RESILIENT

Property Income Fund

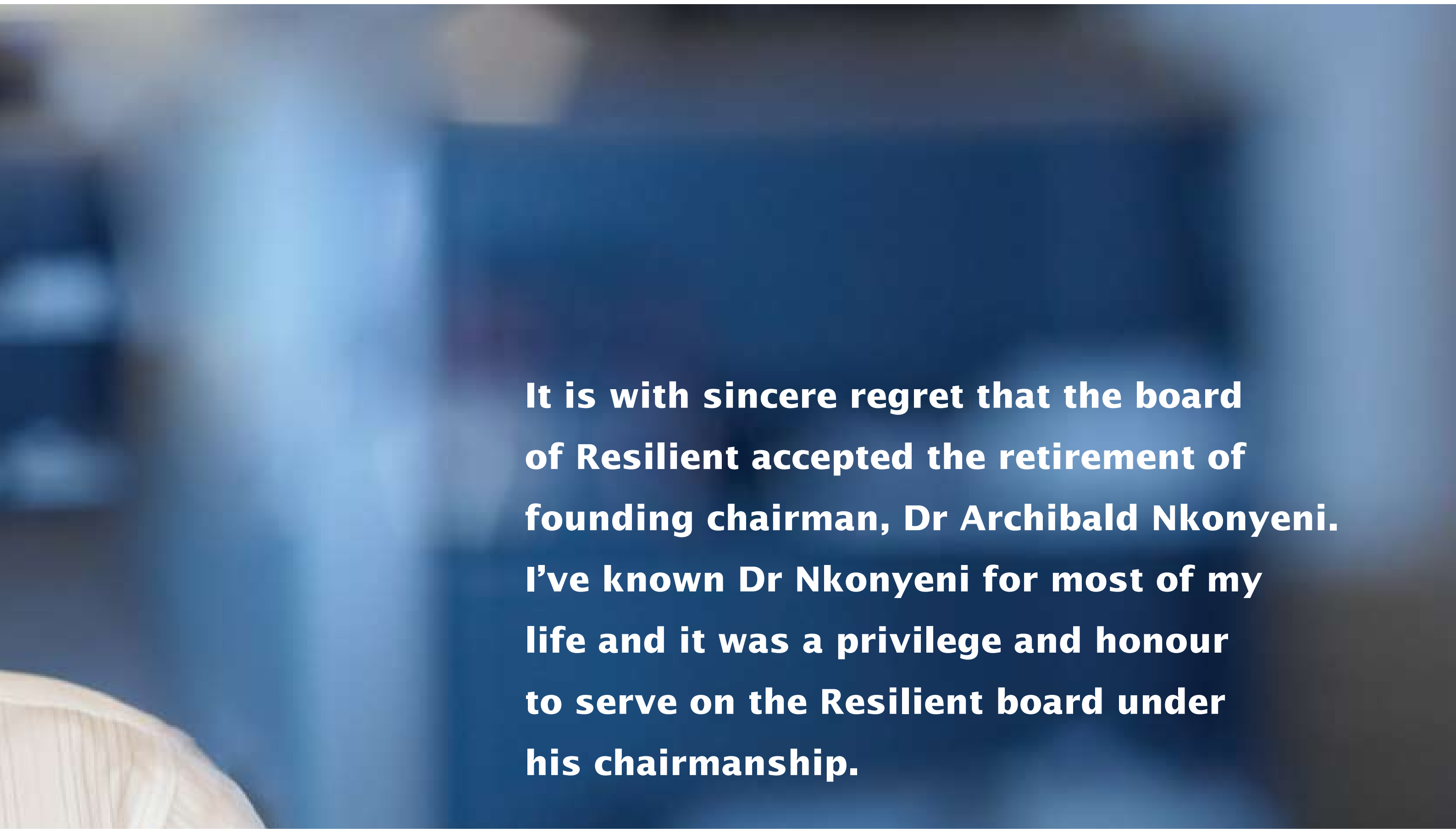
Annual Report **2007**

Highveld Mall – Witbank – South Africa

Contents

Chairman – JJ Njeke

Chairman's **statement**



It is with sincere regret that the board of Resilient accepted the retirement of founding chairman, Dr Archibald Nkonyeni. I've known Dr Nkonyeni for most of my life and it was a privilege and honour to serve on the Resilient board under his chairmanship.

Under his guidance a culture of strict corporate governance, fairness and integrity has been established at Resilient that we will endeavor to uphold into the future. Dr Nkonyeni's farewell speech is included in this financial report.

Growth in distributions of 19,78% for the year ended 31 December 2007 confirms Resilient's track record of producing strong growth in distributions. This track record was established against the background of rising interest rates. Resilient's conservative financial structure places the company in a good position to continue this performance into the future. The company has an excellent tenant and lease expiry profile which will insulate the company from changes in the macro economic environment.

I wish to thank the highly motivated executive team at Resilient for their hard work and commitment during the past financial year and the board of directors for its guidance and support. We look forward to continuing the strong performance during the 2008 financial year.

MJN Njeke
7 February 2008

Former chairman – Dr Archie Nkonyeni

Former **chairman's farewell message to the board**

As I vacate an office which I have thoroughly enjoyed I wish to thank all members of the board, both past and present, for their cooperation during my term. In this boardroom I had the pleasure of presiding over a group of free thinkers with a culture for using constructive differences of opinion as a tool for achieving useful consensus rather than developing those differences into destructive boardroom conflict. For this I thank you most sincerely.

Perhaps therein lies the secret of the successes we posted in a number of areas including the following:

- At the inception of the company, we used to talk of a fund "that would remain small" but, from the very first day, the company refused to be contained within those modest parameters. It just grew from a market capitalisation of R360 million to its present R4 billion.
- The positive response of the market to our governance and style of disclosure became a great source of encouragement. At one point we were rated first in this regard. I have recently become aware that, on a broader basis of evaluation, the Financial Mail rates us as one of the top four companies. Indeed this board has made this company a force to reckon with.
- I recognise that we have not achieved much in the area of gender transformation in our boardroom. We acknowledge and applaud having a person like Phumelele amongst us, but we should have gone further in terms of numbers. We can do no less than identifying this as one of our most urgent challenges from this point onward. Having said that, I believe that we have reason to be proud of our partnership with rural women. Maybe we should consider enriching that partnership very significantly by assisting the group to search for additional investment opportunities in

You will recall that in the last annual report of the company I indicated my intention to step down on the occasion of my birthday. Indeed, when I turned 71 on 3 June 2007, I advised the chief executive that today's board meeting would be my last. We have now come to the point where my greatest pleasure will be the act of conveying my best wishes to my successor.

companies other than Resilient in order to create a critical mass of investments that would require a degree of concentrated attention which would result in meaningful skills transfer activity.

- No one can deny that over the past 56 months this company has grown equity holder wealth significantly, in terms of distributions, capital appreciation as well as quality of investment.
- If I sound a bit sentimental about Jabulani Mall, I'm sure most of you will understand. In a Soweto that was conceived, developed and became famous as an area set aside for blacks only, this company invested R212 million with 55% exposure in a partnership with the black owners of the land. You all know that Jabulani is, after Diamond Pavilion, Highveld Mall and Tzaneng Mall, our fourth largest investment. Such an expression of confidence in the recently deracialised society of this country and such commitment to the country's programme of reshaping the manner in which the wealth is controlled cannot be insignificant. At the correct time in history you took a position and made a statement against any misconceptions about undesirability and unacceptability of certain parts of our country as investment destinations. You committed the company to do business in Soweto.
One is overjoyed by the very early results of that decision. I'm not unmindful of other partnerships established by this company on the same principle, but I must place on record my admiration for your decision to invest in Jabulani Mall.
- In spite of limited success in attracting visible numbers of blacks into our executive ranks, we were able to establish partnerships across the racial divide to an extent that the company is in terms of the codes now estimated to be 11% black-owned. Nonetheless, the search for black executive material needs to be intensified.

And finally let me restate how grateful I am to you for making it possible for me to bequeath to my successor a legacy rich in the makeup of its management, rich in its sensitivity to shareholder expectations, rich in the quality of its governance and rich in its loyalty to national objectives. Let me assure you that even in retirement I will continue to be a great admirer of this board and an enthusiastic fan of the company – watching with great interest as it moves inexorably towards what I believe is a great future indeed.

Dr Archie Nkonyeni
7 August 2007

Board **of directors**

Mfundiso Johnson Ntabankulu (JJ) Njeke (49)

Independent non-executive chairman

Qualifications BCompt (Hons), HDip Tax, (CA)SA

Occupation Group MD and co-founder of Kagiso Trust Investments (Pty) Limited

JJ was an audit partner at Pricewaterhouse-Coopers and is the past chairman of the South African Institute of Chartered Accountants. He serves on the boards of Kagiso Group companies. In addition to serving on the board of Resilient Property Income Fund Limited, he serves on the boards of Mittal Steel S.A. Limited, Metropolitan Holdings Limited and MTN Group Limited.

Jose Jorge Goncalves (Jorge) da Costa (52)

(Portugese citizen) Independent non-executive director

Occupation Property developer and investor

Jorge is a director of Improvon (Pty) Limited, developers of industrial properties in Gauteng. Improvon developed numerous properties with highway exposure in Meadowdale Corporate Park, Linbro Park and Longmeadow.

Desmond (Des) de Beer (47)

Managing director

Qualifications: BProc MAP

Occupation Managing director – Resilient Property Income Fund Limited

Des spent most of his career with the Nedbank Group, initially in Property Finance and later in Private Equity. Des is also a director of Pangbourne Properties Limited, Diversified Property Fund Limited and Property Fund Managers Limited (PFM), the management company of Capital Property Fund.

Andries de Lange (34)

Executive director

Qualifications BCom BCompt (Hons) CA(SA) CFA

Occupation Financial director

Andries spent four years with the Industrial Development Corporation of South Africa (IDC) before joining Nedbank where he was involved in private equity and a number of equity and debt restructurings. Andries is also a director of Diversified Property Fund Limited and PFM.

Marthin Petrus Greyling (40)

Independent non-executive director

Qualifications BCom (Acc) (Hons), CA(SA)

Occupation Merchant banker

Marthin started his career in financial services in 1993 after completing articles at Ernst & Young when he joined the IDC. During his tenure he was, *inter alia*, involved in debt and project finance and business turnarounds. He joined Nedcor Investment Bank in 2001 and is currently a member of the Nedbank Capital Private Equity team, which was formed following the merger of Nedbank with Nedcor Investment Bank and BoE. Marthin serves on the boards of a number of Nedbank Capital Private Equity's investee companies.

Jacobus Johann Kriek (42)

Executive director

Occupation Retail property specialist

Johann has been involved in retail property management, development and letting for almost 20 years with a strong emphasis on redeveloping underperforming shopping centres.

Board **of directors**
(continued)

David John Lewis (41)

Executive director

Qualifications BSc Bldg Mgt, NDip (Real Estate), MBA (Wits & Cranfield)

Occupation Managing director – Diversified Property Fund Limited

David started his career with Wilson Bayly Holmes-Ovcon Limited and was responsible for a number of retail developments and refurbishment construction projects. David then joined Boxer Superstores (now part of the Pick 'n Pay group) as projects and development manager, and later the former Nedcor Investment Bank Limited – corporate equity division. David was a founding executive director of Resilient and is managing director of Diversified Property Fund Limited.

Mashamba Mkhuva Sydney Malabie (55)

Independent non-executive director

Qualifications BComm (SA), MBA (Wits)

Occupation Businessman

Sydney started his business career as an SME development consultant with the small business advisory bereau (SBAB), a division of the university of Potchefstroom. He currently sits on various company boards while working independently as a retail property developer.

Phumelele Paula Msweli (39)

Independent non-executive director

Qualifications BSc (Hons), MSc Real Estate

Occupation Property specialist and entrepreneur

Phumelele has a strong research background in various areas, including facilities management. She has worked for both public and private institutions such as the Council for Scientific and Industrial Research (Boutek), Gensec Property Services and the Department of Public Works. Phumelele is the founder of Zibusiso Property Services.

Marius Hoff Muller (38)

Executive director

Qualifications BSc (QS), MBA, MRICS

Occupation Executive director – Diversified Property Fund Limited

Marius has been in the property industry since 1993 where he has been involved in various activities and held positions such as quantity surveyor, researcher, investment analyst, financier, project manager, development manager and general manager. He has also served on the National Council on the South African Council of Shopping Centres. His current responsibilities include that of executive director of Diversified Property Fund Limited.

Rory Turner (59)

Independent non-executive director

Qualifications BCom IMFO

Occupation Finance director – eThekwini Unicity

Rory is currently the Director – Finance for the eThekwini Unicity, managing its investment portfolio with responsibilities including the management of the property leaseback portfolio and money market activities. Rory has been involved in the development/implementation of special projects, including the International Convention Centre, the Cato Manor Housing Project, the Durban Marine Theme Park, the Durban Point Precinct and the 2010 World Cup project. Rory is also the principal officer of the Durban Pension Fund.

Barry Daniel van Wyk (42)

Independent non-executive director

Qualifications BCom BAcc CA(SA)

Occupation Property developer and investor

Barry heads up Renlia Developments, a property development company involved in a number of office, industrial and residential developments in Gauteng and the North West Province.

Jeffrey Nathan Zidel (57)

Executive director

Occupation Property developer and investor

A former SAPOA regional chairman, and three times past president of the Roodepoort Chamber of Commerce, Jeff has been a successful property developer and investor and has been involved in all aspects of the property industry for the last 37 years.

Board **of directors**
(continued)

Attendance at board and committee meetings

Board meetings	Scheduled	Attended
JJ Njeke (chairman of the board)	4	3
Jorge da Costa	4	3
Des de Beer	4	4
Marthin Greyling	4	4
Andries de Lange	4	4
Johann Kriek	4	4
David Lewis	4	4
Sydney Malabie (appointed 30 May 2007)	2	2
Phumelele Msweli	4	4
Marius Muller (appointed 30 May 2007)	2	2
Archie Nkonyeni (retired 7 August 2007)	3	3
Barry Stuhler (resigned 27 February 2007)	1	1
Paul Theodosiou (resigned 8 February 2007)	1	1
Rory Turner	4	4
Barry van Wyk	4	4
Jacques van Wyk (resigned 27 February 2007)	1	1
Jeff Zidel	4	4

	Investment committee		Audit Committee		Remuneration Committee	
	Scheduled	Attended	Scheduled	Attended	Scheduled	Attended
Des de Beer	5	5				
Jorge da Costa	5	5			4	4
Marthin Greyling			4	4	4	4
Sydney Malabie (appointed 30 May 2007)			1	1		
Rory Turner			4	3		
Barry van Wyk*	5	5			2	2

** Appointed to the remuneration committee on 7 August 2007.*

Analysis **of linked unitholders and unit trading**

Unitholder spread at 31 December 2007 as defined in terms of the Listings Requirements of the JSE Limited

	Number of unitholders	Number of units held	Percentage of issued units
Public	1 116	150 723 167	87,9%
Non-public	48	20 821 044	12,1%
The Resilient Unit Purchase Trust	1	21 000	0,0%
Directors and employees	47	20 800 044	12,1%
	1 164	**171 544 211**	**100,0%**

Size of holding	Number of unitholders	Number of units held	Percentage of issued units
up to 2 500 units	291	346 546	0,2%
2 501 to 10 000 units	399	2 219 432	1,3%
10 001 to 100 000 units	317	10 211 180	6,0%
100 001 to 1 000 000 units	120	40 419 801	23,5%
1 000 001 to 3 500 000 units	28	47 559 880	27,7%
More than 3 500 000 units	9	70 787 372	41,3%
	1 164	**171 544 211**	**100,0%**

Registered unitholders holding 5% or more of issued units	Number of units held	Percentage of issued units
Eagle's Eye Investments (BEE SPV)	10 810 811	6,3%
Old Mutual	10 653 929	6,2%
STANLIB Property Income Fund	10 072 268	5,9%
	31 537 008	**18,4%**

Control of more than 5% of issued units	Number of units controlled	Percentage of issued units
STANLIB	31 896 914	18,6%
Old Mutual	21 220 019	12,4%
Eagle's Eye Investments (BEE SPV)	10 810 811	6,3%
D de Beer	9 514 522	5,5%
	73 442 266	**42,8%**

Analysis **of linked unitholders and unit trading**

(continued)

Beneficial unitholding of directors and officers

At 31 December 2007	Direct holding	Indirect holding	Total units held	Percentage of issued units
Jorge da Costa	–	69 118	69 118	–
Des de Beer	3 256 000	4 831 022	8 087 022	4,7%
Andries de Lange	680 500	–	680 500	0,4%
Nick Hanekom	350 000	–	350 000	0,2%
Johann Kriek	2 240 000	–	2 240 000	1,3%
David Lewis	1 828 436	457 000	2 285 436	1,3%
Marius Muller	175 000	–	175 000	0,1%
JJ Njeke	13 000	–	13 000	–
Jeff Zidel	2 748 800	1 709 168	4 457 968	2,6%
	11 291 736	7 066 308	18 358 044	10,6%

At 31 December 2006	Direct holding	Indirect holding	Total units held	Percentage of issued units
Dr Archie Nkonyeni	4 000	–	4 000	–
Jorge da Costa	–	69 118	69 118	–
Des de Beer	2 485 000	4 697 472	7 182 472	4,7%
Andries de Lange	225 500	–	225 500	0,1%
Nick Hanekom	300 000	–	300 000	0,2%
Johann Kriek	1 865 000	–	1 865 000	1,2%
David Lewis	1 858 436	457 000	2 315 436	1,5%
JJ Njeke	13 000	–	13 000	–
Barry Stuhler	281 874	2 544 662	2 826 536	1,9%
Paul Theodosiou	120 000	–	120 000	0,1%
Jacques van Wyk	2 045 000	–	2 045 000	1,3%
Jeff Zidel	2 473 800	1 709 168	4 182 968	2,7%
	11 671 610	9 477 420	21 149 030	13,7%

The unitholding of directors and officers has not changed between the end of the financial year and the date of this financial report.

