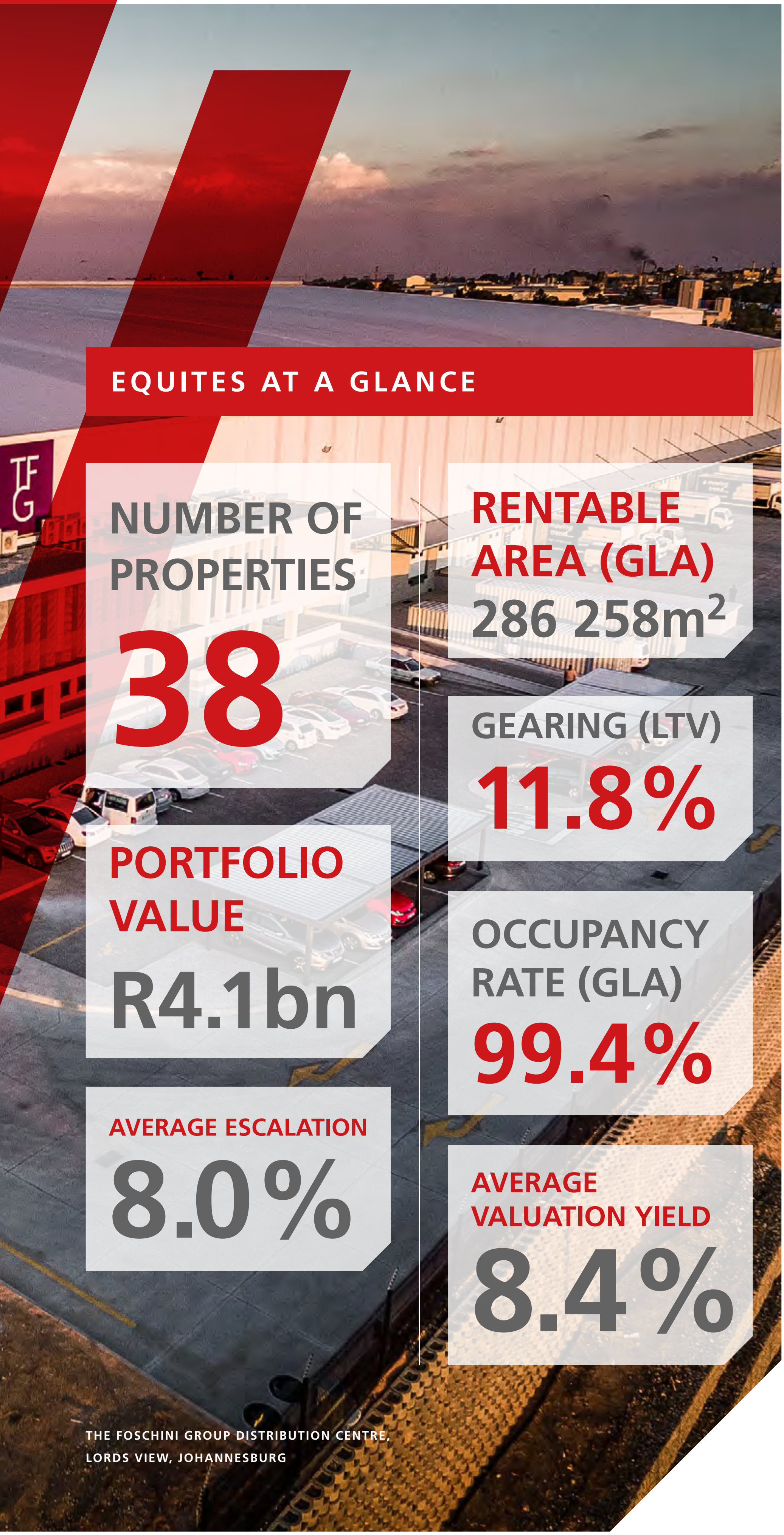
equites
PROPERTY FUND

INTEGRATED REPORT **2016**

equites
PROPERTY FUND

FUND PROFILE

- Equites listed as the only specialist industrial property fund on the JSE on 18 June 2014. The company is a Real Estate Investment Trust ("REIT") and both the property and asset management functions are managed internally.
- Equites' value proposition includes a focus on 'Big Box' assets in high-profile locations. The company has a proven track record of developing such assets in-house and unlocking key logistics nodes.
- The company controls 36 ha of prime industrial land in Gauteng and Cape Town on which it has a substantial contracted pipeline including new distribution centres for Puma South Africa and Rohlig-Grindrod.



EQUITES AT A GLANCE

NUMBER OF PROPERTIES
38

RENTABLE AREA (GLA)
286 258m^2

GEARING (LTV)
11.8%

PORTFOLIO VALUE
R4.1bn

OCCUPANCY RATE (GLA)
99.4%

AVERAGE ESCALATION
8.0%

AVERAGE VALUATION YIELD
8.4%

THE FOSCHINI GROUP DISTRIBUTION CENTRE, LORDS VIEW, JOHANNESBURG

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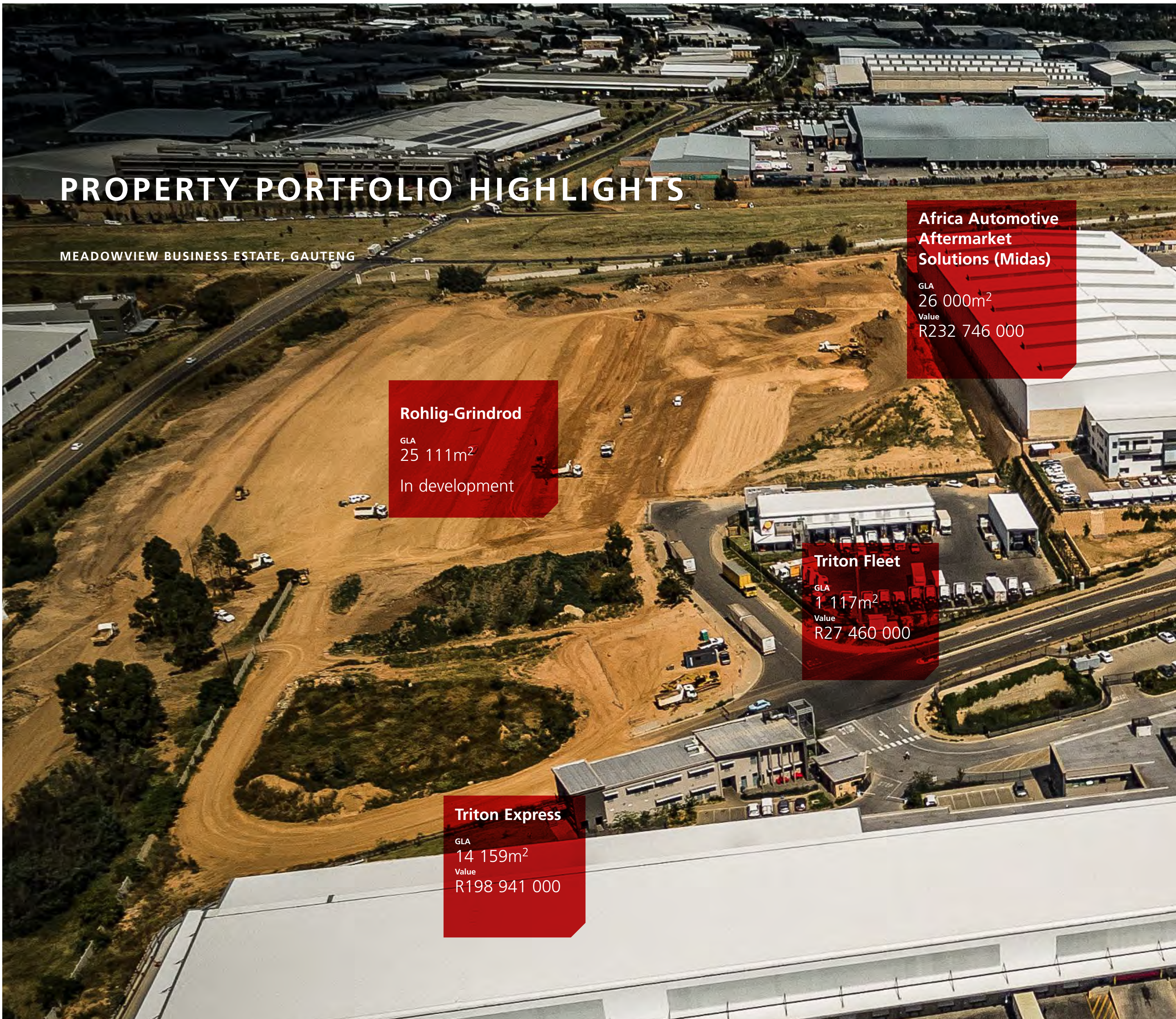
PROPERTY PORTFOLIO HIGHLIGHTS

MEADOWVIEW BUSINESS ESTATE, GAUTENG



Africa Automotive Aftermarket Solutions (Midas)
GLA
26 000m^2
Value
R232 746 000

Rohlig-Grindrod
GLA
25 111m^2
In development

Triton Fleet
GLA
1 117m^2
Value
R27 460 000

Triton Express
GLA
14 159m^2
Value
R198 941 000

Assegai Road

GLA
7 931m^2
Value
R63 800 000

Imperial

GLA
10 156m^2
Value
R96 000 000

Kuehne & Nagel

GLA
9 098m^2
Value
R93 205 000

Simba

GLA
10 308m²
Value
R83 500 000

TFG – Lord's View

GLA
23 651m²
Value
R176 700 000

Vanguard Drive

GLA
15 798m²
Value
R144 600 000

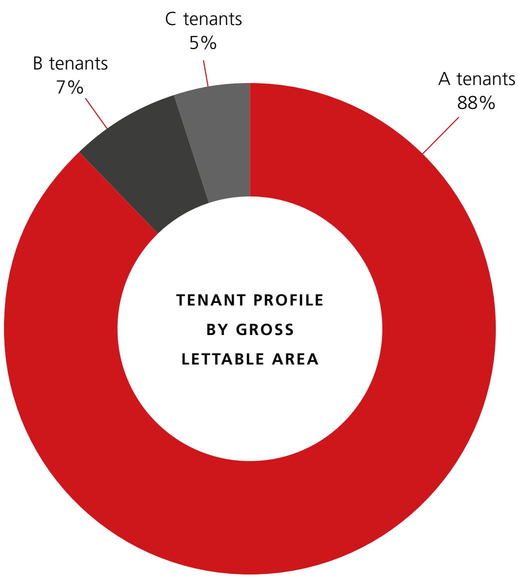
ORGANISATIONAL HIGHLIGHTS

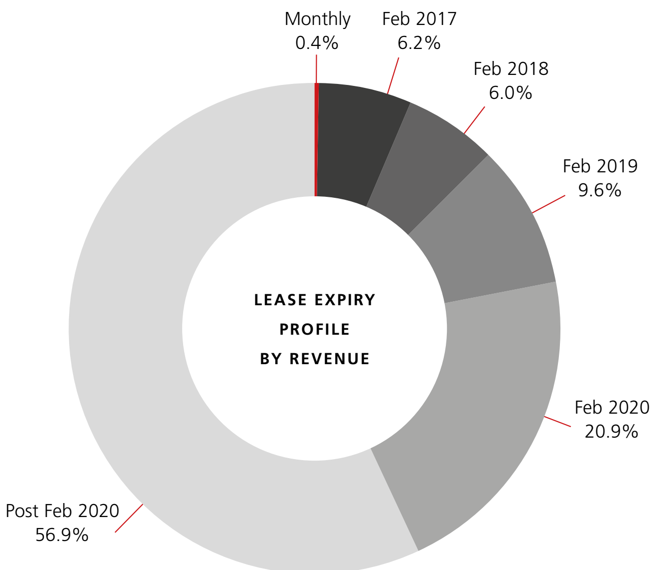
At 28 February 2016, Equites owns 38 buildings totalling 286 258m² of gross lettable area.

Total portfolio value of R4.1 billion which includes 36 hectares of vacant, zoned industrial land which is available for development.

Total distributions of 96.6 cents per share for the year ended 29 February 2016, which is 18.3% higher than the comparative year on an adjusted full year basis.

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



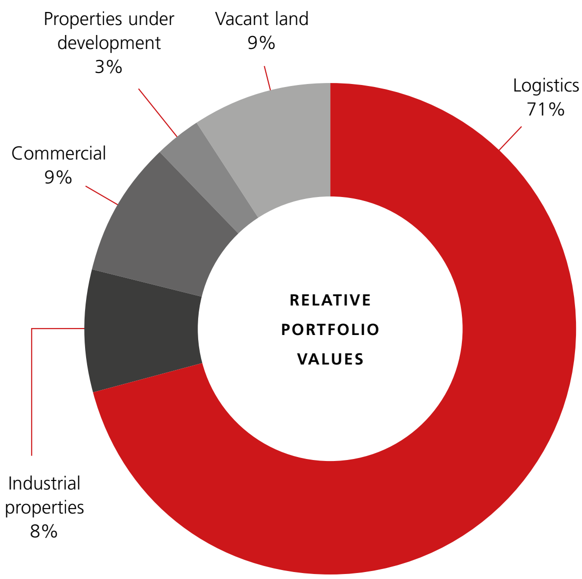


184% growth in fair value of property portfolio from R1.4 billion to R4.1 billion.

R1.5 billion capital raised through a substantially oversubscribed accelerated book build in November 2015.

"Equites' key differentiator is the sound property fundamentals of its property portfolio, which provide a solid base from which to grow and build a defensive, quality portfolio that delivers sustainable long-term earnings."

- Andrea Taverna Turisan (CEO), May 2016



EQUITES EXECUTIVE TEAM FROM LEFT TO RIGHT:
BRAM GOOSSENS (CFO), ANDREA TAVERNA-TURISAN (CEO), RIAAN GOUS (COO)

BOARD OF DIRECTORS

BOARD OF DIRECTORS
STANDING: ANDRE GOUWS, BRAM GOOSSENS, ANDREA TAVERNA-TURISAN, RIAAN GOUS, AND KEVIN DREYER
SEATED: GIANCARLO LANFRANCHI, LEON CAMPHER AND NAZEEM KHAN
ABSENT: RUTH BENJAMIN-SWALES

Independent non-executive directors

Leon Campher (68) (Chairman)

BEcon (Stellenbosch)

After graduating from Stellenbosch University, Leon joined Old Mutual in the Investment division in 1973. During the thirteen years with Old Mutual he was an Investment Analyst and Portfolio manager. In 1985 he left Old Mutual to form Syfrets Managed Assets where he was Portfolio Manager and CEO.

In 1993 Leon left Syfrets and was one of the founding members of Coronation where he was CEO of Coronation Fund Managers and Executive Director of Coronation Holdings. During his time with Coronation he was one of the founders of African Harvest and served as a Director of African Harvest. In 2002 Leon retired due to ill health.

In 2003 Leon was instrumental in the formation of the Investment Management Association South Africa (IMASA) where he served as CEO until 2008. In 2008 he was instrumental in the formation of the Association for Savings and Investment South Africa (ASISA) and was appointed CEO on 1 October 2008.

Leon currently holds the following directorships:

- ASISA, ASISA Academy, International Investment Fund Association
- Sun International Limited, Brimstone Investment Corporation Limited, Equites Property Fund Limited (All listed on the JSE)
- JSE Clear (SAFCOM), Strate Limited

Nazeem Khan (60)

BSc (QS) (University of Natal), MAQS, PrQS, A.AArb

Nazeem attended the University of Natal (Durban) where he obtained a BSc (QS) degree. He has been in the profession for the past 35 years and has varied experience in all aspects of property development and is currently a director of the national firm Bham Tayob Khan Matunda (BTKM) Quantity Surveyors with offices throughout South Africa.

Nazeem is a non-executive director at Brimstone Investment Corporation Limited and also serves as the chairman of Brimstone Investment Corporation Limited Audit committee.

Ruth Benjamin-Swales (53)

CA (SA)

Ruth is currently a senior policy advisor at ASISA, where she is the CEO for the ASISA Foundation and the ASISA Enterprise Development Fund, and serves on the ASISA Transformation Board Committee and the Financial Sector Charter Council.

Ruth is a University of Cape Town graduate who qualified as a CA(SA) in 1989. She was an audit partner with Ernst & Young from 2002 to 2012, where she was responsible for a portfolio of clients primarily in the education and public sectors. Since qualifying, Ruth has served her profession on a number of councils and boards including SAICA and as president of the Independent Board for Auditors (IRBA). She has also served on a number of audit and risk committees in the public sector.

Non-independent non-executive directors

Giancarlo Lanfranchi (47) (Deputy Chair)
DipArch (CPUT)

Giancarlo is the CEO and founder of the Swish Property Group, a prominent Western Cape based property development and investment group which has successfully implemented brownfield and greenfield developments in excess of R3 billion over the past 15 years. Giancarlo has a passion for uplifting undesirable locations and the Swish Property Group has won numerous NHBRC awards and was accredited for the best Brownfield's re-development and development initiatives in South Africa in 2007, 2008 and 2009 as well as the CNBC award in 2006 for Best High Rise Development in Africa.

Giancarlo has also built up a prestigious portfolio of industrial, retail and commercial properties by developing, co-developing and acquiring numerous properties. Most recently, in a joint venture with Redefine Properties Limited, the Swish Property Group successfully completed a R600 million mixed use development (sporting the first Doubletree by Hilton Hotel in Africa), in a previously marginalized area of Cape Town, contributing to the revitalization of the now popular Woodstock.

Kevin Dreyer (54)

Kevin is a shareholder in and runs the development arm of a Cape Town based property consortium. He has substantial knowledge of the Western Cape industrial property sector and has negotiated and implemented several significant transactions in the airport node.

Kevin also owns Automotion Airport Parking Proprietary Limited, which renders valet parking services at the Cape Town International Airport.

André Gouws (43)
B.Com, B.Compt (Hons), CA(SA)

André qualified as a Chartered Accountant in 1997 and served his articles at Fisher Hoffman Stride. He joined the DigiCore Group on their listing in December 1998 where he was the Financial Director of DigiCore Fleet Management.

He joined Intaprop in 2003 shortly after Intaprop established Kagiso Property Holdings in a joint venture with Kagiso Trust Investments and was the Financial Director of Kagiso Property Holdings from 2004 to 2007.

Following a management buy-out of the property development division from the Kagiso Group in 2007, André was appointed the Managing Director of Intaprop.

He joined the board of Equites in 2015 as a non-executive director following the acquisition by Equites of a portfolio of assets from Intaprop.

Executive directors

Andrea Taverna-Turisan (47) (CEO)
BSc (Honours) (Mathematics and Management) (Kings College, London)

Andrea graduated with a BSc Hons degree in Mathematics and Management from King's College, London. He emmigrated to South Africa in 1995 and initially worked as a Commercial Property Broker at McCreedy Friedlander in Bellville. He was one of the founding members of Rialto Foods, a food import business and was instrumental in growing this business into the Italian food importer of choice of Woolworths.

In 2006, Andrea sold his shares in Rialto and started specialising in the development of distribution warehouses for his own account. He formed Chiluan Holdings Proprietary Limited through which he developed 6 A-grade distribution facilities all of which now form part of the Equites portfolio.

Riaan Gous (50) (COO)
BA (Law) LLB (Stellenbosch)

Riaan graduated with BA (Law) and LLB degrees from the University of Stellenbosch after which he joined one of SA's leading law firms, Hofmeyr, Herbstein Gihwala Inc (now known as Cliffe Dekker Hofmeyr Inc). As a director of the firm Riaan practised in the commercial department with a strong focus on mergers and acquisitions and property transactions. In 2001 Riaan joined the Arabella Group as an executive director where he was intimately involved in the development and operational phases of the Arabella property portfolio.

During 2011, Riaan joined Andrea and Giancarlo in their property businesses in anticipation of the Equites listing. During this period he also partnered them in several property developments and acquisitions.

Bram Goossens (38) (CFO)
BCom (Hons), PGDA (University of Cape Town), CA (SA)

Bram completed his tertiary education at the University of Cape Town and undertook his articles with PwC in Cape Town where he was later admitted as a partner. During more than 12 years with PwC he gained wide ranging experience with retail, property and industrial clients, both in South Africa and internationally.

He was responsible for some of PwC's key clients in the Western Cape including Shoprite Holdings Limited. He was also the audit partner for Tradehold Limited – a property company listed on the JSE with a portfolio of commercial properties in the UK. He joined Equites shortly after listing on 1 September 2014.

CHAIRMAN'S REPORT

LEON CAMPHER
CHAIRMAN

"I am pleased to report that the company has exceeded all its objectives during this second financial year since the listing of its shares on the JSE during June 2014.This second integrated annual report reflects a significant improvement on the solid first year financial performance and provides the reader with an insight into the group's future strategy."

GEBERIT, MEADOWVIEW

Delivering shareholder value

Equites managed to grow distribution per share by 57.7% compared to the previous financial period. As the distribution in the comparative period only related to a 9-month period, this is equivalent to a growth of 18.3% on an adjusted full-year basis. I am pleased to note that growth of this nature is well above the average for the sector and has recently only been outperformed by companies with significant foreign exposure and hence benefitted from the weakness of the rand.

The company has increased the value of its portfolio of quality assets from R1.4 billion to just over R4 billion during the financial year to February 2016 and maintained its focus on modern logistics assets, which now make up 80% of the portfolio by value. Importantly, this growth in distributions has been achieved in combination with an increase in net asset value per share of some 14% from R11.37 at 28 February 2015 to R12.94 at 29 February 2016.

Intaprop transaction

As a relatively small listed property company, growth is essential in the quest to achieve economies of scale and improved liquidity, both important considerations for most investors. The above growth was driven by the transformational acquisition of a R1.9 billion portfolio of largely logistics properties and vacant industrial zoned land from Intaprop.

Moreover, and probably more important than the increase in size, the company gained a logistics property portfolio with impeccable property fundamentals as well as 21 hectares of strategically located vacant, industrial zoned land.

Our economic environment

The South African property sector is facing challenging times as a result of the rising interest rate cycle and sluggish economy. The forecasts show that the property sector distribution per share growth is expected to slow in the next 12 – 24 months. Historically, interest rate increases occurred in a strong economy with expanding GDP, to combat demand driven inflation.

Unfortunately, the current interest rate increases are occurring in a stagnant economy and the combination of the two will have an adverse impact on South African REITs.

