



Reviewed

Condensed consolidated financial statements

For the year ended 31 March 2024

Transform potential

Key highlights

- The Group is benefiting from the management internalisation and the strategic repositioning of the Group as an integrated international real estate business
- Full year results were in line with guidance, with DIPS increasing by 1.0% to 105.67cps (Mar-23: 104.64cps)
- Dividend payout ratio of 85% for the full year with a total dividend of 89.46cps (Mar-23: 99.41cps)
- Results underpinned by solid operational performances from the South African and European businesses, with like-for-like ("LFL") NOI up 1.5% and 6.2% (in EUR), respectively.
- Annualised net management fee saving resulting from the internalisation of R80 million (8% higher than the forecast at the time of the transaction)
- Delivered on several cost saving initiatives including c.€2.1 million corporate savings in Europe, and absorbed R66 million of increased interest costs due to rate increases
- De-gearing of the Group balance sheet remains a core focus in the near term and the Group delivered on R1.3 billion of asset sales during the period
- The Group's adjusted LTV is 44.0% (Mar-23: 42.0%) with a clear plan to reduce LTV to between 37% to 40% over the next 12 months
- The Group continues to invest for the future with progress made on several capital light initiatives generating R61 million in FY24, contributing c.7% to earnings
- NAV decreased by 4.5% to R15.45ps (Mar-23: R16.17ps) largely due to unrealised mark-to-market on derivatives and the c.1% impairment on the European portfolio

Group and balance sheet metrics

DIPS up 1.0% to 105.67cps Impacted by higher funding costs	Total dividend of 89.46cps 85% payout ratio for FY24 75% going forward	NAV down 4.5% to R15.45 Impacted by MTM on derivatives	Adjusted LTV 44% (Mar-23: 42%) Defined plan to reduce to 37% to 40% by FY25
Unutilised cash/facilities of R1.1bn Adequate liquidity to manage liquidity risk	Interest cover ratio 2.7x Remains sound	Actively engaging in the refinancing of the Group (ZAR and EUR) debt and the debt in PEL Progressing well and on track to be completed by Q2 FY25	

South Africa

Stable portfolio

LFL NPI +1.5% Strong letting activity	Vacancy at 4.5% Mar-23: 3.9%	Letting 90% of expiring space let	Reversion (9.3%) Low incentives granted of 1.1% lease value	Portfolio WALE to expiry 3.0 years (Mar-23: 2.9 years)
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Europe

Stable, defensive portfolio capturing strong rental growth

LFL NPI +6.2% Driven by ERV unlock and indexation	Vacancy at 2.2% Mar-23: 0.9%	Letting 96% of expiring space let	Reversion +5.2% Ability to capture ERV growth	Portfolio WALE to expiry 5.3 years (Mar-23: 5.2 years)
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Distributable earnings reconciliation

Full year distributable earnings of 105.67 cents per share (March-23: 104.64 cents per share).

R '000	Notes	31 March 2024	31 March 2023
Profit after taxation		232 446	194 945
Adjusted for:			
Straight-line rental revenue adjustment		4 639	15 839
Fair value, foreign exchange (gains)/losses and other adjustments	8	524 693	392 475
Fair value adjustment on investment property		1 672	129 833
Loss on derecognition of financial instruments		-	100 053
(Profit)/loss on disposal of investment property		(7 285)	25 189
Interest not received in cash ¹		-	(14 000)
Capital gains taxation ('CGT')		-	(19 911)
Equity accounted losses from associate		-	7 945
Expected credit losses on financial instruments		-	9 920
Other finance income ²		(6 284)	-
Cost of funding ITAP in development		28 225	-
Amortisation and depreciation		72 440	-
Available H1 distributable earnings		411 038	432 884
Available H2 distributable earnings		439 508	409 404
Number of shares			
Shares in issue ³		804 918 444	804 918 444
Weighted average number of shares in issue		801 786 491	804 918 444
Cents			
Total available distributable earnings per share		105.67	104.64
Available H1 Interim distributable earnings per share (cents)		51.07	53.78
Available H2 distributable earnings per share (cents)		54.60	50.86

1. In the prior year period this amount related to interest income on loans to Izandla. In the current year the interest receivable has been provided for in the expected credit losses on financial instruments line in the Statement of Comprehensive Income and has therefore not been deducted from the Distributable earnings reconciliation.

2. Relates to unwinding of deferred consideration in respect of the business combination as presented in note 13.

3. Includes 3 758 344 treasury shares held by the group for the benefit of its employees.



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Burstone Group Limited

We have reviewed the condensed consolidated financial statements of Burstone Group Limited, set out on pages 3 to 26, which comprise the condensed consolidated statement of financial position as at 31 March 2024 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing.

Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Burstone Group Limited for the year ended 31 March 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: C Natsas

Registered Auditor

Waterfall City, South Africa

21 May 2024

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Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Consolidated statement of comprehensive income

R '000	Notes	31 March 2024	31 March 2023 ¹
Revenue, before straight-line rental revenue adjustments		1 856 692	1 832 165
Fee income from asset management business		198 387	-
Straight-line rental revenue adjustment		(4 639)	(15 839)
Revenue		2 050 440	1 816 326
Income from investments ²	5	323 195	239 776
Property expenses	6	(698 220)	(670 202)
Expected credit losses – trade receivables		(9 638)	(3 261)
Operating expenses	7	(266 092)	(109 858)
Operating profit		1 399 685	1 272 781
Fair value, foreign exchange change gains/(losses) and other adjustments on financial instruments	8	(524 693)	(392 474)
Fair value adjustment on investment property		(1 672)	(129 833)
Profit/(loss) on disposal of investment property		7 285	(25 189)
Loss on derecognition of financial instruments	9	-	(100 053)
Finance costs	10	(639 489)	(521 586)
Finance income	11	87 204	89 254
Equity accounted losses from associate		-	(7 945)
Expected credit losses on financial instruments		(21 966)	(9 920)
Amortisation and depreciation		(72 440)	-
Profit before taxation		233 914	175 035
Taxation		(1 468)	19 911
Profit after taxation		232 446	194 946
Other comprehensive income – items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign subsidiary		(660)	-
Other comprehensive income		(660)	-
Total comprehensive income attributable to equity holders		231 786	194 946
Basic earnings per share (cents)		28.91	24.22
Diluted earnings per share (cents)		28.90	24.22

1. The net property income subtotal has been removed following the internalisation of the management company. The Group earns fee income which is included in revenue. Operating profit has been adjusted to include income from investments.

2. Represent the income from the 94% interest in Pan-European logistics investment and income from the Australian platform.

Consolidated statement of financial position

R '000	Notes	31 March 2024	31 March 2023
Assets			
Non-current assets			
Investment property	16	13 411 735	13 178 659
Straight-line rental revenue adjustment	16	326 742	324 815
Property, plant and equipment		11 754	-
Intangible assets	13	569 054	-
Goodwill	13	217 600	-
Derivative financial instruments	14	125 221	191 079
Other financial instruments	19	10 124 924	9 856 955
Total non-current assets		24 787 030	23 551 508
Current assets			
Derivative financial instruments	14	47 329	94 876
Trade and other receivables	17	312 965	336 114
Cash and cash equivalents		283 513	302 747
Total current assets		643 807	733 737
Non-current assets held-for-sale	18	417 247	1 098 627
Total assets		25 848 084	25 383 872
Equity and liabilities			
Shareholders' interest			
Stated capital		11 103 638	11 133 011
Foreign currency translation reserve		(660)	-
Retained earnings		1 330 163	1 880 534
Share based payment reserve		6 090	-
Total equity		12 439 231	13 013 545
Liabilities			
Non-current liabilities			
Long-term borrowings	21	9 889 611	9 890 985
Deferred consideration ¹		94 828	-
Derivative financial instruments	14	147 770	149 183
Total non-current liabilities		10 132 209	10 040 168
Current liabilities			
Long-term borrowings	21	2 364 377	1 650 099
Derivative financial instruments	14	222 907	69 451
Employee benefit liabilities		70 490	-
Trade and other payables ²	20	618 870	610 609
Total current liabilities		3 276 644	2 330 159
Total liabilities		13 408 853	12 370 327
Total equity and liabilities		25 848 084	25 383 872

1. This amount relates to the non-current, non-interest bearing portion of the deferred consideration for the purchase of the management companies from Investec Limited. Refer to note 13 for the detail of the total purchase consideration in respect of the acquisition.

2. Included in this balance is the current non-interest bearing portion (ie: payable in one year) of the deferred consideration in respect of the purchase of the management companies from Investec Limited. Refer to note 13 for the detail of the total purchase consideration in respect of the acquisition.

Consolidated statement of changes in equity

R '000	Stated capital	Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Total equity
Balance at 1 April 2022	11 133 011	-	-	2 519 078	13 652 089
Total comprehensive income attributable to equity holders	-	-	-	194 946	194 946
Dividend declared	-	-	-	(833 490)	(833 490)
Balance at 31 March 2023	11 133 011	-	-	1 880 534	13 013 545
Profit for the year	-	-	-	232 446	232 446
Other comprehensive income	-	(660)	-	-	(660)
Total comprehensive income attributable to equity holders	-	(660)	-	232 446	231 786
Treasury Shares ¹	(29 373)	-	-	-	(29 373)
Dividends declared	-	-	-	(782 817)	(782 817)
Initiation of share based payment reserve	-	-	6 090	-	6 090
Balance at 31 March 2024	11 103 638	(660)	6 090	1 330 163	12 439 231

1. Treasury shares were acquired by the Group to hedge employee retention packages provided to Burstone employees during the current year.

Consolidated statement of cash flows

R '000	Notes	31 March 2024	31 March 2023
Cash generated from operations	15	947 767	1 052 325
Finance costs paid		(607 175)	(505 005)
Finance income received		51 157	83 114
Corporate tax		(1 468)	19 911
Income from investments		235 697	79 255
Dividends paid to shareholders ¹		(782 817)	(833 491)
Net cash outflow from operating activities		(156 839)	(103 891)
Loan to property co-investor ²		(12 493)	(23 782)
Loan settled by co-investor		1 859	-
Capital expenditure and tenant installation on investment property		(281 321)	(374 826)
Proceeds on disposal of investment property		356 978	417 215
Acquisition of other financial instruments ³		(131 644)	(2 270 559)
Acquisition of management companies ⁴		(264 619)	-
Proceeds from sale of other financial instruments ⁵		165 827	1 072 170
Loan issued to joint venture ⁶		(59 919)	-
Net cash outflow from investing activities		(225 332)	(1 179 782)
Treasury shares acquired		(29 375)	-
Derivatives settled ⁷		(139 424)	(166 742)
Proceeds from bank loans		3 397 562	8 000 087
Proceeds from bonds		450 000	2 135 000
Proceeds from commercial paper ⁸		2 019 700	1 459 000
Repayments of bank loans		(2 847 334)	(6 912 703)
Repayments of bonds		(685 000)	(1 855 000)
Repayment of commercial paper		(1 812 000)	(1 309 000)
Net cash inflow from financing activities		354 129	1 350 642
Net (decrease)/increase in cash and cash equivalents before effect of exchange rate changes		(28 042)	66 969
Effect of exchange rate changes on cash and cash equivalents		8 808	-
Net (decrease)/increase in cash and cash equivalents		(19 234)	66 969
Cash and cash equivalents at the beginning of the period		302 747	235 778
Cash and cash equivalents at end of the period		283 513	302 747

1. Comprises cash paid in relation to the dividends paid in cash during the financial period.

2. This relates to additional loans granted to the property co-investor as presented in note 19.

3. The investment in ITAP increased as a result of a capital call (refer to note 19) and an investment was made in Smithfield (refer to note 19).

4. This relates to the cash consideration paid for the acquisition of the asset management business, net of properties sold and the deferred consideration.

5. This relates to the Group's portion of the effective 83.15% share of proceeds from the sale of the Schipol property by PEL.

6. Additional loans were issued to PEL (refer to note 19) to fund capital expenditure

7. This relates to cross currency swaps that were restruck and extended on expiry. The cash outflow relates to the mark to market settled as a result of the foreign exchange rate change.

8. Commercial paper rolls are generally refinanced every three months.

Accounting policies

1. BASIS OF ACCOUNTING

The reviewed condensed consolidated financial statements of Burstone Group Limited are prepared in accordance with International Financial Reporting Standards ((IFRS® Accounting Standards)(as issued by the International Accounting Standards Board (IASB®)), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the JSE Listings Requirements and the Companies Act (Act 71 of 2008, as amended) of South Africa. The accounting policies applied in the preparation of these condensed financial statements are consistent with those applied in the previous consolidated annual financial statements, with the addition of the new accounting policies as set out below:

1.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair value of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group;
- fair value of any asset or liability resulting from a contingent and deferred consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Contingent consideration classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

1.1.1 Intangible assets

Intangible assets comprise the management contracts acquired and are initially measured at cost. The Group subsequently measures the intangible asset by applying the cost model. After initial recognition, the intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. The Group amortises intangible assets with a limited useful life, using the straight-line method over the remaining useful life of seven years.

1.1.2 Goodwill

Goodwill acquired as part of the business combination is initially measured as the difference between the sum of the consideration paid and any non-controlling interest, less the acquisition-date fair value of the net identifiable assets acquired. Goodwill is subsequently tested for impairment.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Accounting policies

continued

1. BASIS OF ACCOUNTING continued

1.2 Revenue from contracts with customers – management fee income

The revenue includes fees received for services rendered in the management of properties. Management fees are recognised over the period during which the services are rendered. This aligns with the substance of the relevant agreements, ensuring that revenue recognition reflects the actual service period. The transaction price is determined by considering the terms of the agreement and customary business practices. This involves evaluating the specifics of each agreement to establish the appropriate transaction price.

1.3 Operating profit

Operating profit is the profit before fair value, foreign exchange gains/(losses) and other adjustments on financial instruments, fair value adjustments on investment property, profit/(loss) on disposal of investment property, loss on derecognition of financial instruments, finance costs, finance income, equity accounted losses from associate, expected credit losses on financial instruments, amortisation and depreciation and taxation.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Standards and Interpretations effective and adopted in the current year

In the current year, the company has adopted all new and revised International Financial Reporting Standards (IFRS® Accounting Standards)(as issued by the International Accounting Standards Board (IASB®)) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2023, none of these were considered to have a material impact on the Group.

Impact of new accounting standards issued but not yet effective:

Change	Standard	Effective date	Impact on the Group
Non-current liabilities with covenants	Amendments to IAS 1	Annual reporting periods beginning on or after 1 January 2024	Burstone reports on its covenants in the investment property note in the annual financial statements
Lack of exchangeability	Amendments to IAS 21	Annual reporting periods beginning on or after 1 January 2025	Not applicable
Leases on sale and leaseback	Amendments to IFRS 16	Annual reporting periods beginning on or after 1 January 2024	Not applicable
General requirements for disclosure of sustainability-related financial information	Amendment to IFRS S1	Annual reporting periods beginning on or after 1 January 2024	Considered to be material but will only be adopted in the 2025 financial year
General requirements for disclosure of climate-related disclosures	Amendment to IFRS S2	Annual reporting periods beginning on or after 1 January 2024	Considered to be material but will only be adopted in the 2025 financial year

Application of the above standards did not impact these reviewed condensed consolidated financial statements.

3. SEGMENTAL ANALYSIS

The Group determines and presents operating segments based on the information that is provided internally to the Executive Management Committee (EXCO), the group's operating decision-making forum. As at 31 March 2024, the group is comprised of seven segments, namely SA Retail, SA Office, SA Industrial, Europe, Australia, the South African investment portfolio and the asset management business which was acquired during the current financial year. An operating segment's operating results are reviewed regularly by the EXCO to make decisions about resources to be allocated to the segments and assess its performance.

Segment	Brief description of segment
SA Retail	The retail portfolio consists of 18 properties, comprising of shopping centres as well as retail warehouses, motor dealerships and high street properties.
SA Office	The office portfolio consists of 27 properties which includes P, A and B grade office space.
SA Industrial	The industrial portfolio consists of 28 properties which includes warehousing, standard units, high grade industrial, high-tech industrial and manufacturing.
Asset Management Business	This segment represents the asset management business of the Group which was acquired from Investec Limited effective 6 July 2023. Goodwill and intangible assets have been recognised as a result of the business combination. The business combination has resulted in the recognition of fee income and associated expenses comprising of employee and operating costs. The fee income earned by the SA and European asset management businesses is analysed together with their expenses when making decisions relating to the appropriateness of allocation of resources in the Group. Note 13 sets out the detail of the business combination.
South Africa - Investment portfolio	The local investment portfolio consists of a 35% share of an empowerment vehicle (Izandla).
Australia	50% of Irongate Group Holdings, 18.67% of units in Irongate Templewater Australia Property Fund and 18% of units in Smithfield Industrial Property Trust.
Europe	A 94% investment into a PEL portfolio. This portfolio consists of 32 properties located in seven jurisdictions across Europe.

