TOWER PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2012/066457/06)
JSE share code: TWR ISIN: ZAE000179040
(Approved as a REIT by the JSE)
("**Tower**" or the "**company**")

UPDATE ON THE AGROKOR ACQUISITION, PROPOSED INTERNALISATION OF ASSET MANAGEMENT THROUGH THE ACQUISITION OF TOWER ASSET MANAGERS, DISTRIBUTION GUIDANCE, FINANCIAL EFFECTS OF THE AGROKOR ACQUISITION AND MANCO INTERNALISATION AND WITHDRAWAL OF CAUTIONARY

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1. INTRODUCTION

The purpose of this announcement is to provide shareholders with an update on the Agrokor acquisition, present the salient terms of the proposed internalisation of Tower's asset management (the "**Manco internalisation**"), set out the forecast and financial effects of the Agrokor acquisition and Manco internalisation and to present shareholders with up-to-date guidance on the projected distribution to be received by a Tower shareholder for the year ending 31 May 2017.

2. UPDATE ON THE AGROKOR ACQUISITION AND CIRCULAR

Further to the announcements released on SENS on 27 January 2016 and 9 March 2016 regarding the proposed acquisition by Tower of four Konzum stores and shopping centres in Croatia from Agrokor d.d. and Konzum d.d. (the "**Agrokor acquisition**"), shareholders are advised that it is anticipated that a circular detailing the terms of the Agrokor acquisition and the Manco internalisation and incorporating a notice convening a general meeting of shareholders to consider, and if deemed fit, approve the requisite resolutions to implement the Agrokor acquisition and the Manco internalisation, will be sent to Tower shareholders before 30 April 2016.

3. INTERNALISATION OF ASSET MANAGEMENT

3.1. Introduction and rationale

Further to the announcement released on SENS on 4 May 2015, the Tower board has resolved to internalise its management company, by way of an acquisition of all the shares in Tower Asset Managers Proprietary Limited ("**Tower Asset Managers**" or "**TAM**") by way of a subscription and purchase of shares in Tower Asset Managers. To this end Tower and all the shareholders of Tower Asset Managers (the "**Manco shareholders**") including the majority shareholder Spire Property Group Proprietary Limited ("**Spire**") have entered into a subscription and sale agreement (the "**Manco subscription and sale agreement**") in terms of which Tower Asset Managers will be constituted as a wholly owned subsidiary of Tower for an aggregate consideration of R145 000 000.

BDO South Africa, who were appointed as independent expert by Tower, have concluded that the terms of the Manco internalisation are fair to Tower shareholders. The fairness opinion will be included in the circular issued to Tower shareholders in respect of the Agrokor acquisition and Manco internalisation.

Shareholders are referred to the illustrative financial effects of the Manco internalisation on the projected distribution to be received by a Tower shareholder for the year ending 31 May 2017 contained in paragraph 4 of this announcement which indicate that the Manco internalisation is yield neutral to Tower shareholders.

Pursuant to the Agrokor acquisition, Tower has grown its property portfolio to a portfolio of 52 retail, commercial and industrial properties valued at R5.1 billion in aggregate. The board recognises that going forward the Manco internalisation will better align the interests of management with that of Tower shareholders and is in line with global best practice. The board further recognises that the failure to internalise Tower's asset management function could be an impediment to Tower's ability to raise further capital, given global best practice. Tower's ability to raise further capital is essential to the company's ability to grow shareholder value and diversify risk through off-shore investments. The Manco internalisation will also reduce Tower's overhead costs relative to the size of the property portfolio in that as Tower's property portfolio expands and the overall administrative expenses of operating the business increase, the increase in the asset management fee payable by Tower to Tower Asset Managers would have been more than the increase in the overall administrative expenses of operating the business.

3.2. Terms of the Manco internalisation

Conditions precedent

The Manco subscription and sale agreement remain subject to the fulfilment and/or waiver of, *inter alia*, the following conditions precedent:

- the Manco shareholders approving the Manco internalisation and all resolutions necessary to implement the Manco internalisation, and, to the extent required, the filing of such resolutions with the Companies and Intellectual Property Commission;
- all resolutions required to implement the Manco internalisation being approved by Tower shareholders;
- Cliffe Dekker Hofmeyr Inc. acceding to and becoming a party to a trust agreement, as contemplated in sections 40(5) and 40(6) of the Companies Act, being concluded between Tower Asset Managers, the Manco shareholders and Cliffe Dekker Hofmeyr Inc.

