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**TEXTON PROPERTY FUND LIMITED**  
Granted REIT status by the JSE  
Incorporated in the Republic of South Africa  
(Registration number 2005/019302/06)  
Share code: TEX ISIN: ZAE000190542  
("Texton" or "the Company")

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## ACQUISITION OF PROPERTY PORTFOLIO

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### 1. INTRODUCTION AND RATIONALE

The Board of Directors of Texton ("the Board") is pleased to inform shareholders that the Company has, as detailed below, concluded sale of rental enterprise agreements ("Agreements") with Equites Property Fund Limited ("Equites") and various wholly-owned subsidiaries thereof for the acquisition of a portfolio of logistics properties, being Erf 37225 Milnerton ("Crossroads"), Unit 1 SS Execujet Business Centre 49/2009 ("Execujet Hangar"), Erf 159592 Cape Town ("Madrid Road") and Erf 174566 Cape Town ("Montreal Road") ("the Acquisition"), for an aggregate purchase consideration of R205.3 million at a proposed acquisition yield of 9.4%.

The Acquisition is consistent with Texton's investment strategy of acquiring portfolio enhancing industrial properties which offer long-term, sustainable income streams and provide an attractive, risk adjusted return profile. This investment also improves Texton's tenant and sectoral profiles by reducing its exposure to office properties whilst improving the percentage of large national tenancies underpinned by strong tenant covenants. The portfolio provides exposure to logistics assets that are well suited to the current macro-economic environment and will be earnings accretive for Texton.

The details pertaining to the Acquisition are set out in paragraph 2 below.

### 2. DETAILS OF THE ACQUISITION

#### 2.1 Crossroads

Texton has agreed terms with Nascispan Proprietary Limited (registration number 2008/01054/07), a wholly-owned subsidiary of Equites, to acquire Crossroads for an aggregate purchase consideration of R48 400 000. Details of the property are as follows:

Property name	Location	GLA	Tenant
Crossroads	ERF 37225 Milnerton	2 880m <sup>2</sup>	Crossroads Distribution Proprietary Limited

#### 2.2 Execujet Hangar

Texton has agreed terms with Dormell Properties 711 Proprietary Limited (registration number 2008/01054/07), a wholly-owned subsidiary of Equites, to acquire Execujet Hangar for an aggregate purchase consideration of R91 500 000. Details of the property are as follows:

Property name	Location	GLA	Tenant
Execujet Hangar	Unit 1 of SS Execujet Business Centre, 49/2009	5 347m <sup>2</sup>	Execujet Aviation Proprietary Limited

### 2.3 Madrid Road

Texton has agreed terms with Applemint Properties 93 Proprietary Limited (registration number 2008/026173/07), a wholly-owned subsidiary of Equites, to acquire Madrid Road for an aggregate purchase consideration of R25 400 000. Details of the property are as follows:

Property name	Location	GLA	Tenant
Madrid Road	ERF 159592 Cape Town	3 000m <sup>2</sup>	NGK Ceramics (SA) Proprietary Limited

### 2.4 Montreal Road

Texton has agreed terms with Equities Property Fund Limited (registration number 2013/080877/06), to acquire Montreal Road for an aggregate purchase price of R40 000 000. Details of the property are as follows:

Property name	Location	GLA	Tenant
Montreal Road	ERF 174566 Cape Town	3 800m <sup>2</sup>	Courier IT Proprietary Limited

Each of the properties are single tenanted. The weighted average lease term is 4.4 years and the weighted average rental per m<sup>2</sup> for the portfolio is R114.86. Total annual rental income is R19 274 879 for the portfolio.

## 3. EFFECTIVE DATE

The effective date of the Acquisition will be the transfer date.

## 4. CONDITIONS PRECEDENT OF THE ACQUISITION

The Acquisition is subject to the fulfilment of the following suspensive condition:

- The sale and all transactions contemplated in the Agreements (to the extent necessary) being unconditionally approved by the Competition Authorities in terms of the Competition Act, or conditionally approved on terms and conditions which each of the purchaser and seller confirms in writing to the other to be acceptable to it.

## 5. FINANCIAL INFORMATION

The value of the net assets attributable to the Acquisition as at 28 February 2018 was R91 846 617. The profit after tax attributable to the net assets for the year ended 28 February 2018 was R23 809 756.

The annual financial statements for the year ended 28 February 2018 were prepared in accordance with IFRS.

## 6. INDEPENDENT VALUATION OF THE ACQUISITION

A valuation of the properties forming part of the Acquisition was performed on 30 April 2018 by Peter Parfitt representing Quadrant Properties Valuers who is independent and is registered as a professional valuer in terms of the Property Valuers Profession Act, 2000 (Act 47 of 2000). The valuations of the properties are as follows:

<b>Property Name</b>	<b>Valuation (R'000)</b>
Crossroads	48 400
Execujet Hangar	91 500
Madrid Road	25 400
Montreal Road	40 000

## 7. PROPOSED FUNDING OF THE ACQUISITION

The Acquisition will be funded through third party funding.

## 8. CATEGORISATION OF THE ACQUISITION

The Acquisition constitutes a Category 2 transaction in terms of the JSE Listings Requirements and, accordingly, does not require approval by shareholders.

Johannesburg  
21 May 2018

**Sponsor**  
Merchantec Capital