TEXTON

PROPERTY FUND

(Registration Number 2005/019302/06)
Annual Financial Statements
for the year ended 30 June 2023

Audited Financial Statements

in compliance with the Companies Act of South Africa

Prepared: by N Reddy CA(SA) under the supervision of HSP Welleman CA(SA)

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Director's Responsibilities and Approval

The directors are responsible for the preparation and fair presentation of the annual financial statements of Texton Property Fund Limited, comprising the statements of financial position at 30 June 2023, and the statements of profit or loss and other comprehensive income, changes in equity and 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, in accordance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board (IASB), SA financial Reporting requirements, the requirements of the Companies Act of South Africa and the JSE Listings Requirements.

The directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the ability of the company to continue as a going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 14 to 88 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- To the best knowledge and belief no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken steps to remedy the deficiencies.
- we are not aware of any fraud involving the directors.

Approval of company annual financial statements

The company annual financial statements of Texton Property Fund Limited as identified in the first paragraph, were approved by the board of directors on 22 September 2023 and signed on their behalf by:

HSP Welleman
Chief Executive Officer

M Golding
Chairman

Certificate by the Company Secretary

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 of South Africa, we certify that to the best of our knowledge and belief, that Texton Property Fund Limited has lodged all returns required in terms of the Companies Act, 71 of 2008, with the Commissioner of the Companies and Intellectual Property Commission for the financial year ended 30 June 2023 and that the returns are true, correct and up to date.

Corpstat Governance Services (Pty) Ltd
Company Secretary
22 September 2023

Report of the Audit and Risk Committee

The Audit and Risk Committee (the "audit committee") takes pleasure in presenting its report for the year ended 30 June 2023.

1. Terms of reference

The audit committee is a formal committee of the Board of the Company and its subsidiaries and has adopted written terms of reference. These terms of reference include the statutory requirements of the Companies Act of South Africa ("the Act"), the recommendations of the King Code on Governance ("King IV") and certain responsibilities delegated by the Board.

The main responsibilities of the audit committee include:

- Reviewing the ongoing effectiveness of the internal financial controls
- Reviewing the interim and preliminary results, the annual financial statements and other content in the integrated annual report, and making a formal recommendation to the Board to adopt the same
- Ensuring compliance with IFRS and the relevant requirements of the Act and the Johannesburg Stock Exchange ("JSE") with respect to financial reporting
- Overseeing the appointment and independence of the external auditors and reviewing their external audit reports
- Determining a policy for the provision of non-audit services by the external auditors
- Monitoring the risk management framework adopted by the Company and its subsidiaries (the "Group") and reviewing any risk management reports in this regard
- Reviewing management's assessment of the 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 year under review.

The audit committee has monitored and confirms that it is in compliance with the risk management policy which is in accordance with the industry practice and prohibits the Company from entering into speculative derivative transactions not in the ordinary course of business.

2. Members of the audit committee, attendance of meetings and evaluation

The audit committee comprises three independent non-executive directors and is chaired by John Macey CA(SA). Certain executive directors, senior management 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 as confirmation of the members' independence in terms of King IV and the Act. The evaluation performed covers the year ended 30 June 2023. The outcome of the evaluation performed was satisfactory.

3. External auditors

The audit committee nominated BDO South Africa Inc ("BDO"). as external auditors for the current year, having satisfied itself that they are independent of the Group. The audit committee noted Stephan Cillié as the designated auditor and confirmed that both he and BDO are accredited with the JSE in accordance with paragraph 3.84(g)(iii) of the JSE Listing Requirements. The external auditors have unrestricted access to the audit committee.

The audit committee approved the terms of the auditors' engagement letter, their audit plan and budgeted audit fees for the audit of the Group and Company annual financial statements for the year ended 30 June 2023.

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

Report of the Audit and Risk Committee

4. **Significant matters**

   Valuation of investment property

   The major risk relating to investment property is the valuation of investment property. This has been highlighted as an area of critical judgement and is detailed in note 5 of the annual financial statements. Each property is externally valued at least every three years, which results in a third of the properties being revalued annually. Where an external valuation is not obtained, the directors determine the fair value of each property, using the valuation methodology in note 5. Through discussion with the executive directors, the audit committee is satisfied with the valuation methodology and inputs. A number of non-executive directors have extensive experience in the property industry and the Board as a whole approves the valuations. The audit committee also monitors differences between internal and independent external valuations and is satisfied overall that the fair value of investment properties is not materially misstated.

5. **Financial Director**

   Pinny Hack resigned as Financial Director on 15 December 2022. At 30 June 2023, the recruitment process for a replacement was still in process. During this period the finance duties were assumed by the company's group financial manager, group financial controller, with oversight from the company's Chief Executive Officer.

   The Audit and Risk Committee, in consultation with the Board of Directors of Texton, considered the finance team to have sufficient knowledge, qualifications and experience to adequately manage the finance function during this period.

6. **Internal audit**

   The audit committee continues to assess the requirement to have an internal audit function as the Company grows. At this point in time, the audit committee has satisfied itself that the size and complexity of the Group does not warrant an internal audit function.

7. **Proactive monitoring**

   The audit committee confirms that it has considered the findings contained in the JSE's 2022 Proactive Monitoring report when preparing the annual financial statements for the year ended 30 June 2023.

8. **Internal financial controls**

   The audit committee reviewed the risk management and internal control framework presented by management and matters raised by the external auditors report as to the efficiency of the Group's internal financial controls.

   In accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the audit committee confirms that no material breakdown of internal financial controls was identified during the current financial year.

9. **Approval of annual financial statements**

   The audit committee confirms that it formally recommended the adoption of the Group annual financial statements to the Board of directors.

JR Macey

JR Macey
Chairman of the Audit and Risk Committee
22 September 2023

Director's Report

Nature of the business

Texton is a JSE-listed real estate investment trust ("REIT") that offers shareholders access to global direct and indirect real estate investments, which aim to deliver sustainable, risk-adjusted returns. The companies direct property portfolio is valued at R1.1 billion as at 30 June 2023 (2022: R1.2 billion) and our international indirect property investment portfolio amounts to R57.4 million (2022: R15.5 million). The direct property portfolio includes commercial, industrial and retail properties.

Subsidiary	**Location**	**% owned**
Discus House Proprietary Limited	South Africa	100%
Imperial Comm Props Proprietary Limited	South Africa	100%
Investage 183 Proprietary Limited	South Africa	100%
Nungu Trading 88 Proprietary Limited	South Africa	100%
TexStores Propriety Limited	South Africa	100%
US TP Investments 1 LLC	United States Of America	100%
Texton Property Investments UK Limited	United Kingdom	100%
Indirectly held subsidaries- Held by Texton Property Investments UK:		
TPI UK No2 Limited	United Kingdom	100%
TPI UK No1 Limited	United Kingdom	100%
Chevelon Investment Holdings Limited*	British Virgin Islands	100%
Heddon Investment Holdings Limited^	British Virgin Islands	100%
Zeya Investment Holdings Limited^	British Virgin Islands	100%
Ganix Investment Holdings Limited^	British Virgin Islands	100%

* This entity was liquidated on 23 August 2022

^These entities are currently in the process of being liquidated

Controlled entities		
Vunani Property Investment Trust	South Africa	100%
Joint Ventures		
Inception (Reading) S.a.r.l. - Broad Street Mall	United Kingdom	50%

Financial results

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

Going concern

The Company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

Texton entered in to a repurchase agreement with the Public Investment Corporation ("PIC") towards the end of the financial year to repurchase 72 129 048 Texton shares. This transaction ("PIC transaction") was funded through available cash in Texton's Rolling credit facility ("RCF). Refer to the events after the reporting period below.

Management are in negotiations with Investec to renew the facilities expiring on 29 September 2023. Based on past experiance on renewals with the bank and the fact that the debt has been reduced during the year through property disposals, management expect these facilities to be renewed.

Director's Report

The directors consider that the group has adequate resources to continue operating for the forseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such, it is appropriate to adopt the going concern basis in preparing the consolidated finacial statements.

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Banking facilities

Texton has unlimited borrowing powers in terms of the Memorandum of Incorporation ("MOI"), but the company has maintained its debt levels below 60% of its gross asset value in accordance with JSE requirements for REIT's. The company is also subject to certain financial covenants with the strictest being a 50% loan-to-value covenant on its bank borrowings. The companies overall debt was R 680 million (2022: R 1 100 million) at the reporting date as detailed in note 15 to the annual financial statements.

At year-end, all bank covenants were in compliance. Please refer to note 15 for more detail.

Sale of non core properties

Texton had two properties accounted for as held for sale at the beginning of the year, one of these properties was sold during the current financial year. Two other properties were transferred to held for sale during the year, one of which was sold within the year. At year end, Texton has two properties accounted for as held for sale to the value of R60 million.

Events after the reporting date

Share Repurchase

As announced on the Stock Exchange News Services ("SENS") on the Johannesburg Stock Exchange ("JSE") on 25 May 2023, Texton entered into a repurchase ("the Repurchase") agreement with the Public Investment Corporation ("PIC") to repurchase 72 129 048 Texton shares for a total consideration of R155 077 466.75. This transaction("PIC transaction") was concluded on 17 July 2023 and funded through available cash in Texton's Rolling Credit Facility ("RCF").

A resolution was passed by the Board in terms of section 46 of the Companies Act that having applied the solvency and liquidity test as set out in section 4 of the Companies Act (the "solvency and liquidity test"), it has satisfied itself that at the date of the resolution being passed that it reasonably appears, and it has thus reasonably concluded, that the Company will satisfy the solvency and liquidity test, immediately after implementation of the Repurchase.

The circular issued to shareholders documents that directors, in line with the JSE Listings Requirements, have considered the effect of the repurchase on liquidity and solvency.

Declaration of final dividend

The board of directors of Texton ("the board") is pleased to announce that Texton has declared a final dividend of 19.26 cents (2022:7.00 cents) per share for the year ended 30 June 2023. The toal dividend for the year is 19.26 cents (June 2022:17 cents)

Texton may offer a dividend reinvestment plan as a mechanism to conserve cash for future expansion, which allows shareholders to reinvest their cash dividends in to additional shares in the company.

Changes to the Board

Pinny Hack resigned as Chief Financial Officer during the year.

Director's Report

Company secretary

CorpStat Governance Services Propriety Limited, represented by William Somerville , continued to act company secretary during the year under review.

Stated capital

The authorised shares of the company consist of 2 000 000 000 (two billion) ordinary shares of the same class and no par value. Total shares in issue amounts to of 363 701 103 (2022: 365 638 418).

• General repurchase

Texton continues to repurchase its shares in the open market and will do so in terms of the authority that was provided by shareholders at the annual general meeting ("AGM") on 29 November 2021 and 30 November 2022.

Texton repurchased 2 086 070 shares during the year of which 1 937 315 were cancelled in the market. The remainder of the shares were cancelled subsequent to year end.

• Specific repurchase

At the General meeting held on 30 June 2023 a special resolution was passed authorising the repurchase of shares from the PIC. Texton repurchased 72 129 048 shares at R2.15 from the PIC subsequent to year-end, this represented approximately 19.8% of the total issued share capital.

Refer to note 13 for shares repurchased subsequent to year-end.

Auditors

BDO South Africa Inc. will be recommended to shareholders at the annual general meeting to 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, have been threatened, or may have a material impact on the results of the company.

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Independent Auditor's Report

To the Shareholders of
Texton Property Fund Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Texton Property Fund Limited (the company) set out on pages 14 to 88 , which comprise the separate statement of financial position as at 30 June 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Texton Property Fund Limited as at 30 June 2023, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of Investment Properties – (Notes 5 and 11)
 	
The company's investment property portfolio has a total value in the company's statement of financial position of R1 248 million as at 30 June 2023 (R1 411 million: 2022).
 	
It is group policy that investment property is measured at their fair values with a minimum of one third of the portfolio being valued by an independent external valuation expert, whilst the remaining two thirds are valued by management.
 	
The valuation of the group's investment property portfolio is inherently subjective due to the estimates and judgements used in determining the property fair values, such as the exit capitalisation rates, discount rates, forecasted rental income and property expenses. Among other factors, the individual nature of the properties and their location, taking cognisance of the tenants occupying the properties, also affects the valuation of the investment property. Management apply assumptions for yields and estimated market rent to arrive at the final valuation.
 	
The valuation of investment properties was considered to be an area of most significance during our audit of the consolidated financial statements for the year ended 30 June 2023, due to the significance of the balance, the significance of the estimates and the level of judgement involved.
	The audit procedures we performed included, amongst others, the following:
	
	• We assessed the design and tested the implementation of relevant controls over the valuations process;
	• We assessed the competency, capabilities and objectivity of management's external expert ("management's expert"). This included inspecting professional qualifications and registrations and making an assessment of the objectivity and appropriateness of management's expert;
	• We inspected the valuation reports for the properties valued by management, and management's expert in the current year, to assess whether the valuation approach was in accordance with International Financial Reporting Standards, consistent with the prior financial year, and suitable for use in determining the fair value.
	• We agreed all investment property fair values, to the underlying reports.
	• We tested the key assumptions used in the determination of fair values as follows:
	    ○ The forecast revenue applied in the 1st year of the discounted cash flow ("DCF") was assessed for reasonability. This was performed by agreeing the actual revenue per the property management system to the amounts used in the DCF model. For a sample, the inputs within the property management system used to generate the revenue forecast was agreed to underlying signed rental agreements.
	    ○ The projected property expenses applied in the 1st year of the DCF model was assessed for reasonability by comparing to actual property expenses.
	    ○ We assessed the reasonability of revenue and expense growth rates subsequent to the initial forecast year based on our knowledge of the properties obtained through research, and by comparing to available industry data for similar investment properties.
	    ○ We assessed the reasonability of the discount and exit capitalisation rates applied by comparing it to available industry data for similar investment properties.
	• We have tested the mathematical accuracy of the DCF models, by reperforming the calculations.
	• In addition to the above, we also identified key investment property valuations, and requested an external, independent auditor's valuation expert to independently assess and conclude on the the reasonability of the:
	    ○ Forecast revenue applied in the 1st year of the discounted cash flow ("DCF") models;
	    ○ Projected property expenses applied in the 1st year of the DCF models;

- Revenue and expense growth rates in the DCF models subsequent to the initial forecast year; and
- Discount, exit and capitalisation rates applied by either management or management's expert.

- We evaluated the adequacy of the disclosures in the consolidated financial statements relating to the valuation of investment properties in accordance with International Financial Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled " Texton Property Fund Limited Separate Company Financial Statements for the year ended 30 June 2023" and the document titled "Texton Property Fund Limited Consolidated Financial Statements for the year ended 30 June 2023" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty

- exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Texton Property Fund Limited for 3 years.