The effective date for the Manco internalisation will be the fourth business day after the fulfilment of the last of the conditions precedent to be fulfilled, or waived, as the case may be (the "**effective date**").

Tower subscription for shares in Tower Asset Managers

The subscription consideration of R145 000 000 (the "**subscription consideration**") is payable by Tower for 7 499 250 newly issued shares in Tower Asset Managers, which will comprise 99.99% of the Tower Asset Managers shares, as follows:

- 50% will be paid on the fulfilment date of the conditions precedent to the Manco internalisation by the allotment and issue of Tower shares at an issue price per share equal to the greater of:
    - R10.07, being the net asset value per Tower share as reflected in the unaudited interim results of Tower for the six months ended 30 November 2015; and
    - a 5% discount to the volume weighted average traded price per Tower share for the 30 days prior to the fulfilment of the conditions precedent to the Manco internalisation,

  (the "**subscription shares**"); and
- 50% (plus interest) will be payable in cash on the third business day after the fulfilment date of the conditions precedent to the Manco internalisation.

The subscription consideration will be distributed by Tower Asset Managers to the Manco shareholders upon receipt of the subscription consideration whereafter the Tower Asset Managers shares will be issued to Tower. Thereafter, Tower will acquire the remaining 750 shares in Tower Asset Managers for R750, thereby constituting Tower Asset Managers as a wholly owned subsidiary of Tower.

Guarantee, Lock-up, pledge and distributions

The shareholders of Spire (the "**SPG guarantors**") guarantee the obligations of Spire under the Manco subscription and sale agreement. The Manco shareholders and in respect of Spire the SPG guarantors, to whom the subscription shares will be distributed and transferred have undertaken not to dispose of any interest in the subscription shares for 8 months (as to 33.33%), 16 months (as to 33.33%) and 24 months (as to the remaining 33.33%) without the prior written consent of Tower. The Manco shareholders and, in respect of Spire, the SPG guarantors have also undertaken not to dispose of any of the subscription shares before the second anniversary of the effective date at a price less than the volume weighted average traded price per Tower share for the 30 days prior to the date of such disposal.

The subscription shares will only rank for distributions from the effective date and any part of a Tower distribution received by the Manco shareholders and the SPG guarantors in respect of a period prior to the effective date will be repaid to Tower.

The Manco shareholders, and in respect of Spire, the SPG guarantors, have ceded and pledged the subscription shares to Tower for the above lock-up periods as security for the due and proper performance of their obligations in terms of the Manco subscription and sale agreement including repayment to Tower of any part of a distribution to which the Manco shareholders, and in respect of Spire, the SPG guarantors, were not entitled to as relating to the period before the Manco effective date.

The Manco subscription and sale agreement includes warranties, indemnities and undertakings which are normal for an acquisition of this nature.

3.3. Related party transaction

The Manco shareholders are Spire as to 53.34%, JTJ Investments Proprietary Limited (of which Bruce Rogerson is a shareholder) as to 13.33%, Blue Property Capital Proprietary Limited (of which Johan Malherbe is a shareholder) as to 13.33%, Alpha Trust as to 10% and Pencil Creek Trust (of which Martin Evans is a trustee and beneficiary) as to 10%. The shareholders of Spire are Hulk Investments Proprietary Limited (of which Marc Edwards is a shareholder and director) as to 25%, Tiger Mouse Investments Proprietary Limited (of which Bruce Kerswill is a shareholder and director) as to 25%, Symphony Investments Proprietary Limited (of which Keith Craddock is a shareholder and director) as to 25%, Scarborough Asset Management Proprietary Limited as to 12.67% and Scarborough Investments Proprietary Limited as to 12.33%.

The Manco internalisation is considered a related party transaction in terms of section 10 of the Listings Requirements, requiring shareholder approval as Tower is entering into a transaction with the associates of its asset management company, Tower Asset Managers. The Manco internalisation is also considered a related party transaction in terms of section 10 of the Listings Requirements as each of Marc Edwards, Bruce Kerswill, Keith Craddock and Martin Evans, who hold an indirect beneficial interest in Tower Asset Managers, are also directors of Tower.

BDO South Africa, who were appointed as independent expert by Tower, have concluded that the terms of the Manco internalisation are fair to Tower shareholders. The fairness opinion will be included in the circular issued to Tower shareholders in respect of the Agrokor acquisition and Manco internalisation.

