

Texton Property Fund Limited  
(Incorporated in the Republic of South Africa)  
(Registration number: 2005/019302/06)  
A Real Estate Investment Trust, listed on the JSE Limited  
JSE share code: TEX  
ISIN: ZAE000190542 (formerly ISIN: ZAE000185872)

Reviewed condensed consolidated preliminary financial statements  
for the year ended 30 June 2015

## Highlights

### Financial highlights

- 94.77 cents distribution per share (2014: 85.47). Up 10.9%
- Net asset value of 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%

### 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 20.0%
- R4.146 billion portfolio value (2014: R2.203 billion). Up 88.2%

## Commentary

Angelique de Rauville, CEO said:

"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.

## 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 its 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 which were expected and one significant vacancy at Investment Place. The SITA lease expires on 31 January 2016 and Vodacom, Wierda Valley expired on 31 May 2015. The take-up of space at Investment Place is notable and there is interest in the Wierda Valley space previously occupied by Vodacom (5 101 m<sup>2</sup>) which has been a significant contributor to the overall increase in our vacancies year-on-year.

The weighted average lease expiry is 4.75 years (2014: 3.96 years).

In addition we have improved our risk profile by reducing the concentration of our tenants. Our exposure to government has reduced to 18.9% of GLA (2014: 34.6%) and national and listed/large entities are currently 49.9% of GLA (2014: 37.2%).

#### Acquisitions

During the year the group acquired 23 properties comprising of 18 South African properties and 5 properties in the United Kingdom. Post our balance sheet date we acquired a UK property comprising 35 860 m<sup>2</sup> of retail (28 985 m<sup>2</sup>) and office (6 875 m<sup>2</sup>) space in the heart of Reading on 1 July 2015.

The properties acquired during the year were the following:

On 24 July 2014 the Fund acquired an industrial and commercial building known as Selby, situated on the corner of Main Reef Road and Press Avenue, Selby. The gross lettable area measures 10 419 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash.

On 12 September 2014 the Fund acquired a commercial building known as Babcock, situated at 1 Osborne Lane, Bedfordview, Johannesburg. The gross lettable area measures 3 865 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash.

On 18 September 2014 the Fund acquired

- a commercial building known as Quintiles, situated at 159 Nelson Mandela Drive, Bloemfontein. The gross lettable area measures 3 404 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash.
- a commercial building known as Scott Street, situated in Waverley, Johannesburg. The gross lettable area measures 4 329 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled by the transfer of treasury shares and the allotment of shares for the balance.
- a section of St George's Mall, situated in Cape Town. The gross lettable area measures 1 236 m<sup>2</sup> all of which is occupied by a single tenant on a medium term, triple net lease. The purchase price was settled in cash.

On 30 October 2014 the Fund acquired a commercial building known as Edcon Place, situated at 12 Laub Street, Johannesburg. The gross lettable area measures 27 472 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in shares.

On 31 December 2014 the Fund acquired

- a retail property known as Woodmead Commercial Park, situated at 17 Waterval Crescent, Woodmead. The gross lettable area measures 13 086 m<sup>2</sup> which is let to a multitude of tenants on medium term leases. The purchase price was settled partly in cash and the balance in shares
- a retail property known as Kempstar Mall, situated at 20 Old Pretoria Road, Kempton Park, Johannesburg. The gross lettable area measures 6 019 m<sup>2</sup> which is let to a multitude of mostly national tenants on long and medium term leases. The purchase price was settled in shares.
- six industrial properties consisting of mini units situated in Kya Sand, Johannesburg. The gross lettable area measures 12 909 m<sup>2</sup> which is let to a multitude of tenants on medium term leases. The purchase price was settled in shares.
- an industrial property known as Hermanstad Industrial Park, situated on the corner of Moot Street and E'skia Mphahlele Drive, Hermanstad. The gross lettable area measures 44 029 m<sup>2</sup> which is let to a multitude of mostly national tenants on medium term leases. The purchase price was settled in shares.
- a commercial building known as Blue Strata House, situated at 66 Wierda Road East, Wierda Valley, Johannesburg. The gross lettable area measures 1 806 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in shares.
- a commercial building known as Bompas Road, situated at 54 Bompas Road, Dunkeld, Johannesburg. The gross lettable area measures 750 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in shares.

On 27 February 2015 the Fund acquired

- an industrial property known as Booker Warehouse, situated in Burton-upon-Trent, England. The gross lettable area measures 3 826 m<sup>2</sup> which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash
- a commercial building known as Stanford House, situated in Warrington, England. The gross lettable area measures 5 090 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash.

On 27 May 2015 the Fund acquired

- a city centre retail complex known as Bonmarche and Poundland, situated in Nottingham, England. The gross lettable area measures 2 601 m<sup>2</sup> all of which is occupied by two strong tenants on long term, triple net leases. The purchase price was settled in cash.
- a high quality commercial building known as the Tesco Building, situated in Newcastle-upon-Tyne, England. The gross lettable area measures 9 323 m<sup>2</sup> all of which is occupied by a single tenant on a long term, triple net lease. The purchase price was settled in cash.
- a decentralised retail centre known as Parc Pensarn Units, situated in Carmarthen, Wales. The gross lettable area measures 1 783 m<sup>2</sup> all of which is occupied by three strong tenants on long term, triple net leases. The purchase price was settled in cash.

On 10 June 2015 the Fund acquired a property known as Alrode located at 5 Liebenberg Street, Alrode. It comprises 16 557 m<sup>2</sup> of industrial space with five well established tenants in place and the purchase price was settled in cash.

Broad based black economic empowerment (BEE)

The management and board of the fund continue to be committed to the transformation and empowerment objectives of South Africa, and have expended considerable effort in addressing our objective of having meaningful, sustainable and commercially driven BEE shareholding at the listed level.

The fund additionally recognises that integrating transformation into business practice is crucial for the sustainability of the company and industry. As such, it was proud to sponsor several BEE workshops over the year, with the aim of achieving greater empowerment knowledge and commitment in the industry.

