

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*The definitions and interpretations contained on pages 4 to 8 of this Circular apply mutatis mutandis throughout this Circular, including this cover page.*

### Action required

- This Circular is important and should be read in its entirety, with particular attention to the section entitled “Action required by Shareholders” which commences on page 2.
- If you are in any doubt as to what action you should take, please consult your attorney, banker, Broker, CSDP or other professional adviser immediately.
- If you have disposed of all your Texton Shares, this Circular should be handed to the purchaser of such Texton Shares or to the banker, Broker, CSDP or other agent through whom the disposal was effected.



# TEXTON

PROPERTY FUND

## TEXTON PROPERTY FUND LIMITED

(formerly Vunani Property Investment Fund Limited)

Approved as a REIT by the JSE

(Incorporated in the Republic of South Africa)

(Registration number 2005/019302/06)

Share code: TEX

ISIN: ZAE000190542

(“Texton” or “the Company”)

## CIRCULAR TO TEXTON SHAREHOLDERS

regarding:

- the subscription for, and the specific issue of Subscription Shares to the BEE Consortium in terms of the Proposed BEE Transaction; and
- the provision of Financial Assistance to the BEE Consortium;

and incorporating:

- a notice convening a General Meeting of Texton Shareholders; and
- a form of proxy (*blue*) to vote at the General Meeting (for use by Certificated and “own-name” Dematerialised Texton Shareholders only).

Investment bank and sponsor



Legal advisers



Date of issue: 18 February 2015

*Copies of this Circular, in English only, may be obtained at the Company's registered office or at the offices of the Transfer Secretaries, during normal business hours 08:00 to 16:00 or Texton's website [www.texton.co.za](http://www.texton.co.za) from 18 February 2015 until 19 March 2015. The addresses of the Company and the Transfer Secretaries are set out in the “Corporate information and advisers” section.*

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## CORPORATE INFORMATION AND ADVISERS

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### Directors

PD Naidoo<sup>#</sup> (Chairman)  
PM Tau-Sekati<sup>+</sup> (Lead Independent Director)  
RF Kane<sup>\*</sup> (Chief Executive Officer)  
M de Lange<sup>\*</sup> (Financial Director)  
NV Balfour<sup>+</sup>  
AN du Hecquet de Rauville<sup>#</sup>  
JA Legh<sup>#</sup>  
JR Macey<sup>+</sup>  
TS Sishuba<sup>+</sup>  
MJ van Heerden<sup>#</sup>  
KN Vundla<sup>+</sup>

\* Executive

<sup>#</sup> Non-executive

<sup>+</sup> Independent non-executive

### Investment bank and sponsor

The Corporate Finance Division  
of Investec Bank Limited  
(Registration number 1969/004763/06)  
2nd Floor  
100 Grayston Drive  
Sandown, Sandton, 2196  
(PO Box 785700, Sandton, 2146)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Registered office

Texton Property Fund Limited  
(Registration number 2005/019302/06)  
54 Bompas Road  
Dunkeld West  
Johannesburg, 2196  
(PO Box 41394, Craighall Park, 2024)

### Date and place of incorporation

6 June 2005, Pretoria, South Africa)

**Website:** <http://www.texton.co.za>

### Legal adviser

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

### Company secretary

Computershare Investor Services Proprietary Limited  
Represented by N Toerien  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

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<i>(for use by Certificated Shareholders and "own name" Dematerialised Shareholders only)</i>	

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## ACTION REQUIRED BY TEXTON SHAREHOLDERS

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Please take careful note of the following:

**If you are in any doubt as to what action to take in regard to this Circular, please consult your accountant, attorney, banker, Broker, CSDP or other professional adviser immediately.**

This Circular contains information relating to the Proposed BEE Transaction. You should read this Circular carefully and decide how you wish to vote on the special and ordinary resolutions to be proposed at the General Meeting.

### GENERAL MEETING

The General Meeting, convened in terms of the notice incorporated in this Circular, will be held at the Company's offices, Texton, 54 Bompas Road, Dunkeld West, Johannesburg, 2196, on Thursday, 19 March 2015 at 10:00.

### ACTION REQUIRED BY CERTIFICATED SHAREHOLDERS AND OWN-NAME DEMATERIALISED SHAREHOLDERS

A form of proxy is attached for the convenience of Certificated Shareholders and own-name Dematerialised Shareholders who are unable to attend the General Meeting, but who wish to be represented thereat. In order to ensure validity, duly completed forms of proxy must either be returned to the:

- a) Transfer Secretaries, so as to reach them by no later than the Relevant Time; or
- b) chairperson of the General Meeting so as to reach him by no later than immediately prior to the commencement of voting on the special and ordinary resolutions at the General Meeting.

### ACTION REQUIRED BY DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION

The Broker or CSDP, as the case may be, of Dematerialised Shareholders, other than those with own-name registration, should contact such Dematerialised Shareholders to ascertain how they wish their votes to be cast at the General Meeting and thereafter cast their votes in accordance with their instructions. If such Dematerialised Shareholders have not been contacted, it is recommended that they contact their Broker or CSDP, as the case may be, to advise them as to how they wish their votes to be cast.

Dematerialised Shareholders, other than those with own-name registration, who wish to attend the General Meeting, must request a letter of representation from their Broker or CSDP, as the case may be, but must not complete the attached form of proxy.

**Texton does not accept any responsibility and will not be held liable for any failure on the part of the Broker or CSDP (as the case may be) of a Dematerialised Shareholder to notify such Dematerialised Shareholder of the details of this Circular.**

### ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Texton's company secretary and identify yourself to the satisfaction of the company secretary to obtain the dialling code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. Access by means of electronic communication will be at the expense of Texton.

### IDENTIFICATION OF MEETING PARTICIPANTS

In terms of section 63(1) of the Companies Act, before any person may attend or participate in a Shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a Shareholder, or as a proxy of a Shareholder, has been reasonably verified.

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## IMPORTANT DATES AND TIMES

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2015

Notice record date, being the date on which Texton Shareholders must be registered in the Securities Register in order to be entitled to receive the Circular	Friday, 6 February
Circular and notice of General Meeting posted to Texton Shareholders on	Wednesday, 18 February
Last day to trade in Texton Shares in order to be entitled to attend, participate in and vote at the General Meeting	Friday, 6 March
Record date to be eligible to attend and vote at the General Meeting	Friday, 13 March
Last day for lodging forms of proxy for General Meeting by 10:00 on	Tuesday, 17 March
General meeting of Texton Shareholders at 10:00 on	Thursday, 19 March
Announcement of results of General Meeting released on SENS on	Thursday, 19 March

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### Notes:

1. The above dates and times are subject to amendment and any amendment made will be released on SENS and published in the press.
2. Shareholders should note that as transactions in Shares are settled via the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore Shareholders who acquire Shares after Friday, 6 March 2015 will not be eligible to participate in and vote at the General Meeting.
3. All times given are South African local times.
4. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement thereof.

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## DEFINITIONS

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In this Circular (inclusive of the pages preceding these definitions), unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words incorporating one gender include the other gender and expressions denoting natural persons include juristic persons and associations of persons:

“Anti-Corruption Laws”	means any anti-corruption or bribery laws or regulations of any applicable jurisdiction, as amended from time to time, including: <ul style="list-style-type: none"><li>• the Prevention and Combating of Corrupt Activities Act, No 12 of 2004;</li><li>• the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 1977 and/or any law, rule, or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed on 17 December 1997; and</li><li>• any other law of similar purpose and scope in any jurisdiction;</li></ul>
“Asset Management Agreement”	means asset management agreement, dated 20 June 2011, initially entered into between Texton and VPAM which was ceded to TPI effective 1 March 2014 in terms of a Shareholders’ resolution dated 16 January 2014;
“BEE”	means Broad-Based Black Economic Empowerment as contemplated in the BEE Act and the BEE Codes;
“BEE Act”	means the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended from time to time;
“BEE Codes”	means the Codes of Good Practice on Broad-Based Black Economic Empowerment published under section 9(1) of the BEE Act, as amended or revised from time to time;
“BEE Consortium”	means Business Venture Investments No 1828 (RF) Proprietary Limited, registration number 2014/103458/07, a limited liability private company duly incorporated under the laws of South Africa;
“BEE Manco”	means an operating division which shall be established by TPI in terms of the Operating Agreements to perform certain functions in respect of a portfolio of properties owned by Texton, at least equal to the value of the Designated Properties;
“BEE Manco Investment Committee”	means a committee of BEE Manco to be established in terms of the Operating Agreements in order to assess, analyse and present to TPI those acquisitions sourced by the Operating Partners that may be suitable for acquisition by Texton. Membership of the BEE Manco Investment Committee will comprise representatives nominated by each of the Operating Partners and TPI;
“BEE Partners”	means each of: <ul style="list-style-type: none"><li>• Ditikeni</li><li>• Jade</li><li>• Zava;</li></ul>
“Black People”	means black people as defined in Schedule 1 to the BEE Codes;
“Board”	means collectively the Directors of Texton;
“Broker”	means any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act;
“Business Day”	means any day other than a Saturday, Sunday or public holiday in South Africa;
“C&T Acquisition Agreements”	means the Acquisition Agreements entered into with various vendors as set out in the circular to Shareholders dated 26 November 2014, in terms of which Texton acquired the entire issued share capital and claims of Discus House, Imperial Com Props, Investage and Sable Place and consequently various properties;
“Certificated Shareholders”	means registered holders of the Certificated Shares;