4. DISTRIBUTION GUIDANCE FOLLOWING THE AGROKOR ACQUISITION AND MANCO INTERNALISATION

The table below sets out the illustrative financial effects of the Agrokor acquisition and Manco internalisation on the projected distribution to be received by a Tower shareholder for the year ending 31 May 2017. The distribution guidance and illustrative financial effects are not *pro forma* financial effects and are provided for illustrative purposes only. The illustrative financial effects are the responsibility of the directors of Tower and have not been reviewed or reported on by Tower's auditors.

	Before the transactions[1]	Adjustment for the Agrokor acquisition[2]	After the Agrokor acquisition[3]	Adjustment for Manco internalisation[4]	After the transactions
Dividend per share (cents)	92.6	5.0	97.6	(0.1)	97.5
% change		5.4%		(0.1)%	

Notes and assumptions

1. Projected dividend per share for the year ending May 2017, assuming no new acquisitions for the year.
2. A maximum of R38 million or 16 cents per share can be utilised from a pool of value add profits and fees in order to achieve or exceed the growth forecast.
3. Assumes the Agrokor acquisition is implemented with effect from 31 May 2016 at exchange rates of R17.00 / Euro and 7.65 Croatian Kuna / Euro and R746.5 million is raised by issuing 88.9 million shares at R8.40 per Tower share in terms of a vendor consideration placement.
4. Assumes the acquisition of the entire issued share capital of Tower Asset Managers with effect from 1 June 2016. The subscription consideration of R145 million, plus transaction costs of R1 million, is assumed to be discharged as follows:
   4.1. R72.5 million is to be discharged by issuing 7.2 million Tower shares at an issue price of R10.07 per share to the Manco shareholders; and
   4.2. R73.5 million is to be discharged in cash, raised by issuing 8.75 million Tower shares at an issue price of R8.40 per Tower share in terms of a vendor consideration placement.

On the assumption that the Agrokor acquisition is implemented, management's previous distribution guidance for the year ending 31 May 2016, being a distribution of between 92.0 and 93.7 cents per Tower share for the year ending 31 May 2016, will be achieved (3.1 cents of this guided distribution is contingent on the Agrokor acquisition and Manco internalisation being implemented on or before 31 May 2016).

5. FINANCIAL EFFECTS OF THE AGROKOR ACQUISITION AND MANCO INTERNALISATION

5.1. Forecast statement of comprehensive income

Set out below is an extract from the forecast statement of comprehensive income for the Agrokor portfolio ("**forecasts**") for the one month ending 31 May 2016 and the year ending 31 May 2017, prepared in terms of section 13.7 of the JSE Limited Listings Requirements.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors. Mazars, the reporting accountants of Tower, have issued an independent limited assurance report in respect of the forecast financial information set out below.

The forecasts have been prepared in compliance with IFRS and in accordance with Tower' accounting policies.

EUR'000	Forecast for the one month to 31 May 2016	Forecast for the year ending 31 May 2017
Basic and diluted earnings per share (Euro cents)	0.12	1.07
Headline earnings per share (Euro cents)	0.12	1.07
Distributable income per share (Euro cents)	0.09	1.07

Notes and assumptions:

1. Tower's management forecasts for the one month ending 31 May 2016 and the year ending 31 May 2017 are based on analysis of contracts and information provided by the vendor.
2. Tower will acquire the Agrokor portfolio on an assumed effective date of 30 April 2016.
3. Tower's sole income from the acquisitions will be in terms of the twelve year head lease agreements and property management agreements from Konzum that are further guaranteed by Agrokor. No early termination is allowed. The agreements allow for renewal terms to be negotiated within eighteen months of the expiry date.
4. The properties will be acquired on a 'triple net lease' basis as provided by the twelve year head lease agreements and property management agreements whereby Tower will receive a contractual net income amount from a single source.
5. The rental amount to be received by Tower under the terms of the head lease agreements and property management agreements are subject to indexation whereby the rent will increase each year on the anniversary of the commencement date by a percentage equal to the weighted average of the Consumer Price Index of the member states of the European Currency Union ("**CPI-ECU**") as published by EUROSTAT. For the purpose of the forecast, CPI-ECU has been estimated as 2%.
6. Notwithstanding the turnover rent that Tower would be entitled to in respect of the future performance of Konzum stores, no amount has been included in the forecast given the uncertain timing and amount involved.
7. Tower is in the process of securing new interest-bearing facilities with prospective European debt funders for a seven year term. For the purpose of the forecasts, debt of EUR14.3 million has been assumed at a rate of 4.5% n.a.c.m. In addition, it has been assumed that existing bank debt of EUR10.1 million will be retained, on new terms, for a period of twelve years at an estimated rate of 4.5% n.a.c.m.
8. Given that all properties are covered by the twelve year head lease agreements and property management agreements provided by Konzum that are further guaranteed by Agrokor, all revenue is regarded as contracted and no vacant space exists nor leases regarded as expiring during the forecast period.
9. No fair value adjustments have been forecast for the duration of the forecast period.
10. In terms of funding the acquisition of the Agrokor portfolio, it has been assumed that 89 225 561 Tower shares are issued at R8.40 per share in terms of a vendor consideration placement, raising gross proceeds of R749.5 million.

