

# news release

5 November 2015

## ***Equites successfully raises R1,5 billion million new capital for growth***

**Cape Town 5 November 2015.** Specialist logistics property developer and landlord, Equites Property Fund Limited (“Equites”), today announced that it has raised R1,5 billion through an accelerated book build. The company successfully placed 120 million shares at 1250 cents per share with investors. At this level, the book build was heavily oversubscribed.

This capital raise will have the effect of broadening the shareholder base as the company has attracted a range of new investors and also received strong support from existing shareholders. Equites said that the proceeds will be utilised to fund their significant acquisition and development pipeline and repay some debt facilities which were used to fund recent acquisitions.

Chief executive, Andrea Taverna-Turisan said *“We are delighted with the outcome of the capital raise. It is a substantial transaction for the company - we only listed 17 months ago with a market capitalisation of around R1 billion – and this raise will increase our market capitalisation to approximately R3,5 billion. To raise R1,5 billion within such a short space of time was a significant vote of confidence from our shareholders. We are committed to utilising this fresh capital in a way that will create sustainable growth in shareholder value. Our executive management has also participated in the capital raising in a meaningful way - and on the same terms as other investors - which ensures that we remain strongly aligned with the interests of other shareholders.”*

Equites said that the company has exciting growth prospects and that the cash raised will be used to lower gearing and to finance Equites’ strong pipeline of developments and acquisitions.

During the past six months, the company concluded transactions of more than R2.6 billion in acquisitions and new developments, including -

- the R1.9 billion Intaprop portfolio, consisting primarily of quality, recently completed, industrial properties and undeveloped industrial land in Gauteng and Cape Town;
- the R137 million, 13 808m<sup>2</sup> Tunney Ridge portfolio of four industrial buildings with long-term leases in Gauteng;
- the R52 million acquisition of the 7 hectare Atlantic Hills Industrial Park, situated on the N7 highway in Cape Town, which includes a 3 499m<sup>2</sup> distribution centre, currently being developed for JF Hillebrand;
- the R180 million acquisition of the 25% interest of its joint venture partner in the 22 227m<sup>2</sup> distribution centre currently being developed for The Foschini Group (“TFG”) as well as 17 hectares of vacant industrial land at the Lords View Industrial Park in Gauteng;

- the construction of a new 16 262m<sup>2</sup> distribution centre and head office on the Atlantic Hills property in Cape Town for Puma Sports Distributors Proprietary Limited with a capital value of R155 million; and
- the construction of a new 8 500m<sup>2</sup> distribution centre with a capital value of R72 million in Epping Industria, Cape Town as a speculative project.

In addition, Equites announced on Tuesday that they have concluded a joint venture agreement with Grindrod Properties Proprietary Limited to develop a 25 000m<sup>2</sup> state-of-art distribution centre and offices for Rohlig-Grindrod Proprietary Limited on vacant land already owned by Equites in Meadowview Business Estate in Gauteng.

After the recently concluded transactions, the company has 32,9 hectares of prime vacant land in 4 logistics nodes (2 in Gauteng and 2 in the Western Cape) at its disposal for development. Equites envisages developing this land through a low risk strategy of a series of development leases for distribution centres to A-grade clients. The unlocking of all these nodes is expected to increase the value of properties in the fund by approximately R1.8 billion.

Taverna-Turisan said: *“Equites’ strategy is to build a portfolio of A-grade, modern logistics facilities in key nodes. We have a high quality portfolio with sound property fundamentals and a considerable pipeline of new developments. The new capital raised will provide us with the flexibility to pursue these opportunities and will be aimed at enhancing the portfolio and accelerating distribution growth in a sustainable manner.”*

The Equites property portfolio has contractual, above inflation, average escalations of approximately 8%. It also has a 5.8-year weighted average lease expiry, which should improve even further when new developments come online, and vacancies of less than one percent.

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### **About Equites Property Fund**

Equites Property Fund is the only specialist industrial fund listed on the JSE and is focused on quality industrial assets in the top end of the logistics sector with a selected exposure to office properties. Its portfolio consists of 28 prominent industrial and 5 office properties and is valued at approximately R3.5 billion. The majority of the properties are situated in key logistics nodes in Gauteng (55%) and Western Cape (45%).

Equites is structured as a Real Estate Investment Trust (REIT). The fund is internally asset and property managed. The portfolio properties are situated in prime locations and have low vacancies with occupancy in excess of 99%. More than 60% of the portfolio has leases expiring in 2020 and beyond, with healthy escalations averaging approximately 8%. Major tenants include Simba, Foschini, Execujet, Digistics, Imperial, Puma, UTI , UTI Pharma, Avery Dennison, Courier-IT, Kuehne & Nagel AG, NGK Ceramics, Corvest, Triton, Premier Foods, Wasteman, Esco, Dole South Africa, **TFG, Rohlig-Grindrod** and Barloworld.