

# UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE 6 MONTHS ENDED 31 AUGUST 2016

## HIGHLIGHTS

DISTRIBUTION PER SHARE FOR THE 6 MONTHS ENDED 31 AUGUST 2016 AMOUNTS TO 54.44 CENTS, WHICH IS 20% HIGHER THAN THE CORRESPONDING FINANCIAL PERIOD.

NET ASSET VALUE PER SHARE INCREASED BY 5% DURING THE 6 MONTHS ENDED 31 AUGUST 2016 TO

**R13.54.**

FAIR VALUE OF PROPERTY AND LAND PORTFOLIO TOTALS

**R5.9bn**

AT 31 AUGUST 2016.

STRATEGIC JOINT VENTURE CONCLUDED WITH ATTACQ LIMITED, WHICH INCLUDED THE ACQUISITION OF 8 LOGISTICS FACILITIES LOCATED IN WATERFALL, MIDRAND.

ACQUISITION OF THE COMPANY'S FIRST PROPERTY OUTSIDE SOUTH AFRICA, A TESCO DISTRIBUTION FACILITY IN HINCKLEY, ENGLAND CONCLUDED IN JUNE 2016.

# COMMENTARY

## 1. Nature of the business

Equites is the only JSE-listed specialist logistics property fund. The fund listed on the JSE on 18 June 2014 with a portfolio value of R1 billion and has grown to a portfolio size of R5.9 billion at 31 August 2016. The Company is a Real Estate Investment Trust ("REIT") and is internally asset managed. The majority of property management is also performed internally.

The Company aims to provide investors with pure exposure to high quality logistics properties let to investment grade tenants both in South Africa and in the United Kingdom. The Company has a proven ability to identify and acquire well located logistics assets that meet the requirements of large, institutional tenants. In South Africa, this is complemented with the in-house development of modern logistics facilities, enabled by strategic land holdings.

The Company focuses exclusively on proven logistics nodes near large population centres and major transport links that have predictable patterns of strong rental growth. In South Africa, the Company's portfolio is spread between Cape Town and Gauteng. In the UK, the Company focuses on premium "big-box" distribution centres, let to investment grade tenants on long-dated "triple net" leases, in proven logistics nodes and built to institutional specifications. The locations of preference are the central Midlands and "last-mile" fulfilment centres near to major conurbations.

## 2. Commentary on results

Healthy escalations on the Equites portfolio and a 100% occupancy rate in its industrial portfolio provided a stable base which was buoyed by:

- the inclusion for the full 6 month period of yield accretive acquisitions and developments that were completed during the prior year;
- savings in finance costs following the R1.5 billion accelerated book build in November 2015;
- nominal increases in administrative costs, despite a large increase in the portfolio size; and
- the acquisition of a property in the United Kingdom (a distribution centre let to Tesco Distribution Ltd.), at an accretive yield.

The Company also benefited from the completion of its first significant development during the period – the TFG distribution centre in Midrand, which was completed at the end of March 2016. The development was completed within the original budget and timeline.

The Company's continued strong financial results are a reflection of its focus on institutional tenants and sound property fundamentals. Rental growth is also supported by continued demand for modern, well located, logistics facilities. As a result, the Company has not suffered any material tenant defaults or downward rental reversions, despite a weak economic environment.

## 3. Acquisitions

### 3.1. Joint venture with Attacq

Effective 1 July 2016, Equites concluded a joint venture agreement with Attacq Limited ("Attacq") (through its wholly-owned subsidiary Attacq Waterfall Investment Company). The joint venture forges a strategic partnership to jointly pursue industrial developments and initially resulted in the acquisition of 8 completed industrial properties for R733 million at Waterfall, Midrand. These acquisitions were fully implemented before the end of the current reporting period and Equites owns 80% of the joint venture and Attacq the remaining 20%.

The tenants of 7 of the 8 buildings are categorised as A-grade, being major franchisees forming part of international groups. The weighted average lease expiry profile of the buildings is 8.4 years and the acquisition yield was c. 8%.