“Certificated Shares”	means Texton Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	means this bound document, dated 18 February 2015, including the notice of General Meeting and form of proxy;
“Commencement Date”	means the Subscription Date;
“Companies Act” or “Act”	means the South African Companies Act, No 71 of 2008, as amended;
“CSDP”	means Central Securities Depository Participant, as defined in the Financial Markets Act, appointed by the respective Dematerialised Shareholders for the purposes of, and in regard to, the dematerialisation of documents of title for the purposes of incorporation into Strate;
“Default Event”	means a breach of a covenant(s) in terms of the PIC Loan Agreement or the failure by the BEE Consortium to pay on the due date any amount payable pursuant to the PIC Loan Agreement;
“Dematerialisation”	means the process by which Certificated Shares are converted to an electronic form as Dematerialised Shares and recorded in the sub-register of Shareholders maintained by a CSDP;
“Dematerialised Shareholders”	means all registered holders of Dematerialised Shares;
“Dematerialised Shares”	means Shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
“Designated Properties”	means any property acquired by Texton, either directly or through the acquisition by Texton of the company which owns such property, which has been initially identified and introduced to TPI by the Operating Partners for possible acquisition by Texton;
“Directors”	means the directors of Texton at the Last Practicable Date, details of whom are set out on page 19 to this Circular;
“Ditikeni”	means Ditikeni Investment Company Limited, registration number 1999/008292/06, a limited liability public company duly incorporated under the laws of South Africa. The shareholders and directors of Ditikeni are set out in paragraph 3.3 of this Circular;
“Financial Assistance”	means the financial assistance to be provided by Texton to the BEE Consortium by the furnishing of security to the PIC in terms of the Put Option Agreement;
“Financial Markets Act”	means the Financial Markets Act, No 19 of 2012, as amended or replaced from time to time;
“General Meeting”	means the general meeting of Texton Shareholders to be held at the Company’s offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 19 March at 10:00 in order to approve the requisite resolutions to effect the Proposed BEE Transaction and Financial Assistance;
“Greenstone Acquisition Agreements”	means the Greenstone Acquisition agreement encompassing the sale of Shares and Claims agreement, dated and announced on SENS on 12 April 2013, in terms of which Texton acquired the shares and loan accounts in Greenstone Hill Office Park Proprietary Limited and the sale of rental enterprise agreement, dated 5 April 2013, between Texton and Barrow Properties Proprietary Limited in terms of which Texton acquired the Barrow Rental Enterprise;
“Income Tax Act”	means the Income Tax Act, No 58 of 1962, as amended;
“Interest Cover”	means in respect of each of the BEE Consortium and Texton, their individual ability to pay interest on outstanding debt, calculated by dividing the respective entities’ earnings before fair value adjustments, interest, depreciation, amortisation and taxes for the Measurement Period by their respective interest expenses over the same Measurement Period;
“Investment Bank and Sponsor”	means the corporate finance division of Investec Bank Limited, registration number 1969/004763/06, a public company incorporated under the laws of South Africa;
“Jade”	means Jade Capital Partners Proprietary Limited, registration number 2013/054234/07, a limited liability private company duly incorporated under the laws of South Africa. The shareholders and directors of Jade are B Bulo and Z Ntwasa;

“JSE”	means JSE Limited, registration number 2005/022939/06, a public company duly registered and incorporated with limited liability under the laws of South Africa, listed on the JSE and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	means the last practicable date prior to finalisation of this Circular, being Friday, 6 February 2015;
“Listings Requirements”	means the Listings Requirements of the JSE, as amended from time to time;
“Loan to Value”	means an assessment of Texton’s interest bearing borrowings to value of assets purchased, calculated by dividing the sum of Texton’s total interest bearing liabilities by the fair value of its total investment property portfolio;
“Ludlow Trust”	means the Ludlow Trust, masters number 1000/2004, a trust duly established under the laws of South Africa, the trustees of which include Robert Fletcher Kane;
“Measurement Date”	means the last day of each financial year and each half year of Texton;
“Measurement Period”	means each period of 12 (twelve) consecutive calendar months ending on a Measurement Date;
“MOI”	means the Memorandum of Incorporation of the Company, adopted via a special resolution, which was registered in terms of the Companies Act on 16 January 2014;
“Naidoo Acquisition Agreements”	means the sale of rental enterprise agreement, dated 13 March 2014, the reinstatement agreement dated 29 April 2014 and the first addendum to the sale of rental enterprise agreement dated 23 May 2014, entered into between PDNA, Texton and the trustees of Vunani Property Investment Trust in terms of which Texton acquired various properties;
“Operating Agreements”	means the agreements entered into between each of the Operating Partners and TPI in terms of which it is agreed, <i>inter alia</i> , that: <ul style="list-style-type: none"> <li>• the Operating Partners will, through the BEE Manco, work closely with TPI in certain operational and asset management matters for the purposes of transferring significant property skills to the Operating Partners;</li> <li>• TPI will remunerate the Operating Partners, through the BEE Manco, for work done, by allocating to BEE Manco a percentage of the TPI asset management fee received from Texton in respect of the Designated Properties;</li> </ul>
“Operating Partners”	means each of the BEE Partners and PD Naidoo Family Trust;
“PDNA”	means PDNA Property Investments Proprietary Limited (previously known as Alkara 278 Proprietary Limited), registration number 2005/010034/07, a limited liability private company duly incorporated under the laws of South Africa. The shareholders of PDNA are PD Naidoo, AM Naidu, V Dhana and N Pather. The directors in PDNA are PD Naidoo, JL Brandt and AM Naidu;
“PIC”	means Government Employees Pension Fund (a pension fund established in terms of the Government Service Pension Act 57 of 1973 and renamed by the Government Employees Pension Law, Proclamation 21 of 1996, represented by Public Investment Corporation SOC Limited, registration number 2005/009094/06, a state-owned company duly incorporated in South Africa);
“PIC Loan”	means a loan in terms of which the PIC will advance a sum of up to R443 504 685 (four hundred and forty three million five hundred and four thousand six hundred and eighty five rand) to the BEE Consortium for the purpose of funding the Subscription Price;
“PIC Loan Agreement”	means a written loan agreement recording the terms of the PIC Loan to the BEE Consortium;
“PIC Loan Balance”	means the outstanding capital and accrued interest on the PIC Loan, excluding any costs, fees or other amounts which may be payable by the BEE Consortium to the PIC in terms of the PIC Loan Agreement;

