TEXTON

PROPERTY FUND

PRELIMINARY SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

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

2022

The Grid,
Rivonia Road

KEY METRICS

DIRECT PROPERTY PORTFOLIO VALUE **R2,606 billion** (June 2021: R3,599 billion)[1]	**INTERNATIONAL PROPERTY INVESTMENTS** **R485,1 million** (June 2021: Rnil)
DIRECT PROPERTY PORTFOLIO BY GROSS LETTABLE AREA (“GLA”) **270 726m²** **(35 PROPERTIES)** (June 2021: 301 307m² (42 properties))	**LOAN-TO-VALUE (“LTV”) RATIO#** **37,6%** (June 2021: 31,8%)
CORE PORTFOLIO VACANCIES^ **19,2%** (June 2021: 9,4%)	**NET ASSET VALUE (“NAV”)** **587,28 cents per share** (June 2021: 588,70 cents per share)
INVESTMENT PROPERTY INCOME **R336,4 million** (June 2021: R444,4 million)	**DISTRIBUTABLE INCOME PER SHARE** **27,40 cents per share** (June 2021: 49,09 cents per share)
NET PROPERTY INCOME **R188,5 million** (June 2021: R286,9 million)	**DIVIDEND PER SHARE** **17,00 cents per share** (June 2021: 37,47 cents per share)

[1] *The prior year direct property value includes Texton’s 50% share of Broad Street Mall. This asset was disposed of in the current year and accounts for the majority of the decrease in property value.*

^ *Core vacancy data excludes properties held for sale for both years under review.*

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 R2,6 billion as at 30 June 2022 (June 2021: R3,6 billion) and our international property investment portfolio amounts to R485,1 million (June 2021: Rnil). The direct property portfolio includes commercial, industrial and retail properties, as well as a 50% share in Broad Street Mall, which was successfully sold to a third party on 24 June 2022.

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.

PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Underpinned by our stabilised management and leadership teams, our multi-pronged strategy was successfully implemented during the year with a focus on:

- generating capital from our asset disposal programme which realised R410,5 million from asset sales thereby strengthening the balance sheet and allowing us to diversify our investments into developed markets
- improving debt facility borrowing rates and optimising leverage to provide us with a strong and flexible balance sheet
- investing in our existing properties to reposition and repurpose them to be fit for purpose post COVID-19
- thematically investing offshore across different asset classes with best-in-class real estate asset managers that will generate sustainable and compelling risk-adjusted returns
- developing and strengthening our team to deliver on our business objectives.

Our UK property portfolio was "on-shored" during the year ensuring a significantly simplified offshore structure which is set to result in cost efficiencies going forward. The restructure of the UK portfolio enabled the refinancing of our UK debt facilities which allowed us to draw down a further £2,8 million for additional capital deployment.

R31,2 million (June 2021: R8,7 million) was invested in the SA portfolio, the largest investment in recent years and testament to our commitment to unlocking our local earnings potential. These investments were made predominately into our office assets to bring these assets up to the standards of our tenant requirements and to strengthen our commitment to our small-medium enterprises ("SME") strategy which includes the roll out of texspaces.co.za.

Our international property investment increased to R485,1 million and we will look to accelerate our deployment into further indirect international property investments in the coming year. The majority of our investments were made in the United States of America ("US") in specific asset classes we believe can deliver risk-adjusted returns over the medium to long term.

At the beginning of the year, we completed the internalisation of our property management function, which has significantly strengthened our property skill set. This will be invaluable in allowing Texton to implement its objective of making our properties relevant for the needs of our tenants and unlocking value from our existing assets post COVID-19.

Over the year, Texton has been unable to replace office tenants at the same rate at which our offices became vacant. The office market has changed remarkably, and our vacant offices need to be repurposed and repositioned before we are able to re-let the space in the current market. The delay in replacing tenants as well as the sale of UK direct property assets resulted in Texton's earnings coming under pressure for the current financial year. Texton's distributable income decreased 44,2% to 27,40 cents per share compared to 49,09 cents per share in the prior year (see the distribution analysis for further detail).

DIVIDEND

The Board of directors ("the Board") is pleased to announce that Texton has declared a final dividend of 7,00 cents per share for the six months ended 30 June 2022. This takes the total dividend paid for the year to 17,00 cents per share (June 2021: 37,47 cents per share).

HIGHLIGHTS

Capital allocation

Direct property investments

- R31,2 million was invested in properties in SA to protect capital value in a rapidly changing office environment post COVID-19
- Continued investment in the development of our SME strategy, including texspace.co.za. Texspace.co.za is an innovative lease offerings to SME tenants in SA, which have proven very popular for tenants looking for a flexible A-grade offering in our office parks
- Vacancies in the core SA portfolio increased to 22,3% from 10,5%, primarily driven by the non-renewal of the Transnet Ports Authority ("TNPA") lease and other single-tenanted buildings consolidating and reducing their office space
- Collections in SA remained at a healthy 97%, while the UK portfolio is at 100%.

International property investments

- Five investments were made in the current year with a total capital commitment of $35,1 million (R573 million), of which $28,5 million (R464,4 million) has been invested. The current market value of our investments is $29,8 million (R485,1 million)
- $12,5 million (R188,2 million) was invested in Blackstone Real Estate Income iCapital Offshore Access Fund SPC ("BREIT Offshore"), providing Texton with access to the US property investment market with a bias towards multi-family and industrial property investments
- $12,0 million (R192,3 million) was allocated to the Starwood Real Estate Income Trust Offshore Fund SPC ("SREIT Offshore"), also providing Texton with exposure to the US property investment market with a similar bias towards multi-family and industrial property investments
- $5,0 million (R81,5 million) was allocated to Cadre, of which $1,1 million (R17,9 million) has been invested in three investment properties in the US with a bias towards multi-family property investments
- Two smaller commitments were made to a last mile logistics fund that specialises in environmentally friendly solutions for this sector, with a focus on the UK and an affordable housing technology-backed investment model that focuses on single-family residential letting in the US.

Share buyback

- Texton repurchased 9 629 914 shares at an average cost of R3,41 per share over the year. Texton will continue to repurchase shares in the market as they become available in accordance with the shareholder-approved annual general meeting ("AGM") resolution.

Capital management

Asset disposal

- Six of the eight properties held for sale were transferred at 30 June 2021 for a total of R410 million. This brings the total asset sales over the past two years to R1,122 billion. These sales have enabled Texton to successfully recycle capital from directly held non-core assets into international property investments and to strengthen our balance sheet.
- Broad Street Mall was successfully sold in June 2022 to a third party for £57,5 million. This sale significantly unlocks value on the balance sheet.

Balance sheet management

- LTV remains healthy at 37,6% at year-end, with all entities remaining within interest cover and LTV covenants
- We have no cross-currency interest rate swap ("CCIRS") exposure
- We refinanced our UK direct property portfolio which resulted in £2,8 million being released for Texton to deploy into further investments
- We reduced long-term debt by R53,4 million[1], of which R26,5 million is a permanent decrease in our long-term debt
- Texton has R122 million cash on hand, excluding cash available in debt facilities.

[1] *Including funds paid into the committed revolving credit facility.*

Operational excellence

- We completed the first full financial year with our internalised property management team and internal leasing team
- 59 new leases were completed in the current year with a combined GLA of 19 607m²; the majority of these leases were leased to SME office tenants in line with our office strategy
- We increased investment in environmental, social and governance initiatives such as solar power, energy-efficient lighting and water pressure management.

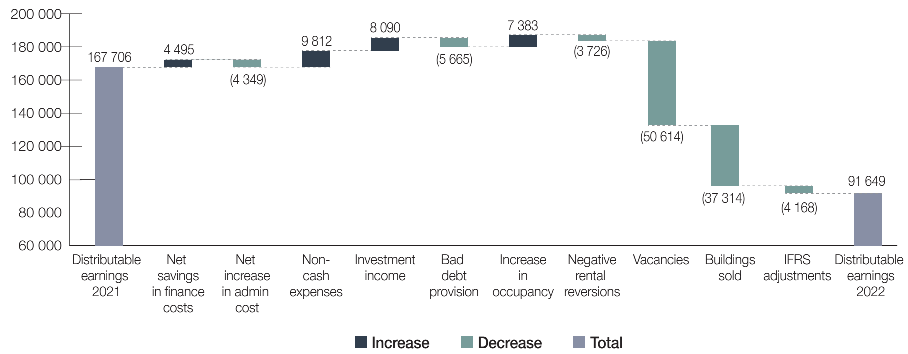
Distributable earnings

Total distributable income for the year ended 30 June 2022 amounted to R91,6 million (June 2021: R167,7 million), representing a 45,4% (June 2021: 43,6%) decrease in distributable income. Texton has declared a final dividend of 7,00 cents per share, taking the total dividend paid for the 2022 financial year to 17,00 cents, a decrease of 54,6% compared to the prior year.

