news release

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EQUITES DELIVERS SECTOR BEATING DISTRIBUTION GROWTH

Cape Town 5 May 2016 - Specialist logistics property developer and landlord, Equites Property Fund Limited ("Equites"), today announced total distributions for the year ended 29 February 2016, of 96.6 cents per share – an increase of 18.3% relative to the previous year on an adjusted full year basis. Equites CEO, Andrea Taverna-Turisan, said that "*the distribution growth reflects the strong property fundamentals of the Equites logistics portfolio."*

Other highlights

– NAV per share growth of 14% from R11.37 to R12.94 for the year.

– 187% growth in fair value of property portfolio from R1.4 billion to R4.1 billion.

– R1.5 billion capital raised through a substantially oversubscribed accelerated bookbuild in November 2015.

– Significant transactions concluded during the year and a healthy development pipeline established.

The company said that the acquisition of the Intaprop portfolio in July 2015, several other yield accretive acquisitions and redevelopments, as well as the accelerated bookbuild in November 2015, impacted positively on the financial results for the year. Refinancing the Intaprop debt at improved rates and lower debt levels as a result of the bookbuild, as well as an effective hedging strategy, kept finance costs well contained despite gradual increases in market interest rates. In addition, prudent cost management, a reduction in vacancies and tenant renewals on favourable terms all supported the strong distribution growth.

Equites listed in June 2014 with a view to growing its portfolio to R4 billion in the five years to June 2019. "*We have exceeded our R4 billion target three years ahead of schedule and we have a significant pipeline of opportunities to continue our growth trajectory",* says Taverna-Turisan. The group's growth strategy is to develop and acquire A-Grade distribution facilities let to quality tenants on long-term leases. Equites plans to develop modern logistics properties for blue chip tenants on the 36 hectares of industrial land it has available in prime logistics nodes. On completion, these developments will add approximately R2 billion to Equites' portfolio.

The property fundamentals for the Equites portfolio are particularly strong - some 86% of revenue is derived from blue chip tenants on long leases (an average lease expiry of 5.3 years and improving), vacancies are less than 1% and 90% of completed properties by value are modern, high quality logistics assets in key locations in Cape Town and Gauteng. The company also continues to see strong demand for modern distribution centres in the major logistics nodes, supported by the continuing centralisation of distribution by major retailers, increased levels of imports into South Africa and a shift towards online retailing. The company's loan-to-value has reduced to 11.8% following the book build, which has positioned Equites well to pursue further acquisitions of logistics focused portfolios in prime locations.

The company unveiled its flagship TFG distribution centre development in Midrand, Gauteng earlier this month, completed at a capital value of R176 million. Equites has garnered significant intellectual capital in the design and cost efficient build process to allow them to provide clients with state-of-the-art facilities at the best rental levels. The company foresees significant further requirements for similar facilities in the South African market as both business trends and e-commerce evolve.

Recent transactions

The company has concluded transactions of more than R2.8 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 808m² Tunney Ridge portfolio of four industrial buildings with long-term leases in Gauteng;
- The R92 million acquisition of the 7 hectare Atlantic Hills Industrial Park, situated on the N7 highway in Cape Town, which includes a 3 499m² distribution centre, let to JF Hillebrand and valued at R35 million;
- The R180 million acquisition of 21 hectares of land in the Lords View Industrial Park in Midrand. A new 22 227m² distribution centre for The Foschini Group ("TFG") was recently completed on a 4-hectare portion of this land;
- The construction of a new 16 262m² 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;
- The construction of a new 8 000m² distribution warehouse with a capital value of R72 million in Epping Industria, Cape Town as a speculative project; and
- The joint venture agreement with Grindrod Properties Proprietary Limited to develop a 25 000m² state-of-art distribution centre and offices valued at R240 million, for Rohlig-Grindrod Proprietary Limited on vacant land already owned by Equites in the Meadowview Business Estate in Gauteng.

Equites said that the company's strong property fundamentals and low gearing provides protection from the weak economic climate. Taverna-Turisan concluded: *"Given the quality of our existing portfolio, we are confident that the company will achieve 10%-12% distribution growth over the next financial year. The demand for quality logistics facilities will lead to further acquisitions and developments from our pipeline, which should continue to grow the portfolio value and distributions. "*

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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 32 prominent industrial and 6 office properties and is valued at approximately R4.1 billion. The majority of the properties are situated in key logistics nodes in Gauteng (50%) and Western Cape (50%).

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%. Approximately 78% of the portfolio has leases expiring in 2020 and beyond, with healthy escalations averaging approximately 8%. Major tenants include Simba, Execujet, Digistics, Imperial, Puma, UTI, UTI Pharma, Avery Dennison, Courier-IT, Kuehne & Nagel AG, NGK Ceramics, RMB Corvest, Triton Express, Premier Foods, Wasteman, Esco, Dole South Africa, TFG, Rohlig-Grindrod, Steinbuild, Hertz, Waco Formscaff and Barloworld.