equites
PROPERTY FUND

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2024

THE PERIOD IN REVIEW

SHAREHOLDER VALUE

DPS OF 66.50 CENTS
IN LINE WITH ANNUAL GUIDANCE OF 130 – 135 CPS

R16.32
NAV PER SHARE

100%
DISTRIBUTION PAY-OUT RATIO

PORTFOLIO MOVEMENTS

+2.2%
SA PORTFOLIO VALUATIONS, ON A LfL BASIS

R0.6 BILLION
DISPOSALS COMPLETED

R0.9 BILLION
DEVELOPMENT SPEND

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

23.5 MW
ROOFTOP SOLAR GENERATION CAPACITY

EDGE NET-ZERO CARBON
FIRST CERTIFICATION ACHIEVED

STRONG BALANCE SHEET

R2.2 BILLION
IN CASH AND UNUTILISED FACILITIES

41.0% LTV
EXPECTED TO REDUCE TO c.38% UPON COMPLETION OF DISPOSALS

PROPERTY FUNDAMENTALS

0.6%
VACANCY. SUBSEQUENTLY LET FROM OCT-24

98.6%
A-GRADE TENANTS

13.2 YEARS
WEIGHTED AVERAGE LEASE EXPIRY

QUICK NAVIGATION TOOLS

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COMMENTARY

COMMENTARY

1. EXECUTIVE SUMMARY

The six months to 31 August 2024 have been characterised by a strong focus on fundamentals and simplifying the core business.

Equites reached an agreement to dispose of the majority of the schemes in ENGL. The transaction will be implemented through a number of steps; however, the immediate impact is a significant reduction in the requirement to fund UK developments, allowing the Group to allocate capital to higher yielding opportunities in SA.

The Group continued with its disposal programme, completing the disposal of a further R0.6 billion of assets in 1H25. This, combined with a successful DRIP in May-24, has funded R0.9 billion of development expenditure, whilst maintaining a stable LTV ratio of 41.0%. The Group expects to dispose of a further R0.9 billion of SA assets in 2H25 (R0.5 billion are subject to Heads of Terms ("HOTs") at the date of this report). The disposal of a UK asset valued at £39 million (R0.9 billion) is expected to be completed in 2H25, with two further UK assets identified for sale. These disposals, offset by R0.6 billion of SA developments in 2H25, is forecast to reduce the LTV to c.38% by Feb-25.

The Group's longer-dated debt is either fixed or well-hedged, protecting the Group from adverse central bank rate movements. The weighted average cost of debt decreased by 13bp in SA since Aug-23 due to a successful debt auction in Jul-24 when Equites secured tighter credit spreads, offset by a change in weighting to higher cost ZAR debt.

Both the SA and the UK property portfolios are performing in line with expectations, delivering strong LfL growth of 5.6% in the SA portfolio and an uplift of 7.4% in the UK portfolio as a result of rent reviews. The Group's portfolio is characterised by robust fundamentals with 98.6% of rental income derived from A-grade tenants, zero vacancy at the date of this report, and a WALE of 13.2 years.

The Group is targeting the upper end of its guidance of 130 and 135 cps for FY25.

2. KEY ACTIVITIES DURING THE PERIOD

2.1 EXIT FROM ENGL PLATFORM

The Group concluded a transaction to exit from the ENGL development platform. This exit marked a change in strategy which Equites embarked on 18 months ago, necessitated by a change in global macroeconomic conditions. The transaction is governed by the following parameters:

- The unconditional sale of the SPV's that own options at Cambridge, Rushden, Junction 16 and Junction 24 ("Initial Sale Companies") for £4.5 million (R0.1 billion) upfront consideration and £4 million (R93 million) deferred consideration; and
- The sale of the SPV's that own options at Peterborough West, Egham and Goldthorpe ("Subsequent Sale Companies"), conditional only upon the satisfactory removal of guarantees issued by Equites, for £1.5 million (R35 million).

The remaining sites were excluded from the transaction. Basingstoke is now controlled solely by Equites. Thrapston, Coton Park and Newport Pagnell remain under the joint control of Equites and Newlands until the value in these schemes can be realised, either through forward-funded developments (such as the Newport Pagnell scheme) or through outright sales.

Whilst the transaction resulted in an initial loss, Equites expects to recover significant profits on the Newport Pagnell development (as detailed in the SENS announcements published on 15 August 2023 and 25 July 2024), and to generate profits on the remainder of the schemes. Equites will redeploy the disposal proceeds to fund higher yielding opportunities and most importantly, the requirement to fund developments in the UK has been significantly reduced.

2.2 SIGNIFICANT DEVELOPMENT ACTIVITIES IN SA

Equites completed two developments which have been leased to Shoprite. The extension of the Centurion facility, through RLF, which is jointly owned by Equites and Shoprite was completed in Mar-24, and the Riverfields development, fully owned by Equites, reached practical completion in Aug-24. The multi-phase development of the Wells Estate facility in Gqeberha is substantially complete, with the remaining works completing in Dec-24. At the time of this report, there are no further contracted developments with Shoprite however, the Group remains committed to continuing its relationship with the retailer.

Refer to **Note 6** for further detail on Equites' development activities.

2.3 ASSET DISPOSALS

The Group continues to recycle capital out of older, non-core assets into new developments on existing land holdings, and to invest in refurbishments and sustainability enhancements on its core assets. In addition to the R0.5 billion SA disposals during 1H25, the Group has agreed HOTs on R0.5 billion of SA assets which are expected to complete in 2H25 and has identified a further R0.4 billion for sales in SA before Feb-25.

Of the R2.2 billion assets held-for-sale at 29 February 2024, a total of R0.5 billion has been disposed and R1.7 billion remain held-for-sale, predominantly in the UK. During 1H25, a further R1.0 billion of assets were transferred to held-for-sale, resulting in a closing balance of R2.7 billion at 31 August 2024. The Group expects to dispose R2.5 billion of these assets prior to year-end.

COMMENTARY (CONTINUED)

3. OPERATING CONTEXT

The last six months have been characterised by the following macro themes:

i) Political uncertainty due to national elections in the UK and SA;
ii) Geopolitical risk and major conflict which continues to impact global confidence;
iii) Persistent inflation and labour market dynamics driving cautious decision making for all major central banks; and
iv) Interest rates at generational highs.

Despite the tough geopolitical and macroeconomic conditions, the Group has started to see green shoots, both in SA and the UK.

In SA, the political landscape has shown signs of increased stability following the establishment of the government of national unity ("GNU"). Consumer confidence levels have increased, inflation is expected to moderate to 4.8% in 2024 and GDP grew by 0.4% in the second quarter of 2024. This positive sentiment has been buoyed by more than 120 consecutive days with no loadshedding, a significant improvement in the country's power supply stability. Adding to the positive sentiment, the SARB decided to reduce the repo rate by 25bp on 19 September 2024, taking the base rate to 8% per annum.

The Labour government victory in the 2024 elections ushered in a period of political certainty in the UK. Economically, the first quarter of the year was marred by recessionary fears following two quarters of negative growth in 2023, however, the economy recorded positive growth in both Q1 and Q2 of 2024 and inflation reached the BoE's target rate of 2%. Amongst other factors, the decrease in inflation resulted in the BoE cutting interest rates for the first time since March 2020, with a 25bp cut on 1 August 2024.

Whilst the preceding 18 months was undoubtedly one of the toughest periods in Equites' operating history, the Group is confident that the tide is turning and is well poised to take advantage of the change in momentum.

4. OVERVIEW OF SA AND UK LOGISTICS MARKET

4.1 SA LOGISTICS MARKET

The MSCI South Africa Annual Property Index reported an 8.6% ungeared total return for direct real estate in 2023, outperforming CPI of 6.0%. Many heralded the performance as the first signs of recovery in the real estate sector. Within the property sector, industrial property was the top-performing sector with a total return of 11.2% for the year and indications are that this performance will be repeated in 2024.

From an occupier perspective, the top-end of the SA logistics sector remains robust, with vacancy rates of <1% in 2024, the lowest vacancy rate since 2007. This demand shows no signs of abating with an increased focus on supply chain by retailers, increased consumer demands and the rise of e-commerce in the country. Equites remains positive about its prospects and its ability to deliver high-quality product to capture the growing demand.

4.2 UK LOGISTICS MARKET

Take-up of industrial and logistics space has risen by 44% compared to 1H23 to reach 16.82 million sq. ft. as sentiment has improved in the market. The combination of 5.7 million sq. ft. of speculative completions in 1H24, and 12.2 million sq. ft. of second-hand space returning to the market has seen supply rise 14% in the last six months, driving a vacancy rate of 6.95%. Importantly, only 55% of the total supply is classified as A-grade. Furthermore, with 13% of the current supply under offer and strong demand for existing units, Savills expects the nationwide vacancy rate to trend downwards into 2025.

The investment market was challenging in the first half of the year, with investment volumes well below the historical average. This decrease was driven by the high interest rate environment and investors deferring investment decisions until rates had decreased. It is expected that investment volumes will increase in the second half of the year due to the recent cuts in interest rates and indications from major central banks that rates will continue to decrease.

Prime distribution yields are currently between 5.0% and 5.25%, however, yields are generally closely correlated to base rates, and it is expected that these yields will decrease in line with forecast rate cuts. Equites expects to benefit through this rate-cutting cycle.

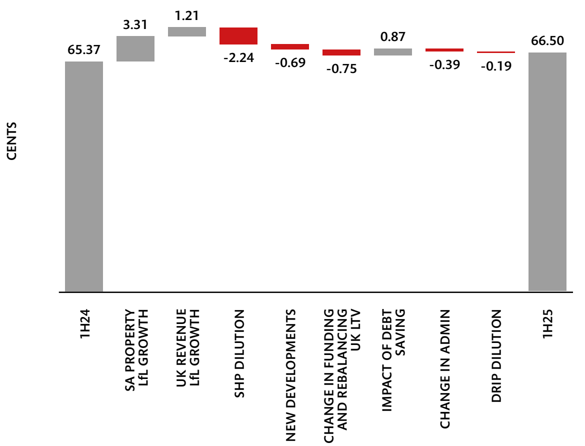
COMMENTARY (CONTINUED)

5. FINANCIAL PERFORMANCE

5.1 DISTRIBUTION PER SHARE

DPS was 66.50 cents for the six months ended 31 August 2024, up 0.93 cents from 1H24, driven by:

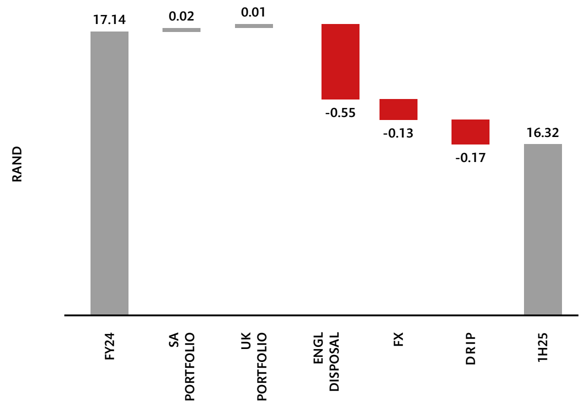
- LfL net rental growth in SA portfolio of 5.6% contributed 3.31 cents;
- The conclusion of rent reviews at GXO Coventry, DPD Burgess Hill and DHL Reading in the UK contributed 1.21 cents;
- The Group refinanced debt at significantly tighter spreads which contributed 0.87 cents;
- Developments (including Shoprite), which are slightly dilutive in year one, reduced DPS by 2.93 cents. Going forward, these assets will contribute positively to DPS;
- The dilutionary impact of the DRIP detracted 0.19 cents;
- Increased finance costs, caused by a change in the weighting from GBP to ZAR debt, reduced DPS by 0.75 cents; and
- Higher administration costs reduced DPS by 0.39 cents.



5.2 NAV PER SHARE

NAV per share has decreased by 82 cents to R16.32 (-4.8%) compared to FY24, driven by:

- An increase in fair value of both UK and SA assets increased NAV by 3 cents;
- The loss recognised on the disposal of the ENGL platform negatively impacted NAV by 55 cents;
- As a result of ZAR strengthening, the translation of foreign operations resulted in 13 cents reduction; and
- A strong take-up in the DRIP at a discount to NAV detracted 17 cents.

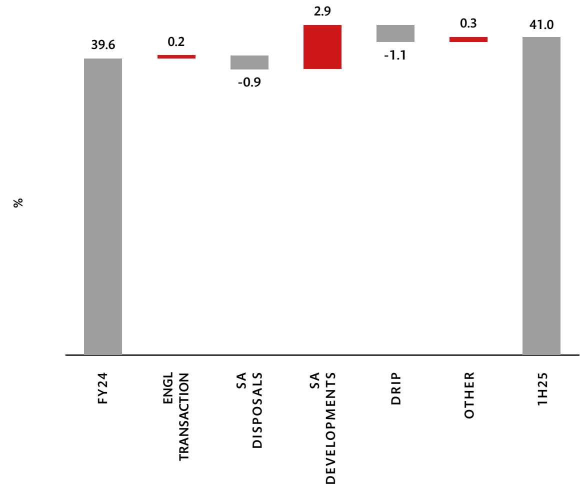


5.3 LOAN-TO-VALUE RATIO

The LTV ratio increased from 39.6% to 41.0% at 31 August 2024.

- The initial impact of the ENGL transaction, including the impairment of the Subsequent Sale Companies increased LTV by 0.2%;
- The Group concluded property disposals in SA of R0.5 billion which decreased the LTV by 0.9%;
- Capital allocated to new development opportunities increased the LTV by 2.9%;
- The DRIP improved LTV by 1.1%; and
- Other items, including FX impact, increased LTV by 0.3%.

Management forecast that the LTV will reduce to c.38% following successful disposals of R2.5 billion by Feb-25, offset by R0.9 billion of development expenditure.



COMMENTARY (CONTINUED)

6. EQUITES DEVELOPMENT ACTIVITIES

6.1 RECENTLY COMPLETED DEVELOPMENTS

The Group completed a development at Jet Park in Mar-24 which has been let to Spar Encore, a wholly-owned subsidiary of the Spar Group. This concludes another successful development completed at Jet Park, which now has a total of 61 396m² GLA of completed developments. The Jet Park precinct has proven to be a resounding success, and the Group expects to develop the remainder of the Jet Park land on a pre-let basis within the next 18 months.

RLF completed the extension of the Shoprite Centurion facility valued at R0.2 billion. The extension will form part of the existing lease which expires in 2044. The Group also completed the construction of a groundbreaking campus for Shoprite in Riverfields, Gauteng, which is 100% owned by Equites. The total capital value of the property is R1.4 billion and is let to Shoprite on a 20-year lease which commenced in Jul-24.

The Group completed speculative developments with a total GLA of 15 000m², which were let to a single tenant prior to practical completion, capitalising on immediate occupier demand in the market. Based on this, and evidence of further strong demand in the area, management believes that there is sufficient demand to warrant a measured degree of further speculative activity.

6.2 EQUITES PIPELINE

The total pipeline of development opportunities in SA amounts to R1.3 billion (capital value) across more than 100 000m² of prime logistics space. These activities will produce high-quality, ESG-compliant products to serve the top-end of the market. Whilst a large portion of this pipeline has not been contracted at the reporting date, commencement is imminent. At the reporting date, there was R0.6 billion of contracted capital expenditure outstanding which will be funded from cash on hand, undrawn debt facilities, debt raised against completed developments, and equity that will be released from property disposals.

