

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 "Group" or the "Company")

DECLARATION OF FULLY UNDERWRITTEN, NON-RENOUCEABLE RIGHTS OFFER

1. INTRODUCTION

In an announcement released on the Johannesburg Stock Exchange News Service ("**SENS**") on 25 May 2023, Texton indicated that the Company may consider launching a rights offer in order to provide additional capital and resources to Texton to implement its current strategies.

Texton shareholders ("**Shareholders**") are hereby advised that the directors of Texton ("**the Board**") intend that the Company raises R85 million by launching a fully underwritten, non-renounceable rights offer ("**Rights Offer**") of a total of 38 636 364 ordinary no par value shares in Texton ("**Rights Offer Shares**") at a price of R2.20 each (the "**Rights Offer Issue Price**").

The Rights Offer circular is expected to be published on Thursday, 21 December 2023 ("**the Circular**") which will include further details of the Rights Offer including, inter alia, the ratio of Rights Offer Shares for every Ordinary Share held and the relevant forms of instruction.

2. RATIONALE FOR THE RIGHTS OFFER

Having considered the capital allocation requirements, the Rights Offer will assist the Group to strengthen the balance sheet. The funds raised will be utilised to:

- manage and reduce Texton's current debt levels, which will mitigate elevated interest costs in the current high-interest rate environment, ensuring a stable financial structure;
- support the ongoing rollout of capital expenditure projects within Texton's South African portfolio, in line with Texton's SME strategy. This investment will bolster Texton's position and capitalise on the growth opportunities in the local market, and
- further fund the Group's capital allocation towards the offshore deployment strategy.

3. SALIENT TERMS OF THE RIGHTS OFFER

Texton intends to raise R85 million through an offer of the Rights Offer Shares. In terms of the Rights Offer:

- Shareholders will be offered 14.88474 Rights Offer Shares for every 100 Texton Shares held by them on the record date, being Friday, 29 December 2023, at the Rights Offer Issue Price.
- the Rights Offer is fully underwritten to the extent not supported by the Supportive Shareholders (as defined in paragraph 4 below) and no minimum subscription is applicable; and
- the Rights Offer will not allow for excess applications and is non-renounceable.

The Rights Offer will open at 09:00 on Tuesday, 2 January 2024 and will close at 12:00 on Friday, 5 January 2024.

The Rights Offer Issue Price represents a 10% discount to the 30 Trading Day VWAP of Texton Shares on the JSE at the close of business on Thursday, 23 November 2023, being the day immediately preceding the date on which the Company determined the Rights Offer Issue Price.

Texton Shareholders recorded on the Register of Texton at the close of business on Friday, 29 December 2023 (other than the 31 853 013 treasury shares held by Texton and any Shareholder which has its registered address in a jurisdiction in which it would be unlawful to make the Rights Offer) will be entitled to participate in the Rights Offer.

As the Rights Offer is non-renounceable, Shareholders will not be permitted to renounce their rights and will not have the option to dispose of or trade in their letters of allocation.

The allocation of Rights Offer Shares will be such that Shareholders will not be allocated a fraction of a Rights Offer Share and as such any entitlement to receive a fraction of a Rights Offer Share which is less than one-half of a Rights Offer share, will be rounded down to the nearest whole number; or is equal to or greater than one-half of a rights share but less than a whole Rights Offer Share, will be rounded up to the nearest whole number.

The Rights Offer shares will, upon allotment and issue, rank *pari passu* with all other existing Ordinary Shares in terms of both voting rights and dividends.

4. COMMITMENT TO FOLLOW RIGHTS

Texton has obtained written irrevocable undertakings from certain shareholders to follow their rights in terms of the Rights Offer, totaling 26,146,188 Rights Offer Shares ("**Supportive Shareholders**"). The full details of the Supportive Shareholders will be included in the Circular.

5. UNDERWRITING

An underwriting agreement was entered into on 24 November 2023 ("**the Underwriting Agreement**") between Texton and Oak Tech Properties Proprietary Limited ("**Oak Tech**") and Rex Trueform Group Limited ("**Rex Trueform**") ("**the Underwriters**") in terms of which the Rights Offer is fully underwritten up to a maximum value of R27 478 386, equivalent to 12 490 175 Rights Offer Shares, being the Rights Offer Quantum of R85 million less the aggregate Rights Offer Issue Price for which the Supportive Shareholders have undertaken to subscribe (as detailed in paragraph 4 above).

