



RESILIENT
Property Income Fund

CONDENSED REVIEWED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2010

Incorporated in the Republic of South Africa Reg no 2002/016851/06 Share code RES ISIN ZAE000043642 ("Resilient" or "the group")

Directors' commentary

The distribution of 100,60 cents per linked unit achieved for the six months to June 2010 is a 9,93% increase on the distribution for the comparable prior year interim period. Retail sales growth remained muted, however, centres in non-metropolitan areas continued to outperform. The period's growth in distribution was further supported by the strong performance of the listed property holdings.

Vacancies declined marginally from 3,2% to 2,9% as vacant space at The Grove and The Galleria was reduced.

Resilient made further progress with its long-term strategy of gradually reducing its listed property holdings and investing the proceeds in the pipeline of new regional mall developments. In addition, Resilient was successful in acquiring two existing retail developments, both of which are well located but will require extensive redevelopment in the future.

PROPERTY ACQUISITIONS

Park Central Bloemfontein

Resilient acquired Park Central in Bloemfontein from Murray & Roberts for R73,8 million and at a projected forward yield of 10,5%. The property is well situated in the Bloemfontein CBD adjacent to the taxi rank and is linked to the railway station by an aerial pedestrian bridge. A bus rank is situated on the roof of the building. The intention is to extensively redevelop the property in the future. Transfer has not yet been effected.

Circus Triangle Mthatha

Resilient has agreed to acquire this 20 800 m² GLA mall in the centre of the Mthatha CBD at a forward yield of 9,5% and a cost of R225 million. The mall is anchored by Shoprite and Woolworths and includes a number of national clothing retailers. The intention is to extend the mall to accommodate additional national clothing retailers. The acquisition is subject to Competition Commission approval.

PROPERTY DEVELOPMENTS

l'anga Mall

This 45 000 m² GLA regional mall in Nelspruit opened on schedule in April 2010. The mall is anchored by Edgars, Game, Pick 'n Pay and Woolworths, includes all major national clothing retailers and is fully let. Resilient has agreed to acquire an additional 25% interest in the mall at a forward yield of 8%, which will increase Resilient's undivided share in the mall to 50%. This acquisition remains subject to Competition Commission approval.

Brits Mall

Construction of a 33 000 m² GLA mall anchored by Checkers, Edgars, Pick 'n Pay and Woolworths commenced in October 2009. After construction commenced, Game committed to a 4 500 m² store and the size of the development has been increased to a GLA of 37 500 m². The mall is currently 85% let and is scheduled to open in October 2010. Resilient has an 80% interest in the development.

Highveld Mall

The extension to Highveld Mall to accommodate Dischem, Capitec, @Home and Standard Bank, as well as the extension to Pick 'n Pay, is within budget and on schedule to open in November 2010. Edgars has exercised its option to extend its premises by 943 m².

Nelspruit Plaza

The 2 400 m² GLA extension to Nelspruit Plaza to accommodate Ackermans, DFX, John Craig, Markham, Sterns, Totalsport and Truworths Man was completed within budget and on schedule in May 2010.

Northam Plaza

Construction of a 6 000 m² extension to Northam Plaza to accommodate Mr Price, John Craig, Standard Bank, Totalsport and an extension to Shoprite commenced in May 2010. As there is no additional land cost, these extensions are anticipated to achieve a forward yield of 13%. Subsequent to the reporting period, the Shoprite store was destroyed by fire. The damage is fully covered by insurance and no financial loss to Resilient is anticipated. Resilient and Shoprite Checkers are working closely together to ensure that the store is rebuilt in time for Christmas.

Mall of the North

Resilient has a 57% interest in this 75 000 m² GLA regional mall being developed in Polokwane. The mall is 98% let and will be anchored by Checkers, Edgars, Game, Pick 'n Pay and Woolworths and includes all national clothing retailers. Construction is currently ahead of schedule for the planned April 2011 opening. The mall is being developed on a forward yield of 9,5%.

