

TEXTON

PROPERTY FUND

Texton Property Fund Limited

Incorporated in the Republic of South Africa
Registration number: 2005/019302/06
A Real Estate Investment Trust, listed on the JSE Limited
JSE code: TEX
ISIN: ZAE000190542
("Texton" or "the Company")

SHORT FORM – INTERIM CONDENSED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

Texton Property Fund is an internally asset managed Real Estate Investment Trust ("REIT") listed on the JSE Limited formed to invest directly in income-producing properties that offer attractive income and capital appreciation. Texton aims to be a geographically and sectorally diverse property fund focused on niche markets in South Africa, and in the United Kingdom, in which it has a depth of experience, knowledge and track record.

The challenging economic environment in both South African and the United Kingdom continued in the six months ending 31 December 2019. South Africa has been heavily impacted by high unemployment, energy constraints and political uncertainty. Business has been negatively impacted through high operating costs, compressed profit margins and constrained cashflows. In the United Kingdom the challenging environment was characterised by a prolonged Brexit as well as low economic growth of 1,4% for 2019 with property market returns being low.

Total portfolio value R4,238 billion (June 2019: R4,400 billion) ▼ 3,7%
Net asset value 604,53 cents per share (June 2019: 607,89 cents per share) ▼ 0,6%

The sale of Tesco Chobe in the United Kingdom for R201million in July 2019 has led to a decrease in the value of the property portfolio as at 31 December 2019. The decrease was partially offset by foreign exchange rate movements.

Loan-to-value ratio 44,9% (June 2019: 47,2%) ▼ 2,3%
Debt expiry profile Weighted average unexpired term 1,0 years (June 2019: Weighted average unexpired term 1,4 years) ▼ 28,6%

Proceeds from the sale of Tesco Chobe was fully utilised to paydown debt in the United Kingdom and resulted in the reduction of the loan to value ratio. In addition, R139 million of South African debt was paid down. No covenant breaches existed as at 31 December 2019.

Vacancies 9,0% (June 2019: 9,2%) ▼ 0,2%
Tenant retention 90,3% retained which includes leases that are month to month
Lease expiry profile 4,04 years WAULT (June 2019: 4,36 years) ▼ 7,3%

Vacancies have improved driven by new deals and focus on tenant retention. Tenant retention is high but it is impacted by a lease with the Department of Public Works being a monthly lease whilst a longer term lease is being finalised.

Gross property income R266,8 million (December 2018: R286,8 million) ▼ 7,0%
Net property income R171,6 million (December 2018: R188,1 million) ▼ 8,8%
Gross property expense ratio 38,1% (December 2018: 35,0%) ▲ 8,8%

The sale of assets has led to a decrease in both gross and net property income.

Distributable earnings per share 32,17 cents (December 2018: 36,18 cents) ▼ 11,1%
Dividend per share 16,09 cents per share (December 2018: 36,18 cents per share) ▼ 55,5%
Earnings and diluted earnings per share 26,51 cents per share (December 2018: 23,94 cents per share) ▲ 10,7%
Headline and diluted headline earnings per share 26,51 cents per share (December 2018: 25,83 cents per share) ▲ 2,6%

The Board of Directors of Texton ("the Board") declares an interim dividend of 16,09 cents per share for the six-month period to 31 December 2019. In declaring the dividend per share, the board has considered both the decrease in distributable earnings and the ongoing strategy to strengthen the capital structure of the company. As a REIT, Texton is required to distribute at least 75% of its annual distributable earnings to shareholders, and the Board is committed to achieving this at year end.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The full announcement is available at <https://senspdf.jse.co.za/documents/2019/jse/isse/tx/interim20.pdf> and can be found on the Company's website at www.texton.co.za. Copies of the full announcement may also be requested at the Company's registered office and Sponsor's registered office at no charge during office hours, Monday to Friday (08:00 to 17:00). Any investment decision should be based on the full announcement.

10 March 2020
Johannesburg

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

Board of Directors: M Golding (*Non-executive Chairperson*), MH Muller* (*Chief Executive Officer*), AJ Hannington (*Independent Non-executive*), JR Macey (*Lead Independent Non-executive*), R Franco (*Non-executive*), S Thomas (*Independent Non-executive*), W van der Vent (*Independent Non-executive*) * *Executive director*

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

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

Sponsor: Merchantec Capital, 13th Floor, Illovo Point, 68 Melville Road, Illovo. PO Box 41480, Craighall, 2042

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

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