

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”)

**SUBSCRIPTION FOR SHARES IN STARWOOD REAL ESTATE INCOME TRUST OFFSHORE
FUND, SPC**

1. INTRODUCTION

The board of directors of Texton (the “**Board**”) is pleased to advise shareholders that the Company’s wholly owned United Kingdom subsidiary, Texton Property Investments UK Limited (“**TPI**”), has increased its shareholding in Starwood Real Estate Income Trust Offshore Fund, SPC (“**SREIT Offshore**”) SP Class I shares from \$3.5 million (ZAR 55.6 million) to \$7.0 million (ZAR 111.2 million) (“the Transaction”).

The total number of SP Class I in issue as at 30 September 2021 amounts to 142,390,000 shares. The SP Class I shares had attributable Net Asset Value (“**NAV**”) of \$3.5 billion and a Net Asset Value per share (“**NAVPS**”) of \$24.40 at 30 September 2021. Texton will be subscribing for the additional shares at NAVPS of \$25.65 (NAV as of 30 November 2021) and Texton total shareholding in the SP Class I shares will amount to 0.21% of the SP Class I shares in issue.

2. RATIONALE

Texton will gain exposure to an institutional grade, non-traded REIT focused primarily on United States of America (“**USA**”) real estate. The primary objective of SREIT Offshore is to seek returns by investing substantially all of its assets in Starwood Real Estate Income Trust, Inc., a Maryland corporation (“**Starwood REIT**”). Starwood REIT is a non-listed, perpetual-life real estate investment trust with an investment strategy to primarily acquire stabilized, income-oriented commercial real estate and debt secured by commercial real estate to create a portfolio principally comprised of properties, and debt secured by properties, located in the USA, but also of investments in properties and debt secured by properties, outside of the USA, with a focus on Europe. Starwood REIT also invests in real estate-related securities to provide a source of liquidity for its share repurchase plan, cash management and other purposes. Starwood REIT has a total asset under management of \$18.2 bn which consists of 334 properties that is currently 96% occupied.

As at 30 November 2021 the fund is comprised of 70% multifamily, 15% industrial, 8% office, 3% loans, less than 1% single-family rental, less than 1% hotel, less than 1% medical office and less than 1% net leases. The investment targets monthly distributions and Texton has optionality to exit the fund through a share repurchase plan. The liquidity option is subject to the terms and conditions of SREIT Offshore’s share repurchase plan¹.

Investing in SREIT Offshore meets several strategic and investment goals for Texton and increases the indirect offshore property exposure as Texton continues to deploy capital into developed

¹ The repurchase request and required documentation must be received in good order by 4:00 p.m. (Eastern time) on the second to last business day of the applicable month. Settlements of share repurchases will be made within three business days of the repurchase date. SREIT Offshore is not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any particular month. The discretion to repurchase shares is at the directive of the board of directors of SREIT and subject to the JSE Listings Requirements in respect of Texton, if applicable.

markets. Texton has strong conviction in the investment themes and sector tailwinds that are supported by a growing US economy.

The investment in SREIT Offshore will provide Texton with current income in the form of regular, stable cash distribution to achieve an attractive yield on the investment, whilst preserving and protecting invested capital. Furthermore, we expect to realise capital appreciation in the underlying asset as our investment benefits from proactive investment and asset management from the sponsor team, Starwood Capital Group Holdings, L.P. (the “Sponsor” or “Starwood Capital”).

Central to Texton’s deployment strategy is a strong bias towards partnering with best-in-class asset managers. The Sponsor has managed real estate on behalf of some of the world’s largest institutions, with over \$100bn in assets under management.

The USA macros combined with investing alongside the one of the world’s largest real estate asset managers provides an appealing capital allocation opportunity for Texton. Further information on Starwood REIT and its activities are available at <https://www.starwoodnav.reit/>.

3. TERMS OF THE TRANSACTION

The subscription of shares in SREIT Offshore and payment for the shares does not have any conditions. Texton originally made an investment of \$3.5 million (ZAR55.6 million) on 1 December 2021 and has increased in position in fund to \$7.0 million (R111.2 million) effective 3 January 2022. Texton invests at Net Asset Value (NAV).

4. FINANCIAL INFORMATION

The details of Starwood REIT as reported in the Form 10-Q report to the United States Securities and Exchange Commission for the nine months ended 30 September 2021² are as follows:

1. Total asset value: \$11.8 billion;
2. Total equity: \$4.9 billion;
3. Net loss: \$174.7 million;
4. Distribution for the nine months ended 30 September 2021: \$0.1035 per share or 5.23% annualized distribution rate;
5. Reported NAVPS: \$24.40.

5. CATEGORISATION OF THE TRANSACTION

The purchase of shares in SREIT Offshore is a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require approval by shareholders

SANDTON

10 January 2022

Corporate adviser and sponsor

Investec Bank Limited

² Please refer to <https://www.starwoodnav.reit/investor-relations/> for more detailed disclosures