PRELIMINARY AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

RESILIENT

DIRECTORS' COMMENTARY

NATURE OF THE BUSINESS

Resilient is an internally asset managed Real Estate Investment Trust ("REIT") listed on the JSE Limited. Its 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 incubated a number of new businesses over the years and remains an equity investor in these listed businesses.

DISTRIBUTABLE EARNINGS

Following the distribution of Resilient's interest in Fortress B shares and amending the amount included in distributable earnings from the loans to the Siyakha Trusts, a dividend of 258,98 cents per share for the six months ended June 2018 has been declared by the Board. Together with the 306,46 cents per share declared for the interim period, the total dividend for the 2018 financial year amounts to 565,44 cents per share.

COMMENTARY ON RESULTS

South Africa

Sales growth in Resilient's portfolio for the 2018 financial year was ahead of expectations and ahead of national retail sales growth. The economy contracted in the first quarter of 2018, followed by an increase in the VAT rate from 14% to 15% in April 2018 and a substantial increase in the petrol price from R13,54 per litre in March 2018 to R15,54 per litre in June 2018.

Despite the IMF raising its growth forecast for South Africa from 0,9% in 2018 and 2019, to 1,5% and 1,7%, respectively, economic conditions remain difficult.

The comparable sales growth per province is set out below (I'langa Mall and Limpopo Mall, excluding its taxi centre component, were excluded as these were redeveloped. Mams Mall was excluded as it was only acquired during March 2017 and is currently being redeveloped and substantially expanded):

	Comparable sales growth %	Percentage of SA properties by value
Eastern Cape	(1,5)	3,6
Limpopo	3,7	25,8
Gauteng	3,8	26,4
Mpumalanga	4,4	9,4
KwaZulu-Natal	5,9	22,1
Northern Cape	7,9	6,7
North West	10,6	6,0

(Details per property will be included in the investor presentation.)

The comparable sales growth for the portfolio was 4,8% and was ahead of the inflation rate of 4,6% year-on-year.

Eastern Cape: Circus Triangle continues to be negatively affected by competing developments in its catchment area as well as by a weak economy in Mthatha and the surrounding region. Limpopo: Mall of the North's performance was negatively affected by the vacancy created for the Fun Company entertainment complex. The mall is, however, showing good growth since the opening of the additional entertainment offering. Although the trading densities achieved at Mvusuludzo Mall are still pleasing, it experienced negative performance due to the opening of a competing shopping centre in Thohoyandou during the year. Gauteng: Resilient has benefitted from its exposure to the emerging middle class. Jubilee Mall and Soshanguve Mall continued to grow strongly and it may be appropriate to expand these malls in the future. Irene Village Mall and The Grove Mall were negatively impacted by competing developments in their catchment areas. Irene Village Mall was further impacted by improvements in tenancy being delayed ahead of the planned substantial expansion of the mall. The Grove Mall will be expanded once the town planning process has been completed which will increase its dominance in its primary market. Northern Cape: Both Diamond Pavilion and Village Mall Kathu benefitted from improved commodity prices, particularly Iron Ore, Vanadium and Manganese. North West: Mahikeng Mall is benefitting from the transfer of trade from the CBD.

Although not included in the comparable turnovers, I'langa Mall's performance evidences its increased dominance in the region.

Resilient actively assesses the tenant profile and mix within each of its centres. On average, expiring leases with tenants that remained in occupation were renewed at a 4,0% increase on expiring rentals whilst leases concluded with new tenants were 22,9% higher than the rentals of the outgoing tenants.

Property acquisitions and extensions

The interest in Mahikeng Mall was increased by 13% to 85% at a yield of 8,25% effective from July 2017.

The expansion to Boardwalk Inkwazi to accommodate increases in Woolworths from 3 347m² to 5 328m², Truworths from 1 509m² to 2 209m² and Clicks from 858m² to 953m² was completed. The expansion of the entertainment offering to include Fun Company, the relocation of House & Home and the introduction of H&M were completed in November 2017.

The redevelopment and refurbishment of Limpopo Mall has been completed. Pick n Pay commenced trading on its reduced footprint in December 2017. Subsequent to its relocation, Jet commenced trading in April 2018. Truworths took occupation of the first section of its new premises in May 2018 and its full offering is scheduled to open in November 2018.

The 18 968m² expansion of I'langa Mall was completed marginally ahead of budget in September 2017. Negotiations are in progress to let the remaining 1 059m² of available space. The improved performance of the mall has created additional demand and Resilient is now in negotiation with Woolworths to expand its store by approximately 500m².

The expansion of Mams Mall in Mamelodi which commenced in November 2017 is on schedule to open in November 2018. This 75 821m² mall will be anchored by Edgars, Game, Pick n Pay and Shoprite and is forecast to yield approximately 8% on Resilient's 50% cost of R655 million. The size of the mall has been increased to accommodate an extension to the Viva Oil filling station and a drive-through McDonalds. Resilient has provided funding to the co-owner which is repayable six months after the mall's opening. Mams Mall's entertainment offering will include Nu Metro cinemas and a Fun Company entertainment centre. In addition, there will be a full-offering Planet Fitness gym including a swimming pool.

Following numerous delays, Resilient expects transfer of the last portion of land required to facilitate the expansion of the existing 29 464m² GLA Irene Village Mall to an 80 000m² GLA regional mall by December 2018. Earthworks and the installation of the sewerage and stormwater infrastructure have been completed and the site development plan has been submitted to council for approval. The delays in the commencement of development have resulted in tenant requirements changing and as such requires re-approval by the Board. Resilient has been approached by a number of prospective partners to acquire an interest in the development.

The Crossing Mokopane is undergoing a 2 664m² GLA extension to expand the Checkers and Woolworths stores and to introduce additional tenants to the offering. A parking deck is also being constructed.

Vacancies

In a difficult market, Resilient has reduced its vacancies to 1,7% from 1,9% at June 2017. Truworths in Limpopo Mall, for which terms were agreed in May 2018, is included as let even though a portion of the space is still being shopfitted. Vacancies at Arbour Crossing are currently 15,0%, however, the majority of the vacant space is under negotiation and vacancies are expected to decline substantially by December 2018.

Edcon

Resilient's exposure to Edcon has been reduced. Resilient agreed to the relocation of all six Boardmans stores in the portfolio into Edgars. All the vacated space has either been re-let or is under negotiation with tenants including @Home, Pick n Pay Clothing, Fashion World and Miniso. Jet continues to trade well in the portfolio. The Jet Mart concept is currently under review by Edcon.

Nigeria

Resilient owns 60,94% of Resilient Africa, the initiative for the development of malls in Nigeria, in partnership with Shoprite Checkers. Resilient Africa together with local partners own Delta Mall, Asaba Mall and Owerri Mall. Resilient Africa is currently evaluating the development of a well-located property in Port Harcourt.

Resilient's net exposure to Nigeria was R705 million at year-end. Results from the Nigerian property portfolio were disappointing, particularly in view of the sharp increase in the oil price. Oil is Nigeria's major export and is a major driver of the Nigerian economy. The IMF is forecasting growth of 2,1% for 2018.

Vacancies are currently 6,3% which is marginally behind projections. Vacancies are expected to decline as economic conditions improve.

Portugal

Following an offer from Greenbay, Resilient agreed to sell its 50% interest in Locaviseu, the joint venture owning Forum Coimbra and Forum Viseu. Approval by Greenbay shareholders for the acquisition was obtained on 2 August 2018 and the investment in Locaviseu was recognised as available for sale at year-end. The cash consideration of EUR66,4 million was received in August 2018 and was converted to R1,053 billion.