Calculation of distributable earnings

	June 2022 R'000	June 2021 R'000	Variance %
Revenue	**336 358**	444 448	(24,3)
Impairment losses on tenant debtors	**(645)**	5 010	(112,9)
Property expenses	**(144 056)**	(159 832)	9,9
Other income	**10 247**	714	1 335,2
Administrative expenses	**(37 405)**	(34 642)	(8,0)
Depreciation and amortisation	**9 812**	–	–
Net finance cost	**(83 167)**	(87 662)	(5,1)
– Finance income	**10 588**	59 006	(82,1)
– Finance cost	**(93 755)**	(146 668)	36,1
Taxation[2]	**(496)**	(3 490)	85,8
Distribution of realised foreign exchange gain	**1 001**	3 160	68,3
Total distributable earnings	**91 649**	167 706	(45,4)
Distributable income per share (cents)	**27,40**	49,09	(44,2)
Dividend per share (cents)	**17,00**	37,47	(54,6)

The non-renewals of large office tenants, and the sale of our UK properties, have resulted in earnings decreasing over the year. Distributable income has decreased to 27,4 cents per share compared to 49,09 cents per share, which is a decrease of 44,2%. The table below shows the high-level breakdown of the movement in earnings.



[2] *Relating to tax paid in the UK.*

Net property income decreased by R97,9 million, primarily as a result of increased vacancies, reversion on existing rentals to retain tenants and the sale of buildings predominately in the UK. We expect revenue to become more consistent in 2023 as our new SME strategy starts bearing fruit and vacancies that were caused as a result of large single tenants vacating or consolidating space are taken up by SME tenants. Our direct property expenses are decreasing as we continue to optimise our properties' utility usage and the use of our service providers. We are cautiously optimistic that we will be able to gain further economies of scale in the next financial year and drive down our costs without compromising on service at our properties.

Other income increased by R9,5 million as a result of our international indirect property investments which started to deliver income returns. This income is expected to increase next year as most of our investments were made part way through the current financial year. We will continue to deploy capital into our international investments with capital recycled from the sale of non-core direct property.

Administration expenses increased by R2,8 million as a result of an increase in headcount due to the internalisation of property management and professional fees incurred in the onshoring of the UK portfolio which is a once-off expense. We acknowledge that administrative expenses are still higher than what we would like, and we have therefore implemented various measures to decrease this expense in the 2023 financial year. The expenses incurred to onshore the UK portfolio will bring meaningful long-term cost savings to the Group.

Net finance costs decreased by 5,1% as a result of finance expenses decreasing by 36,1%, largely due to the repayment of debt from the sale of properties, the lower variable interest rates available for the majority of the financial year and various interest rate swaps which reached maturity and were not renewed. The decrease was offset by finance income decreasing as a result of the close-out of the CCIRS. Although the close-out of the instrument reduces our distributable income, the capital risks associated with the product are significant and, on a risk-adjusted return basis, we believe that a balance sheet without a CCIRS provides us with more flexibility and strength in the medium term.

Taxation relating to the UK investment was paid in the current year, and a realised foreign exchange gain of R1,0 million was recognised due to a net gain realised on the close-out of a forward exchange contract.

DIRECT PROPERTY PORTFOLIO

SA direct portfolio

SA portfolio sectoral profile

Sector	June 2022 GLA %	June 2022 Value %	June 2021 GLA %	June 2021 Value %
Office	**61,9**	**73,0**	63,1	74,9
Retail	**13,3**	**18,2**	12,3	16,7
Industrial	**24,8**	**8,8**	24,6	8,4
	100,0	**100,0**	100,0	100,0

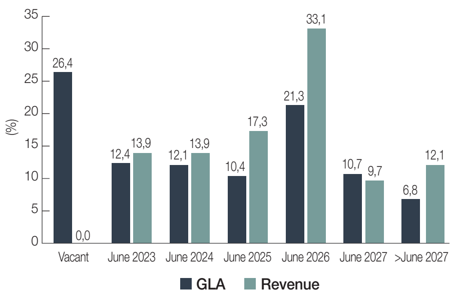
GLA reconciliation

	GLA m^2
Balance as at 30 June 2021	**249 328**
Disposals	**(4 913)**
Remeasurements	**2 534**
Balance as at 30 June 2022	**246 948**

The directly held portfolio in SA comprises 31 properties (June 2021: 35 properties) measuring 246 948m² (June 2021: 249 328m²). 73,0% of our portfolio in SA consists of offices. This sector faces significant headwinds from multiple sources, including an oversupply of stock, low macroeconomic growth, a decrease in business confidence due to increased load shedding and the effects of the COVID-19 pandemic which has meant a large portion of staff still work from home as opposed to working at the office.

Performance

SA expiry profile



Net property income year-on-year

	Office Rm	Retail Rm	Industrial Rm	Total Rm
30 June 2022				
Investment property income	**199,6**	**67,1**	**34,3**	**301,0**
Property expenses	**(92,8)**	**(29,5)**	**(16,5)**	**138,8**
Net property income	**106,8**	**37,6**	**17,8**	**162,2**
Gross cost-to-income ratio	**46,5**	**44,0**	**48,1**	**46,1**
Net cost-to-income ratio	**34,0**	**25,5**	**24,4**	**31,2**
30 June 2021				
Investment property income	276,0	62,8	41,2	372,4
Property expenses	(107,4)	(31,5)	(19,3)	(207,2)
Net property income	168,6	31,3	21,9	228,4
Gross cost-to-income ratio	38,9	50,2	46,8	47,6
Net cost-to-income ratio	25,9	40,7	25,0	32,8

Office sector

Income decreased by R76,4 million on a total basis compared to last year, primarily driven by our single-tenanted office tenants not renewing their leases on expiry, leading to large vacancies. Additionally, due to the current oversupply of offices and the poor economic environment, Texton has experienced negative rental reversions on the renewals of expiring leases to keep tenants from vacating premises.

The drop in income has been offset by a moderate decrease in property expenses, which decreased R8,6 million compared to last year. The major contributor to the decrease in property expenses is lower utility charges. We have implemented measures to decrease electricity and water usage at our properties by installing smart monitoring, LED lighting, water reduction devices and continuous monitoring of usage to maximise savings and sustainability at our properties. Texton is acutely aware of the total cost of occupation for our tenants, and we are implementing savings where possible to reduce the cost of occupation in our buildings.

On a total basis, net property income decreased by R61,8 million or 36,7%, primarily driven by the increase in vacancies in our previously single-tenanted office properties. In order to unlock value in our office portfolio, we have invested in our SME strategy to further reduce the exposure we have to the remaining large single-tenanted properties. Texton has also noticed a shift in the occupation trends in the office sector with office occupiers wishing to have smaller flexible office space with good amenities that is conducive to a collaborative working environment.

Retail sector

Income increased by R4,3 million compared to the prior year, primarily due to improved occupancy in our retail portfolio which has outweighed the negative rental reversions we gave our larger tenants to renew and regear leases. Our retail centres have proven highly resilient to the COVID-19 restrictions that were implemented in SA and the civil riots that occurred in July 2021 in KwaZulu-Natal and Gauteng.

Operating expenses decreased by R2,0 million as a result of an improvement in collections and collection of deferred rental provided during the COVID-19 pandemic and the civil riots early in the financial year. Two of the three retail centres that Texton owns have solar power installed, which has resulted in us being able to reduce the cost of electricity at our properties and for our tenants. In addition, we have implemented various cost management tools to improve our cost-to-income ratios.

On a total basis, net property income increased by R6,3 million or 20,1% which is a pleasing result considering the environment and is testament to the resilient nature of our retail properties.

