TEXTON

PROPERTY FUND

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

for the year ended 30 June
and the declaration of a dividend

2024

The Grid,
Rivonia Road

KEY METRICS

DIRECT PROPERTY PORTFOLIO VALUE **R2,085 billion** (June 2023: R2,188 billion)	INDIRECT INTERNATIONAL PROPERTY INVESTMENTS **R443,1 million** (June 2023: R598,6 million)
LOAN-TO-VALUE ("LTV") RATIO# **27,2%** (June 2023: 24,9%)	CORE PORTFOLIO VACANCIES^ **12,2%** (June 2023: 15,6%)
NET ASSET VALUE ("NAV") **625,08 cents per share** (June 2023: 619,37 cents per share)	INTEREST COVER RATIO* ("ICR") **1,98 times** (June 2023: 2,22 times)
DISTRIBUTABLE INCOME PER SHARE **26,80 cents per share** (June 2023: 38,19 cents)	DIVIDEND PER SHARE **20,13 cents per share** (June 2023: 19,26 cents per share)

^ *Core vacancy data excludes properties held for sale.*
* *Texton's Group ICR.*
\# *Calculated according to the SA REIT Association Best Practice Recommendations 2019 second edition guidelines.*

COMMENTARY

ABOUT TEXTON

Texton is a JSE Limited ("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. Our direct property portfolio is valued at R2,1 billion as at 30 June 2024 (June 2023: R2,2 billion) and our international property investment portfolio amounts to R551,5 million (June 2023: R598,6 million).

Texton is focused on robust and disciplined capital allocation. We are strategically reinvesting heavily into our direct property investments which are located in centralised nodes in both South Africa ("SA") and the United Kingdom ("UK"), and deploying capital into high-quality property investments in developed markets with best-in-class asset managers.

HIGHLIGHTS AND PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Texton operates within the diverse real estate markets of South Africa ("SA") the United Kingdom ("UK") and the United States ("US"), where economic pressures such as inflation, rising interest rates, and shifting political landscapes create both challenges and opportunities. With a strategic focus on adaptability and resilience, the company continues to optimise its portfolio and pursue growth opportunities in these evolving environments.

SA direct property investments

- South Africa's real estate market remains under pressure, but there are signs of improvement as the country experiences a more stable political environment with the introduction of the Government of National Unity ("GNU") and a reduction in load shedding. Although elevated inflation and high interest rates continue to pose challenges, these positive developments offer some relief to the broader economy. In this evolving landscape, Texton has adeptly navigated market challenges through strategic initiatives and effective asset management.

  By continuously monitoring the impact of economic trends on rental demand and property values, the company has made informed decisions to enhance portfolio performance. This proactive and adaptable strategy has enabled Texton to seize opportunities and further strengthen its market position.
- Our effective implementation of the Small and Medium Enterprises ("SME") strategy within our South African office portfolio has yielded significant success, enhancing the value of our South African assets.
- Texspace provides innovative lease options that are adaptable and tailored for SME tenants in SA. This offering has continued to gain popularity for its flexible A-grade office spaces complimenting the needs of small business and those that require smaller spaces to facilitate hybrid work environments.
- During the current year we have built out an additional 29 new Texspaces to add to our offering and have successfully let 76% of our total Texspaces.
- We expanded our strategy of diversifying our income stream by introducing a storage offering at two office parks, 30 Wellington Road and 151 Katherine Street.
- We have continued to outlay investments in environmental, social and governance initiatives such as solar power, energy-efficient lighting and boreholes.
- An amount of R34,2 million was spent on these initiatives during the current year.
- Vacancies within our core South African portfolio have decreased from 18,5% at 30 June 2023 to 14,6% as at 30 June 2024. This improvement is as a result of robust leasing activities and success gained through the implementation of the SME strategy.
- 58 new leases were completed in the current year with a combined GLA of 10 132m², the majority of these leases were leased to SME office tenants in line with our office strategy.
- Rental collections have remained strong at a rate of 98,4% throughout the year.

UK direct property investments

- The UK's economic environment, while still challenging, offers both opportunities and hurdles. Fluctuations in consumer behavior, global trade shifts, and changing regulations are shaping the landscape for demand and investment. The UK real estate market is beginning to show signs of recovery, aided by a recent 0,25% cut in the Bank of England's base rate in August 2024. The industrial and logistics sectors are particularly strong, although economic uncertainties and inflation concerns continue to threaten a full recovery.
- Our portfolio comprises three industrial assets representing 87,9% of value and one retail warehouse.
- All our properties in the UK contain upward only increases and they are triple net leases with 3 of the properties having a WALE of greater than five years. As such, the income from these assets remains resilient and provides predicable income for our shareholders.
- Our UK portfolio boasts a 100% rental collection rate.
- These long-term assets are resilient and offer the potential for sustained capital appreciation.
- Additionally, these investments serve as a valuable hedge against fluctuations in the South African rand, providing stability and diversification benefits to investment portfolios.

International indirect property investments

- The US market has been impacted by rising interest rates, which have led to increased borrowing costs.
- The rental market remains robust, with rising demand for residential units as more people opt for renting over buying due to affordability concerns.
- Other real estate sectors have shown resilience, particularly in sectors like industrial and logistics properties, driven by the ongoing expansion of e-commerce.
- The rising interest rates continue to impact valuations of real estate assets.
- Our investments in BREIT and SREIT continue to provide stable, predictable cash flows through the pay out of monthly dividends.
- Elsewhere, the underlying property fundamentals of offshore investments remain robust, and operational performance has been in line with expectations.
- During the year we invested an additional R9,7 million in the Greenpoint Investment, R0,7 million in Cadre and R2,9 million in GIM Investments.
- Additionally, a capital commitment was made to Faropoint Industrial Value Fund III ("Faropoint"). Faropoint will utilise it's equity capital raise to acquire last-mile industrial assets in select US growth and value cities.
- These investments continue to provide us with a diversified international hedge.
- Subsequent to year-end, the Group concluded to invest in a partnership with WS Industrial GP LLC ("Canvas") to acquire 90% of an infill class-B stand-alone industrial property in North Carolina, United States of America. A limited partnership agreement for 90% of the partnership interest with the remaining 10% being committed by Canvas as the general partner. The initial capital contribution of USD2,747,950 (R50 232 526) will contribute to acquiring the property and the related transaction costs to be incurred. The remaining capital commitment of USD430,315 (R7 866 158) will provide for possible repurposing of the property upon the expiry of the lease.

Capital management

Asset disposal

As of 30 June 2023, Texton had three properties listed as held for sale. During the year, two of these properties, along with portions of sectional title units were sold. The combined proceeds from these sales amounted to R71,9 million. These funds were directed toward debt reduction, allowing Texton to effectively recycle capital, strengthen the balance sheet, and invest in repositioning the South African portfolio.

As of 30 June 2024, the remaining portions of Wale Street are still held for sale, and two additional assets, 377 Rivonia Road and Greenstone Building 13, have been transferred to held-for-sale.

Balance sheet management

- LTV remains healthy at 27,4% at 30 June, with all entities remaining within the LTV covenants.
- We have successfully renewed expiring facilities with Standard Bank and Investec and debt levels have remained stable over the period
- At 30 June 2024, Texton had R261,0 million cash on hand, excluding cash available in debt facilities.

SHARE CAPITAL

Share buyback

- **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 30 November 2022 and 29 November 2023. The Group holds treasury shares via Discus House Proprietary Limited ("Discus House"), a subsidiary of Texton. Discus House holds 31 853 013 shares (30 June 2023: 31 853 013).

- **Specific Repurchase**
  At the General meeting held on 30 June 2023 a special resolution was passed authorising the repurchase of shares from the Public Investment Corporation ("PIC"). In July 2023, Texton repurchased 72 129 048 shares at R2,15 from the PIC, at the time, this represented approximately 19,8% of the total issued share capital, these shares were cancelled.

Rights Issue

As announced on the Stock Exchange News ("SENS") on the JSE on 6 December 2023, Texton launched a rights offer in order to provide additional capital and resources to implement its current strategies. The rights offer closed on 5 January 2024. The company raised R85,0 million by launching a fully underwritten, non-renounceable rights offer of a total of 38 636 364 ordinary no par value shares in Texton at a price of R2,20 each.