TENANT	LOCATION	GLA	CAPITAL VALUE	COMPLETION DATE	EST. YIELD	OWNERSHIP %
DEVELOPMENTS COMPLETED						
Spar Encore	Jet Park	16 721m²	R0.2 billion	Mar-24	8.00% – 9.00%	100%
Shoprite extension	Centurion	9 144m²	R0.2 billion	Mar-24	7.50%	50.1%
Shoprite	Riverfields	93 964m²	R1.4 billion	Aug-24	7.75%	100%
Speculative	Meadowview	15 000m²	R0.2 billion	Sep-24	8.50%	100%
DEVELOPMENTS CURRENTLY IN PROGRESS						
Shoprite	Wells Estate	80 531m²	R1.1 billion	Sep-24	7.80%	50.1%
Speculative	Meadowview	5 623m²	R0.1 billion	Oct-24	8.50% – 9.00%	100%
Speculative	Riverfields	24 200m²	R0.3 billion	Jul-25	8.50% – 9.00%	100%

7. PROPERTY VALUATIONS

All income-producing properties were externally valued at 31 August 2024. The Group's investment property portfolio (including assets held-for-sale) is R27.5 billion, unchanged in value from 29 February 2024, albeit with the inclusion of several newly completely properties and the disposal of older assets.

In SA the impact of long-term leases with robust escalation clauses, coupled with the portfolio's sound fundamentals, including the strong covenants of the Group's tenants, have continued to bolster property valuations. Furthermore, newly concluded leases and renewals have provided compelling market evidence, strengthening the valuation assumptions applied to the income-producing portfolio by the external valuers. This has resulted in LfL portfolio growth of c.2.2%. The income-producing portfolio in SA has a weighted average net initial yield of 7.89% (8.10% excluding SHP).

The UK prime logistics market continued to exhibit cautious optimism during 1H25, with occupier take up and rental growth both showing increases. From an investment and valuation case, prime yields continued to firm up at the lower end of the 5.00% – 5.25% range. There is room for more yield compression as the BoE continues to modestly loosen its monetary policy stance, with a further 50bp of interest rate cuts fully priced in before the end of FY25. The net initial yield on the UK income-producing assets is 4.8% with a reversionary yield of c.6.0%, signalling the under rented and reversionary nature of the portfolio.

COMMENTARY (CONTINUED)

8. OPERATIONAL UPDATE

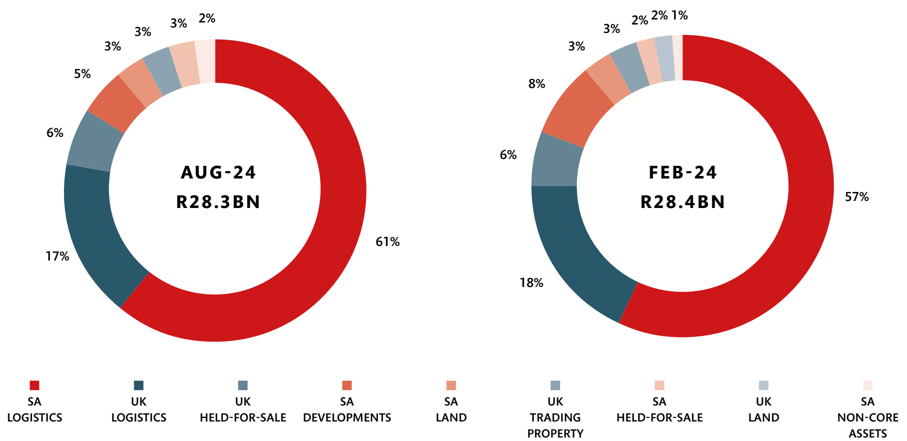
The Group has 65 income-producing properties (59 in SA and 6 in the UK), a reduction from Feb-24 due to the ongoing disposal programme. The quality of the portfolio has improved due to the disposal of older, smaller units and the addition of new ESG-compliant properties and 98.6% of revenue is derived from A-grade tenants. With the completion of two developments and a further expansion of two existing properties, GLA under management has increased from 1.46 million m² at Feb-24 to 1.51 million m² at Aug-24.

Six leases are expiring in the next 12 months, of which:

- Two tenants have already renewed their leases;
- Two tenants gave notice of their intention not to renew their lease and one of these has already been relet to a new tenant; and
- Negotiations are underway with the remaining two tenants who have expressed their intention to renew.

This activity is reflective of the Group's proactive approach to renewals which reduces the risk of vacancy in the short-to-medium term.

8.1. PORTFOLIO VALUE



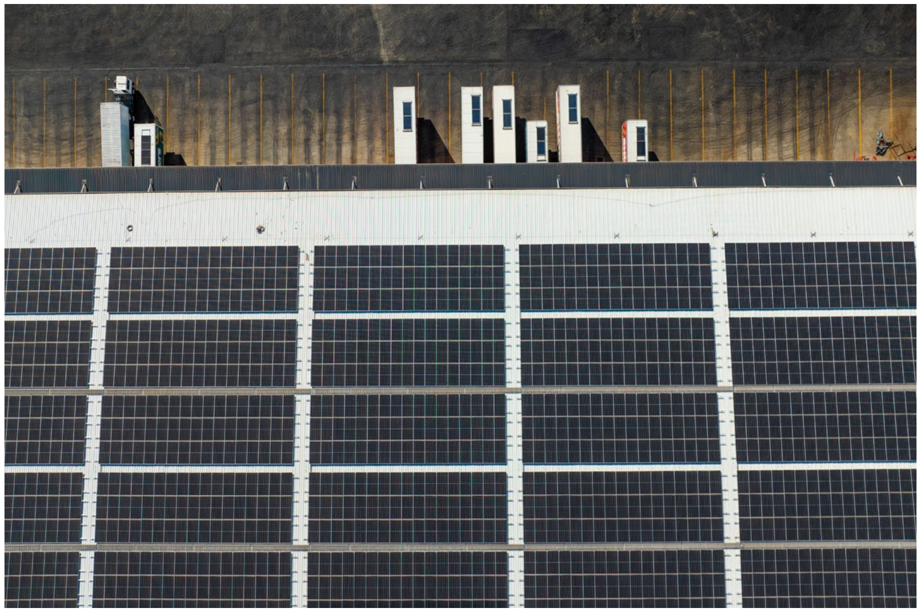
8.2 LEASE RENEWALS

There were seven leases which were renewed in respect of 1H25, predominantly to the portfolios acquired from Intaprop and Attacq in 2015 and 2016 respectively.

Four lease renewals were concluded across 64 918m² of GLA at an average rental of R99.40/m². All of these assets formed part of the initial Intaprop and Attacq portfolios. The leases were concluded at healthy development yields of 9% – 9.5% and had escalated at 7.5% – 8% for a period of 10 years prior to these renewals. At the date of the renewal, the average reversion was 26% across these assets, which now reflects fair market rentals.

Three other renewals were effective during the period, across 14 529m² of GLA at an average rental of R142.88/m². The average reversion across these was 10%.

The majority of assets which were acquired in the early acquisition portfolios have been renewed over the last 18 months and the reversion is now in the base. The Group anticipates commencing new renewals in line with current market rentals, without experiencing significant reversions to the portfolio.



COMMENTARY (CONTINUED)

8. OPERATIONAL UPDATE (CONTINUED)

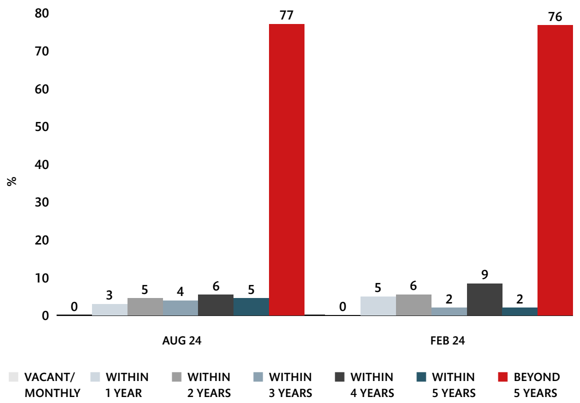
8.3 LEASE LONGEVITY

WEIGHTED AVERAGE LEASE EXPIRY BY REVENUE (YEARS)	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
SA – Logistics	15.3	13.3	14.4
SA – Industrial	0.9	2.8	1.2
SA – TOTAL	**13.9**	**13.2**	**13.1**
UK – Logistics	9.8	15.6	10.6
GROUP WEIGHTED AVERAGE LEASE EXPIRY	**13.2**	**13.7**	**12.6**

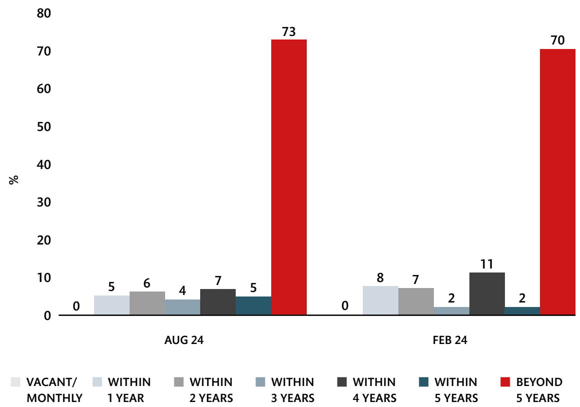
Equites completed a development at Riverfields, Gauteng, let to Shoprite on a 20-year lease. This has resulted in an increase in the WALE to 13.2 years from Feb-24. The WALE, combined with the quality of its tenants, represents a high degree of income certainty over a sustained period. This further reduces continuous reletting commissions and decreases the risk of vacancies in the medium-term.

8.4 LEASE EXPIRY PROFILE

BASED ON RENTABLE AREA



BASED ON CONTRACTUAL REVENUE



8.5 LEASE ESCALATION

WEIGHTED AVERAGE ESCALATION BY GLA (%)	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
SA – Logistics	6.2	6.0	6.2
SA – Industrial	7.2	6.6	7.1
	6.2	**6.0**	**6.2**

The Group's average escalation rate has remained flat since Feb-24. Whilst the Shoprite lease was concluded at lower than average escalation rates (5.0%), the Group benefits from a 20-year lease with no rent reviews.

8.6 VACANCY

VACANCY PROFILE	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
Logistics	0.6%	0.1%	–

The portfolio had one vacancy at 31 August 2024, relating to a 9 308m^2 property situated at the airport in the Western Cape. This unit has now been let on a seven-year lease to an A-grade tenant which commenced on 1 October 2024.

COMMENTARY (CONTINUED)

9. TREASURY RISK MANAGEMENT

9.1 APPROACH TO TREASURY RISK MANAGEMENT AND MARKET OVERVIEW

The Group has formulated a robust treasury policy that is reviewed regularly by the Risk & Capital Committee. The aim of the policy is to maximise stakeholder value through the persistent reinforcement of the financial standing of the Group and the appropriate mitigation of financial risks; principally funding, liquidity, and market risk, with six guiding principles defining the framework in which financial decisions are made.

TREASURY PRINCIPLES

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

Globally the rate cutting cycle has commenced with the ECB cutting rates in June, the BoE cutting rates by 25bp in August, and the ECB, the Fed and the SARB all cutting rates in September. SA inflation has moderated to the SARB MPC target level, and inflation is expected to remain around this level through 2025. As such, it is expected that the SARB MPC will gradually cut rates in 2024 and 2025, but the extent of those cuts remains uncertain as the SARB remains wary of supply-side inflationary pressures such as fuel price hikes and currency volatility. Monetary easing is expected to create strong tailwinds for the property sector.

9.2 FINANCIAL RISK MANAGEMENT HIGHLIGHTS

KEY HIGHLIGHTS FOR THE PERIOD

LIQUIDITY	■ R2.2 billion in cash and undrawn facilities, exceeds debt maturing within the next 12 months; ■ Of the R2.1 billion debt maturing in the next 12 months, R1.1 billion has been renegotiated and R1.0 billion is listed debt which will be refinanced in debt auctions in Nov-24 and Jun-25; and ■ Interest coverage ratio increased to 2.4 times due to increased rental revenue from SA developments completed.
FUNDING	■ Weighted average debt maturity of 3.5 years; and ■ Cost of debt continues to decrease due to tightening credit spreads and effective hedging
BALANCE SHEET MANAGEMENT	■ DRIP in Jun-24 received support from 65.9% of shareholders, raising new equity of R0.3 billion; and ■ Disposal programme resulted in sale of R0.5 billion of SA assets during 1H25, with a further R2.5 billion SA and UK disposals expected in 2H25.
MARKET RISK	■ Added R1.6 billion of interest rate hedges in 1H25; ■ 86% of debt maturing after one year is hedged; and ■ Interest rate sensitivity of 36bp for every 100bp change in rates.
DEBT CAPITAL MARKETS	■ GCR affirmed Equites' credit rating AA-(ZA) in Jun-24, with a stable outlook; ■ Raised further 7-year funding through the private placement of R0.4 billion at 3mJ+153bp; ■ Auction of a R0.5 billion 5-year note in Jul-24 at 3mJ+135bp; and ■ Unencumbered asset ratio of 53.8%.

KEY TREASURY METRICS	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
Loan-to-value ratio	41.0%	42.3%	39.6%
Interest cover ratio	2.4 times	2.2 times	2.2 times
Cash & undrawn facilities	R2.2 billion	R2.2 billion	R2.3 billion
Weighted average debt maturity	3.5 years	3.3 years	3.7 years
Unencumbered asset ratio	53.8%	50.0%	50.6%
Interest rate risk hedge cover	86.3%	83.7%	83.1%
Interest rate sensitivity	36.5%	34.2%	32.8%
SA cost of debt	9.09%	9.22%	9.14%
UK cost of debt	3.92%	4.31%	3.94%
Long-term credit rating	AA-(ZA)	AA-(ZA)	AA-(ZA)

COMMENTARY (CONTINUED)

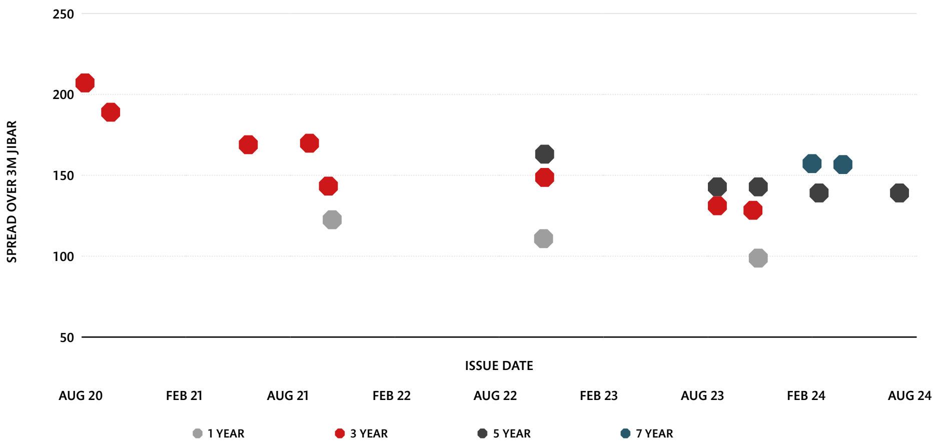
9. TREASURY RISK MANAGEMENT (CONTINUED)

9.3 MINIMISING THE COST OF CAPITAL USING OPTIMAL DEBT AND EQUITY

A global interest rate tightening cycle, which reached its peak in Aug-23, appears to be easing with major central banks initiating rate cuts in 1H25. Whilst interest rates remained at their peak over the past twelve months, the Group has seen its cost of debt decrease through both careful rate hedging and tightening credit spreads. The Group's three-year credit spread above 3-month JIBAR consistently improved over the past four years.

