



Integrated Report 2025

for the
year ended
30 June



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About this report

Welcome to Heriot REIT Limited’s (“Heriot” or “the Company” or, including its subsidiaries, “the Group”) 2025 integrated report. This report provides a comprehensive view of Heriot’s financial and operational performance and combines financial and non-financial insights to reflect results achieved and strategies for future growth. It highlights the strength of the Company’s property portfolio, governance practices and commitment to long-term value creation.

The report also emphasises Heriot’s purpose-driven approach to managing core assets, embedding sustainability and maintaining resilience in changing market conditions. Through this lens, stakeholders can assess the value created over the past year, the robustness of the business model and the opportunities that lie ahead.

Report objective and scope

Our integrated report is the Company’s primary communication tool and provides a transparent account of performance, strategy and outlook. While aimed chiefly at shareholders, it also offers valuable insights for employees, tenants, partners, regulators and communities.

Covering the period 1 July 2024 to 30 June 2025 and including material events up to Board approval on 31 October 2025, the report outlines key risks, opportunities and outcomes shaped by internal and external factors. It sets out the Group’s strategy, activities and resource allocation and reflects a commitment to preserving and growing long-term value.

The report highlights value creation (through sustainable income, portfolio strength and governance) and areas of potential value erosion to ensure a balanced and forward-looking perspective for all stakeholders.

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Assurance and reporting frameworks

In preparing this integrated report, Heriot has applied the principles and recommended practices of the King IV Report on Corporate Governance for South Africa, 2016™ (“King IV™”). This framework has guided the Company’s approach to governance, transparency and accountability, ensuring that the report reflects the spirit and intent of good corporate citizenship.

The annual financial statements have been independently audited by BDO South Africa Incorporated (“BDO”) and provide shareholders and stakeholders with assurance on the integrity and accuracy of the Group’s reported financial position and performance. BDO’s audit report can be found on **pages 73 to 75** of this document. The consolidated financial statements, presented on **pages 76 to 146**, have been prepared in accordance with IFRS® Accounting Standards, the JSE Limited (“JSE”) Listings Requirements and the Companies Act of South Africa, as amended (“Companies Act”). This ensures compliance with globally recognised financial reporting standards, local legislation and the requirements of the exchange on which the Company is listed.

To enhance comparability, relevance and accountability, this integrated report has been aligned with leading reporting standards, frameworks, regulations and best practice guidelines, including:

- The Companies Act – meeting statutory requirements;
- IFRS® Accounting Standards – providing globally consistent financial reporting;

- JSE Listings Requirements – ensuring compliance with disclosure obligations for listed companies;
- King IV™ – embedding sound governance practices; and
- The voluntary JSE Sustainability and Climate Change Disclosure Guidance, which strengthens transparency on environmental, social and governance (“ESG”) matters and climate-related risks.

Through adherence to these standards and frameworks, Heriot reaffirms its commitment to accurate, balanced and meaningful reporting, offering stakeholders a comprehensive view of performance, risks, governance and sustainability in line with regulatory expectations and international best practice.

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Materiality

Heriot applies the principle of materiality in this integrated report, which focuses on the risks, opportunities and challenges most likely to impact stakeholder value and the Group’s ability to achieve its strategic objectives.

Our materiality process considers the dual impact of financial performance and ESG practices, evaluating how internal and external factors affect the Group and how its activities impact stakeholders, communities and the environment. The process is overseen by executive management and approved by the Board of Directors (“Board”), which ensures alignment with strategic objectives, sustainability goals and governance standards. Material matters are assessed across short-, medium- and long-term horizons and provide stakeholders with a clear view of Heriot’s performance, outlook and the capacity to create sustainable value.

Time horizons

For purposes of this report, the following time frames were agreed to by our Board:

Short term	Less than one year
Medium term	One to three years
Long term	Three to ten years

About this report continued

Forward-looking statements

This report contains forward-looking statements about Heriot's expected performance, strategic initiatives and future prospects. These statements are based on current assessments and assumptions and are intended to provide stakeholders with insight into the Group's outlook.

Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied – including economic conditions, market fluctuations, regulatory changes and operational challenges. They are valid only as of the report date, have not been audited or reviewed by the Group's external auditor and Heriot is not obliged to update them except as required by law.

These statements are included to give stakeholders a transparent view of potential outcomes while acknowledging the inherent uncertainties of forecasting in a dynamic market environment.

Board approval and responsibility statement

Heriot has implemented a robust assurance model to ensure that all information in this integrated report is accurate, reliable and comprehensive, under the oversight of the Board and the Audit and Risk Committee.

The Board confirms that the report complies with the International Integrated Reporting Framework and covers all material matters related to strategy, performance and long-term value creation. It fairly reflects Heriot's financial results, operational performance, governance and strategic direction.

Prepared under senior management supervision and reviewed by the Audit and Risk Committee, the report was recommended to the Board and unanimously approved for publication. The Board authorised its release on 31 October 2025, reaffirming its commitment to transparent and reliable reporting.

Steven Herring
Chairman





Richard Herring
Chief Executive Officer ("CEO")







31 October 2025





All signatures have been removed to protect the security and privacy of the signatories.






NAVIGATING OUR REPORT

This integrated report is optimised for screens and tablets in a landscape layout, with interactive navigation that allows easy access to sections, key topics and supporting information. The digital format enhances accessibility and usability and helps stakeholders to navigate content efficiently and understand Heriot's performance, strategy and value creation.

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Capitals	
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	Manufactured capital
	Intellectual capital
	Human capital
	Social and relationship capital
	Natural capital

Strategic pillars	
	Delivering stakeholder value
	Diversified portfolio
	Enhanced return on assets
	Optimised balance sheet

Material themes	
	Uncertain macroeconomic environment
	Uncertain property fundamentals
	Group structure and portfolio mix changes
	Load shedding, municipal infrastructure deterioration and poor service delivery
	Enhance sustainability

Request for feedback

Heriot values stakeholder input, which helps us improve the clarity, relevance and quality of our reporting. We welcome comments, suggestions and requests for additional information or copies of this report.

Please share your feedback with Daniel Snoyman, Chief Financial Officer ("CFO"), at dsnoyman@heriot.co.za.

All input will be considered to enhance future reports and support Heriot's commitment to transparency, accountability and effective stakeholder communication.

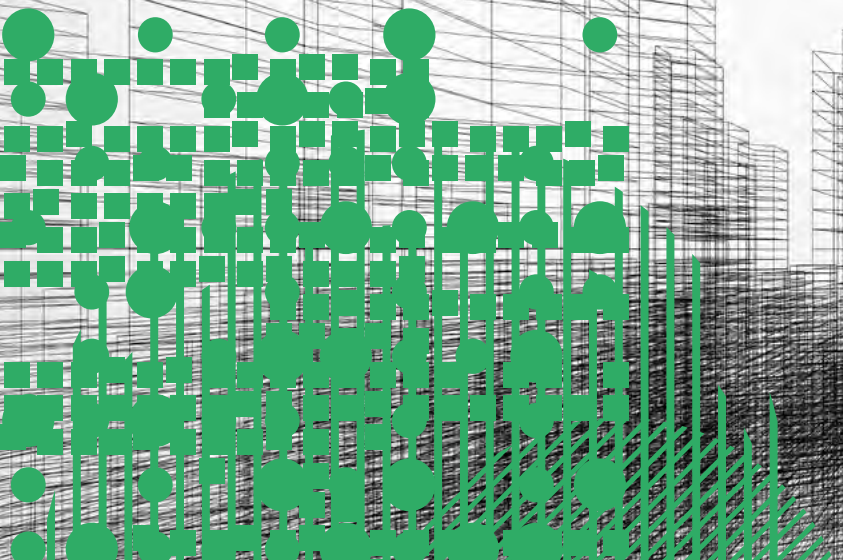
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About Heriot

Who we are

Heriot is a property holding and investment company listed in the “Diversified REITs” sector on the Alternative Exchange of the JSE. The Group focuses on building a high-quality property portfolio that delivers sustainable income and long-term value.

Heriot maintains a primary investment focus on retail, industrial and hospitality properties located in high-growth regions. The Group holds a 59,2% strategic stake in Safari Investments RSA Limited (“Safari”) and a 21,7% interest in Texton Property Fund Limited (“Texton”). During the previous reporting period, Heriot acquired Thibault REIT Limited (“Thibault”), further expanding its geographical footprint and enhancing portfolio diversification.

Through careful asset selection, active management and strategic acquisitions, Heriot aims to maintain a robust, resilient and income-generating property portfolio capable of responding to evolving market conditions.

Our purpose

We transform lives by creating opportunities that deliver sustainable stakeholder value.

Our primary objective

The Group aims to acquire and develop yield-enhancing assets in South Africa by building a stable, diverse portfolio with secure and growing rental income. We maintain a resilient portfolio positioned for long-term success by acquiring high-quality properties, redeveloping existing assets and disposing of non-core holdings.

Our values

Our values guide Heriot’s culture, shape decision-making and underpin our approach to sustainable growth, stakeholder engagement and long-term value creation.

Integrity

We act honestly, transparently and ethically, building trust, protecting our reputation and ensuring compliance.

Excellence

We pursue high performance and continuous improvement to deliver consistent value to shareholders and stakeholders.

Tenant-centricity

We prioritise tenant needs to foster strong relationships, high occupancy and sustainable outcomes.

Collaboration

We work together, share knowledge and communicate openly to achieve goals, drive innovation and strengthen partnerships.

Accountability

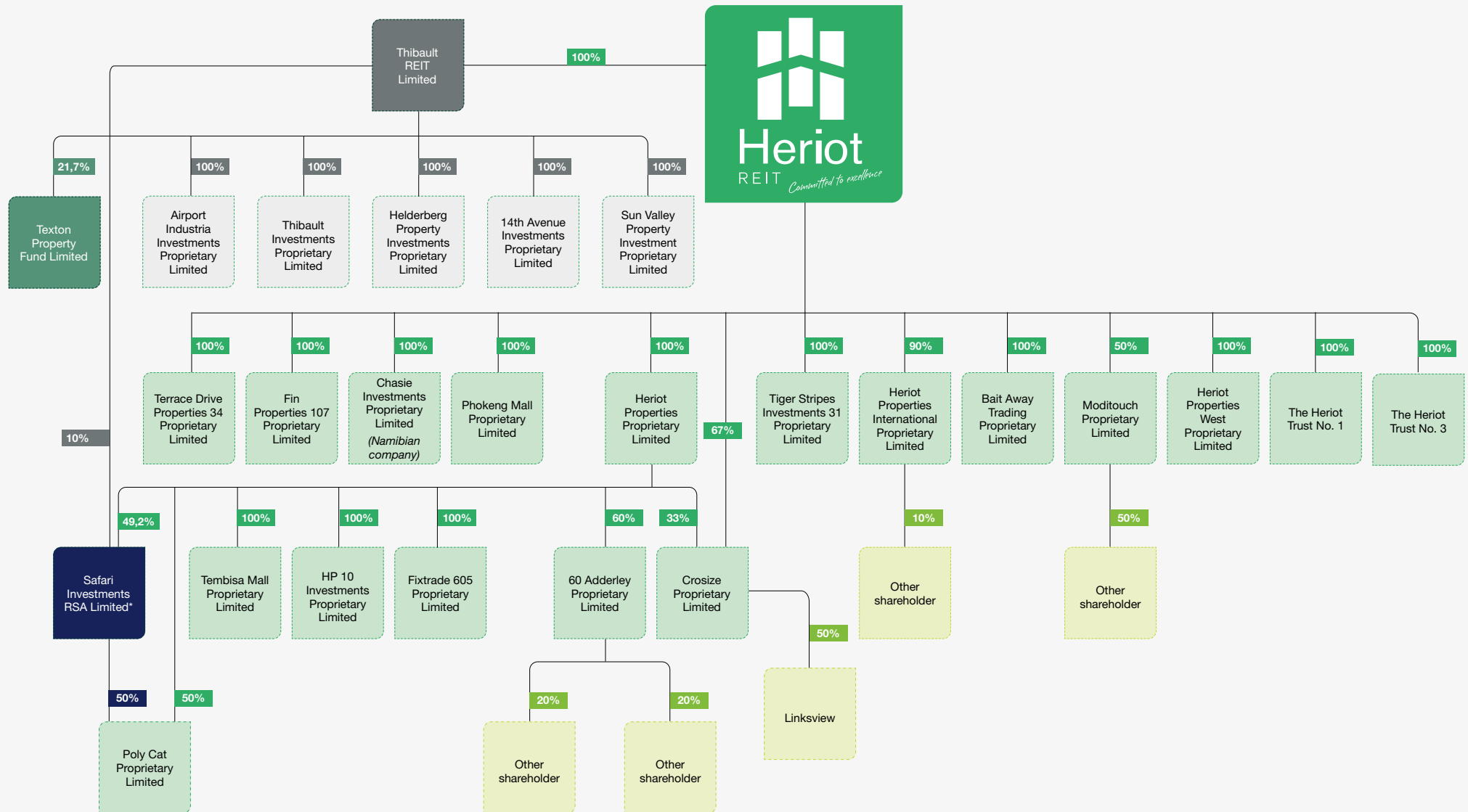
We take responsibility for our actions and outcomes, ensuring that commitments are met and trust is maintained.

What we do

We grow and streamline our asset base by acquiring premium properties, redeveloping existing ones and divesting assets marked as non-core.



Group structure



* The Group's shareholding in Safari is 59,2% as at 30 June 2025.

Performance overview

Delivering value is central to Heriot's strategy, guiding decisions, operations and stakeholder engagement. Our performance is measured not only by financial results but also by how we manage our property portfolio, mitigate risks, seize opportunities and uphold ESG standards. This overview highlights achievements, challenges and progress, showing how Heriot creates sustainable value and aligns operations with strategic objectives to support resilient growth, portfolio strength and long-term sustainability.



Financial capital

- Distributable income growth: **26,1%**
- Distributable income: **R389,209 million** (2024: R308,754 million)
- Distribution per share growth: **14,3%**
- Distribution per share: **121,91 cents** (2024: 106,69)
- Payout ratio: **100%** (2024: 100%)
- Total cash resources available: **R501,949 million** (2024: R509,528 million)
- Unutilised debt facilities: **R380,504 million** (2024: R440,503 million)
- Cash and cash equivalents: **R121,445 million** (2024: R69,025 million)
- Investment in Safari: **59,2%** (2024: 59,2%)
- Investment in Texton: **21,7%** (2024: 21,5%)



Manufactured capital

- Portfolio vacancy: **1,6%** (2024: 3,1%)
- **53 investment properties** (2024: 53)
- **702 821m² GLA¹** (2024: 722 967m²)



Human capital

- **R793 525** spent on skills development and training (2024: R443 846)



Natural capital

- Total energy savings of **15 531MWh** (2024: 19 133MWh)²
- Solar photovoltaic ("PV") installations at **16 properties** (2024: 13 properties)



Social and relationship capital

- Corporate social investment ("CSI") projects:
 - Hygiene project
 - Heriot internship programme

¹ GLA: Gross lettable area of all property classes excluding the paper plantations.

² The numbers reported for 2024 included Safari's solar plants' output over the 15-month reporting period ended 30 June 2024.

Key focus areas in 2025

To ensure long-term sustainability and strengthen stakeholder value, Heriot's leadership team concentrated on enhancing the fundamentals of its property portfolio. This included initiatives to future-proof the business by improving asset quality, optimising operational efficiency, strengthening tenant relationships and mitigating risks.

By prioritising these focus areas, the Group aims to maintain resilient income streams, portfolio stability and sustainable growth, which positions Heriot to respond effectively to evolving market conditions while delivering consistent value to shareholders, tenants and other stakeholders.

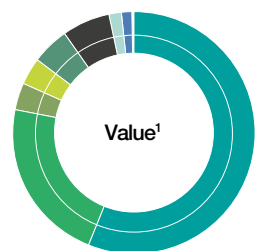
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Portfolio review

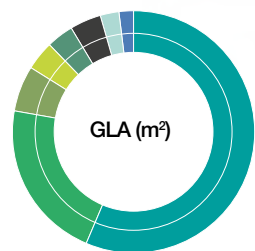
Heriot invests across a diverse range of property sectors in South Africa and Namibia and focuses mainly on emerging market retail, industrial and hospitality properties, which have remained resilient during economic uncertainty.

The Group also holds 8 382 hectares of paper plantation farms, which are analysed separately due to their unique scale. Including these specialised assets in GLA-based metrics would distort portfolio comparisons. This approach ensures reporting remains accurate and meaningful, while highlighting the strategic value and long-term potential of core and specialised assets.

Geographical profile



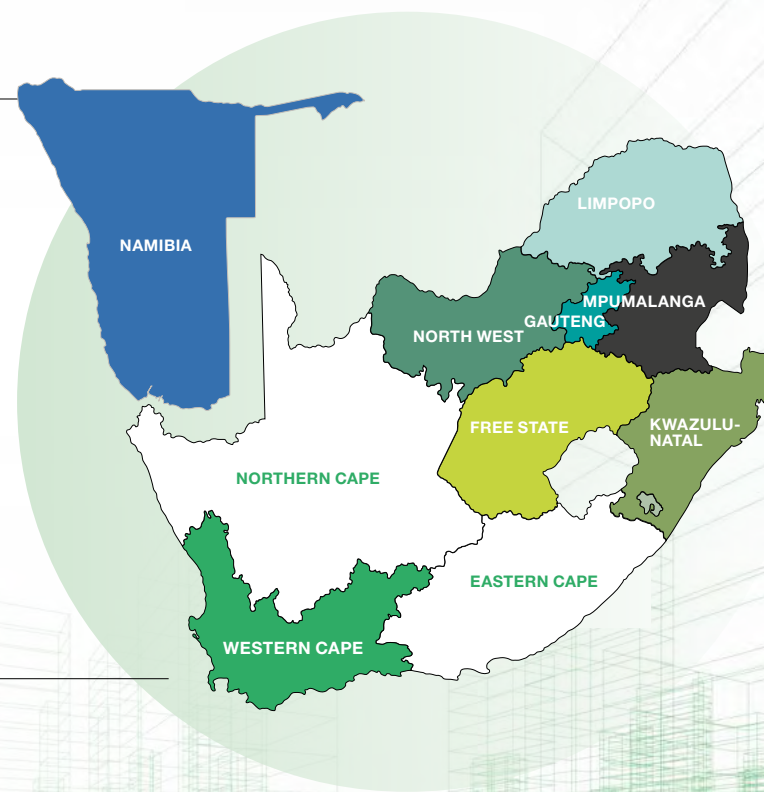
56,2%	Gauteng
22,2%	Western Cape
3,6%	KwaZulu-Natal
3,5%	North West
5,0%	Mpumalanga
6,5%	Limpopo
1,7%	Free State
1,4%	Namibia



56,4%	Gauteng
21,4%	Western Cape
6,1%	KwaZulu-Natal
3,9%	North West
3,8%	Mpumalanga
4,0%	Limpopo
2,5%	Free State
1,9%	Namibia



52,1%	Gauteng
23,9%	Western Cape
3,0%	KwaZulu-Natal
4,4%	North West
4,7%	Mpumalanga
6,0%	Limpopo
1,5%	Free State
4,2%	Namibia



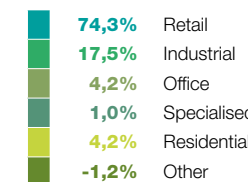
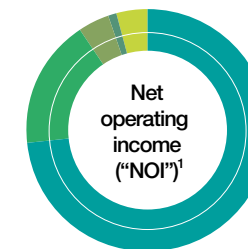
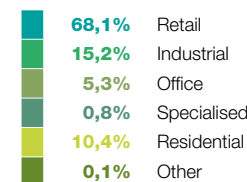
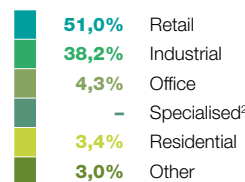
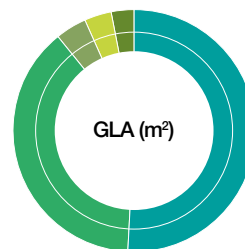
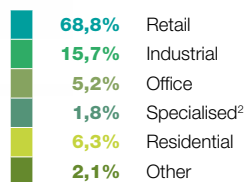
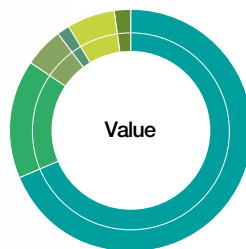
¹ Includes properties under development and held for sale.

Portfolio review continued

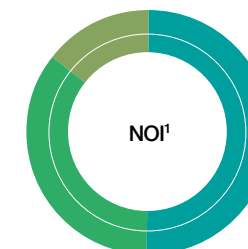
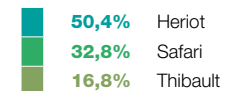
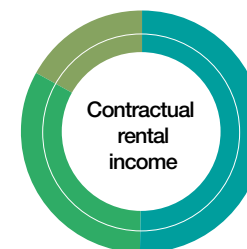
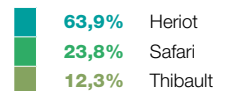
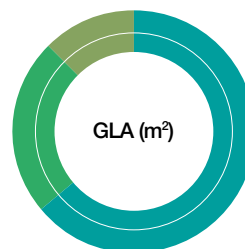
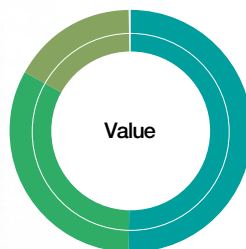
AVERAGE ANNUALISED PROPERTY PORTFOLIO YIELD OF

8,1%
(2024: 8,1%)

Sectoral profile



Segmental group



¹ NOI is calculated as contractual rental income + recoveries - property operating expenses.

² The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

Portfolio review continued

Property	Address	GLA m ²	Average rent per m ² over 12 months Rand	Weighted average lease escalation % [^]	Weighted average lease expiry (years) [^]	Vacancy m ²	Average trading density per annum m ²
RETAIL							
Tsakane ¹	Modjadji and Mandela Streets, Tsakane, Brakpan, Gauteng	19 834	181,1	6,3	3,5	313	45 765
Tembisa	Cnr Andrew Mapheto Drive and Isimuku Road, Tembisa, Gauteng	26 402	248,4	6,2	1,6	–	54 946
Phokeng Mall	Sun City Main Road, Phokeng, North West	17 145	175,2	5,8	2,5	–	39 505
Shoprite Fish Hoek	54 Main Road, Fish Hoek, Western Cape	3 497	143,3	7,1	3,8	–	N/A ³
Shoprite Sea Point	Main Road, The Towers, Sea Point, Cape Town, Western Cape	2 636	222,7	6,1	8,8	–	59 195
Score Supermarket Itsoseng	President Mangope Drive, Itsoseng, North West	1 519	100,9	6,2	2,5	–	41 379
Siyabuswa Mall	Bongimfundo Street, Siyabuswa, Mpumalanga	26 459	173,5	6,2	2,4	281	43 804
Burgersfort Mall	Cnr Dirk Winterbach Road and Mpumula Street, Burgersfort, Limpopo	15 248	231,9	6,5	2,0	150	39 977
Shoprite Athlone	Cnr Birchwood and Cornhill Street, Athlone, Western Cape	3 832	137,0	5,4	0,5	850	26 282
Shoprite Kempton Park	Cnr West Street and Oak Avenue, Kempton Park, Johannesburg, Gauteng	6 855	61,3	6,3	0,6	–	36 145
Shoprite Emmarentia	Barry Hertzog Avenue, Emmarentia, Johannesburg, Gauteng	3 840	142,1	6,0	11,9	–	89 158
Shoprite Rustenburg	10 Kroep Street, Ou Dorp, Rustenburg, North West	8 567	143,6	5,4	5,2	894	29 102
Atlyn – Atteridgeville	Cnr Phudufufu and Khoza Streets, Atteridgeville, Gauteng	30 868	183,0	6,0	1,5	558	38 932
Denlyn – Mamelodi	Cnr Stormvoël and Maphalla Roads, Mamelodi, Gauteng	34 833	231,0	5,6	2,6	117	41 980
Victorian Village – Heidelberg	Cnr Voortrekker and Jordaan Streets, Heidelberg, Gauteng	11 941	149,0	5,1	4,4	37	53 704
Thornhill – Polokwane	Cnr Veldspaat Street and Munnik Avenue, Polokwane, Limpopo	12 649	153,0	5,8	2,8	195	37 913
Thabong – Sebokeng	Moshoeshoe Street, Sebokeng, Gauteng	34 504	184,0	5,9	4,5	207	43 954
Nkomo Village – Atteridgeville	49 Tlou Street, Atteridgeville, Gauteng	22 717	181,0	6,2	5,6	51	54 051
Soweto Day Hospital ²	14475, Isixyabesha Street, Extension 6, Protea Glen, Gauteng	1 379	23,2	8,0	–	1 379	N/A ³
Mnandi – Atteridgeville ²	Maunde Street, Atteridgeville, Gauteng	8 717	148,0	5,5	4,2	699	30 266
14th Avenue Mall	William Nicol Drive North and Constantia Drive, Roodepoort, Gauteng	25 550	154,9	5,3	6,2	–	40 645
Sun Valley Mall	Cnr Noordhoek Main Road and Buller Louw Boulevard, Noordhoek, Western Cape	16 138	178,9	5,8	6,4	–	69 943
Helderberg Mall	De Beers Avenue and Forsyth Road, Somerset West, Cape Town, Western Cape	23 330	120,7	5,8	8,9	41	40 645
Total retail		358 459	178,8	6,0	3,9	5 772	

[^] Calculated based on GLA.

¹ Heriot owns a 50% undivided share in the property. The table above reflects 50% of the property's GLA.

² Properties held for sale.

³ Data is not available as the leases do not include turnover clauses, and on this basis, trading data is not provided by the tenants.

■ Safari assets.

■ Thibault assets.

Portfolio review continued

Property	Address	GLA m ²	Average rent per m ² over 12 months Rand	Weighted average lease escalation % [^]	Weighted average lease expiry (years) [^]	Vacancy m ²
INDUSTRIAL						
Cleveland	11 Cleveland Road, Cleveland Ext 5, Johannesburg, Gauteng	8 966	13,5	6,0	1,0	–
Hermans (Super Group) Midrand	875 and 876 Freight Road, Louwardia, Centurion, Gauteng	3 069	202,8	8,0	0,4	–
Denver	65 Mimetes Avenue, Denver, Johannesburg, Gauteng	35 115	56,2	5,3	2,0	–
Mpact Pinetown	17 Oppenheimer Street, Pinetown, KwaZulu-Natal	23 867	51,9	6,0	3,0	–
Mpact Epping	Lossack Street, Epping Extension 2, Cape Town, Western Cape	28 894	52,8	6,5	4,5	–
Mpact Kuilsriver	40 Fabriek Street, Kuilsriver, Western Cape	20 409	45,9	7,0	3,7	–
Mpact Brakpan	1 Molecule Road, Vulcania, Brakpan, Gauteng	24 936	26,7	8,0	1,3	–
Wadeville	Cnr Dekema and Lantern Road, Wadeville, Johannesburg, Gauteng	24 910	48,9	6,0	1,6	–
Jupiter Park ¹	Cnr Barlow Road and Cavaleros Drive, Jupiter, Elandsfontein, Gauteng	24 911	44,7	5,4	3,2	3 346
ABB Alrode	4 and 6 Clarke Street, Alrode, Johannesburg, Gauteng	17 452	58,2	7,3	3,4	–
Metro Devland	Cnr East Street and Piston Road, Soweto, Devland, Johannesburg, Gauteng	6 635	67,3	8,0	3,9	–
Metro Hyper Windhoek	Erf 1211, Klein Kuppe, Windhoek, Namibia	13 500	89,0	6,3	1,6	–
Bloemfontein	19 Hoof Laan, Estoire, Bloemfontein, Free State	17 906	84,7	7,5	2,0	–
Mount Edgecombe	27 Siphosethu Road, Mount Edgecombe, Durban, KwaZulu-Natal	18 135	77,1	6,0	0,3	–
Total industrial		268 705	55,8	6,4	2,5	3,346
OFFICE						
Super Group	27 Impala Road, Chiselhurst, Sandton, Gauteng	3 702	158,1	6,0	3,2	–
Melrose Arch – Unit 9a	Unit 9a, 1st Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, Gauteng	309	316,0	6,0	0,3	–
Melrose Arch 4th Floor	4th Floor, 3 Melrose Boulevard, Melrose Arch, Johannesburg, Gauteng	3 094	208,2	5,8	0,7	–
Wynberg Mews	1 Brodie Road, Wynberg, Cape Town, Western Cape	7 139	109,9	6,2	2,7	625
One Thibault – office ²	17 Hans Strijdom Avenue, Cape Town, Western Cape	16 252	193,3	3,5	1,5	874
Total office		30 496	178,8	4,6	1,8	1 499

[^] Calculated based on GLA.

¹ Heriot owns a 50% undivided share in the property. The table above reflects 50% of the property's GLA.

² One Thibault Square is a 29-floor mixed-use development located in Cape Town's CBD. The property comprises commercial and residential spaces. The property has a total GLA of 28 406m², of which 4 923m² of residential space has been disposed of under a sectional title scheme. The building's remaining GLA is split between office and residential components measuring 16 252m² and 8 024m², respectively.

■ Thibault assets.

Portfolio review continued

Property	Address	GLA m ²	Average rent per m ² over 12 months Rand	Weighted average lease escalation % [^]	Weighted average lease expiry (years) [^]	Vacancy m ²
SPECIALISED – PAPER PLANTATIONS						
Lions Glen/Ihlati/Geluk/Gembokfontein	Lions Glen – North West Ihlati – Holkrans, KwaZulu-Natal Geluk – Mpumalanga Gembokfontein – Limpopo	*	83,3	3,0	7,8	–
Hinze	Farm Vlakplaats 201, KwaZulu-Natal	*	186,0	–	0,0	–
Newbrough Grange	Keerom 1190, KwaZulu-Natal	*	107,2	5,0	0,8	–
Bushmans Bend	Portion 1 of Bushmans Bend 433, Mpumalanga	*	93,7	5,0	0,5	–
Total specialised			96,8	3,1	7,6	–
RESIDENTIAL/APARTHOTEL						
HAVN ¹	2 Adderley Street, Cape Town, Western Cape	7 580	421,7	–	–	–
Habitat ¹	132 Adderley Street, Cape Town, Western Cape	4 946	594,2	–	–	–
One Thibault – Hotel ¹	17 Hans Strijdom Avenue, Cape Town, Western Cape	8 024	465,9	–	–	–
Fixtrade – Newcastle townhouses	Cnr Lynnwood and Rodericks Roads, Lynnwood, Pretoria, Gauteng	1 016	72,0	6,0	–	–
Linksvier ²	13 Corlett Drive, Illovo, Johannesburg, Gauteng	2 430	138,0	6,0	0,3	18
Total residential/aparthotel			23 996	254,0	6,0	18
Investment property excluding vacant land			681 656	131,6	6,0	10 635

* The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

[^] Calculated based on GLA.

¹ The aparthotel sector comprises three properties located in the Cape Town CBD with a combined GLA of 20 550m² or 623 units. These assets are included in the residential/aparthotel sector for segmental reporting purposes.

Seasonal trends dictate the occupancy levels for the sector. For the hospitality assets, the preferred metrics to report on are average daily rates (“ADR”) and occupancies. Refer to **page 15** for further details on the hotels’ performance.

² Heriot owns a 50% undivided share in the property. The table above reflects 50% of the property’s GLA.

■ Thibault asset.

Portfolio review continued

Property	Address	GLA m ²	Average rent per m ² over 12 months Rand	Weighted average lease escalation % [^]	Weighted average lease expiry (years) [^]	Vacancy m ²
OTHER – UNDEVELOPED LAND						
Lynnwood	Cnr Lynnwood and Rodericks Roads, Lynnwood, Pretoria, Gauteng	13 133	4,7	–	–	–
Total other investment property		13 133	–	–	–	–
Total investment property		694 789	131,6	6,0	3,2	10 635
PROPERTY UNDER DEVELOPMENT						
Finsbury Court – Horizon	289 Beach Road, Sea Point, Cape Town, Western Cape	2 500	–	–	–	–
Mowbray – The Fibonacci	Cnr Main Road and Rhodes Avenue, Rosebank, Mowbray, Western Cape	5 532	–	–	–	–
Total property under development		8 032	–	–	–	–
Total investment property and property under development		702 821	131,6	6,0	3,2	10 635

[^] Calculated based on GLA.

■ Safari asset.

Portfolio review continued

Aparthotel occupancy analysis

Building	Number of units	GLA m ²	Average annual occupancy	Current period revenue R'000	Average daily rate Rand	Average monthly rent per unit Rand
HAVN	215	7 580	68%	36 665	846	14 211
Habitat	151	4 946	79%	33 405	833	18 435
One Thibault	257	8 024	63%	44 862	728	14 547
Total/average	623	20 550	69%	38 311	797	15 359

Group aparthotel occupancy analysis

The aparthotel portfolio comprises three properties in the Cape Town CBD, with a combined GLA of 20 550m² (623 units). For segmental reporting purposes, these assets are included in the residential sector. The hospitality sector in Cape Town has seen exceptional growth in the post-COVID era. Strategic upgrades to address operational, product and system challenges, coupled with the transition of asset management to hotel operators, have driven significant performance improvements. Located in the CBD, the properties operate in a highly competitive market due to a substantial supply of hospitality stock, which continues to pressure ADR. Nevertheless, strong demand, reflected in high occupancy rates, has helped offset forecast rate losses.

Seasonal trends continued to influence performance, with lower occupancies in the first and fourth quarters and stronger demand in the second and third quarters leading into the summer season. The portfolio's ADR

for the year was R797 (2024: R822) per night. The key focus areas for the sector remain the implementation of off-peak demand strategies and disciplined cost management across all properties.

For the year ended 30 June 2025, the sector achieved an average occupancy rate of 69% (2024: 68%), excluding units out of service for refurbishment or maintenance.

HAVN

HAVN (formerly The Heriot) underwent extensive upgrades between May and November 2024, which temporarily reduced unit availability and revenue per unit. Following completion of the upgrades and the externalisation of property management to Totalstay, performance improved materially, with revenue increasing by R11,0 million compared to the prior period. During the reporting period, the aparthotel achieved an ADR of R846 (2024: R605) and an average occupancy of 68% (2024: 56%).

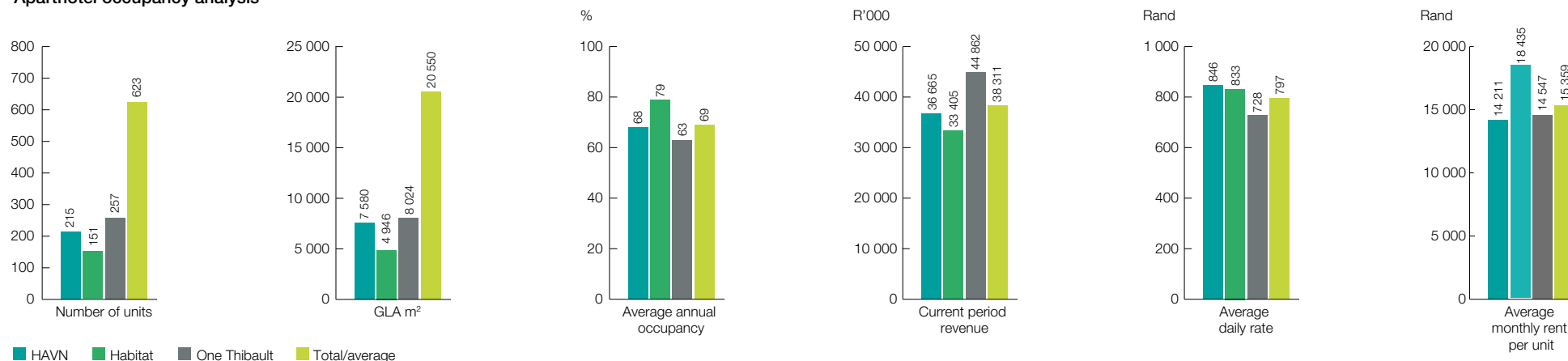
Habitat

Habitat's occupancy improved markedly to 79% (2024: 55%) following the appointment of Totalstay as hotel operator in January 2024. While the achieved ADR of R833 fell short of expectations due to heightened market competition, the property delivered a strong performance. Following the completion of development works between 1 May and 30 November 2023, revenue increased significantly to R20,9 million compared with the prior reporting period, as the aparthotel was operational for the full 12 months in the current reporting period.

Thibault

Thibault experienced weaker performance during the off-peak period but delivered a strong start to the peak season, generating the highest revenue in the portfolio during the reporting period. The aparthotel achieved an average occupancy rate of 63% compared to 51% in 2024.

Aparthotel occupancy analysis



Portfolio review continued

Tenant analysis profile

Tenant profile	Based on rental %	Based on rental GLA (m ²) %	Based on GLA (ha)* %
A	80,5	80,3	100,0
B	8,3	9,1	–
C	11,2	9,0	–
Vacant	–	1,6	–
Total	100,0	100,00	100,0

Heriot's policy is to grade tenants on the following basis:

A = National and provincial government, large metro municipalities, national retailers and large blue-chip companies.

B = Medium-sized companies and franchisees.

C = Other small tenants. These comprise approximately 325 tenants.

Weighted average lease expiry (years)

Sector	GLA (m ²)* number of years	GLA (ha)* number of years	Gross rental number of years
Industrial	2,52	–	2,47
Retail	3,91	–	3,45
Office	1,76	–	1,40
Specialised	–	7,59	6,97
Residential	0,21	–	0,24
Total	3,22	7,59	3,16

Weighted average lease escalation

Sector	Based on GLA (m ²)* %	Based on GLA (ha)* %
Retail	6,0	–
Office	4,6	–
Industrial	6,4	–
Residential	6,0	–
Specialised	–	3,1
Weighted average/total	6,0	3,1

Lease expiry profile

Total portfolio	Total GLA (ha)* %	Total GLA (m ²)* %	Total gross rental %
Vacant	–	1,6	–
Monthly	–	2,9	3,1
2026	29,5	17,1	21,3
2027	–	26,6	21,1
2028	–	14,5	18,7
2029	–	11,6	11,9
2030	–	9,7	8,4
+ June 2031	70,5	16,0	15,5
Total	100,0	100,0	100,0

* The analysis by GLA is split between paper plantation farms of 8 382ha and the rest of the portfolio. Given the nature of paper plantation farms and the measurement of land area by hectare, inclusion thereof in the analysis by GLA of the rest of the portfolio would not be a meaningful analysis of the portfolio as a whole. All paper plantation farms are fully let by A-classified tenants and categorised as specialised.

Industrial	Total GLA (m ²) %	Total gross rental %
Vacant	1,2	–
Monthly	–	–
2026	13,8	17,4
2027	45,4	44,8
2028	9,2	8,4
2029	10,1	9,3
2030	14,7	15,0
+ June 2031	5,6	5,1
Total	100,0	100,00

Portfolio review continued

Retail¹	Total GLA (m²) %	Total gross rental %
Vacant	1,6	–
Monthly	4,6	3,7
2026	17,7	20,4
2027	13,6	15,4
2028	18,8	22,1
2029	12,3	12,3
2030	6,8	7,6
+ June 2031	24,6	18,6
Total	100,0	100,0

Office²	Total GLA (m²) %	Total gross rental %
Vacant	4,8	–
Monthly	1,5	1,2
2026	36,4	40,9
2027	17,5	29,4
2028	12,1	9,8
2029	18,7	18,1
2030	–	0,2
+ June 2031	9,0	0,4
Total	100,0	100,0

Specialised	Total GLA (m²) %	Total gross rental %
Vacant	–	–
Monthly	–	–
2026	29,5	37,8
2027	–	–
2028	–	–
2029	–	–
2030	–	–
+ June 2031	70,5	62,2
Total	100,0	100,0

Residential³	Total GLA (m²) %	Total gross rental %
Vacant	0,5	–
Monthly	62,4	55,6
2026	37,1	44,4
2027	–	–
2028	–	–
2029	–	–
2030	–	–
+ June 2031	–	–
Total	100,0	100,0

¹ Dis-Chem occupies 827m² at HAVN located at 2 Adderley Street. The lease has been included as part of the retail sector for lease expiry calculation purposes.

² Absa occupies 820m² located at 132 Adderley Street. The lease has been included as part of the office sector for lease expiry calculation purposes.

³ The aparthotel sector comprises three properties located in the Cape Town CBD with a combined GLA of 20 550m² or 623 units. These assets are included in the residential sector for segmental reporting purposes but are excluded from the above analysis as the preferred metrics to report on are ADR and occupancies.

Portfolio review continued

Portfolio overview

Sector	Retail	Industrial	Office	Specialised ¹	Residential/ aparthotel ²	Other – vacant land ⁵	Property under development ⁶	Total
Total lettable GLA (m ²)	358 459	268 705	30 496	–	3 446	–	–	661 106
Total GLA	358 459	268 705	30 496	1	23 996	13 133	8 032	702 821
Vacant land and under development	–	–	–	–	–	(13 133)	(8 032)	(21 165)
Aparthotel GLA	–	–	–	–	(20 550)	–	–	(20 550)
Vacancy (m ²)	5 772	3 346	1 499	–	18	–	–	10 635
Vacancy (%) ³	1,6	1,2	4,9	–	0,5	–	–	1,6
Average rental per m ² (R)	178,8	55,8	178,8	96,8	254,0	–	–	131,64
Weighted average lease escalation (GLA) (%)	6,0	6,4	4,6	3,1	6,0	–	–	6,0
Weighted average lease expiry (GLA) – years	3,9	2,5	1,8	7,6	0,2	–	–	3,2
Value (R'000) ⁴	8 807 790	2 007 500	669 400	235 500	806 136	34 000	238 412	12 798 738

¹ The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this in the analysis by hectare would not provide meaningful analysis of the portfolio as a whole. Further, rental rates are quoted per hectare.

² The aparthotel sector comprises three properties located in the Cape Town CBD with a combined GLA of 20 550m² or 623 units. These assets are included in the residential sector for segmental reporting purposes. Seasonal trends dictate the occupancy levels for the sector. For the hospitality assets, the preferred metrics to report on are ADR and occupancies. Refer to **page 15** for further details.

³ Vacancy excluding the aparthotels (20 550m²), vacant land (13 133m²) and property under development (8 032m²) is 1,6%.

⁴ Investment property values include non-current assets held for sale.

⁵ Comprises vacant land owned by Safari located in Lynwood, whose GLA is excluded for vacancy reporting purposes.

⁶ Comprises the Mowbray (Fibonacci) and Finsbury Court (Horizon) developments whose GLA is excluded for vacancy reporting purposes.

VALUE CREATION



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Chairman's and Chief Executive Officer's report

A RECORD-BREAKING YEAR

FY2025 marked a record-breaking year for Heriot, demonstrating the strength of our diversified portfolio and delivering the Group's highest-ever earnings. This performance reflects the disciplined execution of our investment strategy by exceptional staff and the resilience of our business model in navigating complex market conditions.

OUR DISTRIBUTABLE EARNINGS OF R389,209 MILLION WERE

26,1%

AHEAD OF DISTRIBUTABLE EARNINGS OF R308,754 MILLION IN FY2024.



Steven Herring

Richard Herring

Performance overview

Despite persistent local and global macroeconomic headwinds, we delivered stellar results. Our emerging market retail, industrial and hospitality assets proved remarkably resilient. At the same time, improved energy availability from Eskom, greater political stability and the commencement of the interest rate-cutting cycle provided a solid foundation for sustainable growth.

Distributable earnings increased by **26,1% to R389,2 million**, supported by the successful acquisition of Thibault, substantial contributions from Safari and Texton and robust operational performance across the retail, industrial and hospitality portfolios. Proactive letting activity, rental escalations and disciplined capital management further enhanced distributions. In addition, refinancing at favourable rates, combined with lower lending margins and the 100bps reduction in the repo rate, delivered further earnings growth.

We increased distribution per share by **14,3% to 121,91 cents** and grew net asset value ("NAV") per share by **17,5% to R20,59**, reaffirming our ability to deliver sustainable shareholder value. A **14,8% increase in NOI** supported higher property valuations, further strengthening the statement of financial position, reducing the Group's loan-to-value ("LTV") ratio to **38,95%** and lowering the weighted average cost of debt ("WACD") to **9,73%**.

These results reflect the management team's expertise and talented staff, disciplined investment strategies and a resilient portfolio anchored by blue-chip national tenants. The Company continues to pursue investment opportunities in its core sectors of retail, industrial and hospitality. With a strong balance sheet, robust cash flows and high-quality assets, we remain confident in Heriot's ability to sustain long-term growth and deliver enduring value to shareholders.

Thibault acquisition

The Thibault acquisition was a transformative milestone, adding iconic assets such as One Thibault Square located in Cape Town, increasing our shareholding in Safari to **59,2%** and acquiring a **21,5%** shareholding in Texton, which increased to **21,7%** during the reporting period. This transaction expanded our footprint in prime locations, enhanced earnings, improved cash flow and unlocked operational synergies.

Chairman's and Chief Executive Officer's report continued

Development progress

We advanced with our development pipeline, which includes Mowbray – The Fibonacci and Finsbury Court – Horizon both based in Cape Town and poised to deliver attractive yields.

Mowbray – The Fibonacci

The Mowbray project, renamed The Fibonacci, was redesigned as a seven-storey mixed-use development to maximise yield, initially planned for 464 student accommodation units for R510,0 million, with a ground-level retail component anchored by Shoprite. The scheme was revised following strong demand for one-bedroom units. The updated design provides **574 units for R530,0 million**, with a projected starting yield of **13,49%**.

To mitigate risk, Heriot required **R200,0 million** in pre-sales before commencing with the development. By September 2025, **174 units** had been sold, achieving the pre-sales target. Foundation works will begin in October 2025, with a 20-month development programme targeting completion for the 2028 academic year.

Finsbury Court – Horizon

On 3 July 2024, Heriot acquired Finsbury Court, a **2 500m²** residential property on Beach Road, Sea Point, for **R76,1 million**. The property, originally comprised of 19 units, is being redeveloped into **36 units with 50 bedrooms** at an estimated cost of **R82,0 million**, targeting an initial yield of **12%**.

Construction commenced in October 2024 and is scheduled for completion by December 2025. Upon completion, the property will be operated by Totalstay under an aparthotel model. The acquisition and development are funded through existing unutilised debt facilities and a **R100,0 million** increase in one of Heriot's revolving credit facilities.

Cash resources

Year-end cash resources of **R501,9 million** provide ample liquidity to fund developments, pursue growth opportunities and support a 100% payout ratio. The Board has declared a final dividend of **65,07 cents per share** for the six months ended 30 June 2025, representing a **14,5% increase** from **56,81 cents per share** in the prior period. Strong cash flows and disciplined cash management continue to underpin the Group's ability to distribute 100% of distributable earnings.

Funding

We acted decisively to strengthen our capital structure and reduce lending margins. The Group's WACD declined to **9,73%** (June 2024: 10,27%), reflecting a **54bps reduction** driven by favourable refinancing and a 100bps rate cut during the period. While 90% of facilities remain linked to the three-month JIBAR, staggered reset dates delayed the full benefit of lower rates, resulting in an effective average JIBAR reduction of **40bps**. The expiry profile strengthened, with the weighted average remaining debt term increasing from **2,16 years to 2,3 years** following facility renewals with Nedbank, Standard Bank and Sanlam.

Refinancing and new facilities during the period included:

- **Heriot:** Early refinancing of R215,6 million Sanlam facilities at three-month JIBAR +**158bps**, a **22bps** margin reduction;
- **Safari:** Secured a new R200 million Standard Bank facility at three-month JIBAR +**153bps** to fund capital projects, maturing September 2027; and
- **Thibault:** Achieved margin reductions of **17bps to 45bps** across facilities through cross-collateralisation with the Heriot security pool, including refinancing of R250 million debt and restructuring of R209,5 million Sanlam facilities. The latter was converted to an interest-only loan, delivering R3,0 million in annual cash flow savings.

Group property portfolio performance

The Group delivered a strong performance across the majority of its property portfolio, despite operating in a challenging economic environment. It is important to note that year-on-year comparisons are not directly aligned, as the FY2025 results incorporate Thibault's income statement for the first time, while the FY2024 results included Safari's 15-month reporting period to 30 June 2024. Taking these factors into account, the portfolio performance for the year is summarised as follows.

“Exceptional and dedicated staff are the cornerstone of the Heriot family. Their dedication, grit, loyalty, creativity, out-of-the-box thinking and professionalism drive growth, enhance efficiency and foster a culture of excellence. Through their consistent commitment to quality work and collaboration, they often exceed expectations, ensuring that Heriot delivers outstanding results. Their contribution extends beyond daily tasks — they shape Heriot's reputation, strengthen client relationships and play a vital role in achieving long-term success. We salute you for achieving outstanding results.”

Chairman's and Chief Executive Officer's report continued

Portfolio highlights by sector:

Retail

Retail assets continued to anchor the portfolio, generating **NOI of R725,2 million**, up **7,9%**. The Thibault acquisition, robust trading from key tenants such as Shoprite, and ongoing tenant mix optimisation supported the positive performance. Vacancies remained low at 1,6%, while average rentals increased from **R164/m² to R179/m²**, reflecting **9,6% rental growth**.

Industrial

The industrial portfolio delivered **NOI of R171,8 million**, up **10,8%** year-on-year. Vacancy rates improved significantly, declining from **4,6% to 1,2%**, while average rentals rose from **R52/m² to R56/m²**, underscoring the sector's resilience and the demand for quality logistics space.

Residential and aparthotels

This sector benefited from targeted upgrades, the Thibault acquisition, new developments and outsourcing management. As a result, **NOI increased by 161,5% to R41,1 million**, with average rentals rising from **R254/m² to R356/m²**. Occupancy improved significantly, with average annual levels increasing from **53% to 69%**, positioning the portfolio for sustained growth in the next financial year.

Office

The office sector remains under pressure due to structural headwinds, including elevated vacancies and downward pressure on rentals at renewal. Nonetheless, proactive leasing reduced vacancies from **7,9% to 4,9%**, signalling early signs of recovery. **NOI increased from R17,1 million to R41,4 million**, mainly attributable to the Thibault acquisition, while average rentals softened slightly from **R181/m² to R179/m²**.

Specialised

The Group's paper plantations continued to provide **stable, predictable growth**, supported by contractual lease escalations of **5% to 6%**.

Vacancies and letting activity

The Group's tenancy profile remained resilient during the reporting period, despite a highly challenging economic environment. Overall vacancies improved meaningfully, reducing from **3,1% as at 30 June 2024 to 1,6% by 30 June 2025**. This improvement was primarily driven by the successful leasing of an **8 966m² industrial property in Cleveland, Johannesburg**.

For consistency, the reported vacancy figures exclude the following GLA:

- **Specialised property** comprising 8 382 hectares of plantations;
- **Hospitality assets** measuring 20 550m², where performance is more appropriately reported using ADR and occupancies; and
- **Vacant land and properties under development** measuring 21 165m².

Significant letting activity during the reporting period included:

- **Cleveland Distribution Centre – 8 966m² (re-let)**
 - Re-let effective **1 January 2025 at R27/m²** for an 18-month term.
 - Tenant granted a **two-month beneficial occupation period** commencing **1 November 2024**.
- **Epping Distribution Centre – 28 894m² (renewal)**
 - Lease renewed effective **1 December 2024 for five years at R56/m²**, escalating at **6,5% per annum**.
 - Represents a **10,7% increase** on the previous rental of **R50/m²**.
- **Kuilsrivier Distribution Centre – 23 867m² (renewal)**
 - Lease renewed effective **1 August 2024 for five years at R44/m²**, escalating at **6,5% per annum**.
 - Reflects a **15,9% increase** on the previous rental of **R37/m²**.
- **Melrose Arch – Fourth Floor Offices, 899m² (re-let)**
 - Previously vacant space leased at **R210/m²** with a **7% annual escalation** over an **18-month term**.

Sustainability

Sustainability remains central to our strategy. We have installed **13,71MWp** of solar capacity, reducing reliance on the national grid, lowering costs and decreasing our carbon footprint. Fourteen groundwater harvesting plants enhance water security and efficiency, particularly in water-scarce regions.