INVESTMENTS

Investment	Number of units/shares	% of units/shares in issue	Carrying value (R'000)	Market value (R'000)
Capital Property Fund	141 230 000	19,7%	1 030 979	1 030 979
Pangbourne Properties Limited	37 430 000	8,5%	655 399	655 399
Fortress Income Fund Limited				
- A linked units	33 300 000	16,5%	365 258	329 670
- B linked units	62 900 000	31,2%		132 090
New Europe Property Investments plc (Nepi)	15 130 000	24,4%	368 931	431 205
			2 420 567	2 579 343

Fortress and Nepi were treated as associates (equity accounted) and were thus not fair valued at June 2010. Resilient's holding in Capital is no longer equity accounted. Nepi acquired its investment advisor, Nepi Investment Management Limited. The purchase price of €6,3 million was settled through the issue of 2 450 748 shares in Nepi. Resilient received 1 531 717 shares in payment for its 62,5% shareholding in Nepi Investment Management Limited.

FUNDING

At the reporting period Resilient had R1 151 million in approved facilities available for acquisitions and the development pipeline. Of this, R344 million will be utilised to repay expiring facilities.

Resilient's developments were financed from the proceeds of the sale of listed property holdings and as a result the gearing remained unchanged compared with December 2009. Gearing at 26,4% remains below the board's target range of 35% to 40%.

PROSPECTS

The second half of the current financial year will be negatively impacted on by increased bank margins on the new facilities, particularly the replacement of the Conduit facility, as well as the relatively low acquisition yield on the 25% additional interest in l'anga Mall. The results will be positively impacted on by significantly lower rates achieved on interest rate swaps as well as the attractive yields achieved on the Park Central Bloemfontein acquisition and the Highveld Mall extension.

The board is confident that the forecast growth in distributions of approximately 10% for the 2010 financial year will be achieved. This forecast has not been audited or reviewed by Resilient's auditors.

By order of the board

Des de Beer Managing director
Andries de Lange Financial director

Johannesburg
11 August 2010

Consolidated statement of financial position

	Reviewed Jun 2010 R'000	Audited Dec 2009 R'000	Reviewed Jun 2009 R'000
ASSETS			
Non-current assets	7 950 595	7 790 624	5 841 841
Investment property	4 175 683	4 112 446	3 269 640
Straight-lining of rental revenue adjustment	84 792	73 970	64 006
Investment property under development	751 661	516 416	779 688
Investment in associate companies	734 189	1 983 864	193 835
Investments	1 686 378	707 576	1 138 983
Intangible asset	26 422	26 422	26 422
Loans	490 307	368 459	367 529
Property, plant and equipment	1 163	1 471	1 738
Current assets	540 051	439 521	1 391 415
Investment property held for sale	-	-	1 154 720
Straight-lining of rental revenue adjustment	-	-	12 882
Loans to development partners	448 133	302 216	155 638
Trade and other receivables	82 858	126 665	63 361
Cash and cash equivalents	9 060	10 640	4 814
Total assets	8 490 646	8 230 145	7 233 256
EQUITY AND LIABILITIES			
Total equity attributable to equity holders	4 196 108	4 073 844	3 616 440
Share capital	2 471	2 451	2 415
Share premium	1 904 106	1 863 969	1 798 163
Non-distributable reserves	2 289 521	2 207 414	1 815 852
Retained earnings	10	10	10
Total liabilities	4 294 538	4 156 301	3 616 816
Non-current liabilities	3 297 407	2 924 409	3 187 553
Linked debentures	1 186 003	1 176 355	1 158 993
Interest-bearing borrowings	1 650 753	1 305 900	1 584 042
BEE instrument	83 017	65 784	34 493
Deferred tax	377 634	376 370	410 025
Current liabilities	997 131	1 231 892	429 263
Trade and other payables	142 306	104 684	106 693
Linked debenture interest payable	248 566	251 495	220 957
Income tax payable	12 221	8 081	873
Interest-bearing borrowings	594 038	867 632	100 740
Total equity and liabilities	8 490 646	8 230 145	7 233 256

