JSE CODE EQU

ANNUAL RESULTS

PRE-CLOSE PRESENTATION

FEBRUARY 2023

SIX KEY FOCUS POINTS

EXPANDING INDUSTRIAL POSSIBILITIES

JSE CODE EQU

FOCUS POINT ONE: BUSINESS STRENGTH

POTENTIAL BEYOND PROPERTY

FIVE-YEAR TRANSITION PERIOD

	PAST FEB-20	PRESENT AUG-22	FUTURE FEB-25 TARGET
PORTFOLIO WALE IN YEARS			
South Africa	7.2	13.3	>14
United Kingdom	14.1	15.6	>12
Group Portfolio	10.2	13.9	>13
PORTFOLIO METRICS			
Portfolio vacancy	3.4%	0.1%	<1.0%
A-grade tenants	90%	97%	>99%
Non-core assets	4%	4%	<1%
SA average escalation rate	7.7%	6.5%	6.0% to 6.5%
SA LAND HOLDINGS			
SA land (hectares)	100	93	<30
SA land value	R1.1bn	R1.1bn	<R0.4m
SA land (% of Group portfolio)	7%	4%	<1%
FUNDING			
LTV ratio	26%	33%	30% - 35%
CCS utilisation	29%	22%	20% - 25%
ESG			
B-BBEE	Level 4	Level 3	Level 2
EDGE / BREEAM certified properties	1	22	35-40

FOCUS POINT TWO: UK CAPITAL VALUES

NAVIGATING A CHALLENGING MACRO ENVIRONMENT

UK LOGISTICS MARKET

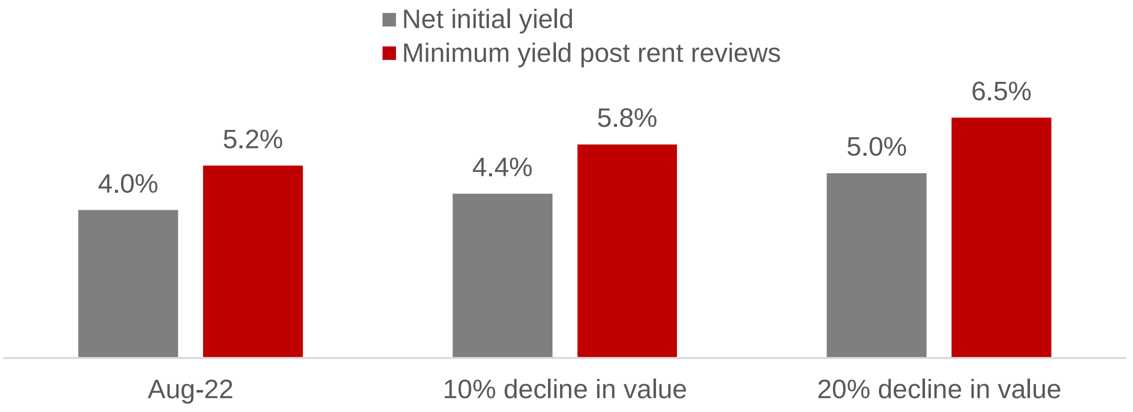
2022 MARKET OVERVIEW

- Double-digit rental growth in the UK logistics market.
- Take-up reached 48m sq ft (4.5m sq m), the third strongest year on record.
- Significant demand for c. 1m sq ft boxes on a pre-let basis, boding well for land currently controlled by ENGL.