BDO South Africa Incorporated
BDO South Africa Incorporated (Sep 22, 2023 10:06 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

22 September 2023

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Texton Property Fund Limited

(Registration Number 2005/019302/06)
Financial Statements for the year ended 30 June 2023

Statement of Financial Position

	Notes	Company 2023 R `000	2022 R `000
Assets			
Non-current assets		**2,513,114**	2,781,651
Investment property	5	**1,188,275**	1,255,863
Equipment	6	**5,544**	6,464
Tenant installation	7	**6,728**	8,532
Investments in subsidiaries	36	**1,251,872**	1,164,155
Investment in joint venture	37	**-**	137,426
Unlisted investments	14	**57,408**	15,514
Lease commissions	8	**3,287**	4,905
Loans to subsidaries	18	**-**	188,492
Other receivables	9	**-**	300
Current assets		**334,101**	180,163
Trade and other receivables	10	**22,380**	17,347
Dividends receivable		**54,871**	69,753
Income tax receivable		**181**	-
Other receivables	9	**9,179**	2,000
Loans to subsidaries	18	**233,650**	78,318
Cash and cash equivalents	12	**13,841**	12,745
Investment property held for sale	11	**60,000**	155,000
Total assets		**2,907,215**	3,116,814
Equity and liabilities			
Equity		**1,968,409**	1,966,293
Share capital	13	**3,066,027**	3,072,627
Accumulated loss		**(1,097,637)**	(1,106,608)
Share based payment reserve	38	**87**	407
Foreign Currency Translation Reserve		**(68)**	(133)
Non-current liabilities		**558,256**	880,582
External loans and derivative financial instruments	15	**555,154**	877,480
Deferred tax	16	**3,102**	3,102
Current liabilities		**380,550**	269,939
External loans and derivative financial instruments	15	**125,679**	225,092
Trade and other payables	17	**26,658**	28,978
Income tax payable		**-**	8,721
Loans from subsidaries	18	**228,213**	7,148
Total equity and liabilities		**2,907,215**	3,116,814

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Company 2023 R `000	2022 R `000
Investment property income	19	**176,182**	190,494
Straight-line rental adjustment		**1,983**	(1,843)
Property income		**178,165**	188,651
Reversal of impairment loss on trade receivables		**414**	998
Property expenses	21	**(76,773)**	(89,478)
Net property income		**101,806**	100,171
Other income	22	**13,026**	9,536
Dividends received from subsidiaries	20	**54,871**	69,753
Administrative expenses		**(37,251)**	(34,835)
Loss from joint venture	37	**-**	(24,949)
Expenses incurred for corporate transactions		**-**	(1,123)
Foreign exchange gains		**3,984**	12,010
Operating profit		**136,436**	130,563
Movement in expected credit loss allowance on inter-co loans		**(5,381)**	-
Finance income	23	**9,117**	12,893
Finance costs	24	**(79,733)**	(82,902)
Fair value adjustments	25	**(17,361)**	(92,683)
Profit on disposal of subsidiary		**-**	205,908
Impairment of investment in subsidaries and joint venture		**(10,820)**	(6,228)
Profit before tax		**32,258**	167,551
Taxation income/(expense)	26	**2,261**	(4,381)
Profit for the year		**34,519**	163,170
Other comprehensive (loss)/income:			
Items that may be classified to profit or loss:			
Exchange differences on translating foreign operations		**65**	48
Total comprehensive income/(loss) for the year		**34,584**	163,218

Texton Property Fund Limited

(Registration Number 2005/019302/06)
Financial Statements for the year ended 30 June 2023

Statement of Changes in Equity

	Share capital R `000	Foreign currency translation reserve R `000	Share based payment reserve	Accumulated loss R `000	Total R `000
Balance at 1 July 2021	3,072,627	(181)	145	(1,096,209)	1,976,384
Share based payment transaction			262	-	262
Total comprehensive income for the year	-	48	-	163,170	163,218
Profit for the year	-	-	-	163,170	163,170
Exchange differences on translation of foreign operations	-	48	-	-	48
Dividends recognised as distributions to shareholder	-	-	-	(173,569)	(173,569)
Balance at 30 June 2022	**3,072,627**	**(133)**	**407**	**(1,106,608)**	**1,966,293**
Balance at 1 July 2022	3,072,627	(133)	407	(1,106,608)	1,966,293
Share based payment transaction			(320)		(320)
Total comprehensive income for the year	-	-	-	34,519	34,584
Profit for the year	-	-	-	34,519	34,519
Exchange differences on translation of foreign operations	-	65	-	-	65
Dividends recognised as distributions to shareholder	-	-	-	(25,548)	(25,548)
Shares repurchased and cancelled	(6,278)	-	-	-	(6,278)
Shares repurchased	(322)	-	-	-	(322)
Balance at 30 June 2023	**3,066,027**	**(68)**	**87**	**(1,097,637)**	**1,968,409**
Notes	**13**		**38**		

Statement of Cash Flows

	Notes	2023 R `000	2022 R `000
Cash flows from operating activities			
Cash generated by operations	27	**75,229**	84,109
Interest received		**2,966**	12,163
Interest paid		**(78,387)**	(78,896)
Commissions paid		**-**	-
Dividends paid	29	**(25,548)**	(173,569)
Dividends received	30	**-**	14,899
Taxation paid	26	**(6,641)**	18,769
Net cash inflow from operating activities		**(32,381)**	(122,525)
Cash flows from investing activities			
Additions to property, plant and equipment	6	**(1,196)**	(2,487)
Additions to investment property	5	**(5,487)**	(30,626)
Proceeds on disposal of investment property classified as held for sale		**4,404**	-
Investment in unlisted investments		**(11,312)**	(15,514)
Return of investment		**139,985**	-
Loans repaid by subsidiaries		**67,916**	65,504
Loans advanced to subsidiaries		**(11,049)**	(70,764)
Loans to Subsidaries		**-**	-
Repayment of loan to Inception (Reading) S.a.r.l		**-**	1,963
Share buyback from TPI UK Limited		**-**	39,380
Investment in TP US investments LLC		**-**	(15,300)
Commission paid		**(1,680)**	(1,273)
Vendor finance repayment		**2,000**	-
Increase in Investment TPI UK		**(132,544)**	
Investment in Unlisted Investments/decrease in investment TPI UK		**-**	
Loan to Supplier Development		**(100)**	
Tenant installation incurred	7	**(1,556)**	(5,625)
Net cash inflow from investing activities		**49,381**	(34,742)
Cash flows from financing activities			
Treasury shares acquired	13	**(322)**	-
Treasury shares cancelled	13	**(6,278)**	
Proceeds from external loans and derivative financial instruments	28	**55,000**	194,750
Repayments of external loans and derivative financial instruments	28	**(141,071)**	(80,665)
Debt structuring fees paid		**-**	(416)
Advancement of intercompany loans		**76,775**	-
Repayment of intercompany loans		**(7)**	
Net cash outflow from financing activities		**(15,904)**	113,669
Net increase/(decrease) in cash and cash equivalents for the year		**1,097**	(43,598)
Cash and cash equivalents at the beginning of the year		**12,745**	56,343
Effect of exchange rate movement on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the year	**12**	**13,841**	12,745

Accounting Policies

Preparation of financial statements

The principal accounting policies applied in the preparation of the financial statements are set out in the notes to the financial statements and are consistent with those applied in the previous year, unless otherwise stated.

The financial statements were authorised for issue by the board of directors on 22 September 2023.

1. Basis of preparation

1.1 Reporting entity

Texton Property Fund Limited is a company listed on the JSE and is domiciled in the Republic of South Africa. The company financial statements include the financial statements of Texton Property Fund Limited (“Texton” or “the Company” or “the Fund”).

1.2 Statement of compliance

The financial statements have been prepared in accordance with IFRS, the International Financial Reporting Interpretations Committee ("IFRIC") Interpretations,Have Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing requirements of the Companies Act.

1.3 Basis of measurement

The financial statements are prepared on the historical cost basis, unless otherwise stated, and the accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the basis that the company is a going concern.

1.4 Functional and presentation currency

All items in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The annual financial statements are presented in South African Rand, which is Texton Property Fund Limited's functional and the company's presentation currency.

1.5 Use of estimates and judgements

The most significant judgements, estimates and assumptions that may have a material impact on the financial statements are as follows:

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 the available information is not directly comparable, the amounts are determined within a reasonable range of fair value. The principal assumptions underlying the Board’s estimation of fair value are disclosed in note 5 and include the receipt of contracted rentals, lease renewals, maintenance requirements, operational costs and appropriate discount and capitalisation rates.

The sensitivity analysis in note 5 provides more detailed information on the changes in inputs on the valuation of investment property.

Market activity is being impacted in many sectors. As at the valuation date, the war in Eastern Europe is continuing and the Western world has responded with sanctions to Russia. Increasing inflation and higher borrowing costs may have an effect on the investment property prices

Accounting Policies

Basis of preparation continued...

Other areas of significant judgement and estimations :

- Expected credit loss provision for trade receivables such as the use of market information, the credit ratings applied to catergories of tenants, market growth rates and market data relating to the probability of default percentages applied to calculate the ECLs. For further information, refer to note 10 where details are explained.

- Valuation of unlisted investments , for further refer to note 14.

2. Accounting policies

Subsidiaries

Subsidiaries are entities over which the company has control. The company controls an entity when it 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 in the Group financial statements from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

In the Company financial statements, investments are accounted for at cost less accumulated impairment losses.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Accounting for Joint ventures

Under the equity method, interests in joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the company's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases. Unrealised gains on transactions between the company and a joint venture are eliminated to the extent of the company's interest therein. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the company loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Financial instruments

Classification

Financial instruments are contracts that give rise to financial assets in one entity and a financial liability or equity instrument in another entity.

Non-derivative financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, fair value through other comprehensive income or at amortised cost. The classification depends on the contractual cash flow characteristics of the financial assets as well as the business model concerning the assets and is determined on initial recognition. Subsequent financial assets are not reclassified unless the company amends its business model for managing these financial assets.

The company's non-derivative financial assets comprise trade and other receivables, cash and cash equivalents and loans which are classified as financial assets at amortised cost and unlisted investments held at fair value through profit and loss.

On initial recognition financial assets are measured at fair value plus, for financial assets not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently the company measures financial assets either at amortised cos or fair value through profit or loss.

Accounting Policies

Accounting policies continued...

The company measures financial assets at amortised cost if both of the following conditions are met:
• the objective is to hold assets to collect contractual cash flows, in line with the company's business model, and;
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost.

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset.

The company’s financial assets consist of:

- **Trade and other receivables**
  Trade and other receivables are recognised at trade date at fair value and subsequently at amortised cost. Trade receivables are amounts due from tenants for contractual lease charges and recoveries and are classified as current unless recovery is expected more than 12 months from the reporting date.

  Refer to note 10 for composition of trade and other receivables.

  The company adopts the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

- **Cash and cash equivalents**
  Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are carried at amortised cost which approximates fair value.

- **Other receivable**
  Loans are carried at amortised cost, being the gross carrying amount less an allowance for expected credit losses. Interest earned is recognised on an accrual basis using the effective interest method.

- **Unlisted investments**
  These investments are financial assets that are designated as financial assets measured through profit or loss. On initial recognition the investments are measured at fair value. On each measurement date they will be remeasured to its fair value and any gains or losses will be recognised in the income statement through profit or loss.

Non-derivative financial liabilities
Initial recognition of financial liabilities is at fair value less directly attributable transaction costs.
A financial liability is derecognised when its contractual obligations are discharged or cancelled or expire.
Subsequent to initial recognition, these financial liabilities are measured as follows:

- **Trade and other payables**
  Trade and other payables are measured at amortised cost using the effective interest rate method.

Accounting Policies

Accounting policies continued...

- **External Loans**
  Non-derivative financial liabilities comprising long-term interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings, is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Derivative financial instruments

The company utilises derivative financial instruments to hedge its exposure to interest rate risks and foreign currency risks arising from operational, financing and investment activities. The company does not hold or issue derivative financial instruments for trading purposes and hedge accounting is not applied.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on measurement to fair value is recognised immediately in profit or loss.

The company's derivative financial instruments comprise interest rate swaps, cross currency interest rate swaps and forward exchange contracts and that are either assets or liabilities.

Stated capital

Ordinary shares

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.

Investment property

Investment property is property (land and buildings) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

On initial recognition, the investment property is measured at cost. The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that it will result in future economic benefits and such expenditure can be measured reliably. All other subsequent expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequently, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers and internally by the directors on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine the fair value. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the year in which they arise.

Investment property is maintained, upgraded and refurbished where necessary in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss.

Realised gains or losses on the disposal of investment property are recognised in profit for the year and are calculated as the difference between the proceeds and the carrying amount of the investment property as determined at the last valuation date.

Accounting policies continued...

When the company begins to redevelop an existing investment property for continued future use as investment property, the property remains investment property which is measured based on the fair value model and is not reclassified as property, plant and equipment during the redevelopment.

Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Subsequent expenditure on items of plant and equipment is capitalised when it is probable that future economic benefits associated with that expenditure will flow to the company and such expenditure can be measured reliably. All other subsequent expenditure is recognised in profit or loss in the period in which it is incurred.

When parts of an item of plant and equipment have different useful lives and a cost that is significant in relation to the total cost of the item, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of plant and equipment, and are recognised net within other income in profit or loss.

Depreciation

Depreciation is calculated by allocating the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value on a systematic basis over the useful life of the asset.

Depreciation is recognised in profit or loss on a straight-line basis over the current estimated useful lives of each significant component of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Equipment	3 – 5 years
Furniture and fittings	6 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

- **Trade and other receivables**

  The company recognises a loss allowance for expected credit losses on trade and other receivables which are financial assets. The amount of expected credit losses is updated at each reporting period. The company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (the so-called "simplified approach"of IFRS 9), which represents the expected credit losses that will result from all possible default events over the expected life of the financial asset.

Accounting Policies

Accounting policies continued...

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at reporting date..

The customer base is diverse with significantly different loss patterns for different customer segments. The company combines customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance. Details of the provision matrix, per customer segment, is presented in note 10.

- **Other receivables**

  The company recognises a loss allowance for expected credit losses on all loans receivable that are carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

  The loss allowance is measured using, what is referred to as the general approach, at an amount equal to lifetime expected credit losses ("lifetime ECL") when there has been a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, then the loss allowance is measured at 12-month expected credit losses ("12-month ECL").

  Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of an instrument, while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Non-financial assets

The carrying amount of the company's and Company's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property letting commissions

Letting commissions are written off over the period of the lease.

Investment property held for sale

Investment properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Accounting Policies

Accounting policies continued...

