



TEXTON
PROPERTY FUND

CONDENSED CONSOLIDATED
UNAUDITED INTERIM RESULTS

for the six months ended 31 December

2024



*The Grid,
Rivonia Road*



KEY METRICS

<p>DIRECT PROPERTY PORTFOLIO VALUE[@] R1,798 billion (June 2024: R2,085 billion)</p>	<p>INTERNATIONAL PROPERTY INVESTMENTS R441,3 million (June 2024: R443,1 million)</p>
<p>LOAN-TO-VALUE (“LTV”) RATIO[#] 14,7% (June 2024: 27,2%)</p>	<p>CORE PORTFOLIO VACANCIES[^] 8,7% (June 2024: 7,7%)</p>
<p>NET ASSET VALUE (“NAV”) 643,4 cents per share (June 2024: 625,08 cents per share)</p>	<p>INTEREST COVER RATIO* (“ICR”) 2,1 times (June 2024: 1,98 times)</p>
<p>DISTRIBUTABLE INCOME PER SHARE 12,5 cents per share (December 2023: 14,19 cents)</p>	

[@] Including assets held for sale

[#] Calculated according to the SA REIT Association Best Practice Recommendations 2019 second edition guidelines.

[^] The methodology of core vacancy has changed and is calculation based on the lettable GLA within the portfolio, excluding GLA that is under development or mothballed. June 2024 number has been restated to reflect this calculation.

* Texton's Group ICR.

COMMENTARY

ABOUT TEXTON AND STRATEGIC BACKGROUND

Texton is a JSE Limited ("JSE")-listed real estate investment trust ("REIT") that provides shareholders with access to a diversified portfolio of direct and indirect global real estate investments. Our core objective is to deliver sustainable, risk-adjusted returns to our stakeholders through disciplined capital allocation, strategic asset management, and value-driven investments.

Since the onset of the COVID-19 pandemic, Texton has undergone a comprehensive transformation, marked by significant changes in leadership at both the board and management levels. Previously, the company faced considerable financial pressures, including a highly leveraged balance sheet, covenant breaches with banking partners, and exposure to high-risk derivative instruments. This created an onerous financial position further exacerbated by foreign exchange fluctuations. Moreover, operational challenges emerged from an underlying portfolio that had, in many cases, become functionally obsolete. These operational difficulties were compounded by significant increases in global interest rates fueled by inflation.

As the leadership team set out to address these complexities, a key strategic priority was the stabilisation of our balance sheet through the strategic disposal of underperforming assets in both South Africa ("SA") and the United Kingdom ("UK"). This proactive approach enabled us to reduce debt, optimise liquidity, and establish a more resilient financial position. Since June 2019, we have sold 30 assets, representing c. 57% of the then gross book value.

With a more stable financial footing, our focus shifted to enhancing the performance of our remaining property portfolio and redeploying capital to generate compelling, risk-adjusted returns. In SA, the office market faced significant headwinds, resulting in high vacancy rates—particularly in Gauteng. This had a pronounced impact on Texton due to the high concentration risks associated with single-tenant exposures. We observed large tenants vacating buildings early or opting not to renew leases, rendering some assets functionally obsolete to the market demands.

To address these challenges, we were required to employ innovative and proactive asset management strategies. These included the focused re-purposing of underutilised office spaces to attract a more diverse tenant mix and enhance rental income stability. The substantial capital expenditure requirements we faced could only be managed with the liquidity and strong balance sheet we had established. Moreover, the internalisation of our property management function allowed us to drive operational efficiencies, improve tenant engagement, and optimise cost structures. Through this process we have enhanced the portfolio's relevance and, as a result, resilience.

As our financial position strengthened, we embarked on strategic redeployment of providing our stakeholders with hard currency diversification. Capital was deployed into opportunity-driven investments in developed markets, ensuring a more balanced and resilient overall allocation of our net asset value. Our strategy focuses on investing in high-quality real estate assets classes with robust fundamentals and growth potential in stable, developed economies, while partnering with top-tier asset managers to maximise investment returns and drive long-term value creation.

Throughout this transformative period, we have maintained a disciplined capital allocation approach that balances risk, return, and portfolio diversification. Our strategic initiatives have yielded tangible improvements. Our Net Asset Value ("NAV") has remained stable, reflecting our ability to preserve and grow shareholder value; our Loan-to-Value ("LTV") ratio has significantly reduced from 47,7% at June 2019 to 14,7% as at 31 December 2024. We now have a healthy cash balance, providing us with optionality to pursue compelling opportunities in the current market. Our investment portfolio is now more diversified, effectively reducing concentration risks and ensuring a stable income stream and capital growth.

Navigating our diverse capital requirements across our stakeholders needs has necessitated a careful and strategic approach that balances multiple, often competing priorities. On one hand, significant debt reduction was required to ensure financial stability, while on the other, our local portfolio demanded significant reinvestment to remain competitive

in a rapidly evolving market. Simultaneously, we recognised the diversification imperative to allocate capital toward high-quality real estate opportunities that drive sustainable, long-term growth. Despite these challenges, we have successfully managed our capital allocation strategy by strengthening our balance sheet, investing in value-enhancing initiatives, and maintaining a dividend payout—all while preserving our REIT status.

Throughout this transformative period, Texton has remained committed to its core mandate—creating long-term value for stakeholders through a well-balanced, strategically managed, and globally diversified real estate portfolio.

BALANCE SHEET OVERVIEW – 31 DECEMBER 2024

NAV per share

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
NAV			
Reported NAV attributable to the parent	1 913 493	1 837 024	1 918 795
<i>Adjustments:</i>			
Dividend to be declared	–	–	(60 000)
Fair value of certain derivative financial instruments	–	–	–
Deferred tax	4 475	11 096	4 570
Total equity	1 917 968	1 848 120	1 863 365
Shares outstanding			
Number of shares in issue (net of treasury shares) ('000)	298 098	259 570	298 098
NAV per share (cents)	643,40	711,99	625,08

The increase in NAV from 625 cents to 643 cents can be attributed to several key factors. Firstly, strong operational performance has contributed positively, with solid operating cash flow increase our net asset value. Property values have remained relatively stable during this period, ensuring that there were no significant downward revaluations that could have negatively impacted NAV. Additionally, the benefit of currency diversification has played a role, as exposure to different markets has provided a hedge against our localised economic fluctuations, ultimately supporting NAV growth.

Investment Property

Investment Property (include properties held for sale) decreased from R2,0 billion at 30 June 2024 to R1,8 billion at 31 December 2024, driven in primarily by disposals in the UK during the 6 month period. The disposal of the Gainsborough and Peterlee in the UK was completed in September 2024, decreasing our UK exposure by R362,7 million. In South Africa, investment property values remained stable supported by robust underlying earnings growth. Our portfolio value increased by R99,5 million on account of the consolidation of our North Carolina acquisition in July 2024.

Unlisted investments

Over the past six months, our unlisted investments have held steady at R441 million at 31 December 2024 compared to R443 million at 30 June 2024. We strategically divested a portion of our BREIT (R108,5 million)* and SREIT (R32,4 million) holdings during the period, as we looked to re-balance the offshore portfolio and generate liquidity for future deployment opportunities. Our exposure to the remaining investment increased by R18,7 million, as additional capital was invested in Greenpoint/Infinium (R8,7 million), Faropoint (R2,5 million), and GIM Investments/Apollo (R8,3 million). The capital values of our offshore investments remained under pressure due cap rates being impacted by the volatility in the 10 year treasure note and interest remaining higher for longer. Although we saw a fair value decreased of R4,3 million for the 6 months to 31 December 2024, this was significantly lower than the fair value adjustment during the 12 month period to 30 June 2024. We believe this is indicative of broader market valuations bottoming out and paving the way for value appreciation as the capital markets recover. The decrease in the fair value was offset by a R13,9 million positive impact of the exchange rate, as the ZAR depreciated again the USD over the period.

* Redemption done at 30 June 2024, however, cash received after year end. Amount was included in other receivables on the Balance Sheet.

External Loans and derivative financial instruments

External borrowing reduced significantly from R987 million as at 30 June 2024 to R736 million as at 31 December 2024. The proceeds from the sale of our UK properties enabled us to fully settle the HSBC loan. Similarly, the disposal of smaller assets in our South African portfolio allowed us to further reduce our borrowings with our South African banking partners. These decreases were partially offset by an increase of R43,2 million in borrowings due to the consolidation of our North Carolina investment. These movements have contributed to a significant improvement in our debt metrics, reflected in our LTV ratio, which now stands at 14,7% (June 2024: 27,2%).

Cash and Cash equivalents

Our recent selling activities have generated a significant amount of capital, bolstering our cash and cash equivalents position from R261 million at 30 June 2024 to R398,7 million as at 31 December 2024 offset somewhat by the payout of the dividend of R60 million.

Share Capital

There has been no movement in the shares in issue during the past 6 months, however, since the December 2023 comparative period Texton completed a rights issue which increased number of shares from 259,570,287 to 298,098,495 (net of treasury shares).

EARNINGS OVERVIEW – 31 DECEMBER 2024

Calculation of distributable earnings

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Variance %
Revenue	135 532	140 752	(3,71)
Impairment losses on tenant debtors	(516)	(754)	31,62
Property expenses	(55 928)	(61 524)	9,09
Other income	7 891	18 687	(57,78)
Administrative expenses	(18 157)	(18 258)	0,55
Depreciation and amortisation	2 706	3 917	30,91
Net finance cost	(33 982)	(45 950)	26,05
– Finance income	11 124	10 960	1,49
– Finance cost	(45 106)	(56 910)	(20,74)
Total distributable earnings	37 545	36 870	1,83
Distributable income per share (cents)	12,50	14,13	(11,53)

Total distributable income for the six months ended 31 December 2024 amounted to R37,5 million (December 2023: R36,9 million), representing a 1,83% increase. However, distributable earnings per share decreased by 11,53% due to the dilutive impact of the rights issue.