LISTED PORTFOLIO

Resilient

	Jun 2018		Jun 2017	
Counter	Number of shares	Fair value R'000	Number of shares	Fair value R'000
Fortress B (FFB)	5 309 515	79 908	172 930 000	6 000 671
NEPI (NEP)		&	29 270 000	4 843 014
NEPI Rockcastle (NRP)&	75 140 000	9 201 644		
		9 281 552		10 843 685
Greenbay (GRP)*	2 052 361 996	2 709 119	1 550 975 000	2 993 382
Hammerson (HMN)#		-	9 381 225	914 951
Rockcastle (ROC)*		&	200 400 000	7 150 272
		11 990 671		21 902 290

& *In July 2017 NEPI and Rockcastle merged into a new company NEPI Rockcastle plc which is listed on the JSE Limited and Euronext in Amsterdam.*

* *The interests in Greenbay and Rockcastle were treated as associates (equity accounted). The interests were not fair valued in the financial statements of 2017. The investment in Greenbay was impaired in the 2018 financial statements as its carrying value exceeded its recoverable amount.*

The Hammerson position was sold in the current year.

The Siyakha Trusts

	Jun 2018		Jun 2017	
Counter	Number of shares	Fair value R'000	Number of shares	Fair value R'000
Fortress A (FFA)	947 525	14 592	107 939 454	1 852 241
Fortress B (FFB)	135 870 288	2 044 848	121 977 629	4 232 624
		2 059 440		6 084 865
Resilient (RES)*	52 182 504	2 935 266	49 204 060	5 990 102
		4 994 706		12 074 967

* *Shares are held in treasury.*

In July 2017 the investment in Rockcastle, equity accounted at the time, was sold as a consequence of the merger resulting in a profit on sale of interest in associate of R3,5 billion being recorded. As a result of the subsequent decline in the share prices of the listed shares Resilient is invested in, the fair value losses on investments recognised during the year are as follows: Fortress B R3,3 billion; Hammerson R0,1 billion and NEPI Rockcastle R3,9 billion. Together with the R2,0 billion fair value loss on investments recorded by the Siyakha Trusts, the total fair value loss relating to investments amounted to R9,3 billion.

DISTRIBUTION BY RESILIENT OF FORTRESS B SHARES

Following feedback from shareholders, Resilient evaluated the various alternatives to eliminate the cross-shareholding between itself and Fortress REIT Limited ("Fortress"). In May 2018 Resilient distributed 169 981 569 Fortress B shares as a return of capital to its shareholders in the ratio of 0,4 Fortress B shares for every Resilient share held. The remaining 5,3 million Fortress B shares held by Resilient, as a result of rounding, will be sold in due course. Full details were released on SENS on 6 April 2018.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT ("B-BBEE")

As announced on SENS on 22 May 2018, the Board has revisited the accounting treatment of The Siyakha Education Trust ("Siyakha"), The Siyakha 1 Education Trust ("Siyakha 1") and The Siyakha 2 Education Trust ("Siyakha 2") (collectively referred to as the "Siyakha Trusts") in terms of IFRS 10: *Consolidated Financial Statements*. During this process, various parties were engaged and consulted with and a legal opinion was obtained on the interpretation of the trust deeds and certain Board decisions taken in the past in relation to the Siyakha Trusts. The Board has reached the conclusion that the definition of control as provided in IFRS 10 is met and as such the decision was taken to consolidate the Siyakha Trusts. Historical financial statements were therefore restated. The impact of the restatement on the previously reported June 2017 and June 2016 annual financial statements is disclosed in note 4.

The restructure, whereby Siyakha will become a dedicated BEE ownership vehicle for Resilient and Siyakha 2 a dedicated BEE ownership vehicle for Fortress, as announced on SENS, could not be finalised by year-end. As such all three trusts were consolidated into Resilient's results at year-end.

Siyakha, which in the past supported the funding and administration of Learning Labs, computer and science laboratories and a university bursary scheme, is a B-BBEE ownership vehicle and will be renamed the Resilient Empowerment Trust. In May 2018, Resilient took over the funding, administration and operation of the learning labs in Tubatse Crossing and Jubilee Mall from Siyakha 1, whilst Arbour Town, in which Resilient has a 75% interest, took over the Learning Lab in Galleria Mall. Resilient will financially support Siyakha 1 to assist it in honouring its bursary obligations to its 106 bursars enrolled at universities throughout South Africa.

Previously, Resilient calculated its dividend to be declared by including the amount of interest it earned on the loans it advanced to the Siyakha Trusts. This was in the context of the Siyakha Trusts having positive net asset values. For so long as the Siyakha Trusts' total liabilities exceed the value of its total assets Resilient will, for purposes of calculating its distributable earnings, recognise interest accrued on its loans advanced to the Siyakha Trusts 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.

CORPORATE GOVERNANCE

Following feedback from investors and the retirement of Barry Stuhler, three new independent, non-executive directors (David Brown, Des Gordon and Alan Olivier) were appointed to the Board. Alan Olivier has been appointed chairman of the Board and Thembi Chagonda will remain an independent non-executive director of Resilient.

The Financial Sector Conduct Authority ("FSCA") has made public that it is undertaking investigations relating to possible insider trading, market manipulation and false or misleading reporting relating to Resilient or shares in Resilient. Resilient and its management will co-operate fully with the FSCA as required with the objective of doing all it can to achieve finality as soon as possible.

FINANCIAL COMMENTARY

Property valuations and yield

The Board appointed Jones Lang LaSalle Proprietary Limited ("JLL") to value the entire property portfolio at June 2018. Resilient's share of the South African portfolio was revalued upwards by 3,9% (R826,5 million) and its share of the upwards revaluation of the Portuguese properties was R68,0 million. Resilient's share of the devaluation of the Nigerian properties amounted to R58,3 million.

The average annualised property yield was 8,0% at June 2018.

As at June 2018, 39,6% of the Group's total direct and indirect property assets were offshore assets. The ratio would have been 36,3% if the disposal of Locaviseu was finalised by year-end.

Staff incentive loans

All executive directors settled their loans to the incentive scheme in full. The substantial decrease in the value of the shares held as collateral resulted in an impairment of R72,7 million being recorded on the balance of the loans outstanding.

Loan-to-value ratio, funding and facilities

The loan-to-value ratio of Resilient was 30,1% at year-end. It would have been 26,9% if the disposal of Locaviseu was adjusted for at year-end. The Board maintains a conservative balance sheet and is in a position to take advantage of opportunities that may arise. To date, 1 786 744 Resilient shares were acquired in the open market at an average price of R53,72 per share and are held in treasury.

A R500 million facility from RMB that expired in March 2018 was renewed for a further five years. Resilient has secured R1,45 billion in new bank facilities with direct property as collateral. The proceeds from the Locaviseu disposal was partially used to settle a R570 million facility from Absa that expired in August 2018. Standard Bank has agreed to renew facilities of R692,5 million that expire in August 2018 for a further three years.

Facility expiry	Amount 'million	Average margin
South Africa		
Jun 2019	R2 650	3-month Jibar+1,46%
Jun 2020	R4 663	3-month Jibar+1,65%
Jun 2021	R2 700	3-month Jibar+1,91%
Jun 2022	R1 991	3-month Jibar+1,87%
Jun 2023	R1 241	3-month Jibar+1,69%
Jun 2024	R270	3-month Jibar+1,80%
	R13 515	3-month Jibar+1,70%
Nigeria		
Mar 2024	USD45	90-day US Libor+6,25%
Portugal		
Jun 2022	EUR51	Fixed at 2,40%

All facilities represent Resilient's proportionate share.

The funding in Nigeria and Portugal is secured by the respective investment properties and there is no recourse to Resilient's South African balance sheet.

