TEXTON PROPERTY FUND LIMITED
Granted REIT status by the JSE
Incorporated in the Republic of South Africa
(Registration number 2005/019302/06)
Share code: TEX ISIN: ZAE000190542
("Texton" or "the Company")

TRADING STATEMENT

In terms of paragraph 3.4(b)(vi) of the JSE Listings Requirements, Texton has adopted distribution per share as its financial results measurement for trading statement purposes.

Shareholders are advised that Texton anticipates that the dividend per share for the year ended 30 June 2019 will be between 65,90 cents and 72,80 cents, representing a decrease of between 18,49% and 26,21% compared to the dividend per share of 89,31 cents for the full year ended 30 June 2018.

The property markets across both of our diverse geographies were heavily impacted by various macro-economic environmental factors.

In South Africa, the weak macro-economic climate continued unabated and was exacerbated by the sustained pressure on South Africa's sovereign credit rating. The difficult economic climate has placed businesses under greater pressure with more companies contracting, consolidating space and even closing and has worsened the already unfavourable property fundamentals. It is a highly competitive market distinguished by no demand and a general oversupply of space. The challenges in the property sector include loss of investor confidence, increasing occupancy costs, higher vacancy levels that are expected to continue into the foreseeable future, an oversupply of space and negative rental reversions. The recent spate of public violence is a clear consequence of the difficult economic times we are in.

The UK economy grew by 0,50% in the first quarter of 2019 but has since stalled in the second quarter. This is mainly due to the boost in the first quarter from Brexit stockpiling and the unwinding of this impact in the second quarter. The GDP outlook for 2020 has been revised downwards to 1,3% due to continued Brexit uncertainty and political upheaval. Inflation forecasts have been revised upwards. The uncertainty of Brexit is likely to further devalue the GBP and drive inflation through higher import costs.

The impact of the macro-economic factors described above have had a significant negative impact on the dividend to be declared. The dividend per share has decreased due to lower net property income as a result of significant rental reversions, continuing vacancies at a number of properties, slower than budgeted take up of vacant space, increased net finance costs and lower realised foreign exchange gains.

The financial information on which this trading statement is based has not been reviewed or reported on by Texton's auditors. Texton's reviewed financial results are expected to be released on SENS on or about 17 September 2019.

Johannesburg
13 September 2019

Sponsor
Merchantec Capital