It is in the context of the current economic climate that the board of Equites has been revising its strategy in order to achieve a combination of both double digit DPS growth and continued capital appreciation.

Our response to the current climate has been threefold: Firstly, an unwavering and exclusive focus on the industrial/logistics property sector, which the board feels is well equipped to deal with the current economic climate. Secondly, there is a strong belief that over the long-term strong property fundamentals lay the foundations for sustainable financial growth.

The third leg of our response is a deviation from our previously stated exclusive focus on the South African market. After long deliberation, and significant research, the Equites board has decided to diversify its property portfolio to a sophisticated and developed logistics property market, viz the United Kingdom. The company intends to limit its exposure to the United Kingdom market to 25% of the portfolio size and will be making further announcements in this regard in due course.

In closing

Although the South African economy is faced with significant headwinds, the board is confident that, in the absence of unforeseen external events, Equites should continue to deliver solid financial result. The board continues to pursue a strategy of creating long-term, sustainable financial success. In doing so, it is essential that the group continues to acquire high quality logistics assets. Such investments may as a result of the current cost of capital take some time to translate into yield accretive properties, but will ultimately ensure the long-term financial sustainability of the group.

In closing, I wish to thank our board of directors and our management team for their invaluable contribution over this past year. Without their hard work and dedication the company would not have achieved so much in less than two years since listing. Equites has had a good second financial year and the board remains committed to growing the company to its full potential and delivering value to shareholders.

Leon Campher
CHAIRMAN

Cape Town
5 May 2016

CHIEF EXECUTIVE'S REPORT

"In essence, our business is all about creating long term sustainable growth that will not be compromised for short term, transient gains. We believe in consistently delivering on our undertakings and exceeding expectations. I am pleased to confirm that we have again done so in the financial period under review."

ANDREA TAVERNA-TURISAN
CHIEF EXECUTIVE OFFICER

TRITON EXPRESS, MEADOWVIEW

Introduction

After a solid first year financial performance the focus of Equites during its second year as a listed REIT was on growing its property portfolio with high quality assets in the logistics sector. I am pleased to report that the company has grown its portfolio nearly threefold and also exceeded expectation on the distribution front. In this review I will cover all the important aspects of our business and also elaborate on Equites' future strategy.

In essence, our business is all about creating long-term sustainable growth that will not be compromised for short term, transient gains. We believe in consistently delivering on our undertakings and exceeding expectations. I am pleased to confirm that we have again done so in the financial period under review.

Financial performance

Equites' total distributions declared to shareholders for the current financial year amount to R201.4 million. This represents an 18.3% growth in DPS in comparison with the first financial year on an adjusted full year basis. I am not aware of any South African REIT, which does not have a significant exposure to foreign currency investments, which has delivered similar or better distribution growth in 2016.

The main reasons for the better than expected results are:

- a further reduction in already low vacancy levels from 2.9% to 0.7% of total GLA;
- enhanced cost containment and economies of scale in the light of a significant growth in the portfolio size, due to several yield accretive acquisitions;
- an effective interest rate hedging strategy; and
- the reduction in finance costs following the accelerated bookbuild undertaken by the company during November 2015 that raised R1.5 billion.

Over the past financial year, and through several acquisitions, the company has also increased the value of its portfolio with quality assets from R1.4 billion to just over R4 billion. Although the main focus of the sector appears to be distribution growth, it is our view that this growth should not occur at the expense of sustainable growth in the net asset value per share. An obsessive focus on the former will lead to value destruction and strong short-term earnings which are simply not sustainable. Assisted by the strong property fundamentals of the assets we acquired in the period under review as well as value creating developments, the net asset value per share grew by 14% from R11.37 at 28 February 2015 to R12.94 at 29 February 2016.

Equites follows the guidelines issued by the SA REIT Association to determine its distributable earnings and these are based on sustainable income generated from rentals paid by our tenants. We therefore do not distribute capital profits.

Intaprop transaction

The transaction between Equites and one of South Africa's most successful industrial property developers, Intaprop, was transformational. In a single transaction, Equites added a predominantly Gauteng based high-quality industrial portfolio of approximately R1.9 billion to its existing Western Cape based portfolio, taking it from a regional to a national presence. In addition, the transaction also included 21 hectares of strategic industrial zoned land in key logistics nodes in Johannesburg and Cape Town.

Property portfolio

During the period under review, Equites has grown its property portfolio from 21 to 38 completed rental producing properties (excluding cell phone masts), with an aggregate value of R4.1 billion including vacant land and developments. 5 of these properties are offices which the company will be looking to dispose of during the current financial year.

The property fundamentals of the Equites industrial portfolio are probably unrivalled when considering that:

- all our industrial properties are located in proven industrial locations;
- the WALE of the portfolio is 5.3 years;
- there are no vacancies in our industrial portfolio;
- 86% of our tenants by revenue are classified in terms of the JSE Listings Requirements as A-grade tenants;
- 26 of the properties (90% of the industrial portfolio by value) are modern, A-grade, logistics facilities, which remains Equites asset class focus.

Equites' key differentiator is the sound property fundamentals of its property portfolio, which provide a solid base from which to grow and build a defensive, quality portfolio that delivers sustainable long-term earnings. There is no need to sanitise the portfolio and significant opportunities to develop new products for our quality tenant base on the available industrial land. Our low loan-to-value ratio also means that we are in the invidious position where we can capitalise on opportunities without struggling to raise the necessary funding.

Further acquisitions of high quality logistics property assets are key to our strategy of creating long-term, sustainable cash flows, with a view to enhancing the defensive nature of the portfolio and mitigating the impact of possible future vacancies. Such investments may as a result of the current cost of capital take some time to translate into yield accretive properties, but will ultimately ensure the long-term financial sustainability of the group. The company will also continue investing into a pipeline of logistics developments, which remain a source of significant value and distribution growth.

We believe in working closely with our tenants to assist them in their evolving logistics requirements. Our in-house development expertise allows us to retain key tenants even where they outgrow their existing facilities. This is reflected in a 100% tenant retention rate in our industrial portfolio. The majority of our tenants are large, locally listed or multinational companies, which has translated into the company not experiencing any rental collection problems.

Vision and strategy

In the Equites integrated annual report 2015 it was noted that the vision of the company was:

- to become South Africa's most successful specialist industrial fund

The previous report also indicated that management was investigating the possible expansion of the company's business into the United Kingdom and Europe. Having completed these investigations, which included several international visits, the Equites board has made an in-principle decision to diversify to the United Kingdom.

In making this decision, and choosing between several potential countries, it is essential to understand the rationale for international expansion.

Equites is seeking to countenance the instability and uncertainty relating to the South African economy, currency and political dispensation, by investing into a jurisdiction that offers a mature and stable economic and political outlook.

Whilst several countries meet these criteria, the United Kingdom is our jurisdiction of choice for the following reasons:

- The language, culture, business practices and banking and legal systems are similar to SA;
- The UK property market is one of the most sought after and strongest in the world;
- The UK is one of the leading countries when it comes to distribution penetration and technology advancement in the distribution warehousing sector of the property market;
- Following the 2008 financial crisis, there is high demand and low supply of quality A-grade distribution centres;
- The UK is a sophisticated and transparent market with a constant flow of quality information on supply and demand assisting informed decision making;

Furthermore, management has an intimate knowledge of the UK property market, having been involved in building a successful industrial portfolio (comprising some R2 billion of distribution centres) from 2008 until 2014.

Developments

TFG Lords View

The 23 651 square meter TFG distribution centre in the Lords View Industrial Park (Gauteng) was successfully completed both under budget and ahead of schedule. TFG took occupation on 14 February 2016 and the lease commencement was 1 April 2016. This development was completed at a development yield of 9.3%.

Rohlig-Grindrod

The development of the 26 000 square meter state-of-art distribution centre for Rohlig-Grindrod Proprietary Limited in Meadowview Business Estate (Gauteng) commenced in April 2016 with the tenant expected to take beneficial occupation on 1 April 2017.

Puma

The development of the 16 000 square meter state-of-art distribution centre for Puma at Atlantic Hills (Cape Town) commenced in March 2016. It is expected that the project will be completed in November 2016 with the lease commencing on 1 January 2017.

160 Gunners Circle

The development of a speculative 8 000 square meter distribution centre in Epping commenced in November 2016 and the building will be ready for occupation on 1 September 2016.

Meadowview

The company will be developing the new Equites Gauteng offices (350 square meters), with a speculative 2 800 square meter distribution centre adjacent to the offices, in Meadowview, Gauteng. These properties are scheduled to be completed by November 2016.

Funding and borrowings

Equites has adopted a policy of hedging 80% of its permanent interest rate exposure. In line with this strategy, the company ended this period under review with 79.6% of its exposure to interest rates being hedged at an average effective all-in rate of 8.96%.

During November 2016 Equites raised R1.5 billion through an accelerated bookbuild. The company successfully placed 120 million shares at 1 250 cents per share with investors. At this level, the bookbuild was heavily oversubscribed.

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

Moreover, as we will most likely see further rises in the interest rate, Equites finds itself well poised to capitalise on opportunities with a current loan-to-value ratio of 11.8%, which is a very conservative level of gearing relative to the market. Equites had undrawn bank loan facilities of R1.6 billion at year end.

Outlook

Over the first two financial periods Equites has put the building blocks in place on the road to building a sustainable logistics property business based on impeccable property fundamentals that will aim to provide shareholders with stable and sustainable double digit (benchmarked at CPI plus 5%) annual distribution growth and strong capital returns.

South Africa is experiencing several economic challenges, which include possible further interest rate hikes. We are confident that as a result of the strong property fundamentals of the Equites portfolio the company will achieve 10%-12% distribution growth for the year to February 2017. This forecast is premised on the absence of dramatic unexpectedly high rise in interest rates and other unforeseen external events and has not been reviewed or reported on by the company's external auditors.

Acknowledgements

I want to take this opportunity to express my gratitude to the board for their support during this period, especially our chair Leon Campher for his guidance and advice.

I also want to thank my fellow executives and all employees for all their hard work and dedication. We have made an excellent start on our road to becoming South Africa's leading specialist logistics REIT. I know all of you are as determined as I am to achieve this ambitious objective as soon as possible.

Finally, a big thank you to all our tenants for their support. Without you we would not have a business.

Andrea Taverna-Turisan
CHIEF EXECUTIVE OFFICER

Cape Town
5 May 2016

SOCIAL AND ETHICS COMMITTEE REPORT

"Since the listing of Equites on the JSE, the group has sought to align its business with the principles outlined in the King III Report on Corporate Governance in South Africa 2009, the JSE's Socially Responsibility Investing Index criteria as well as the requirements relating to Social and Ethics Committees as set out in the Companies Act, no 71 of 2008."

EQUITES TEAM
BACK ROW FROM LEFT: WOUTER HANEKOM, MONIQUE KARATING, OLIVIA VELEM, GARY MASOMBUKA, SHARON DAKA, MELANIE BROWN, BELINDA ORTMAN-LEBONA **SITTING:** HILDA GROVE, BRAM GOOSSENS, ANDREA TAVERNATURISAN, RIAAN GOUS, LAILA RAZACK

Introduction

Since the listing of Equites on the JSE, the group has sought to align its business with the principles outlined in the King III Report on Corporate Governance in South Africa 2009, the JSE's Socially Responsibility Investing Index criteria as well as the requirements relating to Social and Ethics Committees as set out in the Companies Act, no 71 of 2008.

The Social and Ethics Committee ("the committee") consists of Giancarlo Lanfranchi (Chair), Leon Campher, Kevin Dreyer and Riaan Gous. Messrs Lanfranchi, Campher and Dreyer are non-executive directors of the company.

Terms of reference

The duties and responsibilities of the committee are set out in a formal terms of reference which has been approved by both the committee and the board of directors.
The main duties of the committee are to:

- review and approve the policy, strategy and structure to manage social and ethics issues in the company
- oversee the monitoring, assessment and measurement of the company's standing in terms of the goals and purposes of:
  - The 10 principles set out in the United Nations Global Compact Principles
  - The OECD recommendations regarding corruption (see the Organisation for Economic Co-operation and Development (OECD) website for further details (www.oecd.org))
  - The Employment Equity Act
  - The Broad-Based Black Economic Empowerment Act
- oversee the monitoring, assessment and measurement of the company's activities relating to good corporate citizenship, including the company's promotion of equality, prevention of unfair discrimination, addressing of corruption, contribution to development of the communities in which its activities are predominantly marketed, and record of sponsorship, donations and charitable giving
- oversee the monitoring, assessment and measurement of the company's activities relating to the environment and health and public safety
- oversee the monitoring, assessment and measurement of the company's consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws in order to ensure that company adheres to its values
- oversee the monitoring of the company's labour and employment practices
- review the adequacy and effectiveness of the company's engagement and interaction with its stakeholders
- consider substantive national and international regulatory developments as well as practice in the fields of social and ethics management
- review and approve the policy and strategy pertaining to the company's programme of corporate social investment
- determine clearly articulated ethical standards (Code of Ethics) and ensure that the company takes measures to achieve adherence to these in all aspects of the business, thus achieving a sustainable corporate culture within the group

Meetings and projects

The terms of reference of the committee provides for bi-annual meetings.

In addition to the requirements as set out in terms of reference above, the enterprise development project in terms of which the black-owned Damon@Sons Construction renders building contractor services to Equites made major progress over the past financial year. Damon@Sons Construction successfully completed an extension project at one of the company's properties to the value of R 9 million. Damon@Sons Construction has also been appointed as the main contractor on the 160 Gunners Circle speculative project, which has a total capital value of R72 million.

The committee has approved a bursary program in terms of which financial assistance will be granted to an underprivileged student enrolled at UCT for B.Science Property Studies.

A key objective of the committee for the current financial period is the implementation of audit in respect of key ethical issues in the workplace and ethical management practices which encompasses leadership commitment, ethics strategy and goals, ethical standards, ethical awareness, ethics assessment and reporting and operational ethics. An industry expect will be engage to assist the committee in this regard.

Conclusion

During the period under review, no substantive non-compliance with legislation and regulations, or non-adherence with the codes of best practice, relating to the areas within the mandate of the committee, has been brought to its attention.

The committee recognises that as the group grows its asset base and employee component, the monitoring of compliance with the relevant social, ethical and legal requirements and best practice codes will play an ever greater part in its long-term sustainability.

Giancarlo Lanfranchi
CHAIR: SOCIAL AND ETHICS COMMITTEE

Cape Town
5 May 2016

SUSTAINABILITY

Introduction

The World Council for Economic Development (WCED) defines sustainable development as development that meets the need of the present without compromising the ability of future generations to meet their own needs.

In commerce, sustainability is often defined with reference to the "triple bottom line" concept. This concept encourages the measurement of sustainability with reference to financial, social and environmental aspects.

This second integrated annual report of Equites contains substantial information on the financial performance of the group. In summary, the following considerations supports the board's view that the business of Equites is in sound financial health and sustainable:

– REIT legislation prohibits gearing levels which exceed a 60% loan-to-value ratio. At the end of the period under review, Equites had a loan-to-value ratio of 11.8%.
– Equites has sound property fundamentals with quality, financially successful tenants, minimal vacancies and long-dated leases.
– The company has approved undrawn bank facilities of R1.6 billion.

In view of the above, this sustainability review of the company will focus mainly on the other two, equally important, pillars of sustainability, viz the company's impact on people and the environment.

Human capital

There is no doubt that a large part of any company's success is due to the quality of its people. In order to achieve the vision of the group, a highly skilled and diverse team is essential. Equites has employed a unique team with the talent and ability to take the company to the next level.

It is the responsibility of the board to ensure that these employees feel engaged, motivated and appreciated. To this end, the company has implemented the following initiatives:

– Our group was founded by entrepreneurs which are all still very much involved in the group. This entrepreneurial spirit remains one of our key philosophies. In an attempt to nurture this spirit in our people, we implemented a high performance culture where we seek to empower our staff and encourage them to take ownership and make a difference.
– Every member of the team has very specific key performance areas which are being managed and reviewed continuously.
– It has been proven that employees become highly motivated when they feel engaged and realise that their efforts are valued. In our small team environment, we are actively seeking to foster sound team work, transparency and accountability. The level of engagement of all staff is independently assessed.
– We currently employ 14 people, 8 of whom are from previously disadvantaged backgrounds. We subscribe to the principle that diversity is essential to create a strong, vibrant and successful enterprise. As a consequence, our recruitment philosophy is to employ the best person for the job, giving preference to previously disadvantaged candidates.
– Six of our staff compliment are female and we will also mindful of the importance of gender representation as we grow our staff compliment.

In order to attract and retain the right people, we have implemented a remuneration system for all employees that consists of a fixed salary, a short term incentive and a long term share based incentive. Ultimately, the company is seeking an alignment of interests with its staff, with all staff benefitting appropriately as the group creates value for its shareholders.

Further important aspects which are currently being investigated are ways in which we can assist our staff to develop to their full potential and a programme aimed at staff retention. Quality, appropriately skilled individuals are in short supply. We are investing in our people and it is therefore important that the company finds ways to retain top people. Recruiting new members of staff is time consuming, costly and often impacts detrimentally on the business.

Environmental impact and health and safety

Equites is committed to creating a safe and healthy workplace and reducing the environmental footprint of our business.

The founders of the group all strived to develop in an environmentally sustainable manner and we have embraced this philosophy with our new products. In this regard, we have included environmental best practice principles in our brief to our development team and ensured that these principles are incorporated into the final design.

The first greenfield development undertaken by Equites was the TFG building at the Lords View Industrial Park in Midrand, which was implemented as an environmentally friendly development in an eco-sensitive industrial logistics park. This industrial park makes use of the latest developments in green township development and boasts landscaped central storm water attenuation ponds eliminating the need for tenants to attenuate themselves. These functional ponds will form the 'Green Lung' of the development and provide running tracks, park benches and other facilities for staff to enjoy.

CORPORATE GOVERNANCE REPORT

"The board of directors is committed to upholding good ethical standards and the application of corporate governance principles."

The board of directors is committed to upholding good ethical standards and the application of corporate governance principles. Except as explained, the company has fully applied the King Code on Corporate Governance for South Africa ("King III") and as required by the JSE, a full register of King III compliance is available on the company's website – www.equites.co.za

Board of directors

The board comprises 9 directors, of which 6 are non-executive and 3 are executive. Of the non-executive directors, 50% (3) are independent. Executive directors have service contracts with 6 month notice periods. The board members have a diverse range of qualifications and experience, which enables them to contribute meaningfully to the management of the group. The board is satisfied with the depth of the collective experience of the non-executive directors and is satisfied that even though there are an equal number of independent and non-independent members, there is sufficient independence of mind on the board. Conflicts of interest, as they arise, are also appropriate dealt with.

One third of the non-executive directors must resign and stand for re-election at each annual general meeting ("AGM").

All board appointments are motivated by the nomination committee in terms of their formal terms of reference and policy on appointments. All appointments are subject to approval by the board as a whole.

The board meets at least 4 times a year, but will meet more often if circumstances so require. The table below sets out the board meetings that were held during the reporting period and their attendance.

Date	31/03/2015	12/05/2015	21/07/2015	26/08/2015	23/09/2015	15/10/2015	28/01/2016
Director							
Leon Campher*	●	●	●	●	●	●	●
Nazeem Khan*	●	○	●	●	●	●	●
Ruth Benjamin-Swales*	●	●	●	●	●	●	○
Giancarlo Lanfranchi	●	○	●	●	●	○	●
Kevin Dreyer	●	●	●	●	●	●	●
Johnny Cullum	●	●	●	+	+	+	+
André Gouws	+	+	+	+	●	○	●
Andrea Taverna-Turisan**	●	●	●	●	●	●	●
Riaan Gous**	●	●	●	●	●	●	●
Bram Goossens**	●	●	●	●	●	●	●

* Independent
** Executive director
● Attended
○ Absent with apologies
\+ Not a director at the time

Chairman and chief executive officer

The roles of the chairman of the board and the chief executive officer are separated and clearly defined.

The chief executive officer (Andrea Taverna-Turisan), is responsible for the day-to-day management of the group and implementation of the strategy and objectives adopted by the board. He is assisted by the other 2 executive directors and members of senior staff.

The chairman of the board (Leon Campher) is an independent non-executive director and he takes overall responsibility for managing the relationship between the board, the chief executive officer and the various board committees. He sets the agendas for the board meetings and ensures adequate time is devoted to developing the group's strategy.

Board Committees

The board acknowledges that overall responsibility for managing the group rests with the board as a whole. To assist it in fulfilling its responsibilities, however, the board has appointed a number of sub-committees.

Composition of committees

The members of all the board committees are set out below.

Audit and risk committee	Investment committee	Remuneration committee	Nomination committee	Social and ethics committee
Ruth Benjamin-Swales (Chair) Leon Campher Nazeem Khan	Leon Campher (Chair) Nazeem Khan Giancarlo Lanfranchi Kevin Dreyer	Nazeem Khan (Chair) Leon Campher Ruth Benjamin-Swales	Leon Campher (Chair) Nazeem Khan Ruth Benjamin-Swales	Giancarlo Lanfranchi (Chair) Leon Campher Kevin Dreyer Riaan Gous

Audit and risk committee

The primary responsibility of the audit and risk committee is to assist the board in overseeing integrated reporting and ensuring the financial integrity of the annual financial statements and other financial reporting. This committee is chaired by Ruth Benjamin-Swales, an independent non-executive director, whose previous experience, especially as an audit partner for Ernst & Young, makes her ideally suited for this responsibility.

Investment committee

In the light of the increased volume and magnitude of transactions being evaluated by the company, the investment committee was constituted in August 2015. This committee is chaired by Leon Campher and its primary role is to review material transactions identified by the executive (including material acquisitions, mergers and disposals) on an ongoing basis and make recommendations to the Board in this regard. The committee also assists and advises the executive on such transactions.

Remuneration committee

The remuneration committee is chaired by Nazeem Khan, an independent non-executive director, and ensures that the group adopts a remuneration policy that is fair and transparent and attracts and retains executive talent that contributes to the achievement of the group's objectives.

Nomination committee

The chairman of the board, Leon Campher, also chairs the nomination committee. This committee assists with the appointments of directors.

