DIRECTIONS’ COMMENTARY
1 NATURE OF THE BUSINESS

Resilient Property Income Fund Limited (‘Resilient’) is a listed real estate investment trust (‘REIT’) listed on the Johannesburg Stock Exchange (‘JSE’). Since its listing in 2003, it has increased its asset base to R72 billion, which represents one of the largest real estate asset bases in Africa. Resilient’s strategy is to provide an attractive total return to its investors by generating stable income, enhancing asset value and generating capital gains from its integrated portfolio management.

Resilient owns and invests in a diversified portfolio of income-generating properties, including retail property, office, hotel and mixed-use properties and development projects. The properties are diversified across various asset classes and are managed by a combination of dedicated in-house managers and external asset managers. Resilient’s management team has a wealth of experience in real estate investment and management, and is committed to delivering superior returns to its investors.

Resilient’s portfolio is comprised of properties in South Africa, Nigeria, Kenya and Namibia, which are managed by Resilient or third-party asset managers. Resilient’s properties are located in diverse economic and demographic regions, providing a balanced exposure to different markets and reducing the overall risk of the portfolio.

Resilient’s key performance indicators (‘KPIs’) include net asset value per share, headline earnings per share, total return, and dividend per share. These KPIs are used to evaluate Resilient’s performance and are communicated to investors on a regular basis.

2 DISTRIBUTABLE EARNINGS AND COMMENTARY ON RESULTS

The board has declared a dividend of 176.52 cents per share for the six months ended 30 June 2014 (2013/14: 178.70 cents per share). The increase in interim dividend of 1.24% to 176.52 cents per share is a result of the improved performance in the period.

The results for the six months, which were achieved against a backdrop of improving economic conditions, were positively impacted by the performance of its shopping centre portfolio, which accounted for 40% of total property income.

The group reported a headline earnings per share of 129.02 cents (2013/14: 129.34 cents) and a total return of 39.02 cents (2013/14: 38.28 cents). The group’s total return for the six months ended 30 June 2014 is 4.13% higher than the total return of 34.89 cents reported in the same period last year.

3 PROPERTY ACQUISITIONS

Resilient owns and manages a diversified portfolio of income-generating properties, including shopping centres, office, hotel and mixed-use properties, as well as a number of development projects.

The group has entered into agreements for the acquisition of four additional shopping centre properties in South Africa, Nigeria and Namibia. The total investment in these properties is R5.9 billion, with an expected completion date in the first half of 2015.

4 EXTENSIONS TO PROPERTIES

Resilient has completed an extensive programme of extensions to its properties, which has resulted in an increase in the total floor area of the group’s properties from 14.9 million square metres to 17.3 million square metres.

The group has completed extensions to its properties in Johannesburg, Cape Town, Durban and Pretoria, which have added over 1 million square metres of new lettable space to the group’s portfolio.

5 RESILIENT AFRICA

Resilient’s interest in Resilient Africa, a joint venture for the development of properties in Nigeria, has increased from 51% to 60.94% in November 2014. This acquisition is expected to increase the group’s exposure to the growing African market and provide diversification into a new region.

Resilient’s interest in its joint venture property development in Nigeria, Resilient Africa, is expected to increase from 51% to 60.94% in November 2014. This acquisition is expected to increase the group’s exposure to the growing African market and provide diversification into a new region.

6 LISTED PORTFOLIO

The group’s equity portfolio includes a variety of listed property companies, including Resilient Property Fund Limited, the parent company, and the group’s portfolio companies, which are listed on the JSE.

The group’s equity portfolio is diversified across various asset classes and regions, providing a balanced exposure to different markets and reducing the overall risk of the portfolio.

7 RELATED PARTIES

The group has relationships with related parties, including its joint venture partners and management companies, which are responsible for the management and operation of the group’s properties.

The group’s relationship with its related parties is conducted on arm’s length terms, and the group is transparent in its dealings with related parties.

8 VACANCIES

Vacancies remained unchanged at 2.2%. The figure includes stores in Mall of Africa Centurion, Retirement Village and Faber House, which are owned by Resilient, and哪些 are managed by third-party asset managers.

9 FACILITIES AND INTEREST RATE DERIVATIVES

The group uses a range of financial instruments, including interest rate derivatives, to manage interest rate risk and mitigate the impact of interest rate fluctuations on its funding costs.

The group’s interest rate risk exposure is managed through the use of interest rate swaps and caps, which are used to hedge the group’s exposure to changes in interest rates. The group’s exposure to interest rate risk is further reduced through the use of variable interest rate loans, which are linked to the South African rand.

10 PROPERTY ACQUISITIONS

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11 RECONCILIATION BETWEEN STATEMENT OF COMPREHENSIVE INCOME AND DIVIDENDS DECLARED

The methods adopted in calculating the dividend is consistent with that of the previous period.

12 PROSPECTS

Resilient’s board has reviewed its performance through the first half of the 2014/15 financial year and the outlook for the remainder of the year.

The group’s prospects for the second half of the 2014/15 financial year are positive, with the group expected to continue to grow its earnings and dividends.

The group’s dividend per share for the six months ended 30 June 2014 is 72.57 cents, compared to 74.39 cents reported in the same period last year.

13 HEADLINE EARNINGS

Resilient’s headline earnings per share for the six months ended 30 June 2014 is 129.02 cents, compared to 129.34 cents reported in the same period last year.

14 CONSENSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The group’s total comprehensive income for the six months ended 30 June 2014 is R6.0 billion, compared to R5.7 billion reported in the same period last year.

15 CONSERVED CONSOLIDATED STATEMENT OF CASH FLOWS

Resilient’s cash inflow from operating activities for the six months ended 30 June 2014 is R2.8 billion, compared to R2.4 billion reported in the same period last year.

16 NOTES

1. The condensed consolidated financial statements have been prepared in accordance with the South African Financial Reporting Standards (‘SARFs’), the JSE Listings Requirements and the requirements of the Companies Act.

2. The condensed consolidated financial statements were reviewed by the auditor, KPMG, and are unqualified.

3. The directors are not aware of any matters or circumstances arising subsequent to 31 December 2014 that require any additional disclosure or adjustment to the financial statements.

4. The condensed consolidated financial statements were approved by the board of directors on 28 August 2014.

17 LEASE EXPIRY PROFILE

The group’s lease expiry profile is expected to remain stable in the medium term, with the majority of leases expiring in the following years:

18 PAYMENT OF INTEREST DUE

The group has paid interest on its borrowings in accordance with the terms of the loan agreements.

The group’s interest expense for the six months ended 30 June 2014 is R1.2 billion, compared to R1.1 billion reported in the same period last year.

19 CHANGES IN EQUITY

Resilient’s shareholders’ equity increased by R1.2 billion for the six months ended 30 June 2014, compared to a decrease of R3.9 billion reported in the same period last year.

20 COMPANY SECRETARY

Resilient Property Fund Limited

Reconstituted by: F. T. Mtshali, M. B. Wolter, K. M. Havelock

21 REGISTERED OFFICE

Resilient Property Fund Limited

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