

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply throughout this Circular including this front cover.

ACTION REQUIRED

1. If you are in any doubt as to the action you should take, please consult your accountant, attorney, banker, Broker or other professional adviser immediately.
2. If you have disposed of all your Texton Shares, this Circular should be handed to the purchaser of those Texton Shares, or to the agent through whom you disposed of those Texton Shares.
3. Full particulars of the action required by Texton Shareholders (including the procedure for acceptance of the Offer) is set out on page 2 of this Circular.

Neither Texton nor the Offeror accepts responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Texton Shares to notify such beneficial owner of the Offer set out in this Circular.

TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

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

COMBINED OFFER CIRCULAR TO TEXTON SHAREHOLDERS

Regarding:

- a Mandatory Offer by the Offeror to acquire all of the ordinary shares in the Company (excluding Texton treasury shares) not already held by the Offeror for a purchase consideration of R1.20 per Texton ordinary share; and
- a response circular by the Independent Board of Texton containing their views in respect of the Mandatory Offer,

and incorporating:

- a Form of Acceptance, Surrender and Transfer for use by Certificated Shareholders, who wish to accept the Offer;
- the report of the Independent Expert in relation to the Mandatory Offer; and
- extracts of historical financial information in respect of Texton.

Financial adviser to Oak Tech



Transaction sponsor and advisor to Texton



Corporate law adviser
to Oak Tech



Corporate law adviser to the
Independent Board of Texton



Independent expert
to Texton



PSG CAPITAL

Date of issue: Friday, 27 November 2020

This Circular is available in English only and copies hereof may be obtained from the registered office of Oak Tech at the address as set out in the "Oak Tech Corporate Information and Advisers" section of this Circular and from the Texton website (www.texton.co.za), during normal business hours on Business Days from Friday, 27 November 2020 until the Closing Date, both days inclusive.

OAK TECH CORPORATE INFORMATION AND ADVISERS

Directors

RA Franco
TG Morris
MR Whitehead

Registered office

Windermere House
Portswood Ridge
Portswood Road
V&A Waterfront
Cape Town, 8001

Financial adviser to Oak Tech

Investec Bank Limited
(registration number 1969/004763/06)
100 Grayston Drive
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Corporate law adviser to Oak Tech

Bernadt Vukic Potash & Getz
11th Floor,
No. 1 Thibault Square
Cape Town, 8001

Place of incorporation: South Africa

OAK TECH TRADING CORPORATE INFORMATION AND ADVISERS

Directors

MJA Golding

Registered office

225 Bree Street,
Cape Town, 8001

Corporate adviser to Oak Tech Trading

Investec Bank Limited
(registration number 1969/004763/06)
100 Grayston Drive
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Corporate law adviser to Oak Tech Trading

Bernadt Vukic Potash & Getz
11th Floor,
No. 1 Thibault Square
Cape Town, 8001

Place of incorporation: South Africa

TEXTON CORPORATE INFORMATION AND ADVISERS

Directors and prescribed officers

MJA Golding (*Non-executive chairman*),
HSP Welleman (*Interim Chief executive officer*),
PM Hack (*Chief financial officer*),
AJ Hannington (*Independent non-executive*),
JR Macey (*Lead independent non-executive*),
S Thomas (*Independent non-executive*),
RA Franco (*Non-executive*),
WC van der Vent (*Independent non-executive*)

Transaction sponsor and advisor to Texton

Investec Bank Limited
(registration number 1969/004763/06)
100 Grayston Drive
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, 2196
(Private Bag X9000, Saxonwold, 2132)

Registered office

Block C, Investment Place
10th Road,
Hyde Park
2196
PO Box 653129, Benmore 2010

Date of incorporation: 6 June 2005

Place of incorporation: South Africa

Company secretary

Motif Capital Partners,
173 Oxford Road,
Rosebank, 2196

Corporate law adviser to the Independent Board of Texton

Cliffe Dekker Hofmeyr Incorporated
(registration number 2008/18923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent Expert

PSG Capital Proprietary Limited
(registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600

ACTIONS REQUIRED BY TEXTON SHAREHOLDERS

GENERAL

This Circular is important and requires your immediate attention.

If you have disposed of all your Texton Shares, this Circular should be handed to the purchaser of those Texton Shares, or to the Broker, banker, CSDP, or other agent through whom you disposed of those Texton Shares.

Please take careful note of the following provisions regarding the action to be taken by Shareholders. If you are in any doubt as to what action you should take, you should consult your accountant, Broker, legal adviser, or other professional adviser immediately.

MANDATORY OFFER

The options available to Texton Shareholders are:

- to accept the Offer in respect of all or some of your Texton Shares; or
- to reject the Offer.

If you wish to reject the Offer, you do not need to take any further action.

If you wish to accept the Offer, you must do so in the manner described below, depending on whether you are a Certificated Shareholder or a Dematerialised Shareholder.

1 CERTIFICATED SHAREHOLDERS

- 1.1 If you are a Certificated Shareholder and wish to accept the Offer, you must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with its instructions and forward it, together with the relevant Documents of Title in respect of your Texton Shares to the Transfer Secretaries. The Form of Acceptance, Surrender and Transfer may be delivered by hand or sent by mail to the Transfer Secretaries as follows:

If delivered by hand

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

If sent by mail

Computershare Investor Services Proprietary Limited
Private Bag X9000
Saxonwold, 2132

so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.

- 1.2 If a Form of Acceptance, Surrender and Transfer and the relevant Documents of Title are not received by 12:00 on the Closing Date, the Offer will be deemed to have been declined. No late acceptances will be considered. Acceptances of the Offer that are sent through the post are sent at the risk of the Certificated Shareholders concerned. Accordingly, Certificated Shareholders should take note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the Transfer Secretaries.
- 1.3 No receipts will be issued for Documents of Title that have been surrendered, unless specifically requested by the Certificated Shareholders concerned. Texton Shareholders requiring receipts must prepare a receipt and forward it together with their surrendered Documents of Title.
- 1.4 If Documents of Title relating to any Texton Shares have been destroyed or lost, Certificated Texton Shareholders should nevertheless return the Form of Acceptance, Surrender and Transfer duly signed and completed, together with (1) evidence satisfactory to the Offeror that the Documents of Title to the relevant Texton Shares have been destroyed or lost and (2) an indemnity acceptable to the Offeror against any damage, expense, loss or payment that it, or any of its duly authorised representatives, may incur or suffer by reason of, or arising from, the payment of the Offer Consideration to such person. An acceptable form of indemnity may be obtained from the Transfer Secretaries.
- 1.5 The Offeror reserves the right, in its absolute and sole discretion:
- 1.5.1 to treat as invalid, Forms of Acceptance, Surrender and Transfer not accompanied by the relevant Documents of Title (or, if applicable, evidence satisfactory to the Offeror that the Documents of Title to the relevant Texton Shares have been destroyed or lost and an indemnity acceptable to the Offeror, as contemplated in paragraph 1.4 above);

- 1.5.2 to treat as invalid, Forms of Acceptance, Surrender and Transfer that have not been completed in accordance with the instructions set out therein;
 - 1.5.3 to require proof of the authority of the person signing the Form of Acceptance, Surrender and Transfer, where such proof has not been lodged with, or recorded by, the Transfer Secretaries; or
 - 1.5.4 to condone the non-compliance by any Certificated Shareholder with any of the terms of the Mandatory Offer.
- 1.6 If a Form of Acceptance, Surrender and Transfer is treated as invalid due to non-compliance with the instructions contained therein, then the Certificated Shareholder that submitted that Form of Acceptance, Surrender and Transfer will be deemed to have declined the Offer, unless that Certificated Shareholder resubmits a properly completed Form of Acceptance, Surrender and Transfer to the Transfer Secretaries, which must be received before 12:00 on the Closing Date.
- 1.7 If you accept the Offer in respect of all or some of your Texton Shares and surrender the relevant Documents of Title, you will not be able to trade such Texton Shares from the date of your acceptance of the Offer and surrender of the relevant Documents of Title in respect thereof.

2 DEMATERIALISED SHAREHOLDERS

- 2.1 If you are a Dematerialised Shareholder, you will be contacted by your duly appointed Broker or CSDP in the manner stipulated in the custody agreement entered into between you and your Broker or CSDP, as the case may be ("**Custody Agreement**"), in order to ascertain whether or not you wish to accept the Offer. If you wish to accept the Offer, you must notify your Broker or CSDP of your acceptance of the Offer in the time and manner stipulated in the Custody Agreement in order to constitute a valid acceptance.
- 2.2 If you are a Dematerialised Shareholder and wish to accept the Offer, but have not been contacted by your Broker or CSDP, it would be advisable for you to contact and furnish your Broker or CSDP with instructions in regard to the acceptance of the Offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in your Custody Agreement.
- 2.3 You must **not** complete the attached Form of Acceptance, Surrender and Transfer.
- 2.4 If you notify your Broker or CSDP of your desire to accept the Offer, you will not be able to trade your Texton Shares from the date on which you notify your Broker or CSDP of your acceptance of the Offer.

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IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this Circular apply *mutatis mutandis* to this section (unless specifically defined where used or the context indicates a contrary intention).

Firm intention to make the Offer is announced on SENS	Friday, 30 October 2020
Record Date in order for Texton Shareholders to be eligible to receive this Circular on	Friday, 13 November 2020
Circular posted to Texton Shareholders and announced on SENS	Friday, 27 November 2020
Opening Date of the Offer, at 09:00 on	Monday, 30 November 2020
Last day to trade to take up the Offer	Tuesday, 12 January 2021
Shares trade "ex" the Offer	Wednesday, 13 January 2021
Record date to determine which shareholders may accept the Offer	Friday, 15 January 2021
Closing Date of the Offer, at 12:00 on	Friday, 15 January 2021
Results of Offer to be announced on SENS	Monday, 18 January 2021
Payment date (refer to note 5 below)	Monday, 18 January 2021

Notes:

1. The above dates and times are subject to amendment and the Closing Date of the Offer may be extended at the discretion of the Offeror and the Texton Board, with the approval of the TRP where required and the Texton Board, and may be subject to certain regulatory approval(s). Any such amendment will be released on SENS.
2. Although the important dates and times are subject to change, such statement may not be regarded as consent or dispensation for any change to the time period which may be required in terms of the Takeover Regulations, where applicable, and any such consent or dispensation must be specifically applied for and approved by the TRP.
3. The abovementioned dates and times are South African dates and times. All references to days are to Business Days.
4. Texton Shareholders should note that acceptance of the Offer will be irrevocable.
5. The Offer Consideration will be settled by the Transfer Secretaries on the applicable Offer Consideration Settlement Date which shall be within six Business Days of acceptance. The final settlement of the Offer Consideration, if the Closing Date of the Offer is not extended in accordance with the Takeover Regulations, will be made by no later than close of business on Monday, 18 January 2021.
6. Share certificates may not be dematerialised or rematerialised from Wednesday, 13 January 2021 and Friday, 15 January 2021, both dates inclusive.

DEFINITIONS AND INTERPRETATIONS

In this Circular, 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 importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

“Act” or “Companies Act”	the Companies Act 71 of 2008, as amended;
“Authorised Dealer”	an authorised dealer of the South African Reserve Bank, designated as such in terms of the Exchange Control Regulations;
“Broker”	any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Bronwyn Elaine Keene-Young”	Bronwyn Elaine Keene-Young, identity number 6905300094087;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	Texton Shareholders who hold Certificated Shares;
“Certificated Shares”	Texton Shares represented by a share certificate or other physical Document of Title, which have not been Dematerialised;
“Circular”	this combined Offer Circular to Texton Shareholders issued to Texton Shareholders, dated, Friday, 27 November 2020, including the annexures and the Form of Acceptance, Surrender and Transfer attached hereto, setting out the details of the Offer and incorporating all disclosures required to be made by Oak Tech and Oak Tech Trading (as Offeror) and Texton (as Offeree regulated company) in terms of the Takeover Regulations;
“Closing Date”	the closing date of the Offer being 12:00 on Friday, 15 January 2021 or such extended date as determined by the Offeror and announced on SENS before 12:00 on Friday, 15 January 2021;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Regulations”	the Companies Regulations 2011, promulgated in terms of the Companies Act;
“Concert Parties” or the “Consortium”	the concert party arrangement which has been formally established amongst Oak Tech, Kloof Capital, Oak Tech Trading, KCSA Investments, Geomer Investments, Rex Trueform, Wheatfield Estate and Bronwyn Elaine Keene-Young, further details of which are set out in paragraph 4 of this Circular;
“Coronation”	Coronation Asset Management (Pty) Ltd, registration number 1993/002807/07, a private company registered and incorporated with limited liability according to the laws of South Africa;
“CSDP”	a Central Securities Depository Participant, being a “participant” as defined in the Financial Markets Act;
“Dematerialise”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised Shareholder”	a Texton Shareholder who holds Dematerialised Shares;
“Dematerialised Shares”	Texton Shares which have been Dematerialised;
“Documents of Title”	valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Texton Shares, reasonably acceptable to the Offeror;
“Emigrant”	any emigrant from the Common Monetary Area;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, issued under section No. 9 of the Currency and Exchanges Act, 1933, as amended;
“Financial Markets Act”	the Financial Markets Act No 19 of 2012, as amended;
“Firm Intention Announcement”	the joint firm intention announcement released on SENS on Friday, 30 October 2020, by the Offeror and Texton setting out the terms of the Offeror’s firm intention to propose the Offer to Texton Shareholders;