Social and ethics committee

The social and ethics committee is a statutory committee whose focus is to monitor compliance with labour legislation and the group's corporate social responsibilities. This committee is chaired by Giancarlo Lanfranchi, a non-executive director.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance of board committee meetings

Director	Leon Campher	Nazeem Khan	Ruth Benjamin-Swales	Giancarlo Lanfranchi	Kevin Dreyer	André Gouws	Riaan Gous
Committee							
Audit and risk committee							
8 May 2015	●	●	●	*	*	*	*
12 October 2015	●	●	●	*	*	*	*
Investment committee							
24 August 2015	●	●	*	●	●	+	*
Remuneration committee							
8 May 2015	●	●	●	*	*	*	*
24 August 2015	●	●	●	*	*	*	*
25 January 2016	●	●	●	*	*	*	*
Nomination committee							
8 May 2015	●	●	●	*	*	*	*
25 January 2016	●	●	●	*	*	*	*
Social and ethics committee							
26 November 2015	+	*	*	●	○	*	●
25 January 2016	●	*	*	●	○	*	●

● Attended
○ Absent with apologies
+ Not a director at the time
* Not a member of this committee

Conflicts of interest and directors' personal interests

Directors are required to declare their personal financial interests and those of related persons in contracts with the group. A register in this regard is maintained and reviewed at each board meeting.

Directors are asked to recuse themselves from any discussions and decisions where they have a material financial interest.

Company Secretary

Gerhard Riaan Gous was appointed as the company secretary on 1 December 2014. The board is satisfied with his experience and qualifications to act in this capacity. Following a review undertaken by the board on the duties required of the company secretary during the year under review, the board concluded that the nature of the advice provided by the company secretary and the manner in which the company secretary executed his duties during the year, indicated that he is fit to continue in the role. He is also an executive director of the company and several of the subsidiaries in the group. The board is satisfied that despite this, his relationship with the board is at arm's-length and he maintains good corporate governance on behalf of the company at all times.

RISK MANAGEMENT

"Risk management is an integral part of the group's strategic management and is essential to ensure quality growth in the net asset value of the group."

Assisted by the audit and risk committee, the board has adopted a risk management policy. The policy is based on mitigating identified risks to the group to acceptable levels and in line with industry practice. The policy also specifically prohibits the group from entering into any derivative transactions that are not in the ordinary course of the group's business as required by the JSE.

Risk management is an integral part of the group's strategic management and is essential to ensure quality growth in the net asset value of the group, which will translate into sustainable distribution growth.

The group employs a risk management framework to:

- Identify risk factors which may have a material impact on the group's operations
- For each area of impact, formulate a mitigating response
- Monitor progress against mitigation targets
- Review and revise identified risks on an ongoing basis

The audit and risk committee oversees the risk management framework and has an ongoing responsibility to monitor the group's risk management processes.

The table below summarises the key risk factors identified and how these have been mitigated.

Risk Factor	Areas of impact	Company response	Status
Macro-economic environment	– Access to capital – Interest rate risk – Tenant defaults and reduction in rental income	– Conservative LTV target range of 25-35% and maintenance of adequate banking facilities – Hedging target of 80% – Focus on blue-chip tenants, monitoring the financial strength of tenants and effective credit management	– Current LTV 11.8% and substantial undrawn facilities – R100 million debt fixed for 5 years – Natural hedge built into leases – 88% of GLA to large listed, national or international tenants
Downgrading of South Africa's sovereign rating status and that of South African banks	– Downgrades may result in reduction in availability of funding which would limit our investing/growth ability	– Maintain a conservative LTV target – Investigate feasibilty of international diversification	– Current LTV 11.8% and significant undrawn facilities – Exploration of offshore investment opportunities

RISK MANAGEMENT (CONTINUED)

Risk Factor	Areas of impact	Company response	Status
Specific consequential risks associated with international expansion	– Knowledge of foreign laws and regulations – Exposure to potential volatility of foreign economy – Foreign interest rate and currency risk – Taxation and Reserve Bank consequences of expansion	– Expansion limited to UK where management has previous in-depth experience – Exposure only to modern, developed economy that has mature market for logistics facilities – Foreign investments to be matched with local currency funding and 100% of interest rate fixed – Use of specialists in South Africa and UK	– Management has previously built a UK portfolio of some R2 bilion – Only investments in the UK are currently being investigated. Exposure will be limited to 25% of total portfolio – Pound based facilities will be secured with fixed interest rates – Formal tax opinions and general approval from the Reserve Bank was received
Rapid increase in utility costs, especially property taxes and electricity	– Pressure on tenants for recovered utilities – Pressure on profitability for non-recovered costs	– Investigating use of renewable energy sources and energy saving technology – Focus on industrial tenants with fully recovering leases	– Feasibilities in progress for photo-voltaic installations – 92.0% of lettable space comprises industrial tenants with the majority of those on fully recovering leases
Deterioration in property values or specific areas	– Fair value of investment property – Ability to attract new tenants	– Focus on A-grade industrial property in prime nodes – Focus on blue chip tenants and long leases	– 92.0% of GLA industrial of which a majority A grade – 73.2% of leases expiry > 3 years
Tenant default	– Sustainability of revenue and distribution – Vacancies	– Credit vetting process and preference for blue chip tenants – Active client engagement and regular review of arrears	– No significant post listing bad debts – Total vacancies only 0.6% of GLA (0% of industrial and 8.7% of office)
Retention of key staff	– Loss of key staff will impact the ability to achieve the group's objectives	– Implementation of long-term and short-term incentive schemes – Nomination committee mandated with succession planning	– Share scheme and bonus plan rolled out to all key staff – Executive directors participated in accelerated bookbuild in terms of co-ownership scheme

Risk Factor	Areas of impact	Company response	Status
Gradual or sudden destruction of properties	– Buildings destroyed by acts of God – Properties not properly maintained and deteriorate over time	– Ensure adequate insurance cover is maintained – Ensure properties are continuously maintained	– Comprehensive commercial insurance in place. Full insurance replacement valuation performed in the year under review to ensure adequacy of cover – Property operational team employed and detailed maintenance schedule drafted
Property obsolescence	– Change in tenant needs or buildings becoming dated could result in impairment of key assets or significant costs to improve facilities	– Increased focus on building high-spec, modern facilities which will not age rapidly – Focus on building a portfolio of high quality, non-specialised buildings	– Our portfolio currently consists of only three specialised buildings which are let to tenants on long dated leases
Compliance with laws and regulations	– Penalties, operational risk from non-compliance with legislation – Sanctions and risks associated with non-compliance with JSE regulations	– Employment of suitably skilled and experienced staff and executive – Engage external specialists with appropriate skills – Adequate internal and external training	– Executives and staff considered to be adequately qualified and experienced – Corporate advisors and auditors experienced in listed property companies – Employees regularly attend conferences and relevant training
Development risk	– Revenue generation – Increased costs which are not recoverable from tenants	– Quantity surveyor involvement in all developments – Appointment of external project managers – Protective provisions in leases	– Fully implemented on current projects
Bankruptcy risk	– Inability to settle creditors and funding obligations as they become due	– Strong balance sheet with long dated leases in place to generate sustainable cash flows – Continue to manage overheads and improve project performance	– Current LTV 11.8%, which is well below the 60% guideline
Stakeholder risk (other than addressed above)	– Access to capital – Share price and liquidity – Market credibility	– Regular meetings with major shareholders – Close interaction with Corporate advisors (Java Capital, auditors, CDH)	– Company continues to receive strong support from shareholders

REMUNERATION REPORT

"The group's guiding philosophy is to attract and retain, high-calibre, appropriately skilled and experienced executives"

This report sets out the group's remuneration policy including short-term and long-term incentives and how this policy has been implemented in the current year.

Remuneration committee

In line with best practice set out in King III, the group's remuneration committee is appointed by the board of directors and has delegated authority, in accordance with its terms of reference, to review and make decisions regarding the group's remuneration policies and implementation thereof. The terms of reference were formally adopted by the board of directors during the current reporting period and the three members of the committee were appointed as follows:

- Nazeem Khan (Chairman)
- Leon Campher
- Ruth Benjamin-Swales

All members of the committee are independent non-executive directors and they met three times during the current reporting period. Other members of the board of directors and external consultants attend the meetings on invitation.

The remuneration committee appointed an external reward consultant, PricewaterhouseCoopers Inc., to assist in the formulation and implementation of the group's remuneration policy.

The remuneration committee fulfilled the following main duties during the reporting period:

- Review and formulation of the group's remuneration policy, which encompasses recruitment, retention and termination of senior executives
- Approval of overall pay mix for executive directors, including long-term incentives ("LTI") and short-term incentives ("STI")
- Approval of the group's LTI as a conditional share plan ("CSP") and approval of the related performance and service vesting conditions
- Approval of short-term bonus scheme and related performance metrics
- Approval of non-executive directors' emoluments and increases for the following reporting period
- Approval of executive directors' guaranteed pay and increases

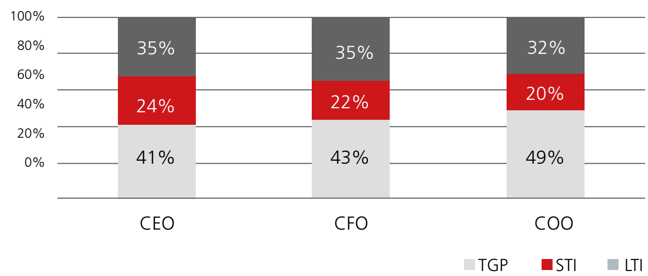
Remuneration policy

The group's guiding philosophy is to attract and retain, high-calibre, appropriately skilled and experienced executives. Highly skilled and motivated executives are considered key to the group's long-term objectives and to maximising stakeholder value. Ensuring management and shareholder alignment through meaningful equity participation is considered an integral part of this philosophy. Executive remuneration should also be fair and reasonable having regard to the company's and individual performance as well as market trends.

Benchmarking and pay mix

To ensure that the group's total remuneration packages and pay mix is appropriate within the market in which it operates, external benchmarking was performed during the prior year. The executives' remuneration was balanced between total guaranteed pay ("TGP"), STI and LTI. To encourage retention and align executives interests' with other shareholders, the LTI is more than 30% of the remuneration mix, as set out in the table below:

Equites pay mix



The remuneration committee will review the benchmarking on a three year cycle and will apply reasonable inflationary adjustments to all categories of pay in years 2 and 3. The only other change during the current year was an alignment of the total packages of the CFO and COO.

Total guaranteed pay

TGP comprises guaranteed cash salary and its benefits and is determined by the scope of the role, performance and experience. These amounts were benchmarked during the prior year and will be reviewed by the remuneration committee on an annual basis. The TGP paid to the executive directors in the reporting period is detailed in note 20.4 to the annual financial statements (page 66 of the integrated report).

After careful consideration, the remuneration committee has approved a 7% (2015: 6%) aggregate increase in TGP for the following financial year.

Short-term incentives

Overview of STI

The group has adopted a multiplier-based STI plan which incorporates both business and individual modifiers. Multiplier STIs, which are calculated as a percentage of TGP, are in line with best practice trends, as a multiplicative approach allows for both company financial objectives and individual (and strategic objectives) to be considered when determining bonuses.

Typically, as a start-up company it is important that certain strategic growth objectives are met. Incentivising executives to achieve these strategic objectives is therefore supported by the individual modifier in the bonus formula. STIs are payable annually after being approved by the remuneration committee and the release of the audited financial results on which the financial modifiers are based.

STI targets

The remuneration committee sets the economic targets for the STI on an annual basis. For the year under review, the only economic metric used to measure the STI was DPS, as measured against the annual budget. The scheme is self-funding, which means that the on-target DPS is the budgeted DPS plus the equivalent cents per share that equates to the rand value of the on-target STI bonus pool. As illustrated below, the STI pool is nil if only the budgeted DPS is achieved. The table summarises the on-target and stretch DPS target set for the financial year ended 29 February 2016:

Level of performance	Measure	Target as % of budgeted DPS	Rand value of STI pool*	Total STI pool as % sharing of total DPS
Budget	Budgeted DPS	100%	nil	0%
On-target	Budgeted DPS incl. STI	102%	2 912 800	1.6%
Stretch	Budgeted DPS incl. STI + 10%	113%	5 788 500	2.9%

*Includes amounts awarded to staff other than executive directors.

The remuneration committee agreed 4 personal objectives (2015: 4) with each executive director with equal weighting at the beginning of the financial year. Personal objectives are assessed at the beginning of the year and result in a multiplier from 0 – 150%. The maximum STI payable to an individual director is, however, limited to the amount determined with reference to the financial targets above. This means that the outcome of these personal performance targets can only reduce and not increase the STI payable.

In the current and prior year, all three executive directors achieved between 100 – 150% of their personal performance targets, which resulted in 100% of the STI determined with reference to the financial targets being payable.

STI individual targets and outcomes

Name	Title	Target as % of cash pay	Stretch as % of cash pay	Outcome as % of stretch target 2016	2015*
Andrea Taverna-Turisan	CEO	60%	120%	100%	56.25%
Riaan Gous	COO	50% (2015: 40%)	100% (2015: 80%)	100%	56.25%
Bram Goossens	CFO	50%	100%	100%	37.50%

*Allocations are pro-rata for the period of employment during the year.

The STI due to the executive directors relating to this reporting period is detailed in note 20.4 to the annual financial statements (page 66 of the annual integrated report) and is payable at the end of May following the financial year to which it relates.

Long-term incentives

The CSP is designed to attract, retain and reward executives through the annual and ad-hoc award of conditional shares. It will provide the executive directors with the opportunity to share in the success of the company and to be incentivised to deliver the business strategy of Equites over the long-term. This will provide alignment between key employees and shareholders.

Currently 40% of CSP awards are subject to a 3-year service condition only and 60% are subject to a 3-year service condition, as well business and personal performance conditions in order to balance retention and reward objectives. The total quantum of shares awarded for the year was set as 85% of the cash pay for the CEO and 80% of the cash pay for the COO and CFO based on the 30-day VWAP on the date of the award.

REMUNERATION REPORT (CONTINUED)

The company has made three tranches of awards to the executive directors for the years ending 2017, 2018 and 2019 respectively:

Tranche 1 (vesting date 31 May 2017)

Name	Grant date	Issue price	Number of shares
Andrea Taverna-Turisan	29 October 2014	R10.65	110 404
Gerhard Riaan Gous	29 October 2014	R10.65	66 911
Bram Goossens	29 October 2014	R10.65	51 756
Employees other than directors	29 October 2014	R10.65	6 103
Total conditional shares awarded and balance at year 28 February 2015			**235 174**
Tranche 2 (vesting date 31 May 2018)			
Andrea Taverna-Turisan	15 July 2015	R11.92	139 480
Gerhard Riaan Gous	15 July 2015	R11.92	104 027
Bram Goossens	15 July 2015	R11.92	104 027
Employees other than directors	15 July 2015	R11.92	18 585
Tranche 3 (vesting date 31 May 2019)			
Andrea Taverna-Turisan	29 February 2016	R12.38	144 580
Gerhard Riaan Gous	29 February 2016	R12.38	108 003
Bram Goossens	29 February 2016	R12.38	108 003
Employees other than directors	29 February 2016	R12.38	27 083
Total conditional shares awarded during the year ended 29 February 2016			**753 786**
Balance of conditional shares awarded as at 29 February 2016			**988 960**

LTI targets

60% of the CSP awards are subject to performance conditions. These performance conditions are weighted 60% for achieving the distribution per share budgets for each of the 3 financial years during the vesting period and 40% for the company's share performance relative to NAV and distribution growth in comparison to its peers.

During the current year the remuneration committee agreed to change the performance conditions going forward so that they are based on distribution per share and net asset value per share growth only – with no linkage to the company's share price. To improve the executives' alignment with long-term sustainable growth, it was agreed that a reference to the market price of the company's shares may lead to unwanted short-term fluctuations.

Share matching plan

Immediately prior to vesting, a participant may elect to defer the vesting of the applicable tranche of shares by a further 24 months. This election will result in the award being increased on a 3-for-1 basis (i.e. by 33.3%). The only further vesting condition will be for the participant to remain in the company's employment for these further 24 months.

Non-executive directors' emoluments

Non-executive directors do not have employment contracts and do not receive any benefits associated with permanent employment. Their fees as directors are determined as a base fee and attendance fee based on their board and committee obligations. The fees paid to the non-executive directors in the reporting period is detailed in note 20.3 to the annual financial statements (page 65 of the annual integrated report).

The proposed fees for the following financial year represent a 7% increase over the prior year:

Role	Base fee	Attendance fee
Chairperson of the board	R176 550	R21 400
Board member	R107 000	R10 700
Chairperson of sub-committee	—	R13 375
Member of sub-committee	—	R10 700

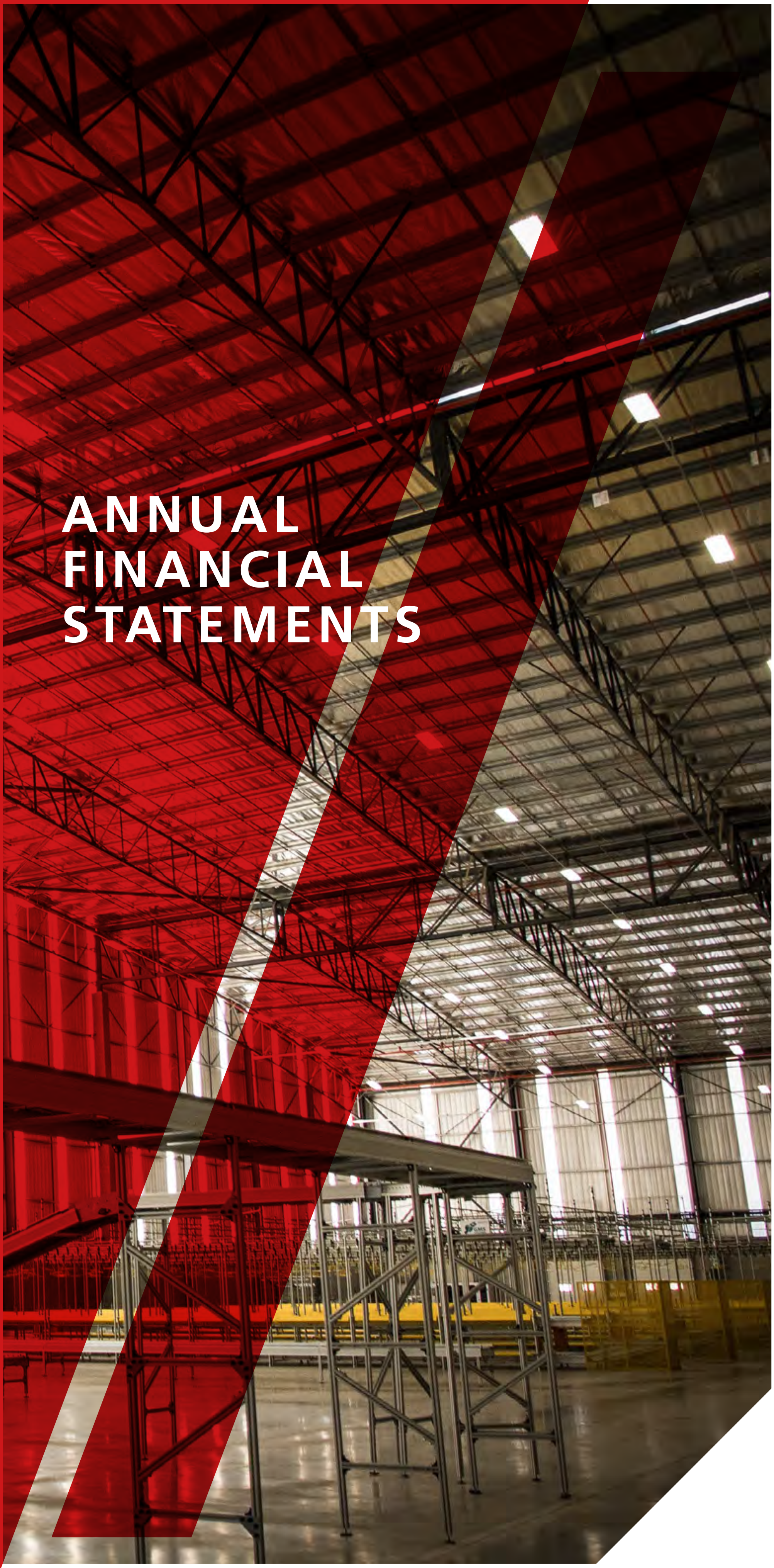
The fees for the financial year under review were approved at the previous AGM as follows:

Role	Base fee	Attendance fee
Chairperson of the board	R165 000	R20 000
Board member	R100 000	R10 000
Chairperson of sub-committee	—	R12 500
Member of sub-committee	—	R10 000

Based on the currently planned meeting schedule, the above fees total R1.338 million (2015: R1.432 million) for the following reporting period. Due to the number of material transactions, 7 board meetings were held during the financial year ended 29 February 2016, which resulted in the higher total fees paid. The proposed fees will be tabled for approval by shareholders as required by the Companies' Act (Act 71 of 2008 as amended) at the group's annual general meeting to be held on 20 July 2016.

Nazeem Khan
CHAIR: REMUNERATION COMMITTEE

Cape Town
5 May 2016



CONTENTS

The annual financial statements for the year ended February 2016 have been audited by Moore Stephens Cape Town Inc., in compliance with the applicable requirements of the Companies Act, 2008. The audited annual financial statements were prepared by Mr B Goossens, CA(SA).

DIRECTOR'S RESPONSIBILITY

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

The company's directors are responsible for the preparation and fair presentation of the consolidated annual financial statements and separate parent annual financial statements, comprising the statements of financial position at 29 February 2016, and the statement of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the South African Companies Act of 2008.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

The consolidated annual financial statements and separate parent annual financial statements of Equites Property Fund Limited were approved by the board of directors on 5 May 2016 and are signed on its behalf by:

Leon Campher
CHAIRMAN

Andrea Taverna-Turisan
CHIEF EXECUTIVE OFFICER

DECLARATION BY THE COMPANY SECRETARY

In terms of section 88(e) and in my capacity as company secretary, I hereby confirm, in terms of the Companies Act of South Africa that, for the year ended 29 February 2016, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Riaan Gous
COMPANY SECRETARY

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("audit committee") takes pleasure in presenting its report for the financial year ended 29 February 2016.

Terms of reference

The audit committee is a formal committee of the board and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act (Act 71 of 2008 as amended), the recommendations of the King Code on Governance ("King III") as well as certain responsibilities delegated by the board.

