

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")



MARKET VALUE OF B SHARES IN FORTRESS REIT LIMITED FOR PURPOSES OF THE PROPOSED DISTRIBUTION

Shareholders are referred to the announcements released on SENS on 6 April 2018 and 20 April 2018 in respect of the proposed distribution by Resilient of 169 981 600 B ordinary shares in Fortress REIT Limited ("**Fortress**") (being 15,65% of the Fortress B shares in issue and 7,49% of all Fortress shares in issue) in the ratio of 0,4 Fortress B shares for every Resilient share held at the close of trade on Friday, 4 May 2018 (the "**proposed distribution**").

The proposed distribution will be made in reduction of the contributed tax capital of Resilient and should constitute a "return of capital" as defined in section 1 of the Income Tax Act, 58 of 1962 (the "**Income Tax Act**"). The proposed distribution is accordingly not a dividend as defined in the Income Tax Act and will therefore not attract dividends tax.

Resilient shareholders who hold their shares as capital assets will be required in terms of paragraph 76B of the Eighth Schedule to the Income Tax Act to reduce the base cost of their Resilient shares with the amount of the proposed distribution (which should be the market value of the Fortress B shares distributed to such shareholders). If the amount of the return of capital exceeds the base cost of the Resilient shares in the hands of the shareholders, the excess will constitute a capital gain in the hands of the shareholders and the shareholders must account for capital gains tax on such capital gain, unless the shareholders can rely on a capital gains tax exemption. Resilient shareholders who hold their shares as trading stock should obtain advice on the correct tax treatment of the return of capital.

Resilient shareholders are hereby advised that the market value of a Fortress B share for purposes of the proposed distribution is R15.78 per Fortress B share, being the price of Fortress B shares at close of trade on Friday, 4 May 2018.

This announcement is not intended to be a complete analysis of the tax implications of the proposed distribution. It is not intended to be, nor should it be considered to be, legal or tax advice. Resilient shareholders are advised to consult their own professional tax advisors on the taxation consequences of the proposed distribution in both South Africa and their jurisdiction of residence and the calculation of their costs for tax purposes.

7 May 2018

Corporate advisor and sponsor

JAVACAPITAL