	<b>1 July 2016 (Effective Date)</b>
Fair value of properties	733 237
External debt	(368 157)
	<hr/> 365 080
<b>Subscription for shares</b>	
Equites Property Fund (80%)	292 064
Attacq (20%)	73 016

### 3.2. Expansion into the United Kingdom

As a South African-based specialist REIT focussed on high quality assets serving the logistics and distribution sector, Equites has considered various opportunities to scale up its portfolio while mitigating the risks of its emerging market focus by investing in assets it understands in a familiar jurisdiction that offers a mature and stable economic and political outlook and a thriving logistics sector. In considering these opportunities, Equites has been mindful of the scarcity of suitable high quality assets within its area of specialisation available for acquisition in the South African market.

The board of Equites preferred the UK market over other developed markets for a number of reasons, particularly the fact that its language, culture, business practices and banking and legal systems are similar to South Africa; the UK property market is one of the most sought after and strongest in the world and the UK is a sophisticated and transparent market with a constant flow of quality information on supply and demand assisting informed decision making.

Equites' management has a wealth of experience and a successful investment track record in the UK logistics property market through prior business ventures. The Company has also accessed hands-on local expertise through a strategic partnership with Birmingham based logistics experts Collingwood Rigby LLP who will provide support services to Equites in respect of its UK based portfolio until such time as the size of Equites' UK investments warrant its own human resources infrastructure.

#### 3.2.1. Acquisition of Tesco distribution centre

As announced on SENS on 27 May 2016, Equites, through its Isle of Man based wholly-owned subsidiary, Equites International Limited ("Equites International") concluded an agreement in terms of which Equites International acquired a Tesco Distribution Centre in Hinckley, England for a purchase consideration of £28 million in cash.

This property has a gross lettable area of 27,725 square meters and was acquired at an acquisition yield of c.7.2% based on the first year's rental income of £2.016 million. The property is fully refrigerated and forms part of Tesco's fresh distribution network. The property meets modern logistics requirements and is located in a strategic position just off the A5 in Hinckley in the Golden Triangle, which is the logistics hub in the United Kingdom. The location provides access to a population of 37 million people within a 3 hour heavy goods vehicle drive. There is 7.5 years remaining on the lease with Tesco Distribution Limited, with Tesco PLC being the guarantor in respect of the obligations of the tenant.

## 4. Developments

### 4.1. New Epping facility let

Towards the end of 2015, Equites commenced a speculative development at 160 Gunners Circle, Epping, Cape Town. This modern 8,000 square meter cross-docking distribution centre was completed in August 2016 and was let to an international tenant prior to completion with the first rental due in October 2016.

### 4.2. Development pipeline

The Company is presently developing the Africa head office and lead distribution centre for the global footwear and apparel company Puma. This project is being developed at Atlantic Hills in Durbanville. The development is expected to be completed in December 2016.

The development of a new 25,000 square metre distribution centre and head office for Rohlig-Grindrod Proprietary Limited on land the Company already owns in Meadowview Business Estate, Gauteng is also progressing well and will be completed by mid 2017.

Equites has also commenced the construction of a 3,300 square meter speculative development in Meadowview Business Estate on one of its smaller sites, which will also house its Gauteng office.

## 5. Disposals

In line with the Company's strategy of focusing solely on the logistics sector, it has commenced a process of disposing its 5 commercial office properties. The Company intends reinvesting the proceeds of these disposals into higher growth logistics assets.

On 8 June 2016 the Company concluded agreements of sale in terms of which its Belvedere and Execujet office buildings in Cape Town were sold at approximately their book values. These transactions are expected to be fully implemented by the end of the calendar year.

## COMMENTARY (CONTINUED)

### 6. Distributable earnings

	Unaudited 6 months ended 31 August 2016 R'000	Unaudited 6 months ended 31 August 2015 R'000	Audited 12 months ended 28 February 2016 R'000
<b>Reconciliation between earnings, headline earnings and distributable earnings (dividend declared)</b>			
<b>Earnings (profit attributable to owners of the parent)</b>	311 774	208 526	383 870
<i>Adjusted for:</i>			
Fair value adjustments to investment properties	(70 747)	(131 585)	(138 529)
<b>Headline earnings</b>	<b>241 027</b>	<b>76 941</b>	<b>245 341</b>
<i>Adjusted for:</i>			
Straight-lining of leases adjustment	(45 849)	(16 660)	(78 653)
Fair value adjustments to financial instruments	(44 569)	(2 521)	(4 248)
Equity-settled share-based payment reserve	1 243	381	1 165
Antecedent dividend	671	—	37 759
<b>Distributable earnings</b>	<b>152 523</b>	<b>58 141</b>	<b>201 364</b>
Distribution per share (cents)	54.44	45.4	96.6
Headline earnings per share (cents)	86.1	60.5	147.4
Diluted headline earnings per share (cents)	85.8	60.3	146.9

The board declared an interim dividend of 54.44 cents per share on 12 October 2016 for the 6 months ended 31 August 2016. This represents a growth of 19.9% over the comparative period. The distribution per share is based on 280 152 669 shares in issue as at the date of the dividend declaration.

