

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 REFURBISHMENT OF CAPE QUARTER PIAZZA

In June 2013, Tower acquired the commercial properties known as Cape Quarter Piazza, Cape Quarter Square and 32 Napier Street, which make up the Cape Quarter Precinct, which included 5 403 m² of developable bulk at Cape Quarter Piazza alone. The Cape Quarter Precinct is situated in De Waterkant, a highly desirable residential area with strong demand and high selling prices.

Tower is pleased to advise shareholders that the refurbishment of the Cape Quarter Piazza, which will be renamed the Old Cape Quarter upon completion, and the development and sale of 55 new residential apartments (the "**Old Cape Quarter refurbishment**") will be launched by the Cape Quarter Company Proprietary Limited, a wholly-owned subsidiary of Tower, at the end of April 2018, in line with its strategy to realise the capital value in the developable bulk to its best advantage.

High selling prices are currently being achieved in the De Waterkant area, with the latest sales of apartments in the adjacent Napier Street residential development achieving prices of R92 000 per m² incl VAT. In Tower's view, the current demand for residential property means that a residential development offers the best opportunity for Tower to realise the capital value in the developable bulk to its best advantage.

Upon completion the Old Cape Quarter will comprise parking, two floors of retail and office space (the re-developed existing structure) and 55 apartments. The retail offering will be focused towards a unique food market type offering while the offices are expected to be let to strong local and national tenants given the current high demand in the node. The apartments will be upmarket residential apartments, with budgeted selling prices in the region of R79 000 per m².

The Cape Quarter refurbishment will be funded, through either drawing down on existing undrawn facilities or bank development funding, advanced as sales are concluded. Tower will ensure that its resultant loan to value remains below 40%.

The proceeds from the development will be used to strengthen Tower's balance sheet by reducing debt and/or repurchasing Tower shares (should the purchase price remain attractive). Should the sales market come under pressure, Tower may retain the residential units and let them out on a short-term basis at an attractive yield.

For information on the development and the units to be sold, shareholders may visit the following website – www.capequarter.co.za

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