By 2026, we plan to expand solar capacity by an additional **1,7MWp**, strengthening energy independence and advancing our ESG objectives. These initiatives improve operational resilience, deliver long-term value, and contribute meaningfully to South Africa's sustainability goals.

Looking ahead

We remain confident in **Heriot's growth trajectory**, underpinned by improving macroeconomic conditions, including enhanced energy availability, lower interest rates and greater political stability. Against this backdrop, the Group is targeting **dividend growth of 10% to 15% in FY2026**. This outlook is supported by:

- The property portfolio's resilient forecast income, driven by **contractual rental escalations and market-related lease renewals**;
- Interest rates remaining unchanged from **FY2025**;
- Strong current and projected **cash flow generation** across the Group;
- Ongoing **cost management initiatives** designed to protect margins;
- The delivery of **new developments** scheduled to come online; and
- The disciplined execution of the Group's investment strategies.

Together, these factors position Heriot to deliver **sustainable, long-term value creation** for shareholders.

Acknowledgements

We extend our sincere appreciation to our shareholders, tenants, employees, financiers and partners for their continued trust and support, which remain integral to Heriot's success. Through these valued relationships, we have reinforced the Group's foundation, enhanced its resilience and positioned Heriot to capture future opportunities with confidence. Looking ahead, we remain steadfast in our commitment to delivering sustainable, long-term value and enduring returns, while upholding the highest standards of governance, operational excellence and corporate responsibility.

Steven Herring
Chairman

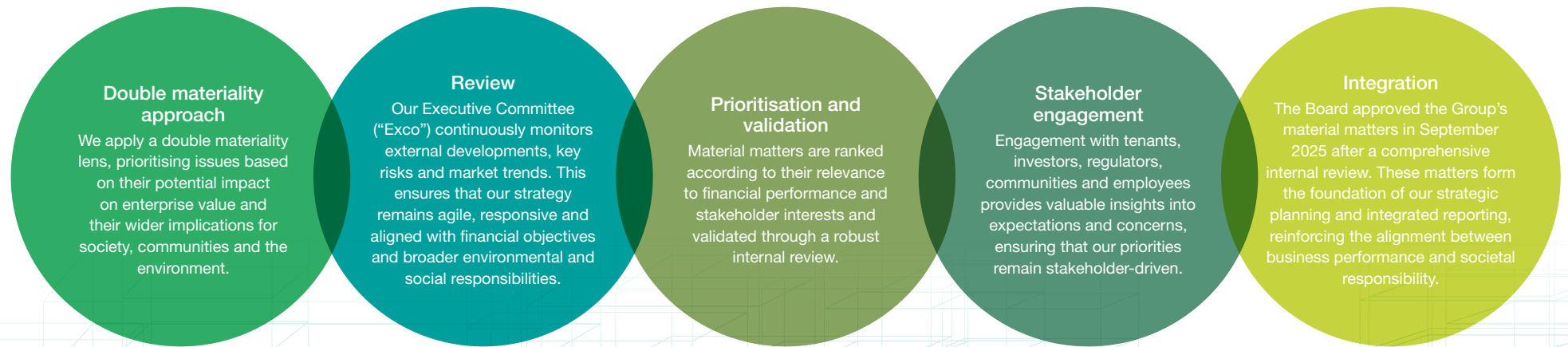
Richard Herring
Chief Executive Officer

31 October 2025

Materiality

We follow a structured process to identify and assess material matters, ensuring that risks and opportunities are rigorously evaluated and integrated into our strategy. This strengthens our business model and supports long-term value creation.

Determination process



Heriot’s material matters

- me** Uncertain macroeconomic environment
- pf** Uncertain property fundamentals
- gs** Group structure and portfolio mix changes
- md** Municipal infrastructure deterioration and poor service delivery
- es** Enhanced sustainability

Materiality continued

Key legend

▲ Positive increase ↔ Unchanged

	me Uncertain macroeconomic environment	pf Uncertain property fundamentals	gs Group structure and portfolio mix changes	md Municipal infrastructure deterioration and poor service delivery	es Enhanced sustainability
Material matters	<ul style="list-style-type: none"> Geopolitical and economic uncertainty Macroeconomic challenges: <ul style="list-style-type: none"> Interest rate changes Inflation Market volatility 	<ul style="list-style-type: none"> Collection of rental income Financial performance Funding liquidity Interest cover ratio LTV: Maintain and improve occupancy levels Portfolio diversification and resilience Tenant mix Value of the portfolio 	<ul style="list-style-type: none"> Business model adaptability Acquisition strategy Disposal of non-core assets Investment in Safari Portfolio diversification Thibault acquisition 	<ul style="list-style-type: none"> Increased cost of occupancy Increasing administrative costs Increasing property rates and taxes Municipal services risks Regulatory burden in the operating environment Tenant sustainability Threat of load shedding 	<ul style="list-style-type: none"> Climate change Corporate citizenship Carbon footprint Energy efficiency Solar energy Water consumption and backup
Impact on Heriot	<ul style="list-style-type: none"> Changing disposable income Dampened business and consumer confidence 	<ul style="list-style-type: none"> Increased cost of debt Liquidity impacts Vacancy levels 	<ul style="list-style-type: none"> Opportunity to diversify our revenue streams Refocus on core assets Acquired 100% of Thibault's shares with effect from 28 June 2024 Increased investment in Safari to 59,2% Safari investment positively impacts Heriot's growth 	<ul style="list-style-type: none"> Infrastructure failures and poor municipal service delivery disrupt our business Rising administration costs negatively impact property valuations and increase the cost of occupancy Unreliable electricity supply 	<ul style="list-style-type: none"> Improved governance Improved energy efficiency Reduced carbon footprint Improved water consumption
Key focus areas	<ul style="list-style-type: none"> Enhance portfolio diversification Ensure a robust balance sheet for financial health Maintain strong investor and debt provider relationships Manage inflation and interest rate risks Maximise performance from existing assets Strategically dispose of underperforming assets 	<ul style="list-style-type: none"> Diversify revenue streams Escalate leases Optimise tenant mix Reduce variable costs Refurbish and continue maintenance Secure blue-chip quality tenants Retain tenants Ensure timely rental collections 	<ul style="list-style-type: none"> Right-size portfolio Increase shareholding in Safari to 100% Dispose of non-core assets 	<ul style="list-style-type: none"> Address tenant and community requirements Conservative treasury management in respect of municipal payments Ensure appropriate tenant mix Improve operational efficiencies Proactive asset management Thoroughly review municipal valuations and lodge objections where necessary 	<ul style="list-style-type: none"> Integrate ESG considerations into Group strategy and operations Expand solar power generation
Stakeholders impacted	<ul style="list-style-type: none"> Shareholders and providers of financial capital Tenants Employees Regulatory and industry authorities Suppliers and service providers Communities and retail customers 	<ul style="list-style-type: none"> Shareholders and providers of financial capital Tenants Suppliers and service providers Communities and retail customers 	<ul style="list-style-type: none"> Shareholders and providers of financial capital Tenants Suppliers and service providers 	<ul style="list-style-type: none"> Tenants Employees Suppliers and service providers 	<ul style="list-style-type: none"> Regulatory and industry authorities Suppliers and service providers Communities
Time frame	<ul style="list-style-type: none"> Short to medium term 	<ul style="list-style-type: none"> Short, medium and long term 	<ul style="list-style-type: none"> Short to medium term 	<ul style="list-style-type: none"> Short to medium term 	<ul style="list-style-type: none"> Short, medium and long term
Year-on-year change	▲	↔	▲	↔	↔

How our strategy supports value creation

Our strategic pillars

Our ability to create and protect value depends on navigating changing market conditions while maintaining financial strength, operational efficiency and organisational agility. Success requires resilience in economic cycles and the flexibility to respond to new risks and opportunities.

Our strategy is built on four key pillars: **delivering stakeholder value** through engagement and insight into evolving needs; **enhancing asset returns** by diversifying income, investing in sustainability and optimising tenant mix; building a resilient, **diversified portfolio** through reinvestment, redevelopment and strategic investments; and maintaining an **optimised balance sheet** by improving liquidity, lowering debt and ensuring financial resilience.

	<p>Delivering stakeholder value</p> <ul style="list-style-type: none"> • Active stakeholder and tenant engagement • Understanding changing consumer behaviour and preferences • Understanding tenant expectations 		<p>Enhanced return on assets</p> <ul style="list-style-type: none"> • Diversifying rental offerings • Diversifying revenue streams • Investing in solar energy • Managing cost of occupancy • Optimising tenant mix
	<p>Diversified portfolio</p> <ul style="list-style-type: none"> • Defensive mix of retail and industrial assets • Disposal of non-core assets • Investing in long-term quality • Portfolio redevelopment and upgrades • Reinvesting in core assets • Strategic controlling stake in Safari • Investment in Texton • Investment in Thibault 		<p>Optimised balance sheet</p> <ul style="list-style-type: none"> • Funding diversity • Improving liquidity • Lowering the LTV ratio • Recycling non-core assets • Reducing debt • Strengthening balance sheet • Treasury management

Ultimately, we create and protect value by balancing financial discipline with investment, operational excellence with adaptability and innovation with responsibility – positioning us for sustainable long-term growth.

Our strategy per sector

Our diversified portfolio is central to our strategy and balances risk and opportunity across the property cycle. We reduce volatility, ensure stable cash flows and capture growth in high-demand markets by investing in quality assets across sectors and locations. We optimise the portfolio through selective acquisitions, divestment of non-core assets and reinvestment into higher-value opportunities, while upgrading and redeveloping core assets to sustain competitiveness. This disciplined approach creates a balanced mix of defensive and growth assets, strengthening resilience, enhancing returns and positioning us for sustainable long-term value creation.

Retail

Our retail strategy focuses on attracting and retaining shoppers by enhancing the overall experience and increasing dwell time.

We prioritise long-term property fundamentals, optimise tenant mix and repurpose space to meet evolving consumer needs. We ensure a resilient, future-ready retail portfolio by understanding changing shopper behaviour and preferences, retaining high-quality tenants, acquiring assets that deliver sustainable growth and divesting non-core properties.

Office

Our office strategy emphasises active engagement with stakeholders and tenants to cultivate secure, long-term relationships.

We focus on securing high-quality, long-term leases, repurposing and redeveloping office space to meet evolving market needs and divesting non-core assets to optimise the portfolio.

Specialised

Our specialised strategy focuses on renewing existing leases at higher rental rates to maximise income and enhance asset performance.

Industrial

Our industrial strategy focuses on acquiring high-quality assets to deliver long-term growth, retain good tenants, secure long-term leases and divest non-core properties to optimise the portfolio.



Residential

Our residential strategy focuses on implementing the aparthotel model in Cape Town while divesting non-core assets in Johannesburg to optimise the portfolio.

How our strategy supports value creation continued





Our business model

Our business model focuses on managing the life cycle of property assets to maximise value and ensure long-term growth. This involves acquiring high-quality properties with sound growth potential, enhancing their value through redevelopment, leasing them to reputable tenants and recycling funds from the sale of non-core assets back into the core portfolio. This ensures a dynamic and resilient portfolio that adapts to market changes and supports sustainable growth.

	Inputs	Business activities	Outputs ¹	Outcomes
Financial capital 	<ul style="list-style-type: none"> Debt funding Property disposal proceeds Net rental income 	<ul style="list-style-type: none"> Delivering on our strategy Effective capital and debt management Financial management Securing funding from debt providers Optimising the property portfolio Pursuing investment opportunities Recycling capital received from non-core disposals 	<ul style="list-style-type: none"> 17,5% growth in NAV per share to 20,59 cents Distributable earnings growth of 26,1% Distributable income payout ratio: 100% Dividend per share: 121,69 cents Average cost of debt: 9,73% Capital expenditure of R296,7 million Gearing ratio of 38,95% Investment properties valued at R12,799 billion NOI growth of 14,8% 	<ul style="list-style-type: none"> Deliver attractive returns to our investors and shareholders Quality core portfolio Sustainable dividend growth over the long term
Manufactured capital 	<ul style="list-style-type: none"> Capital expenditure on new and existing properties NAV of R6,6 billion Tenant installation allowances 702 821m² total GLA 	<ul style="list-style-type: none"> Asset management Building maintenance Delivering on developments and refurbishments Leasing and administration Pursuing appropriate yield-enhancing acquisitions Relationship management Sale of non-core assets Seeking expansion and redevelopment opportunities 	<ul style="list-style-type: none"> Collection rate of 99% Rental growth of 20,2% Like-for-like rental growth of 8,9% Minimal arrears Overall vacancy of 1,6% Portfolio valued at R12,799 billion 53 investment properties 702 821m² GLA 	<ul style="list-style-type: none"> Deliver quality spaces to our tenants Enhanced portfolio in line with our strategy Optimal tenant mix to meet customer needs Quality core portfolio Strong internal team with established relationships with tenants

¹ Current year includes Thibault's income statement for the first time, and prior year includes Safari's 15-month results to 30 June 2024.

How our strategy supports value creation continued

	Inputs	Business activities	Outputs	Outcomes
Intellectual capital 	<ul style="list-style-type: none"> Employee and tenant management processes Experienced management team and Board of Directors Governance structures Property skills 	<ul style="list-style-type: none"> Information management Stakeholder communication 	<ul style="list-style-type: none"> Retention of scarce property skills Understanding of changing consumer behaviour 	<ul style="list-style-type: none"> Ethical leadership High-performance culture
Human capital 	<ul style="list-style-type: none"> Ethical culture and values Fair remuneration Skills development and training 	<ul style="list-style-type: none"> Education and skills training Employee remuneration Health and safety 	<ul style="list-style-type: none"> Employee average tenure of 4,76 years Employment equity status R793 525 spent on skills development training 	<ul style="list-style-type: none"> Employee satisfaction Retention of critical skills
Natural capital 	<ul style="list-style-type: none"> Adopt renewable energy ESG strategy 	<ul style="list-style-type: none"> Energy, carbon emission, water and waste reduction targets Resource management 	<ul style="list-style-type: none"> Implemented solar PV solutions at 16 retail centres 14 groundwater harvesting plants 	<ul style="list-style-type: none"> Improved energy efficiency Reduced operating costs
Social and relationship capital 	<ul style="list-style-type: none"> Community development and investment ESG strategy 	<ul style="list-style-type: none"> Invested in the following CSI projects: <ul style="list-style-type: none"> Hygiene project Heriot internship programme 	<ul style="list-style-type: none"> CSI projects benefited the following people: <ul style="list-style-type: none"> Hygiene drive benefiting 11 090 scholars Youth internship programme 	<ul style="list-style-type: none"> Build sustainable relationships with community members surrounding our property assets Uphold our social licence to operate by maintaining relationships with local communities, suppliers, tenants, shoppers and government

Stakeholder engagement

We are committed to open and transparent engagement with all stakeholders. We use multiple channels – investor updates, shareholder meetings, tenant forums, digital platforms and ongoing dialogue with partners and regulators – to share timely and relevant information on our performance, strategy and market environment. By listening to feedback and promoting accountability, we strengthen relationships, build trust and support sustainable value creation across our stakeholder network.

Shareholders and providers of financial capital

How we engage

- Annual general meetings
- Heriot website
- Integrated reports
- Mainstream media
- One-on-one meetings
- Stock Exchange News Service (“SENS”) announcements

Impact on Heriot

- Debt covenants
- Debt levels
- Payment of distributions
- Property devaluation risk
- Property valuations
- Sustainable NAV
- Tough trading conditions impacting cash flows

Key focus area

Clearly communicate our Group strategy to build trust, gain support and drive business growth, ultimately delivering a strong return on investment.

Tenants

How we engage

- Lease renewals and negotiations
- One-on-one meetings
- Site visits
- Social media, brochures and leaflets
- Written, electronic and verbal communication

Impact on Heriot

- Cost of occupation
- Lease terms
- Property management
- Service levels
- Utility supply interruptions
- Utility costs

Key focus area

Cultivate and strengthen long-term relationships with tenants to improve business sustainability, enhance tenant retention and optimise tenant mix.

Employees

How we engage

- Internal communications
- One-on-one interactions between employees and line managers
- Performance reviews

Impact on Heriot

- Job security
- Succession planning

Key focus area

Engage with employees to address their concerns, boost talent retention and enhance job satisfaction.

Regulatory and industry authorities

How we engage

- Annual general meetings
- Heriot website
- Integrated reports
- Mainstream media
- One-on-one meetings
- Presentations
- SENS announcements

Impact on Heriot

- Compliance
- Increased utility and rates costs
- Service levels

Key focus area

Ensure compliance with mandatory laws and standards to manage risk effectively.

Suppliers and service providers

How we engage

- Mainstream media
- Meetings
- Procurement policies
- Site visits
- Written, electronic and verbal communication

Impact on Heriot

- Contract management
- Information supply and response times
- Opportunities for small enterprises
- Project delays
- Repeat business from Heriot
- Service interruption
- Timely payments

Key focus area

Cultivating healthy relationships with our suppliers ensures quality service and favourable terms.

Risk management

Risk management is a core component of our governance and strategic framework and is designed to systematically identify, assess, manage and monitor risks that could affect our operations, performance and long-term value creation. Our approach involves recognising a wide spectrum of risks – including financial, operational, market, regulatory, environmental and reputational – to evaluate their likelihood and potential impact and implement appropriate mitigation strategies to minimise exposure.

The process is dynamic and continuous, with regular monitoring and reviewing, to ensure that risk controls remain effective and responsive to evolving market conditions. This includes stress testing, scenario analysis and the integration of risk considerations into day-to-day operational and investment decisions.

Oversight of the risk management framework rests with the Board, which defines the Group's risk strategy, appetite and tolerance levels to ensure alignment with strategic objectives and long-term sustainability. Senior management is responsible for putting this framework into operation, embedding risk awareness across all levels of the organisation and reporting on emerging risks and mitigation effectiveness.

Heriot ensures that potential threats are managed through a structured and proactive approach, while opportunities are maximised to support informed decision-making, safeguard stakeholders' interests and reinforce the Group's resilience and capacity for sustainable growth.

Investment property portfolio

1. Inability to source suitable properties for acquisition

Impact of risk

- Limits portfolio expansion and diversification
- Reduces ability to capitalise on market opportunities
- Restricts growth and income potential

Mitigation strategy

- Leverage reputation and relationships to access high-quality opportunities aligned with strategic objectives
- Maintain regular engagement with developers, brokers, investors and industry networks
- Monitor market trends and evaluate potential acquisitions continuously

2. Damage to investment property

Impact of risk

- Interrupts rental income and increased repair costs
- Possible negative impact on tenant confidence and reputation
- Potential financial loss and reduced asset value

Mitigation strategy

- Implement proactive property maintenance to prevent damage
- Maintain comprehensive insurance to cover replacement costs
- Regularly review policies and insured values

3. Inadequate and/or irregular maintenance of investment property

Impact of risk

- Increased likelihood of property damage or safety issues
- Negative impact on overall portfolio performance and asset longevity
- Potential devaluation or accelerated depreciation of properties due to insufficient maintenance
- Reduced tenant satisfaction and potential loss of rental income

Mitigation strategy

- Allocate budget to ensure adequate and regular maintenance of all investment properties
- Conduct regular building inspections by property managers, asset managers and executive management
- Implement a structured programme for ongoing and preventative maintenance
- Monitor maintenance effectiveness and adjust programmes based on property performance and risk exposure
- Promptly address identified defects or maintenance issues to preserve property value

Risk management continued

Operational performance

4. Vacancies and rental default

Impact of risk

- Adverse effect on rental growth and income stability
- Increased operational costs related to tenant turnover and property marketing
- Potential negative impact on returns to shareholders
- Reduced capital appreciation and overall portfolio value
- Risk to cash flow predictability and financial planning

Mitigation strategy

- Conduct early renewal negotiations to secure lease continuity
- Conduct rigorous screening and due diligence on potential new tenants to ensure reliability
- Develop contingency plans for short-term vacancies to minimise income disruption
- Enforce effective credit control procedures for tenants at risk of default
- Implement a targeted leasing strategy aligned with market demand and property positioning
- Maintain strong relationships with existing tenants to encourage retention
- Monitor occupancy levels and market trends to proactively address vacancy risks

5. Significant increases in rates and taxes, other municipal costs and poor service delivery

Impact of risk

- Adverse effect on overall portfolio performance and shareholder returns
- Increased cost of occupancy for tenants, potentially affecting tenant retention
- Potential decrease in asset valuations due to higher operating costs
- Reduction in NOI for the Group
- Risk of reputational damage if service delivery issues affect tenant satisfaction

Mitigation strategy

- Implement water harvesting and borehole systems to mitigate municipal water supply risks
- Integrate utility cost management into property operations to minimise financial impact
- Invest in renewable energy solutions, including solar power, to reduce reliance on municipal electricity
- Maintain contingency plans to offset cost increases and maintain portfolio profitability
- Monitor service delivery issues and engage with municipal authorities to address deficiencies
- Regularly review municipal valuations and lodge objections where appropriate to manage rates and taxes

6. Political riots and unrest

Impact of risk

- Disruption of operations affecting rental income, tenant satisfaction and overall business continuity
- Negative reputational impact and heightened stakeholder concerns
- Physical damage to the Group's properties, particularly retail malls and high-traffic centres
- Potential loss of life and injury among community members, tenants and employees
- Social and political instability, driven by unemployment and poverty, can result in increased violence and looting

Mitigation strategy

- Dedicated property managers at retail assets liaise regularly with on-site security teams to assess and monitor risks
- Develop and rehearse emergency evacuation plans for tenants, employees and visitors
- Engage with local authorities and community stakeholders to support safety initiatives and maintain operational resilience
- Implement robust security measures, including surveillance systems, access controls and rapid response protocols
- Maintain comprehensive insurance coverage to protect against property damage and loss of income
- Monitor political developments and adjust risk management strategies proactively to mitigate potential impact

Risk management continued

Financing

7. Interest rate risk

Impact of risk

- Higher interest expenses could affect cash flow and the Group's ability to fund new investments
- Increased cost of borrowings may reduce distributable income and returns to shareholders
- Increased volatility in financial results due to fluctuations in market interest rates
- Potential impact on the valuation of interest-sensitive assets and overall financial performance
- Risk to long-term financial planning and budgeting accuracy

Mitigation strategy

- Conduct ongoing reviews of policy regarding fixed and variable interest rates to manage exposure
- Engage in regular negotiations with banks and lenders to secure more favourable borrowing terms
- Evaluate refinancing opportunities to optimise debt costs and maturities
- Implement hedging strategies where appropriate to mitigate the impact of interest rate fluctuations
- Maintain a diversified funding structure to reduce reliance on any single source of debt
- Monitor macroeconomic trends and interest rate forecasts to inform proactive financial planning

8. Availability of finance for property acquisitions and redevelopment

Impact of risk

- Inability to secure sufficient financing may restrict portfolio growth and diversification
- Increased cost of capital if financing options are constrained or market conditions deteriorate
- Limited access to capital could delay strategic acquisitions and redevelopment projects
- Potential reduction in competitive positioning if other market participants secure funding more readily
- Risk of missed opportunities for long-term value creation and income growth

Mitigation strategy

- Regular interactions with bankers to ensure the availability of debt funding

9. Refinance risk

Impact of risk

- Adverse impact on cash flow and distributable earnings if refinancing is delayed or constrained
- Possible negative effect on investor confidence and credit ratings
- Potential increase in borrowing costs if refinancing occurs under less favourable terms
- Reduced financial flexibility to pursue acquisitions, redevelopments or other strategic initiatives
- Risk of not being able to refinance existing debt facilities as they near expiry

Mitigation strategy

- Engage proactively with lenders well in advance of debt maturity to secure renewal or alternative financing
- Follow a policy of being multi-banked to diversify funding sources and reduce dependency on a single lender
- Maintain gearing at below 45% LTV to preserve capacity for refinancing
- Maintain transparent and clear financial reporting to support lender confidence and access to capital
- Monitor market conditions and interest rates to identify optimal refinancing opportunities
- Stagger debt expiry profiles to avoid large concentrations of maturing facilities at the same time

Governance

10. Non-compliance with regulations

Impact of risk

- Failure to comply with key laws and regulations in the jurisdictions in which the Group operates
- Operational disruption due to remedial actions required to address compliance failures
- Possible loss of Real Estate Investment Trust status or other critical licences required for operations
- Potential fines, penalties or legal action resulting from regulatory breaches
- Reputational damage that could impact investor confidence and stakeholder trust
- Risk of suspension or termination of the Company's listing on the exchange

Mitigation strategy

- Conduct periodic compliance audits and reviews to identify and address potential risks proactively
- Designated Advisor and Company Secretary continuously monitor compliance with statutory and regulatory requirements
- Implement internal compliance monitoring systems and regular reporting to the Board
- Management is encouraged to consult with legal and specialist advisors to ensure adherence to all applicable laws and regulations
- Membership of the SA REIT Association provides guidance and support on sector-specific regulatory obligations
- Provide ongoing training and awareness programmes for employees on regulatory obligations and governance standards

Risk management continued

Skills and systems

11. Retention of key staff and adequate human resourcing

Impact of risk

- Being under-resourced may reduce operational efficiency and delay critical projects
- Increased recruitment and training costs associated with replacing skilled staff
- Loss of key employees could hinder the Group's ability to execute strategic objectives effectively
- Potential loss of institutional knowledge and expertise
- Risk of reduced employee morale and engagement if workload pressures increase

Mitigation strategy

- All employees are considered for awards of short-term incentive bonuses to recognise performance and encourage retention
- Executive management continuously assesses employee capacity and monitors human resource requirements as the business grows
- Long-term incentive schemes are in place for selected employees and are being considered for a broader group to promote loyalty and align interests with the Group's strategic goals
- Ongoing professional development and training programmes are provided to enhance skills and support career progression
- Regular employee engagement surveys and feedback mechanisms are used to identify and address retention risks proactively
- Succession planning is implemented to ensure continuity in key roles

12. Information technology ("IT") failure

Impact of risk

- Damage to Heriot's reputation if critical data is not recovered promptly
- Disruption of operational processes and administrative functions
- Increased costs for system recovery, data restoration and potential third-party support
- Potential loss of revenue due to data unavailability or corruption
- Risk to compliance and regulatory reporting obligations

Mitigation strategy

- Conduct periodic IT risk assessments, penetration tests and system audits
- Develop and regularly test disaster recovery and business continuity plans
- Employ appropriately skilled internal IT personnel and external contractors to manage systems
- Implement regular data backups and off-site storage solutions to ensure recoverability
- Maintain robust IT infrastructure with redundancy and failover capabilities
- Monitor emerging IT threats and apply timely updates, patches and cybersecurity measures
- Provide ongoing training for employees on IT security and data management best practices

13. Fraud and errors

Impact of risk

- Damage to the Company's reputation if fraudulent activity is discovered
- Operational disruption caused by errors or fraudulent actions
- Possible regulatory or legal consequences resulting from inadequate controls
- Potential financial loss due to employee fraud going undetected
- Risk of misstatement in financial reporting, affecting transparency and stakeholder confidence

Mitigation strategy

- Conduct periodic risk assessments
- Implementation of robust approval and verification procedures for transactions
- Monitor and investigate anomalies promptly to mitigate potential impact
- Provide ongoing employee training on ethical behaviour, fraud awareness and reporting mechanisms
- Regular review and enhance internal controls to prevent and detect fraud
- Segregate duties across financial and operational processes

SUSTAINABILITY REVIEW

Environmental stewardship **36**

Our local communities **40**

Sustainability review continued

Heriot is firmly committed to embedding sustainability into all aspects of our long-term decision-making processes. By doing so, we ensure that our initiatives deliver value for shareholders and employees and contribute positively to the communities in which we operate.

Integrating sustainability into our core strategies enables us to create enduring value, support growth and enhance the environmental and social fabric of our surroundings. This holistic approach reflects our belief that long-term business success is intrinsically linked to the health and well-being of the communities and environments in which we operate.

We recognise that ESG principles extend far beyond environmental concerns alone. Our approach to sustainability focuses on achieving tangible outcomes that create lasting value, drive growth and position Heriot as a responsible and proactive environmental steward. At the same time, we are committed to contributing meaningfully to societal well-being by promoting equitable development, supporting local communities and ensuring that our operations and investments reflect ethical and responsible practices.

Oversight of our sustainability strategy rests with the Board, which holds ultimate responsibility for ensuring its success and alignment with the Group's broader objectives. The development of specific ESG policies, procedures and initiatives is delegated to our Exco and allows for specialised, expert-driven policy creation and implementation. The Board regularly reviews these policies and monitors their impact on financial and non-financial performance, ensuring that strategies are effective, responsive to emerging trends and continuously improved. Through this structured and accountable governance approach, Heriot seeks to embed sustainability into its operations, positioning the Group to deliver long-term value while making a positive contribution to society and the environment.

Our sustainability objectives



Sustainability review continued

Our approach to sustainability is strategically aligned with four key United Nations Sustainable Development Goals (“SDGs”), where we believe we can make the most significant and measurable impact. By focusing our efforts on these priorities, we aim to drive meaningful change, integrate responsible practices into our operations and investments and contribute to global sustainability objectives while creating long-term value for our stakeholders.

 <p>Gender equality</p> <p>We focus on creating an inclusive and equitable workplace that values diversity at all levels of the organisation. This includes implementing policies and practices that ensure equal opportunities for recruitment, development, promotion and leadership roles, regardless of gender. By fostering a culture of respect, inclusivity and empowerment, we aim to break down barriers, support career progression for all employees and contribute to broader societal gender equality goals.</p>	 <p>Affordable and clean energy</p> <p>We are committed to increasing the adoption of clean and renewable energy solutions across our operations. This includes investing in solar, wind and other renewable energy sources, implementing energy-efficient technologies and optimising building performance to reduce overall energy consumption. By supporting the transition to a low-carbon economy, we aim to lower operational costs, enhance energy security and contribute positively to environmental sustainability.</p>	 <p>Decent work and economic growth</p> <p>We prioritise creating a safe, healthy and engaging work environment that promotes the well-being of our employees. This includes providing opportunities for skills development, training and career advancement, enabling employees to reach their full potential. By supporting workforce development and economic participation, we contribute to the economic vitality of the communities in which we operate, pioneer innovation and strengthen our long-term organisational resilience.</p>	 <p>Climate action</p> <p>Our sustainability strategy incorporates proactive measures to reduce our carbon footprint, improve energy efficiency and enhance resilience to climate-related risks. This includes integrating climate considerations into investment and operational decisions, adopting renewable energy solutions and implementing initiatives that support adaptation and mitigation. By taking decisive climate action, we aim to contribute to a sustainable future for our planet while ensuring the long-term viability and resilience of our operations.</p>
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Through our dedicated focus on these SDGs, we aim to maximise our positive impact on society, the environment and the economy. By integrating these goals into our operations, investment decisions and corporate culture, we seek to contribute meaningfully to global sustainability efforts, drive long-term value creation and support the transition to a more inclusive, resilient and low-carbon world.

Environmental stewardship

We place environmental stewardship at the heart of our long-term success. We manage resources responsibly to protect the planet and strengthen business resilience. We improve energy efficiency, optimise water use and advance effective waste management.

Our sustainability strategy balances environmental responsibility with business performance. We reduce our footprint while creating lasting value. We engage with employees, tenants and suppliers to foster a culture of responsibility and embed sustainable practices.

We drive national sustainability priorities beyond our operations by investing in projects that cut carbon emissions, conserve water and minimise waste. We strive to make a lasting positive impact on society and the environment by reinforcing our role as a responsible corporate citizen.

Reducing our carbon footprint

We recognise the urgency of climate change and commit to leading by example in reducing environmental impact. We cut carbon emissions and shrink our footprint as we work toward carbon neutrality.

In South Africa, where coal dominates energy supply and drives high sulphur dioxide emissions, we take decisive steps to transition to cleaner alternatives. We invest in renewable energy (especially solar) and implement efficiency measures that optimise systems, deploy new technologies and deliver measurable reductions.

These actions strengthen long-term resilience and accelerate the shift to sustainable energy. By collaborating with stakeholders and promoting best practices, we extend our impact beyond our operations. We aim to inspire employees, partners and communities to join us in building a sustainable, low-carbon future.

Improved energy efficiency

We monitor energy consumption and drive efficiency through key initiatives that form the foundation of our energy programme.

Solar PV systems

We adopted solar PV technology to reduce our reliance on the national grid, stabilise energy costs and ensure continuity during load shedding. This investment also cuts carbon emissions and supports our carbon-neutral goal.

Passive building design and maintenance

We design and maintain properties with energy efficiency in mind. By maximising natural light, improving insulation and using materials that limit heating and cooling needs, we minimise energy use and enhance building sustainability.

Inverter technologies

We deployed inverter technologies in our buildings to optimise energy use. By matching power supply with demand, these systems significantly reduce consumption, particularly in heating, ventilation and air conditioning operations.

LED lighting

We installed LED lighting across our properties to cut energy use. LEDs consume less power, generate less heat and reduce the need for cooling, which further enhances energy savings.

Environmental stewardship continued

Renewable energy – generating our own power

We continue to cut energy consumption and environmental impact through strategic investments in renewable energy. By generating our own power, we reduce our reliance on the national grid and ease load demands.

Our investment in solar infrastructure has reached R128,4 million to date (2024: R112,6 million), supporting the roll-out of solar plants across all 16 of our major retail centres. These plants are now fully operational, with a combined installed capacity of 13,71MWp (2024: 12,16MWp). They generated 15 531MWh of clean energy (2024: 19 133MWh), reducing carbon emissions by 10 435 tonnes (2024: 13 353 tonnes). This reduction equals saving 42,5 million petrol kilometres (2024: 54,6 million), conserving 5 268 tonnes of coal (2024: 6 689 tonnes) or rehabilitating 4 235 hectares of forest land (2024: 6 309 hectares).

In 2025, our solar expansion brought our total generating capacity to 13,71MWp, with plans to add another 1,7MWp by 2026, delivering an additional 1 751 tonnes of annual carbon reductions and reinforcing our commitment to a sustainable, low-carbon future.

The numbers reported for 2024 included Safari's solar plants' output over the 15-month reporting period ended 30 June 2024.

Water consumption

We operate 14 groundwater harvesting plants and actively pursue the development of additional facilities to boost water security. Our goal is to achieve water independence by capturing and reclaiming local water sources, which reduces our reliance on municipal supply and eases the pressure on the national water grid. We carefully manage these sources to maintain their cleanliness and sustainability, ensuring that they support our long-term operational resilience.

Beyond groundwater harvesting, we implement a wide range of initiatives to enhance water efficiency across our properties. We install aerators on taps to reduce flow without compromising functionality, adopt advanced air conditioning systems that consume less water and incorporate water-wise plants into landscaping to cut irrigation needs. Each measure helps to conserve this scarce resource while driving sustainable operations.

We also extend our water stewardship efforts to the communities we serve. We provide training, resources and equipment to schools and local groups through targeted projects, enabling them to achieve

greater water independence. These initiatives empower communities to manage water more efficiently in agricultural areas, support food security and improve livelihoods.

By combining operational efficiency with community engagement, we safeguard our water use and contribute to broader water resilience. These actions reflect our commitment to building a sustainable future while uplifting the communities around us.

Waste management

We commit to playing an active role in environmental solutions by rigorously separating our waste into recyclable and non-recyclable categories. By doing so, we minimise landfill contributions, conserve natural resources and significantly reduce our overall environmental footprint.

We designate large yard areas for refuse sorting at our properties to enhance our waste management practices. Here, we carefully organise waste into specific recyclable product groups such as plastics, glass, paper and metals. This ensures that high volumes of waste are diverted from landfill and directed to productive reuse.

We collaborate with local community members who process these materials and prepare them for resale to recycling plants. This partnership supports national recycling efforts and stimulates local economic activity by creating income opportunities and promoting small-scale enterprise development.

Beyond operational benefits, our waste management programme cultivates awareness and accountability across our ecosystem. We engage tenants, employees and service providers to adopt responsible waste disposal practices to reinforce our shared commitment to sustainability.

These initiatives demonstrate how a disciplined, community-focused approach to waste management can deliver environmental and social impact. By recycling more and sending less to landfill, we take measurable steps to building a circular economy and advancing our long-term sustainability goals.

In our ongoing commitment to reducing waste, we have introduced several key measures to bolster operational efficiency and environmental responsibility. We partner with specialised waste management companies to ensure the proper sorting, recycling and recovery of recyclable materials. To make waste separation convenient

and effective, we provide strategically placed recycling bins across all our properties for tenants and employees. We simultaneously promote a paperless business environment by lessening printing and paper use wherever possible to reduce waste generation. These initiatives form a vital part of our strategy to minimise waste, support sustainable practices and contribute positively to the broader community.

Our employees

We value the contributions of our dedicated employees and recognise that our long-term success depends on attracting skilled talent and encouraging a high-performance culture. We cultivate a diverse and inclusive workforce, providing opportunities for professional growth and development at every level. We equip employees with the essential resources, comprehensive training, advanced tools and dedicated leadership they need to make informed decisions and excel in their roles.

We create an environment where employees can continuously develop, feel supported and thrive, recognising that their success drives individual achievement and organisational performance. Through mentoring, coaching and career progression programmes, we empower our workforce to reach their full potential while reinforcing a culture of collaboration, accountability and innovation.

Maintaining an ethical culture

We anchor our business practices in a strong corporate culture and clearly defined core values. Group executives engage regularly with employees through one-on-one meetings and team interactions to reinforce these values, inspire ethical decision-making and ensure consistent adherence to organisational standards.

We provide a safe, ethical workspace where employees can align their actions with our values and grow professionally. Our zero-tolerance policy for unethical behaviour is supported by comprehensive employee policies, a robust code of ethics and a governance framework that identifies, manages and mitigates ethical risks such as corruption and discrimination. When unethical conduct occurs, our disciplinary procedures outline clear, transparent steps for addressing the issue to ensure that we maintain the highest ethical standards across the organisation.

Through these initiatives, we nurture a skilled, empowered workforce that is guided by integrity and is underpinned by sustainable business success and a culture of trust, respect and accountability.

Environmental stewardship continued

Heriot's core values



Integrity

Upholding honesty and strong moral principles in all actions and decisions.



Excellence

Striving for the highest quality and continuous improvement in performance.



Tenant-centricity

Prioritising the needs and satisfaction of tenants to enhance their experience.



Collaboration

Working together effectively with stakeholders to achieve common goals.



Respect

Valuing and honouring the contributions and perspectives of others.

Employee profile

We develop skills and promote internal advancement opportunities to build a workforce that mirrors the diverse demographics of South Africa. By prioritising talent cultivation, we open clear pathways for career growth that are accessible to all employees, empowering them to achieve their full potential in the organisation.

We drive workplace transformation with an increased focus on inclusivity, fairness and equal opportunity. We implement policies and practices that promote a diverse and equitable environment, which ensures that every individual can contribute meaningfully, grow professionally and succeed in their roles. This includes providing targeted training programmes, mentorship and leadership development initiatives designed to support underrepresented groups and build capacity across the workforce.

We actively create a more representative and inclusive organisation through these efforts. We value the unique perspectives, skills and experiences of our employees, recognising that harnessing this diversity strengthens innovation, collaboration and overall organisational performance. By combining skills development with sustained workplace transformation, we aim to cultivate a dynamic workforce that reflects the society we serve and positions our organisation for long-term, sustainable success.

	Black		White	
	Male* %	Female* %	Male %	Female %
Executive management	–	–	3	–
Senior management	–	4	4	3
Middle management	3	9	3	4
Skilled employees	10	16	6	4
Semi-skilled employees	6	1	–	–
Unskilled employees	7	14	–	1
Percentage of total	26	45	16	13

* Black = African, Indian and Coloured.

	2025	2024
Percentage of permanent employees (%)	100	95
Average age of employees (years)	42	41
Percentage of employees who are deemed historically disadvantaged (%)	71	72

Environmental stewardship continued

Employee turnover

We maintain a notably low annual employee turnover, which reflects the stability, satisfaction and engagement in our workforce. This allows us to operate efficiently, maintain continuity in business processes and build teams with deep institutional knowledge and experience. Experienced employees contribute to higher productivity, greater collaboration and the consistent delivery of high-quality results across our operations.

We simultaneously seek to welcome new talent, recognising the value that fresh perspectives and innovative ideas bring to our organisation. New appointments introduce diverse viewpoints, stimulate creative problem-solving and enhance our strategies by driving continuous improvement and innovation across all areas of the business.

We remain agile, dynamic and responsive to evolving business challenges and opportunities by balancing workforce stability with the strategic infusion of new talent. This creates a culture of continuous growth, learning and adaptation, which empowers our employees to develop professionally while ensuring that the organisation stays at the forefront of industry best practices and innovation.

	2025	2024
New appointments	12	15
Thibault employees	10	–
Dismissals	–	–
Resignations	(12)	(11)
Retirements	–	–
Turnover	10	4

Training and development

Over the past year, 45% of our employees participated in a wide range of training initiatives, which reflects our ongoing commitment to their professional growth and development. Recognising that our employees are central to our organisational success, we invest significant time, resources and financial support into building their skills, ensuring that our workforce remains adaptable, capable and ready to meet future demands and challenges.

We identify training needs through regular performance reviews and conduct annual assessments of our collective skill set. This allows us to pinpoint areas for improvement, prioritise development opportunities and allocate resources effectively to address skills gaps. By delivering targeted training programmes, we enhance our overall talent pool, promote succession planning and reinforce our commitment to employment equity across all levels of the organisation.

Our dedication to continuous learning cultivates a highly skilled, versatile and resilient workforce. Through ongoing development initiatives, employees acquire the expertise to navigate evolving industry trends, implement innovative solutions and contribute meaningfully to organisational goals. This proactive investment in skills development prepares our workforce for future growth and ensures that our organisation maintains a competitive edge, drives sustainable performance and advances a culture of learning, adaptability and excellence.

	2025	2024
Total number of employees trained	30	37

We simultaneously seek to welcome new talent, recognising the value that fresh perspectives and innovative ideas bring to our organisation.

Our local communities

Corporate social investment

We drive social transformation by consistently and meaningfully engaging with local communities neighbouring our properties. By building lasting relationships and responding to the specific needs of these communities, we enhance the well-being of individuals, families and local organisations and cultivate resilience and shared growth.

Our CSI strategy focuses on four key pillars: education, health, environmental sustainability and economic development. In education, we support schools, provide learning resources and deliver skills development programmes that empower students and teachers alike. In health, we fund initiatives that improve access to care, promote wellness and address critical health challenges within our communities.

Through environmental sustainability programmes, we promote responsible resource management, water conservation and recycling, instilling sustainable practices at the grassroots level. In economic development, we create opportunities for entrepreneurship, vocational training and local enterprise support, helping communities to build sustainable livelihoods.

We design all initiatives to generate tangible benefits and lasting impact, ensuring that every project contributes meaningfully to improving the quality of life and creating growth opportunities. By forging partnerships with local organisations, government bodies and community leaders, we amplify the reach and effectiveness of our programmes and reinforce our commitment to responsible corporate citizenship.

Through these sustained efforts, we aim to address immediate community needs and cultivate long-term resilience, empowerment and opportunity, leaving a positive and enduring legacy in the communities we serve.

CSI projects

Our CSI approach is grounded in the needs and priorities of the communities we serve. Rather than adopting a top-down, supply-driven model, we actively engage with local stakeholders to understand their challenges, aspirations and development priorities. This consultative approach ensures that our initiatives respond directly to real community needs, while strategically aligning with our broader business objectives to maximise impact and create shared value.

Our CSI strategy is structured around education, health and well-being, environmental sustainability and economic empowerment each designed to contribute to long-term community resilience and inclusive growth. Through this demand-driven and strategically aligned approach, we ensure that all CSI initiatives deliver tangible social and economic benefits, build long-term resilience and leave a meaningful, lasting impact on the communities in which we operate.

HERIOT INTERNSHIP PROGRAMME

Youth unemployment in South Africa remains one of the highest in the world and a critical socio-economic challenge. To address this, Heriot launched the Heriot internship programme, empowering young South Africans from underprivileged backgrounds through practical work experience, mentorship and professional exposure. The 12-month internship programme combines theory and practice, with interns rotating across key departments such as finance, legal, property management, leasing, marketing and advertising.

This structure helps participants gain a holistic understanding of business operations while building essential technical and interpersonal skills. Heriot provides both financial support and mentorship throughout the programme, equipping participants with the confidence and skills needed for sustainable employment. To date, two interns have been permanently employed within Heriot, while several others have secured positions externally. Building on this success, Heriot intends to expand the programme in 2026, underscoring our commitment to youth empowerment, inclusivity and long-term skills development. We would like to extend our heartfelt thanks to Tiveshnee Govender of Heriot, whose dedication and leadership were central to the success of this project.



Our local communities continued

HYGIENE PROJECT

We support underprivileged children by providing care packs with essential hygiene and sanitary items, including antiperspirant, wash cloths, soaps and female sanitary towels. In 2025, we invested R632 668 (2024: R515 482) to distribute these kits to schools, community centres and organisations that serve children in need.

Through this initiative, we improve health outcomes, promote personal hygiene and empower children to attend school with confidence and dignity. We engage directly with local communities to ensure our support reaches those who need it most in the spirit of care, inclusion and long-term social development.

Rustenburg area

In the Rustenburg area, the initiative focused on Bafokeng Secondary School and Matala Secondary School, which collectively cater to over **2 000 learners** (1 027 boys and 980 girls). The objective was to assist underprivileged children by supplying hygiene products that support both genders. Items distributed included unisex drawstring bags, male roll-ons (in mixed fragrances), unisex wash cloths, bar soaps and sanitary towels for female learners.

A total of **R113 715** was invested in this region, covering:

- 2 007** drawstring bags;
- 1 027** roll-ons;
- 2 007** bars of soap;
- 2 007** wash cloths; and
- 1 960** packs of sanitary pads.

This contribution helped promote personal hygiene awareness and encouraged self-confidence among the learners, particularly those from disadvantaged backgrounds.



Siyabuswa area

The Hygiene Support Initiative was extended to the Siyabuswa area benefiting four schools: Sobantu Secondary, Ubuhlebethu Secondary, Mashadi Secondary and Somkhahlekwa Secondary Schools. Together, these schools serve a combined population of **2 214 learners** (1 081 boys and 1 133 girls).

The Group supplied unisex drawstring bags, male roll-ons, wash cloths, bar soaps and sanitary towels for female learners ensuring that all pupils had access to basic hygiene essentials.

The total expenditure in this area amounted to **R127 234** with:

- 2 244** units each of drawstring bags, soaps and wash cloths procured alongside;
- 1 081** roll-ons; and
- 2 326** sanitary pad packs.

Through this initiative, the Group not only addressed immediate hygiene needs but also reinforced its dedication to supporting education by improving learner well-being and classroom participation.



Our local communities continued

HYGIENE PROJECT

continued

Burgersfort area

In the Burgersfort area, the Group partnered with Lehlabile Secondary School and Manoke Secondary School, reaching a total of **2 476 learners** (1 272 boys and 1 204 girls). The objective remained consistent: to uplift underprivileged learners through access to hygiene products that promote cleanliness and self-respect.

Items distributed included unisex drawstring bags, male roll-ons, bar soaps, wash cloths and female sanitary towels.

The total investment for this region was **R140 235** which covered:

- 2 476** drawstring bags, soaps and wash cloths;
- 1 272** roll-ons; and
- 2 408** sanitary pad packs.

This initiative played an important role in promoting health and dignity among young learners, enabling them to focus better on their studies without the burden of basic personal care challenges.



Tembisa area

The Tembisa leg of the initiative focused on Charlotte Maxeke Secondary School and Phomolong Secondary School, together serving over **4 400 learners** (2 137 boys and 2 343 girls). Recognising the high number of learners and the pressing need for hygiene support in the area, the Group undertook one of its largest CSI interventions here.

Products provided included unisex drawstring bags, male roll-ons, unisex wash cloths, bar soaps and sanitary pads.

The total investment for this project was **R251 484** covering:

- 4 480** drawstring bags;
- 2 137** roll-ons;
- 4 480** bars of soap;
- 4 480** wash cloths; and
- 4 488** sanitary pad packs.

This initiative not only empowered learners through improved hygiene but also fostered a sense of pride and care within the school communities.



CORPORATE GOVERNANCE

Governance framework **44**

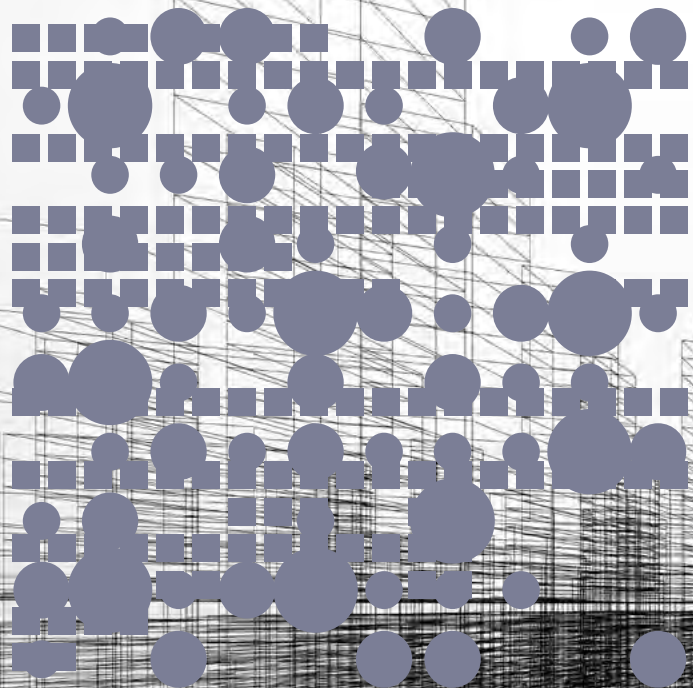
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Governance framework

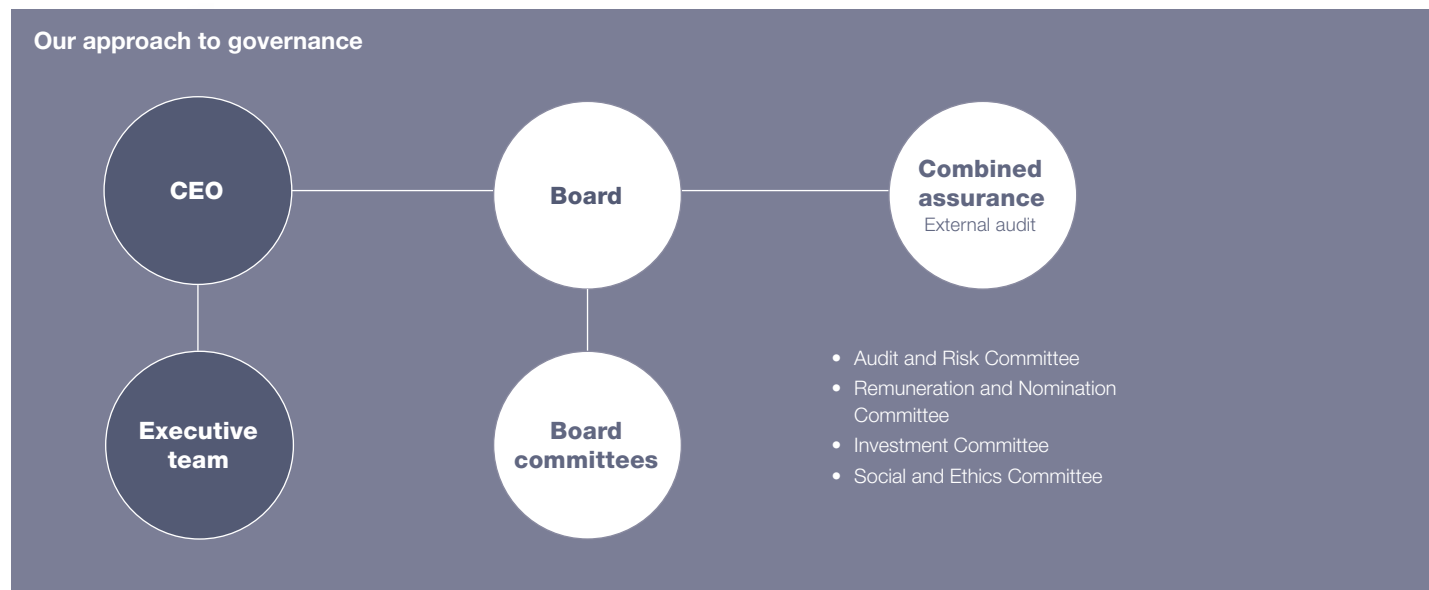
The Board upholds high ethical standards and aligns its practices with global best practices in corporate governance. It drives a culture of integrity, transparency and strategic foresight, ensuring that all organisational activities reflect the Group's core values.