Des de Beer holds 2 030 (2006: 2 030) Resilient linked units in a non-beneficial capacity.

Closing price

2007	**2 700 cents**
2006	1 940 cents
2005	1 400 cents
2004	985 cents
2003	760 cents

Resilient vs PLS index (indexed to 100 on 1 January 2003)

Value traded

2007	**R1 440,1 million**
2006	R1 018,8 million
2005	R666,4 million
2004	R391,0 million
2003 (13 months)	R361,5 million

Volume traded

2007	**59,4 million**
2006	59,8 million
2005	59,4 million
2004	51,1 million
2003 (13 months)	64,2 million

Directors' **responsibility for the annual financial statements**

for the year ended 31 December 2007

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Resilient Property Income Fund Limited ("the company"), comprising the balance sheets at 31 December 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and Collective Investment Schemes Control Act in South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group's and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements of Resilient Property Income Fund Limited are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements of the company | The group annual financial statements and annual financial statements of the company were approved by the board of directors on 7 February 2008 and signed on its behalf by:

D de Beer
Managing director

A de Lange
Financial director

7 February 2008

Declaration **by company secretary**

In terms of section 268G (d) of the Companies Act, 1973, as amended, I certify that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

NW Hanekom
Company secretary

7 February 2008

Independent **auditors' report**

TO THE MEMBERS OF RESILIENT PROPERTY INCOME FUND LIMITED

We have audited the group annual financial statements and the annual financial statements of Resilient Property Income Fund Limited, which comprise the balance sheets at 31 December 2007, the income statements, the statements of changes in equity and cash flow statements for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the Directors' Report as set out on pages 16 to 21 and 26 to 63.

Directors' responsibility for the financial statements | The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and Collective Investment Schemes Control Act in South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility | Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion | In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Resilient Property Income Fund Limited at 31 December 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and Collective Investment Schemes Control Act in South Africa.

KPMG Inc.
Registered Auditor

Per DD Thompson
Chartered Accountant (S.A.)
Registered Auditor
Director

Johannesburg

7 February 2008

Directors' **report**

Highveld Mall – Witbank – South Africa

A distribution of 143,71 (67,97 interim; 75,74 final) cents per linked unit has been declared for the 12 months ended 31 December 2007. This represents a 19,78% increase over the distribution for the previous financial year. Resilient's portfolio of 15 retail centres performed well during the financial year.

The strategy of investing only in dominant centres in target markets placed Resilient in a strong position to continue this performance in a challenging macro economic and retail trading environment.

Resilient's pipeline of new developments has been strengthened. These new developments will continue to enhance the overall quality of the portfolio and the attractive yields of these developments will continue to enhance growth in earnings and distributions. Resilient does not distribute profits from the sale of assets nor development profits.

The highlight of the 2007 financial year was the opening of the Highveld Mall in April 2007. Resilient has a 60% interest in this regional mall situated in Witbank. A free-standing unit for Sportsmans Warehouse and Outdoor Warehouse was completed in November increasing the GLA to 42 660 m². All major retailers have confirmed that they are trading well and further extensions to the centre are being evaluated.

1 PROPERTY ACQUISITIONS AND DEVELOPMENTS

Arbour Town | Resilient has a 10% interest in this 96,9 ha site situated along the N2 highway in Amanzimtoti. The remaining 90% interest is held by Keystone Investments and Resilient has a right of first refusal should Keystone Investments decide to sell. A value centre with a GLA of 37 900 m² and anchored by Pick 'n Pay Hypermarket is under construction and is scheduled to open in November 2008. Earthworks for the regional shopping mall, The Galleria, are nearing completion. The Galleria will have a GLA of 76 600 m² tenanted by all national retailers and is scheduled to open in April 2009.

Burgersfort Convenience Centre | A 50% interest in this 11,3 ha property, situated in the upmarket suburbs of Burgersfort, a rapidly developing town situated on the eastern limb of the bushveld igneous complex, was acquired at a cost of R9 million. The property has approved retail rights and construction of an 8 500 m² GLA convenience centre as a first phase has been approved.

Burgersfort Mall | Resilient acquired a 17,2 ha site situated on the main road in Burgersfort at a cost of R17,1 million. Plans are in progress to develop a regional shopping centre on this site. The property has approved retail rights. The vendor has the right to buy back 50% of the development on completion.

The Grove | Resilient is developing this 39 000 m² GLA mall in a 50/50 partnership with Keystone Investments. The development is situated in the upmarket suburbs in the north-eastern part of Pretoria. Tenants include Woolworths, Pick 'n Pay, Edgars and the Mr Price, Foschini and Truworths groups. Construction has commenced and the mall is scheduled to open in August 2009. The development is anticipated to yield 10% on completion.

I'langa Lifestyle Centre | A 25% interest in the 8,9 ha site with retail rights was acquired at a cost of R12,5 million. The site is well situated along the N4 highway in Nelspruit with excellent access to the upmarket suburbs. Construction of a 42 000 m² GLA regional mall is planned to commence in April 2008. The centre will be anchored by Pick 'n Pay, Edgars, Woolworths and Game and will include all major national retailers.

Mafikeng Mall | A 66% interest in a 4,6 ha property with retail rights was acquired at a cost of R3,8 million. Construction of a 22 500 m² GLA mall anchored by Spar, Game and Edgars has commenced and is scheduled to open in March 2009. Additional land measuring 4,1 ha is being acquired which will allow for expansion of the centre to a total GLA of 35 000 m².

Mall of the North | Resilient acquired a 48% interest in a 27 ha site in Polokwane during 2006. The 75 000 m² of retail rights applied for was approved by the planning tribunal in November 2007. This approval has been taken on review and the decision by the appeal tribunal is anticipated by April 2008. Tenant demand for the proposed regional mall is strong and the intention is to commence construction of the mall upon successful completion of the appeal process.

In addition, Resilient acquired a 55% interest in 55 ha of land adjacent to the Mall of the North site. Subsequent to year-end, a further 10 ha of land was added to this land assembly at a cost of R10 million. The intention is to develop a value retail centre on this property.

Northam Plaza | Resilient increased its shareholding in Northam Plaza to 67% through the acquisition of an additional 12%. The purchase price was based on a forward yield of 10%. Subsequent to year-end the remaining interest in the centre was acquired.

Powerville Value Centre | Resilient acquired a 70% interest in this 7,75 ha site opposite the Pick 'n Pay Hypermarket in Vereeniging at a cost of R4,27 million. The purchase is subject to the property being rezoned and serviced. The rezoning has been approved and negotiations are in progress with the local authority for services. In addition, Resilient has the option to acquire 70% of the two adjacent properties measuring 9,51 ha at a cost of R15 million.

Brits Mall | Resilient acquired a 51% interest in a 9,8 ha site in Brits subsequent to year-end at a cost of R15,5 million. The site has approved retail rights and development of a 35 000 m^2 GLA regional mall is under evaluation.

The Village, Klerksdorp | A 50% interest in a 15,6 ha site adjacent to Resilient's Pick 'n Pay Hypermarket was acquired in November 2006 at a cost of R10,3 million. The hearings by the planning tribunal regarding the application for retail rights have commenced and a decision is anticipated by June 2008. Should the rezoning be successful the intention is to develop a 35 000 m^2 regional mall on the site.

2 EXTENSIONS TO EXISTING DEVELOPMENTS

The extension to Mvusuludzo Mall was completed on schedule in April 2007 and the mall is trading well. The 5 500 m^2 GLA extension to Tzaneng Mall is on schedule for completion in September 2008. Extensions to Diamond Pavilion, to accommodate Hi–Fi Corporation, and the Crossing in Mokopane, to accommodate Nedbank, were completed on schedule and within budget. A further 4 000 m^2 extension to Diamond Pavilion to accommodate Mr Price Sport, cinemas and an amusement arcade has commenced and will be completed in June 2008. The 2 000 m^2 GLA extension to Murchison Mall was completed within budget in October 2007. A 536 m^2 GLA extension to Limpopo Mall to accommodate the expansion of the Absa branch and Nando's has commenced and is scheduled for completion in June 2008.

3 PROPERTIES SOLD

Resilient's 50% interest in Woolworths Kimberley was sold for R8,7 million and Pick 'n Pay Nelspruit was sold for R53,9 million. Both transfers have been effected.

4 INVESTMENTS

Resilient sold 7 177 420 units in Acucap Properties Limited and a net 13 917 686 units in Capital Property Fund at average prices of R31,52 and R5,82 respectively. Resilient acquired a net 4 759 443 units in Diversified Property Fund Limited and 28 400 000 units in Pangbourne Properties Limited at average prices of R10,70 and R16,02 respectively.

The board is of the opinion that the Pangbourne portfolio is under–rented and Resilient management is working together with Pangbourne to extract this value. Property Fund Managers Limited, the management company of Capital Property Fund, was sold for R30 million.

5 GEARING

Expiry	Amount R'million	Swap rate	Interest rate	% of borrowings
March 2008	50,0	8,06%		8,14%
April 2008	50,0	7,49%		8,14%
July 2009	50,0	7,87%		8,14%
August 2009	50,0	9,70%		8,14%
November 2010	65,0	10,70%		10,58%
August 2011	50,0	9,16%		8,14%
November 2012	50,0	8,53%		8,14%
June 2013 (effective from June 2008)	100,0*	9,51%		–
Hedged borrowings	365,0		10,67%	59,44%
Variable rate borrowings	249,1		12,20%	40,56%
Total gearing**	**614,1**		**11,29%**	**100,0%**

** Not included in total hedged borrowings of R365,0 million as not yet effective.*

*** Total gearing comprises the level of interest-bearing borrowings, excluding those of BEE SPV, should current liabilities be settled and current assets be realised.*

Gearing is calculated as follows	2007 R'million	2006 R'million
Interest-bearing borrowings	680,8	533,5
Interest-bearing borrowings of BEE SPV	(215,2)	(205,8)
Current liabilities	211,8	130,6
Current liabilities of BEE SPV	8,2	6,8
Current assets	(65,7)	(49,0)
Current assets of BEE SPV	(5,8)	–
Total gearing	**614,1**	416,1

6 SUMMARY OF FINANCIAL PERFORMANCE

6.1 To comply with financial reporting requirements, the group will account for entities that do not form part of its operations, do not operate under its operating policies and whose businesses, risk profiles and debt levels are not comparable to that of its own. Disclosure under "Property operations" excludes Eagle's Eye Investments (Pty) Limited (BEE SPV).

6.2 On 27 June 2006 10 810 811 linked units were issued to BEE SPV and Resilient has guaranteed the funding obligations of BEE SPV in acquiring these units. In terms of IFRS the issue did not take place and the essence of the transaction was that the BEE shareholders received a right/option to acquire linked units in Resilient at a future date at a predetermined price. As a consequence, the issue of linked units has been eliminated in the preparation of these financial statements. The right/option the BEE shareholders have acquired has a value of R56 967 000 (2006: nil) and was accounted for through profit and loss during the year. The value of this right/option will be considered on an ongoing basis and changes in its fair value will be accounted for through profit and loss.

The following table indicates the effect of the BEE transaction on the group financial statements (the column "Property operations" indicates Resilient's results had the BEE transaction been accounted for as an issue for value):

2007	Consolidated R'000	BEE SPV R'000	Property operations R'000
Income statement			
Fair value loss on BEE instrument	(56 967)	56 967	–
Financing costs			
– Interest on borrowings	(37 485)	22 534	(14 951)
– Interest to linked debenture holders	(223 919)	(15 536)	(239 455)
Balance sheet			
Current assets			
– Trade and other receivables	62 558	5 775	68 333
Share capital	1 607	108	1 715
Share premium	584 235	142 270	726 505
Non-current liabilities			
– Linked debentures	771 520	51 892	823 412
– Interest-bearing borrowings (non-current and current)	680 784	(215 231)	465 553
BEE instrument	56 967	(56 967)	–
Current liabilities			
– Linked debenture interest payable	121 740	8 188	129 928

2006			
Income statement			
Finance income			
– Interest on linked units issued *cum* distribution	3 903	5 731	9 634
Financing costs			
– Interest on borrowings	(30 302)	11 976	(18 326)
– Interest to linked debenture holders	(165 187)	(12 971)	(178 158)
Balance sheet			
Share capital	1 419	108	1 527
Share premium	259 972	142 270	402 242
Non-current liabilities			
– Linked debentures	681 019	51 892	732 911
– Interest-bearing borrowings (non-current and current)	533 531	(205 838)	327 693
Current liabilities			
– Linked debenture interest payable	89 668	6 832	96 500

Historical performance	31 Dec 2007	30 Jun 2007	31 Dec 2006	30 Jun 2006
Distribution per linked unit (cents)	75,74	67,97	63,20	56,78
Units in issue	171 544 211	161 139 982	152 689 801	143 814 195
Property operations				
Net asset value*	R18,46	R15,93	R14,49	R12,46
Gearing ratio**	14,9%	10,2%	14,4%	12,5%
Units in issue	171 544 211	161 139 982	152 689 801	143 744 195
Consolidated				
Net asset value*	R18,50	R15,79	R14,19	R11,85
Units in issue	160 712 400	150 329 171	141 878 990	132 933 384

** Net asset value includes total equity attributable to equity holders and linked debentures.*

*** The gearing ratio is calculated by dividing the total gearing by the investment in non-current assets excluding loans and property, plant and equipment.*

7 DIRECTORS' REMUNERATION

Non-executive directors	**For services as a director (paid by the company) 2007 R'000**	For services as a director (paid by the company) 2006 R'000
MJN Njeke (chairman) [1]	**85**	70
Dr AS Nkonyeni (former chairman) [2]	**61**	95
JJG da Costa	**124**	114
MP Greyling	**123**	114
MMS Malabie [3]	**54**	–
PP Msweli	**76**	70
BL Stuhler [4]	**–**	53
PA Theodosiou [5]	**13**	114
R Turner	**100**	92
BD van Wyk	**110**	92
	746	814

Executive directors	**Remuneration (paid by subsidiaries of the group) 2007 R'000**	**Share-based payments 2007 R'000**	Remuneration (paid by subsidiaries of the group) 2006 R'000	Share-based payments 2006 R'000
D de Beer	1 367	802	1 111	224
A de Lange [6]	794	473	56	–
JJ Kriek	852	473	757	224
DJ Lewis	813	260	416	224
MH Muller [7]	309	52	–	–
BL Stuhler [4]	184	–	245	224
JJ van Wyk [8]	91	–	757	224
JN Zidel	735	286	757	224
	5 145	2 346	4 099	1 344

[1] *Mr Njeke was appointed as non-executive chairman on 7 August 2007.*
[2] *Dr Nkonyeni resigned as non-executive chairman on 7 August 2007.*
[3] *Mr Malabie was appointed as non-executive director on 30 May 2007.*
[4] *Mr Stuhler's status changed from non-executive to executive director on 27 September 2006. He resigned as executive director on 27 February 2007.*
[5] *Mr Theodosiou resigned as non-executive director on 8 February 2007.*
[6] *Mr De Lange was appointed as executive director on 30 November 2006.*
[7] *Mr Muller was appointed as executive director on 30 May 2007 and resigned on 7 January 2008.*
[8] *Mr van Wyk resigned as executive director on 27 February 2007.*

The group did not pay any fees or benefits to directors other than the remuneration as disclosed in the table above.

8 THE RESILIENT UNIT PURCHASE TRUST

A total of 4 112 000 Resilient linked units were issued to the trust during the year. Details of linked units issued to directors are contained in note 21 to the annual financial statements.