Interest rate derivatives

The following interest rate derivatives are in place in mitigation of South African interest rate risk:

Interest rate swap expiry	Amount R'million	Average swap rate %
Jun 2020	300	6,15
Jun 2021	1 000	7,68
Jun 2022	300	8,08
Jun 2023	100	7,91
Jun 2024	500	7,78
Jun 2025	100	7,78
	2 300	**7,57**

Interest rate cap expiry	Amount R'million	Average cap rate %
Jun 2020	300	7,54
Jun 2021	300	7,92
Jun 2023	500	7,77
Jun 2024	1 100	7,98
Jun 2027	500	8,22
Jun 2028	500	7,92
	3 200	**7,93**

The all-in weighted average cost of funding of Resilient was 8,67% at June 2018 and the average hedge term was 4,6 years.

In addition to having fixed rate funding against the Portuguese assets, the following interest rate derivatives are in place in mitigation of foreign interest rate risk:

Interest rate cap expiry	Amount EUR'000	Average cap rate %	Amount USD'000	Average cap rate %
Jun 2022	67 500	0,39		
Jun 2023	67 500	0,52	22 000	2,42
Jun 2024	42 500	0,39		
Jun 2025	22 500	0,48		
	200 000	**0,44**	**22 000**	**2,42**

Exposure to variable interest rates	South Africa '000	Offshore listed in South Africa '000	Portugal '000	Nigeria '000
Interest-bearing borrowings	R12 670 563			
Currency derivatives	(R3 867 700)	R3 867 700		
Foreign denominated debt	(R1 190 575)		R813 506	R377 069
Loans to co-owners	(R319 282)			
Tenant loans advanced	(R32 695)			
Cash and cash equivalents	(R478 550)		(R93 138)	(R13 882)
Capital commitments contracted for	R512 173			
Capital commitments approved	R20 944			
	R7 314 878	R3 867 700	R720 368	R363 187
Exchange rate		14,71	16,04	13,73
Exposure	R7 314 878	EUR262 930	EUR44 911	USD26 452
Interest rate derivatives				
– fixed rate funding			EUR50 727	
– swaps/caps	R5 500 000	EUR200 000		USD22 000
Percentage hedged	**75,2% (R)***	**81,4% (EUR)**		**83,2% (USD)**

** The loans advanced to the Siyakha Trusts carry interest at rates referenced to prime. As such it was regarded as a natural hedge against interest rate risk. Historically the amount required to be hedged was reduced by the amount of the loans advanced. Following the Board's decision to only recognise dividends to be received on the shares pledged to Resilient as interest, the loans advanced to the Siyakha Trusts no longer provide a natural hedge.*

Currency derivatives

Balance sheet hedging

The Board's policy is to use cross-currency swaps to mitigate exposure to foreign currency risk on its investments in Greenbay and NEPI Rockcastle. This has the effect of obtaining funding in currencies similar to that of the underlying foreign investments. At June 2018 cross-currency swaps totalled EUR263 million at an exchange rate of R14,71 against investments of EUR743 million (Greenbay and NEPI Rockcastle).

Income hedging

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.

In line with this policy the following hedges are currently in place:

Forward rate against R	Greenbay EUR	NEPI Rockcastle EUR	Nigeria USD
Dec 2018	R17,28	R17,47	R13,79
Jun 2019	R18,16	R18,28	R14,37
Dec 2019	R18,22	R18,10	R14,26
Jun 2020	R19,26	R18,85	R15,05
Dec 2020	R19,35	R19,05	R14,23
Jun 2021	R20,62	R20,27	R15,77

SUMMARY OF FINANCIAL PERFORMANCE

	Jun 2018	Dec 2017	Jun 2017	Dec 2016
Dividend (cents per share)	**258,98**	306,46	297,07	270,22
Shares in issue for IFRS	**371 536 240**	371 771 496	352 056 149	352 056 149
Shares held in treasury – Resilient Properties	**1 235 256**	–	–	–
Shares held in treasury – Siyakha Trusts	**52 182 504**	53 182 504	49 204 060	49 204 060
Shares in issue and used for dividend per share calculation	**424 954 000**	424 954 000	401 260 209	401 260 209
Management account information				
Net asset value per share	**R65,22**	R105,35	R89,44	R84,16
Loan-to-value ratio (%)*	**30,1**	20,1	24,8	23,8
Net property expense ratio (%)	**16,8**	18,5	15,4	16,9
Gross property expense ratio (%)	**35,0**	36,1	35,6	36,3
Net total expense ratio (%)	**15,9**	15,5	13,7	14,6
Gross total expense ratio (%)	**29,3**	28,5	28,1	28,6
IFRS accounting				
Net asset value per share	**R61,49**	R106,75	R81,38	R78,28

* *The loan-to-value 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.*

The loan-to-value ratio for the Group's Euro debt was 35,8% and for its US Dollar debt 47,9% at June 2018.

If the dividend per share was adjusted retrospectively to remove the impact of the distribution of the Fortress B shares to Resilient's shareholders and therefore to not account for any dividends received from Fortress B shares, the revised dividends per share would have been 513,92c and 493,91c for the 2018 and 2017 financial years respectively.

PROSPECTS

Resilient's distribution per share is permanently reduced as a result of it distributing Fortress B shares to its shareholders in May 2018. In addition, the amount included in the dividend calculation from the loans advanced to the Siyakha Trusts referred to above, will impact future distributions.

Despite difficult economic conditions in South Africa, the portfolio is expected to perform well. Resilient's distributions are forecast to be between 550 and 560 cents per share for the 2019 financial year. The growth is based on the assumptions that there is no material 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 was based on contractual escalations and market-related renewals. The forecast also assumes that Greenbay and NEPI Rockcastle will achieve the growth in their respective distributions communicated to the market and is expected to continue with strong growth after the periods for which they have provided guidance, albeit at lower rates than historical growth given more challenging conditions globally. This forecast and prospects have not been audited, reviewed or reported on by Resilient's auditors.

By order of the Board

Des de Beer
Managing director

Nick Hanekom
Financial director

Johannesburg
17 August 2018

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Jun 2018 R'000	Audited restated Jun 2017 R'000	Audited restated Jun 2016 R'000
ASSETS			
Non-current assets	**38 678 611**	47 762 099	42 444 385
Investment property	**22 838 483**	21 395 097	19 499 061
Straight-lining of rental revenue adjustment	**395 407**	353 248	378 036
Investment property under development	**796 582**	798 785	955 803
Investment in and loans to associates and joint venture	**2 709 119**	7 234 270	3 788 851
Investments	**11 340 992**	16 928 550	16 986 879
Staff incentive loans	**184 657**	607 879	466 510
Loans to co-owners	**140 124**	212 496	168 205
Other financial assets	**222 302**	231 774	201 040
Other assets	**50 945**	–	–
Current assets	**950 960**	1 286 298	841 796
Staff incentive loans	**5 461**	19 970	13 100
Loans to co-owners	**182 537**	–	178 647
Trade and other receivables	**183 349**	142 052	106 913
Hammerson equity derivative	**–**	151 760	324 128
Other financial assets	**49 958**	113 648	125 423
Other assets	**19 616**	3 102	60 348
Cash and cash equivalents	**510 039**	855 766	33 237
Non-current asset held for sale	**1 063 057**	–	–
Total assets	**40 692 628**	49 048 397	43 286 181
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	**22 845 898**	28 649 382	27 900 209
Stated capital	**13 822 359**	13 521 054	12 712 894
Treasury shares	**(4 363 737)**	(3 881 621)	(3 381 621)
Currency translation reserve	**115 481**	59 380	193 838
Reserves	**13 271 795**	18 950 569	18 375 098
Non-controlling interests	**52 761**	120 311	386 354
Total equity	**22 898 659**	28 769 693	28 286 563
Total liabilities	**17 793 969**	20 278 704	14 999 618
Non-current liabilities	**14 754 431**	18 315 675	13 053 693
Interest-bearing borrowings	**13 703 284**	16 375 017	10 949 094
Other financial liabilities	**40 742**	81 644	32 338
Deferred tax	**22 917**	911 727	918 215
Amounts owing to non-controlling shareholders	**987 488**	947 287	1 154 046
Current liabilities	**3 039 538**	1 963 029	1 945 925
Trade and other payables	**390 680**	372 357	340 699
Other financial liabilities	**374 156**	195 918	28 326
Other liabilities	**36 780**	39 987	20 830
Income tax payable	**20 406**	–	839
Interest-bearing borrowings	**2 217 516**	1 354 767	1 555 231
Total equity and liabilities	**40 692 628**	49 048 397	43 286 181