The 2015 financial year saw two BEE transactions being finalised, representing a major achievement for the fund:

- PDNA Property Investments Proprietary Limited accepted shares in lieu of settlement for the sale of two of PD Naidoo's properties to the fund, resulting in his shareholding in the company being 4.0% at year end.
- R443.5 million worth of shares were issued to a BEE consortium represented by three entities: Zava African Capital (60%), Jade Capital Partners (30%), and the broad-based investment holding company Ditikeni (10%). This transaction was financed by the

Public Investment Corporation, and resulted in an increase in BEE shareholder representation at year end from zero to 17.8% including PDNA referred to above.

#### Greening

Greening remains at the forefront of our minds and we have targeted our Foretrust building in Cape Town for this purpose. Texton has a strategy for greening all of its buildings as modern "green" offices and attracting quality tenants. Apart from lowering consumption expenses, greening interventions assist in retaining existing tenants as well as increasing the appeal for new tenants, partially through the reduction of consumption expenditure. It is expected that the greening of the Foretrust building will reduce electricity and water consumption. We are aiming to have a Green Lease Addendum signed by the Department of Public Works in order to commence this programme which is expected to cost R27 million.

#### Equity raised

In the year under review 106 944 747 new shares were issued taking the issued share capital from 169 122 019 to 276 066 766 at year end. This includes 8 643 042 shares issued to the share incentive trust which are treated as treasury shares.

Two BEE transactions with PDNA (represented by PD Naidoo the Chairman of Texton Property Fund) and a consortium of BEE investors were concluded in two separate transactions of 11 039 439 and 38 069 071 shares issued at R10.25 and R11.65 respectively. Texton formed a staff incentive share trust during the year which acquired 8 643 042 shares at R11.57. JA Legh and MJ van Heerden were allocated 21 043 366 shares at R9.43 in lieu of settlement for the properties that Texton acquired from them, and finally vendor shares were placed with private investors. These shares were placed in two separate transactions of 16 205 050 at R9.50 and 20 856 696 shares at R9.10 respectively.

Condensed consolidated statement of financial position  
as at 30 June 2015

	Reviewed	Audited
	2015	2014
	R' 000	R' 000
Assets		
Non-current assets	4 338 969	2 219 986
Investment property	4 146 385	2 202 525
Property, plant and equipment	8 322	7 925
Goodwill	77 018	-
Other non-current assets	8 923	5 781

Restricted cash	98 321	-
Deferred tax	-	3 755
Current assets	361 287	113 501
Trade and other receivables	85 182	23 824
Investment property reclassified as held for sale	24 000	24 000
Income tax receivable	3 631	1 228
Restricted cash	28 089	-
Cash and cash equivalents	220 385	64 449
Total assets	4 700 256	2 333 487
Equity and liabilities		
Equity	2 880 999	1 592 316
Stated capital	2 037 921	945 436
Retained earnings	832 781	646 880
Share base payment reserve	1 074	-
Foreign currency translation reserve	9 223	-
Shareholders' interest	2 880 999	1 592 316
Other liabilities		
Other non-current liabilities	1 719 760	360 066
Other financial liabilities	1 716 145	360 066
Deferred tax	3 615	-
Current liabilities	99 497	381 105
Current portion of other financial liabilities	30 613	337 277
Trade and other payables	68 884	43 828
Total liabilities	1 819 257	741 171
Total equity and liabilities	4 700 256	2 333 487
Shares in issue ('000)	267 424	160 210
Net asset value per share (cents)	1 077.32	993.89
Net tangible asset value less deferred tax per share (cents)	1 049.87	991.55

Condensed consolidated statement of comprehensive income  
for the year ended 30 June 2015

Reviewed

Audited

	2015	2014
	R' 000	R' 000
Investment property income	401 181	271 759
Straight-line rental adjustment	9 590	1 839
Revenue	410 771	273 598
Property expenses	(127 269)	(89 571)
Net property income	283 502	184 027
Other income	22 804	5 444
Other operating expenses	(18 630)	(4 689)
Asset management fees	(14 834)	(9 588)
Operating profit	272 842	175 194
Finance income	585	8 299
Finance costs	(77 588)	(41 421)
Fair value adjustments	164 242	114 827
Capital items	(114)	(9)
Profit before debenture interest	359 967	256 890
Debenture interest		(64 022)
Profit before amortisation of debenture premium	359 967	192 868
Amortisation of debenture premium	-	2 159
Profit before income tax	359 967	195 027
Income tax	(8 063)	(370)
Profit for the year	351 904	194 657
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9 223	-
Total comprehensive income for the year	361 127	194 657
Basic and diluted earnings per share (cents)	175.66	123.60
Comparable basic and diluted earnings per share (cents)	175.66	162.88

Condensed consolidated statement of changes in equity  
for the year ended 30 June 2015

	Ordinary share capital R' 000	Stated capital R' 000	Non- distri- butable reserve R' 000	Share- based payment reserve R' 000
Balance at 30 June 2013 (audited)	301	-	498 284	
Transactions with owners of the company recognised directly in equity				
Issue of shares	121			
Treasury shares acquired	-	(86 060)	-	
Transfer from non-distributable reserve			(498 284)	
Conversion of debentures to shares with no par value	(422)	1 031 496		
Total comprehensive income for the year				
Profit for the year				
Balance at 30 June 2014 (audited)	-	945 436	-	
Transactions with owners of the company recognised directly in equity				
Issue of shares		1 092 485		
Dividend paid				



Share based payment transactions			1 074
Total comprehensive income for the year			
Profit for the year			
Exchange differences on translation of foreign operations			
Balance at 30 June 2015 (reviewed)	- 2 037 921	-	1 074