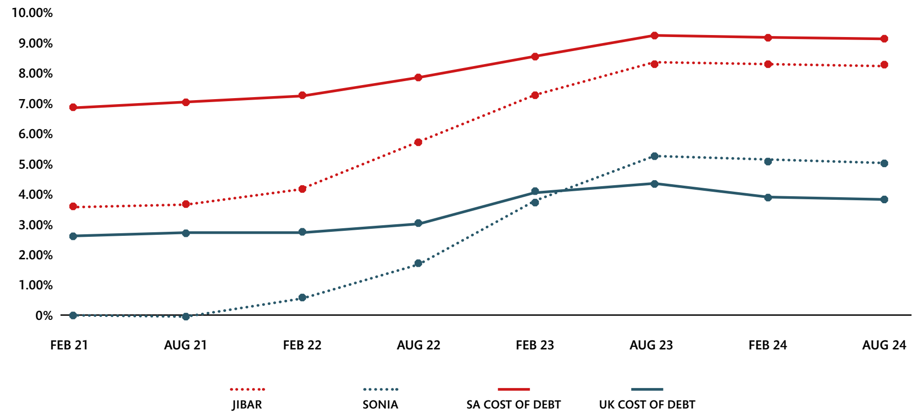
LISTED DEBT ISSUANCE: TIGHTENING CREDIT SPREADS

TENOR	NOTE	TYPE	VOLUME	MARGIN	START	MATURITY
ONE YEAR	EQT009	Private placement	R420 000 000	120	Nov21	Nov22
	EQT011	Private placement	R385 000 000	108	Nov22	Nov23
	EQT018	Private placement	R200 000 000	100	Nov23	Nov24
THREE YEAR	EQT005	Private placement	R600 000 000	205	Sep20	Sep23
	EQT006	Private placement	R200 000 000	185	Oct20	Oct23
	EQT007	Private placement	R300 000 000	165	Jun21	Jun24
	EQT008	Private placement	R800 000 000	165	Oct21	Oct24
	EQT010	Auction	R580 000 000	145	Nov21	Nov24
	EQT012	Auction	R447 000 000	146	Nov22	Nov25
	EQT014	Auction	R300 000 000	129	Sep23	Jun26
	EQT017	Private placement	R200 000 000	125	Nov23	Nov26
FIVE YEAR	EQT013	Auction	R418 000 000	159	Nov22	Nov27
	EQT015	Auction	R450 000 000	139	Sep23	Jun28
	EQT016	Auction	R500 000 000	138	Nov23	Nov28
	EQT019	Private placement	R500 000 000	137	Feb24	Feb29
	EQT021	Auction	R500 000 000	135	Jul24	Jun29
SEVEN YEAR	EQT020	Private placement	R250 000 000	153	Feb24	Feb31
	EQT020 Tap	Private placement	R400 000 000	153	Apr24	Feb31



COST OF DEBT: CONTINUES TO DECREASE

COST OF DEBT	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
3-month JIBAR (SA)	8.23%	8.36%	8.37%
All-in ZAR cost of debt	9.09%	9.22%	9.14%
SONIA (UK)	4.95%	5.19%	5.19%
All-in GBP cost of debt	3.92%	4.31%	3.94%



COMMENTARY (CONTINUED)

9. TREASURY RISK MANAGEMENT (CONTINUED)

9.4 MAINTAINING A ROBUST BALANCE SHEET

Following the announcement of the FY24 final dividend in May-24, Equites elected to offer a dividend reinvestment alternative to shareholders. The DRIP was well supported by shareholders, with 65.91% electing the dividend reinvestment alternative to the cash dividend. The result was the issuance of 28,111,564 new shares and equity raised of R0.3 billion, reducing the LTV ratio by 1.1%.

The Group disposed of R0.5 billion of SA assets and received R0.1 billion initial consideration for the ENGL disposal. The Group expects to dispose of assets worth a further R2.5 billion in 2H25, and forecasts an LTV ratio of c.38% at Feb-25.

LTV RATIO (R'000)	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
Debt (including loan fees)	12 448 739	12 398 091	12 008 797
Less: cash & cash equivalents	(514 821)	(78 261)	(493 253)
NET DEBT	**11 933 918**	**12 319 830**	**11 515 544**
Total assets	30 447 309	29 909 880	30 223 160
Less: assets related to net debt	(1 332 190)	(797 664)	(1 147 137)
PROPERTY ASSETS	**29 115 119**	**29 112 216**	**29 076 023**
LTV RATIO	**41.0%**	**42.3%**	**39.6%**

Debt ratios reflect a diverse funding mix of secured and unsecured borrowings. Unsecured debt as a proportion of total debt has increased over the past 12 months to 50.5%, reflecting a confidence in the business and balance sheet of the Group. The ratio of unsecured borrowings to unencumbered assets of 38.4% provides further assurance to investors participating in unsecured debt. Asset encumbrance reflected a shift towards unsecured borrowing with an unencumbered asset ratio of 53.8%, and the ratio of secured borrowings to encumbered assets being 44.0%.

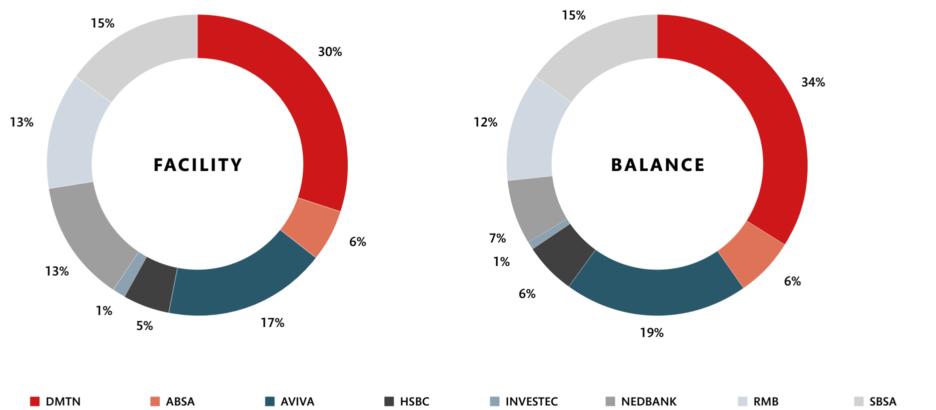
DEBT RATIOS	31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
Unencumbered asset ratio	53.8%	50.0%	50.6%
Unsecured debt ratio	50.5%	43.2%	46.7%
Secured borrowings to encumbered assets	44.0%	48.5%	44.6%
Unsecured borrowings to unencumbered assets	38.4%	37.0%	38.1%

LTV SENSITIVITY (PERCENTAGE POINT CHANGE)	+1%	-1%
3mJ and SONIA	+0.07%	-0.03%
Property values (SA and UK)	-0.37%	+0.38%

9.5 DIVERSIFYING SOURCES OF FUNDING

The Group continues to receive strong support from financial institutions, and particularly the debt capital markets in SA. Of the R10.6 billion of ZAR-denominated facilities, of which R8.9 billion was drawn at 31 August 2024, R4.2 billion was raised through the JSE-listed DMTN Programme from non-bank financial institutions. Since listing the DMTN Programme in 2019 there have been 26 different non-bank financial institutional investors, of which 22 are currently holders of debt issued by Equites.

The Group's long-term credit rating was reaffirmed at AA-$_{(ZA)}$ and short-term rating at A1+$_{(ZA)}$, with a stable outlook, by GCR in Jun-24. GCR highlighted the *"strong income generation from a growing portfolio of high-quality logistics assets" "focused on ESG credentials"* with *"long-dated leases to quality tenants with embedded rent uplift underpin secure and growing rentals"*. GCR further highlighted the Group's *"good access to diverse sources of funding, with large pool of unencumbered assets"* which was evidenced by the successful listed debt in Jul-24, at which R0.5 billion was raised in a 5-year note at 3-month JIBAR plus 135bp. This was the first debt auction by any issuer following the SA general elections and was followed very closely by the markets. The credit spread was 3bp lower than that of the previous auction of 5-year debt in Nov-23 and 2bp lower than a 5-year private placement in Feb-24. The auction was 2.64 times over-subscribed with bids from ten leading financial institutions.



COMMENTARY (CONTINUED)

9. TREASURY RISK MANAGEMENT (CONTINUED)

9.6 PHASING THE MATURITY OF FINANCIAL LIABILITIES

The Group balances the term structure of loans and borrowings to reduce refinancing risk whilst aiming to minimise the cost of debt. The weighted average debt maturity remained constant at 3.5 years.

The Group has R2.5 billion of debt facilities maturing within the next twelve months, of which:

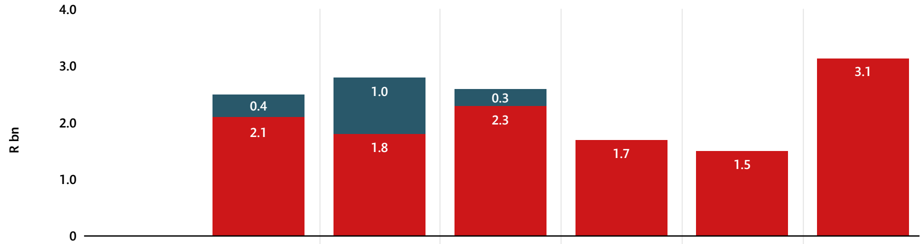
- R0.4 billion is undrawn at 31 August 2024;
- R0.7 billion is SA bank debt, of which R0.4 billion will be repaid as part of a restructuring of a debt facility in Oct-24 and the remainder of which has been refinanced as at the date of this report;
- A £17.5 million (R0.4 billion) facility matures in Feb-25, and this will be repaid with proceeds from UK asset disposals; and
- R1.0 billion of listed debt will be refinanced in upcoming debt auctions in Nov-24 and Jun-25. The previous listed debt auction held in Jul-24 received strong participation, and the current debt capital market conditions indicate that the Nov-24 auction will be positively supported.

Notwithstanding the conclusion of these refinancing transactions, the Group has R2.2 billion in cash and available undrawn facilities, which exceeds the R2.1 billion debt maturing within the next twelve months, and refinancing risk is further mitigated by R2.5 billion of anticipated asset disposals in 2H25.

In Feb-24, the Group privately placed its first 7-year listed note (EQT020, maturing Feb-31) with non-bank financial institutional investors, with a further R0.4 billion raised in Apr-24 through the same note, bringing the total amount raised to R0.7 billion at a margin of 153bp.

The ability to raise 7-year debt at a margin of 153 bp, 6bp below the margin at which 5-year debt was raised only 18 months prior, is a clear indication of investors' positive outlook for Equites, based on the strength of the Group's balance sheet and impeccable property fundamentals.

DEBT MATURITY PROFILE



R'MILLION	WITHIN 1 YEAR	1-2 YEARS	2-3 YEARS	3-4 YEARS	4-5 YEARS	BEYOND 5 YEARS
DMTN	980	747	–	868	1 000	650
ZAR bank debt	708	300	2 315	850	500	–
GBP bank debt	408	705	–	–	–	2 448
Utilised	2 096	1 752	2 315	1 718	1 500	3 098
Undrawn	402	1 000	250	–	–	–
TOTAL	**2 498**	**2 752**	**2 565**	**1 718**	**1 500**	**3 098**
	18%	19%	18%	12%	11%	22%

9.7 MAINTAINING STRONG LIQUIDITY

The Treasury Policy of the Group requires that R0.3 billion is held in cash or undrawn facilities and this is incorporated into long-term funding forecast projections. As at 31 August 2024, the Group had R1.7 billion in undrawn available funding facilities and R0.5 billion in cash.

Whilst local equity capital markets remain volatile, Equites continues to be able to draw on the debt capital markets and has received strong support to date, as evidenced by the outcome of recent debt auctions and private placements utilising the DMTN Programme.

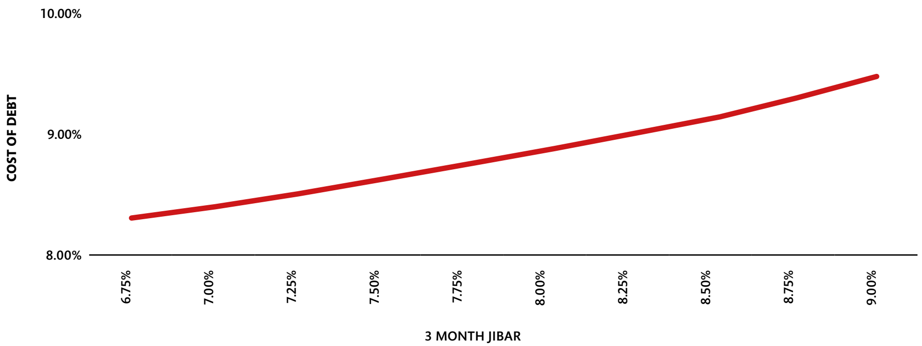
COMMENTARY (CONTINUED)

9. TREASURY RISK MANAGEMENT (CONTINUED)

9.8 APPROPRIATELY MANAGE FINANCIAL RISK

9.8.1 INTEREST RATE RISK

Empirical research continues to indicate that optimal rate hedging is achieved prior to, or at the commencement of, a monetary policy easing cycle. The Group has gradually increased the level of interest rate hedging over the past few months leading up to the SARB commencing a rate cutting cycle in Sep-24. Risks do remain that the SARB deviates from current expectations, whether that be due to the MPC targeting lower inflation, or due to exogenous factors such as the global economy entering a recession or an escalation of geopolitical risks which results in increased inflation. Therefore, it remains a fine balance between optimising treasury interest expense and hedging the risk of interest rates abruptly moving in an adverse direction. As such, the Group ensures that it remains hedged at a minimum of the Treasury Policy limit of 80% and looks to take advantage of timing through probability analysis and careful evaluation to both reduce market risk and improve the cost of debt, as illustrated in the graph below.



The Group uses a combination of interest rate swaps and other rate hedging derivatives to protect against adverse interest rate movements The Group's Treasury Policy requires that all debt maturing after one year be at least 80% hedged. At 31 August 2024, the Group had hedged 86% of debt maturing beyond one year. Debt within RLF is not hedged, and to mitigate against this interest rate risk, the Company hedges its 50.1% share of RLF. During the first half of FY25, the Group entered into R1.6 billion of rate hedging instruments, mostly with a 3-year maturity. Given the use of non-vanilla instruments, the Group also assesses the impact of hedging effectiveness through the evaluation of a 250bp increase and a 250bp decrease in interest rates from current levels. As at 31 August 2024, interest rate sensitivity is 36.5%, a 36.5bp decrease in the cost of debt for a 100bp decrease in interest rates or 182bp for a 500bp change in rates.