<b>Distributable earnings (cents per share)</b>	<b>FY17</b>	<b>FY16</b>
Interim dividend	54.44	45.42
Final dividend (2017: forecast*)	55.68	51.18
<b>Total distributions for the period</b>	<b>110.12</b>	<b>96.60</b>

\* Illustrative at the upper end of 12-14% forecast.

### 7. Net asset value per share

The net asset value per share of the Company grew to 1,354 cents per share by 31 August 2016. This equates to a growth of 5% in the 6 months from 29 February 2016.

	On listing 18 Jun 14	31 Aug 14	28 Feb 15	31 Aug 15	29 Feb 16	31 Aug 16
Net asset value (cents per share)	1 000	1 009	1 137	1 259	1 294	1 354
Growth since listing		0.9%	13.7%	25.9%	29.4%	35.4%

## 8. Updated property fundamentals

### 8.1. Lease expiry profile

<b>Lease expiry</b>	<b>Based on rentable area</b>	<b>Based on contractual revenue</b>
Vacant	0.4%	0.0%
Expiry in the year to 29 February 2017	0.8%	1.1%
Expiry in the year to 28 February 2018	8.6%	6.1%
Expiry in the year to 28 February 2019	9.0%	7.0%
Expiry in the year to 29 February 2020	13.2%	13.7%
Expiry in the year to 28 February 2021	2.2%	2.6%
Expiry in the year to 28 February 2022 and later	65.8%	69.5%
	<b>100.0%</b>	<b>100.0%</b>

### 8.2. Weighted average lease expiry

<b>Weighted average lease expiry</b>	<b>Based on rentable area</b>	<b>Based on contractual revenue</b>
Weighted average lease expiry (in years)	5.37	5.69

### 8.3. Tenant grade profile

<b>Tenant profile</b>	<b>Based on contractual revenue</b>
A – Large nationals, large listeds and government	88.0%
B – Smaller international and national tenants	2.8%
C – Other local tenants and sole proprietors	9.3%
	<b>100.0%</b>

### 8.4. Property geographic distribution

<b>Geographic profile</b>	<b>Based on rentable area</b>	<b>Based on contractual revenue</b>
Gauteng	51.6%	53.2%
Cape Town	40.9%	37.4%
United Kingdom	7.5%	9.5%
	<b>100.0%</b>	<b>100.0%</b>

## COMMENTARY (CONTINUED)

### 9. Funding

The Company has available term loan facilities of R2.5 billion spread across Nedbank, Standard Bank, Rand Merchant Bank and Sanlam. The maturities of the various facilities range from September 2016 to July 2021. Prime linked facilities accrue interest at an average margin of 1.52% below prime and JIBAR linked loans accrue interest at an average margin of 2.2% above JIBAR.

Variable rate loans	Base rate	Nominal value R'000
<b>Expiry</b>		
November 2016	Prime	202 000
September 2017*	Prime	548 000
March 2019	Prime	320 000
August 2019	Prime	600 000
August 2020	Prime	450 000
July 2021	3M JIBAR	210 000
July 2021	1M JIBAR	121 102
July 2021	1M JIBAR	38 228
		<b>2 489 330</b>

\* Refinanced to September 2022 in September 2016.

Interest rate swap agreements	Base rate	Nominal value R'000
<b>Expiry</b>		
August 2019	7.25%	100 000
September 2020	8.32%	200 000
September 2020	7.96%	250 000
September 2021	7.61%	210 000
September 2021	8.08%	100 000
		<b>860 000</b>

Cross currency swap agreements	Base rate	Nominal value R'000
<b>Expiry</b>		
August 2019	3M JIBAR	600 000
		<b>600 000</b>

	<b>Nominal value R'000</b>
<b>Variable rate instruments</b>	
Total interest bearing borrowings	2 147 585
Cash and cash equivalents	(378 452)
	<b>1 769 133</b>
Interest rate derivatives	860 000
Currency derivatives	600 000
Embedded derivative in prime linked lease agreement	312 278
	<b>1 772 278</b>
Percentage hedged	<b>100.2%</b>

In addition to the above listed derivatives, the Company has an embedded interest rate derivative in a prime-linked lease agreement. The notional capital hedged by this embedded derivative is R312 million. Based on the above derivative instruments in relation to the total outstanding interest bearing borrowings, the Company is 100.2% hedged at 31 August 2016. The Company has a policy of hedging at least 80% of its exposure to interest rate fluctuations.