At a Group level, Texton's net property income increased from R74,1 million to R77,9 million. The increase was driven largely by a R9,9 million (17%) increase in the South African net property income. The earnings on our core portfolio in South African increased by R8,5 million (15%), as enhanced letting increased revenue, whilst we managed to keep our operating costs flat despite inflationary pressures. In addition, net property income was improved by R1,4 million due to the disposal of non-performing assets which had a negative drag on earnings during the 31 December 2023 period.

In the UK, our net property income was down by R5,6 million in the 6 months to 31 December 2024, driven by the loss of earnings from the disposal of Gainsborough and Peterlee. The inclusion of our North Carolina contributed R2,0 million to our net property income.

Other Income has declined from R18,7 million during the 31 December 2023 period to R7,9 million during 31 December 2024. This decrease was mainly due to less dividend income being received from our offshore portfolio as we redeemed portions of our investments in BREIT and SREIT during the period.

We were able to minimise the inflationary effect on **administration expenses** by continuing cost cutting measures and effective expense management. The administration expense remained broadly consistent at R18,2 million during the 6 months to 31 December 2024.

Finance income has increased by 1,5% linked to the higher cash balances during the period, offset to some extent by global interest rate reductions.

Finance expenditure has reduced by 20,74% due largely to the repayment of HSBC loan and repayment of debt facilities following capital raised from the rights issue.

DIVIDEND

The Board of directors of Texton has elected not to pay an interim dividend for the six months ended 31 December 2024.

MARKET AND OPERATIONAL REVIEW - SOUTH AFRICA

At June 2019, Texton's South African portfolio was a broad mix of assets—comprising 34 properties with a total gross lettable area of c. 290,000m² which was geographically spread wide across the country and mostly allocated to the office sector. This portfolio of assets spanned different sectors and represented an uncoordinated diversification strategy. The assets widely varied in size from as little as 1,000m² sectional title units to much larger properties of up to 30,000m², and many were underpinned by weak fundamentals. The scattered sector distributions, coupled with an uncorrelated mix of tenants and assets situated in outlying locations, made day-to-day operations difficult and inefficient to manage. Moreover, with the property management function externalised, Texton's management lacked direct oversight and control over asset performance and engagement with key stakeholders.

The composition of the office portfolio had primarily revolved around large, single-tenant assets, a model followed by many landlords for its operational ease and limited administrative burden. Yet the post-COVID landscape radically altered this paradigm. As tenants prematurely terminated leases, downsized, or abruptly exited the market altogether, vast pockets of space were suddenly returned to Texton. Our vacancy rate spiked during the June 2022 financial year at c. 65,000m², representing 26% of our portfolio. This unprecedented surge in vacancies not only dented our earnings but also forced us to rethink and reconfigure our strategy in a market where chronic oversupply had become the new norm.

In response to these turbulent times, we deployed a comprehensive suite of asset management tools. Under new leadership, we developed asset specific business plans focused on streamlining the portfolio and stabilising underperforming assets. We began by divesting non-core and outlying assets that had become operationally inefficient and functionally obsolete. For other properties, we focused on stabilisation through enhanced letting efforts and early lease renewals designed to extend our weighted average lease terms. Many assets were exited at attractive pricing post the stabilisation and thereby unlocking underlying value.

In addition, we embarked on a transformative re-purposing strategy to meet the shifting market demands. Traditional office spaces had to be reimagined as versatile environments better suited to the evolving needs of modern tenants—particularly those in the SME sector. The prevailing market conditions had created a scenario where office offerings no longer resonated with many tenants. In an oversupplied market, large, office spaces struggled to attract occupants, especially as emerging trends highlighted a growing appetite among smaller enterprises. These SMEs were in search of quality office space that was both accessible and presented in a tangible, fully apprehended manner—a stark contrast to the open, abstract layouts that had become the norm. Smaller tenants required spaces that were not only highly functional but also offered simplicity and flexibility in leasing terms. Traditional landlord models, onerous and rigid lease structures, and heavy capital expenditure requirements for bespoke fit-outs, left these tenants feeling alienated, further compounded by escalating costs, including significant hikes in utilities being passed on.

On the supply side, the historical bias towards securing large, single-tenant leases had led to buildings being designed and constructed primarily for that market. Tailoring existing layouts and designs specifically for SME businesses on a large scale presented intricate and burdensome challenges, requiring careful consideration of the diverse operational needs and constraints unique to these businesses. It required a granular, significant customisation and a hands-on approach that involved reimagining and reconfiguring vast office spaces into smaller, purpose-built units, all within the confines of existing structures and regulatory requirements. This transformation demanded significant upfront capital investment and an operational model that was far more intensive than the standard long-term lease agreements traditionally favoured by landlords. Landlords, often reluctant to commit resources without secured leases, had inadvertently created a barrier to entry, thus limiting the supply of office products truly suited to the needs of an underserved market.

Realising this gap, we chose to invest in repositioning our assets to unlock a latent demand. Our strategic pivot towards the SME market was both timely and transformative. We actively began targeting letting units under 500m² by launching Tex-Spaces—currently being

re-branded as Instant Offices—an initiative designed to produce our letting units with an offering tailored specifically to the SME market. At its core, this initiative was built on three fundamental objectives: ensuring the units were instantly available, simplifying and introducing flexibility into the lease structure, and delivering a high-grade quality product, that was previously perceived to be out of SME's price point.

We invested upfront in the fit-out of these units, equipping them with premium furniture and finishing touches so that prospective tenants could view the space as a finished, tangible product. By providing fully furnished, move-in ready offices within well-equipped business parks, we eliminated the tenant's hassle and the financial burden of starting from scratch. This approach reduced the time lag that often existed between viewing a property and taking occupancy—a critical factor when tenant demand was for space that was immediately available.

Simultaneously, we stripped away the complexities of the traditional landlord model by developing a transparent, fixed pricing structure. This simplified lease structure eradicated the noise created by convoluted legal agreements and variable charges for utilities, replacing it with a model that offered financial certainty. Tenants were no longer burdened by hidden costs or unexpected fees, thereby giving them the peace of mind to focus on running and scaling their businesses.

Recognising that SME tenants had long been neglected—often relegated to low-quality, afterthought spaces—we set out to create a product that was both professionally designed and functionally robust. Tex-Spaces were conceived to cater to businesses ranging from as few as five to as many as 25 employees. Each unit was thoughtfully designed to include essential facilities such as private meeting rooms and kitchen areas, ensuring that tenants have the space to operate efficiently from day one.

The visual appeal and tangible quality of these spaces not only met immediate tenant needs but also sparked demand among more established SMEs looking for slightly larger offices. For these businesses, we purposely configured units that provided a flexible framework, allowing tenants the freedom to personalise and develop their workspace to align with their unique requirements.

Whilst the shift towards the SME market yielded promising results, we also recognised that some of our single-tenant buildings were not amenable to being reconfigured into smaller office units. For these properties, we identified self-storage as an asset class with favourable dynamics. Globally, self-storage is underpinned by stable demand, as the need for storage persists irrespective of economic conditions. Compared to office properties, self-storage facilities benefit from lower ongoing maintenance costs, healthy margins, and consistent rental income, while also being remarkably resilient during economic downturns as people downsize or relocate. On the supply side, the South African self-storage market is fragmented, predominantly served by mom-and-pop operators with few institutional-grade players—a gap we were well-positioned to fill with professional management. Developing self-storage assets is operationally intensive and requires significant upfront capital expenditure, along with a commitment to actively manage a large number of leases.

To capitalise on these dynamics, we set out to build three self-storage sites within our existing office portfolio. This business plan required navigating a complicated and lengthy rezoning process and large regulatory hurdles to address health and safety requirements. During the rezoning process, we simultaneously worked on design, configuration, fire compliance and costing. As soon as the zoning was approved, we moved to breaking ground. Our first site was launched in Parktown in August 2023, followed by a second site in Sandton in October 2023, each reinforcing our commitment to diversifying our portfolio and creating resilient income streams.

The successful execution of these initiatives demanded not only a reimagining of our physical assets but also a transformation of our operational approach. Central to this success was the internalisation of the property management function, which restored direct oversight and control over our assets. Moreover, the operational acumen of our management team, combined with a robust balance sheet and sufficient liquidity, allowed us to support the heavy upfront capital investments necessary for these transformational projects.

To date, we have reinvested over R40 million in our portfolio. Approximately R30 million of this investment has been allocated to our SME strategy—which includes self storage and Tex-spaces—while around R10 million has been dedicated to our environmental projects, featuring solar installations, boreholes, and lighting upgrades.

In essence, our journey reflects a proactive adaptation to evolving market realities. By divesting where necessary, stabilising assets through enhanced letting and strategic renewals, and innovatively re-purposing our portfolio to address the specific needs of an underserved SME community and the resilient self-storage market, we have not only mitigated the impact of post-COVID vacancies but also redefined our value proposition in a competitive landscape. Our portfolio now stands as a testament to agility and forward-thinking, primed for sustainable growth and well-equipped to thrive in a dynamic commercial real estate environment.

SA direct portfolio

SA portfolio sectoral profile

Sector	31 December 2024					
	Total GLA m ²	Under development GLA m ²	Mothballed GLA m ²	Lettable GLA m ²	Core Vacancy GLA m ²	Core Vacancy on Lettable GLA %
Office	108 546	3 398	2 064	103 084	7 653	7,4
Retail	6 404	–	–	6 404	216	3,4
Self-storage	14 997	8 663	–	6 334	2 755	43,5
Total	129 947	12 061	2 064	115 822	10 623	9,2

Sector	30 June 2024					
	Total GLA m ²	Under development GLA m ²	Mothballed GLA m ²	Lettable GLA m ²	Core Vacancy GLA m ²	Core Vacancy on Lettable GLA %
Office	107 291	1 168	2 064	104 059	7 254	7,0
Retail	6 404	–	–	6 404	96	1,5
Self-storage	15 302	10 484	–	4 818	3 421	71,0
Total	128 996	11 652	2 064	115 280	10 771	9,3

The cornerstone of our office portfolio is underpinned by stable and predictable cash flows from large corporate and government tenants. However, our income stream continues to diversify as we further develop and enhance our SME offering and roll out self-storage.

