

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations contained on pages 4 to 6 of this Circular apply mutatis mutandis throughout this Circular, including this cover page.

Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled “Action required by Shareholders” which commences on page 2.
- If you are in any doubt as to what action you should take, please consult your attorney, banker, Broker, CSDP or other professional adviser immediately.
- If you have disposed of all your Texton Shares, this Circular should be handed to the purchaser of such Texton Shares or to the banker, Broker, CSDP or other agent through whom the disposal was effected.



TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

(formerly Vunani Property Investment Fund Limited)

Approved as a REIT by the JSE

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

Share code: TEX

ISIN: ZAE000190542

(“Texton” or “the Company”)

CIRCULAR TO TEXTON SHAREHOLDERS

regarding:

- the placing of 100 000 000 authorised but unissued Texton shares under the control of the Directors;
- the authority to issue Shares in terms of section 41(3) of the Companies Act;
- the authority to provide Financial Assistance to the BEE Consortium to facilitate the participation of the BEE Consortium in the Rights Offer; and
- proposed amendments to the Texton Share Incentive Plan,

and incorporating:

- a notice convening a General Meeting of Texton Shareholders; and
- a form of proxy (*blue*) to vote at the General Meeting (for use by Certificated and “own-name” Dematerialised Shareholders only).

Investment bank and sponsor

Out of the Ordinary[®]



Legal advisers



Date of issue: 28 July 2015

Copies of this Circular, in English only, may be obtained at the Company's registered office or at the offices of the Transfer Secretaries, during normal business hours 08:00 to 16:00 or Texton's website www.texton.co.za from 28 July 2015 until 18 August 2015. The addresses of the Company and the Transfer Secretaries are set out in the “Corporate information and advisers” section.

CORPORATE INFORMATION AND ADVISERS

Directors

PD Naidoo[#] (Chairman)
PM Tau-Sekati⁺ (Lead Independent Director)
RF Kane* (Joint Chief Executive Officer)
AN Du Hecquet de Rauville* (Joint Chief Executive Officer)
LB Kan* (Chief Operating Officer)
M de Lange*
NV Balfour+
JA Legh[#]
JR Macey+
TS Sishuba+
MJ van Heerden[#]
KN Vundla+
R Makhubela[#]

* Executive

[#] Non-executive

+ Independent non-executive

Investment bank and sponsor

The Corporate Finance Division
of Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Registered office

Texton Property Fund Limited
(Registration number 2005/019302/06)
54 Bompas Road
Dunkeld West
Johannesburg, 2196
(PO Box 41394, Craighall Park, 2024)

Date and place of incorporation

6 June 2005, Pretoria, South Africa)

Website: <http://www.texton.co.za>

Legal adviser

Glyn Marais Incorporated
(Registration number 1990/000849/21)
2nd Floor
The Place
1 Sandton Drive, Sandton
(PO Box 652361, Benmore, 2010)

Company secretary

Computershare Investor Services Proprietary Limited
Represented by N Toerien
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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Form of proxy <i>(blue)</i>	Attached
<i>(for use by Certificated Shareholders and "own name" Dematerialised Shareholders only)</i>	

ACTION REQUIRED BY TEXTON SHAREHOLDERS

Please take careful note of the following:

If you are in any doubt as to what action to take in regard to this Circular, please consult your accountant, attorney, banker, Broker, CSDP or other professional adviser immediately.

This Circular contains information relating to the Proposed Resolutions. You should read this Circular carefully and decide how you wish to vote on the special and ordinary resolutions to be proposed at the General Meeting.

GENERAL MEETING

The General Meeting, convened in terms of the notice incorporated in this Circular, will be held at the Company's offices, Texton, 54 Bompas Road, Dunkeld West, Johannesburg 2196, on Thursday, 27 August 2015 at 10:00.

ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

A form of proxy is attached for the convenience of Certificated Shareholders and own-name Dematerialised Shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. In order to ensure validity, duly completed forms of proxy must either be returned to the:

- a) Transfer Secretaries, so as to reach them by no later than the Relevant Time; or
- b) Chairperson of the General Meeting so as to reach him by no later than immediately prior to the commencement of voting on the special and ordinary resolutions at the General Meeting.

ACTION REQUIRED BY DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION

The Broker or CSDP, as the case may be, of Dematerialised Shareholders, other than those with own-name registration, should contact such Dematerialised Shareholders to ascertain how they wish their votes to be cast at the General Meeting and thereafter cast their votes in accordance with their instructions. If such Dematerialised Shareholders have not been contacted, it is recommended that they contact their Broker or CSDP, as the case may be, to advise them as to how they wish their votes to be cast.