5.2. Consolidated *pro forma* financial information

Due to its nature, the consolidated *pro forma* financial information may not fairly present Tower's financial position, changes in equity, results of operations and cash flows subsequent to the transaction and Manco internalisation. The consolidated *pro forma* financial information is the responsibility of the directors of Tower and has been prepared for illustrative purposes only in order to provide information about the financial position of Tower assuming that the transaction and Manco internalisation had been implemented on 30 November 2015 for statement of financial position purposes and assuming that the Manco internalisation had been implemented on 1 June 2015 for statement of comprehensive income purposes.

The consolidated *pro forma* financial information has been prepared in compliance with IFRS, the SAICA Guide on *Pro forma* Financial Information and in accordance with the accounting policies of the Tower group that were used in the preparation of the published unaudited condensed consolidated interim results for the six months ended 30 November 2015.

The consolidated *pro forma* financial information has been reviewed by Mazars, the independent reporting accountants of Tower. A copy of their report is contained in the circular.

5.2.1. The *pro forma* financial effects of the Manco internalisation on Tower's distribution per share, basic and diluted earnings per share and headline and diluted headline earnings per share are set out below in terms of section 10.9 of the JSE Limited Listings Requirements.

	Tower interim results for six months to 30 November 2014 [1,2]	Tower reviewed results for the year ended 31 May 2015 [1,3]	Tower results for six months to 31 May 2015 [1]	Tower interim results for six months to 30 November 2015 [1,4]	Tower before the Manco internalisation[1]	*Pro forma* after the Manco internalisation[6]	*% change*
Distribution per share (cents)	42.0	86.8	44.8	45.2	90.0	73.7	(18.1)
Basic and diluted earnings per share (cents)	69.0	149.9	86.6	55.9	110.9	48.4	(56.3)
Headline and diluted headline earnings per share (cents)	42.7	82.6	43.1	32.4	59.8	0.6	(99.0)

Notes and assumptions:

For the purpose of the *pro forma* financial information, all Euro denominated amounts are assumed to be converted to South African Rands at an exchange rate of R17.00 per Euro, HRK7.6457 per Euro and R2.2235 per HRK.

