest rates on borrowings is hedged. This is achieved by entering into interest rate swaps and caps.

Resilient's interest rate risk is monitored by management on a monthly basis and the hedging profile is presented to the Board on a quarterly basis in order to assess whether the interest rate risk policy is being appropriately applied. Factors considered by management when assessing the level of interest rate swaps and caps entered into include the refinancing of maturing facilities, alternative sources of funding and general market conditions.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

Equity price risk

Resilient is exposed to equity price risk on its investments. It limits its exposure to equity price risk by mainly investing in liquid securities that are listed on a recognised stock exchange and where the directors are in agreement with the business strategy implemented by such companies.

Fair values

A number of Resilient's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

Resilient's investment properties are valued internally by the directors at interim reporting periods. An external, independent valuation company values Resilient's investment property portfolio every year for year-end reporting. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant space, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between Resilient and the lessee; and the remaining economic life of the property.

Investments

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing price at the reporting date. The fair value of unlisted investments is determined with reference to the latest available financial information provided by the counterpart.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of derivatives is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Capital management

Resilient considers the equity attributable to equity holders as permanent capital of Resilient.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board also monitors the level of distributions to shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in Resilient's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Board monitors capital on the basis of the loan-to-value ratio. The 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.

DESCRIPTION OF RESILIENT REIT LIMITED

Capitalised terms used in this section headed "Description of Resilient REIT Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. INTRODUCTION AND BACKGROUND

Resilient REIT Limited (the **Issuer** or **Resilient**) is a Real Estate Investment Trust (**REIT**) which has been listed on the JSE Limited (the **JSE**) since December 2002. The Issuer is focused on the development of, and investment in, dominant regional retail centres with a minimum of three anchor tenants and let predominantly to national retailers. Regions not displaying sound long-term growth prospects are avoided. The property portfolio is externally valued at the end of each financial year by a JSE approved independent external valuer.

In addition to investments in property, the Issuer also invests in listed and offshore property-related assets.

The total investment portfolio therefore consists of a focused portfolio of 28 retail centres in South Africa, three retail centres in Nigeria and a listed property portfolio.

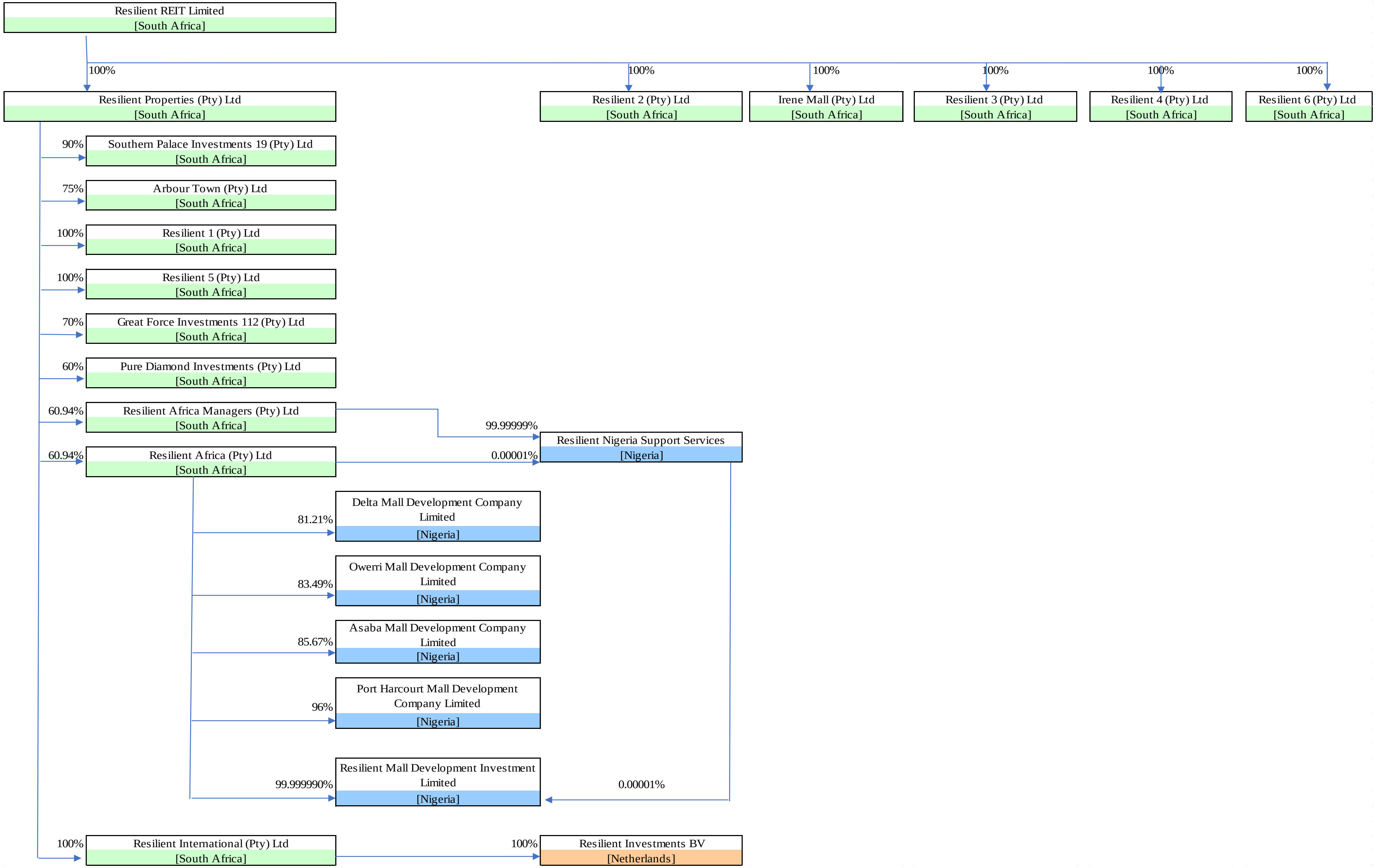
Resilient does not pay fees to an external asset management company. All asset management functions are housed within the Issuer and its subsidiaries. Day-to-day operational property management is outsourced to reputable independent property managers Broll Property Group Proprietary Limited and JHI Retail Proprietary Limited.

