

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")



FIRM INTENTION BY RDC PROPERTIES LIMITED TO MAKE AN OFFER TO ACQUIRE ALL OF THE TOWER ISSUED SHARE CAPITAL NOT ALREADY OWNED BY RDC, GENERAL OFFER, THE PROPOSED DELISTING OF TOWER FROM THE JSE AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. INTRODUCTION

Shareholders of Tower are referred to the various announcements published by RDC Properties Limited ("**RDC**") on the Botswana Stock Exchange news service and by Tower on the Johannesburg Stock Exchange ("**JSE**") news services, the most recent of which was published on 24 and 7 September 2021, respectively (the "**Announcements**").

The Announcements referred to, *inter alia*, a potential transaction which, if implemented, would result in the acquisition of all, or the majority, of Tower shares not already owned by RDC, and the potential delisting of Tower shares from the JSE (the "**Potential Transaction**"). The Potential Transaction contemplates:

- a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 ("**Companies Act**") to be proposed by Tower to its shareholders, and to which RDC will be a party, in terms of which RDC (or a nominated RDC group company) shall acquire all of the issued ordinary shares in Tower that RDC does not already own, for a purchase consideration of R3.776 per Tower share, on a *cum* distribution basis ("**Cash Consideration**") (the "**Scheme**");
- a concurrent, but separate, standby general offer by RDC to Tower shareholders (the "**General Offer**"), to acquire their Tower shares for the Cash Consideration, which General Offer is conditional on, *inter alia*, (i) the Scheme failing to become operative and (ii) a sufficient number of acceptances of the General Offer being received to result in RDC obtaining control of the majority of the Tower shares in issue; and
- the delisting of all Tower shares from the JSE pursuant to the Scheme becoming operative; or the potential delisting of all Tower shares from the JSE pursuant to the General Offer being implemented and the delisting being approved by Tower shareholders,

(collectively the "**Offer**").

Tower shareholders are advised that Tower has received written confirmation from RDC that the pre-conditions in respect of the Offer, have been fulfilled. Accordingly, RDC will proceed to make the Offer, the salient terms and conditions of which are set out in paragraphs 2 and 3 below, for a purchase consideration of R3.776 per Tower share, on a *cum* distribution basis.

2. TERMS AND CONDITIONS OF THE SCHEME

2.1. Terms of the Scheme

- 2.1.1. The Scheme will be proposed by the independent board of directors of Tower ("**Independent Board**") between Tower and the shareholders of Tower, and RDC (or its nominated RDC group company, if applicable) shall be a party thereto.
- 2.1.2. The Scheme will be subject to, *inter alia*, the conditions set out in paragraph 2.3 below.
- 2.1.3. In the event the Scheme becomes operative, RDC (or its nominated RDC group company, if applicable) will acquire all of the Tower ordinary shares not already held by any RDC group company and the listing of all ordinary shares of Tower on the JSE will be terminated by operation of the Scheme.

2.2. Scheme Consideration

If the Scheme becomes operative, the amount payable by RDC (or its nominated RDC group company, if applicable) shall be the Cash Consideration per Tower share acquired pursuant to the Scheme, provided that if and to the extent that, in addition to the dividend declared by Tower and referred to in the Tower SENS announcement published on 20 August 2021 (the "**Declared Dividend**"), (i) Tower declares any distribution in favour of the Tower shares and (ii) the record date for participating in such declared distribution occurs prior to the operative date of the Scheme, then the consideration of R3.776 per Tower

share shall be reduced by an amount equal to the gross amount of such distribution accruing in respect of each Tower share.

2.3. Scheme Conditions

The implementation of the Scheme will be subject to, *inter alia*, the fulfilment or waiver, as the case may be, of the following conditions:

- 2.3.1. all approvals, consents and waivers from regulatory authorities as may be necessary for the Scheme to be implemented, including the JSE, Takeover Regulation Panel and the relevant Competition Authorities are obtained;
- 2.3.2. all shareholder approvals necessary to give effect to the Scheme have been obtained; and
- 2.3.3. shareholder appraisal rights in respect of not more than 5% of all the Tower shares have been validly exercised in terms of section 164(3) to (7) of the Companies Act.

3. TERMS AND CONDITIONS OF THE GENERAL OFFER

3.1. Terms of the General Offer

- 3.1.1. Simultaneously with the Scheme, Tower will make a separate but concurrent standby General Offer to Tower shareholders in terms of section 117(1)(c)(v) of the Companies Act.
- 3.1.2. For the avoidance of doubt, implementation of the General Offer will be conditional on, *inter alia*, the Scheme not becoming operative. In the event that the Scheme does become operative, the General Offer will lapse and be of no force or effect.
- 3.1.3. In the event that the General Offer is implemented and accepted in respect of at least 90% of Tower shares in issue (excluding those Tower shares held by RDC group companies and held in treasury), then RDC may, at its election, invoke the provisions of section 124 of the Companies Act, to compulsorily acquire all of the General Offer shares not tendered by Tower shareholders as part of the General Offer.

