REVIEWED PRELIMINARY CONDENSED CONSOLIDATED RESULTS

September 2019

ARROWHEAD PROPERTIES

Focused on sustainable value

Arrowhead Properties Limited (formerly known as Gemgrow Properties limited)
(Incorporated in the Republic of South Africa)
(Registration number 2007/032604/06)
JSE share code: AHA ISIN: ZAE000275491
JSE share code: AHB ISIN: ZAE000275509
(Approved as a REIT by the JSE)
("**Arrowhead**" or "**the company**" or "**the group**")

Reviewed preliminary condensed consolidated results

for the year ended 30 September 2019

- Merger of Arrowhead and Gemgrow satisfactorily completed
- Dividend marginally ahead of merger target
- Disposal of 57 non-core assets for over R1 billion at an average of a 2% discount to book value
- Gearing on balance sheet well positioned at 40.5% (under 39% at the time of reporting)
- Acquisition of 36 properties valued at R771 million successfully integrated within the portfolio
- Vacancy reduced to 7.5% at 30 September 2019
- 90% of lease expiries successfully renewed or re-let
- Core direct property portfolio income growth of 3% in a very challenging economic environment
- Increase in the size of the team from 20 to 32 for the group

Nature of the business

Arrowhead is a proudly South African Real Estate Investment Trust ("**REIT**") committed to creating long-term shareholder value. It holds a diverse portfolio of retail, office and industrial (collectively "**commercial**") properties located in all nine provinces of South Africa valued at R10.8 billion (held directly and through subsidiaries). In addition, as at 30 September 2019, Arrowhead held a 59.6% interest (2018: 60.1%) in its subsidiary, Indluplace Properties Limited ("**Indluplace**"), which owns a portfolio of residential properties, together with small stakes in Rebosis Property Fund Limited ("**Rebosis**") and Dipula Income Fund Limited ("**Dipula**").

The average value per direct property held as at 30 September 2019 was R57.2 million (2018: R56.9 million)

The company's financial focus is on paying good income returns to its investors on a sustainable basis. This is achieved through escalating rentals, satisfactory renewal of leases with existing tenants, renting of vacant space within the property portfolio and managing and where possible reducing costs associated with the property portfolio.

Market conditions

The South African economy is experiencing an unpredictable and difficult environment which has certainly been felt by our tenants. Notwithstanding the challenging environment and the pressure that our listed holdings have experienced, Arrowhead is pleased with the performance of its direct property portfolio which has been in line with expectation. 84% of Arrowhead's income is attributable to its direct property portfolio. This percentage increases to 97% if its majority interest in Indluplace is taken into account.

In expectation of an economic environment that will remain difficult, we have implemented the following defensive measures:

- Increasing the number of in-house property resources to support our external property managers
- Implementing innovative letting strategies.
- Disposing of non-core assets with non-sustainable income streams
- Strengthening the company's balance sheet, by reducing debt

We are well under way in implementing our strategy that defensively repositions our portfolio to yield sustainable income over the medium to long term.

Changes to the business

Increase in the size of the team

In order to implement Arrowhead's strategy, there was a need to increase the size of the team. The group headcount increased from 20 to 32 in the current year to maintain strong market and operational focus. The group has built a highly motivated team of skilled property professionals. It has focused on building a culture of loyalty and performance with an emphasis on the team. Innovation, individualism and creativity are strongly encouraged. There has been a change in philosophy within the organisation from wholly outsourcing the property management to a hybrid model, where each team works alongside its property manager and has direct involvement in the day-to-day property management. The specific areas of focus have been tenant retention, new deals, debt collections, utility management and tenant-centric management. We have employed an additional legal resource to manage risk and enhance compliance. Despite the increase in costs, the change in philosophy has already yielded benefits and we expect further traction going forward.

Arrowhead/Gemgrow merger

During the year under review, the Company merged with Arrowgem Limited (previously known as Arrowhead Properties Limited) ("**old Arrowhead**") and changed its name to Arrowhead Properties Limited. Given the Company's unique dual class A and B share capital structure, which the group wished to retain, the transaction was structured in the form of a reverse takeover. The company issued B shares in the capital of the company to old Arrowhead shareholders in lieu of their shares, constituting old Arrowhead a wholly owned subsidiary of Arrowhead. Old Arrowhead was subsequently delisted.

