2023

Interim financial statements

Reviewed interim condensed consolidated financial statements

Transform potential

Burstone
REAL ESTATE PARTNERS

Key highlights

- Successfully completed the internalisation of the business in July 2023, and consequently rebranded as the Burstone Group in September 2023.
- Significant strides made in integrating the business across the Group's South African, European and Australian platforms.
- Achieved strong operational performances in the South African and European portfolios:
  - The South African portfolio remains stable and achieved marginal like-for-like NPI growth against a persistently challenging economic backdrop.
  - The European PEL portfolio captured strong growth in contracted rent and benefited from cost savings initiatives.
- As expected, results were adversely impacted by higher funding costs which occurred in the second half of the prior year.
- Results were therefore in line with the Group's expectations, with DIPS declining by 5.0% to 51.07cps (Sep 22: 53.78cps).
- The Group maintains its previous guidance and expects to deliver DIPS growth of 0% to 2% in FY24. This equates to expected growth in DIPS of 5% to 9% in 2H24.
- 95% dividend payout ratio with an interim dividend of 48.52cps (Sep-22: 51.09cps).
- The balance sheet remains healthy, with a defined plan to decrease LTV over time (Sep-23: 43%). The Group has low near-term refinancing risk and interest rate risk has been effectively managed

Group and balance sheet metrics

DIPS down	Interim dividend of	NAV stable at	LTV
(5.0%) to 51.07cps	48.52cps	R16.21	43%
Impacted by higher funding costs	95% payout ratio		Defined plan to reduce to 41% by FY24

Unutilised cash/facilities of	Interest cover ratio	Group ZAR interest rate risk	PEL interest rate risk
R1.1bn	2.8x	86% hedged	93% hedged at 1.4%
Adequate liquidity to manage liquidity risk	Remains sound	2.4 years WASE	Limited interest rate risk to Oct-25

South Africa

Resilient stable portfolio

LFL NPI	Vacancy at	Letting	Reversion	Portfolio WALE to expiry
+2.0%	3.7%	90%	(12.2%)	2.8 years
Driven by reduced vacancy	Mar-23: 3.9% Sep-22: 7.1%	of expiring space let	Low incentives granted of 1.2% lease value	(Mar-23: 2.9 years)

Europe

Stable, defensive portfolio capturing strong rental growth

LFL NPI	Vacancy at	Letting	Reversion	Portfolio WALE to expiry
+7.9%	0.9%	96%	+5.7%	5.2 years
Driven by ERV unlock and indexation	Mar-23: 0.9% Sep-22: 1.2%	of expiring space let	Ability to capture ERV growth	(Mar-23: 5.2 years)

Distributable earnings reconciliation

For the period ended 30 September 2023

Half-year distributable earnings of 51.07 cents per share (Sept-22: 53.78 cents per share).

R'000	Notes	Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023
Profit after taxation		**467 363**	745 019	194 946
Adjusted for:				
Straight-line rental revenue adjustment		**2 424**	(2 646)	15 839
Fair value, foreign exchange (gains)/ losses and other adjustments	2	**(142 876)**	(301 643)	392 474
Fair value adjustment on investment property		**-**	-	129 833
(Profit)/ loss on derecognition of financial instruments	6	**-**	-	100 053
Loss on disposal of investment property		**8 057**	6 987	25 189
Interest not received in cash[1]		**-**	(3 072)	(14 000)
Capital gains taxation ('CGT')		**-**	(19 706)	(19 911)
Equity accounted losses from associate		**-**	7 945	7 945
Expected credit losses on financial instruments		**12 000**	-	9 920
Cost of funding ITAP in development		**11 145**	-	-
Discounting of deferred consideration[2]		**(2 032)**	-	-
Staff benefits[3]		**1 630**	-	-
Transaction costs		**29 411**	-	-
Amortisation of intangible assets		**23 916**	-	-
Available H1 Interim distributable earnings		**411 038**	**432 884**	**432 884**
Available H2 distributable earnings		**-**	**-**	**409 404**
Number of shares				
Shares in issue		**804 918 444**	804 918 444	804 918 444
Weighted average number of shares in issue		**804 918 444**	804 918 444	804 918 444
Cents				
Total available distributable earnings per share		**51.07**	**53.78**	**104.64**
Available H1 Interim distributable earnings per share (cents)		**51.07**	53.78	53.78
Available H2 distributable earnings per share (cents)		**-**	-	50.86

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

2 Relates to discounting of deferred consideration in respect of the business combination as presented in note 5.

3 As part of the business combination (described further in Note 5) Investec Limited contributed R25m towards the Groups share based payment scheme that was transferred to the Group as part of the transaction. The amount added back in the Distribution Statement represents the amortisation of this contribution over the life of the scheme.

Consolidated statement of comprehensive income

R'000	Notes	Reviewed Six months ended 30 September 2023[1]	Restated Reviewed Six months ended 30 September 2022[1,2]	Audited Year ended 31 March 2023[1]
Revenue, before straight line rental revenue adjustment		**898 908**	913 092	1 832 165
Fee income from asset management business		**89 943**	–	–
Straight-line rental revenue adjustment		**(2 424)**	2 646	(15 839)
Revenue		**986 427**	**915 738**	**1 816 326**
Income from investments	7	**154 185**	129 629	239 776
Property expenses		**(312 265)**	(313 883)	(670 202)
Expected credit losses - trade receivables		**(4 987)**	(15 719)	(3 261)
Other operating expenses	3	**(166 875)**	(54 737)	(109 858)
Operating profit		**656 485**	**661 028**	**1 272 781**
Finance income	8	**36 619**	30 858	89 254
Finance costs		**(318 516)**	(252 631)	(521 586)
Fair value, foreign exchange gains/(losses) and other adjustments on financial instruments	2	**142 876**	301 643	(392 474)
Fair value adjustment on investment property		**–**	–	(129 833)
Loss on disposal of investment property		**(8 057)**	(6 987)	(25 189)
Loss on derecognition of financial instruments	6	**–**	–	(100 053)
Equity accounted losses from associate		**–**	(7 945)	(7 945)
Expected credit losses on financial instruments		**(18 128)**	–	(9 920)
Amortisation of intangible assets	5.1	**(23 916)**	–	–
Profit before taxation		**467 363**	**725 966**	**175 035**
Taxation	9	**–**	19 053	19 911
Profit after taxation		**467 363**	**745 019**	**194 946**
Exchange differences on translation of foreign subsidiary		**(20 083)**	–	–
Other comprehensive income		**(20 083)**	–	–
Total comprehensive income attributable to equity holders		**447 280**	745 019	194 946
Basic and diluted earnings per share (cents)		**55.57**	92.56	24.22

1 The net property income subtotal has been removed since the Group now has fee income included in its revenue during the current financial year. Operating profit has been adjusted to include income from investments. The order on the face of the statement has changed to show finance income and finance costs before other adjustments to derive at profit before tax.

2 These amounts have been restated as presented in note 16.1.

Consolidated statement of financial position

R'000	Notes	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
ASSETS				
Non-current assets		**24 927 299**	**23 446 670**	**23 551 508**
Investment property		**13 235 517**	13 882 692	13 178 659
Straight-line rental revenue adjustment		**323 029**	368 015	324 815
Intangible assets	5.1	**592 901**	–	–
Goodwill	5.2	**205 628**	–	–
Derivative financial instruments	10.5	**236 682**	350 844	191 079
Other financial instruments	10	**10 333 542**	8 845 119	9 856 955
Current assets		**804 409**	**617 500**	**733 737**
Derivative financial instruments	10.5	**115 284**	141 159	94 876
Trade and other receivables		**460 823**	330 541	336 114
Cash and cash equivalents		**228 302**	145 800	302 747
Non-current assets held for sale[4]	12	**649 925**	451 156	1 098 627
Total assets		**26 381 633**	**24 515 326**	**25 383 872**
EQUITY AND LIABILITIES				
Shareholders' interest		**13 046 138**	**13 974 858**	**13 013 545**
Stated capital		**11 107 258**	11 133 011	11 133 011
Foreign currency translation reserve		**(20 083)**	–	–
Retained earnings		**1 958 963**	2 841 847	1 880 534
Non-current liabilities		**10 398 398**	**8 178 790**	**10 040 168**
Long-term borrowings	10.4	**10 137 459**	8 045 379	9 890 985
Deferred consideration[1]		**98 995**	–	–
Derivative financial instruments	10.5	**161 944**	133 411	149 183
Current liabilities		**2 937 097**	**2 361 678**	**2 330 159**
Long-term borrowings	10.4	**2 045 253**	1 741 154	1 650 099
Derivative financial instruments	10.5	**94 182**	120 924	69 451
Trade and other payables[2]		**786 487**	499 600	610 609
Employee benefit liability		**11 175**	–	–
Total equity and liabilities		**26 381 633**	**24 515 326**	**25 383 872**
Shares in issue		**804 918 444**	804 918 444	804 918 444
Net asset value per share (cents)[3]		**1 621**	**1 736**	**1 617**

1 This amount relates to the non-current, non-interest bearing portion of the deferred consideration for the purchase of the management companies from Investec Limited. Refer to note 5 for the detail of the total purchase consideration in respect of the acquisition.
2 Included in this balance is the present value of the current portion (ie: payable in one year) of the deferred consideration in respect of the purchase of the management companies from Investec Limited.
3 Disclosure is for REIT purposes only and is not required as per IAS 34, therefore is unaudited.
4 Properties classified as held for sale are expected to transfer imminently.

Consolidated statement of cash flows

R'000	Notes	Reviewed Six months ended 30 September 2023	Restated Reviewed Six months ended 30 September 2022[8]	Audited Year ended 31 March 2023
Cash generated from operations	13	**481 510**	476 393	1 052 325
Finance income received		**16 477**	16 449	83 114
Finance costs paid		**(306 741)**	(240 824)	(505 005)
Income from investments		**75 769**	–	79 255
Capital gains tax		**–**	19 910	19 911
Dividends paid to shareholders[1]		**(388 934)**	(422 250)	(833 491)
Net cash outflow from operating activities		**(121 919)**	**(150 322)**	**(103 891)**
Capital expenditure and tenant installation on investment property		**(182 043)**	(166 049)	(374 826)
Proceeds on disposal of investment property		**168 376**	302 817	417 215
Loan to property co-investor[2]		**(6 198)**	–	(23 782)
Acquisition of other financial instruments[3]		**(97 864)**	–	(2 270 559)
Acquisition of management companies[4]		**(253 129)**	–	–
Increase in cash from acquisition of management companies		**12 467**	–	–
Proceeds from sale of other financial instruments[5]		**115 373**	–	1 072 170
Net cash (outflow)/inflow from investing activities		**(243 018)**	**136 768**	**(1 179 782)**
Proceeds from bank loans		**2 417 562**	1 354 492	8 000 087
Proceeds from bonds		**450 000**	150 000	2 135 000
Proceeds from commercial paper[6]		**847 000**	495 000	1 459 000
Treasury shares acquired		**(26 751)**	–	–
Derivatives settled[7]		**(174 985)**	(16 808)	(166 742)
Repayments of bank loans		**(2 337 334)**	(1 327 108)	(6 912 703)
Repayments of bonds		**–**	(150 000)	(1 855 000)
Repayment of commercial paper		**(885 000)**	(582 000)	(1 309 000)
Net cash inflow/(outflow) from financing activities		**290 492**	**(76 424)**	**1 350 642**
Net increase/(decrease) in cash and cash equivalents		**(74 445)**	(89 978)	66 969
Cash and cash equivalents at the beginning of the period		**302 747**	235 778	235 778
Cash and cash equivalents at the end of the period		**228 302**	**145 800**	**302 747**

1 Comprises cash paid in relation to the dividend declared during the financial period.
2 This relates to additional loans granted to the property co-investor as presented in note 10.2.5.
3 In the current period the investment in ITAP increased as a result of a capital call (refer to note 10.3.1). Further to this, additional loans were issued to Pan European Logistics Mauritius (PELM), (refer to note 10.2.3) and PEL (refer to note 10.2.3.) to fund capital expenditure. This amount also includes a deposit paid in respect of a future investment in Australia.
4 This relates to the cash consideration paid for the acquisition of the asset management business, net of properties sold and the deferred consideration.
5 This relates to the Group's portion of the effective 83.15% share of proceeds from the sale of the Schipol property by PEL.
6 Commercial paper rolls are generally refinanced every 3 months.
7 This predominantly relates to cross currency swaps that were restruck and extended on expiry. The cash relates to the mark to market settled as a result of the change in rate from the initial start date.
8 These amounts have been restated as presented in note 16.2.

Consolidated statement of changes in equity

R'000	Stated capital	Retained earnings	Foreign currency translation reserve	Total equity
Balance at 31 March 2022	**11 133 011**	**2 519 078**	**–**	**13 652 089**
Total comprehensive income attributable to equity holders	–	194 946	–	194 946
Dividends declared	–	(833 490)	–	(833 490)
Balance at 31 March 2023	**11 133 011**	**1 880 534**	**–**	**13 013 545**
Total comprehensive income attributable to equity holders	–	467 363	(20 083)	447 280
Treasury Shares[1]	(25 753)	–	–	(25 753)
Dividend declared	–	(388 934)	–	(388 934)
Balance at 30 September 2023	**11 107 258**	**1 958 963**	**(20 083)**	**13 046 138**

1 Treasury shares were acquired by the Group to hedge employee retention packages provided following the business combination.

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

To the Shareholders of Burstone Group Limited

We have reviewed the condensed consolidated interim financial statements of Burstone Group Limited, set out on pages 3 to 28 of the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 September 2023 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting,* the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these interim financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Burstone Group Limited for the six months ended 30 September 2023 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: C Natsas
Registered Auditor
Johannesburg, South Africa
15 November 2023

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Basis of accounting

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

BUSINESS COMBINATIONS

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

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

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

The excess of the:

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

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

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

INTANGIBLE ASSETS

Intangible assets comprise the management contracts acquired of R637.5 million and are initially measured at cost. The Group subsequently measures the intangible asset by applying the cost model. After initial recognition, the intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. The Group amortises intangible assets with a limited useful life, using the straight-line method over the remaining useful life of 7 years.