	Foreign currency translation reserve	(Accumulated loss)/ retained earnings	Total
	R'000	R'000	R'000
Balance at 30 June 2013 (audited)		(46 061)	452 524
Transactions with owners of the company recognised directly in equity			
Issue of shares			121
Treasury shares acquired		-	(86 060)
Transfer from non-distributable reserve		498 284	-
Conversion of debentures to shares with no par value			1 031 074
Total comprehensive income for the year			
Profit for the year		194 657	194 657
Balance at 30 June 2014 (audited)		646 880	1 592 316
Transactions with owners			-

of the company recognised  
directly in equity

Issue of shares			1 092 485
Dividend paid		(166 003)	(166 003)
Share based payment transactions			1 074
Total comprehensive income for the year	9 223	351 904	361 127
Profit for the year		351 904	351 904
Exchange differences on translation of foreign operations	9 223		9 223
Balance at 30 June 2015 (reviewed)	9 223	832 781	2 880 999

Condensed consolidated statement of cash flows  
For the year ended 30 June 2015

	Reviewed 2015 R' 000	Audited 2014 R' 000
Cash flows from operating activities		
Cash generated by operations	217 300	170 771
Finance income received	585	8 299
Finance costs paid	(70 748)	(41 200)
Dividend paid	(166 003)	
Debenture interest paid	-	(111 361)
Income tax paid	(3 558)	(335)
Net cash (outflow)/inflow from operating activities	(22 424)	26 174
Cash flow from investing activities		
Additions to property, plant and equipment	(4 493)	(5 382)
Additions to investment property	(7 184)	(1 851)
Additions to other non-current assets	(4 056)	(532)
Proceeds on disposal of	47 091	-

investment property		
Acquisition of businesses net of cash acquired	(550 047)	(357 149)
Net cash outflow from investing activities	(518 689)	(364 914)
Cash flow from financing activities		
Proceeds from issue of shares	628 035	446 325
Repurchase of treasury shares	-	(86 060)
Advance of other financial liabilities	446 387	205 752
Repayment of other financial liabilities	(378 058)	(186 383)
Net cash inflow from financing activities	696 364	379 634
Net increase in cash and cash equivalents	155 251	40 894
Effect of the conversion of foreign operations on cash and cash equivalents	685	-
Cash and cash equivalents at the beginning of the year	64 449	23 555
Cash and cash equivalents at the end of the year	220 385	64 449

#### Basis of preparation

These condensed consolidated preliminary financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial 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. The accounting policies applied in the preparation of the condensed consolidated preliminary financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except for the adoption of new standards which became effective on 1 July 2014. The adoption of new standards and interpretations has had no material effect on the results for the year nor has it required the restatement of any prior year figures. The condensed

consolidated preliminary financial statements information has been presented on the historical cost basis, except for financial instruments and investment properties carried at fair value, and is presented in Rand thousands which is Texton's functional and presentation currency. Ms Annie Stapelberg, Texton's acting Chief Financial Officer, was responsible for the preparation of these condensed consolidated preliminary financial statements. The auditor's report does not necessarily report on all of the information contained in these 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 issuer's registered office.

#### Review of financial statements

The group's auditors KPMG Inc. have reviewed these condensed consolidated preliminary financial statements for the year ended 30 June 2015. The review was conducted in accordance with ISRE 2410: Review of interim financial information performed by the independent auditor of the entity. A copy of their unmodified review report dated 26 August 2015 is available for inspection at the company's registered office.

#### Business combinations

During the year the Group acquired 23 properties comprising 18 South African properties and 5 properties in the United Kingdom. These were as follows:

			Investment	
		Transfer	Property	
		date	acquired	GLA
			R' 000	(m <sup>2</sup> )
1	Selby, Johannesburg	24-Jul-14	52 737	10 419
2	Babcock, Bedfordview	12-Sep-14	48 326	3 865
3	Quintile, Bloemfontein	18-Sep-14	47 500	3 404
4	Scott Street, Waverley	18-Sep-14	107 805	4 329
5	St George's Mall, Cape Town	18-Sep-14	21 130	1 236
6	Edcon, Johannesburg	30-Oct-14	153 948	27 472
7	Discus House Proprietary Limited (100%), Kempstar Mall, Kempton Park	31-Dec-14	107 454	6 019

8	Imperial Com Props Proprietary Limited (100%), Woodmead Commercial Park, Woodmead	31-Dec-14	146 280	13 086
9 - 11	Investage 183 Proprietary Limited (100%), Bompas Road, Dunkeld West; Blue Strata, Wierda Valley; Kuper Legh Industrial Park, Hermanstad	31-Dec-14	198 831	46 585
12 - 17	Sable Place Properties 121 Proprietary Limited (100%) (6 mini industrial units)	31-Dec-14	40 968	12 909
18	Gladstone, Investments Holdings Limited (100%), Stanford House	27-Feb-15	223 872	5 090
19	Heddon Investment Holdings Limited (100%), Booker Warehouse, Burton- upon-Trent	27-Feb-15	29 160	3 826
20	Zeya Investment Holdings Limited (100%), Parc Pensarn, Units in Carmarthen Wales	27-May-15	57 355	1 783
21	Chobe Investment Holdings Limited (100%), Tesco Building, Newcastle upon Tyne	27-May-15	349 933	9 323
22	Chevelon Investment Holdings Limited (100%), Bonmarche and Poundland Units	27-May-15	129 511	2 601
23	5 Liebenberg Street, Alrode	10-Jun-15	51 137	16 557
			1 765 947	168 504