#### 10. Vacancies

The industrial portfolio remains fully let and the vacancy rate in the office portfolio was 7.1% at the end of the reporting period based on rentable area. In aggregate, this represents 0.4% of the total rentable area compared to 0.6% at 29 February 2016. The vacancy rate in the office portfolio was reduced through the successful conclusion of three new leases after the end of the period.

The 0% vacancy rate in the industrial portfolio was supported by a 100% tenant retention rate since listing and is indicative of the quality and desirable locations of the Company's properties.

#### 11. Prospects

Management continues to see robust demand to conclude further development leases on its existing land to add to its existing pipeline. They further believe that a limited exposure to speculative developments in the right locations will contribute positively to value unlocked through developments.

The Company also continues to pursue opportunities to acquire logistics properties that meet its investment criteria and that are expected to contribute to long-term, predictable distribution growth.

This will be complemented by a measured diversification into United Kingdom, which will be limited to 25% of the portfolio value in the medium term.

The Company had previously forecast full year distribution growth for the year ended 28 February 2017 to be 10 – 12% higher than the previous financial year. Given the better than expected trading performance and yield accretive acquisitions concluded in the United Kingdom, the board now expects full year distribution growth to be 12 – 14% higher than the prior year. This guidance is based on the assumptions that a stable macro-economic environment will prevail, no major corporate failures will occur and tenants will be able to absorb the recovery of rising utility costs and municipal rates. This forecast has not been audited or reviewed by Equites' auditors.

#### 12. Changes to the Board of Directors

Mustaq Brey (62) was appointed as a non-executive director on 26 September 2016. Mustaq Ahmed Enus-Brey BCompt (Hons), CA(SA) is Co-Founder and Chief Executive Officer at Brimstone Investment Corporation Limited. Following the capital raise in November 2015, Brimstone is a significant shareholder in Equites. Mustaq is the Chairman of Oceana Group Limited and the Chairman of Life Healthcare Group Limited. His appointment brings a wealth of experience to the board and the board looks forward to the valuable contribution he is expected to make to the Company.

# COMMENTARY (CONTINUED)

## 13. Subsequent events

### 13.1. Acquisition of Amazon distribution centre

As announced on SENS on 26 September 2016, Equites International concluded an agreement with Perevil Securities Ltd. in terms of which Equites International acquired a 20,410 square meter distribution centre let to Amazon UK Services Limited situated at Stanley Matthews Way, Trentham Lakes, Stoke-on-Trent. Amazon has signed a 10 year lease which commenced on 19 July 2016.

Equites has agreed to acquire the property at an acquisition yield of c.6.14% based on the first year's rental income of £1.044 million excluding acquisition costs.

The property recently underwent extensive renovations and an extension in order to meet the requirements of the tenant, Amazon UK Services Limited. The property, which meets modern logistics requirements, is located in the well-established Trentham Lakes Business Park, which affords excellent road links and is situated exactly half way between Manchester and Birmingham in the West Midlands. The property benefits from being 4 hours' drive from 80% of the UK population and is in the highly desirable Midlands area, which has the highest volume of logistics demand in the UK.

### 13.2. Other subsequent events

Other than disclosed in this announcement, the board is not aware of any events that have a material impact on the results or disclosures of the Company, which have occurred subsequent to the end of the reporting period.

## 14. Basis of preparation

The unaudited consolidated interim results for the 6 months ended 31 August 2016 are prepared in accordance with the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The report is prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting. Except for the adoption of revised and new standards that became effective during the year, all accounting policies applied in the preparation of these unaudited interim financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements. There was no material impact on the annual financial statements as a result of the adoption of these standards.

Bram Goossens (CA) SA, in his capacity as Financial Director, was responsible for the preparation of these unaudited consolidated interim results for the 6 months ended 31 August 2016. These consolidated interim financial results have not been reviewed or reported on by the Company's auditors.