Texton is rotating out of its retail properties to focus on its SME office products and strategies. Our property in the Durban CBD (Golddurb) and our retail centre in Woodmead have been sold (Golddurb transferred on 8 July 2022 and Woodmead will transfer before December 2022). Post these sales, we remain with one property in Kempton Park.

Industrial sector

Income decreased by R6,9 million on a total basis due to the sale of industrial properties. Excluding the sale of properties, our income for the two remaining industrial assets increased by R3,8 million, due to improved occupancy levels, positive rental reversion on expiry of leases and the regearing of leases during COVID-19 for extended periods with good escalations which have now begun to escalate.

Property expenses decreased by R2,8 million across the assets, predominately driven by a decrease in the bad debts provision due to improved collections at the properties. Excluding the improvement in bad debts, property expenses were the same as last year. The major contributor to our property costs is municipal rates and our property in Alrode received a very high municipal valuation increase. Texton engaged a consultant to assist in reducing this municipal rates valuation and we are awaiting a ruling on the rates matter.

Texton has entered into a sales agreement for the sale of Hermanstad Industrial Park and thereafter we will only have one remaining industrial asset. As owning one industrial asset does not make commercial sense, we will, at the appropriate time and price, consider selling this asset to focus on the repurposing and repositioning of our office portfolio.

Repurposing and repositioning our portfolio

Capital expenditure

Texton invested R31,2 million into its local SA direct property this year. The vast majority of this investment has been made into our office portfolio to repurpose and reposition the portfolio in line with tenants' needs and to make our offices attractive to new tenants seeking a collaborative, safe and flexible environment. Our largest SA building, Foretrust, underwent a significant capital refurbishment to upgrade the building in line with tenants' needs and requirements.

As stated at interims, our office portfolio has in the past had a high-risk exposure to large single-tenanted buildings. These tenants have chosen to consolidate their office footprint for various reasons resulting in the large vacancies in our portfolio. It has become very difficult to let large space to a single tenant, and having such large tenants is a significant concentration risk for Texton.

We have therefore shifted our letting strategy to focus on providing a tenant-centric offering, targeting SMEs. SMEs represent a large portion of business activity within the SA economy, employ the majority of the workforce and are making a meaningful contribution to employment growth. We are investing heavily in the reconfiguration of large and obsolete office space into smaller units that provide SMEs with the space and services to support their growing businesses.

The roll-out of the SME strategy includes various aspects of attracting, retaining and incentivising SME tenants to partner with Texton. We are repositioning our office portfolio with various initiatives in response to this strategy, which include the roll-out of texspace.co.za, a ready-to-occupy working space that plugs the gap between co-working spaces and office blocks. We have structured our leases to provide convenience, flexibility and stability for our customers. In the 2022 financial year, we developed nine Tex-spaces at our office parks as part of a pilot programme. All of these were rented shortly after launching and we are expanding the offering across various office parks in our portfolio.

We plan to roll out another facet of the SME strategy at 30 Wellington Road which was previously occupied by TNPA, who did not renew their lease on expiry. Texton will relaunch the building for rental under the name Kapono. This building will offer Tex-space (ready to occupy), Tex-box (create your own offices) and other offerings that will allow tenants to leverage e-commerce business where spaces to store, collect and sell merchandise via online platforms are required.

Texton is currently taking other properties in our portfolio through a rezoning process in order to make them fit for purpose in terms of our SME strategy.

Vacancy and letting

Core vacancy analysis

Excluding buildings held for sale as at 30 June 2022

	June 2022 GLA m^2	June 2021 GLA m^2	June 2020 GLA m^2
Total vacancy	**65 228**	54 350	36 246
Properties held for sale	**(32 821)**	(32 221)	(17 606)
Core vacancy	**32 406**	22 129	18 640
Core GLA	**142 400**	210 691	226 403
Core vacancy (%)	**22,3**	10,5	8,2

Total vacant GLA at year-end was 65 228m² (June 2021: 54 350m²), which represents an increase of 10 879m² during the year. This amounts to a total vacancy of 26,4% (June 2021: 10,5%) in South Africa. This level of vacancy remains stubbornly high as a result of the high vacancies in our office portfolio.

Vacancies are almost entirely attributable to large occupiers of office space that consolidated their space due to the new working habits of corporate staff. The largest vacancy is 12 Laub Street (GLA of 27 450m²) which was occupied by Edcon Limited. Edcon vacated the building in their business rescue process in November 2020 and it has been vacant since then. Another significant single tenant vacancy is 30 Wellington Road (GLA of 10 019m²) which was occupied by TNPA who did not renew their lease on expiry; these premises were vacated on 1 September 2021 and we have begun repositioning this asset in terms of our SME strategy. Other significant vacancies were due to the consolidation by Babcock Engineering, Huawei South Africa and Absa Bank Limited into their existing campuses. These vacancies total 8 399m².

Letting activity

	30 June 2022		30 June 2021	
New deals	GLA m^2	Number of tenants	GLA m^2	Number of tenants
Office	**11 013**	**45**	9 776	39
Retail	**3 165**	**4**	6 225	19
Industrial	**5 418**	**10**	8 527	15
Total	**19 607**	**59**	24 528	73

The 2022 financial year has been very challenging. SA had to contend with multiple waves of the COVID-19 pandemic, increasing inflation and stage 6 load shedding. These factors have made an already uncertain office occupier more nervous about committing to a new lease or extending a current lease. Despite these challenges, Texton was able to complete a pleasing 59 (June 2021: 73) new leases with a combined GLA of 19 607m² (June 2021: 24 528m²).

Retention

Sector	Expiring GLA m²	Renewed GLA m²	Retention %	Reversion on retained GLA %
Office	25 196	12 033	48	(16,6)
Retail	7 943	7 992	100	(9,4)
Industrial	6 061	4 682	77	0,4
	39 200	24 707	63	(13,2)

* *The office retention rate excluding the TNPA lease at 30 Wellington Road was 67,5%.*

Texton's weighted average lease expiry ("WALE") decreased slightly as we were able to offer more flexible rental terms. This has resulted in the WALE of the SA portfolio decreasing slightly to 2,92 years from 3,2 years in June 2021.

Rental collections

Texton's rental collection remained robust over the year. The internalisation of the property management function has allowed the team to engage directly with tenants on a daily basis, resulting in much-improved tenant-landlord relationships. Rental collections across the portfolio were 97,0% for the year ended 30 June 2022 (June 2021: 98,8%).

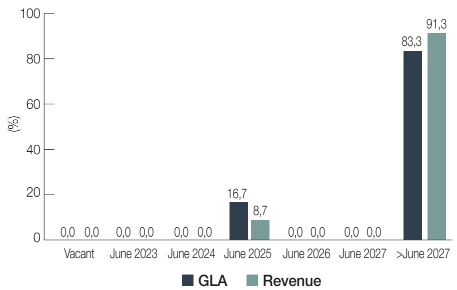
Texton had one significant office tenant that absconded from their lease during the year under review. We initiated legal proceedings and were granted a favourable judgement in this regard.

United Kingdom

UK – direct portfolio

Sector	June 2022 GLA m²	June 2022 Value %	June 2021 GLA m²	June 2021 Value %
Office	–	–	5 360	22,3
Retail	1 789	11,1	6 255	28,2
Industrial	21 989	88,9	21 989	49,5
	23 778	100,0	33 603	100,0

UK expiry profile



Overview and market background

The UK economy is grappling with four-decade-high inflation, driven in large part by global pressures related to supply chain disruptions and high energy prices. These factors have resulted in a cost of living crisis and are now increasing the chances of a recession in the 2023 financial year.

In response to persistent high inflation, the Bank of England was one of the first central banks to raise interest rates and has done so five times since December 2021. The bank rates have increased from a pandemic low of 0,1% to 1,75% and are expected to rise further in the 2023 financial year.

Wholly-owned portfolio

The performance of the UK portfolio has remained resilient, delivering a strong income and capital return. Assets that we sold in the year also achieved premium pricing which has validated the thesis that Texton's UK assets were resilient.

Our wholly-owned portfolio comprises three industrial assets representing 89% of value and one retail warehouse. These sectors have seen exceptional investor demand in 2022 underpinning the capital value of the assets. Income collection has remained at 100%, reflecting the strength and resilience of our tenants.