GOODWILL

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

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

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

Basis of accounting
continued

Impact of standards issued but not yet applied by Burstone Group:

Change	Standard	Effective date	Impact on Group
Non-current liabilities with covenants	Amendment to IAS 1	1 January 2024	No material impact on the Group during the period.
Lack of exchangeability	Amendments to IAS 21	1 January 2025	No material impact on the Group during the period.

SEGMENTAL ANALYSIS

The Group determines and presents operating segments based on the information that is provided internally to the Executive Management Committee (EXCO), the group's operating decision-making forum. As at 30 September 2023, the group is comprised of seven segments, namely SA Retail, SA Office, SA Industrial, Europe, Australia, the South African investment portfolio and the asset manegement business which was acquired during the current financial year. An operating segment's operating results are reviewed regularly by the Exco to make decisions about resources to be allocated to the segments and assess its performance.

Segment	Brief description of segment
SA Retail	The retail portfolio consists of 16 properties, comprising of shopping centres as well as retail warehouses, motor dealerships and high street properties.
SA Office	The office portfolio consists of 31 properties which includes P, A and B grade office space.
SA Industrial	The industrial portfolio consists of 30 properties which includes warehousing, standard units, high grade industrial, high-tech industrial and manufacturing.
Asset Management Business	This segment represented the asset management business of the Group which was acquired from Investec Limited effective 1 April 2023. Goodwill and intangible assets comprising R843.1 million has been recognised as a result of the business combination. The internalisation has resulted in the recognition of additional fee income and associated expenses comprising of employee and operating costs. The fee income earned by the SA and European asset management businesses is analysed together with their expenses when making decisions relating to the appropriateness of allocation of resources in the Group. Note 5 sets out the detail of the business combination.
South Africa - Investment portfolio	The local Investment Portfolio consists of a 35% share of an empowerment vehicle, Izandla fully impaired to R nil.
Australia	50% of Irongate Group Holdings and 18.67% of units in Irongate Templewater Australia Property Fund.
Europe	A 94% investment into a PEL portfolio valued at R10.3 billion. This portfolio consists of 32 properties located in seven jurisdictions across Europe.

Notes to the reviewed interim condensed consolidated financial results
continued

Profit or loss and assets and liabilities disclosure

	30 September 2023								
	South African property portfolio				Investment portfolio				
R'000	Office	Industrial	Retail	Total/ Group level	Asset Management	South African investment portfolio	Europe	Australia	Total
Material profit or loss disclosures									
Revenue, before straight line rental revenue adjustment	327 872	224 255	346 781	**898 908**	–	–	–	–	**898 908**
Fee income from asset management business	–	–	–	**–**	89 943	–	–	–	**89 943**
Straight-line rental revenue adjustment	(4 620)	(412)	2 608	**(2 424)**	–	–	–	–	**(2 424)**
Revenue	**323 252**	**223 843**	**349 389**	**896 484**	**89 943**	**–**	**–**	**–**	**986 427**
Income from investments	–	–	–	**–**	–	4 425	149 760	–	**154 185**
Property expenses	(127 728)	(63 044)	(121 493)	**(312 265)**	–	–	–	–	**(312 265)**
Expected credit losses	928	(1 953)	(3 962)	**(4 987)**	–	–	–	–	**(4 987)**
Other operating expenses	–	–	–	**(88 115)**	(78 760)	–	–	–	**(166 875)**
Operating profit	**–**	**–**	**–**	**491 117**	**11 183**	**–**	**–**	**–**	**656 485**
Finance income	–	–	–	**36 619**	–	–	–	–	**36 619**
Finance costs	–	–	–	**(318 516)**	–	–	–	–	**(318 516)**
Fair value adjustments on derivative instruments	–	–	–	**199 099**	–	–	(32 193)	–	**166 906**
Fair value adjustments on investment property	–	–	–	**–**	–	–	–	–	**–**
Foreign exchange (losses)/gains	–	–	–	**–**	–	–	(24 030)	–	**(24 030)**
(Loss) on disposal of investment property	–	–	–	**(8 057)**	–	–	–	–	**(8 057)**
Equity accounted earnings/(losses) from associate	–	–	–	**–**	–	–	–	–	**–**
Expected credit losses on financial instruments	–	–	–	**(18 128)**	–	–	–	–	**(18 128)**
Amortisation on intangible assets	–	–	–	–	**(23 916)**	–	–	–	(23 916)
Profit before taxation	**–**	**–**	**–**	**382 134**					**467 363**
Taxation	–	–	–	**–**	–	–	–	–	**–**
Profit/(loss) for the year after taxation	**–**	**–**	**–**	**382 134**	**–**	**–**	**–**	**–**	**467 363**
Other comprehensive income	–	–	–	**–**	(20 083)	–	–	–	**(20 083)**
Total comprehensive income attributable to equity holders	**–**	**–**	**–**	**–**	**(20 083)**	**–**	**–**	**–**	**447 280**
ASSETS									
Investment property	4 647 752	3 103 143	5 484 622	**13 235 517**	–	–	–	–	**13 235 517**
Straight-line rental revenue adjustment	99 003	104 556	119 470	**323 029**	–	–	–	–	**323 029**
Intangible assets	–	–	–	**–**	592 901	–	–	–	**592 901**
Goodwill	–	–	–	**–**	205 628	–	–	–	**205 628**
Other financial instruments	–	–	–	**278 320**	–	–	9 659 789	395 433	**10 333 542**
Derivative financial assets	–	–	–	**351 942**	–	–	24	–	**351 966**
Trade and other receivables	–	–	–	**460 823**	–	–	–	–	**460 823**
Cash and cash equivalents	–	–	–	**228 302**	–	–	–	–	**228 302**
Non-current assets held for sale	289 935	143 913	216 077	**649 925**	–	–	–	–	**649 925**
Total assets	**–**	**–**	**–**	**15 527 858**	**–**	**–**	**–**	**–**	**26 381 633**
LIABILITIES									
Long-term borrowings	–	–	–	**11 119 168**	–	–	1 063 544	–	**12 182 712**
Deferred consideration	–	–	–	**–**	98 995	–	–	–	**98 995**
Derivative financial liabilities	–	–	–	**256 017**	–	–	109	–	**256 126**
Trade and other payables	–	–	–	**786 487**	–	–	–	–	**786 487**
Employee benefit liability	–	–	–	**11 175**	–	–	–	–	**11 175**
Total liabilities	**–**	**–**	**–**	**12 172 847**	**–**	**–**	**–**	**–**	**13 335 495**

Restated 30 September 2022						
South African property portfolio				Investment portfolio		
Office	Industrial	Retail	Total/ fund level	South African investment portfolio	Europe	Total
322 558	178 811	411 723	913 092	–	–	913 092
–	–	–	–	–	–	–
7 259	(6 042)	1 429	2 646	–	–	2 646
329 817	**172 769**	**413 152**	**915 738**	**–**	**–**	**915 738**
–	–	–	–	–	129 629	129 629
(89 799)	(36 967)	(187 117)	(313 883)	–	–	(313 883)
(7 979)	(30)	(7 710)	(15 719)	–	–	(15 719)
–	–	–	(54 737)	–	–	(54 737)
–	**–**	**–**	**531 399**	**–**	**–**	**661 028**
–	–	–	30 858	–	–	30 858
–	–	–	(252 631)	–	–	(252 631)
–	–	–	184 798	–	(165 144)	19 654
–	–	–	–	–	–	–
–	–	–	–	–	281 989	281 989
–	–	–	(6 987)	–	–	(6 987)
–	–	–	–	(7 945)	–	(7 945)
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	487 437	–	–	725 966
–	–	–	19 053	–	–	19 053
–	**–**	**–**	**506 490**	**–**	**–**	**745 019**
–	–	–	–	–	–	–
–	**–**	**–**	**506 490**	**–**	**–**	**745 019**
5 492 696	3 018 326	5 371 670	13 882 692	–	–	13 882 692
113 157	105 909	148 949	368 015	–	–	368 015
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	280 991	8 564 128	8 845 119
–	–	–	227 677	–	264 326	492 003
–	–	–	330 541	–	–	330 541
–	–	–	145 800	–	–	145 800
–	121 696	329 460	451 156	–	–	451 156
–	**–**	**–**	**15 405 881**	**–**	**–**	**24 515 326**
–	–	–	8 763 570	–	1 022 963	9 786 533
–	–	–	–	–	–	–
–	–	–	135 451	–	118 884	254 335
–	–	–	499 600	–	–	499 600
–	–	–	–	–	–	–
–	**–**	**–**	**9 398 621**	**–**	**1 141 847**	**10 540 468**

Notes to the reviewed interim condensed consolidated financial results
continued

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
1 RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS			
Basic and diluted profit attributable to ordinary equity holders of the parent	**467 363**	745 019	194 946
Adjusted for:			
Fair value adjustment on investment property	**–**	–	129 833
Profit/(loss) on disposal of investment property	**8 057**	6 987	25 189
Fair value adjustment on investment property in associate	**–**	–	1 590
Profit on disposal of investment property in associate	**–**	211	211
Headline earnings attributable to shareholders	**475 420**	752 217	351 769
Headline and diluted headline earnings per share (cents per share)[1]	**59.06**	93.45	43.70

1 Headline and diluted earnings per share decreased due to the decrease in basic and diluted profit attributable to ordinary equity holders mainly due to the decrease in mark-to-market adjustments and increase in finance costs.

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
2 FAIR VALUE AND FOREIGN EXCHANGE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS			
Fair value (loss)/gain on derivative instruments[1]	**(158 858)**	19 654	(326 459)
Fair value loss on treasury shares[2]	**(1 177)**	–	–
Fair value adjustments on loans to associates and joint ventures at fair value (net of foreign exchange)[3]	**423 431**	330 642	149 825
Fair value adjustment as a result of transaction costs capitalised on loan to joint venture	**(32 193)**	(11 215)	(118 479)
Foreign exchange translation losses on long-term borrowings, and loans provided to joint ventures not at fair value	**(88 327)**	(37 438)	(97 361)
	142 876	**301 643**	**(392 474)**

1 The fair value (loss)/ gain on derivatives is primarily due to the ZAR/EUR currency deterioration.
2 Treasury shares were acquired by the Group to hedge employee retention packages provided following the business combination.
3 Fair value adjustments and transaction costs on loans to joint ventures and long-term borrowings at fair value have been disaggregated further for the current and prior financial year.

Notes to the reviewed interim condensed consolidated financial results
continued

3 OPERATING EXPENSES

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
Fund expenses	**18 067**	16 524	35 713
Asset management fee[1]	**–**	38 213	74 145
Staff costs[2]	**82 109**	–	–
Overheads[1]	**37 288**	–	–
Transaction costs relating to the business combination	**29 411**	–	–
	166 875	**54 737**	**109 858**

1 The net management fee saving as a result of the business combination amounts to R11 million operating profit as presented on the segment report.
2 Staff costs have arisen due to the business combination as employees who were previously employed by Investec Limited are now paid by the Group.

4 FAIR VALUE OF INVESTMENT PROPERTY

The Group's policy is to assess the valuation of investment properties at the end of each financial year. For the period ending 30 September 2023 the rental income and capitalisation rates (being the key assumptions in the valuation model applied in valuing properties) have remained stable and in line with those as at 31 March 2023 and as a result no fair value adjustment in respect of investment properties has been recognised as at 30 September 2023. Refer to note 11 for the relationship with each level 3 unobservable input.

5 BUSINESS COMBINATION

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

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

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

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

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

The goodwill is attributable to synergies in combining the various business activities that will enhance profitability of the Group. Goodwill is not deductible for tax purposes. The cash generating unit that is expected to benefit from the business combination is the asset management business operating segment.

Notes to the reviewed interim condensed consolidated financial results
continued

5 BUSINESS COMBINATION continued

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

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

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
Acquisition of SA Manco and Burstone UK Limited (the "Business Combination")			
Purchase consideration[1]	929 450	–	–
Purchase consideration adjustments[2]	(6 972)	–	–
Net identifiable assets/ (liabilities) acquired:	(716 850)	–	–
Cash and cash equivalents	(12 467)	–	–
Trade and other receivables[3]	(157 980)	–	–
Prepayments	(262)	–	–
Trade and other payables	65 829	–	–
Intangible asset relating to management contracts (Note 4.1)	(637 500)	–	–
Provisions	2 803	–	–
Employee benefit liabilities	23 158	–	–
Fixed assets	(1 251)	–	–
Lease accrual	820	–	–
Goodwill (Note 5.2)	205 628	–	–

1 The purchase consideration is made up as follows:

Property disposal consideration	390 000	–	–
Deferred consideration	200 000	–	–
Cash consideration	253 129	–	–
Working capital adjustments	6 971	–	–
Headline consideration	850 100	–	–
Adjustment for the net asset value of the assets acquired (NAV UREP and SA Manco)	79 350	–	–
Total consideration	929 450	–	–

Despite the pipeline as a result of the business combination, the expected transactions have not yet progressed sufficiently to include the earn-out of R125 million in the consideration. This will be re-assessed at year-end.

2 Adjustments are attributable to the present value of the deferred consideration and discount rate applied to the net assets acquired and rebranding costs.

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

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

The business combination was concluded on 6 July 2023. There have been changes in market values and interest rates during the period, however the business combination transaction was concluded within the changes in the market and the impacts of these were taken into consideration within the purchase price of the transaction. There were therefore no indicators of impairment during the period ended 30 September 2023.

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

Notes to the reviewed interim condensed consolidated financial results
continued

5 BUSINESS COMBINATION continued

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
5.1 INTANGIBLE ASSETS			
Acquisitions	**637 500**	–	–
Amortisation/impairment	**(23 916)**	–	–
Foreign exchange translation losses	**(20 683)**	–	–
Closing balance	**592 901**	–	–

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
5.2 GOODWILL			
Acquisitions	**205 628**	–	–
Closing balance	**205 628**	–	–

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
6 LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS			
Settlement of loan to PEL co-investor	**–**	–	(21 905)
Sale of PEL bridge loan	**–**	–	(78 148)
Total	**–**	–	(100 053)

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
7 INCOME FROM INVESTMENTS[1]			
Income from European platform	**149 760**	129 629	239 776
Income from Australian platform	**4 425**	–	–
Total	**154 185**	129 629	239 776

1 Consists of income accruals from the investment into the European platform and fee income from the investment into the Australian platform.