Accounting policies

continued

3. SEGMENTAL ANALYSIS continued

31 March 2024

South African property portfolio					Investment portfolio				
Group R'000	Office	Industrial	Retail	Total/ fund level	Asset manage- ment	South African investment portfolio	Europe	Australia	Total
Material profit or loss disclosures									
Revenue, before straight line rental revenue adjustment	672 992	455 170	728 530	1 856 692	-	-	-	-	1 856 692
Fee income from Asset management business	-	-	-	-	198 387	-	-	-	198 387
Straight-line rental revenue adjustment	(8 364)	(2 731)	6 456	(4 639)	-	-	-	-	(4 639)
Revenue				1 852 053					2 050 440
Income from investments	-	-	-	-	-	-	316 565	6 630	323 195
Property expenses	(267 537)	(146 890)	(283 793)	(698 220)	-	-	-	-	(698 220)
Expected credit losses	(5 959)	(269)	(3 410)	(9 638)	-	-	-	-	(9 638)
Operating expenses	-	-	-	(37 560)	(228 532)	-	-	-	(266 092)
Operating profit				1 106 635					1 399 685
Fair value adjustments on derivative instruments	-	-	-	(57 288)	-	-	(380 940)	-	(438 228)
Fair value adjustments on investments	-	-	-	-	-	-	91 958	13 852	105 810
Foreign exchange (losses)/gains	-	-	-	-	-	-	(119 919)	-	(119 919)
Fair value adjustments on transaction costs capitalised on loans to joint ventures	-	-	-	-	(72 356)	-	-	-	(72 356)
Fair value adjustments on investment property	(68 198)	13 012	53 514	(1 672)	-	-	-	-	(1 672)
Profit on disposal of investment property	(1 431)	-	8 716	7 285	-	-	-	-	7 285
Profit/(loss) on derecognition of financial instruments	-	-	-	-	-	-	-	-	-
Finance cost	-	-	-	(607 173)	-	-	(32 316)	-	(639 489)
Finance income	-	-	-	46 442	-	40 762	-	-	87 204
Equity accounted earnings/(losses) from associate	-	-	-	-	-	-	-	-	-
Expected credit losses in financial instruments	-	-	-	-	-	(21 966)	-	-	(21 966)
Amortisation and depreciation	-	-	-	(380)	(72 060)	-	-	-	(72 440)
Profit/(loss) for the year before taxation				493 849					233 914
ASSETS									
Investment property	4 574 850	3 047 832	5 789 053	13 411 735	-	-	-	-	13 411 735
Straight-line rental revenue adjustment	97 646	100 446	128 650	326 742	-	-	-	-	326 742
Property, plant and equipment	-	-	-	11 754	-	-	-	-	11 754
Intangible assets	-	-	-	-	569 054	-	-	-	569 054
Goodwill	-	-	-	-	217 600	-	-	-	217 600
Equity accounted investment in associate	-	-	-	-	-	-	-	-	-
Other financial instruments	-	-	-	-	-	297 137	9 337 916	489 871	10 124 924
Derivative financial assets	-	-	-	103 264	-	-	69 286	-	172 550
Trade and other receivables	-	-	-	258 591	54 374	-	-	-	312 965
Cash and cash equivalents	-	-	-	260 667	22 846	-	-	-	283 513
Non-current assets held-for-sale	166 619	170 627	80 001	417 247	-	-	-	-	417 247
Total assets				14 790 000					25 848 084
LIABILITIES									
Long-term borrowings	-	-	-	11 203 878	-	-	1 050 110	-	12 253 988
Derivative financial liabilities	-	-	-	59 996	-	-	310 681	-	370 677
Deferred consideration	-	-	-	-	94 828	-	-	-	94 828
Employee benefit liability	-	-	-	60 310	10 180	-	-	-	70 490
Trade and other payables	-	-	-	484 426	134 444	-	-	-	618 870
Total liabilities				11 808 610					13 408 853

31 March 2023

South African property portfolio				Investment portfolio			
Office	Industrial	Retail	Total/ fund level	South African investment portfolio	Europe	Australia	Total
705 233	425 350	701 582	1 832 165	-	-	-	1 832 165
-	-	-	-	-	-	-	-
(5 529)	3 956	(14 266)	(15 839)	-	-	-	(15 839)
-	-	-	1 816 326	-	-	-	1 816 326
(251 697)	(137 438)	(281 067)	(670 202)	-	239 776	-	239 776
4 340	819	(8 420)	(3 261)	-	-	-	(670 202)
-	-	-	(109 858)	-	-	-	(3 261)
-	-	-	1 033 005	-	-	-	(109 858)
-	-	-	142 416	-	(468 875)	-	1 272 781
-	-	-	31 346	-	-	-	(326 459)
-	-	-	-	-	(97 361)	-	31 346
-	-	-	-	-	-	-	(97 361)
(252 930)	51 977	71 120	(129 833)	-	-	-	-
(28)	(12 681)	(12 480)	(25 189)	-	-	-	(129 833)
-	-	-	-	-	(100 053)	-	(25 189)
-	-	-	(521 586)	-	-	-	(100 053)
-	-	-	89 254	-	-	-	(521 586)
-	-	-	-	(7 945)	-	-	89 254
-	-	-	-	(9 920)	-	-	(7 945)
-	-	-	-	-	-	-	(9 920)
-	-	-	-	-	-	-	-
619 413							175 035
4 652 383	3 123 709	5 402 567	13 178 659	-	-	-	13 178 659
108 863	101 360	114 592	324 815	-	-	-	324 815
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	634 470	9 222 485	-	9 856 955
-	-	-	122 974	-	162 981	-	285 955
-	-	-	336 114	-	-	-	336 114
-	-	-	302 747	-	-	-	302 747
656 627	52 000	390 000	1 098 627	-	-	-	1 098 627
15 363 936							25 383 872
-	-	-	10 530 054	-	1 011 030	-	11 541 084
-	-	-	14 224	-	204 410	-	218 634
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	610 609	-	-	-	610 609
11 154 887							12 370 327

Notes to the Financial Statements

Figures in R '000		31 March 2024	31 March 2023
4.	RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS		
Basic and diluted profit attributable to ordinary equity holders of the parent		231 786	194 946
Adjusted for:			
Fair value adjustment on investment property		1 672	129 833
(Loss)/profit on disposal of investment property		(7 285)	25 189
Fair value adjustment on investment property in associate		-	1 590
Profit on disposal of investment property in associate		-	211
Headline earnings attributable to shareholders		226 173	351 769
Headline earnings per share (cents per share) ¹		28.21	43.70
Headline earnings per diluted share (cents per share) ¹		28.20	43.70
1. Headline and diluted earnings per share decreased due to the decrease in basic and diluted profit attributable to ordinary equity holders mainly due to the decrease in mark-to-market adjustments and increase in finance costs.			
5.	INCOME FROM INVESTMENTS		
Income from European platform ¹		316 564	239 776
Income from Australian platform		6 631	-
Total income from investments		323 195	239 776
1. Represents income from gross 94% investment in Pan-European Logistics. The investment income attributable to outside shareholders of R32.32m (FY23: R31.85) is included as a finance cost in note 10.			
6.	PROPERTY EXPENSES		
Assessment rates		198 901	188 969
Electricity cost		215 889	206 488
Water and municipal charges cost		48 554	48 411
Cleaning		21 765	22 159
Lease commission amortisation		26 450	30 482
Insurance		16 375	16 380
Security		42 545	40 921
Marketing		7 922	5 347
Salaries and consulting fees		9 672	8 944
Property management expenses		51 378	51 413
Repairs and maintenance		41 673	42 349
Other property expenses		17 096	8 339
Total property expenses		698 220	670 202
7.	OPERATING EXPENSES		
Asset management fee expense		28 166	74 145
Audit fees		7 121	4 593
Non-audit fees		3 020	-
Other assurance fees		666	120
Directors' fees		7 220	4 791
Staff Costs ¹		169 042	-
Overheads		30 617	938
Other expenses		20 240	25 271
Total other operating expenses		266 092	109 858
1. Staff costs have arisen due to the business combination as employees who were previously employed by Investec Limited are now employed and paid by the Group.			

Figures in R '000		31 March 2024	31 March 2023
8.	FAIR VALUE, FOREIGN EXCHANGE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS		
	Fair value adjustments on derivative instruments ¹	438 228	326 459
	Fair value adjustments on loans to and investments in joint ventures at fair value (net of foreign exchange) ²	(94 357)	(149 825)
	Fair value adjustments on investments in associates at fair value (net of foreign exchange) ³	(11 453)	-
	Fair value adjustments as a result of transaction costs capitalised on loans to joint ventures	72 356	118 479
	Foreign exchange translation adjustments on long-term borrowings, and loans provided to joint ventures not at fair value	119 919	97 361
	Total	524 693	392 474
	1. The fair value adjustment on derivatives is primarily due to the ZAR/EUR and ZAR/AUD currency deterioration since Burstone is primarily exposed to the ZAR/EUR and ZAR/AUD currency movement.		
	2. Includes the fair value adjustments and forex gains on the loans to PEL and investments in Irongate joint venture. The €25m fair value loss on the loan to PEL is offset by a larger forex gain due to the deterioration of the ZAR/EUR exchange rate.		
	3. Includes the fair value adjustments and forex gains on the ITAP and Smithfield investments.		
9.	LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS		
	Settlement of loan to PEL co-investor ¹	-	21 905
	Sale of PEL bridge loan ²	-	78 148
	Total loss on derecognition of financial instruments	-	100 053
	1. The loan to the co-investor was settled at a value of €6.5m compared to a carrying value of €7.5m in the prior year.		
	2. The PEL bridge loan, which had a carrying value of €58.8m was sold to a financial institution in the prior year for €54.8m, based on the present value of the interest differential.		
10.	FINANCE COSTS		
	Interest on term loans	473 384	262 244
	Net interest on derivatives	(406 748)	(130 309)
	Interest on commercial paper	55 041	22 119
	Interest on corporate bonds	472 977	321 252
	Finance cost on profit participating loans	32 316	31 850
	Other interest	12 519	14 430
	Total finance costs	639 489	521 586
11.	FINANCE INCOME		
	Interest income on loans to Izandla	40 762	68 685
	Interest from other financial instruments	40 158	20 569
	Other finance income	6 284	-
	Total finance income	87 204	89 254

Notes to the Financial Statements

continued

Figures in R '000		31 March 2024	31 March 2023
12. RELATED PARTIES			
Related party transactions and balances			
Investec Property (Proprietary) Limited¹			
Asset management fees paid ²	(12 789)	(74 145)	
Letting commissions and fees	-	(21 903)	
Irongate JV Australia³			
Equity Investment	70 612	59 614	
Shareholder loan	12 745	11 290	
Investment in ITAP Fund at fair value	321 526	264 919	
Investment in Smithfield at fair value	84 987	-	
Izandla Property Fund⁴			
Movement in equity investment	-	(7 945)	
Movement in loans receivable	5 850	(10 182)	
Finance income from associate	40 762	34 493	
Asset management fee income	900	-	
Pan-European logistics investment⁵			
Fair value of profit participating loans to PEL entities	8 960 609	9 051 489	
Finance income accrual	69 314	159 834	
Loan to PEL Investments	282 456	-	
Interest accrual	6 624	11 162	
Investec Bank Limited Group¹			
Cash and cash equivalents	-	212 426	
Fair value of derivative instruments	-	6 851	
Mark-to-market of swap derivatives	-	2 492 245	
Nominal value of interest rate swaps	-	2 803 126	
Nominal value of FEC's	-	344 725	
Rental and recoveries received	17 052	73 420	
Interest received	5 327	14 659	
Sponsor fees paid	(294)	(282)	
Corporate advisory and structuring fees paid	(15 000)	(22 868)	
Interest paid on related party borrowings	-	(28 862)	
Net interest (paid)/received on cross currency swaps	(3 931)	96 326	
Interest paid on interest rate swaps	(2 055)	(34 681)	
Directors remuneration	22 925	15 020	

1. Related party up until 6 July 2023.

2. The business combination was completed on 6 July 2023. In terms of the agreement Burstone would reimburse Investec for all salary costs and overhead charges with a pre-agreed 'profit ticker' being paid to Investec Property Proprietary Limited, which equated to the equivalent of the asset management fee.

3. The investment into Irongate Group Holdings funds management business was made on 29 March 2023 for an amount of A\$5 million (R59.6 million).

4. Related party as Izandla is an associate of the Group. The finance income relates to mezzanine loans provided to Izandla.

5. Related party as PEL is a joint venture of the Group.

13. BUSINESS COMBINATIONS

Details of acquisition

Name of acquiree	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	
			%	R'000
SA Manco and Burstone UK Limited	Asset management	2023/07/06	100	850 000

Effective 1 April 2023 Burstone acquired 100% of Burstone UK Limited (previously Urban Real Estate Partners Limited) and SA Manco (the South African management company previously a division managed 100% by Investec Property (Proprietary) Limited) from Investec Limited and Investec Property (Proprietary) Limited respectively.

The acquisition gave rise to a business combination. The assets acquired (which included an intangible asset relating to management contracts in place at acquisition date) and liabilities assumed in the business combination are presented below and equates the fair value of the assets and liabilities acquired.

The business acquired comprise of operational businesses which generate income from asset management activities.

The transaction was recognised as a business combination as it creates operational benefits for the Group which include improving its operating leverage, cost savings resulting from the management fee and increase in exposure to the European market in line with the Group's strategy of participation in capital light activities which lead to the synergies attributable to the transaction.

Goodwill arose due to the business combination transaction as the consideration transferred exceeded the fair value of the net assets acquired.

The fair value of the consideration paid for the businesses were based on the fair values of the net assets acquired and the fair value of the of termination contract to acquire SA Manco.

The goodwill is attributable to additional cash flows generated by the group through the acquisition of the UREP and the SA Manco asset management business. Goodwill is not deductible for tax purposes. The cash generating unit that is expected to benefit from the business combination is the asset management business operating segment.

The consideration paid as part for the acquisition includes the net asset value of the assets and liabilities acquired which were determined as at the acquisition date which are presented below.

The purchase price allocation as a result of the business combination is presented as follows:

Consideration transferred	
Property disposal consideration	390 000
Deferred consideration	200 000
Contingent consideration	-
Cash consideration	264 619
Working capital adjustment	(4 619)
Headline consideration	850 000
Additional consideration transferred	79 450
Total consideration transferred	929 450

Notes to the Financial Statements

continued

13. BUSINESS COMBINATIONS continued

13.1 Assets acquired and liabilities recognised at the date of acquisition

Non-current assets

Property, plant and equipment	1 251
Intangible asset relating to management contracts	637 500

Current assets

Prepayments	262
Trade and other receivables	157 980
Cash and cash equivalents	12 467

Current liabilities

Provisions	2 803
Trade and other payables	65 829
Employee benefit liabilities	23 158
Lease accrual	820

Assets acquired and liabilities recognised at the date of acquisition	716 850
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13.2 Receivables acquired

The fair value of trade and other receivables is added to the purchase consideration as it forms part of the net assets acquired and is made up as follows:

Management fee accrual	45 082
Asset management fee accrual	110 587
VAT accrual	951
Other accruals	1 360
	157 980

13.3 Goodwill arising on acquisition

Consideration transferred	929 450
Purchase consideration adjustments	5 000
Less fair value of net assets acquired	(716 850)
Goodwill arising on acquisition	217 600

The business combination was concluded on 6 July 2023. There have been changes in market values and interest rates during the period, however the business combination transaction was concluded within the changes in the market and the impacts of these were taken into consideration within the purchase price of the transaction. There were no indicators of impairment of the goodwill arising on the business acquisition during the period ended 31 March 2024.

The amounts of revenue and profit or loss of the companies acquired since the acquisition date are shown within the segment report.