DEBT MATURITY PROFILE (R'000)		31 AUGUST 2024	31 AUGUST 2023	29 FEBRUARY 2024
Short-term debt		406 759	985 758	217 316
Long-term debt maturing within one year		1 588 051	2 403 595	2 305 786
DEBT MATURING WITHIN ONE YEAR		**1 994 810**	**3 389 353**	**2 523 102**
Within two years		1 751 691	1 801 025	2 017 678
Within three years		1 940 750	2 958 302	1 500 500
Within four years		1 493 450	615 000	1 033 000
Within five years		1 500 000	942 301	1 675 450
Beyond five years		3 098 306	2 506 550	2 804 713
DEBT BALANCE TO BE HEDGED		**9 784 197**	**8 823 180**	**9 031 341**
DEBT NOT REQUIRED TO BE HEDGED		**700 281**	**225 699**	**491 702**
DEBT BALANCE		**12 479 288**	**12 438 230**	**12 046 145**
Loan facility fees		(30 549)	(40 140)	(37 348)
Interest accruals		88 661	123 390	91 150
LOANS & BORROWINGS		**12 537 400**	**12 521 480**	**12 099 947**
HEDGES & FIXED RATE DEBT MATURITY PROFILE (R'000)				
WITHIN ONE YEAR		**850 000**	**2 810 000**	**3 251 382**
Within two years		1 533 172	1 810 313	1 368 306
Within three years		3 962 978	938 719	3 085 273
Within four years		–	2 125 182	–
Within five years		500 000	–	500 000
Beyond five years		2 448 306	2 506 550	2 554 713
HEDGE COVER > 1 YEAR		**8 444 456**	**7 380 764**	**7 508 292**
INTEREST RATE HEDGES AND FIXED RATE DEBT		**9 294 456**	**10 190 764**	**10 759 674**
INTEREST HEDGE COVER	**TARGET**			
Hedge cover maturing greater than one year	≥80%	86.3%	83.7%	83.1%
Short-term debt facilities as a percentage of total debt facilities	<20%	6.4%	7.9%	5.0%
Interest rate sensitivity for 500bp move	<250bp	182bp	171bp	166bp

COMMENTARY (CONTINUED)

9. TREASURY RISK MANAGEMENT (CONTINUED)

9.8 APPROPRIATELY MANAGE FINANCIAL RISK (CONTINUED)

9.8.2 FOREIGN EXCHANGE RATE RISK

The Group's Treasury Policy dictates the parameters within which foreign exchange risk is managed, with the over-arching precept to reduce exchange rate volatility for investors.

The Group considers the sourcing of GBP debt currently the most effective manner in which to hedge the investment in foreign-denominated operations. Currently the Group has £152.7 million (R3.6 billion) in GBP debt, financing the £277 million (R6.5 billion) UK stabilised portfolio. The Group repays debt on the disposal of UK income-producing properties. As a result, shareholders continue to benefit from improved growth in NAV per share through long-term Rand weakness.

From an earnings perspective, the Group continues to utilise natural hedges to minimise exposure to fluctuations in foreign exchange rates on distributable earnings. This includes the reinvestment of rental cashflows into operating and financing costs incurred in the UK. Whilst minimal development funding is required in the UK, there may be expenditure recoverable through forward funding developments. The Group assesses the impact on the funds to be received from foreign operations for 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 based on a probability assessment of the disposal of income-producing assets and in line with the Group's documented hedging policy.

SIX-MONTH PERIOD ENDING	EFFECTIVE HEDGING LEVEL	BLENDED PARTICIPATION FLOOR	BLENDED PARTICIPATION CAP
28 February 2025	79.9%	R23.14/GBP	R24.20/GBP
31 August 2025	71.3%	R23.82/GBP	R26.18/GBP
28 February 2026	44.7%	R23.90/GBP	R27.21/GBP
31 August 2026	29.5%	R23.50/GBP	R26.10/GBP

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

9.9 KEY FOCUS AREAS AND NEW OPPORTUNITIES GOING FORWARD

LIQUIDITY & FUNDING	▪ Retain undrawn facilities to ensure sufficient liquidity for the development pipeline and to manage debt maturities; ▪ Conclusion of the early refinance or repayment of several bank debt facilities maturing in the next 12 months to optimise debt maturity; ▪ Continue to refinance debt at lower margins to further decrease the cost of debt; and ▪ Sustained improvement of the interest coverage ratio.
BALANCE SHEET MANAGEMENT	▪ Assess the appropriateness of a DRIP for each semi-annual dividend; ▪ Asset disposals of R2.5 billion in 2H25 will reduce LTV to c.38%; and ▪ Evaluate sustainability-linked and green use-of-proceeds loans to tie in with the Group's commitment to environmental and social sustainability.
MARKET RISK MANAGEMENT	▪ Take advantage of the interest rate cutting cycle to increase the hedge percentage over the next six months.
DEBT CAPITAL MARKETS	▪ Listed debt auctions in June and November each year; and ▪ Regular debt investor communication through roadshows, presentations and investor interaction.

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG is a crucial aspect of the Group's strategic positioning and continues to be at the core of the Group's operations. Equites prioritises the implementation of sustainability measures across its entire portfolio.

CLIMATE MITIGATION STRATEGIES	Reduce the carbon footprint by increasing energy efficiency in buildings and through the deployment of renewable energy sources.
IMPROVING RESOURCE EFFICIENCY	Reduce the consumption of resources such as water, materials, and energy by implementing efficient building designs, and by promoting circular economy practices.
SUPPORTING SOCIAL SUSTAINABILITY	Promote social sustainability in operations by fostering a diverse and inclusive workplace, engaging with all stakeholders, supporting community initiatives, and expanding the Enterprise and Supplier Development programmes.
ENHANCING BIODIVERSITY	Protect and enhance biodiversity in properties by implementing green infrastructure, using sustainable landscaping practices, and supporting local biodiversity initiatives.
GOOD GOVERNANCE	Promote good governance by seeking independent assurance for emissions and social investment initiatives, thereby ensuring transparency and accountability, and upholding ambitious standards of sustainability and social responsibility.

COMMENTARY (CONTINUED)

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

10.1 RENEWABLE ENERGY GENERATION

The Group's strategy on solar PV is designed to provide occupiers with a comprehensive, maintenance-free solution through a Power Purchase Agreement ("PPA"). In this arrangement, renewable energy is provided at a discounted tariff and installed to seamlessly integrate with both battery energy storage systems and existing diesel generators.

Total installed solar capacity grew to 23.5 MW from 20.2 MW at Feb-24, while the number of buildings with solar PV increased to 32 from 29. Renewable energy as a percentage of total grid energy consumed, increased from 16.1% for the first six months of 2023 to 18.6% for the first six months of 2024. This has exceeded the renewable energy linked KPI target of 17.5%, with 47% of the SA portfolio now equipped with solar.

Within the next 18-36 months, the Group will commission an additional 5.6 MW of energy from a combination of 21 grid-tied and hybrid solar with battery storage systems, at a forecasted capex of R0.1 billion. Total installed solar capacity will also increase from 23.5 MW to 29 MW once completed. The expected internal rate of return on the PPA contracts exceeds 20% with average net initial yields over 15%, based on the duration of these agreements.

The Group's extensive roof spaces in key nodes are well positioned to benefit from the transformation of the SA energy landscape and pivot toward greener energy and will continue to expand its revenue generation from this offering, by engaging in partnerships with key industry stakeholders. This provides a significant opportunity for Equites to meet its SBTi emissions targets towards a 1.5°C goal while contributing to energy security in SA.

10.2 WATER EFFICIENCY AND TREATMENT

The Group continues to prioritise natural resource management as a key pillar of its sustainability strategy. By embracing innovative approaches, Equites is actively implementing measures that promote responsible stewardship of these critical resources.

Water security in the portfolio is being managed through the introduction of wastewater treatment plants to minimise the Group's water footprint. This concept will utilise a biological treatment process to treat the wastewater at selected facilities, where it is initially being piloted. Through this method, water will be treated by onsite systems and re-used both in the building and for irrigation, thereby reducing reliance on municipal infrastructure.

The impact of these initiatives is expected to deliver benefits on environmental and social metrics in the current water-stressed areas, where these buildings are located.

11. TRANSFORMATION

The Group has achieved a Level 2 B-BBEE rating, with 79.86% verified black ownership. The Group remains committed to its transformation journey and is pleased to be contributing to meaningful change in SA.

12. PROSPECTS

The Board expects that the Group will achieve full-year DPS at the upper end of its previous guidance (130 to 135 cents per share).

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.

13. SUBSEQUENT EVENTS

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

14. BASIS OF PREPARATION

The condensed unaudited consolidated interim financial statements for the six months ended 31 August 2024 are prepared in accordance with IFRS Accounting Standards, 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 IFRS® and are consistent with those applied in the previous annual financial statements.

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

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

COMMENTARY (CONTINUED)

15. DECLARATION OF INTERIM CASH DIVIDEND

Dividend number 22 of 66.50411 cents per share was declared on 9 October 2024.

The Board has declared an interim gross dividend of 66.50411 cents per share on 9 October 2024 which is an increase of 1.7% over the prior year interim distribution of 65.37 cents per share. The DPS is in line with previous guidance of achieving 130 to 135 cents per share for the year.

DIVIDENDS DECLARED (CENTS PER SHARE)	% CHANGE	31 AUGUST 2024	31 AUGUST 2023
Interim dividend	1.7	66.50411	65.36876

Shareholders will be entitled, in respect of all or part of their shareholdings, to elect to reinvest the cash dividend in return for Equites shares (the "dividend reinvestment alternative"). The entitlement for shareholders to receive the dividend reinvestment alternative is subject to the Board agreeing on the pricing and terms of the dividend reinvestment alternative. The Board in its discretion may withdraw the dividend reinvestment alternative should market conditions warrant such actions and such withdrawal will be communicated to shareholders prior to the finalisation announcement to be published by 11:00 on Tuesday, 22 October 2024.

A circular providing further information in respect of the cash dividend and dividend reinvestment alternative will be posted/electronically delivered to shareholders on Thursday, 10 October 2024.

FRACTIONS

Trading in the Strate environment does not permit fractions and fractional entitlements. Where a shareholder's entitlement to the shares in relation to the dividend reinvestment alternative gives rise to an entitlement to a fraction of a new share, such fraction will be rounded down to the nearest whole number with the cash balance of the dividend being retained by the shareholders.

SALIENT DATES AND TIMES	2024
Equites results including declaration of a final distribution published on SENS	Thursday, 10 October
Circular and form of election posted to shareholders	Thursday, 10 October
Finalisation information including the share ratio and reinvestment price per share published on SENS by 11:00 (SA time)	Tuesday, 22 October
Last day to trade in order to participate in the election to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend ("LDT")	Tuesday, 29 October
Shares trade ex-dividend	Wednesday, 30 October
Listing of maximum possible number of shares under the dividend reinvestment alternative	Friday, 1 November
Last day to elect to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend (no late forms of election will be accepted) at 12:00 (SA time)	Friday, 1 November
Record date for the election to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend ("record date")	Friday, 1 November
Announcement of results of cash dividend and dividend reinvestment alternative released on SENS	Monday, 4 November
Payment of cash dividends to certificated shareholders by electronic funds transfer	Monday, 4 November
Dematerialised shareholders' CSDP or broker accounts credited with the cash dividend payment (if applicable)	Monday, 4 November
Share certificates posted to certificated shareholders on or about	Wednesday, 6 November
Dematerialised shareholders' CSDP or broker accounts credited with the new shares (if applicable)	Wednesday, 6 November
Adjustment to shares listed on or about	Friday, 8 November

NOTES:

1. **Shareholders electing the dividend reinvestment alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after the record date, which differs from the conventional one day after record date settlement process.**
2. Shares may not be dematerialised or rematerialised between Wednesday, 30 October 2024 and Friday, 1 November 2024, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS.

COMMENTARY (CONTINUED)

15. DECLARATION OF 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 66.50411 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 or accrued to SA tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because such qualifying distributions are distributed by a REIT. These qualifying distributions are however exempt from dividends withholding tax in the hands of SA tax resident shareholders, provided that such 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 which are exempt from income tax in terms of the general dividend exemptions per section 10(1)(k)(i) of the Income Tax Act. Any qualifying distributions received by non-residents from a REIT will be 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 53.20329 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.

Shareholders are advised that in electing to participate in the dividend reinvestment alternative, pre-taxation funds are utilised for the purposes and that taxation will be due on the total cash dividend amount of 66.50411 cents per share.

OTHER INFORMATION

- The issued ordinary share capital of Equites at the date of declaration is 809 581 655 ordinary shares of no par value each; and
- Income Tax Reference Number of Equites: 9275393180.

The cash dividend or the dividend reinvestment alternative may have tax implications for resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

By order of the Board

EQUITES PROPERTY FUND LIMITED
8 October 2024

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Equites Property Fund Limited and its subsidiaries at 31 August 2024

R'000	NOTES	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	AUDITED 29 FEBRUARY 2024
ASSETS				
NON-CURRENT ASSETS				
Investment property (excluding straight-lining)	4	23 514 898	23 073 513	24 050 575
Straight-lining lease income accrual		1 235 876	961 710	1 121 199
Land options	4	–	162 058	154 461
Deferred tax asset		27	47 256	3 580
Other financial assets		37 533	100 114	72 654
Trade and other receivables		611 722	1 794	611 048
Loan receivable		83 941	54 441	54 441
Property, plant and equipment		22 908	28 814	22 337
		25 506 905	**24 429 700**	**26 090 295**
CURRENT ASSETS				
Trading properties and developments	5	836 354	856 690	948 685
Trade and other receivables		780 773	394 269	390 721
Other financial assets		101 271	165 736	132 713
Loan receivable		4 635	3 050	3 013
Current tax receivable		–	8 860	–
Cash and cash equivalents		514 821	78 261	493 253
		2 237 854	**1 506 866**	**1 968 385**
Investment property held-for-sale	4	2 702 550	3 973 314	2 164 480
TOTAL ASSETS		**30 447 309**	**29 909 880**	**30 223 160**

R'000	NOTES	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	AUDITED 29 FEBRUARY 2024
EQUITY AND LIABILITIES				
EQUITY AND RESERVES				
Stated capital		12 619 667	12 269 556	12 257 529
Accumulated loss		(421 278)	(313 989)	(99 985)
Foreign currency translation reserve		987 926	1 099 332	1 195 109
Share-based payment reserve		29 137	23 229	30 570
TOTAL ATTRIBUTABLE TO OWNERS		**13 215 452**	**13 078 128**	**13 383 223**
Non-controlling interest	7	3 644 931	3 478 920	3 562 275
TOTAL EQUITY AND RESERVES		**16 860 383**	**16 557 048**	**16 945 498**
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans and borrowings	6	9 952 448	8 408 737	9 468 043
Financial guarantee		10 000	10 000	10 000
Other financial liabilities		43 030	30 782	30 180
Other payables		69 507	64 374	67 676
Deferred tax liability		177 506	190 979	151 423
		10 252 491	**8 704 872**	**9 727 322**
CURRENT LIABILITIES				
Loans and borrowings	6	2 584 952	4 112 743	2 631 904
Trade and other payables		734 104	499 955	889 397
Other financial liabilities		12 716	35 262	26 893
Current tax liability		2 663	–	2 146
		3 334 435	**4 647 960**	**3 550 340**
TOTAL LIABILITIES		**13 586 926**	**13 352 832**	**13 277 662**
TOTAL EQUITY AND LIABILITIES		**30 447 309**	**29 909 880**	**30 223 160**

STATEMENT OF COMPREHENSIVE INCOME

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	NOTES	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
Property revenue and tenant recoveries		1 157 477	1 046 214	2 128 110
Straight-lining of leases adjustment		175 658	185 820	334 539
Other revenue[1]		662 210	–	21 537
GROSS PROPERTY REVENUE	8	**1 995 345**	**1 232 034**	**2 484 186**
Cost of sales[1]		(707 903)	(18 857)	(59 668)
Property operating and management expenses		(240 536)	(199 326)	(471 830)
Other net gains/(losses)	9	66 288	(310 821)	(447 921)
Administrative expenses		(99 075)	(54 236)	(153 332)
Fair value adjustments – investment property	4	(217 069)	105 119	550 903
OPERATING PROFIT BEFORE FINANCING ACTIVITIES		**797 050**	**753 913**	**1 902 338**
Finance cost	10	(490 823)	(257 586)	(622 981)
Finance income		154 961	64 325	203 721
NET PROFIT BEFORE TAX		**461 188**	**560 652**	**1 483 078**
Taxation		(44 074)	56 273	39 557
PROFIT FOR THE PERIOD		**417 114**	**616 925**	**1 522 635**
OTHER COMPREHENSIVE (LOSS)/INCOME				
Items that may subsequently be reclassified to profit or loss:				
Translation of foreign operations		(217 768)	397 323	494 852
Items reclassified to profit or loss:				
Reclassification of FCTR on disposal		6 533	(68 830)	(68 830)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**205 879**	**945 418**	**1 948 657**
PROFIT ATTRIBUTABLE TO:				
Owners of the parent		192 007	426 753	1 151 765
Non-controlling interest		225 107	190 172	370 870
		417 114	**616 925**	**1 522 635**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent		(15 176)	747 790	1 568 578
Non-controlling interest		221 055	197 628	380 079
		205 879	**945 418**	**1 948 657**
Basic earnings per share (cents)	1	24.2	54.6	147.5
Diluted earnings per share (cents)	1	24.1	54.2	145.8

[1] This was renamed from "Revenue from trading properties and developments" and "Cost of sales from trading properties and developments" as it now includes additional sources of revenue. Refer to **note 8** for a breakdown.

