Texton Property Fund Limited
(formerly Vunani Property Investment 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)

23 February 2015

Unaudited condensed consolidated interim financial results for the six months ended 31 December 2014

Financial Highlights

- Dividend per share up by 11.7% from 40 cents to 44.68 cents per share
- Investment property income up by 36.5% from R124.5 million to R169.9 million
- Portfolio growth up by 42.6% to R3.140 billion from 30 June 2014
- Net property income up by 44.4% to R119.6 million
- Share price 963 cents
- Net asset value per share up by 0.26% from 993.89 to 996.43 cents per share
- Loan to value up from 31.3% at 30 June 2014 to 34.7%

Non-financial highlights

- 75.6% Blue chip tenants (based on revenue)
- 3.5% Vacancy (2013: 6.2%)
- 90.1% Tenant retention (based on GLA)

Commentary

Introduction

The Fund is pleased to report another period of strong distribution growth (11,7%) for H1’2015. The period saw evidence of our stated strategies in terms of a larger management team, accelerated growth, sectoral diversification, and our intention to become a meaningful black empowerment vehicle. Much of this deal flow occurred in late December and the rerating of the share price post balance sheet indicates that shareholders are supportive of the strategy. Once again, we have a solid platform on which to build into the future.

Key performance indicators

Despite a struggling economy, the Fund’s key performance indicators have remained strong. While the commercial sector average vacancy is 11,1%, ours has improved to 3,5% (June 2014:5,3%) on a total GLA of 322 007m2. The Fund started the reporting period with 25% of its leases expiring in the 2015 financial year.
Our low vacancy rate and high tenant retention (90,1%) indicates that we were successful in our leasing strategy. We have had some rental reversions but on the whole, we are very satisfied with our progress with an average lease escalation of 7,5%. In addition, we are already hard at work on those leases expiring in the next 12 months and are confident that we will keep our vacancies well below country averages. Our high weighting of ‘blue chip’ (listed, national or government) tenants at 75,6% has protected our income. However, we have noticed an increase in our smaller tenants that are finding the sluggish economy difficult to manage. Despite the tough conditions, our rental collection record is 90% of rent being collected within the first five days of the month which indicates that tight management remains the best defence.
The Fund’s diversification into low risk industrial and retail assets

has enabled it to extend its weighted average lease expiry to 4,63 years. Whilst we will always have a strong office weighting, the industrial and retail assets will reduce the Fund's risk to the commercial sector to provide a less cyclical rental profile.

The Fund's geographic profile will always mirror economic activity and remains heavily weighted to Gauteng where 80% (June 2014: 68%) of our properties are located with another 13% (June 2014: 22%) in the Western Cape. 'Blue chip' clients (listed, national or government tenants) contribute 76% (Jun 2014: 80%) of our revenue per month. 7% (June 2014: 13%) of our lettable area comprises national companies; 21% (June 2014: 37%) Government; and 44% (June 2014: 26%) listed and large tenants. We have a 58%/42% split between single and multi-tenanted buildings based on rental income.

The majority of our tenants are in the commercial sector comprising 92% (2013: 95%) by rental income.

Greening the portfolio

Our greening initiatives are progressing well although the various projects have taken second place to the larger transactions implemented during the period. Nonetheless, the Fund remains committed to greening from both a corporate responsibility perspective as well as that of lowering our tenants' overall cost of occupation. Similarly, we are equally committed to ensuring our greening delivers value to our shareholders.

Acquisitions

When we listed the Fund in 2011 our main aim was to provide a platform for acquisitive growth so that we can grow our asset base by investing in well priced income and quality enhancing investment properties. The vast majority of the assets were commercial which was largely a result of the Fund selling its industrial developments as soon as they were complete. The board of Texton gave careful consideration to, and is supportive of, the need for diversification to smooth out the inevitable cyclical performance of a commercially focused portfolio and to take advantage of good acquisition opportunities in other areas. This reporting period saw the implementation of this strategy, both locally and in the UK. During the reporting period, we have acquired twelve excellent SA properties valued at R878,7 million (being R925,1 million less lease liability of R46,4 million – refer to note relating to acquisitions/business combinations for details of the acquisitions). The properties improved our lease profile and all represent good value for the Fund. Management now holds approximately 11% of the Texton shares in issue, thereby aligning management and shareholder interests. Much work has been done on implementing our UK strategy and we anticipate concluding the acquisition of a number of low risk properties let to blue chip tenants on long leases by March 2015. Refer to events after the reporting date. The properties are part of a portfolio, the remainder of which is under due diligence, and are likely to be acquired in March/April 2015.

BEE transaction

The management and board of the Fund remain committed to the transformation and empowerment objectives of South Africa. In September, we concluded an empowerment transaction with PD Naidoo that placed 6,3% of Texton shares in black hands. In late December, we announced a second empowerment transaction that will place another circa 20% (R443 million) of shares in black hands. This transaction is subject to shareholder voting in March 2015 and, if successful, the shares will be issued at the 30 day VWAP. The cash proceeds will be immediately deployed into impending acquisitions.