The main responsibilities of the audit committee include:

- Review the ongoing effectiveness of the internal financial controls
- Review the interim and preliminary results, the annual financial statements as well as other content in the integrated report and make a formal recommendation to the board to adopt the same
- Ensure compliance with International Financial Reporting Standards and the relevant requirements of the Companies' Act and the JSE with respect to financial reporting
- Oversee the appointment and independence of the external auditor and review their external audit reports
- Determine a policy for the provision of non-audit services by the external auditors
- Monitor the risk management framework adopted by the group and review any risk management reports in this regard
- Review management's assessment of the company and group to continue as a going concern

The audit committee confirms that it has fulfilled all its statutory obligations, as well as its terms of reference for the period under review.

Members of the audit committee, attendance of meetings and evaluation

The audit committee comprises the 3 independent non-executive directors as detailed in the corporate governance report and is chaired by Ruth Benjamin-Swales. Meetings and attendance is also detailed in the corporate governance report. The executive directors as well as the external auditors attended audit committee meetings by invitation.

The terms of reference require an annual evaluation of the performance of the audit committee and its members, as well confirmation of the members' independence in terms of King III and the Companies' Act. The outcome of this evaluation and confirmation was satisfactory.

External auditors

The audit committee nominated Moore Stephens Cape Town Inc. as the external auditors for the current year after having satisfied itself that they are independent of the company. The audit committee noted Adéle Smit as the designated auditor and confirmed that both she and Moore Stephens Cape Town Inc. are accredited with the JSE limited as required.

The audit committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the annual financial statements for the year ended 29 February 2016.

The audit committee adopted a formal framework for the pre-approval of allowable non-audit services above certain pre-determined thresholds.

Internal audit

The audit committee has satisfied itself that the size and complexity of the company does not warrant an internal audit function.

Financial director

In terms of JSE Listing Requirement 3.84 (h), the audit committee has considered the expertise and experience of the financial director, Bram Goossens, and are satisfied that these are appropriate for his role.

Internal financial controls

The audit committee oversaw the implementation of a combined assurance model and the external auditors and management reported to the audit committee as to the efficacy of the group's internal financial controls. The audit committee reviewed these and other available reports regarding the group's risk management framework and confirm that no material breakdown of internal financial controls were identified during the current financial year.

Approval of annual financial statements

The audit committee confirms that it formally recommended the adoption of the group and separate annual financial statements to the board of directors.

Ruth Benjamin-Swales
CHAIR: AUDIT AND RISK COMMITTEE

Cape Town
5 May 2016

DIRECTORS' REPORT

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

Nature of business

Equites Property Fund Limited listed as a Real Estate Investment Trust ("REIT") on the Johannesburg Stock Exchange ("JSE") on the 18th June 2014 and its main business is the investment in and development of commercial properties predominantly in the industrial sector.

The company carries on its business directly and through a number of subsidiaries, (collectively referred to as the "group"). All income producing properties are currently in the Western Cape and Gauteng.

Subsidiaries

The company has the following subsidiaries, all of which are property investment companies:

– Applemint Properties 93 (Pty) Ltd (100%)
– Dormell Properties 711 (Pty) Ltd (100%)
– Equites Lords View Development (Pty) Ltd (100%)
– Galt Property One (Pty) Ltd (100%)
– Galt Property Two (Pty) Ltd (100%)
– Kovacs Investments 715 (Pty) Ltd (100%)
– Nascispan (Pty) Ltd (100%)
– Prop for list (Pty) Ltd (100%)
– Swish Property Seven (Pty) Ltd (100%)
– Equites Investments 1 (Pty) Ltd (100%)
– Chamber Lane Properties 3 (Pty) Ltd (100% subsidiary of Equites Investments 1 (Pty) Ltd)
– Intaprop Hills (Pty) Ltd (100%)

Financial results

The detailed financial results are fully set out in the annual financial statements.

Borrowings

Equites Property Fund Limited has unlimited borrowing powers in terms of the Memorandum of Incorporation ("MOI"), but the group has maintained its debt levels below 60% of its gross asset value due to JSE requirements for REITs. The group is also currently subject to a 50% loan-to-value covenant on its bank borrowings. The group's overall debt was R526 million at the reporting date as detailed in note 15 to the annual financial statements.

Stated capital

The authorised shares of the company consist of 2 000 000 000 (two billion) shares of no par value.

The issued shares increased from 114 410 255 shares of no par value in the prior year to 279 862 466 shares of no par value at the end of the current year. All movements in issued shares are detailed in note 12 to the financial statements.

Distribution to shareholders

Pursuant to the acquisition of Intaprop (Pty) Ltd, the board of directors declared a special clean-out distribution of 29.03 cents per share on 10 September 2015 (dividend number 3). Together with the additional interim dividend of 16.39 cents per share declared on 15 October 2015 (dividend number 4) this brought the total distributions for the 6 months ended 31 August 2015 to 45.42 cents per share. A final dividend (dividend number 5) of 51.18 cents per share was declared on 5 May 2016, bringing the total dividend for the year ended 29 February 2016 to 96.60 cents per share.

The total distribution for the year ended 29 February 2016 of 96.60 cents per share is 57.7% higher than for the comparative period. As the comparative period only related to a 9 month period this growth is 18.3% on an adjusted full year basis.

Salient dates for the dividend number 5 are as follows:

	2016
Declaration date	5 May
Finalisation date	13 May
Last day to trade cum dividend	20 May
Shares trade ex dividend	23 May
Record date	27 May
Payment date	30 May

The board confirms the use of distribution per listed securities as the relevant measure of financial results for the purposes of trading statements.

Going concern

The annual financial statements of the group were prepared on a going concern basis. The board of directors is satisfied that the group has adequate resources to continue trading for the foreseeable future based on a formal review of the results, forecasts and assessing available resources.

Directors

The directors of the company are detailed on page 18 of the integrated annual report. The only change in the directorate since listing was the appointment of André Gouws as a non-executive director on 1 September 2015 and the resignation of Johnny Cullum on the same day.

In terms of the memorandum of incorporation the following directors retire at the forthcoming annual general meeting and are eligible for re-election: Kevin Dreyer and Ruth Benjamin-Swales.

Company secretary

Gerhard Riaan Gous was appointed as the company secretary on 1 December 2014.

Directors' interest in ordinary shares

Directors' interest as at 29 February 2016

Directors	Directly	Beneficially held Indirectly	Associates	Total	%
Leon Campher	—	—	—	—	—
Giancarlo Lanfranchi	—	**22 588 880**	—	**22 588 880**	**8.1%**
Andrea Taverna-Turisan	**200 000**	**14 600 000**	—	**14 800 000**	**5.3%**
Riaan Gous	**516 280**	**1 866 000**	—	**2 382 280**	**0.9%**
Bram Goossens	—	**1 504 000**	—	**1 504 000**	**0.5%**
Nazeem Khan	**100 000**	—	—	**100 000**	**0.0%**
Ruth Benjamin-Swales	**10 000**	—	**33 500**	**43 500**	**0.0%**
Kevin Dreyer	—	**5 532 496**	—	**5 532 496**	**2.0%**
André Gouws*	—	**6 778 067**	—	**6 778 067**	**2.4%**
Total	**826 280**	**52 869 444**	**33 500**	**53 729 224**	**19.2%**

Directors' interest as at 28 February 2015

Directors	**Directly**	**Beneficially held** **Indirectly**	**Associates**	**Total**	**%**
Leon Campher	—	—	—	—	—
Giancarlo Lanfranchi	—	21 053 467	—	21 053 467	18.4%
Andrea Taverna-Turisan	200 000	12 818 192	—	13 018 192	11.4%
Riaan Gous	878 280	—	—	878 280	0.8%
Bram Goossens	—	—	—	—	0.0%
Nazeem Khan	100 000	—	—	100 000	0.1%
Ruth Benjamin-Swales	4 800	—	4 000	8 800	0.0%
Kevin Dreyer	—	4 997 016	—	4 997 016	4.4%
Johnny Cullum**	—	5 616 370	—	5 616 370	4.9%
Total	1 183 080	44 485 045	4 000	45 672 125	40.0%

*Appointed 1 September 2015

**Resigned 21 July 2015

The conditional shares awarded to executive directors during the year, as set out in note 13 to the annual financial statements, have not been included in the table above.

There has been no change to the directors' interests between year end and the date of the release of the annual financial statements.

DIRECTORS' REPORT (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

Auditors

Moore Stephens Cape Town Inc. will continue in office in accordance with Section 90 (1) of the Companies Act.

Litigation

The directors are not aware of any legal or arbitration proceedings, that have commenced, are pending or have been threatened, that have or may have a material impact on the results of the group.

Holding company

Equites Property Fund Limited has no holding company and the main shareholders are detailed in note 30 to the annual financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EQUITES PROPERTY FUND LIMITED

Report on the annual financial statements

We have audited the Consolidated and Separate Annual Financial Statements of Equites Property Fund Limited, which comprise the statement of financial position as at 29 February 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 75.

Directors' responsibility for the financial statements

The Group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Equites Property Fund Limited as at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 29 February 2016, we have read the Directors' Report, the Audit and Risk Committee Report and the Declaration by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Moore Stephens Cape Town Inc. has been the auditor of Equites Property Fund Limited for 2 years.

Moore Stephens

Moore Stephens Cape Town Inc.
REGISTERED AUDITOR
Per: A Smit

Chartered Accountant (SA)
Registered Auditor
Director

5 May 2016

STATEMENT OF FINANCIAL POSITION

Equites Property Fund Limited and its subsidiaries at 29 February 2016

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		Notes	**29 February 2016 R'000**	28 February 2015 R'000
		ASSETS			
		Non-current assets			
499 009	**842 252**	Fair value of investment property (excluding straight-lining)	5	**4 017 578**	1 416 949
4 868	**13 063**	Straight-lining lease accrual	6	**93 581**	14 928
1 847	**1 786**	Property, plant and equipment	7	**1 786**	1 847
275 015	**791 892**	Investment in subsidiaries	8	**—**	—
780 739	**1 648 993**			**4 112 945**	1 433 724
		Current assets			
—	**—**	Current tax receivable		**—**	91
1 923	**35 591**	Trade and other receivables	9	**62 360**	4 479
4 489	**47 100**	Financial assets held at fair value	10	**47 100**	4 489
1 055	**1 230**	Cash and cash equivalents	11	**3 962**	3 582
515 115	**1 979 366**	Loans to subsidiaries	8	**—**	—
522 582	**2 063 287**			**113 422**	12 641
1 303 321	**3 712 280**	**TOTAL ASSETS**		**4 226 367**	1 446 365
		EQUITY AND LIABILITIES			
		Equity and reserves			
1 140 599	**3 180 784**	Stated capital	12	**3 180 784**	1 140 599
25 940	**20 876**	Accumulated profit		**438 689**	160 215
201	**1 366**	Share-based payment reserve	13	**1 366**	201
1 166 740	**3 203 026**			**3 620 839**	1 301 015
		Liabilities			
		Non-current liabilities			
—	**—**	Deferred tax liability	14	**1 424**	—
127 372	**396 303**	Financial liabilities	15	**432 221**	127 372
127 372	**396 303**			**433 645**	127 372
		Current liabilities			
—	**78 796**	Financial liabilities	15	**94 103**	—
512	**—**	Derivative financial liability	16	**—**	512
8 697	**34 155**	Trade and other payables	17	**77 780**	17 466
9 209	**112 951**			**171 883**	17 978
136 581	**509 254**	**TOTAL LIABILITIES**		**605 528**	145 350
1 303 321	**3 712 280**	**TOTAL EQUITY AND LIABILITIES**		**4 226 367**	1 446 365

STATEMENT OF COMPREHENSIVE INCOME

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		Notes	**29 February 2016 R'000**	28 February 2015 R'000
		Revenue			
38 806	**59 882**	Contractual revenue and tenant recoveries		**257 026**	115 664
4 868	**8 195**	Straight-lining of leases adjustment		**78 653**	14 928
9 099	**92 416**	Dividends received from subsidiaries		**—**	—
52 773	**160 493**		18	**335 679**	130 592
6	**758**	Other gains	19	**1 248**	158
(9 993)	**(15 889)**	Property operating and management expenses		**(42 454)**	(24 480)
42 786	**145 362**	**Net property income**		**294 473**	106 270
(7 450)	**(16 483)**	Administrative expenses		**(16 973)**	(7 742)
35 336	**128 879**	**Operating profit**	20	**277 500**	98 528
32 223	**8 662**	Fair value adjustments – investment property	21	**138 529**	115 609
(512)	**4 248**	Fair value adjustments – financial instruments	21	**4 248**	(512)
(3 946)	**(44 789)**	Finance costs	22	**(40 074)**	(15 628)
2 361	**3 332**	Finance income	23	**3 667**	2 425
(1 490)	**—**	Financial instrument capital loss	10	**—**	(1 490)
(14 901)	**—**	Formation and listing costs		**—**	(14 901)
49 071	**100 332**	Net profit before tax		**383 870**	184 031
—	**—**	Income tax expense	24	**—**	—
49 071	**100 332**	Profit for the period		**383 870**	184 031
—	**—**	**OTHER COMPREHENSIVE INCOME**		**—**	—
49 071	**100 332**	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD**		**383 870**	184 031
		PROFIT ATTRIBUTABLE TO:			
49 071	**100 332**	Owners of the parent		**383 870**	184 031
—	**—**	Non-controlling interest		**—**	—
49 071	**100 332**			**383 870**	184 031
		TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
49 071	**100 332**	Owners of the parent		**383 870**	184 031
—	**—**	Non-controlling interest		**—**	—
49 071	**100 332**			**383 870**	184 031
		Basic earnings per share (cents)	1	**230.6**	204.6
		Diluted earnings per share (cents)	1	**229.9**	204.4

STATEMENT OF CASH FLOWS

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		Notes	**29 February 2016 R'000**	28 February 2015 R'000
		Cash flows from operating activities			
49 071	**100 332**	Profit before tax		**383 870**	184 031
		Adjusted for:			
3 946	**44 789**	Finance costs		**40 074**	15 628
(2 361)	**(3 332)**	Finance income		**(3 667)**	(2 425)
(4 868)	**(8 195)**	Straight-lining of leases adjustment		**(78 653)**	(14 928)
(31 711)	**(8 662)**	Fair value adjustments – investment property		**(138 529)**	(115 097)
58	**346**	Amortisation		**346**	58
201	**1 165**	Share based payment charge		**1 165**	201
(1 923)	**(37 592)**	Increase in trade and other receivables		**(44 573)**	(4 479)
8 697	**(5 490)**	Decrease in trade and other payables		**16 566**	17 466
21 110	**83 361**	**Cash generated from operations**		**176 599**	80 455
(3 946)	**(44 963)**	Finance costs paid	25.1	**(65 484)**	(15 628)
2 174	**645**	Finance income received	25.2	**606**	2 238
—	**—**	Tax paid	25.3	**91**	(91)
(23 131)	**(105 396)**	Dividends paid	25.4	**(105 396)**	(23 816)
(3 793)	**(66 353)**	**Net cash flows from operating activities**		**6 417**	43 158
		Cash flows utilised by investing activities			
(466 786)	**(271 925)**	Acquisition of investment properties		**(398 246)**	(811 171)
(200 000)	**(180 000)**	Investment in financial instrument (note 10)		**(180 000)**	(200 000)
195 698	**144 000**	Amount received from sale of financial instrument (note 10)		**144 000**	195 698
(1 905)	**(285)**	Acquisition of property, plant and equipment		**(285)**	(1 905)
—	**—**	Cash acquired as part of acquisition		**20 807**	—
(472 993)	**(308 211)**	**Net cash flows utilised by investing activities**		**(413 725)**	(817 378)
		Cash flows from financing activities			
650 430	**1 491 268**	Proceeds from share issue (net of costs)		**1 491 268**	650 430
127 372	**1 431 307**	Proceeds from bank loans		**1 482 532**	127 372
—	**(1 083 580)**	Bank loans repaid		**(2 566 112)**	—
(299 961)	**(1 464 251)**	Increase in borrowings to subsidiaries		**—**	—
477 841	**374 744**	**Net cash flows from financing activities**		**407 688**	777 802
1 055	**181**	Net movement in cash and cash equivalents		**380**	3 582
—	**1 055**	Cash and cash equivalents at the beginning of the year		**3 582**	—
1 055	**1 230**	**Cash and cash equivalents at the end of the year**		**3 962**	3 582

STATEMENT OF CHANGES IN EQUITY

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

	Notes	Stated capital R'000	Retained earnings R'000	Equity reserve R'000	Total R'000
GROUP					
Balance at 1 March 2014		—	—	—	—
Total comprehensive income		—	184 031	—	184 031
Shares issued for cash		430	—	—	430
Shares issued for property and subsidiary acquisitions		490 169	—	—	490 169
Shares issued for cash on listing		650 000	—	—	650 000
Equity-settled share-based payment charge				201	201
Dividends distributed to shareholders		—	(23 816)	—	(23 816)
Balance at 28 February 2015		1 140 599	160 215	201	1 301 015
GROUP					
Balance at 1 March 2015		1 140 599	160 215	201	1 301 015
Total comprehensive income		—	383 870	—	383 870
Shares issued for cash		1 500 000	—	—	1 500 000
Shares issued for property and subsidiary acquisitions	8.1	548 917	—	—	548 917
Equity-settled share-based payment charge	13	—	—	1 165	1 165
Dividends distributed to shareholders	2.1	—	(105 396)	—	(105 396)
Share issue costs		(8 732)	—	—	(8 732)
Balance at 29 February 2016		**3 180 784**	**438 689**	**1 366**	**3 620 839**
COMPANY					
Balance at 1 March 2014		—	—	—	—
Total comprehensive income		—	49 071	—	49 071
Shares issued for cash		430	—	—	430
Shares issued for property and subsidiary acquisitions		490 169	—	—	490 169
Shares issued for cash on listing		650 000	—	—	650 000
Equity-settled share-based payment charge		—	—	201	201
Dividends distributed to shareholders		—	(23 131)	—	(23 131)
Balance at 28 February 2015		1 140 599	25 940	201	1 166 740
COMPANY					
Balance at 1 March 2015		1 140 599	25 940	201	1 166 740
Total comprehensive income		—	100 332	—	100 332
Shares issued for cash		1 500 000	—	—	1 500 000
Shares issued for property and subsidiary acquisitions	8.1	548 917	—	—	548 917
Equity-settled share-based payment charge	13	—	—	1 165	1 165
Dividends distributed to shareholders	2.1	—	(105 396)	—	(105 396)
Share issue costs		(8 732)	—	—	(8 732)
Balance at 29 February 2016		**3 180 784**	**20 876**	**1 366**	**3 203 026**

ACCOUNTING POLICIES

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below and are consistent with those applied in the previous year, unless otherwise stated. The group's consolidated and company's separate financial statements were authorised for issue by the board of Directors on the 5th May 2016.

1. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IFRIC Interpretations, the SAICA Financial Reporting Guidelines, the JSE Listing requirements and the requirements of the South African Companies' Act (Act 71 of 2008) as amended.

2. Use of judgements and estimates

The preparation of the financial statements in accordance with IFRS requires Management to exercise its judgment in the process of applying the group's accounting policies and make estimates and assumptions concerning the future. The most significant judgments, estimates and assumptions that may have a material impact on the financial statements are as follows:

a. Valuation of investment property

The board has used the best available evidence to determine the fair value of investment properties as set out in note 5 to the financial statements. This includes current market prices for properties with similar characteristics and leases and cash flow projections. As available information is not directly comparable, the amounts are determined within a reasonable range of fair value.

The principle assumptions underlying the board's estimation of fair value are the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and capitalisation rates.

b. Acquisition of property subsidiaries

Where the group obtains control of entities that own investment properties, or when the group acquires properties or a group of properties collectively, an evaluation is performed as to whether such acquisitions should be accounted for as business combinations or acquisitions in terms of IAS 40 Investment Properties. An acquisition is not considered to be a business combination if at the date of the acquisition of the entity the integrated activities deemed necessary to generate a business are not present. Management concluded that all acquisitions of properties in the current financial year were of this nature. Therefore these were accounted in terms of IAS 40 Investment Properties.

c. Other areas of significant judgement and estimation:

- Impairment of trade and other receivables (note 9)
- Fair value of financial asset held at fair value (note 10)
- Computation of Equity-settled share-based payment (note 13)

3. Changes in accounting policy and disclosures

a. Standards, amendments and interpretations effective for the first time at 28 February 2016

The standards, amendments and interpretations effective for the first time in the current financial year have been summarised below. None of these had a material impact on the results or disclosures in the annual financial statements.

Description	Effective date
Amendments to IAS19 – Employee Benefits	01 Jul 14
Annual Improvements 2010 – 12 cycle	01 Jul 14
Annual Improvements 2011 – 13 cycle	01 Jul 14

b. Standards, amendments and interpretations issued but not yet effective at 28 February 2016

The table below summarise the standards, amendments and interpretations that have been published, but that are not yet effective in the current financial year and have not been early adopted. None of these standards, amendments and interpretations are expected to have a material impact on the results of the group, the Directors are currently in the process of determining the impact of the new standards on the entity.

Description	**Effective date**
IFRS 9 Financial Instruments	01 Jan 18
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	01 Jan 16
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities – Applying the consolidation exception	Postponed
Amendments to IFRS 11 – Joint arrangements	01 Jan 16
IFRS 14 Regulatory deferral accounts	01 Jan 16
IFRS 15 Revenue from contracts with customers	01 Jan 18
IFRS16 Leases	01 Jan 19
Amendments to IAS 1 – Disclosure initiative	01 Jan 16
Amendments to IAS 7 – Disclosure initiative	01 Jan 17
Amendment to IAS12 – Recognition of deferred tax assets for unrealised losses	01 Jan 17
Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation	01 Jan 16
Amendment to IAS 27 – Equity method in separate financial statements	01 Jan 16
Annual Improvements 2012-14 cycle	01 Jan 16

4. Consolidation

a. Subsidiaries

Subsidiaries are entities (including structured entities) over which the group has control. Control exists when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies thereof. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations. The consideration transferred is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred. The excess of the consideration transferred over the fair value of the group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill.

If the consideration transferred is less than the group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

b. Treatment of intra-group transactions

All intra-group transactions, balances and unrealised gains and losses on transactions between entities of the group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

5. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"), which comprises the three executive directors. The CODM allocates resources and assesses the performance of the operating segments of the group.

