



# TEXTON

PROPERTY FUND

NOTICE OF ANNUAL  
GENERAL MEETING

for the year ended  
30 JUNE **2020**

# LETTER TO SHAREHOLDERS

Dear Shareholder

## NOTICE OF ANNUAL GENERAL MEETING

I invite and encourage you to attend and vote at the annual general meeting (“AGM”) of Texton Property Fund Limited (“Texton”), which will be held entirely via a remote interactive electronic platform, Microsoft Teams, on Monday, 30 November 2020 at 13:00.

The AGM is an ideal opportunity for shareholders to engage with directors and executive management on the company’s performance and results for the financial year ended 30 June 2020, as well as on strategic and financial matters, including the future direction, goals, objectives and policies (including remuneration and social responsibility) of the company.

As part of our strategy to contain costs, the integrated annual report is mailed only to shareholders who have indicated that they would like to receive it. All the information, however, that you need to make an informed decision on how to vote at the AGM is included in this booklet. The notice is accompanied by explanatory notes setting out the reasons for and the effects of special resolutions to be proposed at the meeting.

If you are unable to attend the AGM, you may vote by proxy in accordance with the instructions in the AGM notice and the form of proxy.

The last date by which you need to be registered as a shareholder in the company’s register for the purposes of being entitled to attend and vote at the AGM is Friday, 20 November 2020 (“the record date”). The last day to trade in Texton shares to be entitled to attend and vote at the meeting is Tuesday, 17 November 2020.

Only shareholders registered to attend the meeting or represented by a valid proxy or letter of representation will be entitled to vote on any matter put to a vote of shareholders.

I look forward to welcoming you to the AGM.

Yours sincerely



**MAJ Golding**  
*Chairperson*

30 October 2020

# NOTICE OF ANNUAL GENERAL MEETING

## TEXTON PROPERTY FUND

**TEXTON PROPERTY FUND LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2005/019302/06)  
Share code: TEX and ISIN: ZAE000190542  
Approved as a REIT by the JSE  
("Texton" or "the company")

### **This document is important and requires your immediate attention.**

If you are in any doubt about what action you should take, consult your broker, central securities depository participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all your shares in the company, please forward this document, together with the enclosed form of proxy, to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Shareholders on the company share register who have dematerialised their shares through STRATE, other than those whose shareholding is recorded in their own name in the sub-register maintained by their CSDP, and who wish to attend the meeting in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with own name registration) entitled to attend and vote at the meeting may appoint one or more proxy or proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

### **NOTICE TO SHAREHOLDERS: ANNUAL GENERAL MEETING ("AGM")**

Notice is hereby given to shareholders as at Friday, 23 October 2020, being the record date to receive notice of the AGM for the year ended 30 June 2020

in terms of section 59(1(a) of the Companies Act of South Africa, 71 of 2008, as amended ("the Companies Act"), that the AGM of shareholders of the company will be held entirely via a remote interactive electronic platform, Microsoft Teams, on Monday, 30 November 2020 at 13:00, or any other adjourned or postponed time determined in accordance with the provisions of sub-sections 64(4) or 64(11)(a)(i) of the Companies Act, to:

- deal with such other business as may lawfully be dealt with at the meeting
- present the directors' report, the annual financial statements and the audit and risk committee report of the company for the year ended 30 June 2020 and transacting any other business as may be transacted at an AGM of shareholders of a company
- provide a verbal report to shareholders from the social and ethics committee of the company for the year ended 30 June 2020 on matters within its mandate in terms of regulation 43(5)(c) of the Companies Act Regulations
- consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listings Requirements ("the JSE Listings Requirements"), which meeting is to be participated in and voted by shareholders as at the voting record date of Friday, 20 November 2020 in terms of section 62(3)(a), read with section 59, of the Companies Act.

### **SECTION 62(3)(E) OF THE COMPANIES ACT**

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy, or two or more proxies, to attend, participate in and vote at the meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein
- a proxy need not be a shareholder of the company.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### SALIENT DATES

The following dates apply to the AGM:

- The record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 23 October 2020.
- The last day to trade in order to be eligible to participate and vote at the AGM is Tuesday, 17 November 2020.
- The record date for shareholders to be recorded in the securities register of Texton in order to be able to attend, participate and vote at the AGM is Friday, 20 November 2020.
- Shareholders are to lodge proxy forms by Thursday, 26 November 2020 at 15:00.
- Shareholders or their duly authorised proxies who wish to participate in the AGM, must register to do so by lodging a completed electronic participation application form by Friday, 27 November 2020 at 15:00.

### PRESENTATION TO THE SHAREHOLDERS

#### Presentation of the financial statements

The audited group and company financial statements (as approved by the board of directors of the company), incorporating the external auditor, audit and risk committee and directors' reports for the year ended 30 June 2020, as approved by the board of directors on 23 September 2020, are presented to the shareholders.

The annual financial statements are contained in the integrated annual report on pages 72 to 160.

#### Social and ethics committee report

The report of the social and ethics committee on the statutory matters within the mandate of the committee is hereby presented to shareholders as required in terms of Companies Regulation 43(5)(c) and has been distributed to shareholders as part of the integrated annual report 2020. Refer to page 69.

### ORDINARY RESOLUTIONS

#### Ordinary resolutions numbers 1 – 7: Rotation, re-election and appointment of directors and audit and risk committee members

The company is satisfied that the composition of the board reflects the appropriate balance of knowledge, skills, experience, competencies in industries and fields relevant to Texton's business operations, diversity and

independence to execute its roles and responsibilities effectively.

The board of directors propose the re-election of these directors, also considering the following additional key criteria:

- Support to new executive directors and board members
- In-depth knowledge of the real estate sector in which the group operates
- An understanding of the complexity of the business operations
- Providing the necessary institutional memory and continuity to Texton
- Experience in international markets.

Profiles of the directors and the remaining members of the board are detailed on pages 52 and 53 of the integrated annual report.

#### *Reason for and effect of ordinary resolutions numbers 1 – 2*

To re-elect the following directors who retire in accordance with the company's memorandum of incorporation ("MOI") and who, all being eligible, offer themselves for re-election.

All retiring directors are eligible and offer themselves for re-election as directors of Texton in accordance with the provisions of Texton's MOI and in terms of section 61(8)(b) of the Companies Act.

As per the MOI, at the AGM held each year, one-third of the directors (excluding the chief finance officer), shall retire from office.

The directors to retire at each AGM shall be those who have been longest in office since their last election, for which purposes the length of time a director has been in office shall be computed from the date of his/her last election. Any director holding office for an aggregate period in excess of 9 (nine) years since his/her first election or appointment, shall retire from office at such a general meeting (notwithstanding that he/she may have retired from office at the previous AGM).

The majority of Texton's non-executive directors are independent. The board of directors applied the independence recommendations as part of the King IV practices and the nominations and remuneration committee followed a robust process to determine this classification.

Approximately one-third of the directors have within the last 12 months been refreshed and new directors add valuable property-specific sector knowledge and are able to appropriately challenge the current practices for improvement.

## 1. Ordinary resolution number 1

### Re-election of Mr MAJ Golding as a non-executive director

"It is hereby resolved that the re-election of Mr MAJ Golding, who retires as a non-executive director of the company by rotation, in accordance with the company's MOI, and being eligible, offers himself for reappointment in this capacity, be and is hereby approved."

In order for this ordinary resolution number 1 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

## 2. Ordinary resolution number 2

### Re-election of Mr JR Macey as an independent non-executive director

"It is hereby resolved that the re-election of Mr JR Macey, who retires as a non-executive director of the company by rotation, in accordance with the company's MOI, and being eligible, offers himself for reappointment in this capacity, be and is hereby approved."

In order for this ordinary resolution number 2 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

### Ordinary resolutions numbers 3 – 4

Confirmation of appointment of non-executive directors.

#### *Reason for and effect of ordinary resolutions numbers 3 – 4*

Mr WC van der Vent and Mr RA Franco were appointed after the last AGM. In accordance with the company's MOI, directors appointed during the year shall retain office until the next AGM of the company, during which meeting they must be confirmed by the shareholders. The company wishes to propose that the appointment of Mr WC van der Vent and Mr RA Franco as directors of the company be confirmed.

## 3. Ordinary resolution number 3

### Election of Mr RA Franco as a non-executive director

"It is hereby resolved that Mr RA Franco's appointment as a non-executive director be confirmed, in accordance with the company's MOI."

In order for this ordinary resolution number 3 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

## 4. Ordinary resolution number 4

### Election of Mr WC van der Vent as an independent non-executive director

"It is hereby resolved that Mr WC van der Vent's appointment as a non-executive director be confirmed, in accordance with the company's MOI."

In order for this ordinary resolution number 4 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

### Ordinary resolutions number 5 – 7

Election of audit and risk committee members.

## 5. Ordinary resolution number 5

### Re-election of Mr JR Macey as a member and chairperson of the audit and risk committee

"It is hereby resolved that Mr JR Macey be and is hereby re-elected as a member and the chairperson of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

In order for this ordinary resolution number 5 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

## 6. Ordinary resolution number 6

### Election of Ms S Thomas as a member of the audit and risk committee

"It is hereby resolved that Ms S Thomas be and is hereby elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

In order for this ordinary resolution number 6 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 7. Ordinary resolution number 7

#### **Election of Mr AJ Hannington as a member of the audit and risk committee**

"It is hereby resolved that Mr AJ Hannington be and is hereby elected as a member of the audit and risk committee, with immediate effect, in terms of section 94(2) of the Companies Act."