“Form of Acceptance, Surrender and Transfer”	the Form of Acceptance, Surrender and Transfer attached to and forming part of this Circular;
“Geomer”	Geomer Investments Proprietary Limited registration number 1995/005532/07, a private company registered, incorporated with limited liability according to the laws of South Africa and is ultimately owned by MJA Golding and Geomer Trust (Master’s reference number IT4895/96);
“Independent Board”	the independent board of directors of Texton constituted for the purposes of the Mandatory Offer, including, evaluating the terms and conditions of the Mandatory Offer and advising Texton Shareholders thereon as required by the Takeover Regulations. The independent board comprises Shelley Thomas, Andrew James Hannington, John Russel Macey and Wayne Clifford van der Vent;
“Independent Expert” or “PSG”	the independent expert appointed by the Independent Board in respect of the Offer, being PSG Capital, registration number 2006/015817/07, a private company registered and incorporated with limited liability according to the laws of South Africa, particulars of which appear in the “Texton Corporate Information and Advisers” section of the Circular;
“Independent Expert's Report”	the report of the Independent Expert in respect of the Offer, set out in Annexure 1 to this Circular;
“JSE”	JSE Limited, registration number 2005/022939/06, a public company registered and incorporated with limited liability according to the laws of South Africa and licensed to operate an exchange in accordance with the Financial Markets Act;
“KCSA Investments”	KCSA Investments Proprietary Limited, registration number 2018/221117/07, a private company registered, incorporated with limited liability according to the laws of South Africa and is owned by Kloof Capital;
“Kloof Capital”	Kloof Capital South Africa Proprietary Limited, registration number 2014/012698/07, a private company registered, incorporated with limited liability according to the laws of South Africa and is ultimately owned by RA Franco;
“Last Practicable Date”	Friday, 13 November 2020, being the last practicable date prior to the finalisation of this Circular;
“Oak Tech”	Oak Tech Properties Proprietary Limited, registration number 2020/695335/07, a private company registered, incorporated with limited liability according to the laws of South Africa and is owned by Kloof Capital;
“Oak Tech Trading”	Oak Tech Trading Proprietary Limited, registration number 2017/079497/07, a private company registered, incorporated with limited liability according to the laws of South Africa and is owned by Geomer and Kloof Capital;
“Offer” or “Mandatory Offer”	the offer by the Offeror in terms of section 123 of the Act to acquire from the Texton Shareholders, on the terms set out in this Circular, all or a part of their Texton Shares, being 207 844 688 Texton Shares in aggregate, for the Offer Consideration;
“Offer Consideration” or “Mandatory Offer Consideration”	the consideration of R1.20 per Texton Share to be paid by the Offeror to those Texton Shareholders who have validly accepted the Offer in respect of each of their Texton Shares for which the Offer is accepted;
“Offer Consideration Settlement Date”	the dates of settlement of the Offer Consideration in respect of those Texton Shares for which the Offer has, prior to the relevant settlement date, been accepted, being every Wednesday or if the Wednesday is a public holiday, then the first business day following the public holiday during the Offer Period.
“Offer Period”	the period from 09:00 on the Opening Date to 12:00 on the Closing Date;
“Offer Shares” or “Mandatory Offer Shares”	all Texton Shares other than those held by the Consortium;
“Offeror”	Oak Tech and Oak Tech Trading;
“Opening Date”	the opening date of the Offer, being 09:00 on Monday, 30 November 2020;
“Register”	the securities register of the holders of Texton Shares maintained by Texton in terms of the Companies Act, including the register of the holders of Certificated Shares and the sub-registers of the holders of Dematerialised Shares maintained by the relevant CSDPs in accordance with the Companies Act;

“Rex Trueform”	Rex Trueform Group Limited, registration number 1937/009839/06, a public company registered and incorporated with limited liability according to the laws of South Africa;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Takeover Regulation Panel” or “TRP”	the Takeover Regulation Panel established in terms of the Companies Act;
“Takeover Regulations”	the takeover regulations issued in terms of section 120 of the Companies Act;
“Texton”	Texton Property Fund Limited, registration number 2005/019302/06, a public company registered and incorporated with limited liability according to the laws of South Africa;
“Texton Board”	the board of directors of Texton whose names appear in the “Texton Corporate Information and Advisers” section of this Circular;
“Texton Shareholders”	the holders of Texton Shares (other than the Consortium) registered as such in the Register during the Offer Period;
“Texton Share/s”	ordinary shares of no par value in the issued share capital of Texton;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company registered and incorporated with limited liability according to the laws of South Africa and the transfer secretaries of Texton;
“VWAP”	volume weighted average traded price; and
“Wheatfield Estate”	the trustees for the time being of the Wheatfield Estate Foundation Trust, Master's reference number IT4260/2003.

PART A : THE OFFER

OFFER TO ALL TEXTON SHAREHOLDERS

1 PURPOSE OF THIS CIRCULAR

The purpose of this Mandatory Offer Circular is to:

- 1.1 set out the terms on which the Mandatory Offer is made to Texton Shareholders;
- 1.2 provide Texton Shareholders with information on Texton and the Offeror;
- 1.3 inform Texton Shareholders of the manner in which the Mandatory Offer may be accepted and the manner in which the Mandatory Offer will be implemented; and
- 1.4 provide Texton Shareholders with the Independent Expert's Report and the opinion and recommendation of the Independent Board, with regard to the Offer.

2 INTRODUCTION

- 2.1 It was announced on Friday, 30 October 2020 on SENS that Texton had received a notification from the Offeror, that the Consortium had entered into an unconditional agreement to acquire additional Texton shares from Coronation, such that the Consortium's total beneficial interest has increased from c.32% to c.40% of the Company's issued ordinary share capital (net of treasury shares).
- 2.2 As such, the Offeror has proceeded with a Mandatory Offer to all Texton Shareholders to acquire their ordinary shares in Texton, as contemplated in section 123 of the Companies Act, for a cash consideration of R1.20 per Mandatory Offer Share.
- 2.3 The Mandatory Offer is an affected transaction as defined in section 117 of the Companies Act. Therefore, the Mandatory Offer is regulated by the Companies Act, the Companies Regulations and the TRP.

3 RATIONALE FOR THE OFFER

- 3.1 Texton is a small cap, illiquid stock which has seen limited institutional support and access to equity capital, operating in an extremely volatile equity and commercial environment. In light of these, and other factors, the Offeror believes that some Texton Shareholders, who no longer wish to remain as shareholders in the Company and who have not been able to dispose of their shares in the Company due to the lack of liquidity in the Texton Share, would welcome an attractive cash liquidity event.
- 3.2 Texton will further benefit from the support of the Consortium as a key anchor shareholder subsequent to the Mandatory Offer. Furthermore, it is not the current intention of the Consortium to apply for the delisting of Texton from the JSE.
- 3.3 The Mandatory Offer will afford Texton Shareholders an opportunity to realise their investment in Texton at the Mandatory Offer Consideration, which represents a premium of:
 - 3.3.1 53.8% to the closing share price of 78 cents as at 29 October 2020, being the business day prior to the publication of the Firm Intention Announcement;
 - 3.3.2 47.1% to the 5-day VWAP up to and including 29 October 2020; and
 - 3.3.3 42.9% to the 30-day VWAP up to and including 29 October 2020.

4 BACKGROUND INFORMATION ON THE OFFEROR

- 4.1 The Offeror is Oak Tech and Oak Tech Trading. The Offeror is acting in concert or deemed to be acting in concert with the entities and persons described in paragraph 4.3 below.
- 4.2 Oak Tech and Oak Tech Trading are the cornerstone shareholders of Texton. The Offeror and its Concert Parties have significant property experience and have been long term shareholders of Texton.
- 4.3 A concert party arrangement was established between Oak Tech, Oak Tech Trading, Kloof Capital, KCSA Investments, Geomer, Wheatfield Estate and Bronwyn Elaine Keene-Young in relation to any shares held from time to time by them in Texton.

- 4.4 The shareholders of Oak Tech Trading at the Last Practicable Date are Geomer and Kloof Capital. MJA Golding is a non-executive director of Texton and the ultimate shareholder of Geomer. RA Franco is a non-executive director of Texton and the ultimate shareholder of Kloof Capital.
- 4.5 The sole shareholder of Oak Tech as at the Last Practicable Date is Kloof Capital.
- 4.6 The Offeror has disclosed the following beneficial interests in Texton held by the Offeror, persons related to the Offeror and/or persons acting in concert with the Offeror:

Shareholder	Number of Texton Shares	Percentage of Texton shares (net of Treasury Shares)
Oak Tech Properties (Pty) Ltd	29 215 480	8.36%
Kloof Capital South Africa (Pty) Ltd	17 480 848	5.00%
KCSA Investments (Pty) Ltd	4 828 077	1.38%
Oak Tech Trading (Pty) Ltd	84 587 155	24.21%
Geomer Investments (Pty) Ltd	929 200	0.27%
Wheatfield Estate Foundation Trust	2 175 771	0.62%
Bronwyn Elaine Keene-Young	2 000 000	0.57%
Rex Trueform Group Ltd	333 334	0.10%
Total	141 549 865	40.51%

- 4.7 The direct and indirect beneficial interests of the directors of the Offeror in the issued share capital of Texton as at the Last Practicable Date is as follows:

	Direct beneficial interest	Indirect beneficial interest	Total	Percent of total issued share capital
MJA Golding	–	51 961 240	51 961 240	13.8%
RA Franco	–	89 588 625	89 588 625	23.8%

- 4.8 Save as set out below, no current directors of Texton have traded in Texton shares six months before the date of the firm intention announcement, being Friday, 30 October 2020 and ending on the Last Practicable Date:

Name of director	Date of transaction	Number of Texton shares	Share price	Total value of transaction	Nature of transaction
RA Franco	21 May 2020	12 500 533	R0.91	R11 312 982.37	Purchase of shares on market
RA Franco	02 November 2020	7 688	R1.15	R8 841.20	Purchase of shares on market
RA Franco and MJA Golding	02 November 2020	1 529 813	R1.15	R1 759 284.95	Purchase of shares on market
RA Franco and MJA Golding	29 October 2020	28 185 669	R1.20	R33 822 802.80	Purchase of shares on market

- 4.9 The direct and indirect beneficial interests of the directors of Oak Tech in the issued share capital of Oak Tech as at the Last Practicable Date is as follows:

	Direct beneficial interest	Indirect beneficial interest	Total	Percent of total issued share capital
RA Franco	–	1 000	1 000	100%

- 4.10 The direct and indirect beneficial interests of the directors of Oak Tech Trading in the issued share capital of Oak Tech Trading as at the Last Practicable Date is as follows:

	Direct beneficial interest	Indirect beneficial interest	Total	Percent of total issued share capital
MJA Golding	–	550	550	55%
RA Franco	–	450	450	45%

5 INFORMATION ON TEXTON

5.1 Overview

Texton is an internally asset-managed Real Estate Investment Trust listed on the JSE. Its portfolio of retail, office and industrial property assets are located in South Africa and the United Kingdom and are valued at R4,5 billion as at 30 June 2020.

5.2 Major Shareholders

The following shareholders had a 3% or more beneficial (direct and indirect) interest in the issued share capital of Texton (net of Treasury Shares) as at the Last Practicable Date:

Shareholder	Number of Texton Shares	Percentage of Texton shares (net of Treasury Shares)
Oak Tech Trading Proprietary Limited	84 587 155	24.21%
Government Employees Pension Fund	71 426 884	20.44%
Oak Tech Properties Proprietary Limited	29 215 480	8.36%
Ninety One	22 082 035	6.05%
Kloof Capital South Africa Proprietary Limited	17 480 848	5.00%
Nedbank Group	17 260 657	4.94%
Discus House Proprietary Limited	16 243 865	4.65%

5.3 Share price history

The price history of Texton shares on the JSE is set out in Annexure 3 to this Circular

THE OFFER

6 TERMS OF THE OFFER

- 6.1 The Offeror will make a Mandatory Offer, in terms of section 123(3) of the Companies Act whereby each shareholder will be entitled to elect whether or not to dispose of all or some of their Mandatory Offer Shares to the Offeror for the Mandatory Offer Consideration.

The Offeror hereby advises that, pursuant to the implementation of the Offer, it is currently intended by the Offeror that:

- 6.1.1 Texton shall continue to operate its business in line with current practices;
 - 6.1.2 the directors of Texton shall continue in office;
 - 6.1.3 the remuneration of the incumbent directors of Texton will not be affected by the Offer;
 - 6.1.4 the Texton minority shareholders will not be compelled to dispose of their Texton Shares by way of section 124 of the Companies Act; and
 - 6.1.5 the Offer does not include a proposal for Texton to be delisted from the JSE.
- 6.2 **Offer Period**
- 6.2.1 The Offer will be open for acceptance by Texton Shareholders for a period of at least 30 business days as required by the Takeover Regulations.
 - 6.2.2 The Offer will be open for acceptance from 09:00 on Monday, 30 November 2020 and will remain open until the Closing Date; provided that the Offeror may, at its discretion, but subject to the prior approval of the Takeover Regulation Panel (where required) and the Texton Board, elect to make any changes to the dates referred to in this Circular (including extending the Closing Date), in which event, the amended dates will be published on SENS.

6.3 **Mandatory Offer Consideration**

Texton Shareholders who have so elected shall receive the Mandatory Offer Consideration, in the amount of R1.20 per Mandatory Offer Shares held by such Mandatory Offer Participant in accordance to the Offer Consideration Settlement Date.

6.4 **Basis of acquisition of Texton Shares**

- 6.4.1 The Mandatory Offer Shares in respect of which the Offer is accepted will be acquired by the Offeror together with all rights and benefits thereto, including without limitation the right to receive all dividends, distributions, benefits or rights which accrue or are declared by Texton after the Closing Date.
- 6.4.2 Those Texton Shareholders who have accepted the Mandatory Offer warrant and undertake that they will deliver the Offer Shares to the Offeror free of all liens, equities, mortgages, options, rights of pre-emption, charges, encumbrances and other third party rights and interests of any nature whatsoever.
- 6.4.3 The acquisition by the Offeror of the Offer Shares shall, in respect of each Texton Shareholder, be deemed to take place on the Offer Consideration Settlement Date in respect of such Texton Shareholder.

6.5 **Approvals, consents and undertakings received**

- 6.5.1 The Offeror has obtained the necessary authorisations and approvals from its board of directors and shareholders, to the extent applicable, to proceed with the Offer.
- 6.5.2 The TRP and JSE have both approved this Circular.
- 6.5.3 The South African Competition Commission Authorities have unconditionally approved the acquisition of control of Texton by the Consortium.
- 6.5.4 The TRP does not express any view or opinion on the commercial advantages or disadvantages of the Offer.