Resilient's gearing as at 30 June 2019 was 26,8%. The board of directors of the Issuer (the **Board**) has placed a gearing limit of 35% of Resilient Group assets. Resilient's policy is to hedge at least 80% of its exposure to interest rate risk. Cross-currency swaps are used to mitigate exposure to foreign currency risk on Resilient's foreign listed securities. Foreign income is hedged in line with the following policy:

- Hedge 100% of the income projected to be received in the following 12 months;
- Hedge 67% of the income projected to be received in months 13 to 24; and
- Hedge 33% of the income projected to be received in months 25 to 36.

2. OWNERSHIP AND CONTROL

Group structure as at the Programme Date:



3. **DESCRIPTION OF BUSINESS**

Resilient's 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 extensions to existing malls.

Resilient also invests in listed and offshore-property related assets.

Resilient has participated in numerous property acquisitions and developments that have created value.

At 30 June 2019, Resilient’s top 10 properties ranked by the valuation of Resilient’s interest in the mall are as follows:

3.1 **Boardwalk Inkwazi**

Valuation:	R1 881 million
Location:	Richards Bay, KwaZulu-Natal
GLA:	69 864 m²
Anchor tenants:	Checkers, Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, Dis-Chem, FNB, Food Lover’s Market, Foschini, H&M, Jet, Mr Price, Mr Price Home, Mr Price Sport, The Hub, Pep, Standard Bank, Ster-Kinekor, Spur, Truworths.

3.2 **Galleria Mall (75% interest)**

Valuation:	R1 648 million
Location:	Amanzimtoti, KwaZulu-Natal
GLA:	87 564 m²
Anchor tenants:	Checkers Hyper, Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, Cotton On, Dis-Chem, Foschini, FNB, Fun Co, H&M, Jet, Mr Price, Mr Price Home, Mr Price Sport, Nedbank, Nu Metro, Pep, Pick n Pay Clothing, Standard Bank, The Hub, Toys R Us and Truworths.