In order for this ordinary resolution number 7 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

### 8. Ordinary resolution number 8

#### **Reappointment of the independent external auditor**

*Reason for and effect of ordinary resolution number 8*

To authorise the directors to appoint SNG Grant Thornton as the independent registered auditor of the company who will undertake the audit of the company for the ensuing year, with Ms Priya Amrathlall as the individual designated auditor of the company.

The audit and risk committee has evaluated the independence and performance and recommended SNG Grant Thornton for reappointment as auditor of the company under section 90 of the Companies Act. Furthermore, the audit and risk committee has, in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements, considered and satisfied itself that SNG Grant Thornton is accredited to appear on the JSE list of auditors and advisers, in compliance with section 22 of the JSE Listings Requirements.

"It is hereby resolved that SNG Grant Thornton (with the designated registered auditor, P Amrathlall) be and is hereby reappointed as auditor of the company for its financial year to end on 30 June 2021 and that their appointment be of full force and effect until the conclusion of the company's next AGM."

In order for this ordinary resolution number 8 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

### 9. Ordinary resolution number 9

#### **General authority to issue shares, and to sell treasury shares, for cash**

*Reason for and effect of ordinary resolution number 9*

In terms of the company's MOI, read with the JSE Listings Requirements, the shareholders of the company

may authorise the directors to, *inter alia*, issue any unissued shares and/or grant options over them as the directors in their discretion think fit.

The board has decided to seek annual renewal of its authority in accordance with best practice.

The directors have no current plans to make use of this authority but wish to ensure by having it in place that the company has the necessary flexibility in managing the company's capital resources and to enable the company to take advantage of any business opportunity that may arise in future.

"It is hereby resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act and the JSE Listings Requirements, the directors of the company be and are hereby authorised until this authority lapses at the next AGM, provided that this authority shall not extend beyond 15 months from the date of passing of this ordinary resolution, to allot and issue shares of the company for cash subject to the following conditions:

- The shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue
- The allotment and issue of shares for cash shall be made only to persons qualifying as "public shareholders", as defined in the JSE Listings Requirements, and not to "related parties"
- Shares which are the subject of general issues for cash shall not exceed 18 803 338 shares, being approximately 5% of the company's issued shares as at the date of this notice of AGM, provided that:
  - any shares issued under this authority, prior to this authority lapsing, shall be deducted from the 18 803 338 shares the company is authorised to issue in terms of this authority
  - in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio.
- The maximum discount at which shares may be issued is 5% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares

- The company will publish an announcement after the company has issued shares in terms of this general authority to issue shares for cash representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue.”

In order for this ordinary resolution number 9 to be adopted, the support of more than 75% of the total votes exercisable by shareholders present in person or by proxy, is required.

## 10. Ordinary resolution number 10

### Approval of the Texton Property Fund Limited Conditional Share Plan (“CSP”)

*Reason for and effect of ordinary resolution number 10*

Texton does not have a long-term incentive plan to attract, retain and incentivise employees, prescribed officers and executive directors. The proposed CSP will primarily be used as an incentive to participants to deliver the group’s business strategy over the long term. The intent of the CSP is to incentivise, motivate and retain select employees through the award of performance shares, the vesting of which is subject to the satisfaction of performance conditions and continued employment over the vesting period and retention shares, the vesting of which is subject to continued employment over the vesting period. The CSP will provide participants with the opportunity to share in the success of the company and provides direct alignment between participants and shareholders.

The extent and nature of performance conditions applicable to CSP awards will be approved by the nominations and remuneration committee (“NRC”) annually and specifically included in the award letter to participants. The employment condition applicable to all share awards is the requirement for continued employment of the participant by any employer company within the group for the duration of a three years from the award date.

Salient features of the Texton CSP are included on pages 13 to 16 of this notice.

“It is hereby resolved that the Texton Conditional Share Plan 2020 rules of the company, the rules of which will be tabled at the AGM and initialled by the chairperson of the AGM for purposes of identification, be and are hereby approved.”

In order for this ordinary resolution number 10 to be adopted, the support of more than 75% of the total votes exercisable by shareholders present or by proxy, is required.

## 11. Ordinary resolutions numbers 11.1 – 11.2

### Reason for and effect of ordinary resolutions numbers 11.1 – 11.2

*Non-binding advisory vote: Remuneration policy and remuneration implementation report*

In terms of section 3.84(k) of the JSE Listings Requirements and in accordance with the principles of King IV, the remuneration policy and implementation report must be tabled every year for separate non-binding advisory votes. These votes enable shareholders to endorse the remuneration policy adopted for executive directors and its implementation. The advisory vote is of a non-binding nature only and therefore failure to pass this resolution will not have any legal consequences for existing arrangements. The board will, however, take cognisance of the outcome of the vote when considering the company’s remuneration policy and remuneration of executive directors.

The remuneration report further records the measures the board commits to take in the event that either the remuneration policy or implementation report, or both, are voted against by 25% or more of the votes exercised.

The company’s remuneration policy and the implementation report thereof as further detailed on pages 62 to 68 of the integrated annual report.

#### 11.1 Approval of the remuneration policy

“It is hereby resolved that the remuneration policy be and is hereby endorsed by way of a non-binding advisory vote, as required by 3.84(k) of the JSE Listings Requirements.”

#### 11.2 Approval of the remuneration implementation report

“It is hereby resolved that the remuneration implementation report be and is hereby endorsed by way of a non-binding advisory vote, as required by 3.84(k) of the JSE Listings Requirements.”

In order for ordinary resolutions numbers 11.1 and 11.2 to be adopted, the support of more than 50% of the total votes exercisable by shareholders present in person or by proxy, is required.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 12. Special resolution number 1

#### Non-executive directors' remuneration

##### *Reason for and effect of special resolution number 1*

In terms of sections 66(8) and (9) of the Companies Act, the company is required to obtain approval of shareholders by way of special resolution to remunerate its non-executive directors for services rendered during the next 2 (two) years.

Directors' fees were approved at the AGM held on 21 November 2019 and are applicable for the financial period ending 30 June 2020.

The fees comprise an annual fee which takes cognisance of the responsibilities of the non-executive directors throughout the year and a meeting attendance fee.

The board, on the recommendation of the nominations and remuneration committee, has proposed to simplify

the structure of non-executive directors' remuneration to a fixed fee basis.

The remuneration proposed is considered to be fair and reasonable and in the best interests of the company. The fixed fee structure for non-executive directors is also consistently applied with the majority of real estate investment trusts.

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act, as read with section 65(11)(h) and subject to the provisions of the company's MOI and the JSE Listings Requirements in force from time to time, that the company be and is hereby authorised to pay remuneration to its non-executive directors each by way of a separate vote for their service as directors, and that the board of directors of the company be and is hereby authorised to determine the basis for such compensation as follows:

Role	Approved fees for 2020 financial year		Proposed fixed fees per annum 2021 <sup>®</sup> Rand	Proposed fixed fees per annum 2022 <sup>#</sup> Rand
	Annual fixed fee Rand	Annual attendance fee Rand		
Chairperson of the board of directors	125 000	31 250	350 000	364 000
Lead independent director	75 000	18 750	300 000	312 000
Member of the board of directors	50 000	12 500	225 000	234 000
Chairperson of a board committee	50 000	12 500	50 000	52 000
Member of a board committee	25 000	6 250	25 000	26 000
<i>Ad hoc</i> meeting fee	Not applicable	3 150	Not applicable	Not applicable

<sup>®</sup> The proposed fee for the 2021 financial year will be capped at R1 977 021 and represents a saving of approximately 13% against the current approved non-executive director remuneration structure.

<sup>#</sup> The 2022 financial year fees are capped at a 4% increase against the proposed 2021 financial year fees.

In order for this special resolution number 1 to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

### 13. Special resolution number 2

#### Authority to repurchase ordinary shares

##### *Reason for and effect of special resolution number 2*

The reason for special resolution number 2 is to grant the board a general authority in terms of section 48(8) of the Companies Act and the JSE Listings Requirements, up to and including the date of the following AGM of the company, to approve the acquisition by the company of its own shares, or to permit a subsidiary of the company or any trust controlled by the company to acquire shares in the company. The directors require this general authority in order to facilitate the repurchase of the company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the company and its shareholders.

"It is hereby resolved that the company or any of its subsidiaries be and are hereby authorised, by way of a general authority, to acquire ordinary shares issued by the company, in terms of sections 46 and 48 of the Companies Act, the company's MOI and subject to the following provisions of the JSE Listings Requirements:

- Any such acquisition of ordinary shares shall be implemented on the open order book of the JSE and without any prior arrangement between the company and the counterparty
- This general authority shall be valid until the company's next AGM, provided that it shall not extend beyond 15 months from the date of registration of this special resolution
- An announcement will be published as soon as the company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the granting of the repurchase authority and pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions
- Acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% of the company's issued ordinary shares in issue and a maximum of 10% in the aggregate of the company's issued ordinary shares may be repurchased in terms of the Companies Act, by the subsidiaries of the company, at the date of passing of this special resolution
- In determining the price at which ordinary shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE over the five business days immediately preceding the date of repurchase of such ordinary shares
- The company (or any subsidiary) is duly authorised by its MOI to acquire shares it has issued
- At any point in time, the company may only appoint one agent to effect any repurchase of shares on its behalf
- The board must resolve to authorise the acquisition, the company and its subsidiaries have passed the solvency and liquidity test as set out in section 4 of the Companies Act and that, from the time that test was performed, there have been no material changes to the financial position of the group

- Repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements), unless a repurchase programme is in place, in terms of which the dates and quantities of securities to be traded during the relevant period are fixed, and full details of the programme have been disclosed in writing to the JSE, prior to the commencement of the prohibited period."