The combined transactions will give Texton a meaningful, sustainable and commercially driven black economic empowerment shareholding at the listed level and will ensured that the Fund achieves a Level 3 rating. Our BEE partners comprise a combination of broad based beneficiaries, women and other well networked and respected business people.

Summary of financial performance

	Unaudited six months to 31 December 2014	Unaudited six months to 31 December 2013	Audited year end 30 June 2014
Number of shares/linked units in issue ('000)	208 498	169 122	160 210*
Weighted average number of shares/linked units in issue ('000)	177 454	142 850	157 494
Net asset value per share (cents)	996,43	268,63	993,89
Net asset value per linked unit (cents)	–	877,81	–
Net tangible asset value less deferred tax per share (cents)	994,63	265,78	991,55
Net tangible asset value less deferred tax per linked units (cents)	–	874,96	–
Basic and diluted earnings per shares (cents)	52,79	1,17	123,60
Comparable basic and diluted earnings per share/linked unit (cents)	52,79	47,00	162,88
Headline earnings per share (cents)	45,10	1,17	53,28
Comparable headline earnings per share/linked unit (cents)	45,10	47,00	92,56
Distribution per share/linked unit (cents)	44,68	40,00	85,47
Interim distribution	–	40,00	40,00
Interim dividend**	44,68	–	–
Final dividend**	–	–	45,47
Share price (cents)	963,00	965,00	965,00
Loan to value (%)	34,7	17,1	31,60

*Includes treasury shares.
**Declared subsequent to period end.

Geographical profile

	GLA m2	GLA percentage %	Rental per month R'000	Rental percentage %
31 December 2014				
Eastern Cape Province	8 102	2,5	847	3,0
Gauteng Province	257 053	79,9	21 289	74,6
KwaZulu-Natal Province	4 333	1,3	337	1,2
North West Province	5 362	1,7	631	2,2
Northern Cape Province	1 181	0,4	106	0,4
Western Cape Province	42 572	13,2	4 900	17,1

Free State	3 404	1,0	427	1,5
	322 007	100,0	28 537	100,0
31 December 2013				
Eastern Cape Province	7 881	4,8	926	5,4
Gauteng Province	103 147	63,2	10 868	63,5
KwaZulu-Natal Province	4 333	2,7	302	1,8
North West Province	5 362	3,3	582	3,4
Northern Cape Province	1 181	0,6	98	0,6
Western Cape Province	41 420	25,4	4 346	25,3
	163 324	100,0	17 122	100,0
30 June 2014				
Eastern Cape Province	8 102	4,3	825	4,1
Gauteng Province	129 803	68,3	13 799	67,9
KwaZulu Natal Province	4 333	2,3	334	1,6
North West Province	5 362	2,8	628	3,1
Northern Cape Province	1 181	0,6	98	0,4
Western Cape Province	41 335	21,7	4 651	22,9
	190 116	100,0	20 335	100,0

Sectoral profile

	GLA m2	GLA percentage %	Rental per month R'000	Rental percentage %
31 December 2014				
Commercial	220 425	68,5	22 768	79,8
Retail	27 575	8,5	3 101	10,9
Industrial	74 007	23,0	2 668	9,3
	322 007	100,0	28 537	100,0
31 December 2013				
Commercial	149 977	91,8	16 152	94,3
Retail	8 096	5,0	738	4,3
Industrial	5 251	3,2	232	1,4
	163 324	100,0	17 122	100,0
30 June 2014				
Commercial	176 548	92,9	19 328	95,0
Retail	8 317	4,3	773	3,8
Industrial	5 251	2,8	234	1,2
	190 116	100,0	20 335	100,0

Tenant spread

	Rentable area m2	Rentable area %	Rental per month R'000	Rental percentage %
31 December 2014				
(A) National	21 622	7,0	2 359	8,3
(A) Government	66 009	21,2	8 008	28,0
(B) Listed/large entities	137 303	44,2	11 206	39,3
(C) Other	85 803	27,6	6 964	24,4
	310 737	100,0	28 537	100,0

31 December 2013				
(A) National	23 163	15,1	2 523	14,7
(A) Government	55 772	36,4	6 549	38,2
(B) Listed/large entities	36 996	24,1	4 563	26,6
(C) Other	37 348	24,4	3 487	20,5
	153 279	100,0	17 122	100,0
30 June 2014				
(A) National	23 572	13,1	2 627	12,9
(A) Government	65 790	36,5	7 878	38,7
(B) Listed/Large entities	47 152	26,2	5 690	28,0
(C) Other	43 592	24,2	4 140	20,4
	180 106	100,0	20 335	100,0

Tenants are classified as follows:
(A) Large national tenants, large listed tenants, government and major franchises;
(B) National tenants, listed tenants, franchises and medium to large professional firms; and
(C) Other.