The Board holds executive management accountable for implementing the Group's strategy, creating an ethical workplace and managing risk effectively. It works closely with subcommittees and the executive team to make timely decisions, manage responsibilities efficiently and maintain oversight of operational and strategic performance. While the Board maintains overall control, the executive team (including senior management) takes responsibility for executing the Group's strategy and managing daily operations, including property management.

To guide its work, the Board has established a detailed charter that defines the roles, responsibilities and authority of its members, including the Chairman, Executive Directors and Non-executive Directors. The charter outlines corporate governance practices, Board meeting procedures and protocols for nominating, appointing, inducting, training and assessing Directors. A key feature of this framework is the separation of the Chairman and CEO roles to ensure a balanced distribution of power and to prevent any individual from dominating the decision-making process.

The Chairman facilitates Board discussions, encourages independent input and ensures that all perspectives are considered. The CEO and CFO take responsibility for implementing the Board's strategic direction, managing operations and delivering results. This governance structure fosters accountability, promotes balanced decision-making and reinforces a culture of ethical leadership across the organisation.

Our approach to governance



Directorate

Board of Directors

Heriot is governed by a unitary Board comprising seven Directors, designed to provide a balance of operational expertise, strategic insight and independent oversight. The Board includes two Executive Directors who manage the daily operations of the Company, ensuring that strategic decisions are translated into effective business execution.

The remaining five Non-executive Directors contribute an independent perspective to Board deliberations, bringing external experience, objectivity and strategic guidance that enhance decision-making. Of these five Non-executive Directors, three are classified as independent, reinforcing the Board's ability to exercise unbiased oversight and challenge management decisions when necessary.

The Board's carefully balanced composition, combining Executive and Non-executive Directors with a substantial number of independent members, strengthens governance by promoting accountability, transparency and robust deliberation. This ensures that the Board can provide effective leadership, guide strategic direction and maintain rigorous oversight of the Company's operations, risk management and ethical standards in support of sustainable long-term value creation for all stakeholders.

Number of Board members	7
Board members who are non-executive	5
Board members who are deemed independent	3
Board members who are deemed historically disadvantaged South Africans	1
Board members who are women	0

The Directors of the Company for the year under review and at the date of this report are as follows:

Non-executive Directors

- Steven Bernard Herring (Chairman)
- Andile Mazwai (appointed 30 September 2024)
- Janys Ann Finn (resigned 30 September 2024)

Independent Non-executive Directors

- Selwyn Joel Blieden (Lead Independent Director)
- Robin Lockhart-Ross
- Gregory James Heron (appointed 8 October 2024)
- Nelson Abram Ngale (resigned 30 September 2024)

Executive Directors

- Richard Lawrence Herring (Chief Executive Officer)
- Daniel Snoyman (Chief Financial Officer)


Board skills

We are satisfied that the Board's composition reflects the appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.

	Steven Bernard Herring	Richard Lawrence Herring	Daniel Snoyman	Gregory James Heron	Selwyn Joel Blieden	Andile Mazwai	Robin Lockhart-Ross
Accounting and auditing	√	√	√	√	√	√	√
Governance and compliance	√	√	√	√	√	√	√
Leadership	√	√	√	√	√	√	√
People management and remuneration	√	√	√	√	√	√	√
Property management	√	√	√	√	√	√	√
Risk management	√	√	√	√	√	√	√
Strategy	√	√	√	√	√	√	√
Sustainability/ESG	√	√	√	√	√	√	√

Directorate continued

Board members' curricula vitae



Executive Director
Richard Lawrence Herring (53)
 Chief Executive Officer
 CA(SA)

Richard is a qualified chartered accountant who began his career with Fisher Hoffman Sithole, where he completed his articles. In 2003, he joined Heriot, where he played a pivotal role in building and expanding the Heriot portfolio. Over the years, Richard has been instrumental in the Company's success and, today, he serves as the CEO of Heriot. In his role, Richard is responsible for overseeing the management, growth and development of the portfolio, steering the Group's strategic direction and ensuring the continued enhancement of its assets and operations.

Committee member IC SEC



Executive Director
Daniel Snoyman (38)
 Chief Financial Officer
 CA(SA), BCom, Higher Diploma (Accounting)

Daniel earned his degree in Business Accounting Science and a Higher Diploma in Accounting from Witwatersrand University in 2010 and completed his articles at PKF (now BDO). He qualified as a chartered accountant in 2013. On 1 November 2017, he joined Heriot as Financial Manager, bringing with him strong expertise in property and financial management. Before joining Heriot, Daniel managed the financial and operational aspects of a substantial non-listed portfolio of more than 300 residential properties redeveloped in the Johannesburg CBD. He applied his accounting knowledge and hands-on management skills to oversee complex property redevelopments and ensure sustainable performance. At Heriot, Daniel leverages this extensive background and his accounting expertise to strengthen financial management and support the Group's growth. His experience in managing diverse property portfolios continues to add significant value to his role and to the Company's success.

Committee member IC SEC



Non-executive Chairman
Steven Bernard Herring (54)
 Undergraduate Degree in Marketing (University of Johannesburg), Master of Business Administration (Heriot-Watt University)

Steven founded Heriot Properties in South Africa in 1998, starting with a modest office and a clear vision for growth. He focused on acquiring industrial properties with blue-chip covenants, securing stable and long-term cash flows. Through these strategic investments, he expanded Heriot Properties' footprint with numerous industrial assets across South Africa, all anchored by reputable tenants. In 2003, Steven assembled a team of professionals and led the Company's expansion into retail shopping centre development. He targeted CBDs, rural towns and township areas, successfully developing more than 20 malls. By attracting national brands as tenants, he reinforced Heriot's sustainable cash flow model and positioned the Company as a trusted retail developer. The business community recognised Steven's entrepreneurial achievements in 2011, when he received the Johnnie Walker Jewish Entrepreneurial Award. On 18 April 2017, Heriot appointed him as Chairman, formally recognising his vision, leadership and sustained commitment to the Company's long-term success.

Committee member IC RNC



Non-executive Director
Andile Mazwai (54)
 BCom (Honours),
 BCom Economics

Andile brings extensive experience and leadership to the Board. He serves as CEO of the National Stokvels Association of South Africa, CBD Investments Proprietary Limited and Katlego Property Investments Proprietary Limited. He also chairs Bidvest Bank Limited, while holding directorships as an Independent Non-executive Director of Alexander Forbes Group Holdings Limited and as a Non-executive Director of Alexander Forbes Life Limited. Andile also contributes to the broader business community as a member of the Institute of Directors and the South African Institute of Stockbrokers. He supports education and transformation as a trustee of the JSE Education Fund. Heriot appointed Andile to the Board as a Non-executive Director and Chair of the Social and Ethics Committee with effect from 30 September 2024, and recognises his extensive expertise, governance insight and commitment to ethical leadership.

Committee member SEC


Committees

- ARC Audit and Risk Committee
- IC Investment Committee
- RNC Remuneration and Nomination Committee
- SEC Social and Ethics Committee



Directorate continued

The Non-executive Directors contribute a diverse range of industry skills, knowledge and experience to the Board, enhancing its decision-making processes. They bring independent perspectives, strategic insight and sector-specific expertise that strengthen governance, guide risk management and support the formulation and execution of the Group's long-term strategy. By providing objective oversight and challenging management constructively, the Non-executive Directors ensure that decisions are well-informed, balanced and aligned with the best interests of stakeholders.



Independent Non-executive Director
Robin Lockhart-Ross (68)
 CA(SA), BCom, Higher Diploma (Accounting), BCom (Hons) (Tax), MAcc (Tax)

Robin earned his Master's in Accounting (Tax) from the University of Natal and completed his articles at Pim Goldby (now Deloitte) in 1982. He began his career as a senior tax officer at the South African Revenue Service before joining PricewaterhouseCoopers in 1986 as a tax manager. In 1999, Robin became Head of Risk at BoE Corporate: Property and Asset Finance, where he also served as Interim Managing Executive of NBS Home Loans and as Chairman of Bond Choice Proprietary Limited. In 2003, he moved to Nedbank Property Finance as Head of Risk, a role he held for 12 years. During this period, he strengthened the division's risk framework and guided the business through significant market cycles. Robin led Nedbank CIB: Commercial Property Finance as Managing Executive from November 2014 to June 2018. In this capacity, he chaired the divisional management committee, the enterprise-wide Risk Committee and the Investment Committee. He also served as a member of the CIB Executive Committee, the enterprise-wide Risk Committee and the Divisional Credit Committee by playing a pivotal role in shaping the bank's property finance strategy. Robin also serves as an Independent Non-executive Director of Octodec Investments Limited and Trematon Capital Investments Limited.


Committee member  



Lead Independent Non-executive Director
Selwyn Joel Blieden (53)
 PhD (Cambridge), CFA


Selwyn co-heads Caleo Private Equity, where he directs private equity investments across South Africa and multiple international markets. From 2015 to mid-2019, he led Absa Bank's (formerly Barclays Africa) commercial property finance division across Africa, excluding South Africa. Before joining Absa, Selwyn spent 12 years at Rand Merchant Bank, where he co-founded and managed the Opportunities in Global Real Estate portfolio, growing it to include international property assets exceeding US\$250 million. He also structured and managed large-scale property developments in Nigeria as part of the RMB Westport team, the bank's private equity real estate subsidiary. Earlier, Selwyn consulted for McKinsey & Company's Johannesburg office, advising clients across multiple African countries on strategic and operational initiatives. Selwyn holds a CFA Charter and a PhD in Mathematics from the University of Cambridge. He combines advanced analytical expertise with extensive experience in financial services and real estate investment.

Committee member  



Independent Non-executive Director
Gregory James Heron (60)
 CA(SA)

Gregory is a chartered accountant with over 30 years of experience in corporate, structured and property finance, which is complemented by extensive operational exposure across a variety of businesses. He also serves as CEO of Infnitus Holdings, an investment company managing a portfolio primarily focused on fast-moving consumer goods and retail sectors. Previously, Gregory led Leaf Property Fund, a prominent unlisted property fund specialising in the office and commercial sectors. At Leaf, he directed the repositioning of the fund, including the strategic disposal of a substantial portfolio of assets to optimise performance. Gregory also serves on the boards of various unlisted companies and acts as an Independent Non-executive Director for SA Corporate Real Estate Limited and Safari Investments RSA Limited, both JSE-listed REITs. Heriot appointed Gregory as a Non-executive Director and member of the Audit and Risk and Investment Committees, effective 8 October 2024, and recognises his extensive financial expertise, strategic leadership and governance experience.

Committee member  

Committees

-  Audit and Risk Committee
-  Investment Committee
-  Remuneration and Nomination Committee
-  Social and Ethics Committee

Directorate continued

Functions and responsibilities of the Board

The Board's functions and responsibilities, as detailed in the Board charter, encompass a broad range of critical oversight and strategic duties:

Adopting strategic plans	The Board is responsible for formulating and approving strategic plans and ensuring their effective execution by the executive team. This includes setting long-term objectives and priorities for Heriot.
Ensuring compliance	The Board must ensure that Heriot adheres to all relevant laws, regulations and codes of business conduct, thereby promoting ethical practices and legal compliance throughout the organisation.
Establishing a governance framework	The Board is tasked with creating and maintaining a robust governance framework that outlines the delegation of authority and ensures clear lines of responsibility and accountability in the organisation.
Managing risk	The Board oversees the management of risks to support Heriot's strategic goals, identifying potential risks and ensuring that appropriate mitigation strategies are in place.
Monitoring operational performance	The Board monitors Heriot's operational performance by comparing actual results against predetermined budgets and targets to ensure that performance aligns with strategic objectives.
Offering strategic guidance	The Board provides strategic guidance to Heriot, including the appointment of the CEO and the establishment of a succession plan to ensure leadership continuity.
Conducting affairs responsibly	The Board is responsible for ensuring that Heriot's operations are conducted responsibly and professionally and uphold the Company's reputation and ethical standards.
Promoting corporate governance	The Board promotes strong corporate governance practices to maintain transparency, accountability and trust among stakeholders.
Reviewing financial objectives	The Board reviews and approves Heriot's financial objectives, plans and actions, including significant capital allocations and expenditures, to ensure financial stability and growth.
Sustaining internal controls	The Board reviews processes and procedures to maintain the efficacy of Heriot's internal control systems to ensure high levels of decision-making capability and reporting accuracy.
Safeguarding investor relations	The Board safeguards the integrity of the Group's investor relations, ensuring clear and accurate communication with investors and maintains their confidence.
Upholding stakeholder obligations	The Board upholds its obligations to all stakeholders and ensures that their interests are considered and addressed in the Group's decision-making processes.

Board appointment process

Following the JSE Listings Requirements, all Directors (except Robin Lockhart-Ross, who received an exemption) completed a formal induction programme provided by the Institute of Directors. This programme familiarises new Directors with Heriot's governance practices and clearly defines their roles and responsibilities.

The Board follows a meticulous and transparent process for appointments, which is guided by the recommendations of the Remuneration and Nomination Committee. The process includes a comprehensive evaluation by the Board to ensure that each appointment aligns with the Group's appointment policy and strategic needs.

The Board requires that any Directors appointed during the year have their appointments ratified by shareholders at the next general or annual general meeting. This step reinforces accountability and ensures that shareholder interests are considered in every new Board appointment.

Board changes

In accordance with paragraph 3.59 of the JSE Listings Requirements, shareholders are advised that Janys Finn and Nelson Ngale resigned from the Board of Directors of Heriot, effective 30 September 2024.

As outlined in Heriot's memorandum of incorporation, one-third of Non-executive and Executive Directors, along with all Directors appointed by the Board during the year, must step down at the annual general meeting. Directors eligible for re-election may stand for re-election during this meeting, ensuring continuity and accountability in Board governance.

Effective 30 September 2024 and 8 October 2024, respectively, Andile Mazwai and Gregory James Heron were appointed as Directors of Heriot.

Dealing in securities

Heriot enforces a strict securities trading policy to prevent insider trading and conflicts of interest. The Board activates this policy during closed periods, such as prior to financial results announcements and at other key times it determines.

The Company Secretary administers the policy, while the Chairman grants trading clearance during open periods. If the Chairman is unavailable or a conflict arises, the Lead Independent Director assumes this responsibility.

Directorate continued

Directors disclose their shareholdings, additional directorships and potential conflicts of interest to the Chairman and Company Secretary each year. The Board records these disclosures and reconfirms them at every Board and committee meeting to maintain transparency and uphold the integrity of the Company's governance practices.

Directors' personal interests

We maintain a full list of Directors' interests. At the beginning of each Board meeting, Directors are required to confirm that their interests, as previously disclosed, remain current. In line with best practice and Section 75 of the Companies Act, Directors are required to recuse themselves from any discussion and decision in which they have a financial interest.

Board committees

The Board has delegated certain responsibilities to the following Directors:

Audit and Risk Committee	Remuneration and Nomination Committee	Investment Committee	Social and Ethics Committee
Selwyn Joel Blieden*	Robin Lockhart-Ross*	Steven Bernard Herring*	Andile Mazwai*
Gregory James Heron	Selwyn Joel Blieden	Richard Lawrence Herring	Richard Lawrence Herring
Robin Lockhart-Ross	Steven Bernard Herring	Gregory James Heron	Daniel Snoyman**
		Daniel Snoyman	Gregory James Heron**

* *Chairman.*

** *Effective 8 December 2025, Daniel Snoyman will resign from the Social and Ethics Committee and will be succeeded by Gregory James Heron.*

While the Board retains overall responsibility and accountability, its committees assist in discharging responsibilities and duties. The committees operate with full transparency and the minutes of their meetings are made available to all Directors. The Board maintains unrestricted access to the external auditor, professional advisors, executives and employees, and to the services of the Company Secretary. Directors may also seek independent advice, at the Company's expense, to ensure they execute their duties and responsibilities effectively and in the best interests of the Company.

Meeting attendance

Quarterly Board meetings are held, with additional meetings scheduled as necessary. The Company Secretary attends all Board and committee meetings. Executive Directors and invited attendees do not receive attendance fees. External advisors and non-committee Directors may be invited to committee meetings as needed. The attendance register for each Board and committee meeting for the period ended 30 June 2025 is detailed as follows.

	Board	Audit and Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee
Steven Bernard Herring (<i>Chairman</i>)	4/4**	3/3*	2/2	
Richard Lawrence Herring	4/4	3/3*		1/1
Daniel Snoyman	4/4	3/3*		1/1
Janys Ann Finn	1/4	1/3*		
Selwyn Joel Blieden	4/4	3/3**	2/2	
Robin Lockhart-Ross	4/4	3/3	2/2**	
Nelson Abram Ngale	1/4	1/3		
Gregory James Heron	3/4	2/3		
Andile Mazwai	3/4	1/3*		1/1**

* *Attended by invitation.*

** *Chairman.*

Audit and Risk Committee

The Board appoints members to serve on the Audit and Risk Committee, with all appointments subject to shareholder approval at the Company's annual general meeting. The committee meets at least three times a year and convenes additional meetings as required. The Board annually reviews and endorses the committee's charter, which governs its operations.

Committee members have unrestricted access to all information, documents and clarifications necessary to perform their duties effectively, including direct access to the external auditor when needed.

The committee's responsibilities include:

- conducting an annual review of the Company's finance function;
- confirming the independence and objectivity of the external auditor and recommending their appointment or reappointment to shareholders;
- ensuring adherence to best practices in corporate governance;
- managing the audit process and maintaining the relationship with the external auditor;
- overseeing the implementation of an effective risk management plan;
- overseeing the preparation of accurate financial reports and statements in compliance with legal requirements and accounting standards; and
- safeguarding assets and maintaining effective internal controls.

The Board is confident that the Audit and Risk Committee members possess the necessary skills and experience to contribute effectively to the committee's responsibilities.

Directorate continued

Remuneration and Nomination Committee

The Remuneration and Nomination Committee establishes clear and transparent processes for Board appointments, Directors' remuneration and executive compensation, as defined in its terms of reference. Guided by King IV™ principles, an Independent Non-executive Director chairs the committee. The committee carries out its responsibilities according to the Board-approved terms of reference, which include:

Remuneration matters	Nomination matters
<ul style="list-style-type: none"> • Approving service agreements for the CEO and Executive Directors, including termination payments and compensation commitments; • Determining the total remuneration package for the CEO and each Executive Director, including, where applicable, bonuses, incentive payments and share options or conditional rights, in line with the agreed framework; • Overseeing significant changes to employee benefit structures across the Company; • Preparing a remuneration report for inclusion in the Company's integrated report; • Recommending the Chairman's and Non-executive Directors' fees to the Board for shareholder approval at the annual general meeting; • Reviewing relevant market data on remuneration-related issues; and • Setting and agreeing on the remuneration framework for the CEO, CFO and other members of the executive management team. 	<ul style="list-style-type: none"> • Assessing the Board's training and development needs; • Conducting periodic evaluations of the effectiveness and performance of the Board and review the individual contribution of each Non-executive Director; • Considering and making recommendations, at least annually, regarding the composition and membership of the Board, considering the Board's needs and any gaps identified in diversity, including skills, experience, race, gender, age and field of knowledge, in line with the Company's policy on promoting broader diversity at Board level; • Developing a succession plan for the CEO and Executive Directors; • Ensuring that a robust induction programme is in place for new Board appointments; • Identifying, evaluating and recommending appointees to the Board and Board committees; and • Reviewing the performance of the CEO and Executive Directors.

Investment Committee

Each member of the Investment Committee has significant expertise in the property market, which enables the committee to support the Board in making strategic investment decisions that align with Heriot's overall strategy. The committee plays a crucial role in evaluating and guiding property acquisitions and disposals to ensure they meet the Group's investment goals.

The Investment Committee operates under a Board-approved charter, which outlines its responsibilities and procedures. The committee's focus includes:

- assessing and recommending the disposal of properties that no longer meet the Group's investment criteria or strategic objectives;
- ensuring that investments contribute to sustained income growth and enhance the value of the Group's assets; and
- identifying and recommending acquisitions that increase yield and support future growth.

By adhering to its charter and focusing on these key areas, the Investment Committee helps to drive Heriot's investment strategy and achieve its financial and strategic objectives.

Social and Ethics Committee

The Social and Ethics Committee drives and endorses policies and strategies for managing social, ethical and transformational matters in the Group. Established under Section 72 of the Companies Act and Regulation 43 of the Companies Regulations, 2011, the committee operates according to its official terms of reference, which it and the Board have approved. The committee's core responsibilities include:

- overseeing CSI initiatives to ensure they deliver benefits for Heriot and the communities or beneficiaries involved;
- promoting and ensuring a commitment to equal opportunity and diversity across the Group; and
- strengthening Heriot's brand and reputation as a socially responsible and ethical organisation.

By focusing on these areas, the Social and Ethics Committee plays a crucial role in cultivating a culture of social responsibility and ethical conduct, while supporting Heriot's commitment to positive social impact.

Report of the Remuneration and Nomination Committee

Introduction

The Remuneration and Nomination Committee (“the committee”) oversees the formulation, implementation and review of the Group’s remuneration policies and practices, which are detailed in this annual remuneration report in accordance with the requirements of the Companies Act and the principles of King IV™.

This report consists of four sections:

- **Part 1:** Background statement, which contains an overview of the guiding philosophy and strategic rationale that underpin the Group’s remuneration policy.
- **Part 2:** Remuneration policy report, which outlines the key components of the Group’s remuneration policy as it will be applied in the 2026 financial year (FY2026).
- **Part 3:** Remuneration implementation report, which summarises the Group’s implementation of its remuneration policy during the 2025 financial year (FY2025).
- **Part 4:** Non-executive Directors’ remuneration, which provides details of the remuneration paid and to be paid to the Group’s Non-executive Directors.

This report should be read in conjunction with the Directors’ report in the FY2025 annual financial statements, as well as **note 9.1:** Loans to participants of the employee share scheme, **note 27:** Directors’ emoluments and **note 36:** Related parties and related party transactions.

The FY2026 remuneration policy report in part 2 and the FY2025 remuneration implementation report in part 3 are subject to non-binding advisory votes at the Company’s annual general meeting to be held on 8 December 2025. If 25% or more of shareholders vote against either or both these resolutions, the committee will engage with dissenting shareholders to understand their reasons for voting against the reports and address their concerns in the next annual review of the policy. The most appropriate method to engage with such shareholders will be decided by the committee.

If 25% or more of shareholders vote against either or both these resolutions, the committee will engage with dissenting shareholders to understand their reasons for voting against the reports and address their concerns in the next annual review of the policy. The most appropriate method to engage with such shareholders will be decided by the committee.

There were no dissenting votes at the annual general meeting held on 5 December 2024 against the FY2025 remuneration policy and FY2024 remuneration implementation report. Accordingly, no further engagement was required with shareholders.

PART 1: BACKGROUND STATEMENT

The Board recognises that a skilled and motivated workforce drives the achievement of the Group’s strategic goal of delivering sustainable growth in shareholder value.

Accordingly, the Group’s remuneration policy is founded on the following principles:

- Remuneration policy must be aligned with and supportive of the Group’s long-term strategic objectives and overall corporate governance framework;
- Remuneration structures must be framed to attract, retain and motivate talented employees and to result in outcomes that are aligned with shareholder interests;
- Remuneration practices must be clear, consistent and compliant with highest industry standards so as to result in fair, reasonable and transparent remuneration of employees; and

- Remuneration reporting must be transparent, comprehensive and understandable in accordance with relevant regulatory requirements and best practice.

This policy is applicable to employees of the Company and its wholly owned subsidiaries, but not to employees of Safari Investments RSA Limited, who are subject to its separate remuneration policies.

PART 2: FY2026 REMUNERATION POLICY REPORT

The committee undertakes an annual review and benchmarking of the Group’s remuneration policy, practices and structures to ensure that these remain relevant, competitive and compliant, and recommends such adjustments to the Group’s remuneration offering that it believes are appropriate arising from this exercise.

Remuneration packages of employees are structured on a total cost-to-company basis, depending on the required skills, qualifications and experience at each job level, as well as the employee’s level of influence on and contribution to achievement of the Group’s strategic deliverables. Packages comprise a fixed element in the form of a guaranteed cash salary, with no additional benefits and allowances, and a variable element in the form of short-term incentives and, in the case of executives, long-term incentives in the form of share-based schemes.

Report of the Remuneration and Nomination Committee continued

Guaranteed pay

The Group's remuneration cycle is aligned with the calendar year rather than the financial year. Salaries are benchmarked to market levels by comparing to similar companies in the listed property sector and adjusted annually with effect from 1 January based on inflation outlook, individual performance, Company affordability and, where applicable, changes in job content and role responsibilities.

Short-term incentives

All employees, including executive management, qualify for a short-term incentive in the form of a discretionary cash bonus payable in December each year, which is calculated as a function of the employee's monthly salary, dependent on individual performance and contribution. The committee approves an annual bonus pool, which is determined as a function of income available for distribution to shareholders, and thus aligns employee rewards with shareholder outcomes. The committee exercises oversight over the allocation of the bonus pool across and within employee categories so as to ensure appropriate and equitable reward for performance.

In the case of Executive Directors, the committee assesses individuals' performance and approves their respective bonuses. The committee does not make use of formal scorecards to determine executive management's performance against pre-agreed key performance indicators ("KPIs") and to calculate their short-term incentives on the basis of their ratings in terms of such scorecards. It has, however, investigated the incentive mechanisms and practices of comparable companies in the listed property sector, and will consider introducing similar practices in the next remuneration period as part of the ongoing evolution of the Group's remuneration framework.

Long-term incentive: staff share purchase scheme

Since the Company's listing in 2017, the only long-term incentive available to employees has been the Heriot staff share purchase trust scheme, in terms of which loans were granted to employees to acquire shares in the Company at market price. These loans bear interest at the Group's cost of funds, are serviced out of dividends attaching to the shares and are repayable within 10 years from the date of grant (refer to **note 9.1**).

No further awards of shares under this scheme have been made since listing and the number of participants has declined to three, following the exit of certain of the original participants. Although this scheme is thus effectively dormant, the committee has decided to allow it to run its course until the scheduled expiry date in 2027, and to introduce a new share-based incentive with effect from FY2026 in the form of a conditional share plan ("CSP").

Long-term incentive: CSP

Following the committee's investigation, as referred to in last year's remuneration report, of share-based incentive schemes in common use across the listed property sector, the committee has concluded that a CSP as a form of long-term retention and incentivisation of executive management and key employees will best align employee and shareholder interests.

Accordingly, the committee has recommended, and the Board has approved that, with effect from FY2026, the Group will introduce a CSP, reflecting a modern, flexible share-based incentive framework for the Company going forward. We presently intend that the scheme will operate along the lines set out below, and in accordance with the Group's remuneration policy from time to time.

Proposed new CSP

Description of the CSP	In terms of the plan, eligible employees will be granted annual awards of conditional rights to receive shares at a stated future date, provided (1) that the employees are still employees in good standing of the Company at that date (referred to as "retention awards" or "time-based shares") and/or (2) that stipulated performance conditions have been fulfilled as at or over the period up to that date (referred to as "performance awards" or "performance-based shares").
Awards	These awards will be determined at Rand value, calculated as a function of the employee's total guaranteed package ("TGP") (see below), then translated into a number of shares at the ruling Heriot share price on a 30-day volume-weighted average price basis. The committee will have discretion to determine the mix of annual awards between retention awards and performance awards, but typically the split will be 80% performance-based shares and 20% time-based shares.
Plan limits	A maximum usage limit of 5% of the Company's issued shares is proposed for the new plan, which is anticipated to be sufficient to cater for annual awards for five to 10 years. The maximum number of shares at any one time under the plan to any participant shall not exceed 1% of issued shares. Any shares that are awarded to participants but that do not vest and are thus not settled will revert back into the plan and be available to meet future awards.
Eligibility	The committee will have the discretion to determine who is eligible to participate in the scheme; but the intention is that Executive Directors, senior management and key employees with critical skills required for the Company's strategy execution will participate.
Type of instrument	Participants will receive conditional rights to shares, which do not vest until the expiry of the stated vesting period (see below) and which do not carry voting rights or dividend entitlement prior to their vesting with the stipulated vesting period.
Vesting period	Awards will be made annually of shares that will only vest three years after the date of the award, in the case of the performance shares dependent on and to the extent of achievement of the stated performance conditions. On vesting, two-thirds of the shares will be restricted from trading, with half of such restricted shares being released from restriction on the first anniversary of the vesting date and the other half being released on the second anniversary of the vesting date. Such tranches of vested but restricted shares will be subject to forfeiture in the event that a participant's services are terminated for "bad leaver" grounds before the end of the restriction period and release of the restriction applicable to each particular tranche.

Report of the Remuneration and Nomination Committee continued

Allocation bands	<p>Annual allocations made to eligible participants will be determined by the committee each year, depending on then prevailing circumstances.</p> <p>The committee will take into account among others the seniority, position, tenure, contribution and remuneration of each eligible employee in making the annual awards, and the committee will be guided by market norms.</p> <p>Although allocation criteria for the first awards under the plan will be set by the committee, these will typically be along the following lines:</p> <ul style="list-style-type: none"> • CEO 40% to 60% of TGP; CFO 30% to 50% of TGP; and • Divisional Directors 20% to 40% of TGP; senior management 10% to 30% of TGP.
Performance conditions and measures	<p>Performance conditions (KPIs) applicable to the performance awards will be set by the committee at the time of making the awards, taking into account the prevailing business environment and the Company's strategic priorities at that time.</p> <p>Although KPIs for the first awards to be made under the plan will be set by the committee, these will typically be along the following lines:</p> <ul style="list-style-type: none"> • Absolute growth in distributable income per share, measured against internally referenced target (see below) 65% • Absolute total return (growth in tangible NAV per share plus dividends) measured against internally referenced target (see below) 35%
Vesting targets and levels	<p>In stipulating the performance conditions and measures, the committee will set explicit targets for each KPI, including a threshold below target at which level no vesting of the performance-based shares occurs and a stretch above target where maximum vesting occurs.</p> <p>The committee will be guided in setting these targets by the then prevailing circumstances of the Company and applicable market norms.</p> <p>Although vesting targets for first awards under the plan will be set by the committee, these will typically be along the following lines:</p> <ul style="list-style-type: none"> • Growth in distributable income per share: target = forecast per three-year plan, threshold = 80% of forecast, stretch = 130% of target; and • Absolute total NAV return: target = forecast return per three-year plan, threshold = 85% of target, stretch = 130% of target. <p>Similarly, although the vesting percentages at these levels will be set by the committee, these will typically be along the following lines:</p> <ul style="list-style-type: none"> • 50% vesting at threshold, 100% vesting at target and 125% vesting at stretch; and • Linear vesting will apply to actual performance levels between threshold, target and stretch.

Settlement of shares	<p>The plan will allow for settlement of shares to participants on vesting in any of the following manners:</p> <ul style="list-style-type: none"> • By way of a transfer, including a purchase of shares in the market; • By issue of new shares by the Company; or • In exceptional circumstances, by payment in cash. <p>The committee will determine the exact method of settlement to be utilised for each award at the time of vesting.</p>
Termination of employment	<p>Treatment of the vested but restricted shares on termination of a participant's services before the expiry of the restriction period and release of the restriction shall depend on whether the participant is deemed to be a "good leaver" or a "bad leaver".</p> <p>Termination as a "good leaver" shall include death, retirement, retrenchment, medical boarding or such other circumstances as the committee deems appropriate. "Bad leavers" terminations shall include dismissal, discharge and resignation.</p>
Malus and clawback	<p>Malus and clawback provisions will apply to all awards made under the plan.</p> <p>The committee will have the discretion to invoke the malus provision to reduce the quantum of unvested awards, in whole or part, on the occurrence of a trigger event which in the committee's assessment arose during the relevant award or vesting period.</p> <p>The committee will similarly have the power to apply the clawback provision to recover vested awards on a post-tax basis following the occurrence of a trigger event for a period of two years after the vesting (five years from grant) of the awards.</p>

Implementation of the CSP will be contingent on JSE approval and on the approval by shareholders at a general meeting to be convened for this purpose in terms of the JSE Listings Requirements.

Executive Directors' service conditions

The CEO does not have a formal service contract with the Company but must provide two months' notice of intended resignation, while the CFO must provide one month's notice in terms of his current contract of employment.

In terms of the Group's general conditions of employment, no post-termination restraints of trade or similar restrictions are imposed on employees, so there is no contractual obligation to make any payments on termination of service as compensation for loss of office.

Report of the Remuneration and Nomination Committee continued

PART 3: FY2025 REMUNERATION IMPLEMENTATION REPORT

Annual salary review and adjustments

In December 2024, the committee approved an overall increase of 8,3% in the Group's total salary bill, effective from 1 January 2025, taking into account the prevailing inflation rate, the uncertain economic outlook and ongoing cost containment pressures. This increase was applied on a differentiated basis such that staff were awarded an average increase of 8,3% with lower-graded employees receiving 10,0%, management 5,5% and executives 5,0%.

As part of its oversight of the annual increase process, the committee satisfied itself that there were no evident anomalies or internal inconsistencies in the comparative remuneration of staff on racial, gender or other grounds.

Executive Directors' remuneration

The fees paid to Executive Directors for their services to the Group during FY2025 and FY2024 are shown in the tables below.

	2025		
	Salaries and allowances R'000	Bonuses R'000	Total R'000
RL Herring – CEO	4 512	1 150	5 662
D Snoyman – CFO	2 640	1 000	3 640
	7 152	2 150	9 302
	2024		
	Salaries and allowances R'000	Bonuses R'000	Total R'000
RL Herring – CEO	4 340	1 000	5 340
D Snoyman – CFO	2 183	700	2 883
	6 523	1 700	8 223

PART 4: NON-EXECUTIVE DIRECTORS' REMUNERATION

Terms of appointment and remuneration

Non-executive Directors do not have contracts of employment, but are appointed in terms of the Company's memorandum of incorporation by the Board, subject to confirmation by shareholders at the next annual general meeting following their appointment and thereafter to reappointment on a three-yearly basis, in terms of which they must retire but may offer themselves for re-election.

Remuneration of Non-executive Directors consists of an annual fixed retainer per calendar year that is payable on a quarterly basis aligned with the standing calendar of quarterly Board meetings, plus a meeting attendance fee for the committees on which they serve as members. Non-executive Directors do not participate in any of the Group's short- or long-term incentive schemes.

Non-executive Directors' fees are reviewed annually in the context of fees paid by similar companies in the listed property sector and, where appropriate, are adjusted with effect from 1 January, following approval by special resolution of shareholders at the annual general meeting.

Non-executive Directors' remuneration

The fees paid to Non-executive Directors for their services to the Group during FY2025 and FY2024 are shown in the tables below.

	2025			
	Heriot R'000	Safari R'000	Thibault R'000	Total R'000
SB Herring	359	415	–	774
SJ Blieden	332	–	–	332
R Lockhart-Ross	332	–	–	332
JA Finn (resigned on 30 September 2024)	54	–	–	54
N Ngale (resigned on 30 September 2024)	81	–	–	81
A Mazwai	195	–	–	195
GJ Heron	225	330	–	555
	1 578	745	–	2 323

Report of the Remuneration and Nomination Committee continued

	2024			
	Heriot R'000	Safari ¹ R'000	Thibault R'000	Total R'000
SB Herring	323	444	242	1 009
SJ Blieden	349	–	–	349
R Lockhart-Ross	323	–	–	323
JA Finn	215	–	–	215
N Ngale	323	–	–	323
GJ Heron	–	353	211	564
	1 533	797	453	2 783

¹ Total remuneration paid to Safari directors for FY2024 is for a 15-month reporting period.

Non-executive Directors' remuneration FY2026

For the 2026 calendar year it is proposed by the Board that the fees payable to Non-executive Directors should be increased by an inflation-linked 4% as set out in the table below.

	Fee for the 2025 calendar year R	Proposed fee for the 2026 calendar year R
Annual fee		
Chairman of the Board	341 850	356 000
Member of the Board	227 900	237 000
Fee per committee meeting		
Audit and Risk Committee member (including the Chairman)	28 488	29 500
Social and Ethics Committee member (including the Chairman)	28 488	29 500
Remuneration and Nomination Committee member (including the Chairman)	28 488	29 500
Investment Committee member (including the Chairman)	28 488	29 500

These proposed fees will be presented to shareholders for approval by way of a special resolution at the Company's annual general meeting on 8 December 2025.

Robin Lockhart-Ross

Remuneration and Nomination Committee Chairman

31 October 2025

Report of the Investment Committee

The Investment Committee, chaired by Steven Herring, the founder and Chairman of Heriot, includes Non-executive Director, Gregory James Heron, along with the CEO, Richard Herring, and CFO, Daniel Snoyman. This committee is tasked with evaluating all investment opportunities and presenting recommendations to the Board for consideration.

The committee meets as needed to make decisions regarding the acquisition, disposal or significant redevelopment of property assets. It also oversees the Group's investment strategy and focuses on opportunities that enhance value in South Africa's industrial and retail property sectors, with a particular emphasis on convenience and small regional retail centres in peri-urban and rural areas. The committee's primary goal is to build a diverse and stable portfolio of property assets that generate secure income streams and support capital growth.

In fulfilling its responsibilities, the committee must:

- ensure that acquisitions are income-enhancing and align with Heriot's target market by carefully evaluating any potential dilutionary effects;
- identify and recommend properties for disposal that no longer meet the Group's investment criteria, geographically or otherwise; and
- approve transactions within its authority limits without requiring further Board approval.

The Investment Committee operates within the following limits of authority and:

- approves individual sales below R100 million or up to 10% of the portfolio, provided total disposals do not exceed 10% of the portfolio;
- approves transactions of up to 5% of the property portfolio per transaction and up to 10% for acquisitions, refurbishments and redevelopment projects;
- ensures all transactions comply with statutory and regulatory requirements, including the JSE Listings Requirements and the Competition Act;
- obtains Board approval for the acquisition of shares in listed securities;
- raises funding for acquisitions while keeping Heriot's gearing below 45%; and
- reviews and escalates transactions that exceed mandated limits to the Board for approval.

Although the Investment Committee did not convene formal meetings during the year, it reviewed several strategic transactions and approved the following actions as of the date of this report:

- **Acquisition and redevelopment:** Approved the R76,1 million acquisition of Finsbury Court, together with the estimated R82,0 million redevelopment costs to convert the property into a 36-unit boutique aparthotel;
- **Asset disposal:** Approved the disposal of the Fixtrade sectional title time share units, which generated proceeds of R18,2 million during the reporting period;
- **Capital expenditure:** Approved R187,1 million in capital projects, including the 2 500m² Helderberg Mall extension, three new solar plant installations, and the upgrade of The Heriot aparthotel, which was rebranded as HAVN; and
- **Equity investment:** Authorised the purchase of 477 431 additional Texton shares at a total cost of R1,579 million, equating to R3,31 per share.

Steven Herring
Investment Committee Chairman

31 October 2025

Report of the Social and Ethics Committee

The Social and Ethics Committee supports the Board in managing social and ethics-related matters in accordance with the Companies Act, its regulations, King IV™ recommendations and the JSE Listings Requirements. Guided by its terms of reference, the committee drives and co-ordinates initiatives that cultivate and maintain an ethical culture in the Company.

Its charter outlines the following responsibilities:

- Advise the Board on relevant matters to ensure that key issues are addressed promptly and effectively;
- Fulfil responsibilities defined by the Companies Act, monitoring social and economic development, corporate citizenship, environmental impact, health and public safety, consumer relationships and employment practices;
- Instil an ethical culture throughout the Group, integrating ethics into operations, systems, procedures and practices;
- Oversee the Company's ethical leadership and corporate citizenship, evaluating adherence to ethical standards and positive corporate behaviour; and
- Report on matters in the committee's mandate to shareholders at the annual general meeting to ensure transparency and accountability.

Membership

For the past financial year, the committee comprised Non-executive Director, Andile Mazwai (Chairman), who succeeded Nelson Ngale on 30 September 2024, together with the CEO, Richard Herring, and the CFO, Daniel Snoyman.

Effective 8 December 2025, Daniel Snoyman will resign from the Social and Ethics Committee and will be succeeded by Gregory James Heron.

Activities

The Social and Ethics Committee drives initiatives that improve the quality of life in communities surrounding our properties. It generates local jobs and awards contracts to Broad-based Black Economic Empowerment ("B-BBEE") entities, supports local businesses and stimulates economic development. Our retail portfolio provides essential shopping access to enhance community well-being.

The committee oversees Heriot's social investment programmes, addressing a broad spectrum of social and economic challenges. Key initiatives include the Heriot internship programme and the hygiene programme, which provides essential hygiene products to schools in Burgersfort, Rustenburg, Siyabuswa and Tembisa.

B-BBEE scorecard

Heriot pursues B-BBEE compliance by focusing on employment equity, procurement practices, enterprise development and equity ownership.

Despite these efforts, the Company remains non-compliant.

The Board recognises the importance of adhering to the B-BBEE Act and has tasked the committee with developing a transformation policy that aligns with sector codes and Group objectives. The policy will address equal opportunity, diversity, recruitment, rewards, leadership and training.

The committee drives initiatives to improve the B-BBEE scorecard rating while balancing cost-effectiveness, strategic asset growth, shareholder participation and diversity in recruitment.

Going forward

Heriot empowers and uplifts disadvantaged communities by assessing local needs and implementing sustainable initiatives to improve the quality of life. In the coming year, the Group will continue supporting non-profit organisations by providing space in its retail malls, enabling them to engage effectively with local communities and drive positive social impact.

Andile Mazwai
Social and Ethics Committee Chairman

31 October 2025

King IV™

Application register

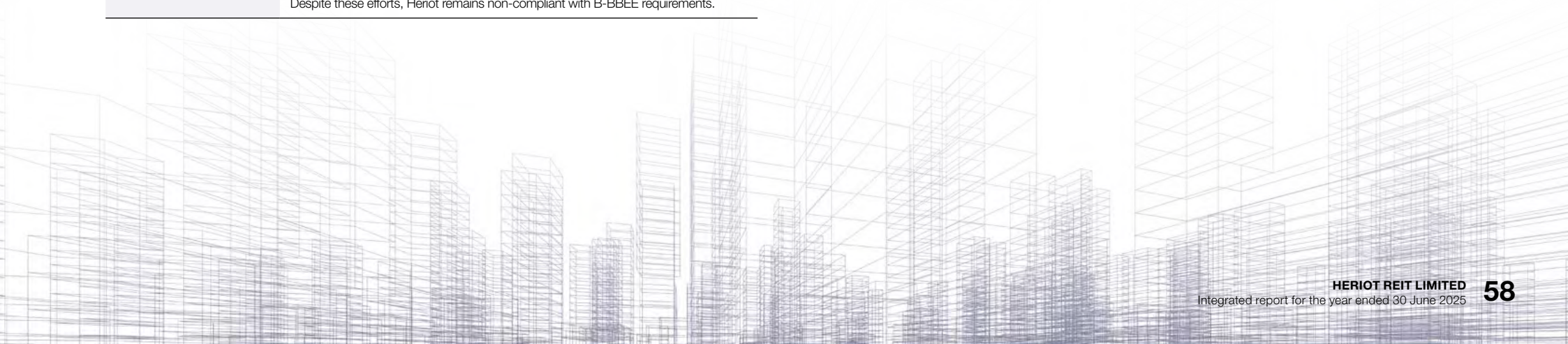
The Board evaluates Heriot's governance practices against the King IV™ principles. Although the JSE requires only partial disclosure for AltX-listed companies, the Board adopts all King IV™ principles, which demonstrates the Company's commitment to vigorous and transparent governance.

Governance outcome: Ethical culture

King IV™ principle	Application
Principle 1: Ethical leadership	
The governing body should lead ethically and effectively.	The Board leads Heriot ethically and effectively. It has approved a code of ethics to align Board and management conduct with the Company's commitment to responsible corporate citizenship. The code upholds obligations under the Companies Act and King IV™ principles to emphasise ethical behaviour and corporate responsibility. The Board ensures that members understand Heriot's operations, industry context and relevant laws and standards to enable informed and ethical decision-making.
Principle 2: Organisation values, ethics and culture	
The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board governs ethics to establish and maintain an ethical culture. It has implemented a code of ethics that defines expected business practices and behaviour for all employees. The Board integrates these principles into Heriot's strategy and daily operations, embedding ethical considerations in decision-making and business conduct while upholding integrity and accountability with stakeholders.
Principle 3: Responsible corporate citizenship	
The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board ensures Heriot acts and is perceived as a responsible corporate citizen. It reviews remuneration policies, work environment and social initiatives, and supports sustainable transformation aligned with the B-BBEE Act and National Development Plan. The Company promotes employment equity, engages with B-BBEE-compliant suppliers, supports enterprise development and encourages equity ownership. Despite these efforts, Heriot remains non-compliant with B-BBEE requirements.

Governance outcome: Performance and value creation

King IV™ principle	Application
Principle 4: Strategy, implementation and performance	
The governing body should recognise that the organisation's core purpose, risks, opportunities, strategy, business model, performance and sustainable development are interconnected components of the value creation process.	The Board integrates Heriot's purpose, risks, opportunities, strategy, business model, performance and sustainable development into decision-making. It considers the interests of all legitimate stakeholders and acts in the Company's best interests. Management aligns short-, medium- and long-term financial, operational and strategic objectives with the Company's risk appetite. The Board approves policies and operational plans covering finance, ethics, compliance, sustainability, performance and risk management.
Principle 5: Reports and disclosure	
The governing body should ensure that the organisation's reports allow stakeholders to make informed assessments of its performance and prospects, covering short-, medium- and long-term outcomes.	The Board ensures that Heriot's reports allow stakeholders to assess performance and prospects accurately. It guarantees that integrated reports present a balanced view of financial and non-financial outcomes. The Company distributes interim and integrated reports online and in print to maintain transparency, integrity and compliance with legal requirements.



King IV™ continued

Governance outcome: Adequate and effective control

King IV™ principle	Application
Principle 6: Role of the governing body	
The governing body should act as the central point and be the custodian of corporate governance in the organisation.	The Board acts as the central custodian of corporate governance. It implements a Board charter, a code of ethics and has established the following committees: Audit and Risk, Remuneration and Nomination, Investment and Social and Ethics. The Board monitors progress and addresses any gaps.
Principle 7: Composition of the governing body	
The governing body should have a balanced mix of knowledge, skills, experience, diversity and independence to govern effectively and objectively.	The Board maintains a balanced mix of skills, experience, diversity and independence. It considers operational needs and aims for an optimal mix of executive, non-executive and independent non-executive Directors. Currently, the Board has two executive members, three independent non-executive members and two non-executive members, including the Chairman. Directors have unrestricted access to management, the external auditor, professional advisors, the Company Secretary and all Company records.
Principle 8: Committees of the governing body	
The governing body should ensure that delegation within its structures promotes independent judgement, balances power and supports effective duty performance.	The Board ensures that delegation supports independent judgement and effective performance. It has established an Audit and Risk Committee, Remuneration and Nomination Committee, Investment Committee and Social and Ethics Committee, each with a Board-approved charter.

King IV™ principle	Application
Principle 9: Performance evaluations	
The governing body should ensure that evaluating its performance, committees, Chair and members drives continuous improvement in effectiveness.	The Board defines functions, responsibilities and performance criteria for itself, its Directors and subcommittees. While formal annual self-evaluations have not been introduced, the Board monitors performance through regular engagement between the Chairman and Directors.
Principle 10: Delegation to management	
The governing body should ensure that appointing and delegating to management clarifies roles and supports effective authority and responsibility.	The Board delegates authority through a formal policy, defining matters reserved for the Board and those assigned to management. The CEO executes strategy and manages daily operations, while preapproved materiality levels and terms of reference guide delegated responsibilities. The Company Secretary's role is formalised and outsourced in line with the Companies Act.
Principle 11: Risk and opportunity governance	
The governing body should manage risk to support the organisation in setting and achieving its strategic objectives.	The Board sets the Group's risk appetite, identifies strategic risks and opportunities and oversees their management. Daily risk management is delegated to management, which reports to the Audit and Risk Committee. The Investment Committee supports investment decisions and the Audit and Risk Committee ensures funding strategies align with the risk appetite.
Principle 12: Technology and information governance	
The governing body should manage technology and information to support the organisation in setting and achieving its strategic objectives.	The Board oversees IT governance. The CEO manages IT activities and the Audit and Risk Committee evaluates internal IT controls. The IT infrastructure includes on-site servers with backups and externally hosted email systems, while key processes are outsourced.

King IV™ continued

Governance outcome: Adequate and effective control continued

King IV™ principle	Application
Principle 13: Compliance governance	
The governing body should manage compliance with applicable laws and non-binding rules, codes and standards to ensure the organisation remains ethical and acts as a good corporate citizen.	The Board ensures compliance with all relevant legislation, the JSE Listings Requirements and King IV™ principles, maintaining ethical and responsible corporate conduct.
Principle 14: Remuneration governance	
The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The Remuneration and Nomination Committee advises the Board on fair, responsible and transparent remuneration practices. The policy aims to attract, retain and motivate employees to achieve strategic objectives. Detailed information is provided in the committee's report.
Principle 15: Assurance	
The governing body should ensure that assurance services create an effective control environment and support the integrity of internal and external information.	The Board mandates the Audit and Risk Committee to oversee internal controls covering financial, operational, compliance and sustainability matters to ensure a strict control environment.

King IV™ principle	Application
Principle 16: Stakeholders	
In fulfilling its governance role, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders for the organisation's long-term benefit.	The Board adopts a stakeholder-inclusive approach, considering the needs and interests of material stakeholders in strategy decisions. The CEO and CFO engage regularly with shareholders, tenants and financiers.

Compliance with applicable laws

The Company has complied with the Companies Act, including all incorporation provisions, and has conducted its operations in line with its memorandum of incorporation throughout the year under review.



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Directors' responsibility and approval

The Directors are required by the Companies Act of South Africa ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the year then ended in conformity with IFRS[®] Accounting Standards, the JSE Limited ("JSE") Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act. The external auditor is engaged to express an independent opinion of the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS[®] Accounting Standards, the South African financial reporting requirements per Section 8.60 of the JSE Listings Requirements and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and management is required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk within the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Group and Company's Audit and Risk Committee plays an integral role in risk management as well as overseeing the Group and Company's integrated reporting. The Code of Corporate Practices and Conduct has been integrated into the Group and Company's strategies and operations.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group and Company's cash flow forecast for the year to 30 June 2026 and, based on this review and the current financial position, they are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor was given unrestricted access to all financial records and related data, including minutes of meetings of the Board of Directors and the committees of the Board. The consolidated and separate financial statements have been examined by the Group and Company's external auditor and their report is presented on **pages 73 to 75**.

The consolidated and separate annual financial statements set out on **pages 76 to 146**, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 October 2025 and were signed on its behalf by:

Steven Herring
Chairman

Daniel Snoyman
Chief Financial Officer

Chief Executive Officer's and Chief Financial Officer's responsibility statement

In line with paragraph 3.84(k) of the JSE Listings Requirements, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") hereby confirm that:

- the financial statements set out on **pages 76 to 146** fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS[®] Accounting Standards;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for the implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving Directors.

Richard Herring
Chief Executive Officer

Daniel Snoyman
Chief Financial Officer

31 October 2025

Group Company Secretary's certificate

Declaration by the Company Secretary in respect of Section 88(2)(e) of the Companies Act

In accordance with the provisions of Section 88(2)(e) of the Companies Act, we certify that for the year ended 30 June 2025, the Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of the Companies Act, and that all such returns are true, correct and up to date.

CIS Company Secretaries Proprietary Limited
Company Secretary

31 October 2025

Report of the Audit and Risk Committee

The Audit and Risk Committee (the “committee”) is an independent statutory committee to which duties are delegated by the Board. Committee members are appointed by the Board, subject to approval by shareholders at the annual general meeting.