CAPITAL VALUES

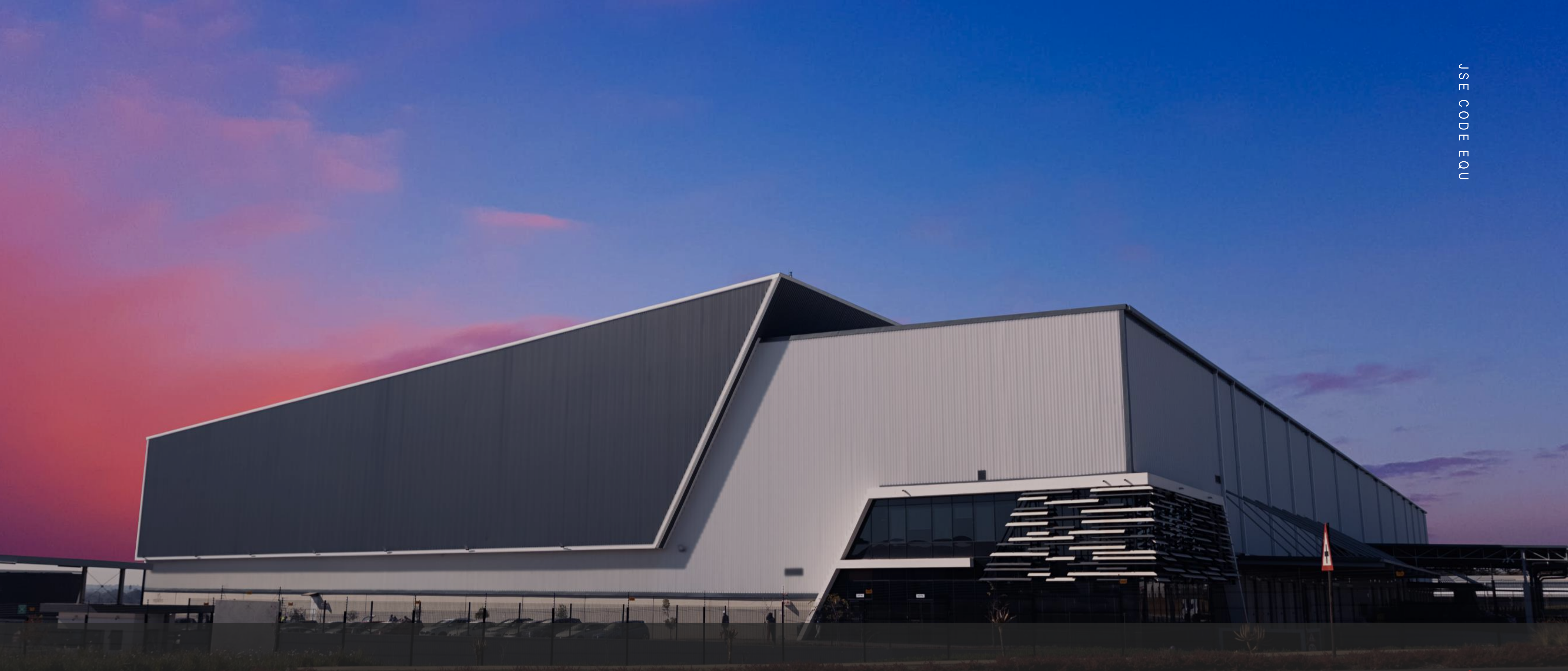
- MSCI reported a 19% decline in capital values for UK logistics properties in 2022, increasing the prime distribution yield to 5.0%.
- The net initial yield of Equites' portfolio (property valuations vs passing rent) was 4.0%, as of Aug-22.
- Equites estimates the passing rent to increase by between 30% and 40%, post all rent reviews over the next four years.
- A decline in property valuations will imply an attractive yield on the portfolio, post all rent-reviews. By way of an example; a 20% decline in the portfolio's value will increase the net initial yield from 4.0% to 5.0%. Post the upcoming rent reviews, the 5.0% net initial yield will grow to stabilised yield of 6.5%, assuming a rental uplift of 30%.