3.3 **The Grove Mall**

Valuation:	R1 497 million
Location:	Pretoria East, Gauteng
GLA:	57 701 m²
Anchor tenants:	Edgars, Pick n Pay and Woolworths.
Major tenants include:	Absa, @homelivingspace, Ackermans, Capitec, Clicks, Cotton On, Dion Wired, FNB, Foschini, Fun Co, Jet, Mr Price, Mr Price Home, Mr Price Sport, Nedbank, Pep, Pick n Pay Clothing, Standard Bank, Ster-Kinekor, The Ice Rink and Truworths.

3.4 **Mall of the North (60% interest)**

Valuation:	R1 440 million
Location:	Polokwane, Limpopo
GLA:	75 752 m²
Anchor tenants:	Checkers, Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, Cotton On, Dis-Chem, FNB, Foschini, Fun Co, H&M, Jet, Mr Price, Mr Price Home, Mr Price

Sport, Nedbank, Pep, Pick n Pay Clothing, Standard Bank, Ster-Kinekor, Toys R Us and Truworths.

3.5 **I'langa Mall (90% interest)**

Valuation:	R1 403 million
Location:	Mbombela, Mpumalanga
GLA:	67 327 m²
Anchor tenants:	Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Absa, Ackermans, @homelivingspace, Capitec, Clicks, Cotton On, FNB, Foschini, Fun Co, H&M, Jet, Mopani Pharmacy, Mr Price, Mr Price Home, Mr Price Sport, Pick n Pay Clothing, Standard Bank, Ster-Kinekor, The Ice Rink and Truworths.

3.6 **Highveld Mall (64% interest)**

Valuation:	R1 340 million
Location:	eMalahleni, Mpumalanga
GLA:	66 588 m²
Anchor tenants:	Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, Dis-Chem, FNB, Foschini, H&M, Jet, Mr Price, Mr Price Home, Mr Price Sport, Nedbank, Standard Bank and Truworths.

3.7 **Jubilee Mall**

Valuation:	R1 221 million
Location:	Hammanskraal, Gauteng
GLA:	52 290 m²
Anchor tenants:	Edgars, Game, Pick n Pay, Spar and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Cashbuild, Clicks, Dis-Chem, FNB, Foschini, Jet, Just Gym by Planet Fitness, McDonalds, Mr Price, Nando's, Nedbank, Pep, Spur, Standard Bank and Truworths.

3.8 **Tzaneng Mall**

Valuation:	R927 million
Location:	Tzaneen, Limpopo
GLA:	39 095 m²
Anchor tenants:	Edgars, Game, Pick n Pay and Woolworths.
Major tenants include:	Ackermans, Capitec, Clicks, Foschini, Jet, Markham, Mr Price, Mr Price Home, Mr Price Sport, Nedbank, Pep, Pick n Pay Clothing and Truworths.

3.9 **Tubatse Crossing**

Valuation:	R899 million
Location:	Burgersfort, Limpopo
GLA:	43 758 m²
Anchor tenants:	Edgars, Game, Pick n Pay, Shoprite and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, FNB, Foschini, Jet, Markham, Mr Price, Mr Price Home, Nedbank, Pep, Standard Bank and

Truworths.

3.10 **Diamond Pavilion**

Valuation:	R842 million
Location:	Kimberley, Northern Cape
GLA:	38 045 m²
Anchor tenants:	Checkers, Edgars, Food Lover's Market and Woolworths.
Major tenants include:	Absa, Ackermans, Capitec, Clicks, FNB, Foschini, Markham, Mr Price, Pep, Standard Bank, The Hub and Truworths.

4. **MANAGEMENT STRATEGY**

Resilient's strategy has not varied significantly since listing and management will continue to look for investment opportunities:

- where value can be extracted through redeveloping and refurbishing existing shopping centres;
- to develop new shopping centres in growth areas and where there is retailer demand; and
- in suitable acquisitions that fit its business strategy.

The Board's target range for gearing is between 30% to 35%. To manage interest rate risk Resilient will continue to use derivative financial instruments. These interest rate hedges are purely to manage any risk that may arise and are not for trading or speculative purposes. In addition, Resilient will continue to use currency derivatives to mitigate its exposure to foreign currency risk on its offshore investments as well as to hedge the foreign income in terms of Resilient's policy.