ACCOUNTING POLICIES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

6. Financial instruments

The group classifies its financial instruments in the following categories: loans and receivables, financial assets at fair value through profit and loss, financial liabilities and derivatives at fair value through profit or loss. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluates such designations when circumstances indicate that reclassification is permitted.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occur.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

a. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included within current assets unless the expected recovery is more than 12 months from the end of the financial year. The group loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position. They are initially recognised at fair value (including transaction costs) and subsequently at amortised costs using the effective interest rate method.

b. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are investments which were acquired principally for the purpose of selling in the short-term. These assets are described as financial assets at fair value in statement of financial position. Such assets are classified as current or non-current based on their expected maturity.

c. Financial liabilities

Loans, borrowings and trade and other payables are classified as financial liabilities and are measured at amortised cost using the effective interest rate method.

d. Derivative financial instruments

The group's derivatives at fair value through profit or loss comprise interest rate swaps and are either assets or liabilities and are classified as current due to the potential short-term maturity of the carrying amount. Purchases and settlements of derivative financial instruments are initially recognised on the trade date at fair value and are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in fair value adjustments in profit and loss.

The group does not apply hedge accounting and does not enter into derivative contracts for trading or speculative purposes.

e. Impairment of financial assets

The group assesses each financial asset for objective evidence of impairment at the end of each reporting period. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more events that have occurred since initial recognition of the asset, which has a negative impact on the future cash flows thereof which can be reliably measured.

Where objective evidence of impairment exists, the impairment loss is calculated as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment losses are reversed where these objectively relate to an event occurring after the original impairment was recognised.

Impairment losses and reversals are recognised in profit or loss.

7. Impairment of non-financial assets

The carrying amounts of the group's non-financial assets are reviewed for indicators of impairment at each reporting date. Where such indicators exist, the asset recoverable amount is estimated.

Where the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is impaired and the asset is written down to its recoverable amount. The recoverable amount is calculated as the higher of the asset's fair value less cost to sell and the value in use. These calculations are prepared based on management's assumptions and estimates such as forecasted cash flows, management budgets and financial outlook. For the purpose of impairment testing the assets are allocated to cash-generating units. Cash-generating units are the lowest levels for which separately identifiable cash flows can be determined.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset has decreased or no longer exists and recognises a reversal of an impairment loss. Impairment losses are only reversed to the extent that they do not increase an asset's carrying value above the carrying value it would have been if no impairment loss had been recognised.

Impairment losses and reversal are recognised in profit or loss.

8. Investment property

Property held for rental income and capital appreciation (and not occupied by the group) is classified as investment property. Investment property includes properties under development.

Investment property is initially measured at cost, including all related transactions and borrowing costs. Subsequently, investment property is carried at fair value and all movements in fair value are recognised in profit or loss. The directors determine fair value of investment property at each reporting period. External valuations are obtained as deemed appropriate and each property is externally valued at least once every three years. Adjustments to the fair value of investment properties are computed net of the impact of accounting for lease income on straight-line basis over the term of lease.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

Future costs or capital commitments are not included in the fair value of investment property.

Investment properties are derecognised either when they have been disposed of or where an individual property is permanent destroyed or its value permanently reduced as not future economic benefit is expected from it.

9. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. None of the companies within the group are party to finance leases.

a. **Where a company in the group is the lessor**
Rental income is the group's primary source of revenue as detailed in accounting policy 17.

b. **Where a company in the group is the lessee**
Lease payments, including prepayments are charged to profit or loss on a straight-line basis over the period of the lease.

10. Property, plant and equipment

Property, plant and equipment are tangible assets held by the group for administrative and operational purposes and are expected to be used during more than one period. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the buildings, machinery, equipment and vehicles and is depreciated on a straight-line basis, from the date it is available for use, at rates appropriate to the various classes of assets involved, taking into account the estimated useful life and residual values of the individual items, as follows:

– Computer equipment: . . . . 3 years
– Furniture and fittings . . . . 6 years

Management determines the estimated useful lives, residual values and the related depreciation charges at acquisition and these are reviewed at each statement of financial position date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are expensed as incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal or scrapping of property, plant and equipment, being the difference between the net proceeds on disposal or scrapping and the carrying amount, are recognised in profit or loss.

ACCOUNTING POLICIES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

11. Investment in subsidiaries

The company's investments in subsidiary companies are carried at cost (including transaction costs) less impairment losses. Acquisitions and disposals are recognised on the trade date.

12. Trade and other receivables

Trade and other receivables are recognised at trade date at fair value and subsequently at amortised cost using the effective interest rate method, less impairment. Trade receivables are amounts due from tenants for contractual lease charges and recoveries and are classified as current assets unless recovery is expected more than 12 months from the reporting date.

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when the collectability is considered to be doubtful. Management believes that the impairment write-off is conservative and there are no significant trade receivables that are doubtful and have not been written off.

13. Cash and cash equivalents

Cash comprises cash on hand and positive bank balances. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and not subject to a significant risk of a change in value.

14. Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

15. Borrowings

Borrowings are initially recognised at fair value (net of any transaction costs) and subsequently at amortised cost. Borrowings are generally long-term in nature and are classified as non-current liabilities, except to the extent that amounts are contractually unavoidable in the 12 months from the reporting date.

16. Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are discounted to their present value where the effect of the time value of money is material and the notional interest of unwinding this discount is included within finance costs if applicable.

17. Revenue

Revenue comprises contractual rental income and tenant recoveries exclusive of Value Added Tax. Contractual rental income is recognised on straight-line basis over the term of the lease taking into account fixed escalation clauses. This does not affect distributable earnings. Tenant recoveries are recognised as they are earned in line with the contractual rights in the leases. Lease incentives, such as tenant installation allowances, are recognised together with rental income over the lease period.

Rental income received in advance is recognised as a current liability as part of trade and other payables in statement of financial position.

Revenue for the company also includes dividends received from subsidiary companies, which is recognised in the period in which they are declared.

18. Employee benefits

a. Short-term employee benefits

Wages, salaries, paid annual leave and other costs of short-term employee benefits are recognised as employee benefit expense in profit or loss in the period in which the services are rendered.

b. Short-term bonuses

The group recognises an expense in profit or loss and accrues for short-term bonuses in the statement of financial position where such payments can be contractually determined or where past practice has created a constructive obligation.

c. Employee share scheme

The group operates a conditional share plan, which is classified as an equity-settled share-based payment plan, under which is receives services from employees as consideration for equity instruments of the company. The beneficiaries under the scheme are executive directors and Management. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense on a straight-line basis over the vesting period, with a corresponding adjustment to the share-based payment reserve.

The total amount expensed to profit or loss is determined by reference to the fair value rights to equity instruments granted, including any market performance conditions and excluding the impact of any non-market performance vesting conditions. Non-market performance vesting conditions are included in assumptions regarding the number of shares granted that are expected to vest. At the end of each reporting period, the group revises its estimates of the number of shares granted that are expected to vest and recognises the impact of any changes in profit or loss with a corresponding adjustment to equity

The effect of all conditional shares granted is taken into account when calculating diluted earnings and diluted headline earnings per share.

19. Income tax

The income tax expense for the period comprises current and deferred income tax and is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it will also be recognised in other comprehensive income or directly in equity as applicable. The company is a Real Estate Investment Trust ("REIT") and all subsidiaries in the group are "controlled companies" (as defined in the Income Tax Act). After deducting "qualifying distributions" from taxable income, no income tax is payable in the current year.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position. Deferred income tax is recognised, using the liability method, for calculated income tax losses and temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

20. Finance income and costs

a. **Finance income**
Finance income comprises interest earned on positive bank balances and short-term investments. Interest is recognised in profit or loss using the effective interest rate method.

b. **Finance costs**
Finance costs comprise interest accrued on borrowings, related capitalised fees and fair value movements on interest rate derivative instruments.

General and specific borrowing costs directly attributable to the acquisition, construction or development of qualifying assets, are capitalised as part of the cost of these assets, until they are substantially ready for their intended use. Qualifying assets necessarily take a substantial period of time to get ready for their intended use.

Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalisation rate is arrived at with reference to the actual rate for borrowings incurred for the specific asset or the weighted average cost of borrowings where the development is financed out of general funds.

All finance costs which are not capitalised are recognised in profit or loss.

21. Earnings and Headline earnings per share

Earnings and headline earnings per share are calculated by dividing the net profit attributable to owners of the parent and headline earnings, respectively, by the weighted average number of ordinary shares in issue during the year.

Diluted earnings and diluted headline earnings per share is determined by adjusting for the impact on earnings and the weighted average number ordinary shares of all known dilutive potential ordinary shares.

Headline earnings per share are calculated in terms of the requirements set out in Circular 2/2015 issued by SAICA.

22. Dividend distribution

Distributable earnings is a measure of sustainable income and is determined in line with best practices as issued by the SA REIT Association guidelines. Dividend distributions are recognised as a liability in the statement of financial position in the period in which the dividends are declared.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

1. Earnings per share – group

This note provides the obligatory information in terms of IAS 33 Earnings per share and SAICA Circular 2/2015 for the group and should be read in conjunction with note 2, where earnings are reconciled to distributable earnings. Distributable earnings determine the dividend declared to shareholders, which is a meaningful metric for a stakeholder in a REIT.

1.1 Basic earnings per share

Shares in issue	**2016 Number of shares**	2015 Number of shares
Number of shares in issue at end of year	**279 862 466**	114 410 255
Weighted average number of shares in issue	**166 498 769**	89 935 947
Add: weighted potential dilutory impact of condition shares (note 13)	**466 308**	79 250
Diluted weighted average number of shares in issues	**166 965 077**	90 015 198

Basic earnings per share	**cents**	cents
Basic earnings per share	**230.6**	204.6
Diluted earnings per share	**229.9**	204.4

1.2 Headline earnings per share

Reconciliation between basic earnings and headline earnings:	**R'000**	R'000
Earnings (profit attributable to owners of the parent)	**383 870**	184 031
Adjusted for:		
Fair value adjustments to investment properties	**(138 529)**	(115 609)
Headline earnings	**245 341**	68 422

Headline earnings per share:	**cents**	cents
Headline earnings per share	**147.4**	76.1
Diluted headline earnings per share	**146.9**	76.0

2. Reconciliation between earnings and distributable earnings – group

2.1 Distributable earnings

	12 months 29 February 2016 R'000	12 months 28 February 2015 R'000
Earnings (profit attributable to owners of the parent)	**383 870**	184 031
Adjusted for:		
Fair value adjustments to investment properties	**(138 529)**	(115 609)
Headline earnings	**245 341**	68 422
Adjusted for:		
Straight-lining of leases adjustment	**(78 653)**	(14 928)
Fair value adjustments to financial instruments	**(4 248)**	512
Formation and listing costs	**—**	14 901
Equity-settled share-based payment reserve	**1 165**	201
Financial instrument capital loss	**—**	1 490
Antecedent dividend*	**37 759**	—
Distributable earnings	**201 364**	70 598

*In the determination of distributable earnings, the group elects to make an adjustment for the antecedent dividend arising as result of the issue of shares during the period for which the Company did not have full access to the cash flow from such issue. The acquisition of Intaprop Hills (Pty) Ltd on 1 October 2015 (2 880 313 shares), accelerated bookbuild on 19 November 2015 (120 000 000 shares) and the acquisition of Lord's View on 24 November 2015 (4 915 968 shares) all gave rise to antecedent dividends.

Number of shares in issue at period-end	**279 862 466**	114 410 255

2.2 Dividends declared and distribution per share

Total distributions for the year – 2016	**Cents per share**	R'000
Special clean-out distribution declared on 10 September 2015 (Dividend number 3)	**29.03**	33 218
Interim dividend declared on 15 October 2016 (Dividend number 4)	**16.39**	24 924
Final dividend declared on 5 May 2016 (Dividend number 5)	**51.18**	143 222
Total distributions for the year ended 29 February 2016	**96.60**	201 364

Total distributions for the year – 2015	**Cents per share**	R'000
Interim dividend declared 10 October 2014 (Dividend number 1)	**20.37**	23 131
Final dividend declared on 12 May 2015 (Dividend number 2)	**40.89**	46 782
Total distributions for the year ended 28 February 2015	**61.26**	69 913

Total distributable earnings for the year ended 28 February 2015 was R70 598 000. R685 000, however, related to the distributable earnings for the first three months of the reporting period and was declared as a pre-listing clean-out distribution to the vendor shareholders.

3. Segment information

Segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker ("CODM"), which comprises the three executive directors. The CODM regularly reviews the operating results of the group's 3 operating segments:

- Industrial
- Office
- Non-property (corporate)

The Industrial and Office segments derive their revenue primarily from rental income from leases.

All treasury functions, corporate costs and other expenses that are not specifically attributable to individual properties, are included in the "Non-property" segment.

The measurement of results reviewed by the CODM is consistent with those presented in the annual financial statements ("AFS") and the only reconciling item with the results, and total assets and liabilities of the group is the effect of the straight-lining of leases.

The segment information for the group for the year ended 29 February 2016 is set out below:

	Operating segments			Straight-lining	
R'000	**Industrial**	**Office**	**Non-property**	**of leases**	**Total**
Segment revenue	**214 777**	**42 249**		**78 653**	**335 679**
Operating profit	**189 305**	**26 515**	**(16 973)**	**78 653**	**277 500**
Fair value adjustments	**145 818**	**(8 244)**	**4 248**	**—**	**141 822**
Finance income	**—**	**—**	**3 667**	**—**	**3 667**
Finance costs	**—**	**—**	**40 074**	**—**	**40 074**
Amoritsation	**—**	**—**	**346**	**—**	**346**
Investment property	**3 657 014**	**360 564**	**—**	**93 581**	**4 111 159**
Acquisition of investment property	**1 729 996**	**107 491**	**—**	**—**	**1 837 488**
Total assets	**3 929 195**	**152 529**	**51 062**	**93 581**	**4 226 367**
Total liabilities	**566 412**	**6 896**	**32 220**	**—**	**605 528**

The segment information for the group for the year ended 28 February 2015 is set out below:

	Operating segments			Straight-lining	
R'000	**Industrial**	**Office**	**Non-property**	**of leases**	**Total**
Segment revenue	93 851	21 813	—	14 928	130 592
Operating profit	75 393	15 949	(7 742)	14 928	98 528
Fair value adjustments	—	—	115 097	—	115 097
Finance income	—	—	2 425	—	2 425
Finance costs	—	—	15 628	—	15 628
Amoritsation	—	—	58	—	58
Investment property	1 033 691	383 258	—	14 928	1 431 877
Acquisition of investment property	1 055 582	245 758	—	—	1 301 340
Total assets	1 041 017	383 327	7 093	14 928	1 446 365
Total liabilities	6 578	2 567	136 205	—	145 350

The property analysis in note 29 also includes detailed information of the industry and geographic dispersion of the group's properties.

4. Financial risk management and fair value measurement

Financial risk arises from the group's exposure to financial instruments and comprises market risk (interest rate risk, currency risk and price risk), credit risk and liquidity risk. The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated this responsibility to the audit and risk committee, which considers the adequacy of the group's risk management framework and monitors management's implemention of risk management policies and procedures.

The group's policies are designed to ensure that appropriate risk limits have been set for financial risks and that adeherence to these limits is monitored continuously.

4.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.1.1 Interest rate risk

The group is exposed to interest rate risk on interest-bearing borrowings, cash and cash equivalents and other short-term interest-bearing investments.

During the year under review, the group maintained its 5 year term secured loan facility with Nedbank Limited, which currently accrues interest at a floating rate of Prime less 1.6%.

Equites raised three further term loans with Nedbank during the year, in part to settle the liabilities assumed as part of the acquisition of Intaprop (Pty) Ltd.

At year end, the company had the following facilities with Nedbank:

R202 million facility repayable one year after inception, in September 2016, which bears interest at prime less 1.6%
R548 million facility repayable two years after inception, in September 2017, which bears interest at prime less 1.5%
R600 million facility repayable five years after inception, in September 2019, which bears interest at prime less 1.5%
R450 million facility repayable five years after inception, in September 2020, which bears interest at prime less 1.4%

At year end, the company had the following facilities with Standard Bank:

R29.3 million facility repayable in August 2016 which bears interest at JIBAR plus 2.5%
R25 million facility repayable in August 2019 which bears interest at JIBAR plus 2.7%

The group has adopted a policy of fixing 80% of its permanent floating-rate borrowings by entering into interest rate swaps and other derivative instruments (refer note 15).

At the end of the current year, the company had one open interest rate swap as set out in note 16. This swap fixes the interest rate on R100 million of debt to 8.85% for the period 1 March 2015 to 31 August 2019.

The group currently receives Prime less 4.4% (2015: Prime less 4.75%) on short-term cash balances. Immediately subsequent to the accelerated book build in November 2015, the company invested surplus cash in a low risk money market fund with Nedbank. Most of these funds had been applied by year end.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

4. Financial risk management and fair value measurement (continued)

4.1 Market risk (continued)

4.1.1 Interest rate risk (continued)

The group's sensitivity to interest rate fluctuations as at 28 February 2015 is illustrated below:

Sensitivity analysis to interest rates – 2015	COMPANY R'000	GROUP R'000
Increase in earnings if interest rates had been 1% lower during the year	1 263	1 238
Decrease in earnings if interest rates had been 1% higher during the year	(1 263)	(1 238)

Sensitivity analysis to interest rates – 2016	COMPANY R'000	GROUP R'000
Increase in earnings if interest rates had been 1% lower during the year	**805**	**873**
Decrease in earnings if interest rates had been 1% higher during the year	**(805)**	**(873)**

The sensitivity analysis assumes all other items remain unchanged and is based on the borrowings and cash balances at the end of the reporting period. The sensitivity analysis includes the impact of the interest rate hedge.

4.1.2 Currency risk

The group is not currently exposed to currency risk, as all its operations are denominated in South African rand.

4.2 Credit risk

The group is principally exposed to credit risks as a result of its receivables balances from tenants and short-term investments and cash balances with financial institutions. The carrying values as at 28 February 2016 in statement of financial position represent the maximum exposure to credit risk.

4.2.1 Trade and other receivables

The group has credit vetting procedures in place before entering into leases with new tenants. The group's tenants are predominantly blue-chip companies and there were no significant concentrations of credit risk at year end.

The group's exposure to credit risk arising from trade and other receivables is set out in note 9.

4.2.2 Cash and cash equivalents and short term-investments

All short-term funds are invested with reputable financial institutions. Cash balance are only retained for working capital requirements. Refer note 11 for detail of cash balances at year end.

Credit ratings of counter parties:	Fitch short-term	Fitch long-term
Nedbank Limited	F3 (zaf)	BBB- (zaf)
ABSA Bank Limited	F3 (zaf)	BBB- (zaf)

4.2.3 **Financial asset held at fair value**

At the end of the current and comparative year, the group is exposed to credit risk of R4.9 million relating to its investment in a Nedbank Limited unit trust as detailed in note 10. The investment is reflected at its estimated recoverable value, which is the current amount realisable, dependent on African Bank Investments Limited's resuming senior debt repayments.

As at 28 February 2016, the group has a further R38.5 million in a Corporate Money Market Fund with Nedbank as detailed in note 10. This amount is reflected at fair value and is immediately realisable.

4.3 Liquidity risk

Liquidity risk is defined as the risk that the group would not be able to settle or meet its obligations on time or at a reasonable price. Management monitors the group's net liquidity position on a continuous basis on the basis of expected cash flows. Management seek to minimise its exposure to liquidity risk by reducing its exposure to interest rate risk through its hedging strategy. Management also reduce refinancing risk through regularly reviewing the maturity profile of its financial liabilities and utilising facilities with differing maturities to reduce maturity concentration.

The table below analyses the group's non-derivative financial liabilities based on their contractual maturities. The amounts shown represent the contractual undiscounted amounts.

As at 28 February 2016	**COMPANY**		**GROUP**	
R'000	**Less than 1 year**	**Between 2 and 5 years**	**Less than 1 year**	**Between 2 and 5 years**
Financial liabilities (Borrowings)	**78 796**	**396 303**	**94 103**	**432 221**
Trade and other payables	**34 155**	**—**	**77 780**	**—**
	112 951	**396 303**	**171 883**	**432 221**

As at 28 February 2015	**COMPANY**		**GROUP**	
R'000	**Less than 1 year**	**Between 2 and 5 years**	**Less than 1 year**	**Between 2 and 5 years**
Financial liabilities (Borrowings)	9 744	161 476	9 744	161 476
Trade and other payables	8 697	—	17 466	—
	18 441	161 476	27 210	161 476

4. Financial risk management and fair value measurement (continued)

4.4 Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and reducing the cost of capital.

As a Real Estate Investment Trust ("REIT"), the company is required to declare 75% of its distributable profit as a dividend. The board has decided (subject to the availability of cash resourse and legislative requirements) to declare 100% of the distributable profit of the group as a dividend on a bi-annual basis for the foreseeable future.

As a result of the group's dividend policy, capital expansion is funded through a combination of bank debt and equity funding. The group is subject to a loan convenant which limits the loan to value ("LTV") to 50% and targets a LTV of not more than 40% over time.

	COMPANY	GROUP
LTV ratio at 28 February 2016	**R'000**	**R'000**
Total net borrowings	**435 374**	**483 867**
Fair value of investment properties	**855 315**	**4 111 159**
LTV ratio	**50.9%**	**11.8%**

	COMPANY	GROUP
LTV ratio at 28 February 2015	**R'000**	**R'000**
Total borrowings	127 372	127 372
Fair value of investment properties	503 877	1 431 877
LTV ratio	25.3%	8.9%

4.5 Fair value measurement

All assets and liabilities measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement as follows:

Level 1 – measurements in whole or in part are done by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – measurements are done by reference to inputs other than quoted prices that are included in level 1. These inputs are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. from derived prices).

Level 3 – measurements are done by reference to inputs that are not based on observable market data.