Vacancy profile

	31 December 2014	
	Rentable area m2	Rentable area %
Commercial	10 830	96,1
Retail	177	1,6
Industrial	264	2,3
	11 271	100,0

	31 December 2013	
	Rentable area m2	Rentable area %
Commercial	9 744	97,0
Retail	301	3,0
Industrial	–	–
	10 045	100,0

	30 June 2014	
	Rentable area m2	Rentable area %
Commercial	9 780	97,7
Retail	230	2,3
Industrial	–	–
	10 010	100,0

Lease expiry profile per annum

	Vacant %	2015 %	2016 %	2017 %	>2017 %
31 December 2014					
Rentable area	3,5	27,7	21,8	20,6	26,4
Revenue	–	26,9	23,8	28,4	20,9

30 June 2014					
Rentable area	5,3	28,0	22,6	15,3	28,8
Revenue	–	25,6	26,4	8,0	40,0

Lease expiry profile per annum

	Vacant	2014	2015	2016	>2016
	%	%	%	%	%
31 December 2013					
Rentable area	6,2	26,2	25,7	7,1	34,8
Revenue	–	25,6	26,4	8,1	39,9

At 31 December 2014 the property portfolio reported a vacancy level of 3,5%.

	Total GLA m2	Vacant 31 Dec 2014 %	Vacant 31 Dec 2013 %	Vacant 30 Jun 2014 %
Commercial	220 425	3,3	6,0	5,1
Retail	27 575	0,1	0,2	0,2
Industrial	74 007	0,1	–	–
Total	322 007	3,5	6,2	5,3

The weighted average lease escalation is 7,5% for the portfolio.

Reconciliation of change in GLA of the Fund

	Total GLA at 30 Jun 2014 m2	Net increase in GLA m2	Total GLA 31 Dec 2014 m2
Commercial	176 548	43 877	220 425
Retail	8 317	19 258	27 575
Industrial	5 251	68 756	74 007
Total	190 116	131 891	322 007

Basis of accounting

The condensed financial results for the six months to 31 December 2014 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34: Interim Financial Reporting, the SAICA Financial Reporting Guides as Issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act 71, of 2008 and the JSE Limited Listings Requirements.

The accounting policies applied in the preparation of the results for the period ended 31 December 2014 are in terms of IFRS and consistent with those adopted in the financial statements for the year ended 30 June 2014. These interim condensed financial results have been prepared by Marelise de Lange, CA (SA).

The accounting policies as set out in the audited financial statements for the year ended 30 June 2014 have been consistently applied. These condensed consolidated interim results incorporate the financial results of the company and its subsidiaries. Results of subsidiaries are included from the effective date of acquisition. Investment property comprises land and buildings held to generate rental income and capital growth over the long term and are carried at fair value.

Net property income

The increase in revenue of 39,5% from the prior comparable period was largely due to the effects of contractual rental escalations and the property acquisitions 32,2%.

The ratio of net property expenses (property expenses less recoveries) to rental income for the Group has improved from 18,0% in December 2013 to 15,1% in the current six months as a result of tight cost management and the acquisition of properties with triple net leases. The ratio of gross property expenses to investment property income (rental income including recoveries from tenants) has also improved from 35,4% to 33,8%.

Asset management fees

The asset management function is performed by Texton Property Investments Proprietary Limited and the day-to-day property management function is performed by JHI Properties Proprietary Limited and Kuper Legh Property Management Proprietary Limited. The increase in fees is attributable to the increased enterprise value on which the fee is calculated as a result of the property acquisitions.

Fair value adjustments

The entire portfolio, with the exception of the acquisitions referred to below (valued at the date of acquisition), was independently valued at 30 June 2014 and the board of directors does not believe that a revaluation of the properties is warranted as there are no factors that would materially affect the valuation of the portfolio for the period ended 31 December 2014. Swap agreements were fair valued using the yield curve at 31 December 2014, resulting in a decrease in the overall swap liability to R3,6 million (25,8%).

Arrears

Tight management of receivables resulted in total arrears of R2,1 million (30 June 2014: R1,6 million). Arrears are being managed carefully with 90% of rental collected within the first five days of the month.

Finance costs

Finance costs increased by 88,1% to R30,3 million (2013: R16,1 million), as a result of the floating debt being repaid early in the previous comparable period from the proceeds of the rights issue in August 2013. In the current period, additional debt of R191,98 million was incurred for acquisitions. The weighted average interest rate for borrowings is 8,27% (2013: 9,2%).