3.2. General Offer Consideration

If the General Offer is implemented, RDC shall pay the Cash Consideration per General Offer share acquired pursuant to the General Offer, provided that if and to the extent that, in addition to the Declared Dividend, (i) Tower declares any distribution in favour of the Tower shares and (ii) the record date for participating in such declared distribution occurs prior to the General Offer payment date, then the consideration of R3.776 per General Offer share shall be reduced by an amount equal to the gross amount of such distribution accruing in respect of each General Offer share.

3.3. General Offer Conditions

The implementation of the General Offer is subject to, *inter alia*, the fulfilment or (where appropriate) waiver of the following conditions:

- 3.3.1. the Scheme does not become operative;
- 3.3.2. all approvals, consents and waivers from regulatory authorities as may be necessary for the General Offer to be implemented, including the JSE, Takeover Regulation Panel and the relevant Competition Authorities, are obtained;
- 3.3.3. the General Offer has been accepted in respect of such number or Tower shares as, taken together with those Tower shares held by RDC group companies, constitutes more than 50% of the Tower shares in issue; and
- 3.3.4. the resolution to approve the delisting of the Tower shares from the JSE has been approved by the requisite majority of Tower shareholders.

4. PROPOSED GROUP RESTRUCTURE

4.1. General

In order to create a more efficient corporate structure for the enlarged RDC group post-implementation of the Scheme, RDC wishes to procure the implementation of a group restructure (the "**Group Restructure**"). The transactions comprising the Group Restructure will only be implemented after the Scheme has become unconditional and as a precursor to the Scheme becoming operative.

While the transactions comprising the Group Restructure will be conditional upon the Scheme being rendered unconditional, the Scheme will not be conditional upon (or otherwise contingent on) the Group Restructure becoming unconditional or being implemented.

The Group Restructure will be implemented by way of the following asset transfer transactions:

- RDC Properties International Proprietary Limited ("**RDC Properties**") (being a RDC group company) will purchase from Tower International Treasury Proprietary Limited ("**Tower International**") (being a Tower group company) all the shares held by Tower International in TPF International Limited ("**TPFI**") (the "**TPFI Shares**") (the "**Asset Transfer (Mauritius)**"); and
- RDC Properties South Africa Proprietary Limited ("**RDC SA**") (being a RDC group company) will purchase from Tower all the shares held by Tower in Lucky Bean Property Investments Proprietary Limited (the "**Lucky Bean Shares**") (the "**Asset Transfer (South Africa)**"), (collectively the "**Asset Transfers**").

The applicable Tower and RDC group companies have entered into agreements in respect of the Asset Transfers.

4.2. Terms of the Asset Transfers

4.2.1. Asset Transfer (Mauritius)

- 4.2.1.1. RDC Properties shall purchase from Tower International the TPFI Shares, constituting 74% of the issued share capital of TPFI for the market value of the TPFI shares.
- 4.2.1.2. The purchase consideration payable by RDC Properties shall be settled by way of the creation of a loan account in the books of RDC Properties in favour of Tower International in a principal capital amount equal to the purchase consideration.
- 4.2.1.3. The implementation of the Asset Transfer (Mauritius) shall be subject to the fulfilment or, where applicable, waiver of the conditions precedent contemplated in paragraph 4.3.
- 4.2.1.4. Provided that the Asset Transfer Agreements are unconditional, the sale of the TPFI Shares shall be implemented on the operative date of the Scheme ("**Scheme Operative Date**") and immediately prior to the Scheme being implemented.
- 4.2.1.5. The sale of the TPFI Shares is subject to the resolute condition contemplated in paragraph 4.4.

4.2.2. Asset Transfer (South Africa)

- 4.2.2.1. RDC SA shall purchase from Tower the Lucky Bean Shares, constituting 100% of the issued share capital of Lucky Bean for the market value of the Lucky Bean shares.
- 4.2.2.2. The purchase consideration payable by RDC SA shall be settled by way of the creation of a loan account in the books of RDC SA in favour of Tower in a principal capital amount equal to the purchase consideration.
- 4.2.2.3. The implementation of the Asset Transfer (South Africa) shall be subject to the fulfilment or, where applicable, waiver of the conditions precedent contemplated in paragraph 4.3.
- 4.2.2.4. Provided that the Asset Transfer Agreements are unconditional, the sale of the Lucky Bean Shares shall be implemented on the Scheme Operative Date, immediately after the implementation of the Asset Transfer (Mauritius) and immediately prior to the Scheme being implemented.
- 4.2.2.5. The sale of the Lucky Bean Shares is subject to the resolute condition contemplated in paragraph 4.4.