EQUITES PORTFOLIO CAPITAL VALUES VS YIELDS



EXAMPLE OF GXO IN COVENTRY

GXO ANALYSIS	BASE	SCENARIO 1	SCENARIO 2
Property valuation		10% decline	20% decline
Valuation £	51 000 000	45 900 000	40 800 000
Passing rent £	**1 985 000**	**1 985 000**	**1 985 000**
Base rent / sq ft	6.25	6.25	6.25
Expected rent review rental / sq ft	8.25	8.25	8.25
Growth in passing rent	32%	32%	32%
Rental post rent review £	**2 620 200**	**2 620 200**	**2 620 200**
Net initial yield	3.6%	4.0%	4.6%
Yield post rent review	4.8%	5.3%	6.0%

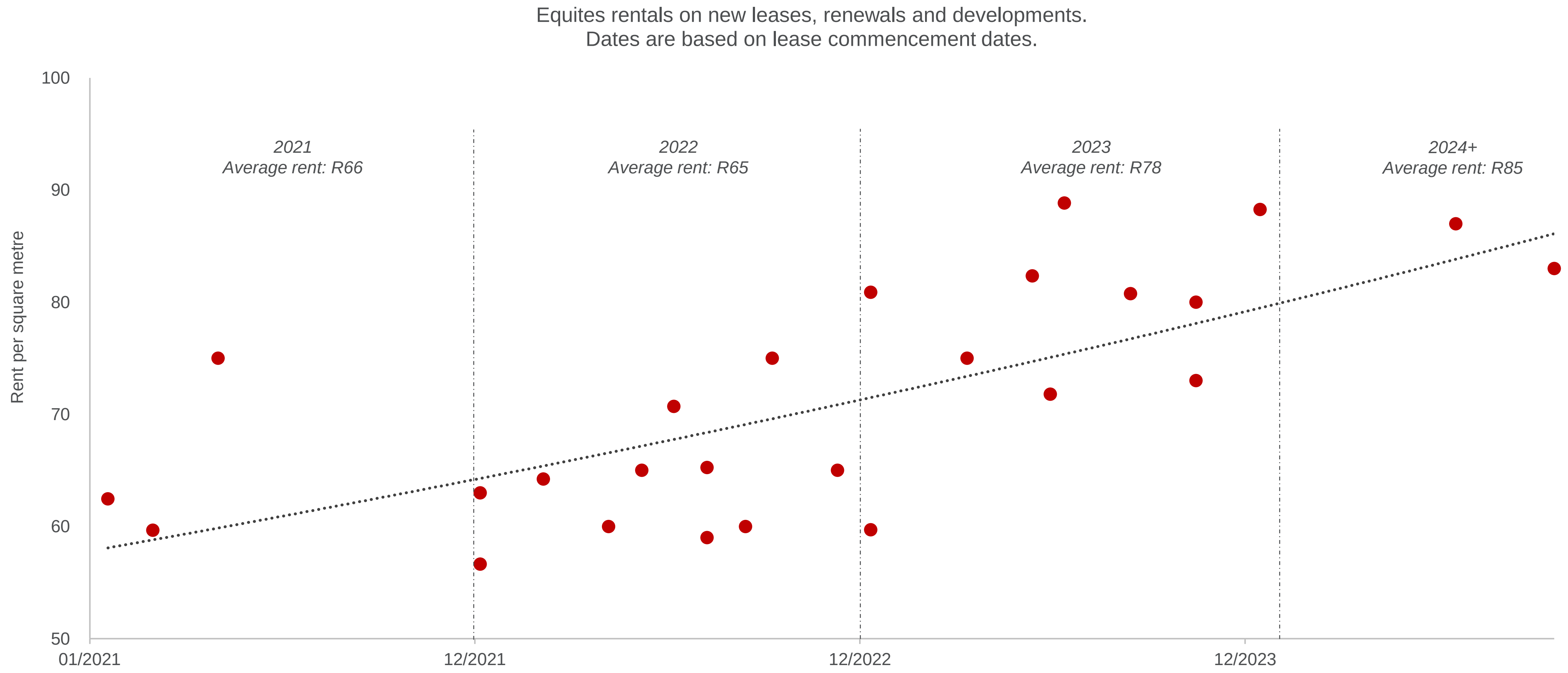


FOCUS POINT THREE: SA RENTAL GROWTH

STRONG DEMAND FOR A-GRADE WAREHOUSING SPACE

SA RENTAL GROWTH

PROXY FOR MARKET RENTAL GROWTH FOR A-GRADE LOGISTICS PROPERTIES



FOCUS POINT FOUR: DISPOSAL PROGRAMME

BALANCE SHEET STRENGTH

DISPOSAL PROGRAMME

WE ARE EXPERIENCING **STRONG DEMAND** IN THE MARKET FOR OUR ASSETS

PHASE 1

R600m in SA and R1.1bn in the UK.

