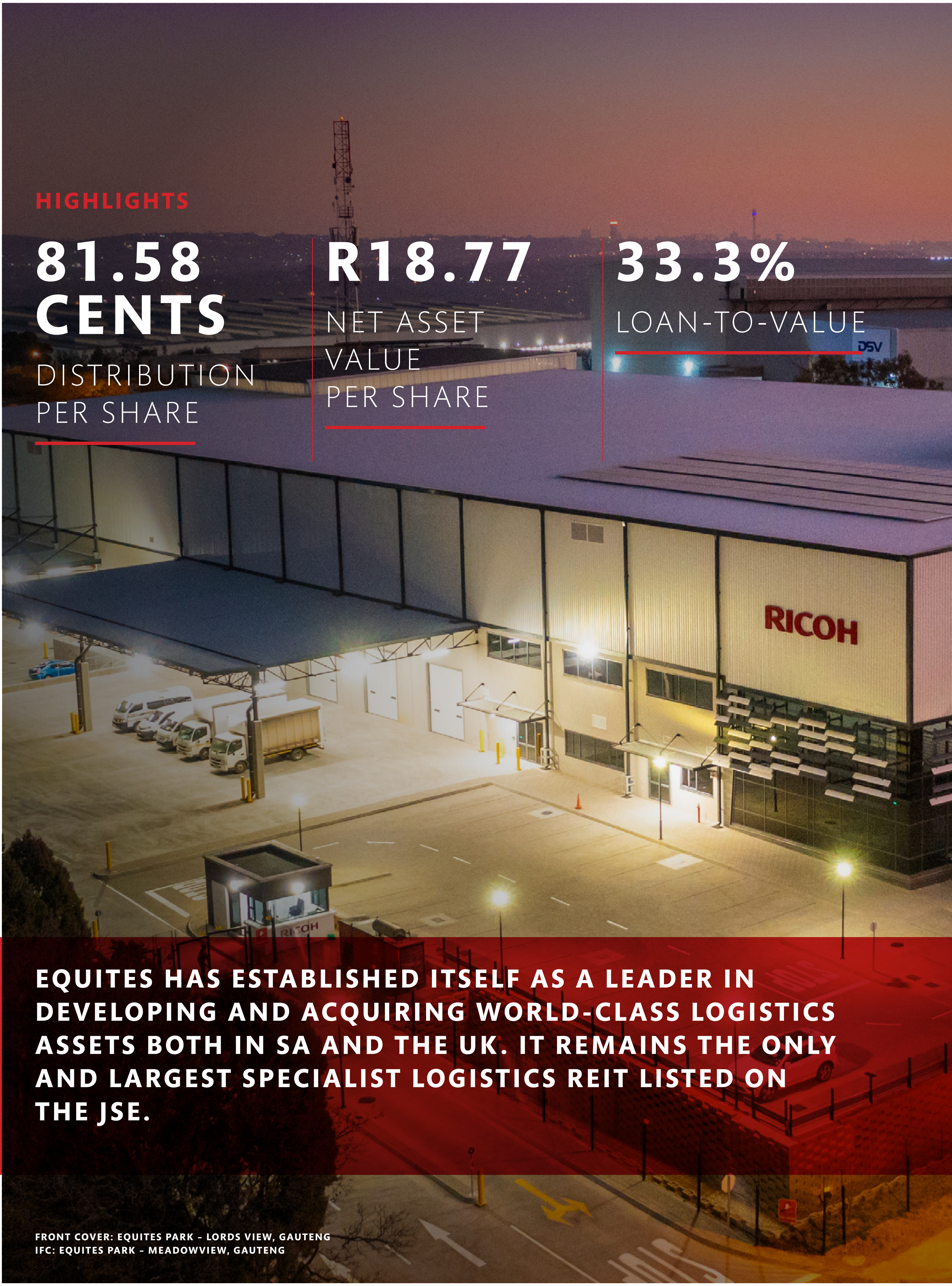
equites
PROPERTY FUND

INTERIM RESULTS

FOR THE PERIOD ENDED 31 AUGUST 2022



HIGHLIGHTS

81.58 CENTS
DISTRIBUTION PER SHARE

R18.77
NET ASSET VALUE PER SHARE

33.3%
LOAN-TO-VALUE

EQUITES HAS ESTABLISHED ITSELF AS A LEADER IN DEVELOPING AND ACQUIRING WORLD-CLASS LOGISTICS ASSETS BOTH IN SA AND THE UK. IT REMAINS THE ONLY AND LARGEST SPECIALIST LOGISTICS REIT LISTED ON THE JSE.

FRONT COVER: EQUITES PARK – LORDS VIEW, GAUTENG
IFC: EQUITES PARK – MEADOWVIEW, GAUTENG

equites
PROPERTY FUND

CONTENTS

COMMENTARY

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

HIGHLIGHTS FOR THE FINANCIAL PERIOD INCLUDE:

- **DISTRIBUTION PER SHARE ("DPS") OF 81.58 CENTS, AN INCREASE OF 4.1% COMPARED TO THE PRIOR COMPARABLE PERIOD**
- **LOAN-TO-VALUE ("LTV") RATIO OF 33.3%, DEMONSTRATING A CONSERVATIVE CAPITAL STRUCTURE**
- **NET ASSET VALUE ("NAV") PER SHARE INCREASED BY 0.8% FROM R18.61 AT 28 FEBRUARY 2022 TO R18.77**
- **LIKE-FOR-LIKE ("LFL") PORTFOLIO VALUATIONS IN THE UK DECREASED BY 2.9%, IN STERLING**
- **LFL PROPERTY VALUATIONS IN SA INCREASED BY 2.0%**
- **IN SA, EIGHT PROJECTS OF 228 000M² ARE UNDER CONSTRUCTION, CAPITAL VALUE OF R2.7 BILLION**
- **THE SA PORTFOLIO OF 1.3 MILLION M² IS FULLY OCCUPIED**
- **REFINANCED A 10-YEAR DEBT FACILITY IN THE UK AT AN ALL-IN RATE OF SUB-4%**
- **PARTICIPATING IN THE CITY OF CAPE TOWN PILOT WHEELING PROJECT, A FIRST OF ITS KIND IN SA**
- **THE DISTRIBUTION POLICY REMAINS UNCHANGED AT A 100% PAY-OUT RATIO**

1 SIX MONTHS IN REVIEW

Equites delivered a strong set of operational and financial results against a challenging macro-economic environment over the period.

The Group's performance was supported by external tailwinds, which includes the importance of supply chain optimisation, growth in e-commerce and consumers' demanding requirements for faster fulfilment, as well as internal factors, which includes robust property fundamentals, disciplined capital allocation and a strong balance sheet.

The last six months has seen a sharp rise in the number of development opportunities in SA, due to record levels of demand for warehousing space. Equites is well positioned to capitalise on these opportunities, given its strategic land bank. The development pipeline will add 228 000m^2 of prime logistics space over the medium term, with a combined capital value of R2.7 billion.

Equites' development team completed two speculative developments with a combined GLA of 20 000m^2; in both cases, lease agreements were concluded prior to the completion of these assets. Due to the quantum of enquiries for logistics facilities within Equites' strategic nodes, a similar outcome is expected for a further three speculative developments in SA as one of the three facilities has been let and the other two are in advanced stages of negotiation. Tenanting speculative developments during the construction period demonstrates the underlying demand for logistics space in the market.

In SA, the Group is experiencing rental growth of between 15% and 20% for A-grade warehousing space, with prime rents on a single face warehouse breaching R80/m^2. This is driven by a record-low national vacancy rate, an increase in construction cost inflation and substantial warehousing requirements across various types of occupiers. Equites believes further market rental growth evidence will translate into improved property valuations.

Equites continues to deliver a best-in-class product, which allows its customers to derive operational and cost efficiencies that greatly mitigate higher market rentals. The distribution facilities also afford key sustainability metrics that are paramount to global multi-nationals and large SA listed organisations, which are the backbone of Equites' portfolio.

In the UK, the fundamentals remain strong on the occupational side, with a high probability that market rental growth will be in excess of 15% for 2022. Equites' UK portfolio is estimated to be under-rented by between 30% and 40%, with the embedded growth in cashflows to be unlocked over the next 36 months as each lease reaches its five-year rent-review cycle.

UK property valuations are, however, under pressure with a 50bps increase in the prime yield from 3.25% at the start of 2022 to 3.75% at the reporting date, mainly driven by the rising interest rate environment in the region. Equites' UK development profits and valuation uplifts provides an attractive cushion against the re-pricing of assets in the core portfolio.

The Group refinanced the debt facility with Aviva Investors ("Aviva") in August 2022, increasing the notional to £105 million, and extending the maturity to 2032, at a fixed rate of sub-4%, demonstrating its ability to access long-term debt at favourable rates.

Equites understands the importance of a strong capital position, particularly as the quantum of development opportunities does not seem to be abating. The Group disposed of six non-core assets in terms of a Statement 102 B-BBEE transaction for R190 million and is actively managing its existing portfolio to identify further capital recycling opportunities in both jurisdictions.

Equites continues to target an LTV ratio of between 30% and 40% and distribute 100% of distributable earnings. The Group's DPS guidance of between 4.0% and 6.0% for the current financial year remains unchanged.

2 OVERVIEW OF UK LOGISTICS MARKET

The UK logistics market continues to experience record levels of take-up, which, against the lack of supply, is driving significant market rental growth. Take-up from non-ecommerce related retailers increased by 54% year-on-year, fuelled by various demand drivers in the market, with the most noticeable being the shortening (near- and on-shoring) of supply chains.

The national vacancy rate was 3.0% (1H22) compared to 6.7% pre-COVID-19 (2H19), demonstrating that supply has struggled to keep up with demand over the last couple of years. Market expectations are for rental growth to exceed 15% on a national level for 2022. Speculative developments slowed down from the second quarter in 2022, which will result in a reduction in available warehousing space towards the end of 2023. Equites is of the view that the demand/supply imbalance will further fuel rental growth well into 2024.

The UK prime logistics yields has shifted from 3.25% to 3.75% over the period, with a further 25bps yield expansion expected by the end of 2022. The re-pricing of assets is predominantly driven by higher interest rates and the associated debt costs. Market rental growth will, however, cushion a portion of the pressure on property valuations on the back of yield expansion.

Equites' UK portfolio is estimated to be between 30% and 40% under-rented. The Group has four properties that will reach their five-year rent-review cycle in the next 18 months. The first of these is the XPO-tenanted property in Coventry. The base rent is £6.25/ft^2, and independent expert advice is that the estimated market rent in Coventry is between £8.25 and £8.75/ft^2. The positive reversion of between 30% and 40% will be effective towards the end of November 2022 and will contribute positively to growth in DPS in FY23.

3 OVERVIEW OF SA LOGISTICS MARKET

Supply chain optimisation continues to drive strong demand for A-grade warehousing space in SA, especially as retailers have opted to store more inventory on a warehouse level as opposed to on a store level. Global supply chain disruptions have also resulted in SA retailers increasing their inventory levels, a common global theme.

Following a period of benign rental growth, the market has started to see pronounced rental growth over the last six months in the premium segment of the market. Equites experienced between 15% and 20% rental growth on a national level, with prime rents reaching R80/m^2. There are several factors contributing to this, *inter-alia*:

- **Lack of available A-grade stock:** Vacancy rates across the SA logistics market have reached historical lows. Furthermore, there is a clear distinction between B- and C-grade stock and modern A-grade logistics facilities, which complies with modern logistics specifications.
- **Availability of land:** There is a limited number of development sites which could accommodate larger distribution facilities with GLAs in excess of 35 000m^2 in all major nodes. Whilst there are seemingly large tracts of open land across SA, obtaining sewerage, water and electricity connections is becoming extremely challenging.
- **Pent-up demand from local occupiers:** Many organisations delayed real-estate decisions until the effects of the pandemic had subsided and the future had become more predictable; significant demand has subsequently returned to the market.
- **Focus on supply chain optimisation:** Following years of supply chain disruptions, retailers have had to rethink their supply chain strategies to ensure resilience and diversification in addition to costing. This has driven significant demand for new DCs which support this objective.
- **Demand for sustainability elements:** Several multi-national tenants have global mandates to reduce carbon emissions and improve their sustainability status; this resulted in clients reassessing their current facilities and seeking "greener" DCs.
- **Clients shift their focus on efficiency:** Clients are demanding larger yard areas to support the use of interlinks and have a clear preference for DCs with higher height-to-eaves which enables occupiers to stack inventory much higher, reducing the average cost per pallet position. Equites' baseline specification of 50m yards, and 15.5m height-to-eaves supports nine levels of stacking, driving cost efficiencies to tenants.
- **Construction cost inflation:** Following a period of unprecedented building cost inflation, the increased construction costs are being passed on to tenants in the form of increased rentals on new developments.
- **Higher interest rates:** An increase in debt funding costs results in higher required development yields for the requisite return on equity.

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

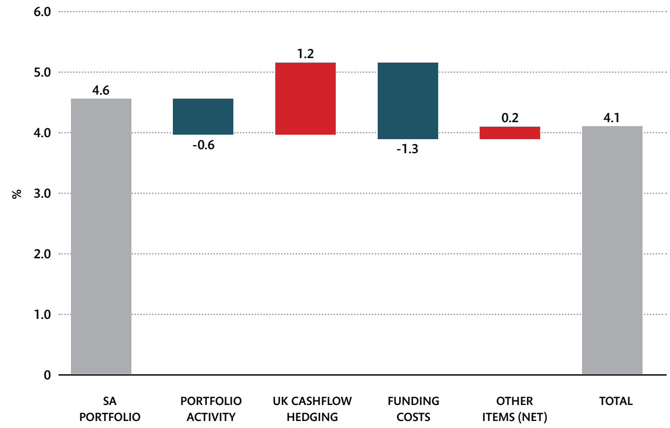
4 FINANCIAL PERFORMANCE

4.1 DISTRIBUTION PER SHARE

DPS HAS INCREASED BY 4.1% TO 81.58 CENTS COMPARED WITH THE CORRESPONDING PRIOR PERIOD OF 78.38 CENTS. THE KEY DRIVERS OF THE MOVEMENT IN DPS WERE:

- LFL net rental growth in the SA portfolio of 6.5% contributed to 4.6% DPS growth, a result of the Group's robust in-force contractual lease escalation rate and exposure to A-grade tenants.
- General portfolio activity detracted 0.6% of DPS growth, this includes a rent-free period on a new development and marginally dilutive property disposals.
- Hedging distributable income from the UK contributed to 1.2% of DPS growth.
- UK-related funding costs detracted 1.3% of DPS growth, mostly driven by an increase in loan-raising fees.

