



TEXTON

PROPERTY FUND

www.texton.co.za



CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

DIVIDENDS PER SHARE

47,95 cents

(December 2016: 47,95 cents)

REVENUE

R303,2 million

(December 2016: R300,3 million)

▲ 1,0%

NET PROPERTY INCOME

R212,4 million

(December 2016: R208,2 million)

▲ 2,0%

NON-FINANCIAL HIGHLIGHTS*

GROSS LETTABLE AREA (GLA)*

386 119 m²

(June 2017: 407 803m²)

▼ 5,3%

NATIONAL/LISTED/BLUE CHIP TENANTS (BY GLA)*

61,9%

(June 2017: 61,9%)

VACANCIES (BY GLA)*

7,0%

(June 2017: 4,9%)

▲ 2,1%

PORTFOLIO VALUE*

R5 457 billion

(June 2017: R5 508 billion)

▼ 0,9%

* Including Broad Street Mall

The Board of Directors of Texton ("the Board") is pleased to declare an interim dividend of 47,95 cents per share for the six months ended 31 December 2017, which is in line with market guidance and the prior year dividend. This was achieved from a solid performance of the core portfolio.

The Manco Internalisation transaction was finalised in October 2017, whereby Texton paid a fee of R180 million to cancel the asset management agreement. Management and staff are proceeding with crafting a new direction for Texton. As previously communicated, internalising the external management function was likely to have a dilutionary impact on earnings. Notwithstanding this, the property portfolio performed well, ensuring Texton was able to deliver flat growth in distribution to shareholders.

While the rationalisation of our portfolio has yielded pleasing results, we continue to operate in a challenging economy with weak local property fundamentals. Operationally, the past six months have been about changing the way we do things and being aligned with the right service providers. We believe the results of this change will start to show in the way we operate and the unlocking of efficiencies. Furthermore, managing a tight ship with arrears is important in this trading environment as that will be the key to income protection alongside strong tenant covenants.

Texton's current portfolio, split by value, is 59,9% (June 2017: 61,0%) located in South Africa and 40,1% (June 2017: 39,0%) located in the United Kingdom (including our portion of Broad Street Mall).

Texton has embarked on an active drive to fill its vacancies and continues to engage with its broker network, principals and prospective users. Vacancies have increased to 7,0% at 31 December 2017 from 4,9% at 30 June 2017. This was mainly due to the relocation and consolidation of a single tenant that occupied the Scott Street and St George's Mall properties.

Texton continues to maintain a defensive office portfolio, which has performed admirably considering the oversupply and vacancies currently experienced in the major property nodes. Our industrial portfolio has performed in line with budget other than the vacancy at Hermanstad. Our retail portfolio has remained robust, with tenant waiting lists at Woodmead Commercial Park.

As communicated to shareholders via SENS announcements, the Board undertook a strategic review towards the end of the 2017 financial year and various alternatives were considered and investigated, including a possible merger. Texton decided not to pursue the opportunities presented to it in terms of the merger or the disposal of various properties. Texton does not need a transaction in order to survive and Executive Management and the Board are focused on growing Texton in an organic manner.

The Board is not aware of any matters or circumstances arising subsequent to December 2017 that require any additional disclosure or adjustment to the financial statements.

IF Pick
Chief Financial Officer

NV Balfour
Chief Executive Officer

5 March 2018

Texton Property Fund is an internally asset managed Real Estate Investment Trust ("REIT") listed on the JSE Limited formed to invest directly in income-producing properties that offer attractive income and capital appreciation. Texton aims to be a geographical and sectorally diverse property fund focused on niche markets in South Africa, and in the United Kingdom, in which it has a depth of experience, knowledge and track record. Texton is governed by the listings requirements of the JSE, the Companies Act, King IV and International Financial Reporting Standards ("IFRS").

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The full announcement was released on SENS on 5 March 2018 and can be found on the Company's website at www.texton.co.za. Copies of the full announcement may also be requested at the Company's registered office at no charge during office hours, Monday to Friday (08:00 to 17:00). Any investment decision should be based on the full announcement published on SENS and on the Company's website.

Texton Property Fund Limited

Incorporated in the Republic of South Africa | Registration number: 2005/019302/06
A Real Estate Investment Trust listed on the JSE Limited
JSE share code: TEX | ISIN: ZAE000190542 | Formerly ISIN: ZAE000185872

Physical and registered address: Block C, Investment Place, 10th Road, Hyde Park, 2196. PO Box 653129, Benmore, 2010

Board of Directors: PD Naidoo (*Chairperson*), NV Balfour* (*Chief Executive Officer*), IF Pick* (*Chief Financial Officer*), JR Macey (*Lead independent*), KR Collins (*Alternate*), JA Legh, S Mia, P Ntshalintshali, MJ van Heerden, JD Wiese, TMZ Zuma
* Executive director

Company Secretary: Nqaba Sokabo, Block C, Investment Place, 10th Road Hyde Park, 2196. PO Box 653129, Benmore, 2010

Auditor: SizweNtsalubaGobodo Inc., 20 Morris Street East, Woodmead, 2191

Sponsor: Merchantec Capital, 2nd Floor North Block Hyde Park Office Tower, Cnr 6th Road and Jan Smuts Avenue, Hyde Park, 2196 PO Box 41480, Craighall, 2024

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

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