Acquisitions/business combinations

During the six months to 31 December 2014, the Fund made the following acquisitions:

	Transfer date	Acquisition cost/NAV acquired R'000	GLA m2	Acquisition yield %	Weighted average annual escalation %
Selby, Johannesburg	24 Jul 2014	52 737	10 419	9,0	8,0
Babcock, Bedfordview	12 Sep 2014	48 451	3 865	9,4	9,0

Quintile, Bloemfontein	12 Sep 2014	47 500	3 404	9,6	8,0
Scott Street, Waverley	18 Sep 2014	107 805	4 329	9,5	8,0
St Georges Mall, Cape Town	18 Sep 2014	21 130	1 242	10,5	8,0
Edcon, Johannesburg	30 Oct 2014	153 948	28 580	9,9	7,5
Discus House Proprietary Limited owning	31 Dec 2014	74 827*			
Kempstar Mall, Kempton Park			6 019	9,4	8,2
Imperial Com Props Proprietary Limited owning	31 Dec 2014	65 406*			
Woodmead Commercial Park, Woodmead			13 086	9,9	7,9
Investage 183 Proprietary Limited	31 Dec 2014	85 406*			
Bompas Road, Dunkeld			750	9,3	6,5
Blue Strata, Wierda Valley			1 806	9,3	8,0
Kuper Legh Industrial Park, Hermanstad			44 029	9,8	8,2
Sable Place Properties Proprietary Limited (5 Mini Industrial units)	31 Dec 2014	13 666*	12 909	11,8	9,0
		670 876	130 438		

* These amounts relate to the net asset value acquired.
There are land leases in place for the Woodmead and Kempstar Mall properties. The leases are both renewable for a further 40 years upon maturity on 30 November 2031 and 31 March 2035 respectively.

Net assets acquired

	Total R'000
Investment property	925 077
Trade and other receivables	5 055
Income tax receivable	3 335
Cash and cash equivalents	6 157
Other financial liabilities	(214 303)
Lease liability	(46 397)
Trade and other payables	(8 048)
Net assets acquired	670 876
Cost of investment	670 876
Settlement of cost of investment	

Less: Cash paid	(191 980)
Less: Shares issued	(465 250)
Gain on bargain purchase	13 646

Investment property held for sale
On 30 June 2014, the Brickfield property, valued at R24 million, was classified as held for sale as a sale agreement was concluded. The property is expected to transfer in May 2015.

Borrowings
At 31 December 2014 the Fund had a loan to value of 34,7% (30 June 2014: 31,3%). This is below the board approved 40% level. The Fund remains capitalised to take advantage of yield-enhancing acquisitions and has an average cost of debt of 8,27% with 48,7% of the outstanding debt hedged through the use of interest rate swaps (30 June 2014: 49,2%).

	Unaudited six months to 31 December 2014 R'000	Unaudited six months to 31 December 2013 R'000	Audited year to 30 June 2014 R'000
Carried at amortised cost			
Standard Bank Limited loan	924 272	358 390	721 101
Investec Bank Limited loan	214 303	–	–
	1 138 575	358 390	721 101
Carried at fair value through profit or loss			
Interest rate swaps (Standard Bank Limited)	3 627	4 887	1 465
Total financial liabilities	1 142 202	363 277	722 566
Less: redraw portion of facilities	(67 914)	(43 818)	–
Less: amount to be settled within 12 months	–	–	(362 500)
Non-current portion of financial liabilities	1 074 288	319 459	360 066
Amount to be settled within 12 months*	–	–	362 500
Less: redraw portion of facility*	–	–	(25 223)
Current portion of financial liabilities	–	–	337 277

* Excess cash paid into the facilities on a monthly basis and when required for the payment of the dividend, the cash can be accessed without penalty from the facility.

Change in directors and board sub-committees
The following changes were made to the board committees:
Ms KN Vundla and Ms NV Balfour were appointed to the Remuneration and Nominations Committee in January 2015.

Prospects
Despite the difficult economic climate, the office dominated portfolio continues to perform well and we anticipate being able to deliver above market distribution growth into the future. We will continue to focus on our core strategy of growing the fund with yield enhancing assets without compromising on quality. A two

day off-site strategy session in October focussed on identifying those attributes that have made Texton successful to date and, importantly, those attributes that are applicable outside of the South African office sector. The success of the Fund to date has been based our ability to tightly manage the assets with highly experienced staff; a disciplined approach to acquisitions; and to only acquire assets that we are confident we can manage. Further, we identified other sectors where we have the skills, experience and networks to be successful.

We have acquired a number of light industrial/warehousing properties that are well located, low risk, have a stable tenant profile and are non-specialised. Typically they will be 2 000m2 – 10 000m2 'boxes' with a small office component for which we can identify demand. A key component of our decision making is our ability to relet the premises in event of a tenant vacating. Our retail focus will be on the lower LSM, commuter based centres with a GLA of less than 12 000m2. The geographic defensiveness of smaller centres is key. We are most unlikely to acquire an 'also ran' neighbourhood centre or a regional mall as this is well outside of our current expertise.

It has been our stated intention for some time to acquire assets offshore. It is well known that the top performing funds all have offshore exposure, it is also important to ensure we can be successful in another market. We undertook exhaustive research of countries and particularly our ability to trade successfully in them. We have identified the UK as our target market and collectively the management team has 30 years in that market having owned, developed, funded and traded properties. The Fund is the beneficiary of management's school fees. There will of course be other markets that may offer higher returns. However, it is the compatibility of our expertise and networks with the target market that will protect the Fund. Further to the cautionary announcement released this morning, we are close to concluding a number of acquisitions in the UK, all of which are low risk, tenanted by AAA corporates on long leases (+10 years). The properties are predominantly offices, located in stable secondary nodes (ie outside the M25) in areas that are becoming increasingly popular with corporates as London rentals and salaries are multiples of these areas. The assets will be efficiently funded giving the Fund yield accretion on day 1.