As at 31 December 2024, the total vacant GLA (including under development), was 22,684m² (June 2024: 22,423m²)*, representing an increase of 262m² during the period. This rise in vacant space is primarily due to a vacancy at The Grid where the tenant required a 50% reduction in space upon lease renewal, offset by new letting activity during the period. When excluding the space that has not yet been developed our office and retail vacancy was 7,4% and 3,4%, respectively.

Texton's weighted average lease expiry ("WALE") remained stable year-on-year. In response to the demand for more flexible rental terms, new letting lease durations have averaged between 1 to 3 years. As a result, the WALE of the South African portfolio increased slightly to 2.03 years as at 31 December 2024, up from 2.0 years as at 30 June 2024, but down from 2.45 years as at 31 December 2023.

In addition to signing shorter date leases in line with the changes to our operating model, the portfolio WALE has been impact by the decrease in the remaining term left on our largest single asset, Foretrust. The asset is leased to Department of Public works and the current 5 year lease expires in September 2025. Texton is in advance discussions on the renewal of the lease and we anticipate the lease to be renewed before the expire of the in-place lease.

Vacancy and letting

Letting activity

	31 December 2024		31 December 2023	
	GLA m ²	Number of tenants	GLA m ²	Number of tenants
New deals				
Office	3 686	23	4 295	20
Retail	-	-	44	1
Total	3 686	23	4 339	21

As tenants seek greater flexibility and efficiency, our business model requires us to sign a higher number of leases with smaller GLA per lease. This trend is evident in our letting activity, where the number of deals increased slightly, but the total newly signed GLA decreased comparatively, aligning with the market's shift toward more adaptable workspace solutions.

Retention

Sector	Expiring GLA m ²	Renewed GLA m ²	Retention %	Reversion on retained GLA %
	Office	8 648	6 495	75,1
Retail	152	152	100,0	(0,7)
	8 800	6 647	75,5	(1,7)

* The methodology of core vacancy has changed and is calculation based on the lettable GLA within the portfolio, excluding GLA that is under development or mothballed. June 2024 number has been restated to reflect this calculation.

Rental collections

Texton has upheld strong rental collections throughout the period. The in-house property management team has facilitated direct daily interactions with tenants, fostering improved tenant-landlord relationships. Rental collections across the portfolio stood at 97,6% for the six months ending December 2024, compared to 98,6% for the same period in 2023.

Self storage

Total storage GLA amounts to 14,997m² of GLA, with 6,334m² currently operational and the remaining 8,663m² earmarked for phased development as the facilities lease up. To date, we have spent R12,5 million on the build out of our storage facilities. The operational GLA was 2,826m² let at 31 December 2024 and we continue to see strong self-storage demand in our operational nodes.

MARKET AND OPERATIONAL REVIEW – UK

Texton first entered the UK market in 2015, a strategic move aimed at diversifying geographic exposure and capturing value within mature real estate markets. Texton built a diversified portfolio across the office, industrial and retail sector located in secondary markets across the United Kingdom. The portfolio comprising 9 properties was characterised by single-tenant arrangements secured under long-term, net triple leases. This structure provided immediate and stable cash flows.

In parallel with direct asset acquisitions, Texton entered into a complex joint venture (“JV”) to acquire a 50% stake in a value-add shopping centre in Reading. Having deployed c. GBP16 million into the joint venture, the asset represented one of the largest exposure across Texton’s portfolio, locally and abroad.

Post these acquisition, the UK’s macroeconomics deteriorated as it grappled with significant headwinds in the post-Brexit era. The fallout from Brexit introduced regulatory and economic uncertainties, which was further magnified by the structural changes in the property market.

Initially, our direct portfolio delivered robust cash flows throughout the lease terms. However, as the leases approached expiry, we observed challenges in achieving capital appreciation. This was not only a

function of the asset characteristics but also a reflection of broader market sentiment shortened lease profiles.

Post-COVID, the UK property market experienced a notable shift. With central banks lowering interest rates to historic lows in response to the economic shocks caused by the pandemic, investor appetite for cash-yielding asset classes surged. This environment precipitated a significant compression in cap rates across the real estate sector. This “moment in time” uplift in asset valuations helped counterbalance the potential downside risk posed by approaching lease expiries.

Recognising the cyclical change of the real estate market, we strategically adopted an opportunistic yet disciplined approach to consider asset disposals. Our strategy was predicated on a thorough market analysis that weighed the pricing achievable in the market against what we deemed the long-term intrinsic value of our assets were. Where short- to medium-term value unlock opportunities were limited, we made the decision to capitalise on the favourable market conditions driven by the historically low interest rates. As a result, we successfully concluded the sale of five assets at attractive pricing.

Shortly after these sales, the market cycle again shifted dramatically, with central banks increasing interest rates from the low of 10 basis points to the peak of 525 basis points in a bid to control inflation. The real estate market witnessed significant cap rate expansion, resulting in decreases in asset values. This shift was particularly pronounced in secondary locations, where our assets were concentrated. The resultant decline in property valuations vindicated our earlier decisions. These sales allowed us to secure attractive pricing before market conditions shifted and holding these assets beyond the sales window would have exposed us to further capital erosion as leases expired.

The joint venture investment in the Reading shopping centre was markedly different from our other holdings. This asset, by its nature, was capital intensive and required extensive redevelopment and repositioning in order preserve any form of value. Given our REIT structure—where capital is predominantly allocated to assets delivering predictable, stable cash flows for consistent dividend payouts—we found that the demands of such a redevelopment did not align with our financial profile.

Moreover, the retail sector in the UK was undergoing a structural transformation driven by the rapid rise of online retail and e-commerce. This trend led to a pronounced decrease in the capital value of traditional brick-and-mortar retail assets. The JV investments saw persistent decrease in capital value and the combination of capital intensity, sector-specific headwinds, and the pressure on our banking covenants necessitated proactive asset management in order to position the asset for sale.

Before the change in leadership, Texton played a passive role in the joint venture, largely leaving the asset in the hands of joint venture partner. With the change in leadership and management, Texton insisted on working more actively with our partners and undertook a series of asset management initiatives to reposition the shopping centre for sale. These initiatives included (1) unlocking complex residential rights and design, (2) repositioning leasing structures with core tenants and, (3) upgrading amenities to enhance marketability. After successfully executing on the initiatives, the JV took the asset to the market.

Despite the complexity and limited market depth for assets of this scale and sophistication, we managed the sales process meticulously and ultimately identified a well-capitalised bidder. We successfully concluded the sale in June 2022, just ahead of the interest rate hike cycle that would have further eroded the asset's value.

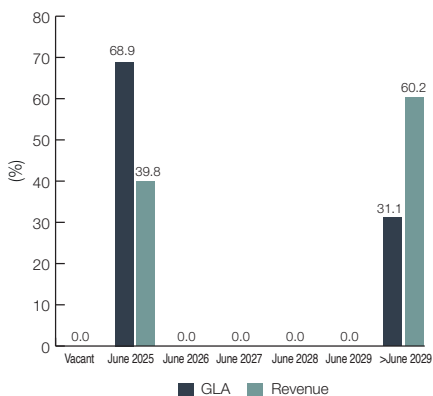
During the six-month period to December 2024, the Group successfully disposed of its Gainsborough and Peterlee properties situated in England for GBP 7,3 million and GBP 8,3 million, respectively. Whilst both assets are mission-critical to the manufacturing process of the tenants, the property locations are in secondary markets. The disposal of these properties provided an attractive exit and allows the Group to use the proceeds to pay down debt as well as provide capital for investment in future opportunities in other attractive asset classes and markets. At the time of running our sales process in July 2024, other landlords were holding onto asset despite pressure on banking covenants, hoping for stronger sentiment and that cap rates will compress off the back interest rate cuts. With interest rates holding higher for longer, we have subsequently seen an influx of sellers no longer able to hold out on valuation pressure, which made market significantly more competitive for sellers since closing on our disposals.

The remaining 2 UK properties feature upward only increases and operate under triple net leases with a WALE of 1,85 years. Consequently, the income generated from these assets remains robust, offering predictable returns for our shareholders. Additionally, these properties benefit from a strong tenant covenant, further bolstering their stability and attractiveness as investment assets. We are in the process of executing on a renewal of our Booker property which will favour a long-term renewal.

UK – direct portfolio

Sector	31 December 2024		31 December 2023	
	GLA m ²	Value %	GLA m ²	Value %
Retail	1 789	31,1	1 789	11,1
Industrial	3 961	68,9	21 989	88,9
	5 750	100,0	23 778	100,0

UK expiry profile



MARKET AND OPERATIONAL REVIEW - OFFSHORE

As our balance sheet was strengthened through the strategic divestment assets in SA and the UK, a significant pool of liquidity was generated. With cash resources to hand, we faced the opportunity of redeploying capital in a manner that maximised risk-adjusted returns. Two key objectives guided our redeployment strategy:

- (1) **Discipline in Capital Allocation.** We are determined to ensure that with every capital deployment decision the return is commensurate with the associated risk profile;
- (2) **Geographical Diversification and Currency Hedging:** Our exposure to South Africa, with its inherent sovereign risks, necessitated strategic diversification. We sought to diversify our portfolio geographically and hedge currency risks by investing in stable, developed economies.

After evaluating multiple geographies across the developed world, the United States of America ("USA") emerged as the optimal destination for capital redeployment. Our decision was driven by several compelling factors:

Diversification and Currency Strength: Unlike many local REITs who have predominantly focused on Europe and Australia, investors have limited scope to gain exposure to the USA. Texton investing in the US market provides access to the world's largest economy and the strong, globally dominant US dollar.

Robust Demand and Macro Trends: The USA boasts a large and growing population, which drives consistent demand across various sectors of the real estate market. This is underscored by strong historical trends and current market indicators.

Depth and Liquidity: The US real estate market is characterised by its deep liquidity and diverse range of investment opportunities. Whether in traditional asset classes or niche segments, the US offers a breadth of opportunities not readily available in the South African context.