For the purpose of considering special resolution number 2, and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the company's annual financial statements, of which this notice of AGM forms part, at the places indicated below:

- Major shareholders – refer to page 164 of the annual financial statements
- Share capital of the company – refer to page 109 of the annual financial statements.

#### **Statement of the board's intention**

The directors of the company have no specific intention to effect the provisions of this special resolution but will continually review the company's position. Any consideration to effect the provisions of the special resolution will take into account the prevailing circumstances and market conditions.

#### **Statement of the directors**

As at the date of this notice, the company's directors undertake that, having considered the effect of repurchasing the maximum number of shares (as contemplated in special resolution number 2), they will not implement any such repurchase unless:

- the company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months following the date of the general repurchase
- the assets of the company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the company and the group for a period of 12 months following the date of the general repurchase
- the share capital and reserves of the company and the group are adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- the available working capital is adequate to continue the ordinary business purposes of the company and the group for a period of 12 months following the date of the general repurchase.

### Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries between 30 June 2020 (being the last financial year-end) and the date of this notice.

### 14. Special Resolution number 3

#### Specific authority to repurchase shares from the Texton Property Fund Share Incentive Scheme Trust ("treasury shares")

##### *Reason for and effect of special resolution number 3*

To grant the directors the specific authority in terms of the JSE Listings Requirements and the Companies Act, 2008, to approve the purchase by the company of 10 428 348 ordinary shares held by the Texton Property Fund Share Incentive Scheme Trust ("Share Trust"), on the terms set out in the resolution.

The Share Trust was established with the intention to promote stable and settled terms and conditions of employment for employees of Texton and to operate as an incentive to remain with the company and render services to their respective employers over the long term.

The Share Trust has purchased Texton Shares on the open market in 2014 ("Share Trust Shares") and currently holds 10 428 348 Texton Shares at an average price of R11,22 in treasury ("Treasury Shares").

The Share Trust has no current participants and the based on the rules of the Share Trust no further awards can be made after the fifth anniversary of the start of the Trust. The Share Trust needs to be wound down and as the company is the ultimate beneficiary of the shares, it wishes to repurchase the Share Trust Shares and cancel these shares.

There are currently no share options outstanding.

#### Repurchase price and financial effects

The specific repurchase will be performed at a price determined to be an amount equal to the volume weighted average traded price measured over the

30 business days prior to the day approval is received from the JSE confirming such cancellation and that such shares will be delisted from the main board of the JSE.

The specific repurchase will have no financial effect on the company or its shareholders other than in respect of transaction costs incurred in transactions of this nature, which may include securities transfer tax, brokers' fees, JSE inspection fees and STRATE settlement fees.

As this repurchase is intra-group there will be no cash outflow from the group for the specific repurchase.

Application will be made to the JSE for the delisting of the shares once they have been repurchased and the special resolution relating thereto will be filed with the Companies and Intellectual Property Commission.

In terms of the JSE Listings Requirements and the provisions of the Companies Act, 2008, the Texton Property Fund Share Incentive Scheme Trust will be excluded from voting on this special resolution.

"Resolved that the company be authorised, by way of a specific authority, to purchase, in accordance with the Companies Act, 2008, the JSE Listings Requirements and the company's memorandum of incorporations, 10 428 348 ordinary shares held by the Texton Property Fund Share Incentive Scheme Trust, at a price determined to be an amount equal to the volume weighted average traded price measured over the 30 business days prior to the day approval is received from the JSE confirming the cancellation of such shares and confirming that such shares will be delisted from the main board of the JSE."

The directors of the company are of the opinion that, after considering the effect of the specific repurchase:

- the company and the group will be able, in the ordinary course of business, to pay its debt for a period of 12 months after the date of approval of the special resolution;
- the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the approval of the special resolution. For this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the audited annual financial statements of the group for the financial year ended 30 June 2020;

- the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the special resolution;
- the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the approval of the special resolution;
- after having applied the solvency and liquidity test set out in section 4 of the Companies Act, 2008, that the company and its subsidiaries have satisfied the solvency and liquidity test and that since the test was performed, there have been no material changes to the financial position of the group, and that the provisions of section 48 of the Companies Act, 2008, have been complied with; and
- the company and/or its subsidiaries are not repurchasing any such shares during a prohibited period as defined by the JSE Listings Requirements

**Major beneficial shareholders**

Insofar as is known to the company, the name of any shareholder other than a director, that directly or indirectly has a beneficial interest in 3% or more of a class of securities issued by the company is disclosed on page 164 of the integrated annual report.

**Share capital**

The table below sets out the issued and authorised issued share capital of the company before and after the specific repurchase.

	Before the specific repurchase	After the specific repurchase
Authorised ordinary shares	2 000 000 000	2 000 000 000
Issued ordinary shares	376 066 766 ordinary shares of one cent each	365 638 418 ordinary shares of one cent each
Treasury shares	26 672 213 ordinary shares of one cent each	16 243 865 ordinary shares of one cent each
Shares held by the Trust	10 428 348	Nil

**Financial effects**

The repurchase of the shares will not have any effect on earnings per share or headline earnings per share. The repurchase of the shares will be effected from within the group, and the source of funds will be from capital profits.

**Litigation statement**

The directors are not aware of any proceedings that are pending or threatened, of which the issuer is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

**Directors interest in ordinary shares**

The direct and indirect beneficial interests of the director's (and their associates), holdings in the share capital of Texton are disclosed on page 61 of the annual financial statements.

**Directors' responsibility statement**

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

**Material changes**

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries that has occurred since 30 June 2020.

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 15. Special resolution number 4

#### General approval for financial assistance in terms of section 44 of the Companies Act

##### *Reason for and effect of special resolution number 4*

The purpose of this special resolution number 4 is to grant the board the authority to authorise the company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the company or a related or inter-related company.

"It is hereby resolved that, subject to the company's MOI and subject to the requirements of the Companies Act, the board of directors of the company may authorise the company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act, by way of loans, guarantees, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, such authority to endure for a period of not more than two years
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the company's share or other employee incentive schemes, or to the employee incentive scheme itself, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act, such authority to endure until the next AGM of the company."

In order for this special resolution number 4 to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

#### Solvency and liquidity statement

Subject to compliance with the JSE Listings Requirements, the directors confirm that the company will not enter into a transaction in terms of special resolution number 4 unless they are satisfied that:

- Texton will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the date on which the test is considered
- The assets of company, as fairly valued, will equal or exceed the liabilities of the company, as fairly valued, immediately after providing the financial assistance.

### 16. Special resolution number 5

#### General approval for financial assistance in terms of section 45 of the Companies Act

##### *Reason for and effect of special resolution number 5*

The company requires the ability to provide financial assistance, in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the company's subsidiaries and other related and inter-related companies and parties have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of the shareholders, as set out in special resolution number 5. Therefore, the reason for, and effect of, special resolution number 5 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 4 above.

"It is hereby resolved that, subject to the company's MOI and subject to the requirements of the Companies Act, the board of directors of the company may authorise the company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act, by way of loans, guarantees, the provision of security or otherwise to any of its present or

future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company.”

In order for this special resolution number 5 to be adopted, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

## 17. Special resolution number 6

### Amendments to the company's MOI

*Reason for and effect of special resolution number 6*

Current MOI clause	Proposed change	Explanation
The financial year end of the Company is 30 June	The financial year end of the Company is 30 June and may be changed by the Board in accordance with section 27 (4) of the Companies Act, 71 of 2008. The executive director finance, must ensure that the Company has also complied with 8.13 and 8.59 of the Listings Requirements.	It is proposed to amend the clause as permitted by the Companies Act, 71 of 2008 and the JSE Listings Requirements.

“It is hereby resolved that the above amendment be made to the company's MOI.”

## 18. Ordinary resolution number 12

### Implementation of resolutions

“It is hereby resolved that any director and/or the secretary of the company be and is hereby authorised to do all such things, sign all such documents and take all actions as may be necessary to implement the above ordinary and special resolutions.”

In order for this ordinary resolution number 12 to be adopted, the support of at least 50% of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

## 19. Voting procedures and electronic participation

- 19.1. On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting, the shareholder entitled to more than one vote need not, if he/she votes, use all of his/her votes, or cast all the votes he/she uses in the same way.
- 19.2. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own name registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:
  - 19.2.1. to furnish them with their voting instructions,
  - 19.2.2. or in the event that they wish to attend the AGM, to obtain the necessary letter of representation to do so.

## **NOTICE OF ANNUAL GENERAL MEETING** CONTINUED

- 19.3. Shareholders wishing to participate electronically in the AGM are required to deliver written notice to the company at Block C, Investment Place, 10th Road, Hyde Park (marked for the attention of the chief financial officer), by no later than 14:00 on Thursday, 26 November 2020, that they wish to participate via electronic communication at the AGM ("the electronic notice").
- 19.4. In order for the electronic notice to be valid, it must contain:
- if the shareholder is an individual, a certified copy of his/her identity document and/or passport
  - if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication
  - a valid email address and/or facsimile number ("the contact address/number").
- 19.5. The company shall use its reasonable endeavours to notify a shareholder at its contact address/number who has delivered a valid electronic notice of the relevant details through which the shareholder can participate via electronic participation.

