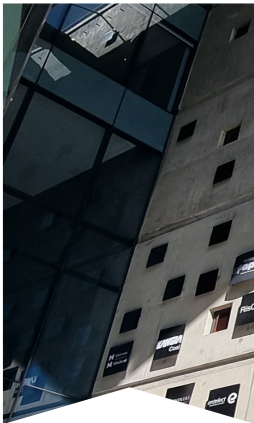
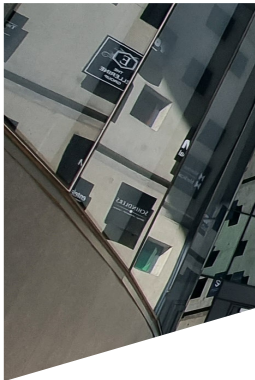


Reviewed provisional
condensed consolidated
financial statements

2022

for the year ended 30 June





Heriot at a glance

39 investment properties valued at
R5,084 billion with a gross lettable area ("GLA") of **435 455m³**

Distributable earnings
growth of
12,5%

Distributable income
payout ratio
100%

Net asset value ("NAV")
R12,84
per share

Average cost
of debt
6,3%

Gearing
ratio of
40,7%

Current portfolio
vacancy of
2,0%

Total dividend of
102,05 cents per share

Board commentary

Profile

Heriot is a property holding and investment company that is listed in the "Diversified REITs" sector on the Alternative Exchange of the JSE Limited ("JSE").

The Group is primarily invested in retail and industrial properties situated in areas with high growth potential. At the reporting date, the property portfolio was valued at R5,084 billion, breaking through the R5,0 billion threshold for the first time since Heriot's listing in July 2017. The Group's primary objective is to grow and streamline Heriot's asset base through the acquisition of high-quality properties, the redevelopment of existing properties and the disposal of assets identified as non-core.

Financial results

Distributable earnings of the Group for the year ended 30 June 2022 (the "period" or "reporting period") of R260,632 million, or 102,05 cents per share, are 12,5% ahead of distributable earnings of 90,72 cents per share for the previous financial year. These earnings are within the guidance of 12,0% to 14,0% provided in the unaudited condensed consolidated financial statements for the six months ended 31 December 2021.

The Group's continued growth is testimony to its strong and diversified property portfolio and investment in strategic assets. The focus on retail properties located in non-metropolitan areas, together with the fact that a high percentage of the portfolio is tenanted by blue-chip tenants with long-term leases and high trading densities, ensured that tenancies remained stable and vacancy levels remained low during the period.

Distributions during the period were boosted by the recovery of an insurance claim of R5,0 million for the loss of rental income incurred during the COVID-19 hard lockdown period in 2020 and by the relatively low interest rates prevailing in South Africa over the past few years, resulting in an average cost of borrowings of 6,3% for the reporting period.

Effective cash management and strong cash flows support the payment of 100% of distributable

earnings as a dividend and on this basis, after accounting for the interim dividend of 50,42 cents paid on 22 March 2022, the Company is declaring a final dividend of 51,63 cents per share.

Heriot's NAV per share increased by 12,4% from R11,42 at 30 June 2021 to R12,84 at 30 June 2022. This increase is mainly attributable to an increase of R328,7 million in the valuation of the property portfolio, which is supported by the positive rental reversions achieved on renewals and re-lets across the portfolio during the period.

Investment property

Heriot's total investment property portfolio comprises 39 properties across all major sectors within South Africa. At the reporting date, the portfolio was independently valued at R5,084 billion by Peter Parfitt of Quadrant Properties Proprietary Limited, a registered valuer in terms of section 19 of the Property Valuers Professional Act, 47 of 2000, using the discounted cash flow method.

During the period, Heriot continued with the roll-out of rooftop solar systems and, at the reporting date, solar has been fully installed at five large retail properties at a cost of R40,0 million. The installations are forecast to yield in excess of 20,0% per annum and further solar installations are planned for 2023.

Over and above Heriot's investment property portfolio, the Group owns two properties under development, one of which is being redeveloped into student accommodation and the other into residential space. At year end, these properties were valued at R129,3 million.

Heriot further owns the Group's head office comprising 717m² A-grade office space in Melrose Arch. This property has been accounted for as property, plant and equipment in terms of the accounting standard relating to owner-occupied property.

Vacancies

While the Group's tenancies remained relatively stable throughout the reporting period, vacancies

increased from 2,1% at 30 June 2021 to 3,0% at 30 June 2022. Post year end, vacancies have reduced to 2,0%.

Funding

Heriot's secured borrowings of R2,216 billion at 30 June 2022 equate to a gearing ratio of 40,7% (30 June 2021: 38,8%). The increase in gearing is primarily as a result of debt of R280,0 million secured for the acquisition of the additional shares in Safari. The average cost of borrowings, including the amortisation of facility raising fees, was 6,29% for the reporting period (30 June 2021: 6,32%) and at the reporting date all borrowings are at floating rates. The board continues to monitor interest rate risk on a regular basis.