13. BUSINESS COMBINATIONS continued

13.4 Intangible assets

Acquisitions	637 500
Amortisation	(72 060)
Foreign exchange translation adjustments	3 614
Closing balance	569 054

13.5 Goodwill

Acquisitions	217 600
Closing balance	217 600

14. FINANCIAL RISK MANAGEMENT

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

14.1 Fair value hierarchy

Fair Value Hierarchy at 31 March 2024

	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
Assets					
Investment property	13 411 735	-	-	13 411 735	-
Derivative financial instruments	172 550	-	172 550	-	-
Other financial instruments	9 507 048	-	-	9 507 048	617 876
Trade and other receivables ¹	-	-	-	-	204 325
Cash and cash equivalents	-	-	-	-	283 513
Non-current assets held-for-sale	417 247	-	-	417 247	-
Total financial assets	23 508 580	-	172 550	23 336 030	1 105 714
Liabilities					
Derivative financial instruments	370 677	-	370 677	-	-
Deferred consideration	-	-	-	-	94 828
Borrowings	1 050 110	-	-	1 050 110	11 203 878
Trade and other payables ²	-	-	-	-	543 679
Total financial liabilities	1 420 787	-	370 677	1 050 110	11 842 385

1. Trade and other receivables exclude prepayments and VAT receivable which are non-financial instruments.

2. Trade and other payables exclude income received in advance and value added tax as these are non-financial instruments.

Notes to the Financial Statements

continued

14. FINANCIAL RISK MANAGEMENT continued

14.1 Fair value hierarchy continued

Fair Value Hierarchy at 31 March 2023

	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
Assets					
Investment Property	13 178 659	-	-	13 178 659	-
Derivative financial instruments	285 955	-	285 955	-	-
Other financial instruments	9 535 856	-	-	9 535 856	321 099
Trade and other receivables ¹	-	-	-	-	144 018
Cash and cash equivalents	-	-	-	-	302 747
Non-current assets held-for-sale	1 098 627	-	-	1 098 627	-
Total financial assets	24 099 097	-	285 955	23 813 142	767 864
Liabilities					
Derivative financial instruments	218 634	-	218 634	-	-
Borrowings	1 011 030	-	-	1 011 030	10 530 054
Trade and other payables ²	-	-	-	-	500 322
Total financial liabilities	1 229 664	-	218 634	1 011 030	11 030 376

1. Trade and other receivables exclude prepayments and VAT receivable which are non-financial instruments.

2. Trade and other payables exclude income received in advance and value added tax as these are non-financial instruments.

14.2 Fair value estimation

Level 2 valuations:

Derivatives

Derivative financial instruments consist of interest hedging instruments, cross-currency hedges as well as foreign exchange hedging instruments. Interest rate hedging instruments are valued by discounting future cash flows using the market rate indicated on the interest rate curve at the dates when the cash flows will take place. Foreign exchange hedging instruments are valued by making reference to market prices for similar instruments and discounting for the effect of the time value of money.

14. FINANCIAL RISK MANAGEMENT continued

14.3 Level 3 valuations

The significant unobservable inputs used to derive the level 3 fair value measurements are those relating to the valuation of underlying investment properties and the fair value of the returns from the investments.

Level 3 valuations at 31 March 2024

The Level 3 valuations are reconciled as follows:	Smithfield Investment	Irongate Group Holdings funds management business	ITAP Fund Australia	Pan-European logistics investment	Profit participating liability
Balance at the beginning of the year	-	59 614	264 919	9 211 323	(1 011 030)
Acquisition/increase in investments	84 330	-	37 495	-	-
Capitalised fees	441	1 969	7 875	-	-
Net interest accrued	-	6 630	-	69 314	(2 987)
Fair value and foreign exchange gains/(losses)	216	2 399	11 237	149 708	(57 750)
Capital distribution on sale of Schipol property by PEL	-	-	-	(187 626)	21 657
Receipt of interest accrued ¹	-	-	-	(212 796)	-
Balance at the end of the period	84 987	70 612	321 526	9 029 923	(1 050 110)

1. In the current and prior years it was agreed with PEL that a portion of the distributable earnings would be held back to fund capital expenditure. The amount attributable to the Group that was held back was raised as an interest accrual. During the current year this interest was paid to the Group and this line represents the reversal of the accrual.

Investment property

Balance at the beginning of the year	13 178 659
Disposals	(97 723)
Developments and capital expenditure	249 940
Fair value adjustments	3 167
Tenant incentives	43 620
Transfer to non-current assets held-for-sale	(192 376)
Transfer from non-current assets held-for-sale	226 448
Balance at the end of the year	13 411 735

Non-current assets held-for-sale¹

Balance at the beginning of the year	1 098 627
Disposals	(640 694)
Developments and capital expenditure	6 071
Fair value adjustments	(4 839)
Straight-line rental adjustment	(2 084)
Transfer from Investment property	196 166
Transfer to investment property	(236 000)
Total non-current assets held-for-sale	417 247

Held-for-sale made up as follows: 417 247

Non-current assets held-for-sale excluding straight-lining	413 823
Straight-line rental asset	3 424

1. In the current year a reconciliation of opening to closing balance of non-current assets held-for-sale was added to the financial risk management note as it is a level 3 instrument.

Notes to the Financial Statements

continued

14. FINANCIAL RISK MANAGEMENT continued

14.3 Level 3 valuations continued

Level 3 valuations at 31 March 2023

	Irongate Group Holdings funds management business	ITAP Fund Australia	Pan-European logistics investment	Profit participating liability
Balance at the beginning of the year	-	-	6 873 541	(950 570)
Acquisition/increase in investments	59 614	264 919	1 986 413	-
Net interest accrued	-	-	159 834	(18 750)
Fair value and foreign exchange gains/(losses)	-	-	191 535	(41 710)
Balance at the end of the period	59 614	264 919	9 211 323	(1 011 030)
Investment property				
Balance at the beginning of the year				13 515 379
Disposals				(90 783)
Developments and capital expenditure				324 774
Fair value adjustments				(129 833)
Tenant incentives				(7 715)
Transfer to non-current assets held-for-sale				(846 463)
Transfer from non-current assets held-for-sale				413 300
Balance at the end of the year				13 178 659
Non-current assets held-for-sale¹				
Balance at the beginning of the year				1 026 187
Disposals				(373 614)
Developments and capital expenditure				3 258
Fair value adjustments				-
Straight-line rental adjustment				505
Transfer from Investment property				871 365
Transfer to Investment property				(429 074)
Total non-current assets held-for-sale				1 098 627
Held-for-sale made up as follows:				1 098 627
Non-current assets held-for-sale excluding straight-lining				1 066 761
Straight-line rental asset				31 866

1. Non-current assets held for sale has been included as a level 3 financial instrument during the current and prior year, therefore a reconciliation of the amounts has been included here.

Valuation techniques used to derive Level 3 fair value

The significant unobservable inputs used to derive the fair value measurements are those relating to the valuation of underlying investment properties. The table below includes the following definitions and relationship between the unobservable inputs and fair value measurement:

Expected rental value ("ERV")	The rent at which space could be let in the market conditions prevailing at the date of valuation.
Capitalisation rate	The rate of return that is expected to be generated on the real estate investment property.
Long-term vacancy rate	The ERV of the expected long-term average structural vacant space divided by the ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.
Equivalent Yield Range	The measure used in property valuation to determine the expected return on investment for a property.

14. FINANCIAL RISK MANAGEMENT continued

14.3 Level 3 valuations continued

Description	Average expected rental value per m ²	Equivalent yield range (%)	Weighted average cap rates (%)	Long-term vacancy rate (%)	Change in FV ('000) from a 25bps increase/decrease in cap rate	Change in FV ('000) from 500bps increase/decrease in expected rental value
SA Retail ('R)	171	7.3–10.3	8.3	3.6–4.6	140 882	240 908
SA Industrial ('R)	55.4	4.9–17.3	9.1	1.9–3.0	81 925	153 003
SA Office ('R)	167	3.3–12.4	9.2	7.7–8.4	494 998	243 003
PEL €	60.74	4.1–7.9	4.6	1.0–3.0	52 923	52 762
ITAP Australia AUD\$	21.96	5.6–6.2	6.1	1.3–1.5	1 559	1 903
Smithfield AUD\$	3.43	4.6–6.0	5.8	0	554	636

Level 3 valuations at 31 March 2023

Description	Average expected rental value per m ²	Equivalent yield range (%)	Weighted average cap rates (%)	Long-term vacancy rate (%)	Change in FV ('000) from a 25bps increase/decrease in cap rate	Change in FV ('000) from 500bps increase/decrease in expected rental value
SA Retail ('R)	162.2	7.4–11.0	8.3	4.0–5.0	140 904	270 033
SA Industrial ('R)	53.8	7.6–12.9	9.3	1.5–2.0	73 950	158 691
SA Office ('R)	144	7.7–12.0	8.9	7.7–9.5	58 102	237 479
PEL €	56.4	4.0–8.3	4.7	1.0–3.0	51 111	54 930
ITAP Australia AUD\$	21	4.6–6.0	5.5	1.0–3.0	1 087	2 497

15. CASH GENERATED FROM OPERATIONS

	31 March 2024	31 March 2023
Profit for the year	232 446	194 946
Adjustments for:		
Income tax expense	1 468	(19 911)
Income from investments	(323 195)	(239 776)
Finance income	(87 204)	(89 254)
Finance costs	639 489	521 586
Equity accounted losses from associate	-	7 945
Realised (gains)/losses on derivatives	173 935	156 766
(Gain)/Loss on disposal of investment property	(7 285)	25 189
Loss on derecognition of financial instruments	-	100 053
Non-Cash items (Note 15.1)	407 137	369 509
Working capital movement:		
Increase in trade and other receivables	(81 571)	(73 560)
(Decrease)/increase in trade and other payables	(7 453)	98 832
Cash generated from operations	947 767	1 052 325

Notes to the Financial Statements

continued

	31 March 2024	31 March 2023
15. CASH GENERATED FROM OPERATIONS continued		
15.1 Non-cash items		
Fair value adjustments on loans to joint ventures at fair value	(105 810)	11 742
Unrealised losses on derivatives	228 481	126 605
Losses on foreign exchange realised in profit or loss	119 919	97 361
Fair value adjustment on investment property	1 672	129 833
Expected credit losses – trade receivables	9 638	4 559
Expected credit losses – finance income	21 966	9 920
Amortisation and depreciation ¹	72 440	–
Amortisation of tenant incentives	27 742	29 291
Reclassification of tenant incentives from investment property	–	(25 908)
Amortisation of letting commission	26 450	30 482
Straight-line rental revenue adjustment	4 639	15 839
Loss on sale of co-investor loan	–	(21 905)
Accrued expenses relating to the PEL investment	–	(52 855)
Other	–	14 545
Total non-cash items	407 137	369 509
1. Includes depreciation of R0.38m on property plant and equipment.		
16. INVESTMENT PROPERTY		
Total investment property	13 411 735	13 178 659
Investment property	13 326 139	13 135 733
Tenant Incentives	85 596	42 926
Balance at the beginning of the year	13 178 659	13 515 379
Disposals	(97 723)	(90 783)
Developments and capital expenditure	249 940	324 774
Fair value adjustments	3 167	(129 833)
Tenant incentives	43 620	(7 715)
Transfer to non-current assets held-for-sale	(192 376)	(846 463)
Transfer from non-current assets held-for-sale	226 448	413 300
Balance at the end of the year	13 411 735	13 178 659
Straight line rental asset		
Balance at 31 March	330 166	356 681
Straight-line rental asset related to non-current assets held-for-sale	(3 424)	(31 866)
Straight-line rental asset	326 742	324 815
Balance at the beginning of the year	324 815	353 982
Disposals	(276)	(572)
Straight-line rental adjustment	(3 561)	(19 469)
Transfer to non-current assets held-for-sale	(3 789)	(24 900)
Transfer from non-current assets held-for-sale	9 553	15 774
Balance at the end of the year	326 742	324 815

Fair Value of investment property

The Group's policy is to assess the valuation of investment property (including those classified as held-for-sale) at each reporting period. During the year ended 31 March 2024, this assessment resulted in an upward revaluation of R3.17 million in investment property and a downward revaluation of R4.84 million in non-current assets held-for-sale (2023: R129.8 million downward revaluation in investment property).

	31 March 2024	31 March 2023
17. TRADE AND OTHER RECEIVABLES		
Rental Debtors	47 133	59 702
Expected credit losses ¹	(22 195)	(24 940)
Sundry Debtors	54 550	42 733
Prepayments	101 359	167 946
Municipal deposits	22 986	16 954
Accrued recoveries	101 851	49 569
VAT Receivable	7 281	24 150
Total trade and other receivables	312 965	336 114
1. Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the lease agreement and all the cash flows that the Group expects to receive. For rental debtors and other trade receivables, the Group applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date.		
18. NON-CURRENT ASSETS HELD-FOR-SALE		
Investment property¹		
Office	166 619	656 627
Industrial	170 628	52 000
Retail	80 000	390 000
Total	417 247	1 098 627
1. Burstone intends to sell 6 properties with settlement taking place within 12 months of the reporting date and has presented those assets as non-current assets Held-for-sale.		
Held-for-sale		
Balance at the beginning of the year	1 098 627	1 026 187
Disposals	(640 694)	(373 614)
Developments and capital expenditure	6 071	3 258
Fair value adjustments	(4 839)	-
Straight-line rental adjustment	(2 084)	505
Transfer from Investment property	196 166	871 365
Transfer to Investment property	(236 000)	(429 074)
Total non-current assets held-for-sale	417 247	1 098 627
Held-for-sale made up as follows:	417 247	1 098 627
Non-current assets held-for-sale excluding straight-lining	413 823	1 066 761
Straight-line rental asset	3 424	31 866

Notes to the Financial Statements

continued

		31 March 2024	31 March 2023
19. OTHER FINANCIAL INSTRUMENTS			
Investment in Irongate Group Holdings funds management business	19.1	70 612	59 614
Investment in ITAP Fund Australia	19.2	321 526	264 919
Shareholder loan to Irongate Group JV	19.3	12 745	11 290
Investment in Smithfield	19.4	84 987	-
Profit participating loans	19.5	9 029 923	9 211 323
Loan to Pan European Logistics Investments	19.6.1	289 080	11 162
Loan to Pan European Logistics Mauritius	19.6.2	21 244	20 324
Izandla mezzanine loans	19.6.3	253 716	247 866
Loan to property co-investor	19.6.4	41 091	30 457
		10 124 924	9 856 955
19.1 Irongate Group Holdings funds management business			
Investment at fair value (50%)		70 612	59 614
		70 612	59 614
1. The investment into Irongate Group Holdings funds management business was made on 29 March 2023 for an amount of A\$5 million (R59.6 million), the income from the platform is shown in note 5.			
19.2 Investment in ITAP Fund Australia			
Investment in ITAP Fund at fair value (18.67%) ¹		321 526	264 919
		321 526	264 919
1. A capital call to the value of R23.6 million was made during the financial year.			
19.3 Shareholder Loan to Irongate Group JV			
Shareholder Loan to Irongate Group JV ¹		12 745	11 290
		12 745	11 290
1. This loan relates to the working capital funding of A\$ 950 thousand (R12.7 million, Mar 23: R11.3 million) which carries interest at the applicable rate of Bank Bill Swap Rates (BBSW) + 4% multiplied by the period.			
19.4 Investment in Smithfield			
Investment in Smithfield at fair value ¹		84 987	-
		84 987	-
1. This investment relates to the first industrial property purchased in New South Wales, Australia as part of the investment in Australia. This investment was finalised in November 2023.			
19.5 Loans to associates and joint ventures at fair value through profit and loss			
Pan-European logistics investment (PEL)			
Finance income accrual ¹		69 314	159 834
Profit participating loan asset		8 960 609	9 051 489
94% Profit participating loans to PEL at fair value		9 029 923	9 211 323
Effective 10.85% profit participating liability		(1 050 110)	(1 011 030)
IPF's effective 83.15% profit participating loan asset		7 979 813	8 200 293

1. Represents the unpaid portion of the income from investments earned by the Group through its investment in PEL.

The Group has joint control over the PEL portfolio and accounts for the investment as a joint venture classified as a financial asset at fair value through profit or loss. The total fair value of the investment in the joint venture comprises an equity (R225.9m) and a debt element (R7 753.9m), through the profit participating loans (PPL's). As at 31 March 2024 the Group holds a total of 94% in the PEL platform. The Group is therefore entitled to 94% of the net rental income earned on leasing the investment properties held by the underlying property companies held by PEL. The PEL entities have an obligation to deliver the net returns to the Group and its joint venture partner via the profit participating loans (PPL's). These PPL's are valued at fair value through profit and loss.

Due to the legal nature of the PPL's advanced by the Group to the PEL platform and PPLs assumed through the 10% share held by Pan-European Logistics Mauritius ("PELM"), the Group recognises the gross 94% right to receive cash flows as a financial asset and the PPL to PELM as a financial liability.