### **20. Proxies**

- 20.1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the shareholder.
- A proxy need not also be a shareholder of the company.
- 20.2. Shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that, for ease of administration, proxy forms be forwarded so as to reach the transfer secretaries no later than 15:00 on Thursday, 26 November 2020. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration, and who are entitled to attend and vote at the AGM, do not deliver proxy forms to the transfer secretaries by 15:00 on Thursday, 26 November 2020, shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM, in accordance with the instructions therein with the chairperson of the AGM. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration.

By order of the board



**Motif Capital Partners**  
*Company secretary*

30 October 2020

# TEXTON PROPERTY FUND CONDITIONAL SHARE PLAN ("CSP") SALIENT FEATURES

## BACKGROUND

The board (on recommendation of the nominations and remuneration committee) approved the implementation of the Texton Conditional Share Plan 2020 on 16 September 2020.

Giving thoughtful assessment to shareholder feedback that was provided in relation to Texton's 2018 and 2019 remuneration policy and with the assistance of independent remuneration specialists, the nominations and remuneration committee reviewed current market incentive and retention schemes and recommended the CSP as Texton's long-term incentives in the context of market practice.

## PURPOSE

The CSP will primarily be used as an incentive to participants to deliver the group's business strategy over the long term.

The intent of the CSP is to incentivise, motivate and retain select employees through the award of performance shares, the vesting of which is subject to the satisfaction of performance conditions and continued employment over the vesting period and retention shares, the vesting of which is subject to continued employment over the vesting period. The CSP will provide participants with the opportunity to share in the success of the company and provides direct alignment between participants and shareholders.

The extent and nature of performance conditions applicable to CSP awards will be approved by the nominations and remuneration committee ("NRC") annually and specifically included in the award letter to participants. The employment condition applicable to all share awards is the requirement for continued employment of the participant by any employer company within the group for the duration of three years from the award date.

## Pay mix and award components

The award components were designed to yield the following pay mix of:

- Base pay plus benefits, short-term incentives and long-term incentives.

The CSP will be used to make awards as follows:

- Awards of performance shares, the vesting of which is subject to the satisfaction of performance conditions and continued employment for the vesting period in line with Texton's approach to performance-related incentives
- Awards of retention shares, the vesting of which is subject to the satisfaction of continued employment for the vesting period.

## PARTICIPANTS

It is envisaged that participation in the CSP will be limited to executives, senior management and other key employees and will exclude non-executive directors. Final discretion regarding participation will remain with the NRC. Participation in the CSP is not a condition of employment.

To be considered for participation, an employee must have been employed by the group for a minimum period of 12 months (unless exceptional circumstances apply) and have achieved an above-average performance rating as part of the annual performance appraisal process.

## RIGHTS OF PARTICIPANTS

Participants will not be entitled to any shareholder rights before the settlement of the shares. This will only take place after vesting of the awards. From settlement date, participants will have all shareholder rights, including dividend and voting rights, with regard to the settled shares.

## BASIS OF AWARDS AND AWARD LEVELS

Award levels for performance shares and/or retention shares will be determined by the NRC each time awards are granted, by taking into account the particular circumstances at that time and will primarily be based on the participant's annual salary, grade, retention or recruitment requirements and market benchmarks.

It is envisaged that the retention share component of the award would not exceed 35% of the total award, with the remainder being performance shares.

# TEXTON PROPERTY FUND CONDITIONAL SHARE PLAN

## SALIENT FEATURES CONTINUED

Annual awards will be benchmarked and set to a market-related level of remuneration while considering the overall affordability thereof to the company.

### PERFORMANCE HURDLES

The extent and nature of performance conditions applicable will be approved by the NRC annually and specifically included in the award letter to participants.

Performance targets include financial metrics, individual key performance indicators and Texton's corporate objectives.

Awards may be settled by:

- issue of new shares
- using treasury shares
- subscription of new shares
- purchasing shares in the market.

The intended mix between performance shares and retention shares for the executive directors for the first award is set out below:

Grade	Performance shares %	Retention shares %
Employee	65	35

### PERFORMANCE CONDITIONS AND VESTING

The extent and nature of performance conditions applicable will be approved by the NRC annually and specifically included in the award letter to participants. Retention shares will not be subject to performance conditions, due to their inherent nature as retention instruments, but will be subject to the employment condition, which requires continued employment of the participant by any employer company for the duration of the employment period.

Further details on performance conditions:

#### Financial measures – 75%

Performance condition	Description	Weighting
<b>Distribution per share (“DPS”) growth (relative measure)</b> DPS growth measured relative to the SA Listed Property Index (adjusted for any anomalies) or comparable index	Threshold: 0% outperformance On-target: 5% outperformance Stretch: 10% outperformance	20%
<b>DPS growth (absolute measure)</b> DPS growth measured against South African Consumer Price Index (“CPI”) + margin	Threshold: CPI On-target: CPI + 1,00% Stretch: CPI + 2,00%	20%
<b>Net asset value (“NAV”)</b> NAV growth measured against weighted United Kingdom and South Africa CPI + margin	Threshold: CPI On-target: CPI + 1,00% Stretch: CPI + 2,00%	30%
<b>Loan-to-value ratio</b>	Threshold: 45% On-target: 40 – 45% Stretch: Less than 40%	30%

The NRC will be responsible for determining an appropriate margin relative to CPI taking account of prevailing market conditions, independent forecasts and external advice where necessary.

## Non-financial measures – 25%

Performance condition	Weighting
<b>Strategy development</b> Determining strategy and providing strategic guidance throughout the group	20%
<b>Performance planning</b> Implementing an expansion strategy in accordance with the company's five-year strategic plan	10%
<b>Digital</b> Implementing the group's operations strategy including the development and execution of the digital and technology strategy	10%
<b>Corporate governance</b> Ensuring good corporate governance is entrenched throughout the group	20%
<b>Stakeholder management</b> Ensuring that financial reporting and shareholder communication are carried out in a transparent, accurate, concise and timely manner	20%
<b>Sustainability</b> Implementing sustainable practices such as energy efficiency, renewable energy generation, rainwater harvesting and storm water management and conservation  Maintaining and retaining, a committed and motivated workforce	20%

## LIMITS AND ADJUSTMENTS

### Overall company limit

The aggregate number of shares which may be settled in respect of this CSP to all participants will not exceed 18 803 338 (eighteen million eight hundred and three thousand three hundred and thirty eight) shares, which represents approximately 5% of the number of issued shares as at the date of adoption of the CSP.

### Individual limit

The maximum number of shares which may be settled to any single participant in terms of this CSP will not exceed 5 641 000 (five million six hundred and forty one thousand) shares, which represents approximately 1,5% of the number of issued shares as at the date of approval of the CSP by shareholders.

### Adjustments related to CSP limits

The NRC must, where required, adjust the company limit and individual limit (without the prior approval of shareholders in an AGM).

## TERMINATION OF EMPLOYMENT

Participants terminating employment due to resignation or dismissal on grounds of misconduct, poor performance, dishonest behaviour or fraudulent conduct, or on the basis of abscondment, will forfeit all unvested awards.

For those participants terminating employment due to death, retirement, retrenchment, ill-health, disability, injury, the sale of a subsidiary company, a *pro rata* portion of the participant's unvested award(s) shall early vest on the date of termination of employment to the extent to which the NRC determines that the performance conditions (if any) have been met.

The portion of the shares that will vest will reflect the number of complete months served since the award date to the date of termination of employment, over the total number of months in the employment period. The NRC may exercise discretion and allow a retired participant to continue participation in the CSP until the vesting of his/her awards.

## **TEXTON PROPERTY FUND CONDITIONAL SHARE PLAN**

### **SALIENT FEATURES** CONTINUED

#### **CHANGE OF CONTROL**

In the event of a change of control of the company occurring before the vesting date of any award, a portion of the award held by a participant will vest as soon as reasonably practicable thereafter.

The NRC may also vary the performance conditions relating to performance shares.

#### **VARIATION OF SHARE CAPITAL**

In the event of a variation in share capital, participants shall continue to participate in the CSP.

The NRC may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to provide that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

The issuing of shares as consideration for an acquisition, and the issuing of shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the awards.

#### **MALUS AND CLAWBACK PROVISIONS**

Malus and clawback provisions are in terms of the company's policy and will be set out in the award letter. Malus provisions apply before awards or remuneration have vested or have been paid to an employee, while clawback provisions apply to awards or remuneration that have already vested or been paid to an employee. All malus and clawback provisions are in line with emerging best practice.

#### **AMENDMENTS**

The NRC may alter or vary the rules of the CSP as it sees fit. The following provisions of the CSP, however, may not be amended without the prior approval of the JSE and an ordinary resolution by 75% of shareholders.

It is proposed that, subject to the shareholders' approval, the plan be implemented with effect from 1 December 2020. The full rules of the plan are available on request from the company secretary.

#### **POLICY CHANGES**

Any proposed changes to the existing remuneration policy will be disclosed, clearly defined and approved by shareholders in advance.