Debt amounting to R247,1 million is expiring within 12 months from the reporting date and has been reflected as current. Management is in advanced stages of discussions with the funders for the refinance of these facilities and is confident that the facilities will be refinanced on similar terms and conditions.

Investment in associates

During the reporting period, Heriot increased its stake in Safari Investments RSA Limited ("Safari") to a strategic holding of 19,2%. Together with two concert parties, Heriot Investments Proprietary Limited and Reya Gola Investments Proprietary Limited (the "concert parties"), Heriot owns 102,851,903 shares in Safari, being 33,1% of all Safari shares in issue.

In addition, Steven Herring is the chairman of both Heriot and Safari. On this basis, Heriot is deemed to have significant influence over Safari and, accordingly, the investment has been classified as an associate in terms of IAS 28 *Investments in Associates*. Accordingly, Heriot has recognised its share of Safari's comprehensive income for the year

ended 31 March 2022 in its statement of comprehensive income. However, for purposes of calculating its distributable income for the reporting period, Heriot only includes the dividends declared by or received from its associates during the reporting period.

Financial assets

Financial assets comprise loans of R34,2 million to participants of the employee share purchase scheme and a loan of R49,6 million to a related party of Steven Herring. The loans bear interest at the Group's average cost of borrowings.

Share capital

There were no changes to the issued share capital during the reporting period. As at 30 June 2022, the Company had 255 395 858 shares in issue, excluding the 900 000 treasury shares owned by the Group.

The Safari offer

Heriot Properties Proprietary Limited, a wholly owned subsidiary of Heriot ("Heriot Properties"), published a firm intention announcement on 3 June 2022 advising that Heriot Properties had made a general offer to acquire shares in Safari at an offer price of R5,60 per share (the "general offer").

The announcement indicated, *inter alia*, that:

- the concert parties will not accept the general offer;
- consistent with Safari's treatment of the 53,000,000 Safari shares held by Southern Palace Capital Proprietary Limited (the "SP shares") as treasury shares, the SP shares would be excluded from the general offer; and
- an offer circular containing full details of the general offer was in the process of being prepared and posted to Safari shareholders.

Per the latest update announcement published by Heriot on 2 September 2022, Heriot continues to engage constructively with Safari and the Takeover Regulation Panel ("TRP") regarding the general offer and the treatment of the SP shares under the general offer, with the aim of achieving consistency with market expectations and the commercial terms of the general offer. The TRP has extended the date by which Heriot must post the offer circular to 30 September 2022. Shareholders will be provided with further updates in due course.

Subsequent events

Heriot owns a 55% interest in an industrial property valued at R39,0 million (the "Hagley property"). The remaining 45% is owned equally by three minority shareholders. Post year end, Heriot has entered into agreements to acquire the minority interests. The purchase price of R7,08 million for each 15% interest will be funded by Heriot's available cash resources.

Prospects

Heriot's results for the reporting period are reflective of the resilience of its portfolio and in particular, the strength of its emerging market retail properties that weathered not only the COVID-19 pandemic but also the July 2021 unrest. However, future prospects are intrinsically linked to the Group's operating environment and significant macro issues facing the Company. The board is committed to a proactive yet conservative approach to mitigate the effects of rising interest rates, increasing costs of fuel, electricity shortages, unprecedented levels of unemployment and accelerating levels of inflation that reached a 13-year high of 7,8% in August 2022.

Heriot will continue to explore strategic opportunities that will extract value from its existing portfolio while continuing to grow its asset base through the acquisition of high-yielding properties in its target markets. Furthermore, given the strength of Heriot's cash flows, the board has resolved to maintain the 100% payout ratio of distributable earnings.

Regulations 111(9) and (10) of the Companies Regulations 2011 require any profit forecast or estimate made by Heriot on or after the date of publication of a firm intention announcement to be reported on by an auditor. As Heriot published a firm intention announcement on SENS on 3 June 2022 in respect of its proposed general offer for shares in Safari, as detailed previously, Heriot is not providing any distribution guidance at this time.

Changes to the board of directors

Shareholders are advised that Janys Finn, the current Chief Financial Officer ("CFO") of the company, has advised that in order to focus on the Herring family assets, she will be stepping down as an executive director of the company with effect from 30 November 2022. Janys shall, however, remain a non-executive director of Heriot. The board thanks Janys for her invaluable contribution as the CFO of Heriot, and looks forward to continuing to benefit from her knowledge and experience in her new role.

Daniel Snoyman, the current Deputy CFO of Heriot, will assume the role of CFO with effect from 1 December 2022. Daniel, CA(SA), joined Heriot as financial manager on 1 November 2017. Prior to joining Heriot, he was involved in the financial and operational management of a non-listed portfolio of over 300 residential properties that were redeveloped in the Johannesburg CBD. The board welcomes Daniel and looks forward to his continued contribution to the company as CFO.

Responsibility statement

Heriot accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained herein is true and does not omit anything that is likely to affect the import of such information.