	31 March 2024	31 March 2023
19. OTHER FINANCIAL INSTRUMENTS <i>continued</i>		
19.6 Loans at amortised cost		
19.6.1 Pan-European logistics investment		
Loan to Pan European Logistics Investments ¹	282 456	-
Interest accrual ²	6 624	11 162
Total bridge loan to PEL	289 080	11 162
1. A capex loan facility was extended to PEL during the 2024 financial year. The loan carries interest at 3-month Euribor + 5.25% and is repayable on 30 October 2025.		
2. Interest accrued on the loan that was settled in the prior year.		
19.6.2 Loan to Pan European Logistics Mauritius		
Loan to Pan European Logistics Mauritius ¹	21 244	20 324
	21 244	20 324
1. The loan receivable from the PELM co-investor carried interest at 3 month Euribor + 2.5% and is repayable on 31 October 2025. The receivable is carried at amortised cost.		
19.6.3 Izandla Mezzanine loans		
Senior mezzanine ¹	204 720	189 317
Junior mezzanine ²	80 882	68 469
Expected credit losses	(31 886)	(9 920)
Total	253 716	247 866
1. The loan expires on 29 April 2025 and interest is charged at prime + 350 basis points.		
2. The loan repayment terms were extended to 29 April 2025 and interest is charged at prime + 550 basis points.		
19.6.4 Loan to property co-investor		
Receivable from co-investor – sale of property ¹	21 955	23 814
Receivable from co-investor – building improvements ²	19 136	6 643
	41 091	30 457
1. During the 2023 financial year, the Group sold a 25% undivided share in a property. The purchaser was granted a loan at prime + 1% which is repayable in full within 10 years.		
2. The Group previously granted a development loan for up to R20 million for building improvements to the purchaser. The loan carries interest at prime + 1% and is repayable in full at the end of the lease contract. As at 31 March 2024 R19 million was drawn on the loan.		
20. TRADE AND OTHER PAYABLES		
Trade and other creditors	92 543	129 738
Income received in advance	64 335	85 064
Tenant deposits	87 443	78 907
Accrued expenses	263 367	291 677
Deferred consideration	98 888	-
Corporate tax payable	1 438	-
Value added tax	10 856	25 223
Total trade and other payables	618 870	610 609

Notes to the Financial Statements

continued

	31 March 2024	31 March 2023
21. LONG-TERM BORROWINGS		
Bonds	4 385 000	4 620 000
Bank loans	6 028 140	5 348 135
Profit Participating Loans (PPL) – effective 10.85% minority interest ¹	1 050 110	1 011 030
Capitalised fees on bank loans	(14 012)	(17 553)
Commercial paper	707 700	500 000
Interest accrual on borrowings	97 050	79 472
	12 253 988	11 541 084
Non-current portion of long-term borrowings	9 889 611	9 890 985
Bonds	3 975 373	3 935 000
Bank loans	4 878 140	4 962 508
Profit Participating Loans (PPL) – effective 10.85% minority interest ¹	1 050 110	1 011 030
Capitalised fees on bank loans	(14 012)	(17 553)
Current portion of long term borrowings	2 364 377	1 650 099
Bonds	409 627	685 000
Bank loans	1 150 000	385 627
Commercial paper	707 700	500 000
Interest accrual on borrowings	97 050	79 472
Total borrowings	12 253 988	11 541 084
1. Relates to the 10% share of PEL sold to Pan-European Logistics Property Holdings Limited in the financial year ending 31 March 2021.		
Reconciliation of borrowings		
Opening balance	11 541 084	9 634 065
Proceeds from bank loans	3 397 563	8 000 087
Proceeds from bonds	450 000	2 135 000
Proceeds from commercial paper	2 019 700	1 459 000
Repayment of bank loans	(2 847 334)	(6 912 703)
Repayment of bonds	(685 000)	(1 855 000)
Repayment of commercial paper	(1 812 000)	(1 309 000)
Movement in 10.85% minority interest in PEL	39 080	60 459
Amortised fees	3 627	(5 925)
Accrued interest	17 577	40 120
Foreign exchange	129 691	294 981
Closing balance	12 253 988	11 541 084

22. SUBSEQUENT EVENTS

Burstone entered into a new asset management contract to drive the asset management function of a light industrial portfolio in Germany, with an opportunity for co-investment and continued management of this platform with existing owners.

The Group concluded a JV with Flanagan and Gerard Frontiers Proprietary Limited in acquiring the Neighbourhood Square, a best-in-class convenience retail asset located in Linksfield, Johannesburg. Transfer is subject to Competition Commission approval which is expected in June 2024.

REIT BEST PRACTICE RATIOS

Burstone presents the SA REIT best practice ratios in response to the second edition of the SA REIT Association's best practice recommendations issued in November 2019. The publication outlines consistent presentation 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.

	31 March 2024		31 March 2023	
	REIT BPR	Burstone Ratio	REIT BPR	Burstone Ratio
SA REIT Funds from Operations (SA REIT FFO) per share				
Profit per IFRS Statement of Comprehensive Income (SOI) attributable to the parent	232 446	232 446	194 945	194 945
Adjusted for:				
Accounting/specific adjustments:	337 057	337 057	178 474	178 474
Fair value adjustments to Investment property, debt and equity instruments held at fair value through profit or loss	438 228	438 228	326 459	326 459
Fair value adjustments to debt and equity instruments held at fair value through profit or loss (net of foreign exchange)	(94 357)	(94 357)	(149 824)	(149 824)
Fair value adjustments on investments in associates at fair value (net of foreign exchange)	(11 453)	(11 453)	-	-
Deferred tax movement recognised in profit or loss	-	-	(14 000)	(14 000)
Straight-line rental revenue adjustment	4 639	4 639	15 839	15 839
Adjustments arising from investing activities:	(5 613)	(5 613)	155 022	155 022
Fair value adjustment on investment property	1 672	1 672	129 833	129 833
Gains or losses on disposal of investment property and property, plant and equipment	(7 285)	(7 285)	25 189	25 189
Foreign exchange and hedging items:	192 275	192 275	215 840	215 840
Foreign exchange translation adjustments on long-term borrowings, and loans provided to joint ventures not at fair value	119 919	119 919	97 361	97 361
Foreign exchange gains or losses relating to capital items – realised and unrealised	72 356	72 356	118 479	118 479
Other adjustments:	100 471	100 471	(7 945)	(7 945)
Cost of funding ITAP in development	28 225	28 225	-	-
Other finance income	(6 284)	(6 284)	-	-
Amortisation and depreciation	72 440	72 440	-	-
Adjustments made for equity-accounted entities	-	-	(7 945)	(7 945)
Increase in staff incentive scheme costs	6 090	6 090	-	-
SA REIT FFO:	856 636	856 636	736 337	736 336
Number of shares outstanding at end of period (net of treasury shares '000)	804 918	804 918	804 918	804 918
SA REIT FFO per share:	107.85	107.85	91.48	91.48
Company-specific adjustments (cents per share)	-	3.46	-	(1.74)
Capitalised interest on loans to associates	-	(27 879)	-	(14 000)
Dividend per share (cents):	107.85	111.31	91.48	89.74

REIT BEST PRACTICE RATIOS

continued

	31 March 2024		31 March 2023	
	REIT BPR	Burstone Ratio	REIT BPR	Burstone Ratio
SA REIT Net Asset Value (SA REIT NAV)				
Reported NAV attributable to the parent	12 439 231	12 439 231	13 013 545	13 013 545
Adjustments:				
Dividend to be declared	(318 991)	-	(388 934)	-
Intangible assets	(569 054)	-	-	-
Goodwill	(217 600)	-	-	-
SA REIT NAV	11 333 586	12 439 231	12 624 611	13 013 545
Shares outstanding				
Number of shares in issue at period end (net of treasury shares)	804 918 444	804 918 444	804 918 444	804 918 444
Dilutive number of shares in issue	801 928 179	801 928 179	804 918 444	804 918 444
SA REIT NAV per share	1 413	1 551	1 568	1 617
SA REIT loan-to-value				
Gross debt	(12 253 988)	(12 253 988)	(11 541 083)	(11 541 084)
Less:				
Profit participating loans ²	1 050 110	1 050 110	1 011 030	1 011 030
Accrued interest and deferred fees	-	-	-	61 919
Cash and cash equivalents	283 513	283 513	302 747	302 747
Add/less:				
Derivative financial instruments ¹	(370 677)	-	(218 633)	-
Net debt	(11 291 042)	(10 920 365)	(10 445 940)	(10 165 388)
Total assets – per Statement of Financial Position	25 848 084	25 848 084	25 383 872	25 383 872
Less:				
Cash and cash equivalents	(283 513)	(283 513)	(302 747)	(302 747)
Derivative financial assets	(172 550)	(172 550)	(285 955)	(285 955)
Trade and other receivables	(312 965)	(312 965)	(336 114)	(336 114)
Profit participating loans ²	(1 050 110)	(1 050 110)	(1 050 110)	(1 011 030)
Carrying amount of property-related assets	24 028 946	24 028 946	24 459 056	23 448 026
SA REIT loan-to-value (“SA REIT LTV”)	47.0%	45.5%	44.5%	43.4%
1. The REIT BPR adjusts net debt for the mark to market on derivative financial instruments. 2. The investment in PEL is made through a profit participating loan of which this portion is seen as equity which would have been NCI on the balance sheet and therefore should not gross up the assets and liabilities.				
SA REIT cost-to-income ratio				
Expenses				
Operating expenses per IFRS income statement (includes municipal expenses) ^{1,2}	915 758	402 215	730 265	381 558
Administrative expenses per IFRS income statement (if directly related to property)	-	-	-	-
Operating costs	915 758	402 215	730 265	381 558
Rental income				
Contractual rental income per IFRS income statement (excluding straight-lining) ^{1,2}	1 298 877	1 298 877	1 540 261	1 540 261
Utility and operating recoveries per IFRS income statement	557 815	-	348 707	-
Gross rental income	1 856 692	1 298 877	1 888 968	1 540 261
SA REIT cost-to-income ratio	49.3%	31.0%	38.7%	24.8%

1. The REIT BPR and Burstone ratios are calculated using base net property income (NPI) to ensure that the income and expenses are for a comparable period.

2. Burstone calculates cost to income by netting off the recoveries against expenses and not grossing up rental income.

REIT BEST PRACTICE RATIOS

continued

	2024		2023	
	REIT BPR	Burstone Ratio	REIT BPR	Burstone Ratio
Cost of debt				
<i>Variable interest-rate borrowings</i>				
Floating reference rate plus weighted average margin	8.5%	8.5%	8.1%	8.1%
<i>Fixed interest-rate borrowings</i>				
Weighted average fixed rate	-	-	-	-
Pre-adjusted weighted average cost of debt – CU	8.5%	8.5%	8.1%	8.1%
Adjustments:				
Impact of interest rate derivatives	(0.1%)	(0.1%)	(0.2%)	(0.2%)
Impact of cross-currency interest rate swaps	(3.6%)	(3.6%)	(2.5%)	(2.5%)
All-in weighted average cost of debt – CU:	4.8%	4.8%	5.4%	5.4%
SA REIT GLA vacancy rate				
Gross lettable area of vacant space ¹	43 398	43 398	39 731	39 731
Gross lettable area of total property portfolio	971 332	971 332	1 000 034	1 000 034
SA REIT GLA vacancy rate	4.5%	4.5%	4.0%	4.0%

1. 53 972m² (2023: 158 675m²) is classified as held-for-sale.

Burstone at a glance

We are a fully integrated international real estate business

30 years+

track record

R37bn

GAV

R4.7bn

**third-party
capital under
management**

50+

**real estate
professionals**

9

countries

**Investing in
best of breed
assets in
select markets**

**Fund
Management**

**Investment
Management**

**Asset
Management**

**Development
Management**

Global reach with local presence

€1.1bn GAV

EUROPE

- Logistics and industrial portfolio across 7 countries
- Platform established in 2017
- Proven track record of buying, working and profitably selling logistics real estate

R14bn GAV

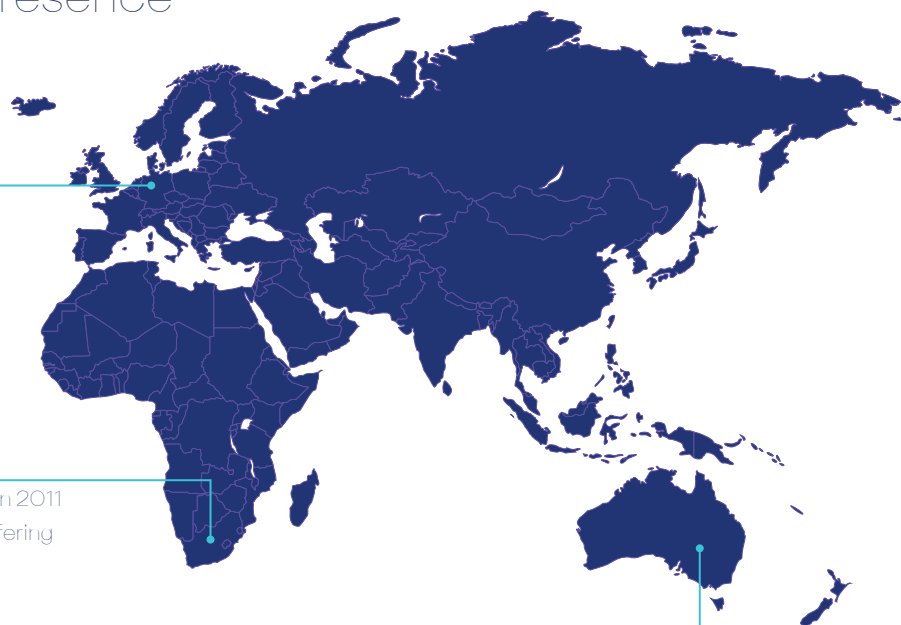
SOUTH AFRICA

- Diversified real estate manager listed on the JSE in 2011
- Retail: niche assets or those that are dominant offering with their respective locations
- Office: multi-tenanted, well located, with strong amenitisation
- Industrial: good-quality functional space in established nodes with consistent/stable demand

A\$490m equity under management

AUSTRALIA

- 50 / 50 JV in Inlogate funds management platform
- Diversified real estate investment manager founded in 2005
- Value-add investments across office, retail, industrial and residential
- Previously listed on the JSE and ASX



We transform potential into value

A successful history of creating, building and managing real estate businesses

The Group has created value through varying economic cycles, by adhering to the following key operating principles:

1	2	3	4	5
We are real estate purists who invest in best-in-class assets The Group's portfolio of investments has been built over the years by adhering to our investment philosophy of acquiring quality assets with compelling property fundamentals in strategically selected sectors and geographies where we have an in-depth understanding of the market dynamics in those areas.	We are client centric and proactively partner with our clients to provide the best client experience We believe in building trusted long-term relationships with our clients and stakeholders and creating enhanced returns through value-added initiatives. We embrace a client-centric approach in our business ethos, focusing on active, hands-on property and client interaction to ensure clients are provided with an extraordinary experience. We aim to deliver purposeful and authentic client experiences with agility, speed and passion.	We are hands-on and highly skilled with strong local knowledge We operate in markets where we have people on the ground with proven track records. With a combination of hands-on property skills, financial expertise and passion for real estate, our team comprises both experienced and young professionals who operate in a highly collaborative and entrepreneurial environment. Collectively, the team possesses a deep-rooted understanding of how to deliver excellence in client service.	We rigorously manage our balance sheet and focus on dynamic capital allocation We actively manage our capital, gearing level and liquidity to ensure that our balance sheet is sound and can support our long-term strategic objectives. We believe in disciplined capital allocation and continued capital rotation to meet risk-adjusted targets.	We focus on delivering holistic sustainable value We take a longer-term view on property fundamentals through varying cycles. We look to optimise our capital and unlock value by taking calculated, well-measured and managed risks. Our long-term track record is testament of this approach and our ability to deliver sustainable returns. Sustainability is not only about returns, but we also fundamentally believe that the UN Sustainable Development Goals (SDGs) should form a cornerstone of our business practices and strategies. We aim to create broader long-term stakeholder value that is profitable and impactful in the areas where we operate.