5. **BOARD OF DIRECTORS AND BOARD COMMITTEES**

5.1 The Board as at the Programme Date are as follows:

Alan Keith Olivier

Independent non-executive chairman

Qualifications: BCom, BCompt (Hons), CA(SA)

Stuart Ian Bird

Independent non-executive director

Qualifications: BCom, BCom (Agric Mgmnt), CA(SA)

David Hugh Brown

Independent non-executive director

Qualifications: BCom, CTA, CA(SA)

Thembakazi (Thembi) Iris Chagonda

Independent non-executive director

Qualifications: BSocSci, Diploma in Labour Law

Desmond (Des) de Beer

Executive director: chief executive officer

Qualifications: BProc, MAP

Andries de Lange

Executive director: chief operating officer

Qualifications: BCom, BCompt (Hons), CA(SA), CFA

Desmond (Des) Kevin Gordon

Independent non-executive director

Qualifications: BCom, BCompt (Hons), CA(SA)

Nicolaas (Nick) Willem Hanekom

Executive director: chief financial officer

Qualifications: BAcc (Hons), CA(SA)

Jacobus Johann Kriek

Executive director

Qualifications: Stanford Executive Programme

Marion Lesego Dawn Marole

Independant non-executive director

Qualifications: BCom (Acc), TED, MBA

Protas Phili

Independent non-executive director

Qualifications: MCom (Tax), CA(SA)

Umsha Reddy

Independent non-executive director

Qualifications: BSc Eng (Electrical), MBA, PCIC

Barry Daniel Van Wyk

Independent non-executive director

Qualifications: BCom BAcc, CA(SA)

Company Secretary and Registered Office

Monica Muller CA(SA)

4th Floor Rivonia Village

Rivonia Boulevard

Rivonia, 2191

5.2 **Conflict of Interest**

No potential conflicts of interest exist between the directors' duties to the Issuer and their private interests and or other duties.

6. **CORPORATE GOVERNANCE**

The Board endorses the code of corporate practices and conduct as set out in the King IV Report on Governance for South Africa 2016 (**King IV**) and confirms that the Issuer is compliant with the provisions thereof.

King IV advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired governance outcomes are listed below, together with the practices implemented and progress made towards achieving the 17 principles in meeting those outcomes. It is done on an "apply and explain" basis, as recommended by King IV:

6.1 **GOVERNANCE OUTCOME ONE: ETHICAL CULTURE**

6.1.1 **The Board leads ethically and effectively.**

Resilient's Board is its governing body. The Board leads with integrity, competence, responsibility and accountability, in line with principle 1 of King IV. The directors hold one another accountable for decision-making and ethical behaviour. The chairman is tasked with monitoring this as part of his duties.

Resilient has a documented code of conduct which is reviewed on an annual basis by the Social and Ethics Committee (as defined below) and recommended to the Board for approval.

The Board is responsible for ensuring that the Resilient Group's ethics policies are appropriate and that they are enforced. This responsibility is discharged through the Social and Ethics Committee.

The Board evaluates its own performance as well as that of its sub-committees, its chairman, its individual members and the company secretary through a formal process that is led by the nomination committee (the **Nomination Committee**). The purpose of the evaluations is to ensure continued improvement in the performance and effectiveness of the Board.

6.1.2 **The Board governs the ethics of Resilient in a way that supports the establishment of an ethical culture.**

The Board has a fiduciary duty to act in good faith, with due care and diligence and in the best interests of the Resilient Group and its stakeholders. It is the primary body responsible for the corporate governance values of the Resilient Group. While control is delegated to management in the day-to-day management of the Resilient Group, the Board retains full and effective control over the Resilient Group. A formal board charter, as recommended by King IV, has been adopted.

The Board forms the core of the values and ethics subscribed to by the Resilient Group. The code of conduct is applicable to each director as well as the employees of Resilient and requires all employees to adhere to ethical business practices in their relationships with each other, suppliers, investors and all other stakeholders. It stipulates, among other things, that all stakeholders are expected to act in good faith, that bribery in any form is not tolerated, all conflicts of interest need to be declared and that compliance with all legislation is of utmost importance. The code of conduct is provided to each employee on employment and is available on the Company's intranet.

