

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”)

SPECIFIC REPURCHASE FROM A RELATED PARTY AND CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders are advised of the proposed repurchase and subsequent delisting of 72 129 048 Texton ordinary shares (“the Repurchase Shares”), representing approximately 19.8% of the total issued Texton shares (“Texton Shares”) from the Government Employees Pension Fund, governed by the Government Employees Pension Law of 1996 herein represented by its manager the Public Investment Corporation (SOC) Ltd, a public state-owned company incorporated in accordance with the laws of South Africa (“PIC”) at a price of R2.15 per Repurchase Share (“Repurchase Consideration”) (“the Repurchase”).

2. RATIONALE FOR THE REPURCHASE

The Repurchase is ultimately to the benefit of Texton shareholders in that the delisting of such shares results in the removal of the Repurchase Shares from the share capital of the Company at an attractive price (i.e. a decrease in the aggregate number of Texton Shares from 363 701 103 ordinary shares of no par value to 291 572 055 ordinary shares of no par value. Treasury shares remain as 31 853 013 ordinary shares).

The Repurchase is considered an appropriate allocation of capital as the impact of the Repurchase and cancellation of the Repurchase Shares is expected to enhance earnings and net asset value per Texton Share.

The reduction in the number of Texton Shares in issue will also have the effect of increasing the holdings of the Company's existing empowerment shareholders, which will have a favourable impact on transformation and empowerment.

3. REPURCHASE CONSIDERATION

The Repurchase Consideration of R2.15 per Repurchase Shares will be funded out of the Group's available cash resources and/or facilities.

Texton has sufficient cash resources and/or facilities to implement the Repurchase however it is anticipated that Texton may launch a rights offer after implementation of the Repurchase in order to provide additional capital and resources to Texton to implement its current strategies. The Repurchase is not conditional upon a rights offer being launched or implemented, or upon financing being procured from other sources.

Settlement of the Repurchase Consideration will be implemented in full in accordance with the terms of the Repurchase without regard to any lien, right of set-off, counterclaim, other analogous right to which the Company may otherwise be, or claim to be, entitled against the PIC.

4. CONDITIONS PRECEDENT

Subject to the fulfilment of the Repurchase Conditions, Texton wishes to implement the Repurchase in terms of sections 48(8), 114 and 115 of the Companies Act, 2008 (Act 71 of 2008) and paragraph 5.69 of the JSE Listings Requirements, and on the terms and subject to the conditions set out below.

The implementation of the Repurchase is subject to the fulfilment of the following conditions precedent on or before 17 July 2023 ("Repurchase Conditions"):

- all resolutions required to implement the Repurchase in terms of section 48(8)(b) and 115(2)(a) of the Companies Act, and paragraphs 5.67(C) and 5.69(b) of the JSE Listings Requirements, have been approved by the requisite majority of Texton shareholders (the "Repurchase Resolution"); and
- all approvals, consents and/or waivers, as may be required in terms of the Companies Act, the Takeover Regulations, the JSE Listings Requirements and any other applicable laws in order for the Repurchase to be implemented have been obtained, other than the issue of the compliance certificate by the Takeover Regulation Panel in terms of section 119(4)(b) of the Companies Act, provided that if such approval is granted conditionally, this Repurchase Condition shall not be regarded as having been fulfilled unless before such date the Company gives notice to the effect that such conditions and terms are acceptable to the Company (in its discretion).

The Repurchase Conditions are not capable of being waived.

In order to comply with Regulation 102(13) of the Takeover Regulations, the PIC and Texton have agreed that notwithstanding the fulfilment of the Repurchase Conditions, the Repurchase shall not be implemented unless and until the Takeover Regulation Panel ("TRP") has issued a compliance certificate in respect of the Repurchase in terms of section 119(4)(b) of the Companies Act.

The date for fulfilment of any Repurchase Condition may be extended by agreement between Texton and the PIC from time to time as approved by the TRP and the JSE Limited ("JSE") (if and to the extent such approvals are required).

In the event that the Repurchase Conditions are fulfilled and the Repurchase becomes operative and is implemented in accordance with its terms, the Repurchase Shares will be repurchased for the Repurchase Consideration and an application will be made to the JSE for the termination of the listing of the Repurchase Shares on or about Monday, 10 July 2023.

The Repurchase will terminate with immediate effect if all of the Repurchase Conditions have not been fulfilled on or before the relevant date for fulfilment.

A general meeting of Texton Shareholders will be convened for the purpose of considering and if deemed fit, approving, the Repurchase Resolution ("General Meeting").

5. REPURCHASE FROM A RELATED PARTY

The PIC is a material shareholder to the Company and as such, the Repurchase constitutes a specific repurchase from a related party as contemplated in section 5.69(e) of the JSE Listings Requirements.

6. INDEPENDENT BOARD AND FAIR AND REASONABLE OPINION

As the Repurchase constitutes a repurchase by Texton of more than 5% of the entire issued ordinary share capital of Texton, it is required that the Repurchase be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act.

It is anticipated that a Firm Intention Announcement regarding the Repurchase will be released on or about Friday, 26 May 2023 in compliance with the Takeover Regulations issued in terms of the Companies Act ("Firm Intention Announcement") which Firm Intention Announcement will incorporate the appropriate Independent Board views and Independent Expert opinions as required.

7. CIRCULAR TO SHAREHOLDERS

Subject to the release of the Firm Intention Announcement and the approval of the JSE and the TRP, a circular will be posted to Texton shareholders on or about Wednesday, 31 May 2023, regarding the Repurchase, including

- the pro forma financial effects on the financial position of Texton following the implementation of the Repurchase and including the independent reporting accountants' assurance thereon; the Independent Expert's Report in respect of the Repurchase; and
- a notice convening the General Meeting.

The salient dates and notice of General Meeting will be published in the Firm Intention Announcement.

8. RESPONSIBILITY STATEMENT

The directors of Texton collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this announcement contains all information required by law and the JSE Listings Requirements.

9. CAUTIONARY ANNOUNCEMENT

Texton shareholders are advised to exercise caution in trading in Texton shares until the Firm Intention Announcement is released on SENS.

SANDTON
25 May 2023

JSE SPONSOR TO TEXTON
Investec Bank Limited