# FORM OF PROXY

# TEXTON

PROPERTY FUND

**TEXTON PROPERTY FUND LIMITED**  
 (Incorporated in the Republic of South Africa)  
 (Registration number: 2005/019302/06)  
 Share code: TEX and ISIN: ZAE000190542  
 Approved as a REIT by the JSE  
 ("Texton" or "the company")

**To be completed by registered dematerialised shareholders with own name registration only.**

For use in respect of the annual general meeting ("AGM") to be held electronically on Monday, 30 November 2020 at 13:00.

Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the AGM or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We \_\_\_\_\_

(full names in block letters) \_\_\_\_\_

of address \_\_\_\_\_

Telephone (work) \_\_\_\_\_

Telephone (home) \_\_\_\_\_

Email address \_\_\_\_\_

Being the holders of \_\_\_\_\_ shares in the company, appoint (see note 1);

\_\_\_\_\_ Or failing him/her;

\_\_\_\_\_ Or failing him/her;

\_\_\_\_\_ the chairperson of the AGM,

as my/our proxy to act on my/our behalf at the AGM which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions or to abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one per ordinary share)		
	For	Against	Abstain
<b>Ordinary resolution number 1:</b> Re-election of Mr MAJ Golding as a non-executive director			
<b>Ordinary resolution number 2:</b> Re-election of Mr JR Macey as a non-executive director			
<b>Ordinary resolution number 3:</b> Confirmation of appointment of Mr RA Franco as a non-executive director			
<b>Ordinary resolution number 4:</b> Confirmation of appointment of Mr WC van der Vent as a non-executive director			
<b>Ordinary resolution number 5:</b> Re-election of Mr JR Macey as a member and chairperson of the audit and risk committee			

**FORM OF PROXY** CONTINUED

	Number of votes (one per ordinary share)		
	For	Against	Abstain
<b>Ordinary resolution number 6:</b> Election of Ms S Thomas as a member of the audit and risk committee			
<b>Ordinary resolution number 7:</b> Election of Mr AJ Hannington as a member of the audit and risk committee			
<b>Ordinary resolution number 8:</b> Reappointment of the auditor			
<b>Ordinary resolution number 9:</b> General authority to issue shares for cash			
<b>Ordinary resolution number 10:</b> Approval of the Texton Conditional Share Plan			
<b>Ordinary resolution number 11:</b> <b>Non-binding advisory vote 11.1:</b> Approval of the remuneration policy			
<b>Ordinary resolution number 11:</b> <b>Non-binding advisory vote 11.2:</b> Approval of the remuneration implementation report			
<b>Special resolution number 1:</b> Approval of non-executive directors' remuneration for the 2021 and 2022 financial years			
<b>Special resolution number 2:</b> Authority to repurchase ordinary shares			
<b>Special resolution number 3:</b> Authority for specific repurchase of treasury shares			
<b>Special resolution number 4:</b> Financial assistance in terms of section 44 of the Companies Act			
<b>Special resolution number 5:</b> Financial assistance in terms of section 45 of the Companies Act			
<b>Special resolution number 6:</b> Amendments to the company's memorandum of incorporation			
<b>Ordinary resolution number 12:</b> Implementation of resolutions			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and, on a poll, vote in place of that shareholder at the AGM.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2020

Signature \_\_\_\_\_

Capacity \_\_\_\_\_

**Read notes on the next page.**

# NOTES TO THE FORM OF PROXY

1. A shareholder may insert the name of a proxy, or the names of two alternate proxies of the shareholder's choice, in the space(s) provided, with or without deleting "the chairperson of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by means of an X in the appropriate box provided. If, however, a shareholder wishes to cast a vote in respect of a lesser number of shares than he/she owns in the company, he/she should insert the number of shares held in respect of which he/she wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable at the AGM. A shareholder is not obliged to exercise all of his/her votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the shareholder.
3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereto to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
4. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes provided that, in respect of acceptances, he/she is satisfied as to the manner in which the member(s) concerned wish(es) to vote.
5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the AGM, or the shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or Computershare Investor Services Proprietary Limited or waived by the chairperson of the AGM.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/ her capacity are produced or have been registered by Computershare Investor Services Proprietary Limited.
9. Where there are joint holders of shares:
  - any one holder may sign the form of proxy
  - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the company's register of members, will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
10. The forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, posted to PO Box 61051, Marshalltown 2107 or emailed to proxy@computershare.co.za so as to be received by not later than 48 hours prior to the meeting for administrative purposes. Any forms of proxy not lodged by this time may still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting. Alternatively, the form of proxy may be handed to the chairperson of the AGM, at the AGM, prior to the commencement of the AGM.
11. A member may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy
  - delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of
    - the date stated in the written notice, if any, or
    - the date on which the revocation instrument was delivered in the required manner.
12. If the instrument appointing a proxy or proxies has been delivered to the company, any notice that is required by the Companies Act, 71 of 2008, or the MOI, to be delivered by the company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the company to:
  - the shareholder, or
  - the proxy or proxies of the shareholder who must direct the company to do so, in writing, and pay any reasonable fee charged by the company for doing so.

# SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT, 71 OF 2008 ("THE ACT")

## For purposes of this summary, shareholder shall have the meaning ascribed thereto in the Act

1. At any time a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to:
  - participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder
  - (b) give or withhold written consent on behalf of such shareholder in relation to a decision contemplated in section 60 of the Act.
2. A proxy appointment:
  - must be in writing, dated and signed by the relevant shareholder
  - remains valid for:
    - one year after the date upon which the proxy was signed, or
    - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the MOI of a company provides otherwise:
  - a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one person concurrently as proxies, and may appoint one or more than one proxy to exercise voting rights attached to different securities held by the shareholder
  - ia proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy
  - a copy of the instrument appointing the proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
5. Irrespective of the form of instrument used to appoint a proxy:
  - unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable
  - if the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by:
    - cancelling it in writing, or making a later inconsistent appointment of a proxy
    - delivering a copy of the revocation instrument to the proxy and to the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
  - the date stated in the revocation instrument, if any, or
  - the date upon which the revocation instrument was delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by the Act or the company's MOI to be delivered by the company to the shareholder, must be delivered by the company to:
  - the shareholder, or
  - to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy, provides otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:
  - the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised
  - the invitation, or form of instrument supplied by the relevant company, must:
    - bear a reasonably prominent summary of the rights established in section 58 of the Act
    - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder
    - provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting
  - the company must not require that the proxy appointment be made irrevocable
  - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

# APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

**TEXTON**  
PROPERTY FUND

**TEXTON PROPERTY FUND LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 2005/019302/06)  
Share code: TEX and ISIN: ZAE000190542  
Approved as a REIT by the JSE  
("Texton" or "the company")

## ANNUAL GENERAL MEETING – 30 NOVEMBER 2020 ("AGM")

Capitalised terms which are not defined herein shall bear the meanings assigned in the notice of AGM (the "AGM notice") to which this form is attached and forms part.

### INSTRUCTIONS

Shareholders or their proxies, have the right, as provided for in the company's MOI and the Companies Act, to participate in the AGM by way of electronic communication.

Shareholders or their duly appointed proxies who wish to participate in the AGM must complete this application form and email it (together with the relevant supporting documents referred to below) to the company's transfer secretaries at [proxy@computershare.co.za](mailto:proxy@computershare.co.za) (and to the company at [secretarial@texton.co.za](mailto:secretarial@texton.co.za)) as soon as possible, but in any event by no later than 15:00 on Thursday, 26 November 2020.

Upon receiving a completed electronic participation application form, the company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The company's transfer secretaries will provide the company with the email address of each verified shareholder or their duly appointed proxy (each, "a participant") to enable the company to forward the participant a Microsoft Teams meeting invitation required to access the AGM.

Texton will send each participant a Microsoft Teams meeting invitation with a link to "Join the Microsoft Teams Meeting" on 30 November 2020 to enable participants to link up and participate electronically in the AGM. This link will be sent to the email address nominated by the participant in the following table.

### PLEASE NOTE

The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the form of proxy (found on page 17) and lodging the completed proxy form together with this electronic participation application form with the company's transfer secretaries.

Participants who indicate in this form that they wish to vote during the electronic meeting will be contacted by the company's transfer secretaries to make the necessary arrangements.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the company's transfer secretaries or Texton who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such participant from participating in and/or voting at the AGM.

By signing this application form, the participant indemnifies and holds the company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the participant or anyone else, including without limitation the company and its employees.

## APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING CONTINUED

### INFORMATION REQUIRED FOR PARTICIPATION BY ELECTRONIC COMMUNICATION AT THE AGM

Full name of shareholder

---

Identity or registration number of shareholder

---

Full name of authorised representative (if applicable)

---

Identity number of authorised representative

---

Email address

---

*\*Note: this email address will be used by the company to share the Microsoft Teams meeting invitation required to access the AGM electronically.*

Cell phone number

---

Telephone number, including dialling codes

---

Indicate (by marking with an 'X') whether

votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or

the participant wishes to exercise votes during the AGM. If this option is selected, the company's transfer secretaries will contact you to make the necessary arrangements.

By signing this application form, I consent to the processing of my personal information above for the purpose of participating in Texton's AGM.

Signed at

on

2020

---

Signature

---

## DOCUMENTS REQUIRED TO BE ATTACHED TO THIS APPLICATION FORM

1. In order to exercise their voting rights at the AGM, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the AGM, a copy of which proxy can be located on page 17.
2. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application.
3. A certified copy of the valid identity document/passport of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application. Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The company may in its sole discretion accept any incomplete application forms.