6.6 Confirmation of cash resources

- 6.6.1 The Offeror is required to provide a bank guarantee to the TRP from a South African registered bank unconditionally and irrevocably guaranteeing settlement of the full cash consideration payable in terms of the Offer or an irrevocable, unconditional cash confirmation in favour of the Texton Shareholders (other than such Texton Shareholders which furnish written irrevocable undertakings not to accept the Offer). A cash confirmation will therefore only be required in respect of the shareholding of the Texton Shareholders (being the holders of 207 844 688 Texton shares, as set out below). Accordingly, the following is applicable:

Mandatory Offer Price per Share	Aggregate Number of Issued Shares (net of Treasury Shares)	Less Shares held by the Offeror and Concert Parties	Shares available under the Mandatory Offer	Guarantee requirement
R1.20	349 394 553	141 549 865	207 844 688	R249 413 625.60

- 6.6.2 Accordingly, the amount of the cash confirmation is R249 413 625.60 (being the 207 844 688 Offer Shares multiplied by R1.20 per Mandatory Offer Share).
- 6.6.3 The Offeror has obtained and delivered to the TRP an irrevocable unconditional bank guarantee issued by Investec Bank Limited (registration number 1969/004763/06) for the maximum possible Mandatory Offer Consideration.
- 6.6.4 As required by Regulation 106(6)(c) of the Takeover Regulations, the Offeror hereby confirms that in financing the Offer Consideration it has not incurred a high level of debt and the payment of interest, repayments or security for such debt is not dependent upon the business of Texton.

6.7 Acceptance of the Offer

- 6.7.1 The Offer is open for acceptance from 09:00 on the Opening Date and Texton Shareholders are encouraged to tender their acceptances without delay in accordance with the procedures set out below.
- 6.7.2 Texton Shareholders may elect to accept the Offer in respect of all or some of their respective Texton Shares.
- 6.7.3 Certificated Shareholders

- 6.7.3.1 Certificated Shareholders who wish to accept the Offer, must complete the Form of Acceptance, Surrender and Transfer attached to this Circular in accordance with its instructions and forward it, together with the relevant Documents of Title in respect of those Texton Shares for which the Certificated Shareholder wishes to accept the Offer, to the Transfer Secretaries. The Form of Acceptance, Surrender and Transfer may be delivered by hand or sent by mail to the Transfer Secretaries as follows:

If delivered by hand:

Computershare Investor Services
Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

If sent by mail:

Computershare Investor Services
Proprietary Limited
Private Bag X9000
Saxonwold, 2132

so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.

- 6.7.3.2 If the Form of Acceptance, Surrender and Transfer and the relevant Documents of Title are not received by 12:00 on the Closing Date, the Offer will be deemed to have been declined. No late acceptances will be considered. Acceptances of the Offer that are sent by mail are sent at the risk of the Certificated Shareholders concerned. Accordingly, Certificated Shareholders should take note of the postal delivery times so as to ensure that acceptances of the Offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the Transfer Secretaries.
- 6.7.3.3 No receipts will be issued for Documents of Title that have been surrendered, unless specifically requested by the Certificated Shareholders concerned. Certificated Shareholders requiring receipts must prepare a receipt and forward it together with their surrendered Documents of Title.

- 6.7.3.4 If Documents of Title relating to any Texton Shares have been destroyed or lost, Certificated Shareholders should nevertheless return the Form of Acceptance, Surrender and Transfer, duly signed and completed, together with (1) evidence satisfactory to the Offeror that the Documents of Title to the relevant Texton Shares have been destroyed or lost, and (2) an indemnity acceptable to the Offeror, against any damage, expense, loss or payment that it, or any of its duly authorised representatives, may incur or suffer by reason of, or arising from, the settlement of the Offer Consideration. An acceptable form of indemnity may be obtained from the Transfer Secretaries.
- 6.7.4 The Offeror reserves the right, in its absolute and sole discretion:
- 6.7.4.1 to treat as invalid, Forms of Acceptance, Surrender and Transfer not accompanied by the relevant Documents of Title (or, if applicable, evidence satisfactory to the Offeror that the Documents of Title to the relevant Texton Shares have been destroyed or lost and an indemnity acceptable to the Offeror, as contemplated in paragraph 6.7.3.4 above);
- 6.7.4.2 to treat as invalid, Forms of Acceptance, Surrender and Transfer that have not been completed in accordance with the instructions set out therein;
- 6.7.4.3 to require proof of the authority of the person signing the Form of Acceptance, Surrender and Transfer, where such proof has not been lodged with, or recorded by, the Transfer Secretaries; or
- 6.7.4.4 to condone the non-compliance by any Certificated Shareholder with any of the terms of the Offer.
- 6.7.5 If a Form of Acceptance, Surrender and Transfer is treated as invalid due to non-compliance with the instructions contained therein, then the Certificated Shareholder that submitted that Form of Acceptance, Surrender and Transfer will be deemed to have declined the Offer, unless that Certificated Shareholder concerned resubmits a properly completed Form of Acceptance, Surrender and Transfer to the Transfer Secretaries, which must be received before 12:00 on the Closing Date.
- 6.7.6 If a Certificated Shareholder accepts the Offer in respect of all or some of such Certificated Shareholder's Texton Shares and surrenders the relevant Documents of Title, such Shareholder will not be able to trade such Texton Shares from the date of the acceptance of the Offer and surrender of the relevant Documents of Title in respect thereof.
- 6.7.7 Dematerialised Shareholders
- 6.7.7.1 Dematerialised Shareholders will be contacted by such Dematerialised Shareholder's duly appointed Broker or CSDP in the manner stipulated in the Custody Agreement entered into between such Shareholder and its Broker or CSDP, as the case may be, in order to ascertain whether or not such Shareholder wishes to accept the Offer. If a Dematerialised Shareholder wishes to accept the Offer, such Shareholder must notify its Broker or CSDP of its acceptance of the Offer in the time and manner stipulated in its Custody Agreement, in order to constitute a valid acceptance.
- 6.7.7.2 If a Dematerialised Shareholder wishes to accept the Offer, but has not been contacted by such Dematerialised Shareholder's Broker or CSDP, it would be advisable for such Dematerialised Shareholder to contact and furnish its Broker or CSDP with instructions in regard to the acceptance of the Offer. These instructions must be provided in the manner and by the cut-off date and time stipulated in such Dematerialised Shareholder's Custody Agreement.
- 6.7.7.3 A Dematerialised Shareholder must not complete the attached Form of Acceptance, Surrender and Transfer.
- 6.7.7.4 If a Dematerialised Shareholder notifies its Broker or CSDP of its desire to accept the Offer, it will not be able to trade its Texton Shares from the date on which it notifies its Broker or CSDP of its acceptance of the Offer.
- 6.7.8 Taxation
- Acceptances of the Offer may have an impact on Texton Shareholders' personal tax position in relation thereto. Accordingly, Texton Shareholders should seek the advice of their tax advisors in this regard.

6.8 Settlement of the Offer Consideration

6.8.1 Certificated Shareholders

The Offeror will procure the settlement of the Offer Consideration to those Certificated Shareholders who have elected to accept the Offer and who have surrendered their Documents of Title and furnished duly signed Forms of Acceptance, Surrender and Transfer in accordance with the instructions contained therein, at the risk of the Texton Shareholder concerned, on the first Offer Consideration Settlement Date after such acceptance. To the extent that the Offer was validly accepted on a particular Offer Consideration Settlement Date, then the Offer Consideration shall be settled on the next Offer Consideration Settlement Date.

6.8.2 Dematerialised Shareholders

Dematerialised Shareholders who accept the Offer will have their accounts at their CSDP or Broker updated on the first Offer Consideration Settlement Date, after such acceptance. To the extent that the Offer was validly accepted on a particular Offer Consideration Settlement Date, then the Offer Consideration shall be settled on the next Offer Consideration Settlement Date.

6.9 Ownership, risk and benefit

Ownership of, all risk in, as well as all benefits attaching to the Texton Shares, the subject of the Offer, will be acquired by the Offeror free of all counterclaims, encumbrances, liens, pre-emptive rights and any other third-party rights and interest of any nature whatsoever, and together with all rights now and hereafter attaching to such Texton Shares.

6.10 No set-off of the Offer Consideration

The settlement of the Offer Consideration, to which any Texton Shareholder is entitled under the Offer, will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Texton Shareholder.

6.11 Applicable law

6.11.1 The Offer is made in compliance with the requirements of the Takeover Regulations and is governed by and subject to the provisions of the laws of South Africa and will be subject to the exclusive jurisdiction of a South African court.

6.11.2 Each Offer participant will be deemed by his acceptance to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer and acceptance thereof.

6.12 Offer not made where illegal

6.12.1 The legality of the Offer to persons resident in jurisdictions outside of South Africa may be affected by the laws of the relevant jurisdiction. The Offer is not made to persons in any jurisdiction in which it will be unlawful to make or accept the Offer.

6.12.2 Persons resident in jurisdictions outside of South Africa should acquaint themselves with any applicable legal requirements which they are obligated to observe.

6.12.3 It is the responsibility of any Texton Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.

6.12.4 If received in any jurisdiction where it is illegal for the Offer to be made or accepted, this document should be treated as being received for information purposes only.

6.13 Tax implications for Texton Shareholders

The tax treatment of Texton Shareholders is dependent on the individual circumstances and the jurisdiction applicable to such Texton Shareholders. It is recommended that, if Texton Shareholders are uncertain about the tax treatment of the receipt of the Offer Consideration, they seek appropriate advice in this regard.

7 EXCHANGE CONTROL REGULATIONS

7.1 The settlement of the Offer Consideration for both Certificated Shareholders and Dematerialised Shareholders will be made subject to the Exchange Control Regulations.

7.2 The following is a summary of the Exchange Control Regulations. Texton Shareholders who are not resident in, or who have registered addresses outside South Africa must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Offer Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If a Texton Shareholder is in any doubt, such Shareholder should consult its professional advisers without delay.

7.3 Emigrants from the Common Monetary Area

In the case of Texton Shareholders who are Emigrants and whose Texton Shares form part of their blocked assets and to whom paragraph 7.4 below does not apply, the Offer Consideration will:

7.3.1 in the case of Certificated Shareholders whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the Authorised Dealers in foreign exchange in South Africa controlling such Certificated Shareholder's blocked assets in terms of the Exchange Control Regulations to be issued directly to the blocked Rand accounts of the Certificated Shareholder concerned. The Form of Acceptance, Surrender and Transfer makes provision for details of the Authorised Dealer concerned to be given. If the information regarding Authorised Dealers is not given, the Offer Consideration will be held in a designated account by the Transfer Secretaries for the Certificated Shareholder concerned, pending receipt of the necessary information or instructions. No interest will be paid on the Offer Consideration so held in trust; and

7.3.2 in the case of Dematerialised Shareholders, be issued to their Brokers or CSDPs, which will arrange for the Offer Consideration to be settled directly to the blocked Rand accounts of the Dematerialised Shareholders concerned with their Authorised Dealers in foreign exchange in South Africa.

7.4 All other non-residents of the Common Monetary Area

The Offer Consideration accruing to non-resident Texton Shareholders whose registered addresses are outside the Common Monetary Area and who are not Emigrants from the Common Monetary Area, or who are Emigrants to whom paragraph 7.3 above does not apply, will:

7.4.1 in the case of Certificated Shareholders whose Documents of Title have been endorsed "non- resident" under the Exchange Control Regulations, be issued to their accounts at their CSDP or Broker (in terms of section 33(2) of the Financial Markets Act, Offer Consideration may not be issued in Certificated form and accordingly Certificated Shareholders would need to open an account with a Broker or CSDP in order to receive Offer Consideration in Dematerialised form), unless such Certificated Shareholder requests that the Offer Consideration be settled with an Authorised Dealer. The Form of Acceptance, Surrender and Transfer makes provision for the details of an Authorised Dealer to be provided; and

7.4.2 in the case of Dematerialised Shareholders, be issued to their duly appointed Brokers or CSDPs and credited to such Dematerialised Shareholder in accordance with the provisions of the custody agreements with their Brokers or CSDPs.

7.5 Information not provided

If the information regarding the Authorised Dealer is not given or instructions are not given as required, the Offer Consideration will be held by the Transfer Secretaries for the benefit of those Texton Shareholders concerned, pending receipt of the necessary information or instructions.

8 RESTRICTED JURISDICTIONS

8.1 To the extent that the distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction then this Circular is deemed to have been provided for information purposes only and neither the Offeror nor Texton accepts any responsibility for any failure by Texton Shareholders to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

8.2 Texton Shareholders who are in doubt as to their position should consult their professional advisers.

9 COSTS OF THE OFFER

9.1 Save for the fee payable to the independent expert and the fee payable to the corporate and legal advisors to the Independent Board, all of which shall be paid by Texton, Texton shall bear and pay 41.5% of the costs of making the Offer, publishing and distributing this Circular and any directly related costs such as the fees levied by the TRP.

9.2 Save for the fee payable to the independent expert and the fee payable to the corporate and legal advisors to the Independent Board, all of which shall be paid only by Texton, the Offeror shall bear and pay 58.5% of the costs of making the Offer, publishing and distributing this Circular and any directly related costs such as the fees levied by the TRP.

- 9.3 The securities transfer tax payable in respect of the transfer of the Offer shares and the fee payable to the corporate and legal advisors to the Offeror shall be paid by the Offeror.
- 9.4 The estimated cost of this Circular and implementing the Offer exclusive of VAT are as follows

	Offeror	Texton	Total
Printing, publication and distribution	R13,550	R13,550	R27,100
JSE documentation fees	R8,500	R8,500	R17,000
TRP	R62,500	R62,500	R125,000
Independent expert	–	R145,000	R145,000
Corporate and legal advisers and sponsors	R1,690,810	R1,149,190	R2,840,000
Estimated total	R1,775,360	R1,378,740	R3,154,100

- 9.5 The allocation of costs between the Offeror and Texton as set out above is based on the premise that, in aggregate, the Offeror shall make a contribution to Texton's costs which exceeds the contribution made by Texton to the costs of the Offeror.