Acquisition

		yield	Escalation
		(%)	(%)
1	Selby, Johannesburg	9,0%	8,0%
2	Babcock, Bedfordview	9,4%	9,0%
3	Quintiles, Bloemfontein	9,6%	8,0%
4	Scott Street, Waverley	9,5%	8,0%
5	St George's Mall, Cape Town	10,5%	8,0%
6	Edcon, Johannesburg	9,9%	7,5%
7	Discus House Proprietary Limited, Kempstar Mall, Kempton Park	9,4%	8,2%
8	Imperial Com Props Proprietary Limited, Woodmead Commercial Park, Woodmead	9,9%	7,9%
9 - 11	Investage 183 Proprietary Limited, Bompas Road, Dunkeld West; Blue Strata, Wierda Valley; Kuper Legh Industrial Park, Hermanstad	9,3%	6,5%
12 - 17	Sable Place Properties 121 Proprietary Limited (6 mini industrial units)	11,8%	9,0%
18	Gladstone, Investments Holdings Limited, Stanford House	6,8%	RPI linked (5 years), upward only
19	Heddon Investment Holdings Limited, Booker Warehouse, Burton-upon-Trent	7,5%	Upward only, higher of market rent or current rent
20	Zeya Investment Holdings Limited, Parc Pensarn, Units in Carmarthen Wales	6,5%	Upward only, varied per tenant
21	Chobe Investment Holdings Limited, Tesco Building, Newcastle upon Tyne	7,7%	Upward only, lower of market rent and principal rent
22	Chevelon Investment Holdings Limited, Bonmarche and Poundland	7,8%	Upward only, open market value (5

	Units			years)
23	5 Liebenberg Street, Alrode		10,2%	8,30%
			Reviewed	Audited
			2015	2014
	South	United		South
	Africa	Kingdom	Total	Africa
	R' 000	R' 000	R' 000	R' 000
Net assets acquired				
Investment property	976 117	789 830	1 765 947	544 425
Cash and cash equivalents	6 156	7 527	13 683	323
Restricted cash	-	122 330	122 330	-
Trade and other receivables	8 390	36 403	44 793	105
Income tax receivable	4	456	460	365
VAT receivable	-	167	167	-
Other financial liabilities	(214 303)	(452 192)	(666 495)	(117 383)
Shareholder's loans	(19 312)	(133 174)	(152 486)	(69 000)
Income tax payable		(919)	(919)	-
Lease liability	(46 400)	-	(46 400)	-
Income received in advance	-	(122 330)	(122 330)	-
Trade and other payables	(8 939)	(6 169)	(15 108)	(1 610)
Net assets acquired	701 713	241 929	943 642	357 225
Goodwill		77 018	77 018	247
Gain on bargain price	(14 071)	-	(14 071)	-
Cash received on adjustment accounts	2 278	-	2 278	-

Loans accounts acquired	19 312	-	19 312	-
Shares issues	(464 450)	-	(464 450)	-
Net cash paid	244 782	318 947	563 729	357 472
Unrestricted cash acquired	(6 156)	(7 526)	(13 682)	(323)
Net cash outflow	238 626	311 421	550 047	357 149

	Total South Africa	United Kingdom	Total
Revenue since acquisition	107 967	8 431	116 398
Profit since acquisition	113 890	52	113 942
Revenue for full year	185 386	57 807	243 193
Full year profits*	286 773	17 830	304 603

\*Full year profits include property revaluations.

Qualifying acquisition costs are capitalised. Other acquisition costs have been accounted for in profit and loss.

Goodwill was paid on the United Kingdom assets as a result of the opportunity to acquire a portfolio of properties in an off-market share transaction.

The gain on bargain purchase price arose as the effective date of these transactions for accounting purposes were different to the legal effective dates. It has been recognised in "other income" in profit and loss.

All contractual trade and other receivables acquired are considered recoverable.

#### Operating segments

The group has eight reportable segments based on the geographic split which are the group's strategic business segments. For each strategic business segment, the group's CEO (who is considered the Chief Operating Decision Maker) reviews internal management reports on at least a monthly basis. Segments are located in South Africa and the United Kingdom. There are no single major customers.

The following summary describes the operations in each of the group's reportable segments:

2015



GAUTENG

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	243 556	26 855	21 835	292 246
Property expenses	(77 755)	(10 260)	(10 167)	(98 182)
Segment result	165 801	16 595	11 668	194 064
Extracts from the statement of financial position				
Investment property				
Opening balance	1 579 102	20 255		1 599 357
Additions through business combinations	373 172	207 250	280 665	861 087
Lease liability in business combination		46 400		46 400
Disposals				
Other additions	7 079	21		7 100
Straight-line rental adjustment	11 275	(1 602)	1 243	10 916
Cumulative fair value adjustments	52 988	12 807	5 193	70 988
Foreign currency translation difference				
Closing balance	2 023 616	285 131	287 101	2 595 848

WESTERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive				

income				
Investment property income	66 725	1 073	2 915	70 713
Property expenses	(19 489)	(638)	(575)	(20 702)
Segment result	47 236	435	2 340	50 011
Extracts from the statement of financial position				
Investment property				
Opening balance	399 743	5 126		404 869
Additions through business combinations	21 130			21 130
Lease liability in business combination				
Disposals				
Other additions		35		35
Straight-line rental adjustment	78	(21)		57
Cumulative fair value adjustments	76 383	290		76 673
Foreign currency translation difference				
Closing balance	497 334	5 430		502 764

NORTH WEST

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	8 910			8 910
Property expenses	(1 971)			(1 971)
Segment result	6 939			6 939
Extracts from the				

statement of  
financial position

Investment  
property

Opening balance	62 409		62 409
Additions through business combinations			
Lease liability in business combination			
Disposals			
Other additions			
Straight-line rental adjustment	(495)		(495)
Cumulative fair value adjustments	1 984		1 984
Foreign currency translation difference			
Closing balance	63 898		63 898

EASTERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000

Extracts from the  
statement of  
comprehensive  
income

Investment property income	6 152	4 800		10 952
Property expenses	(2 127)	(1 157)		(3 284)
Segment result	4 025	3 643		7 668

Extracts from the  
statement of  
financial position

Investment  
property

Opening balance	54 955	41 311		96 266
Additions through				

business combinations			
Lease liability in business combination			
Disposals		(41 300)	(41 300)
Other additions		6	6
Straight-line rental adjustment	374	(1 848)	(1 474)
Cumulative fair value adjustments	(2 874)	7 644	4 770
Foreign currency translation difference			
Closing balance	52 455	5 813	58 268