Distributable earnings

Total distributable income for the year ended 30 June 2024 amounted to R79,9 million (June 2023: R99,1 million), representing a 19,4% decrease in distributable income. Distributable income per share decreased from 38,19 cents to 26,80 cents per share representing a 29,8% decrease. Texton has declared a final dividend of 20,13 cents, an increase of 4,5% compared to the prior year.

Calculation of distributable earnings

	June 2024 R'000	June 2023 R'000	Variance %
Revenue	**282 040**	297 855	(5,3)
Impairment losses on tenant debtors	**(2 427)**	2 222	(209,2)
Property expenses	**(112 425)**	(116 007)	3,1
Other income	**31 648**	23 164	36,6
Administrative expenses	**(36 771)**	(41 406)	11,2
Impairment loss on vendor financing	**(377)**	(639)	41,0
Depreciation and amortization	**8 029**	10 405	22,8
Net finance cost	**(87 763)**	(79 129)	(10,9)
– Finance income	**20 200**	16 976	18,9
– Finance cost	**(107 963)**	(96 105)	(12,3)
Taxation	**(2 053)**	2 673	(176,8)
Total distributable earnings	**79 901**	99 138	(19,4)
Distributable income per share (cents)	**26,80**	38,19	(29,8)
Dividend per share (cents)	**20,13**	19,26	4,5

Revenue declined by 5,3% (R15,8 million), mainly due to the sale of non-core properties resulting in a loss of revenue totaling R42,0 million. However, our core portfolio demonstrated solid growth, driven by the successful execution of our strategy and robust leasing activities. Revenue from our core South African portfolio grew by 9,7% (R21,5 million) resulting from leasing of vacant spaces and strong tenant retention. The expansion of our business into storage created a new income stream, contributing R1,1 million this year. Additionally, revenue from our UK portfolio increased by R3,6 million, primarily due to favorable exchange rate movements

Property expenses decreased modestly by 3,1% (R3,6 million) due to the roll out of our solar initiatives, boreholes and cost cutting initiatives at various properties. We will continue to explore further initiatives aimed at reducing operating costs at our properties and lowering the occupancy costs of our tenants.

Net Property Income – on a like-for-like basis, our net property income in South Africa grew by R14,5 million, representing an 11,9% increase year on year. This was offset by a decrease of R33 million due to the sale of properties during the 2023 financial year.

Other income increased by R8,6 million due to higher income returns from our international indirect property investments. Our investments in BREIT and SREIT pay out a monthly dividend, which provides Texton with monthly liquidity. We will continue to deploy capital into our international investments with capital recycled from the sale of non-core direct property.

Administration expenses decreased by 11,2% (R4,6 million) due to effective cost management during the year.

Net finance costs increased by 10,9% due to an increase in finance costs, however this was partially offset by an increase in finance income generated from interest on cash. Finance income has increased in the current year due to surplus cash being placed on overnight deposits. Finance costs have increased by 12,3% due to the rise in interest rates and higher average borrowings year on year. Finance costs were managed by settling debt with proceeds from the rights issue and proceeds from the sale of property as well as the part payment of the HSBC debt, however, as the pay down was only done part way through the year, the full benefit in interest saving will only flow through in the coming financial year.

DIVIDEND

The Board of directors of Texton ("the Board") is pleased to announce that Texton has declared a final dividend of 20,13 cents (2023: 19,26 cents) per share for the year ended 30 June 2024

DIRECT PROPERTY PORTFOLIO

SA direct portfolio

SA portfolio sectoral profile

	June 2024		June 2023	
Sector	**GLA %**	**Value %**	**GLA %**	**Value %**
Office	**95,3**	**91,9**	86,8	89,3
Retail	**4,7**	**8,1**	3,4	7,7
Industrial*	**–**	**–**	9,8	0,3
	100,0	**100,0**	100,0	100,0

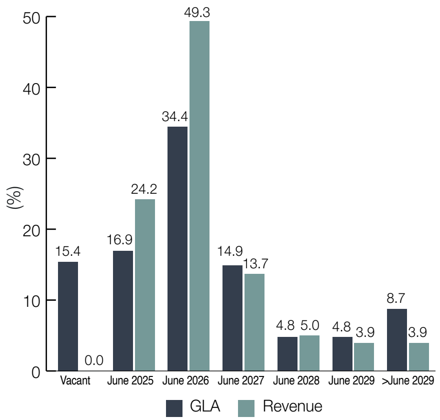
* *During the current year, we disposed of our last industrial building.*

GLA reconciliation

	GLA m²
Balance as at 30 June 2023	**175 930**
Disposals	**(47 480)**
Remeasurements	**178**
Balance as at 30 June 2024	**128 628**

The directly held portfolio in SA comprises 24 properties (June 2023: 26 properties) measuring 128 628m² (June 2023: 175 930m²). 95,3% of our portfolio in SA consists of offices. This sector has demonstrated a gradual recovery, supported by declining vacancy rates, modest growth in market rentals, and the return of employees to office spaces.

SA expiry profile



Vacancy and letting

Core vacancy analysis

Excluding buildings held for sale

	June 2024 GLA m²	June 2023 GLA m²
Total vacancy	**18 124**	51 196
Properties held for sale	**(404)**	(27 758)
Core vacancy	**17 720**	23 438
Core GLA	**121 266**	126 947
Core vacancy (%)	**14,6**	18,5

Total vacant GLA at year-end was 18 124m² (June 2023: 51 196m²), which represents a decrease of 33 072m² during the year due to the sale of buildings held for sale (30 277m²) as well as strong leasing of our office space, through the implementation of our SME strategy. The core vacancy of 14,6% (2023: 18,5%) in South Africa is attributable to our office portfolio and has decreased from the previous year.

Letting activity

	30 June 2024		30 June 2023	
New deals	**GLA m²**	**Number of tenants**	**GLA m²**	**Number of tenants**
Office	**10 088**	**57**	13 552	48
Retail	**44**	**1**	218	3
Industrial*	**–**	**–**	5 497	4
Total	**10 132**	**58**	19 267	55

**In the current year we have disposed our last industrial building.*

During the 2024 financial year, the South African portfolio was heavily impacted by the country's sluggish economic growth, which was compounded by rising costs and a challenging business environment. The economic downturn led to a wave of business downsizing and closures, particularly affecting the commercial real estate sector. Despite these challenges, Texton was able to successfully conclude 58 (June 2023: 55) new leases with a combined GLA of 10 132m² (June 2023: 19 267m²).

Retention

Sector	**Expiring GLA m²**	**Renewed GLA m²**	**Retention %**	**Reversion on retained GLA %**
Office	**18 035**	**12 616**	70	(14,5)
Retail	**1 093**	**1 077**	99	(6,3)
	19 128	**13 693**	71	(13,3)

Texton's weighted average lease expiry ("WALE") remained stable year on year. The shift to offer more flexible rental terms has seen lease terms average between 1 to 3 years. This has resulted in the WALE of the SA portfolio decreasing slightly to 2,00 years from 2,67 years in June 2023.

Rental collections

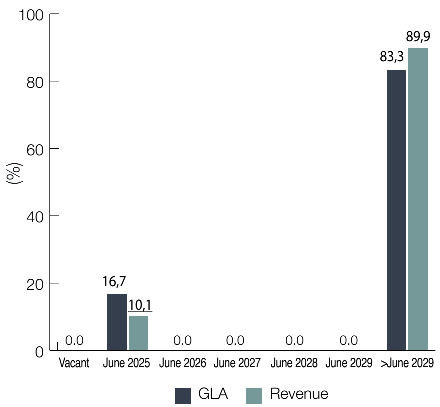
Texton maintained a strong rental collection throughout the year. The in house property management function has allowed the team to have direct daily interactions with tenants leading to a significantly improved tenant-landlord relationship. Rental collections across the portfolio reached 98,4% for the year ended 30 June 2024 (June 2023: 97,8%).