1. The Manco internalisation is assumed to be implemented on 1 December 2014 for statement of comprehensive income purposes. To calculate a *pro forma* twelve month period for Tower, a six month period to 31 May 2015 first has to be calculated by deducting the unaudited condensed consolidated interim results for the six months to 30 November 2014 from the provisional reviewed annual results for the year ended 31 May 2015. The resultant *pro forma* six month period to 31 May 2015 is then aggregated with the unaudited condensed consolidated interim results for the six months to 30 November 2015 to obtain the twelve month unadjusted column forming the basis for this *pro forma* statement of comprehensive income. By following this methodology, all source information is derived from published interim and year-end reports.
2. The amounts set out in the "Tower interim results for six months to 30 November 2014" column have been extracted, without adjustment, from the statement of comprehensive income within the unaudited condensed consolidated interim results of Tower as at 30 November 2014 and as published on 6 February 2015.
3. The amounts set out in the "Tower reviewed results for the year ended 31 May 2015" column have been extracted, without adjustment, from the statement of comprehensive income within the reviewed condensed consolidated annual financial results of Tower as at 31 May 2015 and as published on 26 August 2015.
4. The amounts set out in the "Tower interim results for six months to 30 November 2015" column have been extracted, without adjustment, from the statement of comprehensive income within the unaudited condensed consolidated interim results of Tower as at 30 November 2015 and as published on 4 February 2016.
5. The amounts set out in the "TAM before the Manco internalisation" column have been extracted, without adjustment, from the audited financial statements of TAM for the year ended 29 February 2016.
6. The amounts set out in the "*Pro forma* after the Manco internalisation" column were calculated by consolidating the *pro forma* results of Tower for the period from 1 December 2014 to 30 November 2015 and the audited financial statements of TAM for the year ended 29 February 2016, subject to the adjustments and assumptions set out below:
   - 6.1. The acquisition of TAM has been accounted for in terms of *IFRS 3: Business Combinations* whereby Tower will acquire the shares in TAM and an intangible asset will be recognised. In accordance with this standard, at the date of the Manco internalisation the fair value of the intangible asset was determined to be R143.3 million following a preliminary exercise to recognise and measure the identifiable assets acquired and the liabilities assumed. This was the primary asset of TAM. The asset was valued on a relief from royalty or cost approach using inputs generated from the agreement signed initially between TAM and Tower as this was an arm's length agreement and was considered representative of potentially similar agreements.
   - 6.2. In accordance with *IAS38: Intangible Assets*, the intangible asset arising from the acquisition of TAM is to be expensed over its finite life, being the remaining period of the management agreement. However, as the management agreement with TAM will cease to exist following implementation of the Manco internalisation, it has been assumed that the intangible asset is expensed in full. No deferred taxation has been recognised in respect of the excess which is attributable to being an intangible asset.
   - 6.3. Represents the acquisition by Tower of the entire issued share capital of TAM as part of the Manco internalisation. The aggregate purchase consideration of R145 million is assumed to be discharged through (i) the issue of 7 199 603 Tower shares at an issue price of R10.07 per share and (ii) R72.5 million representing the balance of the consideration due, settled in cash from part of the proceeds of the vendor consideration placement to be undertaken. For the purpose of this *pro forma* statement of comprehensive income, 8 630 952 new Tower shares are assumed to be issued at an issue price of R8.40 per share for the vendor consideration placement.
   - 6.4. The additional distributable income which results from the transaction is assumed to be earned evenly throughout the period ended 30 November 2015.
   - 6.5. All adjustments are assumed to have a continuing effect.

5.2.2. The *pro forma* financial effects of the Agrokor acquisition and Manco internalisation on Tower's net asset value and net tangible asset value per share are set out below in terms of section 10.9 and section 13.7 of the JSE Limited Listings Requirements.

	Before	***Pro forma after***	***% change***
Net asset value per share (ZAR)	10.07	9.14	(9.25)
Net tangible asset value per share (ZAR)	10.07	9.14	(9.25)

Notes and assumptions:

For the purpose of the *pro forma* financial information, all Euro denominated amounts are assumed to be converted to South African Rands at an exchange rate of R17.00 per Euro, HRK7.6457 per Euro and R2.2235 per HRK.

1. The "Before" column is extracted, without adjustment, from the statement of financial position within the unaudited condensed consolidated interim results of Tower as at 30 November 2015 and as published on 4 February 2016.
2. The financial information applied in the *pro forma* statement of financial position in respect of Sub Dubrovnik d.o.o (the "**Dubrovnik company**") which owns the Sub City Centre situated in the Dubrovnik area (the "**Dubrovnik property**") has been extracted, without adjustment, from the audited statement of financial position of Sub Dubrovnik d.o.o at 31 December 2015, prepared in compliance with IFRS and audited by Mazars.
3. The Tower Asset Managers financial information applied in the *pro forma* financial information has been extracted, without adjustment, from the audited statement of financial position of Tower Asset Managers at 29 February 2016, prepared in compliance with IFRS and audited by Mazars.
4. The following adjustments have been applied and are reflected in the *pro forma* financial effects:
   - 4.1. The acquisition by Tower of the entire issued share capital of the Dubrovnik company is assumed to be with effect from 30 April 2016. The aggregate purchase consideration of R73.3 million, calculated as R488.7 million (exclusive of VAT) less the amount of R415.4 million debt in the Dubrovnik company (which debt will remain in the Dubrovnik company pursuant to the Dubrovnik acquisition), is assumed to be funded through the vendor consideration placement; refer to note 4.10.
   - 4.2. The Dubrovnik property has been revalued to its fair value of R470.1 million as determined by the independent valuer, Spiller Farmer, and conducted in accordance with Croatian law. In the Dubrovnik company's statement of financial position at 31 December 2015, the property was recorded at a value of R394.8 million, a difference of R75.3 million to its fair value as determined by the independent valuer. No deferred tax has been recognised given Tower's REIT status.

