

TEXTON PROPERTY FUND LIMITED

Granted REIT status by the JSE

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: TEX

ISIN: ZAE000190542

(“**Texton**” or “**the Company**”)

ACQUISITION OF VARIOUS PROPERTIES

A. INTRODUCTION

Texton is pleased to advise shareholders of the Company (“**Shareholders**”) that it has agreed terms with the relevant vendors for the following properties:

- the Truworths Property; and
- The Grid Property
(collectively “**the Property Acquisitions**”).

The Property Acquisitions are consistent with Texton’s strategy of acquiring complementary and portfolio enhancing properties which offer long-term distribution and capital growth underpinned by strong underlying contractual cash flows and also presents an opportunity for Texton to increase its portfolio weighting within the retail sector.

Details pertaining to the Property Acquisitions are set out in section B below. The Property Acquisitions are not inter-conditional on one another.

B. INFORMATION RELATING TO THE PROPERTY ACQUISITIONS

1 THE TRUWORTHS PROPERTY ACQUISITION

1.1 THE TRUWORTHS PROPERTY ACQUISITION

Texton has agreed terms, on an exclusive basis, with Golddurb Investments Proprietary Limited (“**Golddurb**”) in terms of which Texton will acquire from Golddurb the property situated in a prime location at 381-387 Dr Pixley Kaseme Street, Durban, Kwa-Zulu Natal (“**the Truworths Property**”), together with all leases, land and buildings, fixed assets and

assets installed therein, forming necessary parts of the letting enterprise as a going concern (“**the Truworths Property Acquisition**”).

The Truworths Property is a sizeable retail property anchored by Truworths with 3.5 years remaining on its lease. Other national tenants within the Truworths Property include, *inter alia*, Shoprite and Cell C, who have long dated lease expiries, with strong tenant covenants.

The Truworths Property is well located in the centre of the Durban CBD and is subject to very high volumes of pedestrian and vehicular traffic, making it a very desirable retail location.

The effective date of the Truworths Property Acquisition will be the date of transfer of the Truworths Property into the name of Texton, which is expected to be on or about 31 January 2016.

1.2 PROPERTY AND OTHER INFORMATION ON THE TRUWORTHS PROPERTY ACQUISITION

Property description:	Erf 11043 Durban, Erf 11044 Durban and the remainder of Erf 11045 Durban (including portion 1 and 2 of Erf 11045 Durban)
Location:	381-387 Dr Pixley Kaseme Street, Durban, Kwa-Zulu Natal
GLA:	13,640m ²
Weighted average lease expiry:	3.20 years
Weighted average gross rental per m²:	Retail: R188.66/m ²
Vacancy (not paid for):	18%
Purchase price:	R190,000,000

1.3 CONDITIONS PRECEDENT

The Truworths Property Acquisition is conditional on the fulfilment of, *inter alia*, a due diligence on the Truworths Property, the approval by Texton’s investment committee and the Competition Authorities.

1.4 CATERGORISATION

The Truworths Property Acquisition constitutes a Category 2 transaction in terms of the Listings Requirements of the JSE Limited (“**JSE Listings Requirements**”) and accordingly does not require shareholder approval.

1.5 RENTAL GUARANTEE

The vendor of the Truworths Property will guarantee the net rental income of the portion of the space currently occupied by the Tshwane College of Commerce, being 1,105m², for a period of 5 years from the date of transfer of the Truworths Property into the name of Texton.

2 THE GRID PROPERTY ACQUISITION

2.1 THE GRID PROPERTY ACQUISITION

Texton has agreed terms, on an exclusive basis, with Midnight Storm Investments 187 Proprietary Limited (“**Midnight Storm**”) in terms of which Texton will acquire from Midnight Storm the property situated at 45 De La Rey Road, Rivonia, Gauteng (“**The Grid Property**”), together with all leases, land and buildings, fixed assets and assets installed therein, forming necessary parts of the letting enterprise as a going concern (“**The Grid Property Acquisition**”).

The Grid Property, a recently developed 4 storey P grade office building with modern finishes, is exclusively tenanted by Bilfinger Power Africa Proprietary Limited, a subsidiary of the international engineering and services group Bilfinger SE, with 8.75 years remaining on its lease.

The Grid Property is well located in Rivonia, a growing commercial and residential node in northern Johannesburg. The property’s location and its close proximity to the N1 and Rivonia Road make it a sought after business address, and an attractive alternative to Sandton.

The effective date of The Grid Property Acquisition will be the date of transfer of The Grid Property into the name of Texton, which is expected to be on or about 31 January 2016.

2.2 PROPERTY AND OTHER INFORMATION OF THE GRID PROPERTY ACQUISITION

Property description: Erf 286 Edenburg

Location:	45 De La Rey Road, Rivonia, Gauteng
GLA:	4,528m ²
Weighted average lease expiry:	8.75 years
Weighted average gross rental per m²:	Office: R127.44/m ²
Vacancy:	0%
Purchase price:	R105,387,714

2.3 CONDITIONS PRECEDENT

The Grid Property Acquisition is conditional on the fulfilment of, *inter alia*, a due diligence on The Grid Property, the approval by Texton's investment committee and the Competition Authorities.

2.4 CATERGORISATION

As the The Grid Property Acquisition represents less than 5% of Texton's market capitalisation in terms of the JSE Listings Requirements, the disclosure contained in paragraph 2 of this announcement is voluntary.

C. FUNDING OF THE PROPERTY ACQUISITIONS

The aggregate purchase consideration for the Property Acquisitions of approximately R295 million will be settled in cash through the utilisation of the proceeds from the Texton rights offer, which closed on Friday, 2 October 2015.

D. INDEPENDENT VALUATIONS OF THE PROPERTY ACQUISITIONS

The board of directors of Texton ("**the Board**") is satisfied that the property values of the Truworths Property and The Grid Property are each in line with the purchase prices being paid by Texton. The Board is not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

E. CONCLUSION

The Board believes that the Property Acquisitions will further enhance the quality of Texton's underlying portfolio in a manner that is consistent with Texton's investment strategy to build a quality portfolio that offers long-term distribution and capital growth for Shareholders.

Dunkeld

8 October 2015

Investment Bank and Transaction Sponsor

Investec Bank Limited