STATEMENT OF CASH FLOWS

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	NOTES	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	11	535 825	153 813	1 554 791
Finance cost paid	10	(427 745)	(279 186)	(642 423)
Finance income received		126 777	84 577	213 490
Tax (paid)/refunded		(7 463)	2 665	(2 382)
Dividends paid		(620 999)	(794 137)	(1 404 240)
NET CASH FLOWS UTILISED BY OPERATING ACTIVITIES		**(393 605)**	**(832 268)**	**(280 764)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment properties		–	(638 253)	(638 253)
Development of investment properties		(876 047)	(1 139 274)	(2 489 885)
Finance cost paid capitalised to investment properties		(128 978)	(182 320)	(352 488)
Proceeds from disposal of investment property and subsidiaries (net of disposal costs)		504 075	1 394 401	2 933 274
Purchases of current financial assets[2]		(694 000)	(1 060 838)	(1 072 402)
Proceeds on divestment of current financial assets[2]		694 000	1 060 838	1 072 402
Proceeds from loan receivable		–	750	750
Purchase of property, plant and equipment		1 114	(6 438)	(6 476)
NET CASH FLOWS UTILISED BY INVESTING ACTIVITIES		**(499 836)**	**(571 134)**	**(553 078)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issue costs refunded/(paid)		888	–	(284)
Proceeds from share issue relating to dividend reinvestment programme		337 344	–	–
Repurchase of shares		–	(69 425)	(81 113)
Repayment of lease liability		(6 090)	(5 439)	(11 543)
Proceeds from borrowings	6	3 799 967	4 643 324	13 522 423
Repayment of borrowings	6	(3 212 056)	(3 372 066)	(12 386 068)
NET CASH FLOWS RAISED FROM FINANCING ACTIVITIES		**920 053**	**1 196 394**	**1 043 415**
Net increase/(decrease) in cash and cash equivalents		26 612	(207 008)	209 573
Effect on exchange rate movements in cash and cash equivalents		(5 044)	27 577	25 988
Cash and cash equivalents at the beginning of the period		493 253	257 692	257 692
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**514 821**	**78 261**	**493 253**

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

STATEMENT OF CHANGES IN EQUITY

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	STATED CAPITAL	ACCUMULATED LOSS	FOREIGN CURRENCY TRANSLATION RESERVE	SHARE-BASED PAYMENT RESERVE	TOTAL ATTRIBUTABLE TO PARENT	NON-CONTROLLING INTEREST	TOTAL
AUDITED BALANCE AT 28 FEBRUARY 2023	**12 136 465**	**(49 514)**	**778 296**	**22 316**	**12 887 563**	**3 384 200**	**16 271 763**
Profit for the period	–	426 753	–	–	426 753	190 172	**616 925**
Other comprehensive income	–	–	321 036	–	321 036	7 457	**328 493**
Shares issued in terms of share-based payment transactions	196 069	–	–	–	196 069	–	**196 069**
Shares repurchased and cancelled	(63 621)	–	–	–	(63 621)	–	**(63 621)**
Shares repurchased and issued in terms of conditional share plan	–	–	–	(5 616)	(5 616)	–	**(5 616)**
Treasury shares issued in terms of conditional share plan	831	–	–	(831)	–		**–**
Equity-settled share-based payment charge	–	–	–	7 360	7 360	–	**7 360**
Dividends distributed to shareholders	–	(691 228)	–	–	(691 228)	(102 909)	**(794 137)**
Share issue costs	(188)	–	–	–	(188)	–	**(188)**
UNAUDITED BALANCE AT 31 AUGUST 2023	**12 269 556**	**(313 989)**	**1 099 332**	**23 229**	**13 078 128**	**3 478 920**	**16 557 048**
Profit for the period	–	725 012	–	–	725 012	180 698	**905 710**
Other comprehensive income	–	–	95 777	–	95 777	1 752	**97 529**
Shares repurchased and cancelled	(11 876)	–	–	–	(11 876)	–	**(11 876)**
Shares forfeited in terms of conditional share plan	(55)	–	–	55	–	–	**–**
Equity-settled share-based payment charge	–	–	–	7 286	7 286	–	**7 286**
Dividends distributed to shareholders	–	(511 008)	–	–	(511 008)	(99 095)	**(610 103)**
Share issue costs	(96)	–	–	–	(96)	–	**(96)**
AUDITED BALANCE AT 29 FEBRUARY 2024	**12 257 529**	**(99 985)**	**1 195 109**	**30 570**	**13 383 223**	**3 562 275**	**16 945 498**
Profit for the period	–	192 007	–	–	192 007	225 107	**417 114**
Other comprehensive loss	–	–	(207 183)	–	(207 183)	(4 052)	**(211 235)**
Transactions with non-controlling interest	–	–	–	–	–	(30 700)	**(30 700)**
Shares issued in terms of dividend reinvestment programme	337 344	–	–	–	337 344	–	**337 344**
Shares issued in terms of conditional share plan	23 796	–	–	(23 796)	–	–	**–**
Treasury shares issued in terms of conditional share plan	110	–	–	(110)	–	–	**–**
Equity-settled share-based payment charge	–	–	–	22 473	22 473	–	**22 473**
Dividends distributed to shareholders	–	(513 300)	–	–	(513 300)	(107 699)	**(620 999)**
Share issue costs	888	–	–	–	888	–	**888**
UNAUDITED BALANCE AT 31 AUGUST 2024	**12 619 667**	**(421 278)**	**987 926**	**29 137**	**13 215 452**	**3 644 931**	**16 860 383**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

1. EARNINGS PER SHARE

This note provides the obligatory information in terms of IAS 33 Earnings per share and SAICA Circular 1/2023 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.

1.1 BASIC EARNINGS PER SHARE

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
BASIC EARNINGS			
Earnings (profit attributable to owners of the parent)	192 007	426 753	1 151 765
NUMBER OF SHARES			
Shares in issue	809 581 655	781 753 221	780 684 498
Weighted average number of shares in issue	792 523 004	780 582 946	781 049 778
Add: weighted potential dilutive impact of conditional shares	5 060 725	6 322 696	8 685 198
Diluted weighted average number of shares in issue	797 583 729	786 905 642	789 734 976
CENTS			
EARNINGS PER SHARE			
Basic earnings per share	24.2	54.6	147.5
Diluted earnings per share	24.1	54.2	145.8

1.2 HEADLINE EARNINGS PER SHARE

R'000	NOTES	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
RECONCILIATION BETWEEN BASIC EARNINGS AND HEADLINE EARNINGS				
Earnings (profit attributable to owners of the parent)		192 007	426 753	1 151 765
Adjusted for:				
Fair value adjustment to investment properties	4	189 667	(145 247)	(553 556)
Less: Fair value adjustment to investment properties (NCI)	7	4 982	55 288	95 545
Fair value adjustment of non-current assets held-for-sale	4	27 402	40 128	2 652
(Profit)/loss on sale of non-current assets	9	(38 397)	(20 757)	149 827
Less: Profit on sale of non-current assets (NCI)	7	49 826	–	68 554
HEADLINE EARNINGS		**425 487**	**356 165**	**914 787**
CENTS				
HEADLINE EARNINGS PER SHARE				
Basic headline earnings per share		53.7	45.6	117.1
Diluted headline earnings per share		53.3	45.3	115.8

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

2. SEGMENT INFORMATION

THE UNAUDITED SEGMENT INFORMATION FOR THE GROUP FOR THE PERIOD ENDED 31 AUGUST 2024 (R'000)	NOTES	OPERATING SEGMENTS SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER	OTHER[1]	TOTAL
STATEMENT OF COMPREHENSIVE INCOME						
Property revenue and tenant recoveries	8	987 307	170 170	–	–	**1 157 477**
Straight-lining of leases adjustment	8	117 918	57 740	–	–	**175 658**
Other revenue	8	20	–	661 874	316	**662 210**
Cost of sales		(646)	–	(707 257)	–	**(707 903)**
Property operating and management expenses		(233 890)	(6 011)	(635)	–	**(240 536)**
Fair value adjustments – investment property	4	18 643	(235 712)	–	–	**(217 069)**
Operating profit/(loss) before financing activities		801 876	11 853	(16 867)	188	**797 050**
Finance income		111 129	43 713	119	–	**154 961**
Finance cost	10	(411 080)	(79 743)	–	–	**(490 823)**
Current taxation		(1 625)	–	(6 355)	–	**(7 980)**
STATEMENT OF FINANCIAL POSITION						
Investment property (including straight-lining)	4	19 914 951	4 835 823	–	–	**24 750 774**
Investment property held-for-sale		932 675	1 769 875	–	–	**2 702 550**
Trading properties	5	–	–	836 354	–	**836 354**
Trade and other receivables		252 960	834 149	305 082	304	**1 392 495**
Loans and borrowings	6	9 247 367	3 290 031	–	–	**12 537 398**
Total assets		21 528 056	7 668 484	1 250 438	331	**30 447 309**
Total liabilities		9 645 740	3 913 835	27 343	8	**13 586 926**

[1] The "Other" segment historically held all investment property held-for-sale. In the current year, these have been disclosed as part of the relevant segment to which the property relates. This is aligned with how management now views these propeties. The "Other" segment now discloses property management activities.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

2. SEGMENT INFORMATION (CONTINUED)

THE UNAUDITED SEGMENT INFORMATION FOR THE GROUP FOR THE PERIOD ENDED 31 AUGUST 2023 (R'000)	NOTES	OPERATING SEGMENTS SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER	OTHER	TOTAL
STATEMENT OF COMPREHENSIVE INCOME						
Property revenue and tenant recoveries	8	770 815	139 167	–	136 232	**1 046 214**
Straight-lining of leases adjustment	8	124 967	62 921	–	(2 068)	**185 820**
Cost of sales		–	–	(18 857)	–	**(18 857)**
Property operating and management expenses		(158 939)	(17 813)	–	(22 574)	**(199 326)**
Fair value adjustments – investment property	4	62 614	82 633	–	(40 128)	**105 119**
Operating profit/(loss) before financing activities		451 379	260 852	(26 793)	68 475	**753 913**
Finance income		57 389	6 842	2	92	**64 325**
Finance cost	10	(152 323)	(82 182)	(4 413)	(23 081)	**(261 999)**
Current taxation		–	6	9 467	–	**9 473**
STATEMENT OF FINANCIAL POSITION						
Investment property and land options	4	17 978 938	6 218 343	–	3 973 314	**28 170 595**
Trading property	5	–	–	856 690	–	**856 690**
Trade and other receivables		305 024	63 328	3 676	24 034	**396 062**
Loans and borrowings	6	9 113 579	2 840 492	–	567 409	**12 521 480**
Total assets		18 670 082	6 358 914	883 529	3 997 355	**29 909 880**
Total liabilities		9 535 505	3 141 974	38 249	637 104	**13 352 832**

THE AUDITED SEGMENT INFORMATION FOR THE GROUP FOR THE YEAR ENDED 29 FEBRUARY 2024 (R'000)	NOTES	SA INDUSTRIAL	UK INDUSTRIAL	UK DEVELOPER	OTHER	TOTAL
STATEMENT OF COMPREHENSIVE INCOME						
Property revenue and tenant recoveries	8	1 711 485	253 391	–	163 234	**2 128 110**
Straight-lining of leases adjustment	8	267 671	69 747	–	(2 879)	**334 539**
Other revenue	8	21 537	–	–	–	**21 537**
Cost of sales		(21 046)	–	(38 622)	–	**(59 668)**
Property operating and management expenses		(441 647)	(5 682)	–	(24 501)	**(471 830)**
Fair value adjustments – investment property	4	202 260	351 295	–	(2 652)	**550 903**
Operating profit/(loss) before financing activities		1 280 137	527 387	(35 156)	129 970	**1 902 338**
Finance income		160 474	31 962	–	11 285	**203 721**
Finance cost	10	(438 944)	(118 616)	–	(65 421)	**(622 981)**
Current tax expense		(11 211)	–	5 002	–	**(6 209)**
STATEMENT OF FINANCIAL POSITION						
Investment property	4	19 863 967	5 462 268	–	2 164 480	**27 490 715**
Trading property	5	–	–	948 685	–	**948 685**
Trade and other receivables		252 712	715 552	7 921	25 584	**1 001 769**
Loans and borrowings	6	8 839 959	3 259 988	–	–	**12 099 947**
Total assets		20 341 274	6 595 629	970 306	2 315 951	**30 223 160**
Total liabilities		9 196 435	3 926 118	27 591	127 518	**13 277 662**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

3. FAIR VALUE MEASUREMENT

Assets and liabilities recognised and subsequently measured at fair value are categorised into a three-tiered hierarchy that reflects the significance of the inputs used in the valuation technique. The levels of the hierarchy are defined as follows:

LEVEL 1: 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: Valuation techniques using inputs that are observalbe either directly, (i.e. prices other than quoted prices that are included in level 1) or indirectly (i.e. from derived prices). These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).

LEVEL 3: Valuation techniques using inputs that are not based on observable market data (unobservable inputs).

R'000	LEVEL OF HIERARCHY	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	AUDITED 29 FEBRUARY 2024
ASSETS AND LIABILITIES MEASURED AT FAIR VALUE				
FINANCIAL ASSETS				
Derivative financial instruments	Level 2	138 804	265 850	205 367
FINANCIAL LIABILITIES				
Derivative financial instruments	Level 2	(55 746)	(66 044)	(57 073)
NON-FINANCIAL ASSETS				
Investment property[1] **(note 4)**	Level 3	24 750 774	24 035 223	25 171 774

[1] Excluding investment property held-for-sale and land options at cost.

There were no transfers between level 1, level 2 or level 3 during the period. Derivative financial instruments are measured with reference to observable market inputs (interest rates, yield curves, FX rates) based on mid-market levels.

