

TEXTON

PROPERTY FUND

ABRIDGED SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2020

ABOUT TEXTON

Texton Property Fund Limited is a Real Estate Investment Trust ("REIT") listed on the JSE Limited. The company internally manages its R4,5 billion portfolio of retail, office and industrial property assets located in South Africa ("SA") and the United Kingdom ("UK").

HEADLINES

South Africa

- The macro-economic environment remains challenging with further declines in the economy expected due to measures enacted by the government to manage the 2019 coronavirus disease ("COVID-19") pandemic
- Vacancy of 12,7% (2% increase) due to poor market conditions experienced in 2020
- Letting performance remained strong, with 90% of expiring gross lettable area being re-let
- Nine properties were sold, with transfers delayed due to closures of deeds offices, the inability to obtain municipal clearances and a poorly functioning debt market
- Collection rate of 90% during the COVID-19 lockdown period (April to June), improving to 93% after year-end.

United Kingdom

- UK economy contracted by a record 20,4% in the second quarter of the 2020 calendar year, following a 2,2% contraction in the previous quarter, as a result of the COVID-19 pandemic
- Collection rate of 97% on wholly-owned properties during the COVID-19 pandemic
- Sale of Tesco Chobe completed in July 2019 resulting in the continued repositioning of the property portfolio continuing towards industrial and logistic properties
- Wholly owned property portfolio is 100% let with a weighted average lease expiry ("WALE") of 9,23 years.

Broad Street Mall joint venture¹

- Refinanced debt in the joint venture
- Four major asset management initiatives
 - New cinema and entertainment venue
 - New serviced office and co-working centre
 - New food hall
 - Extended the lease of the main anchor tenant TK Maxx
- Transformation project underway to reposition the Broad Street Mall as a diversified mixed-use property in Reading, a top 20 town in the United Kingdom
 - Hotel development expected to start on site during Q2 FY2021
 - Residential planning consent achieved for the development of 422 flats in the precinct.

Effective balance sheet management

- Loan-to-value ("LTV") improved to 46,2% at year-end
- De-risking of balance sheet by the closing out of £7,5 million of cross-currency interest rate swaps ("CCIRS") and the conversion of £2,5 million loan secured over SA assets into ZAR debt
- Refinanced 100% of the Standard Bank debt with a weighted average margin of 2,08% and a weighted average tenure of 2,45 years
- Refinanced 100% of the UK wholly-owned portfolio debt with HSBC for five years with a weighted average margin of 2,25%
- Entities adhered to interest cover and LTV covenants.

EXECUTIVE SUMMARY

Texton owns 53 properties located in South Africa and the UK. The geographic split of the portfolio by value is 55,9% (2019: 58,5%) in South Africa and 44,1% (2019: 41,5%) in the UK (including our portion of Broad Street Mall). The portfolio in South Africa consists of 76,8% office, 8,6% industrial and 14,6% retail properties. The UK portfolio is made up of 9,6% office, 38,6% industrial and 51,8% retail.

The South African portfolio vacancy increased to 12,7% (2019: 10,8%) with 90,0% (2019: 83,6%) of leases expiring during the year being renewed. The UK portfolio is fully occupied.

KEY FINANCIAL RESULTS

	Year ended 30 June 2020	Year ended 30 June 2019	Change %
Property revenue (R'000)	521 905	558 025	(6,5)
Distributable earnings (R'000)	124 988	268 395	(53,4)
Headline earnings per share (cents)	(23,35)	55,62	(141,9)
Earnings per share (cents)	(37,35)	(153,96)	75,7
Net asset value per share (cents)	584,27	614,05	(4,8)

This short-form announcement is the responsibility of the board and does not include full or complete details. Any investment decision should be based on the abridged summarised consolidated financial results ("full announcement"), which may be downloaded from: <https://senspdf.jse.co.za/documents/2020/jse/isse/TEX/abridged.pdf>

The full announcement is available for inspection at the registered offices of the company at no charge, during office hours, for a period of 30 calendar days following the date of this announcement. The full announcement is also available on the company's website at: <http://www.texton.co.za/company-information/PRESENTATION>

The short-form announcement has not been audited or reviewed by the company's external auditor. The abridged summarised consolidated annual financial results are extracted from the financial statements but is not itself audited. The consolidated financial statements for the year ended 30 June 2020 were audited by SNG GT, who expressed an unmodified opinion thereon. The audited consolidated financial statements for the year ended 30 June 2020 and the auditor's report includes communication of key audit matters. Key audit matters are those matters that, in their professional judgement, were of most significance in their audit of the consolidated financial statements of the current period. The full report is available for inspection at the company's registered office and on the company's website.

The directors take full responsibility for the preparation of these abridged summarised consolidated annual financial results and that the financial information has been correctly extracted from the consolidated financial statements.

The auditor's report does not necessarily report on all of the information contained in these abridged summarised consolidated annual financial results. 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 financial information from the company's registered office or on the company's website.

By order of the board of directors

23 September 2020

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 group" or "the company")

Directors and Prescribed Officers: MAJ Golding (*Non-executive chairman*), 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*), RA Franco* (*Non-executive*), WC van der Vent* (*Independent non-executive*), PM Hack*[§], HSP Welleman*, (*Interim chief executive officer*)

* Executive director

[§] Resigned as chief executive officer and executive director effective 31 March 2020

[§] Resigned as chief financial officer and executive director on 4 December 2019

* Appointed on 29 November 2019

* Appointed as interim chief executive officer on 1 July 2020

[§] Appointed as chief financial officer on 12 June 2020

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

Registered office and business address: Block C, Investment Place, 10th Road Hyde Park, 2196.

Transfer secretaries: Computershare Investor Services Proprietary Limited, 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank

Sponsor: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton, 2196

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

¹ A 50% share in a joint venture with Moorgarth Holdings (Luxembourg) s.a.r.l., a subsidiary of JSE-listed Tradehold Limited.