

## **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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## **JOINT ANNOUNCEMENT OF THE FIRM INTENTION TO MAKE A MANDATORY OFFER TO TEXTON SHAREHOLDERS**

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### **1. INTRODUCTION**

Shareholders are advised that Texton has received notice from Oak Tech Properties Proprietary Limited, Oak Tech Trading Proprietary Limited and its concert parties (as detailed in paragraph 3 below) ("**Consortium**" or "**Offeror**"), that the Consortium has entered into an unconditional agreement to acquire additional Texton shares, such that the Consortium's total beneficial interest will increase to c.40% (currently c.32%) of the Company's issued ordinary share capital (net of treasury shares). Accordingly, the Consortium will proceed with a mandatory offer to all Texton shareholders to acquire their ordinary shares in Texton (each a "**Mandatory Offer Share**"), as contemplated in section 123 of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**"), for a cash consideration of R1.20 per Mandatory Offer Share ("**Mandatory Offer Consideration**") ("**Mandatory Offer**").

The purpose of this firm intention announcement ("**Firm Intention Announcement**") is to advise the Texton shareholders of the terms and conditions of the Mandatory Offer.

### **2. RATIONALE FOR THE MANDATORY OFFER**

Texton is a small cap, illiquid stock which has seen limited institutional support and access to equity capital, operating in an extremely volatile equity and commercial environment. In light of these, and other factors, the Consortium believes that some Texton shareholders, who no longer wish to remain as shareholders in the Company and who have not been able to dispose of their shares in the Company due to the lack of liquidity in the share, would welcome an attractive cash liquidity event.

Texton will further benefit from the support of the Consortium as key anchor shareholders subsequent to the Mandatory Offer. Furthermore, it is not the current intention of the Consortium to apply for the delisting of Texton from the Johannesburg Stock Exchange ("**JSE**").

The Mandatory Offer will afford Texton shareholders an opportunity to realise their investment in Texton at the Mandatory Offer Consideration, which represents a premium of:

- 53.8% to the closing share price of 78 cents as at 29 October 2020, being the business day prior to the publication of this Firm Intention Announcement;
- 47.1% to the 5-day volume weighted average price ("**VWAP**") up to and including 29 October 2020; and

- 42.9% to the 30-day VWAP up to and including 29 October 2020.

### 3. INFORMATION ABOUT THE OFFEROR

A concert party arrangement has been formally established amongst Oak Tech Properties Proprietary Limited, Kloof Capital South Africa Proprietary Limited, Oak Tech Trading Proprietary Limited, KCSA Investments Proprietary Limited, Geomer Investments Proprietary Limited, Rex Trueform Group Limited, Wheatfield Estate Foundation Trust and Bronwyn Elaine Keene-Young in relation to any shares held from time to time by them in Texton. Accordingly, in terms of the Companies Act and the Takeover Regulations promulgated in terms of the Companies Act (the "**Takeover Regulations**"), Kloof Capital South Africa Proprietary Limited, KCSA Investments Proprietary Limited, Geomer Investments Proprietary Limited, Rex Trueform Group Limited, Wheatfield Estate Foundation Trust and Bronwyn Elaine Keene-Young are deemed to be acting in concert with Oak Tech Properties Proprietary Limited and Oak Tech Trading Proprietary Limited.

### 4. TERMS AND CONDITIONS OF THE MANDATORY OFFER

#### 4.1 Terms of the Mandatory Offer

The Offeror will make a Mandatory Offer, in terms of section 123 of the Companies Act whereby each shareholder will be entitled to elect whether or not to dispose of all of their Mandatory Offer Shares to the Offeror for the Mandatory Offer Consideration ("**Mandatory Offer Participants**").

#### 4.2 Mandatory Offer Consideration

Mandatory Offer Participants who have so elected shall receive the Mandatory Offer Consideration, in the amount of R1.20 per Mandatory Offer Share held by such Mandatory Offer Participant after the fulfillment or waiver of the Mandatory Offer Conditions as defined and set out below.

#### 4.3 The Mandatory Offer Conditions

4.3.1 Implementation of the Mandatory Offer is subject to the fulfilment or waiver, as the case may be, of the following conditions ("**Mandatory Offer Conditions**") by no later than 31 March 2021:

4.3.1.1 the receipt of all approvals, consents or waivers from those South African regulatory authorities as may be necessary for the Offeror to implement the Mandatory Offer, including the South African Competition Authorities ("**Competition Authorities**"), JSE and the Takeover Regulation Panel ("**TRP**"), on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, the Offeror (to the extent that it is adversely affected by the condition or

qualification) confirms in writing that the condition or qualification is acceptable to it.

#### 4.3.2 Waiver and extension of Mandatory Offer Conditions

4.3.2.1 the Mandatory Offer Conditions set out in paragraph 4.3.1.1 are not capable of waiver but the time and/or date for fulfilment of these Mandatory Offer Conditions may be extended from time to time as may be agreed in writing between the Offeror and the TRP, JSE and/or Competition Authorities.