Commentary

continued

OVERVIEW OF THE YEAR ENDED 31 MARCH 2024

The Group is benefiting from the management internalisation and the strategic repositioning of the Group as an integrated international real estate business. The Group is delivering on its stated strategy with highlights for the financial year ended 31 March 2024 ("FY24") including:

- The Group delivered a solid second half performance with distributable earnings per share ("DIPS") increasing by 7.4%.
- Full year results were in line with guidance, with DIPS increasing by 1.0% to 105.67cps (Mar-23: 104.64cps).
- The results were underpinned by solid operational performances from the South African and European businesses, with like-for-like ("LFL") net property income ("NOI") up 1.5% and 6.2% (in EUR), respectively.
- The Group is already benefiting from synergies created by the internalisation, integration of its business and its enhanced international footprint:
 - The annualised net management fee saving resulting from the internalisation was R80 million (8% higher than the forecast at the time of the transaction).
 - Successful rebranding across South Africa and Europe as the Burstone Group.
 - Delivery of several cost saving initiatives including c.€2.1 million corporate savings in Europe, with further synergies expected in the financial year ending 31 March 2025 ("FY25").
 - Discussions taking place with global equity and debt investors across both international geographies (Australia and Europe). This unlocks distribution synergies and capability.
- The positive results from underlying operations were as expected, impacted by higher funding costs, with an increase in interest rates resulting in a c.R66 million increase in funding costs over the period.
- The Group's adjusted loan to value ("LTV") is 44.0%* (Mar-23: adjusted 42.0%),
- De-gearing of the Group balance sheet remains a core focus for the near term:
 - c.R1.3 billion of South African assets were sold over the past financial year at a 1.5% premium to book.
 - Further c.R1.2 billion to R1.4 billion of assets identified for sale in South Africa (with R0.4 billion already under contract).
 - Pursuing a pipeline of European asset sales of c.€150 million to €250 million, with c.€90 million under offer and at pricing in line with book values.
- The Group is confident in achieving the aforementioned sales during the next 12 months and expects LTV to reduce to between 37% to 40%.
- Valuations of the South African portfolio remained stable at normalised yields of 9.0% (Mar-23: 9.2%).
- The European portfolio was impacted by macro driven yield expansion, which resulted in a c.1% impairment of the portfolio, with current yields at 5.5% (Mar-23: 5.1%).
- Net asset value ("NAV") decreased by 4.5% to R15.45ps (Mar-23: R16.17ps) largely due to unrealised mark-to-market on derivatives and the marginal impairment on the European portfolio.
- The Group continues to invest for the future with progress made on several capital light initiatives, including:
 - A new management mandate to manage a c.€170 million portfolio in Germany with the opportunity to co-invest in the future.
 - An 8% increase in equity AUM in Australia, following Irongate's first industrial acquisition, alongside Phoenix Property Investors.
 - Significant progress made in South Africa to build the foundation for a third-party fund management platform anchored by local investors / pension funds.
 - As a result, capital light initiatives generated R61 million contributing c.7% to earnings in FY24.
 - The Group expects the capital light and funds management initiatives to have a significant impact to earnings over the next three to five years.
- The dividend payout ratio was 85% with a total dividend of 89.46cps (Mar-23: 99.41cps).

* Reported LTV is 45.5%, which has been adjusted to include proceeds from sales of South African assets which have been agreed and all conditions met at the balance sheet date, but still awaiting transfer, to derive a LTV of 44% as disclosed in the highlights and LTV flightpath.

STRATEGIC REVIEW

THE GROUP HAS A CLEAR SET OF STRATEGIC OBJECTIVES FOR THE SHORT TO MEDIUM TERM

				
Integration	Optimise current portfolios	Maintain a robust balance sheet	Growth	Holistic sustainability
• Unlock distribution synergies and capability across geographies • Active international investor and stakeholder engagement • Leverage cross-border skills, knowledge, experience and expertise • Leverage processes and systems to maximise efficiencies and drive best practices	• Maintain stability • Client retention and experience • Enhance quality of recurring earnings • Reduce cost of occupation • Exit non-core assets • Extract cost savings across the Group • Consider broader cost and operational synergies	• Clear path to reducing LTV • Capital recycling to create capacity • Actively manage refinance and interest rate risk • Maintain an appropriate dividend policy that supports our long-term strategy	• Funds management roll-out in all regions • Seek value-add/core plus opportunities	• Further embed ESG principles and processes across our business • Focus on initiatives that can meaningfully impact our priority UN SDGs • Further develop solar roll out strategy • Aim to achieve net-zero emissions
Creating long-term sustainable value				

Commentary

continued

During FY24 the Group has made the following progress towards achieving these objectives.

1. Integration

The internalisation of the South African and European asset management businesses has several strategic advantages as outlined at the time of announcing the transaction earlier in 2023. The transaction aligns the management team with shareholders and the full accretionary impact will only be reflected in FY25. Operating as an integrated business is key to the Group delivering on its ambitions to grow its businesses across the regions in which it operates.

During the year the Group focused extensively on integrating its international platforms:

- Global brand roll out, with Investec Property Fund and Urban Real Estate Partners being rebranded Burstone.
- Global executive, investment and credit committees created.
- Centralisation of core international functions (i.e. marketing, treasury), driving best practices and efficiencies, but retaining local expertise.
- Joint international capital roadshows, leveraging extensive local and international experience across the teams.

The Group is benefiting from synergies created by the internalisation and integration of its business and its enhanced international footprint:

- The annualised net management fee saving resulting from the internalisation is R80 million, 8% ahead of the expected savings announced at the time of the transaction (of R74 million).
- New third-party management mandate in Germany.
- Discussions taking place with global equity and debt investors across both international geographies (Australia and Europe). This unlocks distribution synergies and capability.
- Delivery of several cost saving initiatives including c.€2.1 million corporate savings in Europe during the financial year, with further synergies expected in the financial year ending 31 March 2025 ("FY25").

2. Optimise current portfolios

Enhancing client experience and client retention remains a core strategic priority. Our client centric approach ensures that we deliver purposeful and authentic client experiences with agility, speed and passion. The Group has maintained stability across its portfolio with vacancy levels in South Africa and Europe remaining at low levels of 4.5% and 2.2%, respectively. In South Africa 90% of space expiring has been relet or leases have been extended, and in Europe the ratio was 96%. The WALE of the portfolio is 3.0 years and 5.3 years, in South Africa and Europe, respectively.

In South Africa we have proactively reduced the cost of occupation for our clients by:

- Introducing green leases to share solar benefits with our clients.
- Constantly reviewing and streamlining electricity tariff structures.
- Investing into offsite security monitoring to enhance effectiveness but also to benefit from lower costs.

In Europe we have proactively reduced the cost of occupation for our clients by:

- Over the past three years have invested over €1 million, and continuing to invest into LED lighting, thereby enhancing the sustainability of our portfolio and reducing costs for our clients.
- Constantly reviewing property tax valuations with considerable savings extracted in the Netherlands and France.
- Reviewing supplier and utility contracts to ensure cost efficiencies for the client base.

We have made several disposals during the period, some of these included the sale of non-core assets.

Cost to income ratios across the business remain low and as part of the internalisation we have assessed several opportunities to enhance operational synergies which we would look to implement over the near term. We have already extracted cost savings in the European platform with further savings expected over the next year.

Commentary continued

3. Maintain a robust balance sheet

The Group is focused on several initiatives, which are at various stages of progress, to further manage LTV down from its current level of 44%. During the period the Group sold net assets, in South Africa, of c.R1.3 billion at a c.1.5% premium to book value, in line with the projected pipeline of sales presented to shareholders in our LTV flightpath in May 2023. Over the past three years the Group has sold R2.8 billion of South African assets in line with book value. The Group is actively working on several initiatives to continue to recycle its capital efficiently with a pipeline of R1.2 billion to R1.4 billion of South Africa assets and €150 million to €250 million of European assets identified for sale. The Group is targeting an LTV of between 37% to 40% over the next 12 months, which will be achieved through these asset sales.

The Group is proactively managing its refinancing and interest rate risk and is actively engaging in the refinancing of its Group (ZAR and EUR) debt and the debt in PEL, with completion of the refinancing targeted for Q2 FY25. The refinancing of the Group (ZAR and EUR) debt is expected to result in margin savings of c.20bps and extension of the debt expiry from 2.2 years to 3.2 years. The refinancing of debt in PEL is expected to be completed on a cash neutral basis and is expected to extend the debt expiry from 1.3 years to 4.5 years.

Funding costs are expected to increase by c.R70 million in FY25, as existing hedges roll off into the new higher interest rate environment. The Group has, however, proactively implemented several cost savings, balance sheet and other optimisation efforts, together with new revenue streams that will absorb a significant portion of these increased interest costs in FY25.

The Group has R11 billion of undrawn committed facilities to settle short term debt expiries and has sufficient covenant headroom across all regions.

Further information on the management of our balance sheet and the LTV flightpath is provided on pages 48 and 49.

4. Growth initiatives

The Group has increased its international footprint through its Joint Venture ("JV") with the Irongate Group in Australia in March 2023. In addition, Burstone invested c.18.7% in the Irongate Templewater Australia Property Fund ("ITAP"), a successful fund management platform which the Irongate team continues to successfully manage and grow together with other platforms.

Burstone has historically had success in Australia through its investment in the Investec Australian Property Fund ("IAPF") (the same management team that now run Irongate), which was listed on the JSE and ASX and subsequently sold to Charter Hall, providing its JSE shareholders a total return of 287%, and over 60% return for its ASX shareholders.

The introduction of a capital light strategy, through the Irongate JV and investment in ITAP, together with a fully aligned and internalised business, creates an opportunity for Burstone to expand its fund management strategies across all regions. The Group is well positioned to deliver against this strategy given the track record of the Irongate and European teams, having previously successfully aggregated portfolios and crystallised value for third party capital investors.

In terms of the fund management model:

- Burstone will use its existing asset base to seed new portfolios in which the Group will remain significantly invested.
- Potential new portfolios and strategies will be built out across different markets, asset types and risk appetites including core, core plus and value-add. The Group will ultimately assume non-controlling equity interests in these new strategies ranging from 5% to 50%.
- The Group will seek third party capital to co-invest alongside the Group, with ability to further scale through in-platform gearing.
- Burstone will serve as fund and asset manager, leveraging the capabilities and skill of its strong management teams in all core geographies.

The funds management model will have numerous benefits for Burstone:

- Releases capital and serves as a de-gearing mechanism for the Group, as Burstone sells into and seeds new portfolios.
- Diversifies the investment base and capitalises on operational synergies.
- Access to capital to facilitate growth.
- Creates new revenue streams for the Group, through fund management fees and enhancing the return on Burstone's deployment of capital.

Commentary continued

In terms of current initiatives across each region:

- Europe:
 - Burstone entered a new management mandate to drive the asset management function of a light industrial portfolio in Germany, with opportunity for co-investment and continued management of this platform with existing owners. The contract contributed R10 million to earnings in FY24 and is expected to increase in FY25.
 - The Group is exploring multiple sub-portfolio options and value-add and core plus strategies, where Burstone's strong management capabilities can be leveraged.
 - PEL strategic partner: the Group will continue to assess the option to introduce a strategic partner into the PEL portfolio via a sell down to 50/50 or below. Maximising shareholder value and ensuring long-term sustainability of the business remain key considerations in this strategic assessment and the Group will continue to explore opportunities in this regard.
- Australia:
 - The 50:50 JV with the Irongate Group is progressing well.
 - Irongate made its first industrial property acquisition for a new industrial platform in November 2023. The acquisition was supported by a co-investment from APAC-focused private equity real estate investment group, Phoenix Property Investors for 80% of the equity, with Irongate co-investing alongside Phoenix and providing the fund and asset management.
- South Africa:
 - The Group has built the foundation for a third-party fund management platform in which institutional capital can invest.
 - Any fund management platforms will initially focus on our core sectors.
 - The Group concluded a JV with Flanagan and Gerard Frontiers Proprietary Limited in acquiring the Neighbourhood Square, a best-in-class convenience retail asset located in Linksfield, Johannesburg. Transfer is subject to Competition Commission which is expected in June 2024.

In the current year total third party capital under management amounted to R4.7 billion and capital light initiatives generated R61 million earnings, representing c.7% of the Group's earnings. We expect an increase in assets under management and earnings contribution in FY25, and for these initiatives to have a more significant impact to earnings within 2 to 3 years time.

5. Holistic sustainability

We recognise the importance of rolling out a comprehensive sustainability strategy that is integrated throughout the business. Our sustainability strategy needs to create longer-term stakeholder value that is financial and impactful, improves lives and livelihoods, acts as an enabler of ESG and aims to achieve net-zero emissions. Within this broader strategy it is important that the company drives transformation throughout the business with a clear focus on gender, cultural and racial diversity (locally and internationally), and remains cognisant of specific B-BBEE requirements in South Africa. The company's commitment is to create broader financial and non-financial stakeholder value; embed ESG considerations into its investment processes; manage and mitigate ESG risks (including climate risks); achieve net zero emissions by 2050; and contribute to sustainability opportunities aligned to the UN SDGs. We are cognisant of the increasing need to quantify our impact and have enhanced our focus on disclosure and delivering greater levels of meaningful ESG data, this process will continue to be improved over time.

During the period, Burstone maintained its Level 1 B-BBEE status. The Group continues to spend over R7 million per year in South Africa on enterprise, supplier and social development and several other CSI initiatives. We focus on several initiatives across our supply chain and we remain cognisant of ensuring that transformation takes place across all these aspects. Over 80% of the Group's spend in South Africa is directed towards suppliers with a Level 1 and Level 2 B-BBEE status. We remain committed to supporting, developing and growing the communities in which we operate.

The European business conducted several analyses including: commissioning a decarbonization review of the entire portfolio; and an assessment of "self-consumption" covering solar strategy. The European business is planning the delivery of a substantial photovoltaic roll-out which will produce 4.5MWp across the portfolio when complete over the next 12 to 18 months.

The European business performed BREEAM In-Use pre-assessments across its entire portfolio: 82% of assets by contracted rent reported ratings C or above; 64% of assets by contracted rent have a B or above (or equivalent) energy rating; 22% of assets by contracted rent have an A (or equivalent) energy rating. The business has also concluded a smart meter roll-out across all European assets. This will allow the landlord access to live energy consumption data, also for those assets where the tenants hold the utility contracts, and help in promoting energy efficiency, driving cost savings over time, and supporting our strategy to reduce carbon emissions.

In South Africa, 70% of Burstone's portfolio is covered by back-up power and the Group has installed 14.8MWp of solar generation capacity to date to alleviate the burden of the energy crisis. In South Africa the Group implemented its first borehole pilot studies with pleasing results. Multiple green leases have been entered into with clients on solar shared savings models. The South African business partnered with Green Building Council South Africa (GBCSA) to participate in the Green Star Existing Building Performance Industrial pilot rating tool and achieved 4-star Industrial Green Star certification for 5 of its buildings. The South African business achieved 3 new 4-star ratings in its office portfolio, and recertification on 9, 4-star ratings.

Commentary continued

FINANCIAL REVIEW

Performance highlights

The underlying South African and European portfolios continued to achieve strong rental growth, delivering 1.5% and 6.2% yoy LFL NOI growth, respectively.

The South African portfolio benefited from improved vacancy rates over the period and strong performances in the retail and industrial portfolios. Negative reversions persist (largely in the office sector) in the absence of market rental growth although we are seeing signs of rental growth in certain nodes. Arrears remain well managed and cost to income ratios are stable.

The PEL portfolio delivered strong rental growth driven by the ability to capture positive ERV. Vacancy rates remain at low levels. Arrears have been well managed, and we have extracted cost savings in the European platform with further savings expected over the next year. Reversion rates have seen positive growth in excess of 5%.

As expected, overall Group financial performance was however, dampened by higher funding costs. There has been a material shift in Euribor of c.4% since September 2022. As communicated previously, funding costs increased in the PEL platform to the Euribor cap of c.1.4% plus margin. These higher funding costs are now fully reflected in the base and equate to an increase of 27% for the year in Euros.

Considering the above-mentioned factors Group DIPS increased by 1.0% to 105.67cps (Mar-23: 104.64cps).

Balance sheet highlights

The balance sheet remains sound supported by pro-active capital and interest rate management.

The Group delivered on the sales of c.R1.3 billion that it had committed to.

The LTV increased to 44% (Mar-23: 42.0%) following:

- The implementation of the internalisation.
- Structural capex; the Smithfield co-investment in Australia; and the cash settlement of derivative mark to market.
- A negative revaluation on the PEL portfolio (net of FX) of c.1%.
- Offset by the net asset sales.