9 STATUTORY INFORMATION

9.1 Shares issued during the year

The company issued a total of 18 854 410 shares during the year, details of which are set out in the Statements of Changes in Equity.

A total of 10 186 602 shares were issued to public shareholders in a general issue of shares for cash as defined by the JSE Limited Listings Requirements. These shares were issued on 16 April 2007 (6 818 181 shares at an issue price of R22,00) and 21 September 2007 (3 368 421 shares at an issue price of R23,75). 4 555 808 shares were issued on 13 September 2007 in consideration for investments acquired. The balance of 4 112 000 shares were issued to directors and employees in terms of the purchase trust.

9.2 Shares under the control of the directors

Authorised but unissued shares in the capital of the company were placed under the control of the directors for the period under review. These shares will be under the control of the directors until the next annual general meeting of shareholders.

9.3 Company secretary

Nick Hanekom CA(SA)
4th Floor, Rivonia Village
Rivonia Boulevard, Rivonia 2191
(PO Box 2555, Rivonia 2128)

10 PAYMENT OF FINAL DISTRIBUTION

The board has approved and notice is hereby given of a final distribution (distribution no 10) of 75,74 cents per linked unit for the six months ended 31 December 2007.

The last date to trade linked units *cum* distribution will be Friday, 22 February 2008 and trading will commence *ex* distribution on Monday, 25 February 2008. The record date to participate in the distribution will be Friday, 29 February 2008.

Linked unit certificates may not be dematerialised or rematerialised between Monday, 25 February 2008 and Friday, 29 February 2008, both days inclusive.

Payment of the distribution will be made to linked unitholders on Monday, 3 March 2008.

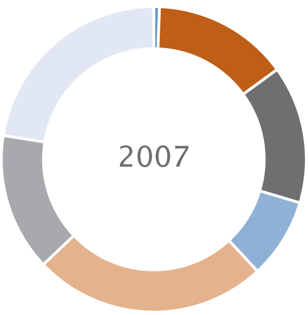
In respect of dematerialised linked unitholders, the distribution will be transferred to the Central Securities Depository Participant accounts/broker accounts on Monday, 3 March 2008. Certificated linked unitholders' distribution payments will be posted on or about Monday, 3 March 2008.

11 PROSPECTS

Resilient's property portfolio consists of either new developments or retail centres that have been refurbished during the past three years. The portfolio is well positioned to benefit from the continued expansion of the resources sector as well as the emerging black middle class. The 2008 financial year will have the positive impact of a full year's earnings from Highveld Mall and the extensions to Mvusuludzo Mall. These developments achieved yields of 10% and 11,6% respectively and are earnings enhancing for Resilient. The board anticipates strong growth for the 2008 financial year.

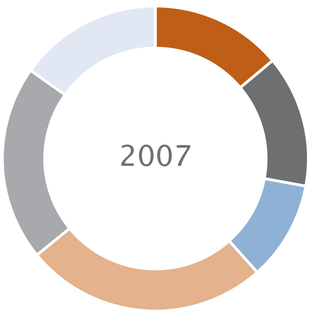
Portfolio **statistics**

Mvusuludzo Mall – Thohoyandou – South Africa



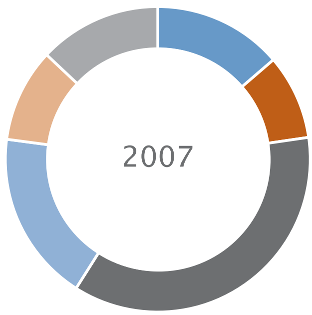
LEASE EXPIRY
based on rentable area

2007	%
Vacant	0,6
Dec 08	14,4
Dec 09	14,6
Dec 10	8,5
Dec 11	24,8
Dec 12	14,6
>Dec 12	22,5



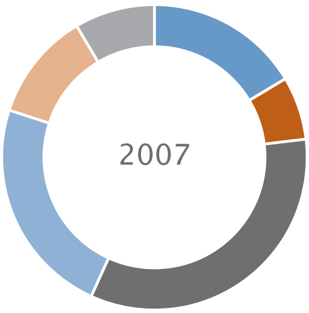
LEASE EXPIRY
based on gross rentals

2007	%
Vacant	
Dec 08	13,9
Dec 09	14,0
Dec 10	10,5
Dec 11	25,7
Dec 12	20,7
>Dec 12	15,2



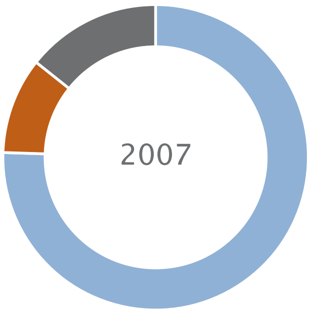
GEOGRAPHICAL PROFILE
based on rentable area

2007	%
Gauteng	13,7
Kwa-Zulu Natal	9,0
Limpopo	36,3
Mpumalanga	18,1
Northern Cape	9,9
North-West Province	13,0



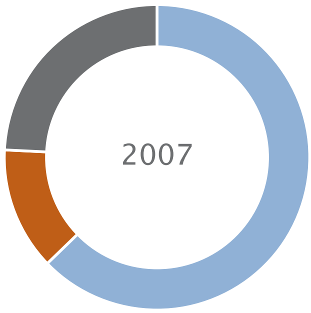
GEOGRAPHICAL PROFILE
based on gross rentals

2007	%
Gauteng	16,4
Kwa-Zulu Natal	6,7
Limpopo	33,7
Mpumalanga	23,2
Northern Cape	11,5
North-West Province	8,5



TENANT PROFILE
based on rentable area

2007	%
A	75,5
B	10,2
C	14,3



TENANT PROFILE
based on gross rentals

2007	%
A	62,7
B	13,0
C	24,4

For the graphs above the following key is applicable:

A Large national tenants, large listed tenants, government and major franchisees. These include, inter alia, Pick 'n Pay, Shoprite Checkers, Edcon, Pepkor, Mr Price Group, Woolworths, JD Group, the Foschini Group and Truworths.

B National tenants, listed tenants, franchisees and medium to large professional firms. These include, inter alia, City Express Store, Capitec Bank, CB Stores, African Bank and Excitement Stores.

C Other (this comprises approximately 445 tenants).

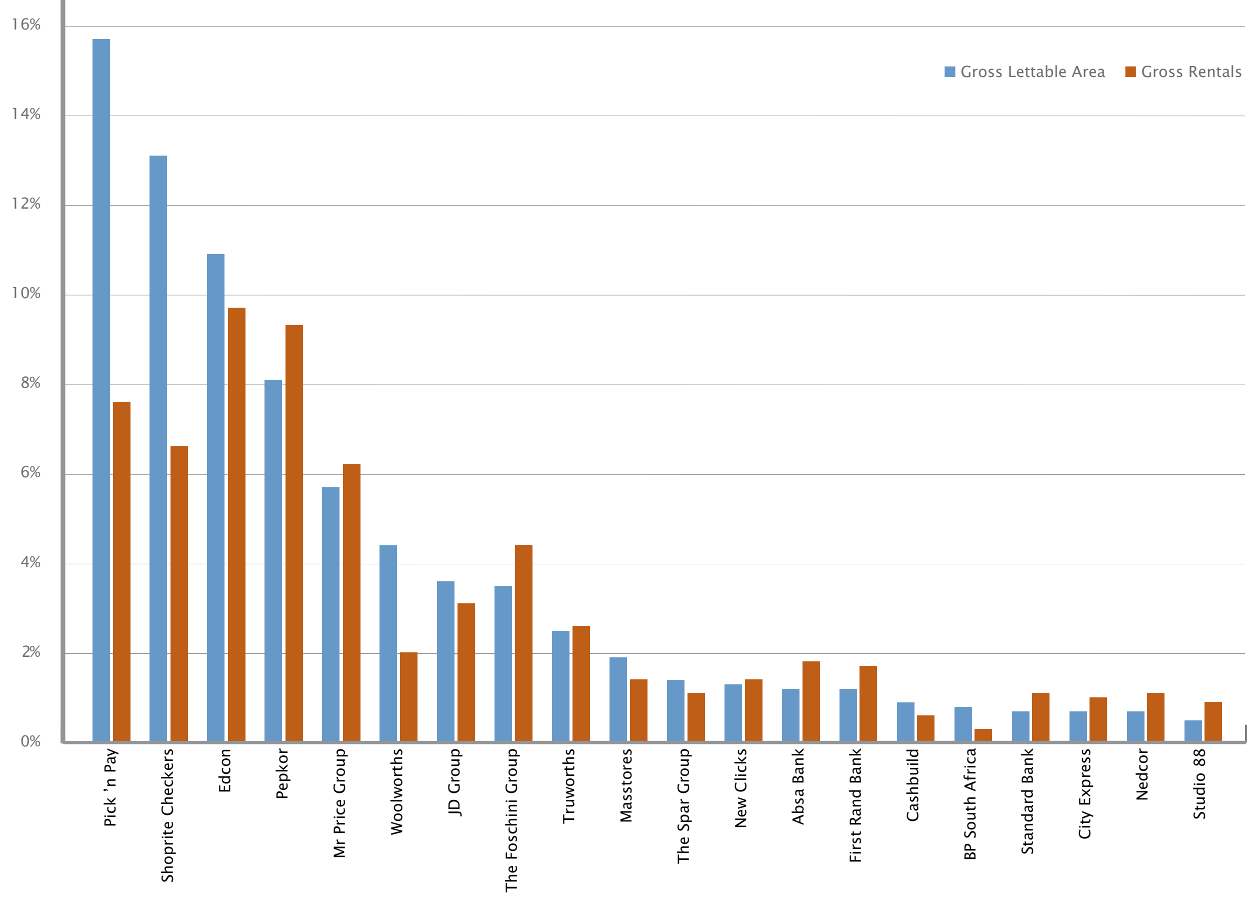
Portfolio **statistics**
(continued)

Other information

The weighted average rental escalation by rentable area in the property portfolio for the year ending 31 December 2008 is 7,02%.

The average annualised property yield in the property portfolio for the year ending 31 December 2008 is 10,8%.

National tenant groups as a percentage of rentable area and gross rentals as at 31 December 2007



Annual financial statements for the year ended 31 December **2007**

Balance **sheets**

at 31 December 2007

		GROUP		COMPANY	
		2007	2006	**2007**	2006
	Note	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**4 303 235**	2 954 294	**1 478 874**	1 031 610
Investment property	3	**2 546 618**	1 911 469		
Straight-lining of rental income adjustment	3	**39 399**	26 473		
Investment property under development	3	**362 619**	170 582		
Investments	4	**1 164 128**	728 679		
Goodwill	6	**–**	–		
Loans	7	**188 574**	115 209	**139 741**	114 651
Property, plant and equipment	8	**1 897**	1 882		
Interest in subsidiaries and joint ventures	9			**1 339 133**	916 959
Current assets		**65 698**	48 992	**10**	403
Investment property held for sale	3	**–**	8 558		
Straight-lining of rental income adjustment	3	**–**	122		
Trade and other receivables	10	**62 558**	31 252	**10**	403
Cash and cash equivalents		**3 140**	9 060	**–**	–
Total assets		**4 368 933**	3 003 286	**1 478 884**	1 032 013
EQUITY AND LIABILITIES					
Total equity attributable to equity holders		**2 201 332**	1 332 340	**528 329**	260 845
Share capital	11	**1 607**	1 419	**1 607**	1 419
Share premium	11	**584 235**	259 972	**584 235**	259 972
Treasury shares	11	**(251)**	–		
Non-distributable reserves	12	**1 615 731**	1 070 939	**(57 523)**	(570)
Retained earnings		**10**	10	**10**	24
Total liabilities		**2 167 601**	1 670 946	**950 555**	771 168
Non-current liabilities		**1 955 820**	1 535 768	**828 487**	681 019
Linked debentures	13	**771 520**	681 019	**771 520**	681 019
Treasury debentures	13	**(101)**	–		
Interest-bearing borrowings	14	**680 784**	528 931		
BEE instrument	15	**56 967**	–	**56 967**	–
Deferred tax	16	**446 650**	325 818		
Current liabilities		**211 781**	135 178	**122 068**	90 149
Trade and other payables	17	**63 905**	29 369	**328**	481
Linked debenture interest payable		**121 740**	89 668	**121 740**	89 668
Income tax payable		**26 136**	11 541		
Interest-bearing borrowings	14	**–**	4 600		
Total equity and liabilities		**4 368 933**	3 003 286	**1 478 884**	1 032 013

Income **statements**

for the year ended 31 December 2007

	Note	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Net rental and related income		186 535	135 076		
Recoveries and contractual rental income		265 779	181 988		
Straight-lining of rental income adjustment		12 804	10 163		
Rental income		278 583	192 151		
Property operating expenses		(92 048)	(57 075)		
Distributable income from investments		67 919	55 682		
Profit on disposal of investments and investment property		57 726	57 490		
Profit on disposal of investment property		197	5 991		
Profit on disposal of investments		57 529	51 499		
Fair value gains on investments and investment property		674 883	445 409		
Fair value gain on investment property		491 411	407 938		
Adjustment resulting from straight-lining of rental income		(12 804)	(10 163)		
Fair value gain on investments		196 276	47 634		
Fair value loss on BEE instrument		(56 967)	–	(56 967)	–
Other income		16 026	12 887	–	2 229
Administrative expenses		(25 412)	(21 483)	(1 621)	(2 162)
Impairment of goodwill		(2 795)	(6 951)		
Other expenses		(59)	(2 311)		
Income from associate company	5	–	37 198		
Deconsolidation of The Siyakha Education Trust		–	(4 470)		
Profit/(loss) before net finance (costs)/income		917 856	708 527	(58 588)	67
Net finance (costs)/income		(227 343)	(175 225)	1 621	(83)
Finance income		34 061	20 264	225 540	165 104
Interest from loans		15 528	9 338	15 381	–
Fair value adjustment on interest rate swaps		11 703	7 023		
Interest on linked units issued *cum* distribution		6 830	3 903	6 830	3 903
Interest received from group companies				203 329	161 201
Finance costs		(261 404)	(195 489)	(223 919)	(165 187)
Interest on borrowings		(37 485)	(30 302)		
Interest to linked debenture holders					
– interim		(102 179)	(75 519)	(102 179)	(75 519)
– final		(121 740)	(89 668)	(121 740)	(89 668)
Profit/(loss) before income tax	18	690 513	533 302	(56 967)	(16)
Income tax expense	19	(145 859)	(137 540)		
Profit/(loss) for the year attributable to equity holders		544 654	395 762	(56 967)	(16)
Basic earnings per share (cents)		350,19	287,95		
Basic earnings per linked unit (cents)		494,16	408,14		
Diluted earnings per share (cents)		327,43	266,95		
Diluted earnings per linked unit (cents)		462,04	378,40		

Reconciliation **of profit for the year to headline earnings and distributable income**

for the year ended 31 December 2007

	GROUP 2007 R'000	GROUP 2006 R'000
Basic earnings (share) – profit for the year attributable to equity holders	544 654	395 762
– interest to linked debenture holders	223 919	165 187
Basic earnings (linked units)	768 573	560 949
Adjusted for:	(583 955)	(368 571)
– fair value gain on investment property	(478 607)	(407 938)
– fair value gain on investments	(196 276)	(47 634)
– profit on disposal of investment property	(197)	(5 991)
– profit on disposal of investments	(57 529)	(51 499)
– impairment of goodwill	2 795	6 951
– income tax effect	145 859	137 540
Headline earnings	184 618	192 378
Adjustment resulting from straight-lining of rental income	(12 804)	–
Fair value loss on BEE instrument	56 967	–
Fair value adjustment on interest rate swaps	(11 703)	(7 023)
Interest paid by BEE SPV (refer to note 15)	22 534	11 976
Income received by BEE SPV (refer to note 15)	(15 536)	(7 240)
Post-acquisition reserves from associate company	–	(31 683)
Deconsolidation of The Siyakha Education Trust	–	4 470
Other	(157)	2 319
Distributable income	223 919	165 197
Less: Distribution declared	(223 919)	(165 187)
Income not distributed	–	10
Headline earnings per linked unit (cents)	118,70	139,97
Diluted headline earnings per linked unit (cents)	110,99	129,76

Basic earnings per share, basic earnings per linked unit and headline earnings per linked unit are based on the weighted average of 155 531 286 (2006: 137 441 187) shares/linked units in issue during the year.

Diluted earnings per share, diluted earnings per linked unit and diluted headline earnings per linked unit are based on the weighted average of 166 342 097 (2006: 148 251 998) shares/linked units in issue during the year.