Condensed consolidated statement of financial position

| | Reviewed 30 June 2022 R'000 | Audited 30 June 2021 R'000 |
|---|--------------------------------------|-------------------------------------|
| Assets | | |
| Non-current assets | | |
| Investment property | 4 955 600 | 4 531 350 |
| Property under development | 129 263 | 109 242 |
| Property, plant and equipment | 26 277 | 27 094 |
| Investment in associates | 333 449 | 4 824 |
| Financial assets | 34 219 | 73 516 |
| | 5 478 808 | 4 746 026 |
| Current assets | | |
| Trade and other receivables | 45 283 | 35 000 |
| Financial assets | 49 573 | 50 311 |
| Taxation | 6 | – |
| Cash and cash equivalents | 122 959 | 110 300 |
| | 217 821 | 195 611 |
| Non-current assets held for sale | – | 6 500 |
| Total assets | 5 696 629 | 4 948 137 |
| Equity and liabilities | | |
| Equity | | |
| Stated capital | 2 548 624 | 2 548 624 |
| Retained earnings | 730 469 | 369 392 |
| | 3 279 093 | 2 918 016 |
| Non-controlling interests | 42 391 | 46 549 |
| | 3 321 484 | 2 964 565 |
| Non-current liabilities | | |
| Interest-bearing liabilities | 1 968 816 | 1 397 265 |
| Derivative financial instrument | – | – |
| Deferred taxation | 62 093 | 63 732 |
| | 2 030 909 | 1 460 997 |
| Current liabilities | | |
| Interest-bearing liabilities | 247 055 | 431 024 |
| Derivative financial instrument | – | 5 905 |
| Trade and other payables | 97 181 | 85 617 |
| Taxation | – | 29 |
| | 344 236 | 522 575 |
| Total equity and financial liabilities | 5 696 629 | 4 948 137 |
| NAV per share (cents) | 1 283,93 | 1 142,55 |
| Net tangible asset per share (excluding deferred taxation) (cents) | 1 308,24 | 1 167,50 |

Condensed consolidated statement of profit and loss and other comprehensive income

| | Reviewed year ended 30 June 2022 R'000 | Audited year ended 30 June 2021 R'000 |
|---|--|---|
| Rental income | 575 984 | 504 134 |
| Contractual rental income and recoveries | 580 203 | 529 977 |
| Straight-line rental income | (4 219) | (25 843) |
| Property expenses | (192 618) | (154 615) |
| Net property income | 383 366 | 349 519 |
| Net income from associates | 38 784 | (2 269) |
| Other income | 14 625 | 10 050 |
| Administrative expenses and corporate costs | (48 097) | (40 622) |
| Profit from operations | 388 678 | 316 678 |
| Finance income | 12 733 | 10 163 |
| Finance charges | (132 107) | (114 415) |
| Profit before fair value adjustments | 269 304 | 212 426 |
| Fair value adjustments | 344 775 | 111 819 |
| Investment properties | 338 870 | 91 498 |
| Financial assets | – | 8 550 |
| Derivative financial instrument | 5 905 | 11 771 |
| Profit before taxation | 614 079 | 324 245 |
| Taxation | 146 | (1 847) |
| Total comprehensive income for the period | 614 225 | 322 398 |
| Attributable to: | | |
| Equity holders of the Company | 609 579 | 313 027 |
| Non-controlling interests | 4 646 | 9 371 |
| | 614 225 | 322 398 |
| Reconciliation of earnings and headline earnings | | |
| Profit attributable to equity holders of the Company | 609 579 | 313 027 |
| Change in fair value of investment properties attributable to shareholders of the Company | (354 037) | (89 944) |
| Fair value adjustments: investment properties | (338 870) | (91 498) |
| Non-controlling shareholder portion of fair value adjustments | (3 907) | 1 554 |
| Fair value adjustments: equity-accounted investments | (11 260) | – |
| Headline earnings attributable to equity holders | 255 542 | 223 083 |
| Number of shares in issue at the reporting date* | 255 395 858 | 255 395 858 |
| Weighted average number of shares in issue | 255 395 858 | 255 395 858 |
| Basic and diluted earnings per share (cents) | 238,68 | 122,57 |
| Basic and diluted headline earnings per share (cents) | 100,06 | 87,35 |
| Distribution per share (cents) | 102,05 | 90,72 |

* Excluding 900 000 treasury shares.

Condensed consolidated statement of cash flows

| | Reviewed year ended 30 June 2022 R'000 | Audited year ended 30 June 2021 R'000 |
|---|--|---|
| Cash generated from operations | 360 147 | 358 708 |
| Net finance charges | (110 097) | (104 252) |
| Taxation paid | (1 530) | (1 496) |
| Net cash flows from operating activities | 248 520 | 252 960 |
| Acquisition and development of investment property | (187 131) | (75 325) |
| Proceeds from disposal of investment property | 83 250 | 47 500 |
| Acquisition of property, plant and equipment | (762) | (2 397) |
| Acquisition of shares in associate | (287 643) | – |
| Acquisition of listed investments | – | (29 925) |
| Dividends received from associates | 17 195 | – |
| Loan repaid by related party | 4 000 | 389 |
| Loan advanced to related party | (127) | (5 079) |
| Share scheme debt repaid | 2 974 | 2 474 |
| Net cash used in investing activities | (368 244) | (62 363) |
| Dividend distributions to owners of the Company | (248 500) | (222 935) |
| Dividends paid to non-controlling shareholders | (6 700) | (5 658) |
| Interest-bearing borrowings raised | 467 900 | 92 038 |
| Interest-bearing borrowings repaid | (80 317) | (30 000) |
| Net cash generated from/(used in) financing activities | 132 383 | (166 555) |
| Net movement in cash and cash equivalents | 12 659 | 24 042 |
| Cash and cash equivalents at the beginning of the year | 110 300 | 86 258 |
| Cash and cash equivalents at the end of the year | 122 959 | 110 300 |

