

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")

INVESTMENT IN PARTNERSHIP WITH CANVAS INVESTMENTS TO ACQUIRE A STAND-ALONE INDUSTRIAL PROPERTY IN WINSTON-SALEM, NORTH CAROLINA

1. INTRODUCTION

The directors of Texton (the "Board") are pleased to inform shareholders that the Company's United Kingdom subsidiary, TPI UK No2 Limited ("TPI"), has concluded to invest in a partnership ("the Partnership") with WS Industrial GP LLC ("Canvas") to acquire 90% of an infill class-B stand-alone industrial property ("Property") in North Carolina, United States of America ("US").

The Property is located in Winston-Salem, North Carolina, which is part of the Piedmont Triad region. The asset has good access to Interstate 40 and is currently 100% let on a triple net lease. The purchase price represents a going-in yield of 7,8%. The Property measures 57,500 sq ft with a clear height of 20' and suitably sized offices, and the purchase price equates to approx. 50% of replacement costs. The seller and beneficial owner is Kimwell Drive Properties LLC, who is not a 'related party' in terms of the JSE Limited Listing Requirements.

TPI concluded a limited partnership agreement for 90% of the partnership interest with the remaining 10% being committed by Canvas as the general partner. The initial capital contribution of USD2,747,950 (R50,232,526) will contribute to acquiring the Property and the related transaction costs to be incurred. The remaining capital commitment of USD430,315 (R7,866,158) will provide for possible repurposing of the Property upon the expiry of the lease.

2. RATIONALE

Industrial real estate rent growth remains robust, particularly in the 25,000-100,000 sq ft segment size which benefits from having the lowest percentage of product under construction relative to total inventory. Driving this growth in the Piedmont Triad's local economy are the supply constraints together with demand side growth that in recent times as the area re-emerged as a center for advanced manufacturing.

While the greater US industrial real estate sector has experienced an uptick in overall vacancy rates, the extent of the increase depends on locations and sectors. The increase in broader vacancy rates seen throughout 2023 was predominantly observed in larger building sizes as smaller urban assets maintained their resilience and remained less affected due largely to increased local demand. The overall sector's current vacancy remains well below the 15-year average of 6,8%, which is much higher than experienced in the Piedmont Triad region. The current vacancy rate across the Winston-Salem market is 3,6% and across the Piedmont Triad region in 3,9%.

The Partnership intends to hold the Property for at least five years and will look to either renew the current tenant or market the Property to capture the mark-to-market upon lease expiry.

The investment meets a number of strategic and investment goals for TPI and is in line with our strategy to increase international property exposure. We are pleased to invest alongside Canvas and to deploy capital offshore by partnering with best-in-class asset managers who have a demonstrable track record.

4. TERMS AND FINANCIAL INFORMATION OF PARTNERSHIP AGREEMENT

The partnership agreement is not subject to any conditions precedent. The effective date of the partnership agreement is 19 July 2024.

Property address	3760 Kimwell Drive, Winston-Salem
Sector	Industrial
GLA (square foot)	57 500
Rental income/square foot	USD6,38
Annual escalation	3,75%
Rental expiry	Jul-28
Total purchase consideration	USD 5 353 278
Initial Capital Contribution	USD2,747,950
Total Capital Commitment	USD 3 178 266
Net rental income	USD 364 390

Notes:

1. The financial information contained in this announcement has not been reviewed or reported on by a reporting accountant.
2. Total purchase consideration includes the cost of acquisition and associated transaction costs.
3. The purchase consideration is settled in cash.

All other terms of the agreement are standard terms and conditions typical for a transaction of this nature.

5. CATEGORISATION OF THE TRANSACTION

The capital commitment to the Partnership is a category 2 transaction in terms of the JSE Listings Requirements and accordingly do not require approval by shareholders.

SANDTON
23 JULY 2024

CORPORATE ADVISER AND SPONSOR TO TEXTON
Investec Bank Limited