This is calculated as follows:

	GROUP 2007	GROUP 2006
Weighted average number of shares and linked units in issue for basic earnings per share and linked unit calculation	155 531 286	137 441 187
Potential dilutionary impact of the BEE transaction (right to acquire shares in future at nil consideration – refer note 15)	10 810 811	10 810 811
	166 342 097	148 251 998

Statements **of changes in equity**

for the year ended 31 December 2007

	Share capital R'000	Share premium R'000	Treasury shares R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000
GROUP						
Balance at 31 December 2005	1 330	164 877	(102)	674 912	10	841 027
Issue of units	89	95 095	102	–	–	95 286
– Issue of 10 810 811 units on 27 June 2006	108	142 270				142 378
– Issue of 2 815 000 units on 27 September 2006	28	27 438				27 466
– Issue of 6 060 606 units on 22 November 2006	61	67 657				67 718
Units issued by The Resilient Unit Purchase Trust			102			102
Units issued to BEE SPV eliminated	(108)	(142 270)				(142 378)
Profit on units issued by The Resilient Unit Purchase Trust to employees				265		265
Total recognised income and expense						
– profit for the year					395 762	395 762
Transfer to non-distributable reserves				395 762	(395 762)	–
Balance at 31 December 2006	**1 419**	**259 972**	**–**	**1 070 939**	**10**	**1 332 340**
Issue of units	**188**	**324 263**	**(251)**	**–**	**–**	**324 200**
– Issue of 6 818 181 units on 16 April 2007	**68**	**114 398**				**114 466**
– Issue of 1 632 000 units on 20 April 2007	**16**	**26 681**				**26 697**
– Issue of 4 555 808 units on 13 September 2007	**46**	**76 620**				**76 666**
– Issue of 5 848 421 units on 21 September 2007	**58**	**106 564**				**106 622**
Units acquired by The Resilient Unit Purchase Trust			**(251)**			**(251)**
Profit on units issued by The Resilient Unit Purchase Trust to employees				**138**		**138**
Total recognised income and expense						
– profit for the year					**544 654**	**544 654**
Transfer to non-distributable reserves				**544 654**	**(544 654)**	**–**
Balance at 31 December 2007	**1 607**	**584 235**	**(251)**	**1 615 731**	**10**	**2 201 332**
COMPANY						
Balance at 31 December 2005	1 330	164 877		(570)	40	165 677
Issue of units	89	95 095				95 184
– Issue of 10 810 811 units on 27 June 2006	108	142 270				142 378
– Issue of 2 815 000 units on 27 September 2006	28	27 438				27 466
– Issue of 6 060 606 units on 22 November 2006	61	67 657				67 718
Units issued to BEE SPV eliminated	(108)	(142 270)				(142 378)
Total recognised income and expense						
– loss for the year					(16)	(16)
Balance at 31 December 2006	**1 419**	**259 972**	**–**	**(570)**	**24**	**260 845**
Issue of units	**188**	**324 263**				**324 451**
– Issue of 6 818 181 units on 16 April 2007	**68**	**114 398**				**114 466**
– Issue of 1 632 000 units on 20 April 2007	**16**	**26 681**				**26 697**
– Issue of 4 555 808 units on 13 September 2007	**46**	**76 620**				**76 666**
– Issue of 5 848 421 units on 21 September 2007	**58**	**106 564**				**106 622**
Total recognised income and expense						
– loss for the year					**(56 967)**	**(56 967)**
Transfer to non-distributable reserves				**(56 953)**	**56 953**	**–**
Balance at 31 December 2007	**1 607**	**584 235**	**–**	**(57 523)**	**10**	**528 329**

Cash **flow statements**

for the year ended 31 December 2007

	Note	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Operating activities					
Cash generated from operations	20.1	**259 102**	181 582	**224 159**	164 700
Interest paid on borrowings	20.2	**(57 906)**	(40 743)		
Interest paid to linked debenture holders	20.3	**(191 847)**	(144 880)	**(191 847)**	(144 880)
Income tax paid	20.4	**(11 509)**	(25 543)		
Cash (outflow)/inflow from operating activities		**(2 160)**	(29 584)	**32 312**	19 820
Investing activities					
Acquisition of investment property		**–**	(119 432)		
Development and improvement of investment property		**(359 449)**	(499 491)		
Proceeds on disposal of investment property		**60 877**	52 976		
Acquisition of property, plant and equipment		**(604)**	(2 174)		
Proceeds on disposal of property, plant and equipment		**–**	890		
Unit purchase trust loans advanced		**(92 059)**	(41 859)	**(92 059)**	(11 526)
Unit purchase trust loans repaid		**67 127**	11 730	**66 969**	–
Other loans advanced		**(48 433)**	–		
Acquisition of businesses/subsidiaries/joint ventures	20.5	**(16 792)**	(5 776)	**(2 966)**	–
Disposal of business	20.6	**30 343**	–		
Acquisition of investments		**(550 685)**	(166 205)		
Proceeds on disposal of investments		**343 924**	327 722		
Increase in loans to subsidiaries				**(425 712)**	(246 421)
Decrease in loans to subsidiaries				**6 504**	100 340
Cash outflow from investing activities		**(565 751)**	(441 619)	**(447 264)**	(157 607)
Financing activities					
Increase in interest-bearing borrowings		**429 893**	338 502		
Decrease in interest-bearing borrowings		**(282 640)**	–		
Raising of linked unit capital		**414 738**	138 081	**414 952**	137 787
Cash inflow from financing activities		**561 991**	476 583	**414 952**	137 787
(Decrease)/increase in cash and cash equivalents		**(5 920)**	5 380	**–**	–
Cash and cash equivalents at beginning of year		**9 060**	3 680	**–**	–
Cash and cash equivalents at end of year		**3 140**	9 060	**–**	–
Cash and cash equivalents consist of:					
Current accounts		**3 140**	9 060	**–**	–

The group has a total of R1 341,8 million (2006: R1 121,4 million) in secured property finance facilities and nil (2006: R2 million) in unsecured general banking facilities.

Utilised facilities total R680,8 million (2006: R533,5 million).

Notes **to the annual financial statements**

for the year ended 31 December 2007

1 Accounting policies

Resilient Property Income Fund Limited (the “company”) is a company domiciled in South Africa.
The consolidated financial statements of the company for the year ended 31 December 2007 comprise the company, its subsidiaries, joint ventures, The Resilient Unit Purchase Trust and BEE SPV (together referred to as the “group”). The financial statements were authorised for issue by the directors on 7 February 2008.

1.1 Basis of preparation

The consolidated and separate financial statements (financial statements) are prepared on the historical-cost basis, except for investment property, derivative financial instruments and financial instruments, designated as financial instruments at fair value through profit or loss, which are measured at fair value.

The financial statements are prepared on the going-concern basis and are presented in rand rounded to its nearest thousand (R'000) unless otherwise indicated.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant affect on the financial statements and estimates with a significant risk of material adjustment in the next year are set out in note 28.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2007 and the comparative information presented in these financial statements for the year ended 31 December 2006.

1.2 Statement of compliance

The annual financial statements have been consistently prepared in accordance with IFRS and its interpretations adopted by the Independent Accounting Standards Board and the requirements of the Companies Act of South Africa.

1.3 Basis of consolidation

Subsidiaries

The group financial statements incorporate the assets, liabilities, operating results and cash flows of the company and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included from the effective dates of acquisition and up to the effective dates of disposal.

Subsidiaries are those entities over which the group has the ability, either directly or indirectly, to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The accounting policies of the subsidiaries are consistent with those of the holding company.

In the company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

Joint ventures

Joint ventures are those entities over whose activities the group has joint control, established by contractual agreement. The consolidated financial statements include the group's share of the assets and liabilities and total recognised gains and losses of jointly controlled entities on a proportionately consolidated basis.

1.3 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

1.4 Investment property

Investment property

Investment properties are those held either to earn rental income or for capital appreciation or both.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition investment properties are measured at fair value. Fair values are determined annually by external independent professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in profit or loss for the period in which they arise. Unrealised gains, net of deferred tax, are transferred to a non-distributable reserve in the statement of changes in equity. Unrealised losses, net of deferred tax, are transferred to a non-distributable reserve to the extent that the decrease does not exceed the amount held in the non-distributable reserve.

Gains and losses from the disposal of investment property, calculated as the difference between the last revaluation and net proceeds on the sale, are recognised in profit or loss and are then transferred, net of provisions for income tax on capital gains or losses, to a non-distributable reserve.

When the group redevelops an existing investment property for continued future use as investment property, the property remains classified as investment property. The investment property is not reclassified as investment property under development during the redevelopment.

Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development and is measured at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of reclassification, the difference between fair value and cost is recorded in profit or loss for the period.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of development cost financed out of general funds, the weighted average cost of borrowings.

Investment property held for sale

Immediately before classification as held for sale, the measurement of the investment property is brought up to date in accordance with applicable IFRS. Then, on initial classification as held for sale, the investment property continues to be recognised at fair value.

Leased property

Leases in terms of which the group assumes substantially all the risks of ownership are classified as finance leases. The property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease.

The property held under finance leases and leased out under operating leases is classified as investment property and stated at fair value.

Leases in terms of which the group does not assume substantially all the risks and rewards of ownership are classified as operating leases.

1.5 Financial instruments

Financial instruments include cash and cash equivalents, investments in listed property securities, trade and other receivables, and trade and other payables.

Recognition

Financial instruments are initially measured at fair value which, except for financial instruments measured at fair value through profit and loss and derivatives, include directly attributable transaction costs.

Subsequent to initial recognition, financial instruments are measured as follows:

Cash and cash equivalents	– Carried at fair value.
Investments	– Designated as available for sale and carried at fair value, being the quoted bid price at the balance sheet date, through profit and loss.
Trade and other receivables	– Stated at amortised cost using the effective interest rate method net of impairment losses.
Trade and other payables	– Carried at amortised cost using the effective interest rate method.
Financial liabilities	– Non-derivative financial liabilities, not at fair value through profit and loss, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;
- the group or company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group and/or company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6 Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Derivatives used as hedges which do not qualify as such in terms of hedge accounting rules, are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for through profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. Directly attributable transaction costs are recognised in profit and loss when incurred.

1.6 Derivative financial instruments (continued)

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

1.7 Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries or businesses and comprises the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Negative goodwill arising on acquisition is recognised directly in profit or loss.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

1.8 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis, over the estimated useful lives of the assets. The current estimated useful lives of the assets are:

Vehicles	5 years
Furniture, fixtures and office equipment	6 years
Computers	3 years
Computer software	2 years

The method of depreciation, useful lives and residual values are reassessed annually.

Subsequent expenditure on items of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to profit or loss. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

1.9 Impairment

Non-financial assets

The carrying amounts of the group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is estimated at each balance sheet date for goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount and is recognised in profit or loss. Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset or a cash generating unit is the greater of their fair value less cost to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks spesific to the asset. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognised in profit and loss.

An impairment loss is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

1.10 Cash and cash equivalents
Cash and cash equivalents include cash balances, call deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management, are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

1.11 Share capital and share premium
Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

1.12 Provisions
Provisions are recognised when the group has legal or constructive obligations arising from past events, from which outflows of economic benefits are probable, and where reliable estimates can be made of the amounts of the obligations. Where the effect of discounting is material, provisions are discounted. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.13 Revenue
Revenue comprises rental income and recovery of expenses, excluding VAT. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease period.

1.14 Expenses
Service costs and property operating expenses
Service costs for service contracts entered into and property operating expenses are expensed as incurred.

1.14 Expenses (continued)

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense on a straight-line basis.

Payments under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.15 Net financing costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method.

Finance income comprises interest received on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

1.16 Dividend/distribution income

Dividend/distribution income is recognised in the income statement on the date the group's or company's right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

1.17 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.18 Segmental reporting

On a primary basis, the group operates in the following geographical areas of South Africa:

- Limpopo
- Gauteng
- Mpumalanga
- North West
- KwaZulu-Natal
- Northern Cape
- Corporate (Gauteng)

The group will from time to time invest in/divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

The property usage of the group's property portfolio is the secondary segment, being retail (2006: retail and commercial). Segment results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.19 Employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis. The accrual for employee entitlements to salaries and annual leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The group does not provide any retirement or post-retirement benefits.

1.20 Share-based payment transactions

The share incentive programme allows employees to acquire linked units in the company at a discount to market value. The discount to the market value of linked units issued to employees is recognised as an employee expense with a corresponding increase in equity and debentures in the year the linked units are issued as there is no requirement for the employees to provide future services to become entitled to the linked units.

1.21 Related parties

Related parties in the case of the group include any shareholder who is able to exert a significant influence on the operating policies of the group. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the group are also considered to be related parties. In the case of the company, related parties would also include subsidiaries and The Resilient Unit Purchase Trust.

1.22 Earnings per share and per linked unit

The group presents basic and diluted earnings per share and per linked unit. It also presents headline and diluted headline earnings per linked unit.

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue during the year.

Basic earnings per linked unit is calculated by dividing profit for the year attributable to equity holders plus interest paid to linked debenture holders by the weighted average number of units in issue during the year.

Headline earnings per linked unit is calculated by dividing headline earnings by the weighted average number of linked units in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue, adjusted for the potential dilutive impact of outstanding shareholder options.

Diluted earnings per linked unit is calculated by dividing profit for the year attributable to equity holders plus interest paid to linked debenture holders by the weighted average number of linked units in issue, adjusted for the potential dilutive impact of outstanding shareholder options.

Diluted headline earnings per linked unit is calculated by dividing headline earnings by the weighted average number of linked units in issue, adjusted for the potential dilutive impact of outstanding shareholder options.

1.23 Accounting for Black Economic Empowerment (BEE) transactions

Where equity instruments are issued in terms of BEE transactions and the fair value of the equity instruments granted is greater than the fair value of cash and other assets acquired, the difference between the fair value of the equity instruments and the fair value of cash and other assets received is recognised in profit and loss.

2 Financial risk management

The group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the audit committee. The committee reports to the board of directors on its activities. The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

Credit risk is the risk of financial loss to the group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from tenants, loans and investment securities.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The group's wide-spread customer base reduces credit risk. The majority of rental income is derived from retail properties situated in Limpopo, Mpumalanga and Northern Cape but there is no concentration of credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment terms and conditions are offered. When available, the group's review includes external ratings.

Trade and other receivables relate mainly to the group's tenants, deposits with municipalities and loans to development partners. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties. In monitoring credit risk attributable to loans to development partners, the group will register bonds over the properties as security for the development partners' outstanding loans.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

Loans

The group's exposure to credit risk is influenced by the security provided for the loan and also the characteristics of each borrower who are employees or ex employees of the group.

The group establishes an allowance for impairment that represents its estimate of specific losses to be incurred in the event of the borrowers' inability to meet their commitments.

Investments

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that are listed on a recognised stock exchange.

Guarantees

The group's policy is to provide financial guarantees to subsidiaries to the extent required in the normal cause of business. The group provided a surety to the financiers of BEE SPV, refer note 15.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group receives rental on a monthly basis and uses it to reduce its borrowings. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the audit committee.

Currency risk

The group has no exposure to currency risk.

Interest rate risk

The group adopts a policy of ensuring that at least 50% of its exposure to changes in interest rates on borrowings is on a fixed rate basis. This is achieved by entering into interest rate swaps.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also monitors the level of distributions to unitholders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

		GROUP	
		2007	2006
		R'000	R'000
3	**Investment property, straight-lining of rental income adjustment and investment property under development**		
	Investment in property comprises:		
	Investment property	**2 546 618**	1 911 469
	Straight-lining of rental income adjustment	**39 399**	26 473
		2 586 017	1 937 942
	Investment property held for sale	**–**	8 558
	Straight-lining of rental income adjustment	**–**	122
		2 586 017	1 946 622
	Investment property under development	**362 619**	170 582
	Total investment property	**2 948 636**	2 117 204
	Details of the investment property are as follows:		
	At cost	**1 267 793**	1 109 879
	Cumulative revaluation	**1 278 825**	810 270
	Straight-lining of rental income adjustment	**39 399**	26 473
	Investment property at fair value	**2 586 017**	1 946 622
	Movement in investment property is as follows:		
	Carrying value at beginning of year	**1 937 942**	1 042 588
	Additions	**–**	119 432
	Acquisition of business (refer note 20.5)	**10 361**	–
	Disposals	**(60 680)**	(46 985)
	Transfer from development property	**206 983**	423 649
	Revaluation adjustment	**478 607**	397 775
	Straight-lining of rental income adjustment	**12 804**	10 163
		2 586 017	1 946 622
	Transfer to investment properties held for sale (at fair value)	**–**	(8 680)
		2 586 017	1 937 942
	Details of investment property under development are as follows:		
	Carrying value at beginning of year	**170 582**	84 307
	Cost capitalised	**367 853**	499 483
	Acquisition of business (refer note 20.5)	**10 746**	–
	Interest capitalised	**20 421**	10 441
	Transfer to investment property	**(206 983)**	(423 649)
		362 619	170 582

A register of investment property is available for inspection at the registered office of the company (refer to pages 64 to 67).

