

## TEXTON PROPERTY FUND LIMITED

Granted REIT status by the JSE

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

JSE code: TEX

ISIN: ZAE000190542

(“Texton” or “the Company”)



**TEXTON**  
PROPERTY FUND

## FURTHER ACQUISITION OF A PROPERTY IN THE UNITED KINGDOM (“UK”) AND EXPANSION OF TEXTON’S UK PROPERTY PORTFOLIO

### 1. INTRODUCTION

Texton is pleased to advise the shareholders of the Company (“Shareholders”) that it has concluded an agreement to acquire a distribution warehouse (“Bawtry Building”) located in Doncaster in the UK (the “Bawtry Building Acquisition”) for £17,000,000 at an acquisition yield of 6.45%.

The Bawtry Building is a high quality A Grade distribution warehouse which is exclusively tenanted by DHL Supply Chain Limited (“DHL”), a company which is part the world’s leading postal and logistics company Deutsche Post DHL Group. DHL has 15 years remaining on the lease.

Conclusion of the Bawtry Building Acquisition further enhances Texton’s UK portfolio which is in line with Texton’s stated strategy to achieve geographic diversification beyond South African borders into the UK where management of Texton’s asset management company, Texton Property Investments Proprietary Limited, has knowledge and experience, and where property acquisition opportunities are attractive.

Property information and other details pertaining to the Bawtry Building Acquisition are set out in section 3 below.

### 2. RATIONALE FOR THE BAWTRY BUILDING ACQUISITION

The Bawtry Building Acquisition presents an opportunity for Texton to:

- Acquire a high quality A Grade property with a long-term lease underpinned by a single international anchor tenant;
- Increase its portfolio weighting within the industrial sector and achieve geographic diversification into the UK in line with Texton's stated investment strategy; and
- Add scale to Texton's existing UK portfolio through the acquisition of a portfolio enhancing property in a manner consistent with the Company's stated investment strategy.

### 3. INFORMATION RELATING TO THE BAWTRY BUILDING ACQUISITION AND THE BAWTRY BUILDING

Details relating to the Bawtry Building are as follows:

Description:	Acquisition of the Bawtry Building from DHL through the acquisition of 100% of the issued share capital of Cheltondale Investment Holdings Limited (" <b>Cheltondale</b> "), a new company registered in the British Virgin Islands, which in turn will own the Bawtry Building. Pursuant to the conclusion of the Bawtry Building Acquisition, and in terms of the sale and purchase agreement, Texton will lease back the Bawtry Build to DHL on the lease terms set out below
Property description:	A high quality A Grade distribution warehouse which provides 272,260m <sup>2</sup> of flexible and spacious warehouse space
Tenure:	Freehold
Tenants:	DHL
Location:	Doncaster, UK
GLA:	272,260m <sup>2</sup>
Lease expiry:	15 years, no breaks
Net annual income:	£1,097,000 (R23,761,020 converted at the spot exchange rate as at 7 December 2015 of £1:R21.66)
Net rental per m <sup>2</sup> :	Industrial: £4.03 per m <sup>2</sup> (R87.29 per m <sup>2</sup> converted at the spot exchange rate as at 7 December 2015 of £1:R21.66)
Purchase price:	£18,700,000 (including Value Added Tax (" <b>VAT</b> ") of approximately £1,700,000) (R405,042,000 converted at

the spot exchange rate as at 7 December 2015 of  
£1:R21.66)

Vendor	DHL
Acquisition yield	6.45%

Cheltondale will be a wholly owned subsidiary of Texton and its memorandum of incorporation will comply with the Listings Requirements of the JSE Limited (“**Listings Requirements**”).

The board of directors of Texton (“**Board**”) is satisfied that the property value of the Bawtry Building is in line with the purchase price being paid by Texton. The Board is not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

#### **4. PURCHASE CONSIDERATION**

The purchase consideration for the Bawtry Building Acquisition amounts to £17,000,000 (R368,220,000 converted at the spot exchange rate as at 7 December 2015 of £1:R21.66). The Bawtry Building Acquisition is subject to VAT of approximately £1,700,000 (R36,822,000 converted at the spot exchange rate as at 7 December 2015 of £1:R21.66) which will be recoverable by Texton. The aggregate purchase consideration of £18,700,000 (including the VAT amount payable) will be funded through existing cash resources and no external borrowings will be required to affect the Bawtry Building Acquisition.

#### **5. EFFECTIVE DATE**

The effective date of the Bawtry Building Acquisition will be the date of transfer of the Bawtry Building into the name of Cheltondale, which is expected to be on or about 23 December 2015.

#### **6. CLASSIFICATION OF THE BAWTRY BUILDING ACQUISITION**

The Bawtry Building Acquisition constitutes a category 2 transaction, in terms of the Listings Requirements and accordingly a circular will not be posted to Shareholders.

Dunkeld West

9 December 2015

**Investment Bank and Sponsor**

Investec Bank Limited