## AGM MEETING GUIDELINES

### Access to the meeting

1. In order to participate and vote in the meeting, each user must have an internet-enabled device (phone, laptop, desktop) capable of browsing to a regular website (in order to vote and participate).
2. Closer to the meeting date or on the day of the virtual meeting, you will receive a registration link to allow you to register for the virtual meeting.
3. Once you have completed the registration form and our moderators have approved your registration, you will receive an email invitation to the meeting, containing the meeting ID and password.
4. Click on the Link and you will be directed to the meeting platform.
5. An additional unique link will be sent, individually, to each shareholder.

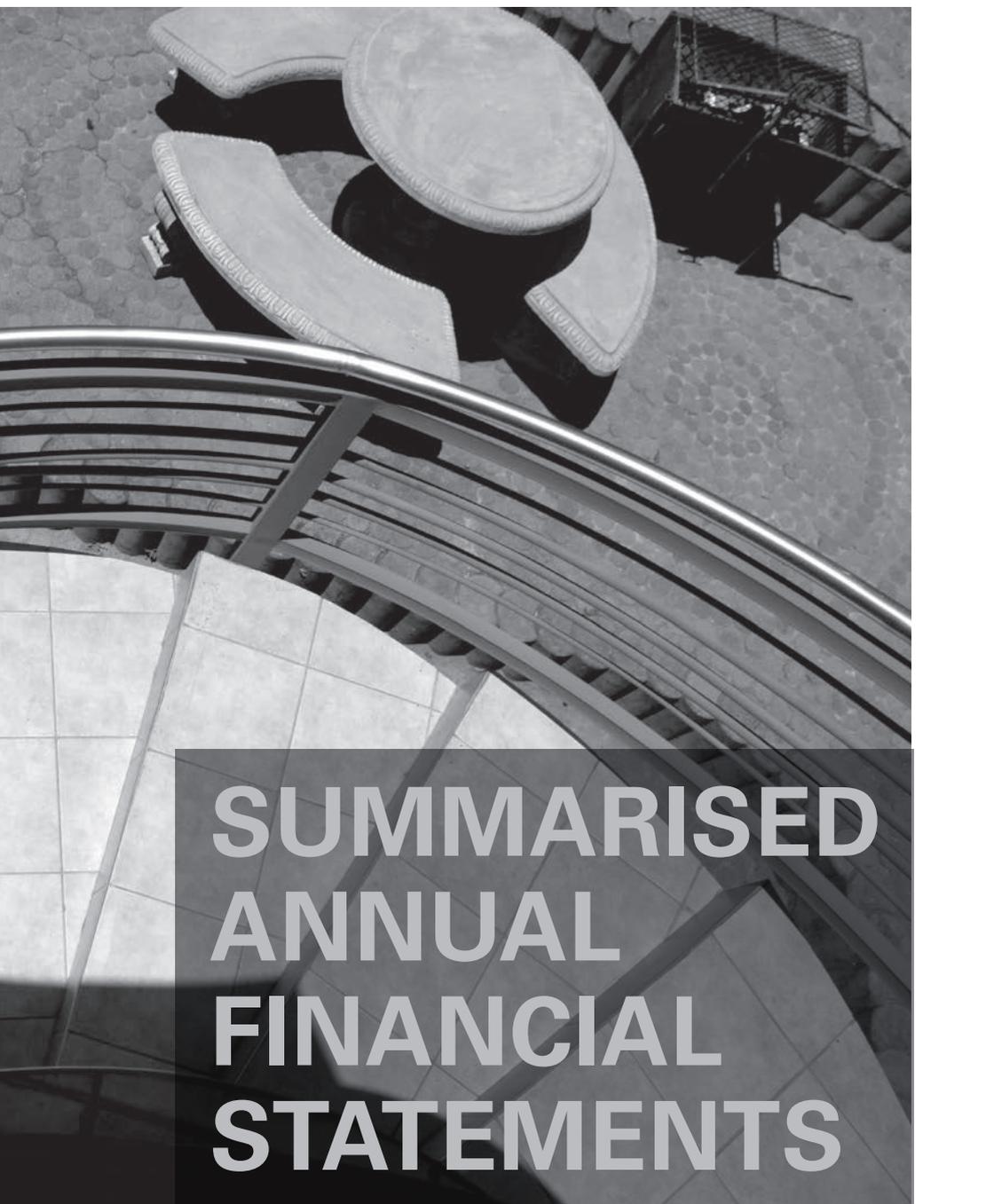
### Participation in the meeting

1. Shareholders who would like to pose questions, are to click on the Q&A icon on the bottom of your screen, to ask your question.
2. If you have a question on a particular resolution, please type your name, the resolution number, followed by your question and press enter or send.
3. Alternatively, if you would like to address the meeting directly, please click on the "raise your hand icon". Once the chairperson has identified you, your microphone will be unmuted and you will be able to address the meeting.

# ANNEXURE 1

**26-39**





**SUMMARISED  
ANNUAL  
FINANCIAL  
STATEMENTS**

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>3 416 932</b>	<b>3 578 646</b>
Investment property	3 149 057	3 291 916
Plant and equipment	3 236	1 911
Tenant installation	6 089	11 448
Investment in joint venture	252 272	206 094
Other non-current assets	6 278	9 789
Other financial assets	–	57 488
<b>Current assets</b>	<b>189 864</b>	<b>381 915</b>
Restricted cash	–	12 782
Trade and other receivables	44 222	43 920
Income tax receivable	3 451	1 228
Cash and cash equivalents	142 191	323 985
<b>Investment property held for sale</b>	<b>601 293</b>	<b>529 523</b>
<b>Total assets</b>	<b>4 208 089</b>	<b>4 490 084</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>1 972 740</b>	<b>2 123 952</b>
Stated capital	2 842 473	2 842 473
Retained earnings	(758 095)	(504 642)
Foreign currency translation reserve	(111 638)	(213 879)
<b>Non-current liabilities</b>	<b>1 642 388</b>	<b>545 930</b>
Other financial liabilities	1 626 382	535 301
Lease liability	3 252	3 326
Deferred tax	12 754	7 303
<b>Current liabilities</b>	<b>592 961</b>	<b>1 820 202</b>
Other financial liabilities	456 440	1 720 475
Trade and other payables	107 923	90 318
Income tax payable	28 598	9 409
<b>Total equity and liabilities</b>	<b>4 208 089</b>	<b>4 490 084</b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Audited 30 June 2020 R'000	Restated* 30 June 2019 R'000
<b>Investment property income</b>	<b>521 905</b>	558 025
Straight-line rental adjustment	(2 720)	(2 360)
<b>Revenue</b>	<b>519 185</b>	555 665
Impairment losses recognised on tenant debtors*	(27 595)	1 505
Property expenses*	<b>(183 780)</b>	(193 434)
<b>Net property income</b>	<b>307 810</b>	363 736
Other income	4 715	11 000
Administrative expenses	(38 022)	(34 223)
Profit/(loss) from joint venture	34 711	(1 158)
Foreign exchange losses	(90 732)	(505)
<b>Operating profit</b>	<b>218 482</b>	338 850
Finance income	85 780	90 535
Finance costs	(168 891)	(184 198)
Fair value adjustments	<b>(196 849)</b>	(699 524)
Loss on disposal of subsidiary	–	(9 041)
Impairment of investment in joint venture	–	(30 418)
Capital items	–	(14 350)
<b>Loss before tax</b>	<b>(61 478)</b>	(508 146)
Taxation expense	<b>(69 023)</b>	(29 792)
<b>Loss for the year</b>	<b>(130 501)</b>	(537 938)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	102 241	1 075
<b>Total comprehensive loss for the year</b>	<b>(28 260)</b>	(536 863)
Loss and total comprehensive loss for the year attributable to:		
Equity holders of the company	<b>(28 260)</b>	(536 863)
<b>Basic and diluted earnings per share (cents)</b>	<b>(37,35)</b>	(153,96)
<b>Headline earnings per share (cents)</b>	<b>(23,35)</b>	55,62

