

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

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**CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS  
ENDED 31 DECEMBER 2020**

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## **ABOUT TEXTON**

Texton Property Fund Limited (“Texton” or “the company” or “the fund” or “the group”) is a Real Estate Investment Trust (“REIT”) listed on the JSE Limited. The Company internally manages a portfolio of R4,2 billion of property assets with retail, office and industrial exposure located in South Africa (“SA”) and the United Kingdom (“UK”).

Texton owns 48 (June 2020: 53) properties located in SA and the UK. The geographic split of the portfolio by value is 55.4% (June 2020: 55,9%) in SA and 44.6% (June 2020: 41,1%) in the UK (including our portion of Broad Street Mall). The portfolio in SA is made up of 76,1% office, 15,6% industrial and 8,3% retail. The wholly-owned portion of our UK portfolio is made up of 14,0% office, 22,5% retail and 63,5% industrial by value.

## **PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

Our results reflect the Company’s strong operational focus and a hands-on, proactive approach to property asset management and protecting our balance sheet through active risk management.

During the past six months we have disposed of R139 million (30 June 2020: R213 million) of non-core assets to streamline operations and to make funds available to pay down debt. Our LTV<sup>1</sup> profile continues to improve and has fallen from 46,2% to 42,9% due to our focused approach on balance sheet management.

### **South Africa**

- The SA economy continues to face economic challenges, exacerbated by increased load shedding and the resurgence of the 2019 coronavirus disease (“COVID-19”) pandemic (“the pandemic”).
- Maintained core vacancy level at 9.5% following a concerted effort to sell underperforming assets and target our attention on letting vacant properties across the portfolio.
- Re-let 86% of expiring GLA, a strong letting performance in the current environment.
- Transferred six of the 12 properties held as available for sale in SA at 30 June 2020, to the value of R139 million. Post period-end, two properties totaling R42 million were transferred, bringing the total value of properties sold in SA to R180 million. There are significant delays being experienced in obtaining municipal clearance due to closures which is resulting in the sales process being unnecessarily cumbersome and time consuming.
- Healthy collection rate of 98%<sup>2</sup> until 31 December 2020 and 97% after year-end.

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<sup>1</sup> LTV is calculated based on SA REIT Best Practice Recommendations (“BPR”) 2019 second edition

<sup>2</sup> Excluding billings to Edcon Limited who are under business rescue and have cancelled their lease from 1 November 2020

## United Kingdom

- The UK economy remained contracted due to the COVID-19 national lockdowns. Now that the roll-out of the COVID-19 vaccine programme has begun, we are hopeful that the recovery phase will follow.
- Maintained our collection rate on our wholly-owned properties at 97%.
- Concluded the sale of our Poundland property post year-end for £3,7 million, further reducing Texton's exposure to retail assets and improving the weighted average lease expiry ("WALE") and income profile of the remaining UK portfolio.
- Agreed the sale of DHL Bawtry distribution warehouse subject to shareholder approval for £22,7 million.
- Our wholly-owned property portfolio is 100% let with a WALE of c.8.7 years.

## Broad Street Mall – joint venture<sup>3</sup>

- Transformation project underway to reposition Broad Street Mall as a diversified mixed-use property in Reading, a top 20 town in the UK.
- Achieved resilient collections of 81% during the period under review reinforcing the defensive community nature of the mall.

## Balance sheet management

- LTV decreased from 46,2% to 42,9% at year-end.
- De-risked the balance sheet by converting £7,5 million of debt secured against the SA portfolio into Rand, further reducing cross-currency interest rate swap exposure by £7,5 million.
- Reduced long-term debt by R190 million<sup>4</sup>.
- Entities remain within interest cover and LTV covenants.
- R113 million cash on hand, excluding cash available in debt facilities.

## Distributable earnings

Total distributable income, for the six-months period ending 31 December 2020 amounted to R98.0 million<sup>5</sup> (31 Dec 2019: R112,4 million), representing a 12.8% decrease in distributable income.

## KEY METRICS

	31 December 2020	31 December 2019	Change %
Property revenue (R'000)	243 330	266 785	(8.8)
Distributable earnings (R'000)	98 063	112 417	(12.8)
Headline earnings per share (cents)	11.03	26.51	(58.4)

<sup>3</sup> Texton has a 50% share in a joint venture with Moorgarth Holdings (Luxembourg) s.a.r.l ("Moorgarth"), a subsidiary of JSE-listed Tradehold Limited.

<sup>4</sup> Including funds paid into the committed revolving credit facility

<sup>5</sup> Before Texton implementing a pay-out ratio

Earnings per share (cents)	38.82	26.51	46.44
Net asset value per share (cents)	609.66	593.40	2.7

The board, given the uncertainty around the economy and possible further waves of the COVID-19 pandemic, has elected not to declare an interim dividend and will defer the dividend decision to year-end.

### Availability of the revised B-BBEE Compliance Report

Further to the announcement released on SENS on 22 December 2020, shareholders are advised that a revised B-BBEE Compliance Report is available on Texton's website <http://www.texton.co.za>

This short-form announcement is the responsibility of the board and does not include full or complete details. Any investment decision should be based on the full condensed unaudited consolidated interim financial results ("full announcement") which may be downloaded from:  
<https://senspdf.jse.co.za/documents/2021/jse/isse/TEX/interim.pdf>

The full announcement is available for inspection at the registered offices of the Company at no charge, during office hours, for a period of 30 calendar days following the date of this announcement. The full announcement is also available on the Company's website at: <http://www.texton.co.za>

The short-form announcement has not been audited or reviewed by the Company's external auditor. The directors take full responsibility for the preparation of these condensed unaudited consolidated interim financial results.

By order of the board of directors

### 17 March 2021

Directors and Prescribed Officers: MAJ Golding (*non-executive chairman*), AJ Hannington (*independent non-executive*), JR Macey (*lead independent director*), S Thomas (*independent non-executive*), RA Franco (*non-executive*), WC van der Vent (*independent non-executive*), PM Hack (*chief financial officer*), HSP Welleman\*, (*chief executive officer*)

\*accepted role as CEO from 20 November 2020

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

Registered office and business address: Block D Vunani Office Park, 151 Katherine Street, Sandton 2031

Transfer secretaries: Computershare Investor Services Proprietary Limited, 2nd Floor, Rosebank Towers, 15 Biermann Avenue, Rosebank

Sponsor: Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton 2196

Auditor: BDO South Africa Inc. Wanderers Office Park, 52 Corlett Drive, Illovo 2196