We are very pleased with our two BEE transactions that place 25% of our shares in black hands. Texton Property Investments Proprietary Limited have signed operating agreements with each of the four BEE partners and this closely aligns their interests with those of the Fund. Apart from achieving our transformation objectives, our new partners have already added considerable value to the Fund particularly in tenant negotiations and deal flow. These new relationships open up doors and networks for the Fund. We look forward to cementing these relationships and believe they will be another strong driver for the Fund.

The Fund has a solid pipeline of acquisitions. Whilst we will always be office dominated, the sectoral diversification widens our pool of potential acquisitions, thereby enabling us to sift out great deals from good deals. We would be disappointed if we acquired less than R1,5 billon in the next 12 months. This is always subject to finding suitable assets. We believe shareholders can look forward to another busy, successful year ahead.

This prospects statement has not been reviewed or reported on by the Fund's independent external auditors.

Cash distribution

The board has approved and notice is hereby given of an interim dividend (distribution number 8) of 44,68 cents per share for the six

months ended 31 December 2014.
In accordance with Texton’s status as a REIT, shareholders are advised that the distribution meets the requirements of a “qualifying distribution” for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act). Accordingly, qualifying distributions received by local tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, subject to provision of the required declarations to the unitholders’ 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.
Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 30 June 2014 qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net amount due to non-resident shareholders will be 37,978 cents per share.
Local tax resident shareholders as well as non-resident shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Summary of the salient dates relating to the cash distribution are as follows:

Last date to trade in order to participate in the cash distribution	Friday, 20 March 2015
Shares to trade ex-distribution	Monday, 23 March 2015
Record date	Friday, 27 March 2015
Payment date	Monday, 30 March 2015

Shares may not be dematerialised or rematerialised between Monday, 23 March 2015 and Friday, 27 March 2015, both dates inclusive.

On behalf of the board

PD Naidoo — Chairman

RF Kane — Chief executive officer

23 February 2015

Statement of financial positionas as at

	Unaudited six months 31 December 2014 R'000	Unaudited six months 31 December 2013 R'000	Audited year to 30 June 2014 R'000
Assets			
Non-current assets	3 157 488	1 856 056	2 219 986

Investment property	3 140 400	1 83 450	2 202 525
Property, plant and equipment	7 102	6 381	7 925
Other non-current assets	6 231	6 408	5 781
Deferred tax	3 755	4 817	3 755
Current assets	117 021	56 725	113 501
Trade and other receivables	54 543	15 211	23 824
Investment property reclassified as held for sale	24 000	–	24 000
Income tax receivable	4 563	–	1 228
Cash and cash equivalents	33 915	41 514	64 449
Total assets	3 274 509	1 912 781	2 333 487
Equity and liabilities			
Equity	2 077 541	454 317	1 592 316
Ordinary share capital	1 409 830	422	945 436
Retained earnings /(accumulated loss)	667 711	(50 252)	646 880
Non-distributable reserves	–	504 147	–
Debentures	–	1 031 257	–
Shareholders’ interest	2 077 541	1 485 574	1 592 316
Other liabilities			
Other non-current liabilities	1 120 686	319 459	360 066
Other financial liabilities	1 074 289	319 459	360 066
Lease liability	46 397	–	–
Current liabilities	76 282	107 748	381 105
Current portion of other financial liabilities	–	–	337 277
Trade and other payables	76 282	40 043	45 828
Linked unitholder for distribution	–	67 649	–
Current tax payable	–	56	–
Total liabilities	1 196 968	427 207	741 171
Total equity and liabilities	3 274 509	1 912 781	2 333 487
Shares/linked units in issue (‘000)	208 498	169 122	160 210*
Net asset value per share (cents)	996,43	268,63	993,89
Net asset value per linked unit (cents)	–	877,81	–
Net tangible asset value less deferred tax per share (cents)	994,63	265,28	991,55
Net tangible asset value less deferred tax per linked unit (cents)	–	874,96	–

* Includes treasury shares.

