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 Texton 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 affected.

TEXTON

PROPERTY FUND

TEXTON PROPERTY 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 cancellation of the Asset Management Agreement between Texton and Texton Property Investments, the cession and delegations of Texton Property Investments' rights and obligations in and to the Contracts to Texton and sale of the Assets owned by Texton Property Investments to Texton, resulting in the internalisation of Texton's asset management, which transaction constitutes a category 2 related party transaction for Texton in terms of the Listings Requirements; and
– the General Meeting

and incorporating:

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

Sponsor

Investec
Specialist Bank

Legal Advisers and Competition Law Adviser

NORTON ROSE FULBRIGHT

Independent Expert

questco
CORPORATE ADVISORY

Independent Reporting Accountants

KPMG

Date of issue: Friday, 18 August 2017

Copies of this Circular, in English only, may be obtained at the Company's registered offices during normal business hours 08:00 to 16:00 or Texton's website www.texton.co.za from Friday, 18 August 2017 until Friday, 15 September 2017. The address of the Company is set out in the "Corporate information and advisers" section.

CORPORATE INFORMATION AND ADVISERS

Directors
PD Naidoo[#] (Chairman)
NV Balfour* (Chief Executive Officer)
J Pohl* (Acting Chief Financial Officer)
KR Collins[#] (Alternate)
JA Legh[#]
JR Macey[+]
S Mia[+]
P Ntshalintshali[#]
MJ van Heerden[#]
KN Vundla[+]
J Wiese[#]

* Executive
[#] Non-executive
[+] Independent non-executive

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)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Independent Expert
Questco Proprietary Limited
(Registration number 2002/005616/07)
1st, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2191
(PO Box 98956, Sloane Park, 2152)

Registered office
Texton Property Fund Limited
(Registration number 2005/019302/06)
Block C
Investment Place
10th Road
Hyde Park
2196
(PO Box 653129, Benmore, 2010)

Date and place of incorporation: 6 June 2005, Pretoria
Website: http://www.texton.co.za

Legal Adviser and Competition Law Adviser
Norton Rose Fulbright South Africa Inc.
(Registration number 1984/003385/21)
10th floor, Norton Rose House
8 Riebeek Street
Cape Town, 8001
(Private Bag X10 Roggebaai, 8012)

Company secretary
CIS Company Secretaries Proprietary Limited
Represented by G Prestwich
(Registration number 2006/024494/07))
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61763, Marshalltown, 2107)

Independent Reporting Accountants
KPMG Inc
(Registration number 1999/012876/07)
Johannesburg office
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

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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 Manco Internalisation. You should read this Circular carefully and decide how you wish to vote on the 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 Texton offices, Block C, Investment Place, 10th Road, Hyde Park, 2196 on Friday, 15 September 2017 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 24 hours before the time of the General Meeting; 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.

INDENTIFICATION 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

THE DEFINITIONS AND INTERPRETATIONS COMMENCING ON PAGE 4 OF THIS CIRCULAR APPLY *MUTATIS MUTANDIS* TO THIS SECTION.

	2017
Record date to determine which Texton Shareholders are entitled to receive the Circular	Friday, 11 August
Circular posted to Texton shareholders on	Friday, 18 August
Last day to trade in Texton Shares in order to be entitled to attend, participate in and vote at the General Meeting	Tuesday, 5 September
Record date to be eligible to attend and vote at the General Meeting	Friday, 8 September
Last day for lodging forms of proxy for General Meeting by 10:00 on	Thursday, 14 September
General Meeting of Shareholders at 10:00 on	Friday, 15 September
Announcement of results of General Meeting released on SENS on	Friday, 15 September

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 three Business Days after such trade. Therefore Shareholders who acquire Texton Shares after Tuesday, 5 September 2017, 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 AND INTERPRETATIONS

In this Circular (inclusive of the pages preceding these definitions and interpretations), 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:

"Asset Management Agreement"	means the Asset Management Agreement, dated on 20 June 2011 initially entered into between Texton (formerly Vunani Property Investment Fund Limited) and Vunani Property Asset Management Proprietary Limited and subsequently assigned to Texton Property Investments on 24 February 2014;
"Assets"	means the Assets to be sold by Texton Property Investments to Texton on the terms and conditions set out in the Cancellation, Cession, Delegation and Sale Agreement, including, *inter alia*, furniture and fixtures, office equipment, IT equipment and computer software as set out in schedule 3 of the Cancellation, Cession, Delegation and Sale Agreement;
"BEE"	means broad-based black economic empowerment;
"Board"	means collectively the Directors;
"Business Day"	means any day other than a Saturday, Sunday or public holiday in South Africa;
"Cancellation, Cession, Delegation and Sale Agreement"	means the Cancellation, Cession, Delegation and Sale Agreement dated Thursday, 20 July 2017, which details the terms and conditions of the cancellation of the Asset Management Agreement, the cession and delegation of Texton Property Investments' rights and obligations in and to the Contracts to Texton and the sale of the Assets to Texton;
"Cancellation Consideration"	means an amount equal to R180 million (one hundred and eighty million rand) (exclusive of VAT, if applicable), less certain amounts that may be owing by Texton Property Investments to the Employees at the Effective Date;
"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 Friday, 18 August 2017, including the notice of General Meeting and form of proxy;
"Companies Act" or "Act"	means the Companies Act, No 71 of 2008, as amended;
"Conditions Precedent"	means the Conditions Precedent set out in the Cancellation, Cession, Delegation and Sale Agreement;
"Contracts"	means the Contracts to be assigned by Texton Property Investments to Texton on the terms and conditions set out in the Cancellation, Cession, Delegation and Sale Agreement including, *inter alia,* the Property Management Agreement, lease agreement, rental agreements and service agreements as set out in schedule 2 of the Cancellation, Cession, Delegation and Sale Agreement;
"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 Texton 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;
"Ditikeni"	means Ditikeni Investment Company Limited, an investment holding group that makes long-term investments as a broad-based BEE entity. Ditikeni currently has eighteen shareholders, all of which are non-profit organisations;
"Effective Date"	means the first Business Day after the last Condition Precedent is fulfilled;
"Employees"	means all the persons in the employment of Texton Property Investments as at the Effective Date;
"General Meeting"	means the general meeting of Texton Shareholders to be held at the Company's offices, Block C, Investment Place, 10th Road, Hyde Park, Johannesburg, 2196, on Friday, 15 September 2017 at 10:00 in order to approve the requite resolutions;
"Independent Expert"	means Questco Corporate Advisory, registration number 2002/005616/07, full details of which are set out in the "Corporate information and advisers" section;
"Independent Reporting Accountants"	means KPMG Inc., registered accountants and auditors, registration number 1999/012876/07, full details of which are set out in the "Corporate information and advisers" section;
"Independent Sub-Committee"	means a sub-committee of the Board, constituted by NV Balfour, KR Collins, P Ntshalintshali and JR Macey;
"Investec"	means Investec Bank Limited, registration number 1969/004763/06, a public company duly incorporated under the laws of South Africa;
"Investec Private Capital"	means a division of Investec;
"Jade Capital Partners"	means Jade Capital Partners Proprietary Limited, a 100% black women owned, managed and controlled investment holding company, founded by Bukelwa Bulo and Zola Ntwasa;
"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;
"Kuper-Legh"	means Kuper-Legh Property Management Proprietary Limited, registration number 2002/003969/07, a private company duly incorporated in accordance with the laws of South Africa;
"Last Practicable Date"	means the last practicable date prior to finalisation of this Circular, being Friday, 11 August 2017;
"Legal Adviser" or "Norton Rose" or "Competition Law Adviser"	means Norton Rose Fulbright South Africa Inc., registration number 1984/003385/21, a limited liability company incorporated under the laws of South Africa;
"Listings Requirements"	means the listings requirements of the JSE;
"Manco Internalisation"	means the internalisation of Texton's management function by way of the implementation of the Cancellation, Cession, Delegation and Sale Agreement;
"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;
"Parties"	means collectively, Texton Property Investments and Texton;
"Property Management Agreement"	means the Property Management Agreement dated 29 October 2014, between Texton, Kuper-Legh and Texton Property Investments, together with the first addendum to the Property Management Agreement dated 9 October 2015;
"Rand" or "R"	means South African Rand;
"REIT"	means Real Estate Investment Trust;

"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;
"Signature Date"	means the date of last signature of the Cancellation, Cession, Delegation and Sale Agreement;
"South Africa"	means the Republic of South Africa;
"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;
"Strate"	means the settlement and clearing system used by the JSE managed by Strate Proprietary Limited, registration number 1998/022242/07, a private company duly registered and incorporated with limited liability under the laws of South Africa and the CSD registered in terms of the Financial Markets Act;
"Texton" or "the Company"	means Texton Property Fund Limited, registration number 2005/019302/06, 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 BEE"	Texton Broad-Based Empowerment Proprietary Limited is a BEE consortium comprising Zava African Capital (60% equity holding), Jade Capital Partners (30% equity holding) and Ditikeni (10% equity holding);
"Texton Holdings"	means Texton Holdings (RF) Proprietary Limited, registration number 2011/135276/07, a private company duly incorporated in accordance with the laws of South Africa and the sole shareholder of Texton Property Investments;
"Texton Property Investments" or "TPI" or "Asset Manager"	means Texton Property Investments (RF) Proprietary Limited, registration number: 2004/029298/07, a private company duly incorporated in accordance with the laws of South Africa and the asset manager of Texton. Texton Property Investments is a wholly owned subsidiary of Texton Holdings, whose ultimate shareholders are disclosed in paragraph 10.1.4;
"Texton Shareholders" or "Shareholders"	means collectively Dematerialised Shareholders and Certificated Shareholders holding Texton Shares;
"Texton Shares" or "Shares"	means ordinary shares having no par value in the issued stated capital of Texton, all of which are listed on the JSE, being 376 066 766, at the Last Practicable Date;
"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;
"TRP"	the Takeover Regulations Panel, established in terms of section 196 of the Companies Act, No 71 of 2008 (the Act) as a juristic person;
"UK Employee"	means the employee in the employment of Texton Property Investments UK Limited, registration number: 10285745, at the Effective Date;
"VWAP"	means volume weighted average price; and
"Zava African Capital"	means Zava African Capital Proprietary Limited, a black owned, managed and controlled diversified investment company. Zava African Capital's founders and shareholders are Romeo Makhubela and Patrick Ntshalintshali.