Reached a binding-agreement at the start of 2023 for the disposal of logistics properties with a value of R600m.

In advanced discussions with a party to dispose of two assets in the UK.

Expected transfer date: March 2023.

PHASE 2

R700m in SA.

Further disposals planned over the next 9 months, which include the Pick n Pay DC in KZN.

Expected conclusion date: June 2023.

PHASE 3

R1.5bn in SA.

A further R1.5bn of assets are being considered for disposal, which is a combination of non-core and core assets.

Expected conclusion date: June 2024.

WE EXPECT THE **LTV RATIO** TO:

- Increase to between **35% and 40%** in the short term;
- With a medium-term target range of between **30% to 35%.**

FOCUS POINT FIVE: SHOPRITE

BUILDING RESILIENCE

SHOPRITE PORTFOLIO

RATIONALE

- Exposure to Africa's largest food retailer.
- 20-year triple-net leases.
- Escalation rate of 5% per annum, translating into between 7.0% and 8.0% growth in cashflows per annum on a geared basis.
- 5% growth in asset values will translate into approximately 7% growth in asset value, on a geared basis.
- IRR expectations between 13% and 14%, on a geared basis.
- Equites' interest in the Shoprite portfolio will be c. R4bn upon completion of all developments.

EXAMPLE	AMOUNTS IN RAND
Development cost	1 245 300 000
Yield on cost	7.75%
Rental income	96 510 750
Escalation rate	5.0%
Funding:	1 245 300 000
Equity	871 710 000
Debt	373 590 000
LTV ratio	30%
Funding cost	9.0%

GEARED RETURNS	EQUITES OUTLAY	YEAR-1	YEAR-2	YEAR-3	YEAR-4	YEAR-5
Asset value	1 245 300 000	1 307 565 000	1 372 943 250	1 441 590 413	1 513 669 933	1 589 353 430
Debt	373 590 000	373 590 000	373 590 000	373 590 000	373 590 000	373 590 000
Rolling NAV	871 710 000	933 975 000	999 353 250	1 068 000 413	1 140 079 933	1 215 763 430
Rolling LTV ratio	30%	29%	27%	26%	25%	24%
Rent		96 510 750	101 336 288	106 403 102	111 723 257	117 309 420
Less: finance charges		- 33 623 100	- 33 623 100	- 33 623 100	- 33 623 100	- 33 623 100
Distributable earnings		62 887 650	67 713 188	72 780 002	78 100 157	83 686 320
Growth in cashflows			7.7%	7.5%	7.3%	7.2%

RETURN ANALYSIS						
Total return (ROE)*		14.4%	14.3%	14.2%	14.1%	14.0%

**ROE comprises of the yield + growth in NAV*

FOCUS POINT SIX: UK STRATEGY UPDATE

CAPITALISING ON OPPORTUNITIES

UK STRATEGY

NEWLANDS DEVELOPMENT PLATFORM

- 10 sites throughout the UK.
- Landbank of approx. 1,300 acres (526 ha) under control (ENGL).
- Potential for 1.3m sq. m (14m sq. ft of floor space).
- Gross development value of £2.4bn (R50 bn) over the medium to long term.
- ENGL currently owns the land on two sites.
- Four sites with outline planning consent.
- The remaining six sites are controlled via land option agreements.

