

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”)



FURTHER UPDATE ON AGROKOR AND THE SIGNING OF A LEASE WITH SPAR

Shareholders are referred to the SENS announcement of 22 January 2018 regarding the new lease addendum and the commitment of Agrokor d.d (“**Agrokor**”) and its subsidiary, Konzum d.o.o (“**Konzum**”) to Tower’s retail premises in Croatia, in terms of which Konzum and Agrokor have committed to continue with Konzum’s 12 year head lease over the Konzum portfolio the (“**Konzum lease agreement**”).

Tower is pleased to advise shareholders that it has signed a 10 year lease agreement with Spar Hrvatska d.o.o (“**Spar**”) in respect of the Konzum stores in the Tower portfolio, which will only come into effect if Konzum is ever successfully evicted by Tower due to a breach of the Konzum lease agreement (the “**Spar lease agreement**”).

In terms of the Spar lease agreement, the rental is the same as that paid by Konzum in terms of the Konzum lease agreement, and rent will be due from the date on which the Spar lease agreement becomes effective, being the date that Konzum vacates the premises, thereby providing greater security of rental income for Tower. Spar does not require a tenant installation allowance nor will a leasing commission be payable. If Konzum does not breach the Konzum lease agreement for a period of three years, the Spar lease agreement will fall away.

Marc Edwards, CEO of Tower comments, “We are very pleased with the conclusion of the ‘back-up’ Spar lease agreement. It is testament to the strength and desirability of the Konzum properties which has been our consistent position and brings to a close the unpleasant period which we have had with our major Croatian tenant. Despite the obvious issues that Agrokor as a business has faced (which arose subsequent to the acquisition of the Konzum properties), Tower’s defensive position has always been the strength of its locations which has been corroborated by the Spar lease agreement. A great deal of effort has gone into assisting Konzum as a tenant and we are committed to continue to assist them to perform well in our stores. However, having a ‘back-up’ tenant of the quality of Spar, is extremely comforting”.

7 February 2018

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