## 15. Interim dividend

Notice is hereby given of the declaration of interim dividend number 6 of 54.44282 cents per share.

As Equites is a REIT, the dividend meets the definition of a 'qualifying distribution' for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). Qualifying distributions received by South African tax residents will form part of their gross income in terms of section 10(1)(k)(i)(aa) of the Income Tax Act). Consequently, these dividends are treated as income in the hands of the shareholders and are not subject to dividends withholding tax. The exemption from dividends withholding tax is not applicable to non-resident shareholders, but they may qualify for relief under a tax treaty.

Holders of dematerialised shares have to ensure that they have verified their residence status with their Central Securities Depository Participant ("CSDP") or broker. Holders of certificated shares will be asked to complete a declaration to the Company.

An announcement with further details regarding the tax treatment of the dividend will be released separately on SENS.

The dividend is payable to shareholders in accordance with the timetable set out below:

<b>2016</b>	
Declaration date	Thursday, 12 October
Last day to trade <i>cum</i> dividend	Tuesday, 1 November
Shares trade <i>ex</i> dividend	Wednesday, 2 November
Record date	Friday, 4 November
Payment date	Monday, 7 November

Share certificates may not be dematerialised or rematerialized between Wednesday, 2 November 2016 and Friday, 4 November 2016, both days inclusive.

In respect of dematerialised shareholders, the dividend will be transferred to the CSDP account / broker accounts on Monday, 7 November 2016. Certificated shareholders' dividend payments will be posted on or about Monday, 7 November 2016.

By order of the Board

**Equites Property Fund Limited**

12 October 2016

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Group 31 August 2016 R'000	Unaudited Group 31 August 2015 R'000	Audited Group 29 February 2016 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fair value of investment property (excluding straight-lining)	5 490 763	3 488 732	4 017 578
Straight-lining lease accrual	135 880	31 588	93 581
Property, plant and equipment	2 247	1 738	1 786
	<b>5 628 890</b>	<b>3 522 058</b>	<b>4 112 945</b>
<b>Current assets</b>			
Investment property reclassified as held for sale	232 746	—	—
Current tax receivable	—	122	—
Trade and other receivables	47 634	4 458	62 360
Financial asset held at fair value	3 447	4 677	47 100
Cash and cash equivalents	378 452	24 456	3 962
Derivative financial assets	51 797	2 009	—
	<b>714 076</b>	<b>35 723</b>	<b>113 422</b>
<b>TOTAL ASSETS</b>	<b>6 342 966</b>	<b>3 557 781</b>	<b>4 226 367</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Stated capital	3 184 368	1 592 471	3 180 784
Accumulated profit	607 477	321 960	438 689
Foreign currency translation reserve	(2 552)	—	—
Share-based payment reserve	2 609	583	1 366
<b>Total attributable to owners</b>	<b>3 791 902</b>	<b>1 915 014</b>	<b>3 620 839</b>
Non-controlling interest	73 403	—	—
	<b>3 865 305</b>	<b>1 915 014</b>	<b>3 620 839</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	1 424	1 424	1 424
Financial liabilities	1 946 180	1 383 410	432 221
	<b>1 947 604</b>	<b>1 384 834</b>	<b>433 645</b>
<b>Current liabilities</b>			
Financial liabilities	201 990	145 642	94 103
Derivative financial liabilities	3 491	—	—
Trade and other payables	324 576	112 291	77 780
	<b>530 057</b>	<b>257 933</b>	<b>171 883</b>
<b>TOTAL LIABILITIES</b>	<b>2 477 661</b>	<b>1 642 767</b>	<b>605 528</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 342 966</b>	<b>3 557 781</b>	<b>4 226 367</b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 August 2016 R'000	Unaudited 6 months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
<b>Revenue</b>			
Contractual revenue and tenant recoveries	204 062	94 988	257 026
Straight-lining of leases adjustment	45 849	16 660	78 653
	<b>249 911</b>	<b>111 648</b>	<b>335 679</b>
Other gains	804	177	1 248
Property operating and management expenses	(40 026)	(14 000)	(42 454)
<b>Net property income</b>	<b>210 689</b>	<b>97 825</b>	<b>294 473</b>
Administrative expenses	(9 913)	(5 242)	(16 973)
<b>Operating profit</b>	<b>200 776</b>	<b>92 583</b>	<b>277 500</b>
Fair value adjustments – investment property	70 747	131 585	138 529
Fair value adjustments – financial instruments	44 569	2 521	4 248
Foreign exchange gain	1 347	—	—
Finance costs	(17 606)	(18 721)	(40 074)
Finance income	12 328	558	3 667
Net profit before tax	<b>312 161</b>	<b>208 526</b>	<b>383 870</b>
Income tax expense	—	—	—
Profit for the period	<b>312 161</b>	<b>208 526</b>	<b>383 870</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Translation of foreign operations	(2 552)	—	—
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>309 609</b>	<b>208 526</b>	<b>383 870</b>
<b>PROFIT ATTRIBUTABLE TO:</b>			
Owners of the parent	<b>311 774</b>	<b>208 526</b>	<b>383 870</b>
Non-controlling interest	<b>387</b>	<b>—</b>	<b>—</b>
	<b>312 161</b>	<b>208 526</b>	<b>383 870</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Owners of the parent	<b>309 222</b>	<b>208 526</b>	<b>383 870</b>
Non-controlling interest	<b>387</b>	<b>—</b>	<b>—</b>
	<b>309 609</b>	<b>208 526</b>	<b>383 870</b>
Basic earnings per share (cents)	111.3	164.1	230.6
Diluted earnings per share (cents)	110.9	163.3	229.9