Arrowhead/Gemgrow merger continued

Prior to the merger, old Arrowhead exercised control over Arrowhead by virtue of its shareholding in Arrowhead. Consequently, Arrowhead's statement of financial position was consolidated into old Arrowhead's statement of financial position. As the market capitalisation of old Arrowhead at the date of merger was larger than Arrowhead's market capitalisation, the transaction was considered to be a reverse take over in accordance with International Financial Reporting Standards ("**IFRS**") and the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**").

In terms of IFRS, the transaction is treated as the acquisition by old Arrowhead of the non-controlling interest in Arrowhead even though, legally, Arrowhead acquired the issued share capital of old Arrowhead by way of a scheme of arrangement. Arrowhead issued consideration shares to the shareholders of old Arrowhead in consideration for their old Arrowhead shares. Accordingly, for accounting purposes old Arrowhead was regarded as the acquirer of the shares in Arrowhead that it did not already own at the effective date. Therefore, the financial statements presented below (including the prior year comparatives) is a continuation of the old Arrowhead's financial statements, adjusted for the transaction.

Disposals

We concluded the sale of over R1 billion worth of properties during the financial year, at an average discount of 2% to book value and at an average yield of 9.1% (excluding income assumptions linked to vacancies). As at year-end, 32 of the properties disposed of, with a value of R551 million, had been transferred. Since year-end we transferred a further 3 properties with a sales value of R119 million, with the remainder expected to transfer before 31 March 2020.

Acquisitions

The group acquired a 75.62% interest (and a 95% economic interest) in a portfolio of 26 properties valued at R704 million on 1 December 2018 for a purchase consideration of R634.5 million which was funded by the issue of 10 264 434 A shares at an ex-dividend issue price of R9.74 per A share, with the balance funded with debt. From an IFRS perspective, as the controlling interest does not meet the requirements of a business acquisition, it has been accounted for as an asset acquisition on 1 December 2018.

Condensed consolidated financial results

for the year ended 30 September 2019

R'000	2019	2018
Revenue (excluding straight line rental income)	2 419 947	2 283 158
Listed securities income	81 775	210 018
Property expenses	(967 079)	(851 812)
Administration and corporate costs	(89 424)	(57 240)
Finance charges	(627 848)	(560 156)
Finance income	73 892	84 262
Non-controlling interest profits elimination (net of antecedent income)	(104 458)	(300 078)
Distributable income	786 805	808 152
Antecedent income – subsidiary	-	306
Accrued dividend on listed securities	20 998	55 902
Listed securities income recognised in previous reporting period	(55 902)	(109 980)
Total dividend	751 901	754 380
Dividend to the Arrowhead Charitable Trust*	17 360	22 971
Total dividend after effects of Arrowhead Charitable Trust	**769 261**	**777 351**
Property expenses as a percentage of revenue – gross (%)	40%	37%
Property expenses as a percentage of revenue – net (%)	14%	14%
Dividend for the 6 months ended 31 March	-	424 496
Dividend for the 6 months ended 30 September	-	352 855
A share - dividend for the 6 months ended 31 March	34 206	-
B share - dividend for the 6 months ended 31 March	346 707	-
A share - dividend for the 6 months ended 30 September	35 735	-
B share - dividend for the 6 months ended 30 September	352 613	-
Total dividend (R)	**769 261**	**777 351**
Dividend per share (cents) for the 6 months ended 31 March	-	40.43
Dividend per share (cents) for the 6 months ended 30 September	-	33.67
	-	**74.10**
Dividend per A share (cents) for the 6 months ended 31 March^	54.53	-
Dividend per A share (cents) for the 6 months ended 30 September*	56.98	-
	111.51	**-**
Dividend per B share (cents) for the 6 months ended 31 March^	34.08	-
Dividend per B share (cents) for the 6 months ended 30 September*	34.66	-
Total dividend (cents)	**68.74**	**-**

^ The dividend was declared on 29 May 2019.
* The dividend was declared on 27 November 2019.
Note - The dividend per share as at 31 March 2019 was calculated on the combined dividend amount paid to both Arrowhead and old Arrowhead shareholders using the share capital at the end of 30 September 2019. The dividend per share for the 6 months ended 30 September 2019 was determined based on the new share structure of the merged vehicle's shares in issue of 62 718 658 A shares and 1 017 278 238 B shares in issue as at 30 September 2019.