Notes to the reviewed interim condensed consolidated financial results
continued

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
8 FINANCE INCOME			
Interest income on loans to associates and joint ventures[1]	**20 957**	24 706	68 685
Interest earned on amounts with banks	**15 662**	6 152	20 569
Total interest	**36 619**	**30 858**	**89 254**

1 R20.4 million (Mar 2023: R34.4 million) relates to interest income from Izandla.

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
9 TAXATION			
9.1 CAPITAL GAINS TAXATION			
Sale of IAP and Ingenuity shares	**–**	19 706	–
Refund in respect of Investec Australia Property Fund Limited's shares	**–**	–	19 911
Total taxation income	**–**	**19 706**	**19 911**

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
9.2 CURRENT TAXATION			
Tax on non-REIT entity	**–**	(653)	–
Total taxation charge	**–**	**(653)**	**–**

Notes to the reviewed interim condensed consolidated financial results
continued

10 FINANCIAL INSTRUMENTS

Financial instruments consists of:

- Derivative financial instruments to hedge interest rate and foreign exchange risk at fair value through profit or loss
- Loans to associates and joint ventures and other loans at amortised cost
- Long-term borrowings at amortised cost
- Cash and cash equivalents, trade and other receivables, trade and other payables and variable rate loans are at amortised cost.

Refer to note 11 for detail on the fair value disclosures of financial instruments.

R'000	Notes	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
Total other financial instruments is made up as follows:				
Profit participating loans	10.1	**9 638 120**	7 385 907	9 211 323
Bridge loan to PEL	10.2.1	**–**	1 046 730	11 162
Receivable from PEL co-investor	10.2.2	**–**	131 491	–
Loan to Pan European Logistics Mauritius[1]	10.2.3	**21 669**	–	20 324
Izandla mezzanine loans	10.2.4	**241 665**	252 745	247 866
Loan to property co-investor	10.2.5	**36 655**	28 246	30 457
Investment in ITAP Fund Australia	10.3.1	**316 082**	–	264 919
Shareholder loan to Irongate Group JV	10.3.2	**12 028**	–	11 290
Investment in Irongate Group Holdings funds management business	10.3.3	**67 323**	–	59 614
		10 333 542	8 845 119	9 856 955

1 The loan to Pan European Logistics Mauritius ('PELM') is a capital expenditure loan assumed through the 10% share held by PELM as shown in note 10.2.3.

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.1 OTHER FINANCIAL INSTRUMENTS			
LOANS TO ASSOCIATES AND JOINT VENTURES AT FAIR VALUE THROUGH PROFIT AND LOSS			
Pan-European Logistics investment			
Finance income accrual[1]	**117 479**	119 131	159 834
Profit participating loan asset	**9 520 641**	**7 266 776**	**9 051 489**
94% Profit participating loan to PEL at fair value (HY22: 75%)	**9 638 120**	7 385 907	9 211 323
Profit participating liability – effective 10%	**(1 063 544)**	(1 022 963)	(1 011 030)
Profit participating loans – IPF's effective 83% (HY22: 65%)	**8 574 576**	**6 362 944**	**8 200 293**

1 Represents the unpaid portion of the income from investments earned by the Group through its investment in PEL. The total accrual for the Group is R149.7 million, R32.4 million of which was received in cash.

Notes to the reviewed interim condensed consolidated financial results
continued

10 FINANCIAL INSTRUMENTS continued

The Group has joint control over the PEL portfolio and accounts for the investment as a joint venture classified as a financial asset at fair value through profit or loss. The total fair value of the investment in the joint venture comprises an equity and a debt element, through the profit participating loans (PPL's). As at 30 September 2023, after the purchase of an additional 19% from the previous JV partner during February 2023, the Group holds a total of 94% in the PEL platform (FY22: 75%). The Group is therefore entitled to 94% of the net rental income earned on leasing the investment properties held by the underlying property companies held by PEL. The PEL entities have an obligation to deliver the net returns to the Group and its joint venture partner via the profit participating loans (PPL's). These PPL's are valued at fair value through profit and loss.

Due to the legal nature of the PPL's advanced by the Group to the PEL platform and PPLs assumed through the 10% share held by Pan-European Logistics Mauritius ("PELM"), the Group recognises the gross 94% (FY22: 75%) right to receive cash flows as a financial asset and the PPL to PELM as a financial liability.

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.2 LOANS AT AMORTISED COST			
10.2.1 Pan-European logistics investment			
Bridge loan to PEL[1]	–	1 035 180	–
Interest accrual[2]	–	11 550	11 162
Total bridge loan to PEL	**–**	**1 046 730**	**11 162**

1 The bridge loan granted to PEL was sold to a financial institution effective 23 March 2023.
2 Interest accrued on the loan up to the effective date of sale and was only settled by PEL after 31 March 2023.

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.2.2 Receivable from PEL Co-investor			
Interest free receivable	–	131 491	–
Total receivable from PEL co-investor	**–**	**131 491**	**–**

R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.2.3 Loan to Pan European Logistics Mauritius			
Pan European Logistics Mauritius[1]	21 669	–	20 324
Total	**21 669**	**–**	**20 324**

1 The receivable from PELM carries interest at 3 month Euribor + 2.5% and is repayable on 31 October 2025. The receivable is carried at amortised cost and carrying amount approximates fair value.

Notes to the reviewed interim condensed consolidated financial results
continued

10 FINANCIAL INSTRUMENTS continued

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.2.4 Izandla Mezzanine loans			
Senior mezzanine	195 432	189 317	189 317
Junior mezzanine[1]	74 281	63 428	68 469
Expected credit losses	(28 048)	–	(9 920)
Total carrying amount	**241 665**	**252 745**	**247 866**

1 The repayment terms of the loans were extended to 29 April 2025 and interest is charged at prime plus 350 basis points.

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.2.5 Loan to Property Co-investor			
Receivable from co-investor – sale of property[1]	22 808	28 246	23 814
Receivable from co-investor – building improvements[2]	13 847	–	6 643
	36 655	**28 246**	**30 457**

1 During the 2023 financial year, the Group sold a 25% undivided share in a property. The purchaser was granted a loan at prime + 1% which is repayable in full within 10 years.

2 The Group also granted a development loan for up to R20 million for building improvements to the purchaser. The loan carries interest at prime + 1% and is repayable in full at the end of the lease contract. As at 30 September 2023 R13 million was drawn on the loan.

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.3 INVESTMENT IN AUSTRALIA			
10.3.1 Investment in ITAP Fund Australia			
Investment in ITAP Fund (18.67%)[1]	316 082	–	264 919
	316 082	**–**	**264 919**

1 A capital call to the value of R23.6 million was made during the financial year.

Notes to the reviewed interim condensed consolidated financial results
continued

10 FINANCIAL INSTRUMENTS continued

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.3.2 Shareholder Loan to Irongate Group JV			
Shareholder Loan to Irongate Group JV[1]	12 028	–	11 290
	12 028	**–**	**11 290**

1 This loan relates to the working capital funding of A$ 950 thousand (R12.0 million, Mar 23: R11.3 million) which carries interest at the applicable rate of Bank Bill Swap Rates (BBSW) + 4% multiplied by the period. This is expected to be refinanced with third party debt within the next 12 months.

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.3.3 Irongate Group Holdings funds management business[1]			
Investment at fair value (50%)	67 323	–	59 614
	67 323	**–**	**59 614**

1 The investment into Irongate Group Holdings funds management business was made on 29 March 2023 for an amount of A$5 million (R59.6 million), the income from the platform is shown in note 7.

Total other financial instruments	**10 333 542**	**8 845 119**	**9 856 955**

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022[3]	Audited Year ended 31 March 2023
10.4 BORROWINGS			
Long term borrowings	**10 137 459**	**8 045 379**	**9 890 985**
Long term borrowings	9 089 587	7 033 857	8 897 508
Bonds	3 585 000	3 137 356	3 935 000
Bank loans	5 504 587	3 896 501	4 962 508
Profit Participating Loans (PPL) – effective 10% minority interest[1]	1 063 544	1 022 963	1 011 030
Transaction expenses relating to borrowings	(15 672)	(11 441)	(17 553)
Short term borrowings[2]	**2 045 253**	**1 741 154**	**1 650 099**
Short term borrowings	1 947 000	1 692 152	1 570 627
Commercial Paper	462 000	263 000	500 000
Bank loans	–	1 004 152	385 627
Bonds	1 485 000	425 000	685 000
Interest accrual on borrowings	98 253	49 002	79 472
Total borrowings	**12 182 712**	**9 786 533**	**11 541 084**

1 Relates to the 10% share of PEL sold to Pan-European Logistics Property Holdings Limited in the financial year ending 31 March 2021.
2 Short term borrowings are de-risked by the availability of R1.12 billion undrawn facilities and cash of R0.23 billion and a refinance to be completed shortly. R1.4 billion worth of debt expires within the next 12 months, which Burstone is currently in the process of renegotiating with the banks to save on margin.
3 These amounts have been further disaggregated to show the split for bonds, bank loans and commercial paper.

Notes to the reviewed interim condensed consolidated financial results
continued

10 FINANCIAL INSTRUMENTS continued

R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
10.5 DERIVATIVES			
Derivative financial instruments assets	**351 966**	492 003	285 955
Derivative financial instruments liabilities	**(256 126)**	(254 335)	(218 634)
Total Derivatives	**95 840**	**237 668**	**67 321**

Derivative financial instruments hedge interest rate and foreign exchange risks as described below.

In respect of interest rate swaps for Rand interest exposures, where the Group is the fixed rate payer, the derivative asset increased as a result of the increase in interest rates and increase in South African Rand interest rate curve, relative to the Group's derivatives on book.

For interest rate swaps for European exposures, given that the Group is the fixed rate payer, the derivative asset increased as a result of the increase in interest rates.

The cross currency swap liability increased primarily due to the ZAR/EUR currency deterioration since entering the trade. This will be required to be settled in cash at maturity.

There are various FECs/FX options with differing terms and currencies. These were impacted by movements in the FECs/FX rates during the period ending 30 September 2023.

During the 2023 financial year the Group entered into a Contract for Difference and Call option with the EDT-Trust in relation; to the increase in the PEL shareholding.

Notes to the reviewed interim condensed consolidated financial results
continued

R'OOO	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
11 FAIR VALUE HIERARCHY at 30 September 2023					
Assets					
Investment Property	13 235 517	–	–	13 235 517	–
Intangible assets	592 901	–	–	592 901	–
Derivative financial instruments	351 966	–	351 966	–	–
Other financial instruments	10 021 525	–	–	10 021 525	312 017
Trade and other receivables[1]	–	–	–	–	295 228
Cash and cash equivalents	–	–	–	–	228 302
Non-current asset held for sale	649 925	–	–	649 925	–
Total financial assets	24 851 834	–	351 966	24 499 868	835 547
Liabilities					
Derivative financial instruments	256 126	–	256 126	–	–
Deferred consideration	–	–	–	–	98 995
Long-term borrowings	1 063 544	–	–	1 063 544	11 119 168
Trade and other payables[2]	–	–	–	–	757 216
Total financial liabilities	1 319 670	–	256 126	1 063 544	11 975 379

	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
FAIR VALUE HIERARCHY at 31 March 2023					
Assets					
Investment Property	13 178 659		–	13 178 659	–
Derivative financial instruments	285 955	–	285 955	–	–
Other financial instruments	9 535 856	–	–	9 535 856	321 099
Trade and other receivables[1]	–	–	–	–	144 018
Cash and cash equivalents	–	–	–	–	302 747
Non-current asset held for sale	1 098 627	–	–	1 098 627	–
Total financial assets	**24 099 097**	**–**	**285 955**	**23 813 142**	**767 864**
Liabilities					
Derivative financial instruments	218 634	–	218 634	–	–
Long-term borrowings	1 011 030	–	–	1 011 030	10 530 054
Trade and other payables[2]	–	–	–	–	500 322
Total financial liabilities	**1 229 664**	**–**	**218 634**	**1 011 030**	**11 030 376**

1 Trade and other receivables exclude prepayments and value added tax which are non-financial instruments.
2 Trade and other payables exclude revenue received in advance and VAT as these are non-financial instruments.

Notes to the reviewed interim condensed consolidated financial results
continued

11 FAIR VALUE HIERARCHY continued

LEVEL 2 VALUATIONS

At 31 March 2023

Derivatives

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

LEVEL 3 VALUATIONS

At 30 September 2023

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

R'000 The level 3 valuations are reconciled as follows:	Irongate Group Holdings funds management business	ITAP Fund Australia	Pan-European logistics investment	Profit Participating Liability
Balance at the beginning of the year	59 614	264 919	9 211 323	(1 011 030)
Acquisition/increase in investment	–	23 577	–	–
Capitalised fees	1 969	7 875	–	–
Net interest accrued	4 425	–	117 479	(17 615)
Fair value and foreign exchange gains and (losses)	1 315	19 711	469 409	(56 016)
Capital distribution on sale of Schipol property by PEL	–	–	(160 091)	21 117
Balance at the end of the year	67 323	316 082	9 638 120	(1 063 544)

Investment Property	
Balance at the beginning of the year	13 178 659
Developments and capital expenditure	174 772
Disposals	–
Fair value adjustments	–
Tenant incentives	(384)
Transfers to non-current assets held for sale	(117 530)
Transfers from non-current assets held for sale	–
Balance at the end of the year	13 235 517

Notes to the reviewed interim condensed consolidated financial results
continued

11 FAIR VALUE HIERARCHY continued

LEVEL 3 VALUATIONS
at 31 March 2023

R'000 The level 3 valuations are reconciled as follows:	Irongate Group Holdings funds management business	ITAP Fund Australia	Pan-European logistics investment	Profit Participating Liability
Balance at the beginning of the year	–	–	6 873 541	(950 570)
Acquisition/increase in investment	59 614	264 919	1 986 413	-
Net interest accrued	-	-	159 834	(18 750)
Fair value and foreign exchange gains and (losses)	-	-	191 535	(41 710)
Balance at the end of the year	59 614	264 919	9 211 323	(1 011 030)

Investment Property	
Balance at the beginning of the year	13 515 379
Developments and capital expenditure	324 774
Disposals	(90 783)
Fair value adjustments	(129 833)
Tenant incentives	(7 715)
Transfers to non-current assets held for sale	(846 463)
Transfers from non-current assets held for sale	413 300
Balance at the end of the year	13 178 659

Notes to the reviewed interim condensed consolidated financial results
continued

11 FAIR VALUE HIERARCHY continued

LEVEL 3 VALUATIONS

At 30 September 2023

Valuation techniques used to derive level 3 fair value

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

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

Description[1]	Average Expected rental value per m^2	Equivalent Yield range	Weighted average cap rates	Long term vacancy rate	Change in FV ('000) from a 25bps (0.25%) Increase/ decrease in cap rate	Change in FV ('000) from a 500bps (5%) Increase/ decrease in expected rental value
SA Retail ('R)	**171.0**	**7.4% - 11.0%**	**8.2%**	**4.0% - 5.0%**	**207 523**	**352 536**
SA Industrial ('R)	**61.0**	**7.3% - 12.5%**	**9.3%**	**2.0% - 6.6%**	**98 060**	**186 730**
SA Office ('R)	**161.0**	**7.6% - 11.2%**	**8.8%**	**6.0% - 9.5%**	**145 557**	**262 002**
PEL €	**57.98**	**4.0% - 7.5%**	**5.25%**	**1.0% - 2.0%**	**50 000**	**55 000**

1 There were no fair value adjustments to investment property during the period ended 30 September 2023, however, the ranges reflected within the table have changed when compared to 31 March 2023 due to changes within the segments.