Condensed consolidated statement of changes in equity

| | Stated capital R'000 | Reserves R'000 | Non- controlling interests R'000 | Total R'000 |
|---|----------------------------|-------------------|---|------------------|
| Audited | | | | |
| Balance at 1 July 2020 | 2 548 624 | 279 300 | 45 144 | 2 873 068 |
| Total comprehensive income for the year | – | 313 027 | 9 371 | 322 398 |
| Dividends | – | (222 935) | (7 966) | (230 901) |
| Balance at 30 June 2021 | 2 548 624 | 369 392 | 46 549 | 2 964 565 |
| Reviewed | | | | |
| Total comprehensive income for the year | – | 609 579 | 4 646 | 614 225 |
| Dividends | – | (248 502) | (8 804) | (257 306) |
| Balance at 30 June 2022 | 2 548 624 | 730 469 | 42 391 | 3 321 484 |

Notes to the financial statements

1. Basis of preparation

The reviewed provisional condensed consolidated financial statements for the year ended 30 June 2022 have been prepared under the supervision of the chief financial officer, JA Finn CA(SA), and in accordance with the JSE Listings Requirements for provisional reports and the requirements of the Companies Act, 71 of 2008. The JSE Listings Requirements require these condensed financial results to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those used in the audited annual financial statements for the year ended 30 June 2021.

The reviewed provisional condensed consolidated financial statements have been reviewed by BDO South Africa Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office together with the reviewed financial statements identified in the auditor's report. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying reviewed financial information from the issuer's registered office.

The directors are not aware of any matters or circumstances arising subsequent to the year ended 30 June 2022, other than those disclosed in this announcement, that require any additional disclosure or adjustment to the financial statements.

These results were approved by the board on 21 September 2022.

Additional disclosures in terms of SA REIT Best Practice Recommendations ("SA REIT BPR")

The second edition of the SA REIT BPR was published in November 2019 encouraging consistent presentation and disclosure of relevant metrics in the SA REIT sector. We support this aim to enhance transparency and comparability and have included these metrics for the year ended 30 June 2022.

2. Non-IFRS measures – distributable earnings

In terms of REIT legislation, a REIT is required to distribute at least 75% of distributable earnings to shareholders annually. Heriot's distributable income has been calculated as follows:

| | Year ended 30 June 2022 R'000 | Year ended 30 June 2021 R'000 |
|---|--|--|
| Contractual rental income and recoveries, excluding straight-line rental income | 580 203 | 529 977 |
| Property expenses | (192 618) | (154 615) |
| Other income | 14 625 | 10 050 |
| Administrative expenses and corporate costs | (47 593) | (40 116) |
| Per statement of comprehensive income | (48 097) | (40 622) |
| <i>Adjust for:</i> Depreciation charged on owner-occupied property | 504 | 506 |
| Net finance costs | (119 374) | (104 252) |
| Finance income | 12 733 | 10 163 |
| Finance charges | (132 107) | (114 415) |
| Income tax | (1 494) | (1 539) |
| Net dividend received from equity-accounted entities | 35 436 | – |
| Dividend received from equity-accounted entities | 36 277 | – |
| Losses from associate | (841) | – |
| Non-controlling interest | (8 553) | (7 817) |
| | 260 632 | 231 688 |
| Number of shares in issue at the reporting date* | 255 395 858 | 255 395 858 |
| Distribution per share (cents) | 102,05 | 90,72 |

* Excluding the 900,000 treasury shares in issue

Notes to the financial statements continued

3. Segmental analysis

The Group's portfolio is organised into five operating segments, namely retail, industrial, office, residential and specialised. The contribution of each segment to the overall performance of the Group is as follows:

| Sectoral | Year ended 30 June 2022 | | | | | | |
|---|-------------------------|---------------------|-----------------|----------------------|----------------------|------------------|------------------|
| | Retail R'000 | Industrial R'000 | Office R'000 | Specialised R'000 | Residential R'000 | Other R'000 | Total R'000 |
| GLA (m²) | 123 219 | 275 020 | 19 169 | * | 9 825 | 8 222 | 435 455 |
| Contractual rental income | 233 435 | 146 388 | 47 111 | 8 020 | 19 180 | 329 | 454 463 |
| Recoveries | 66 155 | 46 081 | 11 496 | 88 | 1 737 | 183 | 125 740 |
| Straight-lining of rental income | (3 427) | 3 302 | (3 993) | (367) | 266 | – | (4 219) |
| Property expenses | (89 019) | (70 413) | (19 044) | (613) | (10 159) | (3 370) | (192 618) |
| Net property income | 207 144 | 125 358 | 35 570 | 7 128 | 11 024 | (2 858) | 383 366 |
| Other income and income from associates | – | – | – | – | – | 53 409 | 53 409 |
| Administration expenses | – | – | – | – | – | (48 097) | (48 097) |
| Net finance charges | – | – | – | – | – | (119 374) | (119 374) |
| Change in fair value | – | – | – | – | – | 344 775 | 344 775 |
| Net profit before taxation | 207 144 | 125 358 | 35 570 | 7 128 | 11 024 | 227 855 | 614 079 |
| Investment property | 2 544 900 | 1 756 500 | 303 500 | 176 700 | 174 000 | – | 4 955 600 |
| Non-current assets held for sale | – | – | – | – | – | – | – |
| Property under development | – | – | – | – | – | 129 263 | 129 263 |
| Property, plant and equipment | 32 | – | 265 | – | 2 456 | 23 524 | 26 277 |
| Trade and other receivables | 11 161 | 10 188 | 683 | – | 610 | 22 641 | 45 283 |
| Other assets | – | – | – | – | – | 540 206 | 540 206 |
| Total assets | 2 556 093 | 1 766 688 | 304 448 | 176 700 | 177 066 | 715 635 | 5 696 629 |
| Trade and other payables | 41 911 | 8 901 | 3 948 | 4 450 | 3 883 | 34 088 | 97 181 |
| Other liabilities | – | – | – | – | – | 2 277 964 | 2 277 964 |
| Total liabilities | 41 911 | 8 901 | 3 948 | 4 450 | 3 883 | 2 312 052 | 2 375 145 |

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

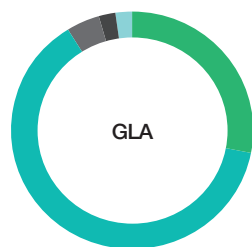
3. Segmental analysis continued

| Sectoral | Year ended 30 June 2021 | | | | | | |
|---|-------------------------|---------------------|-----------------|----------------------|----------------------|------------------|------------------|
| | Retail R'000 | Industrial R'000 | Office R'000 | Specialised R'000 | Residential R'000 | Other R'000 | Total R'000 |
| GLA (m²) | 119 379 | 271 534 | 25 581 | * | 9 825 | 8 222 | 434 541 |
| Contractual rental income | 212 920 | 143 285 | 44 523 | 7 820 | 16 010 | – | 424 558 |
| Recoveries | 57 355 | 36 122 | 10 022 | 201 | 1 719 | – | 105 419 |
| Straight-lining of rental income | (3 212) | (20 983) | (1 365) | (283) | – | – | (25 843) |
| Property expenses | (84 407) | (44 952) | (15 128) | (270) | (9 383) | (475) | (154 615) |
| Net property income | 182 656 | 113 472 | 38 052 | 7 468 | 8 346 | (475) | 349 519 |
| Other income and income from associates | – | – | – | – | – | 7 781 | 7 781 |
| Administration expenses | – | – | – | – | – | (40 622) | (40 622) |
| Net finance charges | – | – | – | – | – | (104 252) | (104 252) |
| Change in fair value | 73 217 | (31 374) | (2 621) | 56 583 | (4 307) | 20 321 | 111 819 |
| Net profit before taxation | 255 873 | 82 098 | 35 431 | 64 051 | 4 039 | (117 247) | 324 245 |
| Investment property | 2 312 000 | 1 481 700 | 410 750 | 158 900 | 168 000 | – | 4 531 350 |
| Non-current assets held for sale | – | 6 500 | – | – | – | – | 6 500 |
| Property under development | – | – | – | – | – | 109 242 | 109 242 |
| Property, plant and equipment | 31 | – | 433 | – | 2 433 | 24 197 | 27 094 |
| Trade and other receivables | 8 342 | 4 550 | 434 | – | 3 503 | 18 170 | 35 000 |
| Other assets | – | – | – | – | – | 238 951 | 238 951 |
| Total assets | 2 320 373 | 1 492 750 | 411 617 | 158 900 | 173 936 | 390 560 | 4 948 137 |
| Trade and other payables | 36 984 | 14 465 | 2 655 | 3 773 | 3 215 | 24 525 | 85 617 |
| Other liabilities | – | – | – | – | – | 1 897 955 | 1 897 955 |
| Total liabilities | 36 984 | 14 465 | 2 655 | 3 773 | 3 215 | 1 922 480 | 1 983 572 |