Our objectives in the US market are multifaceted: **Building a Portfolio with Stable, Predictable Cash Flows:** We aim to make investments that would not

only provide robust, risk-adjusted returns through cash flows but also offer potential for long-term capital appreciation.

Thematic Investment Approach: We adopt a high-conviction, thematic approach driven by enduring structural and secular trends. Our focus is on areas with strong macro tailwinds—trends that have proven resilient even during cyclical downturns.

Institutional-Grade Partnerships: Recognising the complexities of the US market, we leveraged our network of top-tier institutional real estate asset managers. This partner-based execution strategy ensured that our investments were managed with the highest level of expertise and operational efficiency.

Within the US market, we have identified two asset classes that are particularly attractive. The US rental housing market has experienced sustained support underpinned by a chronic undersupply that has persisted since the Global Financial Crisis, with an estimated housing shortage of approximately 4–5 million units. This shortfall, coupled with the high cost of homeownership (exacerbated further interest rate increases) has driven a marked shift towards renting. Prospective homeowners are increasingly opting to rent due to affordability concerns, which in turn has bolstered demand for quality rental housing.

Industrial real estate in the US has been a standout performer, driven by robust tenant demand amid the rapid growth of e-commerce. The e-commerce sector has grown exponentially over the past five years, significantly boosting demand for logistics and distribution centres. Additionally, the trend towards onshoring has further strengthened the case for industrial investments. The US has seen a strategic relocation of business operations from overseas back to the domestic market, a shift that has profound implications for industrial real estate demand.

Beyond rental housing and industrial assets, we also identified other opportunistic asset classes that align with emerging ESG (Environmental, Social, and Governance) considerations and the increasing role of data consumption.

Since redeploying our capital into the US, our portfolio has been structured to provide a balanced mix of stable cash flows and growth potential.

		Undrawn				
Fair value Hierarchy		Commit-ment	Commit-ment	Market Value	Market Value	Dividend Income
31 December 2024		\$'000	\$'000	\$'000	R'000	R'000
US investments						
Blackstone Real Estate Income Trust	Level 2	12 500	–	6 240	117 935	2 965
Starwood Real Estate Income Trust	Level 2	12 000	–	8 369	158 167	4 530
PadSplit Investment	Level 3	2 500	–	1 777	33 589	346
Cadre real estate investment	Level 3	5 000	1 873	2 626	49 638	–
GIM Investments/Apollo	Level 3	5 500	4 452	932	17 617	–
Faropoint industrial value Fund III	Level 3	2 000	946	1 082	20 458	–
		39 500	7 272	21 027	397 404	7 842

		Undrawn				
Fair value Hierarchy		Commit-ment	Commit-ment	Market Value	Market Value	Dividend Income
31 December 2024		£'000	£'000	£'000	R'000	R'000
UK investments						
Greenpoint/Infinium	Level 3	2 650	762	1 857	43 929	–

Texton's offshore portfolio is strategically weighted, with approximately 55% allocated to the rental housing sector and 24% to the industrial sector. An additional 12% of the allocation is directed towards niche asset classes, including data centres, self-storage facilities, and car parks. In addition to our considered sector exposure, the geographic selection of investments has targeted high-growth markets characterised by robust macroeconomic fundamentals, driven by sustained population growth, low unemployment rates, and strong wage expansion.

In the aftermath of the pandemic, the US real estate market experienced a pronounced construction surge, leading to a supply-driven expansion across the multifamily and industrial segments. This unprecedented influx of new inventory, particularly in regions exhibiting strong demographic tailwinds, exerted downward pressure on rental growth and asset valuations over the past 12 to 18 months. However, despite the temporary supply-demand imbalances in select markets, there have been emerging indicators of stabilisation and recovery over the past six months, as excess inventory is gradually absorbed by the market.

Multifamily absorption rates reached record highs in 2024, signalling renewed demand resilience.

Within the industrial sector, while larger-scale warehousing facilities encountered pockets of oversupply, smaller-format logistics and distribution centres demonstrated greater occupancy stability. Vacancy rates across the industrial landscape have been on a measured ascent, reflecting a lag in demand absorption relative to the influx of new supply. This recalibration has led to a moderation in rental growth; however, despite decelerating from its 2022 peak, rental escalation has remained positive, underscoring the sector's inherent resilience.

Across all our core asset classes, key real estate fundamentals remain sound, with occupancy rates holding firm and rental escalations continuing to be realised.

Capital markets have introduced further complexities, particularly in the form of heightened interest rate volatility and a sharp rise in the 10-year US Treasury yield. These factors have placed upward pressure on real estate capitalisation rates, subsequently impacting

asset valuations. During the period the investments fair value were adjustment downward by R4,2 million, while in the corresponding period the same adjustment was over R44 million. We believe this represents a bottoming out of the market. This was offset by the foreign exchange gains of R13,8 million.

Nonetheless, we maintain conviction in the fundamental strength of our underlying asset classes and their ability to withstand cyclical headwinds.

During the six-month period, the Group executed redemptions totalling USD 6 million and USD 1,8 million from its holdings in BREIT* and SREIT, respectively. At the time of investment, these funds aligned seamlessly with the Group's strategic objectives, offering exposure to high-quality offshore property assets and delivering attractive, risk-adjusted yields. These investments have continued to generate stable, recurring cash distributions, reinforcing our income-driven approach. Furthermore, the funds provide liquidity optionality through a structured share repurchase mechanism, subject to predefined terms and conditions. Given the income distributions and returns realised to date, the Group strategically opted to redeem a portion of its investment, crystallising gains while ensuring that the redeployment of proceeds remains aligned with our offshore investment strategy.

In line with our commitment to expanding our offshore footprint, in July 2024 the Group successfully entered into a limited partnership agreement to acquire a 90% interest in an infill Class-B stand-alone industrial property in North Carolina. Under the terms of the agreement, Texton secured a 90% stake, with the remaining 10% commitment held by Canvas as the general partner.

The initial capital contribution of USD 2,747,950 (R50,232,526) has been directed towards the property acquisition and associated transaction costs, while an additional capital reserve of USD 430,315 (R7,866,158) has been earmarked for potential asset repositioning upon lease expiry.

Further reinforcing our international diversification strategy, the Group expanded its exposure by allocating an additional R8,7 million to Greenpoint Investment, R8,2 million to GIM Investments, and R2,4 million to Faropoint Industrial Value Fund III. These investments align with our thematic investment framework, targeting structural growth opportunities within high-performing real estate subsectors.

CAPITAL MANAGEMENT

A strong balance sheet remains a cornerstone of our strategy. Over the past six month period, we have further reinforced our financial position through asset recycling and debt refinancing. This resilience provides the flexibility needed to successfully execute our strategic objectives.

Recycling of capital

As of 30 June 2024, Texton had three properties classified as held for sale. During the six months ended 31 December 2024, one property—Greenstone Building 13, along with various portions of Wale Street—was sold in October 2024 for R22,4 million. Additionally, two UK-based properties, Gainsborough and Peterlee, were reclassified as held for sale and disposed of in September 2024 for R363,1 million.

* Redemption done at 30 June 2024, however, cash received after year end. Amount was included in other receivables on the Balance Sheet.

The remaining assets held for sale are being actively marketed for sale. The table below provides further details on the asset sales.

Asset sales

	Location of property			Number of properties	R'000
	South Africa	United Kingdom			
Balance as at 30 June 2024	3	–		3	70 957
Additions	–	2		2	363 215
Sold	(1)	(2)		(3)	(385 507)
Balance as at 31 December 2024	2	–		2	48 665

Group borrowings

Texton has continued to strengthen its balance sheet by reducing debt. During the year under review, total debt was reduced by R309 million, with R249,9 million representing a permanent reduction.

Total debt outstanding as at 31 December 2024 amounted to R736 million (30 June 2024: R985 million).

Debt profile

	31 December 2024			30 June 2024		
	ZAR facilities Rm	USD facilities \$m	Total facilities Rm	ZAR facilities Rm	GBP facilities £m	Total facilities Rm
Total debt facilities	829,0	2,3	872,30	846	10,9	1098,2
Total debt drawn	693,4	2,3	736,30	735,4	10,9	984,9
Net debt*	295,4	2,3	338,3	497,8	9,9	775,9
Subject to fix rates	–	2,3	43,2	–	–	–
% hedged on net debt	–	–	–	–	–	–
% effective interest rate	9,94	6,81	9,76	10,73	7,45	9,9

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

Loan profile (31 December 2024)

	2025	2026	2027	2028	2029	2030	Total
South Africa							
Loan expiry profile (Rm)	–	41,7	651,7	–	–	–	693,4
Group							
Loan expiry profile (Rm)	–	41,7	651,7	–	–	43,2	736,6

CURRENCY

The closing exchange rate on 31 December 2024 was R23,65:£1 (June 2024: R22,85:£1), and the average exchange rate for the period was R23,15:£1 (June 2024: R23,55:£1). The closing exchange rate on 31 December 2024 for the USD investments was R18,90 (June 2024: R18,07:\$1) and the average exchange rate for the period was R17,94 (June 2024: \$18,72).

PROSPECTS AND OUTLOOK

Texton is strongly positioned with a well-capitalised balance sheet and ample liquidity to execute our strategy effectively.

We have observed several encouraging macroeconomic developments in South Africa. While challenges persist, the formation of the Government of National Unity has been well-received, significantly contributing to political stability and investor confidence. We anticipate further advancements, particularly in structural reforms across key sectors such as energy, logistics, and infrastructure, which will be crucial in fostering sustainable growth and improving the overall business climate.

The substantial decrease in power outages has provided much-needed relief to businesses and households. Improved electricity reliability is supporting operational efficiency across industries, reducing costs, and fostering a more predictable business environment. This will likely translate into enhanced economic growth and increased investor confidence in the country.