The committee is chaired by independent Non-executive Director, Selwyn Blieden. The other members are two independent Non-executive Directors. During the reporting period, Nelson Ngale, Robin Lockhart-Ross and Gregory James Heron served on the committee. Gregory James Heron replaced Nelson Ngale on 8 October 2024.

The CEO, CFO and representatives of the external auditor have a standing invitation to be present at meetings of the committee.

The committee is governed by a formal charter that is reviewed annually. The committee meets at least three times per year with additional meetings convened when necessary. Details of attendance by members at meetings for the year ended 30 June 2025 are set out on **page 49**.

The Board has satisfied itself that:

- committee members have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011;
- committee members act independently;
- committee members have unrestricted access to all information, documents and explanations required in support of the discharge of their duties, as well as to the external auditor; and
- the committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

The committee is responsible for performing the functions required in terms of Section 94(7) of the Companies Act. These functions include nominating and appointing the Group’s auditor and ensuring that such auditor is independent of the Group; determining the fees to be paid to the auditor and the auditor’s terms of engagement; ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation; determining the nature and extent of any non-audit services that the auditor may provide to the Company; receiving and dealing appropriately with

any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to the accounting practices of the Company, the content or auditing of the Company’s financial statements, the internal financial controls of the Company or any related matter; and performing any other oversight functions as may be determined by the Board.

Other responsibilities of the committee include:

- adopting and implementing an appropriate financial risk management policy in accordance with industry practice and monitoring compliance with this policy;
- reporting in the integrated report that the Group has, in all material respects, complied with the policy during the year concerned; and
- reporting to the JSE in the annual compliance declaration (as referred to in paragraph 13.49(d) of the JSE Listings Requirements) that it has monitored compliance with the policy and that the Group has, in all material respects, complied with the policy during the year concerned.

The committee has satisfied itself that, for the year under review:

- BDO South Africa Incorporated and Vanessa De Villiers, the designated auditor and individual audit partner, are independent of the Company and further confirm that the suitability for their reappointment is in accordance with paragraph 3.84(g) of the JSE Listings Requirements;
- The CFO, Daniel Snoyman, has the appropriate expertise and experience and that the finance function has adequate resources and sufficient expertise;
- The Company Secretary has the requisite competence, qualifications and experience and has maintained an arm’s-length relationship with the Board for the year under review;
- Appropriate risk management processes are in place;
- The Company has complied with the risk management policy as regards derivative transactions;
- The policies and procedures adopted to date are adequate and appropriate, having regard to Heriot’s size and range of activities;
- The Company has established appropriate reporting procedures that are operating effectively; and
- Reviewed and complied with the JSE proactive monitoring findings of 2024.

The committee uses an assurance model to assist the Board in assessing whether the significant risks facing the Group are adequately mitigated. This model is about effectively co-ordinating management and external assurance providers, increasing collaboration and developing a more holistic view of the organisation’s risk.

A key area of focus of the committee was the review of the key audit matters raised by the auditor noted on **page 74**.

The committee has reviewed the annual financial statements for the year ended 30 June 2025 and is of the view that they comply with IFRS[®] Accounting Standards in all material respects. Further, the committee reviewed this integrated report and is satisfied that the information is reliable, consistent, fairly represented, prepared in accordance with appropriate reporting standards and conforms to the requirements of the King IV Report on Corporate Governance for South Africa, 2016[™] and the JSE Listings Requirements and has recommended the annual financial statements for the year ended 30 June 2025 for approval by the Board of Directors.

The annual financial statements, which the Board has approved, will be presented for discussion and adoption at the annual general meeting to be held on Monday, 8 December 2025.

Selwyn Blieden

Audit and Risk Committee Chairman

31 October 2025

Directors' report

The Directors have pleasure in submitting their report on the annual financial statements of Heriot REIT Limited ("Heriot", the "Company" or the "Group") and its subsidiaries for the year ended 30 June 2025.

Nature of business

Heriot is a property holding and investment company that is listed in the "Diversified REITs" sector on the Alternative Exchange of the JSE. Heriot and its subsidiaries are primarily invested in retail and industrial properties situated in areas with high growth potential. Heriot's primary objective is to grow and streamline its asset base through the acquisition of high-quality properties, the redevelopment of existing properties and the disposal of assets identified as non-core. Heriot continues to pursue greenfield development opportunities that will create perpetual growth in distributions. Pursuant to its investment strategy, Heriot acquired 100% of Thibault REIT Limited ("Thibault") on 28 June 2024 ("Thibault acquisition"). Heriot holds strategic stakes of 59,2% in Safari Investments RSA Limited ("Safari") and 21,7% (excluding treasury shares) in Texton Property Fund Limited ("Texton").

Heriot further manages a portfolio of retail assets located in Zambia and the Democratic Republic of the Congo.

Accounting policies

The financial statements of the Group and Company have been prepared in conformity with IFRS[®] Accounting Standards, the South African financial reporting requirements per Section 8.60 of the JSE Listings Requirements and the Companies Act. The accounting policies have been applied consistently with those of the previous year except for the new policies adopted in the current reporting period noted on **page 87** (refer to **note 1.22**).

Review of financial results and activities

The operating results and state of affairs of the Group and Company are fully set out in the attached financial statements and commentary below.

Group financial results

Heriot's results for the year ended 30 June 2025 (the "reporting period"), underscore the resilience of its portfolio, with particular strength in emerging market retail and industrial properties. Despite

a challenging local and global economic environment, Heriot has delivered a stellar set of results for the year ended 30 June 2025. This success highlights the management team's expertise, solid investment strategies and resilient portfolio anchored by blue-chip national tenants. The Group continues to seek investment opportunities in core sectors, including retail, industrial and hospitality.

Distributable earnings

In a record-breaking year, Heriot's distributable earnings climbed to R389,209 million for the year ended 30 June 2025, reflecting a 26,1% increase from R308,754 million in 2024. This remarkable growth was driven by the following factors positively impacting Heriot's distributable earnings during the reporting period:

- **Acquisition of Thibault:** On 28 June 2024, Heriot acquired Thibault through a share exchange agreement, leading to Thibault's statement of comprehensive income being incorporated line-by-line for the first time in this reporting period. As a result, Thibault contributed R61,9 million to distributable earnings, while its 10% shareholding in Safari added R19,1 million to the total.
- **Texton distributions:** Thibault's contribution to distributable earnings received a significant uplift from its investment in Texton, which declared two distributions during the reporting period totalling 120,1 cents per share. For further details, refer to **notes 9** and **23**.
- **Sale of non-current assets:** The net proceeds of R15,0 million from the sale of an investment property have been included in distributable earnings for the reporting period. Refer to **note 14** for further details.
- **Non-IFRS[®] Accounting Standards distributable earnings adjustment:** A non-IFRS[®] Accounting Standards distributable earnings adjustment of R4,4 million that was recognised during the reporting period. For additional information, refer to **page 70**.
- **Investment in Safari:** In 2024, Safari changed its financial year-end from March to June to align with Heriot's reporting period, resulting in 15 months of Safari's distributable earnings being included in Heriot's 2024 financial results. Consequently, Safari's year-on-year distribution declined from 78,04 to 73,56 cents per share, reflecting the inclusion of only 12 months of earnings in its 2025 results compared to 15 months in the prior period. However, Heriot's increased shareholding in Safari following the Thibault acquisition had a positive impact on its distributable earnings during the reporting period, increasing its share of distributable profits from R103,389 million to R111,366 million.

- **Repo rate reduction:** The 100 basis point ("bps") reduction in the repo rate positively impacted the Group's earnings, as the Group's debt is entirely linked to floating rates.
- **Weighted average cost of debt ("WACD") reductions:** Refinancing debt facilities at favourable rates lowered lending margins, further boosting distributable earnings.
- **Aparthotel sector performance:** Financial performance improved due to new developments coming online, strategic upgrades to properties and outsourcing management to hotel operators.
- **Industrial sector performance:** Significantly improved from letting vacant space and increases in rentals on lease renewals.

Group net property operating income ("NOI") analysis

The inclusion of Thibault's statement of comprehensive income for the 12 months ended 30 June 2025 significantly contributed to the 14,8% increase in NOI compared to the prior period. On a like-for-like basis, NOI increased by 13,0%, driven by strong performances across the residential/hospitality, retail and industrial portfolios, as well as Safari's internalisation of electricity and water utility management.

Distribution per share ("DPS") analysis

The DPS of 121,91 cents for the reporting period reflects a 14,3% increase compared to 106,69 cents per share for the same period in 2024. This growth in DPS is not directly aligned with distributable earnings, as the Thibault acquisition initially led to an approximate 4% dilution in DPS but delivered a 7% increase in net asset value ("NAV") per share, justifying the swap ratio as reasonable. The Group's continued effective cash management and strong cash flows support the payment of 100% of distributable earnings as dividends. On this basis, the Company declared a final dividend of 65,07 cents per share for the six months ended 30 June 2025. This represents a 14,5% increase compared to distributable earnings of 56,81 cents per share for the same period in 2024.

Net asset value ("NAV") per share analysis

Heriot's NAV per share increased by 17,5% from R17,53 at 30 June 2024 to R20,59 at 30 June 2025. The growth has been driven by an increase in the value of the Group's property portfolio, supported by positive rental escalations on renewals and re-lets across the portfolio during the period.

Directors' report continued

Investment in Thibault

Effective 28 June 2024, Heriot entered into an exchange agreement with Thibault and its shareholders to acquire 100% of the issued shares in Thibault in terms of Section 42 of the Income Tax Act No 58 of 1962 ("Income Tax Act"). In terms of this transaction, Heriot acquired all the 103 009 878 issued shares of Thibault in exchange for 63 866 124 new Heriot shares, equating to an exchange ratio of 62 new Heriot shares for every 100 Thibault shares in issue. The market value of R15,00 per Heriot share equated to a purchase consideration of R957,992 million. Following the declaration of a distribution of R37,203 million by Thibault to Heriot on 30 June 2024, the total purchase consideration was reduced to R920,789 million.

Furthermore, Thibault's net assets included a 10,0% interest in Safari equating to 25 952 710 shares, valued at R257,931 million. As Heriot already owned a controlling stake in Safari, the effect of the Thibault acquisition at a Group level was a reduction in the non-controlling interest ("NCI") in Safari and a reduction in the purchase price of Thibault to R662,858 million.

Accounting treatment of the 2024 Thibault acquisition

The acquisition of Thibault was accounted for as a business combination under common control ("BCUCC") due to Heriot Investments Proprietary Limited's ("Heriot Investments") controlling stake in Heriot and Thibault before and after the Thibault acquisition. As IFRS[®] Accounting Standards do not guide the accounting for a BCUCC, Heriot applied significant judgement when developing this policy and used the predecessor value method in accounting for the BCUCC. In terms of this method, the purchaser recognises the assets acquired and liabilities assumed at their carrying amounts on the date it assumes control of a subsidiary. As the net carrying amounts of Thibault's assets and liabilities exceeded the net purchase consideration, Heriot recognised a bargain purchase gain of R373,524 million in its statement of changes in equity for the year ended 30 June 2024.

Impact of the acquisition

The acquisition was consistent with the Group's primary objective to explore strategic opportunities to grow and streamline Heriot's asset base by acquiring high-yielding properties in its target markets. Thibault's assets of R2,3 billion (2024: R2,0 billion), acquired by Heriot, included the iconic mixed-use One Thibault Square located in the Cape Town CBD, three retail centres anchored by Checkers and strategic stakes of 21,7% (2024: 21,5%) and 10,0% (2024: 10,0%) in Texton and Safari, respectively.

There are significant synergies and cost benefits that have been achieved through the merger that include, *inter alia*, the following:

- Corporate cost savings of R1,7 million;
- An annual boost of R3,0 million in cash resources arising from the conversion of previously amortising Thibault debt to interest-only facilities on the strength of a guarantee issued by Heriot for the debt;
- Better lending rates on Thibault's debt facilities by leveraging the Group investment property portfolio; and
- An increased shareholding in Safari from 49,2% to 59,2% through the acquisition of Thibault's 10,0% interest in Safari.

Thibault's financial highlights

A summary of Thibault's results for the reporting period is as follows:

- Investment property: Valued at R2,135 billion (30 June 2024: R1,795 billion);
- Distributable earnings: R61,9 million (30 June 2024: R37,2 million);
- WACD: 9,74%, reflecting a 61bps decrease from June 2024 (30 June 2024: 10,35%);
- Loan-to-value ("LTV"): Reduced to 43,8% (30 June 2024: 45,6%)¹;
- Interest cover ratio ("ICR"): Improved to 1,83 times (30 June 2024: 1,43 times)¹; and
- Vacancy rate: Remains low at 1,1% (30 June 2024: 1,5%).

¹ Thibault's LTV and ICR metrics are intended solely for analytical purposes and are not tied to the Group's covenants

Investment activities during the reporting period

- In December 2024, Thibault completed the 2 300m² expansion of Helderberg Mall, with a total investment of R117,2 million as at the reporting date. Key features of the development include a R9,5 million 1MW solar installation and a R50,9 million tenant fit-out for Shoprite, now operating as a Fresh X concept store. The project was financed by Standard Bank and is projected to deliver a 15% return on investment.
- During the reporting period, the Group increased its shareholding in Texton from 21,5% to 21,7%, excluding treasury shares.
- The former Standard Bank annex at One Thibault, comprising 1 013m², was redeveloped at a total cost of R3,0 million. Effective 1 May 2025, the space was leased to a food operator on a percentage-of-turnover basis. This addition is expected to enhance revenue by enabling the hotel operator to access the tour group market.

Investment in Safari

Heriot's strategic interest in Safari remained at 59,2% for the reporting period. As at 30 June 2025, Heriot owned 151 349 878 shares in Safari.

Change of financial year-end

In the prior financial year, Safari's year-end was changed from March to June to align with Heriot's reporting period. Consequently, Heriot's 2024 financial results incorporated 15 months of Safari's distributable earnings. Following this alignment, the 2025 results reflect only 12 months of earnings for the year ended 30 June 2025. As a result, the figures are not directly comparable year-on-year, accounting for the decreases in NOI and distributions.

Directors' report continued

Safari's financial highlights

A summary of Safari's results for the 12 months ended 30 June 2025, compared to the 15-month results to 30 June 2024, is as follows:

- Investment property, including those held for sale: Valued at R4,192 billion (2024: R4,041 billion);
- Distributable earnings: Decreased by 5,7%, to R188,061 million (2024: R199,463 million);
- DPS: Reduced by 5,7% from 78,0 to 73,6 cents per share;
- NAV per share: Improved by 14,1%, increasing to R11,47 (2024: R10,06);
- WACD: 9,74%, reflecting a 61bps decrease compared to the prior period (2024: 10,35%);
- LTV: Reduced to 31,5% (2024: 33,0%), comfortably below the 50% covenant;
- Vacancy rate: Reduced to 2,06% (2024: 2,49%);
- ICR: Healthy at 2,63 times, comfortably above the 2 times covenant; and
- Hedged debt: 0% (2024: 4%).

On a like-for-like basis, which compares Safari's 12-month 31 March 2024 results to 30 June 2025, Safari delivered strong results, achieving a 20% increase in DPS compared to the prior period, rising from 61,3 to 73,6 cents per share. The like-for-like growth was primarily driven by:

- 5% growth in rental income;
- Higher occupancy rates;
- The internalisation of utility management significantly contributed to NOI growth of 11,3%; and
- A 61bps reduction of WACD.

Investment in Texton (note 9)

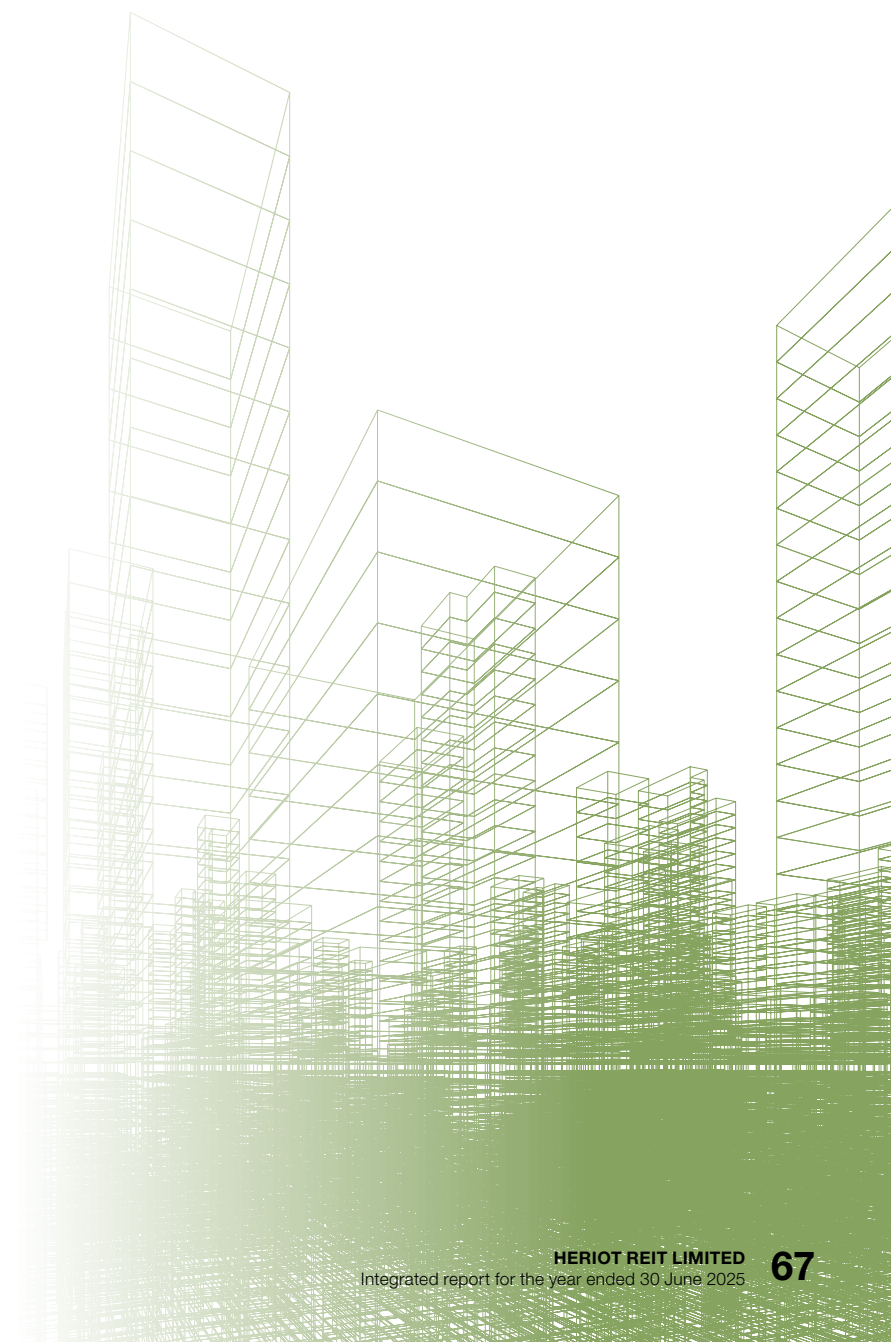
Through its wholly owned subsidiary Thibault, Heriot increased its strategic interest in Texton from 21,5% to 21,7% (excluding treasury shares), acquiring an additional 477 431 shares for R1,579 million, equivalent to R3,31 per share.

Refer to **note 1.3** for the significant judgements that were applied to conclude that the Group did not have significant influence over Texton and therefore recognises the investment as a non-current financial asset, measured at fair value through profit or loss in accordance with IFRS 9. As at 30 June 2025, the 64,5 million shares were revalued at the closing market price of R2,95 per share, equating to R190,5 million (2024: R212,8 million at R3,32 per share).

Assets and liabilities held for sale (note 14)

Heriot

On 1 March 2024, Heriot acquired a further 50,1% interest in Fixtrade 605 Proprietary Limited ("Fixtrade") for R4,7 million. A sectional title scheme was registered in September 2024. As at the reporting date, 38 of the 52 units had been sold for R18,2 million, generating R15,0 million in net cash proceeds to be distributed to shareholders.



Directors' report continued

Safari

The Platz am Meer property was classified as held for sale in December 2024 following acceptance of Oryx Properties Limited's ("Oryx") N\$300,0 million offer. The transaction became effective on 30 June 2025, at which point all related assets and liabilities of Safari Namibia Investments Proprietary Limited ("Safari Namibia") were transferred to the new owner. The unpaid proceeds remained on Safari's statement of financial position as a current asset (receivable). Mnandi Mall (R162,0 million) and Soweto Day Hospital (R11,0 million) remain listed for sale, with active efforts underway to secure a buyer within the next 12 months.

Investment property (notes 2, 3 and 14)

The Group's investment property portfolio, including non-current assets held for sale and properties under development, comprises 53 properties (2024: 53) across all major sectors in South Africa. On 30 June 2025, Peter Parfitt of Quadrant Properties Proprietary Limited, a registered valuer in terms of Section 19 of the Property Valuers Profession Act No 47 of 2000, independently valued the Group portfolio at R12,799 billion (2024: R11,616 billion) using discounted cash flow and comparable sales methods.

Property valuations have increased by 10,2%, driven by rising property income, lower interest rates and stabilised inflation, which has consequently reduced capitalisation and exit capitalisation rates. The value of investment property was reduced by the sale of the Platz am Meer centre for R300,0 million. On a like-for-like basis, investment property increased by 12,3% from 30 June 2024, amounting to R1,109 billion, supported by positive rental escalations on renewals and re-lets across the portfolio.

Capital expenditure

Heriot

Key capital expenditure during the reporting period included:

- R19,5 million on The Heriot refurbishment. The property officially reopened on 1 November 2024 as HAVN;
- R9,2 million on water and fire system upgrades at the Denver distribution centre;
- R3,9 million on the Shoprite Emmarentia and Fish Hoek solar plant installations;
- R3,4 million on the roof upgrade at the Mpact Pinetown distribution centre; and
- R2,6 million on installing air conditioner units at the Habitat aparthotel.

Safari

During the reporting period, Safari invested R88,4 million in upgrading and refurbishing its shopping centres.

Thibault

Capital expenditure during the reporting period on the Helderberg Mall 2 300m² extension totalled R110,9 million. This included:

- R50,9 million for tenant installations for Shoprite; and
- R9,5 million for the solar plant installation.

Property under development (note 3)

The Mowbray (The Fibonacci) and Finsbury Court (Horizon) properties are classified as under development and have been valued at fair value less costs to completion using the discounted cash flow method. Refer to **note 3** for further details.

Total cash resources (notes 13 and 17)

The Group's available cash reserves decreased slightly from R509,528 million in 2024 to R501,949 million, consisting of:

- Cash and cash equivalents: Increased from R69,025 million to R121,445 million; and
- Unutilised debt facilities: Decreased from R440,503 million to R380,504 million.

The decrease was primarily attributed to utilising debt facilities secured to finance capital expenditure on both new and existing properties.

Funding (note 17)

The WACD for the period was 9,73% (June 2024: 10,27%), representing a 54bps reduction driven by favourable lending rates secured through the refinancing of debt facilities and a 100bps rate cut during the reporting period. However, 90% of the Group's facilities are linked to the three-month JIBAR rate, which delays the full benefit of the rate cuts. While the average JIBAR rate declined by 47bps and the prime rate dropped by 48bps compared to the prior period, staggered reset dates on Heriot's three-month JIBAR-linked debt deferred some of the benefits, resulting in an average JIBAR rate reduction of only 40bps. However, gains were offset by the absence of Safari hedges, which had previously reduced the WACD by 0,07%.

At the reporting date, the weighted average remaining debt expiry was 2,16 years, however, it subsequently increased to 2,3 years due to the debt facility renewals of Nedbank, Standard Bank and Sanlam.

Refinancing and new facilities

Heriot

- In March 2025, Heriot signed a term sheet for the early refinancing of Sanlam debt facilities amounting to R215,57 million, set to expire in August 2025. The three-year facility offers a rate of three-month JIBAR plus 158bps, representing a 22bps reduction from the previous facility rate.

Safari

- Safari secured a new R200,0 million funding facility with Standard Bank to support its capital projects. This three-year facility carries a rate of three-month JIBAR plus a 153bps margin, with the capital amount maturing in September 2027.

Directors' report continued

Thibault

- Reduced interest rate margins by 17bps on secured debt of R610,7 million through cross-collateralising assets with the Heriot security pool;
- Post the reporting period on 2 July 2025, Thibault signed a term sheet to refinance R250,0 million of debt expiring in August 2025, extending the facility by three years and lowering lending margins by 45bps;
- On 1 March 2025, Thibault signed a term sheet to reduce lending rates by 23bps via cross-collateralisation with the Heriot security pool regarding a facility of R209,5 million, expiring in September 2028; and
- During the reporting period, Heriot and Thibault signed an addendum to the R209,5 million debt facility with Sanlam. Backed by a guarantee from Heriot, the amendment converted Thibault's amortised debt into interest-only facilities, resulting in approximately R3,0 million in annual cash flow savings.

LTV and ICR analysis

The Group LTV ratio decreased by 3,11%, from 42,06% in June 2024 to 38,95%, driven by higher property values. This remains comfortably below the Group covenant limit of 50%. As of 30 June 2025, the Group's ICR was 2,04 times, slightly down from 2,05 times cover in June 2024 but remaining above the 2 times covenant. While the 100bps repo rate cut and favourable refinancing rates contributed positively, Thibault's weaker ICR of 1,83 times offset these gains. The Group's ICR is expected to strengthen as the impact of rate cuts and reduced rates from debt facility renewals fully materialise. As of the reporting date, the weighted average remaining debt expiry was 2,16 years. However, after the reporting period, this has increased to 2,3 years following the renewal of R312,0 million in debt facilities (refer to **note 39**). Renewal negotiations for the balance of facilities set to expire within the next 12 months have been finalised.

Stated capital (note 15)

Due to the BCUCC with Thibault, on 28 June 2024, Heriot increased its shares in issue by 63 866 124. As of 30 June 2025, the Company had 319 261 982 (2024: 319 261 982) shares in issue, excluding the 900 000 (2024: 900 000) treasury shares owned by the Group.

Financial assets (note 9)

Other financial assets include the following related party balances:

- Share scheme loan of R33,9 million (June 2024: R34,3 million); and
- The loan to Heriot Investments, held at amortised cost, represents the unpaid net proceeds from the sale of Hagley 3865 Proprietary Limited ("Hagley"). It accrues interest at the three-month JIBAR rate plus 185bps and is repayable within 48 months of the advance date. During the reporting period, Heriot Investments' net repayment of R47,2 million reduced the balance from R66,8 million to R19,6 million while incurring R3,1 million in interest.

The balance of other financial assets includes the following balances:

- During the reporting period, the Group recognised a R10,0 million financial asset relating to contingent consideration arising from the disposal of Safari Namibia. In terms of the sale agreement, the contingent consideration will be realised after 12 months once certain conditions are met. This meets the definition of a financial asset as per IAS 32.11. In accordance with IFRS 9, the contingent consideration forms part of the disposal proceeds in determining any gain or loss on disposal; and
- Thibault holds 64,5 million shares in Texton, valued at the closing market price of R2,95 per share, resulting in a total valuation of R190,4 million at 30 June 2025. The investment is carried at fair value through profit or loss. While the share price decreased from R3,32 on 30 June 2024 to R2,95 by the reporting date, the 79,87 cents per share (R51,6 million) recognised as a return of capital reduced the investment's carrying amount, resulting in a fair value adjustment of R27,7 million recognised in the statement of comprehensive income.

Capital commitments (note 34)

Refer to **note 34** to the consolidated and separate annual financial statements for details of the capital commitments.

Dividends

In terms of Real Estate Investment Trust ("REIT") legislation, at least 75% of distributable earnings must be distributed by a REIT to shareholders every year. Since its listing in July 2017, Heriot has maintained a 100% dividend payout ratio and in respect of the year ended 30 June 2025, the following dividends were declared by the Company:

- **Dividend number 14** – an interim dividend of 56,83499 cents per share for the six months ended 31 December 2024 was declared on 27 March 2025. The total dividend of R181,453 million was paid to shareholders on 22 April 2025; and
- **Dividend number 15** – a final dividend of 65,07410 cents per share for the six months ended 30 June 2025 was declared to shareholders on 26 September 2025. The total dividend of R207,756 million was paid to shareholders on 20 October 2025 (refer to **note 39**).

The dividends have been declared from distributable earnings and meet the requirement of a REIT "qualifying distribution" for purposes of Section 25BB of the Income Tax Act.

Directors' report continued

Distributable earnings

Heriot uses DPS as its measure of trading performance. Heriot's distributable income has been calculated as follows:

	Year ended 30 June 2025 R'000	Year ended 30 June 2024 R'000
Contractual rental income and recoveries, excluding straight-line rental income and revenue from sale of inventory	1 654 957	1 349 789
Property expenses	(678 608)	(499 267)
Investment and other income	43 121	20 743
Administrative expenses and corporate costs	(94 996)	(81 782)
Per statement of comprehensive income	(95 500)	(82 286)
<i>Adjust for:</i> Depreciation charged on owner-occupied property	504	504
Net finance costs	(474 889)	(416 567)
Finance income	15 072	15 551
Finance charges	(489 961)	(432 118)
Income tax	(471)	(148)
Profit from disposal of non-current assets held for sale ¹	15 000	–
Safari dividend relating to Thibault's pre-acquisition earnings ²	4 412	–
Net dividend distributed from equity-accounted entities	–	225
Thibault distribution declared to Heriot – in cost of subsidiary acquired	–	37 203
Non-controlling interest	(79 317)	(101 442)
	389 209	308 754
Number of shares in issue at the reporting date ³	319 261 982	255 395 858
Number of shares in issue at the reporting date (final) ³	319 261 982	319 261 982
Total distribution (R'000)		
Interim distribution	181 453	127 371
Final distribution	207 756	181 383
Total distribution R'000	389 209	308 754
Distribution per share (cents)		
Interim distribution	56,83499	49,87199
Final distribution	65,07410	56,81337
Total distribution per share (cents)	121,90909	106,68536

¹ The assets sold were recognised at fair value, the same as their selling price. On this basis, no accounting profit on sale was recognised. The amount included in the distribution for the period represents the sale proceeds less the cost of the assets disposed.

² Non-IFRS[®] Accounting Standards distributable earnings adjustment comprising Heriot's share of pre-acquisition earnings paid as dividend to Heriot.

As Thibault holds a 10% stake in Safari, it classifies its investment as a financial asset measured at fair value through profit or loss. Consequently, Thibault can only accrue dividends from Safari upon declaration of the dividend. On 18 September 2024, the Safari board approved a final cash distribution of 17,00 cents per Safari share for the 15 months ended 30 June 2024. This distribution was paid to shareholders in October 2024. Thibault received and recognised this dividend in the current reporting period. Therefore, the dividend relating to Safari's earnings for 30 June 2024 was received and recognised during the current reporting period, but after Heriot's acquisition date of Thibault. As a result of this timing difference, although eliminated on consolidation, the dividend has been treated as a non-IFRS[®] Accounting Standards distributable earnings adjustment. This effectively distributes the cash dividend received from Safari during the reporting period to Heriot shareholders.

³ Excluding the 900 000 treasury shares in issue (2024: 900 000)

Directors

The Directors of the Company for the year under review and at the date of this report were as follows:

Executive	Non-executive
RL Herring <i>Chief Executive Officer</i>	SJ Blieden <i>Lead Independent Non-executive Director</i>
D Snoyman <i>Chief Financial Officer</i>	SB Herring <i>Chairman</i>
	R Lockhart-Ross <i>Independent</i>
	NA Ngale <i>Resigned 30 September 2024 (independent)</i>
	JA Finn <i>Resigned 30 September 2024</i>
	GJ Heron <i>Appointed 8 October 2024 (independent)</i>
	A Mazwai <i>Appointed 30 September 2024</i>

Directors' report continued

Directors' interests in shares

As at 30 June 2024 and at 30 June 2025, the Directors held the following direct and indirect interests in shares in the Company.

	Beneficial holdings		Non-beneficial holdings		Total	%
	Direct	Indirect	Direct	Indirect		
2025						
RL Herring ¹	3 371 950	11 377 339	–	–	14 749 289	4,6
SJ Blieden	–	–	–	–	–	–
D Snoyman	–	–	–	–	–	–
SB Herring	–	285 163 750	–	–	285 163 750	89,1
R Lockhart-Ross	–	–	–	–	–	–
GJ Heron	–	–	–	–	–	–
A Mazwai	–	–	–	–	–	–
	3 371 950	296 541 089	–	–	299 913 039	93,7
2024						
RL Herring ¹	3 358 000	11 377 339	–	–	14 735 339	4,6
JA Finn ²	279 000	–	–	–	279 000	0,1
SJ Blieden	–	–	–	–	–	–
D Snoyman	–	–	–	–	–	–
SB Herring	–	285 163 750	–	–	285 163 750	89,1
R Lockhart-Ross	–	–	–	–	–	–
GJ Heron	–	–	–	–	–	–
A Mazwai	–	–	–	–	–	–
	3 637 000	296 541 089	–	–	300 178 089	93,8

¹ RL Herring has pledged his direct holding of 2 800 000 shares as security for an amount owed to the Company in terms of the employee share scheme. As at 30 June 2025, the loans amounted to R28,920 million (2024: R29,150 million). During the reporting period, RL Herring acquired 13 950 shares at R16 per share.

² JA Finn served as CFO of Thibault during the 2024 reporting period. Following the Thibault merger, JA Finn resigned as CFO of Thibault and as a Non-executive Director of Heriot. Effective 30 April 2025, JA Finn resigned from Heriot as a Group executive.

There have been no further changes to the Directors' interests in shares between the year ended 30 June 2025 and the date of the approval of the annual financial statements.

Directors' interests in contracts

Steven Herring as a Director of Heriot Investments had an interest in the Hagley transaction. Refer to **note 9.2** for further details.

None of the Directors had any other direct or indirect material beneficial interest in contracts with the Company or its subsidiaries during the reporting period.

Events after the reporting period

The Directors are not aware of any other material reportable events that occurred after the reporting period other than those disclosed in **note 39**.

Going concern

The Directors are of the opinion that the Group and Company have adequate financial resources to continue operations for the foreseeable future and, accordingly, the annual financial statements have been prepared on a going concern basis. This opinion is based on:

- the strong current and projected cash flows of the Group;
- the Group comfortably meeting debt covenant ratios;
- the Group's positive solvency position reflected by the NAV of R20,59 per share at the reporting date;
- the Group having access to sufficient facilities to meet its foreseeable cash requirements for operational activities and capital commitments; and
- the Group's ability to refinance facilities as and when they fall due, evidenced by the raising of new facilities and successful renewal of facilities during the year. While the Group's current liabilities exceed current assets because of maturing facilities at the reporting date, refinancing discussions with existing and new lenders for these facilities are at an advanced stage. Further, the Group has R380,5 million surplus cash invested in revolving facilities at year-end that can be used to meet financial obligations at the reporting date.

Auditor

Subject to the approval of the shareholders at the upcoming annual general meeting, BDO South Africa Incorporated will continue in office in accordance with Section 90 of the Companies Act. The designated audit partner will remain unchanged and, on this basis, Vanessa De Villiers will be the audit partner responsible for the audit.

Litigation statement

In terms of Section 11.26 of the JSE Listings Requirements, the Directors are not aware of any legal or arbitration procedures that are pending or threatening that might have had, in the previous 12 months, a material effect on the Group's financial position.

Directors' report continued

Performance measures

In compliance with Sections 3.4(b)(vi) and 3.4(b)(vii) of the JSE Listings Requirements, and owing to the nature of Heriot's business as a REIT, the Board has adopted and continues to use DPS and NAV per share as the Group's key performance metrics.

This is considered a more appropriate yardstick to measure Heriot's performance than headline earnings per share and earnings per share.

Company Secretary

CIS Company Secretaries Proprietary Limited ("CIS") is the Company Secretary. During the year, CIS was represented by Mosa Matlosa, who is an associate member of the Chartered Governance Institute of Southern Africa.

As required by the JSE Listings Requirements, the Board has satisfied itself that the Company Secretary has the appropriate qualifications, expertise and experience. In addition, the Board has satisfied itself that there is an arm's-length relationship with the Company Secretary, due to the fact that the Company Secretary is not a Director of the Company.

The address of the Secretary is set out below:

Business address

Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Postal address

Private Bag X9000
Saxonwold
2132

Preparer

The financial statements were compiled by Daniel Snoyman CA(SA).

Independent auditor's report

To the Shareholders of Heriot REIT Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Heriot REIT Limited and its subsidiaries ("the group and company") set out on **pages 76 to 146**, which comprise the consolidated and separate statements of financial position as at 30 June 2025; and the consolidated and separate statements of profit or loss and other comprehensive income; the consolidated and separate statements of changes in equity; and the consolidated and separate statements of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Heriot REIT Limited and its subsidiaries as at 30 June 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence

requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

	Consolidated financial statements	Separate financial statements
Overall materiality	R176 900 000, which represents 1,3% of consolidated total assets. The percentage applied falls within the range of percentages generally used where total assets is the applicable benchmark.	R54 000 000, which represents 1,5% of separate total assets. The percentage applied falls within the range of percentages generally used where total assets is the applicable benchmark.
Rationale for benchmark applied	Consolidated total assets has been identified as an appropriate benchmark as the assets drive the income-earning ability of the group.	Separate total assets has been identified as an appropriate benchmark as the assets drive the income-earning ability of the company.

Group Audit Scope

Our group audit was scoped by obtaining an understanding of the group and its environment, including the structure and organisation of the group, and assessing the risks of material misstatement at the group level. Components were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement at the group level.

We also considered the corporate organisation, location and business operations of each entity within the group, as well as changes in the business environment, when we formed our view as to the grouping of components. Our process focused on identifying and assessing the risks of material misstatement in respect of the consolidated financial statements as a whole, in order to assist us in forming our approach to the group audit. This process assisted us in determining the audit work that needed to be undertaken at each of the components. We identified four components and performed full scope audits on all these components based on their contribution to the group, and/or specific risk characteristics of the entities within these components.

Independent auditor's report continued

Key Audit Matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment property – Group – Note 2</p> <p>Significant judgements and estimates are required by the directors in determining the fair value of investment property.</p> <p>The portfolio is valued annually by an external independent valuator – Quadrant Properties Proprietary Limited. The valuations are based on a discounted cash flow model.</p> <p>Note 2 sets out the most significant inputs into the valuations, all of which are unobservable.</p> <p>We considered the valuation of investment property as a matter of most significance to our current year audit of the consolidated financial statements due to the significance of the balance, the significant judgements and estimates associated with determining fair value, and the sensitivity of the valuations to changes in assumptions.</p>	<p>Our procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> • We assessed the design and implementation of relevant controls in the valuation process as operated by the directors; • We evaluated management's calculations used in the external valuations for consistency with the prior year methodology. We did not note any inconsistency in this regard which required further consideration; • We evaluated the competence, capabilities, and objectivity of the external independent valuator. This included assessing professional qualifications, membership and standing with professional bodies. We also obtained a signed declaration of the external independent valuator's independence with regard to dealings with management and performance of the valuations; • Through discussions with the external independent valuator, we obtained an understanding of the work performed, which included the valuation methodology adopted, the significant assumptions used, and critical judgement areas applied, such as discount rates and capitalisation rates. We further assessed whether the valuation approach had been applied consistently. We did not note any inconsistency in this regard which required further consideration; • For all of the valuations, we verified the mathematical accuracy of the models applied and assessed the reasonability of forecasts by comparing the forecast to the actual historical results, taking into account our knowledge of the properties and relevant market data. We also assessed the reasonableness of the capitalisation rates, discount rates, and rental income and operating expense growth rates used with reference to the most recent SAPOA and Rode reports; • Making use of our internal corporate finance expertise, we assessed whether the valuation methodology was appropriate and compared the significant assumptions and judgements used by the external independent valuator against historical inputs and market data, where available, and investigated unexpected movements on all properties. Based on the results of our work performed, we did not identify any matters which required further consideration; and • We assessed the adequacy of the disclosure in the consolidated financial statements, including disclosure regarding the significant inputs and sensitivity analysis, against the requirements of IFRS Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Heriot REIT Integrated Report for the year ended 30 June 2025", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Group Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report continued

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and/or company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Heriot REIT Limited for eight years.

BDO South Africa Incorporated

Registered Auditors

VR de Villiers

Director

Registered Auditor

31 October 2025

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statements of financial position

as at 30 June 2025

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Assets					
Non-current assets					
		12 919 204	11 808 511	3 371 488	3 334 931
Investment property at fair value	2	12 379 190	11 343 750	–	–
Investment property	2	12 103 269	11 109 783	–	–
Straight-line rental income accrual	2	275 921	233 967	–	–
Property under development	3	238 412	92 525	–	–
Property, plant and equipment	4	56 115	56 763	–	–
Investment in subsidiaries	5	–	–	3 337 499	3 300 666
Investment in associates and joint ventures	6	318	–	–	–
Right-of-use assets	8	1 010	1 515	–	–
Financial assets	9	244 159	313 958	33 989	34 265
Current assets		507 735	185 167	209 954	127 431
Trade and other receivables	10	375 833	104 386	–	–
Dividends receivable from subsidiaries	11	–	–	160 331	85 089
Financial assets	9	10 000	–	–	–
Inventories	12	–	11 593	–	–
Current taxation receivable		457	–	–	–
Derivative financial instrument	7	–	163	–	–
Cash and cash equivalents	13	121 445	69 025	49 623	42 342
Non-current assets held for sale	14	181 136	180 100	–	–
Total assets		13 608 075	12 173 778	3 581 442	3 462 362

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Equity and liabilities					
Total equity					
		7 979 403	6 780 577	3 553 101	3 454 838
Shareholders' interest		6 689 636	5 673 349	3 553 101	3 454 838
Stated capital	15	3 468 665	3 468 665	3 514 892	3 477 689
Reserves		3 220 971	2 204 684	38 209	(22 851)
Non-controlling interests	16	1 289 767	1 107 228	–	–
Liabilities					
Non-current liabilities					
		5 083 397	4 994 626	–	–
Interest-bearing borrowings	17	4 989 318	4 888 407	–	–
Lease liabilities	8	1 171	2 153	–	–
Deferred taxation	18	92 908	104 066	–	–
Current liabilities					
		545 275	398 575	28 341	7 524
Interest-bearing borrowings	17	312 745	164 933	–	–
Other financial liabilities	19	–	–	–	6 988
Trade and other payables	20	216 082	186 701	28 341	536
Dividend payable to non-controlling shareholders	21	15 466	46 060	–	–
Lease liabilities	8	982	816	–	–
Current taxation payable		–	65	–	–
Total equity and liabilities		13 608 075	12 173 778	3 581 442	3 462 362

Statements of profit or loss and other comprehensive income

for the year ended 30 June 2025

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Revenue	22	1 706 944	1 385 418	382 419	266 448
Contractual rental income		1 183 361	984 165	-	-
Dividends received from subsidiaries	11, 22	-	-	382 419	266 448
Operating cost recoveries		471 596	365 624	-	-
Revenue from sale of inventory	12	10 033	19 666	-	-
Straight-line rental income accrual		41 954	15 963	-	-
Operating costs		(678 608)	(499 267)	-	-
Cost of inventory sold	12	(11 132)	(24 190)	-	-
Impairment of inventory	24	-	(957)	-	-
Net property income		1 017 204	861 004	382 419	266 448
Equity-accounted profits (net of taxation)	6	-	790	-	-
Investment and other income	23	43 121	20 743	-	-
Administration costs		(95 500)	(82 286)	(1 490)	(1 693)
Loss on sale of property, plant and equipment	4	(392)	(236)	-	-
Impairment reversals of investment in subsidiaries	24	-	-	35 708	14 231
Profit on sale of subsidiary	25	12 283	-	-	-
Profit from operations	26	976 716	800 015	416 637	278 986
Finance charges	28	(489 961)	(432 118)	-	-
Finance income	29	15 072	15 551	8 283	6 798
Profit before fair value adjustments		501 827	383 448	424 920	285 784
Fair value adjustments		1 120 688	506 281	-	-
Investment properties and property under development	30	1 109 908	466 198	-	-
Investment properties held for sale	30	(16 754)	42 593	-	-
Fair value adjustment on listed shares	30	27 697	-	-	-
Derivative financial instrument	30	(163)	(2 510)	-	-
Profit before taxation		1 622 515	889 729	424 920	285 784
Taxation	31	(5 442)	(20 636)	-	-
Total comprehensive income for the year		1 617 073	869 093	424 920	285 784

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Attributable to:					
Heriot shareholders		1 379 124	664 734	-	-
Non-controlling shareholders	16	237 949	204 359	-	-
		1 617 073	869 093	-	-
Basic earnings per share (cents)	32	431,97	259,92	-	-
Diluted earnings per share (cents)	32	431,97	259,92	-	-

Statements of cash flows

for the year ended 30 June 2025

Note	Group		Company		
	2025 R'000	2024 R'000	2025 R'000	2024 R'000	
Net cash flows generated from operating activities	455 459	368 149	338 457	254 635	
Cash generated from/(used in) operations	33.2	958 727	789 769	97 121	(1 215)
Finance charges	28	(510 851)	(427 090)	-	-
Finance income	29	8 576	6 401	4 965	3 297
Dividends received	11	-	-	236 371	252 553
Taxation paid	33.5	(993)	(931)	-	-
Net cash (used in)/generated from investing activities	(146 443)	(362 553)	39 672	49 749	
Acquisitions/improvements to investment property	33.6	(284 204)	(353 954)	-	-
Acquisition of property, plant and equipment	4	(10 932)	(16 980)	-	-
Proceeds from disposal of investment property held for sale	14	18 177	-	-	-
Proceeds from disposal of property, plant and equipment	4	1 456	196	-	-
Acquisition of shares in associate and joint ventures	6	(318)	-	-	-
Acquisition of additional shares in subsidiary	5	-	-	(1 125)	-
Dividends received from associates and joint ventures	6	-	225	-	-
Acquisition of listed shares	9	(1 579)	-	-	-
Return of capital from listed shares	9	51 591	-	-	-
Dividend received from listed investments	23	26 004	-	-	-
Cash received from Thibault	SOCIE	-	-	37 203	-
Loans to subsidiaries repaid	9	-	-	-	46 397
Loan repaid by related party	9	103 170	15 240	-	-
Loan advanced to related party	9	(52 784)	(9 267)	-	-
Cash acquired on business combination (Thibault)	41.1	-	2 719	-	-
Cash disposed of on deconsolidation of subsidiary ¹	14	(618)	-	-	-
Net cost of business combination (Fixtrade)	41.2	-	(4 084)	-	-
Share scheme debt repaid	9	3 594	3 352	3 594	3 352

Note	Group		Company		
	2025 R'000	2024 R'000	2025 R'000	2024 R'000	
Net cash (used in)/generated from financing activities	(256 596)	17 734	(370 848)	(274 239)	
Dividends paid to Heriot shareholders	SOCIE	(362 837)	(266 023)	(363 860)	(266 961)
Dividends paid to non-controlling shareholders	21	(87 129)	(86 047)	-	-
Acquisition of minority interest	16	-	(41 273)	-	-
Subscription by minority for additional shares in subsidiary	16	1 125	-	-	-
Share issue expenses	SOCIE	-	(748)	-	(748)
Loans advanced by subsidiaries	19	-	-	-	6 988
Loans repaid to subsidiaries	19	-	-	(6 988)	(13 518)
Payment of lease liabilities	8	(815)	(904)	-	-
Interest-bearing borrowings raised – assets and liabilities held for sale	14	-	179 153	-	-
Interest-bearing borrowings raised	33.7	914 615	902 184	-	-
Interest-bearing borrowings repaid	33.7	(721 555)	(668 608)	-	-
Net movement in cash and cash equivalents	52 420	23 330	7 281	30 145	
Cash and cash equivalents at the beginning of the year		69 025	45 695	42 342	12 197
Cash and cash equivalents at the end of the year	121 445	69 025	49 623	42 342	

¹ The Group disposed of its interest in Safari Namibia during the year. In accordance with IAS 7 Statement of Cash Flows, the consolidated statement of cash flows reflects the net cash impact of the transaction within investing activities. This comprises the cash proceeds receivable from the disposal, net of the subsidiary's cash and cash equivalents at the date control was lost. As the cash proceeds were only received on 1 July 2025, the cash flow impact for the current year relates solely to the deconsolidation of the subsidiary's cash balance, representing the reduction in cash and cash equivalents under the Group's control.

Statements of changes in equity

for the year ended 30 June 2025

	Note	Group			Total R'000
		Stated capital R'000	Reserves R'000	Non- controlling interests R'000	
Balance as at 30 June 2023		2 548 624	1 404 967	1 350 884	5 304 475
Total comprehensive income for the year		–	664 734	204 359	869 093
Acquisition of shares in Safari (Heriot purchases) ¹	16	–	19 738	(50 460)	(30 722)
Safari treasury share purchases ²	16	–	7 744	(18 295)	(10 551)
Shares issued for Thibault acquisition	41.1	957 992	–	–	957 992
Dividend declared in lieu of shares bought in Thibault (non-cash) ³	41.1	(37 203)	37 203	–	–
Bargain gain on common control (Thibault acquisition) ³	16, 41.1	–	336 321	(257 931)	78 390
Share issue expenses ⁴		(748)	–	–	(748)
Dividends ⁵		–	(266 023)	(121 329)	(387 352)
Balance as at 30 June 2024		3 468 665	2 204 684	1 107 228	6 780 577
Total comprehensive income for the year		–	1 379 124	237 949	1 617 073
Subscription by minority for additional shares in subsidiary ⁶		–	–	1 125	1 125
Dividends ⁷		–	(362 837)	(56 535)	(419 372)
Balance as at 30 June 2025		3 468 665	3 220 971	1 289 767	7 979 403
Note		15		16	

	Note	Company		
		Stated capital R'000	Reserves R'000	Total R'000
Balance as at 30 June 2023		2 557 648	(41 674)	2 515 974
Total comprehensive income for the year		–	285 784	285 784
Shares issued for Thibault acquisition	41.1	920 789	–	920 879
Share issue expenses		(748)	–	(748)
Dividends		–	(266 961)	(266 961)
Balance as at 30 June 2024		3 477 689	(22 851)	3 454 838
Total comprehensive income for the year		–	424 920	424 920
Cash received from Thibault ⁸	41.1	37 203	–	37 203
Dividends		–	(363 860)	(363 860)
Balance as at 30 June 2025		3 514 892	38 209	3 553 101
Note			15	

30 June 2024 Group notes:

The total consideration of R41,273 million for shares acquired by Heriot and Safari on the market comprises:

¹ Heriot's acquisition of 5 470 088 Safari shares for R30,722 million; and

² Safari's acquisition of 1 915 153 treasury shares for R10,551 million.

³ The gain of R373,524 million recognised through the statement of changes in equity comprises the following:

- The bargain gain of R336,321 million as a result of the carrying amount exceeding the purchase consideration transferred (refer to **note 41.1**); and
- The R37,203 million dividend declared by Thibault reducing the purchase consideration and increasing Heriot's equity (refer to **note 41.1**).

⁴ Heriot incurred R748 000 costs related to the issue of new shares as a result of the Thibault acquisition.

⁵ Of the R121,329 million declared to non-controlling shareholders, R86,047 million was paid during the reporting period. At year-end, the balance of unpaid dividends to minority shareholders was a result of Safari declaring its second interim distribution on 27 June 2024 and paid on 15 July 2024.

30 June 2025 Group notes:

⁶ During the reporting period, Moditouch Proprietary Limited ("Moditouch"), a subsidiary of Heriot, issued additional shares equally to both its shareholders, and therefore, the ownership percentage remained the same. The minority shareholder paid R1,125 million in cash to acquire the additional shares issued.

⁷ Heriot dividends paid during the reporting period:

- On 23 October 2024, Heriot paid its final distribution to shareholders, totalling R181,384 million or 56,81 cents per share, for the six months ended 30 June 2024.
- On 22 April 2025, Heriot paid its interim distribution to shareholders, totalling R181,453 million or 56,84 cents per share, for the six months ended 31 December 2024.