Industrial properties

Texton has three industrial assets in the UK, let to three strong tenants on long leases. The last concluded rent review, which was for our Booker industrial property, resulted in a 20% increase in rental at the property. None of the other leases are up for rent review in the upcoming financial year.

Retail property

Texton has one remaining retail property in Wales, which is multi-tenanted by strong tenants and which has been performing exceptionally well. The asset is currently undergoing a capital upgrade which is expected to have no effect on the property's income during the refurbishment.

UK restructure

In December 2022, we successfully completed a restructuring of the UK business, transferring the ownership of the remaining four assets to a new UK-domiciled company and signing an amended facility agreement with HSBC plc ("HSBC") to accommodate the new single borrower. The LTV rate on the four remaining properties was increased to 55%, releasing additional cash for new acquisitions. The restructure paves the way for liquidation of the remaining British Virgin Islands companies and the removal of the offshore administration costs that were needed to run the previous structure.

Broad Street Mall

Broad Street Mall is a strong mixed-use property with a community-based tenant mix, and the consented development opportunities along the asset provide for good prospects. Texton, along with our joint venture partners, completed the asset management plan for the property and after nursing the property back to pre-COVID-19 trading levels, successfully marketed and negotiated a sale of the property for £57,5 million on 24 June 2022.

Texton received the net proceeds of £6,9 million post year-end and will use these funds for further capital deployment to grow our indirect international property investment portfolio.

INTERNATIONAL PROPERTY INVESTMENTS

We are actively pursuing our investment mandate and strategy to invest in indirect international property investments. Over time, we aim to construct a 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 blend a risk-adjusted return in hard currency.

Texton will invest capital in developed markets, within specific industries where there are macroeconomic tailwinds. Our stated investment objective is to deploy capital offshore by partnering with best-in-class asset managers who have a demonstrable track record. The combination of our direct and indirect property investments will provide our shareholders with a quality underlying investment portfolio that is expected to generate sustainable risk-adjusted returns.

One such sector where we have concentrated our investment is in single-family and multi-family rentals in the US. The increase in single-family mortgage rates has weighed on demand for for-sale homes and has driven homeownership affordability to its lowest level since 2006. This has benefited our multi-family and single-family rental portfolio as demand gets pushed to renting. We continue to believe that rental housing is well suited to combat inflation due to its short-lease duration and ability to reset rents on a monthly basis, while also remaining defensive in the event of a recession due to the fact that people tend to not purchase homes during recessions, which enables stable occupancy and rent levels.

We also believe that the industrial market is being driven by substantial growth in e-commerce, along with changes in methods from "just-in-time" to "just-in-case" inventory levels to mitigate supply chain disruptions. Our underlying indirect property investment industrial portfolio also has defensive characteristics, which we believe will enable it to perform well through this period of increased inflation.

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

	Commitment	Undrawn commitment	Market value $'000	Market value R'000
BREIT offshore	12 500	–	13 125	214 006
SREIT offshore	12 000	–	12 717	207 585
Cadre	5 000	3 976	1 024	15 514
PadSplit	2 500	–	2 500	40 765
Total	**32 000**	**3 976**	**29 366**	**477 870**

	Commitment	Undrawn commitment	Market value £'000	Market value R'000
UK Fleet hubs	2 650	2 268	345,5	7 191

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 LTV increased to 37,6% from 31,8% as at 30 June 2021.

Our robust balance sheet enables us to have the flexibility we require to complete our stated strategic objectives.

Recycling of capital

Asset disposal

Texton had eight properties accounted for as held for sale on 30 June 2021. Six properties were sold in the current financial year for a total of R410,5 million. These funds were used to reduce debt related to the assets, and equity released from the sales is being used to deploy capital in our stated international investment opportunities.

Three SA properties have been added to the asset disposal programme, namely two retail assets (Golddurb and Woodmead) and one industrial asset (Hermanstad). These were added in terms of our rotation out of industrial and retail assets in SA to focus on our office SME strategy.

Of the remaining five assets held for sale in SA, three of these assets have binding sales agreements and the remaining two are being marketed 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 2021	6	2	8	505 664
Sold	(4)	(2)	(6)	(410 458)
Properties added to the asset disposal programme	3	–	3	370 992
Change in exchange rates and fair values	–	–	–	(1 298)
Balance as at 30 June 2022	**5**	**–**	**5**	**464 900**

Group borrowings

During the year, the following treasury transactions were completed to optimise the balance sheet and position us for future growth:

- Converted the R70 million term loan with Investec Bank Limited ("Investec") into a revolving credit facility. The additional revolving credit facility provides Texton with the flexibility to manage its cash balances effectively during the year and is priced at the current prime rate less 80bps
- After the sale of our UK assets, our LTV in the UK dropped to a suboptimal level based on the value of the remaining four assets that we own directly in the UK. After engaging with HSBC, we were able to successfully restructure the loan and regear it to an optimal funding level. Post the restructure, Texton was able to refinance the current loan outstanding with HSBC and release £2,8 million for further capital deployment.

Texton has continued to pay down the debt on the balance sheet. In the year under review, Texton reduced its debt by R53,4 million, of which R26,5 million is a permanent reduction in debt[3].

Total debt outstanding as at 30 June 2022 amounted to R1,3 billion (June 2021: R1,4 billion).

Debt profile

	June 2022			June 2021		
	ZAR facilities Rm	GBP facilities £m	Total facilities Rm	ZAR facilities Rm	GBP facilities £m	Total facilities Rm
Total debt facilities	**1 139,5**	**12,5**	**1 387,9**	1 166,9	19,2	1 547,0
Total debt drawn	**1 095,2**	**12,5**	**1 343,6**	1 016,9	19,2	1 397,0
Net debt[4]	**1 069,0**	**7,7**	**1 221,4**	955,9	4,1	1 036,8
Subject to fix rates	**200,0**	**10,2**	**402,5**	300,0	29,8	889,2
% hedged on net debt	**18,7**	**132,5**	**33,0**	31,4	667,3	85,8
% effective interest rate	**7,44**	**2,71**	**6,59**	7,07	2,83	6,03
Weighted average expiry	**1,6**	**3,0**	**1,9**	2,0	4,0	2,5
Interest cover ratio ("ICR")	**–**	**–**	**2,1**	–	–	3,1

[3] *This includes the movement in foreign exchange.*
[4] *Net debt is defined as debt less cash and cash equivalents.*

Loan and swap profile (30 June 2022)

	2023	2024	2025	2026	2027	Total
South Africa						
Loan expiry profile (Rm)	222,2	465,8	451,5	–	–	1 139,5
Hedging profile (Rm)	200,0	–	–	–	–	200,0
United Kingdom						
Loan expiry profile (£'000)	–	–	12 517	–	–	12 517
Hedging profile (£'000)	–	10 200	–	–	–	10 200
Group						
Loan expiry profile (Rm)	222,5	465,8	699,9	–	–	1 387,9
Hedging profile (Rm)	200,0	202,5	–	–	–	889,2

We decreased our exposure to interest rate swaps to take advantage of the lower interest rates available in the floating market and leverage the optionality available to ourselves to enter into new interest rate fixes should there be an opportunity in the near future. On a net debt basis, we decreased interest rate fixed debt from 85,8% to 33,0%. We continue to monitor our interest rate risk and will make adjustments to our level of fixed debt in order to minimise this risk.

As at 30 June 2022, Texton has no unencumbered direct property investments (June 2021: R10,0 million) and all indirect property investments are free from any encumbrance.

Cross-currency interest rate swaps

Texton no longer has any exposure to CCIRSs as the risk associated with these instruments was assessed to be too high. The last remaining CCIRS on the balance sheet had a nominal balance of £23,3 million and matured on 2 September 2021 with a close-out cost of R1,7 million.

NAV per share

NAV	June 2022 R'000	December 2021 R'000	June 2021 R'000
Reported NAV attributable to the parent	**1 964 371**	2 031 989	2 157 009
Adjustments:			
Dividend to be declared	**(23 413)**	(34 110)	(128 000)
Fair value of certain derivative financial instruments	**(1 532)**	7 716	14 910
Deferred tax	**24 833**	18 208	19 790
Total equity	**1 964 259**	2 023 813	2 063 709
Shares outstanding			
Number of shares in issue (net of treasury shares) ('000)	**334 470**	341 096	344 280
NAV per share (cents)	**587,28**	593,32	588,70

NAV per share has remained constant at R5,88 cents per share over the year.