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income statement	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
Recoveries and contractual rental revenue	**2 620 104**	2 402 628
Straight-lining of rental revenue adjustment	**41 683**	(23 618)
Revenue from direct property operations	**2 661 787**	2 379 010
Revenue from investments	**1 205 117**	754 159
Total revenue	**3 866 904**	3 133 169
Fair value (loss)/gain on investment property, investments and derivative financial instruments	**(8 652 225)**	1 162 364
Fair value gain on investment property	**745 274**	413 514
Adjustment resulting from straight-lining of rental revenue	**(41 683)**	23 618
Fair value (loss)/gain on investments	**(9 266 220)**	96 820
Fair value (loss)/gain on currency derivatives	**(107 557)**	702 007
Fair value gain/(loss) on interest rate derivatives	**17 961**	(73 595)
Property operating expenses	**(931 041)**	(869 811)
Administrative expenses	**(153 279)**	(150 598)
Foreign exchange gains	**76 386**	132 089
Profit on sale of interest in associates	**3 538 393**	3 231
Donations received by The Siyakha 1 Education Trust	**16 000**	–
Impairment of investment in associate	**(126 419)**	–
Impairment of staff incentive loans receivable	**(72 685)**	–
Impairment of loans receivable	**(33 876)**	–
Amortisation of interest rate cap premiums	**(6 972)**	–
Income from associates and joint venture	**(179 466)**	356 825
– distributable	**237 229**	366 768
– non-distributable	**(416 695)**	(9 943)
(Loss)/profit before net finance costs	**(2 658 280)**	3 767 269
Net finance costs	**(1 513 761)**	(1 432 051)
Finance income	**86 652**	69 763
Interest received: loans and cash balances	**86 652**	69 763
Finance costs	**(1 600 413)**	(1 501 814)
Interest on borrowings	**(1 655 891)**	(1 594 523)
Capitalised interest	**55 478**	92 709
(Loss)/profit before income tax	**(4 172 041)**	2 335 218
Income tax	**866 648**	7 327
(Loss)/profit for the year	**(3 305 393)**	2 342 545

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME continued

	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
Other comprehensive loss net of tax		
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(21 215)**	(367 063)
Total comprehensive (loss)/income for the year	**(3 326 608)**	1 975 482
(Loss)/profit for the year attributable to:		
Equity holders of the Company	**(3 320 347)**	2 509 766
Non-controlling interests	**14 954**	(167 221)
	(3 305 393)	2 342 545
Total comprehensive (loss)/income for the year attributable to:		
Equity holders of the Company	**(3 346 165)**	2 290 395
Non-controlling interests	**19 557**	(314 913)
	(3 326 608)	1 975 482
Basic (loss)/earnings per share (cents)	**(900,37)**	713,80

Resilient has no dilutionary instruments in issue.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
Operating activities		
Cash generated from operations	**2 689 320**	2 238 299
Interest paid	**(1 659 285)**	(1 594 523)
Dividends paid	**(2 296 325)**	(1 893 217)
Income tax paid	**(1 756)**	–
Cash outflow from operating activities	**(1 268 046)**	(1 249 441)
Investing activities		
Development and improvement of investment property	**(714 840)**	(1 417 681)
Acquisition of investment property	**–**	(273 000)
Increase of interest in associates	**(942 859)**	(1 266 074)
Loans to joint venture advanced	**(21 714)**	(301 585)
Acquisition of interest in joint venture	**(22 806)**	(566 215)
Proceeds on disposal of investment in associate	**–**	37 254
Share purchase trust loans advanced	**(100 459)**	–
Share purchase trust loans repaid	**450 286**	159 921
Co-owner loans (advanced)/repaid	**(110 165)**	134 356
Tenant loans advanced	**(33 245)**	(16 236)
Acquisition of investments	**(370 547)**	(440 421)
Proceeds on disposal of investments	**2 489 911**	565 444
Cash flow on Hammerson equity derivative	**21 647**	334 270
Interest received	**101 871**	69 763
Cash flow on currency derivatives	**187 345**	851 624
Cash flow on interest rate derivatives	**(134 361)**	(9 037)
Cash inflow/(outflow) from investing activities	**800 064**	(2 137 617)
Financing activities		
(Decrease)/increase in interest-bearing borrowings	**(2 305 590)**	4 225 459
Acquisition of additional interest in subsidiaries	**(34 356)**	(15 872)
Proceeds on disposal of treasury shares	**69 671**	–
Acquisition of treasury shares	**(341 176)**	–
Raising of stated capital	**2 733 706**	–
Cash inflow from financing activities	**122 255**	4 209 587
(Decrease)/increase in cash and cash equivalents	**(345 727)**	822 529
Cash and cash equivalents at the beginning of the year	**855 766**	33 237
Cash and cash equivalents at the end of the year	**510 039**	855 766
Cash and cash equivalents consist of:		
Current accounts	**510 039**	855 766

Cash flow from investing activities includes the following items available for distribution: net interest received on interest rate derivatives and cross-currency swaps of R296 million, interest received on loans and cash balance of R101 million and realised profits on forward exchange contracts of R129 million. Scrip dividends received amounted to R360 million.

The impact of the Siyakha Trusts was R673 million which will be neutral on cash flow once the restructuring has been effected.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Audited	Stated capital R'000	Treasury shares R'000	Currency translation reserve R'000	Reserves R'000	Equity attributable to equity holders R'000	Non-controlling interests R'000	Total equity R'000
Balance at Jun 2016	12 712 894	–	193 838	17 552 044	30 458 776	386 354	30 845 130
Adjustment for the retrospective consolidation of the Siyakha Trusts		(3 381 621)		823 054	(2 558 567)		(2 558 567)
Restated balance at Jun 2016	12 712 894	(3 381 621)	193 838	18 375 098	27 900 209	386 354	28 286 563
Issue of shares	808 160				808 160		808 160
Resilient shares held by the Siyakha Trusts		(500 000)			(500 000)		(500 000)
Equity contributed by non-controlling shareholders						108 577	108 577
Acquisition of additional interest in subsidiaries				(2 659)	(2 659)	(13 213)	(15 872)
Exchange differences on translation of foreign operations			(219 371)		(219 371)	(147 692)	(367 063)
Profit/(loss) for the year (restated)				2 509 766	2 509 766	(167 221)	2 342 545
Dividends paid (restated)				(1 846 723)	(1 846 723)	(46 494)	(1 893 217)
Transfer to currency translation reserve			84 913	(84 913)	–		–
Restated balance at Jun 2017	**13 521 054**	**(3 881 621)**	**59 380**	**18 950 569**	**28 649 382**	**120 311**	**28 769 693**
Issue of shares	**2 983 614**				**2 983 614**		**2 983 614**
– Issue of 21 814 791 shares on 29 Aug 2017	**2 733 841**				**2 733 841**		**2 733 841**
– Issue of 1 879 000 shares on 1 Nov 2017	**249 773**				**249 773**		**249 773**
Resilient shares held by the Siyakha Trusts		**(414 132)**		**(39 297)**	**(453 429)**		**(453 429)**
Shares acquired and held in treasury		**(67 984)**			**(67 984)**		**(67 984)**
Distribution of Fortress B shares as a return of capital	**(2 682 309)**				**(2 682 309)**		**(2 682 309)**
Equity contributed by non-controlling shareholders						**17**	**17**
Acquisition of additional interest in subsidiaries				**(8)**	**(8)**	**(34 348)**	**(34 356)**
Exchange differences realised on disposal of associate			**6 346**		**6 346**		**6 346**
Exchange differences on translation of foreign operations			**(25 818)**		**(25 818)**	**4 603**	**(21 215)**
(Loss)/profit for the year				**(3 320 347)**	**(3 320 347)**	**14 954**	**(3 305 393)**
Dividends paid				**(2 243 549)**	**(2 243 549)**	**(52 776)**	**(2 296 325)**
Transfer to currency translation reserve			**75 573**	**(75 573)**	**–**		**–**
Balance at Jun 2018	**13 822 359**	**(4 363 737)**	**115 481**	**13 271 795**	**22 845 898**	**52 761**	**22 898 659**

RESILIENT REIT LIMITED 2018 PRELIMINARY AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

NOTES

1. PREPARATION, ACCOUNTING POLICIES AND AUDIT OPINION

The preliminary audited summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa applicable to summary financial statements.