KWAZULU-NATAL

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	4 016	330		4 346
Property expenses	(1 100)	(90)		(1 190)
Segment result	2 916	240		3 156
Extracts from the statement of financial position				
Investment property				
Opening balance	27 295	2 331		29 626
Additions through business combinations				
Lease liability in business combination				
Disposals				

Other additions	35	8	43
Straight-line rental adjustment	61	4	65
Cumulative fair value adjustments	4 403	340	4 743
Foreign currency translation difference			
Closing balance	31 794	2 683	34 477

NORTHERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	1 267			1 267
Property expenses	(226)			(226)
Segment result	1 041			1 041
Extracts from the statement of financial position				
Investment property				
Opening balance	9 998			9 998
Additions through business combinations				
Lease liability in business combination				
Disposals				
Other additions				
Straight-line rental adjustment	(71)			(71)
Cumulative fair value adjustments	1 822			1 822

Foreign currency translation difference			
Closing balance	11 749		11 749

FREE STATE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	4 316			4 316
Property expenses	(882)			(882)
Segment result	3 434			3 434
Extracts from the statement of financial position				
Investment property				
Opening balance				
Additions through business combinations	47 500			47 500
Lease liability in business combination				
Disposals				
Other additions				
Straight-line rental adjustment	592			592
Cumulative fair value adjustments	4 768			4 768
Foreign currency translation difference				
Closing balance	52 860			52 860

UNITED KINGDOM AND WALES

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	6 928	808	695	8 431
Property expenses	(640)	(125)	(67)	(832)
Segment result	6 288	683	628	7 599
Extracts from the statement of financial position				
Investment property				
Opening balance				
Additions through business combinations	573 805	186 865	29 160	789 830
Lease liability in business combination				
Disposals				
Other additions				
Straight-line rental adjustment				
Cumulative fair value adjustments				
Foreign currency translation difference	28 317	6 232	2 142	36 691
Closing balance	573 805	186 865	29 160	789 830

TOTAL

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				

Investment property income	341 870	33 866	25 445	401 181
Property expenses	(104 190)	(12 270)	(10 809)	(127 269)
Segment result	237 680	21 596	14 636	273 912
Extracts from the statement of financial position				
Investment property				
Opening balance	2 133 502	69 023		2 202 525
Additions through business combinations	1 015 607	394 115	309 825	1 719 547
Lease liability in business combination		46 400		46 400
Disposals		(41 300)		(41 300)
Other additions	7 114	70		7 184
Straight-line rental adjustment	11 814	(3 467)	1 243	9 590
Cumulative fair value adjustments	139 474	21 081	5 193	165 748
Foreign currency translation difference	28 317	6 232	2 142	36 691
Closing balance	3 335 828	492 154	318 403	4 146 385

2014

GAUTENG

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	178 389	4 285	-	182 674
Property expenses	(62 118)	(2 374)	-	(64 492)
Segment result	116 271	1 911	-	118 182
Extracts from the				



statement of  
financial position

Investment  
property

Opening balance	954 374	19 517	-	973 891
Additions through business combinations	544 425	-	-	544 425
Other additions	1 736	30	-	1 736
Straight-line rental adjustment	(2 090)	152	-	(1 938)
Cumulative fair value adjustments	80 657	556	-	81 213
Investment property reclassified as held-for sale	-	-	-	-
Closing balance	1 579 102	20 255	-	1 599 357

WESTERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	59 751	1 022	3 118	63 891
Property expenses	(18 159)	(630)	(915)	(19 704)
Segment result	41 592	392	2 203	44 187
Extracts from the statement of financial position				
Investment property				
Opening balance	373 746	5 429	23 400	402 575
Additions through business combinations	-	-	-	-
Other additions	24	-	6	30

Straight-line rental adjustment	3 378	(4)	62	3 436
Cumulative fair value adjustments	22 595	(299)	532	22 828
Investment property reclassified as held-for sale	-	-	(24 000)	(24 000)
Closing balance	399 743	5 126	-	404 869

NORTH WEST

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	8 034	-	-	8 034
Property expenses	(1 534)	-	-	(1 534)
Segment result	6 500	-	-	6 500
Extracts from the statement of financial position				
Investment property				
Opening balance	59 719	-	-	59 719
Other additions	-	-	-	-
Straight-line rental adjustment	88	-	-	88
Cumulative fair value adjustments	2 602	-	-	2 602
Closing balance	62 409	-	-	62 409

EASTERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive				

income				
Investment property income	7 670	4 460	-	12 130
Property expenses	(1 918)	(985)	-	(2 903)
Segment result	5 752	3 475	-	9 227
Extracts from the statement of financial position				
Investment property				
Opening balance	55 000	37 499	-	92 499
Other additions	-	6	-	6
Straight-line rental adjustment	(133)	485	-	352
Cumulative fair value adjustments	88	3 321	-	3 409
Closing balance	54 955	41 311	-	96 266

KWAZULU-NATAL

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000
Extracts from the statement of comprehensive income				
Investment property income	3 553	305	-	3 858
Property expenses	(661)	(76)	-	(737)
Segment result	2 892	229	-	3 121
Extracts from the statement of financial position				
Investment property				
Opening balance	26 973	2 264	-	29 237
Other additions	49	-	-	49
Straight-line rental adjustment	(93)	(14)	-	(107)
Cumulative fair	366	81	-	447

value adjustments

Closing balance	27 295	2 331	-	29 626
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NORTHERN CAPE

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000

Extracts from the statement of comprehensive income

Investment property income	1 172	-	-	1 172
Property expenses	(201)	-	-	(201)
Segment result	971	-	-	971

Extracts from the statement of financial position

Investment property

Opening balance	9 746	-	-	9 746
Other additions	-	-	-	-
Straight-line rental adjustment	8	-	-	8
Cumulative fair value adjustments	244	-	-	244
Closing balance	9 998	-	-	9 998

