

**EQUITES PROPERTY FUND LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 2013/080877/06)

Share code: EQU ISIN: ZAE000188843

Alpha code: EQUI

(Approved as a REIT by the JSE)

("Equites" or "the Company")




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**SHORT-FORM ANNOUNCEMENT: AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**


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**NATURE OF BUSINESS**

Equites is a listed Real Estate Investment Trust ("REIT") with a focus on owning and developing modern, well-located logistics properties let to A-grade tenants on long-dated leases. We have established ourselves as a leading owner and developer of high-quality logistics assets in SA and the UK.

We are the only specialist logistics REIT listed on the JSE.

**THE PERIOD IN BRIEF**

- Distribution per share ("DPS") of 151.39 cents compared to 138.43 cents for the financial year ended 28 February 2019, an increase of 9.4%;
- Loan-to-value of 26.1% (including the equity capital raise on 3 March 2020), compared to 26.9% at 28 February 2019 exhibits the characteristics of a conservative financial profile and sound financial risk management;
- The all-in cost of debt has fallen by 77 basis points to 5.94%, partially as a result of falling global interest rates but also due to the attractive spreads that we have been able to secure additional debt funding;
- Diligent management of liquidity, resulting in cash and available facilities of R1.5 billion, an increase of R0.6 billion from 28 February 2019; and
- Net asset value per share has increased by 3.7% over the financial year to R17.55 which reflects a compound annual growth rate since listing exceeding 10%.

**KEY FINANCIAL HIGHLIGHTS**

|                                     | Audited<br>12 months ended<br>29 February 2020<br>R'000 | Audited<br>12 months ended<br>28 February 2019<br>R'000 | Change<br>% |
|-------------------------------------|---|---|-------------|
| Gross property revenue              | 993 699   | 766 158   | 29.7        |
| Distributable earnings              | 839 367   | 696 903   | 20.4        |
| Headline earnings per share (cents) | 125.9   | 109.4   | 15.2        |
| Earnings per share (cents)          | 128.8   | 149.6   | (13.9)      |
| Dividend declared per share (cents) | 151.39  | 138.43  | 9.4         |
| Net asset value per share (cents)   | 1 755   | 1 692   | 3.7         |

**DECLARATION OF A CASH DIVIDEND WITH THE ELECTION TO REINVEST THE CASH DIVIDEND IN RETURN FOR EQUITES SHARES ("DIVIDEND REINVESTMENT ALTERNATIVE")**

The board has declared a final gross dividend of 76.95693 cents per share for the six months ended 29 February 2020, further to the interim dividend of 74.43 cents per share. This brings the total distributions for the year ended 29 February 2020 to 151.39 cents per share, which is a 9.4% growth over the prior year total distributions of 138.43 cents per share. The DPS growth is in line with previous guidance of between 8% - 10%.

| Dividends declared (cents per share)    | % change    | 29-Feb-20     | 28-Feb-19     |
|---|-------------|---------------|---------------|
| Interim dividend                        |             | 74.43         | 68.12         |
| Final dividend                          |             | 76.96         | 70.31         |
| <b>Total distributions for the year</b> | <b>9.4%</b> | <b>151.39</b> | <b>138.43</b> |

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. Those shareholders who elect not to reinvest will receive a gross cash dividend of 76.96 cents per share. 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 no later than 11:00 (SA time) on Tuesday, 12 May 2020.

A circular providing further information in respect of the cash dividend and dividend reinvestment alternative (the “**circular**”) will be posted to shareholders and published on SENS on Tuesday, 5 May 2020. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (“**CSDP**”) or broker should instruct their CSDP or broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or broker.

The distribution of the circular and/or accompanying documents and the right to elect shares in jurisdictions other than the Republic of South Africa (SA) may be restricted by law and any failure to comply with any of these restrictions may constitute a violation of the securities laws of any such jurisdictions. Shareholders' rights to elect shares are not being offered, directly or indirectly, in the United Kingdom (UK), European Economic Area (EEA), Canada, United States of America (USA), Japan, Hong Kong or Australia unless certain exemptions from the requirements of those jurisdictions are applicable.