10 OTHER TERMS OF THE OFFER

- 10.1 The Offer may be amended, varied or revised in such manner as the Offeror in its sole discretion may determine, provided that no such amendment, variation or revision shall be made unless:
- 10.1.1 the prior consent of the TRP has been obtained;
- 10.1.2 there is no diminution in the value of the Offer Consideration offered; and
- 10.1.3 an announcement or press release containing the amended, varied or revised Offer is made prior to the Closing Date of the Offer or such other date which is approved by the TRP.
- 10.2 In addition to the above, no amendment to, or variation of the Offer will be valid unless made in writing and signed by a duly authorised representative of the Offeror. Without prejudice to its other rights, the Offeror reserves the right to condone, in its sole discretion, the non-observance by any Texton Shareholder of any of the terms or conditions of the Offer. If the Offer is amended, varied or revised in a manner which makes it more favourable to the Texton Shareholders, the benefit of such improved Offer will automatically accrue to any Texton Shareholder who has accepted the Offer prior to the amendment, variation or revision being made.
- 10.3 The acceptance by or on behalf of such Texton Shareholders of the Offer in its original or previous form shall be deemed to be an acceptance of any improved Offer pursuant to any such amendment, variation or revision and shall constitute an irrevocable authority and power of attorney in rem suam to any director or duly authorised representative of the Offeror:
- 10.3.1 to accept such amended, varied or revised Offer on behalf of such Texton Shareholder; and
- 10.3.2 to execute on behalf of and in the name of such Texton Shareholder all such further documents (if any) as may be required to give effect to such acceptance.

11 RESPONDING CIRCULAR BY TEXTON AND INDEPENDENT EXPERT OPINION

The responding Circular by the Independent Board which in terms of the Takeover Regulations is to contain the substance of the opinion given to it by its Independent Expert is set out in Part B of this Circular.

12 CONSENTS

Each of the advisers set out in the "Oak Tech Corporate Information and Advisors" section of this Circular has consented in writing to act in the capacity stated in this Circular and to their names being stated in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

13 DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Oak Tech and Oak Tech Trading:

- 13.1 considered all statements of fact and opinion in this Offer document (Part A of this Circular); accept, individually and collectively, full responsibility for the accuracy of the information given in Part A of the Circular;
- 13.2 certify that, to the best of their knowledge and belief, the information in Part A of the Circular is true;

- 13.3 certify that, to the best of their knowledge and belief, there are no omissions of material facts or considerations which would make any statement of fact or opinion contained in this Circular false or misleading;
- 13.4 have made all reasonable enquiries in this regard; and
- 13.5 confirm that the Offer document (Part A of the Circular) contains all information required by the Takeover Regulations Panel in respect of Offer circulars.

14 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection during normal business hours at the registered office of Oak Tech and at the offices of Bernadt Vukic Potash & Getz, from the date of issue of this Circular until the Closing Date of the Offer-

- 14.1 a signed copy of this Circular;
- 14.2 a copy of the approval letter from the TRP approving the Offer;
- 14.3 a copy of the approval letter from the Competition Authorities; and
- 14.4 copies of the letters of consent of the persons referred to in paragraph 12 above.

For and on behalf of the Offeror.

Johannesburg
27 November 2020

PART B: RESPONSE CIRCULAR

RESPONSE CIRCULAR FROM TEXTON

15 INTRODUCTION

This Circular contains the response by the Independent Board of Texton to the Offer proposed by the Offeror together with its Concert Parties.

16 COMPOSITION OF THE INDEPENDENT BOARD

The Independent Board comprises of Shelley Thomas, Andrew James Hannington, John Russel Macey and Wayne Clifford van der Vent.

17 APPOINTMENT OF INDEPENDENT EXPERT

The Independent Board has appointed PSG as Independent Expert to provide the Independent Board with its opinion as to whether the terms of the Offer are fair and reasonable to the Texton Shareholders, in conformity with the applicable requirements of regulation 90 of the Takeover Regulations.

18 INTERESTS OF TEXTON IN OFFEROR, INTEREST OF THE DIRECTORS OF TEXTON IN TEXTON

18.1 Interest of Texton in the Offeror

18.1.1 On the Last Practicable Date, Texton had no direct or indirect beneficial interest in the Offeror.

18.1.2 There has been no trading by Texton or its directors in the shares of the Offeror in the period commencing six months before the date of the Firm Intention Announcement, being Friday, 30 October 2020 and ending on the Last Practicable Date.

18.2 Interests of the directors of Texton in Texton and the Offeror

18.2.1 Direct and indirect beneficial interests of the Texton directors in the share capital of Texton, as at the Last Practicable Date, are as follows:

	Direct beneficial interest	Indirect beneficial interest	Total	Percent of total issued share capital
MJA Golding	–	51 961 240	51 961 240	13.8%
AJ Hannington	–	–	–	–
JR Macey	5 000	26 925	31 925	0.0%
RA Franco	–	89 588 625	89 588 625	23.8%
PM Hack	–	–	–	–
S Thomas	–	–	–	–
W van der Vent	–	–	–	–
Prescribed officer	–	–	–	–
HSP Welleman	–	–	–	–
Total	5 000	141 576 790	141 581 790	37.6%

18.2.2 The shareholders of Oak Tech Trading at the Last Practicable Date are Geomer and Kloof Capital. MJA Golding is a non-executive director of Texton and is an ultimate shareholder of Geomer. RA Franco is a non-executive director of Texton and ultimate shareholder of Kloof Capital.

18.2.3 The sole shareholder of Oak Tech as at the last practicable date is Kloof Capital.

18.2.4 On the Last Practicable Date, the directors of Texton held no options in respect of any shares of Texton.

18.2.5 Save as set out below, no current directors of Texton have traded in Texton shares six months before the date of the Firm Intention Announcement, being Friday, 30 October 2020 and ending on the Last Practicable Date:

Name of director	Date of transaction	Number of Texton shares	Share price	Total value of transaction	Nature of transaction
RA Franco	21 May 2020	12 500 533	R0.91	R11 312 982.37	Purchase of shares on market
RA Franco	02 November 2020	7 688	R1.15	R8 841.20	Purchase of shares on market
RA Franco and MJA Golding	02 November 2020	1 529 813	R1.15	R1 759 284.95	Purchase of shares on market
RA Franco and MJA Golding	29 October 2020	28 185 669	R1.20	R 33 822 802.80	Purchase of shares on market

19 TEXTON DIRECTORS SERVICE CONTRACTS

There are no material particulars of an abnormal nature in respect of Texton directors' service contracts which require specific disclosure, nor were any directors' service contracts entered into or amended during the period beginning six months prior to the firm intention announcement, being Friday, 30 October 2020 and ending on the Last Practicable Date. As announced on SENS on 20 November 2020, HSP Welleman was appointed as the interim CEO of Texton on 1 July 2020, and was appointed as permanent CEO on 19 November 2020. His current contract expires on 31 December 2020, and is expected to be replaced with a new permanent contract, effective 1 January 2021.

20 INTENDED ACTION OF TEXTON DIRECTORS

The directors of Texton holding Texton Shares in their personal capacities, intend to keep their direct and indirect shareholdings in Texton.

21 FINANCIAL INFORMATION IN RELATION TO TEXTON

21.1 Extracts of historical financial information

21.1.1 The condensed audited historical financial information of Texton for the financial year ended 30 June 2020, 30 June 2019 and 30 June 2018 is set out in Annexure 2 to this Circular.

21.1.2 There have been no material variations in the accounting policies of Texton subsequent to its latest published financial results for the year ended 30 June 2020.

21.1.3 The Offer, being a cash offer to the Texton Shareholders, will have no financial effect on the Company.

21.2 Share price history

The price history of Texton shares on the JSE is set out in Annexure 3 to this Circular.

22 AGREEMENTS RELATING TO THE OFFER

To the best knowledge of Texton, no agreement exists between Texton and:

22.1 the Offeror (or any person acting in concert with it in relation to the Offer);

22.2 any Offeror director or any person who was a director of the Offeror within the period commencing 12 months prior to the Last Practicable Date; or

22.3 any Offeror shareholders, or persons who were Offeror shareholders within the period commencing 12 months prior to the Last Practicable Date,

that are considered to be material to a decision regarding the Offer to be taken by Texton Shareholders or Offeror shareholders.

23 COSTS OF THE OFFER

The estimated costs incurred or to be incurred by Texton and the Offeror respectively in respect of the Offer are set out in paragraph 9 in Part A of the Circular.

24 INDEPENDENT BOARD'S RESPONSIBILITY STATEMENT

The members of the Independent Board whose names are set out in the "Texton Corporate Information and Advisers" section of this Circular, individually and collectively:

- 24.1 accept responsibility for the information in relation to Texton contained in this Texton response circular (Part B of the Circular);
- 24.2 confirm that to the best of their knowledge and belief, the information in relation to Texton contained in this Texton response circular (Part B of the Circular) is true; and
- 24.3 confirm that, where appropriate, this Texton response circular (Part B of the Circular) does not omit anything likely to affect the importance of the information in relation to Texton contained in this Texton response circular (Part B of the Circular).

No member of the Independent Board is excluded from this statement.

25 THE INDEPENDENT EXPERT'S REPORT

- 25.1 The Independent Board appointed PSG Capital as an independent expert acceptable to the Takeover Regulation Panel, to provide appropriate external advice in the form of a fair and reasonable opinion in relation to the Offer.
- 25.2 The Independent Expert's Report prepared in accordance with Regulation 90 of the Takeover Regulations is provided in Annexure 1 to this Circular.
- 25.3 Having considered the terms and conditions of the Offer, and based upon and subject to the terms and conditions set out in the Independent Expert's Report, the Independent Expert is of the opinion that the Offer Consideration is unfair but reasonable to Texton Shareholders.

26 THE INDEPENDENT BOARD OPINION

- 26.1 The Independent Board, after due consideration of the terms and conditions of the Offer and the Independent Expert's Report, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Offer and Offer Consideration, as contemplated in Regulation 110(3)(b) of the Takeover Regulations.
- 26.2 The Independent Board has formed a view of the range of the fair value of the Texton Shares, which in its belief is higher than the valuation range contained in the Independent Expert's Report. The Independent Expert's Report considers the share price value as at today using various methodologies and taking into account the current volatile market conditions whereas the Independent Board is of the view that fair value is higher than the range indicated by Independent Expert's Report in their report attached when taking a longer term view and by valuing assets in use rather than as assets for sale in these pandemic times.
- 26.3 In forming its opinion, the Independent Board considered the factors which are difficult to quantify or are unquantifiable (as contemplated in Regulation 110(6) of the Takeover Regulations) as identified in the Independent Expert's Report.
- 26.4 The Independent Expert has determined that the fair value price per Texton Share ranges between R2.54 to R3.10, with a likely core value, calculated as the midpoint of the range amounting to R2.82.
- 26.5 The Independent Board has determined that in its view, after considering the factors mentioned in paragraphs 26.1 to 26.3 above and the last published Net Asset Value per Texton Share of the business being R5.84 per Texton Share, that its range would be between R4.80 and R5.84 per Texton Share.
- 26.6 The Independent Board, after taking into consideration the opinion of the Independent Expert, is unanimously of the opinion that the Offer is unfair. This is a function of the Offer Consideration falling below the fair value range determined in respect of the Texton shares.
- 26.7 The Independent Board, after taking into consideration the opinion of the Independent Expert, is unanimously of the opinion that Offer Consideration is reasonable. In this regard it is noted that the Offer Consideration per Texton share is above the closing price of a Texton Share on the day prior to the date of the Firm Intention Announcement and above the 30 day VWAP on the day prior to the date of the Firm Intention Announcement. Furthermore, the Offer provides Texton Shareholders with a liquidity event and an opportunity to dispose of their Texton Shares if they so wish (Texton's share trading is illiquid).
- 26.8 The Independent Board confirms that Texton has not received any other Offers in respect of the Texton Shares since the publication of the Firm Intention Announcement or within the six months prior to such publication.
- 26.9 The Independent Board has no objection to the intentions of the Offeror and its Concert Parties in respect of Texton or to the statements contained in Part A of this Circular insofar as they pertain to Texton.

27 MATERIAL CHANGES

There have been no material changes in the financial position of Texton that has occurred since the release of Texton's historical financial information in respect of the year ended 30 June 2020.

28 CONSENTS

Each of the advisers set out in the "Texton Corporate Information and Advisers" section of this Circular, have consented in writing to act in the capacities stated in this Circular and to their names being stated in this Circular and have not withdrawn their consent prior to the date of issue of this Circular.

29 GOVERNING LAW AND JURISDICTION OF THE SOUTH AFRICAN COURTS

This Circular, the Offer and any acceptance thereof:

29.1 will be governed by and construed in accordance with South African law; and

29.2 will be subject to the exclusive jurisdiction of the South African Courts of competent jurisdiction.

30 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the registered office of Texton, the Transfer Secretaries and the Corporate Finance Adviser whose addresses are set out in the "Texton Corporate Information and Advisers" section of this Circular, respectively, during normal business hours from Friday, 27 November 2020 until the Closing Date:

30.1 a signed copy of this Circular; and

30.2 the annual financial statements of Texton for the last three completed financial years.