Investment properties are only classified as held for sale when the property is available for immediate sale in its present condition, the Company is committed to a plan to sell the investment property, an active plan has been launched to locate a buyer and complete the sale, the property is being actively marketed at a sale price that is reasonable in relation to the current fair value of the non-current asset or disposal company and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification. Such assets are measured at fair value.

Dividends paid

Dividends or other distributions to the holders of equity instruments, in their capacity as owners, are recognised directly in equity on the date of declaration.

Leases

Lessor accounting

The company are party to numerous leasing contracts as the lessor of property. All leases are operating leases, which are those leases where the company retain a significant portion of the risks and rewards of ownership.

The company allocates the consideration to each lease and non-lease component based on the amount as stipulated in the lease agreement as the rental for the asset is separate from the recovery of expenses.

An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the entity is currently entitled to and the rental for the period calculated on a smoothed, straight-line basis over the period of the lease term. This does not affect distributable earnings.

Costs incurred in an obtaining an operating lease are capitalised and these costs are recognised as an expense over the lease term.

Costs incurred in earning the lease income is recognised as an expense.

Modifications to an operating lease are accounted from the effective date of the modification, considering any lease income received in advance or accrued lease payments relating to the original lease as part of the lease payments for the modification.

Lessee accounting

The company is party to lease contracts as lessee for the use of property and IT equipment.

The company allocates the consideration to each lease and non-lease component based on the amount as stipulated in the lease agreement as the rental for the asset is separate from the recovery of expenses.

- **Right of use asset**

The company recognises the right-of-use asset at the commencement date of the lease. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the company, any lease payments made in advance of the lease commencement date, less any incentives received.

Right-of-use assets recognised as Investment property is subsequently measured at fair value.

Accounting policies continued...

• Lease liability

The lease liability is initially measured at the present value of the future lease payments discounted using the interest rate implicit in the lease, or if that rate is not readily determinable, the company's incremental borrowing rate. Lease payments included in the measurement of the finance lease liability comprise:

- fixed payments; and
- variable lease payments dependent on an index or a rate, initially measured using the index or rate as at the lease commencement date.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased by the interest cost. Interest costs are included in finance costs in the statement of profit or loss and other comprehensive income over the lease period.

• Low value leased assets

Rentals for the low valued leased assets are recognised in other operating expenses. Low value assets include IT equipment. The company has applied the exemption in IFRS 16 for this asset, and a and right-of-use asset has not been recognised. The threshold for low value assets are R100 000.

The rental is straight lined over the lease term.

• Variable lease payments

Variable lease payments that are based on turnover rental are excluded from the initial measurement of the lease liability and are recognised under property expenses, this has been disclosed separately under note 21.

Variable lease payments as described above are expensed as incurred.

• Short terms leases

A lease contract with a term of less than 12 months is considered a short term lease. The company has applied the exemption in IFRS 16, and a lease liability and right-of-use asset has not been recognised.

These lease payments are expensed as incurred.

Revenue

Investment property income

Revenue comprises rental income and recovery of expenses, excluding VAT.

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Tenant recoveries are levied monthly in arrears as a result of the company recovering costs of providing the tenant with services as determined by the lease agreement. The company negotiates the terms of the service, manages the relationship with the suppliers and is liable for payment(even if the property is vacant or the expense is not recovered from the tenant), and therefore maintains primary responsibility for providing the service. The company acts as a principal on its own account when recovering operating costs from the tenant. The frequency and value of these recoveries are not detailed in the lease agreements as they are based on actual expenses incurred, therefore revenue from recoveries is accounted for in accordance with IFRS 15.

Revenue is recognised when a lease is signed and the tenant has taken occupation of the premises. Rental and recoveries are billed on a monthly basis on the South African properties and payment is due within the month either by the 1st or 15th of the month depending on the terms of the lease.

Accounting policies continued...

Revenue other than from contracts with customers

Dividends received from subsidiaries

Dividends received from subsidiaries is recognised when the the Company's right to receive payment is established.

The dividend is recognised directly in profit or loss. The dividend is recognised at book value.

Finance income and finance costs

Finance income comprises interest income on bank balances, interest on Cross Currency Interest Rate swaps and interest on Interest Rate swaps. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on bank balances, inter-company interest, interest on Cross Currency Interest Rate swaps, interest on Interest Rate swaps and bank loans. Finance costs are expensed in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised to the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are expensed in the period in which they are incurred. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the company at the exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate as at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate as at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, are translated to the company's presentation currency (Rand) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at the monthly average rate which approximates the actual rate. The foreign operations relate to the branch in the United Kingdom.

Foreign currency translation reserve ("FCTR")

Foreign currency differences on translation of the financial position and results of a foreign operation into the company's presentation currency are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is disposed of, in part so that control is lost, or in full, the relevant amount in the FCTR is reclassified to profit and loss as part of the profit or loss on disposal.

Where the settlement of a monetary item receivable from foreign operations is neither planned nor likely in the foreseeable future, foreign currency gains or losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

Accounting Policies

Accounting policies continued...

Employee benefits

Short- term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the company has a present obligation to pay as a result of employees' service provided to the statement of financial position date. The company does not provide any retirement or post-retirement benefits.

Equity settled share-based employee remuneration

For equity-settled share-based payment transactions, the company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the company cannot estimate reliably the fair value of the goods or services received, the company measures their fair value, and their corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The company operates a conditional share plan, which is classified as an equity-settled share-based payment plan, under which it 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 of the rights to the 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 company 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.

Income tax

Tax expenses

The charge for current taxation is based on the taxable income for the year using the rates enacted or substantively enacted at reporting date and any adjustment for tax payable or receivable for previous years.

The company is not liable for income tax in South Africa to the extent of amounts distributed as it qualifies as a REIT in terms of the appropriate tax legislation and distributable profits are distributed as dividends. Profits that are not distributable in terms of S25BB of the Income Tax Act are subject to South African tax at the applicable rate.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting Policies

Accounting policies continued...

Deferred tax

South Africa

The company is a REIT as defined by S25BB of the South African Income Tax Act which allows a deduction of the qualifying distribution to shareholders limited to taxable income. To the extent that no tax will become payable in future as a result of Section 25BB, no deferred tax was recognised on assessed losses and items such as IFRS accounting adjustments.

To the extent that no material amounts of tax will be payable in the future as a result of future distribution profits, no deferred tax is raised on items such as straight-line rental revenue adjustment and income received in advance.

Deferred tax is not recognised on the fair value adjustment of investment properties as capital gains tax is not applicable in terms of S25BB. In addition, Section 25BB does not allow for allowances relating to immovable property.

Allowances granted in prior years, before becoming a REIT must be recouped in the year the immovable property is sold. A deferred tax liability will be recognised on the recoupment to the extent it will result in a tax liability after the qualifying distribution deduction.

Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities which the company directly or indirectly, through one or more intermediaries, controls or is controlled by or is in common control with. These include the subsidiaries and company entities. Related parties also include the Directors and the entities connected to the above.

3. Risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Audit and Risk committee is responsible for developing the company's risk management policies, and evaluating and improving the effectiveness of risk management, control and governance processes within the company. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risk and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. In respect of financial reporting risks, the Audit and Risk committee also oversees how management monitors compliance with the company's risk management policies and procedures.

The company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the company’s exposure to each of the above risks, the company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these annual financial statements.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from tenants. Credit risk also arises from the company's cash balances and derivative financial instruments (where these are in asset position) held with financial institutions.

Accounting Policies

Risk management continued...

Exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The widespread tenant base reduces credit risk. Management has established a credit policy under which each new tenant is analysed individually for credit worthiness before the company's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the review includes external ratings.

A loss allowance is recognised for all trade receivables and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery. Trade receivables which have been written off are not subject to enforcement activities.

The company makes use of a provision matrix to determine the loss allowance, in accordance with the simplified approach of IFRS 9. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Trade receivables

The ECL is calculated by applying a loss rate to the outstanding balance of the debtor as at the financial year-end date. The portfolio is segmented into the following risk categories and separate loss rates are derived for each category:

- Region ;
- Type of debtor (government, large listed, other);
- Arrears status of the debtor; and
- Where the debtor is in arrears, whether a payment was made in the month immediately preceding the financial year-end, or not.

The loss rate per segment is calculated as the product of the following:

- The probability of default ("PD"); and
- The loss given default ("LGD").

Probability of default

The definition of default that is used is 90 days, or more, in arrears. This definition is, however, applied carefully to certain cases:

- Certain entities, particularly the South African government, may be slow or irregular payers. A typical arrears or default provision is not necessarily held in such cases; and
- The terms of payment with certain entities may be such that payments are due less frequently than monthly.
- In the current year the probability of default has been increased given the impact of Covid and current market conditions.

Industry statistics that are publicly available from Moody's regarding historical default behaviour is utilised to estimate 12-month PDs for government entities, large listed corporates and other (SMEs).

The ECLs on a 12-month and lifetime basis will not differ materially if applied to the trade receivables book. This is due to the short-term nature of the debt, which is one month's rental income.

Loss given default ("LGD")

The LGD assumptions for debtors that are not in default at the valuation date were set as follows:

- For the "Large Listed" sector, industry statistics were directly applied to set the LGD assumption as this is readily available; and
- For the "Other" sector, the LGD assumption was set at a level that is, in our experience, broadly consistent with past data and market practice on unsecured credit.

Risk management continued...

The LGD assumptions for debtors in default are set at the same level for those not in default, unless the debtor is material in which case management applies specific LGD assumptions.

In addition to the loss allowance, trade and other receivables and tenant recovery accounts are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

Other receivables

Other receivables are recognised at trade date at fair value and subsequently at amortised cost. Other receivables are amounts that comprise of vendor financing in terms of investment property disposed.

Refer to note 9 for composition of other receivables.

The company adopts the general approach to measuring expected credit losses which uses a lifetime expected loss allowance for all other receivables.

Cash and cash equivalents

The company deposits funds and trades derivative instruments with various financial institutions in both South Africa and the United Kingdom. From a credit perspective, the company places reliance on the published credit ratings of the major rating agencies together with the company's own analysis and research.

Derivative financial instruments

The company is exposed to credit risk in relation to derivative financial instruments which have a mark-to-market value in favour of the company.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company manages liquidity risk by monitoring cash flows and ensuring that adequate cash is available and by maintaining or renewing borrowing facilities as appropriate.

The company’s approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation.

Surplus cash is, however, utilised to reduce the other financial liabilities to optimise the borrowing costs. The facility is, however, an access facility and the surplus can be redrawn at any time should it be required to settle financial obligations.

The company monitors its net liquidity position on a continuous basis by means of expected cash flows. The company seeks to reduce liquidity risk through the regular review of the maturity profile of financial liabilities to reduce refinancing risk, utilising facilities with differing maturities to reduce maturity concentration and by employing revolving credit and other similar facilities.

Refer to note 33.2 for maturity analysis.

Market risk

Market risk is the risk that changes in the market prices, such as interest rates, foreign exchange rates and equity prices will affect profit or loss or the value of the 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 on risk.

Risk management continued...

From the company's perspective, the main market risks at present pertain to interest rates (both in SA and the UK) and the foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company uses derivatives to manage market risks. All such transactions are carried out within the Treasury policy guidelines as set by the Audit and Risk Committee.

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

• Interest rate risk

The company is exposed to interest rate risk on interest-borrowings, cash and cash equivalents and other short-term interest-bearing investments. The company enters into interest rate derivatives to manage borrowing costs.

• Foreign currency risk

The company’s transactions are predominantly entered into in the respective functional currency of the Company and the individual subsidiaries. However, the Company utilises Pound Sterling borrowings and consequently is exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. The translation of foreign operations to the presentation currency of Texton Property Fund Limited is not taken into account when considering foreign currency risk.

The company is exposed to currency risk in terms of GBP borrowings and distributions from subsidiaries. The company manages exchange rate risk across all Rand debt facilities and dividend payments through the use of currency derivatives.

Refer to note 33.3 for sensitivity analysis for interest and foreign risk.

Capital risk management

The company’s objectives when managing capital are to safeguard the ability of the Company and its subsidiaries to continue as going concerns in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of external loans and trade and other payables disclosed in notes 15 and 17 and equity as disclosed in the statement of financial position. The company monitors capital on the basis of the gearing ratio.

The company considers the equity attributable to shareholders as the permanent capital of the company.

The Board’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

4. Fair values

A number of the company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuation should be classified.

Significant valuation issues are reported at each reporting date by the company’s Capital and Investment Committee for recommendation to the Board and significant valuation issues are reported to the company’s Audit and Risk Committee.

Accounting Policies

Fair values continued...

Investment property

Independent valuation companies and the Director's, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the company's investment property portfolio annually. The fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness, the allocation of maintenance and insurance responsibilities between the company and the lessee, and the remaining economic life of the property.

Derivatives

The fair value of interest rate swaps and currency swaps is based on banker quotes.

Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest as at the reporting date.

Interest-bearing loans

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest as at the reporting date. The interest rate used for determining fair value is the three-month JIBAR interest rate for local currency, or prime interest rate adjusted by a margin as agreed with the banks, to obtain a similar loan with similar remaining periods.

Unlisted investments

Texton has one type of unlisted investment which is measured at fair value.

Level 3 investments

Level 3 investments include the Cadre real estate investment. Fair values of these investments are determined based on the capital account valuations received from the sponsors.

Loans to subsidiaries and company entities

The carrying amount of the loans receivable approximates the fair value due to the loans being repayble on demand.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Equipment

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

Accounting Policies

Fair values continued...

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

4.2 Investment property

Recognition

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

4.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

Accounting Policies

Fair values continued...

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of ISA32.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

A financial liability at fair value through profit or loss is a financial liability that meets one of the following conditions:

- It meets the definition of held for trading. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument);
- upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with paragraph 4.2.2 or 4.3.5
- it is designated either upon initial recognition or subsequently as at fair value through profit or loss in accordance with paragraph 6.7.1

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Accounting Policies

Fair values continued...

Up to 30 June 2023, trade receivables were recognised initially at the transaction price. They were subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables."