The Resilient Group has a "no-tolerance" policy towards fraud within the Resilient Group or with any of the counterparties the Resilient Group chooses to engage with. Resilient has implemented a whistle-blower hotline where any instances of fraud or other breaches of ethical behaviour may be reported. The whistle-blower hotline is externally managed to ensure the anonymity of whistle-blowers and reports directly to the chairman of the Board and the chairman of the Audit Committee. The whistle-blower hotline is accessible by means of a dedicated email address as well as a dedicated toll-free telephone number, the details of which are published on Resilient's website. All incidents are investigated appropriately.

The Board is not aware of any transgressions of the code of ethics during the financial year. No issues of non-compliance, fines or prosecutions have been levied against Resilient.

6.2 GOVERNANCE OUTCOME TWO: PERFORMANCE AND VALUE CREATION

6.2.1 The Board ensures that Resilient is and is seen to be a responsible corporate citizen.

The Board has delegated to the social and ethics committee (the **Social and Ethics Committee**) the responsibility for monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate governance.

6.2.2 The Board appreciates that Resilient's core purpose, its risks and opportunities, strategy, business model, performance and sustainable developments are all inseparable elements of the value creation process.

The Board acknowledges that it is responsible for ensuring the following functions as set out in the board charter:

- Good corporate governance and implementation of the code of corporate practices and conduct as set out in King IV;
- That the Resilient Group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and
- The Board recognises its responsibilities to all stakeholders.

The Board's responsibility is to ensure that Resilient creates value for its shareholders. In so doing, it considers the legitimate interests and expectations of stakeholders, which include the present and potential future investors in Resilient.

The Board approves and monitors the implementation of the strategy and business plans. Assisted by the Risk Committee, the Board reviews key risks and opportunities impacting on the achievement of its strategic objectives.

Resilient sets and achieves its strategic initiatives with reference to risks and opportunities. The Board assesses both the positive and negative outcomes resulting from its business model continuously.

6.3 **GOVERNANCE OUTCOME THREE: ADEQUATE AND EFFECTIVE CONTROL**

6.3.1 **The Board ensures that reports issued by Resilient enable stakeholders to make informed assessments of Resilient's performance and its short-, medium- and long-term prospects**.

The Board is responsible for formulating the Resilient Group's communication policy and ensuring that spokespeople of the Resilient Group adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to stakeholders.

The Board is assisted by the Audit Committee in reviewing and approving the integrated report. The report is prepared in line with IFRS, the International Integrated Reporting Council's Integrated Reporting Framework, the reporting principles contained in King IV and the JSE Listings Requirements.

In its interim and annual reports to stakeholders, Resilient details both its historical performance and future outlook. This, together with further information in those and other communications, enables stakeholders to make informed assessments of Resilient's prospects.

6.3.2 **The Board serves as the focal point and custodian of corporate governance in Resilient**.

Ultimate control of the Resilient Group rests with the Board while the executive management is responsible for the operational management of the Resilient Group. To achieve this, the Board is responsible for establishing the objectives of the Resilient Group and setting a philosophy for investments, performance and ethical standards.

Although quarterly board meetings are scheduled every year, additional meetings are called should the circumstances require same.

Whilst certain responsibilities are delegated to committees or management executives, the Board acknowledges that it is not discharged from its obligations regarding these matters.

The Board acknowledges its responsibilities as set out in the board charter in the following areas:

- Ensuring that it acts in the best interests of the Company;
- The adoption of strategic plans and ensuring that these plans are carried out by management;
- Monitoring of the operational performance of the business against predetermined budgets;
- Monitoring the performance of management at both operational and executive level;
- Endeavours to ensure that the Audit Committee and the internal audit function remain effective and independent;
- Annually assessing the independence of every non-executive director including those with tenures exceeding nine years;
- Ensuring that the Resilient Group complies with all laws, regulations and codes of business practice;
- Ensuring on the Remuneration Committee's recommendations that directors and executives are remunerated fairly and responsibly;
- Ensuring that the remuneration of directors is disclosed fully and individually;
- Obtaining approval from shareholders at each annual general meeting for non-executive directors' fees in respect of the ensuing financial year;
- Seeking approval from shareholders at the annual general meeting, by a non-binding advisory vote, of Resilient's remuneration policy and remuneration implementation report; and
- Ensuring a clear division of responsibilities at board level to ensure a balance of power and authority in terms of Resilient Group policies.