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

3. Segmental analysis continued

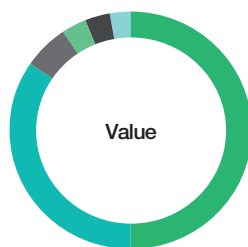
| Geographical | Year ended 30 June 2022 | | | | | Year ended 30 June 2022 | | | | |
|----------------------------------|-------------------------|--------------------------|-----------------------------|---------------------|---------------------|-------------------------|---------------------|-----------------------|------------------|------------------|
| | Gauteng R'000 | Western Cape R'000 | KwaZulu - Natal R'000 | North West R'000 | Mpumalanga R'000 | Limpopo R'000 | Free State R'000 | Eastern Cape R'000 | Namibia R'000 | Total R'000 |
| GLA (m ²) | 209 354 | 94 777 | 42 003 | 26 579 | 16 257 | 15 079 | 17 906 | – | 13 500 | 435 455 |
| Investment property | 2 292 001 | 770 000 | 374 900 | 354 400 | 400 300 | 434 000 | 182 000 | – | 148 000 | 4 955 600 |
| Property under development | 37 999 | 91 264 | – | – | – | – | – | – | – | 129 263 |
| Total property portfolio | 2 330 000 | 861 264 | 374 900 | 354 400 | 400 300 | 434 000 | 182 000 | – | 148 000 | 5 084 863 |
| Contracted rental income | 215 426 | 80 807 | 24 173 | 40 027 | 36 089 | 40 534 | 7 411 | – | 9 996 | 454 463 |
| Recoveries | 49 359 | 34 792 | 2 861 | 15 146 | 11 037 | 9 247 | 3 298 | – | – | 125 740 |
| | 264 785 | 115 599 | 27 034 | 55 173 | 47 126 | 49 781 | 10 709 | – | 9 996 | 580 203 |
| Geographical | Year ended 30 June 2021 | | | | | Year ended 30 June 2021 | | | | |
| | Gauteng R'000 | Western Cape R'000 | KwaZulu - Natal R'000 | North West R'000 | Mpumalanga R'000 | Limpopo R'000 | Free State R'000 | Eastern Cape R'000 | Namibia R'000 | Total R'000 |
| GLA (m ²) | 211 926 | 96 777 | 32 935 | 26 579 | 27 614 | 15 079 | 10 131 | – | 13 500 | 434 541 |
| Investment property | 2 236 600 | 715 450 | 239 200 | 330 100 | 425 800 | 403 000 | 85 200 | – | 96 000 | 4 531 350 |
| Property under development | 17 978 | 91 264 | – | – | – | – | – | – | – | 109 242 |
| Non-current assets held for sale | – | – | – | – | – | – | 6 500 | – | – | 6 500 |
| Total property portfolio | 2 254 578 | 806 714 | 239 200 | 330 100 | 425 800 | 403 000 | 91 700 | – | 96 000 | 4 647 092 |
| Contracted rental income | 191 484 | 72 384 | 32 312 | 37 288 | 37 168 | 37 351 | 7 826 | 801 | 7 944 | 424 558 |
| Recoveries | 39 134 | 30 154 | 2 600 | 12 421 | 9 886 | 8 565 | 2 459 | 200 | – | 105 419 |
| | 230 618 | 102 538 | 34 912 | 49 709 | 47 054 | 45 916 | 10 285 | 1 001 | 7 944 | 529 977 |



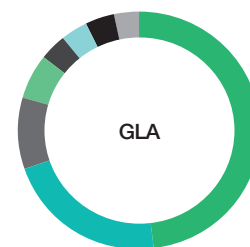
28,3% Retail
63,2% Industrial
4,4% Office
– Specialised
2,3% Residential
1,9% Other



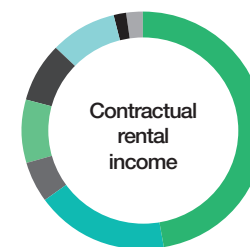
51,4% Retail
32,2% Industrial
10,4% Office
1,8% Specialised
4,2% Residential
0,1% Other



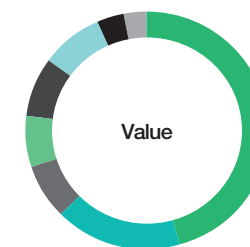
50,0% Retail
34,5% Industrial
6,0% Office
3,5% Specialised
3,4% Residential
2,5% Other



48,1% Gauteng
21,8% Western Cape
9,6% KwaZulu-Natal
6,1% North West
3,7% Mpumalanga
3,5% Limpopo
4,1% Free State
– Eastern Cape
3,1% Namibia



47,4% Gauteng
17,8% Western Cape
5,3% KwaZulu-Natal
8,8% North West
7,9% Mpumalanga
8,9% Limpopo
1,6% Free State
– Eastern Cape
2,2% Namibia



45,8% Gauteng
16,9% Western Cape
7,4% KwaZulu-Natal
7,0% North West
7,9% Mpumalanga
8,5% Limpopo
3,6% Free State
– Eastern Cape
2,9% Namibia

4. Investment property

The properties were valued by Peter Parfitt of Quadrant Properties Proprietary Limited who is a registered valuer in terms of section 19 of the Property Valuers Professional Act, 47 of 2000. The properties were valued using the discounted cash flow method, which method values the properties by discounting the cash flows of future income streams of the properties, taking into account expected rental and expense growth rates, vacancies and costs not recoverable from tenants. The discounted cash flow valuations are tested for reasonableness by benchmarking against recent comparable sales activity and available market surveys and by comparing the discounted cash flow values to the capitalised cash flow values. The capitalised cash flow values are calculated by applying appropriate capitalisation rates to the future earnings potential of the properties. The capitalisation rates are dependent on a number of factors such as location, the condition of the property, lease covenants and current market conditions.