DPS BRIDGE (%)

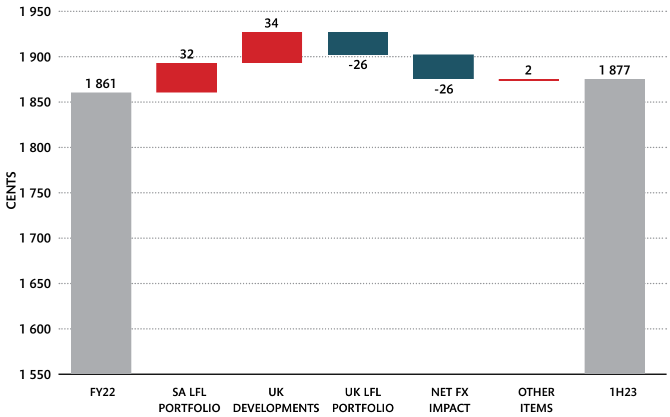


4.2 NET ASSET VALUE PER SHARE

NAV PER SHARE INCREASED BY 0.8% FROM R18.61 AT 28 FEBRUARY 2022 TO R18.77 AT 31 AUGUST 2022. THE PRIMARY DRIVERS OF THE INCREASE IN THE NAV PER SHARE WERE:

- The 2.0% LFL valuation movement of the Group's SA property portfolio contributed 32 cents of growth in NAV per share (+1.7%).
- UK developments contributed to 34 cents of growth in NAV per share (+1.8%). The primary driver of the growth was the completion of the Evri development in Barnsley, UK, with a capital value of £107 million (R2.1 billion), as of 31 August 2022.
- The UK LFL portfolio declined by 2.9% in sterling, negatively impacting NAV per share by 26 cents (-1.4%).
- The net impact of a weaker pound against the SA Rand also impacted NAV per share by 26 cents (-1.4%).

NAV BRIDGE (CENTS)

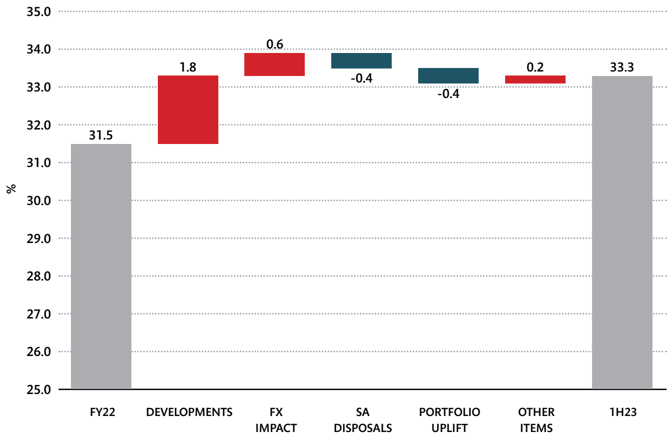


4.3 LOAN-TO-VALUE RATIO

THERE WAS AN UPTICK IN THE LTV RATIO FROM 31.5% AS AT 28 FEBRUARY 2022, TO 33.3%, AS AT 31 AUGUST 2022. THE GROUP'S BALANCE SHEET REMAINS CONSERVATIVE AND IN LINE WITH THE TARGET LTV RATIO OF BETWEEN 30% AND 40%. THE KEY FACTORS IMPACTING THE GROUP'S LTV RATIO WERE:

- Development capital expenditure of R977 million (R614 million in SA and R363 million in the UK) increased the LTV ratio by 1.8%, as most of the capital expenditure was funded through new and undrawn debt facilities.
- The weaker pound against the SA Rand increased the Group LTV ratio by 0.6%.
- Property disposals in SA and the Group's net uplift in property valuations decreased the Group's LTV ratio by 0.8%, on a combined basis.

LTV RATIO BRIDGE (%)



5 PIPELINE

SA PIPELINE

The potential pipeline of development opportunities in SA has increased substantially, as various retailers and logistics operators require additional warehousing space, driven by supply chain optimisation and higher inventory levels to de-risk their businesses from global supply chain challenges.

Retail Logistics Fund ("RLF"), a controlled subsidiary of Equites, finalised two agreements with Shoprite Checkers ("Shoprite"), whereby the retailer will sell and leaseback two of its DCs, located in Canelands KZN and Wells Estate EC, for R576 million and R165 million, respectively. The assets will be let to Shoprite on 20-year leases.

Notable ongoing developments in SA include two developments for TFG; an extension to their facility in Lords View for a capital value of R185 million, as well as a new world-class development in Riverfields next to the R21, with an expected capital value of R607 million. Equites also agreed commercial terms for a large-scale development in Gauteng for Shoprite, with a total expected cost of R1.2 billion. Further details will be provided to the market once the development agreement has been finalised.

The total pipeline of development and acquisition opportunities in SA amounts to R3.7 billion across 329 788m^2 of prime logistics space, with R2.5 billion of capital expenditure outstanding at the reporting date, which will be disbursed over the next two years.

The pipeline will be funded from cash on hand, undrawn debt facilities, debt raised against completed developments, new listed debt instruments and several equity sources – including property disposals and potentially the disposal of a minority share in a portfolio of properties in SA.

UK PIPELINE

Equites currently controls 13 sites through its strategic venture with Newlands Property Developments ("Newlands"), with a gross developable area in excess of 15 million ft^2 (1.4 million m^2). The Group estimates the pipeline of development opportunities within ENGL to exceed £1 billion (R20 billion) over the next three to five years, which will provide Equites with an opportunity to build scale at the top-end of the UK logistics market as well as access opportunities to realise turnkey and land-sale profits which will not be distributable but create capital internally.

The Group is currently exploring various strategies and funding alternatives to capitalise on the attractive development pipeline.

HOYLAND PLOT 2 – TURNKEY DEVELOPMENT

ENGL is currently developing two DCs for Promontoria Logistics ("Promontoria"). The total funding commitment of Equites in respect of the development of the two DCs is approximately £24 million (R480 million) with an expected after-tax profit attributable to Equites of c.£5 million (R100 million), equating to an ungeared return on invested capital of 25%. The proceeds will be used as equity for further opportunities within ENGL. The land sale took place in March 2022 with the development expected to be completed in December 2022.

BASINGSTOKE – TURNKEY AND LAND SALE AGREEMENT

As previously announced, ENGL has concluded two agreements relating to Basingstoke; i) the first deal relates to a sale and development agreement with Lidl Great Britain Limited for the sale of 40 acres of land combined with an agreement to implement infrastructure on the land; and ii) the second agreement has been concluded with Promontoria for the sale of 18.6 acres of land combined with a development agreement in terms of which ENGL will develop two DCs for Arrow Capital ("Arrow") on a turnkey basis.

Although the planning application was recommended for approval by the Council officials, a committee of the Basignstoke & Deane Borough Council refused the initial application on the grounds of landscape and visual impact implications in May 2022. ENGL has appealed this decision and is confident that the technical review will be resolved by the end of the 2022 calendar year.

As per the SENS announcement of 4 October 2022, ENGL has received a notice from Arrow cancelling the development agreement between ENGL and Arrow. In the cancellation notice, Arrow alleges that ENGL did not comply with the formal contractual notice requirements when it informed Arrow of the decision of the Basingstoke & Deane Borough Council refusing the planning application on the grounds of landscape and visual impact implications. ENGL is disputing the validity of the termination of the agreement and the parties have agreed to refer the matter to arbitration. In the meantime, ENGL will proceed with the appeal in order to secure planning approval for the intended developments.

5 PIPELINE CONTINUED

UK PIPELINE CONTINUED

NEWPORT PAGNELL – UNLOCKING A STRATEGIC SCHEME

In June 2022, the Milton Keynes Council granted outline planning approval for the scheme situated at Newport Pagnell. The scheme is estimated to deliver c.830 000ft^2 (77 109m^2) of GLA with a gross development value of c.£200 million (R4 billion) on completion. Equites is currently undertaking a full review of the scheme to determine the optimal strategy to maximise shareholder value to Equites shareholders, which consists of either forward selling the scheme in the open market or developing it with the intention of retaining the assets for long term capital appreciation and rental generation.

A summary of current and future projects is presented below:

AMOUNT IN R MILLION	EQUITES OUTLAY	CASHFLOWS OUTSTANDING	EXPECTED GLA SQ M	ESTIMATED COMPLETION DATE	ESTIMATED YIELD ON COST
SA DEVELOPMENTS	**2 738**	**1 557**	**228 323**		
Equites Park – Riverfields 4 – TFG	607	342	51 185	06/23	8% – 9%
Equites Park – Lords View 1 – TFG Extension	185	27	16 155	09/22	8% – 9%
Equites Park – Jet Park 1 – Cargo Compass SA	256	4	28 596	09/22	8% – 9%
Equites Park – Riverfields 5 – Shoprite	1 230	991	92 791	11/23	8% – 9%
Equites Park – Jet Park 6 – Normet	55	24	4 563	08/23	8% – 9%
Equites Park – Lords View 5 – Premier Foods	97	7	9 018	12/22	8% – 9%
Parow Industria 4 (Spec)	204	108	17 653	03/23	8% – 9%
Equites Park – Meadowview 14 (Spec)	104	54	8 362	02/23	8% – 9%
SALE-&-LEASEBACK (S&LB) TRANSACTIONS IN SA	**973**	**973**	**101 465**		
Canelands – Shoprite	576	576	65 618	11/22	c. 8%
Wells Estate (incl. bulk) – Shoprite	165	165	10 077	11/22	c. 8%
Equites Park – Meadowview 15 – Motus	232	232	25 770	09/22	9% – 10%
GRAND TOTAL OF PIPELINE	**3 711**	**2 530**	**329 788**		

AMOUNT IN R MILLION	EQUITES POST-TAX PROFIT (R'M)	ESTIMATED COMPLETION DATE
UK DEVELOPMENTS – TURNKEY AND LAND DISPOSALS		
Hoyland – Plot 2	100	4Q22
Basingstoke – Plot 1	416	1Q23
Basingstoke – Plot 2 & 3*	212	1Q23
TOTAL PROFIT FROM TURNKEYS AND LAND DISPOSALS (R'M)	**728**	

* Pending outcome of arbitration process with Arrow Capital.

6 PROPERTY VALUATIONS

All properties are externally valued every six months. The fair value of the Group's investment property portfolio (including assets held-for-sale) has increased by 2.3% from R25.7 billion at 28 February 2022 to R26.3 billion at 31 August 2022.

In SA, discount rates have started to increase as a result of rising interest rates however, market rental growth in SA has more than offset the increase in discount rates. The resultant increase in property valuations in SA amounted to 2.0% on a LFL basis, over the six-month period.

In the UK, valuation yields have started to increase over the financial period. It is reported that income capitalisation rates have moved out by 50bps, primarily driven by higher interest rates and associated funding costs. While there is limited transactional evidence to support yields moving out, valuers have applied this 50bps yield shift across the UK portfolio. As a result, the UK portfolio's value was down 2.9% on a LFL basis, in sterling.

The development for Evri (formerly Hermes) reached practical completion in July 2022. The total development cost was £75.3 million and includes the Newlands' profit share. Upon completion, the property was externally valued at £107 million, equating to a fair value uplift of 43%.

Evri signed a 20-year triple net, fully repairing and insuring lease. The lease agreement will afford Equites with stable cashflows of £3.8 million (R76 million) per annum, with five-yearly (upward only) rent reviews, subject to the higher of open market value, or the Retail Price Index compounded annually, with a collar and cap of 2.0% and 4.0%.

The base rent was agreed in 2020 at £5.25/ft^2, and due to the significant market rental growth in the UK logistics property market over the last two years, independent expert advice is that market rentals in Barnsley are now in excess of £7.25/ft^2.

The increase in value from this asset has countered a large portion of the decline in the core UK portfolio's value, illustrating the value creation through the venture with Newlands.

The information presented below is a summary of the significant inputs and resultant values assigned for Equites' income-producing portfolio:

REGION	TYPE OF PROPERTY	% OF INCOME-PRODUCING PORTFOLIO	AVERAGE VALUE (R/M²)	DISCOUNT RATE (%)	EXIT CAP (SA)/ NIY (UK) (%)
SOUTH AFRICA	Modern distribution centre	69	9 544	12.8	8.1
	Logistics campus	20	14 965	13.0	8.0
	Cross-docking/Ultra-low coverage	9	12 527	12.9	8.0
	Other	2	12 296	13.3	8.2
SA TOTAL:		**100**	**12 333**	**12.8**	**8.1**
UNITED KINGDOM	Modern distribution centre	47	45 664	n/a[1]	4.3
	Cross-docking/Ultra-low coverage	53	61 250	n/a[1]	3.7
UK TOTAL:		**100**	**53 890**	**n/a**	**4.0**

[1] As 100% of the UK portfolio was externally valued using an income capitalisation method, a discount rate and an exit capitalisation rate does not apply.