4.3. The acquisition of the Dubrovnik company has been accounted for in terms of *IFRS 3: Business Combinations* whereby, on initial recognition and consolidation, the underlying investment property is restated to the value attributed by the independent valuer. The aggregate purchase consideration after debt of R73.3 million equated to more than the R55.0 million value attributed to the net assets following a preliminary exercise to recognise and measure the identifiable assets acquired and the liabilities assumed. Consequently, goodwill of R18.3 million has been recorded.

4.4. The acquisition by Tower of the Meridijan 16 shopping centre situated in Zagreb, Gračanska (the "**Gračani property**"), the standalone superKonzum situated in Velika Gorica (the "**Velika Gorica property**") and the standalone superKonzum situated in Zagreb (the "**Zagreb property**") are assumed to be acquired with effect from 30 April 2016 for an aggregate purchase consideration of R639.9 million. Tower is in the process of securing new interest-bearing facilities with prospective European debt funders and accordingly, R242.6 million of the aggregate purchase consideration is assumed to be funded through new Euro denominated debt facilities for a seven year term at a rate of 4.5% n.a.c.m. The balance of R397.3 million is assumed to be funded through the vendor consideration placement; refer to note 4.10.

4.5. The acquisition of the Gračani property, Velika Gorica property and Zagreb property comprise the acquisitions of investment properties only, and do not include the associated rental and property management businesses. These acquisitions are therefore not considered to be the acquisition of a business and are therefore accounted for in terms of *IAS 40: Investment Property*. Investment property is initially recognised at the acquisition consideration attributable to the underlying investment. Subsequently at the reporting period-end, the investment property is measured at fair value in accordance with the fair value model adopted in Tower's accounting policy.

4.6. Relevant transaction costs of R0.4 million have been capitalised to the properties acquired in terms of IAS40.20. The transaction costs include due diligence fees and Croatian legal advisor fees. The transaction costs are assumed to be settled from part of the proceeds of the vendor consideration placement; refer to note 4.10.

4.7. The acquisition of the entire issued share capital of Tower Asset Managers as part of the Manco internalisation is assumed to be with effect from 30 April 2016. The aggregate purchase consideration of R145 million is assumed to be discharged through (i) the issue of 7 199 603 Tower shares at an issue price of R10.07 per share and (ii) R72.5 million representing the balance of the consideration due, settled in cash from part of the proceeds of the vendor consideration placement; refer to note 4.10.

4.8. The acquisition of TAM has been accounted for in terms of *IFRS 3: Business Combinations* whereby Tower will acquire the shares in TAM and an intangible asset will be recognised. In accordance with this standard, at the date of the Manco internalisation the fair value of the intangible asset was determined to be R143.3 million following a preliminary exercise to recognise and measure the identifiable assets acquired and the liabilities assumed. This was the primary asset of TAM. The asset was valued on a relief from royalty or cost approach using inputs generated from the agreement signed initially between TAM and Tower as this was an arm's length agreement and was considered representative of potentially similar agreements. Further to the internalisation of TAM, the trade receivable shown in TAM's accounts for an amount of R1.8 million due from Tower and the corresponding trade payable in Tower's accounts of R1.8 million due to TAM have been eliminated.

4.9. In accordance with *IAS38: Intangible Assets*, the intangible asset arising from the acquisition of TAM is to be expensed over its finite life, being the remaining period of the management agreement. However, as the management agreement with TAM will cease to exist following implementation of the Manco internalisation, it has been assumed that the intangible asset is expensed in full. No deferred taxation has been recognised in respect of the excess which is attributable to being an intangible asset.

4.10. For the purpose of the vendor consideration placement, 97 856 513 new Tower shares are assumed to be issued at an issue price of R8.40 per Tower share raising a total of R822.0 million. It has been assumed that R774.6 million will be used to partially fund the transaction and Manco internalisation, R32.4 million retained in cash and the balance of R15.0 million of the total proceeds used to fund associated once-off expenses. R14.6 million of the expenses relating to the transaction and Manco internalisation have been set-off against stated capital as acquisition costs in terms of IFRS 3.53 with the balance of R0.4 million capitalised; refer to note 4.6.

6. WITHDRAWAL OF CAUTIONARY

Following the release of this announcement, the cautionary announcements released on SENS on 27 January 2016 and 9 March 2016 are withdrawn and caution is no longer required to be exercised by shareholders when dealing in their Tower shares.

13 April 2016

Corporate advisor and sponsor

JAVA CAPITAL

Legal advisor

CDH CLIFFE DEKKER HOFMEYR

Independent reporting accountants

MAZARS CORPORATE FINANCE (PTY) LTD

Independent expert

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