There are no restrictions on the ability of the group to realise its investment property.

Investment property with a market value of R2 638 700 000 (2006: R1 449 750 000) is mortgaged to secure borrowing facilities (refer to note 14).

Commitments in respect of property developments and extensions are set out in note 22.

Included in the balance of investment property for 2006 is the fair value of the group's R6,3 million interest in a headlease agreement on the property known as eThekwini Municipality. This lease expired in December 2007.

Investment properties, excluding investment properties held for sale, were externally valued by Peter Parfitt of Quadrant Properties (Proprietary) Limited, a professional associated valuer (Dip Val MIV (SA)). The valuations were done on an open-market basis and with consideration to the future earnings potential and an appropriate capitalisation rate for each property. The fair value of all investment property determined is supported by market evidence. Investment properties held for sale were valued at the net sale price, which is considered to be the fair value.

		Acucap Properties Limited	Capital Property Fund	Diversified Property Fund Limited	Pang-bourne Properties Limited	Total
4	**Investments**					
	GROUP 2007					
	Holding		**11,31%**	**17,84%**	**9,54%**	
	Price at 31 December (cents per unit)		**590**	**1 113**	**1 700**	
			R'000	**R'000**	**R'000**	**R'000**
	Historical cost		**148 337**	**198 717**	**448 342**	**795 396**
	Revaluation		**174 597**	**135 564**	**21 667**	**331 828**
	Accrued distribution		**13 366**	**10 749**	**12 789**	**36 904**
			336 300	**345 030**	**482 798**	**1 164 128**
	GROUP 2006					
	Holding	7,18%	17,71%	18,80%		
	Price at 31 December (cents per unit)	2 635	475	770		
		R'000	R'000	R'000		R'000
	Historical cost	82 132	170 872	139 331		392 335
	Revaluation	87 102	142 270	48 113		277 485
	Accrued distribution	19 891	24 359	14 609		58 859
		189 125	337 501	202 053		728 679

Investments with a market value of R560 047 000 (2006: R674 462 000) are pledged to secure borrowing facilities (refer note 14).

5 Investment in associate company

During 2006 the group held in excess of 20% of Diversified Property Fund Limited. During that period the investment was accounted for as an investment in an associate company.

The movement on the investment in associate can be analysed as follows:

	GROUP 2007 R'000	GROUP 2006 R'000
Carrying value at beginning of year	–	–
Market value on becoming an associate	–	178 283
Share of post-acquisition reserves	–	31 683
Income from associate	–	37 198
Distributable income from associate	–	(5 515)
Disposal of interest	–	(70 635)
Carrying value on becoming an investment	–	(139 331)
Carrying value at end of year	–	–

		9 months to 30 June 2006 R'000
5	**Investment in associate company** (continued)	
	Summarised financial information of associate:	
	Income statements	
	Recoveries and contractual rental income	78 803
	Profit before net finance costs	243 599
	Net finance costs	(52 539)
	Profit before income tax	191 060
	Income tax expense	(55 194)
	Profit for the period	135 866

The summarised balance sheet is not provided as the company was no longer an associate at year-end.

		GROUP	
		2007 R'000	2006 R'000
6	**Goodwill**		
	Cost	**17 622**	14 827
	Accumulated impairment losses	**(17 622)**	(14 827)
	Carrying amount	**–**	–
	Movement in goodwill is as follows:		
	Carrying amount at beginning of year	**–**	–
	Acquisition during the year	**2 795**	6 951
	Impairment	**(2 795)**	(6 951)
	Carrying amount at end of year	**–**	–

Goodwill has arisen as the anticipated present value of future earnings exceeds the net asset value of the businesses acquired (refer to note 20.5).

The impairment charge is recognised in "Other expenses" in the income statement.

		GROUP		COMPANY	
		2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
7	**Loans**				
	Unit purchase trust loans (refer to note 21)	**140 141**	115 209	**139 741**	114 651
	Other loans	**48 433**	–	**–**	–
		188 574	115 209	**139 741**	114 651

Loans bear interest at the weighted average cost of funding of the group, being 11,29% (2006: 9,95%) at year-end. The loans are secured by 12 274 000 (2006: 10 740 000) linked units in Resilient Property Income Fund Limited with a fair value of R331,4 million (2006: R208,4 million). The value of security held for each individual loan exceeds the amount of the related loan.

	GROUP 2007 R'000	GROUP 2006 R'000
8 Property, plant and equipment		
Cost		
Furniture, fixtures and equipment	1 614	1 421
Computer equipment	952	541
	2 566	1 962
Accumulated depreciation		
Furniture, fixtures and equipment	(341)	(33)
Computer equipment	(328)	(47)
	(669)	(80)
Carrying value		
Furniture, fixtures and equipment	1 273	1 388
Computer equipment	624	494
	1 897	1 882
Schedule of movement		
Carrying amount at beginning of year	1 882	1 053
Additions	604	2 174
Disposals	–	(890)
Depreciation	(589)	(455)
Carrying amount at end of year	1 897	1 882

9 Interest in subsidiaries and joint ventures

	Effective interest 2007	Effective interest 2006	Investment 2007 R'000	Investment 2006 R'000	Amount owing by/(to) 2007 R'000	Amount owing by/(to) 2006 R'000
Subsidiaries						
Resilient Properties (Pty) Ltd	100%	100%	*	*	1 069 675	670 665
Resilient Properties 2 (Pty) Ltd	100%	100%	*	*	228 874	202 318
Resilient Property Management (Pty) Ltd #	–	100%	–	–	–	–
Resilient Capital (Pty) Ltd #	100%	100%	–	–	–	–
Property Fund Managers Ltd ##	–	100%	–	–	–	–
			*	*	1 298 549	872 983
Joint ventures						
Quick Leap Investments 281 (Pty) Ltd @	67%	55%	2 962	*	36 717	39 213
Dream World Investments 452 (Pty) Ltd @	67%	55%	4	*	901	755
Casadobe Props 73 (Pty) Ltd #@	10%	10%	–	–	–	–
Casadobe Props 75 (Pty) Ltd #	–	50%	–	–	–	–
Pure Diamond Investments (Pty) Ltd @	55%	55%	*	*	–	–
Brodsky Investments (Pty) Ltd @	48%	48%	*	*	–	4 008
I'langa Lifestyle Centre (Pty) Ltd #@	25%	–	–	–	–	–
Southern Palace Investments 19 (Pty) Ltd #@	66%	–	–	–	–	–
			2 966	*	37 618	43 976
			2 966	*	1 336 167	916 959

 # Share capital held through Resilient Properties (Pty) Ltd, a wholly-owned subsidiary.
Share capital held through Resilient Capital (Pty) Ltd, a wholly-owned subsidiary.
@ Shareholders' agreement provides for joint control.
** Less than R1 000.*

The amounts owing by/to subsidiaries are unsecured, bear interest at rates agreed from time to time and the terms of repayment have not been determined.

The company's share of profits and losses of subsidiaries amounts to R607,0 million (2006: R407,5 million) and R8,0 million (2006: R11,7 million) respectively.

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
10 Trade and other receivables				
Trade and other receivables include the following:				
Fair value of interest rate swap	**8 123**	3 187		
VAT receivable	**5 728**	6 258		
Owing by development partners	**37 759**	16 526		
Arrears and other receivables	**10 948**	5 281	**10**	403
	62 558	31 252	**10**	403
11 Share capital and share premium				
Authorised				
400 000 000 (2006: 400 000 000) ordinary shares of 1 cent each	**4 000**	4 000	**4 000**	4 000
Issued				
160 712 400 * (2006: 141 878 990 *) ordinary shares at 1 cent each	**1 607**	1 419	**1 607**	1 419
* *Excludes 10 810 811 shares issued to BEE SPV* (refer to note 15).				
Share premium	**584 235**	259 972	**584 235**	259 972
Treasury shares				
21 000 (2006: nil) treasury shares held by The Resilient Unit Purchase Trust	**(251)**	–		

Each share is linked to a debenture, which together comprise a linked unit (see note 13).

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	Shares	Shares	**Shares**	Shares
Reconciliation of movement in issued shares				
Balance at beginning of year	**141 878 990**	133 003 384	**141 878 990**	133 003 384
Issue to BEE SPV	**–**	10 810 811	**–**	10 810 811
BEE SPV eliminated	**–**	(10 810 811)	**–**	(10 810 811)
Issue for cash	**10 186 602**	6 060 606	**10 186 602**	6 060 606
Issue as consideration for investments	**4 555 808**	–	**4 555 808**	–
Issue to The Resilient Unit Purchase Trust	**4 112 000**	2 815 000	**4 112 000**	2 815 000
	160 733 400	141 878 990	**160 733 400**	141 878 990
Shares held in treasury by The Resilient Unit Purchase Trust	**(21 000)**	–		
	160 712 400	141 878 990	**160 733 400**	141 878 990

12 Non-distributable reserves

Group

Non-distributable reserves comprise those profits and losses that are not distributable to unitholders and are made up of mainly revaluation adjustments on investment property, investment property held for sale and investments, profits or losses on the disposal of investment property and investments, the share of post-acquisition reserves of associates, straight-lining adjustments and other non-distributable balances.

Company

Non-distributable reserves comprise those profits and losses that are not distributable to unitholders and consist of listing costs.

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
13 Linked debentures				
Subordinated variable rate debentures of R4,80 each	823 412	732 911	823 412	732 911
Debentures issued to BEE SPV eliminated	(51 892)	(51 892)	(51 892)	(51 892)
	771 520	681 019	771 520	681 019
Debentures held in treasury by The Resilient Unit Purchase Trust	(101)	–		
	771 419	681 019	771 520	681 019

	GROUP 2007 Debentures	GROUP 2006 Debentures	COMPANY 2007 Debentures	COMPANY 2006 Debentures
Total debentures in issue	171 544 211	152 689 801	171 544 211	152 689 801
Debentures issued to BEE SPV eliminated	(10 810 811)	(10 810 811)	(10 810 811)	(10 810 811)
	160 733 400	141 878 990	160 733 400	141 878 990
Debentures held in treasury by The Resilient Unit Purchase Trust	(21 000)	–		
	160 712 400	141 878 990	160 733 400	141 878 990

The debentures bear interest at a rate of not less than 99% of the net profit as defined in the debenture trust deed. Interest is payable six monthly.

The debentures are redeemable:

- After 25 years from the date of allotment subject to a special resolution with redemption taking place five years after the date of the special resolution;
- At the option of the company subject to compliance with statutes and the requirements of the JSE Limited, as applicable;
- Immediately at the option of the trustee if the company fails to adhere to the terms of the trust deed, commits an act of insolvency or disposes of, or attempts to dispose of the whole or substantially the whole of its undertaking.

The rights of debenture holders to repayment are subordinated in favour of the claims of other creditors.

Each debenture is indivisibly linked to one ordinary share in the share capital of the company.

14 Interest-bearing borrowings

The group has entered into the following loan agreements, which together with linked unitholder capital, are used to fund its investment activities. The Articles of Association of the company allows the group to have borrowings of up to 60% of asset value.

Interest-bearing loans and borrowings are measured at amortised cost. The group's exposure to interest rate, foreign currency and liquidity risk is discussed in note 27.

GROUP	Nominal interest rate	Date of maturity	2007 Fair value R'000	2007 Carrying amount R'000	2006 Fair value R'000	2006 Carrying amount R'000
Absa Bank	Prime less 2%	May 2009	11 033	11 033	91 826	91 826
Absa Bank	3-month Jibar plus 1,3%	May 2009	50 000	50 000	50 000	50 000
Nedbank	Prime less 2,3%	May 2009	66 334	66 334	168 829	168 829
Nedbank	Prime less 1,8%	June 2014	424	424	99 776	99 776
Rand Merchant Bank	1-month Jibar plus 1,3%	June 2009	134 759	134 759	64 030	64 030
Standard Bank	Prime less 1,5%	August 2009	18 234	18 234	9 070	9 070
Standard Bank	3-month Jibar plus 1,4%	August 2009	–	–	50 000	50 000
Standard Bank	3-month Jibar plus 1%	September 2010	400 000	400 000	–	–
			680 784	680 784	533 531	533 531
Current portion included in current liabilities			–	–	(4 600)	(4 600)
			680 784	680 784	528 931	528 931

	Investment property R'000	Investments R'000	Total R'000
14 Interest-bearing borrowings (continued)			
Interest-bearing borrowings are secured by the following:			
GROUP 2007			
Absa Bank	**295 500**	**243 793**	**539 293**
Standard Bank	**1 462 500**	**–**	**1 462 500**
Nedbank	**317 900**	**316 254**	**634 154**
Rand Merchant Bank	**562 800**	**–**	**562 800**
	2 638 700	**560 047**	**3 198 747**
GROUP 2006			
Absa Bank	232 750	261 586	494 336
Standard Bank	400 250	167 105	567 355
Nedbank	239 250	245 771	485 021
Rand Merchant Bank	577 500	–	577 500
	1 449 750	674 462	2 124 212

	GROUP 2007 Capital repayment R'000	GROUP 2006 Capital repayment R'000
Interest-bearing borrowings are repayable as follows:		
2007	**–**	(4 600)
2008	**–**	–
2009	**(210 169)**	(140 704)
2010	**(470 192)**	(31 782)
2011	**–**	(206 705)
2012	**–**	(22 000)
2013	**–**	(24 000)
2014	**(141)**	–
2015	**(141)**	(4 458)
2016	**(141)**	(99 282)
	(680 784)	(533 531)

15 BEE SPV

On 27 June 2006 10 810 811 linked units were issued to Eagle's Eye Investments (Pty) Limited (BEE SPV) and Resilient has guaranteed the funding obligations of BEE SPV in acquiring these units. In terms of IFRS the issue did not take place and the essence of the transaction was that the BEE shareholders received a right/option to acquire linked units in Resilient at a future date at a predetermined price. As a consequence, the issue of linked units has been eliminated in the preparation of these financial statements.

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
As at 31 December the option was valued at	56 967	–	56 967	–

The value of the option was calculated using the Black-Scholes call option valuation method (to price a European option) and was based on the following assumptions:

- Option expiry date of 30 June 2014 (one third), 30 June 2015 (one third) and 30 June 2016 (one third).
- Volatility estimate of 20% per annum based on historic volatility of Resilient.
- Dividend assumption of 0%.
- The strike price was calculated using an interest rate of prime less 1,8%.

The following table indicates the effect of the BEE transaction on the group financial statements (the column "Property operations" indicates Resilient's results had the BEE transaction been accounted for as an issue for value):

	Consolidated R'000	BEE SPV R'000	Property operations R'000
GROUP 2007			
Income statement			
Fair value loss on BEE instrument	(56 967)	56 967	–
Financing costs			
– Interest on borrowings	(37 485)	22 534	(14 951)
– Interest to linked debenture holders	(223 919)	(15 536)	(239 455)
Balance sheet			
Current assets			
– Trade and other receivables	62 558	5 775	68 333
Share capital	1 607	108	1 715
Share premium	584 235	142 270	726 505
Non-current liabilities			
– Linked debentures	771 520	51 892	823 412
– Interest-bearing borrowings (non-current and current)	680 784	(215 231)	465 553
BEE instrument	56 967	(56 967)	–
Current liabilities			
– Linked debenture interest payable	121 740	8 188	129 928
GROUP 2006			
Income statement			
Finance income			
– Interest on linked units issued *cum* distribution	3 903	5 731	9 634
Financing costs			
– Interest on borrowings	(30 302)	11 976	(18 326)
– Interest to linked debenture holders	(165 187)	(12 971)	(178 158)
Balance sheet			
Share capital	1 419	108	1 527
Share premium	259 972	142 270	402 242
Non-current liabilities			
– Linked debentures	681 019	51 892	732 911
– Interest-bearing borrowings (non-current and current)	533 531	(205 838)	327 693
Current liabilities			
– Linked debenture interest payable	89 668	6 832	96 500

The above has no effect on the group's cash flow or the distribution payable to linked unit holders in terms of the Debenture Trust Deed.