The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. This report complies with the SA REIT Association Best Practice Recommendations. This report and the consolidated annual financial statements were compiled under the supervision of Nick Hanekom CA(SA), the financial director.

The accounting policies applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements, with the exception of the adoption of new and revised standards which became effective during the year.

The consolidated annual financial statements have been restated in terms of IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to note 4 for the disclosure on these restatements.

The Group's investment properties were externally valued by an independent valuer. In terms of IAS 40: *Investment Property* and IFRS 7: *Financial Instruments: Disclosures*, investment properties are measured at fair value and are categorised as level 3 investments.

The revaluation of investment property requires judgement in the determination of future cash flows from leases and an appropriate capitalisation rate which varies between 7,30% and 9,30% (Jun 2017: 7,50% and 8,75%).

Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations. A 25 basis points increase in the capitalisation rate will decrease the value of investment property by R710,3 million (Jun 2017: R693,9 million). A 25 basis points decrease in the capitalisation rate will increase the value of investment property by R756,0 million (Jun 2017: R739,6 million). A 1% increase in vacancy for a full year will decrease the value of investment property by R292,5 million. A change in the assumption on maintenance cost will not have a significant impact on the fair value of investment property.

In terms of IAS 39: *Financial Instruments: Recognition and Measurement* and IFRS 7, the Group's currency and interest rate derivatives as well as the Hammerson equity derivate are measured at fair value through profit or loss and are categorised as level 2 investments. In terms of IAS 39, investments are measured at fair value being the quoted closing price at the reporting date and are categorised as level 1 investments.

There were no transfers between levels 1, 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the previous consolidated financial statements.

Other than the disposal of Locaviseu for which the cash consideration was received in August 2018, the directors are not aware of any other events subsequent to June 2018, not arising in the normal course of business, that require any additional disclosure or adjustment to the financial statements.

The auditor, Deloitte & Touche, has issued an unmodified audit opinion on the consolidated financial statements for the year ended June 2018. The audit was conducted in accordance with International Standards on Auditing.

These preliminary audited summarised consolidated financial statements have been derived from the consolidated financial statements and are consistent, in all material respects, with the consolidated financial statements.

This preliminary summarised report has been audited by Deloitte & Touche and an unmodified audit opinion has been issued. Copies of its audit reports and the consolidated financial statements are available for inspection at Resilient's registered address.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from Resilient's registered address.

2. LEASE EXPIRY PROFILE

Lease expiry: South Africa (unaudited)	**Based on rentable area %**	**Based on contractual rental revenue %**
Vacant	1,7	
Jun 2019	15,6	17,5
Jun 2020	14,0	15,8
Jun 2021	18,0	19,1
Jun 2022	12,1	14,2
Jun 2023	14,2	16,3
> Jun 2023	24,4	17,1
	100,0	**100,0**

3. SEGMENTAL ANALYSIS

	Audited for the year ended Jun 2018		Audited restated for the year ended Jun 2017	
	Total assets R'000	Total liabilities R'000	Total assets R'000	Total liabilities R'000
Retail: South Africa	**22 889 442**	**279 275**	21 285 029	254 299
Retail: Nigeria	**1 320 299**	**25 320**	1 312 804	30 486
Retail: Portugal	**1 063 057**	**–**	867 800	–
Corporate: South Africa	**15 397 480**	**16 384 819**	25 531 694	18 930 201
Corporate: Nigeria	**22 350**	**1 104 555**	51 070	1 063 718
	40 692 628	**17 793 969**	49 048 397	20 278 704

	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
Total revenue		
Revenue from direct property operations		
Retail: South Africa	**2 529 296**	2 271 907
Retail: Nigeria	**132 491**	107 103
Revenue from investments		
Corporate: South Africa	**1 205 117**	754 159
	3 866 904	3 133 169
(Loss)/profit for the year		
Retail: South Africa	**2 476 050**	2 415 534
Retail: Nigeria	**(41 788)**	(469 203)
Retail: Portugal	**116 727**	6 097
Corporate: South Africa	**(5 745 435)**	386 496
Corporate: Nigeria	**(110 947)**	3 621
	(3 305 393)	2 342 545

Reconciliation of (loss)/profit for the year to dividend declared	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
(Loss)/profit for the year	**(3 305 393)**	2 342 545
Fair value gain on investment property	**(745 274)**	(413 514)
Fair value loss/(gain) on investments	**9 266 220**	(96 820)
Fair value loss/(gain) on currency derivatives	**107 557**	(702 007)
Realised gain: forward exchange contracts	**129 129**	68 276
Cross-currency swaps: interest received	**314 008**	248 852
Fair value (gain)/loss on interest rate derivatives	**(17 961)**	73 595
Interest rate derivatives: interest received	**5 816**	12 188
Interest rate derivatives: interest paid	**(23 681)**	(21 225)
Foreign exchange gains	**(76 386)**	(132 089)
Profit on sale of interest in associates	**(3 538 393)**	(3 231)
Impairment of investment in associate	**126 419**	–
Impairment of loans receivable	**33 876**	–
Non-distributable loss from associates	**416 695**	9 943
Income tax	**(866 648)**	(7 327)
Non-controlling interests	**(31 366)**	(19 175)
Antecedent dividend	**22 381**	13 836
Income hedging adjustment of Nigeria and Portugal performance	**5 391**	–
Termination of interest rate derivatives	**(14 354)**	–
Dividends accrued	**(95 285)**	144 000
Amount available for distribution under best practice	**1 712 751**	1 517 847
Effect of consolidating the Siyakha Trusts*	**493 323**	479 332
– relating to Resilient	**256 030**	282 890
– relating to Fortress	**237 294**	196 442
Adjustment for revised distributable earnings relating to the Siyakha Trusts	**(104 538)**	–
Reverse interest received on the loans to the Siyakha Trusts during the second half of the year	**(211 680)**	–
Dividends relating to the second half of the year to be received by the Siyakha Trusts on shares pledged to Resilient	**141 795**	–
Interest on borrowings to effect Siyakha restructuring	**(34 653)**	–
Dividend declared	**(2 101 536)**	(1 997 179)
Dividend declared – interim	**(1 139 331)**	(951 326)
– total share register	**(1 302 314)**	(1 084 285)
– shares held in treasury: the Siyakha Trusts	**162 983**	132 959
Dividend declared – final	**(962 205)**	(1 045 853)
– total share register	**(1 100 546)**	(1 192 024)
– shares held in treasury: Resilient Properties	**3 199**	–
– shares held in treasury: the Siyakha Trusts	**135 142**	146 171
	–	–

** This is the amount by which the expenses of the Siyakha Trusts exceeded the dividends it received during the year.*

3. SEGMENTAL ANALYSIS continued

	Audited for the year ended Jun 2018 R'000	Audited restated for the year ended Jun 2017 R'000
Reconciliation of (loss)/profit for the year to headline earnings		
Basic (loss)/earnings – (loss)/profit for the year attributable to equity holders	**(3 320 347)**	2 509 766
Adjusted for:	**(4 241 984)**	(440 363)
– fair value gain on investment property	**(703 591)**	(437 132)
– profit on sale of interest in associates	**(3 538 393)**	(3 231)
– income tax effect	**–**	–
Headline (loss)/earnings	**(7 562 331)**	2 069 403
Headline (loss)/earnings per share (cents)	**(2 050,66)**	588,56

Basic earnings per share and headline earnings per share are based on the weighted average of 368 775 538 (Jun 2017: 351 604 313) shares in issue during the year.

