

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" or "the Group")



INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

SIX MONTHS IN REVIEW

The six months to 31 August 2023 represent the first set of results since Equites communicated its revised strategic focus areas to the market in May 2023. Despite the challenges posed by a capital-constrained and higher interest rate environment, management remains confident in its ability to drive sustainable value creation for shareholders over time, driven by an impeccable property portfolio and structural tailwinds in the sector.

A key strategic focus area for the Group remains portfolio optimisation. This will be achieved through selling non-core assets with sub-optimal sustainability credentials and reinvesting the proceeds into modern state-of-the-art distribution centres that are tenanted by blue-chip tenants on long-term leases. Furthermore, decreasing its exposure to land holdings, efficient balance sheet management, and disposal of the UK development pipeline remain top priorities for management in the short term.

Operationally, both the SA and UK property portfolios are performing in line with expectations. This is driven by strong like-for-like net property income growth, record-low vacancy rates, and an uptick in property valuations. On a portfolio level, 97.3% of rental income is derived from A-grade tenants and the portfolio weighted average lease expiry is 13.7 years.

THE PERIOD IN BRIEF

- Distribution per share ("DPS") of 65.37 cents, on track for full year guidance of 130 cps – 140 cps.
- Distribution pay-out ratio of 100%.
- Loan-to-value ratio ("LTV") of 42.3%. Adjusted LTV of 38.1%, including post period end transactions.
- R2.15 billion of cash and unutilised committed facilities.
- Net asset value per share increased by 0.5% from R16.65 at 28 February 2023 to R16.73.
- SA portfolio valuations up by 1.7% from 28 February 2023.
- UK portfolio valuations up by 2.2% from 28 February 2023, in GBP terms.
- Portfolio vacancy rate of 0.1%.
- CCIRS instruments terminated.
- Disposals of R1.9 billion completed and transferred.

KEY FINANCIAL HIGHLIGHTS

	Unaudited six months ended 31 August 2023	Unaudited six months ended 31 August 2022	% Change
Gross property revenue (R'000)	1 232 034	1 132 186	8.8%
Distributable earnings (R'000)	511 022	635 250	(19.6%)
Earnings per share (cents)	54.6	143.0	(61.8%)
Headline earnings per share (cents)	45.6	126.7	(64.0%)
Total comprehensive income (R'000)	945 418	1 106 093	(14.5%)
Dividend declared per share (cents)	65.37	81.58	(19.9%)
Net asset value per share (cents)	1 673	1 877	(10.9%)

DECLARATION OF AN INTERIM CASH DIVIDEND

Notice is hereby given of the declaration of the interim dividend number 20 of 65.36876 cents per share.

The Board has declared an interim gross dividend of 65.36876 cents per share on 9 October 2023 which is a 19.9% decrease over the prior year interim distribution of 81.58013 cents per share. The DPS is in line with previous guidance of achieving 130 to 140 cents per share for the year.

Salient dates and times

2023

Equites results including declaration of an interim dividend published on SENS	Tuesday, 10 October
Last day to trade in order to receive the cash dividend	Tuesday, 24 October
Shares trade ex-dividend	Wednesday, 25 October
Record date to receive the cash dividend	Friday, 27 October
Payment of cash dividends to certificated shareholders by electronic funds transfer	Monday, 30 October
Dematerialised shareholders' CSDP or broker accounts credited with the cash dividend payment	Monday, 30 October

Note:

Shares may not be dematerialised or rematerialised between Wednesday, 25 October 2023 and Friday, 27 October 2023, both days inclusive.

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 65.36876 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 52.29501 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied upon if the

non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
 - a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,
- both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Other information

- The issued ordinary share capital of Equites at the date of declaration is 781 753 221 ordinary shares of no par value each.
- Income Tax Reference Number of Equites: 9275393180.

This results announcement is the responsibility of the directors of Equites and the contents were approved by the Board on 9 October 2023. This results announcement is a summary of the unaudited condensed consolidated interim results for the six months ended 31 August 2023 ("**full announcement**") released on SENS on 10 October 2023 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 external auditors.

The full announcement is available on the Company's website at <https://www.equites.co.za/investor-community/investors-documentation/> and can also be accessed using the following JSE link: <https://senspdf.jse.co.za/documents/2023/jse/isse/EQU/H12024.pdf>

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

The condensed consolidated interim results have not been reviewed or audited by the Company's external auditors, PricewaterhouseCoopers Inc.

Independent Non – Executive Directors¹

P.L. Campher (Chairman), M.A. Brey, E. Cross, K. Ntuli, A.D. Murray, N. Mkhize, F. Tonelli

¹R. Benjamin-Swales retired on 17 August 2023

Non – Executive Directors

A.J. Gouws

Executive Directors

A. Taverna-Turisan (CEO), G.R. Gous (COO), L. Razack (CFO)

Registered office and business address

14th Floor, Portside Towers, 4 Bree Street, Cape Town, 8001

Contact details

info@equites.co.za

Company secretary²

²D. Beneke resigned 31 August 2023

Transfer secretary

Computershare Investor Services Proprietary Limited

Auditors

PricewaterhouseCoopers Inc.

Debt sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Equity sponsor

Java Capital Trustees and Sponsors Proprietary Limited
6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196

10 October 2023