TOTAL

	Commercial	Retail	Industrial	Total
	R' 000	R' 000	R' 000	R' 000

Extracts from the statement of comprehensive income

Investment property income	258 569	10 072	3 118	271 759
Property expenses	(84 591)	(4 065)	(915)	(89 571)
Segment result	173 978	6 007	2 203	182 188

Extracts from the

statement of  
financial position

Investment  
property

Opening balance	1 479 558	64 709	23 400	1 567 667
Additions through business combinations	544 425	-	-	544 425
Other additions	1 809	36	6	1 851
Straight-line rental adjustment	1 158	619	62	1 839
Cumulative fair value adjustments	106 552	3 659	532	110 743
Investment Property classified as held for sale	-	-	(24 000)	(24 000)
Closing balance	2 133 502	69 023	-	2 202 525

Reconciliation from segment result to profit for the year

	Total 2015 R'000	Total 2014 R'000
Segment results	273 912	182 188
Straight-line rental adjustment	9 590	1 839
Other income	22 804	5 444
Other operating expenses	(18 630)	(4 689)
Asset management fees	(14 834)	(9 588)
Finance income	585	8 299
Finance cost	(77 588)	(41 421)
Fair value adjustment	164 242	114 827
Capital items	(114)	(9)
Debenture interest	-	(64 022)
Amortisation of debenture interest	-	2 159
Income tax	(8 063)	(370)
Profit for the year	351 904	194 657

Segmental analysis  
Geographical profile

	GLA m <sup>2</sup> 2015	GLA % 2015	GLA m <sup>2</sup> 2014	GLA % 2014
Eastern Cape Province	4 027	1.2%	8 102	4.3%
Gauteng Province	270 800	77.6%	129 803	68.3%
KwaZulu Natal Province	4 333	1.2%	4 333	2.3%
North West Province	5 362	1.5%	5 362	2.8%
Northern Cape Province	1 181	0.3%	1 181	0.6%
Western Cape Province	37 321	10.7%	41 335	21.7%
Free State	3 404	1.0%	-	-
England	20 840	6.0%	-	-
Wales	1 783	0.5%	-	-
	349 051	100.0%	190 116	100.0%

Sectoral profile

	GLA m <sup>2</sup> 2015	GLA % 2015	GLA m <sup>2</sup> 2014	GLA % 2014
30 June 2015				
Office	235 160	67.4%	176 548	92.9%
Retail	26 149	7.5%	8 317	4.3%
Industrial	87 742	25.1%	5 251	2.8%
	349 051	100.0%	190 116	100.0%

Portfolio information  
Tenant spread

	Rentable area m <sup>2</sup> 30 June 2015	Rentable area % 30 June 2015	Rentable area m <sup>2</sup> 30 June 2014	Rentable area % 30 June 2014

(A) National	23 951	6.9%	23 572	12.4%
(B) Government	66 009	18.9%	65 790	34.6%
(C) Listed/Large entities	150 220	43.0%	47 152	24.8%
(D) Other	81 255	23.3%	43 592	22.9%
(E) Vacant	27 616	7.9%	10 010	5.3%
	349 051	100.0%	190 116	100.0%

#### Vacancy profile

	Rentable area m <sup>2</sup> 30 June	Rentable area % 30 June	Rentable area m <sup>2</sup> 30 June	Rentable area % 30 June
Retail	903	3.3%	230	2.3%
Industrial	5 456	19.7%	-	-
Office	21 257	77.0%	9 780	97.7%
	27 616	100.0%	10 010	100.0%

#### Lease expiry profile per annum

	Vacant	2016	2017	2018	>2019
30 June 2015					
Rentable area %	7.9%	23.8%	14.7%	21.0%	29.3%
30 June 2014					
Rentable area %	5.3%	22.6%	15.3%	28.8%	32.1%

#### Stated capital

There are 276 066 766 ordinary shares of no par value in issue (2014: 169 122 019). The group accounts for 8 643 042 shares which were issued to the staff incentive scheme trust as treasury shares (8 911 917 treasury shares were held in 2014 which were allotted as part of the purchase price of Scott Street, Waverley). The company's share structure is in line with international best practice for REITs.

#### Currency

The closing exchange rate at 30 June 2015 was R19.12:1GBP and the

average exchange rate for the year ended 30 June 2015 was R17.99:1GBP.

#### Borrowings

At 30 June 2015 the Fund had a loan to value ratio of 38.78% (2014: 31.3%). The calculation of loan to value was based on borrowings included in other financial liabilities (excluding the fair value of the interest rate swaps) of R1 617 million (2014: R695.9 million) and the value of investment property of R4 170.4 million (2014: R2 226.6 million). The Fund remains capitalised to take advantage of yield-enhancing acquisitions. The fund has an average cost of debt of 7.847% on its South African debt at 3.497% on its United Kingdom debt.

#### Summary of gross borrowings

	30 June 2015 R' 000	30 June 2014 R' 000		
Carried at amortised cost				
Standard Bank	540 548	695 878		
Investec Private Bank	523 225	-		
Nedbank Limited	102 943	-		
Santander	404 240	-		
Finance lease	46 400	-		
	1 617 356	695 878		
Carried at fair value through profit or loss				
Standard Bank	2 970	1 465		
	1 620 326	697 343		
Fair values				
	30 June 2015 Carrying amount R' 000	30 June 2015 Fair value R' 000	30 June 2014 Carrying amount R' 000	30 June 2014 Fair value R' 000
Group				
Financial assets				
Other non- current assets	1 984	1 984	3 059	3 059



Trade and other receivables	96 352	96 352	23 026	23 026
Cash and cash equivalents	346 795	346 795	64 449	64 449
	445 131	445 131	90 534	90 534
Financial liabilities				
Amortised cost	(1 839 390)	(1 839 390)	(736 835)	(736 835)
Fair value through profit or loss	(2 970)	(2 970)	(1 465)	(1 465)
	(1 842 360)	(1 842 360)	(738 200)	(738 200)

The fair value of trade receivables approximates its carrying amount as it is short term in nature. The fair values of all financial instruments with the exception of fixed rate financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

#### Fair value hierarchy

The group measures fair values using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow

models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate swaps that use only observable market data and require little management judgement and estimation.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

Cash and cash equivalents are not fair valued and the carrying amounts is presumed to equal fair value. Short term receivables and short term payables are measured at amortised cost and approximate fair value due to the short term nature of these instruments. These instruments are not included in the fair value hierarchy.