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

NV Balfour* (Chief Executive Officer)
J Pohl* (Acting Chief Financial Officer)

Non-executive

PD Naidoo# (Chairman)
KR Collins# (Alternate)
JA Legh#
JR Macey+
S Mia+
P Ntshalintshali#
MJ van Heerden#
KN Vundla+
J Wiese#

* Executive
\# Non-executive
\+ Independent non-executive

CIRCULAR TO TEXTON SHAREHOLDERS

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1. INTRODUCTION

1.1. As set out in the announcement released on SENS on Thursday, 9 March 2017 and a further announcement on Friday, 21 July 2017, Texton has agreed terms with the shareholders of Texton Property Investments to cancel the Asset Management Agreement, cede and delegate its rights and obligations in and to the Contracts to Texton and sell the Assets to Texton. If implemented, the Manco Internalisation would have the economic effect of internalising the management of Texton in a manner that would better align the interests of the Company's management and investors and is consistent with global best practice.

1.2. The Manco Internalisation is classified as a related party transaction in terms of the Listings Requirements and accordingly requires Shareholder approval. The related parties listed in paragraph 9.2 will be taken into account in determining the existence of a quorum at the General Meeting, but their votes will not be taken into account in determining the results of voting on the Manco Internalisation.

1.3. The purpose of this Circular is to provide Texton Shareholders with information relating to the Manco Internalisation, in accordance with the Listings Requirements and to convene a General Meeting to be held at Texton's offices, Block C, Investment Place, 10th Road, Hyde Park, Johannesburg, on Friday, 15 September 2017, in order for them to consider and, if deemed fit, approve all the resolutions required to implement the Manco Internalisation.

2. OVERVIEW OF TEXTON

2.1 History and nature of the business

Texton is a REIT focused on investing directly in income-producing properties that offer attractive income and capital appreciation for Texton Shareholders. Its strategy is focused around diversification of the portfolio by both sector and geography in South Africa and the UK.

Texton was incorporated on 6 June 2005 in accordance with South African company law as Vunani Property Investment Fund Proprietary Limited which changed its name to Texton Property Fund in August 2014. As at 31 March 2017, Texton owned a R5.62 billion property portfolio of 54 retail, commercial and industrial assets located in South Africa, England and Wales.

The Company listed on the main board of the JSE in August 2011 (with an initial portfolio of 21 properties and a combined asset value of R943 million) and has since successfully concluded various portfolio enhancing acquisitions and has grown its combined asset value since listing from R943 million to over R5.62 billion.

In the implementation of its investment strategy, which includes a stated Company target of up to 50% of its total property portfolio in the United Kingdom where management of Texton Property Investments has extensive knowledge and experience and where pricing is attractive, Texton has historically acquired 100% of the issued share capital of 10 non-resident companies and a 50% shareholding in 1 non-resident company whose sole assets are properties situated in England and Wales.

The companies acquired pursuant to the initial UK investment are now wholly owned subsidiaries, except for the joint venture arrangement in the Inception (Reading) S.à.r.l whose sole asset is a retail property known as Broad Street Mall Shopping Centre (located in Reading, United Kingdom) which Texton continues to have proportional ownership of the underlying properties.

Texton, through its shareholding in the said companies, holds voting rights as well as rights to the economic benefits including rental income, interest, dividends and capital appreciation.

3. RATIONALE

3.1 The Board recognises that the Manco Internalisation will better align the interests of management with that of Texton Shareholders and is in line with global best practice. The Board further recognises that the failure to internalise Texton's asset management could be an impediment to Texton's ability to raise further capital, given global best practice.

3.2 Texton's ability to raise further capital is essential to the Company's ability to grow shareholder value and continue to pursue its stated strategy of being a geographically and sectorally diverse property fund focused on niche markets in South Africa, the UK and other markets in which it has a depth of experience, knowledge and track record.

3.3 The Manco Internalisation will also reduce Texton's overhead costs in that as Texton's property portfolio expands and the overall administrative expenses of operating the business increase, the increase in the asset management fee payable to Texton Property Investments is more than the increase in the overall administrative expenses of operating the business.

4. THE MANCO INTERNALISATION

4.1. As set out in the announcement released on SENS on Thursday, 9 March 2017 and a further announcement on Friday, 21 July 2017, the Parties have agreed, in terms of the Cancellation, Cession, Delegation and Sale Agreement, that the Asset Management Agreement be cancelled, that Texton Property Investment cede and delegate its rights and obligations in and to the Contracts to Texton, and that Texton Property Investments sells the Assets to Texton, with effect from the Effective Date, on the terms and subject to conditions set out below, for the Cancellation Consideration, which shall be paid in cash:

4.1.1. The Parties agree, with effect from the Effective Date:

4.1.1.1 to cancel the Asset Management Agreement, to release each other from their respective obligations in terms of the Asset Management Agreement and to waive any claim that the Parties have or may have arising out of or in connection with the Asset Management Agreement, save for any sums due but unpaid as at the Effective Date;

4.1.1.2 that Texton Property Investments shall cede all of its rights in and to the Contracts and delegate all of its obligations in and to the Contracts to Texton;

4.1.1.3 that Texton Property Investments shall sell the Assets to Texton, in which the ownership, risks and benefits shall pass to Texton;

4.1.1.4 that the employment of each Employee will automatically be transferred to Texton and continue in force with Texton as the new employer; and

4.1.1.5 that Texton shall make an offer of employment to the UK Employee on terms and conditions of employment which are, on a whole, no less favourable than those enjoyed by the UK Employee immediately prior to the Effective Date, and shall recognise the UK Employee's length of service with Texton Property Investments UK Limited.

4.1.2. The Effective Date of the Manco Internalisation will be on the first Business Day following the fulfilment of the last Condition Precedent set out in paragraph 5 below.

5. CONDITIONS PRECEDENT

The Manco Internalisation will be subject to, *inter alia*, the fulfilment or waiver of the following remaining Conditions Precedent as set out in the Cancellation, Cession, Delegation and Sale Agreement:

5.1 the Manco Internalisation being approved by the requisite majority of Texton Shareholders in a General Meeting;

5.2 written confirmation that Texton has, to the extent necessary, complied with all necessary requirements of the Listings Requirements to give effect to the Manco Internalisation;

5.3 the approval by the competition authorities in terms of the Competition Act; and

5.4 Texton Property Investments and Texton Holdings having obtained all other regulatory approvals required for the implementation of the Manco Internalisation.

6. WARRANTIES

The Cancellation, Cession, Delegation and Sale Agreement includes, warranties, indemnities and undertakings which are appropriate for a transaction of this nature.

7. *PRO FORMA* FINANCIAL INFORMATION

7.1 The *pro forma* statement of financial position of Texton after the Manco Internalisation and the *pro forma* statement of comprehensive income of Texton after the Manco Internalisation are set out in Annexure 1 of this Circular.

7.2 The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Manco Internalisation and funding thereof going forward.

7.3 The purpose of the *pro forma* financial information is to illustrate the impact of the Manco Internalisation and funding thereof had it been effective 31 December 2016 for purposes of the *pro forma* condensed group statement of financial position and as if the transaction had occurred on 1 July 2016 for purposes of the *pro forma* condensed group statement of comprehensive income and on the assumptions set out below. The *pro forma* financial effects presented below do not purport to be indicative of the financial results of the Manco Internalisation and the funding thereof if it has been implemented on a different date.

7.4 The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published, unaudited interim financial results of Texton for the six months ended 31 December 2016, as well as the published audited financial results of Texton for the year ended 30 June 2016. The *pro forma* financial effects are presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

7.5 The Directors are responsible for the compilation, content and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Texton and that the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

7.6 The *pro forma* condensed group statement of financial position as at 31 December 2016 and the *pro forma* condensed group statement of comprehensive income for the six months ended 31 December 2016, should be read in conjunction with the Independent Reporting Accountant's report thereon contained in Annexure 2.

7.7 The table below sets out the *pro forma* financial effects of the Manco Internalisation and funding thereof on the published, unaudited interim financial results of Texton for the six months ended 31 December 2016.

	Texton before the Manco Internalisation	*Pro forma* financial effects after Manco Internalisation	% Change
Weighted average number of shares in issue ('000)	355 121	355 121	–
Basic earnings and diluted basic earnings per share (cents)	67,65	15,67	(76.8%)
Headline earnings and diluted headline earnings per share (cents)	68,52	16,55	(75.9%)
Dividend per share (cents)	47,95	46,64	(2.7%)
Total number of shares in issue ('000)	376 067	376 067	–
Shares in issue, excluding treasury shares ('000)	350 328	350 328	–
Net asset value per share (cents)	977,54	925,67	(5.3%)
Net tangible asset value less deferred tax per share (cents)	978,57	926,70	(5.3%)

Refer to Annexure 1 for detailed notes.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are detailed on the inside front cover 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 facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law and the Listings Requirements.