Dividends paid to minority shareholders during the reporting period:

- On 18 October 2024, Safari paid its final distribution to shareholders, totalling R43,464 million or 17,0 cents per share, for the three months ended 30 June 2024. At the Group level, R17,719 million was paid to minority shareholders.
- On 24 March 2025, Safari paid its interim distribution to shareholders, totalling R86,928 million or 34,0 cents per share, for the six months ended 31 December 2024. At the Group level, R35,439 million was paid to minority shareholders.

⁸ Company notes – return of capital from Thibault

In the prior financial year, the R37,203 million dividend declared to Heriot reduced the purchase consideration, or cost of shares, issued to acquire Thibault. On this basis, instead of raising a receivable, the stated capital was reduced. The receivable of R37,203 million was not deemed to be material. In the current reporting period, Thibault paid the R37,203 million, which has been recognised through the statement of changes in equity to correct stated capital.

Refer to **note 1.11** for the description of the nature and purpose of each reserve within equity.

Notes to the annual financial statements

for the year ended 30 June 2025

Accounting policies

1. Material accounting policies

The material accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate financial statements are prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair value, and incorporate the material accounting policies set out below. These accounting policies are consistent with those applied in the previous period other than for the new and revised accounting standards, outlined in **note 1.22** to the financial statements, which had no material impact on the results.

Safari

During the previous reporting period, Safari changed its financial year-end from 31 March to 30 June to align with its ultimate holding company, Heriot. This change improves consistency across the Group's financial reporting. As a result, the periods presented are not directly comparable; the current reporting period covers the 12 months ended 30 June 2025, while the prior period reflects an extended 15-month period ended 30 June 2024.

Thibault

Thibault was acquired on 28 June 2024, and on this basis, no income statement movements were included in the Group results for the year ended 30 June 2024. As a result, the financial information presented is not directly comparable between the current and prior periods.

The financial statements are prepared on the going concern basis and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

1.2 Statement of compliance

The consolidated and separate financial statements are prepared in accordance with IFRS® Accounting Standards, the requirements of the Companies Act and the JSE Listings Requirements.

1.3 Use of estimates and judgements

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that

affect the amounts represented in the consolidated and separate financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements.

Significant judgements and sources of estimation uncertainty

Significant judgements

Expected credit loss

Impairment of trade receivables – Note 10

An entity has a policy choice to apply either the simplified approach or the general approach for all trade and lease receivables that result from transactions that are within the scope of IFRS 16. The simplified approach does not require an entity to track the changes in credit risk, but instead, requires the entity to recognise a loss allowance based on lifetime expected credit losses ("ECLs") at each reporting date from origination.

The Group applies the IFRS 9 simplified approach to measuring ECLs using a lifetime ECL allowance for trade receivables. To measure ECLs on an individual basis, these receivables are assessed net of the value added tax clawback and deposit or guarantee held.

Arrears aged 90 days and over are considered to be in default and are in most instances deemed to be irrecoverable and provided for. The expected loss rates are based on the Group's historical credit losses experienced over the period prior to the period-end and are reassessed at each reporting date.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, as well as potential changes in the debtors' risk profiles.

The Group has identified the gross domestic product, unemployment rate and the inflation rate as the key macroeconomic factors.

Trade receivables are written off when internal and initial legal collection processes have been exhausted and a judgement is made that the amount is likely not recoverable. Factors considered when monitoring credit risk and determining write-offs include the financial status of the debtor or counterparty, existence and quality of security, disputes and failure of the debtor to engage on payment plans

or untraceable debtors. ECL allowances for trade receivables are based on assumptions about risk of default and expected loss rates. Judgement, based on past history, existing market conditions and forward-looking estimates of economic growth and forecast of retail sales, is used in making these assumptions.

Impairment of financial assets, dividends receivable from subsidiaries and other receivables – Notes 9 and 11

In terms of the provisions of IFRS 9 *Financial Instruments*, which requires a loss allowance to be recognised for all exposures to credit risk, the Group and Company apply the general approach to measuring ECLs in respect of related party loans, share scheme loans, amounts receivable from subsidiaries and other receivables.

The loss allowance for these receivables is calculated based on 12-month expected losses i.e. default events that are possible within 12 months if there has not been any significant increase in credit risk since initial recognition.

In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime ECLs.

The loss allowance is updated to either 12-month or lifetime ECLs at each reporting date based on changes in the credit risk since initial recognition. If the receivable is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

These receivables were analysed in terms of IFRS 9 by assessing the credit risk and expected default rate, taking into account mitigating factors including collateral held per receivable. Credit risk and the expected default rate are assessed based on a three-stage risk approach.

Stage 1 – Financial assets that have a low credit risk at the reporting date; 12-month ECLs are recognised.

Stage 2 – Assess if there has been a significant increase in credit risk and quality of the financial asset since initial recognition but it does not show objective evidence of impairment; lifetime ECLs are recognised.

Stage 3 – If there is objective evidence of impairment at the reporting date, lifetime ECLs are recognised.

Notes to the annual financial statements continued

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand.

The risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%). A loan is considered to be credit-impaired if it meets the definition of a defaulted loan.

In determining the loss allowance and whether the credit risk has increased significantly, the following inputs and assumptions are used for related party and employee share scheme loans:

- Repayment dates of the loans;
- Growth projections of the properties owned by the borrowers and sureties provided on the loans. Further, the net equity position of a loan is assessed, along with the income-generating abilities of the properties, from day-to-day trading conditions and the surrounding areas;
- The employee share scheme loans are compared to the year-end market price to assess recoverability; and
- An interest rate sensitivity analysis to stress test loan repayment tenures.

Other receivables mainly comprise deposits paid to Eskom and major municipalities. In determining the loss allowance and whether the credit risk has increased significantly, the following inputs and assumptions are used:

- Location of the municipality; and
- Financial status of the municipality and/or state-owned entity.

Write-off policy

The Group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no prospect of recovery e.g. when the counterparty has been placed in liquidation or has entered into business rescue proceedings. Loans written off may still be subject to enforcement, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Taxation – Note 31

Due to the complexity of the tax legislation, judgement is required in determining the provision for income taxes.

Heriot is a REIT and tax and deferred tax are accounted for accordingly. On this basis, dividends paid to shareholders are allowable as a tax deduction and no deferred tax is provided on movements in the fair value of investment property as no capital gains tax is payable on disposal of properties. Deferred tax is, however, provided for capital allowances claimed in respect of investment property acquired in terms of a business combination where allowances were claimed before obtaining REIT status and will be recouped on the disposal of such assets.

Investment in Texton – Notes 9 and 41.1

While Heriot, through its wholly owned subsidiary Thibault, has a 21,7% (2024: 21,5%) shareholding in Texton excluding treasury shares, the following significant judgements were applied in order to conclude that neither Heriot nor Thibault had significant influence over the company due to the following factors:

- Neither Heriot nor Thibault has the ability to appoint a director to the Texton board;
- Neither Heriot nor Thibault is permitted to participate in any policy-making processes, including decisions about dividends or other distributions;
- The only material transactions between the entities are the Texton shares acquired by Thibault and the dividends received from Texton;
- There is no interchange of managerial personnel between the companies; and
- Heriot and Thibault only have access to publicly available information as released by Texton.

On this basis, the investment in Texton has been classified under non-current financial assets and accounted for at fair value through profit or loss in terms of IFRS 9 at the reporting date (refer to **note 9.3**).

Investment in Thibault – Note 41.1

In the previous reporting period, the acquisition of Thibault was accounted for as a BCUCC as a result of Heriot Investments' controlling stake in Heriot and Thibault prior to and after the Thibault acquisition. As IFRS[®] Accounting Standards do not provide guidance on the accounting for a BCUCC, Heriot applied significant judgement when developing this policy and applied the predecessor value method in accounting for the BCUCC (refer to **note 41.1**).

Sources of estimation uncertainty

Investment properties – Note 2

The property portfolio is valued externally by a professional valuer on an annual basis using discounted cash flow projections. Cash flow projections are based on estimates of future net rental cash flows, discounted using rates that reflect current market assessments, together with external evidence such as current market rentals for similar properties in the same location.

Future rentals are estimated taking into account existing lease contracts and escalations, location, the condition of the property, lease covenants, current market rentals, conditions and the economy.

Fair value measurement of contingent consideration – Note 9

The fair value of contingent consideration is based on an estimation of the probability of achieving certain performance targets. The judgements applied are disclosed in **note 9.5**.

Impairments of investments in subsidiaries – Note 5

The Group tests whether assets have suffered any impairment in accordance with the accounting policy stated in **note 1**. The recoverable amounts of cash-generating units have been determined based on future cash flows discounted to their present value using appropriate rates. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Expected credit loss – Note 10

The Group applies the IFRS 9 simplified approach to measuring ECLs using a lifetime ECL allowance for trade receivables.

To measure ECLs on an individual basis, these receivables are assessed net of value added tax and deposits or guarantees held.

Details of the forward-looking information incorporated in the measurement of ECL allowances for trade receivables are provided on **page 80**.

Notes to the annual financial statements continued

1.4 Basis of consolidation

Subsidiaries – Note 5

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. The Group has control of an investee when it has power over the investee and has the ability to use its power to affect the amount the investee returns to the investor.

The results of subsidiaries are included from the date control was acquired up to the date control ceased. Cost comprises the fair value of any assets transferred, liabilities or obligations assumed and equity instruments issued and excludes transaction costs.

Investments in subsidiaries in the separate financial statements of the Company are reflected at cost less accumulated impairment losses.

The accounting policies of the subsidiaries are consistent with those of the Group.

Associates and joint ventures – Note 6

An associate is an entity over which the Group has significant influence.

A joint venture is an entity over which the Group has joint control.

Investments in associates and joint ventures are accounted for at cost less accumulated impairment losses in the Company's separate financial statements. At Group level, these investments are initially measured at cost subsequently using the equity method. The Group's investment in associates and joint ventures includes goodwill identified on acquisition (net of any accumulated impairment loss).

The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses equals or exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the Group and equity-accounted investments are eliminated to the extent of the Group's interest in the associates and joint ventures. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

1.5 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

On the basis that the fair value of the assets and liabilities assumed exceeds the consideration transferred to acquire the subsidiary, the bargain purchase gain is recognised in the statement of comprehensive income.

Business combination under common control – Note 41.1 Thibault acquisition

Effective 28 June 2024, Heriot entered into exchange agreements with Thibault and its shareholders for the acquisition of 100% of the issued shares in Thibault in terms of Section 42 of the Income Tax Act.

In terms of this transaction, Heriot acquired all of the 103 009 878 issued shares of Thibault in exchange for 63 866 124 new Heriot shares, equating to an exchange ratio of 62 new Heriot shares for every 100 Thibault shares in issue.

From 28 June 2024, Heriot controlled Thibault by virtue of 100% of voting rights held.

Accounting treatment of the Thibault acquisition

The acquisition of Thibault was accounted for as a BCUCC as a result of Heriot Investments' controlling stake in Heriot and Thibault prior to and after the Thibault acquisition. As IFRS® Accounting Standards do not provide guidance on the accounting for a BCUCC, Heriot applied significant judgement when developing this policy and applied the predecessor value method in accounting for the BCUCC.

In terms of this method, the purchaser recognises the assets acquired and liabilities assumed at their carrying amounts on the date on which it assumes control of a subsidiary. As the carrying amounts of the assets and liabilities assumed exceed the consideration transferred to acquire the subsidiary, a bargain purchase gain was recognised in the statement of changes in equity.

Purchase consideration

On 28 June 2024, Heriot acquired 100% of Thibault through the issue of 63 866 124 new Heriot shares at the market value of R15,00 per share, equating to a purchase consideration of R957,992 million.

On 30 June 2024, Thibault declared a distribution of R37,203 million to Heriot, reducing the total purchase consideration to R920,789 million (refer to the **SOCIE, notes 5 and 41.1**).

Further, Thibault's net assets included a 10,0% interest of 25 952 710 shares in Safari, valued at R257,931 million, being the value of Thibault's interest in Safari at R9,94 per share on the date of the Thibault acquisition. As Heriot already owned a controlling stake in Safari, the effect of the Thibault acquisition at a Group level was a reduction in the NCI in Safari and a reduction in the purchase price of Thibault to R662,858 million (refer to the **SOCIE, notes 16 and 41.1**).

Notes to the annual financial statements continued

Bargain gain

The application of the predecessor business combination method resulted in the acquisition of Thibault's net assets at the carrying value of R1,036 billion on the effective date.

As the carrying value of Thibault's net assets exceeded the net purchase consideration of R662,858 million, a bargain gain of R373,524 million was realised through the statement of changes in equity in the previous reporting period (refer to the **SOCIE** and **note 41.1**).

Distribution from Thibault

Thibault's distribution of R37,203 million to Heriot for the year ended 30 June 2024 was included as a non-IFRS® Accounting Standards distributable earnings adjustment in its results to 30 June 2024.

In the Group financials, the prior year distribution declared by Thibault was recognised through the statement of changes in equity and settled against the cost of shares issued to acquire Thibault (refer to the **SOCIE**).

In the Company's financials, the R37,203 million dividend declared to Heriot reduced the purchase consideration, or cost of shares, issued to acquire Thibault. On this basis, instead of raising a receivable, the stated capital was reduced. The receivable of R37,203 million was not deemed to be material. In the current reporting period, Thibault paid the R37,203 million, which has been recognised through the statement of changes in equity to correct stated capital (refer to the **SOCIE** and **note 5**).

1.6 Investment property

1.6.1 Investment property – Note 2

Investment property is property held to earn rental income for capital appreciation.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine fair value.

The vacant land has been valued on the "direct comparable basis".

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

Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss in the period during which it occurs.

When the Group begins to redevelop an existing investment property, consideration is given to whether or not the property needs to be reclassified as investment property under development or should remain as investment property, which is measured based on the fair value model.

Tenant installations and lease commissions are capitalised and amortised over the period of the lease. The carrying values of lease commissions and tenant installations are included with investment properties.

Solar plant costs are capitalised and amortised over the useful life of the various components. The carrying values of the solar plants are included with investment properties, and income generated through savings has been taken into account when calculating the fair value of investment properties.

1.6.2 Investment property under development – Note 3

Investment property under development is stated at fair value. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers apply either the discounted cash flow or the capitalisation of net income method to projected cash flows for the completed development to determine fair value. If the fair value of the developments cannot be reliably measured, the property will be carried at cost.

On completion, investment property under development is transferred to investment property.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditure for the development, qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the asset is substantially ready for its intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general borrowings, the weighted average cost of borrowings.

1.7 Property, plant and equipment – Note 4

Properties that are occupied by the Company for internal purposes are recognised in terms of the accounting policy for property, plant and equipment.

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, if any.

Depreciation is calculated on the straight-line method to write off costs to their residual values over their estimated useful lives. The depreciation rates applicable are as follows:

Land and buildings	50 years
Computer equipment	3 years
Furniture, fittings and equipment	10 years
Motor vehicles	5 years

The useful lives and residual values of property, plant and equipment are assessed annually.

Notes to the annual financial statements continued

1.8 Financial instruments

The Group's financial instruments consist of equity instruments, loans receivable and payable, trade and other receivables, trade and other payables, cash, borrowings and derivative financial instruments.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not measured at fair value through profit or loss, transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

Cash and cash equivalents	Carried at amortised cost
Financial assets including related party loans, share scheme loans and amounts receivable from subsidiaries	Stated at amortised cost using the effective interest method less accumulated impairment losses
Financial assets including investment in listed shares	Investments in listed shares are recognised at fair value through profit or loss
Trade and other payables	Stated at amortised cost using the effective interest method
Related party loans payable	Stated at amortised cost using the effective interest method
Financial liabilities	Non-derivative financial liabilities not at fair value through profit or loss are recognised at amortised cost using the effective interest method
Derivative financial instruments	Derivative financial instruments are recognised at fair value through profit or loss

The gain or loss on remeasurement to fair value is recognised on financial instruments at fair value through profit or loss immediately in profit or loss. Directly attributable transaction costs on these instruments are recognised in profit or loss when incurred.

For all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, discounting is not applied as the fair values of these instruments approximate their carrying values.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Expected credit loss

The Group recognises a loss allowance for ECLs on trade and other receivables and loan receivables.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised in respect of defaulting trade receivables from initial recognition of the receivables. Defaulting trade receivables are generally those receivables for which there have been no collections for more than 90 days. Trade receivables are derecognised when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

For related party loans, employee share scheme loans and other receivables, credit risk is assessed based on the borrower's ability to service its debt as it falls due. The Group and Company apply the IFRS 9 general approach to measuring ECLs. The loss allowance for these financial assets is calculated with reference to ECLs for the next 12 months where credit risk has remained unchanged from the last reporting period. Where there has been a significant change in risk, the loss allowance is calculated based on lifetime ECLs.

1.9 Leases – Note 8

All leases with tenants are classified as operating leases.

Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term.

The accrued operating lease income straight-lining adjustment is recognised as an asset in the statement of financial position. Income from leases is disclosed within revenue in profit or loss.

Contingent rentals

Where applicable, turnover rent is negotiated with tenants on an individual basis. Turnover rent is recognised when it is due in terms of the lease agreement.

Leases – Group as lessee

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item in the statement of financial position.

The Group would remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset), even though this is not applicable in the current financial year, when:

- the term, in which case the lease liability, is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

Notes to the annual financial statements continued

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item in the statement of financial position.

Right-of-use assets are measured at cost at the commencement date and comprise the following:

- The initial amount of the corresponding lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred; and
- Less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease. For right-of-use assets which are depreciated over their useful lives, if ownership does not transfer, the useful life is restricted to the lease term.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.10 Contingent consideration – financial assets – Note 9

Contingent consideration arising on the disposal of subsidiaries, businesses or assets is recognised as a financial asset when the Group has a contractual right to receive cash (IAS 32.11).

Such assets are initially recognised at fair value at the date of disposal and are subsequently remeasured at fair value at each reporting date, with changes in fair value recognised in profit or loss (IFRS 9).

Where the contractual terms of the contingent consideration do not meet the “solely payments of principal and interest” criterion under IFRS 9, the asset is classified as measured at fair value through profit or loss. This typically arises when the return is linked to the future performance of the disposed entity.

Fair value is determined based on the probability-weighted expected cash flows and reflects management’s best estimate of the outcome of the relevant performance conditions.

1.11 Stated capital and equity

Share capital – Note 15

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity and those paid for and issued are recognised as stated capital.

The ordinary shares fully paid for but not yet issued are classified as equity within the statement of changes in equity.

Company shares held by subsidiaries are classified as treasury shares on consolidation and presented as a deduction from equity. These shares are held at cost in the consolidated financial statements.

Non-controlling interest – Note 16

The NCI reserve relates to the portion of equity ownership in a subsidiary not attributable to the Parent Company. The Group elects on each acquisition to initially measure NCI on the acquisition date at either fair value or at the NCI’s proportionate share of the investees’ identifiable net assets.

Reserves

Reserves comprise retained earnings.

- Retained earnings comprise the following components recognised directly through the statements of profit or loss and other comprehensive income:
 - **Profit from operations** – Comprises Group earnings generated from operations;
 - **Fair value adjustments on investment properties** – Comprise changes in the fair values of investment properties, property under development and investment property held for sale (refer to **note 30**);

- **Other fair value and accounting adjustments** – The other fair value and accounting adjustments relate to all other items accounted for in profit or loss, such as the fair value adjustments (excluding the NCI portion of the fair value adjustments), straight-line lease income adjustments, non-cash charges, capital items and deferred taxation (refer to **notes 16, 18, 22 and 30**); and
- **Bargain gains** – Where the net recognised amount of the identifiable assets acquired and liabilities assumed exceeds the fair value of the consideration transferred (including the recognised amount of any NCI in the acquiree and the fair value of any existing equity interest), this excess is recognised immediately in profit or loss as a gain on bargain purchase. The bargain purchase reserve relates to the cumulative gain on bargain purchases.

- Retained earnings comprise the following components recognised directly through the statement of changes in equity:
 - **Gains and losses recognised on acquisition of minority interest** – On the basis the Group already has a controlling stake in the company and where the fair value of the minority interest acquired exceeds the consideration transferred, this excess is recognised immediately in equity as a gain on purchase. Where the fair value of the minority interest acquired is less than the consideration transferred, this loss is recognised immediately in equity as a loss on purchase; and
 - **Bargain gain recognised on a BCUCC** – Where the net carrying amount of the identifiable assets acquired and liabilities assumed exceeds the consideration transferred, this excess is recognised immediately in equity as a gain on bargain purchase (refer to **notes 1.5, SOCIE and 41.1**).

Dividends

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

Notes to the annual financial statements continued

1.12 Joint operations – Note 43

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises the following in relation to its interests in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its share of expenses, including its share of any expenses incurred jointly.

1.13 Revenue – Notes 11 and 22

Revenue comprises gross rental revenue and recoveries from tenants, excluding value added taxation. The Group recognises revenue in accordance with:

- IFRS 16 – Contractual rental income; and
- IFRS 15 – Revenue from cost recoveries.

Rental revenue from investment property is recognised on a straight-line lease basis when a lease is signed and the tenant has taken occupation of the premises. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Turnover rentals are recognised as revenue when the amounts can be reliably measured.

Operating cost recoveries, comprising the Group's recovery of costs for providing the tenant with services as determined by the lease agreement, are levied monthly in arrears. Operating cost recoveries are based on consumption and actual expenses incurred and are accounted for in accordance with IFRS 15. Recovery income is allocated between the Group's operating segments in order to depict how the nature, timing, amount and uncertainty of revenue and cash flows are affected by economic factors. Operating cost recoveries are recognised over time.

Rentals and recoveries are billed on a monthly basis and payment is due by the first of the month. At Company level, revenue comprises dividend income received from subsidiaries.

1.14 Property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

1.15 Financing costs – Note 28

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

1.16 Finance income – Note 29

Finance income comprises interest income, which is recognised as it accrues, taking into account the effective yield on the asset.

1.17 Income tax – Note 31

As the Group is a REIT, no provision has been provided for current tax in respect of South African subsidiaries as the Group's distributable income is paid to shareholders. No deferred tax has been provided on movements in the fair value of investment property as no capital gains tax is payable on disposal of properties due to REIT legislation. Deferred tax has been provided for capital allowances claimed in respect of investment property acquired in terms of a business combination, where allowances were claimed before obtaining REIT status and will be recouped on the disposal of such assets.

1.18 Investment and other income – Note 23

Investment income: Investment income comprises dividends received from its investment in Texton, a listed REIT on the JSE. Dividends received from Texton are recognised on the declaration date through the statement of comprehensive income.

Other income: Other income is income from activities unrelated to the Group's and Company's ordinary activities, such as *ad hoc* rental on non-gross lettable area ("GLA") space within and outside of the shopping centres and management fees received for providing property management services to third parties. Other income is recognised when it is probable that future economic benefits will flow to the Group and/or the Company and when the amount can be measured reliably.

1.19 Segmental reporting – Note 42

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses for which discreet financial information is available. The segments are determined based on the Group's management and internal reporting structure that is determined by the Group's Executive Directors.

The Group's portfolio is organised into three operating categories: Sectoral, Group components and Geographical. These categories are aligned with the Group's operating segments, which are consistent with the internal reporting reviewed by management and the Board. This structure enables management to evaluate performance, allocate resources and assess each segment's contribution to the Group as a whole. The Sectoral and Group components categories represent the Group's primary reportable segments, for which discrete financial information is available and regularly assessed by management and the Board.

The Group's primary segments are as follows:

Sectoral	Group components
<ul style="list-style-type: none"> • Retail • Industrial • Office • Specialised • Residential/aparthotel • Other 	<ul style="list-style-type: none"> • Heriot • Safari • Thibault

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of Group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Unallocated items comprise mainly head office expenses and income tax assets and liabilities.

Notes to the annual financial statements continued

1.20 Investment property and disposal groups held for sale – Note 14

Non-current assets (and disposal groups) are classified as held for sale and measured at the lower of their carrying amount or fair value less costs to sell when the value of the asset will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The Group is committed to the sale of the non-current asset, with the likelihood of the transaction expected to qualify for recognition as a completed sale within one year from the date of classification. In the event a sale is not concluded within one year, management will assess whether the non-current asset still meets the criteria to be held for sale.

In its assessment, management will consider if the delay in sale is due to developments outside the entity's control and if management still considers the sale as highly probable and the asset continues to be available for immediate sale in its current condition. Interest and other expenses attributable to the liabilities of an asset classified as held for sale are recognised in profit or loss.

1.21 Impairment of non-financial assets

At the end of each reporting period, an assessment is made as to whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount for the individual asset is estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by way of an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

At each reporting date, an assessment is made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

For investments in subsidiaries, the carrying value of each investment is assessed for impairment in terms of IAS 36 and in instances where the investment is considered to be impaired, the investment was written down to its estimated recoverable amount by way of an impairment loss. The estimated recoverable amount of each subsidiary is calculated by reference to its NAV which represents the fair value.

1.22 New standards, interpretations and amendments

1.22.1 Standards and interpretations effective and adopted in the current period

In the current year, the Group has adopted the following standards and interpretations that are relevant to its operations.

None of these changes had a material impact on the results of the Group.

IFRS 16 Leases

Amendment to IFRS 16: Lease Liability in Sale and Leaseback

Effective 1 January 2024, the International Accounting Standards Board ("IASB") issued the amendment that requires a seller-lessee in a sale and leaseback transaction to determine "lease payments" or "revised lease payments" in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The adoption of this standard has been considered and there was no effect on the results of the Group.

IAS 1: Disclosure of accounting policies

Amendments to IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)

Effective 1 January 2024, the IASB issued the classification of liabilities as current or non-current (amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The adoption of this standard has been considered and is deemed immaterial to the results of the Group.

Amendments to IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

Amendments made to IAS 1 *Presentation of Financial Statements* clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. These relate to the compliance of covenants. Classification is unaffected by the entity's expectations or events after the reporting date.

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendment requires disclosures if an entity classifies a liability as non-current and that liability is subject to covenants with which the entity must comply within 12 months of the reporting date.

The disclosures include:

- the carrying amount of the liability;
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity might have difficulty complying with the covenants.

The amendment also clarified what IAS 1 means when it refers to the "settlement" of a liability.

The Group has applied this amendment for the reporting period.

IAS 7 amendment – Supplier finance arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

These amendments enhance transparency by requiring entities to disclose information about the terms and use of supplier finance arrangements, including the impact on the Company's liquidity and cash flows. The adoption of these amendments ensures that users of the financial statements are provided with relevant information regarding the nature and extent of supplier finance arrangements.

The adoption of this standard has been considered and is deemed immaterial to the results of the Group.

Notes to the annual financial statements continued

1.22.2 Standards and interpretations not yet effective

The Group and Company have elected not to early adopt the following standards during the current financial year, as well as amendments to standards and interpretations issued by the IASB that are effective in future reporting periods. These new standards, amendments to standards and interpretations are currently being evaluated for their impact on the Group's financial results. They are not expected to have a material impact on the Group's financial results but are expected to materially impact the manner in which the results are reported in future periods.

Standard/interpretation	Effective date – years beginning on or after	Impact on financials
<p>Annual Improvements to IFRS® Accounting Standards</p> <p>Annual improvements are limited to changes that either clarify the wording in an IFRS® Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the IFRS® Accounting Standards. The proposed improvements are packaged together in one document:</p> <ul style="list-style-type: none"> • Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to guidance on implementing IFRS 7) • Gain or Loss on Derecognition (Amendments to IFRS 7) • Introduction and Credit Risk Disclosures (Amendment to guidance on implementing IFRS 7) • Derecognition of Lease Liabilities (Amendments to IFRS 9) • Transaction Price (Amendments to IFRS 9) • Determination of a "De Facto Agent" (Amendments to IFRS 10) • Cost Method (Amendments to IAS 7) 	1 January 2026	The Group is currently assessing the impact of the disclosure that will be required at the effective date.
<p>Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i></p> <p>The amendments clarify the requirements for the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The amendments also provide further guidance on assessing whether a financial asset meets the solely payments of principal and interest criterion. The amendments require additional disclosure for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental, social and governance targets) as well as equity instruments designated at fair value through other comprehensive income.</p>	1 January 2026	The Group is currently assessing the impact of the disclosure that will be required at the effective date.
<p>IFRS 18 <i>Presentation and Disclosure in Financial Statements</i></p> <p>The accounting standard replaces IAS 1 and introduces new requirements on the structure of presentation within the statement of profit or loss, including subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary annual financial statements and the notes.</p>	1 January 2027	The Group is currently assessing the impact of the disclosure that will be required at the effective date.
<p>ZARONIA – Global benchmark interest rate reform</p> <p>The IASB published proposed amendments as a result of the second phase of its project on the IBOR reform. The proposed amendments would address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The JIBAR will be replaced in the near future with the new replacement rate, ZARONIA.</p>	<p>The next steps in the transition to ZARONIA are expected as follows:</p> <ul style="list-style-type: none"> • First quarter of 2025 – To first commence for use in derivative pricing; • June 2025 – To commence for cash; and • December 2025 – An active transition to commence with a formal announcement on the cessation of JIBAR. 	Management continues to engage with the Group's lenders with regard to the implementation. The impact of the transition will be assessed once more information on the transition is available.

Notes to the annual financial statements continued

2. Investment property

	Note	Group	
		2025 R'000	2024 R'000
Investment property		12 379 190	11 343 750
<i>Comprising:</i>			
Investment property		12 103 269	11 109 783
Cost		9 777 760	9 876 294
Fair value surplus		2 325 509	1 233 489
Straight-line rental income accrual		275 921	233 967
		12 379 190	11 343 750
Movement in investment property for the year			
Investment properties at the beginning of the year		11 343 750	8 891 700
Improvements capitalised to investment property	33.6	164 835	170 463
Straight-line rental income accrual for the year	22	41 954	15 963
Acquired on acquisition of subsidiary (Thibault)	41.1	–	1 794 750
Acquired on acquisition of subsidiary (Fixtrade)	41.2	–	11 419
Capitalised borrowing costs ¹		3 870	3 341
Transfer to non-current assets held for sale (Safari Namibia)	14	(290 000)	–
Transfer to non-current assets held for sale (Fixtrade)	14	(26 300)	–
Change in fair value	30	1 092 020	466 198
Solar installations		9 080	(3 530)
Capitalised	33.6	13 488	176
Amortised		(4 408)	(3 706)
Tenant installations		39 981	(6 553)
Capitalised	33.6	52 234	2 491
Amortised		(12 253)	(9 044)
Balance at the end of the year		12 379 190	11 343 750

	Note	Group	
		2025 R'000	2024 R'000
Movement in straight-line rental income accrual			
Balance at the beginning of the year		233 967	205 193
Arising during the year		41 954	15 963
Acquired on acquisition of subsidiary	41.1	–	12 811
Balance at the end of the year		275 921	233 967
Reconciliation to independent valuation			
Cost plus fair value surplus		12 103 269	11 109 783
Straight-line rental income accrual		275 921	233 967
Investment property as per valuation		12 379 190	11 343 750
Investment property summary per company		12 379 190	11 343 750
Heriot		6 225 190	5 688 200
Safari		4 019 000	3 860 800
Thibault		2 135 000	1 794 750

¹ Interest was capitalised to investment property as a result of the 2 300m² extension of Helderberg Mall and refurbishments at the Atlyn, Thabong and Nkomo Shopping Centres.

For rental income and direct property expenses arising from investment property that generated rental income during the period, refer to **note 42**.

First mortgage bonds have been registered over investment property and property under development valued at R12,677 billion (2024: R9,679 billion) as security for interest-bearing borrowings of R5,302 billion (2024: R5,053 billion).

The Group's policy is to value the entire investment property portfolio annually by an independent valuator. The external valuations are assessed by management and approved by the Board.

The properties were valued by Peter Parfitt of Quadrant Properties Proprietary Limited who is a registered valuer in terms of Section 19 of the Property Valuers Profession Act No 47 of 2000. The properties were valued using the discounted cash flow method which method values the properties by discounting the cash flows of future income streams of the properties, taking into account expected rental and expense growth rates, vacancies and costs not recoverable from tenants. The discounted cash flow valuations are tested for reasonableness by benchmarking against recent comparable sales activity and available market surveys and comparing the discounted cash flow values to the capitalised cash flow values. The capitalised cash flow values are calculated by applying appropriate capitalisation rates to the future earnings potential of the properties. The capitalisation rates are dependent on a number of factors such as location, the condition of the property, lease covenants and current market conditions.

Investment property is categorised as Level 3 in the hierarchy whereby the fair value is determined through the use of valuation techniques using significant unobservable inputs. Refer to **note 37.6**.

Assumptions applied to the valuation of investment property are noted as follows.

Notes to the annual financial statements continued

2. Investment property continued

Significant unobservable inputs

Significant unobservable inputs include the financial information used to calculate the forecast net income, including exit capitalisation rates, future growth in revenue, operating costs and discount rates.

	Group			
	Capitalisation rates %	Rental growth rates %	Operating expense growth rates %	Discount rates %
Average per sector				
2025				
Industrial	9,00	5,14	4,75	14,03
Retail	8,80	5,67	4,75	13,55
Office	8,59	7,39	4,75	13,34
Specialised ¹	8,50	1,14	4,00	12,50
Residential/aparthotel	9,00	6,06	4,75	12,50
Portfolio average	8,81	5,64	4,74	13,54
2024				
Industrial	9,39	6,77	8,59	14,77
Retail	8,89	7,47	8,83	14,32
Office	9,23	8,44	7,19	13,92
Specialised	8,50	4,81	4,55	12,70
Residential/aparthotel	9,00	6,99	15,43	14,25
Portfolio average	8,92	7,32	8,78	14,25

¹ The decrease in the revenue growth rate for the specialised sector is attributable to lower global timber prices, driven by reduced demand, which has negatively affected forward-looking revenue growth in this sector.

During the reporting period, inflation stabilised between 3% and 4%, interest rates decreased by 100bps and net property income increased across all sectors. As a result, capitalisation and discount rates declined, positively impacting property valuations, while forward-looking expense growth has reduced from 8,78% to approximately 4,74%.

Range of inputs per sector

	Group			
	Capitalisation rates %	Rental growth rates %	Operating expense growth rates %	Discount rates %
2025				
Industrial	8,75 – 11,00	2,63 – 8,13	4,75	13,50 – 15,75
Retail	8,00 – 11,50	3,64 – 13,04	4,75	12,75 – 16,25
Office	8,00 – 10,50	3,67 – 10,16	4,75	12,75 – 15,25
Specialised	8,50	0,00 – 3,55	4,00	12,50
Residential/aparthotel	8,00 – 11,50	4,70 – 7,58	4,75	12,75 – 16,25
2024				
Industrial	8,75 – 10,75	5,61 – 9,54	7,01 – 10,25	14,00 – 16,25
Retail	8,25 – 10,00	2,09 – 8,77	5,50 – 11,94	10,00 – 15,25
Office	8,75 – 10,50	3,75 – 11,41	5,90 – 9,14	13,25 – 16,00
Specialised	8,50	4,70 – 5,01	4,50 – 4,80	12,50 – 13,50
Residential/aparthotel	7,50 – 9,50	4,84 – 6,99	7,00 – 15,43	12,75 – 14,25

Notes to the annual financial statements continued

2. Investment property continued

Inter-relationship between key unobservable inputs and fair value measurement

The fair value of investment properties would be affected by:

- change in expected market rental growth;
- change in expected expense growth; and
- change in discount and capitalisation rates.

The table below illustrates the sensitivity to key observable inputs in determining the valuation of investment property for those properties that were valued utilising the discounted cash flow method.

	0,5% decrease in capitalisation rate R'000	0,5% increase in capitalisation rate R'000	0,5% decrease in discount rate R'000	0,5% increase in discount rate R'000
2025				
Industrial	71 356	(64 308)	37 429	(36 539)
Retail	337 312	(300 701)	168 065	(164 146)
Office	16 362	(15 289)	12 054	(11 763)
Specialised ¹	–	–	4 663	(4 459)
Residential/aparthotel	24 753	(22 842)	16 320	(15 925)
Total	449 783	(403 140)	238 531	(232 832)
2024				
Industrial	64 135	(57 826)	33 843	(33 045)
Retail	384 046	(344 784)	303 350	(278 689)
Office	27 995	(24 976)	15 711	(15 259)
Specialised ¹	–	–	757	(736)
Residential/aparthotel	23 241	(20 679)	15 114	(14 621)
Total	499 417	(448 265)	368 775	(342 350)

	5% increase in revenue R'000	5% decrease in revenue R'000	5% decrease in expenses R'000	5% increase in expenses R'000
2025				
Industrial	140 106	(140 106)	45 719	(45 719)
Retail	668 989	(668 989)	267 808	(267 808)
Office	50 691	(50 691)	21 959	(21 959)
Specialised ¹	7 048	(7 048)	883	(883)
Residential/aparthotel	56 282	(56 282)	19 285	(19 285)
Total	923 116	(923 116)	355 654	(355 654)
2024				
Industrial	689 157	(689 157)	274 279	(274 279)
Retail	141 691	(141 691)	43 307	(43 307)
Office	50 282	(50 282)	19 092	(19 092)
Specialised ¹	5 959	(5 959)	400	(400)
Residential/aparthotel	46 660	(46 660)	14 321	(14 321)
Total	933 749	(933 749)	351 399	(351 399)

¹ There is no terminal value for these properties. This sector comprises paper plantations that are underpinned by long-term leases with Mondi. The valuation of these properties has been based on the value of the land together with the value of the timber on lease expiry, discounted to present value.

If the valuer were to increase both the terminal capitalisation and discount rates by 0,50%, the total valuation would decrease by R403,140 million and R232,832 million, respectively (2024: R448,265 million and R342,350 million).

If the valuer were to decrease both the terminal capitalisation and discount rates by 0,50%, the total valuation would increase by R449,783 million and R238,531 million, respectively (2024: R499,417 million and R368,775 million).

If the valuer were to increase/(decrease) the revenue growth rates by 5%, the total valuation would increase/(decrease) by R923,116 million (2024: R933,749 million).

If the valuer were to (increase)/decrease the expense growth rates by 5%, the total valuation would increase/(decrease) by R355,654 million (2024: R351,399 million).

Notes to the annual financial statements continued

2. Investment property continued

The table below illustrates the sensitivity to key unobservable inputs in determining the valuation of the paper plantations which utilised comparable sales values for the land together with the value of the timber on lease expiry, discounted to present value.

	5% increase in land values R'000	5% decrease in land values R'000	5% increase in net value per tonne handed back R'000	5% decrease in net value per tonne handed back R'000
2025				
Paper plantation values	5 548	(5 548)	9 006	(9 006)
Total	5 548	(5 548)	9 006	(9 006)
2024				
Paper plantation values	5 381	(5 381)	10 984	(10 984)
Total	5 381	(5 381)	10 984	(10 984)

3. Property under development

	Note	Group	
		2025 R'000	2024 R'000
Property under development at valuation		238 412	92 525
Movement in property under development for the year			
Balance at the beginning of the year		92 525	91 345
Property acquired	33.7	68 390	–
Development costs	33.6	32 788	1 180
Capitalised borrowing costs		9 067	–
Transfer from trade and other receivables	10	17 754	–
Change in fair value	30	17 888	–
		238 412	92 525
Property under development summary per company		238 412	92 525
Heriot		238 412	92 525
Safari		–	–
Thibault		–	–

Property under development comprises two properties:

Mowbray – The Fibonacci

During the reporting period, the Mowbray project was redesigned and relaunched as The Fibonacci. The revised scheme increased the number of units from 464 to 574, with estimated development costs of R530,0 million and a projected initial yield of 13,49%.

Post the reporting period, the Group secured a R530,0 million development finance facility at prime minus 180bps, converting to a R330,0 million three-year term loan at three-month JIBAR plus 147,5bps. Post the reporting period, 174 units had been sold, generating R200,0 million in proceeds at an average selling price of R57 000 to R64 000 per square metre. Board approval was granted on 18 September 2025, with construction scheduled to commence in October 2025 and targeted completion for the 2028 academic year. Expenditure of R5,9 million was incurred during the reporting period, primarily for legal, professional and marketing fees. Direct operating expenses arising from this property amounted to R886 302 during the reporting period.

Finsbury Court – Horizon

On 3 July 2024, Heriot acquired Finsbury Court, a 2 500m² residential property on Beach Road, Sea Point, Cape Town, for R76,1 million. Initially comprising 19 units, the property is being redeveloped into a 36-unit aparthotel with a total of 50 bedrooms.

The purchase price and development are being funded through existing unutilised debt facilities.

R68,390 million was transferred directly to the conveyancer's account and is therefore not reflected on the statement of cash flows.

In the prior period, R17,754 million comprised the deposit and transfer duty paid for the property and was classified as trade and other receivables, as the property had not been transferred as of 30 June 2024. On 3 July 2024, being the transfer date, R17,754 million was transferred to an investment property under development.

As at the reporting date, R36,1 million in capital expenditure had been incurred, including R9,0 million in capitalised interest. Direct operating expenses arising from this property amounted to R588 886 during the reporting period.

The property has been bonded in favour of Nedbank Limited as security for interest-bearing borrowings (refer to **note 17**).

The property was valued by Peter Parfitt of Quadrant Properties Proprietary Limited who is a registered valuer in terms of Section 19 of the Property Valuers Professional Act No 47 of 2000. The property was valued using the capitalised cash flows value method. The capitalised cash flow values are calculated by applying appropriate capitalisation rates to the future earnings potential of the property. The capitalisation rates are dependent on a number of factors such as location, the condition of the property, lease covenants and current market conditions. The property under development is reported at fair value.

Notes to the annual financial statements continued

3. Property under development continued

Significant unobservable inputs

Significant unobservable inputs include the financial information used to calculate the forecast net income, including exit capitalisation rates, future growth in revenue and operating costs.

	Group		
	Capitalisation rates	Rental growth rates	Operating expense growth rates
Average inputs	%	%	%
Property under development as at 30 June 2025	9,40	6,43	4,75
Property under development as at 30 June 2024	9,50	6,00	8,00

	Group		
	Capitalisation rates	Rental growth rates	Operating expense growth rates
Range of inputs	%	%	%
Property under development as at 30 June 2025	9,25 – 9,50	6,03 – 7,02	4,75
Property under development as at 30 June 2024	9,50	6,00	8,00

Inter-relationship between key unobservable inputs and fair value measurement

The fair value of investment properties would be affected by:

- change in capitalisation rates;
- change in expected market rental growth; and
- change in expected expense growth.

The table below illustrates the sensitivity to key observable inputs in determining the valuation of property under development for those properties that were valued utilising the capitalised cash flow method.

	0,5% decrease in capitalisation rate	0,5% increase in capitalisation rate
	R'000	R'000
Property under development as at 30 June 2025	44 663	(40 107)
Property under development as at 30 June 2024	20 000	(24 000)

	5% increase in revenue	5% decrease in revenue	5% decrease in expenses	5% increase in expenses
	R'000	R'000	R'000	R'000
Property under development as at 30 June 2025	57 836	(57 836)	18 514	(18 514)
Property under development as at 30 June 2024	33 000	(33 000)	11 000	(11 000)

If the valuer were to increase the terminal capitalisation rate by 0,50%, the total valuation would decrease by R40,1 million (2024: R24,0 million).

If the valuer were to decrease the terminal capitalisation rate by 0,50%, the total valuation would increase by R44,6 million (2024: R20,0 million).

If the valuer were to increase/(decrease) the revenue growth rates by 5%, the total valuation would increase/(decrease) by R57,8 million (2024: R33,0 million).

If the valuer were to (increase)/decrease the expense growth rates by 5%, the total valuation would increase/(decrease) by R18,5 million (2024: R11,0 million).

Notes to the annual financial statements continued

4. Property, plant and equipment

	Group	
	2025 R'000	2024 R'000
Property	21 174	21 679
Cost	25 229	25 229
Accumulated depreciation	(4 055)	(3 550)
Computer equipment	50	508
Cost	2 415	2 087
Accumulated depreciation	(2 365)	(1 579)
Motor vehicles	185	81
Cost	200	234
Accumulated depreciation	(15)	(153)
Furniture, fittings and equipment	34 706	34 495
Cost	48 141	40 501
Accumulated depreciation	(13 435)	(6 006)
	56 115	56 763

Property comprises the owner-occupied property situated at unit 32 of Sectional Scheme 1 and 3 Melrose Boulevard. The properties have been bonded in favour of Nedbank Limited as security for interest-bearing borrowings. Refer to **note 17**.

	Note	Group	
		2025 R'000	2024 R'000
Movement for the year			
Balance at the beginning of the year		56 763	31 251
Additions	Cash flow	10 932	16 980
Computers		328	474
Furniture, fittings and equipment		10 434	16 506
Motor vehicles		170	–
Depreciation for the year		(8 920)	(4 386)
Owner-occupied property		(504)	(504)
Computers		(787)	(433)
Furniture, fittings and equipment		(7 563)	(3 415)
Motor vehicles		(66)	(34)
Carrying amount of furniture, fittings and equipment sold		(1 848)	(432)
Loss on sale of furniture, fittings and equipment		(392)	(236)
Proceeds from sales of furniture, fittings and equipment	Cash flow	(1 456)	(196)
Carrying amount of furniture, fittings and equipment transferred to held for sale ¹	14	(812)	–
Cost		(946)	–
Accumulated depreciation		134	–
Acquired on acquisition of subsidiary	41.1, 41.2	–	13 350
Furniture, fittings and equipment		–	12 958
Motor vehicles		–	115
Computers		–	277
		56 115	56 763
Property, plant and equipment summary per company			
Heriot		42 805	42 686
Safari		2 162	1 639
Thibault		11 148	12 438

¹ This includes property, plant and equipment reclassified to non-current assets held for sale and subsequently disposed of on 30 June 2025 as part of the Safari Namibia transaction. Refer to **note 14** for further details.

Notes to the annual financial statements continued

5. Investment in subsidiaries

	Note	Company			Carrying amount 2024 R'000	Carrying amount 2024 R'000	Company	
		Holding 2025 %	Holding 2024 %	Carrying amount 2025 R'000			Note	2025 R'000
Bait Away Trading Proprietary Limited ¹		100	100	38 618	31 798			
Beneficial Interest in Heriot Trust No. 1 ¹		100	100	99 659	93 213			
Beneficial Interest in Heriot Trust No. 3 ¹		100	100	71 625	71 625			
Chasie Investments Proprietary Limited ²		100	100	49 085	49 085			
Crosie Proprietary Limited ("Crosie") ¹		67	67	5 320	5 320			
Fin Properties 107 Proprietary Limited ("Fin 107") ¹		100	100	36 798	28 991			
Heriot Properties International Proprietary Limited ("HPI") ¹	16	90	90	158 135	158 135			
Heriot Properties Proprietary Limited ("Heriot Properties") ¹		100	100	1 515 451	1 515 451			
Heriot Properties West Proprietary Limited ¹		100	100	86 504	72 057			
Moditouch Proprietary Limited ("Moditouch") ¹	16	50	50	21 515	19 411			
Phokeng Mall Proprietary Limited ¹		100	100	133 134	133 134			
Terrace Drive Properties 34 Proprietary Limited ¹		100	100	200 736	200 736			
Tiger Stripes Investments 31 Proprietary Limited ¹		100	100	130	921			
Thibault REIT Limited ("Thibault") ¹	41.1	100	100	920 789	920 789			
				3 337 499	3 300 666			

	Note	2025 R'000	2024 R'000
Heriot Properties has the following subsidiaries:			
HP 10 Investments Proprietary Limited		100	100
Tembisa Mall Proprietary Limited		100	100
Fixtrade 605 Proprietary Limited		100	100
60 Adderley Proprietary Limited		60	60
Safari Investments RSA Limited		49,2	49,2
Crosie Proprietary Limited		33	33
Thibault has the following subsidiaries:			
14th Avenue Investments Proprietary Limited		100	100
Helderberg Property Investments Proprietary Limited		100	100
Sun Valley Property Investment Proprietary Limited		100	100
Thibault Investments Proprietary Limited		100	100
Airport Industria Investments Proprietary Limited		100	100
Safari Investments RSA Limited		10	10
Safari has the following subsidiaries:			
Safari Namibia Investments Proprietary Limited	14	–	100
Thabong Shopping Centre Proprietary Limited		100	100
Atlyn Shopping Centre Proprietary Limited		100	100

¹ Registered and operational in the Republic of South Africa.

² Registered and operational in Namibia.

Notes to the annual financial statements continued

5. Investment in subsidiaries continued

	Note	Company	
		2025 R'000	2024 R'000
Movement for the year			
Balance at the beginning of the year		3 300 666	2 365 646
Thibault REIT Limited ¹		–	920 789
Cost of shares acquired in Moditouch Proprietary Limited		1 125	–
Net impairment reversals/(losses)	24	35 708	14 231
Bait Away Trading Proprietary Limited		6 820	2 395
Beneficial Interest in Heriot Trust No. 1		6 446	2 627
Fin Properties 107 Proprietary Limited		7 807	4 311
Heriot Properties West Proprietary Limited		14 447	5 056
Moditouch Proprietary Limited		979	(21)
Tiger Stripes Investments 31 Proprietary Limited		(791)	(137)
		3 337 499	3 300 666

¹ Effective 28 June 2024, Heriot entered into exchange agreements with Thibault and its shareholders for the acquisition of 100% of the issued shares in Thibault in terms of Section 42 of the Income Tax Act. Refer to **note 41.1**.

In terms of this transaction, Heriot acquired all of the 103 009 878 issued shares of Thibault in exchange for 63 866 124 new Heriot shares, equating to an exchange ratio of 62 new Heriot shares for every 100 Thibault shares in issue (refer to **note 41.1** for further details).

Company

2024

Settled by issuing 63 866 124 shares to acquire the company

Shares issued as follows:

Number of shares issued	63 866 124
Market value per share on acquisition date (Rand)	15
Market value of shares issued (R'000)	957 992

Less: Dividend declared reducing cost of investment (R'000) (37 203)

Net cost of investment (R'000) 920 789

At the reporting date, the carrying value of each investment was assessed for impairment in terms of IAS 36 and in instances where the investment was considered to be impaired, the investment was written down to its estimated recoverable amount by way of an impairment loss. The estimated recoverable amount of each subsidiary was calculated with reference to its value in use. As the investment properties owned by each subsidiary are fair valued at each reporting date, the NAV of the subsidiary equates to its value in use. Any increase or decrease in impairment losses for the year is as a result of a change in the fair value of the investment properties owned by the subsidiaries.

6. Investment in associates and joint ventures

Note	Group			
	Effective shareholding 2025 %	Effective shareholding 2024 %	2025 R'000	2024 R'000
Other	50,0	–	318	–
			318	–

Notes to the annual financial statements continued

6. Investment in associates and joint ventures continued

	Note	Fixtrade R'000	Other R'000	Total R'000
2025				
Opening balance		-	-	-
Acquisition costs of associates and joint ventures	Cash flow	-	318	318
Balance at year-end		-	318	318
2024				
Opening balance		4 013	122	4 135
Acquisition costs of associates and joint ventures	Cash flow	4 700	-	4 700
Share of profits/(losses) for the year		912	(122)	790
Dividends paid by associates and joint ventures	Cash flow	(225)	-	(225)
Transfer to subsidiary on obtaining control	41.2	(9 400)	-	(9 400)
Balance at year-end		-	-	-

	Group	
	2025 R'000	2024 R'000
Dividends paid by associates and joint ventures comprise the following:		
Cash	-	225
Non-cash	-	-
	-	225

6.1 Investment in associates

6.1.1 Interest in Fixtrade

On 1 March 2024, Heriot Properties, a wholly owned subsidiary of Heriot, acquired the balance of issued shares in Fixtrade from the controlling shareholder for R4,7 million (refer to **note 41.2**).

Prior to the acquisition, Fixtrade was managed and controlled by the co-shareholder. All strategic and operational decisions were made by this co-shareholder and on this basis, Heriot was deemed to have significant influence but no control over Fixtrade.

7. Derivative financial instrument

	Note	Group	
		2025 R'000	2024 R'000
JIBAR-linked interest rate swaps – Acquired on acquisition of Safari	41.1	-	163
Less: Short-term portion of derivative instrument		-	(163)
		-	-

In August 2024, Safari's final interest rate swap, with a notional value of R50,0 million, expired. The Group has, for the time being, elected not to hedge any of its debt through interest rate swaps.