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1	Level 2	Level 3	Total
Group	R'000	R'000	R'000	R'000
30 June 2015				
Financial instrument				
Interest rate swap	-	2 970	-	2 970
30 June 2014				
Financial instrument				
Interest rate swap	-	1 465	-	1 465

Property and asset management

The group follows an outsourced asset management and property management service model. It is believed that this is still the

best model as significant value is being extracted out of the management company by the fund. Further, the structure allows the property managers to focus more on the operational management of the properties, while the fund managers are focused on strategic initiatives, acquisitions and disposals involving the fund.

The fund is managed externally by Texton Property Investments Proprietary Limited in terms of the asset management agreement concluded between the parties. Day-to-day management and operational functions are performed by employees of TPI. The fund has no employees or personnel of its own. The relationship is managed through management meetings, daily contact and service-level agreements specifying responsibilities and committees that determine key deliverables and performance criteria.

The property managers, JHI and Kuper Legh Property Management (KLPM), are responsible for daily property operations such as leasing, invoicing of tenants, debt collection, maintenance, tenant interaction, financial administration and the management of relationships with third-party service providers and local government. Texton's property managers have a proven track record with a long and successful history in managing property portfolios in the listed property space within South Africa. With recent acquisitions in the United Kingdom Texton appointed Argo Real Estate Limited who also have a history of managing the properties that were acquired.

Weighted average number of shares

	30 June 2015 R'000	30 June 2014 R'000
Issued at the beginning of the year	160 210	120 618
Issued during the year	115 857	48 504
Treasury shares*	(8 643)	(8 912)
Shares in issue at the end of the year	267 424	160 210
Weighted average number of shares at the end of the year	200 337	157 494

\* On 14 April 2015, Texton Property Share Incentive Scheme purchased 8 643 042 shares in the Fund at R11.57 per share as part of a share incentive scheme.

Basic, diluted, headline earnings and distribution per share

	30 June 2015 Cents per	30 June 2014 Cents per
--	------------------------------	------------------------------

	share	share
Basic and diluted earnings per share	175.66	123.60
Comparable basic and diluted earnings per share	175.66	162.88
Headline and diluted earnings per share	83.01	53.28
Comparable headline and diluted headline earnings per share	83.01	92.56
Distribution per share	94.77	85.47

\*Comparable basic earnings per share and comparable headline earnings per share have been included to enable shareholders to compare the current year figures to those previously reported where linked units had been in issue.

#### Basic earnings per share

The calculation of basic earnings per share was based on the comparable earnings attributable to shareholders of R351 904 million (2014: R194 657 million), and a weighted average number of shares outstanding of 200 337 241 (2014: 157 494 340).

#### Comparable basic earnings per share

The calculation of comparable basic earnings per share was based on the comparable earnings attributable to shareholders of R351 904 million (2014: R256 520 million) and weighted average number of shares outstanding of 200 337 241 (2014: 157 494 340).

#### Headline earnings per share

The calculation of headline earnings per share was based on headline earnings attributable to shareholders of R 166 294 million (2014: R83.914 million), and a weighted average number of shares outstanding of 200 337 241 (2014: 157 494 340).

#### Comparable headline earnings per share

The calculation of comparable headline earnings for share was based on the comparable headline earnings attributable to shareholders of R166 294 million (2014: R145 777 million) and a weighted average number of shares outstanding of 200 337 241 (2014: 157 494 340)

Diluted basic earnings and diluted headline earnings per share  
There were no dilutive instruments in issue at year end.

#### Distribution per share

The calculation of distribution per share was based on the distributable earnings attributable to shareholders of R231 430 million (2014: R144 542 million), and an issued number of shares outstanding of 276 066 766 (2014: 169 122 019). At year end the shares reflecting as treasury shares are not cancelled as the

shares are held by the Texton Employee Share Trust. The distribution per share unit is calculated after adjustment for the Texton Employee Share Trust, which was consolidated, and the adjusted shares in issue at year end being 267 423 766 (2014: 160 210 102)

	30 June 2015 R'000	30 June 2014 R'000
Earnings:		
Earnings attributable to shareholders:	351 904	194 657
Adjust for:		
Debenture interest	-	64 022
Amortisation of debenture interest	-	(2 159)
Comparable earnings attributable to shareholders	351 904	256 520
Headline earnings:		
Profit attributable to shareholders:	351 904	194 657
Gain on bargain purchase	(14 071)	
Gross revaluation of investment property	(165 748)	(110 743)
Profit on sale of property	(5 791)	
Headline earnings attributable to shareholders	166 294	83 914
Adjust for:		
Debenture interest	-	64 022
Amortisation of debenture interest	-	(2 159)
Comparable headline earnings attributable to shareholders	166 294	145 777
Distributable earnings:		
Revenue	401 181	271 759
Property expenses	(127 269)	(89 571)
Other income	22 804	5 444
Other operating expenses	(18 630)	(4 689)
Unrealised foreign exchange loss	9 463	-
Asset management fees	(14 834)	(9 588)