“PIC Put Option“	<p>means an option to be granted by Texton to the PIC in terms of which the PIC will be entitled to require Texton to purchase or procure the purchase of all or some of the Subscription Shares pledged by the BEE Consortium to the PIC as security for the PIC Loan in the occurrence of a Default Event which Default Event is not remedied:</p> <ol style="list-style-type: none"> <li>i. firstly by the BEE Consortium within a period of not less than 15 (fifteen) Business Days after the PIC calls on it to do so,</li> <li>ii. secondly within a further period of 21 (twenty one) Business Days following (i) above, with the approval of Texton, by the sale of sufficient Subscription Shares by the BEE Consortium.</li> </ol> <p>After the 36 Business Day period above, should the PIC give written notice (“Exercise Notice”) to Texton exercising the option, Texton will have 90 (ninety) days to meet its obligations under the PIC Put Option Agreement as set out in paragraph 6 (b) of this Circular.</p> <p>Notwithstanding the above, compliance by Texton with its obligations as set out above is subject to compliance with the provisions of the Companies Act regarding the acquisition by companies of their own shares and any other statutory or regulatory requirements, including the Listings Requirements for the buy-back by companies of their own shares which include the requisite approval by the shareholders at that time;</p>
“PIC Put Option Agreement“	means the agreement entered into between the PIC and Texton on 11 December 2014, recording the terms of the PIC Put Option;
“Property Management Agreement“	means the agreement between Texton and its property managers as appointed from time to time, in regard to the property management of Texton’s property portfolio;
“Property Sector Code“	means the Codes of Good Practice on Broad-Based Black Economic Empowerment: Property Sector Code (originally published in <i>Government Gazette</i> No. 35400 GN 450 of 1 June 2012) as may be amended from time to time;
“Proposed BEE Transaction“	means the proposed subscription for, and specific issue of Subscription Shares to the BEE Consortium in terms of the Subscription and Relationship Agreement;
“Rand” or “R”	means South African Rand, the lawful currency of South Africa;
“REIT”	means Real Estate Investment Trust;
“Relevant BEE Guidelines”	means compliance with (to the extent possible) relevant BEE guidelines, regulations and practices including the Revised DTI Codes, the Property Sector Code, and BEE procurement practices of tenants, all as amended from time to time;
“Relevant Time”	means 24 hours before the time of the General Meeting;
“Revised DTI Codes”	means the Codes of Good Practice of the Department of Trade and Industry which were published in the <i>Government Gazette</i> on 5 October 2012 and released in final form as the revised DTI Codes on 11 October 2013, which will come into effect on 30 April 2015;
“Sale of Business Agreement”	means the sale of business agreement dated 9 November 2013 entered into between VPAM and TPI in terms of which the Asset Management Agreement was ceded and assigned, without amendment, to TPI;
“Securities Register”	means the securities register of Texton Shareholders maintained by Texton in terms of the Companies Act including the register of Certificated Texton Shareholders and the sub-registers of Dematerialised Texton Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
“SENS”	means the Stock Exchange News Service of the JSE;
“Share Cover”	means an assessment of the value of Texton Shares to the PIC Loan Balance. Calculated by dividing the PIC Loan Balance by the fair value of the Texton Shares at the time of calculation;
“South Africa”	means the Republic of South Africa;
“Strate”	means the settlement and clearing system used by the JSE managed by Strate Proprietary Limited, registration number 1998/022242/06, a private company duly registered and incorporated with limited liability under the laws of South Africa and the CSDP registered in terms of the Financial Markets Act;

“Subscription and Relationship Agreement”	<p>means the agreement entered into between the BEE Consortium, each of the BEE Partners and Texton, in terms of which the BEE Consortium, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>• will subscribe for the Subscription Shares to be issued to it at the Subscription Price, and</li> <li>• agrees not to sell the Subscription Shares for a period of 6 years from the Subscription Date;</li> </ul>
“Subscription Date”	means a date not more than 10 (ten) Business Days after the day on which the last of the conditions precedent set out in paragraph 8 of this Circular is fulfilled or waived;
“Subscription Price”	means in respect of each Subscription Share, an amount equal to the 30-day VWAP on the Subscription Date;
“Subscription Shares”	<p>means so many Texton Shares, for which the BEE Consortium will subscribe, as:</p> <ul style="list-style-type: none"> <li>• have an aggregate value on the Subscription Date, determined at the Subscription Price, on the Subscription Date of R443 504 685 (four hundred and forty three million five hundred and four thousand six hundred and eighty five rand) or as close as possible thereto, or</li> <li>• are equal to 20% (twenty percent) of the total issued Texton Shares on the Subscription Date,</li> </ul> <p>whichever is the lower;</p>
“Texton” or “the Company”	means Texton Property Fund Limited, registration number 2005/019302/06 (formerly Vunani Property Investment Fund), a public company incorporated under the laws of South Africa, the Shares of which are listed on the JSE under the share code TEX;
“Texton Shares” or “Shares”	means ordinary shares having no par value in the issued stated capital of Texton, all of which shares are listed on the JSE, being 208 497 597, at the Last Practicable Date;
“Texton Shareholders” or “Shareholders”	means collectively Dematerialised Shareholders and Certificated Shareholders;
“TPI”	<p>means Texton Property Investments Proprietary Limited, registration number 2004/029298/07, a limited liability private company duly incorporated in South Africa and the asset manager of Texton.</p> <p>The directors of TPI are:</p> <ul style="list-style-type: none"> <li>• AN du Hecquet de Rauville</li> <li>• JPG du Hecquet de Rauville</li> <li>• DJ Tew</li> <li>• RF Kane</li> <li>• M de Lange</li> <li>• JA Legh</li> <li>• MJ van Heerden</li> </ul> <p>TPI is held 100% by Texton Holdings Proprietary Limited. Shareholders of Texton Holdings Proprietary Limited are as follows:</p> <ul style="list-style-type: none"> <li>• 25%: Handful of Keys Proprietary Limited (AN du Hecquet de Rauville)</li> <li>• 20%: Investec Bank Limited</li> <li>• 17%: Ludlow Trust (RF Kane)</li> <li>• 15%: JA Legh</li> <li>• 15%: Nooitgedacht Trust (MJ van Heerden)</li> <li>• 5%: N&amp;G Trust (JPG du Hecquet de Rauville)</li> <li>• 3%: M de Lange;</li> </ul>
“Transfer Secretaries”	means Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company registered and incorporated under the laws of South Africa, full details of which are set out in the “Corporate information and advisers” section of this Circular;
“VPAM”	means Vunani Property Asset Management Proprietary Limited, registration number 2007/028777/07, a private company duly incorporated under the laws of South Africa;
“VWAP”	means volume weighted average price; and
“Zava”	means Zava African Capital Proprietary Limited, registration number 2012/106068/07, a limited liability private company duly incorporated in South Africa. The shareholders and directors of Zava are R Makhubela and P Ntshalintshali.



# TEXTON

PROPERTY FUND

## TEXTON PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa  
(Registration number 2005/019302/06)

Share code: TEX  
ISIN: ZAE000190542  
("Texton" or "the Company")

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### DIRECTORS OF TEXTON

#### Executive

RF Kane\* (Chief Executive Officer)  
M de Lange\* (Financial Director)

#### Non-executive

PD Naidoo# (Chairman)  
JR Macey+  
PM Tau-Sekati+ (Lead Independent Director)  
KN Vundla+  
NV Balfour+  
TS Sishuba+  
AN du Hecquet de Rauville#  
JA Legh#  
MJ van Heerden#

\* Executive

# Non-executive

+ Independent non-executive

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## CIRCULAR TO TEXTON SHAREHOLDERS

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### 1. INTRODUCTION

#### 1.1 Background and introduction

As set out in the announcement released on SENS on Friday, 12 December 2014, Texton has entered into a Subscription and Relationship Agreement with a BEE Consortium led by Zava to implement a significant and strategic BEE transaction, through the subscription for, and specific issue of Subscription Shares to the BEE Consortium at the Subscription Price.

The Proposed BEE Transaction when taken together with the transaction announced on SENS on Monday, 5 May 2014, which resulted in the issue of Texton Shares to PDNA, will result in an aggregate BEE shareholding in Texton of approximately 25% on the Subscription Date. Texton anticipates achieving a Level 3 BEE rating as a result of the Proposed BEE Transaction.

In terms of the Listings Requirements, the specific issue of new ordinary shares for cash to the BEE Consortium requires approval of ordinary resolutions passed by a 75% majority of the votes cast by ordinary shareholders, present or represented by proxy, at the General Meeting.

## 1.2 Purpose of the Circular

The purpose of this Circular is to provide Texton Shareholders with information relating to the Proposed BEE Transaction and to give notice convening the General Meeting of Texton Shareholders to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 19 March 2015, in order to consider and, if deemed fit, to pass the resolutions necessary to approve and implement the Proposed BEE Transaction and the provision of Financial Assistance to the BEE Consortium.

## 2. RATIONALE FOR THE PROPOSED BEE TRANSACTION

The management of Texton and the Board are fully committed to the transformation and empowerment objectives of South Africa and have expended considerable effort in addressing Texton's objective of having meaningful, sustainable and commercially driven BEE shareholding. State, parastatal, municipal and large corporate tenants are increasingly conscious of the need and value of having highly BEE rated landlords. It is the intention of Texton to always achieve a high rating when measured under the Relevant BEE Guidelines.

The Proposed BEE Transaction will result in approximately 25% of Texton Shares being in the hands of Black People on the Subscription Date. In addition to meeting the Company's transformation and empowerment objectives the Proposed BEE Transaction will provide a significant competitive advantage to Texton in the execution of part of its stated strategy, which includes utilising Texton's BEE status to retain and attract both government and national tenants. The South African government is Texton's single largest tenant, occupying approximately 20% of Texton's total gross lettable area.