	Note	Group	
		2025 R'000	2024 R'000
Movement for the year			
Balance at the beginning of the year		163	2 632
Fair value adjustment movement for the year	30	(163)	(2 510)
Adjustment		-	41
		-	163
Derivative financial instrument summary per company			
Heriot		-	-
Safari		-	163
Thibault		-	-

Notes to the annual financial statements continued

8. Right-of-use assets

The carrying amount of right-of-use assets/(liabilities) acquired on the acquisition of Safari (refer to **note 41.1**) is as follows:

	Group	
	2025 R'000	2024 R'000
Right-of-use assets – non-current assets	1 010	1 515
Reconciliation of right-of-use asset		
Carrying amount at the beginning of the year	1 515	3 997
Extension of lease term and change in consideration	–	(1 651)
Depreciation	(505)	(831)
Carrying amount at the end of the year	1 010	1 515

Depreciation is recognised on the right-of-use asset which relates to buildings and is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss as part of operating expenses of the Group.

	Note	Group	
		2025 R'000	2024 R'000
Lease liabilities		2 153	2 969
At the beginning of the year		2 969	5 524
Modification of lease		(1)	(1 651)
Capital repayment of lease liabilities (per statement of cash flows)	Cash flow	(815)	(904)
Lease payments		(1 070)	(1 356)
Interest expense		255	452
At the end of the year		2 153	2 969
Non-current liabilities		1 171	2 153
Current liabilities		982	816
		2 153	2 969

	Group	
	2025 R'000	2024 R'000
Undiscounted maturity analysis of lease liabilities	2 372	3 443
Within one year	1 146	1 071
Within two years	1 226	1 146
Within three years	–	1 226
Within four years	–	–
Within five years	–	–
Right-of-use assets summary per company	1 010	1 515
Heriot	–	–
Safari	1 010	1 515
Thibault	–	–
Lease liabilities summary per company	2 153	2 969
Heriot	–	–
Safari	2 153	2 969
Thibault	–	–

Safari rents its head office premises under a lease agreement. The original lease term expired on 30 April 2024 by effluxion of time. In the comparative period ended 30 June 2024, the lease was renewed and accounted for as a modification under IFRS 16, as it represented an extension of the original lease term. The renewed lease commenced on 1 July 2023 and will run for a further four years, terminating on 30 June 2027. This modification was recognised by remeasuring the lease liability, with a corresponding adjustment to the carrying amount of the right-of-use asset.

Notes to the annual financial statements continued

9. Financial assets

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Loans to participants of the employee share scheme	9.1	33 989	34 265	33 989	34 265
Loan to related party	9.2	19 617	66 825	–	–
Investment in listed shares	9.3	190 553	212 868	–	–
Loan to subsidiaries (net of allowance for impairment)	9.4	–	–	–	–
Contingent consideration	9.5	10 000	–	–	–
		254 159	313 958	33 989	34 265
Split between non-current and current portions:					
Current assets		10 000	–	–	–
Non-current assets		244 159	313 958	33 989	34 265
Total		254 159	313 958	33 989	34 265
Movement for the year:					
9.1 Loans to participants of the employee share scheme					
Balance at the beginning of the year		34 265	34 116	34 265	34 116
Loans repaid during the year		(3 594)	(3 352)	(3 594)	(3 352)
Interest received		3 318	3 501	3 318	3 501
Balance at the end of the year		33 989	34 265	33 989	34 265
9.2 Loan to related parties					
Vendor loan – Heriot Investments					
Opening balance		66 825	40 309		
Increase in deferred capital proceeds non-cash	19	–	26 840		
Advanced during the year		52 784	9 267		
Repaid during the year		(103 170)	(15 240)		
Interest received		3 178	5 649		
Balance at the end of the year		19 617	66 825		

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
9.3 Investment in listed shares					
Balance at the beginning of the year		212 868	–		
On acquisition of subsidiary (Thibault)	41.1	–	212 868		
Acquisition of listed shares		1 579	–		
Return of capital		(51 591)	–		
Fair value adjustment	30	27 697	–		
Balance at the end of the year		190 553	212 868	–	–
9.4 Loan to subsidiaries					
Balance at the beginning of the year				–	46 397
Repaid during the year	Cash flow			–	(46 397)
Balance at the end of the year		–	–	–	–
9.5 Contingent consideration					
Raised during the reporting period		10 000	–		
Balance at the end of the year		10 000	–		

9.1 Loans due from participants of the employee share scheme arose on the acquisition of Heriot shares by employees at listing price of R10 per share. The loans are subject to the following conditions:

- The loans bear interest at Heriot's average cost of borrowings of 9,73% (2024: 10,27%) for the year;
- If the interest payable on the loans exceeds the dividends in respect of the year for which such dividends are declared, then such excess shall be added to and shall be deemed to form part of the loans;
- If the dividends payable on the plan shares in respect of the year for which such dividends are declared exceed the interest payable for such year, then such excess shall be made available to the participant unless the participant has indicated that such excess is to be applied in reducing the loan;
- The loans are secured by a pledge of shares to the Company;
- The Company is entitled to demand payment of the debt outstanding in respect of any plan shares at any time after the expiration of 10 years from the date of the agreement;
- The employees to whom the shares have been issued remain liable for the relevant outstanding scheme debt, irrespective of the value of the underlying shares, i.e. the employee is unconditionally bound to repay the loan, notwithstanding any decrease in the underlying value of the shares; and
- At the reporting date, the ECL considerations relating to the loans were the share price, interest rates and historical and projected dividends. As the market value of each Heriot share of R16,00 exceeds the carrying amount of R10,30 owed by each participant of the employee share scheme and projected dividends exceed the expected interest repayments, the credit risk relating to the loans has not increased. Accordingly, on the basis of a 12-month ECL assessment, credit risk has been assessed as stage 1, low risk of default resulting in no credit loss allowance provision being raised.

Notes to the annual financial statements continued

9. Financial assets continued

9.2 The loan to Heriot Investments, held at amortised cost, represents the unpaid net proceeds from the sale of Hagley. It accrues interest at the three-month JIBAR rate plus 185bps and is repayable within 48 months of the advance date, as the tenure was extended by 24 months to 31 December 2027 in the current financial year. During the reporting period, Heriot Investments' net repayment of R47,2 million reduced the balance from R66,8 million to R19,6 million while incurring R3,1 million in interest.

The purchaser's statement of financial position, historical and projected income have been assessed which confirm it has the necessary funds to settle the amount due.

At year-end, the expected credit risk relating to the loan has not increased significantly. This assessment has been based on the fact that the ultimate majority shareholder of the company is in sound financial position and has the funds available to settle the loan. Accordingly, on the basis of a 12-month ECL assessment, credit risk has been assessed as stage 1, low risk of default resulting in no credit loss allowance provision being raised.

9.3 The fair value of listed investments is determined using the closing market price on the relevant exchange. The investment in Texton comprises 64 594 305 shares valued at the closing market price of R2,95 per share at 30 June 2025. The fair value is based on a Level 1 fair value measurement hierarchy whereby the fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities. Refer to accounting policies **note 1.3** for significant judgements applied on the investment in Texton.

9.4 Loans to subsidiaries were interest-free and settled during the prior reporting period.

9.5 The Group recognised a financial asset relating to contingent consideration arising from the disposal of loan claims and the shareholding in Safari Namibia, (refer to **note 14**).

In terms of the sale agreement, the contingent consideration will realise after 12 months once certain conditions are met. This meets the definition of a financial asset in terms of IAS 32.11. In accordance with IFRS 9, the contingent consideration forms part of the disposal proceeds in determining any gain or loss on disposal.

The asset does not meet the "solely payments of principal and interest" test under IFRS 9, as the return is linked to meeting certain conditions which is not consistent with a basic lending arrangement (IFRS 9, B4.1.7 – B4.1.9). Consequently, the contingent consideration is classified and measured at fair value through profit or loss.

Fair value measurement reflects management's estimate of the probability-weighted outcomes of achieving specified performance targets. Changes in fair value are recognised in profit or loss in the period in which they arise.

The table below presents the ECL rates applied to each loan as at 30 June 2025.

	Group			
	Basis of ECLs R'000	Gross carrying value of loans R'000	Loss allowance (12-month ECL) R'000	Net carrying value of loans R'000
2025				
Heriot Investments Proprietary Limited	12-month ECL	19 617	–	19 617
Loans to participants of the employee share scheme	12-month ECL	33 989	–	33 989
		53 606	–	53 606
2024				
Heriot Investments Proprietary Limited	12-month ECL	66 825	–	66 825
Loans to participants of the employee share scheme	12-month ECL	34 265	–	34 265
		101 090	–	101 090
	Company			
	Basis of ECLs R'000	Gross carrying value of loans R'000	Loss allowance (12-month ECL) R'000	Net carrying value of loans R'000
2025				
Loans to participants of the employee share scheme	12-month ECL	33 989	–	33 989
		33 989	–	33 989
2024				
Loans to participants of the employee share scheme	12-month ECL	34 265	–	34 265
		34 265	–	34 265

Notes to the annual financial statements continued

10. Trade and other receivables

	Note	Group	
		2025 R'000	2024 R'000
Financial instruments	37	352 181	69 170
Gross trade receivables		56 140	48 998
ECL – allowance for credit losses		(22 887)	(11 647)
Net trade receivables		33 253	37 351
Municipal deposits ¹		12 902	12 876
Management fees		–	592
Other receivables ²		16 026	18 351
Disposal consideration receivable ³		290 000	–
Non-financial instruments		23 652	35 216
Prepayments ⁴		23 245	32 949
Value added taxation		407	2 267
Total trade and other receivables		375 833	104 386

¹ Municipal deposits mainly comprise deposits held with large municipalities and state-owned entities such as the City of Cape Town, Ekurhuleni, Tshwane, Polokwane and Eskom in the form of cash and/or bank guarantees issued. The financial positions have been assessed as stable. On this basis, the assessment of the credit risk relating to this receivable is that the risk has not increased significantly. Accordingly, on the basis of a 12-month ECL assessment, credit risk has been assessed as stage 1, low risk of default resulting in no credit loss allowance provision being raised.

² In the prior year, other receivables included an amount of R0,3 million owing by a shareholder, JCB Herring. The loan bore interest at the Group's weighted average cost of capital, was unsecured and repaid during the reporting period. Further, due to Safari internalising the electricity recovery function during the previous reporting period, this resulted in the other receivable balance increasing by R11,0 million. The balance decreased to R10,0 million as at the reporting date. The income accrual arose as a result of aligning electricity recoveries, which are billed in arrears, with the expense incurred during the reporting period. On the basis of a 12-month ECL assessment, no credit loss allowance has been provided for. Further, all recoveries were collected post year-end.

³ Disposal consideration receivable includes an amount due from Oryx in respect of the purchase price relating to the sale of shares and loan claims in Safari Namibia. The effective date of the transaction was 30 June 2025, with the proceeds received on 1 July 2025. Accordingly, on the basis of a 12-month ECL assessment, credit risk has been assessed as stage 1, low risk of default resulting in no credit loss allowance provision being raised.

⁴ In the prior reporting period, the prepayment balance included a deposit and transfer duty of R17,0 million relating to the property known as Finsbury Court. On 3 July 2024, the property was transferred, and the R17,0 million balance was reclassified to investment property under development. Refer to **note 3**.

	Group	
	2025 R'000	2024 R'000
The year-end balance includes trade and other receivables from the following entities amounting to:		
Heriot		
Financial instruments	24 147	25 640
Gross trade receivables	24 119	21 076
ECL – allowance for credit losses	(11 984)	(9 145)
Net trade receivables	12 135	11 931
Municipal deposits	8 652	8 638
Other receivables	3 360	5 071
Non-financial instruments	10 295	29 554
Prepayments	9 958	27 507
Value added taxation	337	2 047
Heriot trade and other receivables	34 442	55 194
Safari		
Financial instruments	319 386	34 486
Gross trade receivables	28 986	24 534
ECL – allowance for credit losses	(10 800)	(2 442)
Net trade receivables	18 186	22 092
Municipal deposits	1 150	1 138
Disposal consideration receivable	290 000	–
Other receivables	10 050	11 256
Non-financial instruments	10 254	1 449
Prepayments	10 254	1 449
Safari trade and other receivables	329 640	35 935

Notes to the annual financial statements continued

10. Trade and other receivables continued

	Group	
	2025 R'000	2024 R'000
Thibault		
Financial instruments	8 648	9 044
Gross trade receivables	3 035	3 388
ECL – allowance for credit losses	(103)	(60)
Net trade receivables	2 932	3 328
Municipal deposits	3 100	3 100
Other receivables	2 616	2 616
Non-financial instruments	3 104	4 214
Prepayments	3 033	3 993
Value added taxation	71	221
Thibault trade and other receivables	11 752	13 258
Consolidated total trade and other receivables	375 833	104 386

Trade receivables

In order to mitigate the risk of financial loss from defaults, the Group mainly deals with reputable tenants with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each tenant is analysed individually for creditworthiness, based on information submitted by the tenants as well as external bureau data, before terms and conditions are offered. Tenant credit limits are in place and are reviewed and approved by management. The exposure to credit risk and the creditworthiness of tenants are continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting year.

10.1 Credit quality of trade receivables

The Group applies the IFRS 9 simplified approach to measuring ECLs using a lifetime ECL provision for trade receivables. To measure ECLs on an individual basis, trade receivables are assessed net of the value added tax clawback and deposit or guarantee held. Arrears aged 90 days and over are in most instances deemed to be irrecoverable and provided for. The expected loss rates are based on the Group's historical credit losses experienced over the period prior to the period-end and are reassessed at each reporting date.

Trade receivables are categorised by tenant type to determine the risk related to the receivable, and therefore the probability of default. Tenant collateral in the form of tenant deposits or bank guarantees has also been taken into account in calculating the ECL. In addition, consideration is given to the fact that certain entities, particularly the South African government, may be slow or irregular payers and therefore, a typical arrears or default provision is not necessarily held in such cases. ECLs are estimated using a provision matrix that has been developed by making use of past default experience of debtors and also incorporates forward-looking information and general economic conditions of the industry.

In considering past default events, the following are taken into account:

- The probability that future rental will be paid considering the payment history;
- Collateral held in the form of deposits or guarantees held; and
- Historical information relating to legal proceedings.

In considering forward-looking information, consideration is given to the segments in which the tenants operate and the broader economic environment, both locally and internationally.

In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for instance, when a debtor has been placed under liquidation.

The historical credit loss experience does not show significantly different loss patterns for different tenant segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in the credit loss allowance. The loss allowance provision is determined as follows:

	2025		2024	
	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000
Group				
Not past due: 6% (2024: 0%)	11 246	(627)	13 073	(7)
30 days past due: 21% (2024: 1%)	2 926	(612)	5 492	(71)
60 days past due: 38% (2024: 33%)	1 621	(616)	3 588	(1 176)
More than 90 days: 52% (2024: 39%)	40 347	(21 032)	26 845	(10 393)
	56 140	(22 887)	48 998	(11 647)

Notes to the annual financial statements continued

10. Trade and other receivables continued

Trade receivables continued

10.1 Credit quality of trade receivables continued

The following tables reflect each company's loss allowance provision as follows:

	2025		2024	
	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000
Heriot				
Not past due: 8% (2024: 0%)	2 285	(191)	3 934	(7)
30 days past due: 31% (2024: 1%)	674	(209)	1 948	(11)
60 days past due: 48% (2024: 53%)	566	(273)	1 994	(1 064)
More than 90 days: 55% (2024: 61%)	20 594	(11 311)	13 200	(8 063)
	24 119	(11 984)	21 076	(9 145)

Heriot's debtors predominantly relate to Choppies, who were R17,5 million in arrears at year-end. Choppies previously occupied the Denver distribution centre and vacated in January 2024 post the cancellation of their lease on the same date. The Choppies lease was signed by its 50% shareholder, Devland Cash and Carry ("DCC"). As DCC is in a healthy financial position, Heriot is reasonably confident of recovering the arrears and damages in respect of the Choppies lease. Heriot has nevertheless taken a conservative approach, as the outcome of the court case is unknown, and increased the ECL provision from R7,6 million to R10,0 million during the reporting period, with the balance of the arrears secured against the value of the racking left in the distribution centre.

	2025		2024	
	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000
Safari				
Not past due: 7% (2024: 0%)	6 197	(436)	6 825	-
30 days past due: 19% (2024: 2%)	2 163	(403)	2 602	(60)
60 days past due: 33% (2024: 6%)	1 025	(343)	1 548	(94)
More than 90 days: 49% (2024: 17%)	19 601	(9 618)	13 559	(2 288)
	28 986	(10 800)	24 534	(2 442)

Safari's trade debtors and ECL provision increased in the more than 90 days category as a result of adverse market conditions for various tenants. Safari has sufficient security in the form of deposits and other collateral to support the ECL provision raised.

	2025		2024	
	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000	Estimated gross carrying value at default R'000	Loss allowance (lifetime ECL) R'000
Thibault				
Not past due: 0% (2024: 0%)	2 764	-	2 313	-
30 days past due: 0% (2024: 0%)	89	-	942	-
60 days past due: 0% (2024: 38%)	29	-	47	(18)
More than 90 days: 67% (2024: 49%)	153	(103)	86	(42)
	3 035	(103)	3 388	(60)

All debtors in the current and 30 days categories settled their arrears post year-end.

	Note	Group	
		2025 R'000	2024 R'000
Reconciliation of loss allowances			
Balance at the beginning of the year		(11 647)	(3 188)
Recognised in profit or loss for the year		(11 240)	(8 399)
Loss allowances utilised		522	4 584
Loss allowance raised		(11 762)	(12 983)
Acquired on acquisition of subsidiary (Thibault)	41.1	-	(60)
Balance at the end of the year		(22 887)	(11 647)
ECL provision movement	33	11 240	8 459

Notes to the annual financial statements continued

11. Dividends receivable from subsidiaries

	Note	Company	
		2025 R'000	2024 R'000
Dividends receivable from subsidiaries		160 331	85 089
Movement for the year			
Balance at the beginning of the year		85 089	71 194
Dividends declared by subsidiaries		382 419	266 448
Advance payment from Thibault – Trade and other payables ¹	33.4	(70 806)	–
Cash received		(236 371)	(252 553)
Balance at the end of the year		160 331	85 089

¹ During the reporting period, cash swept to Heriot by Thibault exceeded the dividend declared. This was primarily attributable to the 79,27 cents (R51,6 million) portion of the R1,00 special dividend declared by Texton on 26 May 2025, which was recognised as a return of capital. In accordance with IFRS® Accounting Standards, this amount reduced the carrying amount of the investment. On this basis, it was not recognised in profit or loss or distributed to shareholders, resulting in a payable position at year-end.

The increase in dividends receivable during the reporting period is attributable to higher distributions declared by subsidiaries, primarily from Heriot Properties.

The credit risk relating to dividends receivable from subsidiaries has not increased significantly. The subsidiaries own income-generating properties, are solvent and based on past experience, dividends declared to the Company are paid annually. Accordingly, on the basis of a 12-month ECL assessment, credit risk has been assessed as stage 1, low risk of default resulting in no credit loss allowance provision being raised.

The table below presents the ECL rates applied to each dividend receivable as at 30 June 2025:

	Basis of ECLs	Company		
		Gross carrying value of receivables R'000	Loss allowance (12-month ECL) R'000	Net carrying value of receivables R'000
2025				
Bait Away Trading Proprietary Limited	12-month ECL	4 050	–	4 050
Fin Properties 107 Proprietary Limited	12-month ECL	2 906	–	2 906
Heriot Properties Proprietary Limited	12-month ECL	124 387	–	124 387
Heriot Properties West Proprietary Limited	12-month ECL	5 536	–	5 536
Heriot Trust No. 1	12-month ECL	365	–	365
Moditouch Proprietary Limited	12-month ECL	738	–	738
Phokeng Mall Proprietary Limited	12-month ECL	14 328	–	14 328
Terrace Drive Properties 34 Proprietary Limited	12-month ECL	7 982	–	7 982
Tiger Stripes Investments 31 Proprietary Limited	12-month ECL	39	–	39
		160 331	–	160 331
2024				
Bait Away Trading Proprietary Limited	12-month ECL	4 707	–	4 707
Heriot Properties Proprietary Limited	12-month ECL	44 828	–	44 828
Heriot Properties West Proprietary Limited	12-month ECL	6 441	–	6 441
Heriot Trust No. 1	12-month ECL	4 286	–	4 286
Heriot Trust No. 3	12-month ECL	65	–	65
Moditouch Proprietary Limited	12-month ECL	1 003	–	1 003
Phokeng Mall Proprietary Limited	12-month ECL	14 769	–	14 769
Terrace Drive Properties 34 Proprietary Limited	12-month ECL	8 990	–	8 990
		85 089	–	85 089

Notes to the annual financial statements continued

12. Inventories

	Group	
	2025 R'000	2024 R'000
Inventories	-	11 593
At the beginning of the year	11 593	29 869
Impairment of inventory	-	(957)
Capital movements during the year	-	1 681
Carrying value of inventory sold	(11 593)	(19 000)
Cost of inventory sold – per statement of comprehensive income	(11 132)	(24 190)
Less: Expenses incurred in the sale of inventory	(461)	5 190
At the end of the year	-	11 593
Cash flow movement workings:		
At the beginning of the year	11 593	29 869
Impairment of inventory	-	(957)
At the end of the year	-	11 593
Cash flow movement	11 593	17 319

During the reporting period, Safari disposed of the final tranche of residential units associated with the Platz am Meer mixed-use development in Namibia for R10,033 million.

13. Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise:

	Group		Company	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Bank balances	121 445	69 025	49 623	42 342
The year-end balance above includes cash and cash equivalents from the following entities amounting to:	121 445	69 025		
Heriot	67 920	52 525		
Safari	49 035	13 781		
Thibault	4 490	2 719		

Cash is invested with Absa Bank Limited, Nedbank Limited and First National Bank Limited, a division of FirstRand Bank Limited. In terms of Fitch Ratings and S&P Global Ratings, all banks are rated as BB- and as such, the risk of default is low.

Due to the short-term nature of cash and cash equivalents, the carrying amount is deemed to approximate the fair value.

Bank guarantees amounting to R9,385 million (2024: R10,831 million) have been issued by Absa Bank Limited, First National Bank Limited and Nedbank Limited as security for various municipal deposits held in their portfolios.

Notes to the annual financial statements continued

14. Non-current assets and liabilities held for sale

	Group	
	2025 R'000	2024 R'000
Assets held for sale	181 136	180 100
Liabilities held for sale	–	–
	181 136	180 100

Investment in subsidiaries and/or investment property are classified as held for sale at the time Directors decide that these will be recovered through sale rather than through continuing use.

	Note	Group	
		2025 R'000	2024 R'000
Movement for the year			
Balance at the beginning of the year		180 100	204 165
Change in fair value	30	(16 754)	42 593
Tenant installations amortised		(1 191)	–
Transferred from investment property (Fixtrade)	2	26 300	–
Safari Namibia assets and liabilities transferred to held for sale ¹		277 716	–
Assets held for sale		296 442	–
Liabilities held for sale		(18 726)	–
Capital expenditure incurred on assets held for sale	Cash flow	20 859	179 644
Secured borrowing advanced	Cash flow	–	(179 153)
Safari Namibia assets and liabilities disposed – non-cash ²		(287 717)	–
Assets held for sale		(306 443)	–
Liabilities held for sale		18 726	–
Disposal – cash	Cash flow	(18 177)	(67 149)
		181 136	180 100
Cash flow movements summary			
Disposal of Fixtrade units		18 177	–
Secured borrowing advanced		–	179 153
Capital expenditure incurred on assets held for sale		(20 859)	(179 644)

¹ Safari Investments Namibia Proprietary Limited – assets and liabilities transferred to held for sale comprise:

	Note	Group	
		2025 R'000	2024 R'000
Assets			
Investment property	2	290 000	–
Property, plant and equipment	4	812	–
Trade receivables	10	5 012	–
Cash and cash equivalents	Cash flow	618	–
		296 442	–
Liabilities			
Deferred taxation	18	16 129	–
Trade and other payables	20	2 597	–
		18 726	–

² Safari Investments Namibia Proprietary Limited – assets and liabilities sold comprise:

	Note	Group	
		2025 R'000	2024 R'000
Assets			
Assets*		306 443	–
Liabilities		(18 726)	–
Net assets disposed		287 717	–
Proceeds on disposal		300 000	–
Proceeds receivable	10	290 000	–
Contingent consideration	9	10 000	–
Profit on disposal	25	12 283	–

* Immediately prior to disposal, the Platz am Meer property was recognised at its fair value of R300,0 million in accordance with IAS 40, reflecting a R10,0 million increase from its valuation of R290,0 million as at 31 December 2024.

Notes to the annual financial statements continued

14. Non-current assets and liabilities held for sale continued

	Group	
	2025 R'000	2024 R'000
Non-current assets and liabilities held for sale summary per company	181 136	180 100
Heriot	8 136	–
Safari	173 000	180 100
Thibault	–	–

Summary of movements per company

	Heriot R'000	Safari R'000	Thibault R'000	Total R'000
Balance at the beginning of the year	–	180 100	–	180 100
Net assets and liabilities transferred to held for sale	26 300	277 716	–	304 016
Tenant installations amortised	–	(1 191)	–	(1 191)
Change in fair value	–	(16 754)	–	(16 754)
Capital expenditure incurred on assets held for sale	13	20 846	–	20 859
Net assets and liabilities disposed	(18 177)	(287 717)	–	(305 894)
	8 136	173 000	–	181 136

Heriot

On 1 March 2024, Heriot acquired an additional 50,1% shareholding in Fixtrade for R4,7 million. A sectional title scheme was registered in September 2024. By the reporting date, 38 units had been sold for R18,2 million, yielding a cash profit of R15,0 million, which will be distributed to shareholders.

The units sold were recognised at fair value, the same as their selling price. On this basis, no accounting profit on sale was recognised during the reporting period.

Post the reporting period, a total of 47 units have transferred, with the remaining five units in various stages of transfer.

Safari

The Safari board resolved to sell non-core assets in line with its strategy to focus on high-yielding retail opportunities and to optimise capital allocations.

On 28 March 2025, Safari shareholders were informed that the company had entered into a sale of shares and claims agreement with Oryx to dispose of 100% of the issued share capital and loan claims in Safari Namibia. Following the fulfilment of all conditions precedent, the transaction became effective on 30 June 2025.

Safari disposed of its entire interest in Safari Namibia to Oryx, a third-party purchaser, for a total cash consideration of N\$290,0 million, with an additional N\$10,0 million contingent upon the occurrence of specified conditions by 31 December 2026. The transaction has been accounted for in accordance with IFRS 10, with the resulting profit recognised under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. As Safari Namibia did not constitute a separate major line of business, no portion of its operations has been classified as discontinued.

The total purchase consideration amounted to N\$300,0 million, against net assets disposed of N\$287,7 million, resulting in an accounting profit of N\$12,3 million. On 1 July 2025, Oryx paid the N\$290,0 million cash consideration.

The Safari board remains committed to disposing of the Group's non-core assets and is continuing negotiations with several interested parties. These disposals align with the Group's long-term strategy to focus on higher-yielding retail opportunities and optimise capital allocation. The Soweto Day Hospital and Mnandi Shopping Centre, expected to be sold within the next 12 months, have been classified as a disposal group held for sale and are separately presented in the statement of financial position.

Although successful agreements have not yet been reached, the Group's intention to sell these non-core assets remains unchanged. Various external factors have resulted in a delay in concluding these sales such as the transfer of the hospital licence held by the previous tenant in the Soweto Day Hospital which went into liquidation. At Mnandi, the process of selling the asset has been delayed due to the nature of the asset and various market conditions. These delays have, however, not altered the Group's commitment to selling the assets, and we are confident that both sales will be concluded within the next 12 months.

The fair value of Safari's investment properties held for sale reduced by R16,8 million during the reporting period.

The proceeds from disposals are expected to be in line with the fair value of the related investment properties.

Notes to the annual financial statements continued

15. Stated capital

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Authorised					
2 000 000 000 ordinary shares of no par value					
Issued					
320 161 982 (2024: 256 295 858) ordinary shares of no par value		3 468 665	2 557 624	3 477 689	2 557 648
Add: 63 866 124 new shares issued (net cost)		–	920 041	–	920 041
Cash received from Thibault ²		–	–	37 203	–
Less: 900 000 treasury shares		–	(9 000)	–	–
		3 468 665	3 468 665	3 514 892	3 477 689
Reconciliation of issued stated capital					
In issue at the beginning of the year		3 468 665	2 548 624	3 477 689	2 557 648
Shares issued to acquire company (Thibault) ¹	41.1	–	957 992	–	957 992
Dividend declared in lieu of shares bought in Thibault (non-cash)	SOCIE	–	(37 203)	–	(37 203)
Cash received from Thibault ²	SOCIE	–	–	37 203	–
Share issue expenses	SOCIE	–	(748)	–	(748)
In issue at the end of the year		3 468 665	3 468 665	3 514 892	3 477 689

	Note	Group		Company	
		Number of shares ³ '000	Number of shares ³ '000	Number of shares '000	Number of shares '000
Reconciliation of issued number of shares					
In issue at the beginning of the year		319 262	255 396	320 162	256 296
Shares issued to acquire company (Thibault) ¹	41.1	–	63 866	–	63 866
		319 262	319 262	320 162	320 162

¹ Effective 28 June 2024, Heriot entered into an exchange agreement, in terms of Section 42 of the Income Tax Act ("exchange agreement"), with Thibault and the shareholders, in terms of which Heriot acquired 100% of the issued shares in Thibault held by the Thibault shareholders in exchange for the issue of 63 866 124 shares in the Company.

² In the prior financial year, the R37,203 million dividend declared to Heriot reduced the purchase consideration, or cost of shares, issued to acquire Thibault. On this basis, instead of raising a receivable, the stated capital was reduced. The receivable of R37,203 million was not deemed to be material. In the current reporting period, Thibault paid the R37,203 million, which has been recognised through the statement of changes in equity to correct stated capital.

³ Net of 900 000 treasury shares.

The unissued shares are under the control of the Directors. This authority remains in force until the next annual general meeting of the Company.

Notes to the annual financial statements continued

16. Non-controlling interests (“NCI”)

	Group			
	2025 Effective voting rights of NCI %	2024 Effective voting rights of NCI %	2025 R'000	2024 R'000
Heriot Properties International Proprietary Limited	10,0	10,0	40 316	34 769
Moditouch Proprietary Limited	50,0	50,0	21 566	19 462
60 Adderley Proprietary Limited	40,0	40,0	629	(720)
Safari Investments RSA Limited	40,8	40,8	1 227 256	1 053 717
			1 289 767	1 107 228

Heriot Properties International Proprietary Limited

With effect from 5 June 2017, the Group acquired a 90% equity interest in HPI, a company registered and operational in South Africa. Heriot controls HPI by virtue of the voting rights held.

Moditouch Proprietary Limited

With effect from 5 June 2017, the Group acquired a 50% equity interest in Moditouch, a company registered and operational in South Africa. Moditouch is controlled by Heriot by virtue of Heriot's right to hold the majority of director positions on the board.

60 Adderley Proprietary Limited

With effect from 1 November 2018, the Group acquired a 60% equity interest in 60 Adderley Proprietary Limited (“60 Adderley”), a shelf company registered and operational in South Africa, for no value. Heriot controls 60 Adderley by virtue of the voting rights held.

Safari Investments RSA Limited

In the previous reporting period, Heriot increased its interest in Safari from 46,5% to 59,2% through the acquisition of 5 470 088 Safari shares at a cost of R30,722 million, Safari's acquisition of 1 915 153 treasury shares for R10,551 million and through the acquisition of a further 25 952 710 shares in Safari as a result of the Thibault acquisition (refer to **note 41.1**). Heriot's shareholding remained at 59,2% throughout the reporting period. As at 30 June 2025, Heriot owned 151 349 878 (2024: 151 349 878) shares in Safari. Heriot controls Safari by virtue of the voting rights held.

Notes to the annual financial statements continued

16. Non-controlling interests ("NCI") continued

The NCI balance is reconciled as follows:

	Note	2025				
		HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000	Total R'000
Opening balance		34 769	19 462	(720)	1 053 717	1 107 228
Share of profits/(losses) for the year		8 333	1 540	1 349	226 727	237 949
Distributable profits/(losses)		2 719	540	(637)	76 695	79 317
Non-distributable profit/(losses)		5 614	1 000	1 986	150 032	158 632
Issue of additional shares in Moditouch Proprietary Limited	SOCIE	–	1 125	–	–	1 125
Dividends declared to minorities	21	(2 786)	(561)	–	(53 188)	(56 535)
Balance at year-end		40 316	21 566	629	1 227 256	1 289 767

	Note	2024				
		HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000	Total R'000
Opening balance		30 764	19 483	1 443	1 299 194	1 350 884
Share of profits/(losses) for the year		6 354	1 456	(2 163)	198 712	204 359
Distributable profits/(losses)		2 557	1 456	(576)	98 005	101 442
Non-distributable profit/(losses)		3 797	–	(1 587)	100 707	102 917
Acquisition of shares in Safari (Heriot purchases) ¹	SOCIE	–	–	–	(50 460)	(50 460)
Safari acquisition of treasury shares ²	SOCIE	–	–	–	(18 295)	(18 295)
On acquisition of subsidiary (Thibault – Safari shares held) ³	41.1	–	–	–	(257 931)	(257 931)
Dividends declared to minorities	21	(2 349)	(1 477)	–	(117 503)	(121 329)
Balance at year-end		34 769	19 462	(720)	1 053 717	1 107 228

	Safari
¹ Acquisition of shares in Safari	
Number of shares	5 470 088
Net asset value of shares acquired R'000	50 460
Cost of shares acquired R'000 – cash	(30 722)
Gain on acquisition of shares (equity) R'000	19 738

	Safari
² Safari acquisition of treasury shares	
Number of shares	1 915 153
Net asset value of shares acquired R'000	18 295
Cost of shares acquired R'000 – cash	(10 551)
Gain on acquisition of shares (equity) R'000	7 744

	Safari
³ On acquisition of subsidiary (Thibault – Safari shares held)	
Number of shares	25 952 710
Net asset value of shares acquired R'000	257 931
Cost of shares acquired R'000 – non-cash	–
Gain on acquisition of shares (equity) R'000	257 931

Notes to the annual financial statements continued

16. Non-controlling interests (“NCI”) continued

Summarised financial information is presented below for each subsidiary that has an NCI. The financial information is prepared by the respective entities in accordance with IFRS® Accounting Standards.

	2025			
	HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000
NCI effective interest/voting rights	10%	50%	40%	40,8%
Summarised statement of financial position				
Non-current assets	590 000	103 000	70 016	4 023 990
Investment property	590 000	103 000	70 000	4 019 000
Other non-current assets	–	–	16	4 990
Current assets	6 729	2 602	3 950	388 675
Trade and other receivables	1 265	42	832	329 640
Other current assets	–	–	–	10 000
Cash and cash equivalents	5 464	2 560	3 118	49 035
Non-current assets held for sale	–	–	–	173 000
Total assets	596 729	105 602	73 966	4 585 665
Non-current liabilities	175 304	60 000	–	1 478 965
Interest-bearing borrowings	–	60 000	–	1 453 000
Loans from Group companies	171 053	–	–	–
Other non-current liabilities	4 251	–	–	25 965
Current liabilities	18 730	2 571	72 400	96 650
Interest-bearing borrowings	–	–	–	662
Dividend payable	14 479	1 300	–	–
Other current liabilities	4 251	1 271	72 400	95 988
Total liabilities	194 034	62 571	72 400	1 575 615
Net assets	402 695	43 031	1 566	3 000 050
Net assets attributable to NCI	40 270	21 516	626	1 227 256

	2025			
	HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000
Summarised statement of comprehensive income				
Revenue	76 130	8 788	12 253	617 746
Other income	–	–	–	7 877
Other costs	–	–	–	(11 132)
Operating costs	(30 618)	(1 364)	(7 615)	(281 010)
Profit on sale of subsidiary	–	–	–	12 283
Fair value adjustments	54 734	1 446	5 353	352 487
Interest income	405	79	7	1 879
Interest expense	(17 328)	(5 870)	(6 625)	(134 130)
Taxation	–	–	–	(11 149)
Total comprehensive income	83 323	3 079	3 373	554 851
Attributable to non-controlling shareholders:				
Distributable profits/(losses)	2 719	540	(637)	76 695
Non-distributable profits/(losses)	5 614	1 000	1 986	150 032
	8 333	1 540	1 349	226 727
Summarised statement of cash flows				
Cash flows from operating activities	27 481	(590)	(621)	13 676
Cash flows from investing activities	(1 608)	–	(225)	(93 007)
Cash flows from financing activities	(25 584)	2 250	2 400	114 585
Net increase in cash and cash equivalents	289	1 660	1 554	35 254
Cash and cash equivalents at the beginning of the year	5 175	900	1 564	13 781
Cash and cash equivalents at the end of the year	5 464	2 560	3 118	49 035

Notes to the annual financial statements continued

16. Non-controlling interests ("NCI") continued

	2024			
	HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000
NCI effective interest/voting rights	10%	50%	40%	40,8%
Summarised statement of financial position				
Non-current assets	533 001	101 000	65 038	3 865 454
Investment property	533 000	101 000	65 000	3 860 800
Other non-current assets	1	–	38	4 654
Current assets	6 413	984	1 916	61 472
Trade and other receivables	1 238	84	352	35 935
Inventories	–	–	–	11 593
Other current assets	–	–	–	163
Cash and cash equivalents	5 175	900	1 564	13 781
Non-current assets held for sale	–	–	–	180 100
Total assets	539 414	101 984	66 954	4 107 026
Non-current liabilities	175 304	60 000	–	1 281 418
Interest-bearing borrowings	–	60 000	–	1 249 081
Loans from Group companies	171 053	–	–	–
Other non-current liabilities	4 251	–	–	32 337
Current liabilities	16 453	3 162	68 760	241 837
Interest-bearing borrowings	–	–	61 650	102 694
Dividend payable	12 202	1 829	–	79 525
Other current liabilities	4 251	1 333	7 110	59 618
Total liabilities	191 757	63 162	68 760	1 523 255
Net assets	347 657	38 822	(1 806)	2 583 771
Net assets attributable to NCI	34 766	19 411	(722)	1 053 717

	2024			
	HPI R'000	Moditouch R'000	60 Adderley R'000	Safari R'000
Summarised statement of comprehensive income				
Revenue	74 833	9 705	12 378	680 106
Other income	–	–	–	8 509
Other costs	–	–	–	(25 147)
Operating costs	(26 040)	(1 485)	(7 232)	(281 772)
Fair value adjustments	34 491	737	(3 598)	203 465
Interest income	398	96	–	2 029
Interest expense	(20 139)	(6 141)	(6 955)	(167 597)
Taxation	–	–	–	(17 240)
Total comprehensive income	63 543	2 912	(5 407)	402 353
Attributable to non-controlling shareholders				
Distributable profits/(losses)	2 557	1 456	(576)	98 005
Non-distributable profits/(losses)	3 797	–	(1 587)	100 707
	6 354	1 456	(2 163)	198 712
Summarised statement of cash flows				
Cash flows from operating activities	26 709	118	(747)	96 353
Cash flows from investing activities	(809)	–	(120)	(99 122)
Cash flows from financing activities	(25 488)	–	1 350	5 636
Net increase in cash and cash equivalents	412	118	483	2 867
Cash and cash equivalents at the beginning of the period	4 763	782	1 081	10 914
Cash and cash equivalents at the end of the period	5 175	900	1 564	13 781

Notes to the annual financial statements continued

17. Interest-bearing liabilities

	Group	
	2025 R'000	2024 R'000
Heriot		
Nedbank Limited	1 453 666	1 462 433
Facility 1		
The interest-only term facility bears interest at 50bps below the prime bank overdraft rate and is secured by a first mortgage bond over investment property valued at R70,0 million (2024: R69,0 million). Post the reporting period, the facility was renewed for a further two years at the same rate.	62 083	62 239
Facility 2		
Interest-only revolving credit facility of R250,0 million bearing interest at three-month JIBAR plus 164bps and repayable on 28 November 2028. On 2 July 2025, the revolving credit facility was increased by R30,0 million to R280,0 million.	72 576	149 577
Facility 3		
Interest-only term facility of R400,0 million bearing interest at three-month JIBAR plus 159bps and repayable on 30 November 2027.	400 000	331 610
Facility 4		
Interest-only term facility of R500,0 million bearing interest at three-month JIBAR plus 154bps and repayable on 30 November 2026.	496 907	496 907
Facility 5		
Interest-only term facility of R184,2 million bearing interest at three-month JIBAR plus 164bps and repayable on 30 November 2028.	184 200	184 200
Facility 6		
Interest-only term facility of R100 million bearing interest at three-month JIBAR plus 159bps and repayable on 30 November 2027.	100 000	100 000
Facility 7		
Interest-only term facility of R137,9 million bearing interest at three-month JIBAR plus 164bps and repayable on 30 November 2028.	137 900	137 900

Facilities 2 to 7 are secured by first mortgage bonds over investment property valued at R3,537 billion (2024: R3,054 billion).

	Group	
	2025 R'000	2024 R'000
Standard Bank	1 099 000	1 059 000
Facility 8		
Interest-only term facility of R400,0 million bearing interest at a rate of three-month JIBAR plus 158bps;	400 000	400 000
Interest-only revolving credit facility of R50,0 million bearing interest at a rate of prime less 188bps.	50 000	10 000
Both facilities are repayable on 31 March 2027.		
Facility 9		
Interest-only term facility of R164,0 million bearing interest at a rate of three-month JIBAR plus 164bps and repayable on 31 March 2028.	164 000	164 000
Facility 10		
During the reporting period, the R145,0 million interest-only facility bore interest at a rate of three-month JIBAR plus 180bps. On 19 June 2025, Heriot signed a term sheet to renew the facility for a further three years at a rate of three-month JIBAR plus 158bps. The facility is repayable on 1 September 2028.	145 000	145 000
Facility 11		
Interest-only term facility bearing interest at a rate of three-month JIBAR plus 164bps and repayable on 31 March 2028. The facility is secured over 50,0 million Safari shares acquired.	280 000	280 000
Facility 12		
Interest-only term facility of R60,0 million bearing interest at a rate of three-month JIBAR plus 183bps and is secured by a first covering mortgage bond over investment property valued at R103,0 million (2024: R101 million). On 27 June 2025, Heriot signed a term sheet to early refinance the facility for a further three years bearing interest at a rate of three-month JIBAR plus 175bps, repayable on 30 June 2028.	60 000	60 000

Facilities 8 to 11 are secured by first mortgage bonds over investment property valued at R2,362 billion (2024: R2,163 billion).

Notes to the annual financial statements continued

17. Interest-bearing liabilities continued

	Group	
	2025 R'000	2024 R'000
Sanlam Capital Markets Proprietary Limited ("Sanlam")	215 570	215 570
During the reporting period, the interest-only facility bore interest at a rate of three-month JIBAR plus 180bps, secured by a first mortgage bond over investment property valued at R415,5 million (2024: R390,0 million). In March 2025, Heriot signed a term sheet to renew the facility for a further three years at a rate of three-month JIBAR plus 158bps. It is repayable in October 2028.	215 570	215 570
Safari		
Safari successfully implemented a security special purpose vehicle ("SPV") whereby bonds have been registered over most of Safari's investment properties in the security SPV structure to provide pooled security to lenders. The structure is regulated by a Common Terms Agreement, cession of security, counter indemnity agreements as well as debt guarantees. Absa and Standard Bank Limited remain as Safari's financiers.	1 453 662	1 351 775
Facility K – Standard Bank		
Interest-only revolving credit facility of R200,0 million bearing interest at a rate of prime less 150bps and was repaid on 1 July 2025.	643	87 481
Facility L – Standard Bank		
Interest-only term facility of R303,0 million bearing interest at a rate of three-month JIBAR plus 165bps and repayable on 30 November 2026.	303 000	305 571
Facility M – Standard Bank		
Interest-only term facility of R150,0 million bearing interest at a rate of three-month JIBAR plus 170bps and repayable on 31 August 2027.	150 000	151 279
Facility O – Standard Bank		
Interest-only term facility of R200,0 million bearing interest at a rate of three-month JIBAR plus 153bps and repayable on 30 September 2027.	200 000	–
Facility N1 – Absa		
Interest-only term facility of R200,0 million bearing interest at a rate of three-month JIBAR plus 155bps and repayable on 31 January 2027.	200 000	203 309
Facility N2 – Absa		
Interest-only term facility of R100,0 million bearing interest at a rate of three-month JIBAR plus 167,5bps and repayable on 31 January 2028.	100 000	101 675

	Group	
	2025 R'000	2024 R'000
Facility N3 – Absa		
Interest-only term facility of R300,0 million bearing interest at a rate of three-month JIBAR plus 167,5bps and repayable on 31 January 2028.	300 000	305 026
Facility N4 – Absa		
Interest-only term facility of R200,0 million bearing interest at a rate of three-month JIBAR plus 177,5bps and repayable on 31 January 2029.	200 000	203 384
Other interest-bearing liability balances	19	(5 950)

Safari's debt facilities are secured by first mortgage bonds over investment property valued at R4,158 billion (2024: R3,537 billion).

Notes to the annual financial statements continued

17. Interest-bearing liabilities continued

	Group	
	2025 R'000	2024 R'000
Thibault	1 080 165	964 562
Facility 13 – First National Bank		
Interest-only term facility of R250,0 million bearing interest at a rate of prime less 150bps and repayable on 10 August 2025. On 2 July 2025, the facility was renewed for a further three years with Nedbank, bearing interest at a rate of three-month JIBAR plus 151bps and repayable on 10 August 2028.	250 000	250 000
Facility 14 – Standard Bank		
Interest-only term facility of R161,2 million bearing interest at three-month JIBAR plus 158bps and repayable on 28 January 2027.	161 214	161 214
Facility 15 – Standard Bank		
Interest-only revolving credit facility of R10,0 million bearing interest at a rate of prime less 182bps and repayable on 28 January 2027.	10 000	1 370
Facility 16 – Standard Bank		
Interest-only term facility of R110,0 million bearing interest at three-month JIBAR plus 158bps and repayable on 28 January 2027.	110 000	3 027
Facility 17 – Standard Bank		
Interest-only term facility of R339,5 million bearing interest at three-month JIBAR plus 158bps and repayable on 28 January 2027.	339 451	339 451
Facility 18 – Sanlam		
Interest-only term facility of R209,5 million bearing interest at three-month JIBAR plus 185bps and repayable on 30 September 2028.	209 500	209 500
Total interest-bearing borrowings	5 302 063	5 053 340
Less: Short-term portion of interest-bearing borrowings	(312 745)	(164 933)
Long-term portion of interest-bearing borrowings	4 989 318	4 888 407

Thibault's debt facilities are secured by first mortgage bonds over investment property valued at R2,135 billion (2024: R1,795 billion).

During the reporting period, Standard Bank reduced the interest rate margin by 17bps from three-month JIBAR plus 175bps to 158bps in respect of facilities 14, 16 and 17 as a result of Heriot providing a guarantee for the respective facilities and cross-collateralising the facilities with its security pool.

	Group	
	2025 R'000	2024 R'000
Interest-bearing liabilities summary per company	5 302 063	5 053 340
Heriot	2 768 236	2 737 003
Safari	1 453 662	1 351 775
Thibault	1 080 165	964 562
Interest-bearing liabilities balance comprises the following:	5 302 063	5 053 340
Capital balances of secured debt facilities	5 302 044	5 040 604
Accrued interest	–	18 686
Other interest-bearing liability balances (facility fees and credit cards)	19	(5 950)
Refer to note 39 for details on maturing facilities renewed post the reporting period.		
At the reporting date, the Group had unutilised facilities as follows:	380 503	440 503
Heriot	181 146	212 381
Safari	199 357	112 519
Thibault	–	115 603

Debt covenants – LTV and ICR

	Actual ratios 30 June 2025	Covenant ratios 30 June 2025	Actual ratios 30 June 2024	Covenant ratios 30 June 2024
Heriot¹				
Corporate ICR	2,04	>2	2,05	>2
Corporate LTV	38,95%	<50%	42,1%	<50%
Safari				
Corporate ICR	2,63	>2	2,54	>2
Corporate LTV	31,5%	<50%	33,0%	<50%
Thibault²				
Corporate ICR	1,83	N/A	1,43	>1,4
Corporate LTV	43,8%	N/A	45,5%	<50%

¹ Group debt covenant calculation.

² The Thibault Group and corporate debt covenant calculation is no longer assessed independently by the various funders post the merger with Heriot.

The Group remains within the parameters of compliance for debt covenants and does not foresee any breaching of covenant triggers.

Notes to the annual financial statements continued

18. Deferred taxation

	Note	Group	
		2025 R'000	2024 R'000
Capital allowances		117 574	120 923
Income received in advance		(24 666)	(16 857)
		92 908	104 066
Movement for the year			
Balance at the beginning of the year		104 066	76 285
– Arising on capital allowances in the current year		12 781	21 250
– Arising on income received in advance in the current year		(7 810)	(762)
– Transferred to held for sale (Safari Namibia)	14	(16 129)	–
– On acquisition of subsidiary (Thibault)	41.1	–	5 216
– On acquisition of subsidiary (Fixtrade)	41.2	–	2 077
		92 908	104 066
Assessed losses in Namibia for which no deferred tax asset has been recognised		–	133 405
Deferred tax summary per company		92 908	104 066
Heriot		61 730	68 666
Safari		24 794	30 184
Thibault		6 384	5 216
Deferred tax movements summary per company (capital allowances and prepayments)		(11 158)	20 488
Heriot		(6 936)	3 553
Safari		(5 390)	16 935
Thibault		1 168	–

South Africa

With effect from 24 July 2018, the Company converted to a REIT resulting in capital gains taxation no longer being applicable on the sale of investment property in terms of Section 25BB of the Income Tax Act. The deferred tax rate applied to investment property at the sale rate will therefore be 0%. Consequently, no deferred tax is raised on the fair value adjustments on investment property and straight-lining lease assets.

Capital allowances claimed prior to obtaining REIT status and during the reporting period will be recouped when the assets are sold.

Namibia

Safari Namibia incurred deferred tax up to the date of its disposal on 30 June 2025, as the subsidiary did not have REIT status. On disposal, the related deferred tax balance was derecognised.

19. Other financial liabilities

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Loans from subsidiaries				–	6 988
Thibault REIT Limited		–	–	–	6 988
		–	–	–	6 988
Movement for the year					
Balance at the beginning of the year		–	40 309	6 988	13 518
Loans advanced from subsidiaries	Cash flow	–	–	–	6 988
Loans from subsidiaries repaid	Cash flow	–	–	(6 988)	(13 518)
Call option – deferred capital proceeds increased (Heriot Investments)	9.2	–	26 840	–	–
Call option removed – deferred capital proceeds reversed (Heriot Investments)	14	–	(67 149)	–	–
Balance at the end of the year		–	–	–	6 988

The loans from subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the annual financial statements continued

20. Trade and other payables

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Financial instruments	37	177 082	148 511	28 341	536
Accrued interest		45 090	34 357	–	–
Accrued expenses		85 043	67 591	–	533
Tenant deposits		42 239	40 157	–	–
Other payables		4 710	6 406	28 341	3
Non-financial instruments		39 000	38 190	–	–
Rent received in advance		27 403	24 338	–	–
Value added taxation		11 597	13 852	–	–
		216 082	186 701	28 341	536
Summary per company					
Heriot					
Financial instruments		74 075	79 628		
Accrued interest		19 390	22 779		
Accrued expenses		36 940	38 525		
Tenant deposits		13 054	11 937		
Other payables		4 691	6 387		
Non-financial instruments		21 126	18 843		
Rent received in advance		15 563	12 228		
Value added taxation		5 563	6 615		
Total trade and other payables: Heriot		95 201	98 471		

Other payables include an amount of R28,339 million due to Thibault. This amount will be settled by Heriot in the next financial year via dividends declared.