		GROUP		COMPANY	
		2007	2006	**2007**	2006
		R'000	R'000	**R'000**	R'000
16	**Deferred tax**				
	Deferred tax comprises the following:				
	– Revaluation of investment property	**348 149**	246 962		
	– Revaluation of investments	**96 230**	80 160		
	– Provisions and pre-paid expenses	**–**	(181)		
	– Revaluation of interest rate swaps	**2 271**	(1 123)		
		446 650	325 818	**–**	–
	Carrying value at beginning of year	**325 818**	196 910		
	Charged to the income statement during the year	**119 754**	128 845		
	Acquisition and disposal of businesses	**1 078**	63		
	Carrying value at end of year	**446 650**	325 818	**–**	–
	Deferred tax is provided at 29% in all instances except in the case of revaluation surpluses applicable to investment property held for sale and land, where deferred tax is provided at 14,5%.				
17	**Trade and other payables**				
	Trade and other payables include the following:				
	Fair value of interest rate swap	**293**	7 060		
	Tenant deposits	**4 850**	3 434		
	Prepaid rentals	**1 655**	–		
	Accrued expenses	**57 107**	18 875	**328**	481
		63 905	29 369	**328**	481
18	**Profit before income tax**				
	Profit before income tax is stated after charging:				
	Auditors' remuneration				
	– audit fee	**(672)**	(631)	**(39)**	(34)
	– other services	**–**	–	**–**	–
	Directors' remuneration				
	– services as director	**(747)**	(814)	**(747)**	(820)
	– other services	**(5 145)**	(4 099)		
	– share-based payments	**(2 346)**	(1 344)		
	Amortisation of tenant installation	**(276)**	(244)		
	Property administration fees	**(6 420)**	(4 674)		
	Depreciation: furniture, fixtures and equipment	**(589)**	(455)		
	Impairment of goodwill	**(2 795)**	(6 951)		
	Employee cost (excluding executive directors)	**(11 025)**	(9 596)		
	Share-based payments (excluding executive directors)	**(1 931)**	(1 586)		
19	**Income tax expense**				
	South African normal tax				
	– current tax current year	**26 105**	11 578		
	– current tax prior year	**–**	(2 883)		
	– deferred tax	**119 754**	128 845		
		145 859	137 540	**–**	–

	GROUP 2007 %	GROUP 2006 %	COMPANY 2007 %	COMPANY 2006 %
19 Income tax expense (continued)				
Reconciliation of tax rate				
Standard tax rate	29,00	29,00	29,00	29,00
Prior year overprovision	–	(0,50)		
Capital gains tax rate differential	(4,36)	(3,10)		
Deferred tax rate differential	(6,42)	–		
Deferred tax asset not raised	0,45	–		
Other	2,45	0,39	(29,00)	(29,00)
Effective tax rate	21,12	25,79	–	–

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
20 Notes to the cash flow statement				
20.1 Cash generated from operations				
Profit/(loss) before income tax	690 513	533 302	(56 967)	(16)
Adjusted for:				
Profit on disposal of investment properties	(197)	(5 991)		
Profit on disposal of listed property securities	(57 529)	(51 499)		
Fair value gain on investment property	(491 411)	(407 938)		
Fair value gain on investments	(196 276)	(47 634)		
Fair value loss on BEE instrument	56 967	–	56 967	–
Fair value adjustment on interest rate swaps	(11 703)	(7 023)		
Interest paid on borrowings	37 485	30 302		
Share-based payment expense	–	2 311		
Amortisation of tenant installation	276	244		
Impairment of goodwill	2 795	6 951		
Depreciation: furniture, fixtures and equipment	589	455		
Interest to linked debenture holders	223 919	165 187	223 919	165 187
Post-acquisition reserves from listed associate company	–	(31 683)		
Deconsolidation of The Siyakha Education Trust	–	4 470		
	255 428	191 454	223 919	165 171
Changes in working capital				
(Increase)/decrease in trade and other receivables	(31 872)	(10 311)	393	(403)
Increase/(decrease) in trade and other payables	35 546	439	(153)	(68)
	259 102	181 582	224 159	164 700
20.2 Interest paid on borrowings				
Charged to income statement during the year	(37 485)	(30 302)		
Capitalised interest on investment property	(20 421)	(10 441)		
	(57 906)	(40 743)	–	–
20.3 Interest paid to linked debenture holders				
Linked debenture interest payable at beginning of year	(89 668)	(69 361)	(89 668)	(69 361)
Charged to income statement during the year	(223 919)	(165 187)	(223 919)	(165 187)
Linked debenture interest payable at end of year	121 740	89 668	121 740	89 668
	(191 847)	(144 880)	(191 847)	(144 880)

	GROUP	
	2007	2006
	R'000	R'000
20.4 Income tax paid		
Income tax payable at beginning of year	**(11 541)**	(28 389)
Charged to income statement during the year	**(26 105)**	(8 695)
Disposal of business	**1**	–
Income tax payable at end of year	**26 136**	11 541
	(11 509)	(25 543)

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
20.5 Acquisition of business/subsidiaries/joint ventures				
Investment property	**10 361**	–		
Investment property under development	**10 746**	–		
Investments	**–**	563		
Investment in subsidiaries/joint ventures			**2 966**	–
Trade and other receivables	**6**	1 423		
Deferred tax liabilities	**(1 353)**	(63)		
Trade and other payables	**(5 763)**	(816)		
Goodwill	**2 795**	6 951		
Cash and cash equivalents	**1**	1 224		
	16 793	9 282	**2 966**	–
Investment in prior year	**–**	(2 282)	**–**	–
Purchase price	**16 793**	7 000	**2 966**	–
Cash and cash equivalents acquired	**(1)**	(1 224)	**–**	–
	16 792	5 776	**2 966**	–

During the year the company acquired an additional 12% in each of Quick Leap Investments 281 (Pty) Ltd and Dream World Investments 452 (Pty) Ltd. The company, through its wholly-owned subsidiary Resilient Properties (Pty) Ltd, acquired 66% of Southern Palace Investments 19 (Pty) Ltd.

During 2006 the company, through its wholly-owned subsidiary Resilient Capital (Pty) Ltd, acquired the remaining 70% of Property Fund Managers Limited (PFM), the management company of Capital Property Fund, for R7 000 000.

	GROUP	
	2007	2006
	R'000	R'000
20.6 Disposal of businesses		
Investments	**(623)**	–
Trade and other receivables	**(5 508)**	–
Deferred tax liabilities	**275**	–
Trade and other payables	**6**	–
Income tax payable	**1**	–
Cash and cash equivalents	**(106)**	–
Profit on sale of investments	**(24 494)**	–
	(30 449)	–
Cash and cash equivalents included in business	**106**	–
	(30 343)	–

During the year the company, through its wholly-owned subsidiary Resilient Capital (Pty) Ltd, disposed of its interest in PFM. The company, through its wholly-owned subsidiary Resilient Properties (Pty) Ltd, disposed of its interest in Casadobe Props 75 (Pty) Ltd.

21 The Resilient Unit Purchase Trust

Unitholders adopted The Resilient Unit Purchase Trust ("the Trust") Deed at a special meeting on 2 June 2004. In terms of the rules of the Trust, the maximum number of linked units which may be granted to the participants shall be limited to 7,5% of the total number of issued linked units in the capital of the company at any time.

	2007		2006	
	% of issued linked units	**Number of linked units**	% of issued linked units	Number of linked units
Maximum linked units available to the Trust in terms of the Trust deed	**7,5**	**12 865 816**	7,5	11 451 735
Issued to The Resilient Unit Purchase Trust through loan account	**5,5**	**(9 410 000)**	7,0	(10 740 000)
Units available but unissued		**3 455 816**		711 735

The participants in the Trust carry the risk associated with the linked units issued to them.

Details of the linked units granted to directors as at 31 December 2007 are as follows:

	Number of units issued	**Date of issue**	**Issue price Rand**	**Employee asset as recorded in the Trust R'000**
D de Beer	740 000	22 Jun 04	6,65	4 921
	120 000	22 Mar 05	9,84	1 181
	296 000	11 Oct 05	12,07	3 573
	215 000	27 Sep 06	14,87	3 197
	291 000	20 Apr 07	21,61	6 289
	480 000	21 Sep 07	22,90	10 992
A de Lange	172 000	27 Sep 06	14,87	2 558
	175 000	20 Apr 07	21,61	3 782
	280 000	21 Sep 07	22,90	6 412
JJ Kriek	400 000	22 Jun 04	6,65	2 660
	360 000	22 Mar 05	9,84	3 542
	150 000	11 Oct 05	12,07	1 811
	172 000	27 Sep 06	14,87	2 558
	175 000	20 Apr 07	21,61	3 782
	200 000	21 Sep 07	22,90	4 580
DJ Lewis	560 000	22 Jun 04	6,65	3 724
	150 000	22 Mar 05	9,84	1 476
	168 000	11 Oct 05	12,07	2 028
	172 000	27 Sep 06	14,87	2 558
	250 000	21 Sep 07	22,90	5 725
JN Zidel	740 000	22 Jun 04	6,65	4 921
	120 000	22 Mar 05	9,84	1 181
	296 000	11 Oct 05	12,07	3 573
	215 000	27 Sep 06	14,87	3 197
	175 000	20 Apr 07	21,61	3 782
	100 000	21 Sep 07	22,90	2 290

	GROUP	
	2007	2006
	R'000	R'000
22 Capital commitments		
Approved and contracted for	**428 060**	302 300

The expenditure relates to property developments and extensions to properties and will be funded by the issue of units and borrowings.

23 Contingent liabilities

During 2006 the company made linked units available to broad-based black investor groupings. In line with financing structures typically used in BEE equity participation transactions, the company provides security in favour of the funding institution for the loans entered into by the black investors. The total loan guarantee by the company amounts to R235 million. At the date of this report, the applicable loan covenants showed a material margin of safety and the probability therefore of the company having to support this loan in terms of the guarantee, is small. The effect of accounting for this BEE transaction on the normal operations of the group is set out in note 15.

24 Operating lease rentals

Contractual rental income from tenants can be analysed as follows:

	2007 R'000	2006 R'000
Within one year	**223 900**	197 414
Within two to five years	**670 735**	566 090
More than five years	**234 687**	78 696
	1 129 322	842 200

25 Segmental reporting

Segmental balance sheet at 31 December 2007

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
Investment property and investment property under development				
Limpopo	–	1 044 933	–	1 044 933
Gauteng	–	351 289	–	351 289
Mpumalanga	–	584 738	–	584 738
North West	–	319 039	–	319 039
KwaZulu-Natal	–	203 637	–	203 637
Northern Cape	–	445 000	–	445 000
	–	2 948 636	–	2 948 636
Investments (Gauteng)	1 164 128	–	–	1 164 128
Loans (Gauteng)	188 574	–	–	188 574
Property, plant and equipment (Gauteng)	1 897	–	–	1 897
Trade and other receivables (Gauteng)	59 181	3 377	–	62 558
Cash and cash equivalents (Gauteng)	3 140	–	–	3 140
Total assets	1 416 920	2 952 013	–	4 368 933

Due to the pooling of funds, disclosure of segmental liabilities will all be included under corporate (Gauteng).

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
Segmental income statement for the year ended 31 December 2007				
Limpopo				
Recoveries and contractual rental income	–	95 897	–	95 897
Straight-lining of rental income adjustment	–	2 487	–	2 487
Segment revenue	–	98 384	–	98 384
Property operating expenses	–	(37 317)	–	(37 317)
Net rental and related income	–	61 067	–	61 067
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	115 297	–	115 297
Segment result	–	176 364	–	176 364
Gauteng				
Recoveries and contractual rental income	–	28 146	–	28 146
Straight-lining of rental income adjustment	–	3 835	–	3 835
Segment revenue	–	31 981	–	31 981
Property operating expenses	–	(6 858)	–	(6 858)
Net rental and related income	–	25 123	–	25 123
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	74 717	–	74 717
Segment result	–	99 840	–	99 840
Mpumalanga				
Recoveries and contractual rental income	–	44 106	–	44 106
Straight-lining of rental income adjustment	–	3 739	–	3 739
Segment revenue	–	47 845	–	47 845
Property operating expenses	–	(15 381)	–	(15 381)
Net rental and related income	–	32 464	–	32 464
Profit on disposal of investment property	–	197	–	197
Fair value gain on investment property	–	153 578	–	153 578
Segment result	–	186 239	–	186 239
North West				
Recoveries and contractual rental income	–	25 485	–	25 485
Straight-lining of rental income adjustment	–	(132)	–	(132)
Segment revenue	–	25 353	–	25 353
Property operating expenses	–	(4 842)	–	(4 842)
Net rental and related income	–	20 511	–	20 511
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	54 648	–	54 648
Segment result	–	75 159	–	75 159
KwaZulu-Natal				
Recoveries and contractual rental income	–	19 192	14 316	33 508
Straight-lining of rental income adjustment	–	(486)	–	(486)
Segment revenue	–	18 706	14 316	33 022
Property operating expenses	–	(6 403)	(7 742)	(14 145)
Net rental and related income	–	12 303	6 574	18 877
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	9 978	–	9 978
Segment result	–	22 281	6 574	28 855

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
25 Segmental reporting (continued)				
Northern Cape				
Recoveries and contractual rental income	–	38 637	–	38 637
Straight-lining of rental income adjustment	–	3 361	–	3 361
Segment revenue	–	41 998	–	41 998
Property operating expenses	–	(13 505)	–	(13 505)
Net rental and related income	–	28 493	–	28 493
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	70 389	–	70 389
Segment result	–	98 882	–	98 882
Corporate (Gauteng)				
Distributable income from investments	67 919	–	–	67 919
Profit on disposal of investments	57 529	–	–	57 529
Fair value gain on investments	196 276	–	–	196 276
Fair value loss on BEE instrument	(56 967)	–	–	(56 967)
Other income	16 026	–	–	16 026
Administrative expenses	(25 412)	–	–	(25 412)
Impairment of goodwill	(2 795)	–	–	(2 795)
Other expenses	(59)	–	–	(59)
Segment result	252 517	–	–	252 517
Segment total				
Recoveries and contractual rental income	–	251 463	14 316	265 779
Straight-lining of rental income adjustment	–	12 804	–	12 804
Segment revenue	–	264 267	14 316	278 583
Property operating expenses	–	(84 306)	(7 742)	(92 048)
Net rental and related income	–	179 961	6 574	186 535
Distributable income from investments	67 919	–	–	67 919
Profit on disposal of investment property	–	197	–	197
Profit on disposal of investments	57 529	–	–	57 529
Fair value gain on investment property net of adjustment resulting from straight-lining of rental income adjustment	–	478 607	–	478 607
Fair value gain on investments	196 276	–	–	196 276
Fair value loss on BEE instrument	(56 967)	–	–	(56 967)
Other income	16 026	–	–	16 026
Administrative expenses	(25 412)	–	–	(25 412)
Impairment of goodwill	(2 795)	–	–	(2 795)
Other expenses	(59)	–	–	(59)
Total segment result	252 517	658 765	6 574	917 856
Segmental capital expenditure				
Limpopo	–	118 009	–	118 009
Gauteng	–	10 882	–	10 882
Mpumalanga	–	159 468	–	159 468
North West	–	17 981	–	17 981
KwaZulu-Natal	–	21 256	–	21 256
Northern Cape	–	40 257	–	40 257
	–	367 853	–	367 853

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
Segmental balance sheet at 31 December 2006				
Investment property and investment property under development				
Limpopo	–	789 561	–	789 561
Gauteng	–	261 476	–	261 476
Mpumalanga	–	314 533	–	314 533
North West	–	246 443	–	246 443
KwaZulu-Natal	–	161 189	6 322	167 511
Northern Cape	–	337 680	–	337 680
	–	2 110 882	6 322	2 117 204
Investments (Gauteng)	728 679	–	–	728 679
Loans (Gauteng)	115 209	–	–	115 209
Property, plant and equipment (Gauteng)	1 882	–	–	1 882
Trade and other receivables (Gauteng)	28 592	2 660	–	31 252
Cash and cash equivalents (Gauteng)	9 060	–	–	9 060
Total assets	883 422	2 113 542	6 322	3 003 286

Due to the pooling of funds, disclosure of segmental liabilities will all be included under corporate (Gauteng).