Statement of comprehensive income for the period ended

	Unaudited six months 31 December 2014 R'000	Unaudited six months 31 December 2013 R'000	Audited year to 30 June 2014 R'000
Investment property income	169 918	124 534	271 759
Straight-line rental adjustment	7 093	2 380	1 839
Revenue	177 011	126 914	273 598
Property expenses	(57 406)	(44 133)	(89 571)
Net property income	119 605	82 781	184 027
Other income	14 695	5 800	5 444
Other operating expenses	(2 811)	(2 231)	(4 89)
Asset management fees	(6 313)	(4 502)	(9 588)
Operating profit	125 176	81 848	175 194
Finance income	1 441	1 107	8 299
Finance costs	(30 541)	(16 110)	(41 421)
Fair value adjustments	(2 163)	909	114 827
Capital items	(114)	–	(9)
	93 799	67 754	256 890
Debenture interest	–	(67 649)	(64 022)
	93 799	105	192 868
Amortisation of debenture premium	–	2 159	2 159
Profit before income tax	93 799	2 264	195 027
Income tax	(120)	(593)	(370)
Profit for the period	93 679	1 671	194 657
Total comprehensive income for the period	93 679	1 671	194 657
	52,79	1,17	123,60
Comparable basic and diluted earnings per share/linked unit (cents)*	52,79	47,00	162,88
Headline earnings per share (cents)*	45,10	1,17	53,28
Comparable headline earnings per share/linked unit(cents)*	45,10	47,00	92,56
Distribution per share/ linked unit(cents)	44,68	40,00	85,47
Interim distribution	–	40,00	40,00
Interim dividend**	44,68	–	–
Final dividend**	–	–	45,47

* Comparable basic and diluted earnings per share/linked unit and comparable headline and diluted headline earnings per share/linked unit have been included to enable shareholders to compare the current period figures to those previously reported which related to linked units.
** Declared subsequent to period end.

Statement of changes in equity for the period ended

	Ordinary share capital R'000	Stated capital R'000	Non-distrub-able reserve R'000
Balance at 31 December 2013	422	–	504 147
Transactions with owners of the company recognised directly in equity			
Treasury shares acquired	–	(86 060)	–
Transfer from non-distributable reserve	–	–	(504 147)
Conversion of debentures to shares	(422)	1 031 496	
Total comprehensive income for the period			
Profit for the period	–	–	–
Balance at 30 June 2014	–	945 436	–
Transactions with owners of the company recognised directly in equity			
Issue of shares	–	464 394	–
Dividends paid	–	–	–
Total comprehensive income for the period			
Profit for the period	–	–	–
Balance at 31 December 2014	–	1 409 830	–

	(Accu-mulated loss)/ Retained earnings R'000	Total R'000
Balance at 31 December 2013	(50 252)	454 317
Transactions with owners of the company recognised directly in equity		
Treasury shares acquired	–	(86 060)
Transfer from non-distributable reserve	504 147	–
Conversion of debentures to shares		1 031 074
Total comprehensive income for the period		
Profit for the period	192 985	192 985
Balance at 30 June 2014	646 880	1 592 316
Transactions with owners of the company recognised directly in equity		
Issue of shares	–	464 394
Dividends paid	(72 848)	(72 848)
Total comprehensive income for the period		
Profit for the period	93 679	93 679
Balance at 31 December 2014	667 711	2 077 541

Statement of cash flows for the period ended

	Unaudited six months 31 December 2014 R'000	Unaudited six months 31 December 2013 R'000	Audited year to 30 June 2014 R'000
Cash flows from operating activities			
Cash generated by operations	124 054	81 155	170 771
Finance income received	1 441	1 107	8 299
Finance costs paid	(23 911)	(16 110)	(41 200)
Distributions to shareholders/linked unit holders	(67 649)	(47 339)	(111 361)
Income tax paid	(103)	(757)	(335)
Net cash inflow from operating activities	33 832	18 056	26 174
Net cash outflow from investing activities	(678 040)	(270 362)	(364 914)
Net cash inflow from financing activities	613 674	270 265	379 634
Net (decrease)/increase in cash and cash equivalents	(30 534)	17 959	40 894
Cash and cash equivalents at the beginning of the year	64 449	23 555	23 555
Cash and cash equivalents at the end of the year	33 915	41 514	64 449

Segmental analysis

	Commercial R'000	Retail R'000	Gauteng Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2014				
Investment property income	118 108	2 281	2 863	123 252
Property expenses	(41 760)	(1 396)	(767)	(43 923)
Segment results	76 348	885	2 096	79 329
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	1 579 102	20 255	–	1 599 357
Additions through business combinations	288 410	327 907	239 744	856 061
Other additions	2 031	–	–	2 031
Straight-line rental adjustment	3 483	68	558	4 109
Closing balance	1 873 026	348 230	240 302	2 461 558

	Western Cape			
	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2014				
Investment property income	31 210	535	1 109	32 854
Property expenses	(9 892)	(344)	(85)	(10 321)
Segment results	21 318	191	1 024	22 533
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	399 743	5 126	–	404 869
Additions through business combinations	21 130	–	–	21 130
Other additions	247	–	–	247
Straight-line rental adjustment	2 656	(29)	(12)	2 615
Closing balance	423 776	5 097	(12)	428 861

	North West			
	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2014				
Investment property income	4 282	–	–	4 282
Property expenses	(865)	–	–	(865)
Segment results	3 417	–	–	3 417
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	62 409	–	–	62 409
Straight-line rental adjustment	(171)	–	–	(171)
Closing balance	62 238	–	–	62 238