	Note	Group	
		2025 R'000	2024 R'000
Safari			
Financial instruments		82 346	42 883
Accrued interest		16 573	–
Accrued expenses		42 516	20 058
Tenant deposits		23 257	22 825
Non-financial instruments		12 662	15 919
Rent received in advance		8 372	10 884
Value added taxation		4 290	5 035
Total trade and other payables: Safari		95 008	58 802
Thibault			
Financial instruments		20 661	26 000
Accrued interest		9 127	11 578
Accrued expenses		5 587	9 008
Tenant deposits		5 928	5 395
Other payables		19	19
Non-financial instruments		5 212	3 428
Rent received in advance		3 468	1 226
Value added taxation		1 744	2 202
Total trade and other payables: Thibault	41.1	25 873	29 428
Year-end total		216 082	186 701

Notes to the annual financial statements continued

21. Dividend payable to non-controlling shareholders

	Note	Group	
		2025 R'000	2024 R'000
Dividend payable to non-controlling shareholders		15 466	46 060
Movement for the year			
Balance at the beginning of the year		46 060	10 778
Dividends declared	16	56 535	121 329
Dividends paid	Cash flow	(87 129)	(86 047)
Balance at the end of the year		15 466	46 060

	Group	
	2025 R'000	2024 R'000
Payable to the following Company minorities		
Dividends payable to non-controlling shareholders is summarised as follows:		
	15 466	46 060
HPI ¹	14 392	12 115
Moditouch	650	915
60 Adderley	424	424
Safari ²	–	32 606

¹ Heriot owes R14,4 million to the Vusisizwe Trust, the minority shareholder holding 10% of Siyabuswa Mall. Payment has been withheld pending the resolution of the Trust's administrative deficiencies.

² During the previous reporting period, Safari changed its financial year-end from March to June. Consequently, a second interim distribution of 30 cents per share, amounting to R79,5 million, was declared on 27 June 2024 and accrued on 30 June 2024. The distribution was paid on 15 July 2024, with minority shareholders receiving R32,6 million.

22. Revenue

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Gross rent – IFRS 16		1 183 361	984 165	–	–
Revenue from sale of inventory – IFRS 15	12	10 033	19 666	–	–
Dividends received from subsidiaries		–	–	382 419	266 448
Recoveries – IFRS 15		471 596	365 624	–	–
		1 664 990	1 369 455	382 419	266 448
Straight-line rental income accrual	2	41 954	15 963	–	–
		1 706 944	1 385 418	382 419	266 448

	Group	
	2025 R'000	2024 R'000
Gross rent summary per company	1 183 361	984 165
Heriot	596 639	536 400
Safari	388 215	447 765
Thibault	198 507	–
Recoveries summary per company	471 596	365 624
Heriot	197 617	174 787
Safari	205 641	190 837
Thibault	68 338	–
Revenue from sale of inventory summary per company	10 033	19 666
Heriot	–	–
Safari	10 033	19 666
Thibault	–	–
Straight-line rental income accrual summary per company	41 954	15 963
Heriot	(1 927)	(5 876)
Safari	13 857	21 839
Thibault	30 024	–
Total revenue	1 706 944	1 385 418

Refer to **note 42** for revenue disaggregation by location and operating segment.

Notes to the annual financial statements continued

23. Investment and other income

	Group	
	2025 R'000	2024 R'000
Management fees	7 560	10 562
Leasing fees	1 858	715
Dividends received from listed shares ¹	26 004	–
Other ²	7 699	9 466
	43 121	20 743
Other income summary per company	43 121	20 743
Heriot	10 123	12 235
Safari	6 890	8 508
Thibault	26 108	–

¹ Texton declared a final dividend of 20,13 cents per share for the year ended 30 June 2024, which was paid to shareholders on 14 October 2024. Based on the 64,5 million shares held, the dividend amounted to R13,0 million. On 26 May 2025, Texton paid a special dividend of R1,00 per share, returning excess cash to shareholders:

- 20,13 cents per share (R13,0 million) recognised as dividend income, significantly boosting 2025 distributable earnings.
- 79,87 cents per share (R51,5 million) recognised as a return of capital, reducing the investment's carrying amount. The cash received was deployed against the debt revolving facilities rather than being distributed to shareholders (refer to the **cash flow**).

² Other income predominantly comprises Safari's ad hoc rentals for exhibition space within the shopping centres and non-GLA infrastructure income from Frogfoot Networks.

24. Net impairment (losses)/reversals

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Impairment reversals of investment in subsidiaries	5	–	–	35 708	14 231
Impairment of inventory	12	–	(957)	–	–
		–	(957)	35 708	14 231
Net impairment (losses)/reversals summary per company		–	(957)		
Heriot		–	–		
Safari		–	(957)		
Thibault		–	–		

25. Profit on sale of subsidiary

	Note	Group	
		2025 R'000	2024 R'000
Profit on sale of Safari subsidiary	14	12 283	–

Safari disposed of its entire interest in Safari Namibia to Oryx, a third-party purchaser, for a total cash consideration of N\$290,0 million, with an additional N\$10,0 million contingent upon the occurrence of specified conditions by 31 December 2026 (refer to **note 14** and **9.5**). The transaction has been accounted for in accordance with IFRS 10, with the resulting profit recognised under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. As Safari Namibia did not constitute a separate major line of business, no portion of its operations has been classified as discontinued.

The total purchase consideration amounted to N\$300,0 million, against net assets disposed of N\$287,7 million, resulting in an accounting profit of N\$12,3 million.

Notes to the annual financial statements continued

26. Profit from operations

	Note	Group	
		2025 R'000	2024 R'000
Net operating profit includes the following material administration expense and operating cost items:			
Audit fees*		4 533	4 018
External auditor (BDO) – audit		4 132	3 932
External auditor (BDO) – non-audit services		401	86
Non-executive Director fees ¹		2 323	2 783
Commission costs ²		12 603	4 003
Cleaning costs		22 221	26 478
Depreciation	2, 4, 8, 14	27 277	17 963
Management fees ³		29 842	2 743
Municipal charges ⁴		407 960	287 934
Repairs and maintenance		23 941	18 639
Security costs		36 747	31 767
Staff costs		87 177	75 335
Operating costs per company summary		678 608	499 267
Heriot		302 054	252 654
Safari		248 241	246 613
Thibault		128 313	–
Administration costs per company summary		95 500	82 286
Heriot		50 471	47 127
Safari		32 769	35 159
Thibault		12 260	–

* The agreed fee for the audit of the consolidated financial statements is R4 988 810. Additional non-audit fees of R401 415 was also charged by the external auditor in the financial year. Audit and non-audit fees charged to unconsolidated related entities, relevant to the evaluation of the external audit firm's independence, amount to R543 215.

¹ Non-executive Director fees comprise amounts paid to Heriot Board members, together with fees earned by SB Herring and GJ Heron as Non-executive Directors on the Safari board.

² Commission costs include amounts paid to booking sites for the aparthotels and property brokers.

³ Management fees are paid to the aparthotel operators and third-party property management service providers.

⁴ The costs comprise all municipal charges (rates and taxes, electricity, water, sewer and refuse).

27. Directors' emoluments

	Group	
	2025 R'000	2024 R'000
Fees paid to Non-executive Directors		
SB Herring	774	1 009
Chairman of Heriot REIT Limited	359	323
Chairman of Safari Investments RSA Limited	415	444
Chairman of Thibault REIT Limited	–	242
SJ Blieden	332	349
R Lockhart-Ross	332	323
JA Finn	54	215
NA Ngale	81	323
A Mazwai	195	–
GJ Heron	555	564
Board member of Heriot REIT Limited	225	–
Board member of Safari Investments RSA Limited	330	353
Board member of Thibault REIT Limited	–	211
	2 323	2 783
Fees paid to Executive Directors		
RL Herring – CEO	5 662	5 340
Salaries and allowances	4 512	4 340
Bonus	1 150	1 000
D Snoyman – CFO	3 640	2 883
Salaries and allowances	2 640	2 183
Bonus	1 000	700
JA Finn – Group executive ¹	3 866	3 882
Salaries and allowances (Thibault REIT Limited)	3 246	3 882
Bonus	620	–
	13 168	12 105

¹ JA Finn served as CFO of Thibault during the 2024 reporting period. Following the Thibault merger, JA Finn resigned as CFO of Thibault and as a Non-executive Director of Heriot. Effective 30 April 2025, JA Finn resigned from Heriot as a Group executive.

Notes to the annual financial statements continued

28. Finance charges

	Note	Group	
		2025 R'000	2024 R'000
Secured borrowings		484 801	429 640
Other		5 160	2 478
Finance charges for the year		489 961	432 118
Capitalised – Investment property	2	3 870	3 341
Capitalised – Property under development	3	9 067	–
		502 898	435 459
Cash reconciliation			
Opening accrued interest	20	34 357	35 525
Interest accrual transferred from interest-bearing liabilities	17	18 686	–
Finance charges		489 961	432 118
Interest adjustment on derivative – non-cash	7	–	41
Closing accrued interest	17, 20	(45 090)	(41 465)
Amortised facility fees non-cash (Safari)		–	(2 470)
Capitalised		12 937	3 341
Total cash paid for finance charges		510 851	427 090
Finance charges per company summary			
Heriot		260 578	264 521
Safari		134 130	167 597
Thibault		95 253	–

29. Finance income

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Interest received – bank		8 576	6 401	4 965	3 297
Related party loans	9	6 496	9 150	3 318	3 501
		15 072	15 551	8 283	6 798
<i>Comprising:</i>					
Cash		8 576	6 401	4 965	3 297
Non-cash		6 496	9 150	3 318	3 501
		15 072	15 551	8 283	6 798
Finance charges per company summary					
Heriot		12 672	13 522		
Safari		1 879	2 029		
Thibault		521	–		

Notes to the annual financial statements continued

30. Fair value adjustments

	Note	Group	
		2025 R'000	2024 R'000
Unrealised gain on revaluation of investment property	2	1 092 020	466 198
Unrealised gain on revaluation of investment property under development	3	17 888	–
Unrealised (loss)/gain on revaluation of assets held for sale	14	(16 754)	42 593
Net unrealised gain on revaluation of investment property		1 093 154	508 791
Unrealised loss on revaluation of interest rate swap	7	(163)	(2 510)
Unrealised fair value adjustment on listed shares	9	27 697	–
		1 120 688	506 281

	Group	
	2025 R'000	2024 R'000
Fair value adjustments on investment property per company	1 092 020	466 198
Heriot	524 416	254 932
Safari	369 404	211 266
Thibault	198 200	–
Fair value adjustments on investment property under development	17 888	–
Heriot	17 888	–
Safari	–	–
Thibault	–	–
Fair value adjustments on assets held for sale	(16 754)	42 593
Heriot	–	47 884
Safari	(16 754)	(5 291)
Thibault	–	–
Fair value adjustments on interest rate swaps	(163)	(2 510)
Heriot	–	–
Safari	(163)	(2 510)
Thibault	–	–
Fair value adjustments on listed shares	27 697	–
Heriot	–	–
Safari	–	–
Thibault	27 697	–

Notes to the annual financial statements continued

31. Taxation

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Normal taxation		61	(184)	-	-
Current		-	-	-	-
Adjustment in respect of prior year		61	(184)	-	-
Foreign and withholding taxation		410	332	-	-
Current		-	-	-	-
Withholding taxation		410	332	-	-
Total normal and foreign and withholding taxation		471	148	-	-
Deferred		4 971	20 488	-	-
Current	18	4 971	20 488	-	-
Total taxation for the year		5 442	20 636	-	-
Reconciliation of taxation charge		27%	27%	27%	27%
Profit before taxation		1 622 515	889 729	424 920	285 784
Tax at the applicable rate of 27%		438 079	240 227	114 728	77 162
Taxation effect of:					
Qualifying distributions		(126 502)	(110 753)	(105 087)	(83 364)
Thibault dividend included in taxable income		-	10 045	-	10 045
Net impairment (losses)/reversals	24	-	258	(9 641)	(3 843)
Fair value adjustments investment property	30	(294 845)	(125 873)	-	-
Fair value adjustments investment property held for sale	30	4 524	(11 500)	-	-
Fair value adjustments investment property under development	30	(4 830)	-	-	-
Fair value adjustments on derivatives	30	44	678	-	-
Fair value adjustments on listed shares	30	(7 478)	-	-	-
Straight-line rental income accrual	2	(11 328)	(4 310)	-	-

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Equity-accounted profits (net of taxation)	6	-	(213)	-	-
Taxable dividends from associate	6	-	61	-	-
Namibian subsidiary		410	3 427	-	-
Tax rate differential		-	3 095	-	-
Withholding tax on interest		410	332	-	-
Loss on sale of property, plant and equipment	4	106	64	-	-
Loss on sale of inventory	12	297	1 221	-	-
Profit on sale of subsidiary		(3 316)	-	-	-
Impairment of inventory		-	258	-	-
Excess dividend not deductible		3 363	10 271	-	-
Non-deductible expenditure		11	755	-	-
Deferred tax asset on Namibian assessed loss not recognised		-	4 540	-	-
Income in advance		686	(3 099)	-	-
ECL allowance		2 276	1 713	-	-
Prepayments		(226)	(457)	-	-
Adjustment in respect of prior year tax		61	(184)	-	-
Head office depreciation added back		136	136	-	-
Unutilised tax losses		3 974	3 372	-	-
		5 442	20 636	-	-

Notes to the annual financial statements continued

32. Earnings and headline earnings

Note	Group			
	2025		2024	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Reconciliation of basic earnings to headline earnings				
Profit attributable to Heriot shareholders	1 379 124	1 379 124	664 734	664 734
Adjustments to basic earnings are as follows:	(1 105 045)	(946 413)	(509 264)	(406 347)
Fair value adjustments: investment properties and property under development	2 (1 109 908)	(951 276)	(466 198)	(363 281)
Fair value adjustments: investment properties held for sale	14 16 754	16 754	(42 593)	(42 593)
Fair value adjustments investment property: equity-accounted investments	6 –	–	(709)	(709)
Profit on sale of subsidiary	25 (12 283)	(12 283)	–	–
Loss on sale of property, plant and equipment	4 392	392	236	236
Headline earnings attributable to Heriot shareholders		432 711		258 387
Actual number of shares in issue ¹		319 261 982		319 261 982
Weighted average number of shares in issue ²		319 261 982		255 744 853
Basic earnings per share (cents)		431,97		259,92
Diluted earnings per share (cents)		431,97		259,92
Headline earnings per share (cents)		135,53		101,03
Diluted headline earnings per share (cents)		135,53		101,03

¹ Excludes 900 000 treasury shares.

² Effective 28 June 2024, Heriot entered into an exchange agreement, in terms of Section 42 of the Income Tax Act ("exchange agreement"), with Thibault and the shareholders, in terms of which Heriot acquired 100% of the issued shares in Thibault held by the Thibault shareholders in exchange for the issue of 63 866 124 shares in the Company. Refer to **note 41.1**.

33. Notes to the cash flow statement

33.1 The following convention applies to figures other than adjustments:

Outflows of cash are represented by figures in brackets. Inflows of cash are represented by figures without brackets.

33.2 Cash generated from/(used in) operations

Note	Group		Company	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
	Profit before taxation	1 622 515	889 729	424 920
Adjusted for:				
Non-cash items	(1 162 020)	(495 416)	(418 127)	(280 679)
Investment properties fair value adjustments	30 (1 109 908)	(466 198)	–	–
Investment properties held for sale fair value adjustments	30 16 754	(42 593)	–	–
Listed shares fair value adjustments	30 (27 697)	–	–	–
Unrealised loss on revaluation of interest rate swap	30 163	2 510	–	–
Impairment losses/(reversals)	24 –	957	(35 708)	(14 231)
Straight-line rental income accrual	2 (41 954)	(15 963)	–	–
Movement in ECL provision	10 11 240	8 459	–	–
Dividends received subsidiaries	11, 22 –	–	(382 419)	(266 448)
Dividends received listed shares	23 (26 004)	–	–	–
Equity-accounted profits (net of taxation)	6 –	(790)	–	–
Loss on sale of property, plant and equipment	4 392	236	–	–
Profit on sale of subsidiary	(12 283)	–	–	–
Depreciation	2, 4, 8, 14 27 277	17 966	–	–
Finance charges	489 961	432 118	–	–
Finance income	(15 072)	(15 551)	(8 283)	(6 798)

Notes to the annual financial statements continued

33. Notes to the cash flow statement continued

33.2 Cash generated from/(used in) operations continued

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Operating profit/(loss) before working capital changes		935 384	810 880	(1 490)	(1 693)
Working capital changes		23 344	(21 111)	98 611	478
Trade and other receivables	33.3	(9 496)	(50 867)	-	-
Inventories	12	11 593	17 319	-	-
Trade and other payables	33.4	21 246	12 437	98 611	478
Cash generated from/(used in) operations		958 727	789 769	97 121	(1 215)

33.3 Trade and other receivables

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
At the beginning of the year		104 386	47 248	-	-
Transfer to held for sale	14	(5 012)	-	-	-
Transfer from interest-bearing liabilities	33.7	5 957	-	-	-
Transfer to investment property under development	3	(17 754)	-	-	-
Movement in ECL provision	10	(11 240)	(8 459)	-	-
Business combination (Thibault)	41.1	-	13 258	-	-
Business combination (Fixtrade)	41.2	-	1 472	-	-
Unpaid proceeds from the sale of Safari Namibia	10	290 000	-	-	-
At the end of the year		(375 833)	(104 386)	-	-
Movement for the year		(9 496)	(50 867)	-	-

33.4 Trade and other payables

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
At the beginning of the year		(152 344)	(119 116)	(536)	(58)
Per statement of financial position		(186 701)	(154 641)	(536)	(58)
Non-cash – interest on secured liabilities accrued at the beginning of the year	20	34 357	35 525	-	-
At the end of the year		173 590	131 553	99 147	536
Per statement of financial position		216 082	186 701	28 341	536
Transfer to held for sale	14	2 598	-	-	-
Advance payment by Thibault	11	-	-	70 806	-
Business combination (Thibault)	41.1	-	(29 428)	-	-
Business combination (Fixtrade)	41.2	-	(2 941)	-	-
Non-cash – interest on secured liabilities accrued at the end of the year	20	(45 090)	(22 779)	-	-
		21 246	12 437	98 611	478

Notes to the annual financial statements continued

33. Notes to the cash flow statement continued

33.5 Taxation paid

	Note	Group	
		2025 R'000	2024 R'000
Taxation payable at the beginning of the year		(65)	(402)
Taxation for the year	31	(471)	(148)
Take-on balance from subsidiary acquired (Thibault)	41.1	–	(446)
Tax payable/(in advance) at the end of the year		(457)	65
Taxation paid during the year		(993)	(931)

33.6 Acquisitions and improvements capitalised to investment property

	Note	Group	
		2025 R'000	2024 R'000
Acquisitions and improvements capitalised to investment property	2	230 557	173 130
Costs incurred in respect of property under development	3	32 788	1 180
		263 345	174 310
Costs incurred in respect of investment property held for sale	14	20 859	179 644
Cash portion of acquisitions and expenditure capitalised to investment property		284 204	353 954

33.7 Reconciliation of liabilities arising from financing activities

	Note	Group		
		Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
Balance as at 30 June 2023		3 225 122	608 926	3 834 048
Repayment of capital	Cash flow	(668 608)	–	(668 608)
Business combination (Thibault) – non-cash	41.1	964 561	–	964 561
Accrued interest – non-cash ²		–	18 686	18 686
Proceeds – cash	Cash flow	902 184	–	902 184
Facility fees movement – non-cash ²		–	2 469	2 469
Refinance – non-cash		465 148	(465 148)	–
Balance as at 30 June 2024		4 888 407	164 933	5 053 340
Repayment of capital	Cash flow	(721 555)	–	(721 555)
Accrued interest – non-cash	20	–	(18 686)	(18 686)
Transfer to trade and other receivables – non-cash	10	–	5 959	5 959
Proceeds – cash	Cash flow	914 615	–	914 615
Property acquisition – non-cash ¹	3	68 390	–	68 390
Transfer to current – non-cash		(312 083)	312 083	–
Refinance – non-cash		151 544	(151 544)	–
Balance as at 30 June 2025		4 989 318	312 745	5 302 063

¹ On 3 July 2024, Heriot acquired Finsbury Court, a 2 500m² residential property on Beach Road, Sea Point, Cape Town, for R76,1 million of which R68,39 million was transferred directly to the conveyancer and on this basis, was deemed non-cash movement in the cash flow statement.

² The accrued interest from the prior year has been restated from R21,154 million to R18,686 million and facilities fees non-cash movement to R2,469 million.

Notes to the annual financial statements continued

34. Commitments

At 30 June 2025, the Group's capital commitments of R246,301 million (2024: R533,339 million) comprise improvements to investment property. These commitments have been authorised and committed to by both Heriot's and Safari's Boards.

These costs will be funded by the Group's cash reserves together with unutilised, committed and future credit facilities.

	Group	
	2025 R'000	2024 R'000
The summary of capital commitments is as follows:	246 301	533 339
Heriot	117 101	204 469
Safari	124 450	214 075
Thibault	4 750	114 795

35. Lease payments receivable

	Group	
	2025 R'000	2024 R'000
Minimum lease payments comprise contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements, not recognised in the financial statements.		
– Receivable within one year	971 726	876 226
– Receivable between one and two years	837 677	705 189
– Receivable between two and three years	623 217	565 347
– Receivable between three and four years	434 709	380 623
– Receivable between four and five years	319 223	260 597
– Receivable beyond five years	1 243 820	1 249 488
	4 430 372	4 037 470

36. Related parties and related party transactions

Relationships are as follows:

Beneficial ownership	The Gusi Trust – beneficiaries include SB Herring
Beneficial ownership	African Property Investments Limited and One Property Management Services Limited – controlled by SB Herring
Majority shareholder	Heriot Investments Proprietary Limited
Subsidiaries	Refer to note 5
Associates	Refer to note 6
JCB Herring	Shareholder
Thibault Investments Proprietary Limited ¹	Directorship – SB Herring is the common director
14th Avenue Investments Proprietary Limited ¹	Directorship – SB Herring is the common director
RL Herring	Chief Executive Officer
Other	Employees not in executive or prescribed officer positions.

¹ 14th Avenue is a wholly owned subsidiary of Thibault. Heriot provided management services to 14th Avenue prior to its acquisition of Thibault on 28 June 2024. On this basis, Heriot recognised the management fee and letting commission prior to the acquisition in investment as other income and disclosed this as a related party transaction.

Related parties with whom the Group and Company transacted during the year were:

	Note	Company	
		2025 R'000	2024 R'000
Related party balances			
Dividends receivable from subsidiaries	11	160 331	85 089
Bait Away Trading Proprietary Limited		4 050	4 707
Fin Properties 107 Proprietary Limited		2 906	–
Heriot Properties Proprietary Limited		124 387	44 828
Heriot Properties West Proprietary Limited		5 536	6 441
Heriot Trust No. 1		365	4 286
Heriot Trust No. 3		–	65
Moditouch Proprietary Limited		738	1 003
Phokeng Mall Proprietary Limited		14 328	14 769
Tiger Stripes Investments 31 Proprietary Limited		39	–
Terrace Drive Properties 34 Proprietary Limited		7 982	8 990

Notes to the annual financial statements continued

36. Related parties and related party transactions continued

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Amount included in other financial assets					
Non-current	9	53 606	101 090	33 989	34 265
Heriot Investments Proprietary Limited		19 617	66 825	–	–
Loans to participants of employee share scheme		33 989	34 265	33 989	34 265
RL Herring – Chief Executive Officer		28 920	29 150	28 920	29 150
Other		5 069	5 115	5 069	5 115
Amount included in other financial liabilities					
Thibault REIT Limited	19	–	–	–	6 988
Amount included in trade and other receivables/(payables)					
Thibault REIT Limited	20	–	340	(28 339)	340
JCB Herring – shareholder	10	–	340	–	340

	Note	Group		Company	
		2025 R'000	2024 R'000	2025 R'000	2024 R'000
Related party transactions					
Interest received/(paid)	28, 29	6 493	9 196	3 318	3 501
Heriot Investments Proprietary Limited	9.2	3 178	5 649	–	–
Loans to participants of employee share scheme	9.1	3 318	3 501	3 318	3 501
RL Herring		2 823	2 977	2 823	2 977
Other		495	524	495	524
JCB Herring		(3)	129	–	–
Other income (management fees and letting commission)	23	7 560	10 283	–	–
14th Avenue Investments Proprietary Limited		–	2 723	–	–
African Property Investments Limited		1 200	1 200	–	–
One Property Management Services Limited		6 360	6 360	–	–

Compensation of key management is by way of salary and bonus only, details of which are disclosed in **note 27**.

Notes to the annual financial statements continued

37. Financial risk management

The Group's financial risk management objective is to manage the capital and financial risk exposure so that the Group continues as a going concern and minimises adverse effects of financial risks on returns.

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

- Liquidity risk;
- Interest rate risk;
- Credit risk; and
- Market price risk (investment in listed shares).

The Group is not exposed to foreign exchange risk. The only cross-border transactions which occurred within the Group are with the Group's subsidiary located in Namibia.

The exchange rate is: 1 South African Rand = 1 Namibian Dollar.

The Group's management policies are designed to ensure that there is an acceptable level of risk within the Group as a whole.

37.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and a revolving loan facility and by regularly monitoring cash flows.

A maturity analysis at year-end is set out below.

	Note	Group					Total R'000
		Less than one year R'000	One to two years R'000	Two to three years R'000	Three to four years R'000	Four to five years R'000	
As at 30 June 2025							
Interest-bearing borrowings – capital	17	312 745	2 070 571	1 694 000	1 224 747	–	5 302 063
Interest accrual on interest-bearing borrowings		434 734	351 851	180 613	36 630	–	1 003 828
Dividend payable	21	15 466	–	–	–	–	15 466
Lease liabilities	8	1 146	1 226	–	–	–	2 372
Trade and other payables	20	177 082	–	–	–	–	177 082
		941 173	2 423 648	1 874 613	1 261 377	–	6 500 811
As at 30 June 2024							
Interest-bearing borrowings – capital	17	164 933	670 570	1 911 050	1 425 610	881 177	5 053 340
Interest accrual on interest-bearing borrowings		503 621	437 725	337 538	167 083	37 512	1 483 479
Dividend payable	21	46 060	–	–	–	–	46 060
Lease liabilities	8	1 071	1 146	1 226	–	–	3 443
Trade and other payables	20	148 511	–	–	–	–	148 511
		864 196	1 109 441	2 249 814	1 592 693	918 689	6 734 833

Notes to the annual financial statements continued

37. Financial risk management continued

37.1 Liquidity risk continued

	Note	Company			Total R'000
		Less than one year R'000	Two to five years R'000	More than five years R'000	
As at 30 June 2025					
Trade and other payables	20	28 341	–	–	28 341
		28 341	–	–	28 341
As at 30 June 2024					
Other financial liabilities	19	6 988	–	–	6 988
Trade and other payables	20	536	–	–	536
		7 524	–	–	7 524

Cross-guarantees amounting to R3,241 billion have been provided, which reflects the Company's maximum exposure.

37.2 Categories of financial instruments

	Note	Group		
		At amortised cost R'000	At fair value through profit or loss R'000	Total R'000
As at 30 June 2025				
Financial assets				
Financial assets – non-current	9	53 606	190 553	244 159
Financial assets – current	9	–	10 000	10 000
Trade and other receivables	10	352 181	–	352 181
Cash and cash equivalents	13	121 445	–	121 445
		537 232	200 553	737 785
Financial liabilities				
Interest-bearing borrowings	17	5 302 063	–	5 302 063
Dividend payable	21	15 466	–	15 466
Trade and other payables	20	177 082	–	177 082
		5 494 611	–	5 494 611

	Note	Group		
		At amortised cost R'000	At fair value through profit or loss R'000	Total R'000
As at 30 June 2024				
Financial assets				
Financial assets – non-current	9	101 090	212 868	313 958
Derivative financial instrument – current	7	–	163	163
Trade and other receivables	10	69 170	–	69 170
Cash and cash equivalents	13	69 025	–	69 025
		239 285	213 031	452 316
Financial liabilities				
Interest-bearing borrowings	17	5 053 340	–	5 053 340
Dividend payable	21	46 060	–	46 060
Trade and other payables	20	148 511	–	148 511
		5 247 911	–	5 247 911

Notes to the annual financial statements continued

37. Financial risk management continued

37.2 Categories of financial instruments continued

	Note	Company		Total R'000
		At amortised cost R'000	At fair value through profit or loss R'000	
As at 30 June 2025				
Financial assets				
Financial assets – non-current	9	33 989	–	33 989
Financial assets – current	11	160 331	–	160 331
Cash and cash equivalents	13	49 623	–	49 623
		243 943	–	243 943
Financial liabilities				
Trade and other payables	20	28 341	–	28 341
		28 341	–	28 341
As at 30 June 2024				
Financial assets				
Financial assets – non-current	9	34 265	–	34 265
Financial assets – current	11	85 089	–	85 089
Cash and cash equivalents	13	42 342	–	42 342
		161 696	–	161 696
Financial liabilities				
Other financial liabilities	19	6 988	–	6 988
Trade and other payables	20	536	–	536
		7 524	–	7 524

37.3 Interest rate risk

At the reporting date, all borrowings of the Group are at floating interest rates with 0% (2024: 1%) hedged (note 7). The Group is therefore exposed to interest rate risk through its interest-bearing borrowings and variable rate cash balances. 89,9% (2024: 89,5%) of interest-bearing debt is subject to interest at a three-month JIBAR rate, essentially fixing interest rates for intervals of three months. Further, surplus funds are invested against revolving debt facilities, thereby reducing the Group's exposure to interest rate increases. Management, together with the Board, regularly monitors and assesses interest rate risk and will put appropriate hedging strategies in place at a suitable time in the future.

An increase/decrease of 1% in the prime interest rate for the year would have increased/decrease the interest expense by R124,8 million (2024: R148,2 million) in respect of the floating portion of the debt.

An increase/decrease of 1% in the prime interest rate for the year would have increased/decreased the finance income by R1 214 450 (2024: R573 601) in respect of the cash held in interest-bearing bank accounts.

An increase/decrease of 1% in the prime interest rate for the year would have increased/decreased the interest income from the Heriot Investments loan by R196 171 (2024: R668 253).

An increase/decrease of 1% in the prime interest rate for the year would have increased/decreased the interest income from the employee share scheme loans by R339 891 (2024: R343 649).

37.4 Credit risk management

Credit risk is the risk of financial loss to the Company if a tenant or counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables, loans receivable and short-term cash investments are subject to credit risk. The maximum exposure to credit risk is presented in the table below.

	Note	Group		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
As at 30 June 2025				
Financial assets	9	53 606	–	53 606
Trade and other receivables	10	375 068	(22 887)	352 181
Cash and cash equivalents	13	121 445	–	121 445
		550 119	(22 887)	527 232
As at 30 June 2024				
Financial assets	9	101 090	–	101 090
Trade and other receivables	10	80 817	(11 647)	69 170
Cash and cash equivalents	13	69 025	–	69 025
		250 932	(11 647)	239 285

Notes to the annual financial statements continued

37. Financial risk management continued

37.4 Credit risk management continued

	Note	Company		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
As at 30 June 2025				
Financial assets	9	33 989	–	33 989
Dividends receivable from subsidiaries	10	160 331	–	160 331
Cash and cash equivalents	13	49 623	–	49 623
		243 943	–	243 943
As at 30 June 2024				
Financial assets	9	34 265	–	34 265
Dividends receivable from subsidiaries	11	85 089	–	85 089
Cash and cash equivalents	13	42 342	–	42 342
		161 696	–	161 696

37.5 Market price risk (investment in listed shares)

Heriot through the acquisition of Thibault on 28 June 2024 acquired 64 116 874 shares in Texton valued at R212,868 million. In the current reporting period, Thibault increased its strategic interest in Texton from 21,5% to 21,7% (excluding treasury shares), acquiring an additional 477 431 shares for R1,579 million, equivalent to R3,31 per share. As at 30 June 2025, Thibault held 64 594 305 shares valued at R190,553 million. An increase or decrease of R0,50 in the market price of the share at 30 June 2025 would have increased/decreased the value of the investment by R32,3 million (2024: R34,2 million).

37.6 Fair value hierarchy for financial instruments and investment property

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. IFRS 13 requires that an entity disclose for each class of financial instrument and investment property measured at fair value, the level of fair value hierarchy into which the fair value measurements are categorised in their entirety.

The fair value hierarchy has the following levels:

- **Level 1** – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities. Refer to **note 9**.
- **Level 2** – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly. Refer to **note 7**.
- **Level 3** – fair value is determined through the use of valuation techniques using significant inputs (refer to **notes 2, 3 and 14** for assumptions applied to the valuation of investment property and property under development).

	Note	Group			
		Fair value R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
As at 30 June 2025					
Assets					
Investment properties	2	12 379 190	–	–	12 379 190
Property under development	3	238 412	–	–	238 412
Non-current assets held for sale	14	181 136	–	–	181 136
Financial assets – listed shares	9	190 553	190 553	–	–
Financial assets – contingent consideration	9	10 000	–	–	10 000
		12 999 291	190 553	–	12 808 738
As at 30 June 2024					
Assets					
Investment properties	2	11 343 750	–	–	11 343 750
Property under development	3	92 525	–	–	92 525
Non-current assets held for sale	14	180 100	–	–	180 100
Financial assets – listed shares	9	212 868	212 868	–	–
Derivative instrument	7	163	–	163	–
		11 829 406	212 868	163	11 616 375

Notes to the annual financial statements continued**38. Capital management**

In terms of the memorandum of incorporation, the Company has limited its consolidated borrowings to 60% of consolidated assets. However, to manage the Group's risk, the Board aims to limit borrowings to below 45% of property assets.

	Group	
	2025 R'000	2024 R'000
As at the reporting date, the Group's LTV, net of cash, was:		
Property assets	13 300 783	11 862 515
Investment property	12 379 190	11 343 750
Property under development	238 412	92 525
Non-current assets held for sale (less liabilities)	181 136	180 100
Owner-occupied property	21 174	21 679
Inventories	–	11 593
Investment in associates and joint ventures	318	–
Disposal consideration receivable	290 000	–
Financial assets – shares in listed REIT	190 553	212 868
Interest-bearing borrowings	5 302 063	5 053 340
Loan-to-value (%)	39,9	42,6
Interest-bearing borrowings net of cash	5 180 618	4 984 315
Loan-to-value (net of cash) (%)	38,9	42,0

39. Subsequent events**Heriot**

On 18 September 2025, the Heriot Board approved The Fibonacci development, scheduled to commence in October 2025. The project will comprise 574 student accommodation units and a ground-floor retail precinct, with an estimated development cost of R530 million. Funding will be provided through a new debt facility arranged by Absa. Completion is targeted for November 2027, with operations expected to begin in time for the 2028 academic year. To mitigate project risk, 174 units will be pre-sold to the market. As this change in intention occurred after the year-end, the 174 units will be classified as inventory in the 2026 financial year. On 18 September 2025, Absa's offer to finance The Fibonacci development was approved by the Board. The R530,0 million development facility offers a rate of prime less 180bps. It converts to a R330,0 million three-year term facility after deducting the R200,0 million sales proceeds at a rate of three-month JIBAR plus 147,5bps.

On 2 July 2025, Heriot increased its Nedbank debt revolving facility by R30,0 million, thereby increasing the total facility to R280,0 million. The balance of the terms remains unadjusted. (Refer **note 17**)

Post the reporting period, Heriot concluded the sale of the remaining 13 units held by Fixtrade for R8,1 million.

On 31 August 2025, Heriot renewed its R62,0 million facility with Nedbank for a further 24 months, maintaining the interest rate at prime minus 50bps. (Refer **note 17**)

On 26 September 2025, the Heriot Board approved a gross final cash distribution of 65,07 cents per ordinary share for the financial year ended 30 June 2025. The distribution was paid to shareholders on 20 October 2025.

Safari

On 19 September 2025, the Safari board approved a gross final cash distribution of 40,00 cents per ordinary share for the financial year ended 30 June 2025. The distribution was paid to shareholders on 13 October 2025.

On 17 October 2025, Safari shareholders were advised, via a Stock Exchange News Service announcement, that the Safari board had resolved to make a firm offer to acquire the company's entire issued ordinary share capital ("shares"), excluding those held by Heriot through its wholly owned subsidiaries, Heriot Properties and Thibault, and by Thabong, a wholly owned subsidiary of Safari. The offer, implemented by way of a scheme of arrangement ("scheme") in terms of Section 114(1)(e), read with Section 115 of the Companies Act, was at a cash consideration of R8,00 (800 cents) per share. Safari has commenced the required regulatory processes, including obtaining irrevocable undertakings from shareholders to support the scheme. Safari's goal is to successfully conclude and implement the scheme by mid-December 2025. Standard Bank will fully fund the estimated R835,0 million transaction through a two-year loan facility bearing interest at three-month JIBAR plus 117bps.

Thibault

On 2 July 2025, Thibault signed a term sheet to renew a R250,0 million facility with Nedbank, replacing the previous funding arrangement with First National Bank. The facility is structured over a three-year term at an interest rate of three-month JIBAR plus 151bps. Refer to **note 17**.

The Directors are not aware of any other material reportable events that occurred after the reporting period.

Notes to the annual financial statements continued**40. Going concern**

The Directors have satisfied themselves that the Group and Company are in a sound financial position with access to sufficient facilities to meet foreseeable cash requirements. As a result of maturing facilities, the Group's current liabilities exceed its current assets by R37,5 million. Refinancing discussions with new and current financial institutions are ongoing, and the Group's financial performance and position have been taken into consideration. To date, the Group has successfully secured new or renewed facilities of R312,7 million (refer to **note 39**) with its current lenders. The Group has unutilised debt facilities of R380,504 million at the reporting date which can be accessed to meet financial obligations at the date of this report. On this basis, the Directors believe that the Group has adequate cash resources to continue operating for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis.

41. Business combination**41.1 Thibault (prior year business combination)**

Effective 28 June 2024, Heriot entered into exchange agreements with Thibault and its shareholders for the acquisition of 100% of the issued shares in Thibault in terms of Section 42 of the Income Tax Act.

In terms of this transaction, Heriot acquired all of the 103 009 878 issued shares of Thibault in exchange for 63 866 124 new Heriot shares, equating to an exchange ratio of 62 new Heriot shares for every 100 Thibault shares in issue. The swap ratio of 62% was deemed fair and reasonable by an independent expert who assessed the transaction on behalf of the shareholders of both Heriot and Thibault. The opinion was presented to and approved by the Takeover Regulation Panel, the Cape Town Stock Exchange and the JSE. Shares were formally issued on 28 June 2024 being the effective date of the acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Group
Note	2024 R'000
Assets	2 036 033
Investment property at fair value	1 794 750
Investment property – closing carrying value	1 781 939
Straight-line income accrual	12 811
Property, plant and equipment	12 438
Other financial assets ¹	212 868
Trade and other receivables	13 258
Cash and cash equivalents	2 719
Liabilities	999 651
Interest-bearing borrowings – non-current	964 561
Deferred tax – net liability	5 216
Trade and other payables	29 428
Current tax payable	446
Carrying amount of net assets acquired – (A)	1 036 382
Purchase consideration calculated as follows:	
Cost of shares issued is as follows:	
Number of shares issued	63 866 124
Market value per share on acquisition date (Rand)	15
Market value of shares issued	957 992
Less: Dividend declared by Thibault to Heriot	(37 203)
Adjusted purchase consideration	SOCIE 920 789
Less: Acquisition of 10% NCI in Safari ²	(257 931)
Net purchase consideration – (B)	662 858
Bargain gain through equity (A – B)	373 524
Equity contribution from Thibault shareholders	(37 203)
Net bargain gain in equity	SOCIE 336 321

Notes to the annual financial statements continued**41. Business combination** continued**41.1 Thibault (prior year business combination)** continued

	Group
Note	2024 R'000
Net cash inflow on acquisition	
Cash advanced prior to acquisition	
Cash and cash equivalents acquired on acquisition	2 719
Total cash and cash equivalents acquired	Cash flow 2 719
The benefits of synergies between both companies will further enhance revenue growth, future developments and streamline operating costs.	
Had the business combination been included for the entire year	
Group profit after tax	167 533
Group turnover	238 803

¹ Other financial assets comprise 64 116 874 shares held in Texton and are accounted for at fair value through profit and loss in terms of IFRS 9 at the reporting date. Refer to **note 9** and **note 1.3** for further details.

² Thibault had a 10,02% shareholding in Safari equating to 25 952 710 shares. The NAV of the Safari shares was R9,94 or R257,931 million on the acquisition date.

The following additional information is not required from an IFRS® Accounting Standards perspective but is relevant for assessing Thibault's financial performance for the period ended 30 June 2024. Further, the statement of comprehensive income and cash flow statement movements have not been included on a line basis as a result of the Thibault acquisition occurring on 28 June 2024.

	Group
	2024 R'000
Summary of consolidated statement of comprehensive income	
Revenue	238 803
Contractual rental income	166 647
Revenue from sale of inventory	5 665
Operating cost recoveries	53 680
Straight-line rental income accrual	12 811
Cost of inventory sold	(3 599)
Operating costs	(106 254)
Net property income	128 950
Other income	26 670
Loss on disposal of assets	(382)
Administration costs	(11 978)
Profit from operations	143 260
Finance charges	1 398
Finance income	(95 026)
Profit before fair value adjustments	49 632
Fair value adjustments	117 916
Investment properties	61 050
Listed shares	56 866
Profit before taxation	167 548
Taxation	(15)
Total comprehensive income for the year	167 533

Notes to the annual financial statements continued

41. Business combination continued

41.1 Thibault (prior year business combination) continued

	Group
	2024 R'000
Distributable earnings adjustments:	
Fair value adjustments	(117 916)
Straight-line rental income accrual	(12 811)
Deferred taxation	15
Loss on disposal of assets	382
Distributable earnings for the year ended 30 June 2024	37 203
Summary of consolidated statement of cash flows	
Net cash flows generated from operating activities	38 164
Net cash used in investing activities	(210 506)
Net cash generated from financing activities	175 061
Net movement in cash and cash equivalents	2 719
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	2 719

41. Business combination continued

41.2 Fixtrade (prior year business combination)

On 1 March 2024, Heriot acquired the balance of issued shares in Fixtrade from the associate shareholder (refer to **note 6.1.1**) for R4,7 million. Heriot financed the transaction through available cash reserves. The purchase price equated to the *pro rata* fair value of net assets acquired and hence no bargain purchase gain or goodwill arose on acquisition.

This opportunistic acquisition is aligned with Heriot's objective to unlock value through strategic interventions supported by its experienced management.

From 1 March 2024, Heriot controls Fixtrade by virtue of 100% of voting rights held.

41. Business combination continued

41.2 Fixtrade (prior year business combination)

The assets and liabilities arising from the acquisition are as follows:

	Group
Note	2024 R'000
Assets	14 418
Investment property at fair value	11 419
Property, plant and equipment	911
Trade and other receivables	1 472
Cash and cash equivalents	Cash flow 616
Liabilities	5 018
Deferred tax – net liability	2 077
Trade and other payables	2 941
Fair value of net assets acquired	9 400
Carrying amount of investment in associate	6 9 400
No gain on purchase	–
Fair value of net assets acquired	9 400
Heriot value of shareholding pre-acquisition	4 700
JF Trust shareholding pre-acquisition	4 700
Cash consideration paid¹	4 700
Net cash flows on acquisition	
Purchase price	6 (4 700)
Less cash and cash equivalents acquired	616
Net cash and cash equivalents acquired	Cash flow (4 084)
Included in the consolidated results for the year	
Equity-accounted profits	912
Dividends received from previously held equity interest	225

¹ Settled by using Heriot's available cash facilities.

Notes to the annual financial statements continued

41. Business combination continued

41.2 Fixtrade (prior year business combination) continued

	Group
	2024 R'000
Had the business combination been included for the entire year	
Group profit after tax	16 416
Group turnover	1 982
Included in consolidated results post the 1 March 2024 acquisition:	
Group profit after tax	15 730
Group turnover	603

The benefits of synergies between both companies will further enhance revenue growth, future developments and streamline operating costs.

42. Segmental analysis

The Group's portfolio is organised into three operating categories: **Sectoral, Group components** and **Geographical**. These categories are aligned with the Group's operating segments, which are consistent with the internal reporting reviewed by management and the Board. This structure enables management to evaluate performance, allocate resources and assess each segment's contribution to the Group as a whole.

The **Sectoral** and **Group components** categories represent the Group's primary reportable segments, for which discrete financial information is available and regularly assessed by management and the Board.

Sectoral

The sectoral category comprises six segments: **Retail, Industrial, Office, Specialised, Residential/aparthotel** and **Other**.

- **Retail:** 23 properties (FY2024: 24), primarily retail shopping centres, supplemented by stand-alone single tenanted properties. The portfolio is weighted towards rural market retail centres, with the balance comprising community and neighbourhood centres.
- **Industrial:** 14 properties (FY2024: 14), including warehousing, logistics facilities and industrial parks.
- **Office:** 5 properties (FY2024: 5), comprising high rise and low rise offices in Johannesburg and Cape Town, as well as a mixed-use property in Cape Town CBD that includes both office and aparthotel components.
- **Specialised:** 4 properties (FY2024: 4), comprising 8 farms with a combined area of 8 382 hectares of paper plantations, leased to Mondi South Africa Proprietary Limited.
- **Residential/aparthotel:** 3 aparthotel properties in Cape Town CBD (20 550m² GLA, 623 units), reported within the residential sector for segmental purposes. In addition, the Group holds a 50% interest in 100 residential units in Johannesburg.
- **Other:** Properties under development, the Group's head office and vacant land.

Group components

The Group components category comprises three segments: **Heriot, Safari** and **Thibault**.

- **Heriot:** 40 properties, including 14 industrial, 12 retail, 4 specialised, 4 office, 3 residential/aparthotel, and 2 under development.
- **Safari:** 8 retail centres and 1 parcel of vacant land.
- **Thibault:** 3 retail centres and 1 mixed-use building comprising offices and an aparthotel.

Notes to the annual financial statements continued

42. Segmental analysis continued

Geographical

In addition to the main reportable segments, the Group provides a geographical analysis of investment property and revenue by province within South Africa and in Namibia.

The contribution of each segment to the Group's overall performance is presented in the tables that follow.

Sectoral	Year ended 30 June 2025						
	Retail ¹	Industrial	Office	Specialised ²	Residential/ aparthotel	Other ³	Total
Total GLA (m²)⁴	358 459	268 705	30 496	–	3 446	–	661 106
Total GLA	358 459	268 705	30 496	–	23 996	21 165	702 821
Vacant land and under development	–	–	–	–	–	(21 165)	(21 165)
Aparthotel GLA	–	–	–	–	(20 550)	–	(20 550)
Vacancy (m ²)	5 772	3 346	1 499	–	18	–	10 635
Vacant (%)	1,6	1,2	4,9	–	0,5	–	1,6

¹ The reduction in the retail sector GLA is predominantly due to the sale of the Platz am Meer shopping centre on 30 June 2025.

² The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

³ The other sector comprises property under development, vacant land and the head office.

⁴ Total GLA has been restated to exclude vacant land and the aparthotels' GLA.

Sectoral	Year ended 30 June 2024						
	Retail	Industrial	Office	Specialised ¹	Residential/ aparthotel	Other ²	Total
Total GLA (m²)³	378 073	268 705	30 496	–	6 478	–	683 752
Total GLA	378 073	268 705	30 496	–	27 028	18 665	722 967
Vacant land and under development	–	–	–	–	–	(18 665)	(18 665)
Aparthotel GLA	–	–	–	–	(20 550)	–	(20 550)
Vacancy (m ²)	5 641	12 400	2 408	–	645	–	21 094
Vacant (%)	1,5	4,6	7,9	–	10,0	–	3,1

¹ The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

² The other sector comprises property under development, vacant land and the head office.

³ Total GLA has been restated to exclude vacant land and the aparthotels' GLA.