Pursuant to the above as rationale for the Proposed BEE Transaction, the Proposed BEE Transaction:

- will advance Texton's contribution to transformation in the property sector and enhance its growth in the sector;
- will, together with the PDNA transaction announced on Monday, 5 May 2014, place approximately 25% of the Company's issued share capital under the ownership of Black People, enabling Texton to achieve a Level 3 BEE rating as a result of the Proposed BEE Transaction. The quantum of the Proposed BEE Transaction will ensure that Texton can continue to grow its asset base for some years to come, before needing to revisit a BEE equity transaction at listed level;
- will achieve compliance by Texton with the objectives of the Relevant BEE Guidelines;
- is a business imperative as the South African government is Texton's single largest tenant, occupying approximately 20% of Texton's total gross lettable area and hence will provide a competitive advantage to Texton in the implementation of its organic and acquisition growth strategies;
- will improve Texton's overall gearing capacity and put Texton in a strong position to utilise undrawn facilities and own cash in order to take advantage of impending opportunities that are consistent with Texton's intention to grow the portfolio by the acquisition of high quality properties;
- will introduce the BEE Consortium and the PIC (as the BEE Consortium's funder), as strategic stakeholders in Texton, providing a powerful mix of solid commercial and property sector networks and broad-based BEE credentials;
- will further enhance transformation at Texton Board and investment committee level; and
- will facilitate significant transfer of property and property asset management skills to previously disadvantaged persons.

## 3. BEE PARTNERS

Texton undertook a rigorous process to consider and evaluate potential BEE partner(s) based on various criteria and the Company's empowerment objectives which included *inter alia* to:

- ensure maximum compliance, to the extent possible, with the Relevant BEE Guidelines;
- provide for the inclusion of broad-based BEE participants and new entrants as defined in the Revised DTI Codes; and
- provide for commercial and strategic compatibility of the BEE partner(s) with Texton through *inter alia*:
  - existing networks and alliances within the property sector which will greatly improve deal flow and tenant liaison;
  - ability to assist Texton with its broader transformation initiatives;
  - good commercial acumen and track record; and
  - ability to add value to Texton's organic and acquisitive growth strategy and, to the extent required, provide commercial and operating assistance to Texton.

Pursuant to the above, the BEE Consortium offers an important balance between strategic, black-women and broad-based empowerment partners which is closely aligned with Texton's BEE objectives. An overview of the BEE Partners of the BEE Consortium is set out below:

### **3.1 Zava**

Zava holds 60% of BEE Consortium's share capital.

Zava is a successful diversified investment company which is 100% owned, managed and controlled by Black People and subscribes fully to the principles and spirit of BEE. Zava has prided itself on formulating strategic relationships that embrace the need for sustainable social and economic transformation in South Africa. Zava has extensive skills and experience in public sector investment and will seek to introduce Texton to its large networks and strong relationships. Zava will be a powerful addition to the Texton team as it will seek to further grow Texton's business and will be instrumental to implementing Texton's BEE strategy. Zava's founders and shareholders are Romeo Makhubela and Patrick Ntshalintshali, both of whom have extensive experience in asset management.

Romeo Makhubela has held various senior positions in reputable companies including Vunani Fund Managers, Metropolitan Asset Managers, STANLIB, and Liberty Asset Management amongst others.

Similarly, Patrick Ntshalintshali has held various senior positions at Vunani Fund Managers and Old Mutual Asset Managers. Patrick has previously served on the board of Mvelaphanda Group as a non-executive director.

### **3.2 Jade**

Jade holds 30% of BEE Consortium's share capital.

Jade is an investment holding company which is 100% owned, managed and controlled by Black People who are women. Jade was founded by Bukelwa Bulu and Zola Ntwasa. Jade's primary focus is investment in the property sector, including direct property investments as well as investments in property services companies. Both Bukelwa and Zola have extensive experience in investment banking, corporate governance and property finance. Jade has the experience and credentials to advance Texton's BEE objectives and provide value-add in seeking investment opportunities as a result of both Bukelwa and Zola's industry knowledge and deal-making ability.

Bukelwa Bulu is a founder and executive director of Jade. She has over 12 years of experience in Investment Banking, having worked for 11 years in the Private Equity Division of Investec Bank Limited.

Bukelwa has served as a non-executive director on the boards (and board committees) of various companies including Plumbink Proprietary Limited, Kumnandi Food Company Proprietary Limited, Anglo V3 Crane Hire Proprietary Limited, Protea Hospitality Holdings Proprietary Limited, Metaf Investment Holdings and The Business Place (eQonce).

Bukelwa is currently a non-executive director of Unispan Holdings Proprietary Limited and Franki Geotechnical Proprietary Limited, and is also a member of the Women's Property Network in Gauteng.

Zola Ntwasa is a founder and executive director of Jade. Zola has extensive property sector experience having previously been a director in the Real Estate Finance Division of Standard Bank, heading up the New Business Team, where she was a member of the Executive Committee and the Deal Approval Committee. Her role included management of a key client portfolio.

Prior to this, Zola held investment banking roles in the BEE finance and investments division of Standard Bank and as a Corporate Finance consultant at Investec Bank Limited. In her role within BEE Finance and Investments at Standard Bank, Zola served on the boards of the following investee companies as a representative of Standard Bank: African Pioneer Limited, Thesele Group, Matemeku Group and Imbewu Capital Investments.

Zola currently serves as a non-executive director on the board of Hospitality Property Fund. Zola is also the Chairperson of the Women's Property Network (Gauteng) and is a member of The South African Property Owners Association, African Women Chartered Accountants, and the Association of Black Accountants of Southern Africa.

### 3.3 Ditikeni

Ditikeni holds 10% of BEE Consortium's share capital.

Ditikeni is an investment holding group that makes long-term investments as a broad-based BEE entity. Ditikeni currently has eighteen shareholders, all of which are non-profit organisations serving communities of Black People at a grassroots level. The work done by these non-profit organisations impacts directly and indirectly on the lives of over two million of South Africa's poorest and most marginalised citizens, making Ditikeni a 100% broad-based empowerment company.

The eighteen non-profit organisations who are shareholders in Ditikeni are:

- 3,8%: The Association for Rural Advancement
- 1,7%: CDT Foundation Inc
- 0,8%: Cala University Students Association (Calusa)
- 1,2%: South African Council of Churches (Riwa Investments)
- 19,3%: Trust for Community Outreach and Education
- 0,8%: Development Action Group
- 0,7%: Association for the Physically Disabled (Western Cape)
- 1,0%: Centre for Early Childhood Development Trust
- 19,5%: Labour Research Service
- 23,8%: Social Change Assistance Trust
- 3,1%: Church Land Programme
- 11,5%: The Black Sash Trust
- 4,0%: Centre for the Study of Violence & Reconciliation
- 0,8%: National Institution for Crime Prevention and the Reintegration of Offenders
- 0,6%: Diakonia Council of Churches
- 0,5%: Umeme Innovations
- 1,8%: The Nonceba Centre Trust
- 5,2%: New World Foundation

The directors of Ditikeni are as follows:

- N Biko
- R Bulman
- R Denge
- G Erasmus
- N Moletsane
- D Moodley
- N Mvambo-Dandala
- M Naidoo
- D Nkosi
- A Olaleye
- C Ryklief
- A Wentzel

#### 4. SALIENT TERMS OF THE SUBSCRIPTION AND RELATIONSHIP AGREEMENT

The subscription for, and specific issue of the Subscription Shares to the BEE Consortium on the Subscription Date will be governed by the Subscription and Relationship Agreement entered into between the BEE Partners, the BEE Consortium and Texton on 11 December 2014. The salient terms of the Subscription and Relationship Agreement are as follows:

- The issue of the Subscription Shares by Texton to a newly formed BEE Consortium at the Subscription Price;
- The Subscription Shares will be issued at the prevailing 30 day VWAP of Texton Shares to the Subscription Date. No discount will apply;
- The BEE Consortium and the respective BEE Partners will be prohibited from selling their Subscription Shares or their shares in the BEE Consortium for a period of six years from Subscription Date ("Lock-in Period"). Texton has a pre-emptive right to acquire the Subscription Shares for a period of six months after the expiry of the Lock-in Period.
- The Subscription Shares, once issued to the BEE Consortium, will rank *pari passu* in all respects and the BEE Consortium will have the same voting rights as any other Texton Shareholder; and
- As a result of the subscription, the BEE Consortium will be entitled to nominate (for subsequent election at a meeting of Texton Shareholders) a director to the Board. Such director, if elected, will also become a member of the Texton investment committee, a sub-committee of the Board.

In addition to the above, the Subscription and Relationship Agreement includes warranties, undertakings, guarantees and breach clauses usual for a transaction of this nature.

The JSE will grant approval for the listing of the Subscription Shares following the approval of the special and ordinary resolutions tabled at the General Meeting.