UPDATE ON NEWLANDS

- ENGL has received unsolicited expressions of interest in the UK development pipeline.
- Equites and Newlands Developments are in agreement to potentially capitalise on the investor appetite in the market.
- Equites has appointed Rothschild & Co to undertake a formal process to present the Newlands Development Platform to potential equity partners globally.
- The introduction of an additional equity partner will crystalise a portion of the value that has been created to date and will release capital to Equites.
- Equites will only consider the introduction of an equity partner if it creates maximum value for Equites shareholders.

EQUITES CORE PORTFOLIO

- Equites will continue to retain ownership of its core income-producing portfolio.
- Equites is in advanced discussions, however, to dispose of two properties.
- Equites estimates the current portfolio to be at least 30% under-rented and will support growth in cashflows over the medium term.

PROSPECTS

ELEVATING EXCELLENCE

PROSPECTS

- DPS guidance of between 4.0% and 6.0% distribution growth per share for this financial year (FY23) is unchanged.
- Triple-net leases result in no cost leakage in terms of loadshedding and associated generator costs.
- 100% payout ratio.
- Medium-term target LTV ratio of between 30% and 35%.

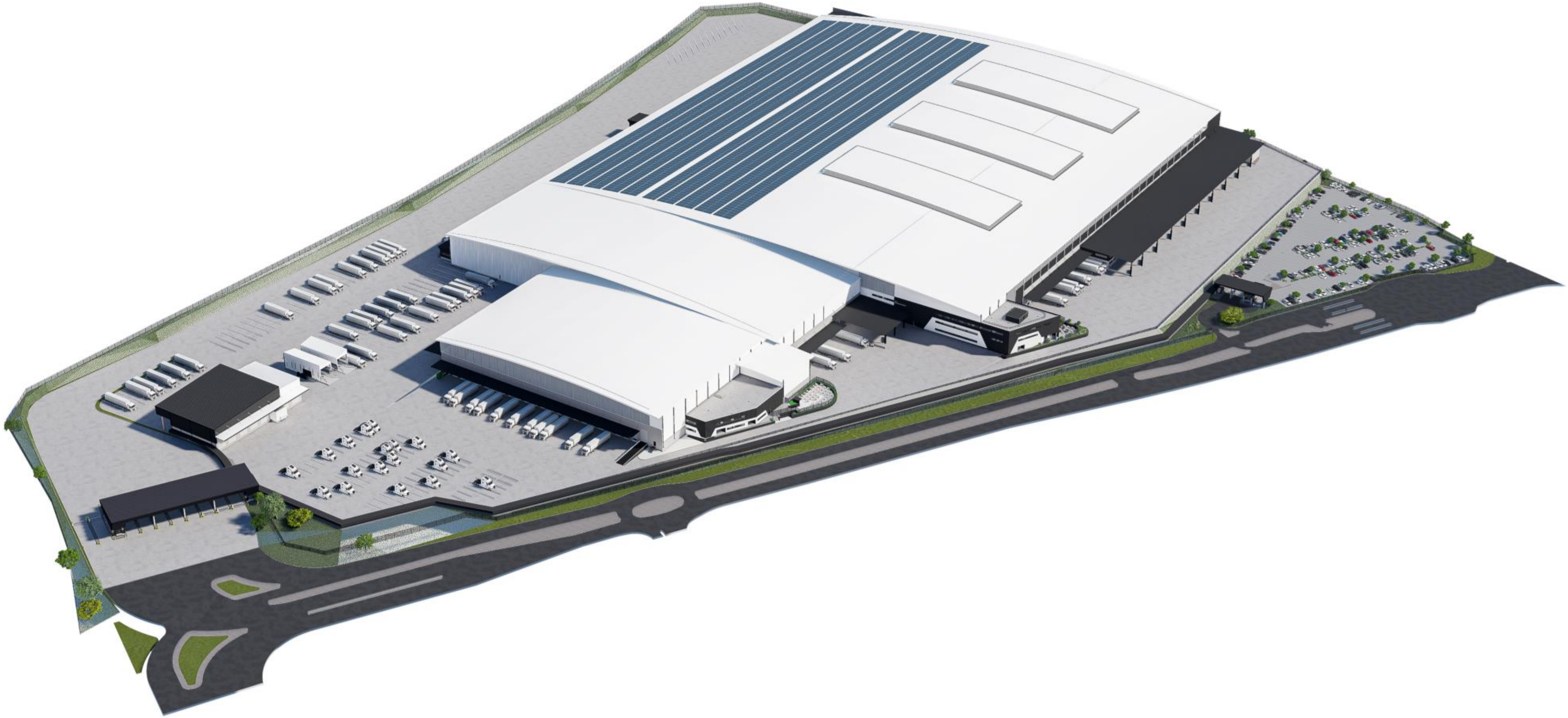
SITE VISIT: 28 FEBRUARY 2023

PUTTING INDUSTRIAL SPACE TO WORK

SITE VISIT – TFG DEVELOPMENT

Tenant: **TFG** Location: **WITFONTEIN** GLA: **51,400m^2** Development Cost: **R623m**

SITE VISIT – SHOPRITE DEVELOPMENT



Tenant: **SHOPRITE**

Location: **WITFONTEIN**

GLA: **92,791m^2**

Development Cost: **R1.25bn**

SITE VISIT – DSV CAMPUS

Tenant: **DSV** Location: **WITFONTEIN** GLA: **144,213m²** Acquisition Cost: **R2.05bn**

QUESTIONS?

APPENDIX 1: GROUP STRATEGY

SOUTH AFRICA

01

Develop “best-in-class” logistics parks and properties on key strategic land holdings.

02

Acquisition of assets or portfolios, including sale and leaseback transactions (S&LB).

03

Focus on securing A-grade tenants on long-term leases.

UNITED KINGDOM

04

Unlock key tracts of land through the relationship with Newlands.

05

Build scale through developing new assets on a pre-let basis.

06

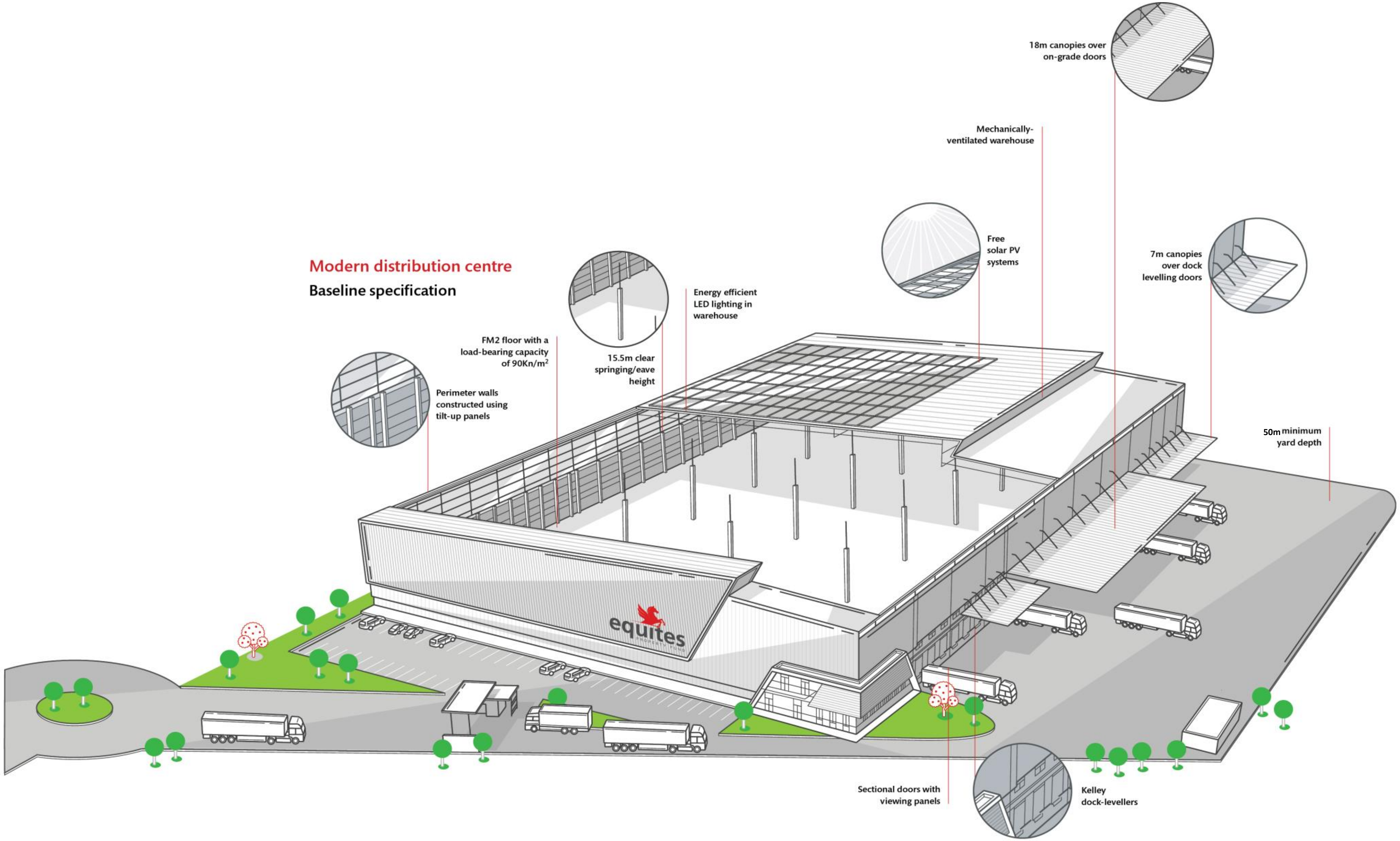
Unlock capital and profits through turnkey developments and land disposals.