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
Segmental income statement for the year ended 31 December 2006				
Limpopo				
Recoveries and contractual rental income	–	76 991	–	76 991
Straight-lining of rental income adjustment	–	2 476	–	2 476
Segment revenue	–	79 467	–	79 467
Property operating expenses	–	(24 662)	–	(24 662)
Net rental and related income	–	54 805	–	54 805
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	180 869	–	180 869
Segment result	–	235 674	–	235 674
Gauteng				
Recoveries and contractual rental income	–	5 794	–	5 794
Straight-lining of rental income adjustment	–	1 131	–	1 131
Segment revenue	–	6 925	–	6 925
Property operating expenses	–	(1 144)	–	(1 144)
Net rental and related income	–	5 781	–	5 781
Profit on disposal of investment property	–	463	–	463
Fair value gain on investment property	–	26 467	–	26 467
Segment result	–	32 711	–	32 711
Mpumalanga				
Recoveries and contractual rental income	–	21 057	–	21 057
Straight-lining of rental income adjustment	–	1 899	–	1 899
Segment revenue	–	22 956	–	22 956
Property operating expenses	–	(4 621)	–	(4 621)
Net rental and related income	–	18 335	–	18 335
Profit on disposal of investment property	–	5 528	–	5 528
Fair value gain on investment property	–	34 623	–	34 623
Segment result	–	58 486	–	58 486

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
25 Segmental reporting (continued)				
North West				
Recoveries and contractual rental income	–	22 983	–	22 983
Straight-lining of rental income adjustment	–	4 901	–	4 901
Segment revenue	–	27 884	–	27 884
Property operating expenses	–	(4 186)	–	(4 186)
Net rental and related income	–	23 698	–	23 698
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	35 491	–	35 491
Segment result	–	59 189	–	59 189
KwaZulu-Natal				
Recoveries and contractual rental income	–	16 346	13 643	29 989
Straight-lining of rental income adjustment	–	287	(3 785)	(3 498)
Segment revenue	–	16 633	9 858	26 491
Property operating expenses		(4 956)	(7 717)	(12 673)
Net rental and related income	–	11 677	2 141	13 818
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	31 628	(1 530)	30 098
Segment result	–	43 305	611	43 916
Northern Cape				
Recoveries and contractual rental income	–	25 174	–	25 174
Straight-lining of rental income adjustment	–	3 254	–	3 254
Segment revenue	–	28 428	–	28 428
Property operating expenses	–	(9 789)	–	(9 789)
Net rental and related income	–	18 639	–	18 639
Profit on disposal of investment property	–	–	–	–
Fair value gain on investment property	–	90 227	–	90 227
Segment result	–	108 866	–	108 866
Corporate (Gauteng)				
Distributable income from investments	55 682	–	–	55 682
Profit on disposal of investments	51 499	–	–	51 499
Fair value gain on investments	47 634	–	–	47 634
Other income	12 887	–	–	12 887
Administrative expenses	(21 483)	–	–	(21 483)
Impairment of goodwill	(6 951)	–	–	(6 951)
Other expenses	(2 311)	–	–	(2 311)
Income from associate company	37 198	–	–	37 198
Deconsolidation of The Siyakha Education Trust	(4 470)	–	–	(4 470)
Segment result	169 685	–	–	169 685

	Corporate R'000	Retail R'000	Com-mercial R'000	Total R'000
Segment total				
Recoveries and contractual rental income	–	168 345	13 643	181 988
Straight-lining of rental income adjustment	–	13 948	(3 785)	10 163
Segment revenue	–	182 293	9 858	192 151
Property operating expenses	–	(49 358)	(7 717)	(57 075)
Net rental and related income	–	132 935	2 141	135 076
Distributable income from investments	55 682	–	–	55 682
Profit on disposal of investment property	–	5 991	–	5 991
Profit on disposal of investments	51 499	–	–	51 499
Fair value gain on investment property net of adjustment resulting from straight-lining of rental income adjustment	–	399 305	(1 530)	397 775
Fair value gain on investments	47 634	–	–	47 634
Other income	12 887	–	–	12 887
Administrative expenses	(21 483)	–	–	(21 483)
Impairment of goodwill	(6 951)	–	–	(6 951)
Other expenses	(2 311)	–	–	(2 311)
Income from associate company	37 198	–	–	37 198
Deconsolidation of The Siyakha Education Trust	(4 470)	–	–	(4 470)
Total segment result	169 685	538 231	611	708 527
Segmental capital expenditure				
Limpopo	–	73 093	–	73 093
Gauteng	–	232 179	–	232 179
Mpumalanga	–	139 932	–	139 932
North West	–	–	–	–
KwaZulu-Natal	–	4 711	3 784	8 495
Northern Cape	–	165 216	–	165 216
	–	615 131	3 784	618 915

26 Subsequent events

Subsequent to year-end the remaining 33% interests in both Quick Leap Investments 281 (Pty) Ltd and Dream World Investments 452 (Pty) Ltd were acquired. These entities house the property known as Northam Plaza.

The directors are not aware of any other events subsequent to 31 December 2007, not arising in the normal course of business, which are likely to have a material affect on the financial information contained in this report, other than as disclosed in the directors' report.

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000

27 Financial instruments

27.1 Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Loans	**188 574**	115 209	**139 741**	114 651
Trade and other receivables	**62 558**	31 252	**10**	403
Cash and cash equivalents	**3 140**	9 060	**–**	–
	254 272	155 521	**139 751**	115 054

The maximum exposure to credit risk for loans at the reporting date was:

Loans	**188 574**	115 209	**139 741**	114 651
Linked units pledged as security	**331 400**	208 400	**254 072**	208 400
Net exposure	**–**	–	**–**	–

None of the borrowers to whom loans were granted were in breach of their obligations.

No impairment allowance is necessary in respect of loans as the fair value of the security provided exceeds the value of the loans.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographical area was:

Limpopo	**709**	204		
Gauteng	**277**	35		
Mpumalanga	**138**	1 428		
North West	**113**	51		
KwaZulu-Natal	**701**	191		
Northern Cape	**1 439**	751		
Corporate	**59 181**	28 592	**10**	403
	62 558	31 252	**10**	403
Tenant deposits, including bank guarantees	**(4 850)**	(3 434)	**–**	–
Net exposure	**57 708**	27 818	**10**	403

The aging of all trade receivables at the reporting date was less than 90 days.

The group believes that no impairment allowance is necessary in respect of trade receivables as a comprehensive analysis of outstanding amounts are performed on a regular basis and impairment losses are accounted for timeously.

27.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	1 – 12 mths R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP 2007				
Secured bank loans	**–**	**(210 169)**	**(470 192)**	**(423)**
Trade and other payables	**(63 905)**	**–**	**–**	**–**
GROUP 2006				
Secured bank loans	(4 600)	–	(401 191)	(127 740)
Trade and other payables	(29 369)	–	–	–
COMPANY 2007				
Trade and other payables	**(328)**	**–**	**–**	**–**
COMPANY 2006				
Trade and other payables	(481)	–	–	–

Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

	GROUP 2007 R'000	GROUP 2006 R'000
Permitted borrowings for the group:		
Total assets	**4 368 933**	3 003 286
60% of total assets	**2 621 360**	1 801 972
Total borrowings	**(680 784)**	(533 531)
Unutilised borrowing capacity	**1 940 576**	1 268 441

27 **Financial instruments** (continued)

27.3 Interest rate risk

The group adopts a policy of ensuring that at least 50% of its exposure to changes in interest rates on borrowings is on a fixed basis. Details of existing interest rate swaps are:

	Swap maturity	Nominal amount R'000	Fixed rate	Fair value R'000
GROUP 2007	**March 2008**	**50 000**	**8,06%**	**355**
	April 2008	**50 000**	**7,49%**	**543**
	July 2009	**50 000**	**7,87%**	**2 171**
	August 2009	**50 000**	**9,70%**	**904**
	November 2010	**65 000**	**10,70%**	**597**
	August 2011	**50 000**	**9,16%**	**1 316**
	November 2012	**50 000**	**8,53%**	**2 237**
	(effective from June 2008) **June 2013**	**100 000**	**9,51%**	**(293)**
				7 830
GROUP 2006	June 2007	75 000	7,39%	526
	March 2008	50 000	8,06%	602
	April 2008	50 000	7,49%	985
	July 2009	50 000	7,87%	1 074
	August 2009	50 000	9,70%	(1 065)
	November 2010	65 000	10,70%	(4 404)
	August 2011	50 000	9,16%	(1 262)
	November 2012	50 000	8,53%	(328)
				(3 872)

Effective interest rates and repricing

The effective interest rates at the balance sheet date and the periods in which the borrowings reprice are reflected in note 14.

27.4 Fair values

The fair values of all financial instruments with the exception of linked debentures are substantially the same as the carrying amounts reflected on the balance sheet.

28 Accounting estimates and judgments

Management discusses with the audit committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

The revaluation of investment property requires judgment in the determination of an appropriate capitalisation rate which vary between 7,25% and 8,50% (2006: 8,25% and 9,00%).

Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations.

The impairment of tenant arrears requires judgment as to the recoverability of the arrears.

29 Related party transactions

Parent entity

The holding company is Resilient Property Income Fund Limited.

Identity of related parties with whom material transactions have occurred

The subsidiaries and directors are related parties. The subsidiaries of the company are identified in note 9. The directors are set out on pages 6 to 9.

Material related party transactions

Loans to/from subsidiaries are set out in note 9.

Interest received from subsidiaries is set out in the income statement.

Remuneration paid to directors is set out on page 20 and in note 18.

Loans by The Resilient Unit Purchase Trust to directors are set out in note 21.

Interest paid by directors to the Resilient Unit Purchase Trust amounts to R9 225 000 (2006: R7 929 669).

30 Standards and interpretations not yet effective

The relevant Standards and Interpretations that are not yet effective for December 2007 year-ends are identified in the table below, together with the effective dates:

	Standard/Interpretation	Effective date	Applicable to Resilient
IAS 1	Presentation of Financial Statements	Annual periods commencing on or after 1 January 2009*	Yes
IAS 23	Borrowing Costs	Annual periods commencing on or after 1 January 2009*	Yes
IFRS 8	Operating Segments	Annual periods commencing on or after 1 January 2009*	Yes
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	Annual periods commencing on or after 1 March 2007	No
IFRIC 12	Service Concession Arrangements	Annual periods commencing on or after 1 January 2008	No
IFRIC 13	Customer Loyalty Programmes	Annual periods commencing on or after 1 July 2008	No
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods commencing on or after 1 January 2008	No

* *All standards and interpretations will be adopted at their effective date.*

The directors are of the opinion that the impact of the application of the Standards and Interpretations will be as follows:

IAS 1

IAS 1 will be adopted by Resilient Property Income Fund Limited for the first time for its financial reporting period ending 31 December 2009. The group will present all non-owner changes in equity in a single statement of comprehensive income (which will include the current income statement) and owner changes in equity in the statement of changes in equity.

Reclassification adjustments and income tax relating to each component of other comprehensive income will be disclosed on the face of the statement of comprehensive income. Currently the available-for-sale fair value gains/losses reserve is the only component.

IAS 23

IAS 23 will be adopted by Resilient Property Income Fund Limited for the first time for its financial reporting period ending 31 December 2009.

The group currently capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. This statement will consequently have no effect on the financial statements of the group.

IFRS 8

IFRS 8 will be adopted by Resilient Property Income Fund Limited for the first time for its financial reporting period ending 31 December 2009.

In terms of this IFRS, segment reporting will be based on the information that management uses internally for evaluating segment performance, and when deciding how to allocate resources to operating segments.

The operating segments of Resilient Property Income Fund Limited are the same as the current business segments based on IAS 14.

The accounting policies of these operating segments are the same as those described in the summary of significant accounting policies.

Schedule **of properties**

No	Property name	Primary use	Geographical location	Gross lettable area m²	Vacancy %	Average rate per m² R	Acquisition date	Purchase price R'million	Valuation R'million
1	Diamond Pavilion	Retail	Northern Cape	31 768	1,1%	84,42	21 Jul 05	46,5	445,0
2	Highveld Mall (Resilient has a 60% interest)	Retail	Mpumalanga	42 660	1,0%	99,90	26 Apr 07	248,7	396,6
3	Tzaneng Mall	Retail	Limpopo	38 540	–	69,92	23 Dec 03	83,8	352,0
4	Jabulani Mall (Resilient has a 55% interest)	Retail	Gauteng	44 240	1,2%	88,46	1 Nov 06	211,7	317,9
5	Mvusuludzo Mall Thohoyandou	Retail	Limpopo	18 689	–	76,97	2 Dec 04	47,0	203,3
6	Limpopo Mall	Retail	Limpopo	20 771	–	72,12	1 Dec 02	64,8	196,1
7	Rustenburg Plaza	Retail	North West	13 139	–	76,61	1 Dec 02	45,0	155,0
8	Nelspruit Plaza	Retail	Mpumalanga	16 066	3,2%	73,52	27 Nov 03	52,5	148,2
9	Pick 'n Pay Hypermarket Klerksdorp	Retail	North West	17 212	1,9%	44,74	1 Dec 02	24,0	120,7
10	Murchison Mall	Retail	KwaZulu-Natal	16 498	–	53,85	1 Mar 05	42,6	108,1
11	Tzaneen Crossing	Retail	Limpopo	13 855	–	58,32	1 Dec 02	19,4	103,7
12	The Crossing Mokopane	Retail	Limpopo	12 115	–	64,38	24 Oct 03	20,5	92,2
13	Village Walk & Woolworths Newcastle	Retail	KwaZulu-Natal	12 610	–	54,39	29 Oct 04	45,6	76,8
14	Northam Plaza (Resilient has a 67% interest)	Retail	Limpopo	13 035	0,6%	58,13	20 Oct 05	12,8	68,3

Address	Major tenants
Cnr Oliver Road & MacDougall Street Monument Heights	Checkers, Edgars, Woolworths, Ackermans, Foschini, Mr Price, Truworths
Cnr President Avenue & N4 Highway Witbank	Edgars, Pick 'n Pay, Woolworths, Ackermans, Mr Price, Truworths
24–26 Danie Joubert Street (cnr Danie Joubert & Agatha Roads) Tzaneen	Edgars, Game, Pick 'n Pay, Woolworths, Ackermans, Foschini, Mr Price, Truworths
2189 Bolani Road Jabulani Soweto	Edgars, Game, Shoprite, Woolworths, Foschini, Mr Price, Truworths
Tshanduko Street Thohoyandou	Edgars, Pick 'n Pay Family, Ackermans, Foschini, Mr Price, Truworths
Rissik Market Church & Devenish Streets Polokwane	Pick 'n Pay, Ackermans, Clicks, Mr Price, Truworths
34 Fatima Bhayat Street Rustenburg	Pick 'n Pay, Absa, Ackermans, CNA, Discom, Standard Bank, Waltloo
Cnr Henshall & Bester Streets Nelspruit	Spar, Absa, FNB, JD Group, Jet Stores, Pep Stores, Standard Bank
91 Buffelsdoorn Avenue (cnr Buffelsdoorn Road and Tom Avenue) Wilkoppies Klerksdorp	Pick 'n Pay, Ackermans, FNB, Mr Price, Simply Shoes
Cnr Murchison & Lyell Streets Ladysmith	Edgars, Shoprite, Ackermans, Mr Price, Standard Bank, Truworths
12 Lydenburg Road Tzaneen	Shoprite, Discom, FNB, JD Group, Waltloo, Telkom
56 Thabo Mbeki Drive Mokopane	Checkers, Woolworths, CNA, Legit, Milady's, Mr Price, Pep Stores, Sheet Street
22 Ayliff Street Newcastle	Shoprite Hyper, Woolworths, Ackermans, CNA, Reggies, Sheet Street
Cnr Provincial Road P16–2 & Provincial Road P1235 Northam	Shoprite, Absa, Ackermans, Cashbuild, Dunns, FNB, Markhams, OK Furnishers, Post Office

Schedule **of properties**

(continued)

No	Property name	Primary use	Geographical location	Gross lettable area m²	Vacancy %	Average rate per m² R	Acquisition date	Purchase price R'million	Valuation R'million
15	Shoprite Rustenburg	Retail	North West	11 180	–	17,67	30 May 03	11,5	25,7
	Direct property investment			**322 378**	**0,6%**	**73,14**		**976,4**	**2 809,6**
16	The Grove (Resilient has a 50% interest)	Under development	Gauteng	n/a	n/a	n/a	20 Sep 06	33,3 #	33,3
17	Arbour Town (Resilient has a 10% interest)	Under development	KwaZulu-Natal	n/a	n/a	n/a	30 Nov 04	18,7 #	18,7
18	Burgersfort Mall	Vacant land	Mpumalanga	n/a	n/a	n/a	17 Jul 07	18,4 #	18,4
19	Polokwane value centre (Resilient has a 55% interest)	Vacant land	Limpopo	n/a	n/a	n/a	15 Mar 07	17,4 #	17,4
20	Mafikeng Mall (Resilient has a 66% interest)	Under development	North West	n/a	n/a	n/a	31 Jul 07	13,2 #	13,2
21	I'langa Lifestyle Centre (Resilient has a 25% interest)	Vacant land	Mpumalanga	n/a	n/a	n/a	6 Sep 07	12,5 #	12,5
22	Mall of the North (Resilient has a 48% interest)	Vacant land	Limpopo	n/a	n/a	n/a	20 Apr 07	10,6 #	10,6
23	Burgersfort convenience centre (Resilient has a 50% interest)	Vacant land	Mpumalanga	n/a	n/a	n/a	16 Jul 07	9,6 #	9,6
24	The Village, Klerksdorp (Resilient has a 50% interest)	Vacant land	North West	n/a	n/a	n/a	10 Nov 06	5,3 #	5,3
	Developments and vacant land							**139,0 #**	**139,0**
	Total property investment			**322 378**				**1 042,2**	**2 948,6**

Acquisition price represents capitalised costs to date.