United Kingdom

UK – direct portfolio

	June 2024		June 2023	
Sector	**GLA m²**	**Value %**	**GLA m²**	**Value %**
Retail	**1 789**	**11,1**	1 789	11,1
Industrial	**21 989**	**88,9**	21 989	88,9
	23 778	**100,0**	23 778	100,0

UK expiry profile



Overview and market background

In 2024, inflation remains a persistent challenge for the UK economy, prompting the Bank of England to adjust its monetary policy. After initially raising interest rates to 5,25% to combat inflation, the Bank implemented its first rate cut in over four years in August, reducing the base rate to 5,0%. This cut reflects a nuanced economic landscape, with inflation easing somewhat but still driven by rising wage growth and service prices. While inflation had briefly hit the Bank's 2% target earlier in the year, it is expected to rise again due to energy costs. Despite the recent rate cut, economic growth remains sluggish, and future interest rate decisions will depend on how inflation trends in the coming months.

Wholly-owned portfolio

Our wholly-owned portfolio comprises three industrial assets representing 89% of value and one retail warehouse. All our properties in the UK contain inflation-linked increases only and they are triple net leases with a WALE of 5,45 years. As such, the income from these assets remains resilient and provides predicable income for our shareholders.

The valuations of our UK portfolio has come under pressure in the last two years due to the rising interest rates and resultant expansion of capitalisation rates. Valuations have decreased from GBP 21,1 million to GBP 20,7 million.

Sale of property in the UK

Post the financial year end, the Group successfully disposed of its Gainsborough property situated in England for GBP 7,3 million on 9 September 2024.

During September 2024, the Group has entered into an agreement to dispose of its Caterpillar property situated in Peterlee, England for GBP 8,3 million. The sale is expected to be concluded by 20 September 2024.

The disposal of these properties provided an attractive exit and allows the Group to use the proceeds to pay down debt as well as provide capital for investment in future opportunities in other attractive asset classes and markets.

INTERNATIONAL PROPERTY INVESTMENTS

Texton has continued to construct an investment portfolio that includes investments across the risk spectrum of real estate investments which are classified as core, core plus, value add and opportunistic, to achieve a blended risk-adjusted return in US Dollar ("USD") terms.

During the year, the Group made a capital commitment to Faropoint industrial value fund III ("Faropoint"). Faropoint will utilise it's equity capital raise to acquire last-mile industrial assets in select US growth and value cities.

Texton has invested in the USA with six investments, and in the UK with one investment, as set out below.

	Commitment $'000	Undrawn commitment $'000	Market value $'000	Market value R'000
BREIT offshore	12 500	–	6 409	116 151
SREIT offshore	12 000	–	10 238	184 976
Cadre	5 000	1 873	1 822	32 911
PadSplit	2 500	–	2 725	49 236
GIM Investments	5 500	4 911	484	8 744
Faropoint	2 000	1 036	964	17 339
Total	**39 500**	**7 820**	**22 642**	**409 357**

	Commitment $'000	Undrawn commitment $'000	Market value $'000	Market value R'000
UK Logistics fund	2 650	1 143	1 476	33 737

CAPITAL MANAGEMENT

A key pillar of our strategy is maintaining a strong balance sheet. We have been able to further strengthen our balance sheet over the year by recycling assets and refinancing debt facilities. Our robust balance sheet enables us to have the flexibility we require to complete our stated strategic objectives.

At the General meeting held on 30 June 2023 a special resolution was passed authorising the repurchase of shares from the Public Investment Corporation ("PIC"). In July 2023, Texton repurchased 72 129 048 shares at R2,15 from the PIC, at the time, this represented approximately 19,8% of the total issued share capital, these shares were cancelled. The repurchase is considered an appropriate allocation of capital as the impact of the repurchase and cancellation of the repurchase shares is expected to enhance earnings and net asset value per Texton share.

As announced on the SENS on the JSE on 6 December 2023, Texton launched a rights offer in order to provide additional capital and resources to implement its current strategies. The rights offer closed on 5 January 2024. The company raised R85 million by launching a fully underwritten, non-renounceable rights offer of a total of 38 636 364 ordinary no par value shares in Texton at a price of R2,20 each.

Recycling of capital

Asset disposal

As of 30 June 2023, Texton had three properties listed as held for sale. During the year, two of these properties, along with portions of sectional title units, were sold. The combined proceeds from these sales amounted to R71,9 million. These funds were directed toward debt reduction, allowing Texton to effectively recycle capital, strengthen the balance sheet, and invest in repositioning the South African portfolio.

As of 30 June 2024, the remaining portions of Wale Street are still held for sale, and two additional assets, 377 Rivonia Road and Greenstone Building 13, have been transferred to held-for-sale.

The table below provides further details on the asset sales.

Asset sales

	Location of property			
	South Africa	United Kingdom	Number of properties	R'000
Balance as at 30 June 2023	3	–	3	96 162
Sold	(2)	–	(2)	(71 909)
Properties added to the asset disposal programme	2	–	2	58 771
Movement	–	–	–	(12 067)
Balance as at 30 June 2024	**3**	**–**	**3**	**70 957**

Group borrowings

Borrowings saw a slight increase during the year due to the PIC transaction being funded through the available cash in Texton's RCF, however this was offset with the repayment of the HSBC facility, proceeds from the right issue being placed in the RCF and utilising proceeds from asset sales against debt. Total debt outstanding as at 30 June 2024 amounted to R984,9 million (June 2023: R980,2 million).

Debt profile

	June 2024			June 2023		
	ZAR facilities Rm	GBP facilities £m	Total facilities Rm	ZAR facilities Rm	GBP facilities £m	Total facilities Rm
Total debt facilities	**846,0**	**10,9**	**1 098,2**	898,1	12,5	1 197,8
Total debt drawn	**735,4**	**10,9**	**984,9**	680,6	12,5	980,2
Net debt*	**497,8**	**9,9**	**775,9**	657,6	1,8	700,2
Subject to fix rates	**–**	**–**	**–**	–	–	–
% hedged on net debt	**–**	**–**	**–**	–	–	–
% effective interest rate	**10,73**	**7,45**	**9,90**	10,77	6,61	9,50

**Net debt is defined as debt less cash and cash equivalents.*

Loan profile 30 June 2024

	2025	2026	2027	2028	2029	Total
South Africa						
Loan expiry profile (Rm)	–	58,8	676,6	–	–	735,4
United Kingdom						
Loan expiry profile (£'000)	10 918	–	–	–	–	10 918
Group						
Loan expiry profile (Rm)	249,5	58,8	676,6	–	–	984,9

During the year, the loan facilities with Investec were successfully renewed under the following terms:

- Both loans were extended by a further 36 months at prime less 0,75%
- The Interest Cover Ratio ("ICR") to be reduced from 2,0 times to 1,80 times

Subsequent to year-end, in order to refinance our expiring facility with Standard Bank, we entered into negotiations with the bank to refinance the facility on the current terms:

- Facility B was extended by a further 36 months at a margin of 1,55% below the prime interest rate. The loan profile above reflects the new expiry dates.

Subsequent to year end, a breach on the Standard Bank Group interest cover ratio was identified. However, this breach was condoned by Standard Bank.

All our indirect international property investments are free from any encumbrance.

NAV per share

NAV	June 2024 R'000	June 2023 R'000
Reported NAV attributable to the parent	**1 919 117**	2 097 014
Adjustments:		
Dividend to be declared	**(60 000)**	(50 000)
Deferred tax	**4 263**	7 446
Total equity	**1 863 380**	2 054 460
Shares outstanding	**330 060**	363 701
Number of shares in issue (net of treasury shares) ('000)	**298 099**	331 700
NAV per share (cents)	**625,09**	619,37

NAV per share has increased over the period to R6,25 from R6,19, representing an increase of 1,0%.

CURRENCY

The closing exchange rate on 30 June 2024 was R22,85:£1 (June 2023: R23,93:£1), and the average exchange rate for the year was R23,55:£1 (June 2023: R21,42:£1). The closing exchange rate on 30 June 2024 for the USD investments was R18,07 (June 2023: R18,84:$1) and the average exchange rate for the year was R18,72 (June 2023: $17,78).

TRANSFORMATION AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT (“B-BBEE”)

Texton has maintained its Level four B-BBEE rating, with an improved black ownership percentage of 65,73%, up from 34,96% in the previous year. We are committed to aligning with the country’s B-BBEE policies and have implemented various transformation initiatives to uphold our Level four B-BBEE status. These efforts support Texton’s commitment to socio-economic development in South Africa.