Inflation has shown a marked decline, with consumer inflation dropping to 3% from its peak of 7,8% in July 2022. While downside risks such as exchange rate fluctuations, global oil price volatility, and ongoing geopolitical tensions remain, the South African Reserve Bank ("SARB") projects inflation to remain within its 3%-6% target range. Continued moderation in inflation could provide further economic relief, particularly to consumers and businesses grappling with high borrowing costs.

The easing inflationary environment sets the stage for further interest rate cuts. Since the first post-COVID rate cut in September 2024, SARB has reduced the repo rate by 75 basis points. With inflation expected to remain under control, further reductions are anticipated, creating a more conducive environment for economic expansion, increased investment, and improved consumer spending.

We believe the South African office market is undergoing a dynamic shift, presenting emerging opportunities. The factors outlined above have bolstered business confidence, and we remain optimistic that this will translate into increased office space demand, potentially leading to rental growth in the medium to long term.

Additionally, corporate attitudes toward remote work continue to evolve. Many large companies are shifting away from hybrid models and requiring employees to spend more time in office, with some returning to full-time office work. This shift is gradually driving stronger demand for office space, particularly for well-located, high-quality properties that offer flexible layouts and modern amenities.

These trends align well with our office strategy, reinforcing our trajectory toward stabilising occupancy levels. We are in the final stages of executing asset-specific business plans, with capital expenditure programs aimed at repositioning and re-purposing properties nearing completion. Once vacancy levels are stabilised, our focus will shift toward maximising rental growth and enhancing earnings.

We maintain a positive outlook on the storage sector. Our properties are strategically positioned to capitalise on the increasing trend of residential conversions and mixed-use developments, which are driving densification in key urban areas. As cities grow and space constraints intensify, demand for flexible storage solutions is expected to rise, creating additional revenue opportunities within our portfolio.

The United States is navigating a complex economic landscape following President Donald Trump's return to office for a second term. For now, economic fundamentals remain strong, with steady GDP growth and low unemployment. However, several policy

changes introduced by the new administration could have meaningful implications for inflation and interest rates. The reintroduction of tariffs on key imports, particularly from China and Mexico, is expected to elevate input costs for businesses, potentially leading to higher consumer prices. Additionally, immigration policy changes could exert upward pressure on wages in an already tight labour market.

Inflation remains a critical concern for policymakers. While price pressures have eased compared to 2022-2023 levels, uncertainties remain regarding the impact of fiscal policies. The Federal Reserve has adopted a cautious stance, having implemented three consecutive rate cuts in 2024 to support growth. However, the extent of further monetary easing will largely depend on inflation trends and how the market reacts to policy shifts under the new administration.

The broader US real estate market is showing signs of stabilising. New construction activity is slowing after the post-pandemic development boom, which is helping to balance supply and demand dynamics. With fewer new projects coming online and leasing activity recovering, we anticipate stronger absorption of excess space, which could pave the way for moderate rental growth in key submarkets.

The rental housing sector experienced record absorption levels in 2024 as the market began to recover from the additional supply. Although interest rate reductions have improved rental affordability, the cost of homeownership still remains high, with many new households to opt for renting. With fewer vacant rental units available, the rebalancing of supply and demand should drive rental growth, particularly in the mid-tier and affordable housing segments. However, rising operational costs including insurance, labour, materials, and real estate taxes pose potential headwinds for landlords and investors.

The industrial sector is also displaying signs of stabilisation. New supply is slowing, with projections indicating that this trend will continue in 2025. Demand for logistics and warehousing space remains robust, particularly in high-growth markets with strong fundamentals. The improved supply-demand balance is expected to result in higher absorption rates and sustained rental growth in the coming years.

In capital markets, although we have seen an increase in the availability of debt capital, it is still constrained compared to previous years. Positively, borrowing spreads have declined meaningfully, which is driving down the all-in cost of capital. In the short term we expect to continue to see debt market volatility—particularly in the movement in 10-year US Treasury note— which will impact cap rates. However, these conditions have also created compelling acquisition opportunities, particularly for well-capitalised investors with access to liquidity.

We still have high conviction in our core real estate sectors, with the real estate fundamentals in our portfolio remaining healthy. Our portfolio is well-positioned to capitalise on anticipated shifts in the market which will support strong cash flow growth.

By leveraging both our domestic strengths and our strategic forays into high-quality international markets, Texton is set to continue its trajectory of sustainable, risk-adjusted growth.

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

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



Bryanston Gate
Office Park



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
ASSETS			
Non-current assets	2 225 356	2 681 354	2 485 345
Investment property	1 749 788	2 087 388	2 003 670
Equipment	7 561	6 758	7 057
Tenant installation	6 225	9 403	7 620
Deferred tax	–	933	–
Unlisted investments	441 333	544 720	443 094
Lease commissions	2 948	4 151	3 386
Other receivables	17 500	28 001	20 518
Current assets	436 153	284 626	410 486
Trade and other receivables	29 565	28 820	24 576
Income tax receivable	4 916	4 898	4 898
Other receivables	2 984	5 661	119 976
Cash and cash equivalents	398 688	245 247	261 036
Investment property held for sale	48 665	29 130	70 957
Total assets	2 710 174	2 995 110	2 966 788
EQUITY AND LIABILITIES			
Equity	1 919 369	1 837 024	1 918 794
Share capital	2 713 082	2 629 681	2 713 178
Accumulated loss	(814 450)	(794 316)	(781 375)
Share-based payment reserve	1 232	87	1 145
Foreign Currency Translation Reserve	13 629	1 572	(14 154)
Non-controlling interest	5 876	–	–
Non-current liabilities	698 245	785 182	156 767
External loans and derivative financial instruments	693 770	773 153	152 197
Deferred tax	4 475	12 029	4 570
Current liabilities	92 560	372 904	891 227
External loans and derivative financial instruments	42 162	313 882	835 231
Trade and other payables	50 398	58 437	54 124
Income tax payable	–	585	1 872
Total equity and liabilities	2 710 174	2 995 110	2 966 788

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2024

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Investment property income	135 532	140 752	282 040
Straight-line rental adjustment	(1 079)	(4 323)	(9 136)
Property revenue	134 452	136 429	272 904
(Impairment)/Reversal of impairment on trade receivables	(516)	(754)	(2 427)
Property expenses	(55 928)	(61 524)	(112 425)
Net property income	78 008	74 151	158 052
Other income	7 891	18 687	31 648
Administrative expenses	(18 157)	(18 258)	(36 771)
Impairment on vendor financing	–	–	(377)
Foreign exchange (losses)/gains	5 429	(981)	418
Operating profit	73 171	73 599	152 970
Finance income	11 124	10 960	20 200
Finance costs	(45 106)	(56 910)	(107 963)
Fair value adjustments	(11 264)	(49 784)	(79 593)
Impairment	–	–	–
(Loss)/profit before tax	27 924	(22 135)	(14 386)
Taxation expense	(875)	(4 755)	437
(Loss)/profit for the period	27 049	(26 890)	(13 949)
Equity holders of the company	26 947	–	–
Non-controlling interest	102	–	–
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	27 783	(25 967)	(41 693)
Total comprehensive income for the year	54 832	(52 857)	(55 642)
Profit and total comprehensive income attributable to:			
Equity holders of the company	54 730	(52 857)	(55 642)
Non-controlling interest	102	–	–
Basic earnings per share			
Basic earnings/(loss) per share (cents)	9,04	(10,31)	(4,95)
Diluted earnings per share (cents)	8,97	(10,31)	(4,95)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2024

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Cash flows from operating activities			
Cash generated by operations	59 560	81 555	152 221
Interest received	8 736	6 075	16 592
Interest paid	(36 006)	(56 830)	(93 621)
Dividends received	7 842	14 847	24 484
Tax paid	(2 785)	(1 409)	(1 586)
Net cash inflow from operating activities	37 347	44 238	98 090
Cash flows from investing activities			
Additions to equipment	(1 464)	(1 187)	(2 657)
Additions to investment property	(2 495)	(27 627)	(30 749)
Proceeds on disposal of investment property	99 546	15 465	15 489
Proceeds on disposal of non-current assets classified as held for sale	5 328	–	–
Return of investment	–	–	5 885
Vendor finance repayments	11 560	4 000	4 000
Loans provided for supplier and enterprise development	–	–	–
Commission paid	(540)	(800)	(1 394)
Additions to unlisted investments	(69 911)	(3 410)	(30 616)
Proceeds on disposal of unlisted investments	141 726	–	5 344
Tenant installation incurred	(336)	(793)	(1 516)
Net cash inflow/(outflow) from investing activities	183 414	(14 352)	(36 214)
Cash flows from financing activities			
Dividends paid	(60 025)	(50 000)	(50 000)
Treasury shares acquired	–	–	(307)
Shares repurchased and cancelled	–	(155 435)	(155 435)
Transaction costs relating to repurchase	–	(1 669)	(1 698)
Proceeds from rights issue	–	–	85 000
Transaction costs relating to the rights issue	(97)	–	(1 196)
Proceeds from external loans and derivative financial instruments	–	218 110	205 072
Repayments of external loans and derivative financial instruments	(34 324)	(68 143)	(152 212)
Debt structuring fees paid	–	(771)	–
Lease liability payment	–	–	–
Net cash outflow from financing activities	(94 446)	(57 908)	(70 776)
Net increase/(decrease) in cash and cash equivalents for the year	126 315	(28 022)	(8 900)
Cash and cash equivalents at the beginning of the year	261 036	280 116	280 116
Effect of exchange rate movement on cash and cash equivalents	11 338	(6 818)	(10 180)
Cash and cash equivalents at the end of the year	398 689	245 276	261 036