CURRENCY

The closing exchange rate on 30 June 2022 was R19,85:£1 (June 2021: R19,76:£1), and the average exchange rate for the year was R20,34:£1 (June 2021: R20,71:£1). Texton is also exposed to the US Dollar, the closing exchange rate on 30 June 2022 was R16,31 and the average exchange rate for the year was R15,22.

STATED CAPITAL AND SHARES REPURCHASED

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 our AGM on 29 November 2021. The Group holds treasury shares via Discus House Proprietary Limited ("Discus House"), a subsidiary of Texton. Discus House purchased 9 629 914 shares during the year under review, bringing the total amount of shares held by Discus House to 31 167 831 shares (June 2021: 21 537 917).

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

Texton is committed to the country's B-BBEE policies and has put various transformation policies in place in the current year that will enable the Company to become compliant with B-BBEE requirements. The Company continues to review its initiatives and strategies to find meaningful ways in which to improve its local socio-economic development.

EVENTS AFTER THE REPORTING DATE

The following events are reported:

- Shareholders are referred to the announcement released on the Stock Exchange News Service ("SENS") on 14 April 2022, wherein the Company announced the extension of the sales agreement for the sale of the Foretrust and Loop Street properties from 12 April 2022 to 30 June 2022. This extension was granted to allow the purchaser, Stonehill Property Group Limited ("Stonehill"), additional time to fulfil the conditions precedent due to the complex nature of the transaction. The Texton board would like to inform shareholders that Stonehill was not able to fulfil the conditions precedent. As such, shareholders are informed that the sales agreement has lapsed.
- Texton, through its wholly-owned subsidiary TPI No 2 UK Limited, has finalised and entered into a capital commitment of $5,5 million with GIM Investments PCC Limited to be drawn down over two years, which will be invested in the affordable housing real estate sector in the US.
- CorpStat Governance Services Proprietary Limited, represented by William Somerville, has been appointed as company secretary with effect from 1 September 2022.

The Board is not aware of any events, other than those disclosed in this report, that have had a material impact on the results or disclosures of the Group and which have occurred subsequent to the end of the financial year.

PROSPECTS AND OUTLOOK

Texton remains well positioned with a well-capitalised balance sheet and sufficient liquidity to deliver on our strategy of being highly disciplined in our two-pronged capital approach:

- Deploying capital into our existing SA direct property investments to reposition and repurpose these assets in line with our SME strategy
- Deploying capital into developed markets with a strong bias to using a partner-based investment strategy which, in time, will provide our shareholders with an offshore portfolio investment offering rewarding returns over the long term.

The SA macroeconomic environment remains very pessimistic, with increasing inflation, rising borrowing costs and a power utility provider that is unable to provide stable and consistent electricity to the country. Texton has chosen to reinvent its office portfolio by making its assets fit for consumption by SMEs who are the lifeblood of the SA economy. Our SME strategy also encompasses the repurposing of large office space left vacant by corporates by repositioning these assets as "hubs" for SMEs to thrive in.

Our UK direct property investments have proven significantly resilient and provide us with consistent rental income. Post the onshoring and simplification of our UK investment, we expect the cost of managing these investments to decrease and improve overall profitability for Texton. Our UK assets do not require any significant capital expenditure and are well positioned to weather the cost of living crisis that is affecting the UK economy.

As we look forward to global investment opportunities, the rising inflationary environment, coupled with rising interest rates, continues to be an important factor to monitor. The global real estate sector is closely watching how these factors play out and if the US Federal Reserve is able to engineer a "soft landing". Inflation is good for real estate and, historically, real estate has performed well during periods of increased inflation.

Texton has positioned its international investments into shorter-lease duration real estate investments, such as multi-family, single-family rental and self-storage investments in the US. These rentals can all be increased on a monthly basis as leases roll, creating a natural hedge to inflation. We have a strong conviction in US residential rental investments as these investments have benefited from strong job growth, accelerating wage growth, increased household formation, surging home values and lack of available inventory – all of which are forcing tenants to rent longer. We anticipate further deployment into sectors and geographies with similar characteristics and these investments form the cornerstone of our international investments.

The risk to investment property over this period of increased inflation is rising interest rates. Texton's partners have hedged out significant portions of their debt in order to protect against surging interest rates, and appropriate hedging strategies are in place to manage surging interest rates. Our balance sheet has a low level of gearing and provides us with the flexibility to provide a solid foundation to grow and invest.

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 7,00 cents per share for the year ended 30 June 2022 ("cash dividend").

Salient dates and time	2022
Last day to trade *cum* dividend	Tuesday, 18 October
Shares to trade *ex*-dividend	Wednesday, 19 October
Record date	Friday, 21 October
Payment date	Monday, 24 October

Note:

Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 19 October 2022 and the close of trade on Friday, 21 October 2022, 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 5,60 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
- 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 365 638 418 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 2022

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
ASSETS		
Non-current assets	**2 784 172**	2 712 290
Investment property	**2 120 715**	2 501 365
Equipment	**8 854**	7 448
Tenant installation	**13 943**	9 093
Investment in joint venture	**137 426**	167 388
Lease commissions	**7 430**	8 542
Other receivables	**10 742**	18 454
Unlisted investments	**485 062**	–
Current assets	**161 077**	424 180
Trade and other receivables	**35 557**	38 936
Derivative financial assets	**–**	7 143
Income tax receivable	**3 242**	18 016
Cash and cash equivalents	**122 278**	360 085
Investment property held for sale	**464 900**	505 664
Total assets	**3 410 149**	3 642 134
EQUITY AND LIABILITIES		
Total equity	**1 964 371**	2 120 078
Stated capital	**2 795 822**	2 829 221
Accumulated loss	**(680 014)**	(556 100)
Share-based payment reserve	**407**	145
Foreign currency translation reserve	**(151 844)**	(153 188)
Non-current liabilities	**1 147 237**	1 373 099
External loans and derivative financial instruments	**1 119 443**	1 350 137
Deferred tax	**24 833**	19 790
Lease liability	**2 961**	3 172
Current liabilities	**298 541**	148 957
Short-term portion of external loans and derivative financial instruments	**225 559**	57 473
Trade and other payables	**59 928**	87 862
Income tax payable	**13 054**	3 622
Total equity and liabilities	**3 410 149**	3 642 134

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Property revenue	**333 206**	441 693
Investment property income	**336 358**	444 448
Straight-line rental adjustment	**(3 152)**	(2 755)
Impairment losses recognised on tenant debtors	**(645)**	5 010
Direct property costs	**(144 056)**	(159 832)
Net property income	**188 505**	286 871
Other income	**10 247**	714
Administrative expenses	**(37 405)**	(34 641)
Expenses incurred for corporate transactions	**(2 875)**	(3 097)
Loss from joint venture	**(32 879)**	(97 862)
Foreign exchange gains/(losses)	**880**	(413)
Operating profit	**126 473**	151 572
Finance income	**10 588**	59 006
Finance costs	**(93 755)**	(146 668)
Fair value adjustments	**4 432**	130 063
Profit before taxation	**47 738**	193 973
Taxation (expense)/income	**(9 683)**	8 022
Profit for the year	**38 055**	201 995
Other comprehensive income:		
Items that may be classified to profit or loss		
Exchange differences on translating foreign operations		
Losses on change in value of foreign currency basis spreads	**1 344**	(41 550)
Other comprehensive income for the year, net of taxation	**1 344**	(41 550)
Total comprehensive income for the year	**39 399**	160 445
Profit attributable to:		
Shareholders of the Company	**39 399**	160 445
Earnings per share		
Basic earnings per share (cents)	**11,19**	57,97
Headline earnings per share (cents)	**11,19**	57,97