Resilient has no dilutionary instruments in issue.

4. RESTATEMENT OF FINANCIAL STATEMENTS

Trade and other receivables and trade and other payables

In the current financial year Resilient has reclassified balances previously included in trade and other receivables and trade and other payables. The intention was to separately disclose derivative balances and loans advanced in a category called other financial assets/liabilities and also to separate items that do not meet the definition of a financial instrument into a category called other assets/liabilities in order to enhance disclosure. Furthermore, the derivative balances were disclosed as non-current and current where applicable in order to correct a prior period error. The line items impacted by this reclassification are as follows:

	Audited Jun 2017 R'000	Audited Jun 2016 R'000
Other financial assets (non-current)	231 774	201 040
Trade and other receivables	(348 524)	(386 811)
Other financial assets (current)	113 648	125 423
Other assets	3 102	60 348
Total assets	–	–
Other financial liabilities (non-current)	42 815	11 424
Trade and other payables	(278 720)	(60 580)
Other financial liabilities (current)	195 918	28 326
Other liabilities	39 987	20 830
Total liabilities	–	–

Consolidation of the Siyakha Trusts

As mentioned in the directors' commentary, in terms of IAS 8, the comparative amounts together with the opening balances of assets, liabilities and equity for the 2017 financial year have been restated for the consolidation of the Siyakha Trusts.

IAS 1 requires that when an entity makes a retrospective restatement of items in its financial statements and such restatement has a material effect on the information in the statement of financial position at the beginning of the preceding period, it shall present, as a minimum, three statements of financial position. The Group therefore presents statements of financial position at:

- the end of the current year;
- the end of the preceding year; and
- the beginning of the preceding year (presented as June 2016).

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)	Audited Jun 2017 R'000	Audited Jun 2016 R'000
Investments	6 084 865	4 942 920
Loans to BEE ownership vehicle	(3 577 228)	(2 750 986)
Trade and other receivables	3	–
Cash and cash equivalents	(57)	(11 889)
Total assets	2 507 583	2 180 045
Interest-bearing borrowings	(5 929 984)	(4 713 100)
Other financial liabilities: fair value of interest rate derivatives	(38 829)	(20 914)
Trade and other payables	(1 222)	(4 598)
Total liabilities	(5 970 035)	(4 738 612)
Net impact on equity	(3 462 452)	(2 558 567)
Equity previously reported	32 111 834	30 458 776
Restated equity	28 649 382	27 900 209
Shares in issue previously reported	401 260 209	393 970 580
Shares held in treasury	(49 204 060)	(44 574 431)
Shares in issue after restatement	352 056 149	349 396 149
Net asset value per share previously reported	R80,03	R77,31
Net asset value per share after restatement	R81,38	R79,85
Impact on net asset value per share	R1,35	R2,54

4. RESTATEMENT OF FINANCIAL STATEMENTS continued

Impact on statement of profit or loss (increase/(decrease) in profit)	Audited for the year ended Jun 2017 R'000
Revenue from investments	281 782
Fair value gain on investments	125 302
Administrative expenses	(34 437)
Interest received: loans and cash balances	(385 624)
Interest on borrowings	(608 670)
Fair value loss on interest rate derivatives	(29 428)
Net impact on profit for the year	(651 075)
Attributable to:	
Equity holders of the parent	(651 075)
Non-controlling interests	–
	(651 075)

Impact on basic earnings per share ("EPS") (increase/(decrease) in EPS)	Audited for the year ended Jun 2017 R'000
Profit for the year attributable to equity holders of the parent	
– previously reported	3 160 841
– restated	2 509 766
Weighted average shares in issue during the year	
– previously reported	398 690 160
– restated	351 604 313
Basic earnings per share (cents)	
– previously reported	792,81
– restated	713,80
Impact on basic earnings per share (cents)	(79,00)

There are no dilutionary instruments in issue.

Impact on statement of cash flows (increase/(decrease) in cash flows)	Audited for the year ended Jun 2017 R'000
Cash generated from operations	243 966
Interest received*	(385 624)
Interest paid	(620 183)
Dividends paid	247 190
Cash flows from operating activities	(514 651)
Loans advanced to BEE ownership vehicles	826 242
Acquisition of investments	(116 399)
Proceeds on disposal of investments	99 383
Cash flows from investing activities	809 226
Increase in interest-bearing borrowings	216 884
Raising of stated capital	(499 627)
Cash flows from financing activities	(282 743)
Movement in cash and cash equivalents	11 832
Cash and cash equivalents at the beginning of the year	(11 889)
Cash and cash equivalents at the end of the year	(57)

** Interest received has subsequently been reclassified to investing activities, refer to the note below.*

Presentation of the statement of comprehensive income

The line item "Income from investments", as previously reported, has been renamed "Revenue from investments". The consolidated statement of comprehensive income has been re-ordered in order to reflect total revenue which includes revenue from direct property operations and revenue from investments.

Reclassification of derivatives in the statement of comprehensive income

During the current year, the presentation of interest rate and currency derivatives in the statement of comprehensive income was reassessed in order to ensure compliance with IFRS. The Group does not apply hedge accounting and as such the following reclassifications as a result of a prior period error were made:

Interest received/paid on interest rate derivatives, together with the fair value adjustment on interest rate derivatives was removed from net finance costs and is now disclosed in the income statement as a fair value gain/(loss) on interest rate derivatives.

Similarly, the interest received/paid on currency derivatives was removed from net finance costs and is now included in the fair value (loss)/gain on currency derivatives in the income statement.

The cash flow on the expiry of forward exchange contracts, previously included in revenue from investments, has also been reclassified to fair value (loss)/gain on currency derivatives.

4. RESTATEMENT OF FINANCIAL STATEMENTS continued

Impact on statement of profit or loss (increase/(decrease) in profit)	Audited for the year ended Jun 2017 R'000
Revenue from investments	(68 276)
Fair value (loss)/gain on currency derivatives	317 128
Fair value gain/(loss) on interest rate derivatives	(44 167)
Finance income	(248 852)
Finance costs	44 167
Net impact on profit for the year	–

Restatement of items disclosed in the statement of cash flows (prior period error)

In 2017 loans of R308,533 million were advanced to employees in terms of the Resilient Share Purchase Trust. This was disclosed in the cash flow statement for the year ended June 2017 on a gross basis as share purchase trust loans advanced and a cash inflow from the raising of stated capital. This represents a prior period error as the advance of the loans to employees did not result in a movement in cash and cash equivalents. The cash flow statement for the year ended June 2017 has therefore been restated in terms of IAS 8 in order to remove this non-cash item.

Interest received on loans of R69,763 million is not revenue in nature and is ancillary to Resilient's business. As such, since cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity, the cash related to interest received has been reclassified from operating activities to investing activities.

Tenant loans advanced was previously included in trade and other receivables and has been reclassified to other financial assets. This resulted in an increase of R16,236 million in cash generated from operating activities and a decrease in investing activities.