PROSPECTS AND OUTLOOK

Texton maintains a robust and well-capitalised balance sheet, coupled with ample liquidity, positioning us favourably to execute our disciplined two-pronged capital deployment strategy:

- Firstly, allocating capital towards enhancing and repositioning our existing South African direct property investments, aligning them with our SME-focused strategy to unlock value and drive sustainable growth.
- Secondly, we are strategically deploying capital into developed markets, with a strong emphasis on leveraging partnerships. This partner-based investment approach is designed to provide our shareholders with a well-diversified offshore portfolio, poised to deliver rewarding, long-term returns.

Future prospects are bolstered by several positive developments, the improving political landscape in South Africa offers a more stable environment for investment, while recent progress in managing the loadshedding crisis provides further optimism. Both factors contribute to a more predictable and attractive market, encouraging long-term planning and growth in key sectors.

Additionally, the encouraging uptake in the SME and storage sectors signal strong opportunities for expansion. Continued investments in these sectors will help stabilise and grow revenue on a more diversified basis, offering resilience against market fluctuations.

Globally, inflation is beginning to moderate, providing relief to property markets affected by rising costs. As inflation comes under control, we anticipate that interest rates will start to abate in the near future. Lower interest rates will reduce borrowing costs, easing the financial burden and potentially leading to yield compression. This, in turn, could enhance capital values over the medium term, further supporting property valuations and investment returns.

Any forward-looking statements are the responsibility of the directors of Texton and have not been reviewed or reported on by Texton’s external auditor.

DECLARATION OF A CASH DIVIDEND

Notice is hereby given of a declaration of the gross final cash dividend of 20,13 cents per share for the year ended 30 June 2024 (“cash dividend”). The dividend was declared out of income reserves.

Salient dates and time	2024
Declaration date	Monday, 23 September
Last day to trade *cum* dividend	Tuesday, 08 October
Shares to trade *ex*-dividend	Wednesday, 09 October
Record date	Friday, 11 October
Payment date	Monday, 14 October

Note:
Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 09 October 2024 and the close of trade on Friday, 11 October 2024, both days inclusive.

TAX IMPLICATIONS

As the Company has REIT status, shareholders are advised that the dividend meets the requirements of a “qualifying distribution” for the purposes of section 25BB of the Income Tax Act (Act 58 of 1962), as amended, (“Income Tax Act”). The dividend on the shares will be deemed to be a dividend, for SA tax purposes, in terms of section 25BB of the Income Tax Act.

SA tax residents

The dividend received by or accrued to SA tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. The dividend is exempt from dividend withholding tax in the hands of SA tax resident shareholders, provided that the SA resident shareholders provide the following forms to the Central Securities Depository Participant (“CSDP”) or broker in respect of uncertificated shares, or to the Company, in respect of certificated shares:

- a declaration that the dividend is exempt from dividend tax
- a written undertaking to inform the CSDP, broker or the Company should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by the Commissioner of the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

Non-resident shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013 dividends received by non-residents from a REIT were not subject to dividend withholding tax. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between SA and the country of residence of the shareholder concerned. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 16,10 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or to the Company in respect of certificated shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
- a written undertaking to inform the CSDP, broker or the Company should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by the Commissioner of the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company to arrange for the above-mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

The Company’s tax reference number is: 9353785158

Note:
At the date of the announcement, Texton had 330 059 664 ordinary shares in issue.

BEING HIGHLY DISCIPLINED IN OUR CAPITAL ALLOCATION TO CREATE SUSTAINABLE RISK ADJUSTED RETURNS FOR OUR SHAREHOLDERS

Bryanston Gate Office Park

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2024

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
ASSETS		
Non-current assets	**2 485 345**	2 720 063
Investment property	**2 003 670**	2 077 217
Equipment	**7 057**	6 532
Tenant installation	**7 620**	10 675
Deferred tax	**–**	1 891
Unlisted investments	**443 094**	598 590
Lease commissions	**3 386**	4 314
Other receivables	**20 518**	20 844
Current assets	**410 486**	325 691
Trade and other receivables	**24 575**	31 317
Income tax receivable	**4 898**	5 080
Other receivables	**119 976**	9 178
Cash and cash equivalents	**261 036**	280 116
Investment property held for sale	**70 957**	96 162
Total assets	**2 966 788**	3 141 916
EQUITY AND LIABILITIES		
Equity	**1 918 794**	2 097 014
Share capital	**2 713 178**	2 786 814
Accumulated loss	**(781 375)**	(717 426)
Share-based payment reserve	**1 145**	87
Foreign Currency Translation Reserve	**(14 154)**	27 539
Non-current liabilities	**156 767**	865 150
External loans and derivative financial instruments	**152 197**	855 813
Deferred tax	**4 570**	9 337
Current liabilities	**891 227**	179 752
External loans and derivative financial instruments	**835 231**	125 679
Trade and other payables	**54 124**	52 431
Income tax payable	**1 872**	1 642
Total equity and liabilities	**2 966 788**	3 141 916

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ending 30 June 2024

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Investment property income	**282 040**	297 855
Straight-line rental adjustment	**(9 136)**	835
Property revenue	**272 904**	298 690
(Impairment)/Reversal of impairment on trade receivables	**(2 427)**	2 222
Property expenses	**(112 425)**	(116 007)
Net property income	**158 052**	184 905
Other income	**31 648**	23 164
Administrative expenses	**(36 771)**	(41 406)
Impairment on vendor financing	**(377)**	(639)
Foreign exchange (losses)/gains	**418**	(7 960)
Operating profit	**152 970**	158 064
Finance income	**20 200**	16 976
Finance costs	**(107 963)**	(96 105)
Fair value adjustments	**(79 593)**	(117 705)
Loss before tax	**(14 386)**	(38 770)
Taxation expense	**437**	24 618
Loss for the year	**(13 949)**	(14 152)
Other comprehensive (loss)/income		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(41 693)**	179 383
Total comprehensive(loss)/income for the year	**(55 642)**	165 231
(Loss)/Profit and total comprehensive(loss)/ income attributable to:		
Equity holders of the company	**(55 642)**	165 231

STATEMENT OF CASH FLOWS

as at 30 June 2024

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Cash flows from operating activities		
Cash generated by operations	**152 221**	161 673
Interest received	**16 592**	14 172
Interest paid	**(93 621)**	(92 743)
Dividends paid	**(50 000)**	(23 260)
Dividends received	**24 484**	18 305
Tax paid	**(1 586)**	(12 552)
Net cash outflow from operating activities	**48 090**	65 595
Cash flows from investing activities		
Additions to equipment	**(2 657)**	(1 381)
Additions to investment property	**(30 749)**	(9 271)
Proceeds on disposal of investment property classified as held for sale	**15 489**	132 382
Return of investment	**5 885**	139 985
Commission paid	**(1 394)**	(1 745)
Vendor finance repayments	**4 000**	3 000
Loans provided for supplier and enterprise development	**–**	(1 000)
Return of capital on unlisted investment	**(721)**	–
Investment in unlisted investments	**(30 616)**	(60 327)
Proceeds on disposal of unlisted investments	**6 065**	–
Escrow funds received relating to the sale of a property	**–**	5 167
Tenant installation incurred	**(1 516)**	(3 493)
Net cash outflow from investing activities	**(36 214)**	203 317
Cash flows from financing activities		
Treasury shares acquired	**(307)**	(2 730)
Shares repurchased and cancelled	**(155 435)**	(6 278)
Shares repurchased transaction cost	**(1 698)**	–
Proceeds from rights issue	**85 000**	–
Rights issue transaction cost	**(1 196)**	–
Proceeds from external loans and derivative financial instruments	**205 072**	55 000
Repayments of external loans and derivative financial instruments	**(152 212)**	(190 160)
Lease liability payment	**–**	(222)
Net cash outflow from financing activities	**(20 776)**	(144 390)
Net increase/(decrease) in cash and cash equivalents for the year	**(8 900)**	124 522
Cash and cash equivalents at the beginning of the year	**280 116**	122 278
Effect of exchange rate movement on cash and cash equivalents	**(10 180)**	33 316
Cash and cash equivalents at the end of the year	**261 036**	280 116