LEVEL 3 VALUATIONS

at 31 March 2023

Description	Average Expected rental value per m^2	Equivalent Yield range	Weighted average cap rates	Long term vacancy rate	Change in FV ('000) from a 25bps (0.25%) Increase/ decrease in cap rate	Change in FV ('000) from a 500bps (5%) Increase/ decrease in expected rental value
SA Retail ('R)	162.2	7.4% - 11.0%	8.3%	4.0% - 5.0%	140 904	270 033
SA Industrial ('R)	53.8	7.6% - 12.9%	9.3%	1.5% - 2.0%	73 950	158 691
SA Office ('R)	144.0	7.7% - 12.0%	8.9%	7.7% - 9.5%	58 102	237 479
PEL €	56.4	4.0% - 8.3%	4.7%	1.0% - 3.0%	51 111	54 930

Notes to the reviewed interim condensed consolidated financial results
continued

	R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
12	**NON-CURRENT ASSETS AND ASSETS HELD FOR SALE**[1]			
	Investment property			
	Office	**289 936**	–	656 627
	Industrial	**143 913**	121 696	52 000
	Retail	**216 076**	329 460	390 000
	Balance at the end of the year	**649 925**	**451 156**	**1 098 627**

1 The Group intends to sell 9 properties with settlement taking place within 12 months of the reporting date and has presented those assets as non-current assets held for sale.

	R'000	Reviewed Six months ended 30 September 2023	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
13	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation	**467 363**	725 966	175 035
	Adjusted for:			
	Profit on disposal of investment property	**8 057**	6 987	25 189
	Loss on derecognition of financial instruments	**–**	–	100 053
	Income from investments	**(154 185)**	(129 629)	(239 776)
	Finance costs	**318 516**	252 631	521 586
	Finance income	**(36 619)**	(30 858)	(89 254)
	Equity accounted losses from associate	**–**	7 945	7 945
	Expected credit losses on financial instruments	**18 128**	–	9 920
	Amortisation on intangible assets	**23 916**	–	–
	Non-cash items (note 1)	**(287 777)**	(276 485)	516 355
	Working capital movement	**124 111**	(80 164)	25 272
	(Increase) in trade and other receivables[1]	**(51 767)**	(67 987)	(73 560)
	Increase in trade and other payables	**175 878**	(12 177)	98 832
	Cash generated from operations	**481 510**	**476 393**	**1 052 325**

1 Excludes the Deposit paid in respect of future investment in Australia as presented on the face of the Statement of Cash flow included in acquisitions of other financial instruments.

1)	Non-cash items			
	Fair value, foreign exchange gains/(losses) and other adjustments on financial instruments	**(142 876)**	(301 643)	392 474
	Fair value adjustment on investment property	**–**	–	129 833
	Movement in expected credit losses	**4 987**	15 719	4 559
	Amortisation of tenant incentives	**(13 706)**	(14 906)	29 291
	Reclassification of tenant incentives from investment property	**–**	–	(25 908)
	Amortisation of letting commission	**(12 836)**	(16 417)	30 482
	Straight-line rental revenue adjustment	**2 424**	(2 646)	15 839
	Loss on sale of co-investor loan	**–**	–	(21 905)
	Accrued expenses relating to PEL investment	**(56 499)**	(43 950)	(52 855)
	Other	**(69 271)**	87 358	14 545
	Total non-cash items	**(287 777)**	**(276 485)**	**516 355**

Notes to the reviewed interim condensed consolidated financial results
continued

	R'000	**Reviewed Six months ended 30 September 2023**	Reviewed Six months ended 30 September 2022	Audited Year ended 31 March 2023
14	**RELATED PARTIES**			
	The table below shows the transactions and balances that the Group has with related parties:			
	Investec Property (Proprietary) Limited[5]			
	Asset management fees[2]	**(12 789)**	(37 740)	(74 145)
	Letting commissions and fees	**–**	(11 717)	(21 903)
	Irongate JV Australia			
	Equity investment	**67 323**	–	59 614
	Shareholder loan	**12 028**	–	11 290
	Interest received	**4 425**	–	–
	Izandla Property Fund[3]			
	Movement in equity investment	**–**	(7 945)	(7 945)
	Movement in loans receivable	**6 201**	(5 303)	(10 182)
	Finance income from associates	**20 411**	16 119	34 493
	Pan-European logistics investment[4]			
	Fair value of profit participating loans to PEL entities	**9 520 641**	7 266 776	9 051 489
	Bridge loan to PEL entities	**–**	1 046 730	11 162
	Finance income accrual	**117 479**	119 131	159 834
	Investec Bank Limited Group[1]			
	Cash and cash equivalents	**343 900**	83 023	212 426
	Borrowings	**–**	(302 356)	–
	Fair value of derivative instruments	**142 323**	128 087	6 851
	Mark-to-market of swap derivatives	**165 005**	93 590	2 429 245
	Nominal value of interest rate swaps	**3 016 417**	2 969 000	2 803 126
	Nominal value of FEC's	**902 731**	4 185	344 725
	Rental and recoveries received	**17 052**	28 675	73 240
	Interest received	**5 327**	4 602	14 659
	Sponsor fees paid	**(294)**	–	(282)
	Corporate advisory and structuring fees paid	**(15 000)**	(545)	(22 868)
	Interest paid on related party borrowings	**–**	(17 823)	(28 862)
	Net interest received on cross currency swaps	**(3 931)**	34 104	96 326
	Interest paid on interest rate swaps	**(2 055)**	29 648	(34 681)

1 Related party up until 6 July 2023.
2 In terms of the business combination, the commercial effective date was 1 April 2023 which includes a mechanism to compensate Investec Property for the profit attributable to the Investec Management Businesses from the effective date to the closing date of 6 July 2023.
3 Related party as Izandla is an associate of the Group. The finance income relates to mezzanine loans provided to Izandla.
4 Related party as a joint venture of the Group.
5 Reimbursement of the salary costs were paid to Investec Property (Proprietary) Limited for the first 3 months of the financial year which is shown as an asset management fee with a related party above.

15 SUBSEQUENT EVENTS

During October, the Group issued a commercial paper facility of R292.7 million at a margin of 75 basis points which will be rolled bi-annually and issued 5-year bond of R450 million at a margin of 160 basis points.

Notes to the reviewed interim condensed consolidated financial results
continued

16 RESTATEMENT

16.1 RATES RECOVERIES

In prior years, recoveries of electricity and water recovered by the Group from lessees were offset against the relevant costs and presented on a net basis in the statement of comprehensive income as the Fund applied the view that it was acting as an agent in the provision of these services to its tenants. In the current year on consideration of the following points, it became evident that the Group was acting in a principal capacity:

- The Group is primarily responsible for fulfilling the obligation to provide the specified goods or service to the lessee as it manages the relationships with suppliers; and
- The Group will, where possible on-charge costs at municipal rates. The Group has discretion in establishing the price for the specified service as it recovers the costs for its own account.

To correct this the prior period amounts have been restated on the statement of comprehensive income to present these recoveries and related costs on a gross basis.

As required by IAS 8, the aforementioned changes have been applied retrospectively to the comparative period affected. This restatement has no impact on the statement of financial position, statement of changes in equity, statement of cash flows and basic and diluted earnings per share. The impact of the afore-mentioned restatement on the statement of comprehensive income is as follows:

R'000	30 September 2022
Statement of comprehensive income	
Amounts previously reported:	
Revenue, before straight-line rental revenue adjustment	788 863
Property expenses	(189 654)
	599 209
Amounts restated:	
Revenue, before straight-line rental revenue adjustment	913 092
Property expenses	(313 883)
	599 209

16.2 CASH FLOW STATEMENT

In the prior year reviewed results, the proceeds from borrowings and repayment of borrowings line items in the cash flow statement represented an aggregation of all borrowings (which included bank loans, bonds, commercial paper) and therefore the aggregate inflow and outflow was disclosed. The description for derivatives settled and repayment of borrowings have also been swapped around which was corrected as below. Furthermore, within these aggregated amounts disclosed, the Group incorrectly disclosed the proceeds from borrowings and repayment of borrowings line items on a net basis. These proceeds from borrowings and repayments of borrowings have been presented on a disaggregated gross basis by loan type during the current financial year. The effect of the above is as follows:

R'000	30 September 2022
Amounts previously reported:	
Proceeds from borrowings	814 492
Derivatives settled	(874 108)
Repayment of borrowings	(16 808)
	(76 424)
Amounts restated:	
Derivatives settled	(16 808)
Proceeds from bank loans	1 354 492
Proceeds from bonds	150 000
Proceeds from commercial paper	495 000
Repayments of bank loans	(1 327 108)
Repayments of bonds	(150 000)
Repayments of commercial paper	(582 000)
	(76 424)

REIT best practice ratios

Burstone presents the SA REIT best practice ratios in response to the second edition of the SA REIT Association's best practice recommendations issued in November 2019. The publication outlines consistent presentation and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector.

R'000	**30 September 2023**		30 September 2022	
SA REIT Funds from Operations (SA REIT FFO) per share	**REIT BPR**	**Burstone Ratio**	REIT BPR	Burstone Ratio
Profit after tax per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	**467 363**	**467 363**	745 019	745 019
Adjusted for:				
Accounting/specific adjustments:	**2 424**	**2 424**	(341 779)	(341 779)
Fair value adjustments to Investment property debt and equity instruments held at fair value through profit or loss	**–**	**–**	–	–
Fair value adjustments to debt and equity instruments held at fair value through profit or loss	**–**	**–**	(319 427)	(319 427)
Deferred tax movement recognised in profit or loss	**–**	**–**	(19 706)	(19 706)
Straight-lining operating lease adjustment	**2 424**	**2 424**	(2 646)	(2 646)
Adjustments to dividends from equity interests held	**–**	**–**	–	–
Adjustments arising from investing activities:	**8 057**	**8 057**	6 987	6 987
Gains or losses on disposal of investment property and property, plant and equipment	**8 057**	**8 057**	6 987	6 987
Foreign exchange and hedging items:	**182 888**	**182 888**	17 784	17 784
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**158 858**	**158 858**	(19 654)	(19 654)
Foreign exchange gains or losses relating to capital items - realised and unrealised	**24 030**	**24 030**	37 438	37 438
Other adjustments:	**(249 694)**	**(249 694)**	7 945	7 945
Cost of funding ITAP in development	**11 145**	**11 145**	–	–
Discounting of deferred consideration	**(2 032)**	**(2 032)**	–	–
Staff benefits	**1 630**	**1 630**	–	–
Transaction costs	**29 411**	**29 411**	–	–
Amortisation of intangible assets	**23 916**	**23 916**	–	–
Other fair value and foreign exchange gains/ (losses) on financial instruments	**(325 764)**	**(325 764)**	–	–
Adjustments made for equity-accounted entities	**12 000**	**12 000**	7 945	7 945
SA REIT FFO:	**411 038**	**411 038**	435 956	435 956
Number of shares outstanding at end of period (net of treasury shares '000)	**804 918**	**804 918**	804 918	804 918
SA REIT FFO per share:	**51.07**	**51.07**	54.16	54.16
Company-specific adjustments (cents per share)	**–**	**–**	–	(0.38)
Capitalised interest on loans to associates	**–**	**–**	–	(3 072.0)
Dividend per share (cents):	**51.07**	**51.07**	54.16	53.78

REIT best practice ratios
continued

R'000	30 September 2023		30 September 2022	
SA REIT Net Asset Value (SA REIT NAV)	REIT BPR	Burstone Ratio	REIT BPR	Burstone Ratio
Reported NAV attributable to the parent	13 046 138	13 046 138	13 974 858	13 974 858
SA REIT NAV:	13 046 138	13 046 138	13 974 858	13 974 858
Adjustments:				
Dividend to be declared	(390 486)	–	(411 240)	–
SA REIT NAV per share	12 655 652	13 046 138	13 563 618	13 974 858
Shares outstanding				
shares)	804 918 444	804 918 444	804 918 444	804 918 444
Dilutive number of shares in issue	804 918 444	804 918 444	804 918 444	804 918 444
SA REIT NAV per share:	1 572	1 621	1 685	1 736

	30 September 2023		30 September 2022	
SA REIT loan-to-value	REIT BPR	Burstone Ratio	REIT BPR	Burstone Ratio
Gross debt	(12 182 712)	(12 182 712)	(9 786 533)	(9 786 533)
Less:				
Profit participating loans[1]	–	1 063 544	–	1 022 963
Accrued interest and deferred fees	–	82 581	–	–
Cash and cash equivalents	228 302	228 302	145 800	145 800
Add/Less:				
Derivative financial instruments[2]	(256 126)	–	(254 335)	–
Net debt	(12 210 536)	(10 808 285)	(9 895 068)	(8 617 770)
Total assets - per Statement of Financial Position	26 381 633	26 381 633	24 515 326	24 515 326
Less:				
Cash and cash equivalents	(228 302)	(228 302)	(145 800)	(145 800)
Derivative financial assets	–	(351 966)	–	(429 003)
Trade and other receivables	(460 823)	(460 823)	(330 541)	(330 541)
Profit participating loans[1]	–	(1 063 544)	–	(1 022 963)
Carrying amount of property-related assets	25 692 508	24 276 998	24 038 985	22 587 019
SA REIT loan-to-value ("SA REIT LTV")[3]	47.5%	44.5%	41.2%	38.3%

1 Burstone adjusts for profit participating loan liabilities representing the effective interest held by outside shareholders in PEL.
2 The REIT BPR adjusts net debt for the mark to market on derivative financial instruments.
3 Reported LTV is 44.5%, which has been adjusted for properties not yet transferred to derive at LTV of 43%.