	Eastern Cape			
	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2014				
Investment property income	3 072	2 340	–	5 412
Property expenses	(1 035)	(465)	–	(1 500)

Segment results	2 037	1 875	–	3 912
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	54 955	41 311	–	96 266
Straight-line rental adjustment	211	208	–	419
Closing balance	55 166	41 519	–	96 685

	KwaZulu-Natal			
	Commercial R’000	Retail R’000	Industrial R’000	Total R’000
Extracts from the statement of compre-hensive income 31 December 2014				
Investment property income	1 882	161	–	2 043
Property expenses	(441)	(44)	–	(485)
Segment results	1 441	117	–	1 558
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	27 295	2 331	–	29 626
Straight-line rental adjustment	(37)	(6)	–	(43)
Closing balance	27 300	2 325	–	29 625

	Northern Cape			
	Commercial R’000	Retail R’000	Industrial R’000	Total R’000
Extracts from the statement of compre-hensive income 31 December 2014				
Investment property income	630	–	–	630
Property expenses	(119)	–	–	(119)
Segment results	511	–	–	511
Extracts from the statement of financial position as at 31 December 2014				
Investment property				
Opening balance (June 2014)	9 998	–	–	9 998
Straight-line rental adjustment	(32)	–	–	(32)
Closing balance	9 996	–	–	9 996

	Free State			
	Commercial R’000	Retail R’000	Industrial R’000	Total R’000
Extracts from the				

statement of comprehensive income 31 December 2014				
Investment property income	1 445	–	–	1 445
Property expenses	(193)	–	–	(193)
Segment results	1 252	–	–	1 252
Extracts from the statement of financial position as at 31 December 2014				
Investment property (June 2014)				
Opening balance	–	–	–	–
Additions through business combinations	47 639	–	–	47 639
Other additions	–	–	–	–
Straight-line rental adjustment	197	–	–	197
Closing balance	47 836	–	–	47 836

	Total Portfolio			
	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2014				
Investment property income	160 629	5 317	3 972	169 918
Property expenses	(54 305)	(2 249)	(852)	(57 406)
Segment results	106 324	3 068	3 120	112 512
Extracts from the statement of financial position as at 31 December 2014				
Investment property (June 2014)				
Opening balance	2 133 502	69 023	–	2 202 525
Additions through business combinations	357 179	327 907	239 744	924 830
Other additions	2 278	–	–	2 278
Straight-line rental adjustment	6 307	241	546	7 094
Closing balance	2 499 266	397 171	240 290	3 136 727

	Total 31 December 2014 R'000
Reconciliation from segment results to profit for the period	
Segment results	112 512
Straight-line rental adjustment	7 093
Other income	14 695
Other operating expenses	(2 811)
Asset management fees	(6 313)
Finance income	1 441
Finance costs	(30 307)
Finance cost amortisation	(234)
Fair value adjustments	(2 163)

Capital items				(114)
Income tax				(120)
Profit for the period				93 679

		Gauteng		
	Commercial	Retail	Industrial	Total
	R'000	R'000	R'000	R'000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	79 860	2 158	–	82 018
Property expenses	(30 212)	(1 217)	–	(31 429)
Segment results	49 648	941	–	50 589
Extracts from the statement of financial position as at 31 December 2013				
Investment property				
Opening balance (June 2013)	954 374	19 517	–	973 891
Additions through business combinations	264 276	–	–	264 276
Straight-line rental adjustment	7 727	72	–	7 799
Closing balance	1 226 377	19 592	–	1 245 966

		Western Cape		
	Commercial	Retail	Industrial	Total
	R'000	R'000	R'000	R'000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	27 956	497	1 375	29 828
Property expenses	(8 973)	(293)	(749)	(10 015)
Segment results	18 983	204	626	19 813
Extracts from the statement of financial position as at 31 December 2013				
Investment property				
Opening balance (June 2013)	373 746	5 429	23 400	402 575
Additions through business combinations	–	–	–	–
Straight-line rental adjustment	3 444	–	(25)	3 419
Closing balance	377 190	5 429	23 375	405 994

		North West		
	Commercial	Retail	Industrial	Total
	R'000	R'000	R'000	R'000
Extracts from the statement of compre-				

hensive income 31 December 2013				
Investment property income	3 957	–	–	3 957
Property expenses	(738)	–	–	(738)
Segment results	3 219	–	–	3 219
Extracts from the statement of financial position as at 31 December 2013				
Investment property				
Opening balance (June 2013)	59 719	–	–	59 719
Straight-line rental adjustment	125	–	–	125
Closing balance	59 844	–	–	59 844

Eastern Cape

	Commercial R’000	Retail R’000	Industrial R’000	Total R’000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	4 167	2 159	–	6 326
Property expenses	(978)	(455)	–	(1 433)
Segment results	3 189	1 704	–	4 893
Extracts from the statement of financial position as at 31 December 2013				
Investment property				
Opening balance (June 2013)	55 000	37 499	–	92 499
Straight-line rental adjustment	60	281	–	341
Closing balance	55 060	37 780	–	92 840