The Board's role and responsibilities and the way that it executes its duties and decision-making are documented and are set out in the board charter which is reviewed on an annual basis.

Before each board meeting, an information pack, which provides background information on the performance of the Resilient Group for the year to date and any other matters for discussion at the meeting, is distributed to each board member. At meetings, the Board considers both financial and non-financial, or qualitative, information that might have an impact on stakeholders.

6.3.3 **The Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**.

Resilient has a unitary board with an independent non-executive director as chairman. The Board comprises four executive directors and nine independent non-executive directors. All directors serve for a maximum period of three years and are subject to retirement by rotation and re-election by shareholders in general meeting. Board appointments are made in terms of the policy on nominations and appointments as applied by the Nomination Committee. Such appointments are subject to final approval by the Board and shareholders.

The Board, with the assistance of the Nomination Committee, considers, on an annual basis, its composition in terms of balance of skills, experience, diversity, independence and knowledge and whether this enables it to effectively discharge its role and responsibilities.

The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities.

The Board's independence from the executive management team is ensured by the following:

- Separation of the roles of chairman and chief executive officer, with the chairman being independent;
- The Board comprising majority independent non-executive directors;
- All sub-committees having a majority of independent directors;
- Non-executive directors not holding service contracts;
- All directors having access to the advice and services of the company secretary; and
- With prior agreement from the chairman, all directors are entitled to seek independent professional advice concerning the affairs of the Company at the Company's expense.

No director has an automatic right to a position on the Board. All directors are required to be elected by shareholders at an annual general meeting. In a general meeting, the shareholders may appoint any person to be a director, subject to the provisions of the memorandum of incorporation.

The roles of chairman and chief executive officer are separate and the composition of the Board ensures a balance of authority, precluding any one director from exercising unfettered powers of decision-making.

The Board is committed to actively managing diversity as a means of enhancing the Company's performance by utilising the contribution of the diverse skills and talents from its directors. The Board has an approved policy on gender and race diversity at board level which requires the Nomination Committee to consider a broad and diverse pool of talent when considering board appointments. The need for gender and race diversity must be balanced with the need to appoint individuals with the necessary skills and experience to serve on the Board.

The Board has not established a target for the appointment of women or individuals of a particular race to the Board. The policy will be reviewed on an annual basis to ensure that it continues to facilitate the principles of gender and race diversity at board level.

6.3.4 **The Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties**.

The Board established six sub-committees to assist the directors in fulfilling their duties and responsibilities.

Each committee has a formal charter and reports to the Board at regular intervals. The charters, which set out the objectives, authority, composition and responsibilities of each committee, have been approved by the Board. All the committees are free to take independent outside professional advice, as and when required, at the expense of the Company.

Membership of the committees are as recommended in King IV. The composition of the committees of the Board and the distribution of authority between the chairperson and other directors is balanced and does not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused.

The Board maintains the following sub-committees:

- Audit Committee;
- Risk Committee;
- Remuneration Committee;
- Nomination Committee;
- Investment Committee; and
- Social and Ethics Committee.

King IV recommends practices which promote effective collaboration among committees with minimal overlap and division of duties.

A full list of directors' interests is maintained and directors certify that the list is correct at each board meeting. Directors recuse themselves from any discussion and decision on matters in which they have a material financial interest.

Dealing in the Company's securities by directors and Company officials is regulated and monitored as required by the JSE Listings Requirements. In addition, Resilient maintains a closed period from the end of a financial period to the date of publication of the financial results and during any period when the Company's shares are trading under a cautionary announcement.

A framework of financial reporting, internal and operating controls has been established by the Board to ensure reasonable assurance as to accurate and timeous reporting of business information, safeguarding of Resilient Group assets, compliance with laws and regulations, financial information and general operation.

The Board reviewed and was satisfied with the effectiveness of the internal financial and operating controls, the process of risk management and the monitoring of legal governance compliance within the Resilient Group.

6.3.5 **The Board ensures that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**

The Board evaluates its own performance as well as that of its sub-committees, its chairman, its individual members and the company secretary through a formal process that is led by the Nomination Committee. The purpose of the evaluations is to ensure continued improvement in the performance and effectiveness of the Board.

6.3.6 **The Board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**.