REIT best practice ratios
continued

SA REIT cost-to-income ratio	30 September 2023 REIT BPR	30 September 2023 Burstone Ratio	30 September 2022 REIT BPR	30 September 2022 Burstone Ratio
Expenses				
Operating expenses per IFRS income statement (includes municipal expenses)[1,2]	**287 878**	**166 875**	302 316	168 378
Administrative expenses per IFRS income statement (if directly related to property)	**–**	**–**	–	–
Operating costs	**287 878**	**166 875**	302 316	168 378
Rental income				
Contractual rental income per IFRS income statement (excluding straight-lining)[1,2]	**609 863**	**609 863**	714 666	714 666
Utility and operating recoveries per IFRS income statement	**121 003**	**–**	133 938	–
Gross rental income	**730 866**	**609 863**	848 604	714 666
SA REIT cost-to-income ratio	**39.4%**	**27.4%**	35.6%	23.6%

1 The REIT BPR and Burstone ratios are calculated using base net property income (NPI) to ensure that the income and expenses are for a comparable period.
2 Burstone calculates cost to income by netting off the recoveries against expenses and not grossing up rental income.

Cost of debt	30 September 2023 REIT BPR	30 September 2023 Burstone Ratio	30 September 2022 REIT BPR	30 September 2022 Burstone Ratio
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	**6.5%**	**6.5%**	7.4%	7.4%
Fixed interest-rate borrowings				
Weighted average fixed rate	**–**	**–**	–	–
Pre-adjusted weighted average cost of debt - CU:	**6.5%**	**6.5%**	7.4%	7.4%
Adjustments:				
Impact of interest rate derivatives	**0.8%**	**0.8%**	1.5%	1.5%
Impact of cross-currency interest rate swaps	**(3.1%)**	**(3.1%)**	(3.6%)	(3.6%)
All-in weighted average cost of debt - CU:	**4.2%**	**4.2%**	5.3%	5.3%

SA REIT GLA vacancy rate		30 September 2023 REIT BPR	30 September 2023 Burstone Ratio	30 September 2022 REIT BPR	30 September 2022 Burstone Ratio
Gross lettable area of vacant space[1]	A	**37 000**	**37 000**	72 719	72 719
Gross lettable area of total property portfolio	B	**996 000**	**996 000**	1 020 616	1 020 616
SA REIT GLA vacancy rate	(A/B)	**3.7%**	**3.7%**	7.1%	7.1%

1 87,500m² (September 2022: 81,906m²) is classified as held for sale.

Vacancy: Vacant area as at end of the reporting period excluding space let with lease only commencing post period but signed before end of reporting period

Commentary
For the 6 months ended 30 September 2023

Burstone at a glance

We are a fully integrated international real estate business

With a strong track record of delivering attractive and sustainable risk adjusted total returns for our investors and partners

30 years+	R37bn	R5.4bn	50+	9
track record	**(€1.8bn)** GAV	**(€270m)** third-party capital under management	**real estate professionals**	**countries**

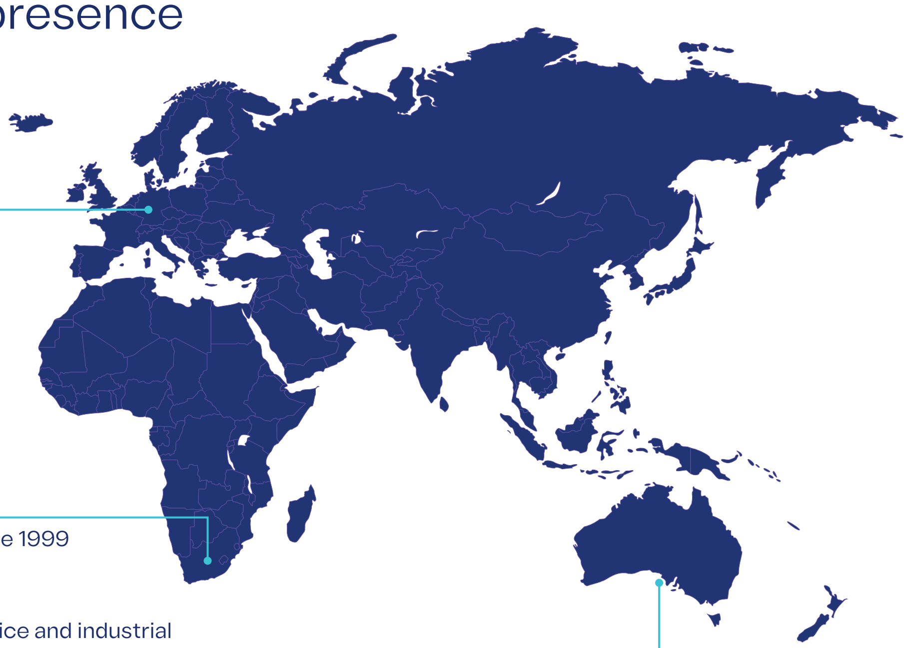
Investing in best of breed assets in select markets

Fund Management

Asset Management

Development Management

Global reach with local presence



€1.1bn GAV

EUROPE

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

R14.5bn GAV

SOUTH AFRICA

- Diversified real estate manager and investor since 1999
- September 2023 – renamed Burstone (previously Investec Property Fund)
- South African portfolio invested across retail, office and industrial

A$450m equity under management

AUSTRALIA

- 50 / 50 JV in Irongate funds management platform
- Diversified real estate investment manager founded in 2005
- Value-add investments across office, retail, industrial and residential
- Senior executives with business since inception, with offices in Sydney and Melbourne
- Previously listed on the JSE and ASX

We transform potential into value

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

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

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

Commentary
continued

OVERVIEW OF THE SIX-MONTH PERIOD

The first six months of our 2024 financial year (1H24) has been characterised by focused efforts to integrate the Group internationally following the internalisation transaction; strong operational performances from the underlying Group portfolios; and continued uncertainty in the global economic and interest rate environment.

Against this backdrop, highlights for the period include:

- Successfully completed the internalisation of the business in July 2023, and consequently rebranded as the Burstone Group in September 2023.
- Significant strides made in integrating the business across the Group's South African, European and Australian platforms.
- Achieved strong operational performances in the South African and European portfolios:
  - The South African portfolio remains stable and achieved 2.0% growth in like-for-like NPI against a persistently challenging economic backdrop.
  - The European PEL portfolio reported an increase in like-for-like NPI of 7.9%, driven by continued growth in contracted rent. Overall performance was further bolstered by cost containment initiatives.
- As expected, Group results were however, adversely impacted by higher funding costs which occurred only in the second half of the prior year.
- Results were therefore in line with the Group's expectations, with DIPS declining by 5.0% to 51.07cps (Sep-22: 53.78cps).
- The Group maintains its previous guidance and expects to deliver DIPS growth of 0% to 2% in FY24. This equates to expected growth in DIPS of 5% to 9% in 2H24.
- The dividend payout ratio was 95% with an interim dividend of 48.52cps (Sep-22: 51.09cps).
- The balance sheet remains healthy, with a defined plan to decrease loan to value ("LTV") over time (Sep-23: 43%). The Group has low near-term refinancing risk and interest rate risk has been effectively managed and the Group is actively assessing early refinancing options.

STRATEGIC REVIEW

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

Management company internalisation	Optimise current portfolios	Growth	Maintain a robust balance sheet	Holistic sustainability
• Full alignment of management team with shareholders • Earnings accretive: unlocks long-term growth path • Internal focus on: international integration, collaboration and brand roll-out • Active investor and stakeholder engagement	• Maintain stability • Client retention and experience • Enhance quality of recurring earnings • Reduce cost of occupation • Exit non-core assets • Extract cost savings in EU platform • Consider broader cost and operational synergies	• Funds management roll-out in all regions • Seek value-add/core plus opportunities	• Clear path to reducing LTV • Capital recycling to create capacity • Actively manage refinance and interest rate risk • Maintain an appropriate dividend policy that supports our long-term strategy	• Further embed ESG principles and processes across our business • Focus on initiatives that can meaningfully impact our priority UN SDGs • Further develop solar roll out strategy • Aim to achieve net-zero emissions

Creating long-term sustainable value

Commentary
continued

During the first six months of the financial year the Group has made the following progress towards achieving these objectives.

1. Management company internalisation

The internalisation of the South African and European asset management businesses has several strategic advantages as outlined at the time of announcing the transaction earlier in 2023. The transaction aligns the management team with shareholders and the full accretionary impact will only be reflected in FY25.

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

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

Operating as an integrated business is key to the Group delivering on is ambitions to grow its businesses across the regions in which it operates.

2. Optimise current portfolios

Enhancing client experience and client retention remains a core strategic priority. Our client centric approach ensures that we deliver purposeful and authentic client experiences with agility, speed and passion. The Group has maintained stability across its portfolio with vacancy levels in South Africa and Europe remaining at low levels of 3.7% and 0.9%, respectively. In South Africa 90% of space expiring has been relet or leases have been extended, and in Europe the ratio was 96%.

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

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

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

- Investing c.€1 million into LED over the last 3 years, thereby enhancing the sustainability of our portfolio and reducing costs;
- Constantly reviewing property tax valuations with considerable savings extracted in the Netherlands and France;
- Reviewing supplier and utility contracts to ensure cost efficiencies for the client base.

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

Cost to income ratios across the business remain low and as part of the internalisation we have assessed several opportunities to enhance operational synergies which we would look to implement over the near term. We have already extracted cost savings in the European platform with further savings of around €1 to €2 million expected over the next two years.

3. Growth

Burstone has historically had success in the funds management business through its investment in the Investec Australian Property Fund (the same management team that now run Irongate), which was listed on the JSE and ASX and subsequently sold to Charter Hall. The introduction of a capital light strategy, through the Irongate JV, together with a fully aligned and internalised business, creates an opportunity for Burstone to further expand fund management strategies across all regions. The Group is well positioned to deliver against this strategy given the track record of the Irongate and European teams, having previously successfully aggregated portfolios and crystallised value for third party capital investors.

In terms of the fund management model:

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

The funds management model will have numerous benefits for Burstone:

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

Commentary
continued

In terms of current initiatives across each region:

- South Africa: we are in the early stages of exploring fund management opportunities locally and anticipate a slower roll out of initiatives given the relative depth of the local capital market.
- Europe: the Group has two key pillars to its funds management strategy:
  - Introduction of a strategic partner into PEL: given the significant economic volatility, the Group is of the view that it is not the right time to introduce a strategic partner in the PEL platform as we do not believe we would maximise shareholder value at this point in the cycle.
  - New platforms and strategies: our focus has shifted in the short-term to exploring multiple sub-portfolio options and value-add and core plus strategies, where Burstone's strong management capabilities can be leveraged.
- Australia: the Group continues to make traction where overall market transaction activity is picking up and Irongate is actively engaged on several opportunities.

4. Maintain a robust balance sheet

The Group is focused on several initiatives, which are at various stages of progress, to further manage LTV down from its current level of 43%. During the period the Group sold net assets, in South Africa, of c.R1.1 billion at a c.2% discount to book value. Over the past three years the Group has sold R1.5 billion of South African assets (over and above those sold during this period) at a 1% discount to book value. The Group continues to look for opportunities to recycle its capital efficiently. The Group is effectively managing its refinancing and interest rate risk and is actively assessing early refinancing options. exploring several early refinancing opportunities. Further information on the management of our balance sheet is provided on pages 47 and 48.

5. Holistic sustainability

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

During the period, Burstone maintained its Level 1 B-BBEE status and the European business conducted several analyses including: commissioning a decarbonization review of the entire portfolio; and an assessment of "self-consumption" covering solar strategy. The European business is considering the delivery of a substantial photovoltaic roll-out which will produce 4MWp to c.7.5MWp across the portfolio when complete over the next 12 to 18 months.

In South Africa, 67% of Burstone's portfolio is covered by back-up power and the Group has installed 14.8MWp of solar generation capacity to date to alleviate the burden of the energy crisis.

The Group continues to spend over R4 million per year in South Africa on enterprise, supplier and social development and several other CSI initiatives. We remain committed to supporting, developing and growing the communities in which we operate.

FINANCIAL REVIEW

Performance highlights

The underlying South African and European portfolios continued to achieve strong rental growth, delivering 2.0% and 7.9% yoy like-for-like NPI growth, respectively.

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

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

As expected, overall Group operational performance was however, dampened by higher funding costs which occurred only in the second half of the prior year and did not impact 1H23. There has been a material shift in Euribor of c.4% since September 2022. As communicated previously, funding costs increased in the PEL platform in the second half of the prior year to the Euribor cap of c.1.6% plus margin. These higher funding costs are now fully reflected in 1H24 and equate to an increase of 53% for the half year.

Considering the above-mentioned factors, 1H24 Group DIPS declined by 5.0% to 51.07cps (Sep-22: 53.78cps). The Group maintains its previous guidance and expects to deliver DIPS growth of 0% to 2% in FY24.

Commentary
continued

Balance sheet highlights

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

The LTV increased marginally to 43% (Mar-23: pro-forma 42.0%) following:

- The implementation of the internalisation for R850 million;
- Net capex and investments in assets of c.R300 million;
- Offset by net asset sales of c.R1.1 billion at a c.2% discount to book value.

The Group has a clear plan to reduce LTV. In the short-term the Group will lower the LTV to c.41% largely through further asset sales. Burstone continues to adopt a disciplined approach to capital recycling to manage gearing. Additional actions to reduce LTV will include for example, further capital optimisation and the implementation of our funds management strategy. Refer to the LTV graph provided on page 47 for further information.

NAV per share remained stable at R16.21 (Mar-23: R16.17) largely reflecting fair value uplifts in PEL offset by the FX impact on increased borrowings.