7 OPERATIONAL UPDATE

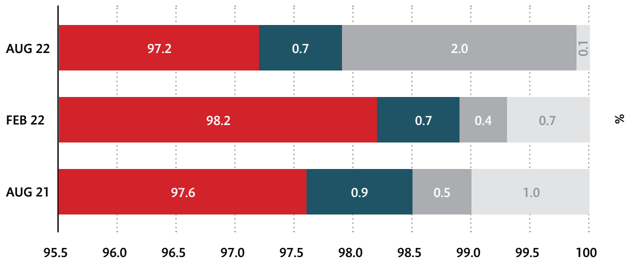
The proactive and effective management of the property portfolio is one of Equites' competitive advantages. The Group is selective when appraising its tenants and offers personalised service to each tenant to ensure the highest levels of tenant satisfaction.

By constantly assessing the portfolio and managing individual sites, the Group strengthens its competitive position, attracts and retains quality tenants, maintains the integrity of the buildings, and consequently, supports underlying property valuations. This tenant-focused strategy is further enhanced by offering clients sustainable park environments, which affords tenants with enhanced security and environmentally sustainable features embedded within these parks.

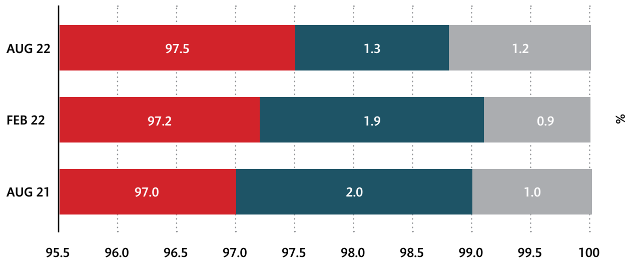
Due to the sharp increase in rentals in SA, Equites is conscious of the overall cost of occupation of its tenants. Equites is thus focused on developing buildings that will significantly reduce maintenance costs over the long term for its tenants, primarily supported by the types of materials used in constructing the buildings, the design of the buildings and the sustainability elements of the properties. The Group uses cladding and glass for its external surfaces as opposed to plaster and paint. Another example is affording tenants a significant reduction in energy costs through the installation of solar PV on all the new developments as well as on the operational portfolio. The Group believes that this tenant-focused approach will support the overall cost of occupation of its tenants and result in high tenant-retention rates.

7.1 TENANT QUALITY

BASED ON RENTABLE AREA



BASED ON CONTRACTUAL REVENUE

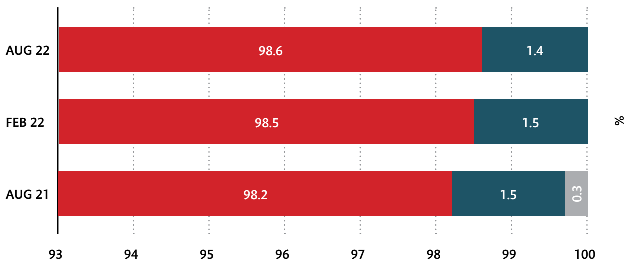


A: LARGE NATIONALS, LARGE LISTED AND GOVERNMENT
B: SMALLER INTERNATIONAL AND NATIONAL TENANTS
C: OTHER LOCAL TENANTS AND SOLE PROPRIETORS
D: VACANT

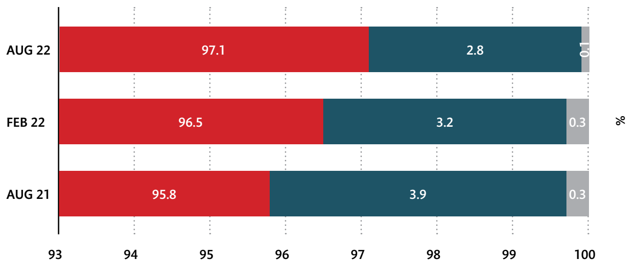
The Group understands the value of low-risk tenants, which is reflected in the fact that 97.5% of its revenue is derived from A-grade tenants.

SECTORAL PROFILE

BASED ON RENTABLE AREA



BASED ON CONTRACTUAL REVENUE



LOGISTICS
INDUSTRIAL
OFFICE

The Group sold its only remaining office complex situated in Pretoria during the financial period.

7.2 LEASE LONGEVITY

WEIGHTED AVERAGE LEASE EXPIRY BY REVENUE (YEARS)	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
SA – Logistics	13.4	13.8	15.0
SA – Industrial	10.8	10.7	3.8
SA – Office	–	–	1.8
	13.3	**13.7**	**14.9**
UK – Logistics	15.6	13.6	13.7
Weighted average lease expiry	**13.9**	**13.7**	**14.7**

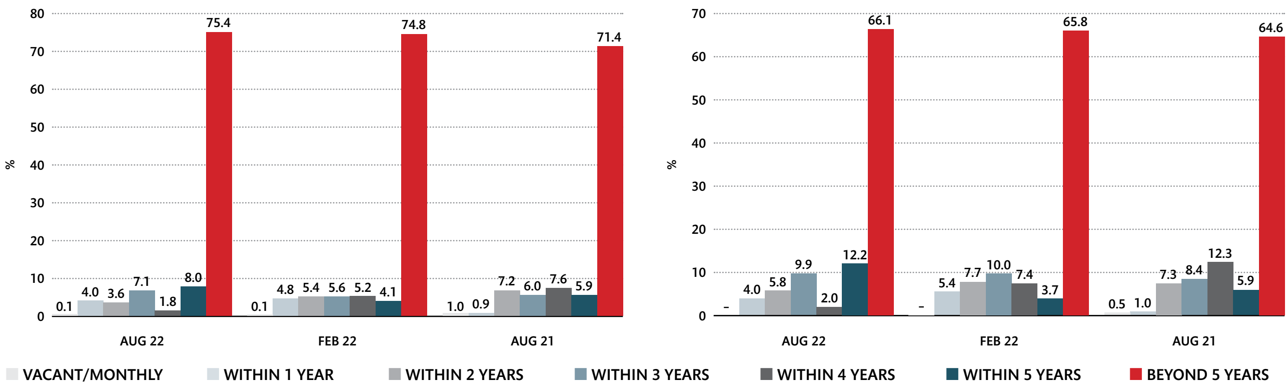
Equites' WALE of 13.9 years, combined with the quality of its tenants, represents a high degree of income certainty over a sustained period. This further reduces continuous reletting commissions and decreases the risk of vacancies in the medium-term.

WEIGHTED AVERAGE ESCALATION BY GLA (%)	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
SA – Logistics	6.5	6.6	6.5
SA – Industrial	7.3	7.3	8.0
SA – Office	–	–	7.0
	6.5	**6.6**	**7.8**

Equites' average escalation rate has declined marginally as a result of new leases being concluded at lower escalation rates. From a total return perspective, Equites is compensated for the reduction in escalation rates through higher starting rentals and longer lease-terms.

LEASE EXPIRY

BASED ON RENTABLE AREA | **BASED ON CONTRACTUAL REVENUE**



All tenants with leases expiring in the next six months have confirmed their intention to extend the leases with renewal terms currently being finalised. Equites is actively engaging with tenants where leases are due to expire within the next two years.

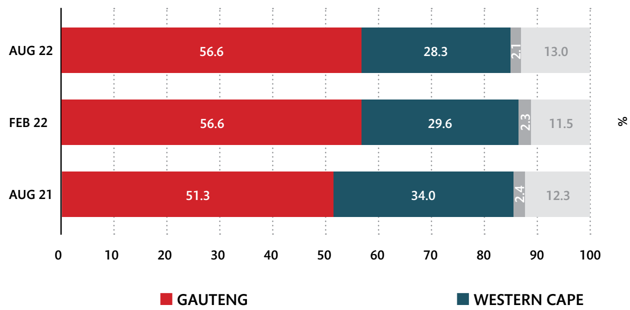
COMMENTARY CONTINUED

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

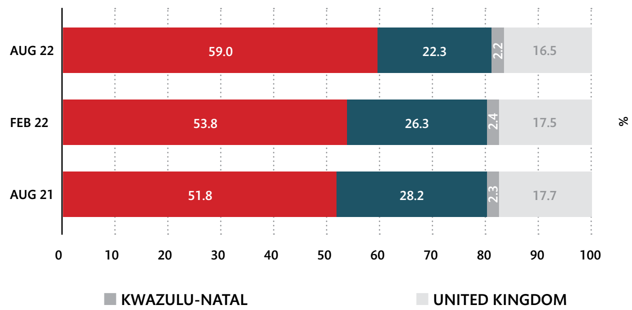
7 OPERATIONAL UPDATE CONTINUED

7.3 GEOGRAPHICAL PROFILE

BASED ON RENTABLE AREA



BASED ON CONTRACTUAL REVENUE



The Group continues to grow the SA portfolio through acquisitions and developments concentrated in Gauteng, from a geographical perspective. Equites' views this region as the hub of SA logistics and continues to focus growth efforts there.

7.4 VACANCY

VACANCY PROFILE BASED ON RENTABLE AREA (%)	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
Logistics	0.1%	0.7%	0.8%
Office	–	–	50.7%
	0.1%	**0.7%**	**1.0%**

The SA portfolio is fully let with all speculative developments, completed during the year, being let to A-grade tenants. The only remaining vacancy in the portfolio relates to a single ancillary unit of 1 401m^2 located in the UK.

8 TREASURY FINANCIAL MANAGEMENT

FINANCIAL MARKET UPDATE

Rising inflation driven by food and energy costs, as a result of supply constraints instigated by the COVID-19 pandemic and now by the Russian invasion of Ukraine, has caused the US Federal Reserve ("US Fed") to aggressively tighten US monetary policy. The Central Banks of both developed and emerging market countries have been forced to remain in lockstep with the US Fed, as they too tackle rising inflation and sluggish growth, cognisant that recession may result with the lack of certainty regarding the timing of the peak of inflation and the end of the interest rate tightening cycle.

The exit from the low interest rate environment of 2020/21 has certainly been dramatic, with 275bps, 215bps and 300bps increases in central bank rates in SA, the UK and the USA respectively after these central banks raised policy rates further at the end of September 2022. The UK 10-year gilt has escalated 230bps and, in SA, 3-month JIBAR has risen 210bps at 31 August 2022.

The stagnation of the UK economy has resulted in the view that the UK will shortly enter a recession, with UK GDP still below pre-pandemic levels. Unlike the US Fed, the Bank of England ("BoE") has taken a more measured approach to curbing inflation through monetary policy, resulting in sterling continuing to remain under pressure. With the UK government's new fiscal initiatives and plans to shield households from energy price increases, inflation pressure is set to persist over the medium term. There has been a marked shift from interest rates being 'lower for longer' to persistent inflation for longer, and the risk of further large hikes remains whilst the UK endeavours to balance monetary and fiscal policy.

In SA, the prevailing factors of high inflation combined with the unique energy crisis and Rand weakness have resulted in fiscal risks becoming more pronounced, which is increasing the probability of National Treasury not being able to meet fiscal targets. The SARB remains hawkish with a focus on bringing consumer inflation back to target levels, and has the unenviable task of curbing inflation and protecting the Rand in a low growth environment where unemployment is at record levels.

Against this backdrop, the achievements of the Group over the past six months are even more commendable, and the Group is well positioned to perform in the challenging environment outlined above.

HIGHLIGHTS OF THE PAST SIX MONTHS

Equites has entered into two significant long-term funding transactions and has had the outlook on its credit rating revised by Global Credit Ratings ("GCR") to Positive.

The purchase of the DSV Campus in Gauteng by the venture between Equites and Eskom Pension and Provident Fund for R2.05 billion was facilitated by R615 million five-year debt funding provided by Absa Bank ("Absa").

The completion of Colossus, a 340 000ft^2 (31 587m^2) distribution hub for Evri, near Barnsley, UK, gave rise to the opportunity to refinance a debt facility with Aviva. The facility was increased to £105 million and extended to 2032, ensuring long-dated funding against the portfolio of high-quality assets in the UK.

At the end of August, GCR affirmed the national scale long and short-term issuer ratings of Equites at AA-$_{(ZA)}$ and A1+$_{(ZA)}$ respectively and revised the outlook to Positive. In the analysis of Equites, GCR stated that *"the Positive Outlook reflects Equites' sustained robust operating performance, as evidenced by the substantial growth in the property portfolio, both in South Africa and the United Kingdom...facilitated by wide access to capital, providing the resources for continued portfolio expansion"*. GCR noted that this *"strong access to capital," "the quality of tenants"* and *"flexibility in structuring the development and funding thereof"* allows Equites to *"continue to expand its portfolio of high-quality logistics assets that evidence robust performance metrics and are able to generate strong returns. Moreover, the increasing exposure to the UK offers significant diversification into a more stable and developed property market"*.