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2024

	Share capital R'000	Foreign currency translation reserve R'000	Share based payment reserve R'000	Accu-mulated loss R'000	Total R'000
Balance at 1 July 2022	2 795 822	(151 844)	407	(680 014)	1 964 371
Total comprehensive income for the year	–	179 383	–	(14 152)	165 231
Loss for the year	–	–	–	(14 152)	(14 152)
Exchange differences on translation of foreign operations	–	179 383	–	–	179 383
Dividends recognised as distributions to shareholder	–	–	–	(23 260)	(23 260)
Share based payment transactions	–	–	(320)	–	(320)
Shares repurchased and cancelled	(6 278)	–	–	–	(6 278)
Treasury shares acquired	(2 730)	–	–	–	(2 730)
Balance at 30 June 2023	2 786 814	27 539	87	(717 426)	2 097 014
Total comprehensive income for the year	**–**	**(41 693)**	**–**	**(13 949)**	**(55 642)**
Loss for the year	**–**	**–**	**–**	**(13 949)**	**(13 949)**
Exchange difference on translation of foreign operations	**–**	**(41 693)**	**–**	**–**	**(41 693)**
Dividends recognised as distributions to shareholder	**–**	**–**	**–**	**(50 000)**	**(50 000)**
Share Repurchase	**(157 133)**	**–**	**–**		**(157 133)**
Share Repurchase	**(155 435)**	**–**	**–**	**–**	**(155 435)**
Transaction costs relating to repurchase	**(1 698)**	**–**	**–**	**–**	**(1 698)**
Rights issue	**83 804**	**–**	**–**	**–**	**83 804**
Shares issued	**85 000**	**–**	**–**	**–**	**85 000**
Transaction costs – Rights issue	**(1 196)**	**–**	**–**	**–**	**(1 196)**
Treasury shares acquired	**(307)**	**–**	**–**	**–**	**(307)**
Share Based Payment transaction	**–**	**–**	**1 058**	**–**	**1 058**
Balance as at 30 June 2024	**2 713 178**	**(14 154)**	**1 145**	**(781 375)**	**1 918 794**

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED RESULTS

AUDIT OPINION

These summarised consolidated annual financial results are extracted from the audited financial statements, but are not themselves audited. The consolidated financial statements for the year ended 30 June 2024 were audited by BDO South Africa Incorporated, who expressed an unmodified opinion thereon. The audited consolidated financial statements for the year ended 30 June 2024 and the auditor's report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of these summarised consolidated annual financial results.

The auditor's report does not necessarily report on all of the information contained in these summarised consolidated annual financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office or on Texton's corporate website.

SELECTED EXPLANATORY NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

1. BASIS OF PREPARATION

The summarised consolidated financial results for the year ended 30 June 2024 have been prepared in accordance with the requirements of the JSE Listings Requirements, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended, the measurement and recognition requirements of IFRS® Accounting Standards and SAICA Financial Reporting Guides and contain the disclosure requirements of IAS 34: Interim Financial Reporting. These results do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2024.

The accounting policies applied in the preparation of the summarised consolidated financial results are consistent with those applied in the previous audited consolidated annual financial statements. None of the new standards, interpretations and amendments effective as of 1 July 2023 have had a material impact on the preliminary summarised consolidated financial results.

The summarised consolidated financial results have been prepared on a going concern basis. All monetary information is presented in the functional currency of the company, being South African Rand and is rounded to the nearest thousand (R'000).

Any information included in this announcement that might be perceived as a forward-looking statement has not been reviewed or reported on by the Company's auditor in accordance with section 8,40(a) of the JSE Listings Requirements.

The summarised consolidated financial results for the year ended 30 June 2024 were prepared by B Rajdew Singh CA(SA) under the supervision of the chief financial officer, Mr HSP Welleman.

2. SIGNIFICANT JUDGEMENTS

When preparing these summarised consolidated financial results, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the summarised consolidated annual financial statements, including the key sources of estimation uncertainty are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

3. INVESTMENT PROPERTY

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Reconciliation of movement in investment property for the year		
Balance at the beginning of the year	**2 077 217**	2 120 715
Additions	**30 749**	9 271
Straight-line rental adjustment	**(9 136)**	2 068
Foreign currency translation reserve	**(22 253)**	97 045
Fair value adjustments	**(14 136)**	(50 763)
Transfer to investment property held for sale	**(58 771)**	(101 119)
Balance at the end of the year	**2 003 670**	2 077 217

In terms of IAS 40: Investment Property and IFRS 13: Fair Value Measurement, investment properties are measured at fair value and are categorised as level 3 investments. In determining the fair value of the South African portfolio, the traditional discounted cash flow model of valuation has been used. In determining the fair value of the UK portfolio, the valuations were prepared based on equivalent yield or income capitalisation method whereby the fair value of the property is determined by applying an equivalent yield to a market related rental into perpetuity. At year-end, the determination of property valuations was performed by both internal and external valuations to determine the fair value.

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 used. There have been no movements to and from level 3 during the period.

Investment property and Investment property held for sale amounting to R2,1 billion (June 2023: R2,2 billion) has been pledged as security for our long term loans. Texton has no unencumbered property.

3. INVESTMENT PROPERTY continued

SA valuations

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 includes, future growth in revenue, exit capitalisation rates and discount rates. These are further explained below.

	Audited 30 June 2024 %	Audited 30 June 2023 %
1) Discount rates used are included below:		
Sector		
Office	**13,50 – 16,00**	13,50 – 15,75
Retail	**14,50**	14,75
2) Exit capitalisation rate for year 5 used are included below:		
Sector		
Office	**9,25 – 11,50**	10 – 11,25
Retail	**9,60**	9,5
3) The future revenue growth rate for the five year projection is included below:		
Sector		
Office	**4,0 – 7,0**	4,0 – 7,0
Retail	**7,0**	7,0

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, would result in an increase in projected net operating income, and thus an increase in valuation.

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Sensitivity analysis to exit capitalisation rates		
Exit capitalisation rate increases by 1%	**(86 551)**	(84 285)
Exit capitalisation rate decreases by 1%	**105 467**	103 481
Sensitivity analysis to discount rates		
Discount rate increases by 1%	**(54 688)**	(57 079)
Discount rate decreases by 1%	**57 316**	60 202
Sensitivity analysis to market rentals		
Market rental decreases by 1%	**(9 444)**	(15 720)
Market rental increases by 1%	**9 444**	15 848

UK valuations

Valuation techniques

The property valuations were prepared based on the equivalent yield or income capitalisation method whereby the fair value of property is determined by applying an equivalent yield to a market-related rental into perpetuity.

Significant unobservable inputs

	Audited 30 June 2024 %	Audited 30 June 2023 %
1) Equivalent yields used are included below:		
Sector		
Industrial	**5,32 – 6,5**	6,1 – 6,6
Retail	**7,75**	9,08
2) Annual market rentals per square foot in GBP used are included below, rounded to the nearest 1 000:		
Sector		
Industrial	**3,3 – 5,8**	4,5 – 6,5
Retail	**10,81**	12,5 – 20,0

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.

3. INVESTMENT PROPERTY continued

UK valuations continued

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Sensitivity analysis to exit capitalisation rates		
Equivalent yield increases by 1%	**(81 590)**	(69 886)
Equivalent yield decreases by 1%	**90 275**	93 939
Sensitivity analysis to market rentals		
Market rental decreases by 1%	**(5 485)**	(4 667)
Market rental increases by 1%	**5 942**	3 590

4. INVESTMENT PROPERTY HELD FOR SALE

	Unaudited 31 December 2023 R'000	Audited 30 June 2023 R'000
Opening balance	**96 162**	464 900
Transferred from investment property	**58 771**	101 119
Transferred from tenant installations	**390**	2 413
Transferred from lease commissions	**339**	1 331
Transferred from equipment	**–**	5
Fair value adjustments	**(6 649)**	(14 186)
Straight lining adjustment	**–**	(1 234)
Loss on disposal of investment property	**(6 123)**	(10 931)
Disposals*	**(71 933)**	(447 255)
Closing balance	**70 957**	96 162

**The disposal amount includes non-cash items due to vendor financing.*

Breakdown of closing balance		
Cost	**97 539**	209 974
Cumulative straight-line adjustment	**315**	1 352
Cumulative fair value adjustment	**(27 624)**	(115 206)
Cumulative equipment	**–**	6
Cumulative commissions	**338**	36
Cumulative tenant installations	**389**	–
Closing balance	**70 957**	96 162