Dematerialised Shareholders, other than those with own-name registration, who wish to attend the General Meeting, must request a letter of representation from their Broker or CSDP, as the case may be, but must not complete the attached form of proxy.

Texton does not accept any responsibility and will not be held liable for any failure on the part of the Broker or CSDP (as the case may be) of a Dematerialised Shareholder to notify such Dematerialised Shareholder of the details of this Circular.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Texton's company secretary and identify yourself to the satisfaction of the company secretary to obtain the dialling code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. The costs borne by you or your proxy in relation to the teleconference call will be for your own account.

IDENTIFICATION OF MEETING PARTICIPANTS

In terms of section 63(1) of the Companies Act, before any person may attend or participate in a Shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a Shareholder, or as a proxy of a Shareholder, has been reasonably verified.

IMPORTANT DATES AND TIMES

2015

Notice record date, being the date on which Texton Shareholders must be registered in the Securities Register in order to be entitled to receive the Circular	Friday, 17 July
Circular and notice of General Meeting posted to Texton Shareholders on	Tuesday, 28 July
Last day to trade in Texton Shares in order to be entitled to attend, participate in and vote at the General Meeting	Friday, 14 August
Record date to be eligible to attend and vote at the General Meeting	Friday, 21 August
Last day for lodging forms of proxy for General Meeting by 10:00 on	Tuesday, 25 August
General meeting of Texton Shareholders at 10:00 on	Thursday, 27 August
Announcement of results of General Meeting released on SENS on	Thursday, 27 August

Notes:

1. The above dates and times are subject to amendment and any amendment made will be released on SENS and published in the press.
2. Shareholders should note that as transactions in Shares are settled via the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore Shareholders who acquire Shares after Friday, 14 August 2015, will not be eligible to participate in and vote at the General Meeting.
3. All times given are South African local times.
4. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement thereof.

DEFINITIONS

In this Circular (inclusive of the pages preceding these definitions), unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and vice versa, words incorporating one gender include the other gender and expressions denoting natural persons include juristic persons and associations of persons:

“Alrode Property”	means portion 125 (a portion of portion 29) of the farm Roodekop 139, registration division I.R., province of Gauteng, measuring 4,3083 hectares;
“BEE”	means Broad-Based Black Economic Empowerment as contemplated in the BEE Act and the BEE Codes;
“BEE Act”	means the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended from time to time;
“BEE Codes”	means the Codes of Good Practice on Broad-Based Black Economic Empowerment published under section 9(1) of the BEE Act, as amended or revised from time to time;
“BEE Consortium”	means Texton Broadbased Empowerment Proprietary Limited (formerly Business Venture Investments No 1828 (RF) Proprietary Limited), registration number 2014/103458/07, a limited liability private company duly incorporated under the laws of South Africa;
“BEE Transaction”	means the transaction entered into between Texton and the BEE Consortium, the details of which were set out in the circular posted to Shareholders on Wednesday, 18 February 2015;
“Board”	means collectively the Directors;
“Broker”	means any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	means any day other than a Saturday, Sunday or public holiday in South Africa;
“Certificated Shareholders”	means registered holders of the Certificated Shares;
“Certificated Shares”	means Texton Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	means this bound document, dated Tuesday, 28 July 2015, including the notice of General Meeting and form of proxy;
“Companies Act” or “Act”	means the South African Companies Act, No 71 of 2008, as amended;
“CSDP”	means Central Securities Depository Participant, as defined in the Financial Markets Act, appointed by the respective Dematerialised Shareholders for the purposes of, and in regard to, the dematerialisation of documents of title for the purposes of incorporation into Strate;
“Dematerialisation”	means the process by which Certificated Shares are converted to an electronic form as Dematerialised Shares and recorded in the sub-register of Shareholders maintained by a CSDP;
“Dematerialised Shareholders”	means all registered holders of Dematerialised Shares;
“Dematerialised Shares”	means Shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“Directors”	means the directors of Texton at the Last Practicable Date, details of whom are set out on page 7 to this Circular;
“Financial Assistance”	means, if the BEE Consortium takes-up its rights in the Rights Offer, and are funded in the same manner as set out in the circular posted to Texton Shareholders on Wednesday, 18 February 2015, the granting of a PIC Put Option by Texton;
“Financial Markets Act”	means the Financial Markets Act, No. 19 of 2012, as amended or replaced from time to time;