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2024

	Share capital R'000	Foreign currency translation reserve R'000	Share based payment reserve R'000	Accu- mulated loss R'000	Total R'000	Minority Interest R'000	Total R'000
Balance at 31 December 2022	2 787 136	(116 187)	539	(681 105)	1 990 383	-	1 990 383
Total comprehensive income for the period	-	143 726	-	(36 321)	107 405	-	107 405
Loss for the year	-	-	-	(36 321)	(36 321)	-	(36 321)
Other comprehensive income	-	143 726	-	-	143 726	-	143 726
Treasury shares acquired	(322)	-	-	-	(322)	-	(322)
Share based payment transaction	-	-	(452)	-	(452)	-	(452)
Balance as at 30 June 2023	2 786 814	27 539	87	(717 426)	2 097 014	-	2 097 014
Total comprehensive income for the period	-	(41 693)	-	(13 949)	(55 642)	-	(55 642)
Loss for the period	-	-	-	(13 949)	(13 949)	-	(13 949)
Exchange difference on translation of foreign operations	-	(41 693)	-	-	(41 693)	-	(41 693)
Dividends recognised as distributions to shareholder	-	-	-	(50 000)	(50 000)	-	(50 000)
Shares Repurchased	(157 133)	-	-	-	(157 133)	-	(157 133)
Shares Repurchased and cancelled	(155 434)	-	-	-	(155 434)	-	(155 434)
Transaction costs – Share Repurchase	(1 699)	-	-	-	(1 699)	-	(1 699)
Rights issue	83 804	-	-	-	83 804	-	83 804
Shares issued	85 000	-	-	-	85 000	-	85 000
Transaction costs relating to rights issue	(1 196)	-	-	-	(1 196)	-	(1 196)
Treasury shares acquired	(307)	-	-	-	(307)	-	(307)
Share based payment transaction	-	-	1 058	-	1 058	-	1 058
Balance as at 30 June 2024	2 713 178	(14 154)	1 145	(781 375)	1 918 794	-	1 918 794
Acquisition of subsidiary	-	-	-	-	-	5 774	5 774
Total comprehensive income for the period	-	27 783	-	26 947	54 730	102	54 832
Profit for the period	-	-	-	26 947	26 947	102	27 049
Exchange difference on translation of foreign operations	-	27 783	-	-	27 783	-	27 783
Dividends recognised as distributions to shareholders	-	-	-	(60 025)	(60 025)	-	(60 025)
Share based payment transaction	-	-	87	-	87	-	87
Transaction costs – Share Repurchase	(96)	-	-	-	(96)	-	(96)
Balance as at 31 December 2024	2 713 082	13 629	1 232	(814 453)	1 928 205	5 876	1 919 366

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS

1. BASIS OF PREPARATION

The condensed unaudited consolidated interim financial statements for the six months ended 31 December 2024 are prepared in accordance with the JSE Limited Listings Requirements, the requirements of the Companies Act of South Africa, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SA Financial Reporting Requirements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. These do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2024.

The accounting policies applied in the preparation of the condensed unaudited consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous audited consolidated annual financial statements. None of the new standards, interpretations and amendments effective as of 1 July 2024 have had a material impact on the condensed unaudited consolidated interim financial statements.

These condensed consolidated unaudited interim financial statements have been prepared on a going concern basis. All monetary information is presented in the functional currency of the Company, being South African Rand and is rounded to the nearest thousand (R'000).

Any information included in this announcement that might be perceived as forward looking statements has not been reviewed or reported on by the Company's auditors in accordance with section 8.40(a) of the Listings Requirements.

The directors take full responsibility for the preparation of these condensed consolidated unaudited interim financial statements. These condensed consolidated unaudited financial statements were prepared by Jaco Joubert CA(SA).

These condensed consolidated interim financial statements have not been reviewed or audited by the Company's external auditors.

2. SIGNIFICANT JUDGEMENTS

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

3. INVESTMENT PROPERTY

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Reconciliation of movement in investment property for the year			
Balance at the beginning of the period	2 003 670	2 077 217	2 077 217
Additions	102 884	27 764	30 749
Straight-line rental adjustment	(1 079)	(4 322)	(9 136)
Foreign currency translation reserve	8 286	(13 597)	(22 253)
Fair value adjustments	(876)	326	(14 136)
Transfer to investment property held for sale	(363 097)	–	(58 771)
Balance at the end of the period	1 749 788	2 087 388	2 003 670

In terms of IAS 40: Investment Property and IFRS 13: Fair Value Measurement, investment properties are measured at fair value and are categorised as level 3 investments. In determining the fair value of the South African portfolio, the traditional discounted cash flow model of valuation has been used. In determining the fair value of the UK portfolio, the valuations were prepared based on equivalent yield or income capitalisation method whereby the fair value of the property is determined by applying an equivalent yield to a market related rental into perpetuity. In preparation of the condensed consolidated unaudited interim financial statements, prepared in accordance with IAS 34, the valuations have remained the same as reported at 30 June 2024.

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

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

Investment property and Investment property held for sale amounting to R1,8 billion (June 2024: 2,1 billion) has been pledged as security for our long-term loans with 2 UK properties valued at R119 million (June 2024: R0) being unencumbered.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

3. INVESTMENT PROPERTY continued

SA valuations

Valuation technique

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

Significant unobservable inputs

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

	Unaudited 31 December 2024 %	Unaudited 31 December 2023 %	Audited 30 June 2024 %
1) Discount rates used are included below:			
Sector			
Office	13,50 – 16,00	13,50 – 15,75	13,50 – 16,00
Retail	14,50	14,75	14,50
2) Exit capitalisation rate for year 5 used are included below:			
Sector			
Office	9,25 – 11,50	10,00 – 11,25	9,25 – 11,50
Retail	9,60	10,00	9,60
3) The future revenue growth rate for the five year projection is included below:			
Sector			
Office	4,00 – 7,00	4,00 – 7,00	4,00 – 7,00
Retail	7,00	7,00	7,00

Inter-relationship between key unobservable inputs and fair value measurements

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

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

Sensitivity analysis to significant unobservable inputs

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Sensitivity analysis to exit capitalisation rates			
Exit capitalisation rate increases by 1%	(86 551)	(84 229)	(86 551)
Exit capitalisation rate decreases by 1%	105 467	103 481	105 467
Sensitivity analysis to discount rates			
Discount rate increases by 1%	(54 688)	(57 079)	(54 688)
Discount rate decreases by 1%	57 316	60 202	57 316
Sensitivity analysis to market rentals			
Market rental decreases by 1%	(9 444)	(15 720)	(9 444)
Market rental increases by 1%	9 444	15 848	9 444

UK valuations

Valuation techniques

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

Significant unobservable inputs

	Unaudited 31 December 2024 %	Unaudited 31 December 2023 %	Audited 30 June 2024 %
1) Equivalent yields used are included below:			
Sector			
Industrial	5,32	6,1 – 6,6	5,32 – 6,5
Retail	7,75	9,08	7,75
2) Annual market rentals per square foot in GBP used are included below, rounded to the nearest 1 000:			
Sector			
Industrial	3,3	4,5 – 6,6	3,3 – 5,8
Retail	10,81	12,5 – 20,0	10,81

Inter-relationship between key unobservable inputs and fair value measurements

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

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

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

3. INVESTMENT PROPERTY continued

UK valuations continued

Sensitivity analysis to significant unobservable inputs

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Sensitivity analysis to equivalent yields			
Equivalent yield increases by 1%	(15 849)	(69 886)	(81 590)
Equivalent yield decreases by 1%	22 472	93 939	90 275
Sensitivity analysis to market rentals			
Market rental decreases by 1%	(946)	(4 667)	(5 485)
Market rental increases by 1%	1 419	3 590	5 942

4. INVESTMENT PROPERTY HELD FOR SALE

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Opening balance	70 957	96 162	96 162
Transferred from investment property	363 097	–	58 771
Transferred from tenant installations	–	–	390
Transferred from lease commissions	–	–	339
Transferred from equipment	–	–	–
Fair value adjustments	119	–	(6 649)
Straight lining adjustment	–	–	–
Loss on disposal of investment property	–	(6 032)	(6 123)
Disposals	(385 508)	(61 000)	(71 933)
Closing balance	48 665	29 130	70 957

5. UNLISTED INVESTMENTS

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

31 December 2024		Fair value Hierarchy	Commit- ment \$'000	Undrawn Commit- ment \$'000	Market Value \$'000	Market Value R'000	Dividend Income R'000
US investments							
		Level 2	12 500	–	6 240	117 935	2 965
		Level 2	12 000	–	8 369	158 167	4 530
		Level 3	2 500	–	1 777	33 589	346
		Level 3	5 000	1 873	2 626	49 638	–
		Level 3	5 500	4 912	932	17 617	–
		Level 3	2 000	–	1 082	20 458	–
			39 500	6 785	21 027	397 404	7 842

31 December 2024		Fair value Hierarchy	Commit- ment £'000	Undrawn Commit- ment £'000	Market Value £'000	Market Value R'000	Dividend Income R'000
UK investments							
		Level 3	2 650	1 143	1 857	43 929	–

31 December 2023		Fair value Hierarchy	Commit- ment \$'000	Undrawn Commit- ment \$'000	Market Value \$'000	Market Value R'000	Dividend Income R'000
US investments							
		Level 2	12 500	–	12 388	218 590	5 616
		Level 2	12 000	–	11 088	195 674	5 258
		Level 3	2 500	–	2 366	36 706	3 972
		Level 3	5 000	1 873	3 048	59 855	–
		Level 3	5 500	5 060	440	8 082	–
			37 500	6 933	29 330	518 907	14 846

31 December 2023		Fair value Hierarchy	Commit- ment \$'000	Undrawn Commit- ment \$'000	Market Value \$'000	Market Value R'000	Dividend Income R'000
UK investments							
		Level 3	2 650	1 402	1 108	25 813	–

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

5. UNLISTED INVESTMENTS continued

			Undrawn			
	Fair value	Commit-	Commit-	Market	Market	Dividend
30 June 2024	Hierarchy	ment	ment	Value	Value	Income
		\$'000	\$'000	\$'000	R'000	R'000
US investments						
Blackstone Real Estate Income Trust	Level 2	12 500	–	6 409	116 150	10 471
Starwood Real Estate Income Trust	Level 2	12 000	–	10 238	184 976	11 262
PadSplit Investment	Level 3	2 500	–	1 822	32 911	3 245
Cadre real estate investment	Level 3	5 000	1 873	2 725	9 237	263
GIM Investments/Apollo	Level 3	5 500	4 911	484	8 744	–
Faropoint industrial value Fund III	Level 3	2 000	1 036	964	17 339	–
		39 500	7 820	22 642	409 357	25 241