Assets at fair value at 29 February 2016	COMPANY R'000	GROUP R'000
Level 1		
None		
Level 2		
Financial assets at fair value (note 10)	**47 100**	**47 100**
Derivative financial asset (note 16)	**3 737**	**3 737**
Level 3		
Non-financial assets at fair value – investment properties (note 5)	**855 315**	**4 111 159**

The key input to the valuation of investment property is the capitalisation rate. The table below illustrates the sensitivity of the fair value to changes in the capitalisation rate:

Sensitivity analysis to capitalisation rates	COMPANY R'000	GROUP R'000
Increase in fair value if capitalisation rates are decrease by 0.5%	**39 197**	**317 098**
Decrease in fair value if capitalisation rates are increased by 0.5%	**(34 869)**	**(274 546)**

There were no transfers between Level 1, 2 or 3 during the year.

Assets at fair value at 28 February 2015	COMPANY R'000	GROUP R'000
Level 1		
None		
Level 2		
Financial assets at fair value (note 10)	4 489	4 489
Derivative financial liabilities (note 16)	(512)	(512)
Level 3		
Non-financial assets at fair value – investment properties (note 5)	503 877	1 431 877

The key input to the valuation of investment property is the capitalisation rate. The table below illustrates the sensitivity of the fair value to changes in the capitalisation rate:

Sensitivity analysis to capitalisation rates	COMPANY R'000	GROUP R'000
Increase in fair value if capitalisation rates are decrease by 0.5%	30 811	106 312
Decrease in fair value if capitalisation rates are increased by 0.5%	(27 454)	(61 600)

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**			**29 February 2016 R'000**	28 February 2015 R'000
		5	**Investment property (excluding straight-lining)**		
503 877	**821 769**		Investment property (note 5.1)	**3 524 981**	1 402 549
—	**20 483**		Investment property under development (note 5.2)	**126 296**	—
—	**—**		Freehold land available for development (note 29.1)	**366 301**	14 400
503 877	**842 252**			**4 017 578**	1 416 949
		5.1	**Reconciliation of investment property**		
—	**503 877**		**Opening balance**	**1 402 549**	—
466 786	**309 230**		Additions arising from acquisitions	**1 837 488**	1 286 940
—	**—**		Completed projects transferred from investment properties development	**146 415**	—
—	**(18 100)**		Redevelopment site transfered to investment properties under development	**(18 100)**	—
32 223	**8 662**		Fair value adjustment	**138 529**	115 609
499 009	**821 769**		Fair value of investment properties (excluding straight-lining)	**3 524 981**	1 402 549
		5.2	**Investment properties under development**		
—	**—**		Opening balance	**—**	—
—	**18 100**		Land cost and transfer of redevelopment site	**159 677**	—
—	**2 383**		Construction and development costs	**113 034**	—
—	**20 483**			**272 711**	—
—	**—**		Completed projects transferred to investment property	**(146 415)**	—
—	**20 483**		Fair value of investment properties under development	**126 296**	—

Investment properties are encumbered as security against the group's loan facilities (note 15).

Investment properties with a fair value of R1,884 million were acquired as part of the acquisition of Intaprop which was effective 1 July 2015. All these properties were independently valued by MRB Gibbons of Mills Fitchet Magnus Penny Proprietary Limited to verify the acquisition date fair values.

The fair value of investment properties is updated at each reporting period either by way of external valuations or directors' valuations. External valuations are obtained as required, but at least once every three years for each property. The majority of investment properties were independently reviewed either during or at the end of the year.

Capitalisation rates used to determine the fair value of investment properties were risk adjusted for all factors that influence the sustainability of cash flows from each property. Capitalisation rates varied between 8% and 12%. The sensitivity of the fair values to changes in the capitalisation rate is illustrated in note 4.5.

All investment properties, excluding land and properties under development generated rental income during the reporting period and all property operating and management expenses in the statement of comprehensive income relate to properties that generate rental income.

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		6 Straight-lining lease accrual		
		Contractual lease receivables are as follows:		
39 947	—	Within one year	**5 664**	119 777
111 119	—	Between one and five years	**361 008**	389 364
39 577	—	Beyond 5 years	**1 450 301**	54 259
190 643	—		**1 816 974**	563 400
(185 775)	**13 063**	Less: lease revenue on straight-line basis	**(1 723 393)**	(548 472)
4 868	**13 063**	Straight-lining lease accrual	**93 581**	14 928

7. Property, plant and equipment

Company and group for the year ended 29 February 2016

R'000	**Furniture and fittings**	**Computer equipment**	**Total**
Cost			
Opening balance	**1 795**	**110**	**1 905**
Additions	**213**	**73**	**286**
Closing balance	**2 008**	**183**	**2 191**
Accumulated amortisation			
Opening balance	**(42)**	**(16)**	**(58)**
Charge for the year	**(300)**	**(47)**	**(347)**
Closing balance	**(342)**	**(63)**	**(405)**
Book value			
Opening balance	**1 753**	**94**	**1 847**
Additions	**213**	**73**	**286**
Amortisation charge for the year	**(300)**	**(47)**	**(347)**
Closing balance	**1 666**	**120**	**1 786**

7. Property, plant and equipment (continued)

Company and group for the year ended 28 February 2015

R'000	Furniture and fittings	Computer equipment	Total
Cost			
Opening balance	—	—	—
Additions	1 795	110	1 905
Closing balance	1 795	110	1 905
Accumulated amortisation			
Opening balance	—	—	—
Charge for the year	(42)	(16)	(58)
Closing balance	(42)	(16)	(58)
Book value			
Opening balance	—	—	—
Additions	1 795	110	1 905
Amortisation charge for the year	(42)	(16)	(58)
Closing balance	1 753	94	1 847

8. Interest in subsidiaries

COMPANY	Acquisition date	Effective interest	Investment R'000	Amount owing by R'000
Applemint Properties 93 (Pty) Ltd	1 March 2014	100%	4 271	14 105
Dormell Properties 711 (Pty) Ltd	1 June 2014	100%	40 802	50 637
Equites Lords View Development (Pty) Ltd	1 March 2014	100%	—	108 025
Galt Property One (Pty) Ltd	1 March 2014	100%	50 500	83 708
Galt Property Two (Pty) Ltd	1 March 2014	100%	64 445	124 576
Kovacs Investments 715 (Pty) Ltd	1 March 2014	100%	60 610	52 381
Nascispan (Pty) Ltd	1 September 2014	100%	8 737	30 824
Prop for list (Pty) Ltd	1 June 2014	100%	—	90 814
Swish Property Seven (Pty) Ltd	1 March 2014	100%	45 656	83 551
Equites Investments 1 (Pty) Ltd	1 July 2015	100%	316 209	251 234
Chamber Lane Properties 3 (Pty) Ltd	1 July 2015	100%	162 652	1 082 310
Intaprop Hills (Pty) Ltd	1 October 2015	100%	38 010	7 202
			791 892	1 979 366

All subsidiaries are incorporated in South Africa and are held directly by the company through ordinary shares, except Chamber Lane Properties 3 (Pty) Ltd which is held through Equites Investments 1 (Pty) Ltd. There are no unconsolidated subsidiaries or share investments.

All amounts owing by subsidiaries are unsecured, interest free and payable on demand.

Equites Investments 1 (Pty) Ltd (previously Intaprop (Pty) Ltd) and Chamber Lane Properties 3 (Pty) Ltd were acquired on 1 July 2015 through the issues of shares. Intaprop Hills (Pty) Ltd was acquired on 1 October 2015 through the issues of shares.

Acquisitions of underlying investment properties were accounted for in terms of IAS 40 Investment Properties in the statement of financial position of the group.

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**			**29 February 2016 R'000**	28 February 2015 R'000
		9	**Trade and other receivables**		
935	**1 266**		Trade receivables (tenants)	**7 618**	2 475
—	**4 463**		Rental guarantees receivable	**14 214**	—
872	**519**		Property utility receivables	**2 953**	1 791
39	**37**		Municipal deposits	**3 979**	117
24	**5 341**		Supplier development loan (note 9.4)	**5 341**	24
—	**23 759**		VAT receivable	**27 995**	—
53	**206**		Other receivables	**260**	72
1 923	**35 591**			**62 360**	4 479

All trade and other receivables are denominated in South African rand and the carrying amounts approximate the fair values.

9.1 Credit quality of trade receivables

The credit quality of trade receivables is evaluated with reference to available financial information and history with the company and can be categorised into the following groups:

COMPANY 2015	COMPANY 2016		GROUP 2016	GROUP 2015
521	**501**	A – Large nationals, large listeds and government	**4 133**	1 882
360	**197**	B – Smaller international and national tenants	**2 165**	539
54	**567**	C – Other local tenants and sole proprietors	**1 071**	54
935	**1 266**		**7 618**	2 475

The maximum exposure to credit risk for trade and other receivables are the carrying values.

9.2 Ageing of trade receivables

The ageing of trade receivables as at year end was follows

COMPANY 2015	COMPANY 2016		GROUP 2016	GROUP 2015
521	**909**	Current – up to 30 days	**6 961**	1 882
360	**240**	Past due – between 31 and 90 days	**379**	539
54	**117**	Past due – 91 days and longer	**278**	54
935	**1 266**		**7 618**	2 475

None of the past due amounts are considered impaired and there is no allowance for impairment of trade receivables at year end.

Trade receivables amounting to R184k were identified as impaired during the year and written off.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		9 Trade and other receivables (continued)		
		9.3 Property utility receivables		
		Property utility receivables relate to amounts paid to local authorities, which are recoverable from the applicable tenant in terms of the lease agreements. All these amounts were recovered during March 2016.		
		9.4 Supplier development loan		
24	**5 341**	Damon at sons construction (Pty) Ltd	**5 341**	24
		These amounts were advanced to one of our small suppliers as part of our supplier development programme and are unsecured, do not bear interest and have no fixed terms of repayment.		
		10 Financial assets held at fair value		
4 489	**4 868**	ABIL retention fund (note 10.1)	**4 868**	4 489
—	**38 495**	Money market investment (note 10.2)	**38 495**	—
—	**3 737**	Derivative financial asset (note 16)	**3 737**	—
4 489	**47 100**		**47 100**	4 489
		10.1 ABIL retention fund		
—	**4 489**	Opening balance	**4 489**	—
200 000	**—**	Amount invested in Nedbank Core Income Fund	**—**	200 000
2 104	**379**	Interest accrued	**379**	2 104
(1 490)	**—**	Capital loss on ABIL write-down	**—**	(1 490)
(196 125)	**—**	Amount withdrawn	**—**	(196 125)
4 489	**4 868**	Closing balance	**4 868**	4 489

Surplus funding subsequent to listing were invested in Nedbank Limited's Core Income Fund, which had an exposure to African Bank Investments Limited ("ABIL") senior debt. All funds were subsequently withdrawn and used to settle property acquisitions, other than the balance that was ring-fenced in the "ABIL retention fund".

The investment is classified as a financial asset at fair value through profit and loss and is expected to be realised within 12 months of the reporting date.

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		10.2 Money market investment (note 10.2)		
—	**—**	Opening balance	**—**	—
—	**180 000**	Amounts invested in Corporate Money Market Fund	**180 000**	—
—	**2 495**	Interest accrued	**2 495**	—
—	**(144 000)**	Amounts withdrawn	**(144 000)**	—
—	**38 495**	**Closing balance**	**38 495**	—

11 Cash and cash equivalents

COMPANY 28 February 2015 R'000	COMPANY 29 February 2016 R'000		GROUP 29 February 2016 R'000	GROUP 28 February 2015 R'000
		11.1 Composition of cash and cash equivalents		
378	**1 039**	Current accounts	**3 573**	2 903
666	**165**	Cash on call	**363**	668
11	**26**	Petty cash	**26**	11
1 055	**1 230**		**3 962**	3 582
		11.2 Credit exposure of cash and cash equivalents		
		Amounts in current accounts and in call are invested with reputable institutions as follows:		
1 044	**1 204**	Nedbank Limited	**3 925**	3 560
—	**—**	ABSA Bank Limited	**11**	11
1 044	**1 204**		**3 936**	3 571

Cash and cash equivalents comprise amounts which are immediately available and the carrying amounts are equivalent to the fair values.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		12 Stated capital		
		12.1 Authorised shares		
		2 000 000 000 (two billion) ordinary shares, of the same class and no par value.		
		12.2 Issued shares		
1 140 599	**3 180 784**	279 862 466 (2015: 114 410 255) ordinary shares, of the same class and no par value.	**3 180 784**	1 140 599
		The unissued shares are under the control of the directors (subject to limitations set by shareholders' resolutions) until the next annual general meeting.		
		12.3 Reconciliation of issued shares – value		
—	**1 140 599**	**Opening balance**	**1 140 599**	—
430	**—**	Shares issued for cash to initial shareholders and promoters	**—**	430
295 027	**486 435**	Shares issued for acquisition of subsidiaries	**486 435**	295 027
—	**62 482**	Shares issued for acquisition of Lord's View land	**62 482**	
186 427	**—**	Shares issued for acquisition of letting enterprises	**—**	186 427
650 000	**—**	Shares issued for cash on initial public offering	**—**	650 000
—	**1 500 000**	Shares issued for cash in accelerated bookbuild	**1 500 000**	—
8 715	**—**	Shares issued for the acquisition of Nascispan (Pty) Ltd	**—**	8 715
—	**(8 732)**	Share issue costs	**(8 732)**	—
1 140 599	**3 189 516**	**Closing balance**	**3 180 784**	1 140 599
Number of shares	**Number of shares**	**12.4 Reconciliation of issued shares – number**	**Number of shares**	Number of shares
—	**—**	**Opening balance**	**114 410 255**	—
430 000	**—**	Shares issued for cash to initial shareholders and promoters	**—**	430 000
29 502 702	**40 536 243**	Shares issued for acquisition of subsidiaries	**40 536 243**	29 502 702
—	**4 915 968**	Shares issued for acquisition of Lord's View land	**4 915 968**	—
18 642 714	**—**	Shares issued for acquisition of letting enterprises	**—**	18 642 714
65 000 000	**—**	Shares issued for cash on initial public offering	**—**	65 000 000
—	**120 000 000**	Shares issued for cash in accelerated book build	**120 000 000**	—
834 839	**—**	Shares issued for the acquisition of Nascispan (Pty) Ltd	**—**	834 839
114 410 255	**279 862 466**	**Closing balance**	**279 862 466**	114 410 255

13 Share-based payment reserve

13.1 Description of executive share plan

The group operates an executive share plan in terms of which it has granted conditional shares to directors and management. The full share grant may be forfeited if participants do not meet the vesting conditions as detailed in the remuneration report.

These awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the award was determined with reference to the following assumptions:

Assumptions

	Tranche 1	Tranche 2	Tranche 3
Number of shares	235 174	366 119	387 667
Grant date	29 October 2014	15 July 2015	29 February 2016
Vesting date	31 May 2017	31 May 2018	31 May 2019
Issue price (30 day VWAP)	R10.65	R11.92	R12.38
Forfeiture rate	5.0%	5.0%	5.0%
Dividend yield	8.2%	8.2%	8.2%
Performance condition factor	90.0%	90.0%	90.0%

13.2 Detail of grants

The details of conditional shares awarded are set out below.

Name	Grant date	Issue price	Number of shares
Tranche 1			
Andrea Taverna-Turisan	29 October 2014	R10.65	110 404
Gerhard Riaan Gous	29 October 2014	R10.65	66 911
Bram Goossens	29 October 2014	R10.65	51 756
Other staff and management	29 October 2014	R10.65	6 103
Total conditional shares awarded and balance at 28 February 2015			235 174
Tranche 2			
Andrea Taverna-Turisan	15 July 2015	R11.92	139 480
Gerhard Riaan Gous	15 July 2015	R11.92	104 027
Bram Goossens	15 July 2015	R11.92	104 027
Other staff and management	15 July 2015	R11.92	18 585
Tranche 3			
Andrea Taverna-Turisan	29 February 2016	R12.38	144 580
Gerhard Riaan Gous	29 February 2016	R12.38	108 003
Bram Goossens	29 February 2016	R12.38	108 003
Other staff and management	29 February 2016	R12.38	27 083
Total conditional shares awarded during the year ended 29 February 2016			**753 786**
Balance of conditional shares awarded as at 29 February 2016			**988 960**

40% of the conditional shares are subject to a 3-year service period only and 60% are subject to a 3-year service period as well as certain group and individual performance conditions. No conditional shares vested or were forfeited during the year.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		13 Share-based payment reserve (continued)		
		13.3 Reconciliation of share-based payment reserve		
—	**201**	Opening balance	**201**	—
201	**1 165**	Expense recognised in profit or loss	**1 165**	201
201	**1 366**	Closing balance	**1 366**	201
—	**—**	**14 Deferred tax liability**	**1 424**	—
—	**—**	Opening balance	**—**	—
—	**—**	Acquired as part of acquisition of Intaprop	**1 424**	—
—	**—**		**1 424**	—
		The deferred tax liability arose as a result of the acquisition of Intaprop and relates only to the s13quin deductions claimed on office buildings. It is expected that these will be settled on the intended sale of these buildings.		
		15 Financial liabilities		
		Non-current		
—	**—**	Standard Bank South Africa loan (Atlantic Hills)	**19 616**	—
—	**—**	Standard Bank South Africa loan (JF Hillebrand)	**16 785**	—
—	**174 385**	Nedbank Limited Loan 30155718	**174 385**	—
—	**213 157**	Nedbank Limited Loan 30155717	**213 149**	—
127 372	**8 761**	Nedbank Limited Loan 30147459	**8 286**	127 372
127 372	**396 303**		**432 221**	127 372
		Current		
—	**78 796**	Nedbank Limited Loan 30155268	**78 796**	—
—	**—**	Loan owing to Intaprop Investments (Pty) Ltd	**15 307**	—
—	**78 796**		**94 103**	—
		The loan owing to Intaprop Investments (Pty) Ltd was assumed with the acquisition of Intaprop Hills (Pty) Ltd on 1 October 2015 and was settled during March 2016.		

15.1 Security for Nedbank loans

First covering mortgage bond for R47 000 000 by Prop for list (Pty) Ltd over Erf 34632 Milnerton and Erf 36530 Milnerton.

First sectional covering mortgage bond for R13 000 000 by Prop for list (Pty) Ltd over the sectional title unit(s) consisting of section number(s) 1 of the sectional title scheme known as "Erf 20843 Milnerton" together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the exclusive use areas pertaining thereto.

First covering mortgage bond for R20 000 000 by Galt Property One (Pty) Ltd over Erf 24589 Parow.

First covering mortgage bond for R30 000 000 by Galt Property One (Pty) Ltd over Erf 12669 Parow.

Second covering mortgage bond for R50 000 000 by Galt Property One (Pty) Ltd over Erven 12669 and 24589 Parow.

First covering mortgage bond for R100 000 000 by Kovacs Investments 715 (Pty) Ltd over R/Erf 161537 Cape Town.

Covering mortgage bond for R17 000 000 by Applemint Prop 93 (Pty) Ltd over Erf 159592 Cape Town as a first charge and by Kovacs Investments 715 (Pty) Ltd over R/Erf 161537 Cape Town as a second charge.

First covering mortgage bond for R100 000 000 by Swish Prop Seven (Pty) Ltd over Erf 176382 Cape Town.

First covering mortgage bond for R110 000 000 by Galt Property Two (Pty) Ltd over R/Erf 24033 Bellville.

First covering mortgage bond for R19 000 000 over Erf 21278 Milnerton.

First covering mortgage bond for R75 000 000 over Erf 23468 Parow.

First covering mortgage bond for R90 000 000 over Erf 35221 Bellville.

First covering mortgage bond for R50 000 000 over Erf 31292 Bellville.

First covering mortgage bond for R34 800 000 over Erf 174490 Cape Town.

First covering mortgage bond for R30 200 000 over R/Erf 170665 Cape Town.

First covering mortgage bond for R29 750 000 over Erf 167077 Cape Town.

First sectional covering mortgage bond for R90 000 000 over section 2 of the sectional title scheme known as "Execujet Business Centre" together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the exclusive use areas pertaining thereto.

First sectional covering mortgage bond by the Borrower for R24 000 000 over section 3 of the sectional title scheme known as "Execujet Business Centre" together with an undivided share in the common property of such sectional title scheme and includes the right to exclusive use of the exclusive use areas pertaining thereto

First covering mortgage bond by the Borrower for R700 000 000 over Erven 50, 51, 52, 53, 54 & 55 Linbro Park Ext. 86 (Ptn 3 of erf 100 Linbro Park ext 86), Johannesburg

15 Financial liabilities (continued)

15.1 Security for Nedbank loans (continued)

First covering mortgage bond for R600 000 000 over Erf 86, 89, 91 and 92 Linbro Park, Ext 127, Johannesburg.

First covering mortgage bond for R3 000 000 over Erf 63 Linbro Park, Ext 86, Johannesburg.

First sectional covering mortgage bond for R5 000 000 over Holding 68 Linbro Park AH, Johannesburg.

First sectional covering mortgage bond for R12 000 000 over Holding 131 Linbro Park AH, Johannesburg.

First covering mortgage bond for R5 000 000 over portion 214 of Farm 35 Modderfontein IR, Johannesburg.

First covering mortgage bond for R600 000 000 over Ptn 1 of Holding 86, R/E of Holding 66, Holding 64, Holding 65 Linbro Park AH, Johannesburg.

First covering mortgage bond for R600 000 000 over Erf 87 Linbro Park Ext 127, Johannesburg.

First covering mortgage bond for R706 000 000 over Holding 81, Linbro Park AH, Johannesburg.

First covering mortgage bond for R34 100 000 over 50% undivided share in Erf 30 Illovo, Johannesburg.

Second covering mortgage bond for R28 400 000 over 50% undivided share in Erf 30 Illovo, Johannesburg.

First covering mortgage bond for R600 000 000 over Erf 88 Linbro Park Ext 27, Johannesburg.

First covering mortgage bond for R100 000 000 over Ptn 5 of the Farm 1327 Stellenbosch RD, Cape Town.

First covering mortgage bond for R100 000 000 over Ptn 10 of the Farm 1327 Stellenbosch RD, Cape Town.

First covering mortgage bond for R600 000 000 over Proposed erven 98 and 99 Linbro Park Extension 132.

First covering mortgage bond for R600 000 000 over Proposed Erf 90 Linbro Park Extension 127.

First covering mortgage bond for R100 000 000 over proposed Erf 4124 (A ptn of Erf 1752) Hagley, Cape Town.

First covering mortgage bond for R50 000 000 over proposed Erf 4146 (A ptn of Erf 4144) Hagley, Cape Town.

First covering mortgage bond for R34 800 000 over the consolidation of Erf 171021 and Erf 171022, Cape Town.