\* Amounts included in the prior year balance have been reclassified. Please refer to note 16 for details.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000
<b>Cash flows from operating activities</b>		
Cash generated by operations	262 879	334 834
Interest received	85 609	90 535
Interest paid	(162 636)	(167 503)
Commissions paid	(3 614)	(5 751)
Dividends paid	(122 952)	(270 921)
Taxation paid	(47 477)	(7 786)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11 809</b>	<b>(26 592)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(2 166)	(910)
Additions to investment property	(1 706)	(5 474)
Proceeds on disposal of investment property	208 928	286 398
Loans repaid	-	332
Funds advanced to joint venture	(11 469)	(18 328)
Tenant installation incurred	(3 265)	(4 754)
<b>Net cash inflow from investing activities</b>	<b>190 322</b>	<b>257 264</b>
<b>Cash flows from financing activities</b>		
Realisation of currency put option	-	5 853
Proceeds from other financial liabilities	57 845	426 361
Repayments of other financial liabilities	(457 288)	(468 961)
Settlement of lease liability	(472)	(474)
<b>Net cash outflow from financing activities</b>	<b>(399 915)</b>	<b>(37 221)</b>
Net (decrease)/increase in cash and cash equivalents for the year	(197 784)	193 451
Cash and cash equivalents at the beginning of the year	323 985	93 668
Effect of exchange rate movement on cash and cash equivalents	3 382	(220)
Release of restricted cash	12 608	37 086
<b>Cash and cash equivalents at the end of the year</b>	<b>142 191</b>	<b>323 985</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Stated capital R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000
<b>Balance at 1 July 2018</b>	2 257 206	(214 954)	246 816	2 289 068
Expected credit losses arising from IFRS 9 application	–	–	98	98
<b>Total comprehensive loss for the year</b>	–	1 075	(537 938)	(536 863)
– Loss for the year	–	–	(537 938)	(537 938)
– Exchange differences on translation of foreign operations	–	1 075	–	1 075
<b>Transactions with shareholders recognised directly in equity</b>	586 267	–	(213 618)	371 649
– Extinguishment of Public Investment Corporation put option liability	642 570	–	–	642 570
– Derecognition of Public Investment Corporation put option liability	(57 303)	–	57 303	–
– Dividend paid	–	–	(270 921)	(270 921)
<b>Balance at 30 June 2019</b>	<b>2 842 473</b>	<b>(213 879)</b>	<b>(504 642)</b>	<b>2 123 952</b>
<b>Total comprehensive income for the year</b>	–	102 241	(130 501)	(28 260)
– Loss for the year	–	–	(130 501)	(130 501)
– Exchange differences on translation of foreign operations	–	102 241	–	102 241
<b>Transactions with shareholders recognised directly in equity</b>	–	–	(122 952)	(122 952)
– Dividend paid	–	–	(122 952)	(122 952)
<b>Balance at 30 June 2020</b>	<b>2 842 473</b>	<b>(111 638)</b>	<b>(758 095)</b>	<b>1 972 740</b>

# BASIS OF PREPARATION ACCOUNTING POLICIES AND AUDIT OPINION

## 1. BASIS OF PREPARATION

The abridged summarised consolidated annual financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements, the requirements of the Companies Act of South Africa, 71 of 2008 ("Companies Act"), the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting 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*. These do not include all of the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements for the year ended 30 June 2020.

The accounting policies applied in the preparation of the abridged summarised consolidated annual financial statements are in terms of IFRS and are consistent with those applied in the previous audited consolidated annual financial statements except for where it has been stated otherwise.

These abridged summarised consolidated annual financial statements have been prepared on a going concern basis. All monetary information is presented in the functional currency of the company, being South African Rand and is rounded to the nearest thousand (R'000).

Any information included in this announcement that might be perceived as a forward-looking statement has not been reviewed or reported on by the company's auditors in accordance with section 8.40(a) of the JSE Listings Requirements.

These abridged summarised consolidated annual financial statements were prepared under the supervision of the chief financial officer, Mr P Hack CA(SA).

## 2. AUDIT OPINION

These abridged summarised consolidated annual financial results are extracted from the audited financial statements, but is not itself audited. The consolidated financial statements for the year ended 30 June 2020

were audited by SizweNtsalubaGobodo Grant Thornton ("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 thereon is available for inspection at the company's registered office.

The directors take full responsibility for the preparation of these preliminary 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 Texton corporate website [www.texton.co.za](http://www.texton.co.za).

## 3. SIGNIFICANT JUDGEMENTS

When preparing these abridged summarised consolidated annual financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the abridged summarised consolidated annual financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group's last annual financial statements for the year ended 30 June 2020.

## 4. ADOPTION OF NEW STANDARD

The group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

### IFRS 16: *Leases*

IFRS 16: *Leases* replaces IAS 17: *Leases* along with three interpretations (IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC 15: *Operating Leases – Incentives* and SIC 27 *Evaluating the*

*Substance of Transactions Involving the Legal Form of a Lease*). The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment (if any) to the opening balance of retained earnings for the current period. Prior periods have not been restated.

### Operating leases as lessor

The group is primarily a lessor and leases out investment properties under operating leases (see note 5).

## 5. SIGNIFICANT ACCOUNTING POLICIES

The summarised audited consolidated annual financial statements have been prepared in accordance with the accounting policies adopted in the group's most recent consolidated annual financial statement for the year ended 30 June 2020.

### Leases

As described in note 4, the group has applied IFRS 16 using the modified approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17.

### The group as a lessor

The group is a party to numerous leasing contracts. The group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor, the group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers all the risks and awards incidental to ownership of the underlying asset substantially and classified as an operating lease if it does not. Texton classifies all leases as operating leases as the group retains a significant portion of the risks and rewards of ownership. Texton will, therefore, continue to reflect the underlying assets subject to the lease arrangements on the balance sheet for leases classified as operating.

### Transition

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

Lease liabilities are presented in the statement of financial position as a separate line item as follows:

	Year ended 30 June 2020 R'000	Year ended 30 June 2019 R'000
<b>Current liabilities</b>		
Lease liabilities	85	–
<b>Non-current liabilities</b>		
Lease liabilities	3 167	3 326

## NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED RESULTS

### 6. INVESTMENT PROPERTY

	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000
<b>Reconciliation of movement in investment property for the year</b>		
Balance at the beginning of the period	3 291 916	4 534 810
Additions	1 706	5 491
Straight-line rental adjustment	(2 719)	(2 360)
Fair value adjustments	(24 443)	(690 671)
Transfer from investment property reclassified as held for sale	(330 601)	(529 523)
Disposals	(469)	(12 400)
Foreign currency translation reserve	213 667	(13 431)
<b>Balance at the end of the year</b>	<b>3 149 057</b>	<b>3 291 916</b>

In terms of IAS 40: *Investment Property* and IFRS 13: *Fair Value Measurement: Disclosures*, investment properties are measured at fair value and are categorised as level-three investments. In determining the fair value, the traditional discounted cash flow ("DCF") method of valuation has been used. At year-end, the fair value of investment properties was determined through a combination of internal and external valuations. In line with the group's methodology, one-third of the group's property portfolio is valued by external independent valuers and two thirds are valued internally using methodology that is similar to the external valuers. In line with the JSE listing requirements, the full portfolio will be valued by independent external valuers in a three-year period.

A register of properties is, maintained at the company's offices and is available for viewing.

### 7. INVESTMENT IN JOINT VENTURE

	Audited June 2020 R'000	Audited June 2019 R'000
Balance at the beginning of the year	206 094	223 184
Current period profit/(loss) from joint venture	34 711	(1 158)
Advances to joint venture	11 467	18 328
Foreign exchange movements	-	(3 842)
Impairment of interest in joint venture	-	(30 418)
<b>Balance at the end of the year</b>	<b>252 272</b>	<b>206 094</b>

## 8. OTHER FINANCIAL LIABILITIES

	<b>Audited 30 June 2020 R'000</b>	<b>Audited 30 June 2019 R'000</b>
Balance at the beginning of year	2 255 776	2 272 730
– Non-current	535 301	374 289
– Current	1 720 475	1 898 441
Advances during the year	57 845	426 361
Repayments during the year	(457 288)	(468 961)
Foreign currency translation reserve movements	112 737	(9 386)
Unrealised foreign exchange movements	38 900	(2 259)
Fair value on interest rate swaps	38 634	21 709
Structuring fees amortised during the year	–	4 091
Interest accrual	4 054	12 199
Transfer from other financial assets	(57 488)	
Fair value on cross currency interest rate swap	89 652	
Reclassification of share appreciation rights liability	–	(708)
Closing balance at the end of year	2 082 822	2 255 776
– Non-current	1 626 382	535 301
– Current	456 440	1 720 475

Significant movements during the year included the following:

- The sale of Chobe Tesco resulted in a large portion of the Santander facility amounting to R201 million being repaid
- A repayment of R139 million was settled against the Standard Bank long-term facility
- The Santander facility of R237 million was settled in full and a new facility with HSBC of R57 million was raised.

## 9. INVESTMENT PROPERTY HELD FOR SALE

	<b>Audited 30 June 2020 R'000</b>	<b>Audited 30 June 2019 R'000</b>
Balance at the beginning of the year	529 523	272 156
Transferred from investment property	330 601	529 523
Disposals	(210 457)	(272 156)
Changes in fair value	(45 608)	–
Foreign currency translation reserve	(2 766)	–
<b>Balance at the end of the year</b>	<b>601 293</b>	<b>529 523</b>

## NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED RESULTS CONTINUED

### 10. FINANCIAL INSTRUMENTS

	AT AMORTISED COST		FAIR VALUE THROUGH PROFIT OR LOSS – HELD FOR TRADING	
	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000
<b>Financial assets</b>				
Other non-current assets	–	664	–	–
Other financial assets	–	–	–	57 488
Restricted cash	–	12 782	–	–
Trade and other receivables	66 014	36 030	–	–
Cash	142 191	323 985	–	–
<b>Financial assets</b>	<b>208 205</b>	<b>373 461</b>	<b>–</b>	<b>57 488</b>
<b>Financial liabilities</b>				
Other financial liabilities	2 029 521	2 241 211	85 467	14 565
Trade and other payables	64 692	59 086	–	–
<b>Financial liabilities</b>	<b>2 094 213</b>	<b>2 300 297</b>	<b>85 467</b>	<b>14 565</b>

The fair values of all financial instruments, interest rate swaps and fixed rate financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

In terms of IFRS 9, the group's currency and interest rate derivatives are measured at fair value through profit or loss and are categorised as level 2 investments.

The fair value of the currency derivatives included in other financial liabilities was a liability of R32,2 million (June 2019: R57,5 million asset included in other financial asset) and the fair value of the interest rate derivative net liability included in other financial liabilities was R53,3 million (June 2019: R14,5 million). These fair values were determined using valuation techniques that present value to the net cash flows. These cash flows are based on observable market data.