Net finance cost	(76 616)	(32 901)
Finance income	585	8 299
Finance cost	(77 588)	(41 421)
Finance cost amortisation	387	221
Taxation	(692)	462
Accrued distribution included in share price	19 583	-
Dividends on treasury shares	8 381	3 626
Realisation of property revaluation	8 059	-
Total Distribution	231 430	144 542
Reconciliation of comparable earnings to distributable earnings:		
Comparable earnings attributable to shareholders/linked unitholders	351 904	256 520
Straight-line rental adjustment	(9 590)	(1 839)
Unrealised foreign exchange loss	9 463	-
Finance cost amortisation	387	221
Fair value adjustments	(164 242)	(114 827)
Dividends on treasury shares	8 381	3 626
Realisation of property valuation	8 059	-
Capital items	114	9
Accrued distribution included in share price on issue	19 583	-
Deferred tax	7 371	832
Distributable earnings	231 430	144 542
	30 June	30 June
	2015	2014
Distributable earnings (R'000)	231 430	144 542
Shares in issue ('000)	276 067	169 122
Distribution per share (cents)	94.77	85.47
Distributable earnings (R'000)	231 430	144 542
Less Distribution to shareholder	(93 148)	(67 648)
Available for distribution (payment 2) (R'000)	138 282	76 894

Shares in issue ('000)	276 067	169 122
Distribution per share (cents)		
Dividend per share subsequent to year end	50.09	45.47
Distributions per share/linked unit		
Distribution per linked unit - interim		40.00
Dividends per share		
Interim	44.68	
Final (subsequent to year end)	50.09	45.47
Total comparable distribution	94.77	85.47

#### Events after the reporting date

The Fund completed the sale of the Brickfield Building in July 2015 and also entered into agreements, including a joint venture agreement, with Moorgarth Holdings (Luxembourg) S.à.r.l ("Moorgarth"), a subsidiary of JSE-listed Tradehold Limited, whereby Texton acquired 50% of a special purpose vehicle, Inception (Reading) S.à.r.l ("Inception"). Inception was then used as the vehicle to acquire a well-located retail shopping centre ("Broad Street Mall") in Reading, England (the "Property"), with Texton's 50% contribution for the total purchase price. The acquisition of Broad Street Mall Property was successfully concluded on 3 July 2015. The details of the acquisition and disposal are as follows:

Details:	Broad Street Mall	Brickfield Building
Description of property:	Broad Street Mall, Reading, registered at the Land Registry with freehold under title numbers BK383592 and BK383593	Erf 13753, Salt River 5-9 Brickfield Road, Salt River, gross lettable area 5 251m <sup>2</sup>
	Retail shopping centre including an office space in 2 office buildings and a car park with over 740 spaces	
Purchase/(Disposal) price:	R570 935 520	(R28 000 000)

#### Rights offer

Texton embarked on a process to place 100 000 000 authorised but

unissued shares under the control of Directors with the intention of decreasing its loan to value ratio and provide the opportunity to pursue investment opportunities in line with its growth strategy.

The rationale for the placing of 100 000 000 authorised but unissued Texton shares under the control of Directors is to give the Directors the ability to, if appropriate, access the equity capital markets by issuing new Texton shares either via a vendor placement or a rights offer to raise new equity capital:

#### Shareholder diary

Financial year end	30 June 2015
Publication of financial results	27 August 2015
Integrated annual report posted to shareholder	7 September 2015
Annual general meeting	5 October 2015

#### Cash dividend

Notice is hereby given of the declaration of the final dividend number 8 of 50.09 cents per share for the final six month period to 30 June 2015 bringing the total dividend for the year ended 30 June 2015 to 94.77 cents per share (2014: 85.47). The dividend has been declared from income reserves.

Texton's Income Tax Reference Number: 9353785158.

Issued shares as at 26 August 2015: 276 066 766.

#### Salient dates

Dividend declaration date	27 August 2015
Last date to trade in order to participate in cash dividend	9 October 2015
Shares trade ex dividend	12 October 2015
Record date	16 October 2015
Payment date	19 October 2015

Share certificates may not be dematerialised or rematerialized between 12 October 2015 and 16 October 2015, both dates inclusive

#### Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from the income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act, because they are dividends distributed by a REIT. These dividends are however exempt from dividend withholding tax (Dividend Tax) in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the Central Securities Depository Participant (CSDP) or broker, as the case may be, in respect of uncertificated



shares, or the company, in respect of certificated shares, a DTD(EX) (Dividend Tax: Declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as South African residents.

If resident shareholders have not submitted the abovementioned documentation to confirm their status as South African residents, they are advised to contact their CSDP or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

#### Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k) of the Income Tax Act. It should be noted that up to 31 December 2013, dividends received by non-residents from a REIT were not subject to Dividend Tax. With effect from 1 January 2014, any dividend received by a non-resident from a REIT will be subject to Dividend Tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the non-resident shareholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net amount due to non-resident shareholders will be 42.5765 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- a written undertaking to inform the CSDP broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Services.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

#### 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.

By order of the Board

Board of Directors

1. Pragalathan Dhanapalan (Dempsey) Naidoo (Chairman)
2. Portia Morwesi Tau-Sekati (Lead Independent)
3. Angelique Norma Du Hecquet de Rauville (Chief Executive Officer)
4. John Alastair (Chick) Legh
5. John Russell Macey
6. Kyansambo Ntombi Vundla
7. Nosiphiwo Vuyolwethu Balfour
8. Thanduxolo Selby Sishuba
9. Mathys Johannes Van Heerden
10. Romeo Bob Makhubela

The following changes were made to the board and its sub committees:

RF Kane (CEO) and M De Lange (Financial Director) resigned on 31 July 2015. LB Kan was appointed on 5 June 2015 and resigned on 14 July 2015. PM Tau-Sekati was appointed as lead independent and resigned as chairperson, but remains a member of the social and ethics committee. TS Sishuba was appointed to the investment, and audit and risk committees. NV Balfour was appointed to the remuneration and nominations committee. AN Du Hecquet de Rauville, formerly a non-executive Director of the Fund was appointed chief executive officer with effect 5 June 2015. RB Makhubela was appointed to the Board on 31 March 2015, is chairperson of the social and ethics committee and a member of the investment committee.

Corporate information

Company registration number: 2005/019302/06

Company secretary - CIS Company Secretaries Proprietary Limited  
(Neville Toerien)

Sponsor - Investec Bank Limited

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

Physical/Registered and postal address

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Dunkeld West

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