5. UNLISTED INVESTMENTS

Texton has invested in the US with six investments, and in the UK with one investment, as set out below:

30 June 2024	Fair value Hierarchy	Commit-ment $'000	Undrawn Commit-ment $'000	Market Value $'000	Market Value R'000	Dividend Income R'000
US investments						
Blackstone Real Estate Income Trust	Level 2	12 500	–	6 409	116 151	10 471
Starwood Real Estate Income Trust	Level 2	12 000	–	10 238	184 976	11 262
PadSplit Investment	Level 3	2 500	–	1 822	32 911	3 245
Cadre real estate investment	Level 3	5 000	1 873	2 725	49 236	263
GIM Investments/Apollo	Level 3	5 500	4 911	484	8 744	–
Faropoint industrial value Fund III	Level 3	2 000	1 036	964	17 339	–
		39 500	7 820	22 642	409 357	25 241

30 June 2024	Fair value Hierarchy	Commit-ment £'000	Undrawn Commit-ment £'000	Market Value £'000	Market Value R'000	Dividend Income R'000
UK investments						
Greenpoint/Infinium	Level 3	2 650	1 143	1 476	33 737	–

30 June 2023	Fair value Hierarchy	Commit-ment $'000	Undrawn Commit-ment $'000	Market Value $'000	Market Value R'000	Dividend Income R'000
US investments						
Blackstone Real Estate Income Trust	Level 2	12 500	–	12 889	243 273	8 548
Starwood Real Estate Income Trust	Level 2	12 000	–	11 750	221 786	9 523
PadSplit Investment	Level 3	2 500	–	2 190	41 250	156
Cadre real estate investment	Level 3	5 000	1 873	3 048	57 408	94
GIM Investments/Apollo	Level 3	5 500	5 060	440	8 305	–
		37 500	**6 933**	**30 317**	**572 022**	**18 321**

30 June 2023	Fair value Hierarchy	Commit-ment $'000	Undrawn Commit-ment $'000	Market Value $'000	Market Value R'000	Dividend Income R'000
UK investments						
Greenpoint/Infinium	Level 3	**2 650**	**1 548**	**1 110**	**26 568**	**–**

5. UNLISTED INVESTMENTS continued

Reconciliation of movement during the year:

	Opening Balance	Acquisitions	Disposals/ Redemptions	Return of capital	Fair Value Adjustments	Interest received	Foreign currency translation movement	Closing Value
Blackstone Real Estate Income Trust^	**243 273**	**–**	**(108 450)**	**–**	**(8 221)**	**–**	**(10 452)**	**116 150**
Starwood Real Estate Income Trust	**221 786**	**–**	**(6 065)**	**–**	**(22 418)**	**–**	**(8 327)**	**184 976**
PadSplit Investment	**41 249**	**–**	**–**	**(721)**	**(6 090)**	**–**	**(1 527)**	**32 911**
Cadre real estate investment	**57 408**	**751**	**–**	**–**	**(13 273)**	**4 351**	**–**	**49 237**
Greenpoint/Infinium	**26 568**	**9 674**	**–**	**–**	**(830)**	**–**	**(1 675)**	**33 737**
GIM Investments/Apollo	**8 305**	**2 809**	**–**	**–**	**(1 853)**	**–**	**(517)**	**8 744**
Faropoint industrial value Fund III	**–**	**17 381**	**–**	**–**	**–**		**(42)**	**17 339**
	598 589	**30 615**	**(114 515)**	**(721)**	**(52 685)**	**4 351**	**(22 540)**	**443 094**

30 June 2023	Opening Balance	Acquisitions	Fair Value Adjustments	Interest received	Foreign currency movement	Closing Value
Blackstone Real Estate Income Trust	214 202	–	(13 977)	–	43 048	243 273
Starwood Real Estate Income Trust	207 388	–	(27 044)	–	41 442	221 786
PadSplit Investment	40 766	–	(5 830)	–	6 313	41 249
Cadre real estate investment	15 514	37 202	1 889	2 803	–	57 408
Greenpoint/Infinium	7 192	14 999	1 183	–	3 194	26 568
GIM Investments/Apollo	–	7 894	–	–	411	8 305
	485 062	60 095	(43 779)	2 803	94 408	598 589

Gains or losses arising from changes in the fair value of unlisted investments are included in profit or loss in the year in which they arise.

^Texton Property Investments Limited ("TPI UK") has partially sold down its investment in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC ("BREIT") through a redemption of 4 614 1917. At the time of investing, these funds met several strategic and investment goals for TPI, in line with group's strategy to increase its offshore property exposure. The investments continued to provide TPI UK with current income in the form of regular, stable cash distributions, achieving an attractive yield on the investments. In addition to providing monthly distributions, the funds provided TPI UK with optionality to exit the fund through a share repurchase plan (subject to certain limitations of the terms and conditions of the share repurchase plan). Given the distributions and returns achieved to date, TPI UK decided to redeem a portion of the current investments and partially realise these returns. The redemption proceeds from the disposal will be recycled in line with the group's offshore investment strategy. The proceeds from the redemptions, $6 000 000 (R109,4 million) from BREIT was received subsequent to year-end.

6. FAIR VALUE ADJUSTMENTS

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Investment property	**(14 136)**	(50 763)
Loss on disposal of property	**(6 123)**	(6 736)
Investment property classified as held for sale	**(6 649)**	(14 186)
Financial instruments at fair value through profit or loss		
Interest rate swap	**–**	(2 259)
Unlisted Investments	**(52 685)**	(43 761)
Fair value loss for the period	**(79 593)**	(117 705)

7. EXTERNAL LOANS AND DERIVATIVES

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Balance at the beginning of the year	**981 492**	**1 345 002**
– non-current	**855 813**	**1 119 443**
– current	**125 679**	**225 559**
Advances during the year	**218 772**	**55 000**
Repayments during the year	**(201 155)**	**(475 372)**
Foreign currency translation reserve movements	**(11 641)**	**49 539**
Fair value on interest rate swaps	**–**	**2 259**
Structuring fees amortised during the year	**601**	**3 156**
Interest accrual	**(641)**	**1 908**
Closing balance at the end of the year	**987 428**	**981 492**
– non-current	**152 197**	**855 813**
– current	**835 231**	**125 679**

7. EXTERNAL LOANS AND DERIVATIVES continued

Bank covenants

Loan covenants applicable to the Standard Bank facilities

- LTV ratio for the Group may not exceed 50%
- Group interest cover of a minimum of 2,0 times
- LTV for the Standard Bank facility may not exceed 55%
- Interest cover ratio for the facility of a minimum of 1,75 times
- Texton did not meet the Standard Bank ICR at the facility level based on the interim results for 31 December 2023. However, this covenant breach was condoned by Standard Bank till 30 June 2024.
- Subsequent to year end, a breach on the Standard Bank Group interest cover ratio was identified. However, this breach was condoned by Standard Bank.

Subsequent to year end, as part of the refinancing of Facility B (the Rolling Credit Facility), the ICR at facility level was reduced as follows:

- For each measurement period commencing on 30 June 2024 to 31 December 2024 — 1,60 times
- For each measurement period commencing on 1 January 2025 to 30 June 2025 — 1,65 times
- For each measurement period commencing on 30 June 2025 and thereafter. — 1,75 times

Loan covenants applicable to the Investec facilities

- LTV ratio for the Group may not exceed 50%
- Group interest cover of a minimum of 1,80 times
- All covenants applicable to Investec are currently met by Texton at 30 June 2024

During the year, the facilities were refinanced with Investec on the below terms:

- Both loans were extended by a further 36 months at prime less 0,75%
- The Interest Cover Ratio to be reduced from 2,0 times to 1,80 times
- Covenant testing only to be performed at year-end

Loan covenants applicable to the HSBC facilities

- LTV ratio for the HSBC facilities may not exceed 55%
- Historical interest cover ratio for the facility must be a minimum of 1,50 times
- Projected interest cover ratio for the facility must be a minimum of 1,50 times
- All covenants applicable to HSBC are currently met by Texton at 30 June 2024.