> **"WE ARE DELIGHTED TO CONTINUE TO SUPPORT EQUITES AND THE GROWTH OF THEIR UK PORTFOLIO. AGAINST A BACKDROP OF CHANGING DYNAMICS, THE CLOSE COOPERATION BETWEEN EQUITES AND THEIR TENANTS TOGETHER WITH THE HIGH QUALITY OF THEIR PORTFOLIO PROVIDE AN ATTRACTIVE FINANCING OPPORTUNITY."**
>
> **GREGOR BAMERT, HEAD OF REAL ESTATE DEBT, AVIVA INVESTORS**

APPROACH TO FINANCIAL RISK MANAGEMENT

The Group has formulated a robust treasury policy that is reviewed regularly by the Risk & Capital Committee of the Board. The aim of the policy is to maximise stakeholder value through the appropriate reduction of financial risk, with six guiding principles defining the framework in which financial decisions are made. These six principles are stated below, together with commentary and metrics evidencing adherence to each of these principles:

PRINCIPLE	
1	MINIMISE THE CURRENT COST OF CAPITAL USING AN OPTIMAL MIX OF DEBT AND EQUITY
2	MAINTAIN A ROBUST BALANCE SHEET WHICH OFFERS FLEXIBILITY FOR FUTURE GROWTH OPPORTUNITIES
3	DIVERSIFY THE SOURCES OF FINANCE EMPLOYED TO FUND OPERATIONS
4	PHASE THE MATURITY OF OUTSTANDING FINANCIAL LIABILITIES
5	ENSURE THAT STRONG LIQUIDITY IS MAINTAINED
6	APPROPRIATELY MANAGE SIGNIFICANT FINANCIAL RISKS

8 TREASURY FINANCIAL MANAGEMENT CONTINUED

8.1 MINIMISING THE COST OF CAPITAL

The remarkable increases in central bank rates in SA and the UK outlined above has significantly increased borrowing costs for corporates globally. Against this backdrop, standard hedging instruments such as vanilla interest rate swaps are often not the most efficient instrument for hedging interest rate risk. From May 2021, the Group had entered into a number of interest rate derivatives which have successfully kept the cost of debt at relatively low levels over this period, even with the introduction of new debt. The relative increase in GBP-denominated debt has also kept the increase in the all-in cost of debt to less than 30bps over the past six months.

As at 31 August 2022, the sensitivity to a 50bps increase in 3-month JIBAR equates to a 15bps increase in the ZAR cost of debt. Thus, a 100bps increase in 3-month JIBAR from current levels would result in a 30bps increase in the cost of debt; or to put this differently, a 100bps increase in 3-month JIBAR would result in a 70bps decrease in the spread over the prevailing 3-month JIBAR rate from +196bps to 3-month JIBAR +126bps.

	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
All-in ZAR effective fixed cost of debt	7.78%	7.25%	6.81%
All-in GBP effective fixed cost of debt	3.01%	2.76%	2.48%
All-in effective average fixed cost of debt	5.89%	5.59%	4.97%

8.2 MAINTAINING A ROBUST BALANCE SHEET

The capital structure of the Group is constantly evaluated, considering both stakeholder risk appetite and the projected future requirements of the business. The Group aims for an LTV ratio that aligns with the capital structure, with a focus on ensuring that the business is appropriately structured to reduce risk and maximise the ability to take advantage of potential future opportunities.

Total debt and banking facilities increased marginally from February 2022 by R298 million driven by a R557 million (£28.1 million) increase in GBP funding, offset by a R161 million downward FX revaluation on GBP funding and the maturity of a R100 million 3-year listed note. In line with these movements, utilised loans and borrowings increased by R303 million.

Unsecured debt ratios reflect a diversified funding mix with unsecured debt as a proportion of total debt being 45.3% (Feb22: 47.9%), and the ratio of unsecured borrowings to unencumbered assets of 33.3% (Feb22: 33.8%) providing reassurance to debt capital market investors participating in unsecured debt.

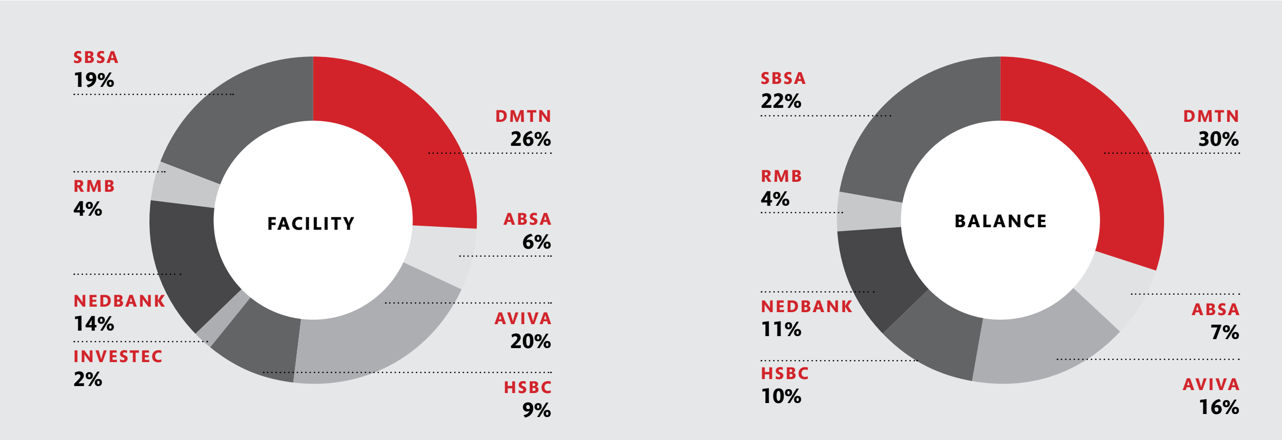
Asset encumbrance remained robust at the end of August with an unencumbered asset ratio (unencumbered assets relative to total assets) of 47.2% (Feb22: 48.0%), and the ratio of secured borrowings to encumbered assets being 36.1% (Feb22: 33.9%).

Through this efficient use of capital, and whilst still retaining R1.2 billion in available debt facilities at 31 August 2022, the LTV ratio remained well within the target range for the Group, and as at 31 August 2022 was 33.3%.

R'000	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
Gross debt	9 303 601	9 000 572	6 506 495
Cash and cash equivalents	(170 977)	(570 143)	(203 020)
NET DEBT (EXCLUDING DERIVATIVES)	**9 132 624**	**8 430 429**	**6 303 475**
Total assets	28 220 986	27 740 130	22 636 646
Less assets related to net debt	(811 316)	(958 621)	(586 499)
FAIR VALUE OF PROPERTY ASSETS	**27 409 670**	**26 781 509**	**22 050 147**
LTV RATIO	**33.3%**	**31.5%**	**28.6%**

8.3 DIVERSIFYING SOURCES OF FUNDING

The Group continues to receive strong support from lending institutions in SA and the UK and from the debt capital markets in SA. Almost half of the ZAR-denominated funding drawn by the Group at 31 August 2022 (R2.8 billion) was raised through the JSE-listed Domestic Medium Term Note ("DMTN") Programme and alternate debt capital market sources (49% of SA debt and 30% of total debt). There are 23 different financial institutions invested into the Group's listed debt along with seven financial institutions with which the Group has bilateral funding facilities.

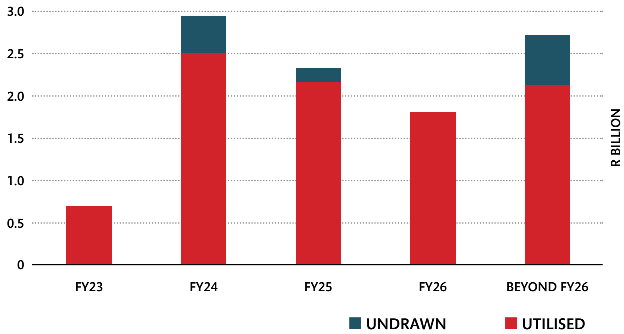


8.4 PHASING THE MATURITY OF FINANCIAL LIABILITIES

The Group balances the term structure of loans and borrowings to reduce refinancing risk with the minimisation of the cost of debt. The weighted average debt maturity profile has increased from 2.7 years since last reported in February 2022 to 3.3 years at 31 August 2022 through a combination of new and refinanced facilities.

Two significant debt financing facilities were concluded over the past six months, being R615 million with Absa for five years and £105 million with Aviva for ten years, thereby ensuring that two-thirds of debt facilities mature after 29 February 2024 and 43% matures after 28 February 2025. The debt facilities that mature within the next twelve months comprise a short-dated unlisted note and a 1-year JSE-listed note, for which refinancing discussions have already commenced with debt capital market advisors, with strong appetite for Equites paper continuing to be evident in the market.

Of the R1.2 billion in undrawn facilities, R557 million (£28.1 million) relates to the undrawn portion of the refinanced 10-year Aviva facility that was subsequently drawn down in September 2022.



EXPIRY DATE	LOAN BALANCE (R'000)	FACILITY AMOUNT (R'000)	UNDRAWN FACILITY (R'000)	% OF LOAN BALANCE	% OF FACILITY AMOUNT
Within 1 year	719 898	920 000	200 000	7.7%	8.7%
1-2 years	2 988 623	3 239 818	250 000	32.0%	30.7%
2-3 years	2 348 228	2 551 000	200 000	25.2%	24.2%
3-5 years	1 730 034	1 748 127	–	18.7%	16.6%
Beyond 5 years	1 516 818	2 082 182	557 390	16.4%	19.8%
TOTAL	**9 303 601**	**10 541 127**	**1 207 390**	**100%**	**100%**

8 TREASURY FINANCIAL MANAGEMENT CONTINUED

8.5 MAINTAINING STRONG LIQUIDITY

Equites maintains a highly liquid financial position given continued volatile capital markets, albeit the Group was able to raise a significant amount of long-dated debt in the past six months and continues to receive indications of significant appetite in the debt capital markets.

The Group has a policy-driven contingent liquidity buffer of R300 million which requires that this amount is held in cash or undrawn facilities at any point in time and is incorporated into two-year funding forecast projections. Following the R557 million portion of the Aviva loan that was drawn subsequent to reporting period end, the Group held over R1 billion in undrawn committed facilities.

With these additional sources of liquidity, the Group will be able to execute the development pipeline while providing the necessary flexibility to execute on any further opportunities, should these arise.

8.6 APPROPRIATELY MANAGING FINANCIAL RISKS

8.6.1 INTEREST RATE RISK

The Group has continued to use a combination of natural hedges and derivative financial instruments to hedge exposure to interest rate risk. At 31 August 2022, the Group had hedged 86.2% of term debt balances and 84.2% of total committed future cash outflows. Importantly, additional derivatives that were entered into in the first half of 2021 to take advantage of the low interest rate cycle, and which resulted in a high proportion of interest rate risk exposure that was hedged at the time, now benefits the Group in the current high interest rate environment and in which interest rate hedging is viewed as expensive. This is further evident in the valuation of interest rate derivatives, which have increased by R203 million in mark-to-market value from February 2022 (-R31 million) to August 2022 (+R172 million).

R'000	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
Interest rate derivatives	6 540 996	6 640 965	4 175 585
Fixed-for-floating cross-currency swap	–	–	600 000
Embedded derivative	–	75 601	168 962
TOTAL INTEREST RATE HEDGES	**6 504 996**	**6 716 566**	**4 944 547**
Total floating-rate borrowings	7 786 783	7 424 846	5 005 767
HEDGE COVER OF FLOATING RATE DEBT	83.5%	90.5%	98.8%
Fixed rate borrowings	1 516 818	1 575 726	1 536 048
INTEREST-BEARING BORROWINGS	**9 303 601**	**9 000 572**	**6 541 815**
Hedge cover	8 021 814	8 216 690	6 480 595
HEDGE COVER OF TERM LOAN FACILITIES	86.2%	91.3%	99.1%
Contracted capital commitments (incl. development accruals)	932 743	931 764	1 974 945
TOTAL COMMITTED FUTURE CASH OUTFLOWS	**10 236 344**	**9 932 336**	**8 516 760**
Hedge cover	8 021 814	8 216 690	6 480 595
Forward-starting interest rate hedges	600 000	600 000	439 470
TOTAL HEDGE COVER	**8 621 814**	**8 816 690**	**6 920 065**
TOTAL EFFECTIVE INTEREST RATE RISK EXPOSURE HEDGED	**84.2%**	**88.8%**	**81.6%**

8.6.2 FOREIGN EXCHANGE RATE RISK

The treasury policy of the Group dictates the parameters within which foreign exchange risk is managed, with the over-arching precept to reduce exchange rate volatility for investors.

HEDGING NET INVESTMENT IN FOREIGN OPERATION

The Group considers the sourcing of GBP debt currently the most effective manner in which to hedge the investment into foreign-denominated operations. To this purpose, the Group has further increased GBP debt facilities to £210.8 million (R4.2 billion) at August 2022, an increase of £52.1 million since August 2021.

The treasury policy restricts the utilisation of cross-currency interest rate swaps ("CCIRS") to 45% of foreign-denominated assets. The slight increase in derivative usage from February 2022 represents interim positions that will be closed out following the additional GBP debt raised on 31 August 2022.

£'000	31 AUGUST 2022	28 FEBRUARY 2022	31 AUGUST 2021
GBP-denominated assets	540 914	521 876	419 147
GBP-denominated liabilities	(209 387)	(216 571)	(133 656)
FOREIGN NET ASSETS	**331 527**	**305 305**	**285 491**
Nominal value of CCIRS	117 500	107 500	97 405
DERIVATIVE HEDGING OF GBP-DENOMINATED ASSETS	**21.7%**	**20.6%**	**23.2%**

HEDGING DISTRIBUTABLE EARNINGS AND CASH FLOW RISK

Where possible, the Group continues to utilise natural hedges to minimise exposure to fluctuations in foreign exchange rates on distributable earnings. This includes the reinvestment of all surplus net operating rental cashflows into developments. The Group assesses the likely impact on the funds to be received from foreign operations of reasonably possible changes in the GBP/ZAR exchange rate and hedges exposure within these levels.

The Group has hedged net income to be received over the next 24 months in line with the Group's documented hedging policy.

SIX-MONTH PERIOD ENDED	EFFECTIVE HEDGING LEVEL	BLENDED PARTICIPATION FLOOR	BLENDED PARTICIPATION CAP
28 February 2023	80.0%	R20.62/GBP	R21.75/GBP
31 August 2023	70.0%	R20.71/GBP	R21.56/GBP
29 February 2024	45.0%	R20.99/GBP	R22.26/GBP
31 August 2024	30.0%	R21.38/GBP	R21.38/GBP

The Group hedging policy with respect to distributable earnings and cash flow risk is deliberately constructed to provide short-term stability in the growth in distributable earnings and to gain from the hard currency appreciation over the medium- and long-term.