## 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   | 2020              |
|---|-------------------|
| Equites results including declaration of an interim distribution published on SENS  | Tuesday, 5 May    |
| Circular and form of election posted to shareholders  | Tuesday, 5 May    |
| Finalisation information including the share ratio and reinvestment price per share published on SENS by 11:00 (SA time)  | Tuesday, 12 May   |
| 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 (“ <b>LDT</b> ”)        | Tuesday, 19 May   |
| Shares trade ex-dividend  | Wednesday, 20 May |
| Listing of maximum possible number of shares under the dividend reinvestment alternative  | Friday, 22 May    |
| 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, 22 May    |
| Record date for the election to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend (“ <b>record date</b> ”)                             | Friday, 22 May    |

|  |                   |
|--|-------------------|
| Announcement of results of cash dividend and dividend reinvestment alternative released on SENS              | Monday, 25 May    |
| Payment of cash dividends to certificated shareholders by electronic funds transfer                          | Monday, 25 May    |
| Dematerialised shareholders' CSDP or broker accounts credited with the cash dividend payment (if applicable) | Monday, 25 May    |
| Share certificates posted to certificated shareholders on or about   | Wednesday, 27 May |
| Dematerialised shareholders' CSDP or broker accounts credited with the new shares (if applicable)            | Wednesday, 27 May |
| Adjustment to shares listed on or about  | Friday, 29 May    |

#### 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, 20 May 2020 and Friday, 22 May 2020, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS.

#### 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 76.95693 cents per share meets the requirements of a qualifying distribution for the purposes of section 25BB of the Income Tax Act (a "**qualifying distribution**") with the result that:

- qualifying distributions received by resident Equites shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the Equites shareholder. These qualifying distributions are however exempt from dividends withholding tax, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:
  - a declaration that the dividend is exempt from dividends tax; and
  - a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

- qualifying distributions received by non-resident Equites shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distributions are subject to dividends withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend

amount due to non-resident shareholders is 61.56554 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 76.95693 cents per share.

#### **Other information**

- The issued ordinary share capital of Equites at the date of declaration is 597 221 994 ordinary shares of no par value each before any election to reinvest the cash dividend.
- 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.

#### **SHORT-FORM ANNOUNCEMENT**

This short-form announcement is the responsibility of the directors of and the contents were approved by the board on 4 May 2020. This short-form announcement is a summary of the full announcement released on SENS on 5 May 2020 and does not include full or complete details. None of the information in this announcement has been reviewed or reported on by the company's auditors.

The full announcement is available on the Company's website at [www.equites.co.za/financial-results](http://www.equites.co.za/financial-results) and can also be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2020/jse/isse/EQU/2020AFS.pdf>

A copy of the full announcement may be requested from [info@equites.co.za](mailto:info@equites.co.za) or the sponsor, Java Capital at [sponsor@javacapital.co.za](mailto:sponsor@javacapital.co.za). Any investment decision should be based on the full announcement available on the Company's website.

The consolidated annual financial statements have been audited by the Company's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon. The auditor's opinion also includes communication of key audit matters. This opinion is available, along with the annual financial statements, on the Company's website at [www.equites.co.za/financial-results](http://www.equites.co.za/financial-results).

By order of the Board

5 May 2020

**Directors**

A Taverna-Turisan (CEO)<sup>^</sup>, G.R. Gous (COO), P.L. Campher<sup>\*†</sup> (Chairman), G Lanfranchi<sup>\*</sup> (Deputy Chairman), A.J. Gouws<sup>\*</sup>, K Dreyer<sup>\*</sup>, N Khan<sup>\*†</sup>, R.E. Benjamin-Swales<sup>\*†</sup>, M.E. Brey <sup>\*†</sup>, E. Cross <sup>\*†</sup>, K. Ntuli <sup>\*†</sup>

<sup>\*</sup> Non-executive

<sup>†</sup> Independent

<sup>^</sup> Italian

G Mtetwa resigned from the board effective 31 August 2019 and B Goossens (CFO) resigned effective 31 December 2019.

**Registered office and business address**

14th Floor, Portside Towers, 4 Bree Street, Cape Town, 8000

**Contact details**

[info@equites.co.za](mailto:info@equites.co.za)

**Company secretary**

Riaan Gous

**Transfer secretary**

Computershare Investor Services Proprietary Limited

**Auditors**

PricewaterhouseCoopers Inc.

**Bankers**

Nedbank Limited

**Corporate advisor and sponsor**

Java Capital

6A Sandown Valley Crescent, Sandton, 2196