“General Meeting”	means the general meeting of Texton Shareholders to be held at the Company’s offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 27 August 2015 at 10:00 in order to approve the Proposed Resolutions;
“Investment Bank and Sponsor”	means the corporate finance division of Investec Bank Limited, registration number 1969/004763/06, a public company incorporated under the laws of South Africa;
“JSE”	means JSE Limited, registration number 2005/022939/06, a public company duly registered and incorporated with limited liability under the laws of South Africa, listed on the JSE and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	means the last practicable date prior to finalisation of this Circular, being Thursday, 16 July 2015;
“Legal Advisers”	means Glyn Marais Incorporated, registration number 1990/000849/21, a limited liability company incorporated under the laws of South Africa;
“Listings Requirements”	means the Listings Requirements of the JSE, as amended from time to time;
“Loan to Value”	means an assessment of the Texton’s interest bearing borrowings to value of assets purchased, calculated by dividing the sum of Texton’s total interest bearing liabilities by the fair value of its total investment property portfolio;
“MOI”	means the Memorandum of Incorporation of the Company, adopted via a special resolution, which was registered in terms of the Companies Act on 16 January 2014;
“PIC”	means Government Employees Pension Fund (a pension fund established in terms of the Government Service Pension Act 57 of 1973 and renamed by the Government Employees Pension Law, Proclamation 21 of 1996, represented by Public Investment Corporation SOC Limited, registration number 2005/009094/06, a state-owned company duly incorporated in South Africa;
“PIC Put Option”	means, if the BEE Consortium takes-up its rights in the Rights Offer, and are funded in the same manner as set out in the circular posted to Texton Shareholders on Wednesday, 18 February 2015, an option to be granted by Texton to the PIC in terms of which the PIC will be entitled to require Texton to purchase or procure the purchase of all or some of the Texton Shares taken-up by the BEE Consortium in the Rights Offer (which Shares are pledged by the BEE Consortium to the PIC as security for a loan from the PIC to the BEE Consortium to take-up its rights in the Rights Offer), in the occurrence of a default event which default event is not remedied. Notwithstanding the above, compliance by Texton with its obligations as set out above will be subject to compliance with the provisions of the Companies Act regarding the acquisition by companies of their own shares and any other statutory or regulatory requirements, including the Listings Requirements for the buy-back by companies of their own shares which include the requisite approval by the Shareholders at that time;
“Proposed Resolutions”	means collectively the placing of 100 000 000 authorised but unissued Texton shares under the control of the Directors, special resolutions required in terms of the Companies Act as a result of the issue of the 100 000 000 shares, pursuant to the Rights Offer, being in excess of 30% of the voting rights of the Texton Shares currently in issue, special resolution granting Financial Assistance to facilitate the participation of the BEE Consortium in the Rights Offer, and the proposed amendments to the Texton Share Incentive Plan as detailed in this Circular;
“Rand” or “R”	means South African Rand, the lawful currency of South Africa;
“REIT”	means Real Estate Investment Trust;
“Relevant Time”	means 24 hours before the time of the General Meeting;
“Reya Gola”	means Reya Gola Investments Proprietary Limited registration number 2010/009340/07, a private company incorporated under the laws of South Africa;
“Rights Offer”	means a renounceable rights offer to be undertaken by Texton to Texton Shareholders for a maximum of 100 000 000 Shares in a ratio and price to be determined in due course;
“Securities Register”	means the securities register of Texton Shareholders maintained by Texton in terms of the Companies Act including the register of Certificated Texton Shareholders and the sub-registers of Dematerialised Texton Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;

“SENS”	means the Stock Exchange News Service of the JSE;
“South Africa”	means the Republic of South Africa;
“Strate”	means the settlement and clearing system used by the JSE managed by Strate Proprietary Limited, registration number 1998/022242/06, a private company duly registered and incorporated with limited liability under the laws of South Africa and the CSDP registered in terms of the Financial Markets Act;
“Texton” or “the Company”	means Texton Property Fund Limited, registration number 2005/019302/06 (formerly Vunani Property Investment Fund), a public company incorporated under the laws of South Africa, the Shares of which are listed on the JSE under the share code TEX;
“Texton Shares” or “Shares”	means ordinary shares having no par value in the issued stated capital of Texton, all of which shares are listed on the JSE, being 276,066,766, at the Last Practicable Date;
“Texton Shareholders” or “Shareholders”	means collectively Dematerialised Shareholders and Certificated Shareholders;
“Texton Share Incentive Plan”	means the employee share incentive plan implemented by Texton for the benefit of Texton employees pursuant to the approval by Texton Shareholders in the general meeting held on Tuesday, 30 December 2014;
“Texton Share Incentive Trust”	means the trust established by Texton in order to incentivise its employees and constituted in terms of the Share Incentive Trust Deed;
“Texton Share Incentive Trust Deed”	means the Share Incentive Trust Deed adopted by Texton in terms of which the Texton Share Incentive Trust is constituted;
“TPI”	means Texton Property Investments Proprietary Limited, registration number 2004/029298/07, a limited liability private company duly incorporated in South Africa and the asset manager of Texton;
“Transfer Secretaries”	means Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company registered and incorporated under the laws of South Africa, full details of which are set out in the “Corporate information and advisers” section of this Circular;
“UK”	means the United Kingdom; and
“VWAP”	means volume weighted average price.



TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa

(Registration number 2005/019302/06)

Share code: TEX

ISIN: ZAE000190542

("Texton" or "the Company")

DIRECTORS OF TEXTON

Executive

RF Kane* (Joint Chief Executive Officer)

AN Du Hecquet de Rauville* (Joint Chief Executive Officer)

L Kan* (Chief Operating Officer)

M de Lange*

Non-executive

PD Naidoo# (Chairman)

JR Macey+

PM Tau-Sekati+ (Lead Independent Director)

KN Vundla+

NV Balfour+

TS Sishuba+

JA Legh#

MJ van Heerden#

R Makhubela#

* Executive

Non-executive

+ Independent non-executive

CIRCULAR TO TEXTON SHAREHOLDERS

1. INTRODUCTION

1.1 Background and introduction

Texton has successfully concluded the acquisition of 7 (seven) quality properties in the last 6 (six) months which has increased:

- the size of its property portfolio from R3,1 billion to just over R4,6 billion; and
- its market capitalisation from R1,8 billion to over R2,9 billion.

This represents an increase of 48% and 61% respectively, a major milestone for the Company in achieving its stated objective to build a quality property portfolio that offers long-term distribution and capital growth underpinned by strong underlying contractual cash flows.

The recent property acquisitions include:

- Stanford House, office building located in Warrington, England ("**Stanford House**");
- Booker Warehouse, industrial warehouse located in Burton-upon-Trent, England ("**Booker Warehouse**");
- Tesco Building, office building located in Newcastle-Upon-Tyne, England ("**Tesco Building**");
- Parc Pensarn Units, retail centre located in Carmarthen, Wales ("**Parc Retail Centre**");
- Bonmarche and Poundland Units, retail complex located in Nottingham, England ("**Bonmarche Building**");
- 50% of Broad Street Mall, retail shopping centre located in Reading, England ("**Broad Street Mall**"); and
- the Alrode Property, industrial building located in Gauteng, South Africa.

Shareholders are referred to the company announcements on SENS on 19 May 2015 and 28 May 2015 for specific property information on the Broad Street Mall, Stanford House, Booker Warehouse, Tesco Building, Parc Retail Centre and Bonmarche Building acquisitions.

Voluntary information on the Alrode Property acquisition is set out in paragraph 3.

The acquisition of the above properties is in line with Texton's growth and investment strategy of acquiring complementary and portfolio enhancing properties which will provide Texton with an opportunity to benefit from greater sector diversification by increasing the relative weighting of its retail and industrial portfolios.

Furthermore the acquisition of high quality and well-located properties in the UK is consistent with Texton's stated strategy to diversify its portfolio and achieve geographic diversification beyond South African borders into the UK where Texton's asset management company, TPI, has knowledge and experience, and where property acquisition opportunities and related financing in domestic UK currency is attractive.

All of the property acquisitions above have been funded by a combination of short-term (variable) and long-term (fixed) debt facilities (including bridge funding) and the placing of shares put under the control of the Directors at the last Company Annual General Meeting on Thursday, 18 November 2014.

Pursuant to the above Texton's gearing has increased from 34,7% Loan to Value as at 31 December 2014 to approximately 41,2% following the acquisition of Broad Street Mall, which is outside of Texton's target Loan to Value range of 40%.

The Directors have convened the General Meeting for Shareholders to consider and the passing of the necessary resolutions to place 100 000 000 authorised but unissued Texton shares under the control of the Directors. This authority will remain valid until Texton's next annual general meeting.