9 TRANSFORMATION

Transformation remains a fundamental tenet to the Equites business. The Group fully recognises and acknowledges the importance of adhering to the country's B-BBEE policies and striving for transformation in a holistic manner. For the period under review, the Group has maintained a Level 3 B-BBEE rating with a verified black ownership of 76%.

A key component of the transformation strategy is to facilitate the creation of black property-owning businesses and to assist in the transfer of skills from an operational, financial and asset management perspective. To aid this objective, the Group has concluded a Statement 102 B-BBEE transaction whereby it disposed of six property assets located in the Western Cape to Mabel Black Knight Investments ("Mabel"), a 100% black-owned consortium. These properties were deemed to be non-core to the Equites portfolio due to the size of the individual assets, but still represented high-quality underlying fundamentals.

10 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG has become one of the Group's key strategic areas of differentiation and remains central to the business. In line with the Group's ambition to be a leading specialist logistics REIT globally, there is an ongoing focus on sustainability enhancements across all aspects of the portfolio. Some key areas include the large-scale adoption of solar PV and incorporation of efficient water management measures in the baseline specification on all new buildings. These contribute to lower costs for Equites tenants and advances the Group's goals in meeting its sustainability objectives as guided by the Sustainable Development Goals. The Group included Enterprise Development Spend as one of the KPIs for sustainability-linked debt funding, and the Group's increased focus on social responsibility has resulted in the Group significantly exceeding its Enterprise Development Spend target.

10.1 RENEWABLE ENERGY

Equites has established minimum annual targets to increase the use of solar powered energy in accordance with the objective to decarbonise the portfolio. This target represents a 15% annual improvement on the baseline established in September 2021 and contributes to the reduction of carbon emissions for both occupiers of the facility and the Group's own targets.

The Group is currently rolling out solar PV projects as part of a tenant engagement process that considers both battery and solar propositions, which will significantly enhance the energy mix at portfolio level once completed. The current pipeline of projects is 2 830 kWp of solar PV that will generate an estimated 5.5 million kWh of energy once installed. This is expected to reduce the carbon footprint of the portfolio by 5 827 tCO_2e.

Additionally, Equites was accepted into the first municipal energy wheeling pilot project in SA, which will be undertaken at a property in the Western Cape. Equites considers this to be a significant opportunity to drive the transition of the renewable energy landscape within the built environment in SA.

10.2 WATER EFFICIENCY

In acknowledgement of SA's position as a high-water stress region, the Group recognises its obligation to minimise water use intensity through the incorporation of rainwater harvesting systems and grey water systems into the baseline specification of all new developments. The minimum objective is to realise a 20% efficiency in water use based on building typology and by ongoing monitoring and tenant engagement, and Equites would like to influence the further reduction of operational water usage through a process of shared value creation.

10.3 GREEN BUILDING CERTIFICATION

The Equites baseline specification in SA is aligned to the IFC EDGE Green Building Certification standard. The Group has qualified for advanced certification on 80% of all new developments submitted for certification, which requires a minimum of 40% energy efficiencies in excess of guidelines. The average efficiency realised across new developments is 54% for energy and 30% for water.

In the UK, all new developments are certified according to the BREEAM Green Building Certification standard.

10.4 SOCIAL RESPONSIBILITY

Equites has identified education as an enabler to community upliftment. It has increased the amount of funding available for bursaries and learnerships and continues to identify areas where it can make a difference. The Group recognises the importance of developing a foundation for STEM subjects and sponsored a fully equipped science laboratory to a primary school located in Macassar in the Western Cape in 1H23, through The Michel Lanfranchi Foundation ("MLF").

Through MLF, Equites has furthered its commitment to childhood development with a contribution to the Peninsula School Feeding Association. The association addresses hunger in young learners and students attending primary, secondary and special needs schools as well as Orphaned & Vulnerable Children Centres, Early Childhood Development Centres and Technical and Vocational Education and Training Colleges in the Western Cape.

The Equites AmpCore programme, which is the Group's dedicated social empowerment vehicle, has doubled the Enterprise Supplier Development spend for the current sustainability measurement period commencing October 2021 to August 2022 by 122%, compared to the base year ended September 2021.

11 PROSPECTS

In line with previous guidance, the Board expects that the Group will achieve full-year DPS growth of between 4.0% and 6.0%. Due to the rising interest rate environment and heightened uncertainty in the global economy, management is forecasting a reduced but positive total return for FY23 (growth in NAV per share and distribution yield).

The Board's DPS guidance assumes no major corporate failures will occur, the GBP/ZAR exchange rate remains materially unchanged, and rising utility costs and municipal rates will be recovered from tenants. This forecast has not been audited or reviewed by the external auditors of Equites.

12 SUBSEQUENT EVENTS

BASINGSTOKE TRANSACTION

The Group concluded agreements during the period in respect of the sale of land to Promontoria and turnkey developments for Arrow Capital in Basingstoke. This transaction is subject to the fulfilment of certain conditions precedent including receipt of planning approval for the development of the DCs, which ENGL is currently disputing.

Although ENGL has kept the purchaser fully up to date regarding the status and process of the planning application, the refusal of the initial planning application and the appeal, the purchaser has purported to cancel this transaction on the basis that certain formal notification provisions in the relevant agreement were not met. ENGL disputes the cancellation and the parties have agreed to refer their dispute to arbitration. Following the receipt of the cancellation notice the purchaser also submitted a revised offer to ENGL which has been declined. In the meantime, ENGL will proceed with the appeal to secure planning approval for the intended developments.

The directors are not aware of any other events that have occurred since the end of this reporting period which have a material impact on the results.

13 BASIS OF PREPARATION

The condensed consolidated interim results for the six months ended 31 August 2022 are prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting standards and are consistent with those applied in the previous consolidated annual financial statements.

Laila Razack CA(SA), in her capacity as Chief Financial Officer, was responsible for the preparation of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have not been reviewed or audited by the Company's external auditors.

14 DECLARATION OF AN INTERIM CASH DIVIDEND

Notice is hereby given of the declaration of the interim dividend number 18 of 81.58013 cents per share.

The Board has declared an interim gross dividend of 81.58013 cents per share on 4 October 2022 which is a 4.1% growth over the prior year interim distribution of 78.38 cents per share. The DPS growth is in line with previous guidance of 4% – 6%.

DIVIDENDS DECLARED (CENTS PER SHARE)	% CHANGE	31 AUGUST 2022	31 AUGUST 2021
Interim dividend	4.1%	81.58013	78.37854

SALIENT DATES AND TIMES	2022
Equites results including declaration of an interim distribution published on SENS	Wednesday, 5 October
Last day to trade in order to receive the cash dividend	Tuesday, 25 October
Shares trade ex-dividend	Wednesday, 26 October
Record date to receive the cash dividend	Friday, 28 October
Payment of cash dividends to certificated shareholders by electronic funds transfer	Monday, 31 October
Dematerialised shareholders' CSDP or broker accounts credited with the cash dividend payment	Monday, 31 October

NOTE:

Shares may not be dematerialised or rematerialised between Wednesday, 26 October 2022 and Friday, 28 October 2022, both days inclusive.

14 DECLARATION OF AN INTERIM CASH DIVIDEND CONTINUED

TAX IMPLICATIONS

Equites listed on the JSE as a REIT in line with the REIT structure as provided for in the Income Tax Act, No. 58 of 1962, as amended (the "Income Tax Act") and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors, in determining its taxable income.

The cash dividend of 81.58013 cents per share meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act (a "qualifying distribution") with the result that:

- qualifying distributions received by resident Equites shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Equites shareholder. These qualifying distributions are however exempt from dividends withholding tax, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
  - a declaration that the dividend is exempt from dividends tax; and
  - a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,
- both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.
- qualifying distributions received by non-resident Equites shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distributions are subject to dividends withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 65.26410 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
  - a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
  - a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,
- both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

OTHER INFORMATION

- The issued ordinary share capital of Equites at the date of declaration is 777 760 028 ordinary shares of no par value each.
- Income Tax Reference Number of Equites: 9275393180.

By order of the Board

Equites Property Fund Limited
4 October 2022

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

EQUITES PARK – MEADOWVIEW, GAUTENG

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Equites Property Fund Limited and its subsidiaries at 31 August 2022

R'000	NOTES	UNAUDITED 31 AUGUST 2022	UNAUDITED 31 AUGUST 2021	AUDITED 28 FEBRUARY 2022
ASSETS				
NON-CURRENT ASSETS				
Investment property (excluding straight-lining)	4	25 589 521	20 417 136	24 970 607
Straight-lining lease income accrual	4	691 394	467 149	547 000
Deferred tax asset		122 139	139 047	162 765
Financial assets		188 112	15 795	60 637
Trade receivables		1 100	–	–
Loan receivable		56 579	–	–
Property, plant and equipment		17 606	17 080	16 086
		26 666 451	**21 056 207**	**25 757 095**
CURRENT ASSETS				
Trading properties	5	623 530	724 609	878 927
Trade and other receivables		647 203	328 865	223 196
Other financial assets		109 847	38 818	104 645
Loan receivable		2 978	–	–
Cash and cash equivalents		170 977	203 020	570 143
		1 554 535	**1 295 312**	**1 776 911**
Investment property held-for-sale	4.2	–	285 127	206 124
TOTAL ASSETS		**28 220 986**	**22 636 646**	**27 740 130**
EQUITY AND LIABILITIES				
EQUITY AND RESERVES				
Stated capital		12 212 300	10 801 751	12 170 853
Accumulated profit		2 329 680	1 575 120	1 880 847
Foreign currency translation reserve		50 078	127 659	370 624
Share-based payment reserve		21 850	9 511	29 390
TOTAL ATTRIBUTABLE TO OWNERS		**14 613 908**	**12 514 041**	**14 451 714**
Non-controlling interest		3 304 937	2 268 066	3 059 872
TOTAL EQUITY AND RESERVES		**17 918 845**	**14 782 107**	**17 511 586**
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and borrowings	6	8 583 601	6 206 460	7 974 268
Financial guarantee	7	10 000	–	–
Other financial liabilities		52 539	211 680	117 200
Trade and other payables		73 549	–	–
Deferred tax liability		259 128	170 621	441 194
Other liabilities		9 699	6 473	8 334
		8 988 516	**6 595 234**	**8 540 996**
CURRENT LIABILITIES				
Trade and other payables		477 156	907 082	572 364
Loans and borrowings	6	720 000	300 035	1 026 304
Other financial liabilities		38 131	52 188	88 880
Current tax liability		78 338	–	–
		1 313 625	**1 259 305**	**1 687 548**
TOTAL LIABILITIES		**10 302 141**	**7 854 539**	**10 228 544**
TOTAL EQUITY AND LIABILITIES		**28 220 986**	**22 636 646**	**27 740 130**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

R'000	NOTES	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
Property revenue and tenant recoveries		901 205	681 072	1 505 103
Straight-lining of leases adjustment		146 170	103 872	182 468
GROSS PROPERTY REVENUE		**1 047 375**	**784 944**	**1 687 571**
Gross development profit		84 811	–	576
Property operating and management expenses		(162 638)	(105 439)	(240 418)
Other net operating gains and losses	8	166 734	217 434	155 207
Administrative expenses		(40 123)	(41 937)	(78 039)
Fair value adjustments – investment property	4	167 580	569 492	1 168 317
OPERATING PROFIT BEFORE FINANCING ACTIVITIES		**1 263 739**	**1 424 494**	**2 693 214**
Finance costs	9	99 259	(26 362)	31 994
Finance income		15 939	8 797	14 021
NET PROFIT BEFORE TAX		**1 378 937**	**1 406 929**	**2 739 229**
Taxation		49 666	(90 914)	(382 809)
PROFIT FOR THE PERIOD		**1 428 603**	**1 316 015**	**2 356 420**
OTHER COMPREHENSIVE INCOME				
Items that may subsequently be reclassified to profit or loss:				
Translation of foreign operations		(322 510)	(263 744)	(19 147)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1 106 093**	**1 052 271**	**2 337 273**
PROFIT ATTRIBUTABLE TO:				
Owners of the parent		1 105 746	1 170 689	2 032 661
Non-controlling interest		322 857	145 326	323 759
		1 428 603	**1 316 015**	**2 356 420**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent		785 200	906 829	2 011 765
Non-controlling interest		320 893	145 442	325 508
		1 106 093	**1 052 271**	**2 337 273**
Basic earnings per share (cents)	1	143.0	179.0	295.3
Diluted earnings per share (cents)	1	142.1	177.8	293.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

R'000	NOTES	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations[1]		748 479	871 649	944 849
Finance costs paid	9	(111 607)	(66 025)	(99 807)
Finance income received		17 486	8 381	4 908
Tax (paid)/received		(1 276)	2 468	(50 032)
Dividends paid		(732 775)	(558 125)	(1 228 043)
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		**(79 693)**	**258 345**	**(428 125)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment properties		–	(504 735)	(2 209 150)
Development of investment properties		(794 388)	(1 100 889)	(2 184 606)
Finance costs paid capitalised to investment properties		(144 228)	(110 569)	(260 259)
Proceeds from government grants		–	–	61 726
Proceeds on disposal of investment property		150 965	–	–
Proceeds from disposal of subsidiaries		–	25 000	104 663
Purchases of current financial assets[2]		(430 000)	(805 000)	(1 823 000)
Proceeds on divestment of current financial assets[2]		430 000	725 000	1 823 000
Proceeds from loan receivable		250	–	–
Proceeds from disposal of property, plant and equipment		8	–	4
Purchase and development of property, plant and equipment		(4 091)	(807)	(1 555)
NET CASH FLOWS UTILISED BY INVESTING ACTIVITIES		**(791 484)**	**(1 772 000)**	**(4 489 177)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issue (net of costs)		–	993 143	1 987 559
Proceeds from share issue relating to dividend reinvestment programme (net of costs)		27 201	279 051	653 736
Repayment of lease liability		(4 744)	(2 535)	(7 816)
Proceeds from borrowings		4 033 000	2 021 856	4 782 461
Repayment of borrowings		(3 583 000)	(2 219 102)	(2 563 648)
NET CASH FLOWS RAISED FROM FINANCING ACTIVITIES		**472 457**	**1 072 413**	**4 852 292**
Net decrease in cash and cash equivalents		(398 720)	(441 242)	(65 010)
Effect on exchange rate movements in cash and cash equivalents		(446)	31 946	22 837
Cash and cash equivalents at the beginning of the period		570 143	612 316	612 316
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**170 977**	**203 020**	**570 143**

1 Included in cash generated from operations is a cash outflow relating to the amounts receivable on completion of the turnkey development.