DETAILS OF VALUATION TECHNIQUES

INVESTMENT PROPERTY

The Group has appointed a panel of external valuers to conduct the valuation for each property. The independent valuers applied, among other inputs, current market prices for properties with similar characteristics, leases and cash flow projections. All SA valuations are performed using a discounted cash flow method and UK valuations are performed using an income capitalisation method.

DISCOUNTED CASH FLOW METHOD

The fair value of each income-producing SA 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 discount rate used to determine the fair value of each property is a function of the exit capitalisation rate and the long-term market rental growth 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.

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 considers 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.

SIGNIFICANT UNOBSERVABLE INPUTS

- Exit capitalisation rates varied between 7.3% and 0.9% (Aug 23: 7.3% and 8.8%; Feb 24: 7.3% and 9.0%) for SA properties;
- Discount rates varied between 12.0% and 13.3% (Aug 23: 12.3% and 13.5%; Feb 24: 12.3% and 13.8%) for SA properties;
- Net initial yields for UK properties varied between 3.6% and 6.0% (Aug 23: 3.0% and 5.3%; Feb 24: 4.2% and 5.3%);
- Reversionary yields for the UK properties varied between 5.0% and 6.3% (Aug 23: 3.5% and 6.1%; Feb 24: 5.0% and 6.0%); and
- Expected market rentals.

INTER-RELATIONSHIP BETWEEN UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT

The overall valuations are sensitive to the assumptions listed above. The impact of vacancy is deemed to be immaterial on the valuations as the majority of the Group's leases are long dated, with no view of material vacancies in the portfolio in the near future. Management deems that the range of possible alternative assumptions is greatest for the exit capitalisation rates.

DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

INTEREST RATE SWAPS AND FOREIGN CURRENCY INSTRUMENTS

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.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

3. FAIR VALUE MEASUREMENT (CONTINUED)

SENSITIVITY OF FAIR VALUES TO CHANGES IN UNOBSERVABLE INPUTS (LEVEL 3):

Valuation of investment properties is sensitive to changes in unobservable inputs used in determining fair value.

R'000	DISCOUNT RATE		EXIT CAPITALISATION RATE		MARKET RENTALS		INCOME CAPITALISATION YIELDS	
31 AUGUST 2024								
Change in input	-0.1%	+0.1%	-0.1%	+0.1%	+5%	-5%	-0.5%	+0.5%
Increase/(decrease)								
SA industrial	143 860	(133 989)	164 860	(139 063)	207 028	(177 212)	–	–
UK industrial	–	–	–	–	–	–	591 574	(509 563)
31 AUGUST 2023								
Change in input	-0.1%	+0.1%	-0.1%	+0.1%	+5%	-5%	-0.5%	+0.5%
Increase/(decrease)								
SA industrial	165 681	(167 807)	175 579	(164 653)	364 088	(357 379)	–	–
UK industrial	–	–	–	–	–	–	621 957	(498 950)
29 FEBRUARY 2024								
Change in input	-0.1%	+0.1%	-0.1%	+0.1%	+5%	-5%	-0.5%	+0.5%
Increase/(decrease)								
SA Industrial	222 775	(199 040)	201 309	(199 072)	404 839	(385 072)	–	–
UK industrial	–	–	–	–	–	–	563 348	(460 104)

4. INVESTMENT PROPERTY

R'000	NOTES	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	AUDITED 29 FEBRUARY 2024
Income-producing investment property		21 361 704	20 088 216	20 481 501
Investment property under development		1 308 056	1 725 483	2 355 755
Freehold land		837 227	1 237 701	1 193 062
Right-of-use asset		7 911	22 113	20 257
INVESTMENT PROPERTY (EXCLUDING STRAIGHT-LINING)	4.1	**23 514 898**	**23 073 513**	**24 050 575**
Straight-lining lease income accrual		1 235 876	961 710	1 121 199
Investment property held-for-sale	4.2	2 702 550	3 973 314	2 164 480
FAIR VALUE OF INVESTMENT PROPERTY		**27 453 324**	**28 008 537**	**27 336 254**
Land options at cost	4.1	–	162 058	154 461
INVESTMENT PROPERTY		**27 453 324**	**28 170 595**	**27 490 715**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

4. INVESTMENT PROPERTY (CONTINUED)

4.1 RECONCILIATION OF INVESTMENT PROPERTY

	SA					UK			
R'000	**LOGISTICS**	**INDUSTRIAL**	**PROPERTIES UNDER DEVELOPMENT**	**LAND**	**RIGHT-OF-USE ASSET**	**LOGISTICS**	**LAND**	**LAND OPTIONS**	**TOTAL**
AUDITED BALANCE AS AT 28 FEBRUARY 2023	**13 125 935**	**356 894**	**1 320 513**	**912 801**	**27 758**	**6 734 950**	**1 179 143**	**100 552**	**23 758 546**
Acquisitions	560 000	–	62 570	211 752	–	–	–	–	**834 322**
Improvements and extensions	44 397	10	–	–	–	–	–	–	**44 407**
Construction and development costs	399	–	1 163 729	64 630	–	–	145 360	19 099	**1 393 217**
Transfers	159 945	104 211	(821 847)	(221 704)	(5 557)	(1 634 301)	(1 158 651)	–	**(3 577 904)**
Letting commission capitalised	3 651	–	518	–	–	–	–	–	**4 169**
Letting commission amortised	(1 606)	–	–	–	–	(338)	–	–	**(1 944)**
Lease incentives amortised	(84)	–	–	–	–	–	–	–	**(84)**
Remeasurements	–	–	–	–	3 048	–	–	–	**3 048**
Fair value adjustment	70 641	(4 896)	–	5	(3 136)	82 633	–	–	**145 247**
Foreign exchange movement	–	–	–	–	–	485 775	104 365	42 407	**632 547**
UNAUDITED BALANCE AS AT 31 AUGUST 2023	**13 963 278**	**456 219**	**1 725 483**	**967 484**	**22 113**	**5 668 719**	**270 217**	**162 058**	**23 235 571**
Improvements and extensions	18 393	20	–	–	–	–	–	–	**18 413**
Construction and development costs	(399)	–	1 244 323	33 200	–	–	131 537	8 671	**1 417 332**
Transfers	950 713	3 833	(660 660)	(24 522)	(420)	(781 080)	(242 798)	–	**(754 934)**
Letting commission capitalised	519	–	1 817	–	–	437	–	–	**2 773**
Letting commission amortised	(1 566)	–	–	–	–	(370)	–	–	**(1 936)**
Lease incentives capitalised	246	–	–	–	–	–	–	–	**246**
Lease incentives amortised	(4 053)	–	–	–	–	–	–	–	**(4 053)**
Remeasurements	–	–	–	–	1 653	–	–	–	**1 653**
Fair value adjustment	152 445	10 324	44 792	(64 826)	(3 089)	138 123	130 539	–	**408 308**
Disposals	–	–	–	–	–	(244 186)	–	–	**(244 186)**
Foreign exchange movement	–	–	–	–	–	149 886	(7 769)	(16 268)	**125 849**
AUDITED BALANCE AS AT 29 FEBRUARY 2024	**15 079 576**	**470 396**	**2 355 755**	**911 336**	**20 257**	**4 931 529**	**281 726**	**154 461**	**24 205 036**
Improvements and extensions	81 056	7 268	–	–	–	–	–	–	**88 324**
Construction and development costs	–	–	731 565	27 977	–	–	16 756	18 185	**794 483**
Transfers	968 040	–	(1 779 264)	(93 853)	(14 579)	–	(10 247)	(128 172)	**(1 058 074)**
Letting commission capitalised	2 853	–	–	–	–	–	–	–	**2 853**
Letting commission amortised	(1 703)	–	–	–	–	(272)	–	–	**(1 975)**
Lease incentives capitalised	–	490	–	–	–	–	–	–	**490**
Lease incentives amortised	(390)	(17)	–	–	–	–	–	–	**(407)**
Remeasurements	–	–	–	–	5 034	–	–	–	**5 034**
Fair value adjustment	11 063	19 007	–	(8 233)	(2 801)	(1 790)	(206 913)	–	**(189 667)**
Disposals	–	–	–	–	–	–	(83 812)	(40 107)	**(123 919)**
Foreign exchange movement	–	–	–	–	–	(205 402)	2 490	(4 367)	**(207 279)**
UNAUDITED BALANCE AS AT 31 AUGUST 2024	**16 140 495**	**497 144**	**1 308 056**	**837 227**	**7 911**	**4 724 065**	**–**	**–**	**23 514 898**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

4. INVESTMENT PROPERTY (CONTINUED)

4.2 INVESTMENT PROPERTY HELD-FOR-SALE

	SA		UK		
	LOGISTICS	LAND	LOGISTICS	LAND	TOTAL
AUDITED BALANCE AS AT 28 FEBRUARY 2023	**1 133 070**	**–**	**1 204 563**	**–**	**2 337 633**
Transfers	809 624	–	1 641 193	1 158 651	**3 609 468**
Improvements	1 173	–	–	–	**1 173**
Letting commission amortised	(2 332)	–	–	–	**(2 332)**
Lease incentives amortised	(40)	–	–	–	**(40)**
Straight-lining of leases adjustment	(2 312)	–	246	–	**(2 066)**
Fair value adjustment	(40 128)	–	–	–	**(40 128)**
Foreign exchange movement	–	–	9 248	–	**9 248**
Disposals	(725 587)	–	(1 214 055)	–	**(1 939 642)**
UNAUDITED BALANCE AS AT 31 AUGUST 2023	**1 173 468**	**–**	**1 641 195**	**1 158 651**	**3 973 314**
Transfers	(281 673)	–	787 163	229 942	**735 432**
Improvements	3 436	–	–	–	**3 436**
Letting commission capitalised	1 825	–	–	–	**1 825**
Letting commission amortised	(130)	–	–	–	**(130)**
Lease incentives amortised	(61)	–	–	–	**(61)**
Straight-lining of leases adjustment	1 203	–	(246)	–	**957**
Fair value adjustment	37 476	–	–	–	**37 476**
Disposals	(466 195)	–	(732 981)	(1 388 593)	**(2 587 769)**
AUDITED BALANCE AS AT 29 FEBRUARY 2024	**469 349**	**–**	**1 695 131**	**–**	**2 164 480**
Transfers	908 395	24 281	–	138 419	**1 071 095**
Letting commission amortised	(1 171)	–	(104)	–	**(1 275)**
Lease incentives amortised	(526)	–	–	–	**(526)**
Straight-lining of leases adjustment	(12 104)	–	36 421	–	**24 317**
Fair value adjustment	(394)	–	(27 008)	–	**(27 402)**
Foreign exchange movement	–	–	(72 984)	–	**(72 984)**
Disposals	(455 155)	–	–	–	**(455 155)**
UNAUDITED BALANCE AS AT 31 AUGUST 2024	**908 394**	**24 281**	**1 631 456**	**138 419**	**2 702 550**

5. TRADING PROPERTY & DEVELOPMENTS

R'000	
AUDITED BALANCE AS AT 28 FEBRUARY 2023	**748 448**
Capital expenditure	99 080
Impairment	(18 857)
Foreign exchange movement	28 019
UNAUDITED BALANCE AS AT 31 AUGUST 2023	**856 690**
Transfers from investment property (**note 4**)	12 856
Capital expenditure	61 676
Disposals	(46 813)
Impairment	6 002
Foreign exchange movement	58 274
AUDITED BALANCE AS AT 29 FEBRUARY 2024	**948 685**
Capital expenditure	696 235
Disposals	(735 597)
Impairment	(45 382)
Foreign exchange movement	(27 587)
UNAUDITED BALANCE AS AT 31 AUGUST 2024	**836 354**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

6. LOANS AND BORROWINGS

RECONCILIATION OF LOANS AND BORROWINGS

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
OPENING BALANCE			
Debt balance	12 046 145	11 259 734	11 259 734
Loan fees	(37 348)	–	–
Accrued interest	91 150	94 855	94 855
OPENING LOANS AND BORROWINGS	**12 099 947**	**11 354 589**	**11 354 589**
Opening balance	12 099 947	11 354 589	11 354 589
Proceeds from borrowings	3 799 967	4 643 324	13 522 423
Repayment of borrowings	(3 212 056)	(3 845 200)	(13 181 531)
Foreign exchange (gain)/loss	(154 768)	334 995	400 142
Loan fees paid and amortised	6 799	5 237	8 029
Movement in accrued interest	(2 489)	28 535	(3 705)
LOANS AND BORROWINGS	**12 537 400**	**12 521 480**	**12 099 947**
CLOSING BALANCE			
Debt balance	12 479 288	12 438 230	12 046 145
Loan fees	(30 549)	(40 140)	(37 348)
Accrued interest	88 661	123 390	91 150
LOANS AND BORROWINGS	**12 537 400**	**12 521 480**	**12 099 947**
Non-current borrowings	9 952 448	8 408 737	9 468 043
Current borrowings	2 584 952	4 112 743	2 631 904

7. NON-CONTROLLING INTEREST

R'000	EQUITES NEWLANDS GROUP LIMITED	PLUMBAGO INVESTMENT PLATFORM PROPRIETARY LIMITED GROUP	RETAIL LOGISTICS FUND (RF) PROPRIETARY LIMITED	THE MICHEL LANFRANCHI FOUNDATION NPC GROUP	TOTAL
NCI %	40%	49%	49.9%	100%	
AUDITED BALANCE AT 28 FEBRUARY 2023	**114 436**	**819 418**	**2 405 380**	**44 966**	**3 384 200**
Share of (loss)/profit for the period	(21 783)	50 910	155 607	5 438	**190 172**
Share of other comprehensive income for the period	7 457	–	–	–	**7 457**
Dividend declared	–	(23 020)	(79 889)	–	**(102 909)**
UNAUDITED BALANCE AT 31 AUGUST 2023	**100 110**	**847 308**	**2 481 098**	**50 404**	**3 478 920**
Share of (loss)/profit for the period	(7 469)	70 033	133 108	(14 974)	**180 698**
Share of other comprehensive income for the period	1 752	–	–	–	**1 752**
Dividend declared	–	(25 250)	(73 845)	–	**(99 095)**
AUDITED BALANCE AT 29 FEBRUARY 2024	**94 393**	**892 091**	**2 540 361**	**35 430**	**3 562 275**
Transactions with non-controlling interest	(30 700)	–	–	–	**(30 700)**
Share of profit for the period	56 867	45 337	118 516	4 387	**225 107**
Share of other comprehensive loss for the period	(4 052)	–	–	–	**(4 052)**
Dividend declared	–	(24 986)	(82 713)	–	**(107 699)**
UNAUDITED BALANCE AT 31 AUGUST 2024	**116 508**	**912 442**	**2 576 164**	**39 817**	**3 644 931**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

