

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")



UPDATE ON THE PROPOSED INTERNALISATION OF THE MANAGEMENT OF TEXTON

1. Introduction

Texton shareholders ("Shareholders") are referred to the announcement released on SENS on 29 August 2016 which communicated that the board of directors of Texton (the "Board") consider the potential internalisation of the management of Texton on a regular basis.

Pursuant to the above, Shareholders are hereby advised that the Board and the shareholders of Texton Property Investments Proprietary Limited ("TPI" or the "Manager") have agreed the terms of a potential transaction that, if implemented, would have the economic effect of internalising the management of Texton (the "Proposed Manco Internalisation") in a manner that would better align the interests of the Company's management and investors and is consistent with global best practice.

2. High level terms of the Proposed Manco Internalisation

In terms of the Proposed Manco Internalisation, a consideration of R180 million will be paid by Texton to the Manager in cash.

The Proposed Manco Internalisation will be subject to the fulfilment of, *inter alia*, the following conditions precedent:

- Texton having carried out a due diligence exercise on the Manager to its satisfaction;
- Texton and the Manager entering into definitive binding agreements pursuant to the Proposed Manco Internalisation;
- All resolutions required to implement the Proposed Manco Internalisation being approved by Shareholders, to the extent required; and
- All required regulatory approvals, including a fairness opinion, being obtained.

The Company has received indicative support for the Proposed Manco Internalisation from shareholders who control circa 40% of the eligible votes in relation thereto.

Further details relating to the Proposed Manco Internalisation will be released in due course.

Hyde Park
9 March 2017

Investment Bank and Sponsor
Investec Bank Limited