4.3.2.2 an announcement will be released on SENS as soon as practicable after all the Mandatory Offer Conditions have been fulfilled or waived, if the Mandatory Offer Conditions are not fulfilled or waived timeously, or if the time and/or date for fulfilment or waiver of the Mandatory Offer Conditions is extended.

#### 4.4 Independent Board

Texton has constituted an independent board of directors of Texton (“**Independent Board**”) for the purposes of the Mandatory Offer, including, evaluating the terms and conditions of the Mandatory Offer and advising Texton shareholders thereon as required by the Takeover Regulations. The Independent Board comprises Shelley Thomas, Andrew Hannington, John Macey and Wayne van der Vent.

### 5. MANDATORY OFFER

The Offeror currently holds 111 826 695 shares, being c.32% of the issued ordinary shares of Texton (net of treasury shares of 26 672 213 (“**Treasury Shares**)). The Offeror has entered into an unconditional agreement with Coronation Asset Management (Pty) Ltd to acquire an additional 28 185 669 Texton shares, which will be transferred and received by no later than T + 3 (the “**Acquisition**”). On completion of the Acquisition, the Offeror’s total beneficial interest in Texton will amount to 140 012 364 Texton shares, being 40.07% of the issued ordinary shares of Texton (net of Treasury Shares).

### 6. BENEFICIAL INTEREST IN TEXTON ORDINARY SHARES

The Offeror has disclosed the following beneficial interests in Texton held by the Offeror, persons related to the Offeror and/or persons acting in concert with the Offeror:

Shareholder	Number of Texton Shares <sup>1</sup>	Percentage of Texton shares (net of Treasury Shares) <sup>1</sup>
Oak Tech Properties (Pty) Ltd	27,685,667	7.92%
Kloof Capital South Africa (Pty) Ltd	17,480,848	5.00%

KCSA Investments (Pty) Ltd	4,828,077	1.38%
Oak Tech Trading (Pty) Ltd	84,579,467	24.21%
Geomer Investments (Pty) Ltd	929,200	0.27%
Wheatfield Estate Foundation Trust	2,175,771	0.62%
Bronwyn Elaine Keene-Young	2,000,000	0.57%
Rex Truefrom Group Ltd	333,334	0.10%
<b>Total</b>	<b>140,012,364</b>	<b>40.07%</b>

Note 1 – post the Acquisition

## 7. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

The Independent Board has appointed PSG Capital (“**Independent Expert**”) as the independent expert to provide it with external advice in connection with the Mandatory Offer, in the form of the fair and reasonable opinion as required by and in compliance with the Takeover Regulations.

The full substance of the Independent Expert’s report in connection with the Mandatory Offer, once procured, will be more fully set out in the circular to be posted to shareholders as referred to in paragraph 11 below.

## 8. INDEPENDENT BOARD AND TEXTON BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement insofar as it relates to Texton and the Mandatory Offer. To the best of their collective knowledge and belief, the information contained in this announcement is true and this announcement does not omit anything likely to affect the importance of the information.

## 9. OFFEROR RESPONSIBILITY STATEMENT

The Offeror accepts responsibility for the information contained in this announcement insofar as it relates to detail around the Offeror and the Mandatory Offer. To the best of their collective knowledge and belief, the information contained in this announcement is true and this announcement does not omit anything likely to affect the importance of the information.

## 10. CASH CONFIRMATION

The funds to settle the Mandatory Offer Consideration are in place and, in accordance with Regulation 111(4) and 111(5) of the Takeover Regulations, the Offeror has obtained and delivered to the TRP an irrevocable unconditional bank guarantee issued by Investec Bank Limited for the maximum possible Mandatory Offer Consideration.

## **11. POSTING OF THE COMBINED CIRCULAR**

Texton and the Offeror have indicated that they intend to issue a joint circular to Texton shareholders, containing full terms and conditions of the Mandatory Offer (“**Circular**”).

Full details of the Mandatory Offer as well as the independent expert’s opinion and the recommendation of the Independent Board will be included in the Circular which will contain, *inter alia*, the terms of the Mandatory Offer and pertinent dates relating to the Mandatory Offer. The Circular will be posted within 20 business days of the date of this announcement.

### **SANDTON**

**30 October 2020**

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#### **CORPORATE ADVISER AND SPONSOR TO TEXTON**

Investec Bank Limited

#### **CORPORATE ADVISER TO OAK TECH PROPERTIES**

Investec Bank Limited

#### **LEGAL ADVISER TO OAK TECH PROPERTIES**

Bernadt Vukic Potash & Getz Attorneys

#### **LEGAL ADVISER TO TEXTON**

Cliffe Dekker Hofmeyr Incorporated

#### **INDEPENDENT EXPERT**

PSG Capital