Trade and other receivables were classified as loans and receivables up to 30 June 2023

4.4 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:
- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Tax expense (income)

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:
- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

Notes to the Financial Statements

5. Investment property

	COMPANY			
	Cost	Cumulative fair value adjustments	Cumulative straight-line rental adjustment	Carrying amount
	R `000	R `000	R `000	R `000
30 June 2023				
Investment property	**1,264,677**	**(100,553)**	**24,151**	**1,188,275**
30 June 2022				
Investment property	1,400,796	(206,438)	61,505	1,255,863

	30 June 2023	30 June 2022
	R `000	R `000
Reconciliation of movement in investment property for the year:		
Balance at the beginning of the year	**1,255,863**	1,414,170
Additions	**5,487**	30,626
Straight-line rental adjustment	**1,983**	(1,843)
Fair value adjustments	**331**	(62,090)
Transfer to investment property held for sale	**(76,137)**	(125,000)
Disposals	**(18)**	-
Loss on disopsal of assets	**766**	-
Balance at the end of the year	**1,188,275**	1,255,863
Value of investment property as per valuation reports	**1,198,290**	1,269,300
Net tenant installation cost- investment property	**(6,728)**	(8,532)
Net prepaid lease commission- investment property	**(3,287)**	(4,905)
Carrying amount	**1,188,275**	1,255,863

A register of investment property is maintained. The register is maintained at the Company’s registered offices and is available for viewing.

The fair value measurement for investment properties is categorised as level 3 under the fair value hierarchy based on the inputs to the valuation techniques applied. There has been no movements to and from level 3 during the year.

The Company's policy is to have at least one third of its properties externally valued by independent valuers each year and the remaining properties are valued internally by the directors of the Company using methodology that is similar to that used by the independent valuers.

Notes to the Financial Statements

Investment property continued...

Property and investment property held for sale amounting to R1.2 billion (2022: R1.4 billion) has been pledged as security in respect of the loans disclosed in note 15.

Details of SA valuations

Details of the external independent valuers are as follows:

Peter Parfitt (Dip val, MIV SA, RICS) of Quadrant Properties Proprietary Limited who is independent and is a member of the South African Institute of Valuers, independently valued seven properties in the SA portfolio as at 30 June 2023.

Theunis Behrens (NDip Val) of Real Insight (Pty) Ltd who is independent and is a member of the South African Institute of Valuers, independently valued two properties in the SA portfolio as at 30 June 2023.

Valuation technique

The fair value of each property is determined by calculating its net present value by discounting forecast future net cash flows and a residual value at the end of the cash flow projection period by the discount rate of each property. The discount rate used to determine the fair value of each property is assessed with reference to observable inputs. The capitalisation rate is dependent on a number of factors including location, asset class, market conditions and the risk inherent in the property.

Significant unobservable inputs

Financial information used to calculate forecast net income - eg, future growth in revenue, exit capitalisation rates and discount rates. These are further explained below.

	30 June 2023	**30 June 2022**
	%	**%**
1) Discount rates used are included below:		
Sector		
Office	**13.5%-15.75%**	13.55%-16.80%
Industrial	-	16.00%
Retail	-	-
2) Exit cap rate for year 5 used are included below:		
Sector		
Office	**10.0%-11.25%**	9.00%-12.55%
Industrial	-	11.00%
Retail	-	-

Investment property continued...

3) The future revenue growth rate for the five year projection is included below:

Sector		
Office	**4.00%-7.00%**	4.00%-6.00%
Industrial	**-**	6.00%
Retail	**-**	-

Inter-relationship between key unobservable inputs and fair value measurements

All other factors being equal, higher net operating income would lead to an increase in the valuation of an investment property and an increase in the capitalisation rate or discount rate would result in a lower valuation and vice versa.

Higher assumptions for rental rates and lower assumptions for operating costs, would result in an increase in projected net operating income, and thus an increase in valuation.

	30 June 2023 R `000	30 June 2022 R `000
Sensitivity analysis to exit capitalisation rates		
Exit capitalisation rate increases by 1%	**(61,646)**	(64,221)
Exit capitalisation rate decreases by 1%	**76,047**	81,063
Sensitivity analysis to discount rates		
Discount rate increases by 1%	**(42,717)**	(43,164)
Discount rate decreases by 1%	**45,169**	46,729
Sensitivity analysis to market rentals		
Market rental decreases by	**11,778**	12,125
Market rental increases by 1%	**(11,650)**	(12,275)

Notes to the Financial Statements

6. Equipment

6.1 Balances for the period

	COMPANY		
Balance at 30 June 2023	**At cost**	**Accumulated depreciation**	**Carrying amount**
Equipment	**10,935**	**(5,582)**	**5,353**
Fixtures and fittings	**146**	**(64)**	**82**
Computer equipment	**697**	**(588)**	**109**
	11,778	**(6,234)**	**5,544**
Balance at 30 June 2022			
Equipment	9,955	(3,947)	6,008
Fixtures and fittings	146	(20)	126
Computer equipment	697	(367)	330
	10,798	(4,334)	6,464

Equipment continued...

6.2 Movements for the period

Movements for year ended 30 June 2023	Carrying amount at 1 July 2022	Additions from acquisitions	Depreciation	Transfer to investment property held for sale	Disposals	Carrying amount at 30 June 2023
Equipment	**6,114**	**1,274**	**(1,887)**	**(6)**	**(142)**	**5,353**
Fixtures and fittings	**105**	**-**	**(24)**	-	-	**81**
Computer equipment	**245**	**-**	**(135)**	-	-	**110**
	6,464	**1,274**	**(2,046)**	**(6)**	**(142)**	**5,544**

Movements for year ended 30 June 2022	Carrying amount at 1 July 2021	Additions from acquisitions	Depreciation	Transfer to investment property held for sale	Disposals	Carrying amount at 30 June 2022
Equipment	4,712	2,431	(1,135)	-	-	6,008
Fixtures and fittings	136	-	(10)	-	-	126
Computer equipment	362	56	(88)	-	-	330
	5,210	2,487	(1,233)	-	-	6,464

7. Tenant installation

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
At cost	**27,322**	26,196
Accumulated depreciation	**(20,594)**	(17,664)
Carrying amount	**6,728**	**8,532**
Opening carrying amount	**8,532**	4,976
Additions	**1,556**	5,625
Transfer to held for sale	**(818)**	-
Depreciation	**(2,542)**	(2,069)
Closing carrying amount	**6,728**	**8,532**

8. Lease commissions

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Opening carrying amount	**4,905**	6,010
Commissions incurred during the year	**1,640**	1,273
Transfer to held for sale	**(523)**	-
Amortisation of letting commission	**(2,735)**	(2,378)
Closing carrying amount	**3,287**	**4,905**

9. Other receivables

Loans receivable consist of vendor financing, amounts in escrow and deferred receivables related to the sale of certain properties during the year.

		COMPANY	
		30 June 2023	**30 June 2022**
		R `000	**R `000**
Vendor financing			
• Plenty Properties 121 (Pty) Ltd@	Performing	**-**	2,000
• Isibaya Properties Pty Ltd#	Performing	**9,662**	
• Cadiz Supplier Development loan*	Performing	**-**	300
		9,662	2,300
Allowance for impairment		**(483)**	-
		9,179	2,300
Non-current other receivables		**-**	300
Current other receivables		**9,179**	2,000
Total		**9,179**	2,300

@ The loan to Plenty Properties 121 (Pty) Ltd was interest-free for 12 months and thereafter bore interest at the prime interest rate. The loan was settled during the year.

#The loan to Isibaya Properties (Pty) Ltd bears interest at prime plus 4% per annum and is repayable on 8 July 2023. To the extent interest has not been paid it will be capitalised to the loan and accrue interest thereon. In the event that the borrower does not pay the loan on 8 July 2023, the loan outstanding will bear interest at 7% per annum. There is a guarantee, cession and pledge in place in favour of the lender.

*The Cadiz supplier development loan is an investment held in products with Cadiz Asset Management with the purpose of complying with the BBBEE. The loan is interest free and unsecured.

Impairment

An ECL allowance is recognised for all other receiveables and is monitored at the end of each reporting period

Other receivables are written off when there is no reasonable expectation of recovery.

Credit rating framework and credit loss allowance

In order to determine the credit loss, management determines credit rating grades for each of the other receivables.

In cases where there are no external ratings available, management has determined internal grades as per the following:

Other receivables continued...

Internal rating grade	Definition
Performing	Low risk of default and no amounts are past due
Significant increase in credit risk	30 days past due but less than 90 days past due and no historical default
Default	90 days or more past due

All loans are graded as performing.

ECLs have been calculated in line with the general approach as follows in determining whether there has been an increase in the credit risk of the borrower. Should the receivable become more than 30 days past due, an assessment of the borrowers financial stability and ability to repay needs to be undertaken through the inspection of financial records and other available information. Where that assessment results in an inability to repay the loan, a significant increase in risk is identified and the ECL calculation in line with life time ECLs is applied. The lifetime ECL is effectively the sum of the expected life cycle of the asset' expected future loss after factoring in PDs based on a low, moderate and high scenarios and LGDs. Other receivables are only written off when a borrower has defaulted on the terms of the agreement or has ceased trading and has insufficient funds available to settle the borrowing. Discount rates used represent the interest rate attributable to the loan as per the requirements of IFRS 9. Changes in these discount rates do not have a material impact on the ECL calculation. During the current year there has been no significant increase in credit risk of any of the other receivables. All other receivables are performing and are within their credit terms.

Notes to the Financial Statements

10. Trade and other receivables

Trade and other receivables comprise:

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Trade receivables	**8,390**	8,028
Deposits	**3,422**	3,989
Tenant Recovery account	**6,032**	6,757
Allowance for impairment	**(4,376)**	(5,412)
Supplier and enterprise development loans	**1,001**	-
	14,469	13,362
Prepayments	**7,911**	3,256
Accrued interest	**-**	729
	22,380	17,347
Total trade and other receivables	**22,380**	**17,347**

Exposure to credit risk

Trade and other receivables inherently expose the company to credit risk. The policies and procedures adopted by the company to manage credit risk arising from trade and other receivables are disclosed in Note 3 Risk management.

The expected credit loss allowance is recognised for all trade receivables and is monitored at the end of each reporting period.

In addition to the loss allowance, trade and other receivables and tenant recovery accounts are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company makes use of a provision matrix to determine the loss allowance, in accordance with the general approach of IFRS 9 as presented on pages 44. The provision matrix has been developed by making use of forward looking information and general economic conditions of the industry as at the reporting date. The company incorporated future retnal increases, in addition to the respective credit ratings (at reporting date) of trade and other receivables to the ECL calculation as the forward-looking factors in the ECL calculations.

The definition of default that is used is 90 days, or more, in arrears.

The definition is, however, applied carefully to certain cases:
• Certain entities, particularly the South African government, may be slow or irregular payers. A typical arrears or default provision is not necessarily held in such cases; and
• The terms of payments with certain entities may be such that payments are due less frequently than monthly.

Trade and other receivables continued...

Collateral relating to bank guarantees and deposits from tenants were considered in the determination of the ECL.

Even though the customer base is widespread, management monitors the tenant credit risk by
grouping them according to their credit characteristics. The collective basis was used when considering impairment and trade receivables were grouped as follows, government, large listed and other. The provision for credit losses is therefore based on the accounts receivable age analysis along these risk groups. The loss allowance provision is determined as follows:

	COMPANY				
	Current	**30 days**	**60 days**	**Over 90 days**	**Total**
Tenant class	**R `000**	**R `000**	**R `000**	**R `000**	**R `000**
30 June 2023					
Government					
- gross carrying amount	**3,417**	**-**	**-**	**-**	**3,417**
- loss allowance (%)	0.04	-	-	-	0.04
- credit loss allowance	**(1)**	**-**	**-**	**-**	**(1)**
Net amount	**3,416**	**-**	**-**	**-**	**3,416**
Large listed					
- gross carrying amount	**68**	**-**	**-**	**-**	**68**
- loss allowance (%)	-	-	-	-	-
- credit loss allowance	**-**	**-**	**-**	**-**	**-**
Net amount	**68**	**-**	**-**	**-**	**68**
Other					
- gross carrying amount	**8,073**	**273**	**553**	**6,461**	**15,360**
- loss allowance (%)	0.61	-	11.73	64.67	31.53%
- credit loss allowance	**(43)**	**(88)**	**(65)**	**(4,179)**	**(4,375)**
Net amount	**8,030**	**185**	**488**	**2,282**	**10,985**
Total trade and other receivables					
- gross carrying amount	**11,558**	**273**	**553**	**6,461**	**18,845**
- loss allowance (%)	0.38	32.23	11.75	64.68	23.22
- credit loss allowance	**(44)**	**(88)**	**(65)**	**(4,179)**	**(4,376)**
Net amount	**11,514**	**185**	**488**	**2,282**	**14,469**

Notes to the Financial Statements

Trade and other receivables continued...

	COMPANY				
	Current	**30 days**	**60 days**	**Over 90 days**	**Total**
Tenant class	**R `000**	**R `000**	**R `000**	**R `000**	**R `000**
30 June 2022					
Government					
- gross carrying amount	3,984	-	-	-	3,984
- loss allowance (%)	0.04	-	-	-	0.04
- credit loss allowance	(2)	-	-	-	(2)
Net amount	3,982	-	-	-	3,982
Large listed					
- gross carrying amount	6,322	-	-	-	6,322
- loss allowance (%)	-	-	-	-	-
- credit loss allowance	-	-	-	-	-
Net amount	6,322	-	-	-	6,322
Other					
- gross carrying amount	2,059	1	1,692	4,716	8,468
- loss allowance (%)	0.08	-	65.43	89.99	63.89
- credit loss allowance	(59)	-	(1,107)	(4,244)	(5,410)
Net amount	2,000	1	585	472	3,058
Total trade and other receivables					
- gross carrying amount	12,365	1	1,692	4,716	18,774
- loss allowance (%)	0.49	-	65.43	89.99	28.83
- credit loss allowance	(61)	-	(1,107)	(4,244)	(5,412)
Net amount	12,304	1	585	472	13,362

Trade and other receivables continued...

Reconciliation of credit loss allowance

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Opening balance	**(5,412)**	(10,641)
Amounts written off	105	314
Loss allowances on new trade receivables	(205)	(2,543)
Reversal of allowances	1,136	7,458
Closing balance	**(4,376)**	**(5,412)**

Notes to the Financial Statements

11. Investment property held for sale

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Opening balance	**155,000**	67,915
Transferred from investment property	**76,900**	125,000
Transfer to investment property	**-**	-
Fair value adjustments	**(19,982)**	(34,200)
Foreign currency translation reserve	**-**	-
Loss on disposal of investment property	**(339)**	(215)
Straight Lining adjustment	**(18)**	-
Disposals *	**(151,561)**	(3,500)
Closing balance	**60,000**	155,000

*Disposal amount includes non cash items due to vendor financing,(refer note 9).

Breakdown of closing balance		
Cost	**67,365**	235,903
Cumulative Straight lining adjustment	**1,268**	-
Cumulative fair value adjustment	**(8,676)**	(80,903)
Cumulative equipment	**6**	-
Cumulative commissions	**37**	-
Closing balance	**60,000**	155,000

The items classified as held for sale comprise investment properties. The investment properties were classified as held for sale as part of the company's disposal strategy that has been ongoing and it is expected that the transfer of the assets will be concluded within the 2024 financial year-end.