15.2 Security for Standard Bank loans

First covering mortgage bond for R100 000 000 over Erf 11, Durbanville, Cape Town.

15.3 Terms and conditions of loans

Interest is calculated daily at the rates listed in note (4.1.1) and is payable monthly. The full outstanding capital is repayable on the maturity dates listed in note (4.1.1).

All loans are subject to a loan-to-value covenant of 50%.

COMPANY			GROUP		
28 February 2015 R'000	**29 February 2016 R'000**			**29 February 2016 R'000**	28 February 2015 R'000
		16	**Derivative financial liabilities**		
512	**(3 737)**		Interest rate swap	**(3 737)**	512
	3 737		Amount reflected as financial asset (note 10)	**3 737**	
512	**—**			**—**	512
			This amount represents the mark-to-market fair value of the interest rate swap as at 29 February 2016.		
			The details of the interest rate swap are as follows:		
			Swap maturity — 31 August 2019		
100 000	**100 000**		Nominal amount — R100 million	**100 000**	100 000
			Effective swap rate — 8.85%		
			Interest rate swap embedded in lease agreements		
			The group has embedded interest rate hedges into some of its lease agreements as follows:		
—	**—**		Effective equivalent hedged value	**306 885**	—
			Average maturity — 31 August 2022		
			Effective interest rate — 9.00%		
100 000	**100 000**		Total hedge cover	**406 885**	100 000
			Term loan balances at year end	**511 017**	127 372
			Percentage of loans hedged at year end	**79.6%**	78.5%

The group has a policy to hedge approximately 80% of its exposure to floating interest rates on permanent debt on an ongoing basis.

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**			**29 February 2016 R'000**	28 February 2015 R'000
		17	**Trade and other payables**		
1 496	**1 940**		Tenant deposits	**11 258**	3 145
2 251	**2 474**		Trade payables	**8 091**	5 521
2 766	**5 927**		Payroll accruals	**5 927**	2 766
825	**492**		Trade receivables with credit balances	**3 269**	3 047
300	**500**		Accrual for audit fees	**500**	300
834	**—**		VAT payable	**5 366**	2 208
—	**22 786**		Deferred purchase consideration	**43 333**	—
8	**36**		Shareholders for dividends	**36**	111
217	**—**		Other payables	**—**	368
8 697	**34 155**			**77 780**	17 466

The fair value of trade and other payables approximates the carrying value.

Pursuant to the land and letting enterprise acquisitions during the year, certain amounts were retained until certain infrastructure and zoning milestones are achieved. These amounts are commonly known as "agterskot" payments and are included in the deferred purchase consideration amount.

18 Revenue

Revenue comprises gross contractual rentals as well as contractual recoveries of utility costs, property taxes and operating costs as applicable, adjusted for the accounting straight-lining of lease income. For the company, revenue also includes dividends received from subsidiary companies.

COMPANY 2015	COMPANY 2016		GROUP 2016	GROUP 2015
38 806	**59 882**	Contractual gross rentals and recoveries received or accrued	**257 026**	115 664
4 868	**8 195**	Adjustment to account for leases on a straight-line basis (note 6)	**78 653**	14 928
9 099	**92 416**	Dividends received from subsidiaries	**—**	—
52 773	**160 493**		**335 679**	130 592

19 Other gains

COMPANY 2015	COMPANY 2016		GROUP 2016	GROUP 2015
5	**29**	Insurance recoveries	**66**	90
1	**729**	Sundry income	**1 182**	68
6	**758**		**1 248**	158

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000

20 Expenses by nature

20.1 Composition of property operating and management and administrative expenses

8 182	**15 899**	Employee benefits (note 20.2)	**15 899**	8 182
9 261	**16 473**	Operating expenses (note 20.5)	**43 528**	24 040
17 443	**32 372**	Total property operating and management and administrative expenses	**59 427**	32 222

20.2 Employee benefits

1 142	**2 762**	Salaries and wages	**2 762**	1 142
951	**1 432**	Non-executive directors' emoluments (note 20.3)	**1 432**	951
5 887	**10 540**	Executive directors' emoluments (note 20.4)	**10 540**	5 887
201	**1 165**	Equity-settled share-based payment expense (note 13.3)	**1 165**	201
8 182	**15 899**		**15 899**	8 182

20.3 Non-executive directors' emoluments

The following fees were paid to non-executive directors for their services as directors:

Director	**Fees – 2016**	**Fees – 2015**
Leon Campher	**403**	340
Nazeem Khan	**248**	234
Ruth Eleanor Benjamin-Swales	**245**	234
Giancarlo Lanfranchi	**183**	29
Kevin Dreyer	**238**	58
Johnny Cullum	**45**	58
André Gouws	**70**	—
	1 432	951

20 Expenses by nature (continued)

20.4 Executive directors' emoluments

Remuneration paid to executive directors for 2016 comprised:

Director	Salary R'000	Other benefits R'000	Performance bonus R'000	Total R'000
Andrea Taverna-Turisan	**1 956**	**12**	**2 347**	**4 315**
Gerhard Riaan Gous	**1 550**	**12**	**1 550**	**3 112**
Bram Goossens	**1 550**	**13**	**1 550**	**3 113**
	5 056	**37**	**5 447**	**10 540**

Remuneration paid to executive directors for 2015 comprised:

Director	Salary R'000	Other benefits R'000	Performance bonus R'000	Total R'000
Andrea Taverna-Turisan	1 383	6	1 251	2 640
Gerhard Riaan Gous	1 096	6	661	1 763
Bram Goossens	689	6	519	1 214
Chrystal Grauso*	270		—	270
	3 438	18	2 431	5 887

*Chrystal Grauso resigned as a director on 1 September 2014

COMPANY 28 February 2015 R'000	COMPANY 29 February 2016 R'000		GROUP 29 February 2016 R'000	GROUP 28 February 2015 R'000
		20.5 Operating expenses		
5 271	**9 294**	Property taxes and utility expenses	**31 081**	14 164
1 985	**5 929**	Property operational costs	**11 073**	6 453
58	**346**	Amortisation of property, plant and equipment (note 7)	**346**	58
300	**537**	Auditors remuneration – audit fees	**537**	640
6	**22**	Auditors remuneration – non-audit fees	**22**	64
49	**184**	Bad debts written off	**184**	49
1 078	**160**	Other operating expenses	**284**	1 119
9 261	**16 473**		**43 528**	24 040
		21 Fair value adjustments		
32 223	**8 662**	Fair value adjustment of investment property (note 5)	**138 529**	115 609
(512)	**4 248**	Fair value mark-to-market of derivative financial instrument (note 15)	**4 248**	(512)
31 711	**12 910**		**142 777**	115 097

COMPANY				GROUP	
28 February 2015 R'000	**29 February 2016 R'000**			**29 February 2016 R'000**	28 February 2015 R'000
		22	**Finance costs**		
—	**—**		Interest paid on property loans	**—**	10 971
3 934	**44 896**		Interest paid on bank loans	**65 162**	3 934
—	**—**		Interest paid on shareholder loans	**—**	550
12	**67**		Interest on utility accounts and other	**322**	173
—	**(174)**		Costs capitalised to developmental and investment property under development	**(25 410)**	—
3 946	**44 789**			**40 074**	15 628

The average rate for borrowing costs capitalised during the period was 8.03%.

COMPANY 28 February 2015 R'000	29 February 2016 R'000			GROUP 29 February 2016 R'000	28 February 2015 R'000
		23	**Finance income**		
2 104	**379**		Interest received on financial asset (note 10)	**379**	2 104
—	**2 495**		Interest received on money market investment (note 10)	**2 495**	—
257	**458**		Interest received on call and current account balances	**793**	321
2 361	**3 332**			**3 667**	2 425

24 Income tax expense

The company is a Real Estate Investment Trust ("REIT") and all subsidiaries in the group are "controlled companies" (as defined in the Income Tax Act). After deducting "qualifying distributions" from taxable income, no income tax is payable in the current year.

Deferred tax assets for assessed losses and calculated tax losses have not been recognised. Given that none of the companies in the group are expected to pay current income tax in the foreseeable future, the utilisation of such deferred tax assets is not considered probable at year end. The only deferred tax liability which is recognized is that which was acquired as part of the Intaprop acquisition and relates to the recoupment on office buildings. Refer to note 14 for details.

The deduction of the "qualifying distribution" from taxable earnings accounts for the entire difference in the standard tax rate of 28% and the effective tax rate of 0%.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000
		25 Notes to the cash flow statement		
		25.1 Finance costs paid		
3 946	**44 963**	Incurred and paid during the year	**65 484**	15 628
		25.2 Finance income received		
—	**187**	Balance outstanding at beginning of year	**187**	—
2 361	**3 332**	Finance income earned	**3 667**	2 425
(187)	**(2 874)**	Balance outstanding at year end	**(2 874)**	(187)
2 174	**645**		**980**	2 238
		25.3 Tax paid		
—	**—**	Amount refundable at beginning of year	**91**	—
—	**—**	Taxation expense	**—**	—
—	**—**	Amount refundable at end of year	**—**	(91)
—	**—**		**91**	(91)
		25.4 Dividend paid		
—	**—**	Dividend declared to vendor shareholders	**—**	685
—	**46 782**	Final dividend prior year paid	**46 782**	—
23 131	**58 142**	Interim dividends declared and paid	**58 142**	23 131
—	**472**	Antecedent dividends paid	**472**	—
46 782	**143 222**	Final dividend	**143 222**	46 782
(46 782)	**(143 222)**	Amount declared and paid after year end	**(143 222)**	(46 782)
23 131	**105 396**		**105 396**	23 816
		26 Capital commitments		
—	**44 192**	Authorised for construction of new industrial property	**301 858**	111 063
142 200	**—**	Contracted for acquisition of land	**—**	142 200
6 950	**—**	Contracted for expansion to existing property	**—**	6 950
149 150	**44 192**		**301 858**	260 213

COMPANY			GROUP	
28 February 2015 R'000	**29 February 2016 R'000**		**29 February 2016 R'000**	28 February 2015 R'000

27 Related parties

Related party relationships exist between the company, its subsidiaries, directors as well as their close family members, and key management of the company.

Investments in and amounts owing by subsidiaries are detailed in note 8.

Remuneration paid to directors are set out in note 20.

Details of the conditional share plan in which the directors participate are provided in note 13.

Details of directors' interest in the ordinary shares of the company are provided in the directors report.

The executive directors also participated in the accelerated book build during November 2015. In addition to personal securities provided, the company provided limited guarantees to the extent of R9 million per director to facilitate this.

In the ordinary course of business, the company entered into the following other transactions with related parties:

Company 28 February 2015 R'000	Company 29 February 2016 R'000		Group 29 February 2016 R'000	Group 28 February 2015 R'000
—	**—**	Dividend paid to vendor shareholders	**—**	685
414	**—**	Property management fee paid to Swish Property Administration CC	**—**	1 143
80	**—**	Rental paid to Swish Property Seventeen	**—**	80
—	**—**	Interest paid to Skymax Trust (of which Giancarlo Lanfranchi is a beneficiary)	**—**	275
—	**—**	Interest paid to Chiluan Holdings (Pty) Ltd (in which Andrea Taverna-Turisan has a beneficial interest)	**—**	275
—	**632**	Fees paid to BTKM (Pty) Ltd (in which Nazeem Khan is a director)	**1 076**	—

28 Subsequent events

The directors are not aware of any events that have occurred since end of the financial year, which have a material impact on the results and disclosures in these financial statements.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

29 Property analysis

29.1 Property schedule

Property name	Location	Sector	Gross lettable area (m^2)	Average rental per m^2 (rand)	Value (R'000)	Date of last external valuation
Logistics properties						
UTI Pharma	Meadowview, Gauteng	Industrial	39 782	Note 1	911 344	30 June 2015
Midas Development	Meadowview, Gauteng	Industrial	26 000	Note 1	232 746	30 June 2015
Triton Express	Meadowview, Gauteng	Industrial	14 159	Note 1	198 941	30 June 2015
TFG – Lords View	Midrand, Pretoria	Industrial	23 651	Note 1	176 700	29 February 2016
Vanguard Drive	Philippi, Cape Town	Industrial	15 798	Note 1	144 600	29 February 2016
Tunney Ridge	Germiston, Gauteng	Industrial	13 808	Note 1	138 678	N/A
Puma	Milnerton, Cape Town	Industrial	13 100	Note 1	128 257	1 June 2014
Tekstiel Rd	Parow, Cape Town	Industrial	10 156	Note 1	96 000	29 February 2016
Kuehne & Nagel	Airport Industria, Cape Town	Industrial	9 098	Note 1	93 205	29 February 2016
Premier Foods	Meadowview, Gauteng	Industrial	8 283	Note 1	84 398	30 June 2015
Simba	Parow, Cape Town	Industrial	10 308	Note 1	83 500	29 February 2016
Assegai Rd	Parow, Cape Town	Industrial	7 931	Note 1	63 800	29 February 2016
Wasteman	Saxdown, Cape Town	Industrial	4 066	Note 1	61 178	30 June 2015
Geberit	Meadowview, Gauteng	Industrial	6 250	Note 1	60 304	30 June 2015
Esco Warehouse	Meadowview, Gauteng	Industrial	5 000	Note 1	54 902	30 June 2015
Digistics – KFC	Bellville, Cape Town	Industrial	4 056	Note 1	44 450	29 February 2016
57 Aviation	Airport Industria, Cape Town	Industrial	2 950	Note 1	43 000	29 February 2016
Digistics – McDonalds	Bellville, Cape Town	Industrial	4 056	Note 1	40 685	29 February 2016
Caudwell Marine	Airport Industria, Cape Town	Industrial	7 685	Note 1	36 795	29 February 2016
18-22 Montreal	Airport Industria, Cape Town	Industrial	3 800	Note 1	36 300	29 February 2016
JF Hillebrand	Atlantic Hills, Cape Town	Industrial	3 200	Note 1	35 730	N/A
67A Manhattan	Airport Industria, Cape Town	Industrial	2 800	Note 1	33 200	29 February 2016
Formscaff	Saxdown, Cape Town	Industrial	1 828	Note 1	32 552	30 June 2015
Execujet Wings	Airport Industria, Cape Town	Industrial	2 700	Note 1	32 500	29 February 2016
Triton Fleet	Meadowview, Gauteng	Industrial	1 117	Note 1	27 460	30 June 2015
12 Madrid	Airport Industria, Cape Town	Industrial	3 000	Note 1	21 650	29 February 2016
Total logistics properties			244 582	78.5	2 912 875	
Industrial properties (not logistics)						
East Balt	Bellville, Cape Town	Industrial	5 239	Note 1	149 864	29 February 2016
Execujet Hangar	Airport Industria, Cape Town	Industrial	5 347	Note 1	112 000	29 February 2016
Nascispan	Milnerton, Cape Town	Industrial	2 888	Note 1	48 300	29 February 2016
Printers Way	Milnerton, Cape Town	Industrial	3 300	Note 1	22 209	29 February 2016
ATC Tower	Meadowview, Gauteng	Industrial	70	Note 1	1 044	30 June 2015
MTN Mast	Meadowview, Gauteng	Industrial	70	Note 1	814	30 June 2015
Total industrial properties (not logistics)			16 914	119.9	334 232	

Property name	Location	Sector	Gross lettable area (m^2)	Average rental per m^2 (rand)	Value (R'000)	Date of last external valuation
Commercial properties						
Belvedere	Bellville, Cape Town	Commercial	5 603	115.6	86 385	1 June 2014
D'urban Square	Bellville, Cape Town	Commercial	3 222	116.4	49 996	1 June 2014
Execujet Office Tower	Airport Industria, Cape Town	Commercial	6 776	110.6	105 835	1 June 2014
8 Melville Road	Illovo, Gauteng	Commercial	3 960	110.1	65 380	1 June 2014
Equity Park	Brooklyn, Pretoria	Commercial	3 200	120.4	49 989	1 June 2014
Sans Park	Bellville, Cape Town	Commercial	2 000	Note 1	13 871	N/A
Total commercial properties			24 762	114.6	371 455	
Total income earning properties			286 258	104.4	3 618 562	
Properties under development						
160 Gunners Circle	Epping, Cape Town	Industrial	8 000	n/a	20 612	
Rohlig-Grindrod	Meadowview, Gauteng	Industrial	25 111	n/a	80 792	
Puma	Atlantic Hills, Cape Town	Industrial	17 113	n/a	24 893	
Total properties under development			50 224		126 296	
Vacant land industrial land						
UTI Land	Philippi, Cape Town	Industrial	14 400*	n/a	16 785	
Land Gauteng	Linbro Park, Gauteng	Industrial	104 257*	n/a	121 823	
Land Cape Town	Saxdown, Cape Town	Industrial	53 381*	n/a	44 884	
Land Cape Town	Atlantic Hills, Cape Town	Industrial	31 212*	n/a	38 513	
Lords View	Lords View, Gauteng	Industrial	133 170*	n/a	120 935	
Lords View – TFG Extension	Lords View, Gauteng	Industrial	25 422*	n/a	23 363	
Total vacant industrial			361 842		366 301	

*Gross extent of land

Note 1: The rental per m² for single-tenanted buildings has not been disclosed.

Note 2: The majority of industrial properties were externally valued by Mills Fitchet Magnus Penny during the year, either at 29 February 2016 or 30 June 2015 as indicated. Where these were valued at 30 June 2015, the values have been adjusted for increases in net income (largely as a result of passing escalations). All other properties were valued by the directors at 29 February 2016.

29.2 Sectoral and geographic analysis of revenue

Revenue is derived from properties situated in both the Western Cape and Gauteng. The segment information (note 4) details the sector split of revenue.

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

29 Property analysis (continued)

29.3 Tenant profile

	Revenue (R'000)	Revenue (%)	Number of tenants	Number of tenants %
A – Large nationals, large listeds and government	222 203	87.3%	33	50.8%
B – Smaller international and national tenants	11 188	4.4%	7	10.8%
C – Other local tenants and sole proprietors	21 019	8.3%	25	38.5%
Vacant	—	0.0%	—	0.0%
	254 409	100.0%	65	100.0%

	Gross lettable area (m^2)	Gross lettable area %	Number of tenants	Number of tenants %
A – Large nationals, large listeds and government	250 050	87.4%	33	50.8%
B – Smaller international and national tenants	19 880	6.9%	7	10.8%
C – Other local tenants and sole proprietors	14 591	5.1%	25	38.5%
Vacant	1 737	0.6%	—	0.0%
	286 258	100.0%	65	100.0%

29.4 Vacancy profile

	Gross lettable area (m^2)	Vacant area (m^2)	Vacancy %
Industrial	264 192	—	0.0%
Commercial	22 066	1 737	7.9%
	286 258	1 737	0.6%

29.5 Lease expiry profile

Lease expiry profile based on gross lettable area	Industrial	Commercial	Total
Vacant	0.00%	9.07%	0.69%
Monthly	0.00%	16.21%	1.23%
Expiry in the year to 28 February 2017	6.35%	14.77%	6.99%
Expiry in the year to 28 February 2018	3.45%	14.04%	4.27%
Expiry in the year to 28 February 2019	11.12%	4.38%	10.61%
Expiry in the year to 29 February 2020	26.56%	8.68%	25.20%
Thereafter	52.51%	32.85%	51.01%
	100.00%	100.00%	100.00%

Lease expiry profile based on revenue	Industrial	Commercial	Total
Monthly	0.00%	3.33%	0.44%
Expiry in the year to 28 February 2017	4.39%	18.42%	6.23%
Expiry in the year to 28 February 2018	4.34%	16.85%	5.98%
Expiry in the year to 28 February 2019	10.22%	5.63%	9.62%
Expiry in the year to 29 February 2020	23.16%	5.54%	20.85%
Thereafter	57.88%	50.23%	56.88%
	100.00%	100.00%	100.00%

29.6 Weighted average escalations and yield

Sector	Yield	Escalation
Industrial	8.38%	7.98%
Commercial	8.71%	7.78%
	8.40%	7.95%

30 Shareholder analysis

30.1 Shareholder spread

30.1 Shareholder spread	Number of Share-holdings	% of total share-holdings	Shares held	% Held
1 – 1 000 Shares	401	41.68%	73 459	0.03%
1 001 – 10 000 Shares	169	17.57%	747 794	0.27%
10 001 – 100 000 Shares	196	20.37%	8 727 492	3.12%
100 001 – 1 000 000 Shares	139	14.45%	52 543 334	18.77%
1 000 001 Shares and over	57	5.93%	217 770 387	77.81%
	962	100%	279 862 466	100%

30.2 Distribution of shareholders

30.2 Distribution of shareholders	Number of share-holdings	% of total share-holdings	Shares held	% Held
Private Companies	45	4.68%	102 645 026	36.68%
Collective Investment Schemes	106	11.02%	90 228 547	32.24%
Trusts	65	6.76%	32 274 865	11.53%
Retirement Benefit Funds	137	14.24%	22 185 118	7.93%
Retail Shareholders	535	55.61%	12 305 547	4.40%
Custodians	4	0.42%	8 401 508	3.00%
Assurance Companies	12	1.25%	3 925 654	1.40%
Medical Aid Funds	4	0.42%	2 090 116	0.75%
Managed Funds	13	1.35%	1 302 901	0.47%
Foundations & Charitable Funds	11	1.14%	1 140 060	0.41%
Stockbrokers & Nominees	5	0.52%	1 098 040	0.39%
Insurance Companies	7	0.73%	898 132	0.32%
Investment Partnerships	4	0.42%	426 368	0.15%
Hedge Funds	3	0.31%	398 729	0.14%
Public Companies	3	0.31%	365 142	0.13%
Close Corporations	6	0.62%	148 464	0.05%
Public Entities	1	0.10%	24 346	0.01%
Control Accounts	1	0.10%	3 903	0.00%
	962	100%	279 862 466	100%

NOTES (CONTINUED)

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

30 Shareholder analysis (continued)

30.3 Shareholder type

	Number of share-holdings	% of total share-holdings	Shares held	% Held
Non-public shareholders				
Directors and associates of the company (indirect holdings)	26	2.70%	52 869 444	18.89%
Directors and associates of the company (direct holdings)	5	0.47%	859 780	0.31%
Newshelf 1331 (Pty) Ltd (Brimstone)	1	0.10%	28 000 000	10.00%
	32	3%	81 729 224	29%
Public shareholders	931	96.73%	198 133 242	70.80%
	962	100%	279 862 466	100%

