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## ACQUISITION OF LINK HILLS SHOPPING CENTRE

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### Introduction and rationale

Shareholders are advised that Tower has concluded an agreement (the "**purchase agreement**") for the acquisition of the entire issued share capital of and claims against Link Hills Shopping Centre Proprietary Limited ("**Link Hills**"), which owns the Links Hill Shopping Centre, situated at Inanda Road, Waterfall, KwaZulu-Natal (the "**property**" or "**Link Hills Shopping Centre**") from The Sabre Trust and Matlu Family Trust (the "**sellers**") for an aggregate purchase consideration of R160 991 284 (the "**acquisition**").

Link Hills Shopping Centre is situated in an upper LSM high-growth residential area. The property is located next to the newly established Watercrest Mall. Tower is of the view that Link Hills Shopping Centre will benefit from the establishment of Watercrest Mall, a regional mall, as shoppers who previously travelled to other areas are being drawn to this retail node. Link Hills is a convenience centre anchored by Pick n Pay, Mica Hardware and Ford. Inanda Road, which offers access to Link Hills Shopping Centre has recently been upgraded to a dual-carriage way, thereby providing easy access to the area, increasing its attractiveness to potential shoppers. The acquisition will also increase Tower's exposure to the retail sector, in line with Tower's longer-term objective to increase its retail exposure to 50% of its portfolio.

### Terms of the acquisition

The effective date of the acquisition is 1 May 2015 (the "**effective date**"). The purchase consideration of R160 991 284 will be settled as follows:

- an initial cash deposit of R10 263 194 will be paid to Cliffe Dekker Hofmeyr Inc and held in escrow until the sellers have fulfilled their obligations in respect of, *inter alia*, the rental guarantee, any net current liability adjustment and the distribution payment, set out more fully below;
- R20 528 090 in cash to the sellers; and
- in respect of R130 200 000, by way of the allotment and issue of 13 422 680 Tower shares to the sellers at an issue price of R9.70 per Tower share (the "**consideration shares**").

The acquisition remains conditional upon approval by the Competition Authorities.

The consideration shares may 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 effective date. Insofar as the consideration shares are issued before the record date for receipt of such distribution, the sellers will pay to Tower an amount based on the distribution in respect of the period from 1 December 2014 to the effective date (the "**distribution payment**").

The sellers will not dispose of the consideration shares within the following time periods without the prior written consent of Tower:

- as to 70% of the consideration shares, within a period of 12 months after the first business day after fulfilment or waiver of the conditions precedent to the acquisition (the "**closing date**");
- as to 15% of the consideration shares, within 6 months after the closing date; and
- as to 15% of the consideration shares, within 3 months after the closing date.

The seller has provided Tower with a rental guarantee, indemnifying Tower against any shortfall in actual rental income (plus reasonable and market related tenant installations and VAT recovered) in respect of portions of the property which are vacant as at the transfer date for 24 months after the effective date (the "**rental guarantee**").

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.

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<b>Property name and address</b>	Link Hills Shopping Centre, Inanda Road, Waterfall
<b>Sector</b>	Retail
<b>Geographical location</b>	KwaZulu-Natal
<b>Rentable Area (m<sup>2</sup>)</b>	13 230
<b>Weighted Average rental per m<sup>2</sup></b>	R127
<b>Value attributed to the property</b>	R228 700 000
<b>Net operating income (July 2015 to June 2016)</b>	R19 339 493

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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 Link Hills (including the property) acquired by Tower in terms of the acquisition is R160 991 284.

### Categorisation of the acquisition

The acquisition is classified as a Category 2 transaction in terms of the JSE Listings Requirements. Accordingly it is not subject to approval by Tower shareholders.

29 May 2015

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**Sponsor**

JAVACAPITAL

**Legal advisor**

 DLA CLIFFE DEKKER  
HOFMEYR