APPENDIX 2: LAST REPORTED METRICS

AUG-22

+4.1%	18.77	33.3%	13.9	R26.3
DPS	NAVPS	LTV	YEARS	BN
In line with guidance.	NAV per share increased by 0.8% over the six-month period.	In line with target range of 30% to 40%.	Long-dated WALE supporting earnings predictability.	Increased by 24% on a year-on-year basis.

APPENDIX 3: EQUITES BASELINE SPECIFICATION



APPENDIX 4: EQUITES BASELINE SPEC VS LOW-COST WAREHOUSE

ITEM	LOW-COST WAREHOUSE	EQUITES BASELINE SPEC	COMMENTS
YARD SIZE	20 – 30 metres	50 - 60 metres	Significantly improves efficiencies and allow super links to operate
HEIGHT TO EAVES	8 -12 metres	15.5 metres	Allows occupiers to store much more inventory – higher racking
FLOOR FLATNESS AND STRENGTH	FM3 or not classified, 50kn/m^2	FM2 / DM2 / DM1, +90kn/m^2	Allows for MHE to operate safely and optimally at above specified heights. Ensures point loads don't damage floors.
SOLAR PV AND ELECTRICAL INSTALLATION	No	Free Solar PV and LED lights throughout	Reduces operational tenant costs
VENTILATION	Natural	Mechanical	Significantly reduces dust in the facility, protects from foreign bodies entering the facility, ensures acceptable working temperature for staff
CANOPIES	No canopies	7m canopies over dock levelling doors, 18m canopies in front of on grade doors	Allows for 24/7 operations. Supports all weather conditions.
DOORS	Roller shutter doors	Sectional doors with viewing panels	Mitigates maintenance costs, reduce operational downtime
EXTERNAL SURFACES	Plastered or painted	Cladding and glass	Noticeably reduces maintenance costs
WAREHOUSE PERIMETER WALLS	Brickwork	Tilt-up panels	Greatly reduces maintenance costs, improves safety & security

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