The Group has a clear plan to reduce LTV. The Group is targeting an LTV of between 37% to 40% over the next 12 months, which will be achieved through asset sales. Burstone continues to adopt a disciplined approach to capital recycling to manage gearing. Additional actions to reduce LTV will include for example, further capital optimisation and the implementation of our funds management strategy. Refer to the LTV graph provided on page 48 for further information.

NAV per share was R15.45 (Mar-23: R16.17) largely reflecting further investment into the business, the impairment of PEL (net of FX) and unrealised mark-to-market movements on derivatives.

The Group is proactively managing its refinancing and interest rate risk and is actively engaging in the refinancing of its Group (ZAR and EUR) debt and the debt in PEL, with completion of the refinancing targeted for Q2 FY25. Further information on our balance sheet and interest rate risk management is provided on pages 48 and 49.

Regional portfolio review

Further information on our regional portfolios is provided on pages 40 to 48.

DIVIDEND PAYOUT

Effective capital optimisation and lowering LTV remain key strategic imperatives. The Group also strongly believes that continued investment in several growth opportunities is key to delivering shareholder value and medium-term growth across its core regions and strategies.

The Group therefore intends to manage its balance sheet and dividend payout ratio in an appropriate manner to support first, and foremost, its planned reduction in LTV together with its growth strategy.

In light of its current strategy the Board has assessed the appropriateness of its dividend payout policy which was previously at 90% to 95%. In order to support near-term LTV, our growth strategy and structural capital re-investment into the business, the Board has resolved to apply a payout ratio of 75% for the six months ending 31 March 2024 declaring a dividend of 40.95cps (Mar-23: 48.32cps) for the period. The payout ratio was 95% for the first six months of the year, resulting in the total dividend payout ratio for FY24 of 85%. The total dividend for the year amounts to 89.46cps (Mar-23: 99.41cps), representing a decline of 9.9% yoy and an aggregate dividend of R720 million (Mar-23: R800 million).

Commentary continued

CHANGES TO THE BOARD

As part of its corporate governance practice, the Board, on an ongoing basis, evaluates factors such as independence, diversity, skills and attributes and rotation in determining the optimal board composition. In August 2023, Khumo Shuenyane retired from the Board having served on the Board since 2015. In November 2023, Sam Leon retired from the Board having served on the Board since 2013. The Board would like to express its gratitude to Khumo and Sam for their service and dedication to the Group. In November 2023 Paul Theodosiou was appointed as an independent non-executive director. The Board welcomes Paul to the Group and looks forward to his contribution.

PROSPECTS AND GUIDANCE

The strategic focus of the Group over the past year has been on its repositioning from a property investment business into an integrated international real estate fund and asset management company. The Group has delivered on its stated strategy and is already benefiting from synergies created by the internalisation, integration of its business and its enhanced international footprint.

The Group's immediate focus will be on:

- Reducing its LTV over the next 12 months to 37% to 40%, through a planned process of asset sales which the Group is confident it will deliver on.
- Completing the refinancing of the Group (ZAR and EUR) debt and the debt in PEL. These processes are well on track to be completed by Q2 FY25, and will result in some margin savings, but importantly will extend the debt expiry profile across the Group.
- Carefully managing the increased funding costs, specifically as a result of the roll-off of EUR hedges, that will impact the business. The Group aims to largely absorb these increased costs through:
 - underlying asset performance, specifically from the European platform;
 - managing our capital allocation given the opportunities that are arising from the current market dislocation;
 - operational and cost savings initiatives which are already underway, with significant costs savings already successfully implemented in the European platform;
 - new revenue streams from capital light activities; and
 - a reduction in gearing.

Burstone's longer-term focus will be the roll out of a capital light fund management model through continued investment in several growth opportunities, supporting our asset and geographic diversification with a material impact on earnings expected in the medium to longer-term.

South Africa

The South African macroeconomic backdrop remains muted, and the property sector faces many challenges, not limited to rising municipal costs and an energy crisis which contributes to an increasing cost of occupation. While the South African portfolio has stabilised and is performing to expectations, it is expected to deliver low single digit growth that is reflective of the current operating environment.

Initiatives to reduce our client's cost of occupation will become increasingly necessary to drive bottom line earnings. With the portfolio now stabilised, the focus will be on maintaining the quality and relevance of the portfolio and accelerating the capital recycling program.

Europe

Given sector dynamics, growth in contracted rent is expected to continue within the PEL platform with base NOI expected to grow between 3% and 4% over the next 12 months. In addition, positive earnings growth will be supported by embedded cost savings initiatives. The Group has already extracted cost savings of c.€2.1 million in the European platform with further savings expected in FY25.

Australia

The Irongate business has performed well, and the business continues working with its core investor base, while continually engaging with new capital partners to explore a strong pipeline of new opportunities. We expect an increase in the contribution to earnings from the Irongate JV.

Balance sheet

Burstone's balance sheet remains robust with a firm plan to reduce LTV to 37% to 40% over the next 12 months. The Group is proactively managing its refinancing and interest rate risk and is actively engaging in the refinancing of its Group debt and the debt in PEL, with completion of the refinancing targeted for Q2 FY25.

Commentary continued

Overall Group

The rollout of the funds management strategy is expected to create new revenue streams that will further buffer earnings while also reducing LTV. There has been significant market interest in working with the Irongate platform and the management team are actively focused on growing new strategies and sourcing capital. Together with strategies in Europe and South Africa, this remains a growth vector that the Group expects to build to scale over the medium to longer term.

Maintaining the overall quality of our portfolio is important and the Group will continue to invest in structural capex. Both the South African and European portfolios remain stable and are expected to generate growth in NOI in FY25.

Funding costs are expected to increase by c.R70 million in FY25, as existing hedges roll off into the new higher interest rate environment. The Group has, however, proactively implemented several cost savings, balance sheet and other optimisation efforts, together with new revenue streams that will absorb a significant portion of these increased interest costs in FY25.

Taking the above into account, and the underlying performance anticipated from the South African and European portfolios and growth from new revenue streams, the Group expects to deliver a decline in DIPS of between 2% and 4% in FY25.

Considering the Group's planned reduction in LTV, its growth strategy and structural capital re-investment into the business the Board has resolved to apply a payout ratio of 75% going forward. The Board will continue to assess the appropriateness of this dividend payout policy in light of its long-term strategy and after considering its LTV position, capex funding requirements and any potential taxation impacts.

The above guidance assumes that current normalised trading conditions will persist and does not consider the impact of any unforeseen circumstances, potential business failures or the occurrence of any other factors that are beyond the Group's control.

With an underlying quality asset base and a robust balance sheet, Burstone has strong foundations for future growth. We believe that our integrated international offering will be a key differentiator as we implement our strategic plan over the next few years.

Moses M Ngoasheng

Independent Non-executive Chairman

Andrew Wooler

Chief Executive Officer

22 MAY 2024

PORTFOLIO REVIEW: SOUTH AFRICA

South Africa overview

The South African direct property portfolio accounts for 44% of the Group's asset base on a look-through basis (62% on an IFRS basis). The local portfolio comprises 73 high-quality properties in strategic, well-located nodes.

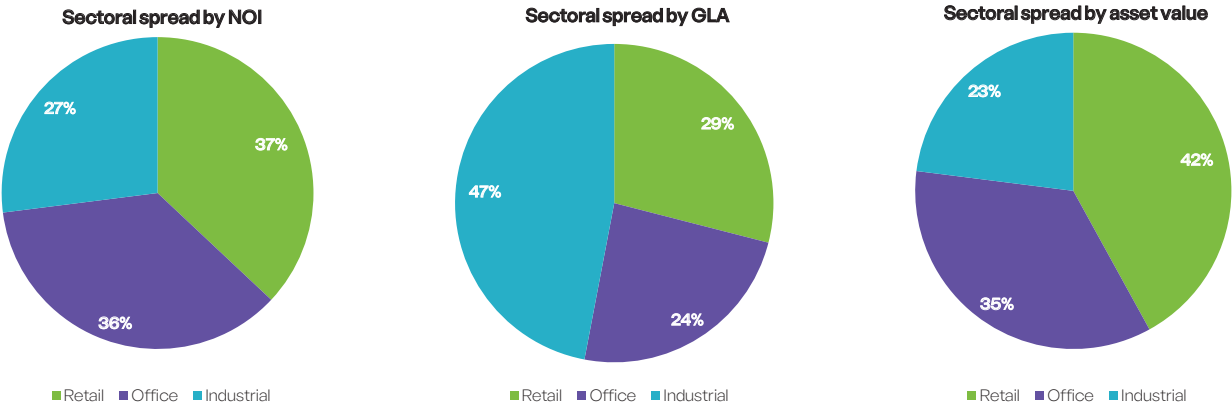
The South African portfolio has yielded a stable performance in the financial year, notwithstanding the continued weak economic environment and the impact of loadshedding. We continue to proactively partner with our clients to provide the best client experience and focus on creating enhanced returns through value-added initiatives. The strength of our client relationships and our continued focus on improving marketing efforts and remaining responsive to client requirements remains a key underpin to our performance.

We have continued to maintain low vacancy ratios driven by solid leasing across all sectors.

The table below presents a snapshot of the South African property portfolio:

Portfolio	TOTAL		OFFICE		INDUSTRIAL		RETAIL	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Number of properties	73	79	27	30	28	30	18	19
Asset value (R'bn)	14.2	14.6	5.0	5.4	3.3	3.3	5.9	5.9
Base NOI growth	1.5%	5.3%	(7.5%)	2.9%	9.5%	9.2%	5.9%	5.3%
Cost to income (excl. bad debts)	22.7%	22.8%	28.5%	27.5%	18.2%	19.0%	19.4%	19.5%
GLA (m²)	971 331	1 013 700	235 277	243 500	446 979	475 500	289 075	294 700
Vacancy (by GLA)	4.5%	3.9%	8.4%	7.4%	3.0%	1.9%	3.7%	4.5%
WALE (years)	3.0	2.9	3.3	2.8	2.8	2.8	2.8	2.9
In-force escalations	6.8%	6.8%	7.0%	7.1%	7.0%	7.3%	6.2%	6.5%

The sectoral spread of the South African portfolio is set out below:



Commentary

continued

South Africa financial performance

Burstone's South African portfolio delivered base NOI growth of 1.5% for the year driven by:

- lower average vacancies (Mar-24: 3.7% versus Mar-23: 6.2%);
- strong letting activity across all sectors;
- continued strong trading activity in the retail sector;
- a rebound in demand within the industrial sector;
- increased enquiries in the office sector; and
- disciplined cost management.

Performance was hampered by high negative reversions in the office sector and a cancellation fee received in FY23 that was not repeated in FY24.

Cost-to-income ratios (excluding bad debts) remained stable at 22.7%.

South Africa income statement

Rm	Year ended 31 March 2024	Year ended 31 March 2023	% change
Gross income	1343	1306	2.8%
Net expense	(316)	(294)	7.5% ¹
Base net property income	1027	1012	1.5%
Office ²	372	402	(7.5%)
Industrial ³	277	253	9.5%
Retail ⁴	378	357	5.9%
Developments NOI	47	38	23.7%
Acquisitions and disposals NOI	76	109	(30.3%)
Net property income	1150	1159	(0.8%)
South African finance costs	(389)	(403)	3.5% ⁵
South African distribution	761	756	0.7%
Property base net cost to income ratio (excluding bad debts)	22.7%	22.8%	
Arrears as % of collectibles	2.6%	3.0%	

1 Impacted by bad debts in the period, whilst FY23 included a bad debt recovery. Excluding bad debts, net property expenses increased by c.3% yoy.

2 Impacted by negative reversions and a cancellation fee received in FY23 that was not repeated in FY24.

3 Solid growth driven by letting activity.

4 Retail growth mainly driven by contractual escalations, positive reversions and stable vacancy.

5 Declined due to disposals over the period.

South Africa loadshedding impact

Loadshedding has posed a significant challenge to the property sector. Burstone has made significant steps in supporting clients through loadshedding and reducing the cost of occupation for its clients through energy assessments, wheeling considerations, interfacing solar to generators, rolling out additional solar power initiatives and improving back-up power in its buildings. 70% of Burstone's portfolio is covered by back-up power and the Group has installed 14.8MWp of solar generation capacity to date to alleviate the burden of the energy crisis.

Given the significant amount of infrastructure investment (current and planned) by the private sector coupled with Eskom power generation, there are signs of an easing in loadshedding over the relatively short to medium term.

The Group will continue to identify opportunities to roll out energy solutions across its portfolio and is focusing its current efforts on identifying initiatives that will enhance the sustainability of its portfolio and further reduce the cost of occupation for its clients.

Commentary

continued

South Africa letting activity

The Group successfully let 237,779m² (90%) of space expiring in FY24 and 19,796m² (45%) of opening vacancy.

Whilst we do think that negative reversions will persist, particularly in the office sector, we are seeing some rental growth return and reversion levels are starting to flatten. Our incentive levels remain low and are focused on tenant installations.

	Expiries and cancellations GLA (m ²)	Renewals and new lets GLA (m ²)	Weighted average gross expiry rental R/m ²	Weighted average gross new rental R/m ²	Rental reversion %	Average escalation %	WALE years	Incentive % lease value	Retention %
Office	40 821	30 891	252	172	(31.6%) ¹	6.6%	4.2	5.5% ²	83.3%
Industrial	90 309	83 299	79	74	(7.1%)	7.4%	3.1	0.5%	93.9%
Retail	53 726	44 357	435	441	1.5%	6.0%	4.5	1.0%	81.9%
Subtotal	184 856	158 547	212	196	(7.8%)	6.8%	3.7	1.6%	84.4%
Early letting	79 232	79 232	109	92	(15.1%) ³	6.7%	4.9	0.0%	100.0%
Subtotal	264 088	237 779	178	161	(9.3%)	6.8%	4.1	1.1%	88.6%
Opening vacancy	42 368	19 796							
Total letting	306 456	257 575							

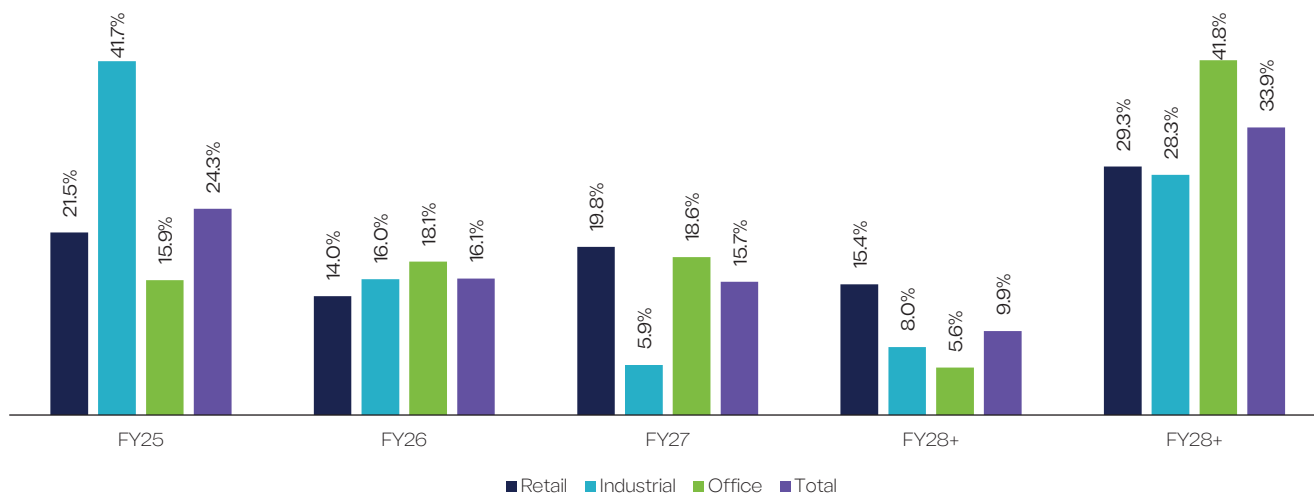
1 Largest reversions arising from renewals in Midrand, at the end of a 10 year lease.

2 Incentives have largely comprised tenant installations.

3 Early letting mainly driven by two tenants in the Industrial sector extending for 4 years and 10 years, respectively.

South Africa lease expiry profile (by revenue)

The Group maintains a well-staggered lease expiry profile with 76% of leases expiring in FY26 and beyond.



South Africa collections and arrears

Rentals have been collected timeously, with yoy improvement in arrears from R56 million (Mar-23) to R52 million outstanding debtors (including legal debtors) as a result of active management. Arrears as a percentage of collectibles amount to 2.6% (Mar-23: 3.0%).

