



Condensed consolidated preliminary financial statements for the year ended 30 June 2015

“ DIVERSIFICATION FOR GROWTH

Much progress was made in diversifying our property portfolio away from mainly the secondary office sector and also into the United Kingdom. This has been a major new direction for Texton, seeing new opportunities and having the expertise with our presence in the United Kingdom as well as in South Africa. Notably we acquired 23 properties in the year, five of them in the United Kingdom and Wales and we have established a new collaboration with Tradehold. The 23 investments totalled R1,766 billion and are delivering on our mandate to grow, diversify and improve the quality of the Fund.

The Fund is well on its way to improving its financial and operating performance, with higher annuity income generated from organic and acquisitive growth. Our focus on tenant retention and prudent investment into our assets is starting to generate returns. Going forward we shall continue with our diversification strategy with quality investments, tenant satisfaction and shareholder contentment remaining our key focus areas.

Angelique de Rauville, CEO



OFFICE

FINANCIAL HIGHLIGHTS

- **94,77 cents** distribution per share
(2014: 85,47) **UP 10,9%**
- Net asset value **1 077,32 cents per share**
(2014: 993,89 cents per share) **UP 8,4%**
- **R401,2 million** investment property income
(2014: R271,8 million) **UP 47,6%**
- **R283,5 million** net property income
(2014: R184,0 million) **UP 54,1%**



RETAIL

NON-FINANCIAL HIGHLIGHTS

- **349 051 square metres** of gross lettable area
(2014: 190 116) **UP 83,6%**
- **49,9%** national/listed/blue chip tenants
(2014: 37,2%) **UP 34,1%**
- Government tenants **18,9%**
(2014: 34,6%) **DOWN 45,4%**
- **7,9%** vacancy (2014: 5,3%)
- **4,75 years** weighted average lease expiry
(2014: 3,96 years) **UP 19,9%**
- **R4,146 billion** portfolio value
(2014: R2,203 billion) **UP 88,2%**



INDUSTRIAL

www.texton.co.za

Texton Property Fund is a property holding and investment company formed to invest directly in income-producing properties that offer attractive income and capital appreciation. Texton aims to be a geographical and sectorally diverse property fund focused on niche markets in South African, the United Kingdom and other markets in which it has a depth of experience, knowledge and track record. Texton is governed by the listings requirements of the JSE, the Companies Act, King III and International Financial Reporting Standards (IFRS).

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The full announcement was released on SENS on 26 August 2015 and can be found on the Company's website at www.texton.co.za. Copies of the full announcement may also be requested at the Company's registered office at no charge during office hours, Mondays to Fridays (08:00 to 17:00). A distribution of 50,09 cents per share has been declared and any investment decision should be based on the full announcement published on SENS and on the Company's website.

KEY PERFORMANCE INDICATORS

Management's mandate has been to grow and diversify the portfolio. The new management structure has enabled this and the effect of this can be seen in the reduction of exposure beyond secondary offices, the roll-out of the international strategy, the significant increase in acquisitions and the broadened shareholder base. In addition, the management team has greatly increased property skills and deal-making abilities while the pipeline is stronger than it has been since listing.

Texton has delivered on its strategy by investing into the United Kingdom (6,5% by GLA and 18,9% by value) and into the retail (7,5%) and industrial (25,1%) sectors and reducing its office exposure to 67,4% by gross lettable area (2014: 92,9%). Texton believes that such diversification will significantly improve the risk profile of the Company and add value to our shareholders in the long term.

The vacancy rate (2015: 7,9% vs 2014: 5,3%) is below sector average. The Fund started the year with two material lease expiries expected and one significant vacancy at Investment Place. Compensation Fund's lease expires on 31 January 2016 and that of

Vodacom, Wierda Valley expired on 31 May 2015. The take-up of space at Investment Place is notable and there is interest in Vodacom (5 101m²) which has been a significant contributor to the overall increase in our vacancies year-on-year.

The average weighted lease expiry is 4,75 years (2014: 3,96 years).

In addition we have improved our tenant spread with government now 18,9% (2014: 34,6%) of GLA and national and listed/large entities currently 49,9% (2014: 37,2%) of GLA.

ACQUISITIONS

During the year the Group acquired 23 properties comprising 18 South African properties and five properties in the United Kingdom. Post balance sheet we acquired a further UK property comprising 35 860m² of retail (28 985m²) and office (6 875m²) space in the heart of Reading.

PROSPECTS

2015 has been a year of change for the Fund, most of which is considered to be positive and favourable regarding the longer-term prospects of the Company. Management is confident that the year ahead will be a year of consolidation, improved operational efficiencies, diversification and overall improvement for the Fund. Management is committed to performing in line with the sector. The prospects have not been reviewed by the auditors.

PD Naidoo
Chairman

AN de Rauville
Chief Executive Officer

27 August 2015

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Company secretary: CIS Company Secretaries Proprietary Limited (N Toerien)

Sponsor: Investec Bank Limited

Transfer secretary: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001

Board of directors

PD Naidoo (Chairman), AN de Rauville (Chief Executive Officer), NV Balfour, JR Macey, PM Tau-Sekati (Lead independent), TS Sishuba, KN Vundla, JA Legh, MJ van Heerden, RB Makhubela