2 This primarily consists of investments in and divestments of surplus cash held in money market funds.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

R'000	STATED CAPITAL	ACCUMULATED PROFIT	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL ATTRIBUTABLE TO PARENT	NON-CONTROLLING INTEREST	TOTAL
AUDITED BALANCE AT 1 MARCH 2021	**9 337 288**	**918 422**	**391 520**	**195 953**	**10 843 183**	**2 166 757**	**13 009 940**
Profit for the period	–	1 170 689	–	–	1 170 689	145 326	1 316 015
Other comprehensive (loss)/income	–	–	(263 861)	–	(263 861)	117	(263 744)
Shares issued for cash	1 000 000	–	–	–	1 000 000	–	1 000 000
Shares issued in terms of the dividend reinvestment programme	279 051	–	–	–	279 051	–	279 051
Shares issued in terms of the conditional share plan	11 854	–	–	(11 854)	–	–	–
Settlement of share-based payment transaction	180 000	–	–	(180 000)	–	–	–
Equity-settled share-based payment charge	–	–	–	5 827	5 827	–	5 827
Dividends distributed to shareholders	–	(513 991)	–	–	(513 991)	(44 134)	(558 125)
Share issue costs	(6 442)	–	–	(415)	(6 857)	–	(6 857)
UNAUDITED BALANCE AT 31 AUGUST 2021	**10 801 751**	**1 575 120**	**127 659**	**9 511**	**12 514 041**	**2 268 066**	**14 782 107**
Profit for the period	–	861 972	–	–	861 972	178 433	1 040 405
Other comprehensive income	–	–	242 965	–	242 965	1 632	244 597
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	703 150	703 150
Transactions with non-controlling interest	–	–	–	–	–	22 264	22 264
Shares issued for cash	1 000 000	–	–	–	1 000 000	–	1 000 000
Shares issued in terms of the dividend reinvestment programme	374 685	–	–	–	374 685	–	374 685
Shares issued in terms of the conditional share plan	416	–	–	(416)	–	–	–
Equity-settled share-based payment charge	–	–	–	19 880	19 880	–	19 880
Dividends distributed to shareholders	–	(556 245)	–	–	(556 245)	(113 673)	(669 918)
Share issue costs	(5 999)	–	–	415	(5 584)	–	(5 584)
AUDITED BALANCE AT 28 FEBRUARY 2022	**12 170 853**	**1 880 847**	**370 624**	**29 390**	**14 451 714**	**3 059 872**	**17 511 586**
Profit for the period	–	1 105 746	–	–	1 105 746	322 857	1 428 603
Other comprehensive loss	–	–	(320 546)	–	(320 546)	(1 964)	(322 510)
Transactions with non-controlling interest	–	–	–	–	–	34	34
Shares issued in terms of the dividend reinvestment programme	28 154	–	–	–	28 154	–	28 154
Shares issued in terms of the conditional share plan	14 083	–	–	(14 246)	(163)	–	(163)
Treasury shares issued	163	–	–	–	163	–	163
Equity-settled share-based payment charge	–	–	–	6 706	6 706	–	6 706
Dividends distributed to shareholders	–	(656 913)	–	–	(656 913)	(75 862)	(732 775)
Share issue costs	(953)	–	–	–	(953)	–	(953)
UNAUDITED BALANCE AT 31 AUGUST 2022	**12 212 300**	**2 329 680**	**50 078**	**21 850**	**14 613 908**	**3 304 937**	**17 918 845**

SELECTED EXPLANATORY NOTES TO THE RESULTS

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

1 EARNINGS PER SHARE

This note provides the obligatory information in terms of *IAS 33 Earnings per share* and *SAICA Circular 1/2021* for the Group and should be read in conjunction with Appendix 1, where earnings are reconciled to distributable earnings. Distributable earnings determine the dividend declared to shareholders, which is a meaningful metric for a shareholder in a REIT.

	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
1.1 BASIC EARNINGS PER SHARE			
R'000			
Earnings (profit attributable to owners of the parent)	1 105 746	1 170 689	2 032 661
SHARES IN ISSUE			
Number of shares in issue at the end of the period	778 685 028	709 696 383	776 573 375
Weighted average number of shares in issue	773 352 235	654 128 928	688 221 003
Add: weighted potential dilutive impact of conditional shares	4 583 190	4 183 353	5 376 814
Diluted weighted average number of shares in issue	777 935 425	658 312 281	693 597 817
BASIC EARNINGS PER SHARE (CENTS)			
Basic earnings per share	143.0	179.0	295.3
Diluted earnings per share	142.1	177.8	293.1
1.2 HEADLINE EARNINGS PER SHARE			
RECONCILIATION BETWEEN BASIC EARNINGS AND HEADLINE EARNINGS (R'000)			
Earnings (profit attributable to owners of the parent)	1 105 746	1 170 689	2 032 661
Adjusted for:			
Fair value adjustments to investment properties	(167 580)	(569 492)	(1 147 365)
Fair value adjustment to investment properties (NCI)	34 636	34 636	8 221
Fair value adjustment of non-current assets held-for-sale	–	–	(20 952)
Loss on sale of non-current assets held-for-sale and property, plant and equipment	6 783	–	237
Loss on sale of subsidiary	–	423	15 706
HEADLINE EARNINGS	**979 585**	**636 256**	**888 508**
HEADLINE EARNINGS PER SHARE (CENTS)			
Headline earnings per share	126.7	97.3	129.1
Diluted headline earnings per share	125.9	96.6	128.1

2 SEGMENT INFORMATION

The unaudited segment information for the Group for the period ended 31 August 2022 is set out below:

R'000	SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER[1]	OTHER	TOTAL
	OPERATING SEGMENTS				
STATEMENT OF COMPREHENSIVE INCOME					
Property revenue and tenant recoveries	743 549	148 359	–	9 297	**901 205**
Straight-lining of leases adjustment	146 254	5 160	–	(5 244)	**146 170**
Gross development profit/(loss)	(7 800)	–	92 611	–	**84 811**
Fair value adjustments – investment property	108 216	59 364	–	–	**167 580**
Operating profit/(loss) before financing activities	992 636	185 771	87 935	(2 603)	**1 263 739**
Finance income	15 047	881	–	11	**15 939**
Finance costs	59 661	43 976	(4 413)	35	**99 259**
Current tax expense	–	–	(79 613)	–	**(79 613)**
STATEMENT OF FINANCIAL POSITION					
Fair value of investment property	16 300 578	9 980 337	–	–	**26 280 915**
Trading properties	22 730	–	600 800	–	**623 530**
Loans and borrowings[2]	6 896 326	2 407 275	–	–	**9 303 601**
Total assets	17 088 766	10 146 915	985 305	–	**28 220 986**
Total liabilities	7 339 744	2 773 971	188 426	–	**10 302 141**

The unaudited segment information for the Group for the period ended 31 August 2021 is set out below:

R'000	SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER[1]	OTHER	TOTAL
	OPERATING SEGMENTS				
STATEMENT OF COMPREHENSIVE INCOME					
Property revenue and tenant recoveries	574 267	95 420	–	11 385	**681 072**
Straight-lining of leases adjustment	99 991	7 224	–	(3 343)	**103 872**
Fair value adjustments – investment property	12 779	586 287	–	(29 574)	**569 492**
Operating profit before financing activities	1 331 093	85 327	(1 572)	9 646	**1 424 494**
Finance income	5 826	3 061	–	(90)	**8 797**
Finance costs	(54 359)	27 933	–	64	**(26 362)**
Current tax expense	–	(1 237)	–	–	**(1 237)**
STATEMENT OF FINANCIAL POSITION					
Fair value of investment property	12 827 421	7 989 025	–	67 839	**20 884 285**
Investment property held-for-sale	–	–	–	285 127	**285 127**
Trading properties	–	–	724 609	–	**724 609**
Loans and borrowings	4 834 275	1 672 220	–	–	**6 506 495**
Total assets	14 783 353	6 676 306	822 728	354 259	**22 636 646**
Total liabilities	5 427 503	1 880 233	540 155	6 648	**7 854 539**

2 SEGMENT INFORMATION CONTINUED

The audited segment information for the Group for the year ended 28 February 2022 is set out below:

R'000	OPERATING SEGMENTS SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER[1]	OTHER	TOTAL
STATEMENT OF COMPREHENSIVE INCOME					
Property revenue and tenant recoveries	1 215 823	263 235	–	26 045	1 505 103
Straight-lining of leases adjustment	169 626	14 220	–	(1 378)	182 468
Gross development profit	576	–	–	–	576
Fair value adjustments – investment property	(356 859)	1 546 128	–	(20 952)	1 168 317
Operating profit/(loss) before financing activities	796 817	1 878 841	(2 445)	20 001	2 693 214
Finance income	14 057	41	–	(77)	14 021
Finance costs	72 657	(40 598)	–	(65)	31 994
Current tax expense	–	(1 254)	(48 778)	–	(50 032)
STATEMENT OF FINANCIAL POSITION					
Investment property (excluding straight-lining)	14 929 254	10 041 354	–	–	24 970 607
Straight-lining lease income accrual	504 528	42 472	–	–	547 000
Investment property held-for-sale	–	–	–	206 124	206 124
Trading properties	20 754	–	858 173	–	878 927
Loans and borrowings	6 496 875	2 503 697	–	–	9 000 572
Total assets	15 952 283	10 681 885	891 391	214 571	27 740 130
Total liabilities	6 726 324	3 241 662	257 556	3 002	10 228 544

1 Management evaluates the activities within ENGL pertaining to third-party developments to be a separate segment and the performance of these development activities are assessed separately.

2 £60 million (R1.19 billion) of debt is sourced locally and is reported as part of SA Industrial. The debt facilities are, however, utilised as part of UK operations.

3 FAIR VALUE MEASUREMENT

All assets and liabilities measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement as follows:

Level 1: measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: measurements are done by reference to inputs other than quoted prices that are included in level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).

Level 3: measurements are done by reference to inputs that are not based on observable market data.

R'000	UNAUDITED 31 AUGUST 2022 FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
Non-financial assets at fair value – investment properties	26 250 116	–	–	26 250 116
Derivative financial assets	297 959	–	297 959	–
	26 548 075	**–**	**297 959**	**26 250 116**
LIABILITIES				
Derivative financial liabilities	(90 670)	–	(90 670)	–
	(90 670)	**–**	**(90 670)**	**–**

R'000	AUDITED 28 FEBRUARY 2022 FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
Non-financial assets at fair value – investment properties	25 517 606	–	–	25 517 606
Derivative financial assets	165 283	–	165 283	
	25 682 889	**–**	**165 283**	**25 517 606**
LIABILITIES				
Derivative financial liabilities	173 207	–	173 207	–
	173 207	**–**	**173 207**	**–**

R'000	UNAUDITED 31 AUGUST 2021 FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
Non-financial assets at fair value – investment properties	21 150 507	–	–	21 150 507
Derivative financial assets	54 613	–	54 613	–
	21 205 120	**–**	**54 613**	**21 150 507**
LIABILITIES				
Derivative financial liabilities	(244 776)	–	(244 776)	–
	(244 776)	**–**	**(244 776)**	**–**

There were no transfers between Level 1, 2 or 3 during the year.

DETAILS OF VALUATION TECHNIQUES

INVESTMENT PROPERTY

The fair value of investment properties is updated at each reporting period by way of external valuations. At 31 August 2022, the Group externally valued 100% of its income-producing properties.

VALUATION TECHNIQUE

DISCOUNTED CASH FLOW ("DCF") METHOD

The fair value of each property is determined by calculating its net present value by discounting forecasted future net cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The residual value is calculated using an appropriate exit capitalisation rate. The exit capitalisation rate is dependent on a number of factors, including location, asset class, market conditions, lease covenants and the risks inherent in the property. The discount rate used to determine the fair value of each property is assessed with reference to observable inputs.

INCOME CAPITALISATION METHOD

The external valuations in the UK were performed by capitalising the current income stream by targeting a net initial yield as well as taking into account the nominal equivalent yield, as the properties are reversionary. This consideration is taken into account for the length of secure income for the property, the covenant strength of the tenant, the quality of the building and associated reletting prospects. Additionally, comparable market evidence is evaluated in determining the fair value.

3 FAIR VALUE MEASUREMENT CONTINUED

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

INTEREST RATE AND CROSS-CURRENCY INTEREST RATE SWAPS

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. This is calculated based on credit spreads derived from current credit default swap or bond prices.