8. FINANCIAL INSTRUMENTS

	Fair value through profit or loss	
	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Financial assets		
Unlisted investments	**443 094**	598 590
Financial assets	**443 094**	598 590

	Amortised cost	
	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Financial assets		
Other receivables	**32 044**	30 022
Trade and other receivables	**17 148**	20 690
Cash	**261 036**	280 116
Financial assets	**310 228**	330 828
Financial liabilities		
External loans and derivative financial instruments	**987 428**	981 492
Trade and other payables	**36 413**	32 017
Financial liabilities	**1 023 841**	1 013 509

In terms of IFRS 9, the Group's currency and interest rate derivatives are measured at fair value through profit or loss and are categorised as level 2 investments.

There were no transfers between levels 1, 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the consolidated annual financial statements for the year ended 30 June 2024.

9. FAIR VALUE HIERARCHY

The Company's financial assets and liabilities and investment properties are classified according to the following three-tiered fair value hierarchy:

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.

The table below analyses financial assets and liabilities carried at fair value and investment properties where the fair value approximates the carrying amount.

	Carrying value			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 June 2024				
Assets				
Investment properties	**–**	**–**	**2 003 670**	**2 003 670**
Investment properties held for sale	**–**	**–**	**70 957**	**70 957**
Unlisted investments	**–**	**301 126**	**141 968**	**443 094**
30 June 2023				
Assets				
Investment properties	–	–	2 077 217	2 077 217
Investment properties held for sale	–	–	96 162	96 162
Unlisted investments	–	465 059	133 531	598 590

9. FAIR VALUE HIERARCHY continued

The following table reflects the valuation techniques used in measuring level 2 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Investments: Interest in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC	The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC, a private unlisted REIT.	Not applicable	Not applicable
Investments: Interest in Starwood Real Estate Income Trust Offshore Fund SPC	The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being Starwood Real Estate Income Trust Offshore Fund SPC, a private unlisted REIT.	Not applicable	Not applicable

The following table reflects the valuation techniques used in measuring level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3
Unlisted investments	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.	Not applicable	Not applicable

10. EVENTS AFTER THE REPORTING DATE

Renewal of Standard Bank facility

Subsequent to year-end, Texton renewed its expiring facility (RCF) with Standard Bank for a further 36 months at a margin of 1,55% below the prime interest rate.

SREIT redemption

Texton Property Investments Limited ("TPI UK") has partially sold down its investment in Starwood Real Estate Income Trust ("SREIT") through a redemption of 33 530 shares.

At the time of investing, these funds met several strategic and investment goals for TPI, in line with group's strategy to increase its offshore property exposure. The investments continued to provide TPI UK with current income in the form of regular, stable cash distributions, achieving an attractive yield on the investments. In addition to providing monthly distributions, the funds provided TPI UK with optionality to exit the fund through a share repurchase plan (subject to certain limitations of the terms and conditions of the share repurchase plan). Given the distributions and returns achieved to date, TPI UK decided to redeem a portion of the current investments and partially realise these returns. The redemption proceeds from the disposal will be recycled in line with the group's offshore investment strategy.

The proceeds from the redemption $758 623 (R13 824 712) from SREIT, was received subsequent to year-end.

Investment in TPI Canvas

Subsequent to year-end, the Group, concluded to invest in a partnership ("the Partnership") with WS Industrial GP LLC ("Canvas") to acquire 90% of an infill class-B stand-alone industrial property in North Carolina, United States of America ("US").

The Group concluded a limited partnership agreement for 90% of the partnership interest with the remaining 10% being committed by Canvas as the general partner. The initial capital contribution of USD2,747,950 (R50 232 526) will contribute to acquiring the property and the related transaction costs to be incurred. The remaining capital commitment of USD430,315 (R7 866 158) will provide for possible repurposing of the property upon the expiry of the lease.

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 20,13 cents (2023: 19,26 cents) per share for the year ended 30 June 2024. The total dividend for the year is 20,13 cents (June 2023: 19,26 cents).

Disposal of Properties located in the UK

Subsequent to year-end, the Group finalised the disposal of two properties located in the UK. The property located in Heapham Road Industrial Estate, in Gainsbourgh, was disposed of on 9 September 2024, for a consideration of £7 300 000 (R171,4 million). The property located in Pease Road, Peterlee, was disposed of on 20 September 2024 for a consideration of £ 8 300 000 (R193,4 million). The proceeds from both the sales were utilised to repay debt.

11. DIVIDENDS PAID

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Dividends paid	**60 000**	23 260

Dividends are paid from income reserves.

12. SEGMENT REPORTING

	South Africa	
	Audited 30 June 2024 R'000	**Audited 30 June 2023 R'000**
Segmental revenue – rental revenue		
Office	**211 997**	211 812
Retail	**21 710**	32 769
Industrial	**3 242**	22 674
Storage	**1 069**	–
	238 018	267 255
Profit before tax		
Office	**95 096**	124 534
Retail	**12 105**	17 109
Industrial	**2 737**	10 767
Corporate	**(107 608)**	(106 144)
Storage	**(1 074)**	–
	1 256	46 266
Total assets		
Office	**1 526 358**	1 547 331
Retail	**137 506**	163 010
Industrial	**10 488**	55 032
Corporate	**241 476**	11 065
Storage	**1 311**	–
	1 917 139	1 776 438
Total liabilities		
Office	**(27 672)**	(27 374)
Retail	**(6 619)**	(5 254)
Industrial	**(1 367)**	(1 602)
Corporate	**(744 295)**	(688 586)
Storage	**–**	–
	(779 953)	(722 816)

12. SEGMENT REPORTING continued

	United Kingdom	
	Audited 30 June 2024 R'000	**Audited 30 June 2023 R'000**
Segmental revenue – rental revenue		
Office	**–**	–
Retail	**5 243**	4 805
Industrial	**29 643**	26 630
	34 886	31 435
Profit before tax		
Office	**–**	–
Retail	**4 654**	(261)
Industrial	**18 035**	(33 546)
Corporate	**(23 659)**	(15 656)
	(970)	(49 463)
Total assets		
Office	**–**	–
Retail	**71 359**	69 770
Industrial	**503 692**	503 972
Corporate	**(77 703)**	24 981
	497 348	598 723
Total liabilities		
Office	**–**	–
Retail	**(4 759)**	(4 264)
Industrial	**(41 049)**	(15 518)
Corporate	**(222 232)**	(302 288)
	(268 040)	(322 070)

12. SEGMENT REPORTING continued

	Investments	
	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Segmental revenue – rental revenue		
Office	–	–
Retail	–	–
Industrial	–	–
	–	–
Profit before tax		
Office	–	–
Retail	–	–
Industrial	–	–
Investments	(14 672)	(35 573)
	(14 672)	(35 573)
Total assets		
Office	–	–
Retail	–	–
Industrial	–	–
Investments	552 302	598 590
	552 302	598 590
Total liabilities		
Office	–	–
Retail	–	–
Industrial	–	–
Corporate	–	–
	–	–

12. SEGMENT REPORTING continued

	Total	
	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Segmental revenue – rental revenue		
Office	211 997	211 812
Retail	26 953	37 574
Industrial	32 885	49 304
Storage	1 069	–
	272 904	298 690
Loss before tax		
Office	95 096	124 534
Retail	16 759	16 848
Industrial	20 772	(22 779)
Corporate	(131 267)	(121 800)
Investments	(14 672)	(35 573)
Storage	(1 074)	–
	(14 386)	(38 770)
Total assets		
Office	1 526 358	1 547 331
Retail	208 865	232 780
Industrial	514 180	559 004
Corporate	163 773	36 046
Investments	552 302	598 590
Storage	1 311	–
	2 966 789	2 973 751
Total liabilities		
Office	(27 672)	(27 374)
Retail	(11 378)	(9 518)
Industrial	(42 416)	(17 120)
Corporate	(966 527)	(990 874)
	(1 047 993)	(990 138)

The group is managed on a consolidated basis and inter-segmental transactions have been eliminated.