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Group 6 months ended 31 August 2016 R'000	Unaudited Group 6 months ended 31 August 2015 R'000	Audited Group 12 months ended 29 February 2016 R'000
<b>Cash flows from operating activities</b>			
Profit before tax	312 161	208 526	383 870
Adjusted for:			
Finance costs	17 606	18 721	40 074
Finance income	(12 328)	(558)	(3 667)
Straight-lining of leases adjustment	(45 849)	(16 660)	(78 653)
Fair value adjustments	(115 316)	(132 211)	(138 529)
Amortisation	—	105	346
Share based payment charge	1 243	382	1 165
Decrease / (Increase) in trade and other receivables	14 726	14 502	(44 573)
Increase in trade and other payables	246 796	61 036	16 566
<b>Cash generated from operations</b>	<b>419 039</b>	<b>153 843</b>	<b>176 599</b>
Finance costs paid	(26 460)	(18 721)	(65 484)
Finance income received	12 328	558	606
Tax paid	—	—	91
Dividends paid	(142 986)	(46 782)	(105 396)
<b>Net cash flows from operating activities</b>	<b>261 921</b>	<b>88 898</b>	<b>6 417</b>
<b>Cash flows utilised by investing activities</b>			
Acquisition of investment properties	(1 364 650)	(53 225)	(398 246)
Development of investment property	(553 018)	—	—
Movement in financial instruments held at fair value	39 915	14 993	—
Investment in financial instrument	—	—	(180 000)
Amount including interest received from sale of financial instrument	—	—	144 000
Acquisition of property, plant and equipment	(461)	(3 525)	(285)
Acquired minority interest	73 016	—	—
Cash acquired as part of acquisition	294 890	3 191	20 807
<b>Net cash flows utilised by investing activities</b>	<b>(1 510 308)</b>	<b>(38 566)</b>	<b>(413 725)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue (net of costs)	3 584	—	1 491 268
Proceeds from bank loans	1 652 218	(29 458)	1 482 532
Bank loans repaid	(399 055)	—	(2 566 112)
Loans acquired as part of investment property acquisition	368 157	—	—
Increase in other borrowings	525	—	—
<b>Net cash flows from financing activities</b>	<b>1 625 429</b>	<b>(29 458)</b>	<b>407 688</b>
Net movement in cash and cash equivalents	377 042	20 874	380
Effect of exchange rate movements in cash and cash equivalents	(2 552)	—	—
Cash and cash equivalents at the beginning of the period	3 962	3 582	3 582
<b>Cash and cash equivalents at the end of the year</b>	<b>378 452</b>	<b>24 456</b>	<b>3 962</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Retained earnings R'000	Foreign currency translation reserve R'000	Equity reserve R'000	Total attributable to parent R'000	Non- controlling Interest R'000	Total R'000
Balance at 28 February 2015	1 140 599	160 215	—	201	1 301 015	—	1 301 015
Total comprehensive income	—	208 526	—	—	208 526	—	208 526
Shares issued for property and subsidiary acquisitions	451 872	—	—	—	451 872	—	451 872
Equity-settled share-based payment	—	—	—	382	382	—	382
Dividends distributed to shareholders	—	(46 782)	—	—	(46 782)	—	(46 782)
<b>Balance at 31 August 2015</b>	<b>1 592 471</b>	<b>321 959</b>	<b>—</b>	<b>583</b>	<b>1 915 013</b>	<b>—</b>	<b>1 915 013</b>
Balance at 31 August 2015	1 592 471	321 959	—	583	1 915 013	—	1 915 013
Total comprehensive income	—	175 344	—	—	175 344	—	175 344
Shares issued for cash	1 500 000	—	—	—	1 500 000	—	1 500 000
Shares issued for property and subsidiary acquisitions	97 045	—	—	—	97 045	—	97 045
Equity-settled share-based payment	—	—	—	783	783	—	783
Dividends distributed to shareholders	—	(58 614)	—	—	(58 614)	—	(58 614)
Share issue costs	(8 732)	—	—	—	(8 732)	—	(8 732)
<b>Balance at 29 February 2016</b>	<b>3 180 784</b>	<b>438 689</b>	<b>—</b>	<b>1 366</b>	<b>3 620 839</b>	<b>—</b>	<b>3 620 839</b>
Balance at 29 February 2016	3 180 784	438 689	—	1 366	3 620 839	—	3 620 839
Acquisition of EA Waterfall Logistics JV	—	—	—	—	—	73 016	73 016
Profit after taxation	—	311 774	—	—	311 774	387	312 161
Other comprehensive income	—	—	(2 552)	—	(2 552)	—	(2 552)
Shares issued for property and subsidiary acquisitions	3 584	—	—	—	3 584	—	3 584
Equity-settled share-based payment	—	—	—	1 243	1 243	—	1 243
Dividends distributed to shareholders	—	(142 986)	—	—	(142 986)	—	(142 986)
<b>Balance at 31 August 2016</b>	<b>3 184 368</b>	<b>607 477</b>	<b>(2 552)</b>	<b>2 609</b>	<b>3 791 902</b>	<b>73 403</b>	<b>3 865 305</b>