4.3. Suspensive conditions to the Asset Transfers

The implementation of the Asset Transfers are subject to the fulfilment or, where applicable, waiver of the following conditions:

- 4.3.1. The Scheme has not lapsed and all the Scheme Conditions have all been fulfilled or waived (as applicable);
- 4.3.2. To the extent required, the Tower shareholders have approved the Asset Transfers in terms of the Asset Transfer Agreements by way of special resolution in accordance with section 112 read with 115(2) of the Companies Act;
- 4.3.3. Both Asset Transfer Agreements have been concluded and have become unconditional in accordance with their respective terms;
- 4.3.4. All regulatory approvals legally necessary for the implementation of the Asset Transfers have been obtained; and
- 4.3.5. The Tower Independent Board, acting in good faith, has confirmed to RDC that it has no reason to believe that the Scheme Operative Date will not occur on the scheduled date as contemplated in the finalisation announcement released by Tower.

4.4. Resolutive condition

The Asset Transfers are subject to a resolute condition, in terms of which in the event that the Scheme has not become operative and been implemented within 1 business day of the date on which the earlier of the Asset Transfers has been implemented, then the Asset Transfer/s having been so implemented shall

be immediately and automatically resolved such that the Asset Transfers shall automatically lapse with retrospective effect and the status *quo ante* will be restored ("**Rescission**").

In order to ensure that the Rescission is expeditiously administered, should it become required, the TPF1 Shares and the Lucky Bean Shares will be held by Tower in escrow from the implementation of the Asset Transfers until the Scheme has been implemented.

5. RDC SHAREHOLDING IN TOWER

RDC, through its wholly owned subsidiary RDC SA, holds 7 200 000 (2.1%) shares in Tower.

Save for the above, RDC does not hold or control (directly or indirectly) any Tower shares and does not have any arrangement (whether by option or otherwise) to acquire Tower shares, other than pursuant to the Offer.

6. CONCERT PARTY ARRANGEMENTS

RDC confirms that it is the ultimate purchaser of the Tower shares pursuant to the Scheme or General Offer, as the case may be, and is not acting in concert with any other party in relation to the Offer.

7. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION

The Independent Board has appointed Questco Corporate Advisory Proprietary Limited ("**Independent Expert**") as the independent expert to provide it with external advice in connection with the Scheme, General Offer and Group Restructure, in the form of the fair and reasonable opinion as required by and in compliance with the Companies Act, Takeover Regulations and the JSE Listings Requirements ("**Listings Requirements**"), and the fairness opinion as required by and in compliance with the Listings Requirements.

The full substance of the Independent Expert report will be included in the circular to be posted Tower shareholders as referred to in paragraph 11 below.

8. SHAREHOLDER SUPPORT

The following Tower shareholders have provided irrevocable undertakings to vote either as a principal or on behalf of clients, in favour of the Scheme and resolutions to be proposed to implement the Offer:

Shareholder	Number of Tower shares	Percentage of Tower Shares ¹
Allan Gray Clients	98,205,050	29.8%
Prescient Fund Managers	49,818,534	15.1%
Counterpoint Asset Management	46,503,400	14.1%
Total	194,562,984	59.0%

¹ – the percentage of Tower shares represents those eligible to vote on the Offer

9. RESPONSIBILITY STATEMENTS

The Independent Board and board of Tower, individually and collectively, accepts responsibility for the information contained in this announcement and, to the best of Tower's knowledge and belief, that information is true and this announcement does not omit anything likely to affect the importance of the information included.

10. CASH CONFIRMATION

The Cash Consideration required to settle the Scheme or General Offer is in place and, in accordance with Regulation 111(4) and 111(5) of the Takeover Regulations, RDC has obtained and delivered to the TRP (i) an irrevocable unconditional guarantee from Investec Bank Limited; and (ii) an irrevocable unconditional confirmation of funds held in escrow from Fluxmans Inc that, together, will satisfy the maximum possible Cash Consideration.

11. POSTING OF THE CIRCULAR

Tower will issue a circular to shareholders, containing full terms and conditions of the Scheme, General Offer and Group Restructure and containing a notice to convene a general meeting, the Independent Expert report, the recommendations of the Independent Board and board of Tower and the pertinent dates relating to the Offer and necessary forms to give effect to the Offer ("**Circular**").

The Circular is expected to be distributed to Tower shareholders within 20 business days after the date of this announcement (or such longer period as allowed by the TRP).

12. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Post the release of this announcement, Tower shareholders are advised that caution is not longer required to be exercised when dealing in Tower shares.

7 October 2021

Corporate advisor to Tower
FERRYMAN
capital partners

Legal advisor to Tower
CDH
CLIFFE DEKKER HOFMEYR

Sponsor to Tower
JAVACAPITAL

Corporate advisor to RDC

 **Investec**

Legal advisor to RDC

 **Fluxmans**
ATTORNEYS

Independent expert


questco
CORPORATE ADVISORY