Notes to the annual financial statements continued

42. Segmental analysis continued

Statement of comprehensive income

Sectoral	Year ended 30 June 2025						
	Retail R'000	Industrial R'000	Office R'000	Specialised R'000	Residential/ aparthotel R'000	Other R'000	Total R'000
Contractual rental income	806 340	179 949	63 046	9 555	123 384	1 087	1 183 361
Recoveries	383 040	64 821	19 594	756	3 259	126	471 596
Revenue from sale of inventory	-	-	-	-	10 033	-	10 033
Straight-lining of rental income	45 134	(2 608)	85	(527)	(130)	-	41 954
Total revenue	1 234 514	242 162	82 725	9 784	136 546	1 213	1 706 944
Property expenses	(464 176)	(73 906)	(41 222)	(780)	(85 586)	(12 938)	(678 608)
Commission costs	-	(659)	(1 711)	-	(10 033)	(200)	(12 603)
Cleaning costs	(20 425)	-	(1 618)	-	(178)	-	(22 221)
Depreciation	(17 720)	(948)	(376)	-	(7 181)	(1 052)	(27 277)
Management fees	(459)	-	(1 346)	-	(28 037)	-	(29 842)
Municipal charges	(309 107)	(62 755)	(19 242)	(780)	(15 770)	(306)	(407 960)
Repairs and maintenance	(16 098)	(3 164)	(1 780)	-	(2 802)	(97)	(23 941)
Security costs	(32 560)	(853)	(988)	-	(1 882)	(464)	(36 747)
Other property-related expenses	(67 807)	(5 527)	(14 161)	-	(19 703)	(10 819)	(118 017)
Cost of inventory sold	-	-	-	-	(11 132)	-	(11 132)
Net property income	770 338	168 256	41 503	9 004	39 828	(11 725)	1 017 204
Other income and equity-accounted profit/(losses)	-	-	-	-	-	43 121	43 121
Loss on sale of property, plant and equipment	-	-	-	-	(392)	-	(392)
Administration expenses	-	-	-	-	-	(95 500)	(95 500)
Audit fees and non-assurance services	-	-	-	-	-	(4 533)	(4 533)
Non-executive Director fees	-	-	-	-	-	(2 323)	(2 323)
Staff costs	-	-	-	-	-	(87 177)	(87 177)
Other administrative expenses	-	-	-	-	-	(1 467)	(1 467)
Net finance charges	-	-	-	-	-	(474 889)	(474 889)
Change in fair value of listed shares	-	-	-	-	-	27 697	27 697
Change in fair value of derivative instrument	-	-	-	-	-	(163)	(163)
Change in fair value of properties	790 672	160 590	66 191	34 627	23 186	17 888	1 093 154
Profit on sale of subsidiary	12 283	-	-	-	-	-	12 283
Net profit before taxation	1 573 293	328 846	107 694	43 631	62 622	(493 571)	1 622 515
Property cost-to-income ratio (operating expenses/rental and recoveries) (%)	39	30	50	8	68	N/A	41

Notes to the annual financial statements continued

42. Segmental analysis continued

Statement of comprehensive income continued

Sectoral	Year ended 30 June 2024						
	Retail R'000	Industrial R'000	Office R'000	Specialised R'000	Residential/ aparthotel R'000	Other R'000	Total R'000
Contractual rental income	735 379	166 965	25 756	9 115	46 096	854	984 165
Recoveries	297 354	58 036	7 133	283	2 753	65	365 624
Revenue from sale of inventory	–	–	–	–	19 666	–	19 666
Straight-lining of rental income	24 332	(7 016)	(1 108)	(550)	140	165	15 963
Total revenue	1 057 065	217 985	31 781	8 848	68 655	1 084	1 385 418
Property expenses	(360 725)	(70 773)	(15 712)	(283)	(33 142)	(18 632)	(499 267)
Commission costs	–	–	(180)	–	(3 823)	–	(4 003)
Cleaning costs	(20 798)	–	(680)	–	(5 000)	–	(26 478)
Depreciation	(13 098)	(756)	(221)	–	(2 719)	(1 169)	(17 963)
Management fees	(410)	–	(366)	–	(1 967)	–	(2 743)
Municipal charges	(215 523)	(57 370)	(7 446)	(283)	(7 014)	(298)	(287 934)
Repairs and maintenance	(14 612)	(2 337)	(308)	–	(1 312)	(70)	(18 639)
Security costs	(27 873)	(1 210)	(740)	–	(1 511)	(433)	(31 767)
Other property-related expenses	(68 411)	(9 100)	(5 771)	–	(9 796)	(16 662)	(109 740)
Cost of inventory sold	–	–	–	–	(24 190)	–	(24 190)
Impairment of inventory	–	–	–	–	(957)	–	(957)
Net property income	696 340	147 212	16 069	8 565	10 366	(17 548)	861 004
Other income and equity-accounted profit/(losses)	–	–	–	–	–	21 533	21 533
Loss on sale of property, plant and equipment	–	–	–	–	(236)	–	(236)
Administration expenses	–	–	–	–	–	(82 286)	(82 286)
Audit fees and non-assurance services	–	–	–	–	–	(4 018)	(4 018)
Non-executive Director fees	–	–	–	–	–	(2 783)	(2 783)
Staff costs	–	–	–	–	–	(75 335)	(75 335)
Other administrative expenses	–	–	–	–	–	(150)	(150)
Net finance charges	–	–	–	–	–	(416 567)	(416 567)
Change in fair value of derivative instrument	–	–	–	–	–	(2 510)	(2 510)
Change in fair value of properties	367 517	109 521	(4 474)	7 850	28 598	(221)	508 791
Net profit before taxation	1 063 857	256 733	11 595	16 415	38 728	(497 599)	889 729
Property cost-to-income ratio (operating expenses/rental and recoveries) (%)	35	31	48	3	68	N/A	37

Notes to the annual financial statements continued

42. Segmental analysis continued

Statement of financial position

Sectoral	Year ended 30 June 2025						
	Retail R'000	Industrial R'000	Office R'000	Specialised R'000	Residential/ aparthotel R'000	Other R'000	Total R'000
Investment property	8 634 790	2 007 500	669 400	235 500	798 000	34 000	12 379 190
Non-current assets held for sale	173 000	–	–	–	8 136	–	181 136
Property under development	–	–	–	–	–	238 412	238 412
Property, plant and equipment	3 103	–	41	–	31 110	21 861	56 115
Trade and other receivables	344 189	11 091	1 732	–	6 590	12 231	375 833
Other assets	–	–	–	–	–	377 389	377 389
Total assets	9 155 082	2 018 591	671 173	235 500	843 836	683 893	13 608 075
Trade and other payables	157 375	7 865	10 056	5 150	4 212	46 890	231 548
Other liabilities	–	–	–	–	–	5 397 124	5 397 124
Total liabilities	157 375	7 865	10 056	5 150	4 212	5 444 014	5 628 672

Sectoral	Year ended 30 June 2024						
	Retail R'000	Industrial R'000	Office R'000	Specialised R'000	Residential/ aparthotel R'000	Other R'000	Total R'000
Investment property	7 894 850	1 837 000	600 200	201 400	776 300	34 000	11 343 750
Non-current assets held for sale	180 100	–	–	–	–	–	180 100
Property under development	–	–	–	–	–	92 525	92 525
Property, plant and equipment	2 644	–	76	–	31 735	22 308	56 763
Trade and other receivables	52 076	11 375	1 132	–	6 973	32 830	104 386
Other assets	–	–	–	–	–	396 254	396 254
Total assets	8 129 670	1 848 375	601 408	201 400	815 008	577 917	12 173 778
Trade and other payables	115 374	16 449	9 592	4 688	12 944	73 714	232 761
Other liabilities	–	–	–	–	–	5 160 440	5 160 440
Total liabilities	115 374	16 449	9 592	4 688	12 944	5 234 154	5 393 201

Notes to the annual financial statements continued

42. Segmental analysis continued

Geographical	Year ended 30 June 2025								
	Gauteng	Western Cape	KwaZulu-Natal	North West	Mpumalanga	Limpopo	Free State	Namibia	Total
Total GLA (m²)¹	382 968	122 127	43 018	27 231	26 459	27 897	17 906	13 500	661 106
Total GLA	396 101	150 709	43 018	27 231	26 459	27 897	17 906	13 500	702 821
Vacant land and under development	(13 133)	(8 032)	-	-	-	-	-	-	(21 165)
Aparthotel GLA	-	(20 550)	-	-	-	-	-	-	(20 550)
Vacancy (m ²)	6 724	2 391	-	894	281	345	-	-	10 635
Vacant (%)	1,8	2,0	-	3,3	1,1	1,2	-	-	1,6

Geographical	Year ended 30 June 2025								
	Gauteng R'000	Western Cape R'000	KwaZulu-Natal R'000	North West R'000	Mpumalanga R'000	Limpopo R'000	Free State R'000	Namibia R'000	Total R'000
Investment property	7 017 490	2 603 500	457 000	442 700	638 500	830 000	215 000	175 000	12 379 190
Property under development	-	238 413	-	-	-	-	-	-	238 413
Non-current assets held for sale	173 000	-	8 136	-	-	-	-	-	181 136
Total property portfolio	7 190 490	2 841 913	465 136	442 700	638 500	830 000	215 000	175 000	12 798 739
Contractual rental income	616 474	283 290	35 452	52 646	55 942	71 333	18 203	50 021	1 183 361
Recoveries	282 223	87 265	9 330	20 222	19 648	25 502	8 694	18 712	471 596
	898 697	370 555	44 782	72 868	75 590	96 835	26 897	68 733	1 654 957

¹ The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

Notes to the annual financial statements continued

42. Segmental analysis continued

Year ended 30 June 2024									
Geographical	Gauteng	Western Cape	KwaZulu-Natal	North West	Mpumalanga	Limpopo	Free State	Namibia	Total
Total GLA (m²)^{1, 2}	383 269	120 083	46 050	27 231	26 459	27 889	17 906	34 865	683 752
Total GLA	396 402	146 165	46 050	27 231	26 459	27 889	17 906	34 865	722 967
Vacant land and under development	(13 133)	(5 532)	–	–	–	–	–	–	(18 665)
Aparthotel GLA	–	(20 550)	–	–	–	–	–	–	(20 550)
Vacancy (m ²)	15 375	1 508	550	600	258	1 513	–	1 290	21 094
Vacant (%)	4,0	1,3	1,2	2,2	1,0	5,4	–	3,7	3,1

Year ended 30 June 2024									
Geographical	Gauteng R'000	Western Cape R'000	KwaZulu-Natal R'000	North West R'000	Mpumalanga R'000	Limpopo R'000	Free State R'000	Namibia R'000	Total R'000
Investment property	6 299 000	2 231 750	440 200	394 300	577 000	758 000	195 000	448 500	11 343 750
Property under development	–	92 525	–	–	–	–	–	–	92 525
Non-current assets held for sale	180 100	–	–	–	–	–	–	–	180 100
Total property portfolio	6 479 100	2 324 275	440 200	394 300	577 000	758 000	195 000	448 500	11 616 375
Contractual rental income	612 465	97 110	33 248	48 680	54 911	74 056	16 933	46 762	984 165
Recoveries	236 769	38 533	7 301	17 713	17 261	24 510	8 168	15 369	365 624
	849 234	135 643	40 549	66 393	72 172	98 566	25 101	62 131	1 349 789

¹ The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole.

² Total GLA has been restated to exclude vacant land and the Aparthotels' GLA.

Notes to the annual financial statements continued

42. Segmental analysis continued

Group components	Year ended 30 June 2025			
	Heriot	Safari	Thibault	Group total
Total GLA (m²)¹	422 228	157 608	81 270	661 106
Total GLA	442 786	170 741	89 294	702 821
Vacant land and under development	(8 032)	(13 133)	–	(21 165)
Aparthotel GLA	(12 526)	–	(8 024)	(20 550)
Vacancy (m ²)	6 476	3 243	916	10 635
Vacant (%)	1,5	2,1	1,1	1,6
	Year ended 30 June 2024			
Group components	Heriot	Safari	Thibault	Group total
Total GLA (m²)^{1, 2}	425 260	179 267	79 225	683 752
Total GLA	443 318	192 400	87 249	722 967
Vacant land and under development	(5 532)	(13 133)	–	(18 665)
Aparthotel GLA	(12 526)	–	(8 024)	(20 550)
Vacancy (m ²)	15 424	4 466	1 204	21 094
Vacant (%)	3,6	2,5	1,5	3,1

¹ The specialised property comprises 8 382ha of paper plantation farms and the inclusion of this, measured by hectare, in the analysis by GLA would not provide meaningful analysis of the portfolio as a whole. See above.

² Total GLA has been restated to exclude vacant land and the Aparthotels' GLA.

Statement of comprehensive income

Group components	Year ended 30 June 2025			
	Heriot R'000	Safari ¹ R'000	Thibault ² R'000	Group total R'000
Contractual rental income	596 639	388 215	198 507	1 183 361
Recoveries	197 617	205 641	68 338	471 596
Revenue from sale of inventory	–	10 033	–	10 033
Straight-lining of rental income	(1 927)	13 857	30 024	41 954
Total revenue	792 329	617 746	296 869	1 706 944
Property expenses	(302 054)	(248 241)	(128 313)	(678 608)
Commission costs	(11 492)	–	(1 111)	(12 603)
Cleaning costs	(5 910)	(12 155)	(4 156)	(22 221)
Depreciation	(12 020)	(7 163)	(8 094)	(27 277)
Management fees	(15 978)	–	(13 864)	(29 842)
Municipal charges	(166 027)	(167 467)	(74 466)	(407 960)
Repairs and maintenance	(12 127)	(8 439)	(3 375)	(23 941)
Security costs	(15 704)	(15 367)	(5 676)	(36 747)
Other property-related expenses	(62 796)	(37 650)	(17 571)	(118 017)
Cost of inventory sold	–	(11 132)	–	(11 132)
Net property income	490 275	358 373	168 556	1 017 204
Other income and equity-accounted profit/(losses)	10 123	6 890	26 108	43 121
Loss on sale of property, plant and equipment	(392)	–	–	(392)
Administration expenses	(50 471)	(32 769)	(12 260)	(95 500)
Audit fees and non-assurance services	(2 266)	(1 860)	(407)	(4 533)
Non-executive Director fees	(1 523)	(800)	–	(2 323)
Staff costs	(46 537)	(29 552)	(11 088)	(87 177)
Other administrative expenses	(145)	(557)	(765)	(1 467)
Net finance charges	(247 906)	(132 251)	(94 732)	(474 889)
Change in fair value of listed shares	–	–	27 697	27 697
Change in fair value of derivative instrument	–	(163)	–	(163)
Change in fair value of properties	542 304	352 650	198 200	1 093 154
Profit on sale of subsidiary	–	12 283	–	12 283
Net profit before taxation	743 933	565 013	313 569	1 622 515
Property cost-to-income ratio (operating expenses/rental and recoveries) (%)	38	42	48	41

¹ The comparative period for Safari is the 15-month period ended 30 June 2024.

² Thibault was acquired on 28 June 2024; consequently, no comparative data for the statement of comprehensive income is available as of 30 June 2024.

Notes to the annual financial statements continued

42. Segmental analysis continued

Statement of comprehensive income continued

Group components	Year ended 30 June 2024		
	Heriot R'000	Safari ¹ R'000	Group total R'000
Contractual rental income	536 400	447 765	984 165
Recoveries	174 787	190 837	365 624
Revenue from sale of inventory	–	19 666	19 666
Straight-lining of rental income	(5 876)	21 839	15 963
Total revenue	705 311	680 107	1 385 418
Property expenses	(252 654)	(246 613)	(499 267)
Commission costs	(4 003)	–	(4 003)
Cleaning costs	(10 017)	(16 461)	(26 478)
Depreciation	(9 973)	(7 990)	(17 963)
Management fees	(2 743)	–	(2 743)
Municipal charges	(139 061)	(148 873)	(287 934)
Repairs and maintenance	(10 538)	(8 101)	(18 639)
Security costs	(13 797)	(17 970)	(31 767)
Other property-related expenses	(62 522)	(47 218)	(109 740)
Cost of inventory sold	–	(24 190)	(24 190)
Impairment of inventory	–	(957)	(957)
Net property income	452 657	408 347	861 004
Other income and equity-accounted profit/(losses)	13 025	8 508	21 533
Loss on sale of property, plant and equipment	(236)	–	(236)
Administration expenses	(47 127)	(35 159)	(82 286)
Audit fees and non-assurance services	(1 446)	(2 572)	(4 018)
Non-executive Director fees	(1 532)	(1 251)	(2 783)
Staff costs	(43 999)	(31 336)	(75 335)
Other administrative expenses	(150)	–	(150)
Net finance charges	(250 999)	(165 568)	(416 567)
Change in fair value of derivative instrument	–	(2 510)	(2 510)
Change in fair value of properties	302 816	205 975	508 791
Net profit before taxation	470 136	419 593	889 729
Property cost-to-income ratio (operating expenses/rental and recoveries) (%)	36	39	37

¹ The comparative period for Safari is the 15-month period ended 30 June 2024.

Statement of financial position

Group components	Year ended 30 June 2025			
	Heriot R'000	Safari ¹ R'000	Thibault ² R'000	Group total R'000
Investment property	6 225 190	4 019 000	2 135 000	12 379 190
Non-current assets held for sale	8 136	173 000	–	181 136
Property under development	238 412	–	–	238 412
Property, plant and equipment	42 805	2 162	11 148	56 115
Trade and other receivables	34 442	329 640	11 751	375 833
Other assets	120 377	61 863	195 149	377 389
Total assets	6 669 362	4 585 665	2 353 048	13 608 075
Trade and other payables	110 667	95 008	25 873	231 548
Other liabilities	2 829 966	1 480 609	1 086 548	5 397 124
Total liabilities	2 940 633	1 575 617	1 112 422	5 628 672
Group components	Year ended 30 June 2024			
	Heriot R'000	Safari ¹ R'000	Thibault R'000	Group total R'000
Investment property	5 688 200	3 860 800	1 794 750	11 343 750
Non-current assets held for sale	–	180 100	–	180 100
Property under development	92 525	–	–	92 525
Property, plant and equipment	42 686	1 639	12 438	56 763
Trade and other receivables	55 193	35 935	13 258	104 386
Other assets	154 833	28 553	212 868	396 254
Total assets	6 033 437	4 107 027	2 033 314	12 173 778
Trade and other payables	111 925	91 408	29 428	232 761
Other liabilities	2 805 289	1 384 928	970 223	5 160 440
Total liabilities	2 917 214	1 476 336	999 651	5 393 201

¹ The comparative period for Safari is the 15-month period ended 30 June 2024.

² As a result of the Thibault acquisition, Shoprite has become the Group's only major customer, contributing R180,6 million to rental income for the year ended 30 June 2025, equating to 15,3% of total revenue for the year under review (2024: No single tenant exceeded 10% of the Group's revenue).

Notes to the annual financial statements continued

43. Joint arrangements

The Group accounts for the assets, liabilities, revenues and expenses relating to joint operations in accordance with the IFRS® Accounting Standard applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from the transactions with the joint operations are recognised in the Group's consolidated financial statements only to the extent of interests that are related to the Group.

Interests in joint operations are accounted for in the same manner in the separate financial statements of the subsidiary companies.

	Group	
	2025 R'000	2024 R'000
Joint operations comprise co-ownerships in the following properties:		
Tsakane Mall – owned by Heriot Properties (%)	50	50
Jupiter Park – owned by Fin 107 (%)	50	50
Linksview – owned by Crosize (%)	50	50
Heriot's share of profit or loss and net assets:		
Statement of financial position		
Assets	725 226	668 378
Investment property at fair value	723 000	665 500
Property, plant and equipment	255	324
Trade and other receivables	1 571	2 073
Cash and cash equivalents	400	481
Liabilities	144 684	146 513
Interest-bearing borrowings	132 748	128 949
Deferred tax – net liability	10 001	10 001
Trade and other payables	1 935	7 563

	Group	
	2025 R'000	2024 R'000
Statement of comprehensive income		
Revenue	90 733	86 236
Contractual rental income	60 488	57 626
Operating cost recoveries	27 952	25 994
Straight-line rental income accrual	2 293	2 616
Operating costs	(28 626)	(28 794)
Profit from operations	62 107	57 442
Finance charges	(11 020)	(11 544)
Finance income	14	20
Profit before fair value adjustments	51 101	45 918
Fair value adjustments investment properties	54 232	20 983
Profit before taxation	105 333	66 901
Taxation	–	–
Total comprehensive income for the year	105 333	66 901

All joint operations have their principal place of business in South Africa.

Additional disclosures in terms of SA REIT Best Practice Recommendations (“SA REIT BPR”)

for the year ended 30 June 2025

1. SA REIT BPR funds from operations

	30 June 2025 R'000	30 June 2024 R'000
Profit per IFRS® Accounting Standards statement of comprehensive income attributable to equity holders of the Company	1 379 124	664 734
<i>Adjusted for:</i>		
Accounting/specific adjustments		
Fair value adjustment to investment properties	(1 109 908)	(466 198)
Fair value adjustment to investment properties held for sale	16 754	(42 593)
Fair value adjustment to listed shares	(27 697)	–
Straight-line rental income adjustment	(41 954)	(15 963)
Depreciation of owner-occupied property	504	504
Loss on sale of assets	392	236
Net impairment losses	–	957
Loss on sale of inventory	1 099	4 524
Thibault distribution declared to Heriot	–	37 203
Profit from disposal of non-current assets held for sale	15 000	–
Safari dividend relating to Thibault's pre-acquisition earnings	4 412	–
Deferred taxation movement	4 971	20 488
Adjustments to dividends from equity interests held	–	(565)
Profit on sale of subsidiary	(12 283)	–
Hedging items		
Fair value adjustment to derivative instruments	163	2 510
Other adjustments		
NCIs in respect of the above adjustments	158 632	102 917
	389 209	308 754
Number of shares in issue at the reporting date (interim) ¹	319 261 982	255 395 858
Number of shares in issue at the reporting date (final) ¹	319 261 982	319 261 982
Interim distribution per share (cents)	56,83499	49,87199
Final distribution per share (cents)	65,07410	56,81337
Total distribution per share (cents)	121,90909	106,68536

¹ Excluding the 900 000 treasury shares in issue.

2. SA REIT BPR cost-to-income ratio

	30 June 2025 R'000	30 June 2024 R'000
Expenses		
Per IFRS® Accounting Standards income statement		
Property expenses including municipal expenses and depreciation	678 608	499 267
Administrative expenses and corporate costs	87 436	73 669
Per statement of comprehensive income	95 500	82 286
<i>Adjust for:</i>		
Salary recoveries included in sundry income	(7 560)	(8 112)
Depreciation charged on owner-occupied property	(504)	(505)
Total operating expenses	766 044	572 936
Rental income		
Contractual rental income and utility and operating recoveries, excluding straight-line rental income	1 654 957	1 349 789
Gross rental income	1 654 957	1 349 789
Cost-to-income ratio (%)	46,29	42,45
Administrative cost-to-income ratio (%)	5,28	5,46

The inclusion of Thibault's results for the reporting period has negatively impacted the cost-to-income ratio of the Group. Thibault's and Heriot's stand-alone cost-to-income ratios for the period were 48% and 38%, respectively. Heriot's ratio was driven by a strategic shift in the residential/aparthotel sector, which involved transitioning the two redeveloped Cape Town CBD properties into aparthotels to enhance the NOI generated from these properties. Thibault's cost-to-income ratio is impacted by the operating costs relating to the One Thibault aparthotel.

Additional disclosures in terms of SA REIT Best Practice Recommendations (“SA REIT BPR”) continued

3. SA REIT BPR vacancy rate

	30 June 2025 R'000	30 June 2024 R'000
GLA of property portfolio (m ²)	661 106	683 752
Total GLA	702 821	722 967
Vacant land and under development	(21 165)	(18 665)
Aparthotel GLA	(20 550)	(20 550)
Vacant GLA (m ²)	10 635	21 094
Vacancy rate (%)	1,6	3,1

Vacancy % – The decrease is mainly attributed to the Cleveland distribution centre, measuring 8 966m², being re-let in December 2024.

GLA movement – The reduction in the retail sector GLA is predominantly due to the sale of the Platz am Meer shopping centre on 30 June 2025.

The aparthotels are not included in the vacancy analysis above as the preferred metrics to report on for these assets are the occupancy levels and average daily rates. The aparthotels which are included in the residential/aparthotel sector comprise three properties located in the Cape Town CBD with a combined GLA of 20 550m² or 623 units.

4. SA REIT BPR LTV

	30 June 2025 R'000	30 June 2024 R'000
Interest-bearing liabilities	5 302 063	5 053 340
Less: Cash and cash equivalents	(121 445)	(69 025)
Less: Derivative financial instruments	–	(163)
Net debt	5 180 618	4 984 152
Investment property	12 379 190	11 343 750
Property under development	238 412	92 525
Disposal consideration receivable	290 000	–
Non-current assets and liabilities held for sale	181 136	180 100
Owner-occupied property	21 174	21 678
Investment in listed shares	190 553	212 868
Investments in associates and joint ventures	318	–
Carrying amount of property-related assets	13 300 783	11 850 921
LTV (%)	38,95	42,06

5. SA REIT BPR NAV

	30 June 2025 R'000	30 June 2024 R'000
Reported NAV	6 689 636	5 673 349
<i>Adjusted for:</i>		
Dividend to be declared	(207 757)	(181 383)
Fair value of derivative financial instruments	–	(163)
Deferred taxation	92 908	104 066
SA REIT BPR NAV	6 574 787	5 595 869
Number of shares in issue	319 261 982	319 261 982
NAV per share (cents)	2 059,37	1 752,75

6. SA REIT BPR cost of debt

	30 June 2025 %	30 June 2024 %
<i>Variable interest rate borrowings</i>		
Floating reference rate plus weighted average margin	9,58	10,16
<i>Fixed interest rate borrowings</i>		
Weighted average fixed rate	–	(0,07)
Pre-adjusted WACD	9,58	10,09
Amortised transaction costs imputed into the effective interest rate	0,15	0,18
All-in WACD	9,73	10,27

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Shareholders' analysis

Stakeholders play a crucial role at Heriot, with their risks and concerns meticulously considered during the review and enhancement of the organisation's strategy.

Company: Heriot REIT Limited

Register date: 27 June 2025

Issued share capital: 320 161 982

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	29	55,77	3 180	–
1 001 – 10 000 shares	4	7,69	18 397	0,01
10 001 – 100 000 shares	6	11,54	283 700	0,09
100 001 – 1 000 000 shares	6	11,54	2 964 907	0,93
1 000 001 shares and over	7	13,46	316 891 798	98,98
Total	52	100,00	320 161 982	100,00
Distribution of shareholders				
Banks/brokers	1	1,92	270 000	0,08
Close corporations	2	3,85	1 172 121	0,37
Individuals	42	80,77	11 362 446	3,55
Private companies	6	11,54	306 457 415	95,72
Treasury stock	1	1,92	900 000	0,28
Total	52	100,00	320 161 982	100,00

Note there are no shareholders, other than Directors, who are directly or indirectly beneficially interested in 5% or more of Heriot's shares.

	Number of shareholders	%	Number of shares	%
Public/non-public shareholders				
Non-public shareholders	3	5,77	300 813 039	93,96
Directors of the Company	2	3,85	299 913 039	93,68
Treasury stock	1	1,92	900 000	0,28
Public shareholders	49	94,23	19 348 943	6,04
Total	52	100,00	320 161 982	100,00
Beneficial shareholders holding 3% or more				
SB Herring			285 163 750	89,07
RL Herring			14 749 289	4,61
Total			299 913 039	93,68

Notice of the annual general meeting of shareholders



Heriot REIT Limited
 (Incorporated in the Republic of South Africa)
 (Registration number: 2017/167697/06)
 JSE share code: HET
 ISIN: ZAE000246740
 ("Heriot" or "the Company" or "the Group")

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant, broker, banker, attorney, accountant or other professional advisor immediately.

Notice is hereby given to the shareholders of the Company as at Friday, 24 October 2025, being the record date to receive the annual general meeting notice in terms of Section 59(1)(a) of the Companies Act of South Africa ("Companies Act"), that the annual general meeting of the Company will be a hybrid meeting and held via Microsoft Teams, as well as in person, at 10:00 on Monday, 8 December 2025 at the offices of the Company situated at Suite 1 – Ground Floor, 3 Melrose Boulevard, Melrose North 2196, Johannesburg to (i) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements") and (ii) deal with such other business as may lawfully be dealt with at the meeting, which meeting is to be participated in and voted at by shareholders registered as such as at Friday, 28 November 2025, being the record date to participate in and vote at the annual general meeting in terms of Section 62(3)(a), read with Section 59(1)(b), of the Companies Act. The last day to trade in the Company's shares is therefore Tuesday, 25 November 2025.

Kindly note that in terms of Section 63(1) of the Companies Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports. Shareholders or their duly authorised proxies who wish to participate in the annual general meeting must register to do so by lodging a completed electronic participation application form, which forms part of this notice of annual general meeting, with Computershare Investor Services Proprietary Limited ("Computershare") by Thursday, 4 December 2025.

QUORUM

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the Company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

PROXIES

Voting will be via a poll; every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

A shareholder entitled to participate and vote at the annual general meeting is entitled to appoint a proxy or proxies to participate, speak and vote in his/her stead physically. A proxy need not be a shareholder of the Company.

Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the annual general meeting, by completing the form of proxy and lodging this form with the Company's transfer secretaries by no later than 10:00 on Thursday, 4 December 2025 by delivery to Computershare at Rosebank Towers, 15 Biermann Avenue, Rosebank; or email to proxy@computershare.co.za.

AGENDA

Annual financial statements

Presentation of the annual financial statements of the Company for the year ended 30 June 2025, incorporating the reports of the auditor, the Directors and the Audit and Risk Committee, which are set out in the integrated report for the year ended 30 June 2025 published on 31 October 2025 ("integrated report"), which is available on the Company's website www.heriot.co.za

Report of the Social and Ethics Committee

Presentation of the report of the Social and Ethics Committee, which report is included on **page 57** of the integrated report.

Remuneration report

Presentation of the report of the Remuneration and Nomination Committee, which report is included on **pages 51 to 55** of the integrated report.

1. ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions. The percentage of voting rights that will be required for the adoption of each ordinary resolution is the support of more than 50% (fifty percent) of the voting rights exercised on the resolution, save for ordinary resolution number 5, for which the prescribed majority is at least a 75% (seventy-five percent) majority vote.

1.1 Ordinary resolution number 1: Re-election of Directors

1.1.1 Re-election of Gregory James Heron as a Non-executive Director

"Resolved to re-elect Gregory James Heron as a Director of the Company who, in terms of Article 26.12 of the Company's memorandum of incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election."

Note: The *curriculum vitae* of Gregory James Heron is provided on **page 47** of the integrated report of which this notice forms part.

Notice of the annual general meeting of shareholders continued

1.1.2 Re-election of Andile Mazwai as a Non-executive Director

"Resolved to re-elect Andile Mazwai as a Director of the Company who, in terms of Article 26.12 of the Company's memorandum of incorporation, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election."

Note: The *curriculum vitae* of Andile Mazwai is provided on **page 46** of the integrated report of which this notice forms part.

1.2 Ordinary resolution number 2: Appointments to the Audit and Risk Committee

"Resolved that the members of the Company's Audit and Risk Committee set out below be and are hereby appointed, each by way of a separate resolution, with effect from the end of this meeting in terms of Section 94(2) of the Companies Act."

The membership as proposed by the Board is:

1.2.1 Selwyn Joel Blieden;

1.2.2 Robin Lockhart-Ross; and

1.2.3 Gregory James Heron (if re-elected in terms of ordinary resolution 1.1.1).

1.3 Ordinary resolution number 3: Appointments to the Social and Ethics Committee

"Resolved that the members of the Social and Ethics Committee set out below be and are hereby appointed, each by a separate resolution, with effect from the end of this meeting in terms of the Companies Act."

The membership as proposed by the Board is:

1.3.1 Andile Mazwai (Chairman of the Social and Ethics Committee and if re-elected in terms of ordinary resolution 1.1.2);

1.3.2 Richard Lawrence Herring; and

1.3.3 Gregory James Heron (if re-elected in terms of ordinary resolution 1.1.1).

Note: Brief *curriculum vitae* of Andile Mazwai, Richard Lawrence Herring and Gregory James Heron are set out on **pages 46** and **47** of the integrated report of which this notice forms part.

1.4 Ordinary resolution number 4: Reappointment of the external auditor

"Resolved that BDO South Africa Incorporated, together with Vanessa De Villiers as the designated auditor, be and are hereby appointed as the auditor of the Company, with effect from the conclusion of this annual general meeting."

The Audit and Risk Committee has recommended BDO South Africa Incorporated for reappointment as the independent auditor of the Company pursuant to Section 90(2)(c) of the Companies Act and further confirms their suitability for reappointment together with the designated auditor, Vanessa De Villiers, in accordance with paragraph 3.84(g) of the JSE Listings Requirements.

1.5 Non-binding advisory votes

In line with the King IV Report on Corporate Governance for South Africa ,2016™, the remuneration policy and the remuneration implementation report must be tabled at each annual general meeting, with both being subject to separate non-binding advisory votes. This allows shareholders to express their views on the Company's remuneration structures and policies.

Non-binding advisory resolutions numbers 1 and 2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration agreements. In the event that either the remuneration policy or the remuneration implementation report, or both, are voted against by 25% or more of the voting rights exercised, the Board is committed to actively engaging with shareholders in this regard in order to address all legitimate and reasonable objections and concerns.

1.5.1 Non-binding advisory resolution number 1: Approval of the remuneration policy

"Resolved that, through a non-binding advisory vote, the Company's remuneration policy, a summary of which is disclosed on **page 51** of the integrated report, be and is hereby approved."

1.5.2 Non-binding advisory resolution number 2: Approval of the remuneration implementation report

"Resolved that, through a non-binding advisory vote, the Company's remuneration implementation report, as disclosed on **page 54** of the integrated report, be and is hereby approved."

1.6 Ordinary resolution number 5: General authority to issue shares for cash

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act and the JSE Listings Requirements, the Directors of the Company be and are hereby authorised until this authority lapses at the next annual general meeting of the Company or 15 months from the date on which this resolution is passed, whichever is the earlier date, to allot and issue shares of the Company for cash, on the basis that:

- the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue;
- the allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties as defined in the JSE Listings Requirements, provided that if the Company undertakes an equity raise via a bookbuild process, shares may be allotted and issued to related parties on the basis that such related parties may only participate in the equity raise at the maximum bid price at which they are prepared to take up shares or at the book close price in accordance with the provisions contained in paragraph 5.52(f) of the JSE Listings Requirements;
- the total aggregate number of shares which may be issued in terms of the general authority shall not exceed 31 926 198 shares being 10% of the Company's issued shares (excluding treasury shares) as at the date of this notice of annual general meeting, provided that:
 - any shares issued under this authority, prior to this authority lapsing, shall be deducted from the 31 926 198 shares which the Company is authorised to issue in terms of this authority; and
 - in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which shares may be issued is 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares. The JSE will be consulted for a ruling if the shares have not traded in such 30-business day period; and

Notice of the annual general meeting of shareholders continued

- after the Company has issued shares in terms of this general authority to issue shares for cash representing on a cumulative basis within a financial year 5% or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of that issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party(ies) subscribing for the shares and an explanation, including supporting information (if any) of the intended use of the funds.”

Note: In terms of the JSE Listings Requirements, the approval of at least a 75% majority of votes cast by shareholders present or represented by proxy at this annual general meeting is required for the passing of this ordinary resolution number 5.

1.7 Ordinary resolution number 6: Signature of documentation

“Resolved that any Director of the Company or the Company Secretary be and is hereby authorised to sign all such documents and do all such things as may be necessary or incidental to the implementation of any and/or all resolutions contained in this notice.”

2. SPECIAL RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions. The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% of the voting rights exercised on the resolution.

2.1 Special resolution number 1: Non-executive Directors’ fees

“Resolved as a special resolution that, unless otherwise determined by the Company in a general meeting, the following annual fees (excluding value added tax) payable by the Company to its Non-executive Directors for their services as Directors, with effect from 1 January 2026, are approved.”

	Fee for the 2025 calendar year R	Proposed fee for the 2026 calendar year R
Annual fee		
Chairman of the Board	341 850	356 000
Member of the Board	227 900	237 000
Fee per committee meeting		
Audit and Risk Committee member (including the Chairman)	28 488	29 500
Social and Ethics Committee member (including the Chairman)	28 488	29 500
Remuneration and Nomination Committee member (including the Chairman)	28 488	29 500
Investment Committee member (including the Chairman)	28 488	29 500

Explanation

Section 66(9) of the Companies Act requires that a company may pay remuneration to its directors for their services as directors only in accordance with a special resolution approved by the shareholders within the previous two years. The reason for, and effect of, special resolution number 1 is to grant the Company the authority to pay fees to its Non-executive Directors for their services as Directors. The Non-executive Directors’ fees are benchmarked against similar-sized companies listed on the JSE.

2.2 Special resolution number 2: General approval to acquire own shares

“Resolved, as a general approval by special resolution, that the Company and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of, and subject to, the Companies Act, the memorandum of incorporation of the Company and its subsidiaries and the JSE Listings Requirements, provided that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- the acquisition is authorised in terms of the Company’s memorandum of incorporation;
- this general authority shall only be valid until the earlier of the Company’s next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company’s ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company’s issued ordinary share capital at the time the authority was granted;
- the Company may only effect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test (“test”) and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in terms of the JSE Listings Requirements unless they have in place a repurchase programme, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements; and
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted (“initial number”), containing full details thereof, and for each 3% (three percent) in aggregate of the initial number acquired thereafter.”

Notice of the annual general meeting of shareholders continued

Explanation

Special resolution number 2 is to grant the Directors of the Company a general authority for the Company and the Company's subsidiaries to acquire the Company's issued ordinary shares. In terms of Section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, (i) a *pro rata* repurchase by the Company from all its shareholders will not require shareholder approval; and (ii) intra-Group repurchases by the Company of its shares from wholly owned subsidiaries, where such repurchased shares are to be cancelled, will not require shareholder approval, save to the extent as may be required by the Companies Act.

It is the intention of the Directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it but subject at all times to the requirements of the Companies Act, the JSE Listings Requirements and the memorandum of incorporation of the Company.

2.2.1 Other disclosures in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the integrated report of which this notice forms part:

- Share capital of the Company: **page 108**; and
- Major shareholders of the Company: **page 150**.

2.2.2 Material changes

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice.

2.2.3 Directors' responsibility statement

The Directors, whose names are given on **pages 46** and **47** of the integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that, to the best of their knowledge and belief, there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 2.

2.2.4 Adequacy of working capital

The Directors of the Company confirm that after considering the effect of the maximum repurchase and for a period of 12 months after the date of this notice:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with IFRS® Accounting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;

- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

2.3 Special resolution number 3: Loans or other financial assistance to related companies

"Resolved that, as a special resolution, in terms of Section 45(3)(a)(ii) of the Companies Act, the shareholders hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in Section 45(1) of the Companies Act to a related or inter-related company or corporation or to a member of any such related or inter-related corporation provided that:

- the Board from time to time, determines:
 - the specific recipient or general category of potential recipients of such financial assistance;
 - the form, nature and extent of such financial assistance;
 - the terms and conditions under which such financial assistance is provided; and
- the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of Section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanation

The reason for and effect of special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in Section 45(3)(a)(ii) of the Companies Act, to the persons specified in Section 45(2), i.e. a related or inter-related company or corporation, or to a member of a related or inter-related corporation. This resolution is intended to enable the Company to provide inter-company loans and guarantees within the Group, it being noted that, in terms of Section 45(2A) of the Companies Act, the requirements for the provision of financial assistance as set out in Section 45 of the Companies Act no longer apply to financial assistance by a holding company to a South African subsidiary.

3. OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting of shareholders.

By order of the Board

CIS Company Secretaries Proprietary Limited

Company Secretary

Johannesburg
31 October 2025

Form of proxy



Heriot REIT Limited
 (Incorporated in the Republic of South Africa)
 (Registration number: 2017/167697/06)
 JSE share code: HET
 ISIN: ZAE000246740
 ("Heriot" or "the Company" or "the Group")

FORM OF PROXY

For use by holders of certificated Heriot ordinary shares or holders of dematerialised Heriot ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker, and who have selected "own-name" registration, at the annual general meeting of the Company to be held at 10:00 on Monday, 8 December 2025 (or such later date as is advised on the Stock Exchange News Service and in the press in relation to any adjournment of the annual general meeting) which will be held via a remote interactive electronic platform, Microsoft Teams, as well as in person at the offices of the Company.

Dematerialised shareholders holding shares in the Company other than with "own-name" registration who wish to attend the annual general meeting must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker. These shareholders must not use this form of proxy.

Each shareholder is entitled to appoint one or more proxies to attend, speak and vote in place of that shareholder at the annual general meeting. A proxy need not be a shareholder of the Company.

I/We _____ (names in block letters)

of _____ (address in block letters)

being the holder/s of _____ shares in the Company do hereby appoint

or failing him/her

the Chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting of the Company to be held via a remote interactive electronic platform, Microsoft Teams, as well as in person at the offices of the Company at 10:00 on Monday, 8 December 2025, and at any adjournment thereof, and to vote for me/us on my/our behalf in respect of the following resolutions.

Resolution	For*	Against*	Abstain*
1.1 Ordinary resolution number 1: Re-election of Directors			
1.1.1 Re-election of Gregory James Heron as a Non-executive Director of the Company			
1.1.2 Re-election of Andile Mazwai as a Non-executive Director of the Company			
1.2 Ordinary resolution number 2: Appointment of the members of the Audit and Risk Committee			
1.2.1 Selwyn Joel Blieden (Chairman)			
1.2.2 Robin Lockhart-Ross			
1.2.3 Gregory James Heron (if re-elected in terms of ordinary resolution 1.1.1)			
1.3 Ordinary resolution number 3: Appointments to the Social and Ethics Committee			
1.3.1 Andile Mazwai (Chairman) (if re-elected in terms of ordinary resolution 1.1.2)			
1.3.2 Richard Lawrence Herring			
1.3.3 Gregory James Heron (if re-elected in terms of ordinary resolution 1.1.1)			
1.4 Ordinary resolution number 4: Reappointment of the external auditor			
1.5 Non-binding advisory votes			

Form of proxy continued

	For*	Against*	Abstain*
1.5.1 Non-binding advisory resolution number 1: Approval of the remuneration policy			
1.5.2 Non-binding advisory resolution number 2: Approval of the remuneration implementation report			
1.6 Ordinary resolution number 5: General authority to issue shares for cash			
1.7 Ordinary resolution number 6: Signature of documentation			
2.1 Special resolution number 1: Non-executive Directors' fees			
2.2 Special resolution number 2: General approval to acquire own shares			
2.3 Special resolution number 3: Loans or other financial assistance to related companies			

One vote per share held by shareholders recorded in the register on the voting record date.

* Mark "For", "Against" or "Abstain" as required. If no options are marked, the proxy will be entitled to vote as he/she thinks fit.

Please read the notes on the next page hereof.

Signed at _____ on the _____ day of _____ 2025

Signature _____

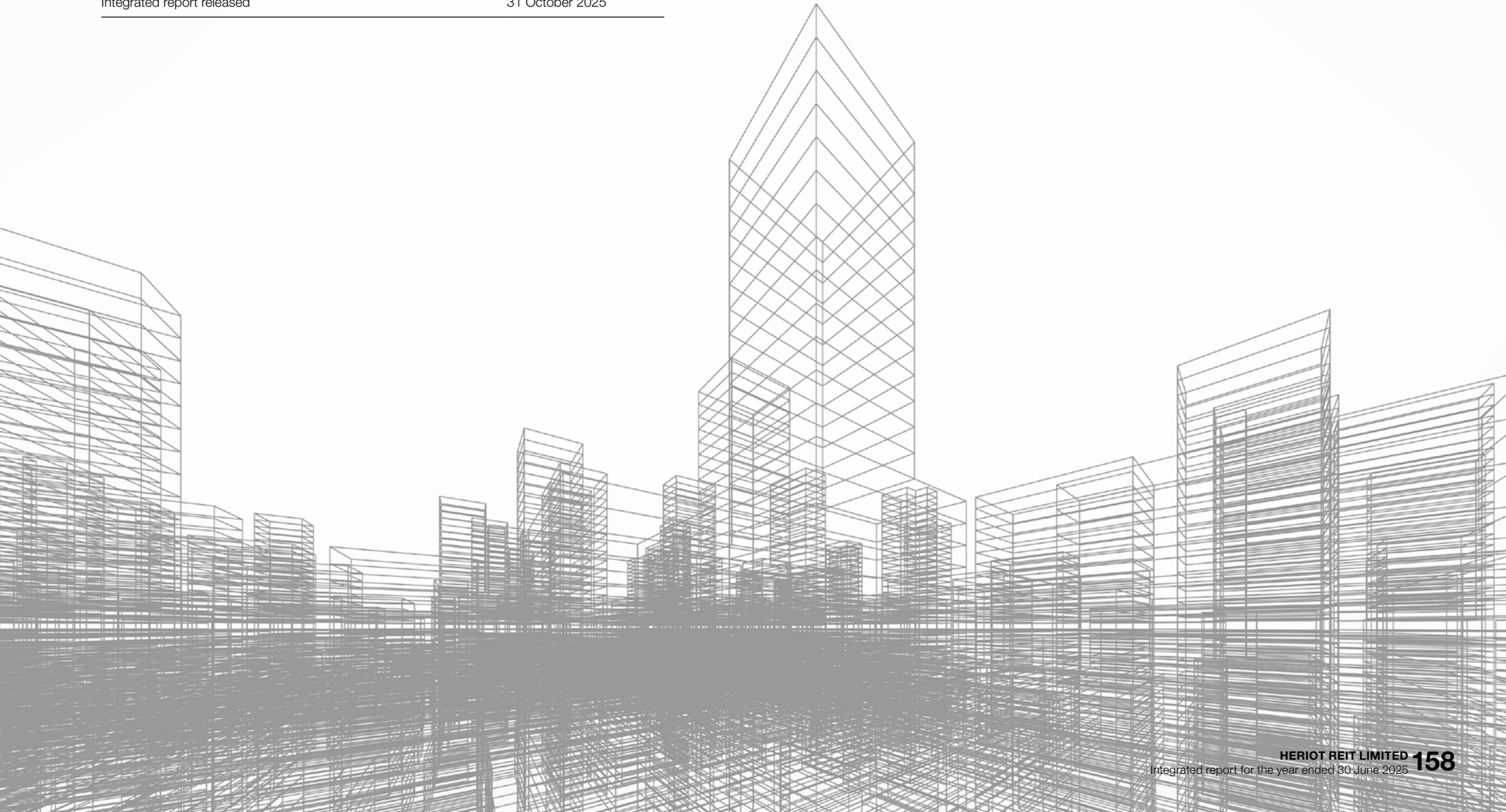
Assisted by (where applicable) _____

Notes to the form of proxy

1. This form of proxy is only to be completed by those ordinary shareholders who are:
 - 1.1 holding ordinary shares in certificated form; or
 - 1.2 recorded in the sub-register in electronic form in their own name, on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare, in order to vote at the annual general meeting, being Friday, 28 November 2025, and who wish to appoint another person to represent them at the annual general meeting.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the Company (being Computershare) that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their own name, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder, and they should contact the registered shareholder for assistance in issuing instructions on voting their shares or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. A Heriot shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space. The person whose name stands first on the form of proxy and who is present at the Heriot annual general meeting of shareholders will be entitled to act as a proxy to the exclusion of those whose names follow.
5. A proxy appointed by a Heriot shareholder in terms hereof may not delegate his/her authority to act on behalf of the Heriot shareholder to any other person.
6. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the annual general meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare at Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, to reach the Company by Thursday, 4 December 2025 to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the Chairman of the annual general meeting at any time prior to the commencement of the annual general meeting or prior to voting on any resolution proposed at the annual general meeting.
7. A Heriot shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the Heriot shareholder's votes exercisable thereat relating to the resolutions proposed in this form of proxy.
8. The completion and lodging of this form of proxy will not preclude the relevant Heriot shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Heriot shareholder wish to do so. In addition to the foregoing, a Heriot shareholder may revoke the proxy appointment by (i) cancelling it in writing or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Heriot shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
9. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
10. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company.
12. Where there are joint holders of Heriot shares:
 - 12.1 any one holder may sign this form of proxy; and
 - 12.2 the vote of the senior member (for that purpose, seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint holder/s of Heriot shares.
13. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the Heriot shareholder.
14. The foregoing notes contain a summary of the relevant provisions of Section 58 of the Companies Act, as required in terms of that section.

Shareholders' diary

Financial year-end	30 June
Annual general meeting	8 December 2025
Integrated report released	31 October 2025



Application form for electronic participation at the annual general meeting



Heriot REIT Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2017/167697/06)
JSE share code: HET
ISIN: ZAE000246740
("Heriot" or "the Company" or "the Group")

Capitalised terms which are not defined herein shall bear the meanings assigned in the notice of the annual general meeting to which this form is attached and forms part.

INSTRUCTIONS

Shareholders or their proxies have the right, as provided for in the Company's memorandum of incorporation and the Companies Act, to participate in the annual general meeting by way of electronic communication.

Shareholders or their duly appointed proxies who wish to participate in the annual general meeting must complete this application form and email it (together with the relevant supporting documents referred to below) to the Company's transfer secretaries at proxy@computershare.co.za and to the Company Secretary at bareng.huma@computershare.co.za as soon as possible, but in any event by no later than Thursday, 4 December 2025.

Upon receiving a completed electronic participation application form, the Company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in the annual general meeting. The Company's transfer secretaries will provide the Company with the email address of each verified shareholder or their duly appointed proxy (each, "a participant") to enable the Company to forward the participant a Microsoft Teams meeting invitation required to access the annual general meeting.

Heriot will send each participant a Microsoft Teams meeting invitation with a link to "Join the Microsoft Teams meeting" on receipt of the electronic participation application, but in any event before the annual general meeting on Monday, 8 December 2025, to enable participants to link up and participate electronically in the annual general meeting. This link will be sent to the email address nominated by the participant in the following table.

Please note

The electronic platform to be utilised for the annual general meeting does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the annual general meeting by completing the form of proxy and lodging the completed proxy form together with this electronic participation application form with the Company's transfer secretaries.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the annual general meeting. Any such charges will not be for the account of the Company's transfer secretaries or Heriot who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such participant from participating in and/or voting at the annual general meeting.

By signing this application form, the participant indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the annual general meeting or any interruption in the ability of the participant to participate in the annual general meeting via electronic communication, whether or not the problem is caused by any act or omission on the part of the participant or anyone else, including without limitation the Company and its employees.

Application form:

Full name of shareholder _____

Identity or registration number of shareholder _____

Full name of authorised representative (if applicable) _____

Identity number of authorised representative _____

Email address _____

Note: This email address will be used by the Company to share the Microsoft Teams meeting invitation required to access the annual general meeting electronically.

Cell phone number _____

Telephone number, including dialling codes _____

Note: The electronic platform to be utilised for the annual general meeting does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the annual general meeting by completing the proxy form found on **page 155**.

Indicate (by marking with an "X") whether:

votes will be submitted by proxy (in which case, please **enclose** the duly completed proxy form with this form); or

By signing this application form, I consent to the processing of my personal information above for the purpose of participating in Heriot's annual general meeting.

Signed at _____ on _____ 2025

Signed _____

Documents required to be attached to this application form

1. In order to exercise their voting rights at the annual general meeting, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the annual general meeting, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form and as envisaged in the notice of the annual general meeting.
2. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the annual general meeting, must be attached to this application.
3. A certified copy of the valid identity document/passport of the person attending the annual general meeting by electronic participation, including any person acting in a representative capacity, must be attached to this application.

Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The Company may in its sole discretion accept any incomplete application forms.

Glossary

60 Adderley	60 Adderley Proprietary Limited
ADR	Average daily rates
B-BBEE	Broad-based Black Economic Empowerment
BCUCC	Business combination under common control
BDO	BDO South Africa Incorporated
bps	Basis points
CBD	Central business district
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	CIS Company Secretaries Proprietary Limited
Companies Act	Companies Act of South Africa
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
Crosize	Crosize Proprietary Limited
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
CSP	Conditional share plan
DCC	Devland Cash and Carry
DPS	Distribution per share
EAR Rule	Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023
ECL	Expected credit loss/es
ESG	Environmental, social and governance
Exco	Executive Committee
Fin 107	Fin Properties 107 Proprietary Limited
Fixtrade	Fixtrade 605 Proprietary Limited
FY2024	Financial year ended 30 June 2024

FY2025	Financial year ended 30 June 2025
FY2026	Financial year ending 30 June 2026
GLA	Gross lettable area
ha	Hectare
Hagley	Hagley 3865 Proprietary Limited
Heriot	Heriot REIT Limited, the Company or the Group
Heriot Investments	Heriot Investments Proprietary Limited
Heriot Properties	Heriot Properties Proprietary Limited
HPI	Heriot Properties International Proprietary Limited
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
ICR	Interest cover ratio
IFRS	IFRS® Accounting Standards
Income Tax Act	Income Tax Act No 58 of 1962
IRBA Code	Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors
ISAs	International Standards on Auditing
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited
King IV™	King IV Report on Corporate Governance in South Africa, 2016™
KPI	Key performance indicator
LED	Light-emitting diode
LTV	Loan-to-value ratio
m ²	Square metre
Moditouch	Moditouch Proprietary Limited
MW	Megawatt
MWp	Megawatt peak

N\$	Namibian Dollar
NAV	Net asset value
NCI	Non-controlling interests
NOI	Net property operating income
Oryx	Oryx Properties Limited
PV	Photovoltaic
REIT	Real Estate Investment Trust
SAPOA	South African Property Owners Association
SA REIT BPR	SA REIT Best Practice Recommendations
Safari	Safari Investments RSA Limited
Safari Namibia	Safari Investments Namibia Proprietary Limited
SDGs	United Nations Sustainable Development Goals
SENS	Stock Exchange News Service
SOCIE	Statement of changes in equity
SPV	Special purpose vehicle
Texton	Texton Property Fund Limited
TGP	Total guaranteed package
Thibault	Thibault REIT Limited
WACD	Weighted average cost of debt
ZARONIA	South African Rand Overnight Index Average

Contact information

Heriot REIT Limited

Registration number: 2017/167697/06
JSE share code: HET
ISIN: ZAE000246740

Registered office

Suite 1, 3 Melrose Boulevard
Melrose, Johannesburg 2196
(PO Box 652737, Benmore 2010)

Place and date of incorporation

Incorporated in South Africa on 18 April 2017

Company Secretary

CIS Company Secretaries Proprietary Limited
(Registration number: 2006/024994/07)
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196
(Private Bag X9000, Saxonwold,
Johannesburg 2132)

Directors

SB Herring (*Chairman*)^{1, 2}
RL Herring (*Chief Executive Officer*)
D Snoyman (*Chief Financial Officer*)
SJ Blieden^{1, 3}
GJ Heron^{1, 3}
R Lockhart-Ross^{1, 3}
A Mazwai¹

¹ *Non-executive*

² *British*

³ *Independent*

Corporate advisor

Java Capital Proprietary Limited
(Registration number: 2012/089864/07)
6th Floor, 1 Park Lane
Wierda Valley
Sandton 2196
(PO Box 522606, Saxonwold 2132)

Designated advisor

Valeo Capital Proprietary Limited
Unit G02, Skyfall Building
De Beers Avenue
Paardeveldi
Somerset West 7130
Postnet Suite 272, Private Bag X29
Somerset West, Western Cape 7129

Attorneys

Werksmans Incorporated
(Registration number: 1990/007215/21)
155 5th Street
Sandton 2196
(Private Bag 10015, Sandton 2146)

Independent property valuer

Quadrant Properties Proprietary Limited
(Registration number: 1995/003097/07)
16 North Road (corner Jan Smuts Avenue)
Dunkeld West 2196
(PO Box 1984, Parklands 2121)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
1st Floor, Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg 2196
(Private Bag X9000, Saxonwold,
Johannesburg 2132)

Bankers

FirstRand Bank Limited
(Registration number: 1929/001225/06)
Mezzanine Floor
No 3 First Place, Bank City
Corner Jeppe and Simmonds Streets
Johannesburg 2001
(PO Box 786273, Sandton 2146)

Auditor

BDO South Africa Incorporated
52 Corlett Drive
Wanderers Office Park
Illovo 2196
(Private Bag X60500, Houghton 2041)



Heriot

REIT

Committed to excellence

www.heriotreit.com