Inter-relationship between key unobservable inputs and fair value measurement

The fair value of investment properties would be affected by:

- change in expected market rental growth;
- change in expected expense growth;
- occupancy, vacancy and beneficial occupancy periods; and
- change in discount and capitalisation rates.

| | Reviewed 30 June 2022 % | Audited 30 June 2021 % |
|---|----------------------------------|---------------------------------|
| The average capitalisation rate applied was: | 8,93 | 9,12 |
| The rates applied per sector were as follows: | | |
| Retail | 8,53 | 8,75 |
| Industrial | 9,25 | 9,46 |
| Office | 9,70 | 9,86 |
| Specialised | 8,25 | 8,25 |
| Residential | 10,00 | 10,00 |

5. Loan to value

| | Unaudited 30 June 2022 R'000 | Unaudited 30 June 2021 R'000 |
|---|---------------------------------------|---------------------------------------|
| Total secured debt | | |
| Interest-bearing liabilities | 2 215 871 | 1 828 289 |
| Investment property | 4 955 600 | 4 531 350 |
| Property under development | 129 263 | 109 242 |
| Non-current assets held for sale | – | 6 500 |
| Owner-occupied property | 22 961 | 23 190 |
| Investment in associates | 333 449 | – |
| Financial assets – shares in listed REIT | – | 38 475 |
| Carrying amount of property-related assets | 5 441 273 | 4 708 757 |
| Loan to value (%) | 40,72 | 38,83 |

6. Net asset value

| | Unaudited 30 June 2022 R'000 | Unaudited 30 June 2021 R'000 |
|--|---------------------------------------|---------------------------------------|
| NAV per share | | |
| Total assets | 5 696 629 | 4 948 137 |
| Total liabilities, including deferred taxation | (2 417 536) | (2 030 121) |
| NAV | 3 279 093 | 2 918 016 |
| Deferred taxation | 62 093 | 63 732 |
| Net tangible assets | 3 341 186 | 2 981 748 |
| Number of shares in issue* | 255 395 858 | 255 395 858 |
| NAV per share (cents) | 1 283,93 | 1 142,55 |
| Tangible NAV per share (cents) | 1 308,24 | 1 167,50 |

* Excluding 900,00 treasury shares.

Payment of dividend

The board has approved and notice is hereby given of the final gross dividend of 51,63000 cents per share for the year ended 30 June 2022. The dividend is payable to Heriot's shareholders in accordance with the timetable set out below.

| 2022 | |
|--|-----------------------|
| Last date to trade <i>cum</i> dividend | Tuesday, 11 October |
| Shares trade <i>ex</i> dividend | Wednesday, 12 October |
| Record date | Friday, 14 October |
| Payment date | Monday, 17 October |

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 October 2022 and Friday, 14 October 2022, both days inclusive. The dividend will be transferred to dematerialised shareholders' Central Securities Depository Participant ("CSDP") broker accounts on Monday, 17 October 2022. Certificated shareholders' dividend payments will be posted or paid to certificated shareholders' bank accounts on or about Monday, 17 October 2022.

In accordance with Heriot's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, 58 of 1962 ("**Income Tax Act**"). The dividend on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT. This dividend is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that such shareholders provide the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a declaration that the dividend is exempt from dividend tax; and
- a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner ceases to be the beneficial owner,

both in the form prescribed by the Commissioner of the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 41,30400 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

- declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the Company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of the dividend: 255 395 858 (excluding 900 000 treasury shares).

Heriot's income tax reference number: 9541295185.

Where the transfer secretaries do not have the banking details of any certificated shareholders, the cash dividend will be held in trust by the transfer secretaries pending receipt of the relevant certificated shareholder's banking details whereafter the cash dividend will be paid via electronic transfer into the personal bank accounts of certificated shareholders.

By order of the board

22 September 2022

Additional disclosures in terms of SA REIT Best Practice Recommendations (“SA REIT BPR”)

1. SA REIT BPR funds from operations

| | 30 June 2022 R'000 | 30 June 2021 R'000 |
|---|--------------------------|--------------------------|
| Profit per IFRS statement of comprehensive income attributable to equity holders of the Company | 609 579 | 313 027 |
| <i>Adjusted for:</i> | | |
| Accounting/specific adjustments | | |
| Fair value adjustment to investment properties | (338 870) | (91 498) |
| Straight-line rental income adjustment | 4 219 | 25 843 |
| Fair value adjustment to financial assets | – | (8 550) |
| Depreciation of owner-occupied property | 504 | 506 |
| Deferred taxation movement | (1 640) | 308 |
| Adjustments to dividends from equity interests held | (3 348) | 2 269 |
| Hedging items | | |
| Fair value adjustment to derivative instruments | (5 905) | (11 771) |
| Other adjustments | | |
| Non-controlling interests in respect of the above adjustments | (3 907) | 1 554 |
| | 260 632 | 231 688 |
| Number of shares in issue at the reporting date* | 255 395 858 | 255 395 858 |
| Distribution per share (cents) | 102,05 | 90,72 |

* Excluding the 900 000 treasury shares in issue.