9. DIRECTORS' INTERESTS

9.1 DIRECTORS' INTERESTS IN TEXTON SHARES

Set out below are the interests of Directors in the Company as at the Last Practicable Date. This includes the interest of persons who are no longer directors, but resigned during the last 18 months. Direct and indirect beneficial interests are disclosed. In addition, interests of associates of Directors, where the Director has no beneficial interest, are separately disclosed (this relates principally to the holdings of spouse and minor children):

	Beneficial		Non-beneficial		
Directors	**Direct**	**Indirect**	**Associates**	**Total**	**%**
PD Naidoo (Chairman)	–	15 038 268	–	15 038 268	4.00
NV Balfour (Chief Executive Officer)	–	–	–	–	–
J Pohl (Acting Chief Financial Officer)	–	–	–	–	–
KR Collins (Alternate)	–	–	–	–	–
B de Bruyn**	–	–	–	–	–
AN de Rauville***	–	5 425 977	–	5 425 977	1.44
JA Legh	9 766 669	299 056	–	10 065 725	2.68
JR Macey	–	10 000	–	10 000	0.00
S Mia	–	–	–	–	–
N Morris*	–	550 000	–	550 000	0.15
P Ntshalintshali	–	51 858 876	–	51 858 876	13.79
MJ van Heerden	–	15 721 729	–	15 721 729	4.18
KN Vundla	–	–	–	–	–
J Wiese	–	64 296 879	–	64 296 879	17.10
Total	**9 766 669**	**153 200 785**	**–**	**162 967 454**	**43.34**

** N Morris resigned as CEO of Texton on 31 May 2017.*
*** B de Bruyn resigned as CFO of Texton on 28 March 2017.*
**** AN de Rauville resigned as acting CEO of Texton on 2 December 2016.*

9.2 Interests of Texton Property Investments and its directors in Texton

Other than JA Legh, MJ van Heerden and AN de Rauville, as set out in paragraph 9.1 above, neither Texton Property Investments nor any of its other Directors have any beneficial interest, directly or indirectly, in the share capital of Texton as at the Last Practicable Date.

9.3 Directors' interests in transactions

JA Legh, MJ van Heerden and AN de Rauville have an interest in Texton Property Investments as set out in paragraph 10.1.4 below. JA Legh and MJ van Heerden also have an interest in Kuper-Legh, as set out in paragraph 10.3 below.

Save for the Directors' interests in Texton Shares, as set out in paragraph 9.1 above, and the interests of JA Legh, MJ van Heerden and AN de Rauville as stated in the paragraph above, none of the remaining Directors of Texton, including directors who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in transactions that were effected by Texton during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

9.4 Relationship information

9.4.1 Other than the directors' interest in Texton Shares as set out in paragraph 9.1 above neither the Directors of Texton, nor the directors of its subsidiaries, nor the directors of Texton Property Investments or Kuper-Legh, had any beneficial interests, direct or indirect, in relation to Texton's property portfolio nor are they contracted to become a tenant of any part of Texton's property portfolio.

9.4.2 There is no relationship between any of the parties mentioned in paragraph 9.4.1 above and another person that may have a conflict with respect to duties provided to Texton.

9.4.3 The directors of each of Texton, Texton Property Investments and Kuper-Legh have not had a material beneficial interest in any of the properties acquired or disposed of during the two years preceding the date of valuation of any of the said properties.

10. ASSET MANAGEMENT

10.1 Overview of the Asset Manager

10.1.1. Texton Property Investments provides asset management services exclusively to Texton in accordance with the Asset Management Agreement. Day-to-day management and operational functions are performed by the executive management team of Texton who are employees of Texton Property Investments.

10.1.2. The executive management team of Texton interact regularly with the Texton Property Investments shareholders through regular meetings, and service-level agreements. The roles of Texton Property Investments' shareholders, executive management and Directors are clearly defined and specific responsibilities and committees including key deliverables and performance criteria are well documented and covered in the service-level agreements.

10.1.3. As at the Last Practicable Date, the details of the directors of Texton Property Investments are as follows:

Angelique Norma Du Hecquet de Rauville
BSocSc

Angelique's career in property commenced in 1998 when she founded Provest Limited (a listed property asset management company) where she was appointed managing director in May 2001. In March 2003, the Investec group acquired Provest Limited and Angelique assumed numerous responsibilities within that group, including:

– head of Investec's global property Investments business;
– advised on over R30 billion worth of private, corporate and parastatal real estate transactions;
– chaired Investec's listed property investments committee and formed part of Investec's direct property investment committee; and
– executive director of Investec Property Limited.

Her history in property investments includes fund manager of the top-performing South African Investec Property Equity Fund and during her management of this fund, she achieved the accolade of the best performing unit trust in South Africa over one year and the fund was awarded the "Raging Bull" award for the top performing domestic real estate fund over three years. She is currently founder and managing director of specialist property investments business Handful of Keys Proprietary Limited.

Joseph Philippe Gerard Du Hecquet de Rauville (Gerard)
CA (SA)

Gerard is a qualified chartered accountant with over 40 years' experience and has held numerous board positions in South African and international listed and unlisted companies. His property experience includes the appointment as CEO of South African listed Grove Property Fund and then joint-CEO of Pangbourne Properties Limited post a merger with the company. He was vice-chairman of JHI, the Marshalls Group and was also CEO of Grovewalk Holdings Limited in the 1980s – a listed property and industrial services company. He formerly resigned as the chair of listed insurance conglomerate Zurich Insurance, a company of which he was a director for more than 29 years.

Mathys Johannes van Heerden (Thys)
BCom (Hon) (Real Estate)

Thys has been involved in the property industry for over 27 years serving in different capacities. He commenced his career at Barprop Limited, a listed fund, moved to PPS as Senior Property Manager and then returned to RMP/Barprop as Marketing Manager. He moved to Old Mutual as a senior investment analyst when Barprop was delisted and acquired by that company, and was eventually responsible for sales and acquisitions for Old Mutual Properties where he served them for more than 10 years.

He was approached by John Legh to partner in the Kuper-Legh venture, where he now is involved with major acquisitions and transactions. He has vast experience in property management, sales and acquisitions, valuations, large developments, direct property investment and deal-making.

John Alastair Legh (Chick)

John has been operating in the South African property market since 1981, primarily as an owner/developer of commercial, industrial and retail properties.

He is currently the Chairman of Kuper-Legh, which he started together with David Kuper in 1997. Prior to Kuper-Legh, John was joint managing director and shareholder of BOE Properties Transvaal Limited. John's relationship with BOE lasted more than ten years and during this time Boardprop Limited was successfully listed in the property section of the JSE. In 2006 Kuper-Legh merged their properties with Sanlam Properties to list the Vukile Property Fund Limited.

Since 1980 John has also developed numerous up-market leisure properties that he currently owns and operates.

AJ Nel
BCom, CA (SA)

AJ has been with Investec since 2007, initially in the corporate finance division where he was responsible for a number of key client relationships before moving to Investec Private Capital in 2012. Prior to this AJ spent three years with Mazars where he qualified as a chartered accountant.

10.1.4. As at the Last Practicable Date, the shareholders of Texton Property Investments are as follows:

Shareholder	Percentage
Texton Holdings*	100.00%
**Shareholders of Texton Holdings are as follows:*	
Handful of Keys Proprietary Limited (AN de Rauville)	*25.00%*
Investec Private Capital	*25.00%*
Nooitgedacht Familie Trust No.1 (MJ van Heerden)	*18.75%*
John Alastair Legh	*18.75%*
N&G Trust (JPG de Rauville)	*12.50%*
Total	*100.00%*

10.2 Asset Management Agreement

10.2.1 The Asset Management Agreement is for an initial period of 7 years, expiring in August 2018, and is renewable for subsequent 5-year periods in accordance with the provisions thereof.

10.2.2 The Asset Management Agreement may be terminated by Texton:

10.2.2.1 upon 6 months' written notice to Texton Property Investments, provided that majority of the holders of the Texton Shares approve the same in a general meeting; or

10.2.2.2 in event of a breach of the Asset Management Agreement by Texton Property Investments;

10.2.2.3 by a sale or alienation or other disposal by Texton of all or the greater part of the commercial immoveable property owned by Texton to an entity not associated with Texton.

10.2.3 The Asset Management Agreement may be terminated by Texton Property Investments:

10.2.3.1 upon 3 months' written notice to Texton at any time;

10.2.3.2 upon 5 business days' written notice to Texton upon a sale or alienation or other disposal by Texton of all or the greater parts of the commercial immoveable property owned by Texton to an entity not associated with Texton.

10.2.4 Upon termination of the Asset Management Agreement, Texton Property Investments shall be entitled to sell the asset management business to Texton, which shall be obliged to purchase the asset management business for fair market value. Fair market value shall be determined as equivalent to the anticipated asset management fee which would be payable for the year following the date of termination, determined by multiplying the fee calculated in terms of 10.2.5 below, by 12, capitalised at a rate equivalent to the forward yield of Texton, determined as at the date of termination.

The fair market value of asset management business upon termination, amounted to R215 million, as set out in the Independent Expert's fairness opinion in Annexure 3 of this Circular. This results in the Cancellation Consideration being at a c.16% discount to the fair market value of the asset management business.

10.2.5 The fees payable by Texton to Texton Property Investments for all asset management and operational management services rendered by it in terms of the Asset Management Agreement are 1/12th of 0.5% (one twelfth of zero point five percent) (excluding VAT) of the sum of the market capitalisation of Texton determined by multiplying the number of Texton Shares in issue at month end by the monthly VWAP thereof and the total debt of Texton, less cash or cash equivalents, payable monthly in arrears, together with VAT thereon (if applicable).

