

TEXTON

PROPERTY FUND

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 code: TEX
ISIN: ZAE000190542
("Texton" or "the Company")

SHORT FORM – PROVISIONAL CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2019

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.

As reported in the half-year results, this financial year continues to be the toughest in our Company's history and there was little improvement in the six months to June 2019. The property markets across both of our diverse geographies were heavily impacted by various macro-economic environmental factors. In South Africa, the difficult economic climate has placed businesses under increased pressure with more companies consolidating space and even closing, which has worsened the already unfavourable property fundamentals. It is a highly competitive market distinguished by low demand and a general oversupply of space.

In the United Kingdom, the GDP outlook for 2020 has been revised downwards to 1,3% due to continued Brexit uncertainty and political upheaval. Inflation forecasts have been revised upwards. The uncertainty regarding Brexit is likely to further devalue the GBP and drive inflation upwards through higher import costs.

Like-on-like portfolio held	R4,154 billion (June 2018: R4,785 billion) ▼ 13,2%
Total portfolio value	R4,400 billion (June 2018: R5,403 billion) ▼ 18,6%
Net asset value	607,89 cents per share (June 2018: 655,15 cents per share) ▼ 7,2%

The South African portfolio was devalued by 18,5% on a like-for-like held basis as a result of the economic erosion and the impact of negative rental reversions. The year-on-year devaluation on the total portfolio amounts to 18,6%. The UK property portfolio value decreased by 2,8% on a like-for-like basis. The industrial and office assets in the UK remained relatively stable, with the downward revisions being concentrated in the retail sector.

Loan-to-value ratio	47,7% (June 2018: 42,7%) ▲ 5,0%
Arrears	2,0% of billings (June 2018: 4,5% of billings) ▼ 2,5%
Debt expiry profile	Weighted average unexpired term 1,4 years (June 2018: Weighted average unexpired term 2,0 years) ▼ 30,0%

The devaluation of the South African portfolio resulted in the, since rectified, breach of loan-to-value covenants with Standard Bank and Investec. The covenant breaches were condoned by the banks and the Standard Bank breach has been rectified post year end.

Vacancies	9,2% (June 2018: 7,9%) ▲
Tenant retention	83,6% retained
Lease expiry profile	4,36 years WAULT (June 2018: 4,27 years) ▲ 2,1%

However, rather than dwelling on factors over which we have no control, we remain firmly focused on what we can manage. Texton improved collections, reduced rental arrears and made significant progress in leasing, proactive early renewals and tenant retention.

Gross property income	R558,0 million (June 2018: R581,2 million) ▼ 4,0%
Net property income	R363,7 million (June 2018: R416,9 million) ▼ 12,8%
Gross property expense ratio	34,4% (June 2018: 29,6%) ▲ 4,8%

The Board of Texton declares a final dividend of 35,19 (30 June 2018: 41,36) cents per share. The total dividend for the year amounting to 71,37 cents per share is 20,1% lower than the dividend for the year ended 30 June 2018 of 89,31 cents per share.

Dividend per share	71,37 cents per share (June 2018: 89,31 cents per share) ▼ 20,1%
Earnings and diluted earnings per share	(153,96) cents per share (June 2018: (33,40) cents per share) ▼ 361,5%
Headline and diluted headline earnings per share	55,61 cents per share (June 2018: 26,80 cents per share) ▲ 107,5%

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 is available at <https://senspdf.jse.co.za/documents/2019/JSE/ISSE/TEX/YE19.pdf> 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.

MH Muller
Chief Executive Officer

IF Pick
Chief Financial Officer

19 September 2019
Johannesburg

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

Board of Directors: M Golding (*Non-executive Chairperson*), MH Muller* (*Chief Executive Officer*), IF Pick* (*Chief Financial Officer*), AJ Hannington (*Independent Non-executive*), JR Macey (*Lead Independent Non-executive*), S Thomas (*Independent Non-executive*)
* Executive director

Company Secretary: Motif Capital Partners, 173 Oxford Road, Rosebank, 2196

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

Sponsor: Merchantec Capital, 13th Floor, Illovo Point, 68 Melville Road, Illovo. 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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