#### 5. FUNDING OF THE PROPOSED BEE TRANSACTION

The BEE Consortium has secured the PIC Loan for the purpose of subscribing for the Subscription Shares in accordance with the Subscription and Relationship Agreement.

In terms of the PIC Loan Agreement, funding from the PIC will be serviced and secured (in order of recourse) by *inter alia*:

- cash sweep of all Texton distributions paid to the BEE Consortium (after provision for taxation and a maximum deduction of R100 000 per annum to cover the BEE Consortium's administration expenses);
- in the event that any financial covenants (defined below) are breached, the BEE Consortium will be called upon to remedy;
- Subscription Shares held by the BEE Consortium (or part thereof);
- the shares in the BEE Consortium;
- in accordance with the PIC Put Option Agreement, a PIC Put Option to Texton to the extent of any residual PIC Loan Balance in the event that a breach of the covenants as set out below (which constitute a Default Event) is not already rectified following the above; and
- individual sureties from each of Zava and Jade.

The covenants set out in the PIC Loan Agreement are as follows:

- Interest Cover by the BEE Consortium of 0,75x;
- Minimum Share Cover of 0,75x in year 1; 0,85x in year 2; 1,0x in year 3; 1,1x in year 4; 1,25x in years 5 and 6;
- Interest Cover by Texton of 2,0x;
- Maximum Loan to Value for Texton of 45%; and
- Continued payment of distributions by Texton.

## 6. SALIENT TERMS OF THE PIC PUT OPTION AGREEMENT

In order to facilitate the Proposed BEE Transaction Texton has entered into the PIC Put Option Agreement in terms of which the PIC shall be entitled to require Texton to repurchase the Subscription Shares if a Default Event occurs, but only in the chronological order and subject to the conditions set out below:

- a) Upon the occurrence of a Default Event in circumstances where the PIC wishes to terminate the PIC Loan Agreement and call for an early repayment of the PIC Loan through the exercise of the PIC Put Option, the PIC shall:
  - i. first effect a cash sweep of all distributions paid to the BEE Consortium (less applicable taxation and approved administration expenses),
  - ii. thereafter call on the BEE Consortium to remedy the relevant Default Event within a period of not less than 15 (fifteen) Business Days,
  - iii. thereafter, within a further period of 21 (twenty one) Business Days immediately following the period in (ii) above, with the approval of Texton, procure the sale of sufficient Subscription Shares in order to restore any covenant or remedy any breach,
  - iv. after which, and failing the remedy of any Default Event by the end of the period in (iii) above, the PIC shall be entitled to exercise the PIC Put Option;
- b) Failing (i), (ii) and (iii) above, should the PIC deliver an Exercise Notice to Texton, Texton will be required within 90 (ninety) days of receiving the Exercise Notice, subject to (c) below, to purchase the relevant Subscription Shares from the PIC and pay to the PIC an amount equal to the PIC Loan Balance in which event the PIC Put Option Agreement shall terminate; and
- c) Should the PIC deliver an Exercise Notice to Texton, future compliance by Texton with the terms of the PIC Put Option Agreement will be subject to:
  - compliance by Texton with the provisions of the Companies Act relating to the acquisition by companies of their own shares,
  - any other statutory or regulatory requirements, including the Listings Requirements,

and accordingly the resolution relating to Financial Assistance in the notice of General Meeting only relates to the conclusion of the Put Option Agreement by Texton. Future shareholder approval will be required and sought by Texton in accordance with the applicable legislative and regulatory requirements, should the PIC deliver an Exercise Notice to Texton.

## 7. BEE MANCO

As part of a further empowerment initiative, each of the Operating Partners has entered into an Operating Agreement with TPI, each in materially the same terms, whereby the Operating Partners will work closely with and alongside TPI in certain operational and asset management matters, on an ongoing basis for a fee. The essence of the BEE Manco will be to incentivise the Operating Partners to source and present suitable acquisitions and to ensure efficient lease negotiations with tenants. The activities of the BEE Manco will be coherent with the strategy and ethos of Texton.

Remuneration of the Operating Partners will be the responsibility of TPI and will be directly commensurate with the value they add to Texton. TPI shall remain fully responsible to Texton for the performance of all obligations under its asset management agreement with Texton.

The salient terms of the Operating Agreements are as follows:

- TPI shall establish BEE Manco which will operate as a division of TPI for the purposes of ensuring significant property skills transfer to the Operating Partners;
- the business of BEE Manco shall be conducted by Black People employed by TPI who shall perform the direct property asset management function in respect of a portfolio of properties owned by Texton, equal in value to the Designated Properties, as determined by TPI from time to time;
- the employees of TPI employed in BEE Manco will be selected and employed by TPI in its entire discretion, in consultation with the Operating Partners, and TPI will not be obliged to employ any shareholder or employee of any Operating Partner;
- TPI may in its entire discretion elect to appoint other employees to manage some or all of the Designated Properties of the Operating Partners but will, in that event, allocate other properties (of at least the same value) to BEE Manco for management by it;

- TPI shall further procure the establishment of the BEE Manco Investment Committee which shall:
  - comprise at least the lead asset manager of BEE Manco and 1 (one) representative nominated by each of the Operating Partners and TPI; and
  - assess, analyse and present to TPI those acquisitions sourced by the Operating Partners that may be suitable for acquisition by Texton;
- the monthly fees allocated to the BEE Manco will equal 75% of the asset management fee payable by Texton (under the Asset Management Agreement) to TPI in respect of Designated Properties transferred to Texton prior to the second anniversary of the Commencement Date, less any permanent additional costs incurred by TPI as a result of the implementation of the Operating Agreements. The percentage of asset management fees allocated to the BEE Manco shall increase:
  - in respect of Designated Properties transferred to Texton after the second anniversary of the Commencement Date but before the third anniversary of the Commencement Date, to 80% of the asset management fee payable by Texton to TPI for such Designated Properties;
  - in respect of Designated Properties transferred to Texton after the third anniversary of the Commencement Date but before the fourth anniversary of the Commencement Date, to 85% of the asset management fee payable by Texton to TPI for such Designated Properties, and
  - in respect of the Designated Properties transferred to Texton after the fourth anniversary of the Commencement Date, to 90% of the asset management fee payable by Texton to TPI for such Designated Properties;
- the income and expenses of TPI attributable to BEE Manco will be accounted for separately in the books of account of TPI in the manner and for the purposes set out in the Operating Agreements;
- Each Operating Agreement will commence on the Commencement Date and continue until the earlier of:
  - that respective Operating Partner ceasing to be a shareholder of the BEE Consortium or in relation to PDNA, Texton;
  - the BEE Consortium ceasing to hold shares in Texton;
  - earlier termination in accordance with the terms thereof;
  - the termination of the Asset Management Agreement for any reason whatsoever, and
  - the expiry of a period of 6 (six) years following the Commencement Date;
- Each of the Operating Partners undertakes that it shall:
  - actively identify and introduce properties to Texton for possible acquisition by Texton, subject to due diligence and customary Board, Shareholder and regulatory approval;
  - to the extent required, assist in conducting any negotiations with any seller of the Designated Properties, any due diligence investigations and funding in respect of Designated Properties;
  - to the extent required, assist in identifying tenants for properties owned by Texton and securing lease arrangements with those tenants;
  - to the extent required, assist in any tenant negotiations or other matters relating to tenants in respect of properties owned by Texton;
  - at all times during the term of the Operating Agreement act reasonably, honestly and in good faith in its dealings with Texton and not use or permit the use of any information obtained by it from Texton for any purpose other than for the benefit of Texton; and
  - not directly or indirectly, whether alone or jointly with any third party, compete with the activities of Texton, save that the Operating Partners' investment in fixed property at the date of signing the Operating Agreements and any future such investment shall not constitute a breach hereof, provided the Operating Partners have complied, in the case of future investments, with their obligations under a first right of refusal to Texton as outlined below;
- Should the Asset Management Agreement be terminated in circumstances where TPI is paid a fee or other consideration for such termination, a portion of such fee (after settlement of outstanding costs and liabilities) will be allocated and paid to the Operating Partners and the staff of the BEE Manco;

- Each of the Operating Partners warrants and undertakes that, in relation to the business of Texton and TPI:
  - neither they nor any of their associates' officers, directors or employees have made or will make any prohibited payment in contravention of applicable laws of South Africa;
  - they and their associates' officers, directors and employees have complied and will comply fully with all Anti-Corruption Laws applicable to them; and
  - no part of the payments received by them pursuant to the Operating Agreements will be used for any purpose which would cause a violation of any applicable Anti-Corruption Laws;
- Each of the Operating Partners has irrevocably granted Texton a right of first refusal in the event that it should wish to sell any property owned by it during the term of its Operating Agreement at an asking price of R50 000 000 (fifty million rand) or more (other than any industrial property, where such threshold is reduced to R40 000 000 (forty million rand));
- Each of the Operating Partners has irrevocably granted Texton a right of first refusal on any property development/ acquisition opportunity to which it has access with a value of R50 000 000 (fifty million rand) or more (other than any industrial property, where such threshold is reduced to R40 000 000 (forty million rand)).