The fee payable by Texton to Texton Property Investments for the six months ended 31 December 2016 amounted to R12,65 million, as disclosed in the *pro forma* statement of comprehensive income in Annexure 1 of this Circular.

10.2.6 The asset management fee will exclude any expenses that are directly related to the operation of Texton, including but not limited to: auditing fees, company secretarial fees, independent valuation fees, financing costs and finance raising fees, professional or advisory fees and development management fees.

10.2.7 Texton is required to pay to Texton Property Investments any property management fees as are agreed from time to time between Texton and Texton Property Investments, or failing any such agreement, any property management fees as determined by an expert appointed according to the terms of the Asset Management Agreement.

10.2.8 Letting commissions will be payable to Texton Property Investments or its sub-contractors for the successful conclusion of new leases and renewal of leases and will be in keeping with generally accepted tariffs as follows:

10.2.8.1 5% of the first 2 years' rental on the space let;

10.2.8.2 2.5% on the next 3 years' rental on the space let to new tenants;

10.2.8.3 1.5% on the next 3 years' rental on the space let to new tenants; and

10.2.8.4 1% on the balance thereafter;

with a minimum of one month's rental.

Letting commissions payable to Texton Property Investments for the twelve months ended 28 February 2017 amounted to R901 360.42.

10.2.9 If an existing lease is renewed, or should an existing tenant expand its premises or relocate within the relevant property, then the commission payable shall be 30% of the amounts set out in 10.2.8.1 – 10.2.8.4 above.

10.3 Property management agreement

Kuper-Legh has been appointed to, *inter alia*, manage and administer the properties of Texton ("Properties") and to carry out certain accounting functions, under a tripartite agreement between Texton, Texton Property Investments and Kuper-Legh. The Property Management Agreement will be available for inspection in terms of paragraph 22 below.

10.3.1 The Property Management Agreement commenced on 1 July 2014 for an initial period of 3 years, subject to the right of Kuper-Legh to renew the Property Management Agreement for two further periods of 3 years each. The Property Management Agreement was renewed as at 31 January 2017.

10.3.2 The Property Management Agreement is subject to early termination by:

10.3.2.1 either party in the case of a breach of the Property Management Agreement; or

10.3.2.2 Texton Property Investments in the event of a change of control of Kuper-Legh; or

10.3.2.3 Texton, should the Asset Management Agreement terminate at any time and/or should the majority of the shares in the Asset Manager be acquired by Texton, or a company controlled by Texton. Pursuant to the above, Texton shall be entitled to terminate the Property Management Agreement on three months' written notice to Kuper-Legh.

The early termination of the Property Management Agreement shall have no financial implications for Texton, Texton Property Investments and Kuper-Legh.

10.3.3 The property management duties include, *inter alia*, the following:

- prepare budgets for all Properties managed;
- the collection of rentals and all other applicable income pertaining to Properties;
- the payment of all relevant expenditure on the Properties;
- preparation of all monthly and quarterly accounts and reports;
- letting and subletting the Properties and completing all lease documentation;
- ensuring, as far as possible, that tenants comply with the terms of their lease agreements;
- the preparation of fully motivated budgets relating to all property income and expenditure for the Properties;
- attending to the control, management and all necessary maintenance of each Property;
- perform regular annual inspections of each Property; and
- draw up maintenance plans and annual capital expenditure plans for the Properties.

10.3.4 In consideration for performance of the services by Kuper-Legh, the following consideration is payable:

10.3.4.1 An administration fee calculated as a specified percentage (per Property) of the total amounts collected by Kuper-Legh from the tenants of each Property (inclusive of VAT), excluding one-off capital expenditure, amounts for services related to tenant installations, deposits and amounts collected from tenants in respect of parking other than by Kuper-Legh;

10.3.4.2 A leasing fee equal to 70% of the recommended tariff of the South African Property Owners Association where the premises are let out to a third party by Kuper-Legh, and a leasing fee equal to 30% of the recommended tariff of the South African Property Owners Association for renewals and leasing by Kuper-Legh of additional space with existing tenants of the Properties.

10.3.5 In the event that Texton acquires any property at any time after the commencement of the Property Management Agreement and provided that Kuper-Legh:

10.3.5.1 introduced the seller and/or the property concerned to Texton and was the effective cause of the relevant sale; and

10.3.5.2 is the most suitable manager available to manage the relevant property,

Kuper-Legh will have a right of first refusal to be appointed as the manager of such property at such fee as Texton may consider appropriate and on the terms and conditions contained in the Property Management Agreement.

10.3.6 The directors of Kuper-Legh are John Alastair Legh, Mathys van Heerden and Vanessa Govender.

10.3.7 Kuper-Legh is 75% owned by Kuperlegh Property Group Proprietary Limited ("KLPG") and 25% held by Vanessa Govender.

10.3.8 KLPG is 50% owned by John Alastair Legh and 50% owned by Mathys van Heerden.

10.3.9 Post the implementation of the Manco Internalisation, Texton Property Investments' rights in and obligations to the Property Management Agreement will transfer to Texton in terms of the Cancellation, Cession, Delegation and Sale Agreement. As a result, the Property Management Agreement will remain in place post the implementation of the Manco Internalisation.

11. OPINIONS AND RECOMMENDATIONS

11.1 In terms of the Listings Requirements, the Manco Internalisation constitutes a related party transaction due to the fact that Texton Property Investments is Texton's asset manager. Accordingly, Texton Shareholders are required to approve the Manco Internalisation by means of an ordinary resolution to be passed by Texton, other than the shareholders of Texton Property Investments, being AN de Rauville, MJ van Heerden, JA Legh and JPG de Rauville.

11.2 In addition, a fairness opinion relating to the fairness of the terms and conditions of the Manco Internalisation is required in terms of the Listings Requirements. The Independent Sub-Committee of the Board has appointed the Independent Expert to provide the fairness opinion on the Manco Internalisation, which is contained in Annexure 3 to this Circular, and has also requested the Independent Expert to comment on the reasonableness of the terms thereof.

11.3 The Independent Expert has advised that it has considered the terms and conditions of the Manco Internalisation, and at the Last Practicable Date its opinion and advice to the Board is that the terms and conditions of the Manco Internalisation are unfair but reasonable to Shareholders.

11.4 The Board has considered the terms and conditions of the Manco Internalisation and, taking into account the Independent Expert's opinion, is of the opinion that, while the terms thereof may not be fair, insofar as Listings Requirements define the term "fair" as referring to a quantitative assessment of the Cancellation Consideration, given that it is materially lower than the amount payable in terms of the Asset Management Agreement (as set out in paragraph 10.2.4), it is most certainly reasonable to Texton Shareholders. Accordingly, an Independent Sub-Committee of the Board recommends to Texton Shareholders that they vote in favour of the resolutions to be considered at the General Meeting.

12. MAJOR SHAREHOLDERS

Shareholders, other than Directors of Texton, that are directly or indirectly/beneficially interested in 5% or more of the Shares of Texton at the Last Practicable Date are as follows:

Shareholder	**Direct (Number Shares)**	**Indirect (Number Shares)**	**Percentage held (%)**
Luna Group Proprietary Limited*	63 100 399	–	16.78
Texton BEE	51 858 876	–	13.79
Coronation Fund Managers	29 218 245	–	7.77
Public Investment Corporation	19 568 008	–	5.20
Total	**163 745 528**	**–**	**43.54**

**JD and CW Wiese group of companies*

13. SHARE CAPITAL

Texton's stated capital as at the Last Practicable Date and after the implementation of the Manco Internalisation are set out below:

As at the Last Practicable Date	**R'000**
Share capital	
Authorised	
2 000 000 000 ordinary shares of no par value	–
Issued	
376 066 766 ordinary shares of no par value	
Stated capital	2 848 404

After the Manco Internalisation	**R'000**
Share capital	
Authorised	
2 000 000 000 ordinary shares of no par value	–
Issued	
376 066 766 ordinary shares of no par value	–
Stated capital	2 848 404

Pursuant to the Manco Internalisation, Texton shall hold 15 310 276 shares in treasury.

14. IRREVOCABLE COMMITMENTS AND LETTERS OF SUPPORT

Texton has obtained irrevocable undertakings from, or on behalf of, the following Texton Shareholders, in terms of which (amongst other things) they have irrevocably undertaken, with respect to the following Texton Shares beneficially owned by such Texton Shareholders or held by them on a discretionary basis for clients to vote in favour of the Manco Internalisation.

Shareholder	**Number of shares**	**Percentage of voting rights#**
Texton Broad-based Empowerment Proprietary Limited	51 858 876	16.32
PDNA Property Investments Proprietary Limited	15 038 268	4.73
The Echelon Trust	555 000	0.17
True North Accounting Proprietary Limited	20 000	0.01
Total	**67 472 144**	**21.24**

Excluding any treasury shares and shares held by parties and their Associates who are party to, or have an interest in, the Asset Management Agreement and Property Management Agreement

In addition Texton has received further letters of support from the following Texton Shareholders indicating that the Texton Shareholders in question intend voting in favour of the Manco Internalisation.

Shareholder	**Number of shares**	**Percentage of voting rights#**
Coronation Fund Managers	44 628 995	14.05
Electus Fund Managers	9 986 480	2.62
Total	**54 615 475**	**16.67**

Excluding any treasury shares and shares held by parties and their Associates who are party to, or have an interest in, the Asset Management Agreement and Property Management Agreement

As a result of the above irrevocable undertakings and letters of support, 37.91% of Texton Shareholders who are eligible to vote on the resolutions are supportive of the Manco Internalisation.