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Audited 12 months 30 June 2022 R'000	Audited 12 months 30 June 2021 R'000
Cash flows from operating activities		
Cash generated from operations	**144 640**	252 014
Interest received	**1 842**	60 920
Interest paid	**(85 553)**	(147 273)
Dividends paid	**(161 969)**	–
Tax refund/(tax payment)	**17 418**	(24 765)
Net cash (outflow)/inflow from operating activities	**(83 622)**	140 896
Cash flows from investing activities		
Additions to investment properties	**(32 170)**	(8 681)
Additions to equipment	**(3 322)**	(5 446)
Proceeds on disposal of investment properties held for sale	**400 110**	693 204
Repayment/(advance) of loan to Inception (Reading) S.a.r.l	**1 963**	(12 977)
Commission paid	**(2 648)**	(7 083)
Funds received on escrow	**840**	–
Additions to unlisted investments	**(442 263)**	–
Tenant installation incurred	**(10 225)**	(6 061)
Net cash (outflow)/inflow from investing activities	**(87 715)**	652 956
Cash flows from financing activities		
Treasury shares acquired	**(33 399)**	(13 252)
Capital close cross-currency swap	**(1 751)**	–
Proceeds from external loans and derivative financial instruments	**254 268**	10 506
Repayments of external loans and derivative financial instruments	**(288 619)**	(567 146)
Debt structuring fees paid	**(2 728)**	(1 635)
Lease liability payment	**(478)**	(473)
Net cash outflow from financing activities	**(72 707)**	(572 000)
Net cash (outflow)/inflow for the year	**(244 043)**	221 852
Effects of movements in exchange rate changes on cash held	**6 236**	(3 958)
Cash and cash equivalents at the beginning of the year	**360 085**	142 191
Cash and cash equivalents at the end of the year	**122 278**	360 085

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Stated capital R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Accu-mulated loss R'000	Total R'000
Balance as at 1 July 2020	2 842 473	(111 638)	–	(758 095)	1 972 740
Total comprehensive income for the year	–	(41 550)	–	201 995	160 445
Profit for the year	–	–	–	201 995	201 995
Exchange differences on translation of foreign operations	–	(41 550)	–	–	(41 550)
Total transactions with shareholders recorded directly in equity	(13 252)	–	–	–	(13 252)
Dividends paid	–	–	–	–	–
Treasury shares acquired	(13 252)	–	–	–	(13 252)
Share-based payment transactions	–	–	145	–	145
Balance as at 30 June 2021	2 829 221	(153 188)	145	(556 100)	2 120 078
Total comprehensive income for the year	**–**	**1 344**	**–**	**38 055**	**39 399**
Profit for the year	**–**	**–**	**–**	**38 055**	**38 055**
Exchange differences on translation of foreign operations	**–**	**1 344**	**–**	**–**	**1 344**
Transactions with shareholders, recognised directly in equity	**(33 399)**	**–**	**–**	**(161 969)**	**(195 368)**
Dividends paid	**–**	**–**	**–**	**(161 969)**	**(161 969)**
Treasury shares acquired	**(33 399)**	**–**	**–**	**–**	**(33 399)**
Share-based payment transactions	**–**	**–**	**262**	**–**	**262**
Balance as at 30 June 2022	**2 795 822**	**(151 844)**	**407**	**(680 014)**	**1 964 371**

NOTES TO THE SUMMARISED CONSOLIDATED AUDITED RESULTS

AUDIT OPINION

These preliminary 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 2022 were audited by BDO South Africa Incorporated, who expressed an unmodified opinion thereon. The audited consolidated financial statements for the year ended 30 June 2022 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 preliminary summarised consolidated annual financial results.

The auditor's report does not necessarily report on all of the information contained in these preliminary 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 preliminary summarised consolidated financial results for the year ended 30 June 2022 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 International Financial Reporting Standards ("IFRS") 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 2022.

The accounting policies applied in the preparation of the preliminary 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 2021 have had a material impact on the preliminary summarised consolidated financial results.

The preliminary 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 preliminary summarised consolidated financial results for the year ended 30 June 2022 were prepared under the supervision of the chief financial officer, Mr P Hack CA(SA).

2. SIGNIFICANT JUDGEMENT

When preparing these preliminary 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 12 months 30 June 2022 R'000	Audited 12 months 30 June 2021 R'000
Reconciliation of movement in investment property for the year		
Balance at the beginning of the year	**2 501 365**	3 149 057
Additions	**31 204**	8 681
Straight-line rental adjustment	**(3 152)**	(2 755)
Fair value adjustments	**(40 255)**	80 387
Transfer to investment property reclassified as held for sale	**(370 992)**	37 300
Transfer from investment property reclassified as held for sale	**–**	(703 307)
Disposals	**–**	(1 172)
Foreign currency translation reserve	**2 545**	(66 826)
Balance at the end of the year	**2 120 715**	2 501 365

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, the traditional discounted cash flow method of valuation has been used. 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 year.

Investment property and property held for sale amounting to R2,6 billion (June 2021: R3,0 billion) has been pledged as security for our long-term loans.

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

	Audited 30 June 2022 %	Audited 30 June 2021 %
Discount rates used are included below:		
Sector		
Office	**13,55 – 16,80**	14,25 – 16,00
Industrial	**16,00**	16,00
Retail	**14,75**	14,75 – 15,50
Exit capitalisation rates for year five are included below:		
Sector		
Office	**9,80 – 12,55**	9,75 – 11,25
Industrial	**10,70**	11,00
Retail	**10,00**	10,0 – 10,75
The future revenue growth for the five-year projection is included below:		
Sector		
Office	**4,0 – 6,0**	4,0 – 5,0
Industrial	**6,0**	5,00
Retail	**6,11**	5,0 – 8,0

Sensitivity analysis to significant unobservable inputs

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Sensitivity analysis to exit capitalisation rates		
Exit capitalisation rate increases by 1%	**(86 135)**	(113 637)
Exit capitalisation rate decreases by 1%	**108 035**	115 028
Sensitivity analysis to discount rates		
Discount rate increases by 1%	**(57 079)**	(58 275)
Discount rate decreases by 1%	**61 449**	61 857
Sensitivity analysis to market rentals		
Market rental decreases by 1%	**(15 905)**	(15 221)
Market rental increases by 1%	**15 955**	15 283

UK valuations

Valuation technique

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 2022	Audited 30 June 2021
Equivalent yields used are included below:		
Sector		
Industrial	**5,18 – 6,5**	5,25 – 6,49
Retail	**8,34**	8,75
Annual market rentals per square foot in GBP used are included below, rounded to the nearest 1 000:		
Sector		
Industrial	**41,3 – 59,7**	36,9 – 58,7
Retail	**6,4 – 21,7**	39,0 – 40,6

3. INVESTMENT PROPERTY continued

UK valuations continued

Sensitivity analysis to significant unobservable inputs

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Sensitivity analysis to equivalent yields		
Equivalent yield increases by 1%	**(73 162)**	(65 503)
Equivalent yield decreases by 1%	**106 220**	93 759
Sensitivity analysis to market rentals		
Market rental decreases by 1%	**(3 276)**	(2 569)
Market rental increases by 1%	**3 375**	2 766

4. INVESTMENT IN JOINT VENTURE

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Balance at the beginning of the year	**167 388**	252 272
Current period profit/(loss) from joint venture	**(24 949)**	(97 861)
(Funds paid to)/received from joint venture	**1 963**	12 977
Impairments on joint venture	**(6 976)**	–
Balance at the end of the year	**137 426**	167 388

The Group has a 50% (June 2021: 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. Broad Street Mall was marketed for sale during the second half of the year and was successfully sold on 24 June 2022 for £57,5 million.