There were no transfers between levels 1, 2 and 3 during the year. The valuation methods applied are consistent with those applied in preparing the consolidated annual financial statements for the year ended 30 June 2020.

## 11. FAIR VALUE

The company's financial assets and liabilities and investment properties are classified according to the following three-tiered fair value hierarchy:

**Level 1:** Quoted prices (unadjusted) in an active market for an identical instrument.

**Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial assets and liabilities carried at fair value and investment properties where the fair value approximates the carrying amount:

	CARRYING VALUE			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
<b>30 June 2020</b>				
Interest rate swap	–	(53 303)	–	(53 303)
Currency swap	–	(32 164)	–	(32 164)
Investment property	–	–	3 149 057	3 149 057
Investment property held for sale	–	–	601 293	601 293
<b>30 June 2019</b>				
Interest rate swap	–	(14 565)	–	(14 565)
Currency swap	–	57 488	–	57 488
Investment property	–	–	3 291 916	3 291 916
Investment property held for sale	–	–	529 523	529 523

## NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED RESULTS CONTINUED

### 11. FAIR VALUE CONTINUED

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Derivative assets and liabilities: Interest rate swaps	Fair valued monthly by Investec, Standard Bank and HSBC using mark-to-market mid-market values. This involves, <i>inter alia</i> , discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract.	Not applicable	Not applicable
Derivative assets and liabilities: Cross-currency interest rate swaps contracts	Fair valued monthly by Investec using mark to market mid-market values. This involves, <i>inter alia</i> , discounting the future cash flows using the basis swap curves of the respective currencies at the date when the cash flows will take place.	Not applicable	Not applicable

### 12. EVENTS AFTER THE REPORTING DATE

#### Transfer of investment property

Standard Bank Ladysmith and a portion of Wale Street Chambers that was held for sale at 30 June 2020, subsequently transferred to the purchasers on 13 August 2020 and 18 September 2020 respectively.

#### Lease cancellation

Texton was notified by the business rescue practitioners of Edcon Limited on 18 September 2020, that Edcon will be cancelling the lease at 12 Laub Street, Edcon Park, effective 1 November 2020.

The board is not aware of any other events that have a material impact on the results or disclosures of the group and which have occurred subsequent to the end of the reporting period.

### 13. DIVIDEND PAID

	Audited Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000
Dividends paid	122 952	270 920

Dividends are paid from income reserves.

## 14. SEGMENT REPORTING

The group has two reportable segments based on the geographic split which are the group's strategic business segments. These two geographic segments are then split between office, retail and industrial sectors within these regions. Segments are located in South Africa and the United Kingdom.

During the year ended 30 June 2020, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

	SOUTH AFRICA		UNITED KINGDOM		TOTAL	
	Audited Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000	Audited Year ended 30 June 2020 R'000	Audited Year ended 30 June 2019 R'000
<b>Segmental revenue – rental revenue</b>						
Office	326 144	334 203	13 971	44 893	340 115	379 096
Retail	61 112	67 536	29 365	26 793	90 477	94 329
Industrial	42 528	39 870	46 065	42 370	88 593	82 240
	<b>429 784</b>	<b>441 609</b>	<b>89 401</b>	<b>114 056</b>	<b>519 185</b>	<b>555 665</b>
<b>Profit before tax</b>						
Office	126 116	(233 853)	4 315	(44 062)	130 431	(277 915)
Retail	24 386	(87 651)	169 718	(84 028)	194 104	(171 679)
Industrial	11 670	(34 454)	12 798	25 624	24 468	(8 830)
Corporate	(315 816)	(22 805)	(94 665)	(26 917)	(410 481)	(49 722)
	<b>(153 644)</b>	<b>(378 763)</b>	<b>92 166</b>	<b>(129 383)</b>	<b>(61 478)</b>	<b>(508 146)</b>
<b>Total assets</b>						
Office	1 976 190	2 026 031	198 612	399 111	2 174 802	2 425 142
Retail	380 165	382 976	607 511	491 248	987 676	874 224
Industrial	230 833	237 932	772 259	621 719	1 002 892	859 651
Corporate	38 828	328 857	3 891	2 210	42 719	331 067
	<b>2 626 016</b>	<b>2 975 796</b>	<b>1 582 073</b>	<b>1 514 288</b>	<b>4 208 089</b>	<b>4 490 084</b>
<b>Total liabilities</b>						
Office	44 366	51 080	131 634	244 847	176 000	295 927
Retail	(1 851)	16 728	164 516	208 612	162 665	225 340
Industrial	8 881	9 870	465 431	350 597	474 312	360 467
Corporate	1 421 363	1 483 949	1 009	449	1 422 372	1 484 398
	<b>1 472 759</b>	<b>1 561 627</b>	<b>762 590</b>	<b>804 505</b>	<b>2 235 349</b>	<b>2 366 132</b>

## NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED RESULTS CONTINUED

### 15. HEADLINE EARNINGS PER SHARE

	<b>Audited 30 June 2020 R'000</b>	<b>Audited 30 June 2019 R'000</b>
Headline earnings attributable to shareholders		
Loss attributable to shareholders	(130 501)	(537 938)
Gross revaluation of investment property	24 443	690 671
Gross revaluation of investment property held for sale	45 608	–
Gross revaluation of investment property recognised in equity accounted joint venture	(22 665)	11 166
Loss on sale of property held for sale	1 529	–
Impairment of investment in joint venture	–	30 418
<b>Headline earnings attributable to shareholders</b>	<b>(81 586)</b>	<b>194 317</b>
<b>Weighted average number of shares in issue</b>	<b>349 395</b>	<b>349 395</b>
Total shares issued	376 067	376 067
Less: treasury shares	(26 672)	(26 672)
<b>(Loss)/profit per share</b>		
Basic and diluted loss per share (cents)	(37,35)	(153,96)
Headline and diluted headline earnings per share	(23,35)	55,62

### 16. RECLASSIFICATION OF INCOME AND EXPENSES

Following a review of the income and expenses disclosed in the statement of comprehensive income during the current financial year, the following expenses have been reclassified in the current year:

	<b>Previously reported as at 30 June 2019 R'000</b>	<b>Reclas- sification R'000</b>	<b>Restated as at 30 June 2019 R'000</b>
<b>Statement of comprehensive income</b>			
Property expenses	(191 929)	(1 505)	(193 434)
Impairment loss on trade receivables	–	1 505	1 505

#### Impairment loss on trade receivables

Impairment loss on trade receivables of R1,5 million was previously included under property expenses and has now been disclosed separately on the statement of comprehensive income in line with IFRS 9 disclosure requirements.

## SUMMARY OF FINANCIAL PERFORMANCE

	<b>Audited For the 30 June 2020</b>	<b>Audited For the 30 June 2019</b>
Shares in issue and used for dividend calculation ('000)	<b>349 395</b>	349 395
Weighted average number of shares in issue ('000)	<b>349 395</b>	349 395
Net asset value per share (cents)*	<b>584,27</b>	614,05
Basic and diluted loss per share (cents)	<b>(37,35)</b>	(153,96)
Headline and diluted earnings per share (cents)	<b>(23,35)</b>	55,62
Dividend per share (cents)	–	71,37
Share price (cents)	<b>140,00</b>	390,00
LTV ratio* (%)	<b>46,2</b>	47,2
<b>Cost-to-income ratios</b>		
Gross property cost-to-income ratio (%)	<b>40,5</b>	34,4
Net property cost-to-income ratio (%)	<b>27,1</b>	20,4
Gross total cost-to-income ratio (%)	<b>47,6</b>	39,9
Net total cost-to-income ratio (%)	<b>35,9</b>	28,2

\* Calculated in line with BPR and the prior year has been recalculated on the same basis.

# CORPORATE INFORMATION

## TEXTON PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa  
Registration number: 2005/019302/06  
A REIT listed on the JSE Limited  
JSE share code: TEX  
ISIN: ZAE000190542

## PHYSICAL AND REGISTERED ADDRESS

Block C, Investment Place  
10th Road, Hyde Park, 2196  
PO Box 653129, Benmore, 2010

## BOARD OF DIRECTORS

MAJ Golding (*non-executive chairperson*)  
MH Muller<sup>#</sup> (*chief executive officer*)  
IF Pick<sup>\*§</sup> (*chief financial officer*)  
AJ Hannington (*independent non-executive*)  
JR Macey (*lead independent non-executive*)  
S Thomas (*independent non-executive*)  
RA Franco<sup>^</sup> (*non-executive*)  
WC van der Vent<sup>^</sup> (*independent non-executive*)  
P Hack<sup>\*§</sup> (*chief financial officer*)

\* Executive director

<sup>#</sup> Resigned as chief executive officer effective 31 March 2020

<sup>§</sup> Resigned as chief financial officer on 4 December 2019

<sup>^</sup> Appointed on 29 November 2019

<sup>§</sup> Appointed as chief financial officer on 12 June 2020

## COMPANY SECRETARY

Motif Capital Partners  
The Link, 1st Floor, 173 Oxford Road  
Rosebank, 2196

## AUDITOR

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

## SPONSOR

Investec Bank Limited  
100 Grayston Drive  
Sandton

## TRANSFER SECRETARY

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



# TEXTON

PROPERTY FUND

WWW.TEXTON.CO.ZA