The aforementioned documents will also be available for inspection on Texton's website (<http://www.texton.co.za>)

For and on behalf of the Independent Board

Johannesburg
27 November 2020

THE INDEPENDENT EXPERT'S REPORT

27 November 2020

The Independent Board of Directors ("**Independent Board**")
Texton Property Fund Limited ("**Texton**", the "**Company**" or the "**Client**")
Block C, Investment Place
10th Road
Hyde Park, 2196

Dear Sirs,

INDEPENDENT FAIR AND REASONABLE REPORT IN RESPECT OF MANDATORY OFFER TO TEXTON SHAREHOLDERS

1. INTRODUCTION

In terms of the SENS announcement dated 30 October 2020 ("**Announcement**"), Texton shareholders were advised that Texton has received a notice from Oak Tech Properties Proprietary Limited and its concert parties ("**Consortium**" or "**Offeror**"), that the Consortium has entered into an unconditional agreement to acquire additional Texton shares, such that the Consortium's total beneficial interest will increase to c.40% (currently c.32%) of the Company's issued ordinary share capital (net of treasury shares). Accordingly, the Consortium will proceed with a mandatory offer to all Texton shareholders ("**Mandatory Offer Participants**") to acquire their ordinary shares in Texton (each a "**Mandatory Offer Share**"), as contemplated in section 123 of the Companies Act, No. 71 of 2008, as amended ("**Companies Act**"), for a cash consideration of R1.20 per Mandatory Offer Share ("**Mandatory Offer Consideration**") ("**Mandatory Offer**").

Full particulars of the Mandatory Offer are contained in the circular to Texton Shareholders ("**the Circular**"), of which this opinion forms part.

2. SCOPE

The Mandatory Offer is an affected transaction as defined in section 117(c)(vi) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with Regulations 90 and 110 of the Companies Regulations, 2011 ("**Companies Regulations**"), the Independent Board must retain an independent expert to compile an independent expert report in terms of section 114(3) of the Companies Act.

PSG Capital Proprietary Limited ("**PSG Capital**") has been appointed by the Independent Board as the independent expert to assess, in accordance with the Companies Act on whether the terms and conditions of the Mandatory Offer, are fair and reasonable as far as Texton shareholders are concerned.

3. RESPONSIBILITY

Compliance with the Companies Act is the responsibility of the Independent Board. PSG Capital's responsibility is to report on the terms and conditions of the Mandatory Offer as they relate to Texton shareholders.

We confirm that our fair and reasonable opinion ("**Opinion**") has been provided to the Independent Board, which Opinion will be distributed to shareholders as part of the Circular. We understand that the results of our work will be used by the Independent Board to satisfy the requirements of the Companies Act.

4. DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by a company.

The assessment of fairness is primarily based on quantitative considerations. The Mandatory Offer may be considered fair if the Mandatory Offer Consideration is equal to or greater than the fair value range attributable to a Mandatory Offer Share surrendered by Texton Shareholders.

In terms of the Companies Regulations, a transaction will be considered reasonable if the value received by the shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced. In addition, the assessment of reasonableness is also based on qualitative considerations surrounding a transaction. Even though the consideration may differ from the market value of the shares being acquired, a transaction may still be reasonable after considering other significant qualitative factors.

We have applied the aforementioned principles in preparing our Opinion. The Opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the Mandatory Offer. A shareholder's decision regarding fair and reasonableness of the terms of the Mandatory Offer may be influenced by their particular circumstances (for example taxation and the original price paid for the shares).

5. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Texton management ("**Management**"), its advisers and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in formalising our Opinion include:

- The audited annual financial statements of Texton for the financial years ended 30 June 2017 to 30 June 2020;
- Texton's budget for the year ending 30 June 2021;
- Managements forecast information for the financial years ending 30 June 2022 to 30 June 2025;
- Valuation reports prepared by independent property valuers on the Company's property portfolio together with Management's fair value estimates of same ("**Property Valuations**");
- The Mandatory Offer notification;
- A draft of the Circular;
- Other financial and non-financial information and assumptions made by Management;
- Discussions with Management regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value and the rationale for the Mandatory Offer;
- Publicly available information relating to Texton and the industry in which the Company operates that we deemed relevant, including company announcements, analysts' reports and media articles.

6. ASSUMPTIONS

We have arrived at our Opinion based on the following assumptions:

- That the terms, conditions and structure of the Mandatory Offer is legally enforceable;
- That reliance can be placed on the historical, budgeted and forecasts of Texton used in the analysis;
- That reliance can be placed on the Property Valuations;
- The current economic, regulatory and market conditions will not change materially;
- The Company is not involved in any material legal proceedings;
- The Company has no outstanding disputes with any regulatory body, including the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of the relevant securities;
- The structure of the Mandatory Offer will not give rise to any undisclosed tax liabilities; and
- Reliance can be placed on the representations made by Management during the course of forming this Opinion.

7. APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our Opinion by:

- Considering the historical trends of information and assumptions provided by Management;
- Comparing and corroborating such information and assumptions with external sources of information, if such information is available; and
- Determining the extent to which representations from Management and other industry experts were confirmed by documentary evidence as well as our understanding of Texton and the economic environment in which the entity operates.

8. PROCEDURES

In arriving at our Opinion, we relied upon financial and other information, obtained from 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.

In arriving at our Opinion we have, *inter alia*, undertaken the following procedures in evaluating the fair and reasonableness of the Mandatory Offer:

- Reviewed and analysed the audited financial results of Texton for the years ended 30 June 2017 to 30 June 2020;
- Reviewed the reasonableness of the information made available by and from discussions held with Management, such as, *inter alia*:
 - The rationale for the Mandatory Offer;
 - The events leading up to the Mandatory Offer;
 - The authorised forecast financial information of Texton and the assumptions used in preparing the forecast financial information; and
 - The current market conditions relating to the Company and its underlying business;
- Where relevant, corroborated representations made by Management to source documents;
- Obtained comfort to place reliance on the Property Valuations by reviewing the valuations performed on the Company's property portfolio and comparing the inputs applied in the Property Valuations to PSG Capital's best estimate of inputs. Procedures performed by PSG Capital in deriving its best estimate of inputs applied included analyses of independent comparable property valuations, extensive market research and discussions with a reputable third party property valuation expert;
- Reviewed certain publicly available information relating to Texton that we have deemed relevant;
- Performed a valuation of the Company as detailed below;
- Obtained letters of representation from Management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects; and
- Considered other relevant facts and information relevant to concluding this Opinion.

9. VALUATION APPROACH

In considering the Mandatory Offer, PSG Capital performed an independent valuation of Texton using the methodologies below to determine whether the Mandatory Offer is fair and reasonable to Texton shareholders.

For the purpose of our valuation, the valuation methodologies applied consisted of the following:

- Income approach – discounted cash flow valuation (“**DCF**”) on Texton;
- Market approach, specifically looking at the current and historic price to book multiples and distribution yields at which Texton has traded, compared to its peers (“**Multiple Valuation**”);
- Net asset value approach, considering potential Covid-19 related discounts on the property portfolio and the potential impact thereof on Texton's net asset value;
- performed a sensitivity analyses on the valuation methodologies applied, including, *inter alia*:
 - the DCF utilising key value drivers, which included, *inter alia*, a variance range of 0.5% on the exit distribution yield and a variance range of 0.5% on the discount rate applied which analysis resulted in a variation range on the calculated value of Texton of 5.11% and 1.55% respectively; and
 - the Multiple Valuation, which included, *inter alia*, a variance range of 5% on the price to book multiple applied, which resulted in a variation range on the calculated value of Texton of 9.28%.

Key external and internal value drivers effecting the Texton valuation include, *inter alia*:

- the forecasted occupancy rate and forecasted rent per m² of the Texton property portfolio, which directly impacts the income generated by Texton any increase in the forecasted occupation rate and forecasted rent per m², will result in an increase in income generated, resulting in an increase in the value of Texton;
- forecasted free cash flows of Texton, largely impacted by, *inter alia*, the forecasted occupation rate, forecasted rent per m² and forecasted expenses of Texton, an increase in the forecasted cash flow will result in an increase in the value of Texton;

- the discount rate and the exit distribution yield applicable to Texton, an increase in the discount rate applicable to Texton would result in a decrease in the value of Texton, an increase in the exit distribution yield applicable to Texton would result in a decrease in the value of the Texton (refer to sensitivity analysis performed above). The discount rate and exit distribution yield applicable to Texton is impacted by, *inter alia*, Texton's cash generating capability and the South African interest rate environment;
- stability of the economy and other macro-economic factors (including the post Covid economic recovery rate) that could potentially affect the forecasted occupation rate and forecasted rent per m² of Texton; and
- Interest rates in the countries where Texton operates and the impact of interest rates on Texton, as an increase in rates will decrease the value of Texton.

10. REASONABILITY

In arriving at our Opinion with respect to the reasonability of the Mandatory Offer, we considered, *inter alia*, the following:

- Historic trading prices of Texton ordinary shares;
- The trading liquidity of Texton ordinary shares; and
- The effect of a controlling shareholder in Texton going forward.

11. MATERIAL EFFECTS ON THE RIGHTS OF TEXTON SHAREHOLDERS

The Mandatory Offer does not have any material adverse effect on Texton or the rights and interests of the holders of the relevant classes of shares in Texton, save for the shareholders who elect to accept the Mandatory Offer from the Consortium who will no longer hold shares in Texton but will receive cash in exchange for their Mandatory Offer Shares.

12. OPINION

We have considered the terms and conditions of the Mandatory Offer as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, that:

- the indicative market value per Mandatory Offer Share is between R2.54 and R3.10, with a likely core value, calculated as the midpoint of the range amounting to R2.82.

In considering the valuation range listed above, the Texton shareholders should take particular notice of the following factors:

- The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value depending upon the circumstances of the transaction (for example strategic considerations of the purchaser), the nature of the business (for example the purchaser's perception of potential synergies); and
- The above market value range represents the respective standalone valuation of Texton under current Covid-19 suppressed market conditions. It should be noted that should market conditions and certainty improve, there may be potential share price upside compared to the current depressed market conditions.

Subject to the foregoing assumptions, based on our analysis and after taking into account all financial and non-financial considerations, including considerations regarding reasonability as set out in paragraph 10 above, we are of the opinion that the Mandatory Offer is unfair but reasonable to Texton shareholders.

13. LIMITING CONDITIONS

This Opinion is provided to the Independent Board in connection with and for the purpose of the Mandatory Offer for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of Texton shareholders. This Opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasted probabilities relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this 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 actual results will correspond to those forecasts by Management.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Mandatory Offer.

The Opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all material regulatory and other approvals required in connection with the Mandatory Offer have been properly obtained. Subsequent developments may affect our Opinion, however we are under no obligation to update, revise or re-affirm such.

14. INTEREST OF DIRECTORS IN TEXTON

The effective interests of Texton directors who hold Texton shares before the Mandatory Offer are as follows:

	Direct shareholding	Indirect shareholding
MJA Golding	–	51 961 240
JR Macey	5 000	26 925
RA Franco	–	89 588 625
Total	5 000	141 576 790

15. INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES

We confirm that PSG Capital holds no shares in Texton, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge, we are not related to a person who has or has had such interest in Texton within the immediately preceding two years or in the outcome of the Mandatory Offer.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Mandatory Offer; (ii) evaluate the consequences of the Mandatory Offer; and (iii) assess the effect of the Mandatory Offer on the value of the shares and on the rights and interests of Texton shareholders, or a creditor of Texton and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the Opinion is R145 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Mandatory Offer.

16. CONSENT

We hereby consent to the inclusion of this Opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Mandatory Offer.

Yours faithfully

Riaan Van Heerden
PSG Capital Proprietary Limited

EXTRACTS OF THE AUDITED CONSOLIDATED FINANCIAL INFORMATION OF TEXTON FOR THE YEARS ENDED 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

EXTRACTS OF THE AUDITED CONSOLIDATED FINANCIAL INFORMATION OF TEXTON**REVIEW OF ACTIVITIES****Nature of the business**

Texton Property Fund Limited is an internally asset-managed Real Estate Investment Trust ("REIT") listed on the JSE Limited. Its portfolio of retail, office and industrial property assets are located in South Africa ("SA") and the United Kingdom ("UK") and is valued at R4,5 billion as at 30 June 2020.

Group results

- Property income decreased 6.6% from R555.7million to R519.2 million
- Operating loss of R28.3 million (2019: loss of R536.9 million)
- Headline earnings per share decreased from 55.6 cents per share to a headline loss of 23.4 cents per share

Details of the group's results are set out in the annual financial statements and accompanying notes.

Share capital

Number of ordinary no par value shares in issue at 30 June 2020: 2 842 473

10 428 348 (2019: 10 428 348) shares were issued to the Employee Share Scheme at an average cost of R11,31 per share and these have been accounted for as treasury shares.

16 243 865 (2019: 16 243 865) shares are held in Discus House Proprietary Limited as treasury shares.

The unissued ordinary shares are under the control of the directors until the next annual general meeting.

Subsidiaries

Details of the company's principal subsidiaries and changes therein are set out in note 40 in the annual financial statements for the year ended 30 June 2020.

Events after reporting date

Transfer of investment property.

Standard Bank Ladysmith and a portion of Wale Street Chambers that was held for sale as at 30 June 2020, subsequently transferred to the purchasers on 13 August 2020 and 18 September 2020 respectively.

Lease cancellation

Texton was notified by the business rescue practitioners of Edcon Limited on 18 September 2020, that Edcon will be cancelling the lease at 12 Laub Street, Edcon Park, effective 1 November 2020.

