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**")

UPDATE ON DEBT FUNDING IN CROATIA

As communicated to shareholders previously, Tower's Croatian investments have been funded partially through Euro denominated debt from Standard Bank, secured against Tower's South African portfolio (the "**Euro debt**").

One of Tower's key strategic objectives has been to reduce this Euro debt, in order to reduce the potential impact on the Company's loan to value ratio if the Rand weakens substantially against the Euro. Tower has repaid €12.7 million of the Euro debt over the last 2 years, leaving a current balance of €41.6 million owing to Standard Bank.

Shareholders are advised that, taking advantage of the recent reduction in South African interest rates and the slight strengthening of the Rand against the Euro, on 16 July 2020 Tower finalised the refinancing of €31.5 million of its remaining Euro debt into ZAR debt of R600.4 million. The debt has been swapped at a currency rate of €1.00 : R19.06, with a loan maturity of 31 July 2022. The interest rate on the ZAR debt is 3 month JIBAR plus 2.70%. The interest rate on the Euro debt was 3 month Euribor plus 3.20%.

Shareholders are further advised that, on 16 July 2020, Tower has taken out a three year interest rate swap on R600 million of JIBAR debt, fixing at 4.6%. Tower has further unwound two Euro swaps amounting to €43.7 million, the cost of which has been incorporated in the three year interest rate swap rate of 4.6%.

The balance of the Euro debt will be settled using the proceeds from the sale of Velica Gorica, as announced on SENS on 1 June 2020, and a new asset backed Euro loan against Meridijan Shopping Centre in Croatia, which was previously ungeared. The sale of Velica Gorica is now unconditional and transfer is expected in a few weeks.

Although the conversion of the Euro debt into ZAR debt increases the Company's cost of funding, it removes a potential risk to the Company in these increasingly volatile times and assists in protecting the balance sheet of the business.

17 July 2020

Sponsor