Consolidated statement of comprehensive income

	Reviewed for the six months ended Jun 2010 R'000	Audited for the year ended Dec 2009 R'000	Reviewed for the six months ended Jun 2009 R'000
Net rental and related revenue	190 025	390 049	201 579
Recoveries and contractual rental revenue	257 436	530 417	264 641
Straight-lining of rental revenue adjustment	10 822	18 043	19 092
Rental revenue	268 258	548 460	283 733
Property operating expenses	(78 233)	(158 411)	(82 154)
Distributable income from investments	73 835	88 656	53 374
Fair value gain/(loss) on investment property and investments	96 597	377 498	(27 308)
Fair value gain on investment property	-	224 414	25 581
Adjustment resulting from straight-lining of rental revenue	(10 822)	(18 043)	(19 092)
Fair value gain/(loss) on investments	107 419	171 127	(33 797)
Fair value loss on BEE instrument	(17 233)	(37 474)	(6 183)
Other income	15 139	25 617	12 591
Administrative expenses	(16 083)	(32 846)	(17 822)
Profit on sale of subsidiaries	36 868	15 550	-
Income from associates	44 653	133 174	6 947
Profit before net finance costs	423 801	960 224	223 178
Net finance costs	(329 042)	(489 437)	(189 316)
Finance income	36 004	94 879	64 840
Interest from loans	35 260	51 933	11 162
Fair value adjustment on interest rate derivatives	-	14 621	27 089
Fair value adjustment on bond shorts	-	22 007	22 007
Interest on linked units issued cum distribution	744	6 318	4 582
Finance costs	(365 046)	(584 316)	(254 156)
Interest on borrowings	(104 644)	(172 150)	(65 367)
Capitalised interest	28 245	60 286	32 168
Fair value adjustment on interest rate derivatives	(40 081)	-	-
Interest to linked debenture holders - interim	(248 566)	(220 957)	(220 957)
- final	-	(251 495)	-
Profit before income tax expense	94 759	470 787	33 862
Income tax expense	(12 652)	(20 211)	25 152
Profit for the period attributable to equity holders	82 107	450 576	59 014
Total comprehensive income for the period	82 107	450 576	59 014
Basic earnings per share (cents)	33,23	185,22	24,44
Basic earnings per linked unit (cents)	133,83	379,43	115,95
Diluted earnings per share (cents)	31,84	177,34	23,39
Diluted earnings per linked unit (cents)	128,22	363,29	110,98

Consolidated statement of changes in equity

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000
Reviewed					
Balance at 31 December 2008	2 303	1 608 632	1 756 838	10	3 367 783
Issue of units	112	189 531	-	-	189 643
Total comprehensive income for the period	-	-	59 014	59 014	59 014
Transfer to non-distributable reserves	-	-	(59 014)	-	-
Balance at 30 June 2009	2 415	1 798 163	1 815 852	10	3 616 440
Issue of units	36	65 806	-	-	65 842
Total comprehensive income for the period	-	-	391 562	391 562	391 562
Transfer to non-distributable reserves	-	-	(391 562)	-	-
Balance at 31 December 2009	2 451	1 863 969	2 207 414	10	4 073 844
Issue of units - 2 010 000 units on 8 March 2010	20	40 137	-	-	40 157
Total comprehensive income for the period	-	-	82 107	82 107	82 107
Transfer to non-distributable reserves	-	-	(82 107)	-	-
Balance at 30 June 2010	2 471	1 904 106	2 289 521	10	4 196 108
Non-distributable reserves comprise those profits and losses that are not distributable to unitholders and are made up of revaluation adjustments on investment property, investment property held for sale and investments, the share of post-acquisition reserves of associates, straight-lining adjustments and other non-distributable balances.					