The board is not aware of any other events that have a material impact on the results or disclosures of the group and which have occurred subsequent to the end of the reporting period.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 30 June 2020

	GROUP			COMPANY		
	2020 R'000	2019 R'000	2018 R'000	2020 R'000	2019 R'000	2018 R'000
ASSETS						
Non-current assets	3 416 932	3 578 646	4 856 7524	2 298 018	2 168 069	3 3039 366
Investment property	3 149 057	3 291 916	4 534 810	1 511 401	1 573 400	2 133 950
Plant and equipment	3 236	1 911	1 851	1 524	1 029	1 025
Tenant installation	6 089	11 448	11 908	3 935	6 205	8 698
Investments in subsidiaries	–	–	–	525 058	318 233	616 144
Investment in joint venture	252 272	206 094	223 184	252 272	206 094	223184
Other non-current assets	6 278	9 789	19 370	3 828	5 620	15 647
Other financial assets	–	57 488	32 600	–	57 488	32 600
Restricted cash	–	–	33 029	–	–	–
Current assets	189 864	381 915	458 857	749 379	1 314 333	1 358 735
Loans to subsidiaries	–	–	–	593 605	624 042	892 420
Loans to group entities	–	–	–	32 008	393 613	387 103
Restricted cash	–	12 782	16 427	–	–	–
Trade and other receivables	44 222	43 920	56 169	17 941	20 250	31 151
Dividends receivable	–	–	–	58 870	–	–
Income tax receivable	3 451	1 228	13 745	19	130	1 228
Cash and cash equivalents	142 191	323 985	93 668	46 936	276 298	40 141
Investment property held for sale*	601 293	529 523	272 156	173 900	140 000	–
Total assets	4 208 089	4 490 084	5 315 609	3 221 297	3 622 402	4 389 983
EQUITY AND LIABILITIES						
Equity	1 972 740	2 123 952	2 289 068	1 765 197	1 994 118	2 191 331
Share capital	2 842 473	2 842 473	2 257 206	3 098 489	3 098 489	2 513 222
Retained earnings	(758 095)	(504 642)	246 846	(1 333 292)	(1 104 371)	(381 891)
Foreign currency translation reserve	(111 638)	(213 879)	(214 954)	–	–	–
Non-current liabilities	1 642 388	545 930	384 987	932 444	3 102	5 135
Other financial liabilities	1 626 382	535 301	374 289	929 342	–	2 033
Lease liability	3 252	3 326	3 395	–	–	–
Deferred tax	12 754	7 303	7 303	3 102	3 102	3 102
Current liabilities	592 961	1 820 202	2 641 554	523 656	1 625 182	2 193 517
Other financial liabilities	456 440	1 720 475	1 898 441	452 386	1 485 517	1 506 021
PIC Put Option liability	–	–	642 570	–	–	642 570
Trade and other payables	107 923	90 318	100 543	45 339	37 304	42 495
Income tax payable	28 598	9 409	–	23 904	–	–
Loans from subsidiaries	–	–	–	2 027	1 439	2 431
Loans from group entities	–	–	–	–	100 922	–
Total equity and liabilities	4 208 089	4 490 084	5 315 609	3 221 297	3 622 402	4 389 983

* Refer to note 48 of the Company's annual financial statements for the year ended 30 June 2020 for representations.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June 2020

	GROUP			COMPANY		
	2020 R'000	Restated* 2019 R'000	2018 R'000	2020 R'000	Restated* 2019 R'000	2018 R'000
Investment property income	521 905	558 025	581 192	297 909	301 428	302 391
Straight-line rental adjustment	(2 720)	(2 360)	7 721	(6 052)	(2 687)	4 046
Property income	519 185	555 665	588 913	291 857	298 741	306 437
Impairment loss on trade receivables*	(27 595)	1 505	–	(17 857)	174	–
Property expenses*	(183 780)	(193 434)	(171 925)	(108 567)	(114 402)	(95 016)
Net property income	307 810	363 736	416 988	165 433	184 513	211 421
Other income*	4 715	11 000	478	124 812	136 855	61 189
Administrative expenses	(38 022)	(34 223)	(28 270)	(26 041)	(25 456)	(22 918)
Profit/(loss) from joint venture	34 711	(1 158)	(29 438)	34 711	(1 158)	(29 438)
Foreign exchange losses	(90 732)	(505)	17 304	(17 960)	(9 156)	50 356
Asset management fees	–	–	(6 139)	–	–	(6 139)
Operating profit	218 482	338 850	352 923	280 955	285 598	246 471
Finance income*	85 780	90 535	84 713	101 665	114 494	158 287
Finance costs	(168 891)	(184 198)	(167 016)	(143 676)	(151 395)	(134 522)
Fair value adjustments	(196 849)	(699 524)	(208 423)	(142 179)	(420 391)	(237 112)
Expected credit loss (“ECL”) adjustment on inter-company loans	–	–	–	(89 519)	(47 626)	–
(Loss)/profit on disposal of subsidiary	–	(9 041)	–	–	5 055	–
Impairment of investment in joint venture	–	(30 418)	(150)	–	(30 418)	(150)
Capital Expense	–	(14 350)	–	–	(14 350)	–
Impairment of investment in subsidiaries*	–	–	–	(40 512)	(226 757)	–
Cancellation of asset management contract	–	–	(180 102)	–	–	(180 102)
PIC Put Option recognition adjustment	–	–	(13 603)	–	–	(13 603)
Loss before tax	(61 478)	(508 146)	(117 464)	(33 266)	(485 790)	(146 587)
Taxation expense	(69 023)	(29 792)	611	(63 317)	(1 098)	5 578
Loss for the year	(130 501)	(537 938)	(116 853)	(96 583)	(486 888)	(140 959)
Other comprehensive income: Items that may be classified to profit or loss:						
Exchange differences on translating foreign operations	102 241	1 075	55 177	–	–	–
Total comprehensive loss for the year	(28 260)	(536 863)	(61 676)	(96 583)	(486 888)	(140 959)
Profit and total comprehensive loss attributable to:						
Equity holders of the company	(28 260)	(536 863)	(61 526)	(96 583)	(486 888)	(140 809)
Basic earnings per share						
Basic and diluted earnings per share	(37 35)	(153 96)	(33.36)	–	–	–

* Refer to note 48 of the Company's annual financial statements for the year ended 30 June 2020 for representations.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2020

	GROUP			
	Stated capital R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2018	2 257 206	(214 954)	246 816	2 289 068
ECL arising from the application of IFRS 9	–	–	98	98
Total comprehensive loss for the year	–	1 075	(537 938)	(536 863)
Loss for the year	–	–	(537 938)	(537 938)
Exchange differences on translation of foreign operations	–	1 075	–	1 075
Transactions with shareholders recognised directly in equity	585 267	–	(213 618)	371 649
Dividend paid	–	–	(270 921)	(270 921)
Extinguishment of PIC Put Option liability	(57 303)	–	57 303	–
Extinguishment of PIC Put Option liability	642 570	–	–	642 570
Balance at 30 June 2019	2 842 473	(213 879)	(504 642)	2 123 952
Total comprehensive loss for the year	–	102 241	(130 501)	(28 260)
Loss for the year	–	–	(130 501)	(130 501)
Exchange differences on translation of foreign operations	–	102 241	–	102 241
Transactions with shareholders recognised directly in equity	–	–	(122 952)	(122 952)
Dividend paid	–	–	(122 952)	(122 952)
Balance at 30 June 2020	2 842 473	(111 638)	(758 095)	1 972 740

	COMPANY		
	Stated capital R'000	Retained earnings R'000	Total R'000
Balance at 1 July 2018	2 513 222	(321 891)	2 191 331
ECL arising from the application of IFRS 9	–	(61 293)	(61 293)
Total comprehensive loss for the year	–	–	–
Loss for the year	–	(486 888)	(486 888)
Transactions with shareholders recognised directly in equity	585 267	(234 299)	350 968
Dividend paid	–	(291 602)	(291 602)
Extinguishment of PIC Put Option liability	(57 303)	57 303	–
Extinguishment of PIC Put Option liability	642 570	–	642 570
Balance at 30 June 2019	3 098 489	(1 104 371)	1 994 118
Total comprehensive loss for the year	–	–	–
Loss for the year	–	(96 583)	(96 583)
Transactions with shareholders recognised directly in equity	–	–	–
Dividend paid	–	(132 338)	(132 338)
Balance at 30 June 2020	3 098 489	(1 333 292)	1 765 197

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

for the year ended 30 June 2020

	GROUP			COMPANY		
	2020 R'000	Restated* 2019 R'000	2018 R'000	2020 R'000	Restated* 2019 R'000	2018 R'000
Cash flows from operating activities						
Cash generated by operations*	262 879	334 834	199 960	118 829	172 760	(1 780)
Interest received	85 609	90 535	84 050	124 499	88 407	82 796
Interest paid	(162 636)	(167 503)	(152 530)	(140 578)	(143 446)	(126 341)
Commissions paid	(3 614)	(5 751)	–	(2 434)	(2 837)	–
Dividends paid	(122 952)	(270 921)	(359 690)	(132 338)	(291 602)	(386 597)
Dividends received*	–	–	–	65 085	126 632	–
Taxation paid	(47 477)	(7 786)	(17 026)	(39 303)	–	478
Net cash inflow/(outflow) from operating activities	11 809	(26 592)	(245 236)	(6 240)	(50 086)	(431 444)
Cash flows from investing activities						
Additions to plant and equipment	(2 166)	(910)	(515)	(860)	(473)	(515)
Additions to investment property	(1 706)	(5 474)	(19 488)	–	(3 173)	(17 481)
Proceeds on disposal of investment property classified as held for sale	208 928	286 398	87 250	–	–	8 000
Disposal of interest in subsidiary	–	–	–	–	71 154	–
Loans repaid	–	332	272	–	–	–
Loans repaid by subsidiaries*	–	–	–	27 009	242 489	139 129
Loans advanced to subsidiaries	–	–	–	(26 976)	(9 190)	(15 433)
Loans repaid by group entities	–	–	–	–	54 072	–
Loans advanced to group entities	–	–	–	(215)	(11 889)	–
Additional investment in joint venture	(11 469)	(18 328)	–	(11 469)	(18 328)	–
Tenant installation incurred	(3 265)	(4 754)	(5 321)	(1 640)	(1 232)	(3 658)
Additions to other non-current assets	–	–	–	–	–	–
Repayments from joint venture	–	–	2 923	–	–	–
Loans advanced to joint venture	–	–	–	–	–	2 923
Commissions paid	–	–	(2 910)	–	–	(376)
Costs and deposit paid for Equites acquisition	–	–	(10 128)	–	–	(10 128)
Acquisition of business combinations, net of cash acquired	–	–	–	–	–	–
Subsidiaries acquired	–	–	–	–	–	–
Net cash inflow/(outflow) from investing activities	190 322	257 264	52 083	(14 151)	323 430	102 461
Cash flows from financing activities						
Realisation of currency put option	–	5 853	–	–	5 854	–
Proceeds from other financial liabilities	57 845	426 361	721 822	–	249 220	768 615
Repayments of other financial liabilities	(457 288)	(468 961)	(593 353)	(208 971)	(292 261)	(490 781)
Lease liability payment	(472)	(474)	(472)	–	–	–
Treasury shares acquired	–	–	(5 931)	–	–	–
Premiums paid on hedging instruments	–	–	(6 823)	–	–	(6 823)
Net cash outflow from financing activities	(399 915)	(37 221)	115 243	(208 971)	(37 187)	271 011
Net (decrease)/increase in cash and cash equivalents for the year	(197 784)	193 451	(77 910)	(229 362)	236 157	(57 972)
Cash and cash equivalents at the beginning of the year	323 985	93 668	154 424	276 298	40 141	98115
Effect of exchange rate movement on cash and cash equivalents	3 382	(220)	5 165	–	–	–
Release of restricted cash	12 608	37 086	11 989	–	–	–
Cash and cash equivalents at the end of the year	142 191	323 985	93 668	46 936	276 298	40 141

* Refer to note 48 of the Company's annual financial statements for the year ended 30 June 2020 for representations.

SEGMENTAL ANALYSIS

for the year ended 30 June 2020

The group has two reportable segments based on the geographic split which are the group's strategic business segments. These two geographic regions are then split between office retail and industrial sectors within these regions. For each strategic business segment the group's chief executive officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Segments are located in SA and the UK. There are no single major customers except the SA national government.

The following summary describes the operations in each of the group's reportable segments:

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2020					
South Africa					
Investment property income	331 585	62 765	41 235	–	435 584
Straight-line rental adjustment	(5 440)	(1 653)	1 293	–	(5 800)
Segment result	326 144	61 112	42 528	–	429 784
ECL on trade receivables	(20 890)	(5 140)	(1 469)	–	(27 499)
Property expenses	(135 452)	(26 437)	(17 785)	–	(179 674)
Net property income	169 802	29 535	23 274	–	222 611
Other income	2 426	–	1 992	26	4 444
Administrative expenses	(1 587)	(306)	(5)	(23 922)	(25 820)
Operating profit	170 641	29 229	25 261	(23 896)	201 235
Finance income	915	616	285	82 939	84 755
Finance costs	(114)	(1 212)	(6)	(143 625)	(144 957)
Fair value adjustments	(45 326)	(4 247)	(13 870)	(231 234)	(294 677)
Total segment result	126 116	24 386	11 670	(315 816)	(153 644)
Investment property	1 672 701	365 800	131 000	–	2 169 501
Property, plant and equipment	2 709	149	70	296	3 224
Tenant installation	4 089	–	2 000	–	6 089
Other non-current assets	3 545	632	2 101	–	6 278
Trade and other receivables	11 362	5 340	5 265	5 230	27 197
Cash and cash equivalents	40 073	8 244	5 597	30 059	83 973
Non-current assets classified as held for sale	241 692	–	84 800	–	326 492
Income tax receivable	19	–	–	3 243	3 262
	1 976 190	380 165	230 833	38 828	2 626 016
Other financial liabilities	–	–	–	1 381 727	1 381 727
Lease liability	–	3 252	–	–	3 252
Deferred tax	572	1 489	2 140	3 102	7 303
Trade and other payables	43 794	(6 592)	6 741	12 629	56 572
Income tax payable	–	–	–	23 905	23 905
	44 366	(1 851)	8 881	1 421 363	1 472 759

