

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")



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.

In the announcement issued on 17 April 2020 Tower withdrew its earnings and distribution guidance for the year ended 31 May 2020 given the uncertainty of the impact of Covid-19 on Tower's operations and financial position.

Tower has for some time considered whether the payment of 100% of its distributable income to shareholders is sustainable, given the need for defensive capital expenditure on its portfolio. Given the ongoing uncertainty of the impact of Covid-19 on Tower's operations and financial position, Tower has decided to reduce its payout ratio to the minimum payout ratio in terms of the JSE Listings Requirements, being 75% of distributable income. This decision reflects Tower's view that it is important to balance the need to retain liquidity during the current uncertain times with Tower shareholders' reasonable expectation that the company, as a REIT (a vehicle established for the express purpose of paying a large percentage of its income to shareholders), will continue to meet the minimum payout ratio in terms of the JSE Listings Requirements. The board will assess this ratio from time to time, but Tower does not expect to distribute more than 90% of its distributable income going forward.

Shareholders are accordingly advised that Tower expects that its:

- distributable earnings per share for the year ended 31 May 2020 will be 59.38219 cents per share, being 14.8% lower than the 69.67412 cents per share for the year ended 31 May 2019, as a result of a relatively small decrease in net property income including Covid-19 concessions, an increase in interest expense (on debt raised to fund capital expenditure), the sale during the period of non-core properties at a yield higher than the cost of debt and tax raised on undistributed income; and
- distribution per share for the year ended 31 May 2020 will be 44.52847 cents per share, being 40.0% lower than the 74.19478 cents per share for the year ended 31 May 2019, as a result of Tower's decision to pay out only 75% of distributable earnings, as well as the board's decision, in the current environment, to no longer add back, and distribute, rental income lost due to development activity.

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

Tower's summarised consolidated results for the year ended 31 May 2020 will be published on 21 August 2020.

13 August 2020

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