1.2 Rationale for placing Texton Shares under the control of Directors

The current Loan to Value percentage of 41,2% is outside of the Company's target range and restricts the ability of Texton to pursue investment opportunities in line with its growth strategy.

The rationale for the placing of 100 000 000 authorised but unissued Texton shares under the control of the Directors is to give the Directors the ability to, if appropriate, access the equity capital markets by issuing new Texton shares via a Rights Offer to raise new equity capital to:

- improve Texton's overall gearing capacity through the reduction of short-term debt facilities and bridge funding, which puts Texton in a position to utilise such undrawn facilities for future acquisition opportunities which meet the Company's stated investment criteria;
- establish an optimal gearing and capital structure by repaying certain short-dated fixed profile debt, which based on current pricing will attract negligible breakage costs; and
- bring Texton's Loan to Value in line with the Company's target range and acceptable market norm.

It is envisaged that a significant quantum of the Rights Offer will be underwritten by various underwriters whose details will be communicated to Texton Shareholders in due course.

The Rights Offer will be priced at a discount of 5% to the three day VWAP or the 30 day VWAP prior to the date the Directors resolve to issue such new shares, whichever is the lower.

2. PROVISION OF FINANCIAL ASSISTANCE TO THE BEE CONSORTIUM

Should the BEE Consortium take-up its rights in terms of the Rights Offer and obtain funding from the PIC on the same terms as the BEE Transaction, Texton may be required to grant the PIC Put Option to the PIC for the subscription amount provided by the PIC to the BEE Consortium in order for the BEE Consortium to take-up its rights in the Rights Offer.

By way of background the salient terms of the PIC Put Option as set out in the circular posted to Texton Shareholders on Wednesday, 18 February 2015, are as follows:

- a) Upon the occurrence of a default event in circumstances where the PIC wishes to terminate the agreement entered into between the PIC and the BEE Consortium recording the terms of the loan from the PIC to the BEE Consortium to take-up its rights in the Rights Offer and call for an early repayment of the said loan through the exercise of the PIC Put Option, the PIC shall:
 - i. first effect a cash sweep of all distributions paid to the BEE Consortium (less applicable taxation and approved administration expenses);
 - ii. thereafter call on the BEE Consortium to remedy the relevant default event within a period of not less than 15 (fifteen) Business Days;
 - iii. thereafter, within a further period of 21 (twenty one) Business Days immediately following the period in (ii) above, with the approval of Texton, procure the sale of sufficient Texton Shares by the BEE Consortium in order to restore any covenant or remedy any breach; and

- iv. after which, and failing the remedy of any default event by the end of the period in (iii) above, the PIC shall be entitled to exercise the PIC Put Option.
- b) Failing (i), (ii) and (iii) above, should the PIC deliver a written notice to Texton to exercise the PIC Put Option, Texton will be required within 90 (ninety) days of receiving the exercise notice, subject to (c) below, to purchase the relevant Texton Shares from the PIC and pay to the PIC an amount equal to the outstanding balance of the loan from the PIC to the BEE Consortium in which event the PIC Put Option shall terminate; and
- c) Should the PIC deliver the written notice to Texton, future compliance by Texton with the terms of the PIC Put Option will be subject to:
- compliance by Texton with the provisions of the Companies Act relating to the acquisition by companies of their own shares; and
 - any other statutory or regulatory requirements, including the Listings Requirements;

and accordingly the resolution relating to Financial Assistance in the notice of General Meeting only relates to the extension of the PIC Put Option should the BEE Consortium take-up its rights in the Rights Offer. Future shareholder approval will be required and sought by Texton in accordance with the applicable legislative and regulatory requirements, should the PIC Put Option ever be exercised by the PIC.

3. VOLUNTARY INFORMATION RELATING TO THE ALRODE PROPERTY

The Alrode Property is less than 5% of Texton's market capitalisation for purposes of the Listings Requirements and is not required to be disclosed. Accordingly the below summarised information relating to the Alrode Property is included for information purposes only.

3.1 Overview of the Alrode Property

Texton entered into agreements with Reya Gola in terms of which Texton acquired from Reya Gola the Alrode Property. The Alrode Property is a well located multi tenanted industrial property located in the province of Gauteng with a weighted average lease expiry profile of 3 years and 3 months. The effective date of the Alrode Property was the date of transfer of the Alrode Property into the name of Texton, namely 10 June 2015.