The key inputs to the valuation of investment property is the discount rate, exit capitalisation rate and market rentals for the properties valued using the DCF method, and the income capitalisation rate for properties valued using the income capitalisation method. The table below illustrates the sensitivity of the fair value to changes in these assumptions:

SENSITIVITY ANALYSIS OF INCOME-PRODUCING INVESTMENT PROPERTIES FAIR VALUES (EXCLUDING INVESTMENT PROPERTIES HELD-FOR-SALE) TO THE FOLLOWING:

	UNAUDITED 31 AUGUST 2022							
R'000	**DISCOUNT RATES**		**EXIT CAPITALISATION RATES**		**MARKET RENTALS**		**INCOME CAPITALISATION YIELDS[1]**	
	-0.1% Increase in fair value	+0.1% Decrease in fair value	-0.1% Increase in fair value	+0.1% Decrease in fair value	+5% Increase in fair value	-5% Decrease in fair value	-0.5% Increase fair value	+0.5% Decrease fair value
SA industrial	100 329	(92 037)	98 918	(89 274)	297 148	(275 184)	n/a	n/a
UK industrial[1]	n/a	n/a	n/a	n/a	n/a	n/a	846 634	(1 111 379)
TOTAL	**100 329**	**(92 037)**	**98 918**	**(89 274)**	**297 148**	**(275 184)**	**846 634**	**(1 111 379)**

	AUDITED 28 FEBRUARY 2022							
R'000	**DISCOUNT RATES**		**EXIT CAPITALISATION RATES**		**MARKET RENTALS**		**INCOME CAPITALISATION YIELDS[1]**	
	-0.1% Increase in fair value	+0.1% Decrease in fair value	-0.1% Increase in fair value	+0.1% Decrease in fair value	+5% Increase in fair value	-5% Decrease in fair value	-0.5% Increase in fair value	+0.5% Decrease in fair value
SA Industrial	70 170	(94 470)	71 509	(91 269)	351 732	(356 771)	n/a	n/a
UK industrial[1]	n/a	n/a	n/a	n/a	n/a	n/a	1 184 399	(886 817)
TOTAL	**70 170**	**(94 470)**	**71 509**	**(91 269)**	**351 732**	**(356 771)**	**1 184 399**	**(886 817)**

	UNAUDITED 31 AUGUST 2021							
R'000	**DISCOUNT RATES**		**EXIT CAPITALISATION RATES**		**MARKET RENTALS**		**INCOME CAPITALISATION YIELDS[1]**	
	-0.1% Increase in fair value	+0.1% Decrease in fair value	-0.1% Increase in fair value	+0.1% Decrease in fair value	+5% Increase in fair value	-5% Decrease in fair value	-0.5% Increase in fair value	+0.5% Decrease in fair value
SA industrial	41 802	(41 593)	93 744	(91 364)	359 839	(359 839)	n/a	n/a
UK industrial[1]	n/a	n/a	n/a	n/a	n/a	n/a	742 735	(580 992)
TOTAL	**41 802**	**(41 593)**	**93 744**	**(91 364)**	**359 839**	**(359 839)**	**742 735**	**(580 992)**

1 The UK portfolio was externally valued using an adjusted income capitalisation method, therefore the discount rate and exit capitalisation rate sensitivities do not apply in the previous interim period. This does not take into account market rental growth assumptions.

R'000	UNAUDITED 31 AUGUST 2022	UNAUDITED 31 AUGUST 2021	AUDITED 28 FEBRUARY 2022
4 INVESTMENT PROPERTY			
Income-producing investment property (note 4.1)	22 263 467	16 092 886	20 045 118
Investment property under development and available land (note 4.1)	3 295 255	4 305 345	4 895 109
Right-of-use asset	30 799	18 905	30 380
INVESTMENT PROPERTY (EXCLUDING STRAIGHT-LINING)	**25 589 521**	**20 417 136**	**24 970 607**
Investment property held-for-sale (note 4.2)	–	285 127	206 124
Straight-lining lease income accrual	691 394	467 149	547 000
FAIR VALUE OF INVESTMENT PROPERTY	**26 280 915**	**21 169 412**	**25 723 731**

4.1 RECONCILIATION OF INVESTMENT PROPERTY (EXCLUDING STRAIGHT-LINING)

	SA		UK	
R'000	INDUSTRIAL	COMMERCIAL	INDUSTRIAL	TOTAL
AUDITED BALANCE AS AT 28 FEBRUARY 2021	**12 329 681**	**–**	**6 548 604**	**18 878 285**
Acquisitions	41 004	–	359 668	**400 672**
Improvements and extensions	55 044	1 072	45 640	**101 756**
Construction and development costs	238 092	–	973 366	**1 211 458**
Transfers	(273 018)	39 904	(204 393)	**(437 507)**
Letting commission capitalised	2 308	–	–	**2 308**
Letting commission amortised	(1 164)	(10)	(417)	**(1 591)**
Lease incentives amortised	(124)	–	–	**(124)**
Fair value adjustment	12 779	(17 457)	586 287	**581 608**
Foreign exchange movements	–	–	(319 729)	**(319 729)**
UNAUDITED BALANCE AS AT 31 AUGUST 2021	**12 404 602**	**23 509**	**7 989 026**	**20 417 136**
Acquisitions	2 527 576	–	–	**2 527 576**
Improvements and extensions	28 291	–	(1 910)	**26 381**
Construction and development costs	343 931	–	787 838	**1 131 769**
Transfers	90 547	(23 509)	10 835	**77 873**
Letting commission capitalised	3 794	–	–	**3 794**
Letting commission amortised	(1 226)	–	(421)	**(1 647)**
Lease incentives amortised	(273)	–	–	**(273)**
Remeasurements	951	–	–	**951**
Fair value adjustment	(368 577)	–	959 842	**591 266**
Disposals	(100 363)	–	–	**(100 363)**
Foreign exchange movements	–	–	296 144	**296 144**
AUDITED BALANCE AS AT 28 FEBRUARY 2022	**14 929 253**	**–**	**10 041 354**	**24 970 607**
Improvements and extensions	29 148	–	41	**29 189**
Construction and development costs	585 038	–	363 093	**948 131**
Transfers	–	–	(32 169)	**(32 169)**
Letting commission capitalised	1 302	–	–	**1 302**
Letting commission amortised	(1 372)	–	(410)	**(1 782)**
Lease incentives amortised	(124)	–	–	**(124)**
Remeasurements	3 579	–	–	**3 579**
Fair value adjustment	108 216	–	59 364	**167 580**
Foreign exchange movements	–	–	(496 792)	**(496 792)**
UNAUDITED BALANCE AS AT 31 AUGUST 2022	**15 655 040**	**–**	**9 934 481**	**25 589 521**

4 INVESTMENT PROPERTY CONTINUED

4.2 RECONCILIATION OF INVESTMENT PROPERTY HELD-FOR-SALE

R'000	
AUDITED BALANCE AS AT 28 FEBRUARY 2021	**86 112**
Transfers	233 114
Disposals	(21 982)
Fair value adjustment	(12 117)
UNAUDITED BALANCE AS AT 31 AUGUST 2021	**285 127**
Transfers	(71 396)
Improvements	1 228
Fair value adjustment	(8 835)
AUDITED BALANCE AS AT 28 FEBRUARY 2022	**206 124**
Improvements	7 414
Disposals	(213 538)
UNAUDITED BALANCE AS AT 31 AUGUST 2022	**–**

5 TRADING PROPERTIES

R'000	
AUDITED BALANCE AS AT 28 FEBRUARY 2021	**464 670**
Transfers from investment properties	204 394
Capital expenditure	84 102
Foreign exchange movements	(28 557)
UNAUDITED BALANCE AS AT 31 AUGUST 2021	**724 609**
Transfers from investment properties	9 919
Capital expenditure	119 915
Foreign exchange movements	24 484
AUDITED BALANCE AS AT 28 FEBRUARY 2022	**878 927**
Transfers from investment properties	32 169
Disposals	(338 523)
Capital expenditure	77 945
Impairment	(7 800)
Foreign exchange movements	(19 188)
UNAUDITED BALANCE AS AT 31 AUGUST 2022	**623 530**

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022

6 LOANS AND BORROWINGS

RECONCILIATION OF LOANS AND BORROWINGS

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
OPENING BALANCE	**9 000 572**	**6 828 343**	**6 828 343**
Non-current borrowings	7 974 268	5 843 785	5 843 785
Current borrowings	1 026 304	984 558	984 558
Proceeds from borrowings	4 033 000	2 021 856	4 782 461
Repayment of borrowings	(3 583 000)	(2 219 102)	(2 563 648)
Loan fee amortisation	12 661	5 942	(1 592)
Foreign exchange movement	(159 632)	(130 544)	(44 994)
CLOSING BALANCE	**9 303 601**	**6 506 495**	**9 000 572**
Non-current borrowings	8 583 601	6 206 460	7 974 268
Current borrowings	720 000	300 035	1 026 304

7 FINANCIAL GUARANTEE

The Group stands as guarantor over a third-party loan issued to Mabel to acquire the assets in terms of the Statement 102 B-BBEE transaction.

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
Commitment of third-party guarantee by the Group	10 000	–	–

8 OTHER NET OPERATING GAINS AND LOSSES

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
Income from foreign exchange derivative instruments	104 303	80 067	158 124
Fair value adjustment on foreign exchange derivative instruments	(41 354)	100 140	43 491
Fair value adjustment on financial guarantees	(10 000)	–	–
Insurance recoveries	419	121	121
Profit on sale of subsidiary companies	–	(423)	(237)
Loss on sale of investment property	(6 795)	–	(15 710)
Profit on sale of property, plant and equipment	12	–	4
Foreign exchange gain/(loss)	115 122	33 036	(36 647)
Sundry income	1 892	4 276	6 061
Sundry income – capital in nature (non-distributable)	3 135	217	–
OTHER NET OPERATING GAINS AND LOSSES	**166 734**	**217 434**	**155 207**

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
9 FINANCE COSTS			
Interest expense on borrowings	223 678	147 661	324 743
Interest on lease liabilities	1 371	1 065	2 279
Finance costs relating to interest rate derivatives	38 757	31 644	94 192
Fair value movement on interest rate derivatives	(203 269)	(22 784)	(145 888)
Interest on utility accounts and other	652	318	389
Loan fees	11 521	6 291	–
Borrowing costs capitalised	(171 969)	(137 833)	(307 709)
FINANCE COSTS	**(99 259)**	**26 362**	**(31 994)**

The capitalisation rate applied during the 6-month period was 7.5% (Aug 2021: 6.9%; Feb 2022: 7.0%) in relation to general borrowings and 2.6% (Aug 2021: 2.6%; Feb 2022: 2.5%) in relation to specific borrowings.

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
RECONCILIATION OF FINANCE COSTS EXPENSE TO FINANCE COSTS PAID			
Interest accrued opening balance	53 663	23 930	5 980
Finance costs	(99 259)	26 362	(31 994)
Derivative settlement	–	5 210	(13 167)
Fair value movement on interest rate derivatives	203 269	22 784	145 888
Interest on lease liabilities	(1 371)	(1 065)	(2 279)
Loan fee amortisation	(11 521)	(6 291)	(13 451)
Loan fees paid	(1 139)	350	15 042
Borrowing costs capitalised to trading property	27 741	25 321	47 451
Interest accrued closing balance	(59 776)	(30 575)	(53 663)
FINANCE COSTS PAID DURING THE PERIOD	**111 607**	**66 025**	**99 807**

10 RELATED PARTIES

Related party relationships exist between the company, its subsidiaries, directors, and key management of the Group.

In the ordinary course of business, the Group entered into the following other transactions with related parties:

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	AUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
Dividend paid to related party shareholders	20 342	39 080	52 013
Insurance premiums paid to Commsure Financial Solutions (indirectly owned by Cindy Hess' spouse)[1]	4 629	–	13 011
Fees paid to BTKM (Pty) Ltd (of which Nazeem Khan is a director)[2]	388	687	1 945
Fees paid to Automotion (Pty) Ltd (of which Kevin Dreyer is a director)[3]	–	106	13
	25 359	**39 873**	**66 982**

1 Cindy Hess resigned as a director, effective 15 July 2022, and therefore Commsure Financial Solutions ceased to be a related party during the year. The amount disclosed for the current year relates to charges prior to her resignation.

2 Nazeem Khan retired as a director, effective 17 August 2022, and therefore BTKM ceased to be a related party during the year. The amount disclosed for the current year relates to charges prior to his retirement.

3 Kevin Dreyer retired as a director, effective 27 July 2021, and therefore Automotion ceased to be a related party during the prior year.

11 SUBSEQUENT EVENTS

BASINGSTOKE TRANSACTION

The Group concluded agreements during the period in respect of the sale of land to Promontoria and turnkey developments for Arrow in Basingstoke. This transaction is subject to the fulfilment of certain conditions precedent including receipt of planning approval for the development of the DCs, which ENGL is currently disputing.

Although ENGL has kept the purchaser fully up to date regarding the status and process of the planning application, the refusal of the initial planning application and the appeal, the purchaser has purported to cancel this transaction on the basis that certain formal notification provisions in the relevant agreement were not met. ENGL disputes the cancellation and the parties have agreed to refer their dispute to arbitration. Following the receipt of the cancellation notice the purchaser also submitted a revised offer to ENGL which has been declined. In the meantime, ENGL will proceed with the appeal to secure planning approval for the intended developments.

The directors are not aware of any other events that have occurred since the end of this reporting period which have a material impact on the results.

APPENDIX 1

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE EARNINGS

DISTRIBUTABLE EARNINGS POLICY

The Company has established strict guidelines regarding its distribution policy to ensure that the distributable earnings is a fair reflection of sustainable earnings; this comprises property related income net of property related expenditure, interest expense and administrative costs.

The principles encompassed in the calculation below are aligned with the best practice recommendations established by the SA REIT Association published in 2016 and the guidelines further developed in the revised best practice recommendations which were published in November 2019.

As distributable earnings is a measure of core earnings, the Company has adjusted for the following key items in the determination of this metric:

- certain non-cash and accounting adjustments;
- gains or losses on the disposal of assets and the associated tax treatment;
- certain foreign exchange and hedging items;
- antecedent earnings adjustment.

The specific adjustments are detailed in the statement of distributable earnings presented below. All of these adjustments are derived from the face of the income statement presented and the notes accompanying these financial statements.

