

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”)

**FINALISATION OF A CAPITAL COMMITMENT TO CADRE FOR INVESTMENTS INTO THE
UNITED STATES OF AMERICA**

1. INTRODUCTION

Texton is pleased to advise shareholders that the Company has finalised and entered into an Investment Advisory Agreement (“**IAA**”) to partner with Cadre Real Estate Management (“**Cadre**”). In accordance with the IAA, the Company has made capital committed of \$5 million (R75.5 million) to Cadre for investments in real estate in the United States of America (“**US**” or “**USA**”). These investments will be targeted towards compelling assets with downside protection, specifically focusing on multifamily, industrial, select office, and select hospitality assets.

The capital commitment will be deployed over a three year investment period, drawn down as and when transactions are identified in accordance with the investment guidelines.

2. RATIONALE

The investments will be deployed across a diversified portfolio of institutional-grade assets with an overweight allocation towards multifamily assets that provide stable, income-generating returns with downside protection. In addition, industrial, office and hotel investments will be opportunistically pursued with the intention to generate alpha and upside.

Texton has strong conviction in US multifamily rental investments as the sector has benefited from solid job and wage growth, increased household formation, surging home values and lack of available inventory – all of which are forcing tenants to rent longer. Multifamily leases generally have annual lease terms with a diversified base of tenants which can be increased as leases roll over. As inflation has quickened and is expected to continue to increase, the ability to capture these rental increases provide a strong mitigate for inflation.

Strong fundamentals in the US industrial sector continues to be supported by the surge in e-commerce. The demand for distribution space will remain strong as tenant seek faster delivery times. In addition, opportunity will also arise to acquire high quality office and hotel properties as these sectors deal with substantial change.

Cadre is a technology-enabled, real estate manager based in New York and invests across the US in multifamily, industrial, office and hospitality properties. Established in 2015, the management team has acquired over 40 deals across 22 markets in the US and has completed over \$3.5 billion in transaction at a historical internal rate of return (IRR) of over 17% since its inception.

Texton is pleased to invest alongside Cadre, who meet our stated investment objective is to deploy capital offshore by partnering with best-in-class asset managers who have a demonstrable track record.

3. KEY TERMS OF THE IAA

The objective of the IAA is to construct an investment portfolio across core-plus, value-add and opportunistic real estate by primarily investing in the multifamily, industrial, office and hotel sectors located in the US. Key terms of the IAA include:

Target leverage	Average 65% LTV, non-recourse debt
Target number of investment	15 -20
Investment period	24 months
Target hold period	8 years (maximum 10)
Target net IRR	10 - 12%
Target cash yield	4 -7 % on stabilisations
Commitment by Texton	\$5 million

4. CATEGORISATION OF THE TRANSACTION

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

SANDTON

14 March 2022

CORPORATE ADVISER AND SPONSOR TO TEXTON

Investec Bank Limited