In terms of its formal charter, the Board's responsibilities include the appointment of the chief executive officer and the approval of corporate strategy, risk management and corporate governance. The Board reviews and approves the business plans and monitors the financial performance of the Resilient Group and implementation of the strategies.

The Board recognises that management is an integral part of the risk management and governance structure and to this end, the Board relies on regular management reports and updates. The Board recognises that delegating authority does not reduce their statutory and common-law fiduciary duties.

Board members have full and unrestricted access to management and all Resilient Group information and property. They are entitled, at the cost of the Resilient Group, to seek independent professional advice in the fulfilment of their duties. Directors may meet separately with management, without the attendance of executive directors.

The chief executive officer has an employment contract that can, subject to fair labour practices, be terminated upon one month's notice. The chief executive officer is a non-independent non-executive director of NEPI Rockcastle and serves as the chairman of its investment committee. Other than this board appointment, the chief executive officer does not have any work commitments outside of Resilient and its related companies. A succession plan for the chief executive officer is in place.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

Monica Muller CA(SA) was appointed as the company secretary on 5 August 2014. The company secretary is appointed on a full-time basis with the requisite knowledge, experience and stature. All directors have unlimited access to her services and she is responsible to the Board for ensuring that proper corporate governance principles are adhered to, including signing off on disclosure of membership of board structures, the number of meetings of each and attendance at each meeting as well as the overall content of the committee information and reporting in the public domain.

The Board has considered the competence, qualifications and experience of the company secretary who is deemed fit to continue in the role as company secretary. The company secretary is not a director of Resilient and has an arm's length relationship with the Board.

6.3.7 **The Board governs risk in a way that supports Resilient in setting and achieving its strategic objectives**.

The Risk Committee assists the Board with the governance of risk. The Board is aware of the importance of risk management as it is linked to the strategy, performance and sustainability of Resilient. The role of the Risk Committee is to ensure that the Company has implemented an effective policy and plan for risk management which enhances the Company's ability to achieve its strategic objectives.

The Risk Committee implements a process whereby risks to the sustainability of the Resilient Group's business are identified and managed within acceptable parameters. The Risk Committee delegates to management the responsibility to continuously identify, assess, mitigate and manage risks within the existing and ever-changing risk profile of Resilient's operating environment. Mitigating controls are formulated to address the risks and the Board is kept up to date on progress on the risk management plan.

There is a common member of the Audit Committee and the Risk Committee ensuring that there is co-ordination in respect of the evaluation and reporting of risks.

6.3.8 **The Board governs technology and information in a way that supports Resilient in setting and achieving its strategic objectives**.

The Risk Committee assists the Board with the governance of information technology. The Board is aware of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of Resilient.

The Risk Committee is responsible for information and technology governance in accordance with King IV. The committee oversees the implementation of IT governance mechanisms and standards to ensure the effectiveness and efficiency of the Resilient

Group's information systems. Resilient's IT function is outsourced to a third-party service provider and is governed by a service level agreement. Compliance with the service level agreement is monitored by management. The external IT specialists assist in governing technology and information and their terms are reviewed on a regular basis.

6.3.9 **The Board governs compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports Resilient being ethical and a good corporate citizen**.

The Board is responsible for the Resilient Group's compliance with applicable laws and recognises that compliance is an ethical imperative. The Board has delegated the responsibility for implementing compliance to management. The Board is assisted by the Risk Committee in monitoring compliance.

There were no material regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

6.3.10 **The Board ensures that Resilient remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium and long term**.

Resilient remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner. The Resilient Group's remuneration strategy's objective is to attract and retain key talent and to motivate and reward employees appropriately to ensure they achieve key organisational objectives.

Resilient has implemented an employment equity plan and we support the promotion of equal opportunities. Resilient's focus is on developing its employees such that there are suitable internal candidates to lead the Resilient Group in the future. We encourage our employees to attend job related training such as industry specific conferences and courses. Our training and employment equity committee meets on a regular basis and approves the employment equity plan, the workplace skills plan and annual training report. The committee is chaired by a member of senior management.

6.3.11 **The Board ensures that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of Resilient's external reports**.

Resilient implements a combined assurance model that is overseen by the Audit Committee.