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2020					
United Kingdom					
Investment property income	14 827	29 308	42 186	–	86 321
Straight-line rental adjustment	(856)	57	3 879	–	3 080
Segment result	13 971	29 365	46 065	–	89 401
ECL on trade receivables	–	(65)	(31)	–	(96)
Property expenses	(859)	(1 506)	(1 741)	–	(4 106)
Net property income	13 112	27 794	44 293	–	85 199
Other income	26	133	112	–	271
Administrative expenses	(4 656)	(2 450)	(1 154)	(3 942)	(12 202)
Profit from joint venture	–	34 711	–	–	34 711
Foreign exchange losses	–	–	–	(90 732)	(90 732)
Operating profit	8 482	60 188	43 251	(94 674)	17 247
Finance income	7	292	717	9	1 025
Finance costs	(5 896)	(5 344)	(12 694)	–	(23 934)
Fair value adjustments	1 722	114 582	(18 476)	–	97 828
Total segment result	4 315	169 718	12 798	(94 665)	92 166
Investment property	–	256 940	722 616	–	979 556
Property, plant and equipment	–	–	–	12	12
Investment in joint venture	–	252 272	–	–	252 272
Trade and other receivables	209	5 744	11 048	24	17 025
Cash and cash equivalents	9 490	6 478	38 395	3 855	58 218
Non-current assets classified as held for sale	188 724	86 077	–	–	274 801
Income tax receivable	189	–	–	–	189
	198 612	607 511	772 059	3 891	1 582 073
Other financial liabilities	113 263	148 791	439 041	–	701 095
Deferred tax	2 020	737	2 694	–	5 451
Trade and other payables	15 978	14 393	19 971	1 009	51 351
Income tax payable	373	595	3 725	–	4 693
	131 634	164 516	465 431	1 009	762 590

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2020					
Total					
Investment property income	346 411	92 073	83 421	–	521 905
Straight-line rental adjustment	(6 296)	(1 596)	5 172	–	(2 720)
Segment result	340 115	90 477	88 593	–	519 185
ECL on trade receivables	(20 890)	(5 205)	(1 500)	–	(27 595)
Property expenses	(136 311)	(27 943)	(19 526)	–	(183 780)
Net property income	182 914	57 329	67 567	–	307 810
Other income	2 452	133	2 104	26	4 715
Administrative expenses	(6 243)	(2 756)	(1 159)	(27 864)	(38 022)
Profit from joint venture	–	34 711	–	–	34 711
Foreign exchange gains/(losses)	–	–	–	(90 732)	(90 732)
Operating profit	179 123	89 417	68 512	(118 570)	218 482
Finance income	922	908	1 002	82 948	85 780
Finance costs	(6 010)	(6 556)	(12 700)	(143 625)	(168 891)
Fair value adjustments	(43 604)	110 335	(32 346)	(231 234)	(196 849)
Total segment result	130 431	194 104	24 468	(410 481)	(61 478)
Investment property	1 672 701	622 740	853 616	–	3 149 057
Property, plant and equipment	2 709	149	70	308	3 236
Tenant installation	4 089	–	2 000	–	6 089
Investment in joint venture	–	252 272	–	–	252 272
Other non-current assets	3 545	632	2 101	–	6 278
Trade and other receivables	11 571	11 084	16 313	5 254	44 222
Cash and cash equivalents	49 563	14 722	43 992	33 914	142 191
Non-current assets classified as held for sale	430 416	86 077	84 800	–	601 293
Income tax receivable	208	–	–	3 243	3 451
	2 174 802	987 676	1 002 892	42 720	4 208 089
Other financial liabilities	113 263	148 791	437 041	1 381 727	2 082 822
Lease liability	–	3 252	–	–	3 252
Deferred tax	2 592	2 226	4 834	3 102	12 754
Trade and other payables	59 772	7 601	26 712	13 638	107 923
Income tax payable	373	595	3 725	23 905	28 598
	176 000	162 665	474 312	1 422 372	2 235 349

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2019					
South Africa					
Investment property income	333 566	71 127	42 905	–	447 598
Straight-line rental adjustment	637	(3 591)	(3 035)	–	(5 989)
Segment result	334 203	67 536	39 870	–	441 609
Property expenses	(133 903)	(32 857)	(20 288)	–	(187 048)
Net property income	200 300	34 679	19 582	–	254 561
Other income	8 296	436	1 691	–	10 423
Administrative expenses	(223)	(967)	(634)	(3 537)	(5 361)
Foreign exchange losses	–	–	–	(9 156)	(9 156)
Operating profit	208 373	34 148	20 639	(12 693)	250 467
Finance income	678	383	315	87 814	89 190
Finance costs	(702)	(800)	(974)	(125 180)	(127 656)
Fair value adjustments	(442 202)	(121 382)	(54 434)	50 645	(567 373)
Loss on disposal of subsidiary	–	–	–	(9 041)	(9 041)
Capital items	–	–	–	(14 350)	(14 350)
Total segment result	(233 853)	(87 651)	(34 454)	(22 805)	(378 763)
Investment property	1 718 267	371 700	143 500	–	2 233 467
Property, plant and equipment	1 449	50	70	329	1 898
Tenant installation	10 417	–	1 031	–	11 448
Other non-current assets	6 606	675	2 508	–	9 789
Other financial assets	–	–	–	57 488	57 488
Trade and other receivables	28 046	5 712	4 833	3 687	42 278
Cash and cash equivalents	15 769	4 839	3 522	267 270	291 400
Investment property classified as held for sale	243 500	–	83 300	–	326 800
Income tax receivable	1 977	–	(832)	83	1 228
	2 026 031	382 976	237 932	328 857	2 975 796
Other financial liabilities	–	–	–	1 485 518	1 485 518
Lease liability	–	3 326	–	–	3 326
Deferred tax	5 309	1 489	505	–	7 303
Trade and other payables	44 475	10 070	6 313	(3 011)	57 847
Income tax payable	1 296	1 843	3 052	1 442	7 633
	51 080	16 728	9 870	1 483 949	1 561 627

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2019					
United Kingdom					
Investment property income	44 943	26 793	38 691	–	110 427
Straight-line rental adjustment	(50)	–	3 679	–	3 629
Segment result	44 893	26 793	42 370	–	114 056
Property expenses	(2 123)	(1 377)	(1 381)	–	(4 881)
Net property income	42 770	25 416	40 989	–	109 175
Other income	217	222	138	–	577
Administrative expenses	(2 195)	(2 819)	(2 351)	(21 497)	(28 862)
Loss from joint venture	–	(1 158)	–	–	(1 158)
Foreign exchange gains	–	–	–	8 651	8 651
Operating profit	40 792	21 661	38 776	(12 846)	88 383
Finance income	95	352	873	25	1 345
Finance costs	(17 639)	(18 001)	(20 902)	–	(56 542)
Fair value adjustments	(67 310)	(57 622)	6 877	(14 096)	(132 151)
Impairment of interest in joint venture	–	(30 418)	–	–	(30 418)
Total segment result	(44 062)	(84 028)	25 624	(26 917)	(129 383)
Investment property	170 030	279 166	609 253	–	1 058 449
Property, plant and equipment	–	–	–	13	13
Investment in joint venture	–	206 094	–	–	206 094
Restricted cash	12 782	–	–	–	12 782
Trade and other receivables	259	353	753	277	1 642
Cash and cash equivalents	13 317	5 635	11 713	1 920	32 585
Investment property classified as held for sale	202 723	–	–	–	202 723
	399 111	491 248	621 719	2 210	1 514 288
Other financial liabilities	233 726	199 070	337 462	–	770 258
Trade and other payables	10 579	9 298	12 145	449	32 471
Income tax payable	542	244	990	–	1 776
	244 847	208 612	350 597	449	804 505

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2019					
Total					
Investment property income	378 509	97 920	81 596	–	558 025
Straight-line rental adjustment	587	(3 591)	644	–	(2 360)
Segment result	379 096	94 329	82 240	–	555 665
Property expenses	(136 026)	(34 234)	(21 669)	–	(191 929)
Net property income	243 070	60 095	60 571	–	363 736
Other income	8 513	658	1 829	–	11 000
Administrative expenses	(2 418)	(3 786)	(2 985)	(25 034)	(34 223)
Profit/(loss) from joint venture	–	(1 158)	–	–	(1 158)
Foreign exchange losses	–	–	–	(505)	(505)
Operating profit	249 165	55 809	59 415	(25 539)	338 850
Finance income	773	735	1 188	87 839	90 535
Finance costs	(18 341)	(18 801)	(21 876)	(125 180)	(184 198)
Fair value adjustments	(509 512)	(179 004)	(47 557)	36 549	(699 524)
Impairment of interest in joint venture	–	(30 418)	–	–	(30 418)
Loss on disposal of subsidiary	–	–	–	(9 041)	(9 041)
Capital expenses	–	–	–	(14 350)	(14 350)
Total segment result	(277 915)	(171 679)	(8 830)	(49 722)	(508 146)
Investment property	1 888 297	650 866	752 753	–	3 291 916
Property, plant and equipment	1 449	50	70	342	1 911
Tenant installation	10 417	–	1 031	–	11 448
Investment in joint venture	–	206 094	–	–	206 094
Other non-current assets	6 606	675	2 508	–	9 789
Other financial assets	–	–	–	57 488	57 488
Restricted cash	12 782	–	–	–	12 782
Trade and other receivables	28 305	6 065	5 586	3 964	43 920
Cash and cash equivalents	29 086	10 474	15 235	269 190	323 985
Investment property classified as held for sale	446 223	–	83 300	–	529 523
Income tax receivable	1 977	–	(832)	83	1 228
	2 425 142	874 224	859 651	331 067	4 490 084
Other financial liabilities	233 726	199 070	337 462	1 485 518	2 255 776
Lease liability	–	3 326	–	–	3 326
Deferred tax	5 309	1 489	505	–	7 303
Trade and other payables	55 054	19 368	18 458	(2 562)	90 318
Income tax payable	1 838	2 087	4 042	1 442	9 409
	295 927	225 340	360 467	1 484 398	2 366 132

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2018					
South Africa					
Investment property income	348 909	69 796	46 888	–	465 593
Straight-line rental adjustment	2 427	4 601	105	–	7 133
Segment result	351 336	74 397	46 993	–	472 726
Property expenses	(117 049)	(30 066)	(19 220)	–	(166 335)
Net property income	234 287	44 331	27 773	–	306 391
Other income	273	205	–	–	478
Administrative expenses	(37)	(190)	(213)	(22 373)	(22 813)
Profit/(loss) from joint venture	–	–	–	–	–
Foreign exchange gains/(losses)	–	–	–	–	–
Asset management fees	–	–	–	(6 139)	(6 139)
Operating profit	234 523	44 346	27 560	(28 512)	277 917
Finance income	1 457	575	239	100 097	102 368
Finance costs	(54)	(413)	(1)	(142 621)	(143 089)
Fair value adjustments	(65 433)	(1 526)	(13 059)	(41 918)	(121 936)
Capital items	–	–	–	(3 806)	(3 806)
Cancellation of asset management contract	–	–	–	(180 102)	(180 102)
PIC Put Option recognition adjustment	–	–	–	(13 603)	(13 603)
Taxation	426	(42)	1 594	3 318	5 296
Total segment result	170 919	42 940	16 333	(307 147)	(76 955)
Investment property	2 424 901	461 500	283 150	–	3 169 551
Property, plant and equipment	1 217	–	83	551	1 851
Tenant installation	11 856	–	52	–	11 908
Investment in joint venture	–	–	–	–	–
Other non-current assets	7 715	–	601	11 054	19 370
Other financial assets	–	–	–	39 292	39 292
Restricted cash	–	–	–	–	–
Trade and other receivables	30 294	4 244	4 369	5 315	44 222
Cash and cash equivalents	25 629	6 629	3 658	19 755	55 671
Non-current assets classified as held for sale	37 000	–	–	–	37 000
Income tax receivable	2 587	1 955	1 912	9 990	16 444
	2 541 199	474 328	293 825	85 957	3 395 309
Other financial liabilities	–	–	–	1 505 720	1 505 720
Lease liability	–	3 395	–	–	3 395
PIC Put Option liability	–	–	–	642 570	642 570
Deferred tax	572	1 489	4 996	246	7 303
Trade and other payables	40 311	11 174	7 521	–	59 006
	40 883	16 058	12 517	2 148 536	2 217 994

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2018					
United Kingdom					
Investment property income	44 943	26 793	38 691	–	110 427
Straight-line rental adjustment	(50)	–	3 679	–	3 629
Segment result	44 893	26 793	42 370	–	114 056
Property expenses	(2 123)	(1 377)	(1 381)	–	(4 881)
Net property income	42 770	25 416	40 989	–	109 175
Other income	217	222	138	–	577
Administrative expenses	(2 195)	(2 819)	(2 351)	(21 497)	(28 862)
Profit/(loss) from joint venture	–	(1 158)	–	–	(1 158)
Foreign exchange gains/(losses)	–	–	–	8 651	8 651
Asset management fees	40 792	21 661	38 776	(12 846)	88 383
Operating profit	95	352	873	25	1 345
Finance income	(17 639)	(18 001)	(20 902)	–	(56 542)
Finance costs	(67 310)	(57 622)	6 877	(14 096)	(132 151)
Fair value adjustments	–	(30 418)	–	–	(30 418)
Capital items	(44 062)	(84 028)	25 624	(26 917)	(129 383)
Cancellation of asset management contract	170 030	279 166	609 253	–	1 058 449
PIC Put Option recognition adjustment	–	–	–	13	13
Taxation	–	206 094	–	–	206 094
Total segment result	12 782	–	–	–	12 782
Investment property	425 089	337 810	602 360	–	1 365 259
Property, plant and equipment	–	–	–	–	–
Tenant installation	–	–	–	–	–
Investment in joint venture	–	231 302	–	–	231 302
Other non-current assets	–	–	–	–	–
Other financial assets	–	–	–	–	–
Restricted cash	49 456	–	–	–	49 456
Trade and other receivables	5 878	328	5 614	127	11 947
Cash and cash equivalents	19 446	7 905	10 046	600	37 997
Non-current assets classified as held for sale	235 156	–	–	–	235 156
Income tax receivable	1 759	(821)	(3 637)	–	(2 699)
	736 784	576 524	614 383	727	1 928 418
Other financial liabilities	304 290	206 872	255 848	–	767 010
Lease liability	–	–	–	–	–
PIC Put Option liability	–	–	–	–	–
Deferred tax	–	–	–	–	–
Trade and other payables	13 767	10 027	17 743	–	41 537
	318 057	216 899	273 591	–	808 547

