

**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 two prime industrial premises which are exclusively let to Caterpillar UK Limited (“Caterpillar UK”) (“the Caterpillar UK Buildings”) located on the North West Industrial Estate, Peterlee, UK for a gross purchase price of £7,150,000 at an acquisition yield of 7.54% (the “Caterpillar UK Building Acquisition”).

Caterpillar UK which is part of Caterpillar Inc. has signed a 15 year lease which has 14 years and 4 months remaining.. Caterpillar Inc. is a global manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. Caterpillar UK is one of Caterpillar Inc.’s largest operations outside of the United States of America and employs more than 10,000 people across 20 major facilities.

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

**2. RATIONALE FOR THE CATERPILLAR UK BUILDING ACQUISITION**

The Caterpillar UK Building Acquisition strongly compliments the quality of Texton's existing underlying property portfolio providing, *inter alia*:

- prime industrial property located in a well-established industrial and manufacturing node in the UK;
- the Caterpillar UK Buildings form part of the established North West Industrial Estate, one of the two main industrial and manufacturing locations in Peterlee, and is situated immediately adjacent to Caterpillar UK's manufacturing facility. The Caterpillar UK Buildings are within close proximity of the A19 north to south arterial route, which connects the town of Peterlee with Sunderland and Middlesbrough, in addition to the other smaller centres of Seaham and Billingham.
- an underpin of a high quality blue chip tenant on a long 15 year lease of which 14 years and 4 months are remaining;
- further sectoral and geographic diversification to Texton's portfolio;
- additional scale, quality and diversity 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 to achieve geographic diversification beyond South African borders into the UK; and
- An earnings accretive transaction for the company.

### **3. INFORMATION RELATING TO THE CATERPILLAR UK BUILDING ACQUISITION**

Details relating to the Caterpillar UK Buildings are as follows:

Description:	Acquisition of the Caterpillar UK Buildings from Parabola Capital LLP through the acquisition of 100% of the issued share capital of Onslow Investment Holdings Limited, a new company registered in the British Virgin Islands, which in turn will own the Caterpillar UK Buildings
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Property description: Two standalone prime industrial premises of steel portal frame construction, with profile metal clad elevations and brick clad integral office elements

Location: Peterlee, UK

GLA: 108,897 sq ft

Tenure: 150 year long leasehold interest which commenced on 6 February 2001 with an option to acquire the freehold

Lease expiry: 14.33 years

Net annual income: £539,040 subject to an escalation of 1.75% every five years per annum compounded (R12,877,666 converted at the spot exchange rate as at 18 January 2016 of £1:R23.89)

Net rental per sq ft: Industrial: £4.95 per sq ft (R118.26 per sq ft converted at the spot exchange rate as at 18 January 2016 of £1:R23.89)

Gross purchase price: £7,150,000 (R170,814 converted at the spot exchange rate as at 18 January 2016 of £1:R23.89)

Vendor: Parabola Capital LLP

Acquisition yield: 7.54%

Onslow Investment Holdings Limited 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 Caterpillar UK Buildings 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 aggregate purchase consideration for the Caterpillar UK Building Acquisition including all purchasing costs amounts to £7,564,000 (R180,703,960 converted at the spot exchange rate as at 18 January 2016 of £1:R23.89). The purchase consideration of £7,564,000 will be funded through existing cash resources, via a currency swap, and initially no external borrowings will be required to affect the Caterpillar UK Building Acquisition.

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

The effective date of the Caterpillar UK Building Acquisition will be the date of transfer of the Caterpillar UK Buildings into the name of Onslow Investment Holdings Limited, which is expected to be on or about Friday, 22 January 2016.

#### **6. CLASSIFICATION OF THE CATERPILLAR UK BUILDING ACQUISITION**

The Caterpillar UK Building Acquisition constitutes a category 2 transaction, in terms of the Listings Requirements and accordingly does not require Shareholders' approval.

Dunkeld West

21 January 2016

**Investment Bank and Sponsor**

Investec Bank Limited