The Board has delegated to the Audit Committee oversight of, *inter alia*, effectiveness of the Resilient Group's assurance services with focus on combined assurance including external audit, internal audit and the finance function as well as the integrity of the integrated report and the annual financial statements. The Board is satisfied that assurance results in an adequate and effectively controlled environment and integrity of reports for better decision-making.

A key factor that may impair the auditor's independence is a lack of control over non-audit services provided by the external auditor. The external auditor's independence is deemed to be impaired if the auditors provide a service which:

- Results in auditing of own work by the auditor;
- Results in the auditor acting as a manager or employee of the Resilient Group;
- Puts the auditor in the role of advocate for the Resilient Group; or
- Creates a mutuality of interest between the auditor and the Resilient Group.

The Company addresses this issue through three primary measures, namely:

- Disclosure of the extent and nature of non-audit services;
- The prohibition of selected services; and
- Prior approval by the Audit Committee of non-audit services.

Other safeguards encapsulated in the policy include:

- The external auditor is required to assess periodically, in their professional judgement, whether they are independent of the Resilient Group;
- The Audit Committee ensures that the scope of the auditor's work is sufficient and that the auditor is fairly remunerated; and
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditor.

The Audit Committee reviews audit plans for external audits and the outcome of the work performed in executing these plans. They further ensure that items identified for action are followed up. The external auditor reports annually to the Audit Committee to confirm that they are and have remained independent from the Resilient Group during the financial year.

6.4 GOVERNANCE OUTCOME FOUR: TRUST, GOOD REPUTATION AND LEGITIMACY

6.4.1 **In the execution of its governance role and responsibilities, the Board adopts a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of Resilient over time.**

Establishing and maintaining effective stakeholder relationships are not only essential to sustain the growth of the Company but also an essential component of sound governance. Resilient has identified its stakeholder groups and actively balances their legitimate and reasonable needs, interests and expectations.

6.4.2 **The Board ensures that responsible investment is practiced by Resilient to promote the good governance and the creation of value by the companies in which it invests.**

Resilient ensures, through active participation and representation, that it exercises its rights and obligations with regard to its investee companies.

BUSINESS DESCRIPTION OF RESILIENT PROPERTIES PROPRIETARY LIMITED

Capitalised terms used in this section headed "Description of Resilient Properties Proprietary Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. DESCRIPTION OF BUSINESS

Resilient Properties Proprietary Limited is a wholly-owned subsidiary of Resilient REIT Limited. The company is involved in the investment in, development and letting of properties. The total property portfolio consists of a focused portfolio of 25 retail centres in South Africa. The company also owns 75% of Arbour Town Proprietary Limited (the owner of two retail centres in South Africa), 90% of Southern Palace Investments 19 Proprietary Limited (the owner of one retail centre in South Africa) and 60,94% of Resilient Africa Proprietary Limited (the owner of three retail centres in Nigeria).

The company also has an investment in Resilient ordinary shares which is treated as treasury shares at a Resilient Group level.

2. MEMBERS OF BOARD

The board of directors of the Guarantor as at the Programme Date are as follows:

Desmond (Des) de Beer

Executive director: chief executive officer

Qualifications:	BProc, MAP

Andries de Lange

Executive director: chief operating officer

Qualifications:	BCom, BCompt (Hons), CA(SA), CFA

Nicolaas (Nick) Willem Hanekom

Executive director: chief financial officer

Qualifications:	BAcc (Hons), CA(SA)

Jacobus Johann Kriek

Executive director

Qualifications:	Stanford Executive Programme

SIGNED at RIVONIA on this the 4th day of DECEMBER 2019.

For and on behalf of
RESILIENT REIT LIMITED

Name: Andries de Lange
Capacity: Director
Who warrants his/her authority hereto

Name: NICOLAAS WILLEM HANEKOM.
Capacity: Director
Who warrants his/her authority hereto

GENERAL INFORMATION

ISSUER

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Tel: 011 612 6800

GUARANTOR

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Tel: 011 282 8000

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Sandton, 2146
South Africa
Contact: Debt Sponsor Team
Tel: 011 282 8000

TRANSFER AGENT, SETTLEMENT AGENT, CALCULATION AGENT,

ISSUER AGENT AND PAYING AGENT

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