
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")

DISPOSAL OF LETTING ENTERPRISE

1. INTRODUCTION

The Board of Directors of Texton ("**Board**") is pleased to inform shareholders that the Company has concluded a sale of letting enterprise agreement ("**Sale Agreement**") with Slip Knot Investments 777 Proprietary Limited ("**Purchaser**") for the disposal of the letting enterprise conducted by the Company in respect of "**the Property**" or "**Lion Roars**", being ERF 11322 and ERF 1698 of the Walmer Township in Port Elizabeth, Eastern Cape ("**the Letting Enterprise**"), for a purchase consideration of R37.7 million ("**the Disposal**").

2. THE DISPOSAL

2.1 Details of the Property

The Property consists of:

- ERF 11322 of the Walmer Township in the Nelson Mandela Bay Metropolitan Municipality, Port Elizabeth, Eastern Cape; and
- ERF 1698 of the Walmer Township in the Nelson Mandela Bay Metropolitan Municipality, Port Elizabeth, Eastern Cape,

together with all buildings and alterations on the Property.

The gross lettable area of the Property is 4 072m² and the weighted average net rental per square metre is currently R90.00.

2.2 Rationale for the Disposal

Lion Roars is a relatively smaller property that comprises 1.1% of Texton's gross lettable area (GLA). As it is the only asset situated in the Eastern Cape, it is challenging to manage cost effectively. The disposal of Lion Roars is also consistent with Texton's strategic objective of owning quality, income producing properties that would contribute towards reducing the exposure to the office sector through responsible disposal.

2.3 Purchase consideration and effective date

The consideration payable by the Purchaser shall be an amount of R37.7 million in cash payable upon registration of transfer of the Property to the Purchaser.

The effective date of the Disposal shall be the date of fulfilment or waiver, as applicable, of the last of the suspensive conditions set out in paragraph 2.4 below.

2.4 Conditions precedent to the Disposal

The Disposal is subject to the fulfilment or waiver, as the case may be, of the following suspensive conditions:

- 2.4.1. The Purchaser notifying Texton in writing that it has satisfied itself with the outcome of a due diligence investigation in respect of the Letting Enterprise within 25 business days after the date of signature of the Sale Agreement ("**Signature Date**");
- 2.4.2. The first bondholder over the Property consenting to the release of the Property from the operation of the mortgage bond thereon within 60 days after the Signature Date; and

2.4.3. Texton procuring that the tenant of the Property waives its right of first refusal in respect of the Property and furnishing proof thereof to the Purchaser by not later than 90 days after the Signature Date.

The suspensive conditions set out in paragraphs 2.4.2 and 2.4.3 above are imposed for the benefit of Texton and are not capable of being waived or relaxed. The suspensive condition set out in paragraph 2.4.1 is imposed for the benefit of the Purchaser, which shall be entitled to waive or relax, as the case may be, fulfilment of such suspensive condition by giving written notice to Texton by not later than the due date for fulfilment thereof.

2.5 Details pertaining to the Purchaser

The ultimate beneficial shareholder of the Purchaser is Jean Prieur Du Plessis. The Purchaser is not a related party to Texton.

3. FINANCIAL INFORMATION

The value of the net assets attributable to the Disposal was R43.5 million as at 30 June 2019 (audited) and R43.5 million as at 31 December 2019 (unaudited). The audited loss after tax attributable to the net assets for the year ended 30 June 2019 was R1.8 million and the unaudited profit after tax attributable to the net assets for the six months ended 31 December 2019 was R1.9 million.

The financial statements were prepared in accordance with International Financial Reporting Standards and the Companies Act, 2008 (Act 71 of 2008), as amended.

4. INDEPENDENT VALUATION OF THE DISPOSAL

A valuation of the Property was performed on 30 June 2019 by Peter Parfitt representing Quadrant Properties Proprietary Limited and Theuns Behrens of Real Insight Proprietary Limited who are independent and are registered as professional valuers in terms of the Property Valuers Profession Act, 2000 (Act 47 of 2000). The Property was valued at an amount of R43.5 million.

This independent valuation is supported by the Board. The Board is not independent, and its members are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

5. APPLICATION OF THE PROCEEDS OF THE DISPOSAL

The proceeds of the Disposal will be utilised by Texton to reduce debt.

6. CATEGORISATION OF THE DISPOSAL

The Disposal is classified as a Category 2 transaction in terms of the Listings Requirements of JSE Limited.

Johannesburg
28 April 2020

Sponsor
Merchantec Capital