5. FAIR VALUE ADJUSTMENTS

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Interest rate swap	**9 179**	30 092
Foreign exchange contract	**–**	7 143
CCIRS	**94**	39 212
Investment property classified as held for sale	**(16 385)**	(2 203)
Investment property	**(40 255)**	80 387
Loss on disposal of property	**(1 024)**	(24 568)
Fair value adjustments on unlisted investments	**52 823**	–
Fair value gain/(loss) for the year under review	**4 432**	130 063

6. EXTERNAL LOANS AND DERIVATIVE FINANCIAL INSTRUMENTS

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Balance at the beginning of the year	**1 407 610**	2 082 822
– non-current	**1 350 137**	1 626 382
– current	**57 473**	456 440
Advances during the year	**254 268**	10 506
Repayments during the year	**(310 546)**	(567 146)
Foreign currency translation reserve movements	**(3 302)**	(46 167)
Unrealised foreign exchange movements	**(8 273)**	(4 727)
Fair value on interest rate swaps	**9 178**	(30 092)
Structuring fees amortised during the year	**(5 005)**	7 003
Debt structuring fees paid	**(2 728)**	(1 635)
Interest accrual	**3 800**	(3 741)
Fair value on CCIRS	**–**	(39 213)
Closing balance at the end of the year	**1 345 002**	1 407 610
– non-current	**1 119 443**	1 350 137
– current	**225 559**	57 473

6. EXTERNAL LOANS AND DERIVATIVE FINANCIAL INSTRUMENTS continued

Significant changes to debt during the current year:

- Converted R70 million of the Investec facility into a rolling credit facility
- Restructured HSBC debt with the UK restructure and the change to Sterling Overnight Interbank Average ("SONIA") interest rates.

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 ratio for the Standard Bank facility may not exceed 60%
- Interest cover ratio for the facility of a minimum of 2,0 times
- All covenants applicable to Standard Bank are currently met by Texton.

Loan covenants applicable to the Investec facilities

- LTV ratio for the Group may not exceed 50%
- Group interest cover of a minimum of 2,0 times
- LTV ratio for the Investec facility may not exceed 55%
- All covenants applicable to Investec are currently met by Texton.

Loan covenants applicable to the HSBC facilities

- LTV ratio for the HSBC facilities may not exceed 60%
- Historical interest cover ratio for the facility must be a minimum of 1,75 times
- Projected interest cover ratio for the facility must be a minimum of 2,0 times
- Projected and historical debt service cover ratios must be a minimum of 1,75 times
- All covenants applicable to HSBC are currently met by Texton.

7. INVESTMENT PROPERTY HELD FOR SALE

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Balance at the beginning of the year	**505 664**	601 293
Transferred from investment property	**370 992**	703 307
Transfer to investment property	**–**	(37 300)
Disposals	**(410 458)**	(712 186)
Changes in fair value	**(16 385)**	(2 203)
Loss on disposal on sale of property	**(838)**	(24 568)
Foreign currency translation reserve	**15 925**	(22 679)
Balance at the end of the year	**464 900**	505 664

8. FINANCIAL INSTRUMENTS

	Fair value through profit or loss	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Financial assets		
Investment in joint venture	**137 426**	167 388
External loans and derivative financial instruments	**1 532**	7 143
Unlisted investments	**485 062**	–
Other financial assets and investments	**–**	–
Financial assets	**624 020**	174 531
Financial liabilities		
External loans and derivative financial instruments	**–**	14 910
Financial liabilities	**–**	14 910

	Amortised cost	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Financial assets		
Other receivables	**10 742**	18 454
Trade and other receivables	**38 350**	39 440
Cash	**122 278**	360 085
Financial assets	**171 370**	417 979
Financial liabilities		
External loans and derivative financial instruments	**1 345 000**	1 392 700
Trade and other payables	**42 431**	60 717
Financial liabilities	**1 387 431**	1 453 417

The fair values of all financial instruments, interest rate swaps and fixed rate financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

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 2021.

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
30 June 2022			
Assets			
Investment properties	**–**	**–**	**2 120 715**
Investment properties held for sale	**–**	**–**	**464 900**
Interest rate swap	**–**	**1 532**	**–**
Investment in joint venture	**–**	**–**	**137 426**
Unlisted investments	**–**	**421 591**	**63 471**
30 June 2021			
Assets			
Investment properties	–	–	2 501 365
Investment properties held for sale	–	–	505 664
Investment in joint venture	–	–	167 388
Liabilities			
Interest rate swap	–	(14 916)	25 093
CCIRS	–	(94)	–

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 measurements
Derivative financial instruments: Interest rate swaps	Fair valued monthly by Investec, Standard Bank and HSBC 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
Derivative financial instruments: CCIRS contracts	Fair valued monthly by Investec using mark-to-market mid-market values. This involves, *inter alia*, discounting the future cash flows using the basis swap curves of the respective currencies at the date when the cash flows will take place.	Not applicable	Not applicable
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 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 underlying NAV of the underlying REIT being Starwood Real Estate Income Trust Offshore Fund SPC, a private unlisted REIT.	Not applicable	Not applicable
Derivative financial instruments: Forward exchange contracts	Fair valued monthly by Investec using mark-to-market mid-market values. This involves, *inter alia*, discounting using quoted forward exchange rates at the reporting date and present valuation calculations.	Not applicable	Not applicable

9. FAIR VALUE HIERARCHY continued

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 measurements
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3
Unlisted investments	The valuations of these investments are provided by the sponsor of the investments. The sponsors are independent of Texton and provide these valuations as part of the capital account reconciliation.	Not applicable	Not applicable
Investment in joint venture	The value of the investment is driven predominately by the net asset value of the investment, which is determined by the cash to be received from the investment.	Not applicable	Not applicable

10. EVENTS AFTER THE REPORTING DATE

Sale of Foretrust and Loop Street properties

Shareholders are referred to the announcement released on SENS on 14 April 2022, wherein the Company announced the extension of the sales agreement for the sale of the Foretrust and Loop Street properties from 12 April 2022 to 30 June 2022. This extension was granted to allow the purchaser, Stonehill, additional time to fulfil the conditions procendent due to the complex nature of the transaction. The Board or directors of Texton would like to inform shareholders that Stonehill was not able to fulfil the conditions precedents. As such, shareholders are informed that the sales agreement has lapsed.

Investments

Texton, through its wholly-owned subsidiary TPI No 2 UK Limited, had finalised and entered into a capital commitment of $5,5 million with GIM Investments PCC Limited to be drawn down over two years, which will be invested in the affordable housing real estate sector in the US.

Change of company secretary

CorpStat Governance Services Proprietary Limited, represented by William Somerville, has been appointed as company secretary with effect from 1 September 2022.

11. DIVIDENDS PAID

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Dividends paid	**161 969**	–

Dividends are paid from income reserves.

12. SEGMENT REPORTING

The Group has three reportable segments: SA direct property, UK direct property and international investments. Direct property investments are split into office, retail and industrial. The information is provided to the executive management committee, the Group's operating decision-making forum on a monthly basis. There are no single major customers except the SA national government.

The following summary describes the operations in each of the Group's reportable segments:

	South Africa	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Segmental revenue – rental revenue		
Office	**197 737**	264 370
Retail	**65 645**	67 317
Industrial	**34 891**	36 256
	298 273	367 943
Profit before tax		
Office	**8 878**	34 421
Retail	**58 753**	71 623
Industrial	**18 927**	29 282
Corporate	**(103 966)**	(48 779)
	(17 408)	86 547
Total assets		
Office	**1 608 530**	1 721 423
Retail	**401 201**	382 854
Industrial	**199 953**	198 564
Corporate	**(371)**	55 312
	2 210 055	2 358 153
Total liabilities		
Office	**(28 903)**	(30 319)
Retail	**(12 025)**	(17 992)
Industrial	**(9 467)**	(10 179)
Corporate	**(1 118 997)**	(1 039 627)
	(1 169 392)	(1 098 117)

12. SEGMENT REPORTING continued

	United Kingdom	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Segmental revenue – rental revenue		
Office	**3 087**	5 676
Retail	**5 692**	23 456
Industrial	**26 154**	44 618
	34 933	73 750
Profit before tax		
Office	**2 012**	8 314
Retail	**(27 874)**	(62 031)
Industrial	**37 516**	165 304
Corporate	**(6 061)**	(4 161)
	5 593	107 426
Total assets		
Office	**2 584**	186 417
Retail	**195 863**	408 585
Industrial	**463 334**	420 352
Corporate	**53 251**	268 827
	715 032	1 284 181
Total liabilities		
Office	**–**	(95 208)
Retail	**(2 853)**	(113 273)
Industrial	**(263 147)**	(209 672)
Corporate	**(10 386)**	(5 786)
	(276 386)	(423 939)