15. NOTICE OF GENERAL MEETING

A General Meeting of Texton Shareholders will be held on Friday, 15 September 2017, 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 Thursday, 14 September 2017 for administrative purposes.

If you do not lodge or post the form of proxy to reach the Transfer Secretaries by the relevant date and time, you will nevertheless be entitled to have the form of proxy lodged immediately prior the General Meeting with the chairman of the General Meeting.

16. LITIGATION

There are currently no legal or arbitration proceedings, including any such proceedings that are pending or threatened, of which Texton is aware, that may have or have had in the recent past, a material effect on Texton's financial position during the 12 months preceding the date of issue of this Circular.

17. CONSENTS

The Sponsor, Legal Advisers, Independent Expert, Competition Law Advisers, Independent Reporting Accountants 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.

18. MATERIAL CONTRACTS

At the Last Practicable Date, material contracts entered into by Texton as at the Last Practicable Date, other than the Cancellation, Cession, Delegation and Sale Agreement dealt with in this Circular or in the ordinary course of the business carried on by Texton are as follows:

- the Asset Management Agreement (as defined); and
- the Property Management Agreement (as defined).

The abovementioned agreements are available for inspection as set out in paragraph 22 below.

19. MATERIAL CHANGES

Save for the Manco Internalisation:

19.1 there have been no material changes in the financial or trading position of Texton since Texton published its results for the six months ended 31 December 2016 and the Last Practicable Date;

19.2 there have been no material changes in the financial or trading position of any of the Texton Property Investments, since Texton Property Investments published its audited results for the period ended 28 February 2017 and the Last Practicable Date; and

19.3 there has been no change in the business or trading objects of Texton during the past five years.

20. PRELIMINARY EXPENSES

The estimated costs of preparing and distributing this Circular, and holding the General Meeting including preliminary expenses and fees payable to professional advisers, are approximately R1,72 million and include the following:

Details	Payable to	R'000
Sponsor	Investec Corporate Finance	500
Legal Adviser fees	Norton Rose Fullbright	400
Due diligence fees	KPMG	310
Competition Law Adviser fees	Norton Rose Fullbright	75
Competition Commission filing fees	Competition Commission	50
Independent Expert	Questco	250
Independent Reporting Accountant fees	KPMG	90
Printing, publication and distribution	Purple Frog	25
JSE documentation fee	JSE Limited	15
Estimated total		**1 715**

21. DISCLOSURE OF CONFLICT

Shareholders are advised that Investec has been appointed as Sponsor in relation to the Manco Internalisation.

In addition to Investec Asset Management's shareholding in Texton and Investec Private Capital's shareholding in Texton Property Investments, Investec, acting through its Investec Corporate and Institutional Bank and Investec Private Capital has the following arrangements in place with Texton:

	R'000
Texton Property Fund	
Loan facility	336 000
Derivative financial products	63 355
Texton Property Investments	
Loan facility	137 275

AJ Nel, who is an employee of Investec, is a director of Texton Property Investments. Additionally, Investec Private Capital holds a 25% shareholding in the aforementioned entity.

In its capacity as Sponsor, Investec has confirmed to the JSE and Texton that there is no matter that would impact its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to Texton and that would impact on its ability to act within the code of conduct as set out in the Listings Requirements.

Investec has various internal procedures in place to ensure that its ability to act independently as JSE sponsor, is not compromised. Pursuant to these internal procedures, Investec has a Compliance Control Room function that identifies and manages conflict risks and ensures that strict "Chinese Walls" are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within Investec. Investec also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

22. 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 Friday, 18 August 2017 until Friday, 15 September 2017, at the address set out in the "Corporate information and advisers" section of this Circular:

- The MOI of Texton and its subsidiaries;
- The letters of consent referred to in paragraph 17 above;
- Copies of the irrevocable undertakings described in paragraph 14;
- The Asset Management Agreement;
- Property Management Agreement;
- Cancellation, Cession, Delegation and Sale Agreement;
- The signed reporting accountants' report on the *pro forma* financial information, a copy of which is set out in Annexure 2;
- Independent Expert's fairness opinion, a copy of which is set out in Annexure 3;
- The audited financial statements of Texton for the year ended 30 June 2014, 30 June 2015 and the year ended 30 June 2016;
- The unaudited interim financial statements of Texton for the six months ended 31 December 2016;
- A signed copy of this Circular;
- Independent reporting accountants' review report on the interim financial information for Texton Property Investments for the six months ended 28 February 2017; and
- Texton Property Investments audited annual financial statements for the year ended 28 February 2017.

By order of the Board

Nosiphiwo Balfour
Chief Executive Officer

18 August 2017
Hyde Park

PRO FORMA FINANCIAL EFFECTS OF THE MANCO INTERNALISATION

The tables below set out the *pro forma* financial effects of the Manco Internalisation and funding thereof on the published, unaudited interim financial results of Texton for the six months ended 31 December 2016.

The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the Manco Internalisation and funding thereof going forward.

The purpose of the *pro forma* financial effects is to illustrate the impact of the cancellation of the Asset Management Agreement and internalisation of the asset management function as well as the funding thereof had it been effective 31 December 2016 for purposes of the *pro forma* condensed group statement of financial position and as if the transaction had occurred on 1 July 2016 for purposes of the *pro forma* condensed group statement of comprehensive income and on the assumptions set out below. The *pro forma* financial effects presented below do not purport to be indicative of the financial results of the Manco Internalisation and the funding thereof if it has been implemented on a different date.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published, unaudited interim financial results of Texton for the six months ended 31 December 2016, as well as the published audited financial results of Texton for the year ended 30 June 2016. The *pro forma* financial effects are presented in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The Directors are responsible for the compilation, content and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Texton and that the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements.

The *pro forma* condensed group statement of financial position as at 31 December 2016 and the *pro forma* condensed group statement of comprehensive income for the six months ended 31 December 2016, should be read in conjunction with the independent reporting accountant's report thereon contained in Annexure 2.

The *pro forma* condensed group statement of comprehensive income below presents the effects of the Manco Internalisation and funding thereof on the *pro forma* financial results of Texton for the six months ended 31 December 2016 on the assumption that the transaction was effective 1 July 2016.

The *pro forma* condensed group statement of financial position below presents the effects of the Manco Internalisation and the funding thereof on the financial position of Texton at 31 December 2016 on the assumption that the Manco Internalisation was effective on 31 December 2016.

Pro forma Statement of Comprehensive Income for the six months ended 31 December 2016

Set out below is the *pro forma* statement of comprehensive income of Texton solely reflecting the effects of the Manco Internalisation

R'000	Texton before the Manco Internali-sation *Note 2*	Texton Property Investments before the Manco Internali-sation *Note 3*	Cash payment on cancellation of Asset Management Agreement *Note 4*	Cancellation of Asset Management Agreement *Note 5*	Funding of transaction costs *Note 6*	Transaction costs *Note 7*	*Pro forma* after the Manco Internali-sation *Note 8*
Investment property income	291 180	–	–	–	–	–	291 180
Straight-line rental adjustment	9 083	–	–	–	–	–	9 083
Revenue	300 263	–	–	–	–	–	300 263
Property expenses	(92 050)	–	–	–	–	–	(92 050)
Net property income	208 213	–	–	–	–	–	208 213
Profit from joint venture	1 288	–	–	–	–	–	1 288
Other income	127 980	12 904	–	(12 904)	–	–	127 980
Other operating expenses	(8 912)	(15 336)	–	6 493	–	(1 715)	(19 470)
Foreign exchange gains/(losses)	26 453	–	–	–	–	–	26 453
Asset management fee	(12 653)	–	–	12 653	–	–	–
Operating profit	342 369	(2 432)	–	6 242	–	(1 715)	344 464
Finance income	48 281	111	–	(111)	–	–	48 281
Finance costs	(79 895)	(9 464)	–	9 464	(6 676)	–	(86 571)
Fair value adjustments	(70 525)	–	–	–	–	–	(70 525)
Asset Management Agreement cancellation fee	–	–	(180 000)	–	–	–	(180 000)
Profit before income tax	**240 230**	**(11 785)**	**(180 000)**	**15 595**	**(6 676)**	**(1 715)**	**55 649**
Income tax	–	3 300	–	(3 300)	–	–	–
Profit for the year	**240 230**	**(8 485)**	**(180 000)**	**12 295**	**(6 676)**	**(1 715)**	**55 649**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Exchange differences on translation of foreign operations	(168 697)	–	–	–	–	–	(168 697)
Total comprehensive income for the year	**71 533**	**(8 485)**	**(180 000)**	**12 295**	**(6 676)**	**(1 715)**	**(113 048)**

Pro forma **Statement of Comprehensive Income for the six months ended 31 December 2016** (continued)

Reconciliation of attributable income to earnings, headline earnings and distributable income:

R'000	Texton before the Manco Internali-sation *Note 2*	Texton Property Investments before the Manco Internali-sation *Note 3*	Cash payment on cancellation of Asset Management Agreement *Note 4*	Cancellation of Asset Management Agreement *Note 5*	Funding of transaction costs *Note 6*	Transaction costs *Note 7*	*Pro forma* after the Manco Internali-sation *Note 8*
Earnings attributable to shareholders	**240 230**	**(8 485)**	**(180 000)**	**12 295**	**(6 676)**	**(1 715)**	**55 649**
Adjusted for:							
Gross revaluation of investment property	3 115	–	–	–	–	–	3 115
Headline earnings/(loss) attributable to shareholders	**243 345**	**(8 485)**	**(180 000)**	**12 295**	**(6 676)**	**(1 715)**	**58 764**
Weighted average number of shares ('000)	355 121						355 121
Basic and diluted basic earnings per share (cents)	67.65						15.67
Headline and diluted headline earnings per share (cents)	68.52						16.55
Dividend per share (cents)	47.95						46.64
Interim dividend *	47.95						46.64
Final dividend*	–						–
Re-based Interim dividend #	47.95						46.64

