

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”)



ACQUISITION OF EVAGOLD CENTRE

Introduction and rationale

Shareholders are advised that Tower has concluded an agreement (the “**purchase agreement**”) for the acquisition of the property letting enterprise conducted in respect of the Evagold Centre (the “**property**” or “**Evagold**”), situated at the corner of the Golden Highway and Tiro Street, Evaton West (the “**acquisition**”) from Great Lion Acquisitions Proprietary Limited (the “**seller**”) for an aggregate purchase consideration of R110 585 000 (exclusive of VAT at zero percent).

The Evagold Centre is a lower income convenience retail centre with strong trading densities. The acquisition increases Tower’s retail portfolio from 39% to 42% of its entire property portfolio, calculated with reference to value in line with Tower’s longer-term objective to increase its retail exposure to 50% of its portfolio.

Terms of the acquisition

Tower will acquire the property letting enterprise, which includes the property, with effect from the date of registration of transfer of the property into Tower’s name (the “**transfer date**”). The purchase consideration for the property letting enterprise will be payable on the transfer date as follows:

- R55 292 500 will be payable by the allotment and issue of Tower shares at an issue price equal to the greater of R9.26 (being the net asset value (“**NAV**”) of Tower as at 30 November 2014) and the last available volume weighted average traded price per Tower share for the 30 day period immediately preceding the transfer date, subject to a maximum issue price of R9.50 (the “**consideration shares**”). Assuming an issue price of NAV per Tower share, 5 971 112 consideration shares will be issued to the seller; and
- the balance of R55 292 500 will be payable in cash.

The acquisition is not subject to the fulfilment of any conditions precedent.

The seller is in the process of negotiating the conclusion of a lease agreement with BP Southern Africa Proprietary Limited (“**BP**”) in terms of which BP will be entitled to erect a petrol filling station, at its expense, on a portion of the property (the “**BP lease**”). If the BP lease is concluded and becomes unconditional before 31 December 2015 and BP pays the initial rental and deposit, the purchase consideration payable by Tower for the acquisition will be increased by an amount equal to the initial rental payable by BP in terms of the BP lease, calculated on an annual basis, multiplied by the initial agreed upon yield of 9.5%. The purchase consideration payable by Tower for the acquisition will increased by a maximum of R6 947 368. .

The seller has provided Tower with a rental guarantee, indemnifying Tower against any shortfall in actual rental income (including guarantee amounts in respect of tenant installations and commissions, plus VAT) in respect of identified recently improved portions of the property for a period of 6 months from the first day of the month after the transfer date (the “**rental guarantee**”).

The consideration shares will be issued prior to the record date for participation in Tower’s final distribution for the six months ended 31 May 2015. However, the consideration shares should only be entitled to receive the distribution in respect of the period from the transfer date. The seller will accordingly pay to Tower an amount based on the distribution in respect of the period from 1 December 2014 to the transfer date (the “**distribution payment**”).

The seller will provide to Tower security (either in the form of a bank guarantee or a pledge and cession of certain of the consideration shares) in respect of its obligations under the purchase agreement, including in respect of the rental guarantee and the distribution payment.

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

Property specific information

The property specific information required in terms of the JSE Listings Requirements in relation to the property, is set out below.

Property name and address	Evagold Centre, corner Golden Highway and Tiro Street, Evaton West
Sector	Retail
Geographical location	Gauteng
Rentable Area (m²)	12 542
Weighted Average rental per m²	R85.97
Value attributed to the property	R110 585 000
Net operating income (March 2015 to February 2016)	R10 505 665 (excluding the BP lease)

No independent valuation has been carried out and the board of directors of Tower is of the view that the value attributed to the property above represents the value of the property acquired.

The value of the net assets of the property letting enterprise (including the property) acquired by Tower in terms of the acquisition is R110 585 000

Categorisation of the acquisition

As announced on SENS on 19 December 2014, Tower had concluded agreements for the acquisition of the entire issued share capital of and claims against each of:

- Cross Atlantic Properties 162 Proprietary Limited, which owns Shoprite Brits, from Milton Weinberg, the Jonathan Levitt Family Trust, Lara Weinberg, Saul Sackstein and Daniel Sackstein, for an aggregate purchase consideration of R48 815 627 (the “**Brits acquisition**”);
- Lexshell 492 Investments Proprietary Limited, which owns Shoprite Ennerdale, from Milton Weinberg, the Jonathan Levitt Family Trust, Jon Chaitowitz and The BJB Share 3 Trust, for an aggregate purchase consideration of R38 036 711 (the “**Ennerdale acquisition**”); and
- Plenty Properties 118 Proprietary Limited, which owns Shoprite Modimolle, from Milton Weinberg, the Jonathan Levitt Family Trust, Lara Weinberg, Saul Sackstein and Daniel Sackstein, for an aggregate purchase consideration of R40 656 515 (the “**Modimolle acquisition**”),

Milton Weinberg, one of the sellers in each of the Brits acquisition, the Ennerdale acquisition and the Modimolle acquisition, is an associate of the seller. Accordingly, as each of the acquisition, the Brits acquisition, the Ennerdale acquisition and the Modimolle acquisition (collectively the “**acquisitions**”) have been entered into by Tower with the same party and its associates, the acquisitions have been aggregated for the purposes of determining the categorisation of the acquisitions, in compliance with the JSE Listings Requirements. The acquisitions are classified as a Category 2 transaction in terms of the JSE Listings Requirements. Accordingly they are not subject to approval by Tower shareholders.

22 April 2015

Sponsor

JAVACAPITAL

Legal advisor

 DLA CLIFFE DEKKER
HOFMEYR