7. NON-CONTROLLING INTEREST (CONTINUED)

7.1 SHARE OF PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTEREST INCLUDES THE FOLLOWING:

R'000	EQUITES NEWLANDS GROUP LIMITED	PLUMBAGO INVESTMENT PLATFORM PROPRIETARY LIMITED GROUP	RETAIL LOGISTICS FUND (RF) PROPRIETARY LIMITED	THE MICHEL LANFRANCHI FOUNDATION NPC GROUP	TOTAL
FOR THE SIX MONTHS ENDED 31 AUGUST 2024					
Fair value adjustment – investment property	–	9 987	(9 552)	4 547	4 982
Profit on sale of non-current assets	49 826	–	–	–	49 826
Fair value adjustment – derivatives	–	(1 906)	–	–	(1 906)
Straight-lining of leases adjustment	–	9 613	45 094	(779)	53 928
Net loss from trading properties and developments	(706)	–	–	–	(706)
Items of a capital nature	10 625	–	–	–	10 625
ADJUSTMENT TO DISTRIBUTABLE EARNINGS	**59 745**	**17 694**	**35 542**	**3 768**	**116 749**
DISTRIBUTABLE EARNINGS	**(2 878)**	**27 643**	**82 974**	**619**	**108 358**
FOR THE SIX MONTHS ENDED 31 AUGUST 2023					
Fair value adjustment – investment property	–	13 956	36 505	4 828	55 289
Fair value adjustment – derivatives	–	(586)	–	–	(586)
Straight-lining of leases adjustment	–	12 504	40 691	(204)	52 991
Net loss from trading properties and developments	(16 351)	–	–	–	(16 351)
Expenses of a capital nature	–	–	(441)	–	(441)
ADJUSTMENT TO DISTRIBUTABLE EARNINGS	**(16 351)**	**25 874**	**76 755**	**4 624**	**90 902**
DISTRIBUTABLE EARNINGS	**(5 432)**	**25 036**	**78 852**	**814**	**99 270**
FOR THE YEAR ENDED 29 FEBRUARY 2024					
Fair value adjustment – investment property	–	46 821	46 801	1 923	95 545
Profit on sale of non-current assets	68 554	–	–	–	68 554
Fair value adjustment – derivatives	–	(465)	–	–	(465)
Straight-lining of leases adjustment	–	23 739	85 790	(735)	108 794
Net loss from trading properties and developments	(35 114)	–	–	–	(35 114)
Expenses of a capital nature	–	–	(435)	–	(435)
ADJUSTMENT TO DISTRIBUTABLE EARNINGS	**33 440**	**70 095**	**132 156**	**1 188**	**236 879**
DISTRIBUTABLE EARNINGS	**(62 692)**	**50 848**	**156 559**	**(10 724)**	**133 991**

7.2 UNAUDITED SUMMARISED STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

	EQUITES NEWLANDS GROUP LIMITED	PLUMBAGO INVESTMENT PLATFORM PROPRIETARY LIMITED GROUP	RETAIL LOGISTICS FUND (RF) PROPRIETARY LIMITED	THE MICHEL LANFRANCHI FOUNDATION NPC GROUP
	100%	**100%**	**100%**	**100%**
R'000				
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	1 015 167	2 373 048	6 465 998	185 135
Current assets	497 957	130 573	134 610	286
TOTAL ASSETS	**1 513 124**	**2 503 621**	**6 600 608**	**185 421**
Non-current liabilities	–	620 862	1 198 947	143 400
Current liabilities	1 221 853	20 631	239 006	2 206
TOTAL LIABILITIES	**1 221 853**	**641 493**	**1 437 953**	**145 606**
NET ASSET VALUE	**291 271**	**1 862 128**	**5 162 655**	**39 815**
SUMMARISED STATEMENT OF COMPREHENSIVE INCOME				
Gross property revenue	661 874	125 982	388 033	10 455
Property operating and management expenses	–	(21 570)	(110 766)	(2 164)
Finance cost	(39 575)	(41 912)	(20 909)	(8 464)
Current tax expense	(6 355)	–	–	–
PROFIT/(LOSS) FOR THE YEAR	**63 978**	**92 525**	**237 507**	**4 387**
SUMMARISED STATEMENT OF CASH FLOWS				
Cash flows from operating activities	(292 693)	(6 237)	(15 462)	2 803
Cash flows from investing activities	(16 473)	–	(363 269)	(1 802)
Cash flows from financing activities	57 413	–	417 992	(1 000)
Effect of exchange rate movements	(10 910)	–	–	–
NET CASH MOVEMENT	**(262 663)**	**(6 237)**	**39 259**	**1**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

7. NON-CONTROLLING INTEREST (CONTINUED)

UNAUDITED SUMMARISED STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

	EQUITES NEWLANDS GROUP LIMITED	PLUMBAGO INVESTMENT PLATFORM PROPRIETARY LIMITED GROUP	RETAIL LOGISTICS FUND (RF) PROPRIETARY LIMITED	THE MICHEL LANFRANCHI FOUNDATION NPC GROUP
	100%	100%	100%	100%
R'000				
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	2 199 816	2 257 293	5 384 890	181 342
Current assets	52 322	134 210	165 951	969
TOTAL ASSETS	**2 252 138**	**2 391 503**	**5 550 841**	**182 311**
Non-current liabilities	1 993 997	632 669	450 995	141 000
Current liabilities	55 711	30 478	127 703	1 710
TOTAL LIABILITIES	**2 049 708**	**663 147**	**578 698**	**142 710**
NET ASSET VALUE	**202 430**	**1 728 356**	**4 972 143**	**39 601**
SUMMARISED STATEMENT OF PROFIT AND LOSS				
Gross property revenue	–	122 373	372 416	13 848
Gross profit from trading properties and developments	(18 175)	–	–	–
Property operating and management expenses	–	(17 628)	(67 384)	(2 394)
Finance cost	–	(35 075)	(188)	(11 153)
Current tax	9 473	–	–	–
PROFIT/(LOSS) FOR THE PERIOD	**(54 457)**	**103 899**	**311 837**	**5 438**
SUMMARISED STATEMENT OF CASH FLOWS				
Cash flows from operating activities	(198 152)	240 121	9 640	316
Cash flows from investing activities	(118 448)	–	(495 806)	(102)
Cash flows from financing activities	312 175	–	450 000	(8 269)
Effect of exchange rate movements	969	–	–	–
NET CASH MOVEMENT	**(3 456)**	**240 121**	**(36 166)**	**(8 055)**

AUDITED SUMMARISED STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2024

	EQUITES NEWLANDS GROUP LIMITED	PLUMBAGO INVESTMENT PLATFORM PROPRIETARY LIMITED GROUP	RETAIL LOGISTICS FUND (RF) PROPRIETARY LIMITED	THE MICHEL LANFRANCHI FOUNDATION NPC GROUP
	100%	100%	100%	100%
R'000				
SUMMARISED STATEMENT OF FINANCIAL POSITION				
Non-current assets	1 735 147	2 344 636	6 031 502	179 565
Current assets	351 071	132 030	165 509	144
TOTAL ASSETS	**2 086 218**	**2 476 666**	**6 197 011**	**179 709**
Non-current liabilities	–	629 452	948 467	142 400
Current liabilities	1 850 236	26 620	157 638	1 880
TOTAL LIABILITIES	**1 850 236**	**656 072**	**1 106 105**	**144 280**
NET ASSET VALUE	**235 982**	**1 820 594**	**5 090 906**	**35 429**
SUMMARISED STATEMENT OF PROFIT AND LOSS				
Gross property revenue	823	246 081	644 595	21 201
Gross profit from trading properties and developments	(23 854)	–	–	–
Property operating and management expenses	(4 830)	(36 087)	(155 347)	(3 345)
Finance cost	–	(70 751)	(10 290)	(16 613)
Current tax expense	5 002	–	–	–
PROFIT FOR THE YEAR	**(73 131)**	**246 823**	**578 587**	**(9 536)**
SUMMARISED STATEMENT OF CASH FLOWS				
Cash flows from operating activities	160 489	2 237	5 710	219
Cash flows from investing activities	517 135	–	(1 122 089)	(1 734)
Cash flows from financing activities	(396 050)	–	983 842	(6 869)
Effect of exchange rate movements	12 788	–	–	–
NET CASH MOVEMENT	**294 362**	**2 237**	**(132 537)**	**(8 384)**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
8. GROSS PROPERTY REVENUE			
Contractual rental income	885 141	851 972	1 694 157
Tenant recoveries	272 336	194 242	433 953
PROPERTY REVENUE AND TENANT RECOVERIES	**1 157 477**	**1 046 214**	**2 128 110**
Straight-lining of leases adjustment	175 658	185 820	334 539
Revenue from trading properties and developments	661 874	–	21 537
Revenue from electricity generation	20	–	–
Property management fees	316	–	–
TOTAL	**1 995 345**	**1 232 034**	**2 484 186**
9. OTHER NET GAINS/(LOSSES)			
Income from foreign exchange derivative instruments	–	94 265	51 871
Fair value adjustment on foreign exchange derivative instruments	6 710	85 361	102 242
Insurance claims	357	(14)	(13)
Profit/(loss) on sale of subsidiary companies	35 852	28 933	(49 780)
Profit/(loss) on sale of investment property	2 546	(8 176)	(100 047)
Loss on sale of property, plant and equipment	(1)	–	–
Foreign exchange gain/(loss)	20 540	(526 889)	(470 934)
Sundry income	284	15 699	18 740
TOTAL	**66 288**	**(310 821)**	**(447 921)**

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
10. FINANCE COST			
Interest expense on borrowings	548 362	483 509	973 572
Interest on lease liabilities	1 311	1 270	2 227
Finance cost relating to interest rate derivatives	11 463	10 141	22 737
Fair value movement on interest rate derivatives	98 031	(11 772)	63 201
Interest on utility accounts and other	569	560	2 499
Borrowing costs capitalised to investment and trading property	(168 913)	(226 122)	(441 255)
FINANCE COST	**490 823**	**257 586**	**622 981**

The capitalisation rate applied during the 6-month period was 9.2% (Aug 23: 9%; Feb 24: 9.1%) in relation to general borrowings and 5.0% (Aug 23: 3.4%; Feb 24: 3.5%) in relation to specific borrowings.

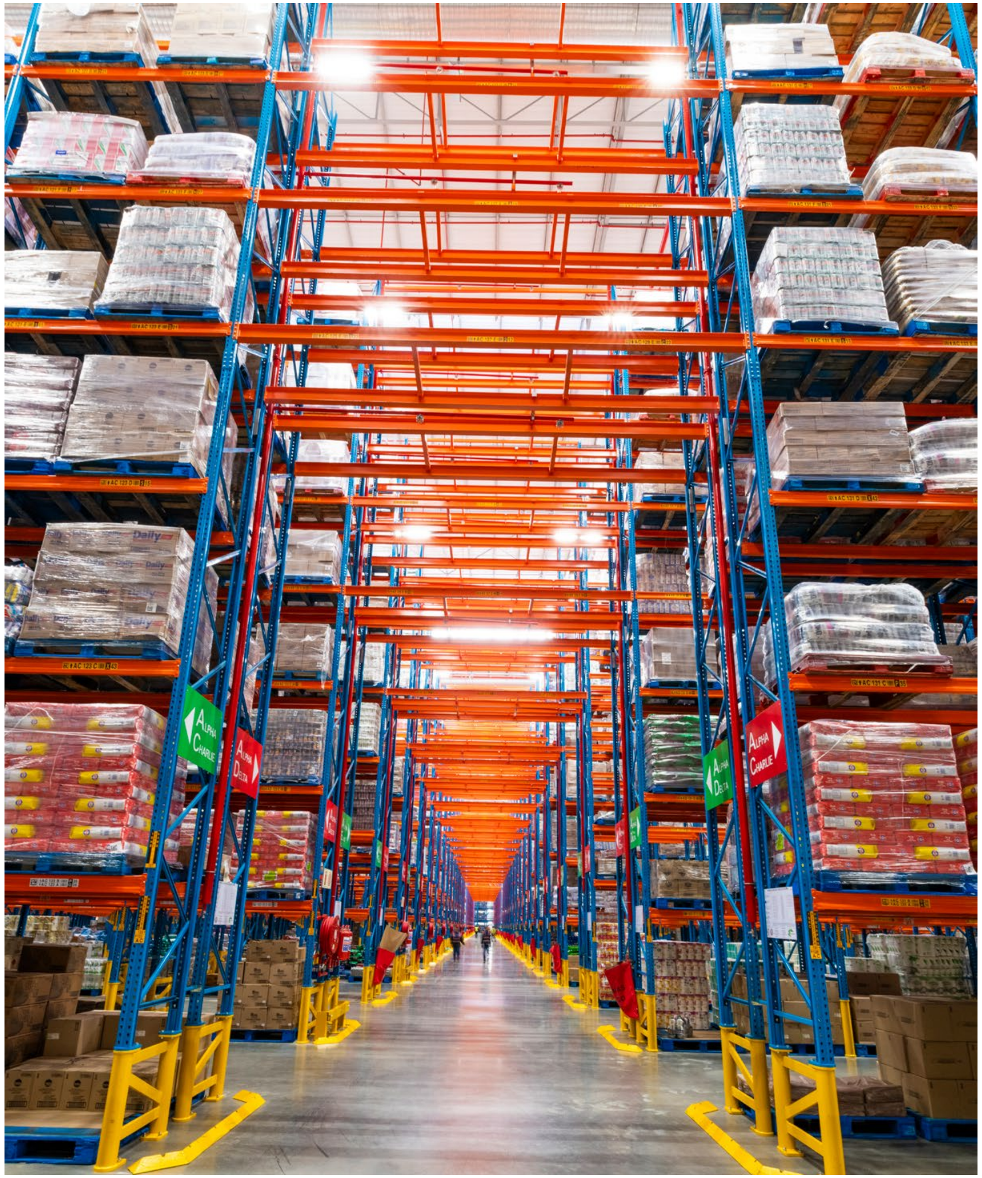
RECONCILIATION OF FINANCE COST TO FINANCE COST PAID

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
Interest accrued opening balance	91 790	95 922	95 922
Finance cost	490 823	257 586	622 981
Fair value movement on interest rate derivatives	(98 031)	11 772	(63 201)
Interest on lease liabilities	(1 311)	(1 270)	(2 227)
Loan fees amortised	(7 676)	(10 125)	(18 536)
Loan fees paid	877	4 888	10 507
Borrowing costs capitalised to trading property	39 934	43 803	88 767
Interest accrued closing balance	(88 661)	(123 390)	(91 790)
FINANCE COST PAID	**427 745**	**279 186**	**642 423**

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	AUDITED 12 MONTHS 29 FEBRUARY 2024
11. CASH GENERATED FROM OPERATIONS			
Profit before tax	461 188	560 652	1 483 078
Adjusted for:			
Finance costs	490 823	257 586	622 981
Finance income	(154 961)	(64 325)	(203 721)
(Profit)/loss on disposals	(38 397)	(20 757)	149 827
Foreign exchange differences	(20 540)	526 889	470 934
Straight-lining of leases adjustment	(175 658)	(185 820)	(334 539)
Fair value adjustment – investment property	217 069	(105 119)	(550 903)
Fair value adjustment – derivative instruments	(6 710)	(85 361)	(102 242)
Impairment of trading property	45 382	18 857	12 855
Depreciation and amortisation	7 449	9 062	21 929
IFRS 2 share-based payment charge	27 425	(2 906)	7 999
Loss allowance	24 452	1 205	87
Working capital movements:			
Decrease/(increase) in trading properties	20 589	(55 278)	(197 762)
Increase in trade and other receivables	(318 664)	(134 424)	(118 958)
Increase in derivative instruments	(26 083)	(409 256)	(451 564)
(Decrease)/increase in trade and other payables	(17 539)	(157 192)	744 790
CASH GENERATED FROM OPERATIONS	**535 825**	**153 813**	**1 554 791**
12. 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 transactions with related parties:			
Dividend paid to related party shareholders	13 798	15 321	41 733



OTHER INFORMATION

APPENDIX 1

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

DISTRIBUTABLE EARNINGS

DISTRIBUTION POLICY

The Group 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 largely 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;
- net profit arising from land sale and turnkey developments;
- 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.