** Declared subsequent to period end*
 # Re-based dividend as reported

***Pro forma* Statement of Comprehensive Income for the six months ended 31 December 2016** (continued)

Distributable earnings:

R'000	Texton before the Manco Internalisation *Note 2*	Texton Property Investments before the Manco Internalisation *Note 3*	Cash payment on cancellation of Asset Management Agreement *Note 4*	Cancellation of Asset Management Agreement *Note 5*	Funding of transaction costs *Note 6*	Transaction costs *Note 7*	*Pro forma* after the Manco Internalisation *Note 8*
Revenue	291 180	–	–	–	–	–	291 180
Property expenses	(92 050)	–	–	–	–	–	(92 050)
Profit from joint venture	1 288	–	–	–	–	–	1 288
Other income	5 443	12 904	–	(12 904)	–	–	5 443
Other operating expenses	(8 912)	(15 336)	–	6 493	–	(1 715)	(19 470)
Realised foreign exchange gains/(losses)	13 714	–	–	–	–	–	13 714
Asset management fees	(12 653)	–	–	12 653	–	–	–
Net finance cost	(30 028)	(9 353)	–	9 353	(6 676)	–	(36 704)
Finance income	48 281	111	–	(111)	–	–	48 281
Finance cost	(79 895)	(9 464)	–	9 464	(6 676)	–	(86 571)
Finance cost amortisation	1 586	–	–	–	–	–	1 586
Asset Management Agreement cancellation fee	–	–	(180 000)	–	–	180 000	–
Dividends on treasury shares	12 342	–	–	(337)	–	–	12 005
Total dividend	**180 324**	**(11 785)**	**(180 000)**	**15 258**	**(6 676)**	**178 285**	**175 405**
Total number of shares in issue	376 067	–	–	–	–	–	376 067
Dividend per share	47.95	–	–	–	–	–	46.64

Notes and assumptions

1. The internalisation of the asset management function will take place through the cancellation of the Asset Management Agreement, cession and delegation of Texton Property Investments' rights in and to the Contracts to Texton and sale of the Assets to Texton and the assumption by Texton of all future operating costs associated with the performance of the asset management function, including staff costs, in consideration for which Texton will make a cash payment to Texton Property Investments of R180 000 000 (excluding VAT, if applicable).

   The Manco Internalisation has been accounted for in terms of IFRS 3: Business Combinations.

   The Manco Internalisation is assumed to be implemented on 1 July 2016 for the statement of comprehensive income purposes.

   To calculate a *pro forma* six-month period for Texton Property Investments, the period from 1 September 2016 to 28 February 2017 has been extracted based on the provisional reviewed annual results for the year ended 28 February 2017.

   The relevant income and costs for the *pro forma* six-month period to 28 February 2017 for Texton Property Investments is then aggregated with the Texton unaudited condensed consolidated interim results for the six months ended 31 December 2016 to obtain the *pro forma* consolidated statement of comprehensive income.

   By following this methodology, all source information is derived from published interim and year-end reports for Texton and the independently reviewed Manco Internalisation results respectively.

2. The amounts set out in the "Texton before the Manco Internalisation" column have been extracted, without adjustment, from the statement of comprehensive income within the unaudited condensed consolidated interim results of Texton for the six months ended 31 December 2016 and as published on 6 March 2017.

3. The amounts set out in the "Texton Property Investments before the Manco Internalisation" column have been extracted, without adjustment, from the statement of comprehensive income included in the results of Texton Property Investments for the six months ended 28 February 2017. The results of Texton Property Investments for the six months ended 28 February 2017 have been reviewed by Mazars and their review report will be available for inspection as set out in paragraph 22 of the circular. This adjustment together with that in the notes will have a continuing effect.

4. The cash payment to Texton Property Investments to cancel the Asset Management Agreement per the Cession, Cancellation, Delegation and Sale Agreement. This adjustment has no continuing effect.

5. This represents the elimination of the operating and finance costs not related to the performance of the asset management function on cancellation of the Asset Management Agreement. All adjustments are assumed to have a continuing effect and comprise:

   – The reversal of the asset management fee of R12 904 000 received by TPI from Texton, included in other income

   – The reversal of the asset management fee of R12 653 000 paid by Texton to Texton Property Investments

   – The reversal of interest paid by Texton Property Investments on its borrowings of R9 464 000. The related borrowings have not been assumed by Texton

   – The reversal of the deferred tax credit of R3 300 000 accounted for by Texton Property Investments as the Asset Manager is not being acquired and Texton will not benefit from a reduction in future taxes payable. No deferred tax will arise on the transaction

   – The reversal of the interest received by Texton Property Investments of R111 000 on its positive cash balances which will not be acquired by Texton

   – A decrease of R337 176 in the dividend on treasury shares held by Texton due to the *pro forma* adjustments to distributable income

   – The reversal of other operating expenses not related to the performance of the asset management function amounting to R6 493 000 incurred by Texton Property Investments. These costs comprise (1) R2 003 000 write off of the loan from Texton Property Investments to Texton Property Investments UK, (2) R4 818 000 consulting fees and (3) R235 000 lower executive salaries based on employee list transferring from Texton Property Investments to Texton; offset by R563 000 of additional costs taken on to perform the asset management function for Texton Property Investments UK.

6. Finance costs comprise interest that would have been earned or paid on the cash payment to terminate the contract for the portion paid out of cash on hand (R126 850 000) calculated at the average call rate of 6.7% and the portion paid from borrowings (R53 150 000) calculated at the average funding rate of 9.13% for the six-month period ending 31 December 2016. This adjustment will have a continuing effect.

7. Estimated cost of preparing and distributing the Circular, holding the General Meeting and preliminary fees payable to professional advisers as listed in paragraph 20 of the Circular. This adjustment has no continuing effect.

8. As Texton is a REIT, no taxation will arise on the adjustments.

   The amounts set out in the "*Pro forma* after the Manco Internalisation" column have been calculated by consolidating the *pro forma* results of Texton for the six-month period ending 31 December 2016, the operating and finance costs associated with the performance of the asset management function for the six-month period extracted from the provisional reviewed audited financial statements of Texton Property Investments for the year ended 28 February 2017 and other costs associated with the Manco Internalisation.

Pro forma Statement of Financial Position as at 31 December 2016

Set out below is the *pro forma* statement of financial position of Texton solely reflecting the effects of the Manco Internalisation

R'000	Texton before the Manco Internalisation	Cash payment on cancellation of Asset Management Agreement	Assets and Liabilities acquired on cancellation	Transaction costs	*Pro forma* after the Manco Internalisation
	Note 1	*Note 2*	*Note 3*	*Note 4*	
ASSETS					
Investment property	5 028 186	–	–	–	5 028 186
Property, plant and equipment	12 509	–	138	–	12 647
Goodwill	–	–	112	–	112
Investment in joint venture	237 316	–	–	–	237 316
Other financial assets	63 171	–	–	–	63 171
Other non-current assets	7 981	–	–	–	7 981
Restricted cash	43 230	–	–	–	43 230
Non-current assets	**5 392 393**	**–**	**250**	**–**	**5 392 643**
Trade and other receivables	41 009	–	–	–	41 009
Income tax receivable	3 819	–	–	–	3 819
Restricted cash	25 119	–	–	–	25 119
Cash and cash equivalents	128 565	(126 850)	–	(1 715)	–
Current assets	**198 512**	**(126 850)**	**–**	**(1 715)**	**69 947**
Total assets	**5 590 905**	**(126 850)**	**250**	**(1 715)**	**5 462 590**

Pro forma Statement of Financial Position as at 31 December 2016 (continued)

Set out below is the *pro forma* statement of financial position of Texton solely reflecting the effects of the Manco Internalisation

R'000	Texton before the Manco Internali-sation *Note 1*	Cash payment on cancellation of Asset Management Agreement *Note 2*	Assets and Liabilities acquired on cancellation *Note 3*	Transaction costs *Note 4*	*Pro forma* after the Manco Internali-sation
EQUITY					
Stated capital	2 848 404	–	–	–	2 848 404
Retained earnings	846 405	(180 000)	–	(1 715)	664 690
Share-based payment reserve	1 074	–	–	–	1 074
Foreign exchange translation reserve	(271 276)	–	–	–	(271 276)
Shareholders' interest	**3 424 607**	**(180 000)**	**–**	**(1 715)**	**3 242 892**
LIABILITIES					
Other financial liabilities	1 563 185	53 150	–	–	1 616 335
Deferred tax	3 615	–	–	–	3 615
Non-current liabilities	**1 566 800**	**53 150**	**–**	**–**	**1 619 950**
Current portion of other financial liabilities	512 140	–	–	–	512 140
Trade and other payables	87 358	–	250	–	87 608
Current liabilities	**599 498**	**–**	**250**	**–**	**599 748**
Total liabilities	**2 166 298**	**53 150**	**250**	**–**	**2 219 698**
Total equity and liabilities	**5 590 905**	**(126 850)**	**250**	**(1 715)**	**5 462 590**
Shares in issue, excluding treasury shares (000)	350 328				350 328
Net asset value per share (cents)	977.54				925.67
Net tangible asset value less deferred tax per share (cents)	978.57				926.70

Notes and assumptions

1. The internalisation of the asset management function will take place through the cancellation of the Asset Management Agreement, cession and delegation of TPI's rights in and to the Contracts to Texton and sale of the Assets to Texton and the assumption by Texton of all future operating costs associated with the performance of the asset management function, including staff costs, in consideration for which Texton will make a cash payment to TPI of R180 000 000 (excluding VAT, if applicable).