Seller	Location	Description	Purchase consideration (Rmil)	GLA (m ²)	Net income (PA) Rmil	Yield	Gross rental per m ² (R/m ²)	Weighted average lease expiry
Reya Gola	Gauteng	B grade industrial property	51,10	16 577	5,21	10,2	26,2	3,25 years

3.2 Purchase consideration for the Alrode Property

The purchase consideration for the Alrode Property was R51 100 000 (fifty one million one hundred thousand Rand) which has been settled fully in cash (through utilising short-term debt as a bridge facility) on the date of registration of transfer of the Alrode Property into Texton's name.

4. AMENDMENT OF THE TEXTON SHARE INCENTIVE PLAN

In terms of the Texton Share Incentive Plan approved by Texton Shareholders at the general meeting held on Tuesday, 30 December 2014, the maximum number of shares that the Texton Share Incentive Trust could acquire was 10 428 348 Texton Shares. The Directors now propose that:

- the maximum number that could be acquired by the Texton Share Incentive Trust be increased to 13 803 338 Texton shares, or
- subject to Shareholders approving the resolution to place 100 000 000 authorised but unissued Texton shares under the control of the Directors, that the maximum number that could be acquired by the Trust be increased to 18 803 338 Texton Shares.

4.1 RATIONALE

The larger share scheme will allow for Texton to attract and retain additional employees that are required given the growing business.

5. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to convene a General Meeting of Texton Shareholders to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 27 August 2015, at 10:00, in order to consider and, if deemed fit, to pass the resolutions set out in the notice of General Meeting which forms a part of this Circular to place an additional 100 000 000 authorised but unissued Texton shares under the control of the Directors, issue more than 30% of the current voting Shares in issue, grant Financial Assistance to the BEE Consortium in terms of the PIC Put Option to facilitate the BEE Consortium participation in the Rights Offer and amend the Texton Share Incentive Plan.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out on page 7 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this Circular contains all the information required by law and the Listings Requirements.

7. OPINIONS AND RECOMMENDATIONS

The Board has considered the Proposed Resolutions and is of the opinion that the terms and conditions thereof are fair to Texton Shareholders. The Board accordingly recommends that Texton Shareholders vote in favour of all the resolutions as tabled in the notice of General Meeting which forms a part of this Circular and advise that, in respect of their own shareholding in Texton, they intend to vote in favour of all the resolutions contained in such notice.

8. NOTICE OF GENERAL MEETING

A General Meeting of Texton Shareholders will be held on Thursday, 27 August 2015, at 10:00, to consider, and, if deemed fit, pass, with or without modification, the resolutions contained in the notice of General Meeting.

A notice convening the General Meeting and a form of proxy (blue), for use by Texton Shareholders holding Certificated Shares and Dematerialised Shares with "own name" registration, are attached to and form part of this Circular. Duly completed forms of proxy (blue) must be received by the Transfer Secretaries by no later than Tuesday, 25 August 2015.

9. DOCUMENTATION

Subject to Texton Shareholders approving the resolutions to place 100 000 000 authorised but unissued Texton shares under the control of the Directors, issue more than 30% of the current voting Shares in issue in Texton and granting Financial Assistance to facilitate the participation of the BEE Consortium in the Rights Offer, a Rights Offer circular will be issued to Texton Shareholders in accordance with the Listings Requirements and the Companies Act in due course.

10. CONSENTS

The Investment Bank and Sponsor, Legal Advisers and Transfer Secretaries have all consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Texton Shareholders at the registered offices of Texton during business hours from 28 July 2015 until 18 August 2015, at the address set out in the "Corporate information and advisers" section of this Circular:

- the MOI of Texton and its subsidiaries;
- the Texton Share Incentive Trust Deed;
- the letters of consent referred to in paragraph 10 above; and
- a signed copy of this Circular.

By order of the Board

Angelique de Rauville
Joint Chief Executive Officer

23 July 2015
Dunkeld West



TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa)
(Registration number 2005/019302/06)
Share code: TEX ISIN: ZAE000190542
("Texton" or "the Company")

NOTICE OF GENERAL MEETING

All terms in the Circular on pages 4 to 6 to which this notice of General Meeting is attached shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given that a General Meeting of the members of Texton will be held at 10:00 on Thursday, 27 August 2015, at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg to consider and, if deemed fit, pass, with or without modification, the resolutions set out below.

The record date on which Texton Shareholders must be recorded in the Securities Register maintained by the Transfer Secretaries for the purposes of being entitled to attend and vote at the General Meeting is Friday, 21 August 2015. Accordingly, the last day to trade to be eligible to attend and vote at the General Meeting is Friday, 14 August 2015.

In terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or a proxy of a shareholder) has been reasonably verified. Accordingly, all Texton Shareholders will be required to provide identification reasonably satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting.

ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, in addition to any authority to place authorised but unissued Texton Shares under the control of the Directors at any other general meeting of Texton Shareholders, an additional 100 000 000 authorised but unissued Texton shares be, and are hereby placed under the control and authority of the Directors who are authorised (subject to provisions of the Companies Act, the MOI and the Listings Requirements), until the annual general meeting held in 2016, to allot or issue any such shares at their discretion, provided that in all instances (save in respect of an offer of unissued shares to existing Texton Shareholders pro rata to their shareholdings), the following requirement is complied with:

- The maximum discount permitted will be 5% of the VWAP of the shares in question, measured over the 3 business days prior to the date of each issue of new shares or the three business days prior to the date the Directors resolve to issue such new shares or the 30 business days prior to the date the Directors resolve to issue such new shares whichever is lower."

This authority shall be restricted to the Rights Offer for the acquisition of property assets or for the refinancing of debt used to acquire properties.

No issue will be made that could effectively transfer control of the Company without the prior approval of shareholders at a general meeting

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 50% of the voting rights exercised on such resolution.

ORDINARY RESOLUTION NUMBER 2

"RESOLVED, as an ordinary resolution that the amendments to the Texton Share Incentive Plan be and are hereby, approved and adopted by Shareholders and that the maximum number of Shares to be allotted and issued to the Texton Share Incentive Trust be increased to 18 803 338 Texton Shares, in the event of the resolution relating to placing of authorised but unissued Texton Shares under the control of the Directors being passed, or otherwise 13 803 338 Texton Shares, and that these Shares be excluded from any limitation as to the number of Shares the Company is entitled to issue in terms of any general or specific authority to issue Shares that Shareholders have previously approved in any Shareholders meeting."

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 75% of the voting rights exercised on such resolution.

ORDINARY RESOLUTION NUMBER 3

“RESOLVED THAT any Director or the company secretary of Texton be and is hereby authorised to do all such things and sign all such documents as are necessary to give effect to the ordinary resolutions.”

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 50% of the voting rights exercised on such resolution.

SPECIAL RESOLUTION NUMBER 1:

“RESOLVED THAT, in terms of section 41(3) of the Companies Act and pursuant to the Rights Offer, the Directors be and are hereby authorised to allot and issue such number of Texton Shares in the authorised and unissued ordinary share capital of the Company as are required pursuant to and for the purposes of the Rights Offer to Texton Shareholders, even if such number of Texton Shares have voting power equal to or in excess of 30% of the voting rights of all Texton Shares in issue immediately prior to such issue. Such authority shall include, to the extent required, the authority to allot and issue Texton shares in the authorised but unissued ordinary share capital of the Company to any underwriter(s) of the Rights Offer.”

In order to be adopted, the abovementioned special resolution must be supported by more than 75% of the voting rights exercised on such resolution.

SPECIAL RESOLUTION NUMBER 2:

“RESOLVED as a special resolution in terms of section 44(3)(a)(ii) of the Companies Act that, subject to the Board being satisfied that, immediately after providing such Financial Assistance the Company will satisfy the solvency and liquidity test in section 4(1) of the Companies Act and that the terms of such Financial Assistance are fair and reasonable to the Company, the granting by the Company of Financial Assistance to the BEE Consortium to facilitate the participation of the BEE Consortium in the Rights Offer, should the BEE Consortium wish to follow its rights in terms of the Rights Offer, is hereby approved and ratified.”

In order to be adopted, the abovementioned special resolution must be supported by more than 75% of the voting rights exercised on such resolution.

VOTING

On a show of hands, every Texton Shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Texton Shares held) and on a poll, every Texton Shareholder shall have for each share held by him that proportion of the total votes in Texton which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all shares issued by Texton.

ELECTRONIC PARTICIPATION

Texton Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Texton’s company secretary and identify yourself to the satisfaction of the company secretary to obtain the dialling code and pin number. Texton Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. The costs borne by you or your proxy in relation to the teleconference call will be for your own account.

PROXIES

A Texton Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of Texton.

Texton Shareholders are referred to the attached form of proxy (blue) in this regard.

If you are a Certificated Shareholder or a Dematerialised Shareholder with own-name registration and unable to attend the General Meeting and wish to be represented thereat, you must complete and return the attached form of proxy (blue) in accordance with the instructions therein to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 10:00 on Tuesday, 25 August 2015. If you have dematerialised your shares with a CSDP or Broker, other than with own-name registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or Broker, in the manner and cut-off time stipulated therein.