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

Reconciliation of movement during the year:

	Opening	Acqui-		Fair		Foreign	Closing
	Balance	sitions/	Disposals	value	Interest	currency	Balance
31 December 2024	R'000	(return of	R'000	adjust-	received	movement	R'000
		capital)		ments	R'000	R'000	
Blackstone Real Estate Income Trust	116 150	–	–	(2 284)	–	4 068	117 934
Starwood Real Estate Income Trust	184 976	–	(32 470)	–	–	5 661	158 167
PadSplit Investment	32 911	(807)	–	–	–	1 484	33 588
Cadre real estate investment	49 237	–	–	(1 988)	2 390	–	49 639
Greenpoint/Infinium	33 737	8 753	–	–	–	1 440	43 929
GIM Investments/Apollo	8 744	8 295	–	–	–	579	17 617
Faropoint industrial value Fund III	17 339	2 474	–	–	–	645	20 458
	443 094	18 714	(32 470)	(4 272)	2 390	13 876	441 333

31 December 2023	Opening Balance R'000	Acqui- sitions/ (return of capital) R'000	Fair value adjust- ments R'000	Interest received R'000	Foreign currency movement R'000	Closing Balance R'000
Blackstone Real Estate Income Trust	243 273	–	(18 063)	–	(6 620)	218 590
Starwood Real Estate Income Trust	221 786	–	(20 256)	–	(5 856)	195 674
PadSplit Investment	41 249	(751)	(2 678)	–	(1 114)	36 706
Cadre real estate investment	57 408	–	264	2 183	–	59 855
Greenpoint/Infinium	26 568	3 410	(3 451)	–	(714)	25 813
Apollo	8 305	–	–	–	(223)	8 082
	598 589	2 659	(44 184)	2 183	(14 527)	544 720

30 June 2024	Opening Balance R'000	Acqui- sitions/ R'000	Disposals/ Redemp- tions/ (return of capital) R'000	Fair value adjust- ments R'000	Interest received R'000	Foreign currency movement R'000	Closing Balance R'000
Blackstone Real Estate Income Trust	243 273	–	(108 450)	(8 221)	–	(10 452)	116 150
Starwood Real Estate Income Trust	221 786	–	(6 065)	(22 418)	–	(8 327)	184 976
PadSplit Investment	41 249	–	(721)	(6 090)	–	(1 527)	32 911
Cadre real estate investment	57 408	751	–	(13 273)	4 351	–	49 237
Greenpoint/Infinium	26 568	9 674	–	(830)	–	(1 675)	33 737
GIM Investments Apollo	8 305	2 809	–	(1 853)	–	(517)	8 744
Faropoint industrial value Fund III	–	17 381	–	–	–	(42)	17 339
	598 589	30 615	(115 236)	(52 685)	4 351	(22 540)	443 094

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

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

6. FAIR VALUE ADJUSTMENTS

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Investment property	–	315	(14 136)
Loss on disposal of property	7 053	(6 052)	(6 123)
Investment property classified as held for sale	(61)	138	(6 649)
Financial instruments at fair value through profit or loss			
Interest rate swap	–	–	–
Unlisted Investments	(10 443)	(44 185)	(52 685)
Fair value loss for the period	(3 451)	(49 784)	(79 593)

7. EXTERNAL LOANS AND DERIVATIVES

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Balance at the beginning of the year	987 428	981 492	981 492
– non-current	152 197	855 813	855 813
– current	835 231	125 679	125 679
Advances during the year	52 347	218 110	218 772
Repayments during the year	(309 135)	(111 174)	(201 155)
Foreign currency translation reserve movements	5 292	(9 241)	(11 641)
Fair value on interest rate swaps	–	–	–
Structuring fees amortised during the year	338	1 996	601
Debt structuring fees paid	–	771	–
Interest accrual	(338)	5 081	(641)
Closing balance at the end of the year	735 932	1 087 035	987 428
– non-current	693 770	773 153	152 197
– current	42 162	313 882	835 231

7. EXTERNAL LOANS AND DERIVATIVES continued

Bank covenants as at 31 December 2024

Funder	Group LTV		Facility LTV		Group interest cover		Facility interest cover		Projected interest cover	Historic interest cover
	Trans-action covenant (%)	Actual covenant (%)	Trans-action covenant (%)	Actual covenant (%)	Trans-action covenant times	Actual covenant times	Trans-action covenant times	Actual covenant times	Trans-action covenant times	Actual covenant times
Dec 2024										
Standard	50	14,7	55	46,0	1,8	2,1	1,6	1,82	-	-
Investec	50	14,7	-	-	1,8	2,1	-	-	-	-
Jun 2024										
Standard	50	27,4	55	48,0	2,0	1,98	1,75	1,73	-	-
Investec	50	27,4	-	-	1,8	1,98	-	-	-	-
HSBC		55	53,0	-	-	-	1,5	1,66	1,5	1,76

Loan covenants applicable to the Standard Bank facilities

- LTV ratio for the Group may not exceed 55%
- Group interest cover of a minimum of 1.80 times
- LTV ratio for the Standard Bank facility may not exceed 55%
- Interest cover ratio for the facility of a minimum of 1.60 times
- All covenants applicable to Standard Bank are currently met by Texton

Loan covenants applicable to the Investec facilities

- LTV ratio for the Group may not exceed 55%
- Group interest cover of a minimum of 1.80 times
- All covenants applicable to Investec are currently met by Texton

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

8. FINANCIAL INSTRUMENTS

	Amortised cost			Fair value through profit or loss		
	Unaudited 31 Dec 2024 R'000	Unaudited 31 Dec 2023 R'000	Audited 30 June 2024 R'000	Unaudited 31 Dec 2024 R'000	Unaudited 31 Dec 2023 R'000	Audited 30 June 2024 R'000
Financial assets						
Other receivables	17 500	33 662	20 518	–	–	–
Unlisted investments	–	–	–	441 333	544 720	443 094
Trade and other receivables	26 617	20 682	17 149	–	–	–
Cash and cash equivalent	398 688	245 247	261 036	–	–	–
Financial assets	442 805	299 591	298 703	441 333	544 720	443 094
Financial liabilities						
External loans and derivative financial instruments	735 932	1 087 035	987 428	–	–	–
Trade and other payables	36 305	29 722	36 415	–	–	–
Financial liabilities	772 237	1 116 757	1 023 843	–	–	–

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

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

9. FAIR VALUE HIERARCHY

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

Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

	Carrying value			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
31 December 2024				
Assets				
Investment properties	–	–	1 749 788	1 749 788
Investment properties held for sale	–	–	48 665	48 665
Unlisted investments	–	323 398	117 935	441 333
31 December 2023				
Assets				
Investment properties	–	–	2 087 388	2 087 388
Investment properties held for sale	–	–	29 130	29 130
Unlisted investments	–	414 264	130 456	544 720
30 June 2024				
Assets				
Investment properties	–	–	2 003 670	2 003 670
Investment properties held for sale	–	–	70 957	70 957
Unlisted investments	–	301 126	141 968	443 094

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

9. FAIR VALUE HIERARCHY continued

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Derivative financial instruments: Interest rate swaps	Fair valued monthly by Investec, Standard Bank and HSBC using mark-to-market mid-market values. This involves, inter alia, discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract. The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being Blackstone.	Not applicable	Not applicable
Investments: Interest in Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC	Real Estate Income Trust iCapital Offshore Access Fund SPC, a private unlisted REIT. The fair value of the investment is determined with reference to the published price which is based on the underlying NAV of the underlying REIT being Starwood.	Not applicable	Not applicable
Investments: Interest in Starwood Real Estate Income Trust Offshore Fund SPC	Real Estate Income Trust Offshore Fund SPC, a private unlisted REIT.	Not applicable	Not applicable

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

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Investment properties	Refer to note 3	Refer to note 3	Refer to note 3
Unlisted investments	Texton will rely on the sponsor valuations to determine fair value at each valuation date. These valuations in turn are based on the underlying NAV of the investments.	Not applicable	Not applicable
Investment in joint venture	The value of the investment is driven predominately by the net asset value of the investment, which is determined by the cash to be received from the investment. The investment property was sold in the prior year and the loan was repaid in the current year.	Not applicable	Not applicable

10. EVENTS AFTER THE REPORTING DATE

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

11. DIVIDENDS PAID

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Dividends paid	60 025	50 000	50 000

Dividends are paid from income reserves.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

12. SEGMENT REPORTING

	South Africa		
	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Segmental revenue – rental revenue			
Office	106 095	104 622	211 997
Retail	13 182	13 527	21 710
Industrial	61	18 030	3 242
Storage	1 619	250	1 069
	120 957	136 429	238 018
Profit before tax			
Office	58 626	44 808	95 096
Retail	7 542	8 283	12 105
Industrial	670	1 558	2 737
Corporate	(50 583)	(53 801)	(107 608)
Storage	709	(352)	(1 074)
	16 964	496	1 256
Total assets			
Office	1 508 164	1 546 725	1 526 358
Retail	142 990	132 953	137 506
Industrial	10 252	2 711	10 488
Corporate	22 021	41 984	241 476
Storage	3 234	262	1 311
	1 686 661	1 724 635	1 917 139
Total liabilities			
Office	(30 305)	(34 743)	(27 672)
Retail	(7 853)	(4 917)	(6 619)
Industrial	(36)	(1 573)	(1 367)
Corporate	(699 847)	(839 160)	(744 295)
Storage	(179)	(70)	–
	(738 220)	(880 463)	(779 953)