## CONDENSED OPERATING SEGMENT INFORMATION

	Unaudited 6 months ended 31 August 2016 R'000	Unaudited 6 months ended 31 August 2015 R'000	Audited 12 months ended 29 February 2016 R'000
<b>Revenue</b>			
Industrial	184 146	81 294	214 777
Office	19 916	13 694	42 249
Non-property	—	—	—
Straight-lining of leases	45 849	16 660	78 653
	<b>249 911</b>	<b>111 648</b>	<b>335 679</b>
<b>Operating profit</b>			
Industrial	151 646	67 471	189 305
Office	11 847	13 694	26 515
Non-property	(8 566)	(5 242)	(16 973)
Straight-lining of leases	45 849	16 660	78 653
	<b>200 776</b>	<b>92 583</b>	<b>277 500</b>
<b>Total assets</b>			
Industrial	5 572 478	3 309 118	3 929 195
Office	200 912	185 932	152 529
Non-property	433 696	31 143	51 062
Straight-lining of leases	135 880	31 588	93 581
	<b>6 342 966</b>	<b>3 557 781</b>	<b>4 226 367</b>

# ADMINISTRATION

## Directors

A Taverna-Turisan (CEO)<sup>^</sup>, GR Gous (COO), B Goossens (CFO), PL Campher<sup>\*\*</sup> (Chairman), G Lanfranchi<sup>\*</sup> (Deputy Chairman), AJ Gouws<sup>\*</sup>, K Dreyer<sup>\*</sup>, N Khan<sup>\*†</sup>, RE Benjamin-Swales<sup>\*†</sup>, M Brey<sup>\*</sup>

*\*Non-executive*

*†Independent*

*^Italian*

## Equites Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number 2013/080877/06)

JSE share code: EQU ISIN: ZAE000188843

(Approved as a REIT by the JSE)

("Equites" or "the Company")

## Registered office

14th Floor  
Portside Tower  
4 Bree Street  
Cape Town  
8000

## Contact details

info@equites.co.za

## Company secretary

Riaan Gous

## Transfer secretary

Trifecta Capital Services Proprietary Limited

## Auditors

Moore Stephens Cape Town Inc.

## Sponsor

Java Capital

## Bankers

Nedbank Limited

## Attorneys

Cliffe Dekker Hofmeyr Inc.