The transaction has been accounted for in terms of IFRS 3: Business Combinations.

The Manco Internalisation is assumed to be implemented on 31 December 2016 for the statement of financial position purposes.

2. The funds for the cash payment to terminate the Asset Management Agreement will be sourced from existing cash resources and future operating cash flows.

3. Property, plant and equipment includes office furniture and equipment taken on at fair value on cancellation of the Asset Management Agreement and set out in detail in schedule 3 of the Cancellation, Cession, Delegation and Sale Agreement. Trade and other payables includes provisions for leave relating to staff transferred on cancellation of the Asset Management Agreement and set out in detail in schedule 4 of the Cancellation, Cession, Delegation and Sale Agreement. These amounts have been extracted from the statement of financial position as at 28 February 2017 included in the audited annual financial statements for the year ended 28 February 2017.

4. Estimated cost of preparing and distributing the Circular, holding the General Meeting and preliminary fees payable to professional advisers as listed in paragraph 20 of the Circular.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

The Directors
Texton Property Fund Limited
Block C
Investment Place
10th Road
Hyde Park
Johannesburg
2196

14 August 2017

Dear Sirs

REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

We have completed our assurance engagement to report ("Report") on the compilation of *pro forma* basic earnings and diluted basic earnings, headline and diluted headline earnings, dividend, net asset value and net tangible asset value less deferred tax per share of Texton Property Fund Limited ("Texton") or ("the Company"), *pro forma* statement of financial position of Texton, the *pro forma* statement of comprehensive income of Texton and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to Texton, (collectively "*Pro forma* Financial Information"). The *Pro forma* Financial Information is set out in the Salient Features, paragraph 7 and Annexure 1 of the Circular to be issued by the Company on or about 18 August 2017.

The *Pro forma* Financial Information has been compiled by the directors of Texton to illustrate the impact of the cancellation of the asset management agreement between Texton and Texton Property Investments Proprietary Limited resulting in the internalisation of Texton's asset management ("Transaction") as detailed in the Circular on the Company's financial position and changes in equity as at 31 December 2016 and the Company's financial performance for the six months ended 31 December 2016.

As part of this process, the Company's basic earnings, diluted basic earnings, headline earnings diluted headline earnings and dividend per share, statement of comprehensive income and statement of financial position have been extracted by the directors from the Company's published interim financial statements for the six months ended 31 December 2016 ("Published Financial Information"), on which no audit or review report has been published. In addition, the directors have calculated the net asset value and net tangible asset value less deferred tax per share as at 31 December 2016 based on financial information extracted from the Published Financial Information.

DIRECTORS' RESPONSIBILITY FOR THE *PRO FORMA* FINANCIAL INFORMATION

The directors of Texton are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements of the JSE Limited and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("Applicable Criteria").

INDEPENDENT REPORTING ACCOUNTANT'S INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis of the Applicable Criteria, based on our procedures performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Published Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the Published Financial Information used in compiling the *Pro forma* Financial Information.

The purpose of *Pro forma* Financial Information included in the Circular is solely to illustrate the impact of the Manco Internalisation on the unadjusted Published Financial Information as if the Manco Internalisation had been undertaken on 1 July 2016 for purposes of the *pro forma* basic earnings, diluted basic earnings, headline and diluted headline earnings and dividend per share and the *pro forma* statement of comprehensive income and on 31 December 2016 for purposes of the net asset value and net tangible asset value less deferred tax per share and statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Manco Internalisation, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Manco Internalisation and to obtain sufficient appropriate evidence about whether:

– The related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and

– The *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Published Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the Manco Internalisation in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

Yours faithfully

KPMG Inc.

Per **DD Thompson**
Chartered Accountant (SA)
Registered Auditor
Director

INDEPENDENT EXPERT'S FAIRNESS OPINION IN RESPECT OF THE MANCO INTERNALISATION

The Independent Committee of the Board of Directors
Texton Property Fund Limited
Block C, Investment Place
10th Road
Hyde Park
Johannesburg
2196

14 August 2017

ATTENTION: The Independent Committee of the Board of Directors

Dear Sirs and Madam

INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE INTERNALISATION OF THE ASSET MANAGEMENT FUNCTION OF TEXTON PROPERTY FUND LIMITED ("TEXTON")

INTRODUCTION AND SCOPE

In an announcement published by Texton on 9 March 2017 and 21 July 2017, Texton Shareholders were advised of Texton's proposal to internalise the asset management function which is currently performed by Texton Property Investments Proprietary Limited ("Texton Property Investments") in terms of a service level agreement ("the Asset Management Agreement"). This internalisation will take place through the termination of the Asset Management Agreement, cession and delegation of Texton Property Investments' rights in and to the Contracts to Texton and sale of the Assets to Texton and the assumption by Texton of all future operating costs associated with the performance of the asset management function, including staff costs ("the Manco Internalisation"), in consideration for which Texton will make a cash payment to Texton Property Investments of R180 000 000 (excluding VAT, if applicable) ("the Consideration"). The effective date of the Manco Internalisation is 30 September 2017.

In terms of paragraph 10.1(b)(v) of the Listings Requirements of the JSE Limited ("the JSE") ("the Listings Requirements"), Texton Property Investments is a related party to Texton. Accordingly, the independent sub-committee of the board of Texton ("the Independent Committee") is required to obtain appropriate external advice on the Manco Internalisation in the form of a fairness opinion from an independent expert.

As a consequence of the above, Questco Proprietary Limited ("Questco") has been appointed by the Independent Committee in relation to the Manco Internalisation to advise on whether, in its opinion, the Consideration is fair, as well as reasonable (our "Opinion").

DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

For the purposes of our Opinion, fairness is primarily based on a quantitative assessment of the Consideration and reasonableness is based on qualitative factors surrounding the Manco Internalisation and the Consideration. In terms of the Listings Requirements, the terms of the Manco Internalisation would be considered to be fair if the fair value of the Consideration is equal to or less than the fair value of the benefits derived through the termination of the Asset Management Agreement, or unfair if the opposite would hold true.

RESPONSIBILITY

Compliance with the Companies Act, No. 71 of 2008 and the Listings Requirements is the responsibility of the Independent Committee. Our responsibility is to report on whether the Consideration is fair and reasonable. We confirm that our Opinion has been provided to the Independent Committee for the sole purpose of assisting the Independent Committee in forming and expressing an opinion for the benefit of Texton Shareholders. We accept no responsibility to any party other than to the Independent Committee.

INFORMATION AND SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, obtained from Texton executive management ("Texton Management") and the directors of Texton Property Investments ("Texton Property Investments Management") together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion. The principal sources of information used in formulating our Opinion regarding the Consideration include:

- a draft of the circular to be sent to Texton Shareholders setting out, amongst other things, the terms of the Manco Internalisation ("Circular");
- the agreement between Texton and Texton Property Investments in relation to the Manco Internalisation;
- the Asset Management Agreement entered into between Texton and Texton Property Investments setting out, *inter alia,* remuneration, duties, duration, termination terms, etc.;
- the audited annual financial statements for Texton for the two consecutive financial years up to and including the 2016 financial year and the interim results for Texton for the 6 months ended 31 December 2016;
- the forecast financial information relating to Texton as prepared by Texton Management for the remainder of the 2017 financial year and the financial year ending 30 June 2018 ("the Forecast Period");
- the audited annual financial statements for Texton Property Investments for the two financial years ended 28 February 2016 and the unaudited, draft financial statements for Texton Property Investments for the financial year ended 28 February 2017;
- the forecast financial information for Texton Property Investments as prepared by Texton Property Investments Management for the forecast period ending 28 February 2018, as well as the forecast financial information in relation to the costs to be assumed by Texton pursuant to the Manco Internalisation, as prepared by Texton Management;
- discussions with Texton Management on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to Texton that we deemed to be relevant, including company announcements, circulars and investor presentations;
- comparative financial and market information on appropriate peer issuers in the South African listed property sector;
- economic and exchange rate outlooks prepared by leading South African banks; and
- on-line and subscription databases covering financial markets, share prices, volumes traded and news.

Where practical and where possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with Management.

PROCEDURES PERFORMED

Key fairness considerations

In arriving at our Opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness and reasonableness of the Consideration:

- considered the terms of the Manco Internalisation;
- considered the terms of the Asset Management Agreement relating to the termination thereof;
- analysed and reviewed the unaudited forecast financial information and, in particular, the forecast distributions for Texton for the Forecast Period;
- analysed and reviewed the unaudited forecast financial information for Texton Property Investments, in particular, the forecast expenses to be assumed by Texton upon implementation of the Manco Internalisation;
- reviewed the forecast asset management fees and the assumptions on which they were calculated for reasonability and compliance with the terms of the Asset Management Agreement;
- calculated the expected impact on distributions to Texton Shareholders if the Manco Internalisation is implemented;
- quantified the amount that would have been required to be paid to Texton Property Investments for the termination of the Asset Management Agreement in accordance with the terms thereof;

– considered the prevailing economic and market conditions within the South African listed property sector, particularly in relation to those participants with investments in properties located in the United Kingdom; and

– considered other facts and information relevant to concluding this Opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the forecasts and used to formulate our Opinion by:

– considering the historical trends of such information and assumptions; and

– comparing and corroborating such information and assumptions with external sources of information if such information is available.