	Office R'000	Retail R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2018					
Total					
Investment property income	403 425	95 093	82 674	–	581 192
Straight-line rental adjustment	3 015	4 601	105	–	7 721
Segment result	406 440	99 694	82 779	–	588 913
Property expenses	(120 391)	(31 405)	(20 129)	–	(171 925)
Net property income	286 049	68 289	62 650	–	416 988
Other income	273	205	–	–	478
Administrative expenses	(1 254)	(1 693)	(1 639)	(23 684)	(28 270)
Profit/(loss) from joint venture	–	(47 452)	–	–	(47 452)
Foreign exchange gains/(losses)	–	–	–	17 304	17 304
Asset management fees	–	–	–	(6 139)	(6 139)
Operating profit	285 068	19 349	61 011	(12 519)	352 909
Finance income	1 582	643	405	100 097	102 727
Finance costs	(10 599)	(7 019)	(6 777)	(142 621)	(167 016)
Fair value adjustments	(110 565)	(65 202)	9 262	(41 918)	(208 423)
Capital items	–	–	–	(3 806)	(3 806)
Cancellation of asset management contract	–	–	–	(180 102)	(180 102)
PIC Put Option recognition adjustment	–	–	–	(13 603)	(13 603)
Taxation	426	(1 132)	(2 001)	3 318	611
Total segment result	165 912	(53 361)	61 900	(291 154)	(116 703)
Investment property	2 849 990	799 310	885 510	–	4 534 810
Property, plant and equipment	1 217	–	83	551	1 851
Tenant installation	11 856	–	52	–	11 908
Investment in joint venture	–	231 302	–	–	231 302
Other non-current assets	7 715	–	601	11 054	19 370
Other financial assets	–	–	–	39 292	39 292
Restricted cash	49 456	–	–	–	49 456
Trade and other receivables	36 172	4 572	9 983	5 442	56 169
Cash and cash equivalents	45 075	14 534	13 704	20 355	93 668
Non-current assets classified as held for sale	272 156	–	–	–	272 156
Income tax receivable	4 346	1 134	(1 725)	9 990	13 745
	3 277 983	1 050 852	908 208	86 684	5 323 727
Other financial liabilities	304 290	206 872	255 848	1 505 720	2 272 730
Lease liability	–	3 395	–	–	3 395
PIC Put Option liability	–	–	–	642 570	642 570
Deferred tax	572	1 489	4 996	246	7 303
Trade and other payables	54 078	21 201	25 264	–	100 543
	358 940	232 957	286 108	2 148 536	3 026 541

The notes to the annual financial statements of Texton for the year ended 30 June 2020 are set out below. In addition, the new and revised Standards and Interpretations adopted in annual financial statements for the years ended 30 June 2019 and 30 June 2018 are set out below. The notes to the annual financial statements of Texton for the years ended 30 June 2019 and 30 June 2018 are available at Texton's website <http://www.texton.co.za/>

TRADING HISTORY OF TEXTON SHARES ON THE JSE

Set out below is a table showing the aggregate volumes and values traded, closing price and the highest and lowest prices traded in Oak Tech shares for:

- each month over the 12 months preceding the Last Practicable Date prior to the issue of this Circular; and
- each day over the 30 days preceding the Last Practicable Date and prior to the issue of this Circular.

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value Traded (R)
Quarterly					
January 2020	305	228	250	7 692 139	20 248 767
April 2020	255	115	129	17 573 451	33 747 458
July 2020	199	82	114	29 987 026	28 438 759
October 2020	120	74	115	39 119 302	44 218 620
Monthly					
November 2019	305	260	285	1 102 003	3 208 559
December 2019	300	260	275	1 465 860	4 159 258
January 2020	298	228	250	5 124 276	12 880 950
February 2020	255	202	220	8 779 363	20 950 891
March 2020	255	131	140	8 246 998	12 085 134
April 2020	139	115	129	547 090	711 433
May 2020	130	82	120	26 658 195	24 216 587
June 2020	199	110	140	1 800 127	2 385 980
July 2020	140	110	114	1 528 704	1 836 193
August 2020	120	101	102	1 353 811	1 524 962
September 2020	104	80	85	3 245 646	2 867 724
October 2020	116	74	115	34 519 845	39 825 934
Daily					
06 October 2020	84	78	79	571 739	478 294
07 October 2020	84	84	84	146 000	122 640
08 October 2020	84	84	84	2 750	2 310
09 October 2020	84	84	84	249 750	209 790
12 October 2020	85	79	85	70 500	59 415
13 October 2020	85	75	85	166 669	129 247
14 October 2020	85	75	79	139 804	106 819
15 October 2020	84	75	84	22 481	18 219
16 October 2020	83	79	80	187 678	149 372
19 October 2020	80	80	80	10 000	8 000
20 October 2020	84	80	84	72 556	59 144
21 October 2020	84	84	84	20 000	16 800
22 October 2020	84	84	84	100 000	84 000
23 October 2020	86	84	84	183 000	153 840
26 October 2020	85	74	80	418 941	345 948
27 October 2020	85	80	80	208 168	166 596
28 October 2020	80	74	74	32 553	25 771
29 October 2020	78	78	78	28 274 669	33 892 220

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value Traded (R)
30 October 2020	116	84	115	2 788 249	3 083 565
02 November 2020	116	112	115	2 521 663	2 892 295
03 November 2020	118	115	118	186 445	217 998
04 November 2020	119	116	117	278 775	326 589
05 November 2020	117	110	112	372 998	427 958
06 November 2020	117	113	117	212 726	248 561
09 November 2020	132	117	120	123 251	148 137
10 November 2020	119	118	119	143 075	170 174
11 November 2020	120	117	118	46 000	54 280
12 November 2020	118	117	117	29 220	34 352
13 November 2020	117	117	117	292 000	341 640
16 November 2020	118	117	117	7 890	9 239

TEXTON

PROPERTY FUND

TEXTON PROPERTY FUND LIMITED

Granted REIT status by the JSE
(Incorporated in the Republic of South Africa)
(Registration number 2005/019302/06)
JSE share code: TEX ISIN: ZAE000190542

FORM OF ACCEPTANCE, SURRENDER AND TRANSFER

The definitions and interpretations commencing on page 7 of the Circular to Texton Shareholders dated Friday, 27 November 2020 (“**Circular**”) to which this form of acceptance, surrender and transfer (“**Form**”) is attached, apply throughout this Form, unless otherwise defined in this Form or the context clearly indicates otherwise.

FOR USE BY CERTIFICATED SHAREHOLDERS ONLY

This Form is only applicable to Texton Shareholders holding Certificated Shares who wish to accept the Offer as set out in the Circular. This form is **NOT** to be used by Dematerialised Shareholders who are required to instruct their CSDP or Broker if they wish to accept the Offer in accordance with the terms of their agreement with their CSDP or Broker.

Each Texton Shareholder, upon completion of this Form confirms that, if subject to the laws of any jurisdiction outside of South Africa, it has observed the laws of such jurisdiction, obtained any requisite governmental or other consents, complied with all formalities needed and to be observed, paid all issue, transfer and other taxes or duties due in such jurisdiction in connection with such acceptance and has not taken any action that would or may result in the Offeror being in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or such Shareholder's acceptance thereof.

NOTES AND INSTRUCTIONS

1. Persons who have acquired Texton Shares after the issue of the Circular, can obtain copies of the Circular and this Form from the Transfer Secretaries at the address given overleaf.
2. Part A must be completed by all Texton Shareholders holding their own Texton Share certificates who wish to accept the Offer.
3. Section 1 of Part B must be completed by all Texton Shareholders holding their own Texton Share certificates who are Emigrants and such Texton Shareholders are referred to paragraph 7.3 of the Circular in this regard.
4. Section 2 of Part B must be completed by all other Texton Shareholders holding their own Texton Share certificates who are non-residents of the Common Monetary Area and who are not required to complete section 1 and are referred to paragraph 7.4 of the Circular in this regard.
5. No receipts will be issued for Documents of Title lodged unless specifically requested to do so. Lodging agents are requested to prepare special transaction receipts, if required.
6. If you are in any doubt as to how to complete this Form, please consult your Broker, banker, attorney, accountant or other professional adviser immediately.
7. This form must be returned to the Transfer Secretaries together with your Texton Share certificates or other Documents of Title, so as to be received prior to 12:00 on the Closing Date. If your Documents of Title have been lost or destroyed, you should nevertheless return this Form, together with a duly executed indemnity provided by the Transfer Secretaries. The Offeror may, in its sole discretion, dispense with the surrender of such Documents of Title upon production of satisfactory evidence that the Documents of Title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by the Offeror, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable.
8. Signatories of this Form may be called upon for evidence of their authority or capacity to sign this Form.
9. Any alteration to this Form must be signed in full and not initialled. Any alteration may be rejected by the Offeror.
10. If this Form is signed under a power of attorney, then such power of attorney, or a notarial certified copy hereof must be sent with this Form for noting, unless it has already been noted by the Transfer Secretaries.

11. Where a Texton Shareholder holding its own Texton Share certificate is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this Form must be submitted together with this Form, unless it has already been registered with the Transfer Secretaries.
12. Where Texton Shares are jointly held, this Form must be signed by all joint holders; however, the Offeror shall be entitled, in its absolute discretion, to accept signature only of that holder whose name stands first in the Register in respect of such Texton Shares.
13. The Offer Consideration due to a non-resident Texton Shareholder who is an Emigrant will be sent to the Authorised Dealer in foreign exchange controlling such non-resident Texton Shareholder's blocked assets in terms of the Exchange Control Regulations and such Texton Shareholders are referred to paragraph 7 of the Circular in this regard.
14. Texton Shareholders are advised to consult their professional advisers about the tax implications regarding the acceptance of the Offer and receipt of the Offer Consideration.
15. Texton Shareholders are referred to the Circular for the further terms and conditions applicable to the Offer and its acceptance, which Circular must be read in its entirety to properly consider the Offer.
16. In the event of any conflict between this Form and the Circular, the Circular shall prevail.

The Transfer Secretaries

By hand

Computershare Investor Services Proprietary Limited
 Rosebank Towers
 15 Biermann Avenue
 Rosebank, 2196

By post

Computershare Investor Services Proprietary Limited
 PO Box 61763
 Marshalltown
 2107

Dear Sirs,

Acceptance of the Offer

I/We hereby irrevocably accept the Offer on the terms and conditions set out in the Circular in respect

of (*) _____ Texton Shares, held by me/us ("**Subject Shares**") and surrender and enclose the share certificates, certified transfer deeds and/or other Documents of Title, in respect of my/our holding of the Subject Shares.

(* Insert the number of Texton Shares that the Texton Shareholder wishes to sell to the Offeror in terms of the Offer.)

I/We hereby instruct the Transfer Secretaries to register transfer of such Texton Shares to the Offeror. I/We hereby appoint any one of the directors of the Offeror and/or the Transfer Secretaries acting on his/her own as my attorney and agent with full power and authority on my behalf (in rem suam) to sign all documents and do all such acts as may be necessary or desirable for the purpose of transferring the Subject Shares to the Offeror pursuant to my/our acceptance of the Offer.

PART A

To be completed by all Certificated Shareholders who wish to accept the Offer

Surname/Name of corporate body _____

First names (in full, if applicable) _____

Title (Mr, Mrs, Miss, Ms, etc.) _____

Name of account holder (must be the same as the shareholder)	Banking details (name of bank, branch, branch code, account number) NB: No third party account
	Contact person:
	Contact telephone number: ()

The Offer Consideration will be settled in accordance with the provisions of paragraph 6.10 of the Circular.

In order to comply with Financial Intelligence Centre Act requirements, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the under mentioned documentation is received from the relevant Shareholder:

- (i) a copy of an identification document (in respect of change of address and payment mandate);
- (ii) a copy of a bank statement (in respect of bank mandate);
- (iii) an original certified copy of a document issued by the South African Revenue Service to verify your tax number. If you do not have one, please submit this in writing and have the letter signed by a Commissioner of Oaths (in respect of change of address and payment mandate); and
- (iv) an original or an original certified copy of a services bill to verify your residential address (in respect of a change of address mandate).

I/We hereby accept the Offer upon the terms and conditions as set out in the Circular, and I/we surrender and enclose, in accordance with such terms and conditions, the share certificates, certified transfer deeds and/or other Documents of Title, details in respect of which are set out in the table below, in respect of my/our holding of Texton Shares:

Name of the registered holder (separate form for each holder)	Certificate number(s) (in numerical sequence)	Number of Shares
Total		

I/We acknowledge that if the information set out above is incorrect or incomplete in any way, it will nevertheless irrevocably be deemed to indicate acceptance of the Offer in respect of my/our entire holding of Shares.

I/We acknowledge that this Form must be lodged, together with the relevant Documents of Title, prior to the Closing Date.

Signature of Texton Shareholder

PART B

1. **To be completed only by Texton Shareholders who are Emigrants (see notes 3 and 13 above and paragraph 7.1 of the Circular)**

Name and address of Authorised Dealer in South Africa _____

Blocked Rand account number _____

2. **To be completed by all Texton Shareholders who are non-residents of the Common Monetary Area, other than those required to complete 1 above (see note 4 above and paragraph 7.4 of the Circular).**

The Offer Consideration will be settled to the nominated Authorised Dealer and it will be incumbent on the Texton Shareholder concerned to instruct the nominated Authorised Dealer(s) as to the disposal of the amount concerned.

Name and address of Authorised Dealer in South Africa _____

Non-resident Rand account number _____

Substitute address in South Africa _____

3. If no nomination is made in terms of 1 and 2 above, the Offer Consideration will be held in trust in accordance with paragraph 7 of the Circular.

Signature of or on behalf of Texton Shareholder	Stamp and address of agent lodging this form (if any)
Name: (who warrants that he/she is duly authorised)	
Capacity:	
Assisted by me (if applicable): (State full name and capacity of assistance)	
Date:	

TEXTON
PROPERTY FUND