An amount of R274 784 (being 1% of the Underwritten Shares Value) is payable by Texton to the Underwriters for providing the underwriting commitment.

The Board has made due and careful enquiry to confirm that the Underwriters can meet their underwriting commitments in terms of the Underwriting Agreement.

The conditions of the Underwriting Agreement have been met.

6. RIGHTS OFFER CIRCULAR AND SALIENT DATES TIMES

The Circular is expected to be made available on Texton's website on Thursday, 21 December 2023. Unless otherwise defined in this announcement, words and expressions contained in the timetable below shall have the same meanings as assigned to them in the Circular.

	2023/2024
Finalisation announcement released on SENS by 11:00 on	Monday, 18 December
Publication of the Rights Offer Circular on the website of Texton	Thursday, 21 December
Last day to trade in Texton Shares in order to participate in the Rights Offer	Friday, 22 December
Texton shares commence trading on the JSE ex-Rights Offer entitlement	Wednesday, 27 December
Nil paid Letters of Allocation listed and suspended from trading under alpha code TEXN and ISIN ZAE000330346	Wednesday, 27 December
Rights Offer Circular and Form of Instruction distributed to Certificated Shareholders	Thursday, 28 December
Record Date for determination of Shareholders entitled to participate in the Rights Offer	Friday, 29 December
Rights Offer opens at 09:00 and Non-renounceable Letters of Allocation issued and credited to Shareholder's accounts	Tuesday, 2 January
Rights Offer Circular distributed to those Dematerialised Shareholders who have elected to receive documents in hard copy	Tuesday, 2 January
Last day to trade in respect of the take-up (no trading permitted in the Form of Instruction in respect of the Letters of Allocation which is issued for processing purposes only)	Tuesday, 2 January
Payment made and Form of Instruction lodged by Certificated Shareholders wishing to exercise all or part of their entitlement to the Transfer Secretaries by 12:00	Friday, 5 January
Rights Offer closes at 12:00 on	Friday, 5 January
Record date for take-up in terms of the Rights Offer	Friday, 5 January
Listing of Rights Offer Shares at the commencement of business on	Monday, 8 January
Rights Offer Shares issued	Monday, 8 January
CSDP or Broker accounts in respect of Qualifying Shareholders holding Dematerialised Shares will be updated with Rights Offer Shares and debited with any payments due on	Monday, 8 January
Rights Offer Shares issued and posted to Qualifying Shareholders holding Certificated Shares	Monday, 8 January
Results of Rights Offer announced on SENS	Monday, 8 January

Notes:

1. All references to dates and times are to local dates and times in South Africa.
2. Dematerialised Shareholders are required to inform their CSDP or broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the Shareholder and their CSDP or broker.
3. Share certificates may not be dematerialised or rematerialised between Wednesday, 27 December 2023 and Friday, 29 December 2023, both days inclusive.
4. Dematerialised Shareholders will have their accounts at their CSDP or broker automatically credited with their rights and Certificated Shareholders will have their rights credited to their accounts at the Transfer Secretaries.
5. CSDPs effect payment in respect of Dematerialised Shareholders on a delivery-versus-payment method.

7. FOREIGN SHAREHOLDERS

Foreign Shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect them, including the Rights Offer. It is the responsibility of each foreign Shareholder to satisfy himself/herself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange or other consents or the making of any filing which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

To the extent that foreign Shareholders are not entitled to participate in the Rights Offer, such foreign Shareholders should not take up their Rights Offer entitlement and should allow their Rights in terms of the Rights Offer to lapse. Dematerialised foreign Shareholders that are not entitled to participate in the Rights Offer should not instruct their CSDPs or brokers to follow their Rights and should allow their Rights in terms of the Rights Offer to lapse. Certificated foreign Shareholders that are not entitled to participate in the Rights Offer should not instruct the Transfer Secretaries to follow their Rights and should allow their Rights in terms of the Rights Offer to lapse.

The Letters of Allocation and the Rights Offer Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within Australia, Canada, Hong Kong or Japan.

Sandton
6 December 2023

Transaction sponsor
Investec Bank Limited

Legal advisor
Solaris Law