13. HEADLINE EARNINGS

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Headline earnings attributable to shareholders		
Profit attributable to shareholders	**(13 949)**	(14 152)
Fair value adjustment of investment property	**14 136**	50 763
Fair value adjustment of investment property held for sale	**6 649**	14 186
Reversal of impairment	**(5 867)**	(2 559)
Loss on sale of property held for sale	**6 123**	6 736
Headline earnings attributable to shareholders	**7 092**	54 974
Weighted number of shares ('000)	**281 835**	332 408
Shares in issue ('000)	**330 060**	363 701
Treasury shares ('000)	**31 961**	32 001
(Loss)/Profit per share		
Basic loss per share (cents)	**(4,95)**	(4,26)
Diluted loss per share (cents)	**(4,95)**	(4,26)
Headline earnings per share (cents)	**2,52**	16,54
Diluted headline earnings per share (cents)	**2,50**	16,54

14. SUMMARY OF FINANCIAL PERFORMANCE

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Shares used for dividend calculation ('000)	**298 098**	259 570
Number of shares in issue ('000)	**330 060**	363 701
NAV per share (cents)	**625,08**	619,37
Basic earnings per share (cents)	**(4,95)**	(4,26)
Headline earnings per share (cents)	**2,52**	16,54
Share price (cents)	**332**	250
LTV ratio*	**27,40**	24,90
Cost-to-income ratios		
SA Gross property cost-to-income ratio (%)	**45,4**	41,9
SA Net property cost-to-income ratio (%)	**27,9**	24,7
Gross total cost-to-income ratio (%)	**52,9**	52,7
Net total cost-to-income ratio (%)	**23,3**	22,3

**Calculated in line with the SA REIT Association Best Practice Recommendations.*

15. DISTRIBUTABLE EARNINGS

	Audited 30 June 2024 R'000	Audited 30 June 2023 R'000
Revenue	**282 040**	297 855
Impairment losses on tenant debtors	**(2 427)**	2 222
Property expenses	**(112 425)**	(116 007)
Other income	**31 648**	23 164
Administrative expenses	**(36 771)**	(41 406)
Impairment loss on vendor financing	**(377)**	(639)
Depreciation and amortisation	**8 029**	10 405
Net finance cost	**(87 763)**	(79 129)
– Finance income	**20 200**	16 976
– Finance cost	**(107 963)**	(96 105)
Taxation	**(2 053)**	2 673
Total distributable earnings	**79 901**	99 138
Distributable income per share (cents)	**26,80**	38,19
Dividend per share (cents)	**20,13**	19,26

ANNEXURE A

SA REIT BEST PRACTICE DISCLOSURES (NON-IFRS MEASURES)

The second edition of the SA REIT Association best practice recommendations was issued in November 2019, outlining the need to provide consistent and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector. The comparative figures have been computed and disclosed on the same basis.

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE

	30 June 2024 R'000	30 June 2023 R'000
Loss per income statement	**(13 949)**	(14 152)
Accounting/specific adjustments:	**84 618**	84 237
Fair value adjustments to:		
– Investment property	**20 785**	50 763
– Debt and equity instruments held at fair value through profit or loss	**–**	2 259
– Fair value gains on unlisted investments	**52 685**	43 761
Depreciation and amortisation of intangible assets	**8 031**	10 234
Asset impairments (excluding goodwill) and reversals of impairment	**–**	–
Gains or losses on modification of financial instruments	**–**	–
Deferred tax movement recognised in profit or loss	**6 020**	(21 945)
Straight-lining operating lease adjustment	**9 136**	(835)
Adjustments arising from investing activities:	**6 123**	20 922
Gains or losses on disposal of:		
– Investment property held for sale	**6 123**	20 922
Foreign exchange and hedging items:	**418**	7 960
Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	**418**	7 962
Reclassified foreign currency translation reserve		
Foreign exchange gains or losses relating to capital items – realised and unrealised	**–**	(2)
Tax impact	**86**	(1 632)
SA REIT FFO	**76 460**	97 335
Number of shares outstanding at end of period (net of treasury shares)	**298 098**	331 699
SA REIT FFO cents per share	**25,65**	29,34
Income available for distribution	**79 901**	99 138
Number of shares outstanding used for dividends	**298 098**	259 570
Distributable income per share before pay-out ratio: (cents per share)	**26,80**	38,19

SA REIT NET ASSET VALUE (SA REIT NAV)

	30 June 2024 R'000	30 June 2023 R'000
Reported NAV attributable to the parent	**1 918 795**	2 097 014
Adjustments:		
Dividend to be declared	**(60 000)**	(50 000)
Fair value of certain derivative financial instruments	**–**	–
Deferred tax	**4 570**	7 446
SA REIT NAV	**1 863 365**	2 054 460
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	**298 098**	331 699
Dilutive number of shares in issue	**298 098**	331 699
SA REIT NAV per share (cents)	**625,08**	619,37

SA REIT COST-TO-INCOME RATIO

	30 June 2024 R'000	30 June 2023 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**112 425**	116 007
Administrative expenses per IFRS income statement	**36 772**	41 407
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and	**–**	–
– Building selling costs	**–**	–
Operating costs	**149 197**	157 414
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**218 873**	233 046
Utility and operating recoveries per IFRS income statement	**63 167**	64 809
Gross rental income	**282 040**	297 855
SA REIT cost-to-income ratio (%)	**52,9**	52,7

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	30 June 2024 R'000	30 June 2023 R'000
Expenses		
Administrative expenses as per IFRS income statement	**36 772**	41 407
Exclude:		
– Building selling costs		
Administrative costs	**36 772**	41 407
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**218 873**	233 046
Utility and operating recoveries per IFRS income statement	**63 167**	64 809
Gross rental income	**282 040**	297 855
SA REIT administrative cost-to-income ratio (%)	**13,0**	13,9

SA REIT GLA VACANCY RATE

	30 June 2024 m^2	30 June 2023 m^2
Gross lettable area of vacant space	**19 866**	**51 196**
Gross lettable area of total property portfolio	**152 404**	**199 707**
SA REIT GLA vacancy rate (%)	**13,0**	**25,6**

COST OF DEBT

	30 June 2024 %	30 June 2023 %
	South Africa	
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	**10,73**	10,77
Pre-adjusted weighted average cost of debt	**10,73**	10,77
Adjustments:		
Impact of interest rate derivatives	**–**	–
All-in weighted average cost of debt – ZAR	**10,73**	10,77
	United Kingdom	
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	**7,45**	6,61
Pre-adjusted weighted average cost of debt	**7,45**	6,61
Adjustments:		
Impact of interest rate derivatives	**–**	(0,58)
All-in weighted average cost of debt – GBP	**7,45**	6,03

ANNEXURE A
SA REIT BEST PRACTICE DISCLOSURES (NON-IFRS MEASURES) continued

SA REIT LOAN-TO-VALUE

	30 June 2024 R'000	30 June 2023 R'000
Gross debt	**987 428**	981 492
Less:		
Cash and cash equivalents	**(261 036)**	(280 116)
Net debt	**726 392**	701 376
Total assets – per Statement of Financial Position	**2 966 788**	3 141 916
Less:		
Cash and cash equivalents	**(261 036)**	(280 116)
Trade and other receivables	**(36 101)**	(35 557)
Carrying amount of property-related assets	**2 669 651**	2 826 243
SA REIT loan-to-value ("SA REIT LTV") (%)	**27,2**	24,8

CORPORATE INFORMATION

TEXTON PROPERTY FUND LIMITED
Incorporated in the Republic of South Africa
Registration number: 2005/019302/06
A REIT, listed on the JSE Limited
JSE share code: TEX
ISIN: ZAE000190542

PHYSICAL AND REGISTERED ADDRESS
Block D, Vunani Office Park
151 Katherine Street, Sandton 2031
PO Box 653129, Benmore 2010

BOARD OF DIRECTORS
MA Golding (Non-executive chairperson)
JR Macey (Lead independent non-executive)
JH Rens* (Chief executive officer)^
HSP Welleman* (Chief financial officer)~
AJ Hannington (Independent non-executive)
S Thomas (Independent non-executive)^^
W van der Vent (Independent non-executive)
RA Franco (Non-executive)

* *Executive director*
^^ *S Thomas resigned as director on 1 July 2024*
^ *JH Rens was appointed as Chief Executive Officer on 22 August 2024*
~ *HSP Welleman was the Chief Executive Officer of Texton and has now assumed the role of Chief Financial Officer from 22 August 2024*

COMPANY SECRETARY
Corpstat Governance Services Proprietary Limited
Bryanston Gate
Block 4,
First Floor Homestead Avenue Bryanston 2191

AUDITOR
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Foreshore, Cape Town 8001

SPONSOR
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Sandton 2031

TRANSFER SECRETARY
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TEXTON

PROPERTY FUND

www.texton.co.za