The classification of derivatives in the statement of cash flows was revisited in the current year. As contracts are not held for dealing or trading purposes, the cash flows were reclassified as investing activities. The following reclassifications were made:

- Interest received/paid on cross-currency swaps previously classified as cash flows from operating activities has been reclassified to cash flow on currency derivatives in cash flow from investing activities; and
- Interest received/paid on interest rate derivatives previously classified as cash flows from operating activities has been reclassified to cash flow on interest rate derivatives in cash flows from investing activities.

Impact on statement of cash flows (increase/(decrease) in cash flows)	Audited for the year ended Jun 2017 R'000
Cash generated from operations	(68 276)
Interest received*	(248 852)
Interest paid	9 037
Cash flows from operating activities	(308 091)
Cash flow on currency derivatives	317 128
Cash flow on interest rate derivatives	(9 037)
Cash flows from investing activities	308 091

** Interest received has subsequently been reclassified to investing activities.*

MANAGEMENT ACCOUNTS

BASIS OF PREPARATION

In order to provide information of relevance to investors these management accounts, which comprise financial information extracted from the audited annual financial statements for the year ended June 2018, have been prepared and are presented below to provide users with the position:

- Had the Siyakha Trusts not been consolidated as required by IFRS;
- Had the Group's listed investment in Greenbay that was accounted for using the equity method for IFRS, been fair valued;
- Had the Group's interest in Locaviseu, the joint venture in Portugal accounted for at its carrying value using the equity method in terms of IFRS 5, been proportionately consolidated; and
- Had the Group accounted for its share of the assets, liabilities and results of partially-owned subsidiaries (Resilient Africa and the indirect investments in Arbour Crossing, Galleria Mall and Mahikeng Mall) on a proportionately consolidated basis instead of consolidating it.

The *pro forma* financial information (management accounts) has been prepared in terms of the JSE Listings Requirements and the SAICA Guide on pro forma financial information.

DIRECTORS' RESPONSIBILITY STATEMENT

The preparation of the management accounts is the sole responsibility of the directors and have been prepared on the basis stated, for illustrative purposes only, to show the impact on the summarised consolidated statement of financial position and the summarised consolidated statement of comprehensive income. Due to their nature the management accounts may not fairly present the financial position and results of the Group in terms of IFRS.

REPORTING ACCOUNTANT'S OPINION

The pro forma financial information has been reviewed by Deloitte & Touche and its unmodified assurance report is available for inspection at Resilient's registered address.

MANAGEMENT ACCOUNT ADJUSTMENTS

Adjustment 1

In order to enhance disclosure, the fair value loss on currency derivatives, the fair value gain on interest rate derivatives as well as other financial assets/liabilities have been expanded to present the components thereof.

Adjustment 2

Resilient has no entitlement to or share in the assets of the Siyakha Trusts. Furthermore, the external debt of the Siyakha Trusts is ring-fenced to the Siyakha Trusts and as such the Board does not believe that this debt should impact the loan-to-value ratio of Resilient. It is for these reasons that the Siyakha Trusts are deconsolidated in the preparation of the management accounts. The management accounts provide a true reflection of the assets under management of Resilient.

Adjustment 3

The investment in Greenbay is reflected at its fair value by multiplying the 2 052 361 996 shares held by the quoted closing price at 29 June 2018. All entries recorded to account for this investment using the equity method are reversed. This more accurately reflects the Group's assets and liabilities. In addition, the profit on sale of interest in associate (Rockcastle) is disclosed as a fair value gain on investments.

Adjustment 4

This adjustment proportionately consolidates the indirect investments in Forum Coimbra and Forum Viseu that are held through Locaviseu, accounted for as a non-current asset held for sale in terms of IFRS 5. It effectively discloses the Group's interest in the assets, liabilities and results of operations from these investments by disclosing the consolidated management accounts for the year ended June 2018 on a line-by-line basis. Resilient is satisfied with the quality of the financial information contained in the management accounts of Locaviseu.

Adjustment 5

This adjustment proportionately consolidates the indirect investments in partially-owned subsidiaries (Resilient Africa and the indirect investments in Arbour Crossing, Galleria Mall and Mahikeng Mall) previously consolidated. It uses the audited financials for the year ended June 2018 of Resilient Africa, Resilient Africa Managers, Arbour Town and Southern Palace Investments 19 to reverse the non-controlling interests to reflect the Group's interest in the assets, liabilities and results of operations from these investments.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	IFRS Jun 2018 R'000	Adjustment 1 Component disclosure Jun 2018 R'000	Adjustment 2 Deconsolidation of the Siyakha Trusts Jun 2018 R'000	Adjustment 3 Fair value accounting for investment in Greenbay Jun 2018 R'000	Adjustment 4 Proportionate consolidation of investment in Portuguese joint venture Jun 2018 R'000	Adjustment 5 Proportionate consolidation of partially-owned subsidiaries Jun 2018 R'000	Management accounts Jun 2018 R'000
ASSETS							
Non-current assets	38 678 611	–	988 320	–	2 066 801	(1 297 718)	40 436 014
Investment property	22 838 483				1 883 530	(1 365 705)	23 356 308
Straight-lining of rental revenue adjustment	395 407					(18 317)	377 090
Investment property under development	796 582					(4 709)	791 873
Investment in and loans to associates and joint venture	2 709 119			(2 709 119)			–
Investments	11 340 992		(2 059 440)	2 709 119			11 990 671
Goodwill	–				183 271		183 271
Staff incentive loans	184 657						184 657
Loans to BEE ownership vehicle	–		3 047 760				3 047 760
Loans to co-owners	140 124					91 013	231 137
Other financial assets	222 302	(222 302)					–
Fair value of interest rate derivatives		172 748					172 748
Fair value of currency derivatives		28 500					28 500
Loans advanced		21 054					21 054
Other assets	50 945						50 945
Current assets	950 960	–	(3 266)	–	113 664	(20 659)	1 040 699
Staff incentive loans	5 461						5 461
Loans to co-owners	182 537						182 537
Trade and other receivables	183 349		(116)		20 526	(6 202)	197 557
Other financial assets	49 958	(49 958)					–
Fair value of currency derivatives		38 317					38 317
Loans advanced		11 641					11 641
Other assets	19 616						19 616
Cash and cash equivalents	510 039		(3 150)		93 138	(14 457)	585 570
Non-current asset held for sale	1 063 057				(1 063 057)		–
Total assets	40 692 628	–	985 054	–	1 117 408	(1 318 377)	41 476 713

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

	IFRS Jun 2018 R'000	Adjustment 1 Component disclosure Jun 2018 R'000	Adjustment 2 Deconsolidation of the Siyakha Trusts Jun 2018 R'000	Adjustment 3 Fair value accounting for investment in Greenbay Jun 2018 R'000	Adjustment 4 Proportionate consolidation of investment in Portuguese joint venture Jun 2018 R'000	Adjustment 5 Proportionate consolidation of partially-owned subsidiaries Jun 2018 R'000	Management accounts Jun 2018 R'000
EQUITY AND LIABILITIES							
Total equity attributable to equity holders	22 845 898	–	4 790 316	–	–	–	27 636 214
Stated capital	13 822 359						13 822 359
Treasury shares	(4 363 737)		4 295 753				(67 984)
Currency translation reserve	115 481						115 481
Reserves	13 271 795		494 563				13 766 358
Non-controlling interests	52 761					(52 761)	–
Total equity	22 898 659	–	4 790 316	–	–	(52 761)	27 636 214
Total liabilities	17 793 969	–	(3 805 262)	–	1 117 408	(1 265 616)	13 840 499
Non-current liabilities	14 754 431	–	(3 805 122)	–	1 061 992	(1 246 096)	10 765 205
Interest-bearing borrowings	13 703 284		(3 805 122)	–	813 506	(258 621)	10 453 047
Other financial liabilities	40 742	(40 742)					–
Fair value of interest rate derivatives		11 175					11 175
Fair value of currency derivatives		29 567					29 567
Deferred tax	22 917				248 486	13	271 416
Amounts owing to non-controlling shareholders	987 488					(987 488)	–
Current liabilities	3 039 538	–	(140)	–	55 416	(19 520)	3 075 294
Trade and other payables	390 680		(140)		55 416	(13 101)	432 855
Other financial liabilities	374 156	(374 156)					–
Fair value of currency derivatives		374 156					374 156
Other liabilities	36 780					(6 042)	30 738
Income tax payable	20 406					(377)	20 029
Interest-bearing borrowings	2 217 516						2 217 516
Total equity and liabilities	40 692 628	–	985 054	–	1 117 408	(1 318 377)	41 476 713

