

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”)



PROPOSED REPURCHASE OF RESILIENT SHARES AND PURCHASE OF FORTRESS B SHARES

Introduction

On 7 March 2018 Resilient announced on SENS the intention to reposition the affairs of the Siyakha Trusts such that, *inter alia*, a single trust to be known as the Resilient Empowerment Trust functions as a B-BBEE ownership vehicle owning Resilient shares funded by Resilient. With the implementation of this intention, The Siyakha 1 Education Trust (referred to below as the “**Resilient Empowerment Trust**”) now holds 52 182 504 Resilient shares and 7 474 707 Fortress REIT Limited (“**Fortress**”) B shares and is funded only by Resilient and its wholly-owned subsidiary Resilient Properties Proprietary Limited (“**Resilient Properties**”) (collectively the “**Group**”) to the value of c. R4.9 billion.

The Siyakha Education Trust (“**Siyakha**”) and The Siyakha 2 Education Trust (“**Siyakha 2**”) no longer hold Resilient shares and have no loans from the Group.

The proposed transaction

It is now proposed that Resilient implement a share sale agreement (the “**Share Sale Agreement**”) concluded with the trustees of the Resilient Empowerment Trust, in terms of which Resilient, in part directly and in part via Resilient Properties, repurchases all the Resilient shares (the “**Share Repurchase**”) and purchases all the Fortress B shares (the “**Fortress Share Purchase**”) (collectively, the “**Share Sale**”) held by the Resilient Empowerment Trust in full settlement of the loans advanced by the Group to the Resilient Empowerment Trust.

Resilient intends to dispose of these Fortress B shares in the medium term.

Rationale for the Share Sale

Currently the Resilient Empowerment Trust has a negative net asset value. After considering the current economic environment and the likelihood of an increase in the value of the Resilient and Fortress shares held by the Resilient Empowerment Trust to the value of the loan obligations owed to the Group, Resilient proposed the Share Sale Agreement to the trustees of the Resilient Empowerment Trust, who have accepted this proposal, subject to the approval of the shareholders of Resilient.

Terms of the Share Sale

It is proposed that Resilient repurchases 20 822 746 Resilient shares and Resilient Properties purchases 31 359 758 Resilient shares. The proposed Share Repurchase is to be undertaken at R55.75444 per Resilient share, being the 30-day volume-weighted average traded price as measured at the close of market on Friday, 3 May 2019, being the day prior to the date on which the Share Repurchase consideration was agreed, amounting to an aggregate repurchase consideration of R2 909 406 288.32. The proposed Fortress Share Purchase is to be undertaken at R10.71843 per Fortress B Share, being the 30-day volume-weighted average traded price as measured at the close of market on Friday, 3 May 2019, being the day prior to the date on which the Fortress Purchase Consideration was agreed, amounting to an aggregate purchase consideration of R80 117 123.75.

As set out above, the Resilient Empowerment Trust owes the Group c. R4.9 billion, which is greater than the aggregate consideration payable for the Share Sale of R2 989 523 412.07. On the date of implementation of the Share Sale, being Monday, 24 June 2019, the terms of the loans owed by the Resilient Empowerment Trust to the Group are to be varied such that the aggregate amount owing in respect of the loans is agreed to be R2 989 523 412.07. The effect of this is that, following the implementation of the Share Sale, the loans owed by the Resilient Empowerment Trust to the Group will be extinguished.

Following the Share Sale:

- the 20 822 746 Resilient shares repurchased by Resilient will be cancelled and again form part of the authorised and unissued share capital of Resilient; and
- the 31 359 758 Resilient shares purchased by Resilient Properties will be added to the Resilient shares currently held in treasury.

The Share Sale Agreement contains undertakings, warranties and indemnities that are normal for a transaction of this nature.

Conditions precedent to the Share Sale

The Share Sale remains subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:

- Resilient receiving a report prepared by an independent expert in respect of the Share Repurchase and the Fortress Share Purchase, incorporating a fairness opinion, as required in terms of section 10.4(f) and 5.69(e) of the JSE Listings Requirements;
- securing, to the extent necessary, regulatory approvals from all relevant regulators in order to be able to conclude and implement the Share Sale; and
- approval, where required, by the requisite majority/ies of Resilient shareholders of all resolutions necessary to implement the Share Sale as required in terms of the Companies Act and the JSE Listings Requirements.

Financial effects

Siyakha, Siyakha 2 and the Resilient Empowerment Trust (collectively the “**Siyakha Trusts**”) have been consolidated into Resilient’s results. Accordingly, the Share Sale will have no effect on the last reported earnings per share, headline earnings per share, dividend per share, net asset value per share and net tangible asset value per share.

JSE Requirements for the Share Sale

The Resilient Empowerment Trust currently holds (and the Siyakha Trusts collectively held within the preceding 12 months) 52 182 504 Resilient shares (representing 12.28% of the Resilient shares currently in issue), which are regarded as treasury shares in terms of the JSE Listings Requirements. The JSE has deemed the Resilient Empowerment Trust to be a related party of Resilient in terms of paragraph 10.1(b)(i) of the JSE Listings Requirements.

In terms of the JSE Listings Requirements, the Share Repurchase constitutes a specific repurchase of shares from a related party which requires the approval of Resilient shareholders by way of a special resolution. Resilient is required to obtain a fairness opinion from an independent expert in compliance with the provisions of paragraph 5.69(e) of the JSE Listings Requirements in respect of the Share Repurchase. In addition, the Fortress Share Purchase constitutes a small related party transaction. Resilient is required to obtain a fairness opinion from an independent expert in compliance with the provisions of section 10.4(f) of the JSE Listings Requirements in respect of the Fortress Share Purchase, and include a statement confirming whether the Fortress Share Purchase is fair to Resilient shareholders in accordance with paragraph 10.4(f) of the JSE Listings Requirements.

Accordingly, Resilient has appointed BDO Corporate Finance Proprietary Limited as the independent expert to provide external advice to the board of directors of Resilient in relation to the Share Sale in terms of the JSE Listings Requirements. The independent expert’s report, as well as the statements of the board of directors of Resilient as to whether the Share Sale is fair to shareholders, will be included in the circular to Resilient shareholders, as detailed below.

Circular and general meeting of shareholders

A circular containing full details of the Share Sale will be sent to Resilient shareholders on or about Thursday, 23 May 2019.

The circular will incorporate a notice of general meeting of Resilient shareholders to approve, *inter alia*, the special resolution relating to the Share Sale, which general meeting will be held at Resilient's offices, 4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, 2191 at 10:00 on Monday, 24 June 2019.

13 May 2019

Corporate advisor and sponsor

JAVACAPITAL

Legal advisor

CDH
CLIFFE DENKER HOFMEYR