

## 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 the “company”)



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## UPDATE AND WITHDRAWAL OF CAUTIONARY

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### 1. INTRODUCTION

Since the joint announcement released on SENS on 7 March 2018 by Resilient and Fortress REIT Limited (“Fortress”), Resilient has made progress toward addressing shareholder concerns and this announcement provides an update.

### 2. IMPLEMENTATION OF UNWIND OF CROSS-SHAREHOLDING

The cross-shareholding between Resilient and Fortress has been unwound by Resilient’s distribution of Fortress B shares on 7 May 2018 (the “unwind of the cross-shareholding”).

### 3. UPDATE REGARDING SIYAKHA TRUSTS

Resilient has been informed that The Siyakha Education Trust (the “Siyakha Trust”) and The Siyakha 2 Education Trust (the “Siyakha 2 Trust”) have realised and continue to realise assets in order to settle all liabilities to institutional lenders. As announced on 7 March 2018, subject to all required regulatory, third-party and shareholder consents, it is intended that the Siyakha Trust be repositioned as a BEE ownership vehicle that owns only Resilient shares and is funded only by Resilient and the Siyakha 2 Trust be repositioned as a BEE ownership vehicle that owns only Fortress shares and is funded only by Fortress. Once this repositioning has been implemented, the Siyakha Trust will be renamed the Resilient Empowerment Trust and the Siyakha 2 Trust will be renamed the Fortress Empowerment Trust, at which stage Resilient will terminate its involvement with the Fortress Empowerment Trust.

On the assumption of a Resilient share price of R57,00 and a Fortress B share price of R14,50, the fair value of Resilient’s claim on loan account against each trust will result in an impairment totaling approximately R1,7 billion. The full amount of each loan will remain due to Resilient and will accrue interest at the agreed rate. For purposes of determining distributable earnings, for so long as trust liabilities exceed the value of trust assets, Resilient will recognise interest accrued on the loans advanced only to the extent that the accrued interest is matched by dividends declared for the same period in respect of the shares held by the trust.

### 4. DISTRIBUTION GUIDANCE

Resilient provided distribution guidance in the announcement of 7 March 2018 of 601 cents for the 2018 financial year and growth in distributions of approximately 8% for the 2019 financial year. A Resilient shareholder who retains the Fortress B shares distributed in terms of the unwind of the cross-shareholding will receive a combined dividend in line with the guidance previously provided. Therefore, following the unwind of the cross-shareholding, Resilient expects its distribution guidance per share to be approximately 564 cents per share for the 2018 financial year (1H actual: 306 cents per share; 2H guidance: 258 cents per share) and approximately 569 cents per share for the 2019 financial year. This is based on current exchange rates and the further assumptions that there will be no deterioration of the macro-economic environment, that no major corporate failures will occur and that tenants will be able to absorb the recovery of rising utility costs and municipal rates. Budgeted rental income is based on contractual escalations and market-related renewals. As regards dividends to be received by Resilient on its investments, Resilient’s assumptions are in line with current guidance provided by the companies in question. The forecast has not been audited, reviewed or reported on by Resilient’s auditors.

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	Distribution guidance per SENS of 7 March 2018	Updated distribution guidance
<b>Six months to Jun 2018</b>		
Distribution per Resilient share (“RES”) (cps)	295	258

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Distribution per Fortress B share (“FFB”) (cps)	89	
<b>Year to Jun 2019</b>		
Distribution per RES (cps) - approximately	649	569
Distribution per FFB (cps) - approximately	188	

**Illustrative example of distribution to be received if FFB shares were retained by investor who holds 100 000 RES shares:**

	<b>Before unwind of the cross-shareholding</b>	<b>After unwind of the cross-shareholding</b>
<b>Jun 2018 year</b>		
RES 100 000	295 000	258 000
FFB 40 000	n/a	35 600
	<b>295 000</b>	<b>293 600</b>
<b>Jun 2019 year</b>		
RES 100 000	649 000	569 000
FFB 40 000	n/a	75 200
	<b>649 000</b>	<b>644 200</b>

**5. UPDATE ON RESILIENT DEBT FACILITIES**

Shareholders are advised that Resilient has repaid a bond of R190 million that expired in February 2018 and extended a facility of R500 million that expired in March 2018 for a further five years. Resilient has secured R1,45 billion in new debt facilities with direct property as collateral.

**6. UPDATE ON INVESTIGATIONS OF ALLEGED MARKET ABUSE**

The key findings of the independent review by Mr Fakie were published on SENS on 10 April 2018. Mr Fakie’s report has been provided to the Financial Sector Conduct Authority. Shareholders will be informed of any new facts or progress achieved in this regard.

**7. WITHDRAWAL OF CAUTIONARY**

The Resilient board has no further basis to advise shareholders to continue to exercise caution when dealing in Resilient securities and the cautionary announcement first made on 7 March 2018 is withdrawn.

22 May 2018

Sponsor



Legal advisor