Management have assessed the assets that were previously held for sale (12 Laub Street) but not yet sold. These assets still meet the requirements of IFRS 5 and the sale of these assets are expected to conclude in the next 12 months.

Fair value losses of R19.9 million (2022: R34.2 million gain) were included in profit or loss for the year.

Notes to the Financial Statements

12. Cash and cash equivalents

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Cash and cash equivalents comprise:		
Cash balances	**13,841**	12,745

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

All cash reserves are placed with reputable financial institutions. The bank's credit ratings are shown below which have an estimated potential default rating of zero, therefore expected credit loss of nil was raised.

Absa	Ba1 (Moody’s Investor Services)
Standard Bank	Ba1 (Moody’s Investor Services)
Investec	Baa3 (Moody’s Investor Services)
Nedbank	Ba2 (Moody’s Investor Services)

13. Share capital

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Authorised		
2 000 000 (2022: 2 000 000) ordinary shares of no par value		
Issued		
363 701 103 (2022: 365 638 418) ordinary shares of no par value	**3,066,027**	3,072,627
Share capital		
Ordinary shares of no par value	**-**	-
Opening balance	**3,072,627**	3,072,627
Less Shares repurchased	**(6,600)**	-
	3,066,027	3,072,627

Texton repurchased 2 086 070 shares during the year of which 1 937 315 were cancelled in the market. The remainder of the shares were cancelled subsequent to year end.

	COMPANY	
	30 June 2023	**30 June 2022**
	R'000	**R'000**
Share capital		
Ordinary shares of no par value		
Opening balance	**3,072,627**	3,072,627
Less: Shares repurchased and cancelled	**(6,278)**	-
Less Shares repurchased*	**(322)**	-
Closing balance	**3,066,027**	3,072,627

*These shares were repurchased prior to year end and cancelled subsequent to year end.

	COMPANY	
	30 June 2023	**30 June 2022**
	Number of shares	**Number of shares**
Share reconciliation		
Ordinary shares of no par value		
Opening balance	**365,638,418**	365,638,418
Less: Shares repurchased and cancelled	**(1,937,315)**	-
Less Shares repurchased*	**(148,755)**	-
Closing balance	**363,552,348**	365,638,418

*These shares were repurchased prior to year end and cancelled subsequent to year end.

14. Unlisted investments

Unlisted investments comprise the following balances

Texton has invested in Cadre Real Estate Investments, as set out below

2023	**Fair value Hierachy**	**Commitment**	**Undrawn Commitment**	**Market Value**	**Market Value**	**Dividend income**
US Investments		**$'000**	**$'000**	**$'000**		
Cadre Real Estate Investment***	Level 3	5,000	1,873	3,048	57,408	94
		5,000	1,873	3,048	57,408	94

2022	**Fair value Hierachy**	**Commitment**	**Undrawn Commitment**	**Market Value**	**Market Value**	**Dividend income**
US Investments		**$'000**				
Cadre Real Estate Investment***	Level 3	5,000	3,976	1,024	15,514	-
		5,000	3,976.	1,024.	15,514.	-

2023	**Opening Balance**	**Acquistions**	**Fair Value**	**Interest Received**	**Foreign currency movement**	**Closing Value**
Cadre real estate investments***	15,514	37,202	1,889	2,803	-	57,408
	15,514	37,202	1,889	2,803	-	57,408

2022	**Opening Balance**	**Acquistions**	**Fair Value**	**Interest Received**	**Foreign currency movement**	**Closing Value**
Cadre real estate investments***	-	15,461	53	-	-	15,514
	-	15,461	53	-	-	15,514

Cadre Real Estate Investment***

Texton has invested alongside Cadre Real Estate Management, where we have entered into an investment advisory agreement to commit capital to Cadre for investments in real estate in the United States of America (“US “or “USA”). These investments will be targeted towards compelling assets with downside protection, specifically focusing on multi family, industrial, select office and select hospitality assets.

15. External loans and derivative financial instruments

Summary

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Standard Bank Limited (note 15.1)	**555,317**	805,750
Investec Private Bank Limited (note 15.2)	**125,516**	294,601
	680,833	1,100,351
At fair value through profit or loss		
Interest rate swaps	-	2,221
	680,833	1,102,572
Non-current portion	**555,154**	877,277
Current portion	**125,679**	225,295
	680,833	1,102,572

External loans and derivative financial instruments continued...

15.1 Standard Bank Limited

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Carried at amortised cost	**706,225**	825,006
Less cash available in rolling credit facility*	**(150,000)**	(18,500)
Carried at amortised cost	**556,225**	806,506
Net structuring fees capitalised to loan	**(908)**	(755)
	555,317	805,751
Amounts to be settled within 12 months included in current liabilities	**(163)**	(223,452)
	555,154	582,299

Facility	**Maturity date**	**Variable base rate**	**Margin %**	**30 June 2023 R `000**	**30 June 2022 R `000**
R150.0 million (2022: R131.5 million)*	30 June 2024	3m JIBAR	2.20	-	131,500
R103.7 million (2022: R200.7 million)	30 September 2025	3m JIBAR	2.10	**103,695**	200,678
R 0 million (2020:R50 million)	30 September 2022	Prime	(1.20)	-	22,571
R452,5 million (2020: R451.6 million)	30 September 2026	3m JIBAR	2.25	**452,530**	451,001
				556,225	805,750

**R150.0 million(June 2022: R 150.0 million) rolling credit facility. R150.0 million was deposited into the facility during the year and is available for draw down.*

Texton has a security SPV, Imvula Income RF Proprietary Limited, in which all South African mortgage bonds are registered. Imvula then issues guarantees to the various funders. Guarantees relate to the company's own liabilities which are already fully disclosed.

The Standard Bank loans are secured by mortgage bonds over land and buildings located in South Africa with a value of R1 277.2 million (2022: R1 470.7 million).

External loans and derivative financial instruments continued...

15.2 Investec Private Bank Limited

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Carried at amortised cost	**193,237**	312,926
Less cash available in rolling credit facility*	**(67,500)**	(17,408)
Carried at amortised cost	**125,737**	295,518
Net structuring fees capitalised to loan	**(221)**	(917)
	125,516	294,601
Amounts to be settled within 12 months included in current liabilities	**(125,516)**	(1,843)
	-	292,758

	COMPANY	
	30 June 2023	**30 June 2022**
Carried at fair value through profit or loss		
Interest rate swaps	-	2,221
Amounts to be settled within 12 months included in current liabilities*	-	(2,221)
	-	-

*The interest rate swaps expired on 24 May 2023

				COMPANY	
				30 June 2023	**30 June 2022**
Facility	**Maturity date**	**Variable base rate**	**Margin %**	**R `000**	**R `000**
R244.6 million (2022: R246.4 million)	29 September 2023	3m JIBAR	2.50	**125,737**	244,586
R67.5 million (2022: R70.0 million)*	29 September 2023	Prime	-0.80	-	49,089
				125,737	293,675

* R67.5 million (June 2022: R 70.0 million) rolling credit facility. R67.5 million was deposited into thr facility during the year and is available for draw down.

Texton has a security SPV, Imvula Income RF Proprietary Limited, in which all South African mortgage bonds are registered. Imvula then issues guarantees to the various funders.

The Investec loan is secured by mortgage bonds over land and buildings located in South Africa with a value of R378.9 million
(2022: R663.5million).

External loans and derivative financial instruments continued...

				COMPANY	
	Fixed base rate (%)	**Inception date**	**Maturity date**	**30 June 2023 R `000**	**30 June 2022 R `000**
Interest rate swap 2	7.23	24 May 2019	24 May 2023	-	100,000
Interest rate swap 3	7.39	24 May 2019	24 May 2023	-	100,000
				-	200,000

These swaps expired during the year.

External loans and derivative financial instruments continued...

15.3 Bank covenants

	Transaction covenant	Actual covenant	Transaction covenant	Actual covenant	Transaction covenant	Actual covenant	Transaction covenant	Actual covenant
	Group Loan-to-value		Facility Loan-to-value		Group interest cover		Facility interest cover	
Funder								
2023								
Standard Bank	50%	24.2%	60%	43.0%	1.6 times	1.83 times	2.0 times	23. times
Investec	50%	32.8%	55%	36.0%	2.0 times	2.2 times	-	-
2022								
Standard Bank	50%	37.3%	60%	54.8%	2.0 times	2.1 times	2.0 times	2.3
Investec	50%	39.9%	55%	44.7%	2.0 times	2.1 times	-	-

Texton did not meet the ICR at the facility level at 31 December 2022. However, this covenant breech was condoned by Standard Bank. As part of the refinancing of the Standard Bank facilities that was done during the year, the loan covenants for the loan facility was also negotiated, the facility LTV was reduced from 2.0 times to 1.60 times .

All other bank covenants were complied with during the year.

Managing interest rate benchmark reform and associated risks

The global reform of interest benchmarks includes the replacement of some interbank offered rates("IBOR") with alternative interest rates. Texton has exposure to IBORs on someof its loans and borrowings and derivative contracts held with SA banks for which there remains uncertainty regarding the timing and method of transition.

For the contracts indexed as Johannesburg Interbank Average Rate ("JIBAR"), uncertainty remains on the timing and method of transition. The contracts affected by the transition are set out in the table below.

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Liabilties exposed to ZAR JIBAR maturing after 30 June 2023		
External Loans	**680,648**	1,027,765
Derivatives	**0.0**	2,221
Total	**680,648.00**	1,029,986.00

16. Deferred tax

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Deferred tax liability	**3,102**	3,102
Deferred tax liability comprises:		
Capital allowances	**3,102**	3,102
Fair value adjustments	**-**	-
The movement in deferred tax during the year is as follows:		
Opening balance	**3,102**	3,102
Foreign currency translation movement	**-**	-
Recognised in profit or loss	**-**	-
Closing balance	**3,102**	3,102

South Africa

The Group is a REIT as defined by S25BB of the South African Income Tax Act which allows a deduction of the qualifying distribution to shareholders, limited to taxable income. To the extent that no tax will become payable in future as a result of Section 25BB, no deferred tax was recognised on assessed losses and items such as IFRS accounting adjustments. Deferred tax is not recognised on the fair value adjustment of investment properties as capital gains tax is not applicable in terms of S25BB. In addition, Section 25BB does not allow for allowances relating to immovable property. Allowances granted in prior years, before becoming a REIT must be recouped in the year the immovable property is sold. A deferred tax liability will be recognised on the recoupment to the extent it will result in a tax liability after the qualifying distribution deduction.

The corporate tax rate is 27%(2022: 28%)

17. Trade and other payables

Trade and other payables comprise:

	COMPANY		
	30 June 2023 R `000	**30 June 2022 R `000**	
Financial instruments			
Trade and other payables	**2,873**	4,182	5
Deposits received	**6,604**	5,680	
Accrued expenses	**8,137**	9,960	
Other payables	**1,051**	2,201	
Adjustment accounts related to sold buildings	**217**	51	
Non-financial instruments			
Income received in advance	**6,620**	6,739	
VAT payable	**1,155**	165	
Total trade and other payables	**26,658**	28,978	

18. Loans to subsidaries

Credit rating framework and credit loss allowance

In order to determine the credit loss allowances, management determine credit rating grades of each loan. In cases where external ratings are not available, management have determined internal grades as per the following table:

Internal rating grade	Definition
Performing	Low risk of defaults and no amounts are past due.
Doubtful low risk	30 days past due but less than 90 days past due and no history of default or where there is an impairment of the investment of the subsidiary due to a decrease in the fair value of the underlying properties.
Doubtful high risk	30 days past due but less than 90 days past due and has history of default or where there is an impairment of the investment of the subsidiary due to a significant decrease in the fair value of the underlying properties.
In default	90 days or more past due or where the investment in subsidiary is written off.

All loans made by Texton to its subsidiaries and company entities are classified as measured at amortised cost. The following loans' credit risk was assessed and it was determined that they are performing well as there has not been a deterioration in credit risk since the loans were originated. Therefore, the expected credit loss allowance was limited to the 12-month expected credit loss. No material expected credit loss was accounted for on these loans:

• Texstores Propriety Limited
• Imperial Comm Props Proprietary Limited
• Nungu Trading 88 Proprietary Limited
• TP US Investments LLC

The following loans were considered as having a significant increase in credit risk and have been categorised in the category "doubtful high risk". Therefore the expected credit loss allowance recognised during the period was the lifetime expected credit loss:

• Discus House Trading Proprietary Limited
• Texstores Propriety Limited

Company

		30 June 2023			30 June 2022		
	Basis of loss allowance	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
		R'000	R'000	R'000	R'000	R'000	R'000
Non-current assets							
Discus House Proprietary Limited*	Lifetime ECL	-	-	-	187,866	(928)	186,938
Nungu Trading 88 Proprietary Limited	12 month ECL	-	-	-	1,554	-	1,554
		0	**0**	**0**	189,420	-928	188,492

Loans to subsidaries continued...

		30 June 2023			30 June 2022		
	Basis of loss allowance	**Gross carrying amount R'000**	**Credit loss allowance R'000**	**Amortised cost R'000**	**Gross carrying amount R'000**	**Credit loss allowance R'000**	**Amortised cost R'000**
Current assets							
Investage 183 Proprietary Limited*	12 month ECL	-	-	-	18,060	-	18,060
Discus House Proprietary Limited*	Lifetime ECL	**202,400**	**(6,291)**	**196,109**	-	-	-
Nungu Trading 88 Proprietary Limited	12 month ECL	**4,653**	-	**4,653**	1,270	-	1,270
Imperial Comm Props Proprietary Limited*	12 month ECL	-	-	-	34,400	-	34,400
TP US Investments LLC	12 month ECL	**32,829**	-	**32,829**	24,588	-	24,588
Texstores Propriety Limited	Lifetime ECL	**77**	**(18)**	**59**	-	-	-
		239,959	**(6,309)**	**233,650**	78,318	-	78,318
Current liabilities							
Investage 183 Proprietary Limited*		**(157,085)**	-	**(157,085)**	-	-	-
Texton Property Investments UK Limited			-	-	(7,148)	-	(7,148)
Imperial Comm Props Proprietary Limited*		**(71,128)**	-	**(71,128)**	-	-	-
		(228,213)	-	**(228,213)**	(7,148)	-	(7,148)

IFRS 9 has been applied to Loans to/(from) company companies and loans to company entity.

Expected credit losses have been calculated in line with the company's methodology.

Where a significant increase in credit risk is identified, the ECL is calculated based on the life time expected credit loss, otherwise a 12 month expected credit loss is determined.

