

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")



FURTHER TRADING STATEMENT

Shareholders are referred to the SENS announcements issued by Tower on 17 April 2020, 1 June 2020 and 4 June 2020 relating to, *inter alia*, the impact of Covid-19 on Tower's operations and financial position. Shareholders are also referred to the trading statement released on SENS on 18 December 2020 wherein shareholders were informed that Tower expects the distribution per share for the six months ended 30 November 2020 to be at least 15% lower than the distribution per share for the six months ended 30 November 2019 (being 35.00817 cents per share).

Shareholders are advised that the board of directors of Tower has resolved that given uncertainty around tenant performance due to market volatility as a result of Covid-19, Tower will defer the interim dividend for the six months ended 30 November 2020.

Tower expects that its distributable earnings per share for the six months ended 30 November 2020 will be 19.35381 cents per share. This is 26% lower than the 26.23006 cents per share for the most recent six months ended 31 May 2020 and 42% lower than the 35.00817 cents per share for the six months ended 30 November 2019.

Tower's distributable income for the six months of 19.4 cents per share is as a result of a number of factors, including (i) the conversion of Euro debt into Rand debt – a strategic and stated target; (ii) the sale of assets to reduce LTV; and (iii) reversions of above market office rentals. These factors will have an impact on sustainable distributable income going forward. However, Tower expects a number of other factors, including (i) the impact of Covid-19 related rent relief; (ii) increases in bad debts attributable to Covid-19; and (iii) the temporary increase in vacancies at Cape Quarter as a result of the departure of a number of key office tenants, to only impact distributions over the relatively short term.

If one reverses the impact of these factors (assuming a level of bad debts more consistent with prior periods, had there been no rental concessions, and a re-letting of 95% of the vacant office and retail space at Cape Quarter at market related levels), distributable income for the period would have been closer to 23 cents, which Tower believe represents a more normalised, sustainable level of distributable earnings for assessing Tower's value proposition. However, this does presuppose a return to more normal trading conditions which, given the current levels of uncertainty, may take some time.

The financial information contained in this trading statement has not been reviewed or reported on by Tower's auditors.

16 February 2021

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