RESILIENT REIT LIMITED 2018 PRELIMINARY AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Income statement	IFRS for the year ended Jun 2018 R'000	Adjustment 1 Component disclosure for the year ended Jun 2018 R'000	Adjustment 2 Deconsolidation of the Siyakha Trusts for the year ended Jun 2018 R'000	Adjustment 3 Fair value accounting for investment in associates for the year ended Jun 2018 R'000	Adjustment 4 Proportionate consolidation of investment in Portuguese joint venture for the year ended Jun 2018 R'000	Adjustment 5 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2018 R'000	Management accounts for the year ended Jun 2018 R'000
Recoveries and contractual rental revenue	2 620 104				149 038	(152 111)	2 617 031
Straight-lining of rental revenue adjustment	41 683					(3 464)	38 219
Revenue from direct property operations	2 661 787	–	–	–	149 038	(155 575)	2 655 250
Revenue from investments	1 205 117		(317 499)	167 097			1 054 715
Realised gain: forward exchange contracts		129 129					129 129
Total revenue	3 866 904	129 129	(317 499)	167 097	149 038	(155 575)	3 839 094
Fair value loss on investment property, investments and derivative financial instruments	(8 652 225)	(425 272)	2 041 326	2 291 868	68 039	26 389	(4 649 875)
Fair value gain on investment property	745 274				68 039	22 925	836 238
Adjustment resulting from straight-lining of rental revenue	(41 683)					3 464	(38 219)
Fair value loss on investments	(9 266 220)		2 045 300	2 291 868			(4 929 052)
Fair value loss on currency derivatives	(107 557)	107 557					–
Unrealised fair value loss		(294 902)					(294 902)
Realised loss: cross-currency swaps		(255 792)					(255 792)
Fair value gain on interest rate derivatives	17 961	(17 961)					–
Unrealised fair value gain		85 035	(38 829)				46 206
Realised fair value loss		(49 209)	34 855				(14 354)
Property operating expenses	(931 041)				(43 537)	59 088	(915 490)
Administrative expenses	(153 279)		13 568		(2 860)	9 245	(133 326)
Foreign exchange gains	76 386					(6 543)	69 843
Profit on sale of interest in associate	3 538 393			(3 538 393)			–
Donations received by The Siyakha 1 Education Trust	16 000		(16 000)				–
Impairment of investment in associate	(126 419)			126 419			–
Impairment of staff incentive loans receivable	(72 685)						(72 685)
Impairment of loans receivable	(33 876)		(1 642 745)				(1 676 621)
Amortisation of interest rate cap premiums	(6 972)						(6 972)
Income from associates and joint venture	(179 466)	–	–	296 193	(116 727)	–	–
– distributable	237 229			(167 097)	(70 132)		–
– non-distributable	(416 695)			463 290	(46 595)		–
Loss before net finance costs	(2 658 280)	(296 143)	78 650	(656 816)	53 953	(67 396)	(3 546 032)
Net finance costs	(1 513 761)	296 143	1 111 379	–	(23 523)	52 413	(77 349)
Finance income	86 652	319 824	431 358	–	–	50 995	888 829
Interest received on loans and cash balances	86 652		431 358			50 995	569 005
Interest received on interest rate derivatives		5 816					5 816
Interest received on cross-currency swaps		314 008					314 008
Finance costs	(1 600 413)	(23 681)	680 021	–	(23 523)	1 418	(966 178)
Interest on borrowings	(1 655 891)		666 883		(23 523)	1 418	(1 011 113)
Interest paid on interest rate derivatives		(23 681)	13 138				(10 543)
Capitalised interest	55 478						55 478
Loss before income tax	(4 172 041)	–	1 190 029	(656 816)	30 430	(14 983)	(3 623 381)
Income tax	866 648				(30 430)	29	836 247
Loss for the year	(3 305 393)	–	1 190 029	(656 816)	–	(14 954)	(2 787 134)
Loss for the year attributable to:							
Equity holders of the Company	(3 320 347)		1 190 029	(656 816)			(2 787 134)
Non-controlling interests	14 954					(14 954)	–
	(3 305 393)	–	1 190 029	(656 816)	–	(14 954)	(2 787 134)

DIVIDEND CALCULATION

	Management accounts for the year ended Jun 2018 R'000
Recoveries and contractual rental revenue	2 617 031
Revenue from investments	1 054 715
Realised gain: forward exchange contracts	129 129
Termination of interest rate derivatives	(14 354)
Property operating expenses	(915 490)
Administrative expenses	(133 326)
Impairment of staff incentive loans receivable	(72 685)
Amortisation of interest rate cap premiums	(6 972)
Interest received on loans and cash balances (inclusive of interest on loans to the Siyakha Trusts at contractual rates)	569 005
Reverse interest received on the loans to the Siyakha Trusts during the second half of the year	(211 680)
Interest received on interest rate derivatives	5 816
Cross-currency swaps interest received	314 008
Interest on borrowings	(1 011 113)
Interest on borrowings to effect Siyakha restructuring	(34 653)
Interest paid on interest rate derivatives	(10 543)
Capitalised interest	55 478
Income tax	(8 987)
Dividends accrued	(95 285)
Antecedent dividend	22 381
Income hedging adjustment of Nigeria and Portugal performance	5 391
Dividends relating to the second half of the year to be received by the Siyakha Trusts on shares pledged to Resilient	141 795
Dividend on shares held by Resilient Properties in treasury	3 199
Distributable earnings	2 402 860
Interim dividend	(1 302 314)
Final dividend	(1 100 546)
	–

PAYMENT OF FINAL DIVIDEND

The Board has approved and notice is hereby given of a final dividend of 258,98000 cents per share for the six months ended 30 June 2018.

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

Last date to trade *cum* dividend	Tuesday, 4 September 2018
Shares trade *ex* dividend	Wednesday, 5 September 2018
Record date	Friday, 7 September 2018
Payment date	Monday, 10 September 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 September 2018 and Friday, 7 September 2018, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the CSDP accounts/broker accounts on Monday, 10 September 2018. Certificated shareholders' dividend payments will be deposited on or about Monday, 10 September 2018.

An announcement informing shareholders of the tax treatment of the dividend will be released separately on SENS.

DIRECTORS

Alan Olivier *(chairman)*; David Brown; Thembi Chagonda; Des de Beer*; Andries de Lange*; Des Gordon; Nick Hanekom*; Bryan Hopkins; Johann Kriek*; Dawn Marole; Protas Phili; Umsha Reddy; Barry van Wyk

*(*executive director)*

CHANGES TO THE BOARD OF DIRECTORS

Barry Stuhler resigned from the Board on 28 June 2018. David Brown, Des Gordon and Alan Olivier were appointed to the Board on 10 August 2018. Alan Olivier was appointed as chairman on 17 August 2018.

COMPANY SECRETARY

Monica Muller CA(SA)

REGISTERED ADDRESS

4th Floor Rivonia Village, Rivonia Boulevard, Rivonia, 2191

TRANSFER SECRETARIES

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SPONSOR

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