Additional proxy forms are obtainable from Texton’s company secretary and must be deposited at the Transfer Secretaries not less than 48 hours before the meeting.

By order of the Board

23 July 2015

Registered office

Texton Property Fund Limited, 54 Bompas Road, Dunkeld West, Johannesburg, 2196



TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 2005/019302/06)
 Share code: TEX
 ISIN: ZAE000190542
 ("Texton" or "the Company")

FORM OF PROXY – GENERAL MEETING

For use by Certificated Shareholders or Dematerialised Shareholders with own-name registration at the General Meeting to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 27 August 2015, at 10:00.

If Texton Shareholders have dematerialised their shares with a Broker or CSDP, other than with Own-name Registration, they must arrange with the Broker or CSDP to provide them with the necessary letter of representation to attend the General Meeting or the Texton Shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Texton Shareholder and the Broker or CSDP, in the manner and cut-off time stipulated therein.

Please read the notes on the reverse hereof carefully, which, amongst other things, set out the rights of Texton Shareholders with regard to the appointment of proxies.

For the General Meeting

I/We (full name in block letters)

of (address)

Telephone (work)

Telephone (home)

Mobile

E-mail address (address in block letters)

being a shareholder(s) of Texton and holding

Shares, and entitled to vote, do hereby appoint (refer to note 1 at the end of this proxy form):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the General Meeting as my/our proxy(ies),

to vote on a poll on my/our behalf at the General Meeting of Texton to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 27 August 2015 and at any postponement or adjournment thereof.

Please indicate with an "X" in the spaces below how you wish your proxy to vote in respect of the resolutions to be proposed, as contained in the notice of the abovementioned General Meeting.

*I/We desire my/our proxy to vote on the resolutions to be proposed, as follows:

	For	Against	Abstain
Ordinary resolution 1: An additional 100 000 000 authorised but unissued Texton shares to be placed under the control of the Directors			
Ordinary resolution 2: Approval of the amendments to the Texton Share Incentive Plan			
Ordinary resolution 3: Seeking the approval to authorise any Director or the company secretary to do all such things and sign all such documents as are necessary to give effect to the ordinary resolutions proposed at the General Meeting			
Special resolution 1: Authority to issue Shares in terms of section 41(3) of the Companies Act			
Special resolution 2: Authority to grant Financial Assistance to facilitate the participation of the BEE Consortium in the Rights Offer			

Signed by me/us this _____ day of _____ 2015

Signature

Assisted by me (where applicable) (see note 12 on reverse of proxy form)

Full name/s of signatory if signing in a representative capacity (see note 11 on reverse of proxy form)

Telephone (work)

Telephone (home)

Mobile

* If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.

NOTES

1. A Texton Shareholder entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead or abstain from voting. The proxy need not be a shareholder of Texton. A Texton Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different Texton Shares held by the Texton Shareholder.
2. A proxy may delegate the proxy's authority to act on behalf of the Texton Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
3. The completion and lodging of this form of proxy will not preclude the relevant Texton Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Texton Shareholder wish to do so. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Texton Shareholder chooses to act directly and in person in the exercise of any rights as a Texton Shareholder.
4. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Texton Shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
5. The appointment of a proxy shall remain valid until the end of the meeting contemplated in this appointment, unless revoked in the manner contemplated in 6 below.
6. A Texton Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy, and (ii) delivering a copy of the revocation instrument to the proxy and to Texton. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Texton Shareholder as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to Texton.
7. Please insert the number of Texton Shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Texton Shares exercisable by you, insert the number of Texton Shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Texton Shareholder's votes exercisable thereat. A Texton Shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Texton Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Texton Shareholder or its/his/her proxy.
8. To be valid, this form of proxy must be completed and returned to Texton's Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by not later 10:00 on Tuesday, 25 August 2015.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. In the case of a joint holding, the first-named only is required to sign.
11. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by Texton.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian as applicable, unless the relevant documents establishing capacity are produced or have been registered with the Transfer Secretaries.
13. If the instrument appointing a proxy or proxies has been delivered to Texton, as long as that appointment remains in effect, any notice that is required by the Companies Act or Texton's MOI to be delivered by Texton to the Texton Shareholder must be delivered by Texton to (i) the Texton Shareholder or (ii) the proxy or proxies, if the Texton Shareholder has directed Texton in writing to do so and paid any reasonable fee charged by Texton for doing so.

SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.