## 8. CONDITIONS PRECEDENT

The Proposed BEE Transaction is conditional on the fulfilment of the following outstanding conditions precedent:

- the PIC Loan Agreement, the Operating Agreements, and the PIC Put Option Agreement becoming unconditional in all respects;
- the requisite approval by the Texton Shareholders of the resolutions necessary to approve and implement the Proposed BEE Transaction and the provision of Financial Assistance to the BEE Consortium; and
- administrative matters specifically relating to the opening of a bank account and a stockbroker securities account of the BEE Consortium, which accounts will be pledged in favour of the PIC under the PIC Loan Agreement.

## 9. APPLICATION OF PROCEEDS

The Subscription Price will be at a zero discount to Texton's 30-day VWAP on the Subscription Date, and will be used to initially reduce Texton's short-term debt facilities of R443 504 685 thereby improving Texton's overall gearing capacity. This will put Texton in a strong position to utilise undrawn facilities and own cash in order to take advantage of imminent opportunities that are consistent with Texton's disciplined acquisitive growth strategy.

Texton is in advanced exclusive discussions and in some instances due diligence phase to acquire various properties from non-related parties with an aggregate acquisition value of over R500 million. The timing of transfer of the majority of these various properties is expected to coincide as far as possible with the issue of the Subscription Shares to the BEE Consortium in order to avoid any yield dilution.

Each of the various properties to be acquired meets Texton's investment strategy and will complement Texton's objectives to build a quality property portfolio that offers long-term distribution and capital growth underpinned by strong underlying cash flows.

## 10. FINANCIAL EFFECTS

According to the Listings Requirements *pro forma* financial effects are not required for a specific issue of shares for cash as envisaged under the Proposed BEE Transaction.

As set out in paragraph 9 above, the Subscription Price will be utilised by Texton to repay short-term debt facilities of R443 504 685 which will result in an interest charge of R17 126 979 in Texton's financial results for the period ended 31 December 2014. The blended current interest rate for these short-term debt facilities is 7,7%. As recorded in paragraph 9 above, minimal dilution (if any) to Texton's distribution per share is anticipated as a result of the Proposed BEE Transaction due to the Subscription Price being at a zero discount to Texton's 30-day VWAP to the Subscription Date, and anticipated timely deployment of the Subscription Price.

Pursuant to the above, the maximum shareholder vote dilution anticipated as a result of the subscription for, and the specific issue of Subscription Shares to the BEE Consortium in terms of the Proposed BEE Transaction is 20%. The effect on Texton's net asset value as a result of the Proposed BEE Transaction is expected to be immaterial.

## 11. BACKGROUND INFORMATION ON TEXTON

Texton is a REIT focused on providing competitive distribution yield together with a stable and consistent growth profile which will increase the economic value attributable to all Texton Shareholders.

Texton was incorporated on 6 June 2005 as Vunani Property Investment Fund. The Company changed its name to Texton in August 2014. The Company listed on the JSE in August 2011 (with an initial property portfolio of 21 properties with a combined asset value of R950 million) to provide a platform for acquisitive growth. Texton's property portfolio currently comprises 47 properties with a gross lettable area of 322 007m<sup>2</sup> with approximately 70% of the tenants being blue chip (i.e. national, listed or government tenants).

The Company was granted REIT status by the JSE, on 25 June 2013, as provided for in the Income Tax Act and section 13 of the Listings Requirements. The Company must, in terms of the REIT requirements, distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than six months after its financial year-end, subject to the relevant solvency and liquidity test applied in terms of section 46 of the Companies Act. In terms of the Listings Requirements, the Company is obliged to comply with certain criteria on a continuing basis in order to retain its REIT status.

Texton is managed by TPI in accordance with the terms of the Asset Management Agreement. The Asset Management Agreement is for an initial period of seven years following the listing of the Company on the JSE in August 2011, renewable for subsequent five-year periods in accordance with the provisions thereof. In the event of breach, or at the election of the Shareholders, the Asset Management Agreement may be terminated on the expiry of three months' written notice. In terms of the Listings Requirements, such an Asset Management Agreement cannot be entered into or renewed without:

- a majority of the votes cast by Shareholders (excluding any parties or their associates who are party to or have an interest in the agreement); and
- providing therein for the right of Shareholders, in a general meeting called by them or held by the Company, to cancel the Asset Management Agreement at any time before its expiry date, subject to a majority of the votes cast by Shareholders (excluding any parties or their associates who are party to or have an interest in the contract).

Other than the Asset Management Agreement and Texton Shares owned by TPI shareholders, TPI has no direct or indirect beneficial interest in Texton's property portfolio. TPI shareholders hold 21,4 million Texton Shares being 10,2% of the issued Shares of Texton.

### 11.1 Prospects

Texton has performed well since inception in 2006. The size of Texton's property portfolio, quality and income has grown consistently. Since the listing of the Company on the JSE in August 2011, Texton's distributions to Shareholders have always been in the upper quartile. Despite the difficult economic climate and Texton's exposure to the office market, Texton property portfolio has again performed well over the past financial year and the Board anticipates Texton will perform in line with or above the listed property sector performance for the next financial year. Texton will continue to focus on its strategy of growing the Company with yield enhancing quality assets. In recent months the management team has been increased with the addition of highly experienced executives. This has stimulated a significant increase in acquisitions. The pipeline is stronger than it has been since inception.

The Proposed BEE Transaction will significantly enhance Texton's empowerment credentials, strengthen its balance sheet and provide a competitive advantage to Texton in the implementation of its organic and acquisition growth strategies.

### 11.2 Litigation

There are no legal or arbitration proceedings, including proceedings that are pending or threatened of which the group is aware, that may have or have had in the recent past, being at least the 12 months prior to the date of this Circular, a material effect on Texton's financial position.

### 11.3 Share capital

The tables below set out the authorised and issued share capital of Texton, as at the Last Practicable Date, before and after the Proposed BEE Transaction.

Authorised and issued share capital of Texton **before** the Proposed BEE Transaction:

Share capital – Before the Proposed BEE Transaction	R'000
<i>Authorised share capital</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued share capital</i>	
208 497 957 ordinary shares of no par value	1 406 122 125
<i>There are no treasury shares.</i>	

Authorised and issued share capital of Texton **after** the Proposed BEE Transaction based on Texton's 30 day VWAP at the Last Practicable Date:

Share capital – After the Proposed BEE Transaction	R'000
<i>Authorised share capital</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued share capital</i>	
254 840 716 ordinary shares of no par value	1 849 626 180 <sup>1</sup>
<i>There are no treasury shares.</i>	

<sup>1</sup> Assumed that an additional 44 342 759 Texton shares are issued, being R443,5 million divided by R10,00 (30 day VWAP as at 6 February 2015)

The percentage of public shareholders in Texton after the implementation of the Proposed BEE Transaction will be 84,7%.