South Africa valuation

The base portfolio yield remained stable at 9.0% (Mar-23: 9.2%) reflecting stability of the portfolio and improved metrics. The Group spent R154 million on value enhancing capex, predominantly on the DQ development.

South Africa property disposals

During the period, the Group disposed of 14 assets for R1.3 billion at 1.5% premium book value. Of these assets, c.R0.5 billion are awaiting transfer. The Group is targeting a further c.R1.2 billion to R1.4 billion of assets disposals in the next 12 months. Over the past three years the Group has sold R2.8 billion of South African assets in line with book value.

Commentary

continued

South Africa strategic priorities and outlook

In South Africa the Group has a stable and mature portfolio which supports a sustainable level of earnings. However, growth expectations remain low given domestic energy and industry challenges and global macro-economic volatility and uncertainty.

The current focus is on:

- Maintaining the quality and relevance of the South African portfolio and extracting incremental value from existing assets;
- Continuing to execute on the South African asset disposal programme as part of the Group's levers to manage LTV down and to redeploy capital to growth initiatives;
- Supporting clients through continued initiatives focused on reducing the cost of occupation;
- Maintaining energy security within our portfolio;
- Further embedding our ESG initiatives;
- Maintaining an appropriate level of capex spend; and
- The Group has built the foundation for a third-party fund management platform in which institutional capital can invest, and the business will continue to explore opportunities in this regard.

PORTFOLIO REVIEW: SOUTH AFRICAN PORTFOLIO – SECTORAL PERFORMANCE

Office

Office assets comprise 36% of the South African portfolio by value, with 27 properties located in major commercial nodes. The Group's office assets remained resilient, with a marginal increase in vacancy.

As hybrid working evolves, tenants who previously downsized, have come to the realisation that more office space is required than previously anticipated (in the form of dedicated enclosed meeting spaces, to facilitate online meetings and calls) which has led to the expansion of space. This has been further exacerbated by the impact of loadshedding on employees.

The sector reported a decrease of 7.5% in LFL NOI for the year, largely as a result of negative reversions and a cancellation fee received in FY23 that was not repeated in FY24. Net expenses remain well controlled, although bad debt provisions were higher in FY24 largely relating to two clients. The sector's cost-to-income ratio increased to 28.5% (Mar-23: 27.5%) as a result of the decrease in gross rental income as explained above. Arrears as a percentage of collectibles amounted to 3.2% (Mar-23: 3.5%).

Office vacancies were well-managed at 8.4% by GLA (Mar-23: 7.4%). The Group's vacancy rates are one of the lowest across the sector. Letting statistics have been strong as a result of strong management skills and execution of our strategy which has been centred on enhancing the client experience. The lease expiry profile of the office sector portfolio is relatively smooth over the next 5 years with no specific concentration, additionally the geographic concentration of the expiries is limited. The portfolio remains over rented by 10% to 15%, but this gap has narrowed in the stronger decentralised nodes such as Bryanston and Fourways, which comprises a notable portion of the Group's portfolio.

Industrial

The Group's industrial portfolio comprises 28 properties (27% of total asset value) with strong fundamentals in well-established nodes.

The industrial property sector has experienced a strong comeback as evidenced by good demand for the Group's industrial assets resulting in strong letting activity and the emergence of market rental growth in the sector.

Average vacancies declined over the year, although the vacancy at March 2024 (3.0%) was higher than the prior year (1.9%) due to one property that became vacant at the year-end. The portfolio has a 94% retention ratio. As a result, the industrial sector delivered the strongest base LFL NOI growth for the year at 9.5%. The cost-to-income ratio of the sector decreased to 18.2% (Mar-23: 19.0%). Arrears as a percentage of collectibles amounted to 0.8% (Mar-23: 0.9%).

Limited supply of stock in the industrial sector and lower risk appetite by banks to fund speculative developments in the current environment will continue to support demand for existing stock.

Retail

The Group's retail portfolio comprises 18 properties (37% of total asset value) strategically situated in semi-rural, non-metropolitan nodes, and are well-tenanted with a significant proportion of national clients. The shopping centres within the portfolio serve large catchment areas and are dominant in the nodes within which they are located.

The segment remains an attractive asset class within the Group's portfolio with LFL NOI growing 5.9% during the year, driven by contractual escalations, positive reversions and a decline in vacancy. Despite the headwinds faced by loadshedding, high inflation and increased interest rates, a consistent improvement in trading metrics illustrates the defensive nature of the sector and consumer resilience:

- Average turnover increased by 4.6% for the year to March 2024 (year to March 2023: +8.5%)
- Trading density increased to R2,901/m² for the year to 31 March 2024 (year to March 2023: R2,773/m²)
- Retail clients traded on an average cost of occupation of 6.1% representing a sustainable trading environment.

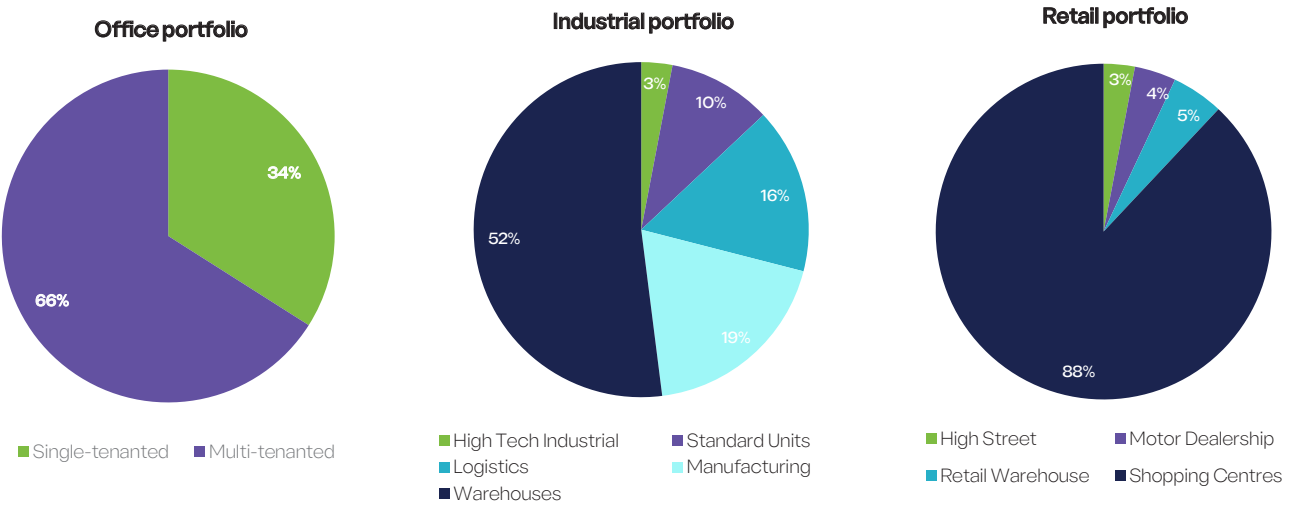
Commentary
continued

The cost-to-income ratio for the sector remained stable at 19.4% (Mar-23: 19.5%). Arrears as a percentage of collectibles amounted to 3.1% (Mar-23: 3.8%).

Vacancy decreased to 3.7% (Mar-23: 4.5%), with the majority relating to our Balfour asset.

Refurbishment at the Design Quarter is now completed and 95% tenanted, with Checkers and Clicks as new anchor tenants. We have had a successful introduction of a restaurant offering at Fleurdal resulting in very strong overall turnover growth of 8.4%. Dischem has been introduced as a tenant to Dihlabeng further cementing its dominance and reducing the risk of competing schemes. A new ground mounted solar farm was completed at Newcastle Mall with a total capacity of 3 296kWh.

A further analysis of the South African portfolio is set out below:



Commentary continued

PORTFOLIO REVIEW: PAN-EUROPEAN LOGISTICS PORTFOLIO

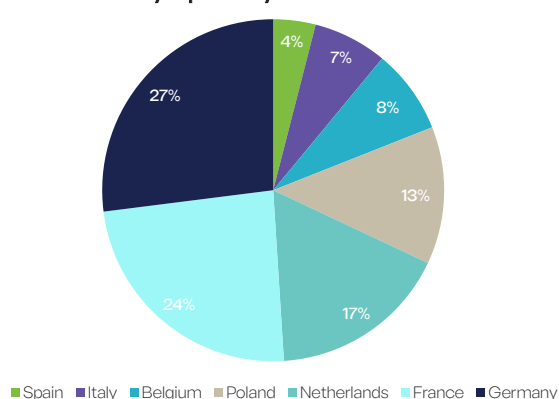
PEL logistics sector in context

The European logistics sector remains robust and over the past few years has experienced strong demand and low vacancy levels which have driven rental growth, further supported by positive indexation across the Eurozone. Rental growth and indexation are however, expected to slow down across most European markets as interest rates remain high. We have started to see a decline in the uptake in space by occupiers in certain of the markets in which we operate. New supply, however, remains constrained due to rising construction and development funding costs and a cautious approach has been taken to pipeline developments given the weaker economic environment. Significant interest rate increases have created pricing volatility in asset markets and the impact on corresponding long-term valuation yields has been negative. It is however, expected that rates will start to decline in FY25 which should support more favourable earnings within the sector. Debt and equity markets are starting to firm up.

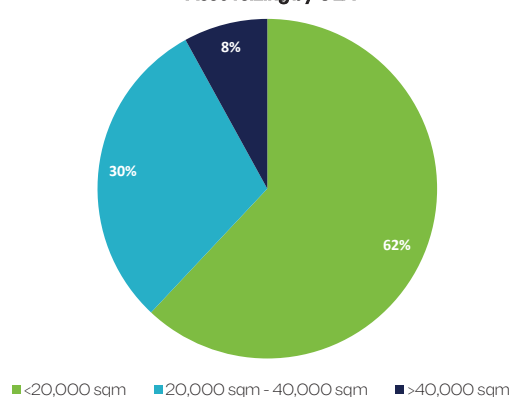
The table below presents a snapshot of the PEL property portfolio:

Portfolio	31 March 2024	31 March 2023
Number of properties	32	33
Asset value (€'bn)	1.1	1.1
LFL base NOI growth	6.2%	7.4%
Cost to income (excl. bad debts)	8.5%	8.4%
GLA (m ²)	1 124 555	1 135 630
Vacancy (by GLA)	2.2%	0.9%
WALE (years)	5.3	5.2
Average positive reversions on renewals and new leases	5.2%	8.6%
Indexation	7.8%	8.2%

Country exposure by contracted rent



Asset sizing by GLA



PEL financial performance

Performance of the PEL platform is underpinned by a strong, defensive portfolio that has capitalised on the sector dynamics consistently since acquisition. The portfolio is geographically diverse and concentrated in core Western European jurisdictions, with a strong tenant base and a varied lease expiry profile providing opportunities to drive rental income on a staggered basis, with the income derived from a wide spread of strong, household name companies.

A detailed income statement and balance sheet is provided on pages 46 and 47.

The underlying portfolio continues to deliver solid performance and portfolio metrics have remained stable. The logistics portfolio delivered strong gross rental growth driven by positive rental reversion, good letting activity and captured c.7.8% indexation across the portfolio. The Group has re-let or renewed 96% of space that expired over the year at a positive reversion of 5.2%. As a result, base LFL NOI for the year grew by 6.2% (in EUR).

Other expenses declined by 31% as the Group has implemented several cost savings initiatives that unlocked c.€2.1 million of cost savings.

As a result, the cost-to-income ratio (excluding bad debts) amounted to 8.5% (Mar-23: 8.4%). Arrears as a percentage of collectibles remain well managed at 1.4% (Mar-23: 1.0%).

Commentary

continued

Overall performance was however, dampened by the increase and volatility in global interest rates. PEL earnings (in EUR) increased only marginally over the year largely as a result of its weighted average funding costs increasing by c.1.4% (in the second half of the 2023 financial year). These higher funding costs are fully reflected in FY24 and resulted in a 26.7% increase in finance costs for the year.

Burstone has increased its effective interest in the PEL platform in February 2023, with distributable earnings attributable to Burstone in ZAR thus reflecting an increase of 36.7% for the year.

PEL income statement

€m	Year ended 31 March 2024	Year ended 31 March 2023	% change
Net rental income	56.7	52.9	7.2%
Property expenses	(5.2)	(4.4)	18.1%
Base net property income	51.5	48.5	6.2%
Disposals	0.1	1.0	-
Net property income	51.6	49.5	4.2%
Asset management fees ¹	(7.9)	(7.3)	(8.2%)
Other operating expenses	(4.6)	(6.7)	31.3%
Tax	(1.6)	(2.9)	44.8%
Interest	(22.3)	(17.6)	(26.7%)
Distributable earnings	15.2	15.0	1.3%
Cost-to-income ratio	8.5%	8.4%	
Arrears as % of collectibles ²	1.4%	1.0%	
Recon PEL earnings to Burstone income:			
Earnings attributable to Burstone stake ³	12.6	10.2	23.9%
Translation rate	22.5	20.4	10.5%
Distributable earnings in ZAR (m)	284.2	207.9	36.7%

1 83.15% relates to Burstone and the remainder to outside interests.

2 Includes arrears in respect of rent only and not service charges.

3 Taking into account Burstone's increased ownership from effective c.68% at 31 Mar 23 to 83.15% at 31 Mar 24.

PEL collections and arrears

The arrears position amounted to €2.9 million (Mar-23: €2.5 million) and continues to be well managed. The rental arrears excluding service charges represent 1.4% of collectibles (Mar-23: 1.0%).

PEL letting activity

Letting performance has been strong and the portfolio continues to capture market rental growth, with 96% of space expiring re-let at positive reversion of 5.2%.

Vacancy remained low at 2.2% (Mar-23: 0.9%) although there was a marginal uptick over the year due to the vacancy of one large tenant in Germany at the year-end. The portfolio WALE was maintained at 5.3 years to expiry (Mar-23: 5.2 years).

	Expiries and cancellations	Renewals and new lets	Weighted average gross expiry rental	Weighted average gross new rental	Rental reversion	Incentive	Retention	WALE
	GLA (m²)	GLA (m²)	€/m²	€/m²	%	% lease value	%	Years
Germany	2 573	4 475	60.3	61.1	1.3%	0.0%	71.3% ¹	1.0
Netherlands	1 597	1 597	104.9	117.7	12.2%	1.6%	0.0% ²	4.7
France	122 059	122 059	43.5	44.5	2.2%	3.7%	91.4%	2.9
Poland	20 469	20 469	56.7	61.8	9.0%	6.7% ³	90.6%	2.0
Italy	46 146	46 146	49.3	54.5	10.6%	0.0%	100%	6.3
Subtotal	192 844	194 746	47.2	49.7	5.2%	2.2%	92.8%	3.6
Opening vacancy	9 816							
Total letting	202 660							

1 Letting efforts in Germany are ongoing.

2 Retention is 0% for Netherlands as only one lease expired in the current period and a new tenant signed.

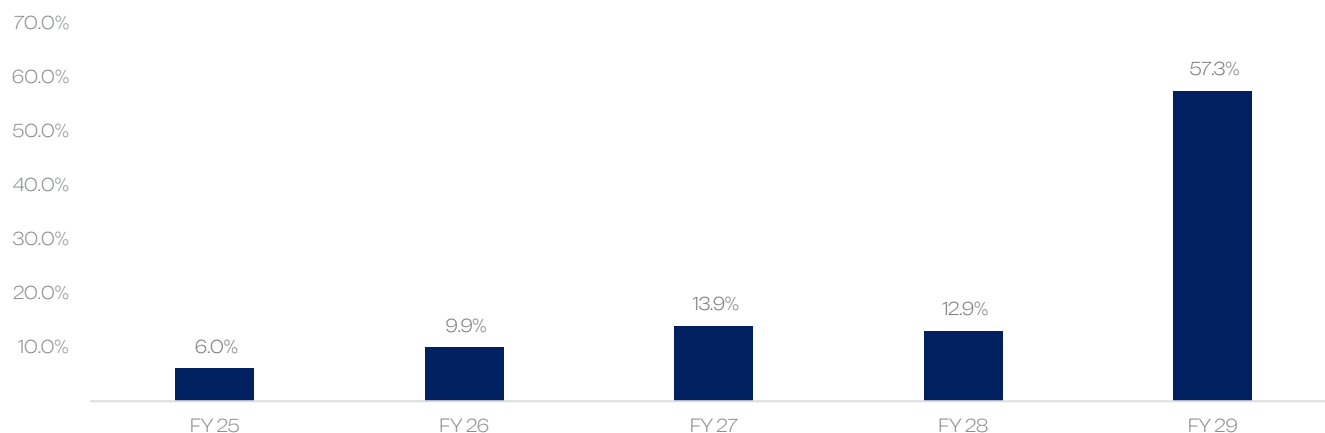
3 The tenant incentive for leases (renewals and new-lets) in Poland are generally higher compared to other markets

Commentary

continued

PEL lease expiry profile to break by GLA (SQM)

Extended lease expiry with 57% of leases expiring beyond 5 years.