The debt book remains well diversified. The Group has R1.1 billion of debt maturing in FY24 (including R0.7 billion of short-term commercial paper) and has R1.1 billion in unutilised committed facilities to cover refinancing risk. Management is cognisant of the volatile interest rate environment and maintains an 95% hedge against Group debt.

Europe in-country debt is 93% hedged by way of a cap at a weighted average interest rate of 1.4%. The platform therefore has limited interest rate risk for the next 2 years and potential higher interest rate costs are expected to be largely offset by NPI growth and cost savings initiatives that will be implemented.

Further information on our balance sheet and interest rate risk management is provided on pages 47 and 48.

Regional portfolio review

Further information on our regional portfolios is provided on pages 39 to 47.

INTERIM DIVIDEND

DIPS declined by 5.0% to 51.07cps (Sep-22: 53.78cps). The Group has a robust balance sheet and is in a secure position, delivering consistent NPI growth since the COVID pandemic, with a number of initiatives that will continue to support growth in net revenue across the business. Global interest rates, however, remain persistently high, and are expected to continue to negatively impact results, with rate increases larger than originally anticipated. The Board has thus resolved to apply a payout ratio of 95% for this half year declaring a dividend of 48.52cps for the six months ended 30 September 2023 (Sep-22: 51.09cps), representing a total dividend of R391 million (Sep-22: R411 million).

CHANGES TO THE BOARD

As part of its corporate governance practice, the Board, on an ongoing basis, evaluates factors such as independence, diversity, skills and attributes and rotation in determining the optimal board composition. In August 2023, Khumo Shuenyane retired from the Board having served on the Board since 2015. The Board would like to express its gratitude to Khumo for his service and dedication to the Group.

PROSPECTS AND GUIDANCE

The strategic focus of the Group over the past six months has been on its repositioning from a property investment business into an integrated international real estate fund and asset management company. Burstone's longer-term focus will be on the roll out of a capital light fund management model, exploring value-add / core plus opportunities, and implementing a holistic sustainability strategy that creates broader stakeholder value that is impactful. The Group's immediate focus will be on maintaining the stability of the current portfolio, enhancing the quality of recurring earnings, maximising operational synergies, and effectively managing our capital allocation given the opportunities that are arising from the current market dislocation.

South Africa

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

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

Commentary
continued

Europe

Given sector dynamics, growth in contracted rent is expected to continue within the PEL platform, as the management team actively works to capture ERV growth. In addition, positive earnings growth will be supported by a capping out of funding costs for 2 years and cost savings initiatives. The Group has already extracted cost savings in the European platform with further savings of around €1 to €2 million expected over the next two years.

Australia

The Irongate assets have performed well in a tough market. The platform is well positioned to take advantage of any dislocation in the market as REITS are looking to de-lever.

Balance sheet

Burstone's balance sheet remains robust with LTV expected to return to c.41% in the short-term. The Group continues to proactively recycle capital and has low near-term refinancing risk with interest rate risk appropriately managed. Funding costs are however, expected to increase as maturing debt is refinanced and re-hedged in the new higher interest rate environment. Implementation of the Group's growth and cost savings and initiatives are key to absorbing these higher funding costs.

Overall Group

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

In addition to the funds management model, the Group is seeing several opportunities in value-add and core plus assets, where Burstone's strong management capabilities can be leveraged.

Maintaining the overall quality of our portfolio is important and the level of capex will be managed accordingly. We do anticipate incurring an ongoing level of capex spend which does drag cashflows and short-term earnings.

Performance in the second half of the year (2H24) will be underpinned by:

- Further operational efficiencies;
- Positive impact from the recent management company internalisation;
- Cost reduction measures and continued revenue growth in the European business; and
- A continued focus on the Group's strategic priorities.

Global interest rates remain persistently high, and are expected to continue to negatively impact results, with rate increases larger than originally anticipated. The year-on-year impact in the second half of the year will however be lower, as the higher funding costs were already in the base in the second half of FY23.

Taking the above into account, the Group maintains its previous guidance, and expects to deliver DIPS growth of 0% to 2% in FY24. This equates to expected growth in DIPS of 5% to 9% in 2H24.

An important component of our growth strategy will be the effective allocation of capital towards several opportunities that are presenting themselves. Growing our funds management business will require co-investment on our part and we wish to remain agile in terms of our ability to participate in any market dislocation.

The board will continue to assess the appropriateness of the dividend payout in light of its long-term strategy and after considering its LTV position, capex funding requirements and any potential tax leakage.

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

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

Moses M Ngoasheng
Independent Non-executive Chairman

Andrew Wooler
Chief Executive Officer

16 November 2023

Commentary
continued

PORTFOLIO REVIEW: SOUTH AFRICA

South Africa overview

The South African direct property portfolio accounts for 44% of the Group's asset base on a look-through basis (62% on an IFRS basis). The local portfolio comprises 77 high-quality properties in strategic, well-located nodes.

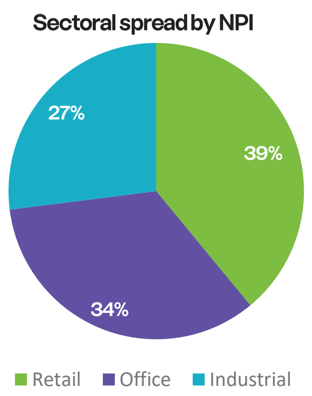
The South African portfolio has yielded a stable performance in the first six months of the financial year, notwithstanding the continued weak economic environment and the impact of loadshedding. We continue to proactively partner with our clients to provide the best client experience and focus on creating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

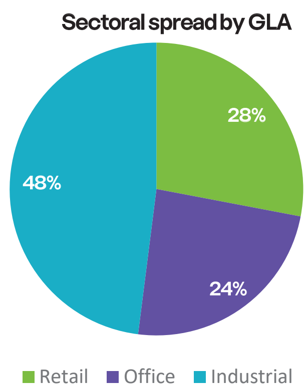
We have continued to see further improvement in vacancy down to 3.7% driven by solid leasing across all sectors, with a noteworthy achievement of 5.7% vacancy in the office sector.

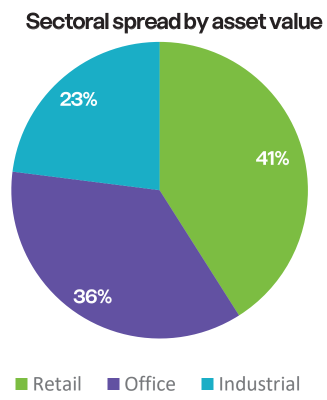
The table below presents a snapshot of the South African property portfolio:

	TOTAL			OFFICE			INDUSTRIAL			RETAIL		
Portfolio	**30 September 2023**	31 March 2023	30 September 2022	**30 September 2023**	31 March 2023	30 September 2022	**30 September 2023**	31 March 2023	30 September 2022	**30 September 2023**	31 March 2023	30 September 2022
Number of properties	**77**	79	82	**29**	30	30	**30**	30	31	**18**	19	21
Asset value (R'bn)	**14.2**	14.6	14.6	**5.1**	5.4	5.5	**3.3**	3.3	3.3	**5.8**	5.9	5.8
Base NPI growth	**2.0%**	5.3%	8.3%	**(7.8%)**	2.9%	4.2%	**11.5%**	9.2%	15.9%	**6.0%**	5.3%	8.3%
Cost to income (excl. bad debts)	**24.2%**	22.8%	24.2%	**31.8%**	26.4%	29.1%	**18.0%**	19.2%	20.9%	**20.4%**	19.4%	20.4%
GLA (m^2)	**996 100**	1 013 700	1 036 004	**237 000**	243 500	245 563	**475 500**	475 500	476 770	**283 600**	294 700	313 671
Vacancy (by GLA)	**3.7%**	3.9%	7.1%	**5.7%**	7.4%	10.3%	**2.2%**	1.9%	6.9%	**4.5%**	4.5%	4.3%
WALE (years)	**2.8**	2.9	3.0	**2.8**	2.8	3.2	**2.5**	2.8	2.5	**3.1**	2.9	3.1
In-force escalations	**6.8%**	6.8%	7.3%	**6.8%**	7.1%	7.3%	**7.2%**	7.3%	7.4%	**6.2%**	6.5%	6.9%

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







Commentary
continued

South Africa financial performance

Burstone's South African portfolio delivered base NPI growth of 2.0% for the six-month period driven by:

- lower yoy vacancy (Sep-23: 3.7% versus Sep-22: 7.1%);
- strong letting activity across all sectors;
- continued strong trading activity in the retail sector;
- a rebound in demand within the industrial sector and a sharp fall in vacancy levels;
- increased enquiries in the office sector; and
- disciplined cost management.

Performance was hampered by high negative reversions in the office sector and a cancellation fee received in 1H23 that was not repeated in 1H24.

Net expenses increased marginally, with cost-to-income ratios (excluding bad debts) remaining stable at 24.2%.

South Africa income statement

Rm	6 months ended 30 September 2023	6 months ended 30 September 2022	% change
Gross income	664	659	0.8%
Net expense	(165)	(170)	2.9%
Base net property income	**499**	**489**	**2.0%**
Office[1]	177	192	(7.8%)
Industrial[2]	146	131	11.5%
Retail[3]	176	166	6.0%
Developments NPI	26	25	4.0%
Acquisitions and disposals NPI	57	70	(18.6%)
Net property income	**582**	**584**	**(0.3%)**
South African finance costs	(172)	(181)	5.0%
South African distribution	**410**	**403**	**1.7%**
Property base net cost to income ratio (excluding bad debts)	24.2%	24.2%	
Arrears as % of collectibles	2.8%	3.8%	

1 Impacted by negative reversions and a cancellation fee received in 1H23 that was not repeated in 1H24.
2 Solid growth driven by a reduction in vacancies.
3 Retail growth mainly driven by in-force escalations.

South Africa loadshedding impact

Loadshedding has posed a significant challenge to the property sector. Burstone has made significant steps in supporting clients through loadshedding and reducing the cost of occupation for its clients through energy assessments, wheeling considerations, interfacing solar to generators, rolling out additional solar power initiatives and improving back-up power in its buildings. 67% of Burstone's portfolio is covered by back-up power and the Group has installed 14.8MWp of solar generation capacity to date to alleviate the burden of the energy crisis.

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

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

Commentary
continued

South Africa letting activity

The Group successfully let 154,229m^2 (90%) of space expiring in 1H24 and 13,024m^2 (29%) of opening vacancy.

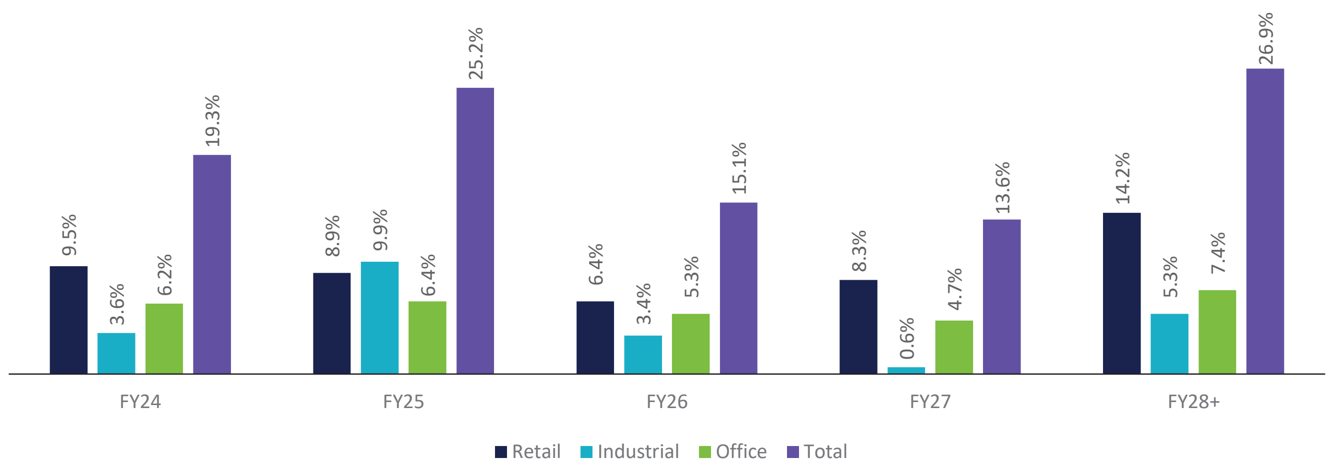
Whilst we do think that negative reversions will persist, particularly in the office sector, we are seeing some rental growth return and reversion levels are starting to flatten. Our incentive levels remain low and are focused on tenant installations.

	Expiries and cancellations GLA (m²)	Renewals and new lets GLA (m²)	Weighted average gross expiry rental R/m²	Weighted average gross new rental R/m²	Rental reversion %	Average escalation %	WALE years	Incentive % lease value	Retention %
Office	25 363	25 075	242.2	175.7	(27.4%)[1]	6.4%	4.0	5.2%[2]	96.3%
Industrial	69 180	69 180	75.6	72.8	(3.7%)	7.4%	2.9	0.1%	100.0%[3]
Retail	43 986	34 533	225.4	231.3	2.6%	6.2%	4.5	1.5%	89.0%
Subtotal	**138 529**	**128 788**	**148.2**	**135.3**	**(8.7%)**	**6.8%**	**3.5**	**1.5%**	**94.3%**
Early letting	25 441	25 441	123.4	81.6	(33.9%)[4]	6.8%	6.4	-	100.0%
Subtotal	**163 970**	**154 229**	**144.1**	**126.5**	**(12.2%)**	**6.8%**	**4.0**	**1.2%**	**95.0%**
Opening vacancy	45 460	13 024							
Total letting	**209 430**	**167 253**							

1 Largest reversions arising from renewals in Midrand, at the end of a 10 year lease.
2 Incentives have largely comprised tenant installations.
3 100% retention in industrial. All new deals have been concluded with current tenants expanding space.
4 Early letting mainly driven by two tenants in the Industrial sector extending for 4 years and 10 years, respectively.

South Africa lease expiry profile (by revenue)

The Group maintains a well-staggered lease expiry profile with 56% of leases expiring in FY26 and beyond.



South Africa collections and arrears

Rentals have been collected timeously, with yoy improvement in arrears from R73 million (Sep-22) to R55 million outstanding debtors (including legal debtors) as a result of active management. Arrears as a percentage of collectibles amount to 2.8% (Mar-23: 3.0%).