Address	Major tenants
125 Smit Street (cnr Berg & Smit Streets) Rustenburg	Shoprite headlease
Cnr Simon Vermooten Road & Lynnwood Road Equestria	New development
Cnr N2 Highway & Chamberlain Road Umbogintwini	New development
Intersection Polokwane & Steelpoort Roads Burgersfort	New development
R81 Modjadjis Kloof Road Bendor Polokwane	New development
Cnr Carney & Carrington Streets Mafikeng	New development
Cnr N4 & Graniet Street Nelspruit	New development
Cnr future N1 (Ringroad) & R81 Modjadjis Kloof Road Bendor Polokwane	New development
Lydenburg Road Burgersfort	New development
Buffelsdoorn Avenue Klerksdorp	New development

Corporate **diary**

December 2007

Financial year-end		Monday	31 December 2007
Publication of abridged results	SENS	Thursday	7 February 2008
	Press	Friday	8 February 2008
Last day to trade units inclusive of distribution (*cum* distribution)		Friday	22 February 2008
Units trade *ex* distribution from		Monday	25 February 2008
Last day to update unit register for distribution (record date)		Friday	29 February 2008
Distribution payment		Monday	3 March 2008
Financial report and notice of annual general meeting posted on		Tuesday	13 March 2008
Annual general meeting		Wednesday	23 April 2008 at 11:00

June 2008

Interim period ends	Monday	30 June 2008
Announcement of interim results	Thursday	7 August 2008
Payment of interim distribution	Monday	1 September 2008

Board **charter**

Functions of the board

The board acknowledges that it is responsible for ensuring the following:

- good corporate governance and implementation of the code of corporate practices and conduct as set out in the King II report;
- that the group performs at an acceptable level and that its affairs are conducted in a responsible and professional manner; and
- the board recognises its responsibilities to all stakeholders.

Responsibilities of the board

Although certain responsibilities are delegated to committees or management executives, the board acknowledges that it is not discharged from its obligations in regard to these matters.

The board acknowledges its responsibilities in the following areas:

- the adoption of strategic plans and ensuring that these plans are carried out by management;
- monitoring of the operational performance of the business against predetermined budgets;
- monitoring the performance of management at both operational and executive level;
- ensuring that the group complies with all laws, regulations and codes of business practice; and
- ensuring a clear division of responsibilities at board level to ensure a balance of power and authority in terms of group policies.

Corporate **governance review**

The board of directors endorses the code of corporate practices and conduct as set out in the King II report and confirms that the company is compliant with the provisions thereof in all material respects since date of listing. The board has been addressed by independent consultants to ensure that all directors are fully conversant with best practice and current thinking with regard to corporate governance.

Composition of the board of directors
The board is comprised of five executive directors and seven non-executive directors, all of whom are independent.

All directors serve for a maximum period of three years and are subject to retirement by rotation and re-election by members in general meeting. Board appointments are made in terms of the policy on nominations and appointments.

Role of the directors
Ultimate control of the company rests with the board of directors while the board is responsible for the proper management of the company. To achieve this, the board is responsible for establishing the objectives of the company and setting a philosophy for investments, performance and ethical standards. Although quarterly board meetings are arranged every year, additional meetings are called should circumstances require it. Four board meetings were called during the 2007 financial year.

Independence of the directors
The board of directors' independence from the executive management team is ensured by the following:
- separation of the roles of chairman and managing director, with the chairman being independent;
- the board being dominated by independent non-executive directors;
- the audit, investment and remuneration committees having a majority of independent directors;
- non-executive directors not holding service contracts;
- all directors having access to the advice and services of the company secretary; and
- with prior agreement from the chairman, all directors are entitled to seek independent professional advice concerning the affairs of the company at the company's expense.

The audit, remuneration and investment committees are chaired by Marthin Greyling, Jorge da Costa and Barry van Wyk respectively, all of whom are independent directors.

Remuneration committee
The remuneration committee is mandated by the board to set the remuneration and incentivisation of all employees, including executive directors. In addition, the remuneration committee recommends directors' fees payable to non-executive directors and members of board subcommittees. These fees are approved by shareholders at the annual general meeting.

Audit committee
The committee's primary objective is to provide the board with additional assurance regarding the efficiency of the operations and reliability of the financial information, and to assist the board in discharging their duties in regard to these matters.

The committee reviews audit plans for external audits and the outcome of the work performed in executing these plans. They further ensure that items identified for action are followed up. The committee also oversees the appointment of auditors for non-audit services, in line with company policy. The external auditors report annually to the audit committee to confirm that they are and have remained independent from the group during the year.

It is the function of the committee to review and make recommendations to the board regarding half-yearly financial results, and the annual financial statements prior to approval by the board.

Investment committee
All acquisitions and sales of investments and capital expenditure are considered by the investment committee. The majority of investment committee members are independent non-executive directors with extensive experience and technical expertise in the commercial property industry.

Internal financial and operating controls
A framework of financial reporting has been established by the board to ensure reasonable assurance as to accurate and timeously reporting of financial information and general operation. In addition, the audit committee continually examines the appropriateness in utilising independent internal auditors to periodically review activities of the company and service providers.

Share dealings by the directors
Dealing in the company's shares by directors and company officials is regulated and monitored as required by the Listings Requirements of the JSE Limited. In addition, Resilient maintains a closed period from the end of a financial period to the date of publication of the financial results.

Administrative **information**

Company details
Resilient Property Income Fund Limited
(Registration number: 2002/016851/06)
Share code: RES
ISIN: ZAE000043642
4th Floor Rivonia Village Rivonia Boulevard Rivonia 2191
(PO Box 2555 Rivonia 2128)

Commercial bankers
The Standard Bank of South Africa Limited
(Registration number: 1962/000738/06)
Corporate and Investment Banking
7th Floor 3 Simmonds Street Johannesburg 2001
(PO Box 61029 Marshalltown 2107)

Transfer secretaries
Link Market Services South Africa (Proprietary) Limited
(Registration number: 2000/007239/07)
11 Diagonal Street Johannesburg 2001
(PO Box 4844 Johannesburg 2000)

Secretary and registered office
Nick Hanekom CA(SA)
4th Floor Rivonia Village Rivonia Boulevard Rivonia 2191
(PO Box 2555 Rivonia 2128)

External auditors
KPMG Inc.
(Registration number: 1999/021543/21)
85 Empire Road Parktown 2193
(Private Bag 9 Parkview 2122)

Trustees for debenture holders
Edward Nathan (Proprietary) Limited
(Registration number: 2004/005665/07)
3rd Floor Corporate Law 150 West Street Sandown Sandton 2196
(PO Box 783347 Sandton 2146)

Sponsor
Java Capital (Proprietary) Limited
(Registration number: 2002/031862/07)
2 Arnold Road Rosebank 2196
(PO Box 2087 Parklands 2121)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Notice of annual general meeting of shareholders and debenture holders ("members")

RESILIENT
Property Income Fund

Resilient Property Income Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/016851/06)
Share code: RES
ISIN: ZAE000043642
("Resilient" or "the company")

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional advisor immediately.

Notice is given of the sixth annual general meeting of members of Resilient Property Income Fund Limited at the company's registered office, 4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, 2191, on Wednesday 23 April 2008 at 11:00, for the purpose of:

1 Receiving and adopting the audited group financial statements for the 12 months ended 31 December 2007.

2 Re-electing the following directors, who are eligible and offer themselves for re-election, that retire in terms of article 15.1 of the company's Articles of Association and whom were appointed by unitholders in general meeting:

2.1 Jose Jorge Goncalves (Jorge) da Costa (52)
(Portugese citizen)
Independent non-executive director
Occupation: Property developer and investor

Jorge is a director of Improvon (Pty) Limited, developers of industrial properties in Gauteng. Improvon developed numerous properties with highway exposure in Meadowdale Corporate Park, Linbro Park and Longmeadow.

2.2 Desmond (Des) de Beer (47)
Managing director
Qualifications: BProc MAP
Occupation: Managing director – Resilient Property Income Fund Limited

Des spent most of his career with the Nedbank Group, initially in Property Finance and later in Private Equity. Des is managing director of Resilient, a director of Pangbourne Properties Limited, Diversified Property Fund Limited and Property Fund Managers Limited (PFM), the management company of Capital Property Fund.

2.3 Phumelele Paula Msweli (39)
Independent non-executive director
Qualifications: BSc (Hons), MSc Real Estate
Occupation: Property specialist and entrepreneur

Phumelele has a strong research background in various areas, including facilities management. She has worked for both public and private institutions such as the Council for Scientific and Industrial Research (Boutek), Gensec Property Services and the Department of Public works. Phumelele is the founder of Zibusiso Property Services.

2.4 Jeffrey Nathan Zidel (57)
Executive director
Occupation: Property developer and investor

A former SAPOA regional chairman, and three times past president of the Roodepoort Chamber of Commerce, Jeff has been a successful property developer and investor and has been involved in all aspects of the property industry for the last 37 years.

3 Re-electing the following director, who is eligible and offers himself for re-election, that retire in terms of article 15.1 of the company's Articles of Association and whom was appointed by the board:

3.1 Mashamba Mkhuva Sydney Malabie (55)
Independent non-executive director
Qualification: BComm(SA), MBA(WITS)
Occupation: Businessman

Sydney started his business career as an SME development consultant with the small business advisory bereau (SBAB) a division of the university of Potchefstroom. He currently sits on various company boards while working independently as retail property developer.

4 Approving R747 000 as remuneration to non-executive directors for the 12 months ended 31 December 2007.

5 Authorising the directors to determine the remuneration of the group's auditors.

6 Reappointing KPMG Inc. as auditors of the group.

As special business to consider and, if deemed fit, pass with or without modification, which modification is capable of being substantive in nature, the following resolutions:

7 Consider as ordinary resolution number 7:

"RESOLVED THAT the authorised but unissued shares in the capital of the company be and are hereby placed under the control and authority of the directors of the company and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973) as amended ("the Act"), any debenture trust deed entered into by the company, the Articles of Association of the company and the Listings Requirements of the JSE Limited ("JSE"), when applicable."

8 Consider as ordinary resolution number 8:

"RESOLVED THAT the directors of the company be and are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Act, the Articles of Association of the company, the Listings Requirements of the JSE Limited, when applicable, and the following limitations, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will be made only to "public shareholders" as defined in the Listings Requirements of the JSE Limited and not related parties, unless the JSE otherwise agrees;
- the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen per cent) of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the company."

Notice **of annual general meeting of shareholders and debenture holders (“members”)**

(continued)

Ordinary resolution number 8 is required, under the Listings Requirements of the JSE, to be passed by achieving a 75% majority of the votes cast in favour of such resolutions by all members present or represented by proxy and entitled to vote at the annual general meeting.

Voting and proxies

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. A form of proxy for use at the annual general meeting is enclosed herewith.

The form of proxy is only to be completed by those members who are:

- **holding linked units in certificated form; or**
- **are recorded on the electronic subregister in “own name” dematerialised form.**

All other beneficial owners who have dematerialised their units through a Central Securities Depository Participant (“CSDP”) or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker. **These members must not use a form of proxy.**

Proxy forms should be forwarded to reach the transfer secretaries, Link Market Services South Africa (Pty) Limited, by no later than 11:00 on Monday 21 April 2008.

By order of the board

Nick Hanekom
Company secretary

Johannesburg
7 February 2008

Address of registered office
4th Floor Rivonia Village Rivonia Boulevard
Rivonia 2191
(PO Box 2555 Rivonia 2128)

Address of transfer secretaries
Link Market Services South Africa (Pty) Limited
11 Diagonal Street Johannesburg 2001
(PO Box 4844 Johannesburg 2000)

Form **of proxy**

Resilient Property Income Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/016851/06)
Share code: RES
ISIN: ZAE000043642
("Resilient" or "the company")

For use at the sixth annual general meeting of members of the company to be held at the company's registered office, 4th Floor, Rivonia Boulevard, Rivonia, 2191, on Wednesday 23 April 2008 at 11:00.

The form of proxy is only to be completed by those members who are:
- **holding linked units in certificated form; or**
- **are recorded on the electronic subregister in "own name" dematerialised form.**

All other beneficial owners who have dematerialised their units through a Central Securities Depositary Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker. **These members must not use this form of proxy.**

I/We (name/s in block letters) ______________________________

of ______________________________ being the

holders of [ ] linked units in the capital of the company do hereby appoint:

1 ______________________________ or failing him/her,

2 ______________________________ or failing him/her,

3 the chairman of the annual general meeting

as my/our proxy to act for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against the resolutions in respect of the linked units registered in my/our name in accordance with the following instructions:

	For	**Against**	**Abstain**
Ordinary resolution number 1 (receiving and adopting the audited group financial statements)			
Ordinary resolution number 2.1 (re-election of Jose Jorge Goncalves da Costa as director)			
Ordinary resolution number 2.2 (re-election of Desmond de Beer as director)			
Ordinary resolution number 2.3 (re-election of Phumelele Paula Msweli as director)			
Ordinary resolution number 2.4 (re-election of Jeffrey Nathan Zidel as director)			
Ordinary resolution number 3.1 (re-election of Mashamba Mkhuva Sydney Malabie as director)			
Ordinary resolution number 4 (approving non-executive directors' remuneration)			
Ordinary resolution number 5 (authorising directors to determine auditors' remuneration)			
Ordinary resolution number 6 (reappointment of auditors)			
Ordinary resolution number 7 (unissued shares under the control of the directors)			
Ordinary resolution number 8 (general authority to issue shares for cash)			

Signed at ______________________________ on ______________________________ 2008

Signature ______________________________

Assisted by (where applicable) ______________________________

Each member is entitled to appoint one or more proxies (who need not be a member of the company) to attend, speak and vote in place of that member at the meeting. **Please read the notes on the reverse side hereof.**

Notes **to the form of proxy**

1 Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory(ies).

2 A member entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the annual general meeting". A proxy need not be a member of the company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3 A member is entitled to one vote on a show of hands and, on a poll, one vote in respect of each linked unit held. A member's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the member in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes.

4 A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the linked units in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.

5 The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

6 The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

7 Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless this requirement is waived by the chairman of the annual general meeting.

8 A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company.

9 Where there are joint holders of linked units:
- any one holder may sign the form of proxy; and
- the vote(s) of the senior members (for that purpose seniority will be determined by the order in which the names of members appear in the company's register of linked unitholders) who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint member(s).

10 Forms of proxy should be lodged with, mailed to or faxed to Link Market Services South Africa (Pty) Limited:

Hand deliveries to:
Link Market Services South Africa
(Pty) Limited
11 Diagonal Street
Johannesburg 2001

Postal deliveries to:
Link Market Services South Africa
(Pty) Limited
PO Box 4844
Johannesburg 2000

Fax to:
086 674 2450

to be received by no later than 11:00 on Monday 21 April 2008.

Fact **sheet**

Company name	Resilient Property Income Fund Limited (Registration number 2002/016851/06)			
Registered address	4th Floor Rivonia Village Rivonia Boulevard Rivonia 2191 (PO Box 2555 Rivonia 2128)			
Year-end	31 December			
Chairman of the board	JJ Njeke			
Board of directors	JJ Njeke (chairman); Jorge da Costa; Des de Beer; Andries de Lange; Marthin Greyling; Johann Kriek; David Lewis; Sydney Malabie; Phumelele Msweli; Rory Turner; Barry van Wyk; Jeff Zidel			
	Independent non-executive	7		
	Executive	5		
		12		
Managing director	Des de Beer			
Company secretary	Nick Hanekom			
Corporate advisors	Java Capital			
External auditors	KPMG Inc.			
Date of listing	6 December 2002			
Units in issue	171 544 211 (2006: 152 689 801) (inclusive of BEE SPV)			
Gearing ratio	14,9% (2006: 14,4%)			
Investment portfolio	**Direct property**	R2 949 million / 71,7% of portfolio (2006: R2 117 million / 74,4% of portfolio)		
	Listed property securities	R1 164 million / 28,3% of portfolio (2006: R729 million / 25,6% of portfolio)		
Unit price (cent per unit)	**2007 year**		**2006 year**	
	High	2 917	High	2 000
	Low	1 970	Low	1 390
	Closing	2 700	Closing	1 940
Distributions (cents)		**2007**	**2006**	
	Interim	67,97	56,78	
	Final	75,74	63,20	
		143,71	119,98	
Volume traded	59,4 million units (2006: 59,8 million units)			
Value traded	R1 440,1 million (2006: R1 018,8 million)			
Annual general meeting	23 April 2008 at 11:00 (4th Floor Rivonia Village Rivonia Boulevard Rivonia 2191)			

Distribution calendar (final distribution for the 2007 financial year)

Last day to trade *cum* distribution	22 February 2008
Record date	29 February 2008
Distribution payment	3 March 2008

Company	Resilient Property Income Fund
Address	4th Floor Rivonia Village
	Rivonia Boulevard Rivonia 2191
Postal address	PO Box 2555 Rivonia 2128
Tel	+27 (0)11 612 6800
Fax	+27 (0)11 612 6869