Expected credit losses have been calculated in line with the company's methodology. In determining whether there has been an increase in credit risk of the borrower, the company assesses the financial records of the borrowing entity and their ability to repay the loan. Where that assessment results in an inability to repay the loan, a significant increase in risk is identified and the expected credit loss calculation in line with life time expected credit losses is applied.

The lifetime expected loss is effectively the sum of the 10 years expected future loss after factoring in Probability of defaults ("PDs") based on a low, moderate and high scenarios and Loss given defaults ("LGSs"). The PD is based on the same 12-month PDs used in Trade Receivables due to the demand feature in the loans receivable. The PD is multiplied by a factor when there is significant increase in the credit risk on the loan. The LGD used is based on the difference between Total assets and Total Liabilities. Discount factor used is based on the terms of the loans. The different scenarios used have different probabilities assigned to them as well as their effects on PDs.

Loans to Group companies are only written off when when a borrower has defaulted on the terms of the loan or has ceased trading and has insuffiicent funds available to settle the loan.
Life time expected credit losses are determined by taking into account the current loan balance as well as future charges relating to the loan such as interest etc. Future costs are then present valued to the reporting date in order to calculate the expected credit loss relating to the loan.

Discount rates used represent the interest rate attributable to the loan as per the requirements of IFRS 9.

Changes in these discount rates do not have a material impact on the expected credit loss calculation.

Loans to subsidaries continued...

Reconciliation of credit loss allowances

30 June 2023

	Gross carrying amount R'000	12-month Expected credit loss/(reversal) R'000	Lifetime expected credit loss (originated not credit impaired) R'000	Total R'000
Opening balance	**275,387**	**-**	**(9,715)**	**265,671**
Loans advanced to subsidiary- cash	**87,824**	**-**	**3,406**	**91,230**
Loans repaid by subsidiary- cash	**(67,923)**	**-**	**-**	**(67,923)**
Repayment of loans by subsidary- non cash	**(283,542)**	**-**	**-**	**(283,542)**
Write off	**-**	**-**	**-**	**-**
Current year allowance	**-**	**-**	**-**	**-**
	11,746	**-**	**(6,309)**	**5,436**

Loans to subsidiaries	**233,650**
Loans from subsidiaries	**(228,213)**
	5,437

30 June 2022

	Gross carrying amount R'000	12-month Expected credit loss R'000	Lifetime expected credit loss (originated not credit impaired) R'000	Total R'000
Opening balance	413,945	-	(9,715)	404,230
Loans advanced to subsidiary	110,339	-	-	110,339
Loans repaid by subsidiary	(77,507)	-	-	(77,507)
Loans advanced by subsidiary	(56,747)	-	-	(56,747)
Interest accrual	11,105	-	-	11,105
Foreign exchange on translation of foreign loans	457	-	-	457
Unused allowance reversed	-	-	-	-
Disposal of of British Virgin Islands loan claims	(124,827)	-	-	(124,827)
Write off	(1,378)	-	-	(1,378)
	-	-	-	-
Current year allowance	-	-	-	-
	275,387	**-**	**(9,715)**	265,672

Loans to subsidaries continued...

Loans to subsidiaries	**266,810**
Loans from subsidiaries	**(7,148)**
	259,662

19. Investment property income

	COMPANY	
	30 June 2023	**30 June 2022**
	R `000	**R `000**
Rental income	139,384	155,442
Recoveries of utilities from tenants	36,798	35,052
	176,182	**190,494**

20. Dividends recieved from subsidiaries

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Dividends recieved from subsidiaries	**(54,871)**	**(69,753)**
Total distribution costs	**(54,871)**	**(69,753)**

21. Property expenses

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Cleaning	**2,487**	2,350
Commissions amortised	**2,735**	2,378
Other fixed asset	**4,364**	3,309
Electricity consumption	**19,974**	23,234
Gardens and landscaping	**1,100**	849
Insurance	**1,947**	2,116
Levies	**3,472**	5,768
Other municipal charges	**2,221**	2,326
Other property related expenses*	**7,354**	6,288
Property management fees	**4,346**	4,937
Rates and taxes	**15,617**	23,512
Rental paid**	**-**	635
Repairs and maintenance	**3,654**	4,267
- Recovered from tenants	**458**	209
- Not recovered from tenants	**3,196**	4,058
Security	**4,746**	4,653
Water consumption	**2,756**	2,856
	76,773	**89,478**

* Other property-related expenses includes consumables, legal and professional fees, lift and air-conditioning contracts among others.
** Included in rental paid are the variable lease payments

22. Other income

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Sundry income	**1,206**	3,639
Dividends received	**974**	-
Reversal of impairment	**2,559**	-
Asset management fees	**8,287**	5,897
	13,026	9,536

23. Finance income

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Investment income	**2,803**	-
Bank and other cash	**2,936**	795
Subsidiaries	**3,378**	2,614
Interest received on swaps	-	9,484
	9,117	12,893

24. Finance costs

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Amortised cost		
Standard Bank Limited (variable)	**58,355**	48,943
Investec Private Bank Limited (variable)	**17,935**	19,093
Banks and other	**28**	1,631
Amortisation of structuring costs	**1,662**	1,926
Fair value through profit or loss		
Interest rate swaps	**1,753**	8,775
Interest on currency swaps	**-**	2,534
	79,733	82,902

25. Fair value adjustments

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Investment property	**331**	(62,090)
Loss on disposal of property	**(1,858)**	-
Investment property classified as held for sale	**(19,982)**	(34,200)
Financial instruments at fair value through profit or loss		
Interest rate swap	**2,221**	3,513
Fair value- revaluation on Investments	**1,927**	-
Currency swap	-	94
	(17,361)	(92,683)

26. Income Tax

Income tax recognised in profit or loss:

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
South African normal tax expense		
Current year	**(2,261)**	(5,146)
Deferred Tax	-	765
	(2,261)	(4,381)

In the budget speech held on 24 February 2022, the Minister of finance of South Africa announced the reduction of the company income tax from 28% to 27% for financial years ending on or after 31 March 2023.

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Profit/(loss) before income tax	**32,258**	167,551
Income tax statutory rate-27% (2022:28%)	**(8,710)**	(46,914)
Accounting adjustments - Fair value	(4,186)	(28,705)
Accounting adjustments - IFRS	(4,703)	1,010
Non-deductible expenses	(1,310)	(722)
Non taxable income*	(2,090)	(5,663)
Wear and tear allowances	4,366	6,168
Over provisions in prior years	2,261	874
Profit on sale of sub - not taxable	-	57,653
S24i(10A) prior year deferral now realised	-	(4,731)
Qualifying S25BB REIT distribution	13,500	16,636
s6quat rebate	3,133	-
	2,261	(4,394)
Effective tax rate	**7.01%**	-2.62%

*Relates to IFRS accounting adjustments, such as straight lining, profit from Joint venture.

South African laws

The income tax for the period comprises current and deferred income tax and is recognised in profit or losss 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 comprehenisve income or directly in equity as applicable. The company is a REIT and all subsidiaries in the company are "controlled companies"(as defined by the Income Tax Act"). The company applies judgement in determining what sources of income constitue "rental income" as defined by S25BB of the Income Tax Act. After deducting "qualifying distributions".

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Income tax paid		
Income tax receivable at beginning of the year	**(8,721)**	(15,126)
Income tax payable at beginning of the year	**-**	-
Current year normal tax charged to profit or loss*	**2,261**	4,381
Income tax payable at end of the year	**-**	-
Income tax receivable at end of the year	**163**	(8,721)
	6,297	(19,466)

Notes to the Financial Statements

27. Cash generated by operations

	COMPANY		
	30 June 2023 R `000	**30 June 2022 R `000**	
Profit/(loss) before tax	**32,258**	167,551	
Adjusted for:			
Amortisation and depreciation	**7,244**	5,687	-
Impairment allowance	**10,819**	(998)	-
Dividends received	**(54,871)**	(69,753)	
Loss/(profit) from joint venture	**-**	24,949	
Finance income	**(9,148)**	(12,893)	
Straight line adjustment	**(1,983)**	1,843	
Finance costs	**78,043**	82,902	
Fair value adjustments	**15,504**	92,683	
Share-based payment expense	**-**	262	
Profit on disposal of subsidiary	**-**	(205,908)	
Unrealised foreign exchange (gains)/loss	**(4,128)**	(1,812)	
Taxation paid	**-**	-	
Profit/ loss of disposal of assets	**(319)**	-	
Loan Waiver Sable	**-**	(1,300)	
Leave pay provision	**-**	295	
Write off of tenant installation	**681**	-	
Profit/ Loss on sale of property	**2,935**	-	
Loss on disposal of investment property	**-**	-	
Fair value adjsutment of shares	**(320)**		
Non cash flow items	**5,932**		
Structure fees amortised	**1,544**		
Write back of loan	**(1,256)**		
Reversal of impairment on joint venture	**(2,559)**		
Impairment of investments		6,228	
Cash generated before working capital	**80,376**	89,736	
Changes in working capital:			
- Decrease/ (Increase) in trade and other	(3,478)	9,169	
- (Decrease)/Increase in trade and other	(1,669)	(14,796)	
Cash generated by operations	75,229	84,109	

28. Liabilities arising from financing activities

Non-cash changes

COMPANY

	1 July 2020	Cash flows*	Non cash repayment	Changes in fair values	Refinance	Reclassification	Structuring fees amortised	Interest accrual	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
30 June 2023									
Non-current interest bearing borrowings	**875,056**	**(86,071)**	**(233,985)**	**-**	**-**	**-**	**153**	**1**	**555,154**
Current interest bearing borrowings	**225,295**	**-**	**(101,004)**	**-**	**-**		**696**	**692**	**125,679**
Assets held to hedge long term borrowings	**2,221**	**-**	**-**	**(2,221)**	**-**	**-**	**-**	**-**	**-**
Total liabilities from financing activities	**1,102,572**	**(86,071)**	**(334,989)**	**(2,221)**	**-**	**-**	**849**	**693**	**680,833**
30 June 2022									
Non-current interest bearing borrowings	963,909	122,669	(12,497)	-	-	(200,718)	1,604	89	875,056
Current interest bearing borrowings	51,901	(10,807)	(18,429)	-	-	200,718	-	1,912	225,295
Assets held to hedge long term borrowings	12,877	-	-	(10,656)	-	-	-	-	2,221
Total liabilities from financing activities	1,028,687	111,862	(30,926)	(10,656)	-	-	1,604	2,001	1,102,572

	COMPANY	
	30 June 2023	30 June 2022
	R `000	R `000
Proceeds from other financial liabilities	**55,000**	194,750
Repayments of other financial liabilities	**(141,071)**	(80,665)
Debt structuring fees paid	**-**	(416)
Payment of prior year interest accrual*	**-**	(1,807)
	(86,071)	111,862

*Included in finance costs paid on the cash flow

29. Dividends paid

	COMPANY	
	30 June 2023	30 June 2022
	R `000	R `000
Dividends	**(25,548)**	(173,569)

Texton is a listed REIT and as per S13.47(a) of the JSE Listings Requirements, a REIT issuer is required to – "distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities (which includes shares and linked units) by no later than four months after its financial year end, subject to the solvency and liquidity test as defined in the Act and applied in section 46 of the Act"

No dividend was declared for the interim period ended 31 December 2022. The board of directors of Texton are pleased to announce that Texton has declared a final dividend of xx cents per share (2022:17.00 cents per share).

30. Dividends received

	COMPANY	
	30 June 2023	30 June 2022
	R `000	R `000
Dividends receivable opening balance	**(69,753)**	25,704
Dividends from subsidiaries and company entities	**54,871**	69,753
Dividends receivable closing balance	**(54,871)**	(69,753)
Dividends received	**(69,753)**	25,704

31. Commitments

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Operating leases - as lessor (income)		
Minimum lease payments receivable		
- Within one year	**138,822**	132,138
- Second year	**110,425**	134,773
- Third year	**55,716**	106,711
- Fourth year	**26,877**	78,315
- Fifth year	**22,541**	25,583
- Later than 5 years	**42,347**	60,689
Contractual cash inflows	**396,728**	538,209
- straight line rental adjustment	**24,152**	23,580
Future book revenue	**420,880**	561,789

Operating lease income represents rentals received by the Group for its properties. Leases are negotiated for an average term of xx years (2022: 3.01 years) in SA. Rentals on the properties escalate at an average rate of xx% per annum (2022: 6.75%).

Capital Commitments [IAS40]		
Capital improvements in respect of Investment Properties:		
Approved and committed	**25,574**	46,216
Approved and uncommitted	**402**	64,725
	25,976	110,941

Capital Commitments		
Capital improvements in respect of unlisted investments		
Approved and committed	**35,280**	**64,833**
Approved and uncommitted	**-**	**-**
	35,280	**64,833**

Operating Expense Commitments [IAS40]		
Contractual commitments in respect of general maintenance to investment property:		
- Within one year	**3,449**	12,671
- Two to five years	**2,600**	4,248
- Later than 5 years	**-**	**-**
	6,049	16,919

32. Related parties

Related party relationships exist between the Company, its subsidiaries, directors, and key management of the company.

Refer to the Director's report for list of subsidiaries, Group entities and joint ventures.

Related through common shareholding/directorship or affilated with related parties	
Oak Tech Trading (Pty) Ltd	Oak Tech Trading (Pty) Ltd has 84 619 266 ordinary shares pledged as security for 38 months relating to borrowings in the amount of R95.3m as at 30 June 2023. The shareholders of Oak Tech Trading (Pty) Ltd are Kloof Capital South Africa (Pty) Ltd and Geomer Investments (Pty) Ltd. Robert Franco and Marcel Golding, who are non-executive directors of Texton, are the ultimate shareholders of Kloof Capital South Africa (Pty) Ltd and Geomer Investments (Pty) Ltd, respectively. Texton group paid consulting fees to Oak Tech of R30,000 in the prior year.
Kloof Capital (Pty) Ltd	During the current year, Texton group paid consulting and rental fees of R2,323,161.48 (2022:R2,163,649.31) to the related party.

Notes to the Financial Statements

Related parties continued...