KwaZulu-Natal

	Commercial R’000	Retail R’000	Industrial R’000	Total R’000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	1 677	147	–	1 824
Property expenses	(369)	(38)	–	(407)
Segment results	1 315	102	–	1 417
Extracts from the statement of financial position as at 31 December 2013				
Investment property (June 2013)				
Opening balance	26 973	2 264	–	29 237
Straight-line rental adjustment	(40)	(3)	–	(43)
Closing balance	26 933	2 261	–	29 194

Northern Cape	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	581	–	–	581
Property expenses	(111)	–	–	(111)
Segment results	470	–	–	470
Extracts from the statement of financial position as at 31 December 2013				
Investment property (June 2013)				
Opening balance	9 746	–	–	9 746
Straight-line rental adjustment	7	–	–	7
Closing balance	9 753	–	–	9 753

Total Portolio	Commercial R'000	Retail R'000	Industrial R'000	Total R'000
Extracts from the statement of comprehensive income 31 December 2013				
Investment property income	118 198	4 961	1 375	124 534
Property expenses	(41 381)	(2 003)	(749)	(44 133)
Segment results	76 817	2 958	626	80 401
Extracts from the statement of financial position as at 31 December 2013				
Investment property				
Opening balance (June 2013)	1 479 558	64 709	23 400	1 567 667
Additions through business combinations	264 276	–	–	264 276
Straight-line rental adjustment	11 324	350	25	11 699
Closing balance	1 755 158	65 059	23 425	1 843 642

	Total 31 December 2013 R'000
Reconciliation from segment results to profit for the period	
Segment results	80 401
Straight-line rental adjustment	2 380
Other income	5 800
Other operating expenses	(2 231)
Asset management fees	(4 502)
Finance income	1 107

Finance costs	(16 110)
Fair value adjustments	909
Debenture interest	(67 649)
Amortisation of debenture premium	2 159
Income tax	(593)
Profit for the period	1 671

Basic, diluted, headline earnings and distribution per sharefor the period ended

	31 December 2014 R'000	31 December 2013 R'000	30 June 2014 R'000
Earnings			
Earnings attributable to shareholders:	93 679	1 671	194 657
Adjust for:			
Debenture interest	–	67 649	64 022
Amortisation of debenture interest	–	(2 159)	(2 159)
Comparable earnings attributable to share-holders/linked unitholders	93 679	67 161	256 520
Headline earnings			
Profit attributable to shareholders:	93 679	1 671	194 657
Adjust for:			
Gain on bargain purchase	(13 646)	–	–
Gross revaluation of investment property	–	–	(110 743)
Headline earnings attributable to shareholders	80 033	1 671	83 914
Adjust for:			
Debenture interest	–	67 649	64 022
Amortisation of debenture interest	–	(2 159)	(2 159)
Comparable headline earnings attributable to shareholders/linked unitholders	80 033	67 161	145 777
Distributable earnings			
Investment property income	169 918	124 534	271 759
Property expenses	(57 406)	(44 133)	(89 571)
Other income	14 695	5 800	5 444
Other operating expenses	(2 811)	(2 231)	(4 689)
Asset management fees	(6 313)	(4 502)	(9 588)
Net finance cost	(28 866)	(15 003)	(32 901)
Finance income	1 441	1 107	8 299
Finance cost	(30 541)	(16 110)	(41 421)
Finance cost amortisation	234	–	221
Deconsolidation of treasury shares	4 052	–	3 626
Taxation	(120)	(823)	462
Distributable earnings	93 149	63 642	144 542

Reconciliation of comparable earnings to distributable earnings

Comparable earnings attributable to share-holders/linked unitholders	93 679	67 161	256 520
Straight-line rental adjustment	(7 093)	(2 380)	(1 839)
Finance cost amortisation	234	–	221
Fair value adjustments	2 163	(909)	(114 827)
Deconsolidation of treasury shares	4 052	–	3 626
Capital items	114	–	9
Deferred tax	–	(230)	832
Distributable earnings	93 149	63 642	144 542
Distributable earnings (R’000)	193 149	63 641	144 542
Shares in issue (’000)	208 498	169 122	169 122
Weighted average number of shares in issue (’000)	177 454	142 850	157 494
Available for distribution per share (cents)	44,68	37,63	85,47
Dividend for share subsequent to period end (cents)	44,68	–	45,47
Distribution per linked unit (cents)	44,68	40,00	40,00

Corporate information

Board of directors

PD Naidoo (Chairman)
RF Kane (Chief Executive Officer)
M de Lange (Financial Director)
NV Balfour
JR Macey
PM Tau-Sekati
TS Sishuba
KN Vundla
AN Du Hecquet de Rauville
JA Legh
MJ van Heerden

Company secretary
CIS Company Secretaries Proprietary Limited (N Toerien)

Sponsor
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Transfer secretary
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