South Africa valuation

The base portfolio yield remained constant at 9.1% (Mar-23: 9.2%) reflecting stability of the portfolio and improved metrics. The Group spent R161 million on value enhancing capex.

South Africa property disposals

During the period, the Group disposed of 11 assets for R1.1 billion at c.2% discount to book value. Of these assets, c.R0.7 billion are awaiting transfer. The Group is targeting a further c.R0.8 billion of disposals in the next 12 months. Over the past three years the Group has sold R1.5 billion of South African assets (over and above those sold during this period) at a 1% discount to book value.

Commentary
continued

South Africa strategic priorities and outlook

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

The current focus is on:

- Maintaining the quality and relevance of the South African portfolio and extracting incremental value from existing assets;
- Continuing to execute on the South African asset disposal programme as part of the Group's levers to manage LTV down and to redeploy capital to growth initiatives;
- Considering acquisition opportunities particularly around core-plus / value-add opportunities, with a view to generating superior returns for shareholders;
- Supporting clients through continued initiatives focused on reducing the cost of occupation;
- Maintaining energy security within our portfolio;
- Further embedding our ESG initiatives; and
- Maintaining an appropriate level of capex spend.

PORTFOLIO REVIEW: SOUTH AFRICAN PORTFOLIO – SECTORAL PERFORMANCE

Office

Office assets comprise 36% of the South African portfolio by value, with 29 properties located in major commercial nodes. The Group's office assets remained resilient, evidenced by a further reduction in vacancy.

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

The sector reported a decrease of 7.8% in like-for-like NPI for the six-month period, largely as a result of negative reversions and a cancellation fee received in 1H23 that was not repeated in 1H24. Net expenses remain well controlled, with a reduction of 11% reported largely as a result of higher bad debt provisions in the prior period. The sector's cost-to-income ratio increased to 31.8% (Sep-22: 29.1%) as a result of the decrease in gross rental income as explained above. Arrears as a percentage of collectibles amounted to 2.8% (Sep-22: 5.0%).

Office vacancies were well-managed with further reduction to 5.7% by GLA (Mar-23: 7.4%; Sep-22:10.3%). The Group's vacancy rates are one of the lowest across the sector. Letting statistics have been strong as a result of strong management skills and execution of our strategy which has been centred on enhancing the client experience. The lease expiry profile of the office sector portfolio is relatively smooth over the next 5 years with no specific concentration, additionally the geographic concentration of the expiries is limited. The portfolio remains over rented by 15% to 20%, but this gap has narrowed in the stronger decentralised nodes such as Bryanston and Fourways, which comprises a notable portion of the Group's portfolio.

Industrial

The Group's industrial portfolio comprises 30 properties (23% of total asset value) with strong fundamentals in well-established nodes.

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

Vacancy remained low at 2.2% (Mar-23: 1.9%; Sep-22:6.9%) and the portfolio has a 100% retention ratio with all expiring leases being renewed by existing tenants. In addition, letting of vacancies were to existing tenants expanding into larger spaces. As a result, the industrial sector delivered the strongest base NPI growth for the six-month period at 11.5%. Net expenses remained in line with the prior period and the cost-to-income ratio of the sector decreased to 18.0% (Sep-22: 20.9%). Arrears as a percentage of collectibles amounted to 2.0% (Sep-22: 1.7%).

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

Retail

The Group's retail portfolio comprises 18 properties (41% of total asset value) strategically situated in semi-rural, non-metropolitan nodes, and are well-tenanted with a significant proportion of national clients. The shopping centres within the portfolio serve large catchment areas and are dominant in the nodes within which they are located.

The segment remains an attractive asset class within the Group's portfolio with like-for-like NPI growing 6.0% during the six-month period, driven by contractual escalations, positive reversions and stable vacancy. Despite the headwinds faced by loadshedding, high inflation and increased interest rates, a consistent improvement in trading metrics illustrates the defensive nature of the sector and consumer resilience:

- Average turnover increased by 9.3% for the 12 months ended September 2023 (year to March 2023: +8.5%)
- Trading density increased 7.2% to R2,850/m^2 for the 12 months ended September 2023 (year to March 2023: R2,773/m^2)
- Retail clients traded on an average cost of occupation of 6.5% representing a sustainable trading environment.

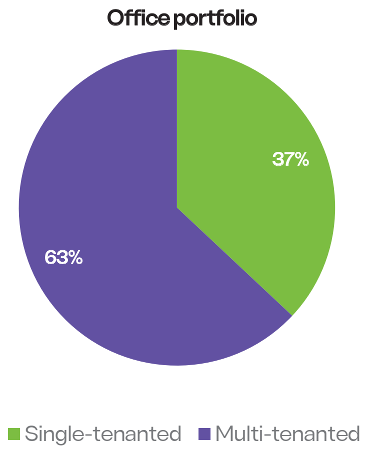
Commentary
continued

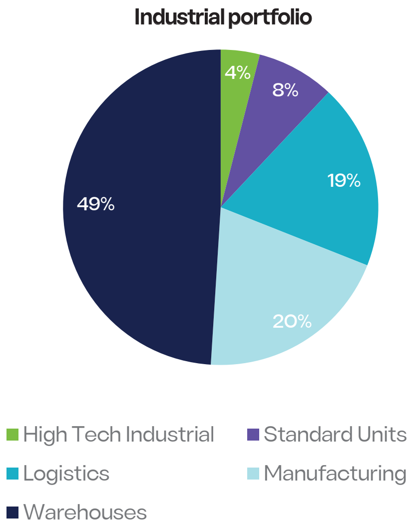
The cost-to-income ratio for the sector remained stable at 20.4% (Sep-22: 20.4%). Arrears as a percentage of collectibles amounted to 3.4% (Sep-22: 3.9%).

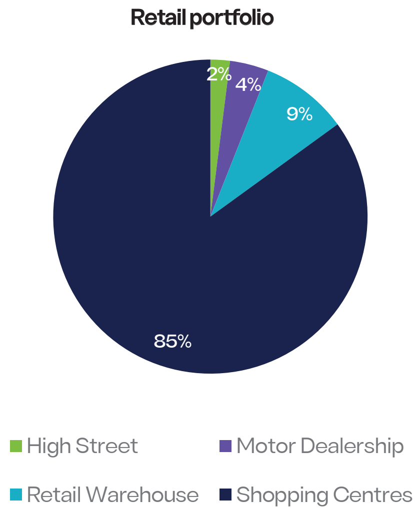
Vacancy remained stable at 4.5% (Mar-23: 4.5%; Sep-22:4.3%), with the majority relating to our Balfour assets.

Refurbishment at the Design Quarter is now completed and 95% tenanted, with Checkers and Clicks as new anchor tenants. We have had a successful introduction of a restaurant offering at Fleurdal resulting in very strong overall turnover growth. Dischem has been introduced as a tenant to Dihlabeng further cementing its dominance and reducing the risk of competing schemes.

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







Commentary
continued

PORTFOLIO REVIEW: PAN-EUROPEAN LOGISTICS PORTFOLIO

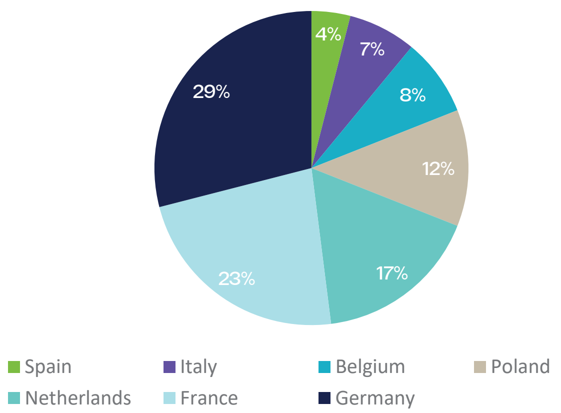
PEL logistics sector in context

The European logistics sector is robust with strong demand and low vacancy levels which has driven rental growth, further supported by rising indexation across the Eurozone. Whilst rental growth remains above the long-term trend, this is expected to moderate across most European markets as central banks raise interest rates to tackle inflation. New supply has been constrained due to rising construction and development funding costs and a cautious approach has been taken to pipeline developments given the weaker economic environment. Significant interest rate increases, driven by inflationary pressures, by the ECB has created pricing volatility in asset markets and the impact on corresponding long-term valuation yields has been negative.

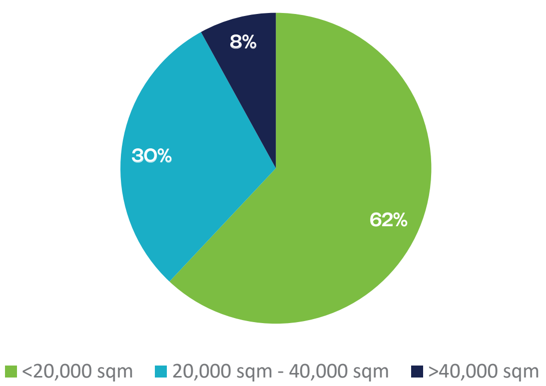
The table below presents a snapshot of the PEL property portfolio:

Portfolio	30 September 2023	31 March 2023	30 September 2022
Number of properties	**32**	33	33
Asset value (€'bn)	**1.1**	1.1	1.2
Base NPI growth	**7.9%**	7.4%	2.7%
Cost to income (excl. bad debts)	**8.7%**	8.4%	7.6%
GLA (m²)	**1 124 649**	1 135 630	1 135 630
Vacancy (by GLA)	**0.9%**	0.9%	1.2%
WALE (years)	**5.2**	5.2	5.2
Average positive reversions on renewals and new leases	**5.7%**	8.6%	3.7%

Country exposure by contracted rent



Asset sizing by GLA



PEL financial performance

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

A detailed income statement and balance sheet is provided on page 45.

The underlying portfolio continues to deliver solid performance and portfolio metrics have remained stable. The logistics portfolio delivered strong gross rental growth driven by positive rental reversion, good letting activity and captured c.7.6% indexation across the portfolio. The Group has re-let or renewed 96% of space that expired in the period at a positive reversion of 5.7%. As a result, base NPI for the six-month period grew by 7.9% (in EUR).

Other expenses declined by 10% and the Group has implemented several cost savings initiatives that will unlock a further €1 to €2 million savings over the next 2 years.

As a result, the cost-to-income ratio (excluding bad debts) amounted to 8.7%. Arrears as a percentage of collectibles remain well managed at 2.0%.

Overall performance was however, dampened by the increase and volatility in global interest rates. PEL earnings (in EUR) declined 12.5% over the six-month period largely as a result of its weighted average funding costs increasing by c.1.4% (in the second half of the 2023 financial year). These higher funding costs are fully reflected in 1H24, but did result in a 52.8% increase in finance costs for the half year.

Burstone has increased its effective interest in the PEL platform over the period, with distributable earnings attributable to Burstone in ZAR thus reflecting an increase of 19.6% for the six-month period.

Commentary
continued

PEL income statement

€m	6 months ended 30 September 2023	6 months ended 30 September 2022	% change
Net rental income	**28.6**	26.2	9.2%
Property expenses	**(2.5)**	(2.0)	(25.0%)
Net property income	**26.1**	**24.2**	**7.9%**
Asset management fees[1]	**(3.9)**	(3.8)	(2.6%)
Other operating expenses	**(2.6)**	(2.9)	10.3%
Tax	**(0.9)**	(1.5)	40.0%
Interest	**(11.0)**	(7.2)	(52.8%)
Distributable earnings	**7.7**	**8.8**	**(12.5%)**
Cost-to-income ratio	**8.7%**	7.6%	
Arrears as % of collectibles[2]	**2.0%**	1.0%	
Recon PEL earnings to Burstone income:			
Earnings attributable to Burstone stake[3]	**6.4**	5.6	14.3%
Translation rate	**21.0**	19.8	6.1%
Distributable earnings in ZAR (m)	**135.1**	**110.6**	**22.2%**
Less: IWI guarantee	**(2.8)**	–	100%
Net distributable earnings in ZAR (m)	**132.3**	**110.6**	**19.6%**

1 83.15% relates to Burstone and the remainder to outside interests.
2 Includes arrears in respect of rent only and not service charges.
3 Taking into account Burstone's increased ownership from 64.15% at 30 Sep 2022 to 83.15% at 30 Sep 2023.

PEL collections and arrears

The arrears position amounted to €2.4 million (Mar-23: €2.5 million) and continues to be well managed.

PEL letting activity

Letting performance has been strong and the portfolio continues to capture market rental growth, with 96% of space expiring re-let at positive reversion of 5.7%.

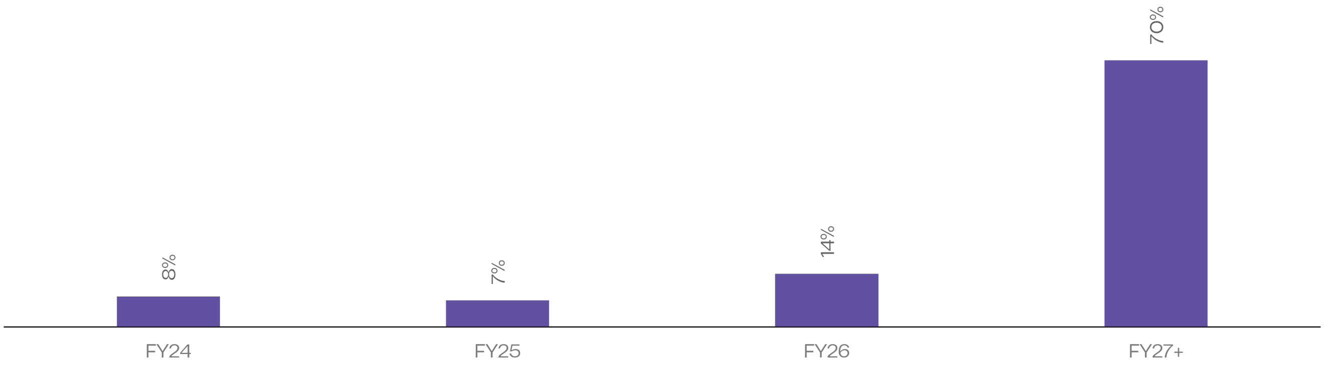
Vacancy remained stable at 0.9% (Mar-23: 0.9%; Sep-22: 1.2%) and the portfolio WALE was maintained at 5.2 years to expiry (Mar-23: 5.2 years).