32.1 Inter-company transactions

	Loans*	Interest received/ Paid	Distributions	Distribution receivables	Rent paid	Asset management fee charged
	R'000	R'000	R'000	R'000	R'000	R'000
30 June 2023						
Discus House Proprietary Limited	202,400	-	12,859	12,859	-	1,295
Imperial Comm Props Proprietary Limited	(71,128)	-	12,503	12,503	-	335
Investage 183 Proprietary Limited	(157,084)	-	29,479	29,479	-	1,632
Nungu Trading 88 Proprietary Limited	4,653	-	30	30	-	52
TP US Investments LLC	32,829	(3,378)				
Texstores Propriety Limited	77	-	-	-	-	
	11,747	-3,378	54,871	54,871	0	3,314

	Loans*	Interest received/	Distributions	Distribution receivables	Rent paid	Asset management fee charged
	R'000	R'000	R'000	R'000	R'000	R'000
30 June 2022						
Discus House Proprietary Limited	187,866	-	24,926	20,406	-	1,082
Imperial Comm Props Proprietary Limited	34,400	-	13,277	13,277	2,592	658
Investage 183 Proprietary Limited	18,060	-	31,550	31,551	-	2,031
Nungu Trading 88 Proprietary Limited	2,824	-			-	7
Sable Place Properties 121 Proprietary Limited	-	-	-	-	-	
Heddon Investment Holdings Limited	-	327	-	(67)	-	
Zeya Investment Holdings Limited	-	438	-	(1,286)	-	
Chobe Investment Holdings Limited	-					
Chevelon Investment Holdings Limited	-	-	-	-	-	
Onslow Investment Holdings Limited	-	1,128	-	(3,424)	-	
Cheltondale Investment Holdings Limited	-	-	-	-	-	
Forbesdale Investment Holdings Limited	-	678	-	(6,561)	-	
Ganix Investment Holdings Limited	-	(157)	-	(3,561)	-	
Malabar Investment Holdings Limited	-	200	-	-	-	
TP US Investments LLC	24,588	-	-	-	-	
Texton Property Investments UK Limited	(7,148)			-6285		
Group entities						
Vunani Property Investment Trust	-	-	-	-	-	
Texton Property Fund Limited Share Incentive Scheme Trust	-	-	-	-	-	
	260,590	2,614	69,753	44,050	2,592	3,778

Related parties continued...

32.2 Compensation paid to directors and prescribed officers

30 June 2023	Fees paid R `000	Salaries, bonuses and performance related payments R `000	Total remuneration R `000	IFRS 2 Charge R'000	Total remuneration R `000
Executive Directors					
HSP Welleman	-	4,100	4,100	28	4,128
PM Hack*	-	2,507	2,507	(348)	2,159
Non-executive Directors					
MA Golding (Chairman)	442	-	442	-	442
R Franco	-	-	-	-	-
Independent Non-executive Directors					
AJ Hannington	338	-	338	-	338
JR Macey	416	-	416	-	416
W Van der Vent	286	-	286	-	286
S Thomas	312	-	312	-	312
Total compensation paid to directors and prescribed officers	**1,794**	**6,607**	**8,401**	**(320)**	**8,081**

* PM Hack resigned as CFO on 15 December 2022

30 June 2022	Fees paid R `000	Salaries, bonuses and performance related payments R `000	Total remuneration R `000	IFRS 2 Charge R'000	Total remuneration R `000
Executive Directors					
HSP Welleman	-	2,850	2,850	58	2,908
PM Hack	-	3,287	3,287	203	3,490
Non-executive Directors					-
MA Golding (Chairman)	442	-	442	-	442
R Franco	217	-	217	-	217
Independent Non-executive Directors					-
AJ Hannington	338	-	338	-	338
JR Macey	416	-	416	-	416
W Van der Vent	286	-	286	-	286
S Thomas	312	-	312	-	312
	-	-	-	-	-
Total compensation paid to directors and prescribed officers	**2,011**	**6,137**	**8,148**	**261**	**8,409**

Related parties continued...

32.3 Directors' holdings

30 June 2023	Direct	Indirect	Total	% holding
MA Golding*	-	**51,876,785**	**51,876,785**	**14.26%**
AJ Hannington	-	**-**	**-**	**-**
JR Macey	-	**31,925**	**31,925**	**0.01%**
R Franco*	-	**119,605,113**	**119,605,113**	**32.89%**
S Thomas	-	**-**	**-**	**-**
HSP Welleman	-	**-**	**-**	**-**
	-	**171,513,823**	**171,513,823**	**47%**

30 June 2022	Direct	Indirect	Total	% holding
MA Golding*	-	51,876,785	51,876,785	14.19%
AJ Hannington	-	-	-	-
JR Macey	-	31,925	31,925	0.01%
R Franco*	-	119,605,113	119,605,113	32.71%
S Thomas	-	-	-	-
HSP Welleman	-	-	-	-
	-	171,513,823	171,513,823	47.%

**MA Golding owns 55% and RA Franco owns 45% of Oak Tech*

There has been no change in the shares held by directors since year end to approval of these financial statements.

33. Risk management

The company's financial instruments consist mainly of deposits with banks, interest-bearing liabilities, derivative instruments, amounts due from subsidiaries, company entities and third parties, trade and other receivables and trade and other payables.

The company has exposure to the following risks from its use of financial instruments:

- Liquidity risk;
- Credit risk; and
- Market risk.

While risk management is the ultimate responsibility of the Board of Directors, the Board has delegated this responsibility to the Audit and Risk Committee which is responsible for developing and monitoring the company's risk management policies.

The company's risk management policies are established to ensure:

- improved risk management and control;
- the efficient allocating of funds to maximise returns;
- the maintenance of acceptable levels of risk within the company as a whole; and
- efficient liquidity management and control of funding.

The Audit and Risk Committee reviews Management's compliance with the company's risk policies and procedures and assesses the adequacy of the risk management framework. The Committee reports regularly to the Board of Directors.

33.1 Classification of financial instruments

The table below sets out the company's accounting classification of each class of financial asset and liability.

		COMPANY			
		At amortised cost		Fair value through profit or loss	
	Note	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Financial assets					
Loans to subsidiaries	18	**233,650**	266,810	**-**	-
Loan to joint venture	37	**-**	-	-	137,426
Unlisted Investments	14		-	**57,408**	15,514
Trade and other receivables	10	**17,844**	18,774	**-**	-
Cash and cash equivalents	12	**13,841**	12,744	**-**	-
		265,335	298,328	**57,408**	152,940
Financial liabilities					
External loans and derivative financial instruments	15	**680,833**	1,100,351	**-**	2,221
Loan from subsidiary	18	**228,213**	7,148	**-**	-
Trade and other payables	17	**18,883**	22,074	**-**	-
		927,929	1,129,573	-	2,221

Risk management continued...

33.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company ensures that it always has adequate funds available and seeks to borrow for as long as possible at the lowest cost. Liquidity requirements are managed by monitoring forecasted cash flows and the maturity profile of financial liabilities.

A maturity analysis of financial liabilities is set out in the table below.

	COMPANY			
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**2 - 5 years**
	R `000	**R `000**	**R `000**	**R `000**
30 June 2023				
Non-interest bearing	**18,883**	**18,883**	**18,883**	**-**
Fixed interest rate instruments	**-**	**-**	**-**	**-**
Variable interest rate instruments	**680,833**	**867,855**	**188,888**	**678,967**
Non-derivative financial liabilities	**699,716**	**886,738**	**207,771**	**678,967**
30 June 2022				
Non-interest bearing	22,074	22,074	22,074	-
Fixed interest rate instruments	2,221	2,221	2,221	-
Variable interest rate instruments	1,100,351	1,205,826	304,857	900,969
Non-derivative financial liabilities	1,124,646	1,230,121	329,152	900,969

Risk management continued...

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and equity prices will affect the company'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 return. The company enters into derivatives and incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee.

Interest rate risk

The company is exposed to interest rate risk as it borrows funds at variable interest rates.

	COMPANY	
	30 June 2023	**30 June 2022**
Fixed rate instruments		
Financial liabilities	-	(2,221)
	-	(2,221)
Variable rate instruments		
Financial assets	**31,685**	31,518
Financial liabilities	**(680,833)**	(1,100,351)
	(649,148)	(1,068,833)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Effect on equity and profit or loss		
50 bps increase	**(3,246)**	(5,344)
50 bps decrease	**3,246**	5,344

The company adopts a policy to manage its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into fixed rate swap instruments. All suchtransactions are carried out within the guidelines of the Audit and Risk Committee. As a consequence, the company is exposed to fair value interest rate risk in respect of the fair value of its interest rate financial instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

Currency risk

Currency risk related to investments in foreign operations

Currency risk related to foreign transactions

The company operates predominantly within its own common monetary area and therefore the company has no significant currency risk with regard to operational activities. During 2021 and 2020 it was not the company's policy to hedge transactions which are denominated in a currency other than the entity's functional currency, which only occurs with loans for acquisitions in foreign countries.

Currency risk related to foreign currency-denominated loan of the Company

The Company has loans denominated in foreign currency hence the exposure to exchange rate fluctuations arises. The currency giving rise to currency risk in which the Company primarily deals is GBP.

As at the reporting date, the Company's exposure to foreign currency risk was as follows, based on a notional amount.

	COMPANY	
	30 June 2023	**30 June 2022**
	GBP'000	**GBP'000**
Foreign loans payable	-	-
Foreign loans receivable	-	-

Risk management continued...

	USD'000	USD'000
Foreign loans payable		
Foreign loans receivable	**1,500**	1,500

The following significant exchange rates applied during the year:

	2023		2022	
	Closing rate R	Average rate R	Closing rate R	Average rate R
GBP	**23.93**	**23.67**	19.85	20.34
USD	**18.84**	**18.74**	16.31	15.22

Sensitivity analysis

A 10% strengthening of the Rand against the GBP as at 30 June would have increased/decreased profits and equity by the amount shown below. This calculation assumes that all other variables, in particular interest rates, remain constant.

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Foreign loans payable	-	**-**
Foreign loans receivable	-	**2,466**

33.4 Credit risk

Credit risk is the risk of financial loss to the company if a tenant or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from tenants, loans to subsidiaries, joint ventures

The carrying amount of financial assets below represents the maximum credit exposure. The maximum exposure to credit risk was:

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Trade and other receivables	**17,844**	18,774
Cash and cash equivalents	**13,841**	12,745
Loans to subsidiaries	**233,650**	266,810
	265,335	298,329

Risk management continued...

33.5 Fair values

The carrying value of the assets and liabilities carried at amortised cost approximate fair value.

The fair value of trade receivables approximates its carrying amount as it is short term in nature. The fair values of all financial instruments, interest rate swaps and variable rate liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

Fair value hierarchy

The company measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

● Level 1:	Quoted prices (unadjusted) in an active market for an identical instrument.
● Level 2 :	Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
● Level 3 :	Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument as at the reporting date which would have been determined by market participants acting at arm's length.

The company uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate swaps and cross currency interest rate swaps that use only observable market data and require little judgement and estimation.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives like interest rate swaps and cross currency interest rate swaps. Availability of observable market prices and model inputs reduces the need for Management judgement and estimation and also reduces the uncertainty associated with the determination of fair values.

Investments at fair value in Level 3 represent investment properties, investment properties held for sale, loan to joint venture. A detailed reconciliation, as well as a sensitivity analysis of all major assumptions, have been included as part of the investment property note (note 5). Refer to note 37 for loan to joint venture and pro-rata net asset value calculation. All fair value adjustments were accounted for in profit or loss.

Cash and cash equivalents are not fair valued and the carrying amounts are presumed to equal fair value. Short-term receivables and short-term payables are measured at amortised cost and approximate fair value due to the short-term nature of these instruments. These instruments are not included in the fair value hierarchy.

Risk management continued...

The table below analyses financial instruments carried at fair value by valuation method.

	COMPANY			
	Level 1	**Level 2**	**Level 3**	**Total**
Valuation method	**R `000**	**R `000**	**R `000**	**R `000**
30 June 2023				
Unlisted investments	-		57,408	57,408
Investment properties	-	-	1,188,275	1,188,275
Investment property held for sale	-	-	60,000	60,000
30 June 2022				
Interest rate swap	-	(2,221)	-	(2,221)
Unlisted investments	-	-	15,514	15,514
Loan to Joint venture	-	-	137,426	137,426
Investment properties	-	-	1,255,863	1,255,863
Investment property held for sale	-	-	155,000	155,000

Type	**Valuation technique**	**Significant unobservable inputs**	**Interrelationship between key unobservable inputs and fair value measurements**
Level 2 fair values			
The following table shows the valuation techniques used in measuring level 2 fair values:			
Derivative financial instruments - interest rate swaps	Fair valued monthly by Investec, using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Level 3 fair values			
The following table shows the valuation techniques used in measuring level 3 fair values:			
Investment properties	Refer to note 5	Refer to note 5	Refer to note 5
Unlisted investments: Cadre	Texton will rely on the sponsor valuations to determine fair value at each valuation date. These valuations in turn are based on the underlying NAV of the investments.	Refer to Note 14	Refer to Note 14
Loan to joint venture	The value is driven predominately by the NAV of the investment, which is determined by the cash to be received from the investment. The investment property was sold in the prior year and the loan was repaid in the current year.	Not applicable	Not applicable

34. Going concern

The Company has reasonably satisfied the liquidity and solvency test as required by the Companies Act and the directors have satisfied themselves that the Company is in a sound financial position and that it has access to sufficient facilities to meet its foreseeable cash requirements.

The directors consider that the company has adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such,it is appropriate to adopt the going concern basis in preparing the company financial statements.

Texton entered in to a repurchase agreement with the Public Investment Corporation ("PIC") towards the end of the financial year to repurchase 72 129 048 Texton shares. This transaction ("PIC transaction") was funded through available cash in Texton's Rolling credit facility ("RCF). Refer to the events after the reporting period below.

Management are in negotiations with Investec to renew the facilities expiring on 29 September 2023. Based on past experiance on renewals with the bank and the fact that the debt has been reduced during the year through property disposals, management expect these facilities to be renewed.

The directors consider that the group has adequate resources to continue operating for the forseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such, it is appropriate to adopt the going concern basis in preparing the consolidated finacial statements.

The directors consider that the company has adequate resources to continue operating for the foreseeable future and realise its assets and settle its liabilities in the ordinary course of business. As such,it is appropriate to adopt the going concern basis in preparing the company financial statements.

35. Events after the reporting date

The following events are reported:

• Share Repurchase

As announced on the Stock Exchange News Services ("SENS") on the JSE on 25 May 2023, Texton entered into a repurchase ("the Repurchase") agreement with the Public Investment Corporation ("PIC") to repurchase 72 129 048 Texton shares for a total consideration of R155 077 466.75. This transaction(“PIC transaction”) was concluded on 17 July 2023 and funded through available cash in Texton’s Rolling Credit Facility(“RCF”).

A resolution was passed by the Board in terms of section 46 of the Companies Act that having applied the solvency and liquidity test as set out in section 4 of the Companies Act (the “solvency and liquidity test”), it has satisfied itself that at the date of the resolution being passed that it reasonably appears, and it has thus reasonably concluded, that the Company will satisfy the solvency and liquidity test, immediately after implementation of the Repurchase.

The circular issued to shareholders documents that directors, in line with the JSE Listings Requirements, have considered the effect of the repurchase on liquidity and solvency.

