



UPDATE ON AGROKOR

Shareholders are referred to the announcement released on SENS on 2 May 2017 regarding Agrokor d.d ("**Agrokor**"), the guarantor of Konzum d.o.o ("**Konzum**"), a major Croatian retailer and head-lease tenant in respect four retail properties acquired by Tower in Croatia in June 2016 (the "**Agrokor portfolio**")

As detailed in the announcement released on SENS on 2 May 2017, pursuant to the 'Lex Agrokor' law, adopted on 6 April 2017 ("**Lex Agrokor**"), commissioner Ante Ramljak has been appointed by the Croatian government as administrator of Agrokor (the "**Agrokor commissioner**") for the purposes of renegotiating Agrokor and its subsidiaries' position with creditors and restructuring the Agrokor business. As part of Lex Agrokor, all claims in respect of arrear rentals invoiced before 10 April 2017 were to be submitted to the commissioner before 9 June 2017. Shareholders are advised that Tower has submitted a claim to the Agrokor commissioner for its unpaid arrear rentals to the amount of HRK 6.34 million (ZAR12.4 million) as required. The Agrokor commissioner and Agrokor will investigate all claims submitted and it is expected that the credit committee's findings will be published on 9 August 2017. Tower remains confident in its claims submitted and is encouraged by its ongoing engagements with Agrokor. Tower is satisfied with the payment of Konzum's rental obligations subsequent to 10 April 2017.

Shareholders are informed that the Agrokor commissioner has issued its monthly report on the economic and financial state of Agrokor. A copy of this report is available on Tower's website (www.towerpropertyfund.co.za) under the 'Investors' section. The report is both transparent and encouraging for stakeholders. It warrants mention that Agrokor has recently secured a EUR480 million loan plus credit facility for up to EUR 50 million from various banks for the purposes of securing the ongoing business of Agrokor and its operational companies including preparation for the upcoming summer season. Importantly, EUR150 million of the loan has been set aside for repayment of pre-petition supplier claims.

The Agrokor portfolio is strategic to Konzum and Tower remains in regular contact with Agrokor in respect of the Agrokor portfolio and its performance over the coming summer season. Other international retailers have expressed an interest in leasing the Agrokor portfolio which is situated in prime locations. However, Tower has made a commitment to Konzum, which it will continue to honour for so long as Konzum continues to comply with its obligations in terms of the head-lease.

Tower will continue to update shareholders as further information in respect of the Agrokor portfolio becomes available.

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