2. SA REIT BPR cost of debt

| | 30 June 2022 R'000 | 30 June 2021 R'000 |
|--|--------------------------|--------------------------|
| <i>Variable interest rate borrowings</i> | | |
| Floating reference rate plus weighted average margin | 5,73 | 5,20 |
| <i>Fixed interest rate borrowings</i> | | |
| Weighted average fixed rate | 0,24 | 1,06 |
| Preadjusted weighted average cost of debt | 5,96 | 6,26 |
| Amortised transaction costs imputed into the effective interest rate | 0,32 | 0,06 |
| All-in weighted average cost of debt | 6,29 | 6,32 |

3. SA REIT BPR cost-to-income ratio

| | 30 June 2022 R'000 | 30 June 2021 R'000 |
|---|--------------------------|--------------------------|
| Per IFRS income statement | | |
| Property expenses including municipal expenses and depreciation | 192 618 | 154 615 |
| Administrative expenses and corporate costs | 38 046 | 31 648 |
| Per statement of comprehensive income | 48 097 | 40 622 |
| <i>Adjust for:</i> | | |
| Management fees for salary recoveries included in sundry income | (9 547) | (8 468) |
| Depreciation charged on owner-occupied property | (504) | (506) |
| Total expenses | 230 664 | 186 263 |
| Contractual rental income and utility and operating recoveries, excluding straight-line rental income | 580 203 | 529 977 |
| Cost-to-income ratio (%) | 39,76 | 35,15 |
| Administrative cost-to-income ratio (%) | 6,56 | 5,97 |

The cost-to-income ratio has been negatively impacted by the inclusion of once-off costs relating to the Safari transaction together with costs incurred to re-tenant a 30 000m² distribution centre that was vacated due to a tenant failure. Together with the benefits to be derived from the installation of solar plants in 2023, this ratio is expected to reduce to levels of approximately 36,9% in 2023.

4. SA REIT BPR vacancy rate

| | 30 June 2022 | 30 June 2021 |
|---|-----------------|-----------------|
| GLA of property portfolio (m ²) | 435 455 | 434 541 |
| Vacant GLA (m ²) | 12 994 | 9 271 |
| Vacancy rate (%) | 3,0 | 2,1 |

5. SA REIT BPR loan to value

| | 30 June 2022 R'000 | 30 June 2021 R'000 |
|---|--------------------------|--------------------------|
| Interest-bearing liabilities | 2 215 871 | 1 828 289 |
| Less: Cash and cash equivalents | (122 959) | (110 300) |
| Add: Derivative financial instruments | – | – |
| Net debt | 2 092 912 | 1 717 989 |
| Investment property | 4 955 600 | 4 531 350 |
| Property under development | 129 263 | 109 242 |
| Non-current assets held for sale | – | 6 500 |
| Owner-occupied property | 22 961 | 23 190 |
| Investments in associates | 333 449 | – |
| Financial assets – shares in listed REIT | – | 38 475 |
| Carrying amount of property-related assets | 5 441 273 | 4 708 757 |
| Loan to value (%) | 38,46 | 36,48 |

6. SA REIT BPR NAV

| | 30 June 2022 R'000 | 30 June 2021 R'000 |
|---------------------------|--------------------------|--------------------------|
| Reported NAV | 3 279 093 | 2 918 016 |
| Adjusted for: | | |
| Dividend to be declared | (260 632) | (231 688) |
| Deferred taxation | 62 093 | 63 732 |
| SA REIT BPR NAV | 3 080 554 | 2 750 060 |
| Number of shares in issue | 255 395 858 | 255 395 858 |
| NAV per share (cents) | 1 206,19 | 1 076,78 |

Corporate information

Heriot REIT Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2017/167697/06)
JSE share code: HET
ISIN: ZAE000246740
(Approved as a REIT by the JSE)
("Heriot" or "the Company" or "the Group")

Company secretary

CIS Company Secretaries Proprietary Limited
Registered office: Suite 1, Ground Floor
3 Melrose Boulevard, Melrose Arch
Johannesburg 2196
PO Box 652737, Benmore 2010

Directors

SB Herring (*Chairperson*)^{**}
RL Herring (*Chief executive officer*)
JA Finn (*Chief financial officer*)
SJ Blieden^{**†}, T Cohen^{**†}
R Lockhart-Ross^{**†}, NA Ngale^{**†}

^{*} Non-executive [^] British [†] Independent

Transfer secretaries

Computershare Investor Services
Proprietary Limited

Designated advisor

Java Capital

Auditor

BDO South Africa Incorporated
52 Corlett Drive
Wanderers Office Park
Illovo 2196
Private Bag X28, Benmore 2010



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REIT *Committed to excellence*

www.heriotreit.com