### 11.4 Market value of Texton Shares

Monthly date	High	Low	Close	Volume	Value
<b>2015</b>					
January	1 120	941	1 099	2 610 239	2 563 853 000
<b>2014</b>					
December	965	940	963	1 150 120	1 103 902 000
November	985	925	965	6 014 128	5 658 571 000
October	1 000	955	965	2 021 919	1 982 145 000
September	1 050	1 000	1 000	2 476 270	2 530 162 000
August	1 101	959	1 049	1 440 170	1 440 708 000
July	970	940	959	351 326	338 419 600
June	970	901	965	1 216 532	1 144 553 000
May	990	922	922	1 512 950	1 457 671 000
April	967	870	940	879 847	819 338 700
March	970	900	940	3 059 032	2 813 554 000
February	947	900	940	2 022 500	1 863 073 000

Daily date	High	Low	Close	Volume	Value
<b>2015</b>					
6 February	1 175	1 170	1 175	24 426	28 587 080
5 February	1 170	1 170	1 170	2 000	2 340 000
4 February	1 195	1 179	1 195	9 864	11 755 480
3 February	1 195	1 100	1 195	20 925	23 105 380
2 February	1 100	1 100	1 100	404 533	444 986 300
30 January	1 100	1 099	1 099	3 097	3 405 700
29 January	1 051	1 050	1 050	8 680	9 117 900
28 January	1 080	1 050	1 050	12 000	12 870 400
27 January	1 100	1 100	1 100	1 460	1 606 000
26 January	1 120	1 100	1 100	23 222	25 544 240
23 January	1 100	1 070	1 100	90 402	99 398 960
22 January	1 070	1 025	1 070	15 450	15 901 500
21 January	1 035	1 030	1 030	161 721	166 707 900
20 January	1 030	1 030	1 030	30 000	30 900 000
19 January	1 021	1 020	1 021	47 164	48 127 280
16 January	1 020	1 020	1 020	528	538 560
15 January	1 020	1 000	1 000	90 816	91 016 000
14 January	980	980	980	122 543	120 092 100
13 January	980	980	980	9 463	9 273 740
12 January	980	975	975	178 249	174 508 000
9 January	990	990	990	50 032	49 531 680
8 January	990	990	990	66 075	65 414 250
7 January	980	964	980	1 666 604	1 608 945 000
6 January	965	965	965	4 352	4 199 680
5 January	965	941	965	25 202	23 730 320
2 January	951	951	951	3 179	3 023 229
<b>2014</b>					
31 December	963	963	963	-	-
30 December	965	952	963	41 690	40 185 840
29 December	965	951	951	1 494	1 441 682
24 December	950	940	950	9 800	9 260 100

## 12. INFORMATION ON DIRECTORS

### 12.1 Directors

Director	Address	Designation
Robert Fletcher Kane (52)	54 Bompas Road, Dunkeld West Johannesburg	Chief Executive Officer
Marelise de Lange (42)	54 Bompas Road, Dunkeld West Johannesburg	Financial Director
Pragalathan Dhanapalan Naidoo (56)	25 Scott Street, Waverley, Johannesburg	Chairperson of the Board
John Russell Macey (52)	7 Visser Avenue, Trovato Estate Wynberg, 7800	Chairperson of the audit and risk committee
Portia Morwesi Tau-Sekati (44)	16 1st Avenue, Morningside, 2196	Chairperson of the remuneration and nominations committee Lead Independent non-executive Director

Director	Address	Designation
Kyansambo Ntombi Vundla (36)	10 Friedman Drive, Northcliff Ext 12, 2195	Independent non-executive Director
Nosiphiwo Vuyolwethu Balfour (31)	Unit J16 The Adderley Terraces 25 Adderley Street, Cape Town	Independent non-executive Director
Thanduxolo Selby Sishuba (43)	1 Montepulciano Estate 33 Willow Avenue, Craighavon Fourways	Independent non-executive Director
Angelique Norma du Hecquet De Rauville (40)	4 Lombardie Avenue Constantia, 7806	Non-executive Director
John Alastair Legh (63)	140 4th Road, Hyde Park, 2196	Non-executive Director
Mathys Johannes van Heerden (50)	41 Cambridge Avenue, Craighall Park, 2196	Non-executive Director

## 12.2 Directors remuneration

There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Proposed BEE Transaction.

## 12.3 Directors' interest in securities

The Directors' (and their associates'), including previous directors of the Company who had resigned in the 18 months prior to the Last Practicable Date, direct and indirect beneficial interests in Texton Shares, as at the Last Practicable Date, were as follows:

Director	Direct Ordinary Shares	Indirect Ordinary Shares	Total Texton Shares	Percentage of Texton Shares (%)
RF Kane <sup>1</sup>	–	1 037 702	1 037 702	0,5
AN du Hecquet de Rauville <sup>2</sup>	–	1 188 258	1 188 258	0,6
MJ van Heerden <sup>3</sup>	–	11 137 948	11 137 948	5,3
JA Legh <sup>4</sup>	7 384 213	25 000	7 409 213	3,6
PD Naidoo	–	11 039 439	11 039 439	5,3
<b>Total</b>	<b>7 384 213</b>	<b>24 428 347</b>	<b>31 812 560</b>	<b>15,3</b>

<sup>1</sup> RF Kane has an indirect holding in Texton through the Ludlow Trust.

<sup>2</sup> AN du Hecquet de Rauville has an indirect holding in Texton through Handful of Keys Proprietary Limited.

<sup>3</sup> MJ van Heerden has an indirect holding in Texton through the Nootgedacht Trust.

<sup>4</sup> JA Legh has an indirect holding in Texton through the Merylle and John Legh Trust.

## 12.4 Directors' interest in transactions

Other than as disclosed below, the Directors had no interests in transactions entered into by Texton during the current or immediately preceding financial year or during an earlier financial year and remain in any respect outstanding or unperformed.

### *Greenstone Acquisition agreements*

As detailed in the circular to Shareholders, dated 25 June 2013, RF Kane, via the Ludlow Trust, was an associate of the related party, Vunani Properties Proprietary Limited, being one of the vendors of the acquisition by Texton as set out in the circular to Shareholders.

### *Sale of Business Agreement*

As detailed in the circular to Shareholders, dated 9 December 2013, AN du Hecquet de Rauville, via Handful of Keys Proprietary Limited, RF Kane, via Ludlow Trust, JA Legh, MJ van Heerden, via the Nootgedacht Trust, and M de Lange are shareholders in TPI.

### *Naidoo Acquisition Agreements*

As detailed in the circular to Shareholders, dated 2 June 2014, PD Naidoo is the majority shareholder of PDNA, being the vendor of the acquisition by Texton as set out in the relevant circular to Shareholders.

### *C&T Acquisition Agreements*

As detailed in the circular to Shareholders, dated 26 November 2014, MJ van Heerden and JA Legh were, through various Trusts, one of the vendors of the acquisitions by Texton as set out in the relevant circular to Shareholders.

## 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out on page 19 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts have been made and that this Circular contains all the information required by law and the Listings Requirements. The Directors further confirm that there will be no financial effects as a result of providing security in the form of the PIC Put Option. To the extent the PIC Put Option is exercised in the future, these financial effects will be disclosed in the circular to be issued to Texton Shareholders at the time the PIC Put Option is exercised, subject to the Companies Act and the Listings Requirements at the time the PIC Put Option is exercised.

## 14. OPINIONS AND RECOMMENDATIONS

The Board has considered the terms and conditions of the Proposed BEE Transaction and the Financial Assistance and is of the opinion that the terms and conditions thereof are fair to Texton Shareholders.

The Board accordingly recommends that Texton Shareholders vote in favour of all the resolutions as tabled in the notice of General Meeting which forms a part of this Circular and advise that, in respect of their own shareholding in Texton, they intend to vote in favour of all the resolutions contained in such notice.

## 15. NOTICE OF GENERAL MEETING

A General Meeting of Texton Shareholders will be held on Thursday, 19 March 2015, at 10:00, to consider, and, if deemed fit, pass, with or without modification, the resolutions contained in the notice of General Meeting.

A notice convening the General Meeting and a form of proxy (*blue*), for use by Texton Shareholders holding Certificated Shares and Dematerialised Shares with "own name" registration, are attached to and form part of this Circular. Duly completed forms of proxy (*blue*) must be received by the Transfer Secretaries by no later than 10:00 on Tuesday, 17 March 2015.

## 16. CONSENTS

The Investment Bank and Sponsor, Legal Advisers and Transfer Secretaries have all consented, in writing, to act in the capacities stated and to their names being used in this Circular and have not withdrawn their consents prior to the publication of this Circular.

## 17. TRANSACTION EXPENSES

The estimated cost of concluding and implementing the Proposed BEE Transaction is approximately R5 150 177 (exclusive of VAT) and includes the following:

Description	Estimated amount (Rand)
Investment bank and sponsor – Investec Bank	4 435 047
Legal and other advisory fees – Cliffe Dekker Hofmeyr Inc.	500 000
Printing and related costs – Purple Frog Communications	55 000
JSE documentation fees	11 889
JSE listing fees	148 241
<b>Total</b>	<b>5 150 177</b>

## 18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Texton Shareholders at the registered offices of Texton during business hours from Wednesday, 18 February 2015 until Tuesday, 19 March 2015, at the address set out in the "Corporate information and advisers" section of this Circular:

- the MOI of Texton and its subsidiaries;
- the memorandum of incorporation of the BEE Consortium;
- the Trust Deed of Vunani Property Investment Trust;
- the Asset Management Agreement;
- the Property Management Agreement;
- the audited annual financial statements of Texton for the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014;
- the signed Subscription and Relationship Agreement;
- the signed Operating Agreements;
- the signed PIC Put Option Agreement;
- the letters of consent referred to in paragraph 16 above; and
- a signed copy of this Circular.