30.4 Investment manager shareholdings (>5%)

	Total shareholding	% Held
Foord Asset Management	25 160 739	8.99%
Allan Gray	21 982 029	7.85%
	47 142 768	16.84%

30.5 Beneficial shareholdings (>5%)

	Total shareholding	% Held
Newshelf 1331 (Pty) Ltd (Brimstone)	28 000 000	10.00%
Allan Gray	17 243 302	6.16%
Chiluan Holdings (Pty) Ltd	14 600 000	5.22%
	59 843 302	21.38%

30.6 Beneficial holding by region

	Total shareholding	% Held
South Africa	268 033 009	95.77%
United Kingdom	6 257 750	2.24%
France	1 800 000	0.64%
Swaziland	1 427 388	0.51%
Balance (other countries not listed above)	2 344 319	0.84%
	279 862 466	100.00%

Total number of shareholders	962
Total number of shares in issue	279 862 466

30.7 Share price performance

List price 18 June 2014	R10.00
Opening price 18 June 2014	R11.00
Closing price 27 February 2015	R12.70
Closing high for the period	R12.70
Closing low for the period	R10.30
Opening price 3 March 2015	R12.70
Closing price 29 February 2016	R12.02
Closing high for period	R14.50
Closing low for period	R10.75
Number of shares in issue	279 862 466
Volume traded during period	11 223 758
Ratio of volume traded to shares issued (%)	4.01%
Rand value traded during the period	143 141 973

NOTICE OF ANNUAL GENERAL MEETING

Equites Property Fund Limited and its subsidiaries for the year ended 29 February 2016

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")

1. Notice of Meeting

Notice is hereby given that the second annual general meeting ("AGM") of Equites will be held at the offices of Cliffe Dekker Hofmeyr (CDH), 5th Floor, 11 Buitengracht Street, Cape Town at 10:00 on Wednesday, 20 July 2016 for the purposes of conducting the following business:

- considering and adopting the annual financial statements of the company for the year ended 29 February 2016;
- transacting any other business as may be transacted at an AGM of shareholders of a company; and
- considering and, if deemed fit, adopting with or without modification, the shareholder special and ordinary resolutions set out below, in the manner required by the Companies Act, 71 of 2008, as amended ("the Act"), as read with the JSE Listing Requirements, which AGM is to be participated in and voted at by shareholders registered in the company's securities register as shareholders as at the record date of Friday, 15 July 2016

Please note that if you are the owner of dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder, then you are not a registered shareholder of the company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the AGM, you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the AGM, but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the AGM and/or request it to appoint a proxy. You must not complete the enclosed form of proxy. The instruction must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be. CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy in accordance with the instruction thereon and returning it to the transfer secretaries, Trifecta Capital Services Proprietary Limited, as set out below.

a. Record Dates

Please note the following important dates with regard to the AGM:
Record date to receive this notice: 20 May 2016
Distribution of the integrated annual report: 31 May 2016
Last day to trade in order to be eligible to participate in and vote at the AGM: Wednesday, 20 July 2016
Record date to participate in and vote at the AGM (voting record date): Friday, 15 July 2016
Last day to lodge proxy forms for the AGM: Monday, 18 July 2016
AGM to be held at: 10h00 on Wednesday, 20 July 2016
Results of the AGM published on SENS: Wednesday, 20 July 2016

b. Section 63 (1) of the Companies Act: Identification of Meeting Participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the meeting. In this regard, all Equites shareholders recorded in the registers of the company on the record date for participating in and voting at the AGM will be required to provide identification satisfactory to the chairman of the AGM. Forms of identification include valid identity documents, driving licences and passports.

c. Section 62 (3)(e) of the Act

In terms of section 62 (3)(e) of the Act a shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

d. Annual Financial Statements, Audit & Risk Committee Report, Social and Ethics Report & Directors Report

A copy of the consolidated annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the reports of the external auditors, the Audit & Risk Committee, the Social & Ethics Committee, the Remuneration Committee and the board of directors are delivered herewith.

The following proposed resolutions for adoption will be considered by shareholders at the AGM, and if deemed fit, passed with or without modification.

2. Special Resolutions

In order for the special resolutions to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

2.1 Special Resolution number 1

Non-executive director remuneration

"Resolved that the company be and is authorised, in terms of section 66 of the Companies Act, to pay remuneration to its non-executive directors for their services as directors for a period of up to 24 months after the adoption of this special resolution number 1 or until its renewal, whichever is earliest and with effect from 1 March 2016 that annual retainers and meeting fees payable to non-executive directors be and are fixed as follows:

Retainers

Non-executive director: R107 000 per annum
Chairman of the board: R176 550 per annum

Attendance fees

Board (chairman): R21 400 per meeting attended
Board (excluding the chairman):
R10 700 per meeting attended
Audit and risk committee chair:
R13 375 per meeting attended
Social & ethics committee chair:
R13 375 per meeting attended
Remuneration committee chair:
R13 375 per meeting attended
Nomination committee chair:
R13 375 per meeting attended
Investment committee chair:
R13 375 per meeting attended
Audit and risk committee member:
R10 700 per meeting attended
Social & ethics committee member:
R10 700 per meeting attended
Remuneration committee member:
R10 700 per meeting attended
Nomination committee member:
R10 700 per meeting attended
Investment committee member:
R10 700 per meeting attended

Reason for and effect of special resolution number 1

The reason for special resolution number 1 is to authorise the payment of non-executive directors for their services in accordance with the Companies Act.

2.2 Special resolution number 2

General approval to repurchase shares

"Resolved that the company and/or any subsidiary of the company be and is hereby authorised, by way of a general authority, to acquire ordinary shares in the capital of the company upon such terms and conditions and in such amounts as the directors may from time to time determine in terms of and subject to:

2.2.1 sections 4, 46 and 48 of the Companies Act, 2008; and

2.2.2 the JSE Listings Requirements, being, as at the date of this resolution, that:

2.2.2.1 any acquisition of ordinary shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty, provided that if the company purchases its own ordinary shares from any wholly owned subsidiary of the company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction;

2.2.2.2 the general repurchase by the company, and by its subsidiaries, of the company's ordinary shares is authorised by its memorandum of incorporation;

2.2.2.3 this general authority shall be valid until the company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;

2.2.2.4 repurchases must not be made at a price greater than 10% above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicants securities have not traded in such 5 (five) business day period;

2.2.2.5 repurchases of shares in aggregate in any one financial year may not exceed 20% (or 10% where the repurchase is effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;

2.2.2.6 at any point in time the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any subsidiary of the company;

2.2.2.7 the passing of a resolution by the board of directors authorising the repurchase, that the company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;

2.2.2.8 subject to the exceptions contained in the JSE Listings Requirements, the company and its subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;

2.2.2.9 an announcement complying with paragraph 11.27 of the JSE Listings Requirements will be published by the company or its subsidiary (i) when the company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the date of the listing cof the ordinary shares in the company on the JSE ("the initial number") and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the company and/or its subsidiaries.

Reason for and the effect of Special Resolution Number 2

The company's Memorandum of Incorporation ("MOI") contains a provision allowing the company or any subsidiary of the company to repurchase securities issued by the company subject to the approval of the members in terms of the MOI, the requirements of the Act and the JSE Listings Requirements. This special resolution will authorise the company and/or its subsidiaries by way of a general authority from shareholders to repurchase ordinary shares issued by the company.

The directors of the company have no specific intention to give effect to the resolution, but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own shares.

Once adopted, this special resolution will permit the company or any of its subsidiaries, to repurchase such ordinary share in terms of the Act, its MOI and the JSE Listings Requirements.

Disclosures in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures in respect of Special Resolution Number 2, some of which are disclosed in this annual report of which this notice forms part:

– major shareholders of the company – page 74
– share capital of the company – page 58

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names appear on page 18 of the integrated annual report, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

Directors' responsibility statement

The directors, whose names appear on (insert) of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

3 Ordinary Resolutions

In order for the ordinary resolutions to be adopted, the support of more than 50% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

3.1 Ordinary resolutions number 1

Adoption of annual financial statements

"Resolved that the annual financial statements of the company and the group for the year ended 29 February 2016, including the reports of the directors, the report of the external auditor and the audit and risk committee be and are hereby received and adopted."

Motivation/Explanation

The reason for and effect of ordinary resolution number 1 is to approve the annual financial statements of the company and its group for the year ended 29 February 2016 in accordance with section 20(3)(d).

Ordinary resolution number 2

3.2 Re-appointment of auditors

"Resolved to re-appoint Moore Stephens Cape Town Inc (with the designated registered auditor being Adéle Smit) as auditors of the company from the conclusion of this AGM."

Motivation/Explanation

The reason for and effect of ordinary resolution number 2 is to re-appoint Moore Stephens Cape Town Inc as the independent registered auditors of the company. The audit and risk committee has evaluated the performance and independence of Moore Stephens Cape Town Inc and Adéle Smit and recommend their re-appointment as auditors of the company under section 90 of the Companies Act.

3.3 Ordinary resolution number 3

Re-election of Mr Kerin Dreyer

"Resolved that Mr Kerin Dreyer, who is required to retire by rotation as a director of the company at this AGM and who is eligible and available for election, is hereby re-appointed with immediate effect."

A brief curriculum vitae of Mr Dreyer is set out on page 7 of the report of which this notice forms part.

The Nomination Committee has considered Mr Dreyer's past performance and contribution to the company and recommends that Mr Dreyer is re-elected as a director of the company.

Motivation/Explanation

The reason for and effect of this ordinary resolution number 3 is to re-elect Mr Dreyer as a director of the company, his retirement being in accordance with the requirements of the company's MOI.

3.4 Ordinary resolution number 4

Re-election of Ms Ruth Benjamin-Swales

"Resolved that Ms Ruth Benjamin-Swales, who is required to retire by rotation as a director of the company at this AGM and who is eligible and available for election, is hereby re-appointed with immediate effect."

A brief curriculum vitae of Ms R Benjamin-Swales is set out on page 6 of the report of which the notice forms part.

The Nomination Committee has considered Mrs R Benjamin-Swales' past performance and contribution to the company and recommends that Mrs R Benjamin-Swales is re-elected as a director of the company.

Motivation/Explanation

The reason for and effect of this ordinary resolution number 4 is to re-elect Mrs R Benjamin-Swales as a director of the company, his retirement being in accordance with the requirements of the company's MOI.

3.5 Ordinary resolution number 5

Re-election of Ms Ruth Benjamin-Swales to the audit and risk committee

"Resolved that Ms Ruth Benjamin-Swales, being an independent director of the company and who meets the requirements of section 94 (4) of the Companies Act, be and are hereby elected as the chair and member of the audit and risk committee in terms of section 94 (2) of the Companies Act until the next AGM".

A brief CV of Ms Benjamin-Swales appears on page 6 of this integrated annual report

Motivation/Explanation

The reason for and effect of ordinary resolution number 5 is to re-elect Ms Benjamin-Swales as chair and member of the audit and risk committee of the company.

3.6 Ordinary resolution number 6

Re-election of Mr Leon Campher to the audit and risk committee

"Resolved that Mr Leon Campher, being an independent director of the company and who meets the requirements of section 94 (4) of the Companies Act, be and are hereby elected as a member of the audit and risk committee in terms of section 94 (2) of the Companies Act until the next AGM".

A brief CV of Mr Campher appears on page 6 of this integrated annual report.

Motivation/Explanation

The reason for and effect of ordinary resolution number 6 is to re-elect Mr Campher as a member of the audit and risk committee of the company.

3.7 Ordinary resolution number 7

Re-election of Mr Nazeem Khan to the audit and risk committee

"Resolved that Mr Nazeem Khan, being an independent director of the company and who meets the requirements of section 94 (4) of the Companies Act, be and are hereby elected as the chair and member of the audit and risk committee in terms of section 94 (2) of the Companies Act until the next AGM".

A brief CV of Mr Khan appears on page 6 of this integrated annual report.

Motivation/Explanation

The reason for and effect of ordinary resolution number 7 is to re-elect Mr Khan as a member of the audit and risk committee of the company.

3.8 Ordinary resolution number 8

Remuneration policy

"Resolved that, in accordance with the principles of the King III report on governance, through a non-binding advisory vote, the company's remuneration policy and its implementation, as set out on pages 24 – 25 of this integrated annual report be and is hereby approved."

Motivation/Explanation

The reason for and effect of ordinary resolution number 8 is to endorse the company's remuneration policy.

3.9 Ordinary resolution number 9

The report of the Social & Ethics Committee

"Resolved that the report of the Social & Ethics Committee, as set out on pages 14 – 15 of the integrated annual report of the company of which this notice forms part, in accordance with the Companies Regulations, 2011 is hereby published in terms of the Companies Act."

Motivation/Explanation

The reason for and effect of ordinary resolution number 9 is to approve the publication of the report of the Social & Ethics Committee.

3.10 Ordinary resolution number 10

General authority to issue shares for cash

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue shares in the capital of the company for cash subject to the limitations as set out in the company's memorandum of incorporation and the Companies Act, from time to time on the following basis:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders and not to related parties (as defined by the JSE Listings Requirements);
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 27 986 247 shares, being 10% of the company's issued share capital as at the date of this notice of annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the number of shares that the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 5% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the company and the

party/ies subscribing for the shares. The JSE should be consulted for a ruling if the company's securities have not traded in such 30 (thirty) business day period;
- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of the date of this resolution, whichever is shorter; and
- upon any issue of ordinary shares which, together with prior issues of ordinary shares within the period that this authority is valid, constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements, giving full details hereof, including (i) the number of ordinary shares issued, (ii) the average discount to the weighted average traded price of the ordinary shares over the 30 business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the shares; and (iii) a written explanation, including supporting documentation (if any) of the intended use of the funds.

Motivation/Explanation

The reason for and effect of ordinary resolution number 10 is to provide a general authority to the company to issue shares for cash.

3.11 Ordinary resolution number 11

Unissued shares under control of directors

"Resolved that, subject to the provisions of the Act and the JSE Listings Requirements, all of the authorised but unissued shares of the company be and are hereby placed under the control of the directors of the company, which directors are authorised to allot and issue any such shares at such time or times, to such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until amended or revoked by the company's shareholders in an annual general meeting, provided that:
- the number of shares issued hereunder in aggregate in any one financial year will not exceed 27 986 247 shares, which represents 10% of the issued share capital as at the date of this notice of annual general meeting, less any shares issued under the general authority granted to the board of directors to issue shares for cash under Ordinary Resolution Number 10; and
- the maximum discount at which the shares may be issued in terms of this authority is 5% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price is agreed between the company and the party subscribing for the shares, adjusted for a dividend where the ex-date in respect of the dividend occurs during the 30 day period in question.

Motivation / Explanation

The reason to and effect of ordinary resolution number 11 is to place authorised by unissued shares of the company under the control of the directors of the company, provided that the number of shares that may be issued in any one financial year will not exceed 27 986 247, less any shares issued under the general authority to issue shares for cash in terms of the ordinary resolution number 10.

3.12 Ordinary resolution number 12

Implementation of resolutions

"Resolved that any directors or secretary of the company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein."

Motivation/Explanation

The reason for and effect of ordinary resolution number 12 is to authorise any director or secretary of the company to implement and give effect to all resolutions contained in this notice.

General instructions for shareholders

Shareholders are encouraged to attend, speak and vote at the AGM.

Electronic participation

The company has made provision for Equites shareholders or their proxies to participate electronically in the AGM by way of telephone conferencing. Should you wish to participate in the AGM by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Monday, 18 July 2016 by submitting by email to the company secretary at riaan@equites.co.za, or by fax to +27(0) 21 418 1754 for the attention of Riaan Gous, relevant contact details, including an email address, cellular number and landline as well as full details of the Equites shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised Equites shares) and (in the case of dematerialised Equites shares) written confirmation from the Equites shareholder's CSDP confirming the Equites shareholder's title to the dematerialised Equites shares. Upon receipt of the required information, the Equites shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the AGM. Equites shareholders must note that access to the electronic communication will be at the expense of the Equites shareholders who wish to utilise the facility. Equites shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the AGM through this medium. Such shareholders should they wish to have their vote counted at the AGM, must to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker.

Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any Equites shareholder holding certificated shares, who cannot attend the AGM but wishes to be represented thereat.

The attached form of proxy is only to be completed by those shareholders who are:

– holding shares in certificated form; or
– recorded on the company's sub-register in dematerialised electronic form with 'own name' registration.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy. Forms of proxy must be deposited at the Transfer Secretaries, Trifecta Capital Services (Pty) Ltd at Trifecta Capital House, 31 Beacon Road, Florida-North, 1790 (PO Box 61272, Marshalltown, 2107) to be received no later than 10:00 on Monday, 18 July 2016. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting prior to the commencement of the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should the member subsequently decide to do so.

A company that is a shareholder, wishing to attend and participate at the AGM should ensure that a resolution authorising a representative to so attend and participate at the AGM on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57 (5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.

By order of the board
Equites Property Fund Limited

Riaan Gous
COMPANY SECRETARY

Registered office
14th Floor
Portside Tower
4 Bree Street
Cape Town

Transfer secretaries
Trifecta Capital Services Proprietary Limited
Trifecta Capital House
31 Beacon Road
Florida-North
1790

FORM OF PROXY GENERAL MEETING OF EQUITES SHAREHOLDERS

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")

For use by shareholders, who were registered as shareholders on Friday, 15 July 2016, holding certificated Equites shares, dematerialised shareholders who have elected "own-name" registration, nominee companies of CSDP's and brokers nominee companies ("shareholders"), at the general meeting of shareholders to be held at 10:00 on Wednesday, 20 July 2016 at the offices of Cliffe Dekker Hofmeyr (CDH), 5th floor, 11 Buitengracht Street, Cape Town.

/We (FULL NAMES IN BLOCK LETTERS PLEASE) . . . .

of (Address) . . . .

Telephone number: ( ) . . . . Cellphone number: ( ) . . . .

Email address:. . . . .

Being the holder(s) of . . . . shares in Equites, hereby appoint

1. . . . . or failing him/her

2. . . . . of failing him/her

3. the chairperson of the annual general meeting of Equites shareholders . . . .

as my/our proxy to attend and speak and to vote for me/us on my/our behalf at the general meeting and at any adjournment thereof in the following manner

Not for use by dematerialised shareholders who have not elected "own-name" registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the general meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instruction should they not wish to attend the general meeting in order for the CSDP or broker to vote in accordance with their instructions at the annual general meeting.

	NUMBER OF VOTES		
	*For	*Against	*Abstain
Special Resolution number 1 – Non-executive director remuneration			
Special resolution number 2 – General approval to repurchase shares			
Ordinary resolutions number 1 – Adoption of annual financial statements			
Ordinary resolution number 2 – Re-appointment of auditors			
Ordinary resolution number 3 – Re-election of Mr K Dreyer			
Ordinary resolution number 4 – Re-election of Mrs R Benjamin-Swales			
Ordinary resolution number 5 – Re-election of Ms R Benjamin-Swales to the audit and risk committee			
Ordinary resolution number 6 – Re-election of Mr L Campher to the audit and risk committee			
Ordinary resolution number 7 – Re-election of Mr N Khan to the audit and risk committee			
Ordinary resolution number 8 – Remuneration policy			
Ordinary resolution number 9 – The report of the Social & Ethics Committee			
Ordinary resolution number 10 – General authority to issue shares for cash			
Ordinary resolution number 11 – Unissued shares under control of directors			
Ordinary resolution number 12 – Implementation of resolutions			

*Mark "For", "Against" or "Abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

FORM OF PROXY (CONTINUED)

Signed this .... day of 2015

....

Signature

Assisted by me (where applicable) ....

(State capacity and full name)..

A Equites shareholder entitled to attend and vote at the abovementioned annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of Equites.

Forms of proxy must be deposited Trifecta Capital Services (Pty) Ltd at Trifecta Capital House, 31 Beacon Road, Florida-North, 1790 (PO Box 61272, Marshalltown, 2107) so as to arrive by no later than 10:00 on Monday, 18 July 2016. Alternatively, the form of proxy may be handed to the chairman of annual general meeting at the annual general meeting prior to the commencement of the annual general meeting.

NOTES:

1. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
2. Shareholders that are certificated or own-name dematerialised shareholders, entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder(s). Such proxy/ies may participate in, speak and vote at the annual general meeting in the place of that shareholder at the annual general meeting. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy the chairperson shall be deemed to be appointed as the proxy.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the chairman, to vote or abstain from voting as deemed fit and in the case of the chairman to vote in favour of the resolution.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
5. A shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to Equites. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting, notwithstanding the death of the person granting it or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in compliance with these notes, provided that, in respect of acceptances, the chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
9. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by Equites or the transfer secretaries or waived by the chairman of the annual general meeting.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Equites or the transfer secretaries.
11. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote, as determined by the order in which the names stand in the register of shareholders, will be accepted and only that holder whose name appears first in the register in respect of such shares need to sign this form of proxy.

GLOSSARY

ABSA	ABSA Bank Limited
AFS	Annual Financial Statements
AGM	Annual General Meeting
CA(SA)	Chartered Accountant South Africa
CEO	Chief executive officer
CFO	Chief financial officer
CODM	Chief Operating Decision Maker
COO	Chief operating officer
CPI	Consumer Price Index
CSP	Conditional Share Plan
DPS	Distribution per share
Equites	Equites Property Fund Limited
GLA	Gross lettable area
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board of Auditors
JSE	Johannesburg Stock Exchange
LTI	Long Term Incentives
LTV	Loan-to-value
MOI	Memorandum of incorporation
NAV	Net asset value
Nedbank	Nedbank Limited
OECD	Organisation for Economic Co-operation and Development
QS	Quantity surveyor
REIT	Real Estate Investment Trust (as defined in the Income Tax Act and JSE Listings requirements)
SAICA	South African Institute of Chartered Accountants
STI	Short term incentives
TFG	The Foschini Group
TGP	Total guaranteed gay
UK	United Kingdom
VWAP	Volume weighted average price
WALE	Weighted average lease expiry
WCED	World Council for Economic Development

Equites Property Fund
14th Floor
Portside Building
4 Bree Street
Cape Town
Tel: 021 460 0404
Fax: 021 418 1754
Email: info@equites.co.za

www.freshidentity.co.za

equites
PROPERTY FUND

www.equites.co.za