



TEXTON

PROPERTY FUND

NEWS RELEASE FROM TEXTON PROPERTY FUND

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***Texton's shareholders cast clear vote against share repurchase,
putting the REIT on a firmer footing***

Shareholders of Texton Property Fund have voted against the repurchase of shares in terms of the 'Put Option' related to Texton's 2014 Broad-based black economic empowerment deal.

In the B-BBEE transaction, Texton Broadbased Empowerment RF (Pty) Ltd, a BEE vehicle, acquired Texton shares funded by a loan from the Public Investment Corporation SOC Limited (PIC). Texton agreed to a Put Option as security for the BEE vehicle's loan, subject to various terms and conditions, the most important being the requirement that shareholder approval be obtained for the acquisition of the shares under the Put Option.

The high turnout at Texton's General Meeting on 28 December 2018 saw active shareholders making their voices heard with a clear and unambiguous vote against the repurchase.

99.99% of those who voted, voted against the share repurchase. Nearly 278 million shares were eligible to vote of which nearly 234 million, or 76% of the eligible votes, elected to participate. Shares that didn't qualify to vote included treasury shares and those held by the PIC and Texton Broadbased Empowerment RF (Pty) Ltd. About 10% of the eligible votes abstained from voting.

The general meeting was called after, first, a loan default occurred when the minimum share cover ratio was breached as Texton's share price remained lower than the original issue price. Then in August and September 2018, the PIC gave notice that it was exercising the Put Option.

The Put Option was conditional on receiving the necessary shareholder and regulatory approvals required to repurchase the BEE shares, equalling 13.79% of Texton's issued ordinary share capital. The Put Option repurchase price equated to R12.90 per Texton share which compared to the closing price of Texton shares of R4.10 (on the last practicable date, 20 November 2018) represented a premium of approximately 215% to the market price.



Based on legal advice received from two separate Senior Counsel and after having followed the prescribed legal process in terms of the contract, the shareholders' 'no' vote means that Texton is released from its obligation to repurchase shares in terms of the Put Option.

Marius Muller, CEO of Texton Property Fund, comments, "This matter is the last of a number of legacy issues that has created uncertainty for Texton investors. Given the outcome of this vote, we now look forward to working with all shareholders in order to regain the value that has been lost over the last number of years and to place them in the position that they were initially in. I am confident that together we will be able to accomplish much."

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