

## 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”)



**TEXTON**  
PROPERTY FUND

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## UPDATE ON THE ACQUISITION OF THE PORTFOLIO REFERRED TO AS THE “BLEND” PORTFOLIO

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### 1. INTRODUCTION

Shareholders are referred to the announcement released on SENS on 27 May 2016 (the “**Initial Announcement**”) relating to the acquisition of two property portfolios in South Africa and in the United Kingdom (collectively, the “**Blend Acquisition**”).

In light of prevailing market conditions, and to ensure that the Company is no longer required to raise equity to fund the Purchase Consideration, Texton has renegotiated the terms of the Blend Acquisitions as follows:

- Texton has agreed terms to acquire 4 of the original 9 properties contained in the Initial Announcement (“**Revised Portfolio**”). Two of the Revised Portfolio properties are located in the UK (collectively the “**UK Revised Portfolio**”) and 2 of the Revised Portfolio properties are located in South Africa (collectively the “**SA Revised Portfolio**”).
- The sale agreements in relation to the remainder of the properties per the Initial Announcement have been terminated, except for the Chatham Building in the UK, where Texton has secured an option to acquire it for a period of 12 months following the acquisition date of the UK Revised Portfolio.

Details of the Revised Portfolio are set out below:

#### **UK Revised Portfolio:**

	<b>Heapham Road</b>	<b>Mowbray House</b>	<b>Total</b>
Purchase consideration	£6.42 million (R111.05 million) <sup>1</sup>	£9.73 million (R168.30 million) <sup>1</sup>	<b>£16.15 million</b> <b>(R279.35 million)<sup>1</sup></b>
Location	Gainsborough, UK	Nottingham, UK	
Sector	Industrial	Office	
Tenant(s)	Coveris Flexibles UK Limited	Browne Jacobson LLP	
GLA (ft <sup>2</sup> )	85 161	57 690	<b>142 851</b>
WALE (years)	15.5	5.8	<b>11.76</b>
Vacancies (%)	0%	0%	<b>0%</b>
Rental/ ft <sup>2</sup> (£)	5.09 (R88.04) <sup>1</sup>	13.54 (R234.20) <sup>1</sup>	<b>10.88</b> <b>(R188.19)<sup>1</sup></b>

Net Income from 1 Aug 2016 to 31 July 2017 (£'000)	433.32 (R7 495.14) <sup>1</sup>	744.92 (R12 884.88) <sup>1</sup>	<b>1 178.24</b> <b>(R20 380.02)<sup>1</sup></b>
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1. Converted at the spot exchange rate as at 17:00, 16 August 2016 of £1:R17.2970

### SA Revised Portfolio:

	18 Skeen Boulevard	16 Skeen Boulevard	Total
Purchase consideration	R51.03 million	R47.66 million	<b>R98.69 million</b>
Location	Befordview, South Africa	Befordview, South Africa	
Sector	Office	Office	
Tenant(s)	PG Glass	Multi-tenanted	
GLA (m <sup>2</sup> )	3 850	3 847	<b>7 697</b>
WALE (years)	6.36	2.77	<b>4.56</b>
Vacancies (%)	0%	2%	<b>1%</b>
Rental/m <sup>2</sup> (R)	124.69	118.68	<b>121.68</b>
Net Income from 1 Aug 2016 to 31 July 2017 (Rm)	4.68	4.47	<b>9.15</b>

The portfolios now represent a yield of 9.3% in SA (previously 9.6%) and 7.3% in the UK (previously 6.9%).

The effective date for the acquisition of the UK Revised Portfolio is 17 August 2016, and the SA Revised Portfolio will be on or about 23 August 2016 ("**Effective Date**").

## 2. PROPOSED FUNDING OF THE REVISED PORTFOLIO

The total purchase consideration of the Revised Portfolio of R378.04 million ("**Purchase Consideration**"), is R88.34 million lower than the initial purchase consideration of the properties contained in the Revised Portfolio due to favourable currency movements since the Initial Announcement date.

The Purchase Consideration is payable in cash and will be funded through a combination of new debt facilities and cash proceeds generated from the sale of non-core properties.

The full purchase consideration of the UK Revised Portfolio has been funded using 5-year term funding fixed at an all-in rate of 2.49%.

Shareholders are hereby advised that Texton will no longer consider raising equity to fund any of the Purchase Consideration.

## 3. CATEGORISATION AND UPDATE ON CONDITIONS PRECEDENT

The acquisition of the Revised Portfolio constitutes a category 2 transaction in terms of the JSE Listings Requirements and, accordingly, does not require approval by Shareholders.

All conditions precedent relating to the acquisition of the Revised Portfolio have been fulfilled and the Blend Acquisition is unconditional.

Hyde Park

17 August 2016

**Corporate advisor and Sponsor to Texton**

Investec Bank Limited

**Corporate advisor to the Blend group of companies**

Java Capital

**Legal advisors for the SA Acquisition**

Cliffe Dekker Hofmeyr

**Legal advisors for the UK Acquisition**

Osborne Clarke LLP

Pinsent Masons LLP

**Competition Law advisors for the SA Acquisition**

Baker McKenzie