Reconciliation of profit for the period to headline earnings and distributable income

	Reviewed for the six months ended Jun 2010 R'000	Audited for the year ended Dec 2009 R'000	Restated for the six months ended Jun 2009 R'000
Basic earnings (shares) - profit for the period attributable to equity holders	82 107	450 576	59 014
- interest to linked debenture holders	248 566	472 452	220 957
Basic earnings (linked units)	330 673	923 028	279 971
Adjusted for:	(28 211)	(236 231)	(26 461)
- fair value loss/(gain) on investment property	10 822	(206 371)	(6 489)
- profit on sale of subsidiaries	(36 868)	(15 550)	-
- fair value adjustments on investment property of associates	(7 305)	(27 322)	4 072
- income tax effect	5 140	13 012	(24 044)
Headline earnings (linked units)	302 462	686 797	253 510
Adjustment resulting from straight-lining of rental revenue	(10 822)	(18 043)	(19 092)
Fair value loss on BEE instrument	(107 419)	(171 127)	33 797
Fair value gain/(loss) on investments	17 233	37 474	6 183
Fair value adjustment on interest rate derivatives	40 081	(14 621)	(27 089)
Fair value adjustment on bond shorts	-	(22 007)	(22 007)
Interest paid by BEE SPV	10 746	21 485	11 456
Income received by BEE SPV	(10 876)	(20 987)	(9 893)
Fair value adjustments on investments of associates	(351)	(33 937)	(4 845)
Other	-	219	45
Income tax effect	7 512	7 199	(1 108)
Distributable income	248 566	472 452	220 957
Less: distribution declared	(248 566)	(472 452)	(220 957)
Income not distributed	-	-	-
Headline earnings per linked unit (cents)	122,41	282,32	104,99
Diluted headline earnings per linked unit (cents)	117,28	270,31	100,49
Basic earnings per share, basic earnings per linked unit and headline earnings per linked unit are based on the weighted average of 247 084 021 (Dec 2009: 243 265 511; Jun 2009: 241 457 001) shares/linked units in issue during the period.			
Diluted earnings per share, diluted earnings per linked unit and diluted headline earnings per linked unit are based on the weighted average of 257 894 832 (Dec 2009: 254 076 322; Jun 2009: 252 267 812) shares/linked units in issue during the period.			

Abridged consolidated statement of cash flows

	Reviewed for the six months ended Jun 2010 R'000	Audited for the year ended Dec 2009 R'000	Reviewed for the six months ended Jun 2009 R'000
Cash outflow from operating activities	(178 574)	(417 798)	(81 647)
Cash inflow/(outflow) from investing activities	55 930	(508 930)	(247 100)
Cash inflow from financing activities	121 064	932 262	328 455
(Decrease)/increase in cash and cash equivalents	(1 580)	5 534	(292)
Cash and cash equivalents at beginning of period	10 640	5 106	5 106
Cash and cash equivalents at end of period	9 060	10 640	4 814
Cash and cash equivalents consist of:			
Current accounts	9 060	10 640	4 814

Notes

1 PREPARATION AND REVIEW OPINION

The condensed consolidated interim financial statements have been prepared in accordance with IAS34, Interim Financial Reporting, the ACS00 standards as issued by the Accounting Practices Board or its successor, the JSE Listings Requirements and the requirements of the South African Companies Act. The accounting policies adopted are consistent with those of the prior period and in accordance with IFRS. Headline earnings for June 2009 has been restated to include the fair value adjustments on investments and bond shorts. The group previously disclosed profit or loss on disposal of investment property and investments separately from the fair value adjustments on these items. To better reflect the nature of these transactions, these amounts are now combined into the respective fair value adjustment lines in the statement of comprehensive income. Deloitte & Touche has reviewed the financial information set out in this report. Their unmodified review report is available for inspection at the group's registered address.

2 SUMMARY OF FINANCIAL PERFORMANCE

	Jun 2010	Dec 2009	Jun 2009	Dec 2008
Distribution per linked unit (cents)	100,60	102,62	91,51	90,49
Units in issue	257 894 832	255 884 832	252 267 812	241 104 048