	Investments	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Segmental revenue – rental revenue		
Office	**–**	–
Retail	**–**	–
Industrial	**–**	–
	–	–
Profit before tax		
Office	**–**	–
Retail	**–**	–
Industrial	**–**	–
Investments	**59 553**	–
	59 553	–
Total assets		
Office	**–**	–
Retail	**–**	–
Industrial	**–**	–
Investments	**485 062**	–
	485 062	–
Total liabilities		
Office	**–**	–
Retail	**–**	–
Industrial	**–**	–
Investments	**–**	–
	–	–

12. SEGMENT REPORTING continued

	Total	
	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Segmental revenue – rental revenue		
Office	**200 824**	270 046
Retail	**71 337**	90 773
Industrial	**61 045**	80 874
	333 206	441 693
Profit before tax		
Office	**10 890**	42 735
Retail	**30 879**	9 592
Industrial	**56 443**	194 586
Investments	**59 553**	–
Corporate	**(110 027)**	(52 940)
	47 738	193 973
Total assets		
Office	**1 611 114**	1 907 840
Retail	**597 064**	791 439
Industrial	**663 287**	618 916
Investments	**485 062**	–
Corporate	**53 622**	323 939
	3 410 149	3 642 134
Total liabilities		
Office	**(28 903)**	125 527
Retail	**(14 878)**	131 265
Industrial	**(272 614)**	219 851
Investments	**–**	–
Corporate	**(1 129 383)**	1 045 413
	(1 445 778)	1 522 056

13. HEADLINE EARNINGS

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Headline earnings attributable to shareholders		
(Loss)/profit attributable to shareholders	**38 055**	201 994
Gross revaluation of investment property	**40 255**	(89 559)
Gross revaluation of investment property held for sale	**16 385**	2 203
Gross revaluation of investment property recognised in equity accounted joint venture	**–**	106 903
Impairment of joint venture	**7 929**	–
Loss on sale of property held for sale	**1 024**	24 568
Total tax effects of adjustments	**–**	9 172
Headline earnings attributable to shareholders	**103 648**	255 281
Weighted number of shares	**339 953**	348 454
Shares in issue	**365 638**	365 818
Treasury shares	**31 168**	21 537
Profit/(loss) per share		
Basic earnings per share (cents)	**11,19**	57,97
Diluted earnings per share (cents)	**11,19**	57,97
Headline earnings per share (cents)	**30,49**	73,26
Diluted headline earnings per share (cents)	**30,46**	73,26

14. SUMMARY OF FINANCIAL PERFORMANCE

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Shares used for dividend calculation ('000)	**334 470**	341 643
Weighted average number of shares in issue ('000)	**339 953**	348 454
NAV per share (cents)	**587**	599
Basic earnings per share (cents)	**11,19**	57,97
Headline earnings per share (cents)	**30,49**	73,26
Share price (cents)	**370**	325
LTV ratio*	**37,6**	31,7
Cost-to-income ratios		
Gross property cost-to-income ratio (%)	**42,6**	34,8
Net property cost-to-income ratio (%)	**28,4**	19,7
Gross total cost-to-income ratio (%)	**53,9**	42,6
Net total cost-to-income ratio (%)	**42,6**	29,3

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

ANNEXURE A

SA REIT ASSOCIATIONS 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 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

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Profit or loss per income statement	**38 055**	201 994
Accounting/specific adjustments	**47 948**	(44 889)
Fair value adjustments to:		
– Investment property	**56 640**	(78 184)
– Debt and equity instruments held at fair value through profit or loss	**(9 273)**	(76 448)
– Fair value gains on unlisted investments	**(52 823)**	–
Depreciation and amortisation of intangible assets	**9 812**	–
Asset impairments (excluding goodwill) and reversals of impairment	**33 524**	97 862
Gains or losses on the modification of financial instruments	**2 875**	2 581
Deferred tax movement recognised in profit or loss	**4 041**	6 545
Straight-lining operating lease adjustment	**3 152**	2 755
Adjustments arising from investing activities	**1 024**	24 568
Gains or losses on disposal of:		–
– Investment property held for sale	**1 024**	24 568
Foreign exchange and hedging items	**(1 123)**	(6 734)
Reclassified foreign currency translation reserve upon disposal of a foreign operation	**(1 002)**	(13 371)
Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	**(1 001)**	10 211
Foreign exchange gains or losses relating to capital items – realised and unrealised	**880**	(3 574)
Other adjustments	**(4 317)**	(7 091)
Tax impact of the above adjustments	**(4 317)**	(7 091)
SA REIT FFO	**81 587**	167 848
Number of shares outstanding at the end of the year (net of treasury shares)	**334 470**	344 280
SA REIT FFO cents per share	**24,39**	48,75
Income available for distribution	**59 416**	128 000
Distributable income per share (cents per share)	**17,00**	37,47

SA REIT NET ASSET VALUE ("SA REIT NAV")

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Reported NAV attributable to the parent	**1 964 371**	2 120 078
Adjustments:		
Dividend to be declared	**(23 413)**	(128 000)
Fair value of certain derivative financial instruments	**(1 532)**	14 910
Deferred tax	**24 833**	19 790
SA REIT NAV	**1 964 259**	2 026 778
Shares outstanding		
Number of shares in issue at year-end (net of treasury shares)	**334 470**	344 280
Dilutive number of shares in issue	**334 470**	344 280
SA REIT NAV per share (cents)	**587,28**	588,70

SA REIT COST-TO-INCOME RATIO

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	**144 056**	154 822
Administrative expenses per IFRS income statement	**37 405**	34 497
Operating costs	**181 461**	189 319
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**268 548**	360 721
Utility and operating recoveries per IFRS income statement	**67 810**	83 727
Gross rental income	**336 358**	444 448
SA REIT cost-to-income ratio (%)	**53,9**	42,6

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Expenses		
Administrative expenses per IFRS income statement	**37 405**	34 641
Administrative costs	**37 405**	34 641
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	**268 548**	360 721
Utility and operating recoveries per IFRS income statement	**67 810**	83 727
Gross rental income	**336 358**	444 448
SA REIT administrative cost-to-income ratio (%)	**11,1**	7,8

SA REIT GLA VACANCY RATE

	Audited 30 June 2022 m^2	Audited 30 June 2021 m^2
GLA of vacant space	**65 228**	54 350
GLA of total property portfolio	**270 726**	282 930
SA REIT GLA vacancy rate (%)	**24,1**	19,2

COST OF DEBT

	Audited 30 June 2022 %	Audited 30 June 2021 %
	South Africa	
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**7,38**	6,05
Preadjusted weighted average cost of debt	**7,38**	6,05
Adjustments:		
Impact of interest rate derivatives	**0,06**	0,94
Impact of CCIRS	**–**	(1,56)
All-in weighted average cost of debt – ZAR	**7,44**	5,43
	United Kingdom	
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**3,29**	2,16
Preadjusted weighted average cost of debt	**3,29**	2,16
Adjustments:		
Impact of interest rate derivatives	**(0,58)**	0,43
Impact of CCIRS	**–**	0,78
All-in weighted average cost of debt – GBP	**2,71**	3,37

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

SA REIT LOAN-TO-VALUE ("SA REIT LTV")

	Audited 30 June 2022 R'000	Audited 30 June 2021 R'000
Gross debt	**1 345 002**	1 407 610
Less:		
Cash and cash equivalents	**(122 278)**	(360 085)
Add/less:		
Derivative financial instruments	**1 532**	(14 722)
Net debt	**1 224 256**	1 032 803
Total assets – per statement of financial position	**3 410 149**	3 643 134
Less:		
Cash and cash equivalents	**(122 278)**	(360 085)
Derivative financial assets	**–**	–
Trade and other receivables	**(30 557)**	(38 936)
Carrying amount of property-related assets	**3 257 314**	3 244 113
SA REIT LTV (%)	**37,6**	31,8

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

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151 Katherine Street, Sandton 2031
PO Box 653129, Benmore 2010

BOARD OF DIRECTORS

MA Golding *(Non-executive chairperson)*
JR Macey *(Lead independent non-executive)*
HSP Welleman* *(Chief executive officer)*
PM Hack* *(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*

COMPANY SECRETARY

Corpstat Governance Services Proprietary Limited
Bryanston Gate
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Homestead Avenue
Bryanston 2191

AUDITOR

BDO South Africa Incorporated
6th Floor, 123 Hertzog Boulevard
Foreshore, Cape Town 8001

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton 2031

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank 2196
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PROPERTY FUND

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