	Expiries and cancellations GLA (m²)	Renewals and new lets GLA (m²)	Weighted average gross expiry rental €/m²	Weighted average gross new rental €/m²	Rental reversion %	Incentive % lease value	Retention %
Germany	2 573	4 745	60.3	61.1	1.3%	0.0%	**71.3%[1]**
Netherlands	1 597	1 597	104.9	117.7	12.2%	1.6%	**0.0%[2]**
France	122 059	122 056	35.3	36.1	2.2%	4.6%	**91.4%**
Poland	20 469	20 469	56.7	61.8	9.0%	6.7%	**90.6%**
Italy	46 146	46 146	49.3	54.5	10.6%	0.0%	**100.0%**
Subtotal	**192 844**	**195 013**	**42.1**	**44.4**	**5.7%**	**2.2%**	**92.4%**
Opening vacancy	9 816						
Total letting	**202 660**						

1 Letting efforts in Germany are ongoing.
2 Retention is 0% for Netherlands as only one lease expired in the current period and a new tenant signed.

Commentary
continued

PEL lease expiry profile to break (by revenue)



PEL summarised balance sheet

€m	30 September 2023	31 March 2023	% change
Investment property	1 099	1 099	-
Derivative financial instruments	29	28	3.6%
Trade and other receivables	37	33	12.1%
Cash	21	15	40.0%
Total assets	**1 186**	**1 175**	**0.9%**
Shareholder interest	466	436	6.9%
Total equity	**466**	**436**	**6.9%**
Long term borrowings	562	579	(2.9%)
Other liabilities	158	160	(1.3%)
Total liabilities	**720**	**739**	**(2.6%)**
Total equity and liabilities	**1 186**	**1 175**	**0.9%**

PEL balance sheet and capital recycling

PEL NAV at a Burstone Group level has remained stable at €430 million (Mar-23: €425 million).

Gearing within the PEL platform is at an LTV of 49.2% (Mar-23: 53.5%). The Group continues to focus on capital optimisation and has identified a pipeline of potential asset disposals. The net proceeds from such sales will be used to fund new investment opportunities and accretive pipeline developments within the existing assets. Furthermore, the Group continues to explore the rolling-out of a funds management strategy in Europe.

Whilst their remains a significant unexpired term in the existing debt facilities we are assessing the potential of undertaking an early refinancing of the portfolio. Within this we are assessing the prospect and efficiencies of in country financing verses a portfolio wide facility.

The average all-in cost of funding within the PEL platform is 3.9% (Mar-23: 3.7%; Sep-22: 2.5%). Europe in-country debt is 93% hedged by way of a cap at weighted average interest rate of 1.4%. The platform therefore has limited further interest rate risk for the next 2 years. As interest rates stabilise, the impact of higher funding costs is expected to be largely mitigated by continued growth in contracted rent and lower platform costs, as the cost containment initiatives start to unlock savings.

PEL valuation

The PEL portfolio remained stable at €1.1 billion equating to a carrying yield of 5.25% (Mar-23: 5.1%). Valuations remain supported by the sound portfolio metrics of the PEL portfolio, continued rental growth and value-add capex that has been successfully deployed.

Commentary
continued

PEL strategic priorities and outlook

The PEL portfolio continues to deliver strong operating metrics and is well positioned to capitalise on market dynamics as the interest rate environment stabilises. We expect strong NPI generation will continue, with growth prospects supported by structural fundamentals in the sector. Further rental growth will be driven by the development pipeline and the abilities of our active asset management team. The quality of earnings will be enhanced through cost savings initiatives. Interest rates are an external volatile factor but are well-managed with limited change forecast for the next 2 years.

The current focus in on:
- Active capital recycling through the asset disposal pipeline;
- Capitalising on pricing dislocation and seeking investment opportunities;
- Exploring early refinancing opportunities;
- Rolling-out the funds management strategy;
- Further embedding ESG principles into the business and assessments of our portfolio with respect to solar and decarbonisation.

IRONGATE FUND MANAGEMENT

On 31 March 2023, the Fund concluded a 50:50 joint venture transaction with Irongate Australia fund management. The business currently manages over A$450 million of equity on behalf of some of the world's leading investors.

The fund assets have performed well in a tough market. The platform is well positioned to take advantage of any dislocation in the market as REITS are looking to de-lever.

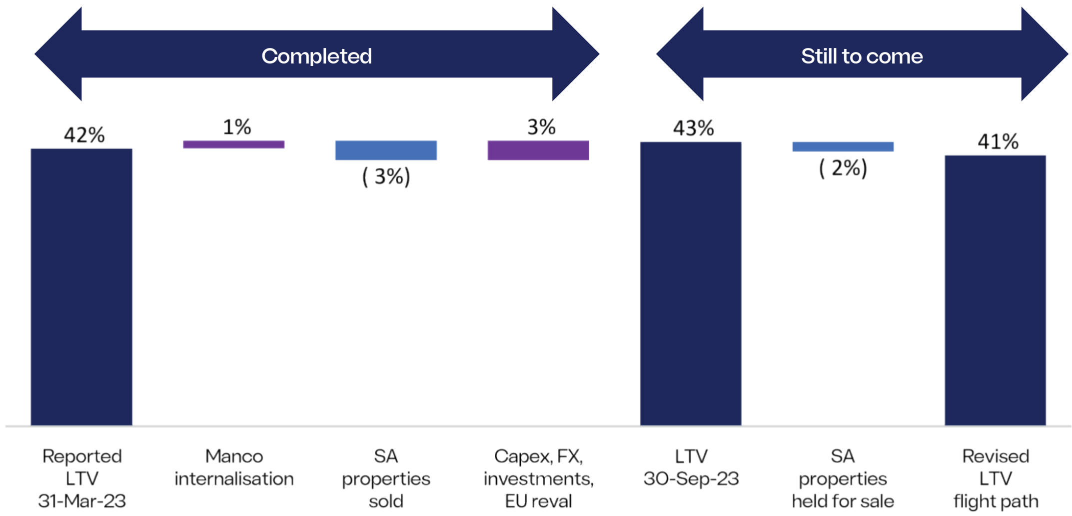
BALANCE SHEET AND TREASURY

The Group continues to adopt a prudent and disciplined approach to balance sheet management. It strives to maintain sufficient liquidity with diversified funding sources across various lenders. The Group has low near-term refinancing risk and interest rate risk is well managed. The Group proactively assesses early refinancing options across its balance sheet structure.

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

LTV

The Group LTV ratio is at 43% (Mar-23: 42%). The Group has a clear plan to reduce LTV. In the short-term the Group will lower the LTV to c.41% largely through further asset sales.

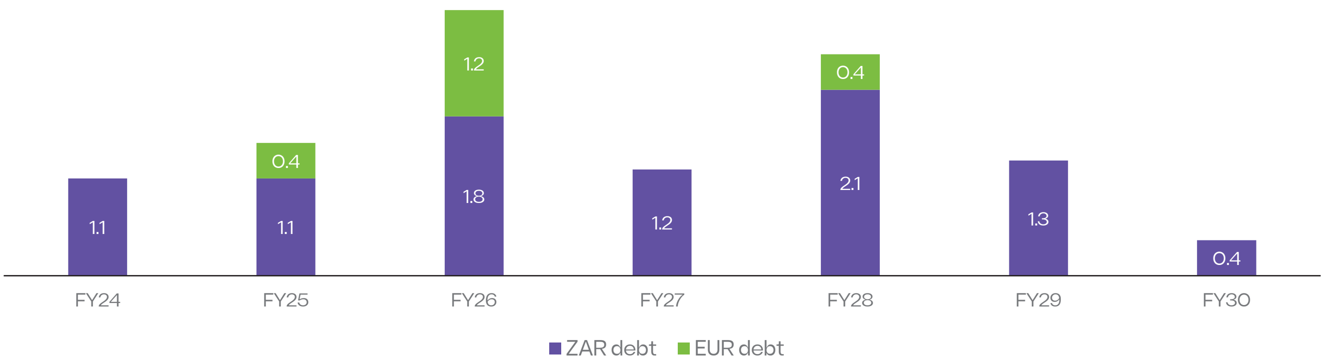


Commentary
continued

Liquidity

The Group has R1.1 billion unutilised committed facilities providing sufficient liquidity to settle any debt expiries in the next 12 months.

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



Total Group debt at 30 September 2023 amounts to R11.0 billion (R4.3 billion in ZAR and R6.7 billion in EUR), with a cost of debt of 9.3% on ZAR debt and 3.3% on EUR debt. Total ZAR swaps at 30 September 2023 amount to R3.7 billon with a weighted average swap rate of 7.3%.

Burstone has no bank debt maturing within 2.5 years and thus limited near term financing risk. R1.1 billion of commercial paper and bonds are expected to mature within the next 6 months, which the Group has sufficient liquidity to settle if necessary.

Active treasury management is a key priority in the short- to mid-term with a particular focus on managing upcoming swap expiries.

PEL debt

European debt maturity is 2 years and the average all-in cost of funding within the PEL platform is 3.9% (Mar-23: 3.7%; Sep-22: 2.5%). Europe in-country debt is 93% hedged by way of a cap at a weighted average interest rate of 1.4%. The platform therefore has limited interest rate risk for the next 2 years.

The Group is monitoring the volatility in interest rate markets and is exploring early refinance opportunities with the aim of minimising the impact on earnings and diversifying the expiry profile. As interest rates stabilise, the impact of higher funding costs is expected to be largely mitigated by continued growth in contracted rent and lower platform costs.

Debt and hedging

Management is cognisant of the volatile global interest rate environment and maintains a high 95% hedge against total debt (Mar-23: 85%) at Group level.

Euro currency risk is managed through the Group's policy to maintain at least a 60% hedge against offshore investments and 100% hedge against foreign income, by way of foreign exchange contracts. Burstone has hedged 70% of its capital investment as well as c.93% of expected income from the PEL investment over the next 5 years, at forward exchange rates ranging between R20.35 - R29.44 to the Euro, with an implied c.6% growth locked-in over the next 5 years.

The maturity of the swap book has been maintained at an average expiry of 1.8 years (Mar-23: 2.0 years). The Group actively manages its interest rate exposure by assessing various swap strategies and seizes opportunities to extend its swap profile at lower rates where possible.

	At 30 September 2023				At 31 March 2023			
	Group			PEL	Group			PEL
	ZAR debt	EUR debt	Total	Europe	ZAR debt	EUR debt	Total	Europe
Quantum	R4.3bn	R6.7bn	R11.0bn	€568m	R4.7bn	R5.8bn	R10.5bn	€588m
Debt maturity (years)	3.0	2.6	2.9	2.0	3.3	3.2	3.3	2.5
Swap maturity	2.4	0.9	1.8	2.0	2.3	1.3	2.0	2.5
Hedge percentage	86%	94%	95%	93%	78%	90%	85%	90%
Gearing %	-	-	43%	49%	-	-	42%	53%
Average all-in cost of funding	9.3%	3.3%	5.6%	3.9%	9.0%	2.9%	5.3%	3.7%
Average debt margin (local currency)	1.8%	2.0%	1.7%	2.4%	1.7%	1.9%	1.7%	2.3%
Average swap rate	7.3%	2.1%	4.9%	1.4%[4]	7.3%	0.4%	5.4%	1.4%
Encumbrance ratio[1]	-	-	47.8%	100.0%	-	-	49.6%	100.0%
% debt secured[2]	-	-	50.0%	100.0%	-	-	55.3%	90.0%
% Foreign debt and CCS of EUR investment[3]	-	-	70.1%	-	-	-	75%	-

1 Secured assets as a percentage of total investments.
2 Secured debt as a percentage of total debt facilities.
3 Cross currency swaps are considered synthetic EUR funding.
4 Comprises €453m debt at 1.1% and €56m debt at 4%, hedged via interest rate cap. €59m loan remains unhedged.

Commentary
continued

An ethos of sustainability

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

1

Is financial and impactful
i.e. profitable and impacts our priority UN SDGs

Environmental impacts

Social impacts

2

Improves lives and livelihoods
of our staff, tenants and communities

Supporting **property entrepreneurs** and enterprise development

Partner with Property Point to support
75%
women-owned businesses in 2 years

Level 1
BBBEE Contributor

3

Acts as an enabler of ESG
for our clients, shareholders and investors

Providing our tenants with **energy and water security**

Opportunity to co-invest in **responsible, green and impactful** properties

1st
SA REIT to issue a sustainability-linked bond

4

Aims to achieve net-zero emissions
and lead the carbon transition in property

Decarbonising and greening our portfolios and **roll-out solar across the entire portfolio**

100%
of EU portfolio rated **C or above** ito EPCs (82% B or above)

65%
of SA office portfolio is Green Star rated

SUSTAINABILITY STRATEGY

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

Commentary
continued

BASIS OF ACCOUNTING

The reviewed interim condensed consolidated financial information for the period ended 30 September 2023 has been prepared in compliance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by The Financial Reporting Standards Council, the Companies Act, (71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

The accounting policies applied in the preparation of the results for the period ended 30 September 2023 are consistent with those adopted in the financial statements for the year ended 31 March 2023. Further information is provided on pages 8 and 9. These reviewed preliminary condensed consolidated financial statements have been prepared under the supervision of the Chief Financial Officer, Jenna Sprenger CA(SA).

REVIEW CONCLUSION

PriceWaterhouseCoopers Inc., is the Group's independent auditor. Their review report on the interim financial statements can be found on page 7.

GLOSSARY

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

Notes

CORPORATE INFORMATION

Burstone Group Limited

(Previously Investec Property Fund)
Approved as a REIT by the JSE
Incorporated in the Republic of South Africa
Registration number: 2008/011366/06
Share code: BTN
Bond code: BTN
ISIN: ZAE000180915

Directors

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

Registered Office

4 Sandown Valley Crescent, Sandown, Sandton, 2146

Company Secretary

Pieter van der Sandt

Transfer Secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196
Private Bag X9000
Saxonwold 2132
Telephone (27 11) 370 5000

Auditor

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View
Midrand 2090

Sponsor

Investec Bank Limited
100 Grayston Drive, Sandown
Sandton, 2196
PO Box 785700, Sandown, Sandton, 2146

Website

www.burstone.com

Transform potential

Burstone

REAL ESTATE PARTNERS