RECONCILIATION BETWEEN EARNINGS AND DISTRIBUTABLE EARNINGS

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	UNAUDITED 12 MONTHS 29 FEBRUARY 2024
PROFIT FOR THE PERIOD (ATTRIBUTABLE TO OWNERS OF THE PARENT)	192 007	426 753	1 151 765
Adjusted for:			
Fair value adjustment to investment properties	217 069	(105 119)	(550 903)
Fair value adjustment to investment properties (NCI)	4 982	55 288	95 545
(Profit)/loss on sale of non-current assets	(38 397)	(20 757)	149 827
Profit on sale of non-current assets (NCI)	49 826	–	68 554
HEADLINE EARNINGS	**425 487**	**356 165**	**914 787**
Adjusted for:			
Straight-lining of leases adjustment	(175 658)	(185 820)	(334 539)
Fair value adjustment to derivative financial assets and liabilities	91 320	(97 133)	(39 041)
Equity-settled share-based payment reserve	22 473	7 360	7 999
Capital items (non-distributable)	(13 681)	519 870	504 586
Income from foreign currency derivatives	–	(94 265)	(94 265)
Deferred taxation	36 094	(46 800)	(45 766)
Net development loss (non-distributable)	78 814	18 008	44 050
Non-controlling interest	61 941	35 613	72 780
Antecedent dividend[1]	11 615	(1 976)	(3 233)
DISTRIBUTABLE EARNINGS	**538 405**	**511 022**	**1 027 359**

[1] In the determination of distributable earnings, an adjustment is made where equity capital is raised or shares are repurchased during the financial year. During the reporting period, the Group issued shares in respect of the dividend reinvestment programme and the conditional share plan, in Jun-24. These movements in share capital gave rise to an antecedent adjustment included above.

NUMBER OF SHARES

R'000	UNAUDITED 6 MONTHS 31 AUGUST 2024	UNAUDITED 6 MONTHS 31 AUGUST 2023	UNAUDITED 12 MONTHS 29 FEBRUARY 2024
THE FOLLOWING INPUTS IMPACTED THE ANTECEDENT EARNINGS ADJUSTMENT:			
Opening balance – shares in issue	780 684 498	774 089 562	774 089 562
Shares issued in terms of dividend reinvestment programme	28 111 564	–	–
Shares issued in terms of conditional share plan	785 593	–	–
Shares repurchased and cancelled	–	(5 194 135)	(6 262 858)
Share issue in respect of property acquisition	–	12 857 794	12 857 794
CLOSING BALANCE – SHARES IN ISSUE	**809 581 655**	**781 753 221**	**780 684 498**

DIVIDENDS DECLARED AND DISTRIBUTION PER SHARE

TOTAL DISTRIBUTION FOR THE YEAR – 2025	CENTS PER SHARE	R'000
Interim dividend declared on 9 October 2024 (Dividend number 22)	**66.50**	**538 405**

TOTAL DISTRIBUTION FOR THE YEAR – 2024	CENTS PER SHARE	R'000
Interim dividend declared on 10 October 2023 (Dividend number 20)	65.37	511 022
Final dividend declared on 13 May 2024 (Dividend number 21)	65.75	516 337
TOTAL DISTRIBUTION FOR THE YEAR ENDED 29 FEBRUARY 2024	**131.12**	**1 027 359**

APPENDIX 2

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

SA REIT BPR

R'000	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	UNAUDITED 29 FEBRUARY 2024
SA REIT FUNDS FROM OPERATIONS ("SA REIT FFO")			
PROFIT FOR THE PERIOD (ATTRIBUTABLE TO OWNERS OF THE PARENT)	**192 007**	**426 753**	**1 151 765**
Adjusted for:			
Accounting/specific adjustments:	81 102	(333 077)	(942 557)
Fair value adjustments to:			
▪ Investment property	217 069	(105 119)	(550 903)
Depreciation and amortisation	3 597	4 662	(11 349)
Deferred tax movement recognised in profit or loss	36 094	(46 800)	(45 766)
Straight-lining operating lease adjustment	(175 658)	(185 820)	(334 539)
Adjustments arising from investing activities:	(38 397)	(20 757)	149 827
(Gain)/loss on disposal of:			
▪ Investment property and property, plant and equipment	(2 545)	8 176	100 047
▪ Subsidiaries	(35 852)	(28 933)	49 780
Foreign exchange and hedging items:	70 780	429 756	431 893
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	91 320	(97 133)	(39 041)
Foreign exchange (gains)/ losses relating to capital items – realised and unrealised	(20 540)	526 889	470 934
Other adjustments:	128 364	88 925	233 646
Non-controlling interests in respect of the above adjustments	116 749	90 901	236 879
Antecedent earnings adjustment	11 615	(1 976)	(3 233)
SA REIT FFO	**433 856**	**591 600**	**1 024 574**
Number of shares outstanding at period-end	809 581 655	781 753 221	780 684 498
SA REIT FFO PER SHARE (CENTS)	**53.59**	**75.68**	**131.24**
Company-specific adjustments per share (cents)	12.91	(10.31)	(0.12)
Equity-settled share-based payment charge	2.77	0.93	1.02
Net development loss	9.74	2.30	5.64
Income from foreign currency derivatives	–	(12.06)	(12.07)
Capital items (non-distributable)	0.40	(1.48)	5.29
DISTRIBUTABLE EARNINGS PER SHARE (CENTS)	**66.50**	**65.37**	**131.12**

R'000	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	UNAUDITED 29 FEBRUARY 2024
SA REIT NET ASSET VALUE ("SA REIT NAV")			
Reported NAV attributable to the parent	13 215 452	13 078 128	13 383 223
Adjustments:			
Dividend to be declared	(538 405)	(511 022)	(516 337)
Fair value of certain derivative financial instruments	–	199 805	148 294
Deferred tax	177 480	143 723	147 843
SA REIT NAV	**12 854 527**	**12 910 634**	**13 163 022**
SHARES OUTSTANDING			
Number of shares in issue at period end (net of treasury shares)	809 581 655	781 753 221	780 684 498
Effect of dilutive instruments	5 060 725	6 322 696	8 685 198
DILUTIVE NUMBER OF SHARES IN ISSUE	**814 642 380**	**788 075 917**	**789 369 696**
SA REIT NAV PER SHARE (RAND):	**15.78**	**16.38**	**16.68**
SA REIT COST-TO-INCOME RATIO			
EXPENSES			
Operating expenses per IFRS income statement (includes municipal expenses)	240 536	199 326	471 830
Administrative expenses per IFRS income statement[1]	99 075	54 236	153 332
Exclude:			
Depreciation expense in relation to property, plant and equipment	(3 597)	(4 662)	(11 349)
OPERATING COSTS	**336 014**	**248 900**	**613 813**
RENTAL INCOME			
Contractual rental income per IFRS income statement (excluding straight-lining)	885 141	851 972	1 694 157
Utility and operating recoveries per IFRS income statement	272 336	194 242	433 953
GROSS RENTAL INCOME	**1 157 477**	**1 046 215**	**2 128 110**
SA REIT COST-TO-INCOME RATIO	**29.0%**	**23.8%**	**28.8%**
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO			
EXPENSES			
Administrative expenses per IFRS income statement	99 075	54 236	153 332
ADMINISTRATIVE COSTS	**99 075**	**54 236**	**153 332**

APPENDIX 2 (CONTINUED)

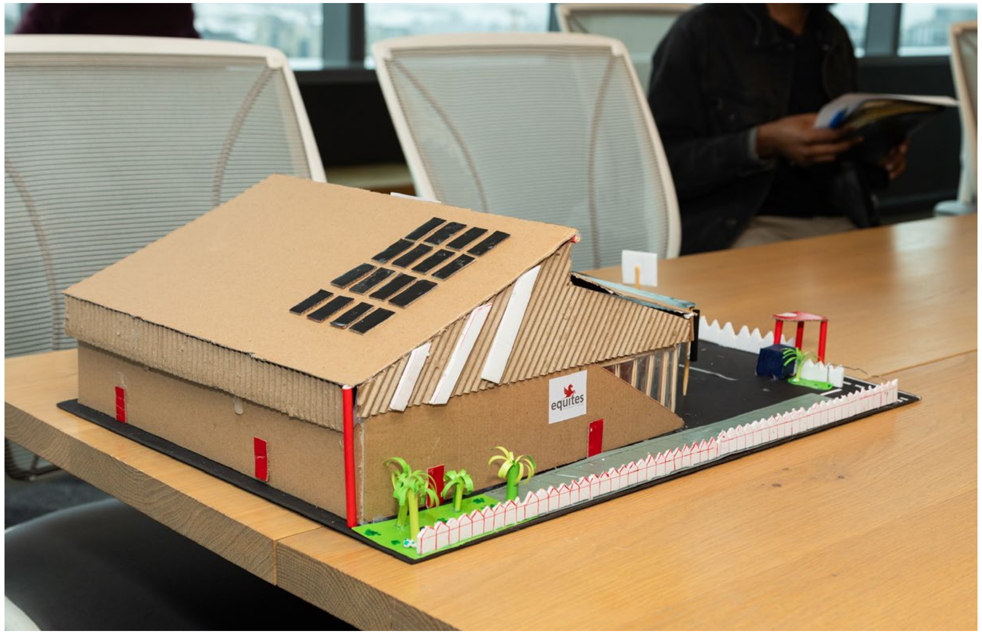
Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

R'000	UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	UNAUDITED 29 FEBRUARY 2024
RENTAL INCOME			
Contractual rental income per IFRS income statement (excluding straight-lining)	885 141	851 972	1 694 157
Utility and operating recoveries per IFRS income statement	272 336	194 242	433 953
GROSS RENTAL INCOME	**1 157 477**	**1 046 215**	**2 128 110**
SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO	**7.7%**	**5.2%**	**7.2%**
SA REIT GLA VACANCY RATE			
Gross lettable area of vacant space	9 308	1 401	–
Gross lettable area of total property portfolio	1 513 418	1 449 578	1 462 213
SA REIT GLA VACANCY RATE	**0.6%**	**0.1%**	**0.0%**

COST OF DEBT	31 AUGUST 2024 SA	31 AUGUST 2024 UK	31 AUGUST 2023 SA	31 AUGUST 2023 UK	29 FEBRUARY 2024 SA	29 FEBRUARY 2024 UK
Variable interest-rate borrowings						
Floating reference rate plus weighted average margin	9.69%	6.94%	9.89%	7.09%	9.84%	7.18%
Fixed interest-rate borrowings						
Weighted average fixed rate	0.00%	3.92%	0.00%	3.92%	0.00%	3.92%
PRE-ADJUSTED WEIGHTED AVERAGE COST OF DEBT	**9.69%**	**4.86%**	**9.89%**	**5.52%**	**9.84%**	**4.94%**
ADJUSTMENTS:						
Impact of interest rate derivatives	(0.64%)	(1.24%)	(0.71%)	(1.39%)	(0.74%)	(1.31%)
Amortised transaction costs imputed into the effective interest rate	0.04%	0.30%	0.04%	0.18%	0.04%	0.31%
ALL-IN WEIGHTED AVERAGE COST OF DEBT	**9.09%**	**3.92%**	**9.22%**	**4.31%**	**9.14%**	**3.94%**

All rates are nominal annual compounded quarterly (nacq)

R'000		UNAUDITED 31 AUGUST 2024	UNAUDITED 31 AUGUST 2023	UNAUDITED 29 FEBRUARY 2024
SA REIT LOAN-TO-VALUE ("SA REIT LTV")				
Gross debt		12 537 399	12 521 480	12 099 947
Less:				
Cash and cash equivalents (and including short-term deposits)		(514 821)	(78 261)	(493 253)
Less:				
Derivative financial instruments		(83 057)	(199 805)	(148 294)
NET DEBT	**A**	**11 939 521**	**12 243 414**	**11 458 400**
Total assets – per statement of financial position		30 447 309	29 909 880	30 223 160
Less:				
Cash and cash equivalents (and including short-term deposits)		(514 821)	(78 261)	(493 253)
Derivative financial assets		(138 803)	(265 850)	(205 367)
Trade and other receivables		(869 657)	(453 554)	(448 517)
CARRYING AMOUNT OF PROPERTY-RELATED ASSETS	**B**	**28 924 028**	**29 112 215**	**29 076 022**
SA REIT LTV	**A/B**	**41.3%**	**42.1%**	**39.4%**



COMPANY INFORMATION

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

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)

DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

PL Campher (Chairman), MA Brey, E Cross, K Ntuli, AD Murray, N Mkhize, F Tonelli

NON-EXECUTIVE DIRECTOR

AJ Gouws

EXECUTIVE DIRECTORS

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

REGISTERED OFFICE

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T Vilakazi

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited

AUDITORS

PricewaterhouseCoopers Inc.

EQUITY SPONSOR

Java Capital Trustees and Sponsors Proprietary Limited

DEBT SPONSOR

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

DATE OF PUBLICATION

10 October 2024

GLOSSARY

Equites Property Fund Limited and its subsidiaries for the six months ended 31 August 2024

<	less than
3MJ	3 month JIBAR
ATTACQ	Attacq Waterfall Investment Company Proprietary Limited
B-BBEE	Broad-based Black Economic Empowerment
BOE	Bank of England
BP	Basis point
BPR	Best Practice Recommendations
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COMPANIES ACT	the Companies Act, No. 71 of 2008, as amended from time to time
COMPANY	Equites Property Fund Limited
CPI	Consumer Price Index
CPS	Cents per share
CSDP	Central Securities Depository Participant
DMTN PROGRAMME	Domestic Medium Term Note Programme
DPS	Dividend Per Share
DRIP	Dividend Reinvestment Programme
DTA	Double Taxation Agreement
EDGE	Excellence in Design for Greater Efficiencies
ECB	European Central Bank
ENGL	Equites Newlands Group Limited
EQUITES	Equites Property Fund Limited
ESG	Environmental, Social and Governance
FCTR	Foreign currency translation reserve
FFO	Funds from operations
FY	Financial year
FX	Foreign exchange
GBP	Pound sterling
GCR	Global Credit Rating
GDP	Gross Domestic Product
GLA	Gross lettable area
GNU	Government of National Unity
GROUP	Equites Property Fund Limited and its subsidiaries
HOTs	Heads of Terms
IAS	International Accounting Standards
IFRS®	International Financial Reporting Standards
INTAPROP	Intaprop Proprietary Limited
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicators
LDT	Last Day of Trade
LfL	Like-for-like
LTV	Loan-to-value
MPC	Monetary Policy Committee
MSCI	Morgan Stanley Capital International
MW	Mega Watts
NACQ	Nominal Annual Compounded Quarterly
NAV	Net asset value
NCI	Non-controlling interest
NEWLANDS	Newlands Property Developers LLP
NPC	Non-profit company
NPI	Net property income
PBO	Public Benefit Organisation
PPA	Power Purchase Agreement
Q	Quarter
REIT	Real Estate Investment Trust
RLF	Retail Logistics Fund (RF) Proprietary Limited
RMB	Rand Merchant Bank
SA	South Africa
SAICA	The South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SBSA	Standard Bank of South Africa
SBTi	Science Based Targets initiative
SENS	Stock Exchange News Service
SHOPRITE/SHP	Shoprite Checkers Proprietary Limited
PV	Photovoltaic
SONIA	Sterling Overnight Index Average
SPV	Special purpose vehicle
TBC	To be confirmed
UK	United Kingdom
WALE	Weighted Average Lease Expiry
ZAR	South African Rand

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