APPROACH

Estimate of fair value

The Manco Internalisation would result in Texton assuming Texton Property Investments overhead costs and ceasing to pay asset management fees to Texton Property Investments, the economic benefit of which will be a net saving in costs. Accordingly, the fair value of the Manco Internalisation is the fair value of the estimated net cost saving to Texton after the implementation of the Manco Internalisation.

Valuation methodology

On implementation of the Manco Internalisation, and prior to taking into account the costs associated with the funding thereof, Texton will enjoy a net increase in income available for distribution to its shareholders. Accordingly, Questco applied the market approach, a model used to determine the intrinsic value of the sustainable impact on distributable income by capitalising it at an appropriate rate, and where such rate is determined with reference to the clean forward yield at which Texton is trading. Given that Texton distributes well in excess of 90% of its distributable income to its shareholders, and indeed is required to do so in order to be classified as a REIT, this is viewed as an appropriate valuation methodology.

Key value drivers

The key value driver for Texton Property Investments is forecast management fees. Texton Property Investments cost base comprises mainly salaries and rental and is largely fixed.

Forecast management fees are based on the expected magnitude of Texton's enterprise value, i.e. estimated market capitalisation + estimated bank debt over the Forecast Period.

The price at which a REIT share trades and, accordingly, its market capitalisation, is sensitive to the market's expectation of its forecast distributable income in the short to medium term, and most South African REITs publish guidance to the market as to their expectations of distribution growth. Our estimation of Texton's market capitalisation has been based on an examination of Texton's detailed forecast of growth in distributions for 2018 ('Texton's Forecast"), and its growth target for 2019.

– Net property income

  Texton's Forecast has been built on a property-by-property basis, where different assumptions are made for each individual property in relation to vacancies, lease renewals, escalations, cost recoveries etc. Texton's Forecast is not materially sensitive to these assumptions when considered at individual property level and, accordingly, sensitivity analyses have not been performed.

– Interest

  The largest non-property related expense contained in Texton's Forecast is interest. It should be noted that, whilst fluctuating interest rates may impact value, Texton manages its exposure to fluctuating interest rates through hedging activities. Interest has been forecast according to these hedging arrangements and, accordingly, no sensitivity analysis has been performed.

– Exchange rate

  Texton's UK portfolio contributes just over half of its net property income. Forecast distributable income derived from the UK portfolio has been translated at R19.25 to the British Pound. Although higher than the current rate of exchange, Texton has entered into contracts to hedge its exposure to fluctuating exchange rates at a rate of between R19.00 and R19.50 to the British Pound to the end of the 2018 financial year. For every R1 change to this assumption, the valuation of Texton Property Investments changes by 0.27%.

We have assumed that Texton's level of gearing remains constant at current levels over 2018 financial year.

Assessment of reasonableness

There are two positive outcomes arising from the Manco Internalisation, as set out below.

– The consideration is beneath the internalisation price stipulated in the Asset Management Agreement

  In terms of the Asset Management Agreement, the termination thereof under all circumstances apart from default (as defined therein) on the part of Texton Property Investments, entitles Texton Property Investments to dispose of the asset management business conducted by it to Texton for fair market value, where fair market value is expressly determined as equivalent to the anticipated aggregate Asset Management Fee which would be payable in terms of the Asset Management Agreement to the Manager for the year following the date of termination, determined by multiplying the last monthly asset management fee payable prior to the date of termination by twelve, capitalised at a rate equivalent to the Forward Yield of the Company determined as at the date of termination ("the Asset Management Agreement Price").

  Based on current market conditions, Texton's current share price and current debt levels, the Asset Management Agreement price is approximately R215 million.

– The Manco Internalisation gives effect to global best practice and removes an inherent and unpopular conflict of interest

  The outsourcing of the asset management function is not aligned with either local or global best practice. The investment community is critical of the conflicts of interest which exist in externally-managed REITs and these counters typically attract a pricing discount to their internally-managed peers, resulting in a higher cost of capital, difficulty in competing for yield-enhancing acquisitions and difficulty in raising equity capital in general. The Manco Internalisation will remove this conflict of interest and potentially allow for Texton to re-rate in alignment with its internally-managed peers, to the benefit of existing Texton Shareholders.

OPINION

Based upon the work performed and subject to the conditions set out herein, we have concluded that the capitalised value of the net savings expected to be enjoyed by Texton pursuant to the implementation of the Manco Internalisation is materially lower than the Consideration. Nonetheless, there are two critical qualitative factors supporting the Manco Internalisation and, accordingly, we are of the opinion that the Consideration is unfair but reasonable to Texton.

Our Opinion is necessarily based upon the information available to us up to 8 August 2017. Accordingly, it should be understood that subsequent developments may affect this Opinion, which we are under no obligation to update, revise or re-affirm.

LIMITING CONDITIONS

This Opinion is provided to the Independent Committee in connection with and for the purpose of the Manco Internalisation. This Opinion is prepared solely for the Independent Committee and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This Opinion does not purport to cater for each individual Texton Shareholder's perspective or circumstances, but rather that of the general body of Texton Shareholders. Should a Texton Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Texton Shareholder's decision as to whether to vote in favour of the Manco Internalisation may be influenced by his or her particular circumstances. Our Opinion does not purport to cater for each Texton Shareholder's circumstances, but rather the general body of Texton Shareholders taken as a whole.

We confirm that although our Opinion has been provided to the Independent Committee for the purpose of assisting the Independent Committee in forming and expressing an opinion for the benefit of the Texton Shareholders, the ultimate assessment as to whether or not the Independent Committee decides to recommend the Manco Internalisation is the responsibility of the Independent Committee.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained through discussion with Texton Management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements and short- to medium-term forecasts, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

The forecast for Texton relates to future events and is based on assumptions that may or may not remain valid for the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Texton will correspond to those projected. However, given the nature of its business, where a large percentage of revenue is contractual in nature for long periods, where practical, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions with Texton Management. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Manco Internalisation will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives of Texton and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in relation to the Manco Internalisation will be legally enforceable.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that we have no direct or indirect interest in Texton Shares or the Manco Internalisation. We also confirm that we have the necessary competence to provide the Opinion on the Manco Internalisation. Furthermore, we confirm that our professional fees are not contingent upon the success of the Manco Internalisation. The fee payable to us for compiling this fairness opinion is R250 000.

CONSENT

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear in any required regulatory announcement or document.

Yours faithfully

MANDY RAMSDEN
Director

Questco Proprietary Limited
Yellowwood House, Ballywood Office Park
33 Ballyclare Drive
Bryanston

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 Friday, 15 September 2017 at the Company's offices, Block C, Investment Place, 10th Road, Hyde Park, 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, 8 September 2017. Accordingly, the last day to trade to be eligible to attend and vote at the General Meeting is Tuesday, 5 September 2017.

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 on order to participate in and vote at the General Meeting.

ORDINARY RESOLUTION NUMBER 1: Approval of Manco Internalisation as a transaction with a related party

"RESOLVED THAT the Company be and is hereby authorised in terms of the Listings Requirements to cancel the Asset Management Agreement, accept the cession of Texton Property Investments' rights and delegation of Texton Property Investments' obligations in and to the Contracts, and purchase the Assets, subject to the terms and conditions set out in the Cancellation, Cession, Delegation and Sale Agreement."

In terms of the Listings Requirements, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution (excluding any parties and their Associates who are party to, or have an interest in, the Asset Management Agreement and Property Management Agreement (as set out in paragraph 10 of this Circular)).

As Texton Property Investments is a related party to Texton for the purposes of the Listings Requirements, as the asset manager of Texton, in order to implement the Manco Internalisation, an ordinary resolution of the Shareholders is required.

ORDINARY RESOLUTION NUMBER 2: Directors' authority to take all such actions necessary to implement the Manco Internalisation

"RESOLVED THAT any director of Texton, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the Manco Internalisation."

In terms of section 65(7) of the Companies Act and the Company's MOI, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this 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 Texton 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 Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), or emailed to proxy@computershare.co.za, by no later than 10:00 on Thursday, 14 September 2017 for administrative purposes. If you have dematerialised your Texton 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.

If you do not lodge or post the form of proxy to reach the Transfer Secretaries by the relevant date and time, you will nevertheless be entitled to have the form of proxy lodged immediately prior the General Meeting with the chairman of the General Meeting.

Additional proxy forms are obtainable from Texton's company secretary and must be deposited at the Transfer Secretaries not less than 24 hours before the meeting.

By order of the Board

Nosiphiwo Balfour

Registered office
Texton Property Fund Limited, Block C, Investment Place, 10th Road, Hyde Park, Johannesburg, 2196

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Incorporated in the Republic of South Africa

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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, Block C, Investment Place, 10th Road, Hyde Park, 2196 on Friday, 15 September 2017, at 10:00.

If Texton Shareholders have dematerialised their Texton 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

(Name/s in block letters)

of

Telephone number (   )   Cellphone number

e-mail address

(Address in block letters)

being a shareholder of Texton and holding   Texton 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, Block C, Investment Place, 10th Road, Hyde Park, Johannesburg on Friday, 15 September 2017 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: Approval of Manco Internalisation as a transaction with a related party			
Ordinary resolution 2: Directors’ authority to take all such actions necessary to implement the Manco Internalisation			

Signed by me/us this   day of   2017

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 number / Cell phone number:

* *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 Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), to be received by not later 10:00 on Thursday, 14 September 2017 for administrative purposes. If you do not lodge or post the form of proxy to reach the Transfer Secretaries by the relevant date and time, you will nevertheless be entitled to have the form of proxy lodged immediately prior the General Meeting with the chairman of the General Meeting.

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 ACT:

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies 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 Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies 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 Companies 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 Companies 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 Companies 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 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 Companies Act.