Declaration of a final dividend

The Board of directors of Texton ("the board") is pleased to announce that Texton has declared a final dividend of 19.26 cents (2022:7.00 cents) per share for the year ended 30 June 2023. The total dividend for the year is 19.26 cents (June 2022:17.00 cents).

36. Investments in subsidiaries and company entities

The following table lists the entities which are controlled by the Company, either directly or indirectly through subsidiaries.

	Place of incorporation	Percentage holding	
		30 June 2023	30 June 2022
		%	%
Subsidiaries			
Discus House Proprietary Limited	South Africa	**100%**	100%
Imperial Comm Props Proprietary Limited	South Africa	**100%**	100%
Investage 183 Proprietary Limited	South Africa	**100%**	100%
Nungu Trading 88 Proprietary Limited	South Africa	**100%**	100%
Sable Place Properties 121 Proprietary Limited	South Africa	**100%**	100%
TexStores Propriety Limited	South Africa	**100%**	100%
Texton Property Investments UK Limited	United Kingdom	**100%**	100%
Chevelon Investment Holdings Limited	United Kingdom	**100%**	100%
Heddon Investment Holdings Limited	United Kingdom	**100%**	100%
Zeya Investment Holdings Limited	United Kingdom	**100%**	100%
Forbesdale Investment Holdings Limited	United Kingdom	**100%**	100%
Onslow Investment Holdings Limited	United Kingdom	**100%**	100%
Ganix Investment Holdings Limited	United Kingdom	**100%**	100%
Malabar Investment Holdings Limited	United Kingdom	**100%**	100%
TP US Investments LLC	United States of America	**100%**	100%
Controlled entities			
Vunani Property Investment Trust	South Africa	**100%**	100%
Joint Venture			
Inception (Reading) S.a.r.l- Broad Street Mall	United Kingdom	**50%**	50%

Investments in subsidiaries and company entities continued...

Reconciliation of closing balance

	Opening balance June 2022	Increase/(Decrease) in Investments	(Increase)/Decrease in Impairement	Closing Balance June 2023
Subsidiaries				
Discus House Proprietary Limited	-			0.00
Imperial Comm Props Proprietary Limited	56,174			56,174
Investage 183 Proprietary Limited	369,248			369,248
Nungu Trading 88 Proprietary Limited	40,004		-671	39,333
Sable Place Properties 121 Proprietary Limited	585	-585		0
TexStores Propriety Limited	0.00	1.00		1.00
Texton Property Investments UK Limited	677,547	98,653		776,200
Chevelon Investment Holdings Limited				0
Heddon Investment Holdings Limited				0
Zeya Investment Holdings Limited				0
Forbesdale Investment Holdings Limited				0
Onslow Investment Holdings Limited				0
Cheltondale Investment Holdings Limited#				0
Ganix Investment Holdings Limited				0
Malabar Investment Holdings Limited				0
TP US Investments LLC	15,300		-9,680	5,620
TPI UK No1 Limited				0
				0
Controlled entities				0
Vunani Property Investment Trust	5,295			5,295
				0
Joint Venture				0
Inception (Reading) S.a.r.l- Broad Street Mall	0.00			0.00
	1,164,155	98,069	-10,351	1,251,872

Texton Property Fund Limited

(Registration Number 2005/019302/06)
Financial Statements for the year ended 30 June 2023

Notes to the Financial Statements

Investments in subsidiaries and company entities continued...

Reconciliation of closing balance

	Opening balance June 2021	Increase/(Decrease) in Investments	(Increase)/Decrease in Impairement	Closing Balance June 2022
Subsidiaries				
Discus House Proprietary Limited	0.00			0.00
Imperial Comm Props Proprietary Limited	56,176			56,176
Investage 183 Proprietary Limited	369,248			369,248
Nungu Trading 88 Proprietary Limited	42,740		-2,737	40,003
Sable Place Properties 121 Proprietary Limited	585			585
TexStores Propriety Limited				0.00
Texton Property Investments UK Limited	287,948	389,600		677,548
Chevelon Investment Holdings Limited		0		0
Heddon Investment Holdings Limited	6382	-6,382		0
Zeya Investment Holdings Limited	7799	-7,799		0
Forbesdale Investment Holdings Limited	4504	-4504		0
Onslow Investment Holdings Limited	21008	-21008		0
Cheltondale Investment Holdings Limited#				0
Ganix Investment Holdings Limited	41104	-41104		0
Malabar Investment Holdings Limited	6072	-6072		0
TP US Investments LLC		15,300		15,300
TPI UK No1 Limited				0
				0
Controlled entities				0
Vunani Property Investment Trust	5,737		-442	5,295
				0
Joint Venture				0
Inception (Reading) S.a.r.l- Broad Street Mall	0.00			0.00
	849,303	318,031	-3,179	1,164,155

	Cost	Accumulated impairments	Carrying amount
30 June 2023			
Investments and subsidiaries and company entities	**1,370,794**	**(118,922)**	**1,251,872**
30 June 2022			
Investments and subsidiaries and company entities	1,383,102	(218,947)	1,164,155

The investments are tested annually for impairment. The impairment is calculated by comparing the net asset value of each entity (the recoverable amount) to the carrying amount of the investment. The impairments are a result of a decrease in underlying property values in the subsidiaries. The impairment has been accounted for in profit or loss.

The Company has no sponsored entities and has no interest in unconsolidated entities.

37. Investment in joint venture: Inception (Reading) S.a.r.l - Broad Street Mall*

Group and Company

	Carrying amount	
	30 June 2023 R `000	**30 June 2022 R `000**
Cost	**137,426**	119
Share of post-acquisition (losses)/profits	-	(98,019)
Loan to joint venture reclassified as equity	-	276,962
Impairment of interest in joint venture		(41,636)
Reversal of impairement of joint venture	**2,559**	
Funds received from joint venture	**(139,985)**	
	-	137,426

The company has a 50% (2022: 50%) interest in Broad Street Mall and Texton exercises joint control. This interest is accounted for using the equity method. The Company's principal place of business is in the UK and is a company incorporated in Luxembourg.

On 2 March 2015, the Company entered into agreements, including a joint venture agreement with Moorgarth Holdings (Luxembourg) S.à.r.l, a subsidiary of JSE-listed Tradehold Limited, whereby Texton acquired 50% of a special purpose vehicle, Inception (Reading) S.à.r.l. Inception was then used as the vehicle to acquire a well-located retail shopping centre (Broad Street Mall) in Reading, England, with Texton's 50% contribution for the total purchase price. The acquisition of Broad Street Mall was successfully concluded on 3 July 2015. On 25 June 2022, Board Street Mall was successfully sold to a 3rd party for 57,5 million GBP. Inception (Readin) S.a.r.l will be liquidated once all remaining liabilities and contingent assets have been settled and received.

Summarised statement of financial position

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Non-current assets	-	-
Current assets	-	42,122
Trade and other receivables	-	7,480
Prepayments	-	1,854
Cash and cash equivalents	-	32,788
Non-current liabilities	-	-
Other financial liabilities	-	-
Deferred tax	-	-
Current liabilities	-	(28,366)
Net assets excluding shareholder loans (100%)	-	13,756
Proportionate share of net assets excluding shareholder loans (50%)	-	6,878
Carrying amount of investment	-	137,426

This information was extracted from Broad Street Mall's summarised unaudited financial statements for the twelve months ended 30 June 2022.

Investment in joint venture: Inception (Reading) S.a.r.l - Broad Street Mall* continued...

Summarised statement of comprehensive income

	COMPANY	
	30 June 2023 R `000	**30 June 2022 R `000**
Revenue	-	84,423
Depreciation	-	(671)
Loss before net finance costs	-	(17,094)
Finance costs**	-	(30,198)
Loss before income tax expense	-	(47,292)
Income tax expense	-	(2,606)
(Loss)/profit for the period	-	(49,898)
Other comprehensive income	-	-
Total comprehensive income	-	(49,898)
Equity accounted (loss)/profit (50%)	-	(24,949)

*** Excludes interest on shareholder loans.*

38. Share based payment reserve

	COMPANY	
	30 June 2023 R `000	30 June 2022 R `000
Opening balance	407	145
Expense recognised in profit and loss	(320)	262
Shares issued during the current year	-	-
Closing balance	87	407

In terms of the Conditional Share Plan ("CSP"), approved and adopted by shareholders on 30 November 2020, the company has granted conditional shares to the executive directors and staff. The full details of the scheme are included in the remuneration report.

Details of the conditional shares awarded are set out below :

	Tranche 1	Tranche 2	Total
Grant date	11-Jun-21	30-Jun-22	
Vesting date	30-Jun-23	30-Jun-24	
P Hack			
Opening shares	416,667.00	63,360	480,027
Shares Awarded	0.00	-	-
Share forfeited	-416,667.00	(63,360)	(480,027)
Total Shares awarded	0.00	-	-
HSP Welleman			
Opening shares	0.00	63,360	63,360
Shares Awarded	0.00	-	-
Total shares awarded	0.00	63,360	63,360

The CSP awards have been recognised as equity-settled share-based payments as a separate category within equity. The fair value of the CSP has been measured using the Black-Scholes model.

Details of assumptions

Expected volatility of 16.42% has been based on an evaluation of the historical volatility of the company's shareprice since listing. The expected forfeiture rate has been based on historical experience and general employeebehaviour. Where these result in changes in the non-market conditions of the scheme, the cumulative impact is charged to profit or loss in the year the adjustment is made

The shares awarded under tranche 1 comprise performance shares (65%) which are subject to a 2 year service period and the achievement of certain financial and individual performance measures and retentions shares (35%) which are subject to a 2 year service period only.

The shares awarded under tranche 2 comprise performance shares (65%) which are subject to a 2 year service period and the achievement of certain financial and individual performance measures and retentions shares (35%) which are subject to a 2 year service period only.

On the vesting date the participant is entitled to settlement of the award and no amount is payable by the participant for the settlement of shares that have vested. The actual quantum of shares received by a participant on vesting will depend on the extent to which the performance conditions, set out in the award letter, are achieved and will be determined over the performance period. No conditional shares vested during the year.

39. UK Restructure

In the 2021 financial year, the only property held by Cheltondale and Chevelon Investment Holdings Limited being DHL and Poundland, was disposed of during the year. On that date, a portion of the liabilities owing to HSBC were settled. These entities were sold to TPI UK Limited.

Texton commenced with the process of consolidating the BVI Companies and/or their investments properties under Texton Property Investments UK Limited("TPI")(100% owned by Texton). - starting with Cheltondale Investment Holdings Limited ("Cheltondale") and Chevelon Investment Holdings Limited ("Chevelon") (collectively "Target companies"). From a company perspective, Texton disposed of all the shares held by it in Cheltondale and Chevelon and all of its loan claims against Cheltondale and Chevelon to TPI, in exchange for the issue of further ordinary shares by TPI to Texton (non-cash investing activity) .

In the 2022 financial year, the company completed the restructure of the offshore direct property holding entities (Heddon Investments Holdings Limited, Zeya Investments Holdings Limited, Forbesdale Investment Limited, Onslow Investments Holding Limited, Malabar Investment Holdings Limited and Ganix Investment Holdings Limited) under TPI UK Limited. All the loan claims and shares owned by the company where sold to TPI UK limited in exchange for shares.

	Company	
	30 June 2023 R'000	30 June 2022 R'000
Sale of loan claim to TPI UK		
- Heddon	**0.00**	15,876
- Zeya	**0.00**	21,285
- Forbesdale	**0.00**	33,460
- Onslow	**0.00**	54,788
- Malabar	**0.00**	9,735
Sale of Investment to TPI UK		
- Heddon	**0.00**	6,383
- Zeya	**0.00**	7,799
- Forbesdale	**0.00**	4,503
- Onslow	**0.00**	21,003
- Malabar	**0.00**	6,075
- Ganix	**0.00**	41,104
	0	222,011
Investment in TPI UK		427,919
Profit on disposal	**0**	205,908

40. Standards, Amendments and interpreatations for the first time at 30 June 2023

The standards, amendments and intrepretations effective for the first time in the current financail year have been summarised below. The impact of the adoption of these standards have been considered.

Statement	Effect for accounting periods beginning on or after	Summary of key points	Impact on the company
Amendments to IAS 1: Classification of liabilities as current or non- current	Annual periods beginning on or after 1 January 2024.	The amendments aims at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.	This amendment was early adopted by the Company. Refer to note 15.
IAS 1 Presentation of financial Statements(Amendment- Non Current Liabilities with covenants)	Annual periods beginning on or after 1 January 2024.	Subsequent to the release o amendments to IAS 1 Classification of Liabilities as Current or Non-current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with that condition after the reporting period. The amendments also provide clarification on the meaning of "settlement" for the purpose of classifying a liability as current or non- current.	This amendment was early adopted by the Company. Refer note 15.
IAS 16 Property, Plant and Equipment (Proceeds before intended Use)	The amendments are effective for annual periods beginning on or after January 1, 2022.	In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise suc sales proceeds and any related costs in profit and loss.	The impact of this amendment was not material to the Company.
IAS 37 Provsions, Contingent Liabitlies and Contingent Assets (Amendment - Onerous contracts)- Cost of fufilling a contract	The amendments are effective for annual periods beginning on or after January 1, 2022.	In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.	The impact of this amendment was not material to the Company.
Amendments to IFRS 3 (May 2020): Reference to Conceptual Framework	Annual periods beginning on or after 1 June 2022.	The amendments seeks to update and outdated reference in IFRS 3 without significantly changing its requirements.	The impact of this amendment was not material to the Company.

Standards, Amendments and interpreatations for the first time at 30 June 2023 continued...

Statement	Effect for accounting periods beginning on or after	Summary of key points	Impact on the company
Disclosure of accounting policies (Amendment to IAS 1 and IFRS practice statement 2)	Annual periods beginning on or after 1 January 2023.	In Feb 2021, the IASB has issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from "significant accounting policies" to "material accounting policy information". The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to ISA 1 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. As IFRS Practice statements are non-mandatory guidance, no mandatory effective date has been specified for the amendments to IFRS Practice Statement 2	The changes are not expected to have a material impact on the company financial statements.
Definition of Accounting Estimates (Amendment to IAS 8)	Annual periods beginning on or after 1 January 2023	In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effect of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.	The changes are not expected to have a material impact on the financial statements and the company will apply the amendments prospectively.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023	In May 2021, the ISAB issuied amendments to IAS 12, which clarify whether the intial recognition exemption applies to certain transactionthat result in both an asset and a liability being recognised simultaneously (e.g, a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the intial recognition exemption under IAS12. 15,whereby the exemption does not apply to the intial recognition of an asset or liability which at the time of the transaction , gives rise to equal taxable and deductible temporary differences.	The changes are not expected to have a material impact on the financial statements and the company will apply the amendments prospectively.