DISTRIBUTABLE EARNINGS

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	UNAUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
PROFIT FOR THE PERIOD (ATTRIBUTABLE TO OWNERS OF THE PARENT)	**1 105 746**	**1 170 689**	**2 032 661**
Adjusted for:			
Fair value adjustments to investment properties	(167 580)	(569 492)	(1 168 317)
Less: Fair value adjustment to investment properties (NCI)[1]	124 130	34 636	8 221
Loss on sale of non-current assets	6 783	423	15 943
HEADLINE EARNINGS	**1 069 079**	**636 256**	**888 508**
Adjusted for:			
Straight-lining of leases adjustment	(146 170)	(103 872)	(182 468)
Fair value adjustments to derivative financial assets and liabilities	(161 915)	(122 924)	(189 379)
Fair value adjustments to financial guarantees	10 000	–	–
Equity-settled share-based payment reserve	8 071	5 827	27 568
Capital items non-distributable[2]	(117 581)	(31 606)	40 035
Deferred taxation	(129 279)	89 677	332 777
Net development loss (non-distributable)	3 891	–	51 382
Non-controlling interest	98 251	40 837	157 755
Antecedent dividend[3]	903	42 055	139 561
DISTRIBUTABLE EARNINGS	**635 250**	**556 250**	**1 265 739**

1 Non-controlling interest

2 Includes forex gains and losses on financial assets and liabilities

3 Antecedent dividend
In the determination of distributable earnings, an adjustment is made where equity capital is raised during the financial year to avoid diluting the returns of existing shareholders prior to the share issue. During the reporting period, the Group issued the majority of the shares pursuant to the dividend reinvestment programme in May 2022 which gave rise to antecedent earnings included above.

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE EARNINGS CONTINUED

	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	UNAUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
THE FOLLOWING INPUTS IMPACTED THE ANTECEDENT EARNINGS ADJUSTMENT:			
Opening balance – shares in issue	776 573 375	628 715 573	628 715 573
Shares issued in respect of property acquisition	–	9 310 756	9 310 756
Dividend reinvestment programme	1 421 922	15 459 175	34 374 527
Increase in shares in issue as a result of accelerated bookbuild	–	55 555 555	103 517 195
Shares issued in terms of conditional share plan	689 731	655 324	655 324
CLOSING BALANCE – SHARES IN ISSUE	**778 685 028**	**709 696 383**	**776 573 375**

DIVIDENDS DECLARED AND DISTRIBUTION PER SHARE

TOTAL DISTRIBUTION FOR THE YEAR – 2023	CENTS PER SHARE	R'000
INTERIM DIVIDEND DECLARED ON 4 OCTOBER 2022 (DIVIDEND NUMBER 18)	**81.58**	**635 250**

TOTAL DISTRIBUTION FOR THE YEAR – 2022	CENTS PER SHARE	R'000
Interim dividend declared on 30 September 2021 (Dividend number 16)	78.38	556 250
Final dividend declared on 3 May 2022 (Dividend number 17)	84.61	709 489
TOTAL DISTRIBUTION FOR THE YEAR ENDED 28 FEBRUARY 2022	**162.99**	**1 265 739**

APPENDIX 2

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

SA REIT BPR

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	UNAUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE			
PROFIT FOR THE PERIOD (ATTRIBUTABLE TO OWNERS OF THE PARENT)	**1 105 746**	**1 170 689**	**2 032 661**
Adjusted for:			
Accounting/specific adjustments:	(432 353)	(582 040)	(1 014 620)
Fair value adjustments to:			
▪ Investment property	(167 580)	(569 492)	(1 168 317)
▪ Financial guarantee	10 000	–	–
Depreciation and amortisation of property, plant and equipment	676	1 647	3 388
Deferred tax movement recognised in profit or loss	(129 279)	89 677	332 777
Straight-lining operating lease adjustment	(146 170)	(103 872)	(182 468)
Adjustments arising from investing activities:	6 799	423	15 943
Loss/(gain) on disposal of:			
▪ Investment property and property, plant and equipment	799	–	15 706
▪ Subsidiaries	–	423	237
Foreign exchange and hedging items:	(277 037)	(155 960)	(152 732)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(161 915)	(122 924)	(189 379)
Foreign exchange gains or losses relating to capital items – realised and unrealised	(115 122)	(33 036)	36 647
Other adjustments:	223 287	117 528	305 537
Non-controlling interests in respect of the above adjustments	222 383	75 473	165 976
Antecedent earnings adjustment	904	42 055	139 561
SA REIT FFO	**626 442**	**550 640**	**1 186 789**
Number of shares outstanding at end of period (net of treasury shares)	778 685 028	709 696 383	776 573 375
SA REIT FFO PER SHARE (CENTS)	**80.45**	**77.59**	**152.82**
Company-specific adjustments per share (cents)	1.13	0.79	10.17
Equity-settled share-based payment charge	1.03	0.82	3.55
Net development profit	0.50	–	6.62
Sundry income of a capital nature	(0.40)	(0.03)	–
DISTRIBUTABLE EARNINGS PER SHARE (CENTS)	**81.58**	**78.38**	**162.99**

R'000	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2022	UNAUDITED 6 MONTHS ENDED 31 AUGUST 2021	UNAUDITED 12 MONTHS ENDED 28 FEBRUARY 2022
SA REIT NET ASSET VALUE (SA REIT NAV)			
Reported NAV attributable to the parent	14 613 908	12 514 041	14 451 714
Adjustments:			
Dividend to be declared	(635 250)	(556 250)	(1 265 739)
Fair value of certain derivative financial instruments	179 210	160 330	21 898
Deferred tax	136 989	31 574	278 429
SA REIT NAV	**14 294 856**	**12 149 696**	**13 486 302**
SHARES OUTSTANDING			
Number of shares in issue at period end (net of treasury shares)	778 685 028	709 696 383	776 573 375
Effect of dilutive instruments (options, convertibles and equity interests)	4 583 190	4 183 353	5 376 814
DILUTIVE NUMBER OF SHARES IN ISSUE	**783 268 218**	**713 879 736**	**781 950 189**
SA REIT NAV PER SHARE (RAND)	**18.25**	**17.02**	**17.25**
SA REIT COST-TO-INCOME RATIO			
EXPENSES			
Operating expenses per IFRS income statement (includes municipal expenses)	162 638	105 439	240 418
Administrative expenses per IFRS income statement	40 123	41 937	78 039
EXCLUDE:			
Depreciation expense in relation to property, plant and equipment of an administrative nature	(676)	(1 647)	(3 388)
OPERATING COSTS	**202 085**	**145 729**	**315 069**
RENTAL INCOME			
Contractual rental income per IFRS income statement (excluding straight-lining)	743 784	588 532	1 241 912
Utility and operating recoveries per IFRS income statement	157 422	92 540	263 191
GROSS RENTAL INCOME	**901 206**	**681 072**	**1 505 103**
SA REIT COST-TO-INCOME RATIO	**22.4%**	**21.4%**	**20.9%**
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO			
EXPENSES			
Administrative expenses as per IFRS income statement	40 123	41 937	78 039
ADMINISTRATIVE COSTS	**40 123**	**41 937**	**78 039**
RENTAL INCOME			
Contractual rental income per IFRS income statement (excluding straight-lining)	743 784	588 532	1 241 912
Utility and operating recoveries per IFRS income statement	157 422	92 540	263 191
GROSS RENTAL INCOME	**901 206**	**681 072**	**1 505 103**
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO	**4.5%**	**6.2%**	**5.2%**

APPENDIX 2 CONTINUED

Equites Property Fund Limited and its subsidiaries for the period ended 31 August 2022

SA REIT BPR CONTINUED

R'000	UNAUDITED 31 AUGUST 2022	UNAUDITED 31 AUGUST 2021	UNAUDITED 28 FEBRUARY 2022
SA REIT GLA VACANCY RATE			
Gross lettable area of vacant space	1 401	11 133	9 490
Gross lettable area of total property portfolio	1 446 988	1 171 620	1 363 900
SA REIT GLA VACANCY RATE	**0.1%**	**1.0%**	**0.7%**

	UNAUDITED 31 AUGUST 2022		UNAUDITED 31 AUGUST 2021		UNAUDITED 28 FEBRUARY 2022	
COST OF DEBT	**SA**	**UK**	**SA**	**UK**	**SA**	**UK**
VARIABLE INTEREST-RATE BORROWINGS						
Floating reference rate plus weighted average margin	7.40%	3.64%	5.39%	1.89%	5.85%	2.45%
FIXED INTEREST-RATE BORROWINGS						
Weighted average fixed rate	0.00%	2.65%	0.00%	2.64%	5.83%	2.65%
PRE-ADJUSTED WEIGHTED AVERAGE COST OF DEBT	**7.40%**	**3.14%**	**5.39%**	**2.25%**	**5.85%**	**2.53%**
Adjustments:						
Impact of interest rate derivatives	0.33%	(0.25%)	1.69%	0.19%	1.33%	0.18%
Impact of cross-currency interest rate swaps	0.13%	(1.08%)	(0.33%)	(0.34%)	0.00%	0.00%
Amortised transaction costs imputed into the effective interest rate	0.05%	0.11%	0.06%	0.38%	0.06%	0.08%
ALL-IN WEIGHTED AVERAGE COST OF DEBT	**7.91%**	**1.92%**	**6.81%**	**2.48%**	**7.24%**	**2.79%**

R'000		UNAUDITED 31 AUGUST 2022	UNAUDITED 31 AUGUST 2021	UNAUDITED 28 FEBRUARY 2022
SA REIT LOAN-TO-VALUE				
Gross debt		9 303 601	6 506 495	9 000 572
Less:				
Cash and cash equivalents (and including short-term deposits)		(170 977)	(203 020)	(570 143)
Less/Add:				
Derivative financial instruments		(207 289)	190 162	7 925
NET DEBT	**A**	**8 925 335**	**6 493 637**	**8 438 354**
Total assets – per Statement of Financial Position		28 220 986	22 636 646	27 740 130
Less:				
Cash and cash equivalents (and including short-term deposits)		(170 977)	(203 020)	(570 143)
Derivative financial assets		(297 959)	(54 613)	(165 283)
Trade and other receivables		(648 303)	(328 865)	(223 196)
CARRYING AMOUNT OF PROPERTY-RELATED ASSETS	**B**	**27 103 747**	**22 050 148**	**26 781 508**
SA REIT LOAN-TO-VALUE ("SA REIT LTV")	**A/B**	**32.9%**	**29.4%**	**31.5%**

GLOSSARY

ABSA	Absa Bank Ltd
ARROW	Arrow Capital
AVIVA	Aviva Investors
B-BBEE	Broad-Based Black Economic Empowerment
BOARD	Equites Property Fund Limited's board of directors
BOE	Bank of England
BPS	Basis points
BPR	Business Practice Recommendations
BREEAM	Building research establishment environmental assessment method
CA(SA)	Chartered Accountant of South Africa
CCIRS	Cross-currency interest rate swap
COMPANIES ACT	the Companies Act, No. 71 of 2008, as amended from time to time
COMPANY	Equites Property Fund Limited
COVID-19	Coronavirus disease
CSDP	Central Securities Depository Participant
DC(S)	Distribution centres
DMTN	Domestic Medium Term Note
DPS	Distribution per share
DTA	Double Taxation Agreement
EC	Eastern Cape
EDGE	Excellence in Design for Greater Efficiencies
ENGL	Equites Newlands Group Limited
EQUITES	Equites Property Fund Limited
ESG	Environmental, Social and Governance
FX	Foreign exchange
FY	Financial year
GBP	Pound sterling
GDP	Gross domestic product
GLA	Gross lettable area
GROUP	Equites Property Fund Limited and its subsidiaries
IAS	International Accounting Standards
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
KPI	Key performance indicator
KWH	Kilowatt-hour
KWP	Kilowatts peak
KZN	KwaZulu-Natal
LFL	Like-for-like
LTV	Loan-to-value
MABEL	Mabel Black Knight Investments
MLF	The Michel Lanfranchi Foundation NPC
NAV	Net asset value
NCI	Non-controlling interest
NEWLANDS	Newlands Property Developments LLP
NIY	Net initial yield
PROMONTORIA	Promontoria Logistics
PV	Photovoltaic
PWC	PricewaterhouseCoopers Inc.
REIT	Real Estate Investment Trust
RLF	Retail Logistics Fund (RF) (Pty) Ltd
SA	South Africa
SAICA	The South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SENS	Stock Exchange News Service
SHOPRITE	Shoprite Checkers (Pty) Ltd
STEM	Science, technology, engineering and mathematics
$tC0_2e$	Tonnes of carbon dioxide equivalent
TFG	The Foschini Group
UK	United Kingdom
USA	United States of America
US	United States
US FED	United States Federal Reserve
WALE	Weighted average lease expiry
ZAR	South African Rand

ADMINISTRATION

DIRECTORS

NON-EXECUTIVE DIRECTORS

PL Campher[1] (Chairman), RE Benjamin-Swales[1], MA Brey[1], E Cross[1], AJ Gouws, K Ntuli[1], AD Murray[1], N Mkhize[1]

[1] Independent

[2] C Hess resigned from the board on 15 July 2022

[3] N Khan retired at the annual general meeting held on 17 August 2022

EXECUTIVE DIRECTORS

A Taverna-Turisan (CEO)[4], GR Gous (COO), L Razack (CFO)

[4] Italian

EQUITES PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2013/080877/06)
Share code: EQU ISIN: ZAE000188843
JSE alpha code: EQUI
(Approved as a REIT by the JSE)
("Equites" or "the Company" or "the Group")

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TC Petersen

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Computershare Investor Services Proprietary Limited

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PricewaterhouseCoopers Inc.

EQUITY SPONSOR

Java Capital

DEBT SPONSOR

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

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