PEL summarised balance sheet

€m	31 March 2024	31 March 2023	% change
Investment property	1 055	1 066	(1.0%)
Investment property - held for sale	-	33	-
Derivative financial instruments	17	28	(39.3%)
Trade and other receivables	36	33	9.1%
Cash	20	15	33.3%
Total assets	1 128	1 175	(4.0%)
Shareholder interest	417	436	(4.4%)
Total equity	417	436	(4.4%)
Long term borrowings	563	579	(2.8%)
Other liabilities	148	160	(7.5%)
Total liabilities	711	739	(3.8%)
Total equity and liabilities	1 128	1 175	(4.0%)

PEL balance sheet and capital recycling

PEL NAV at a Burstone Group level has decreased to €390 million (Mar-23: €425 million).

Gearing within the PEL platform is at an LTV of 53% (Mar-23: 53.5%). The Group continues to focus on capital optimisation and has identified a pipeline of sales (direct and/or as part of sub-portfolio management opportunities) of c.€150 million to €250 million. The Group continues to explore the rolling-out of a funds management strategy in Europe.

The early refinancing of debt within the portfolio is progressing well and is expected to be concluded by Q2 FY25. The process of refinancing has been positive, with incumbent lenders and new lenders actively bidding to provide liquidity into the platform. The average all-in cost of funding within the PEL platform was 3.9% at Mar-24 (Mar-23: 3.7%). Europe in-country debt is 93% hedged by way of a cap at weighted average interest rate of 1.4%. These metrics are expected to remain stable post the refinancing but the debt expiry will be extended from 1.3 years to 4.5 years.

As interest rates stabilise, the impact of higher funding costs is expected to be partially mitigated by continued growth in contracted rent and lower platform costs, as the cost containment initiatives start to unlock savings.

PEL valuation

The on-balance sheet value of the PEL portfolio declined by 1.0% to €1 055 million from March 2023, largely as a result a negative revaluation due to macro driven yield expansion, partially offset by strong underlying NOI growth and FX gains. The valuation equated to a carrying yield of 5.5% (Mar-23: 5.1%).

Commentary

continued

PEL strategic priorities and outlook

The PEL portfolio continues to deliver strong operating metrics and is well positioned to capitalise on market dynamics as the interest rate environment stabilises. We expect strong NOI generation will continue, with growth prospects supported by structural fundamentals in the sector. Further rental growth will be driven by the abilities of our active asset management team. The quality of earnings will be enhanced through cost savings initiatives. Interest rates are an external volatile factor but are well-managed with limited change forecast for FY25.

The current focus is on:

- Active capital recycling through the asset disposal pipeline;
- Concluding the refinancing;
- Rolling-out the funds management strategy;
- Further embedding ESG principles into the business and assessments of our portfolio with respect to solar and decarbonisation.

IRONGATE GROUP

On 29 March 2023, the Group concluded a 50:50 JV transaction with the Irongate Group. The business currently manages over A\$490 million of equity (up 8% since acquisition) on behalf of some of the world's leading investors and the assets have performed well.

Irongate made its first industrial property acquisition for a new industrial platform in November 2023. The acquisition was supported by a co-investment from APAC-focused private equity real estate investment group, Phoenix Property Investors for 80% of the equity, with Irongate co-investing alongside Phoenix and providing the fund and asset management. Irongate is well placed to take advantage of a strong pipeline of opportunities that exist. The Irongate JV contributed R7 million to Group earnings in FY24 and this is expected to materially increase in FY25.

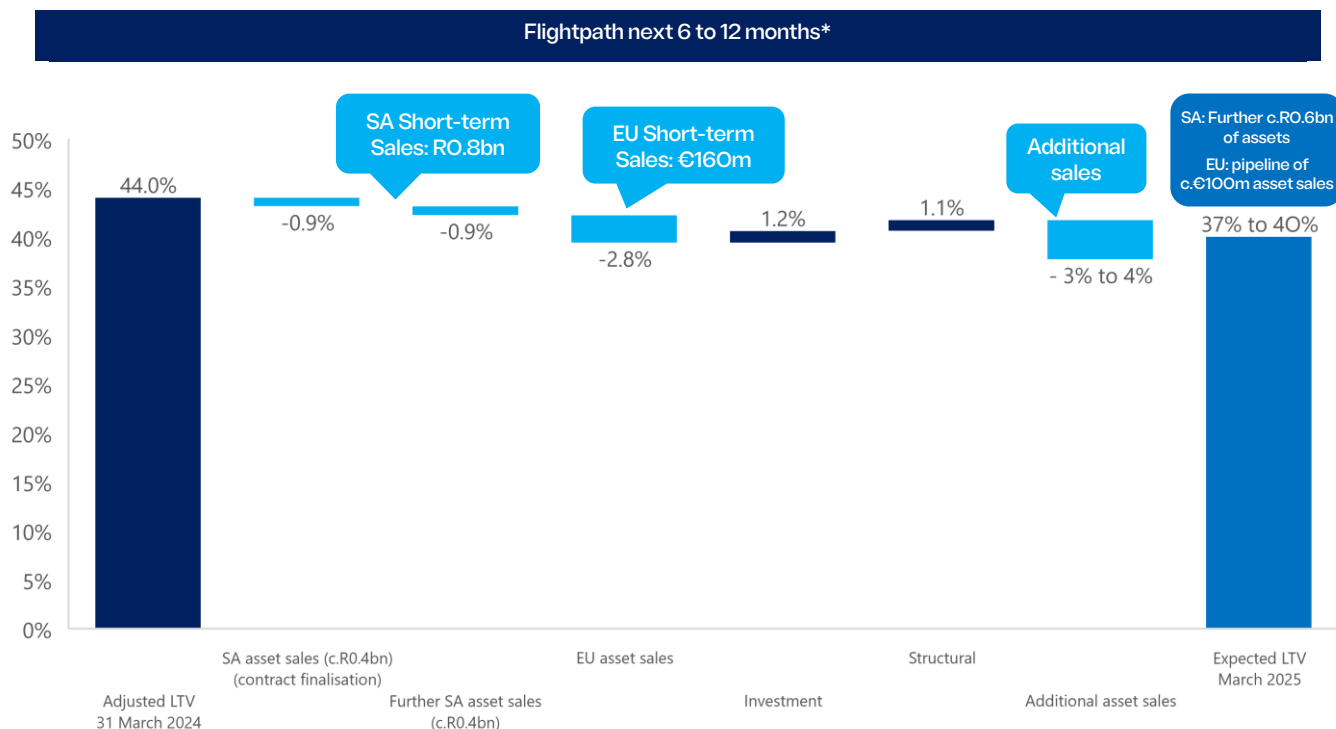
BALANCE SHEET AND TREASURY

The Group continues to adopt a prudent and disciplined approach to balance sheet management. It strives to maintain sufficient liquidity with diversified funding sources across various lenders. The Group is proactively managing its refinancing and interest rate risk and is actively engaging in the refinancing of its Group debt and the debt in PEL, with completion of the refinancing targeted for Q2 FY25.

The Group's financial position remains strong, with sufficient liquidity and a strong capital base to support portfolio growth.

LTV

The Group LTV ratio is at 44% (Mar-23: 42%). The Group has a clear plan to reduce LTV. The Group is targeting an LTV of between 37% to 40% over the next 12 months, which will be achieved through asset sales at or in line with book value.



* Flightpath ignores impacts such as valuations, FX movements etc. Structural includes capex, amortisation of intangible assets etc

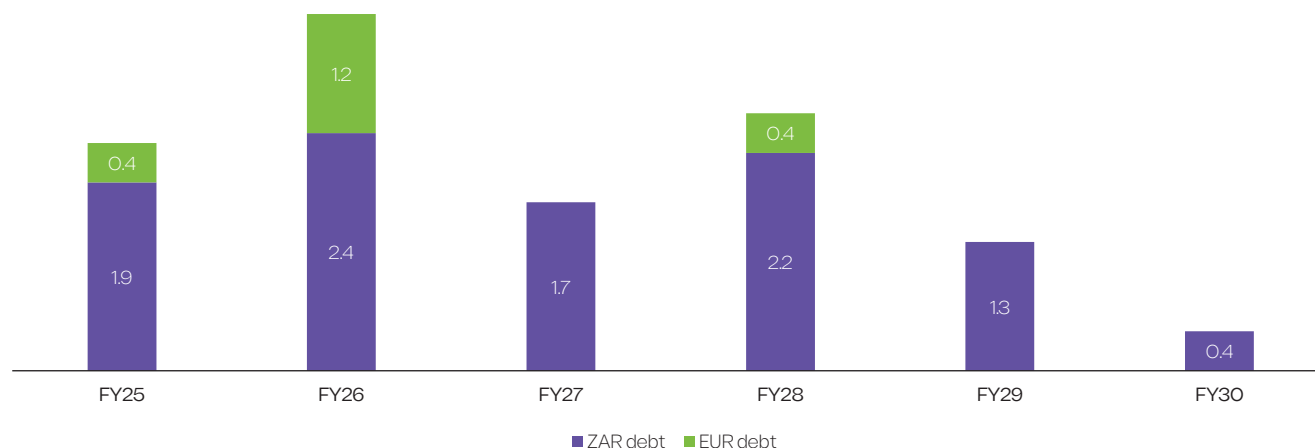
Look through gearing will decrease from c.58% at March 2024 to c.55% on implementation of the LTV flightpath, with further reduction as and when a strategic partner is brought into the European platform.

Commentary

continued

Liquidity

Group debt expiry by type and year (R'bn)



Total Group debt (including undrawn facilities) at 31 March 2024 amounts to R11.9 billion (R9.9 billion in ZAR and R2.0 billion in EUR), with a cost of debt of 9.25% on ZAR debt and 3.2% on EUR debt. Total ZAR swaps at 31 March 2024 amount to R3.9 billion with a weighted average swap rate of 7.3% and the Euro debt is 100% hedged at an average weighted swap rate of 1.9%

Active treasury management is a key priority in the short- to mid-term with a particular focus on refinancing of the Group's balance sheet and managing upcoming swap expiries. The refinancing of Group debt is expected to be concluded by Q2 FY25 resulting in expected margin savings of c.20bps and extending the debt expiry from 2.2 years to 3.2 years.

As at the date of the announcement, Burstone has R1.1 billion of committed available facilities to settle short term debt expiries and the refinance is well progressed to further mitigate any liquidity risk.

PEL debt

European debt maturity is 1.3 years and the average all-in cost of funding within the PEL platform is 3.9% (Mar-23: 3.7%). Europe in-country debt is 93% hedged by way of a cap at a weighted average interest rate of 1.4%. The cap expires in October 2025 and will only impact the business in the 2026 financial year.

The early refinancing of debt within the portfolio is progressing well and is expected to be concluded by Q2 FY25. The funding metrics are expected to remain stable post the refinancing but the term of the debt will be extended from 1.3 years to 4.5 years.

As interest rates stabilise, the impact of higher funding costs is expected to be partially mitigated by continued growth in contracted rent and lower platform costs.

Debt and hedging

Management is cognisant of the volatile global interest rate environment and maintains a high 98% hedge against total debt (Mar-23: 85%) at Group level.

Euro currency risk is managed through the Group's policy to maintain at least a 60% hedge against offshore investments and 100% hedge against foreign income, by way of foreign exchange contracts. Burstone has hedged 75% of its capital investment as well as c.93% of expected income from the PEL investment over the next 5 years, at forward exchange rates ranging between R20.35 - R29.44 to the Euro, with an implied 5% to 7% FX growth locked-in over the next 5 years.

The maturity of the swap book has been maintained at an average expiry of 2.0 years (Mar-23: 2.0 years). The Group actively manages its interest rate exposure by assessing various swap strategies and seizes opportunities to extend its swap profile at lower rates where possible.

Commentary

continued

	At 31 March 2024 (pre refinancing)				At 31 March 2023			
	Group			PEL	Group			PEL
	ZAR debt	EUR debt	Total	Europe	ZAR debt	EUR debt	Total	Europe
Quantum	R9.9bn	R2.0bn	R11.9bn	€566m	R4.7bn	R5.8bn	R10.5bn	€588m
Debt maturity (years)	2.8	2.4	2.2	1.3	3.3	3.2	3.3	2.5
Swap maturity	2.0	1.8	2.0	2.5	2.3	1.3	2.0	2.5
Hedge percentage	95%	100%	98%	93%	78%	90%	85%	90%
Gearing %	-	-	44%	53%	-	-	42%	53%
Average all-in cost of funding	9.25%	3.16%	5.31%	3.9%	9.0%	2.9%	5.3%	3.7%
Average debt margin (local currency)	1.65%	2.12%	1.73%	2.2%	1.7%	1.9%	1.7%	2.3%
Average swap rate	7.3%	1.9%	4.6%	1.4% ⁴	7.3%	0.4%	5.4%	1.4%
Encumbrance ratio ¹	-	-	48%	100.0%	-	-	49.6%	100.0%
% debt secured ²	-	-	55%	100.0%	-	-	55.3%	90.0%
% Foreign debt and CCS of EUR investment ³	-	-	75%	-	-	-	75%	-

1 Secured assets as a percentage of total investments.

2 Secured debt as a percentage of total debt facilities.

3 Cross currency swaps are considered synthetic EUR funding.

4 Comprises €473m debt at 1.1% and €56m debt at 4%, hedged via interest rate cap. €38m loan remains unhedged.

An ethos of sustainability

We aim to create broader long-term stakeholder value that:



SUSTAINABILITY STRATEGY

We believe in a holistic approach to sustainability and transformation that focuses on creating broader stakeholder value that is impactful. At the core of our commitment lies the fundamental value of doing the right thing. We want to lead in delivering sustainable value to our stakeholders. We fundamentally believe that the UN Sustainable Development Goals should form a cornerstone of our business practices and strategies. We continue to advance our ESG strategy and associated objectives and targets to ensure that the business is best positioned to create value in the widest sense.

Commentary continued

BASIS OF ACCOUNTING

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for consolidated financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Statements. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. These condensed consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, Jenna Sprenger CA(SA).

CORPORATE INFORMATION

Burstone Group Limited

(Previously Investec Property Fund)
 Approved as a REIT by the JSE
 Incorporated in the Republic of South Africa
 Registration number: 2008/O11366/O6
 Share code: BTN
 Bond code: BTNI
 ISIN: ZAE000180915

Directors

Andrew R Wooler (Chief Executive Officer)
 Jenna C Sprenger (Chief Financial Officer)
 Moses (Moss) M Ngoasheng (Independent non-executive chair)
 Philip A Hourquebie
 Disebo Moephuli
 CW Nosipho Molope
 Nicholas P Riley
 Paul A Theodosiou
 Rex G Tomlinson

Registered Office

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Company Secretary

Pieter van der Sandt

Transfer Secretary

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 Johannesburg 2196
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 Telephone (27 11) 370 5000

Auditor

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Sponsor

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 PO Box 785700, Sandown, Sandton, 2146

Website

www.burstone.com

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GLOSSARY

Term	Definition
Board	Board of directors of Burstone Group Limited
Burstone or The Fund or The Group	Burstone Group Limited including its subsidiaries, investments in joint-ventures and any other investments
CCS	Cross currency swaps
CGT	Capital gains tax
Cps	Cents per share
DIPS	Distributable income per share
DPS	Dividend per share
ESG	Environmental, social and governance
EV	Enterprise value
FEC	Foreign exchange contract
Gross income	Revenue from all investments aggregated on a proportionally consolidated basis
IAP	Investec Australia Property Fund
Investment yield	Income (earnings) and capital return over balance sheet equity value
ITAP	Irongate Templewater Australia Property
IWI	Investec Wealth and Investments
Izandla or Izandla Property Fund	Izandla Property Fund Proprietary Limited
Like-for-like or LFL	Comparable measure of growth
LTV	Loan to value, calculated as net debt / total investments net of minority interests
MTM	Mark to market
NAV	Net asset value
NOI	Net property income
PEL	Pan-European logistics
PELI	Pan-European light industrial
REIT	Real estate investment trust
SA	South Africa / South African
UK	United Kingdom
WALE	Weighted average lease expiry
WHT	Withholding tax
yoy	Year on year

Transform potential