By order of the board

**Robert Fletcher Kane**  
*Chief Executive Officer*

18 February 2015  
Dunkeld West



# TEXTON

PROPERTY FUND

## TEXTON PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa)  
(Registration number 2005/019302/06)

Share code: TEX  
ISIN: ZAE000190542  
("Texton" or "the Company")

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### NOTICE OF GENERAL MEETING

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All terms in the Circular on pages 9 to 22 to which this notice of General Meeting is attached shall bear the same meanings when used in this notice of General Meeting.

Notice is hereby given that a General Meeting of the members of Texton will be held at 10:00 on Thursday, 19 March 2015 at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg to consider and, if deemed fit, pass, with or without modification, the resolutions set out below.

The record date on which Texton Shareholders must be recorded in the Securities Register maintained by the Transfer Secretaries for the purposes of being entitled to attend and vote at the General Meeting is Thursday, 19 March 2015. Accordingly, the last day to trade to be eligible to attend and vote at the General Meeting is Friday, 6 March 2015.

In terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or a proxy of a shareholder) has been reasonably verified. Accordingly, all Texton Shareholders will be required to provide identification reasonably satisfactory to the chairman of the General Meeting in order to participate in and vote at the General Meeting.

#### ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, the Company be and is hereby authorised to issue any such Subscription Shares to the BEE Consortium at the Subscription Price (30-day VWAP of Texton on the Subscription Date), and in terms of the Subscription and Relationship Agreement as the Directors may deem fit for the specific purpose of implementing the Proposed BEE Transaction, subject to the Companies Act, the MOI and the provisions of the Listings Requirements."

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 75% of the voting rights exercised on such resolution.

#### ORDINARY RESOLUTION NUMBER 2

"RESOLVED THAT any Director or the company secretary of Texton be and is hereby authorised to do all such things and sign all such documents as are necessary to give effect to the ordinary resolution number 1."

In order to be adopted, the abovementioned ordinary resolution must be supported by more than 50% of the voting rights exercised on such resolution.

## **SPECIAL RESOLUTION NUMBER 1**

“RESOLVED as a special resolution in terms of section 44(3)(a)(ii) of the Companies Act that, subject to the Board being satisfied that, immediately after providing such Financial Assistance the Company will satisfy the solvency and liquidity test in section 4(1) of the Companies Act and that the terms of such Financial Assistance are fair and reasonable to the Company, the granting by the Company of Financial Assistance to the BEE Consortium for the purposes of its subscription for the Subscription Shares by way of furnishing security to the PIC in terms of the PIC Put Option Agreement, is hereby approved and ratified.”

In order to be adopted, the abovementioned special resolution must be supported by more than 75% of the voting rights exercised on such resolution.

## **VOTING**

On a show of hands, every Texton Shareholder who is present in person, by proxy or represented at the General Meeting shall have one vote (irrespective of the number of Texton Shares held) and on a poll, every Texton Shareholder shall have for each share held by him that proportion of the total votes in Texton which the aggregate amount of the nominal value of that share held by him bears to the aggregate of the nominal value of all shares issued by Texton.

## **ELECTRONIC PARTICIPATION**

Texton Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If you wish to do so, you must contact Texton's company secretary and identify yourself to the satisfaction of the company secretary to obtain the dialling code and pin number. Texton Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting. Access by means of electronic communication will be at the expense of Texton.

## **PROXIES**

**A Texton Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of Texton.**

Texton Shareholders are referred to the attached form of proxy (*blue*) in this regard.

If you are a Certificated Shareholder or a Dematerialised Shareholder with own-name registration and unable to attend the General Meeting and wish to be represented thereat, you must complete and return the attached form of proxy (*blue*) in accordance with the instructions therein to be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 10:00 on Tuesday, 17 March 2015. If you have dematerialised your shares with a CSDP or Broker, other than with own-name registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSDP or Broker, in the manner and cut-off time stipulated therein.

Additional proxy forms are obtainable from Texton's company secretary and must be deposited at the Transfer Secretaries not less than 24 hours before the meeting.

By order of the Board

18 February 2015

### **Registered office**

Texton Property Fund Limited  
54 Bompas Road  
Dunkeld West  
Johannesburg, 2196



# TEXTON

PROPERTY FUND

## TEXTON PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 2005/019302/06)  
 Share code: TEX  
 ISIN: ZAE000190542  
 ("Texton" or "the Company")

### FORM OF PROXY – GENERAL MEETING

For use by Certificated Shareholders or Dematerialised Shareholders with own-name registration at the General Meeting to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 19 March 2015 at 10:00.

If Texton Shareholders have dematerialised their shares with a Broker or CSDP, other than with Own-name Registration, they must arrange with the Broker or CSDP to provide them with the necessary letter of representation to attend the General Meeting or the Texton Shareholder must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the Texton Shareholder and the Broker or CSDP, in the manner and cut-off time stipulated therein.

**Please read the notes on the reverse hereof carefully, which, amongst other things, set out the rights of Texton Shareholders with regard to the appointment of proxies.**

For the General Meeting

I/We (full name in block letters)

of (address)

Telephone (work)

Telephone (home)

Mobile

E-mail address (address in block letters)

being the holder(s) of Texton and holding the end of this proxy form):

Shares, and entitled to vote, do hereby appoint (refer to note 1 at

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. the chairman of the General Meeting as my/our proxy(ies),

to vote on a poll on my/our behalf at the General Meeting of Texton to be held at the Company's offices, 54 Bompas Road, Dunkeld West, Johannesburg on Thursday, 19 March 2015 and at any postponement or adjournment thereof.

**Please indicate with an "X" in the spaces below how you wish your proxy to vote in respect of the resolutions to be proposed, as contained in the notice of the abovementioned General Meeting.**

\*I/We desire my/our proxy to vote on the resolutions to be proposed, as follows:

	For	Against	Abstain
<b>Ordinary resolution 1:</b> Specific issue of Subscription Shares to the BEE Consortium in terms of the Subscription and Relationship Agreement			
<b>Ordinary resolution 2:</b> Seeking the approval to authorise any Director or the company secretary to do all such things and sign all such documents as are necessary to give effect to the ordinary resolutions proposed at the General Meeting			
<b>Special resolution 1:</b> Financial Assistance to be provided to the BEE Consortium in connection with its subscription for the Subscription Shares			

Signed by us this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature

Assisted by me (where applicable) (see note 12 on reverse of proxy form)

Full name/s of signatory if signing in a representative capacity (see note 11 on reverse of proxy form)

Telephone (work)

Telephone (home)

Mobile

\* If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.

## NOTES

1. A Texton Shareholder entitled to attend and vote at the abovementioned meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead or abstain from voting. The proxy need not be a shareholder of Texton. A Texton Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different Texton Shares held by the Texton Shareholder.
2. A proxy may delegate the proxy's authority to act on behalf of the Texton Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
3. The completion and lodging of this form of proxy will not preclude the relevant Texton Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Texton Shareholder wish to do so. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Texton Shareholder chooses to act directly and in person in the exercise of any rights as a Texton Shareholder.
4. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Texton Shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
5. The appointment of a proxy shall remain valid until the end of the meeting contemplated in this appointment, unless revoked in the manner contemplated in 6 below.
6. A Texton Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy, and (ii) delivering a copy of the revocation instrument to the proxy and to Texton. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Texton Shareholder as of the later of (i) the date stated in the revocation instrument, if any, or (ii) the date on which the revocation instrument was delivered to Texton.
7. Please insert the number of Texton Shares in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Texton Shares exercisable by you, insert the number of Texton Shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Texton Shareholder's votes exercisable thereat. A Texton Shareholder or its/his/her proxy is not obliged to use all the votes exercisable by the Texton Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Texton Shareholder or its/his/her proxy.
8. To be valid, this form of proxy must be completed and returned to Texton's Transfer Secretaries, Computershare Investor Services Proprietary Limited, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by not later than 10:00 on Tuesday, 17 March 2015.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
10. In the case of a joint holding, the first-named only is required to sign.
11. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded by Texton.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian as applicable, unless the relevant documents establishing capacity are produced or have been registered with the Transfer Secretaries.
13. If the instrument appointing a proxy or proxies has been delivered to Texton, as long as that appointment remains in effect, any notice that is required by the Companies Act or Texton's MOI to be delivered by Texton to the Texton Shareholder must be delivered by Texton to (i) the Texton Shareholder or (ii) the proxy or proxies, if the Texton Shareholder has directed Texton in writing to do so and paid any reasonable fee charged by Texton for doing so.

## SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Act or expires earlier as contemplated in section 58(8)(d) of the Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the Company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Act or the relevant company’s Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the Company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3 the Company must not require that the proxy appointment be made irrevocable; and
  - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Act.