12. SEGMENT REPORTING continued

	United Kingdom		
	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
	Segmental revenue – rental revenue		
Office	–	–	–
Retail	2 562	2 868	5 243
Industrial	7 369	14 741	29 643
Residential	3 565	–	–
	13 496	17 609	34 886
Profit before tax			
Office	–	–	–
Retail	2 298	2 301	4 654
Industrial	(582)	11 954	18 035
Corporate	2 269	(7 014)	(23 659)
Residential	1 017	–	–
	5 002	7 241	(970)
Total assets			
Office	–	–	–
Retail	61 634	70 153	71 359
Industrial	60 227	503 929	503 692
Corporate	354 969	151 673	(77 703)
Residential	105 349	–	–
	582 179	725 755	497 348
Total liabilities			
Office	–	–	–
Retail	(5 050)	(4 263)	(4 759)
Industrial	(37 160)	(13 056)	(41 049)
Corporate	36 213	(260 304)	(222 232)
Residential	(46 588)	–	–
	(52 585)	(277 623)	(268 040)

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

12. SEGMENT REPORTING continued

	Investments		
	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
	Segmental revenue – rental revenue		
Office	-	-	-
Retail	-	-	-
Industrial	-	-	-
	-	-	-
Profit before tax			
Office	-	-	-
Retail	-	-	-
Industrial	-	-	-
Corporate	-	-	-
Investment	5 959	(29 601)	25 541
	5 959	(29 601)	25 541
Total assets			
Office	-	-	-
Retail	-	-	-
Industrial	-	-	-
Corporate	-	-	-
Investment	441 333	544 720	552 301
	441 333	544 720	552 301
Total liabilities			
Office	-	-	-
Retail	-	-	-
Industrial	-	-	-
Corporate	-	-	-
Investment	-	-	-
	-	-	-

12. SEGMENT REPORTING continued

	Total		
	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Segmental revenue – rental revenue			
Office	106 095	104 622	211 997
Retail	15 744	16 395	26 953
Industrial	7 430	32 771	32 885
Storage	1 619	250	1 069
Residential	3 565	–	–
	134 453	154 038	272 904
Profit before tax			
Office	58 626	44 808	95 096
Retail	9 840	10 584	16 759
Industrial	88	13 512	20 772
Corporate	(48 314)	(60 815)	(131 267)
Investment	20 675	(29 601)	25 541
Storage	709	(352)	(1 074)
Residential	1 017	–	–
	42 641	(21 864)	25 827
Total assets			
Office	1 508 164	1 546 725	1 526 358
Retail	204 624	203 106	208 865
Industrial	70 479	506 640	514 180
Corporate	376 990	193 657	163 773
Investments	441 333	544 720	552 301
Storage	3 234	262	1 311
Residential	105 349	–	–
	2 710 174	2 995 110	2 966 788
Total liabilities			
Office	(30 305)	(34 743)	(27 672)
Retail	(12 903)	(9 180)	(11 378)
Industrial	(37 196)	(14 629)	(42 416)
Corporate	(663 634)	(1 099 464)	(966 527)
Investments	–	–	–
Storage	(179)	(70)	–
Residential	(46 588)	–	–
	(790 805)	(1 158 086)	(1 047 993)

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

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS continued

13. HEADLINE EARNINGS

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Headline earnings attributable to shareholders			
Profit/(loss) attributable to shareholders	26 947	(26 890)	(13 949)
Fair value adjustment of investment property	–	(315)	14 136
Fair value adjustment of investment property held for sale	(61)	(138)	6 649
Reversal of impairment		(3 462)	(5 867)
Loss on sale of property held for sale	7 053	6 052	6 123
Headline earnings attributable to shareholders	33 939	(24 753)	7 092
Weighted number of shares ('000)	298 098	260 901	281 835
Shares in issue ('000)	298 098	291 423	330 060
Treasury shares ('000)	31 961	31 853	31 961
Profit per share			
Basic earnings per share (cents)	9,04	(10,31)	(4,95)
Diluted earnings per share (cents)	8,97	(10,31)	(4,95)
Headline earnings per share (cents)	11,39	(9,49)	2,52
Diluted headline earnings per share (cents)	11,30	(9,49)	2,50

14. SUMMARY OF FINANCIAL PERFORMANCE

	Unaudited 31 December 2024 R'000	Unaudited 31 December 2023 R'000	Audited 30 June 2024 R'000
Shares used for dividend calculation ('000)	298 098	259 570	259 570
Weighted average number of shares in issue ('000)	298 098	260 901	281 835
NAV per share (cents)	643,40	711,99	625,08
Basic earnings per share (cents)	9,04	(10,31)	(4,95)
Headline earnings per share (cents)	11,39	(9,49)	2,52
Share price (cents)	250	250	250
LTV ratio*	14,7	31,0	27,20
Cost-to-income ratios			
Gross property cost-to-income ratio (%)	43,9	45,7	41,9
Net property cost-to-income ratio (%)	22,9	31,7	24,7
Gross total cost-to-income ratio (%)	41,9	54,6	52,7
Net total cost-to-income ratio	21,8	44,0	22,3

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

ANNEXURE A

SA REIT BEST PRACTICE DISCLOSURES (NON-IFRS MEASURES)

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

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

	31 December 2024 R'000	31 December 2023 R'000
Profit or loss per income statement	41 765	(26 890)
Accounting/specific adjustments:	15 207	55 973
Fair value adjustments to:		
– Investment property	–	(315)
– Debt and equity instruments held at fair value through profit or loss	–	–
– Fair value gains on unlisted investments	10 443	44 185
Depreciation and amortisation of intangible assets	3 685	3 026
Asset impairments (excluding goodwill) and reversals of impairment	–	–
Gains or losses on modification of financial instruments		
Deferred tax movement recognised in profit or loss	–	4 755
Straight-lining operating lease adjustment	1 079	4 323
Adjustments arising from investing activities:–	(6 991)	5 914
Gains or losses on disposal of:		
– Investment property held for sale	(6 991)	5 914
Foreign exchange and hedging items:–	5 429	981
Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	5 429	975
Reclassified foreign currency translation reserve		
Foreign exchange gains or losses relating to capital items – realised and unrealised	–	6
Tax impact	(1 357)	(245)
SA REIT FFO:	54 052	35 733
Number of shares outstanding at end of period (net of treasury shares)	300 303	259 570
SA REIT FFO cents per share:	18,00	13,77
Income available for distribution	37 545	36 870
Number of shares outstanding used for dividends	300 303	259 570
Distributable income per share before pay-out ratio: (cents per share)	12,50	14,19

SA REIT NET ASSET VALUE (SA REIT NAV)

	31 December 2024 R'000	31 December 2023 R'000
Reported NAV attributable to the parent	1 928 208	1 837 024
Adjustments:		
Dividend to be declared	–	–
Fair value of certain derivative financial instruments	–	–
Deferred tax	4 475	11 096
SA REIT NAV	1 932 683	1 848 120
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	298 098	259 570
Dilutive number of shares in issue	300 303	259 570
SA REIT NAV per share (cents)	643,40	7,12

SA REIT COST-TO-INCOME RATIO

	31 December 2024 R'000	31 December 2023 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	55 928	61 455
Administrative expenses per IFRS income statement	18 158	18 258
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets	–	(3 026)
– Building selling costs	–	–
Operating costs	74 087	76 687
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	100 819	108 533
Utility and operating recoveries per IFRS income statement	34 712	31 911
Gross rental income	135 532	140 443
SA REIT cost-to-income ratio (%)	54,7	54,6

ANNEXURE A

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

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	31 December 2024 R'000	31 December 2023 R'000
Expenses		
Administrative expenses as per IFRS income statement	18 158	18 258
<i>Exclude:</i>		
– Building selling costs	–	–
Administrative costs	18 158	18 258
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	100 819	108 533
Utility and operating recoveries per IFRS income statement	34 712	31 911
Gross rental income	135 532	140 443
SA REIT administrative cost-to-income ratio (%)	13,4	13,0

SA REIT GLA VACANCY RATE

	31 December 2024 m ²	31 December 2023 m ²
Gross lettable area of vacant space	21 216	24 058
Gross lettable area of total property portfolio	131 921	155 451
SA REIT GLA vacancy rate (%)	16,1	15,5

COST OF DEBT

	31 December 2024 %	31 December 2023 %
	South Africa	
<i>Variable interest-rate borrowings</i>		
Floating reference rate plus weighted average margin	9,94	10,78
Pre-adjusted weighted average cost of debt	9,94	10,78
Adjustments:		
Impact of interest rate derivatives	–	–
All-in weighted average cost of debt – ZAR	9,94	10,78
	United Kingdom	
<i>Variable interest-rate borrowings</i>		
Floating reference rate plus weighted average margin	–	7,29
Pre-adjusted weighted average cost of debt	–	7,29
Adjustments:		
Impact of interest rate derivatives	–	–
All-in weighted average cost of debt – GBP	–	7,29

ANNEXURE A

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

SA REIT LOAN-TO-VALUE

	31 December 2024 R'000	31 December 2023 R'000
Gross debt	735 932	1 087 035
Less:		
Cash and cash equivalents	(398 688)	(245 247)
Add/Less:		
Derivative financial instruments	-	-
Net debt	337 245	841 788
Total assets – per Statement of Financial Position	2 724 890	2 993 868
Less:		
Cash and cash equivalents	(398 688)	(245 247)
Trade and other receivables	(32 549)	(34 172)
Carrying amount of property-related assets	2 293 653	2 714 449
SA REIT loan-to-value (“SA REIT LTV”) %	14,7	31,0

CORPORATE INFORMATION

TEXTON PROPERTY FUND LIMITED

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

PHYSICAL AND REGISTERED ADDRESS

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

BOARD OF DIRECTORS

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

* *Executive director*

^^ *S Thomas resigned as director on 1 July 2024*

^ *JH Rens was appointed as Chief Executive Officer
on 22 August 2024*

~ *HSP Welleman was the Chief Executive Officer
of Texton and has now assumed the role of
Chief Financial Officer from 22 August 2024*

COMPANY SECRETARY

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

AUDITOR

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

SPONSOR

Investec Bank Limited
100 Grayston Drive
Sandton 2031

TRANSFER SECRETARY

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank 2196
PO Box 61051, Marshalltown 2107

TEXTON

PROPERTY FUND

www.texton.co.za