Commentary

Revenue

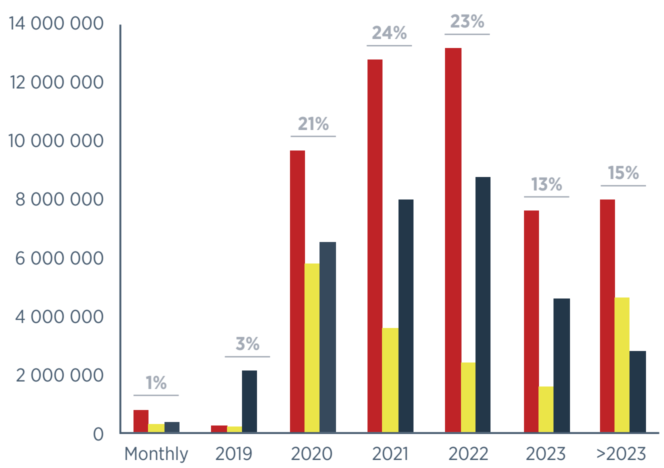
Revenue includes rental income and expenditure that is recoverable from tenants.

At 30 September 2019 Arrowhead owned 188 commercial properties directly and 167 residential properties indirectly through Indluplace. The increase in revenue is mainly as a result of income derived from the acquisitions in the current year.

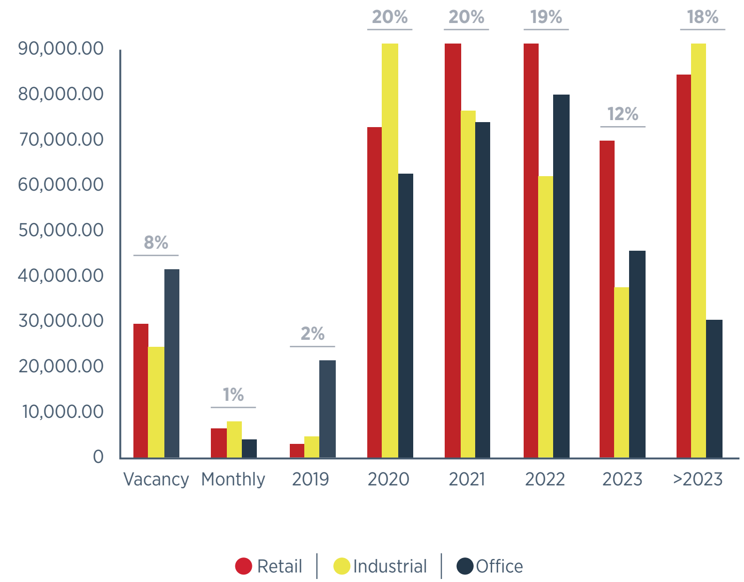
For the year ended 30 September 2019 Arrowhead's direct property portfolio comprised 52% by value of retail properties, 32% of office buildings and 16% of industrial buildings. The average gross and (net) monthly rentals per m² per sector are R127 (R118) per m² for retail, R126 (R105) per m² for office and R47 (R45) per m² for industrial on gross lettable area (GLA). Gross rental includes parking, operational cost recoveries and rates recoveries. Rental reversions were -1.5% overall, -2.3% for retail, -0.4% for office and -1.9% for industrial. The average weighted lease escalation across the portfolio was 7.56%, with retail at 7.38%, office at 7.59% and industrial at 7.72%. Average lease length was 3,64 years. During the year, 331 924 leases came up for renewal, of which 298 906 were renewed and re-let. In aggregate, overall retention was 90.1% of the GLA.

In what has been a very challenging economic environment we have experienced positive letting activity and performance from the direct portfolio. Vacancies have decreased from 7.7% at 30 September 2018 to 7.5% at 30 September 2019 (retail 6.2%, office 11.6% and industrial 5.6%), which is in line with expectations.

Combined lease expiry profile by revenue (R)



Combined lease expiry profile by GLA



Annual letting report

	Total (m²)	Let GLA	Vacant GLA	Let (%)	Vacant (%)
As at 1 October 2018	**1 277 699**	**1 179 083**	**98 616**	**92.28**	**7.72**
Acquisitions	89 456	85 681	3 775	95.78	4.22
Disposals	(113 129)	(84 609)	(28 520)	74.79	25.21
Net adjustments	(1 893)	(144)	(1 749)		
Adjusted totals	**1 252 133**	**1 180 011**	**72 122**	**94.24**	**5.76**
Net (loss)/gain		(21 949)	21 949		
As at 30 September 2019	**1 252 133**	**1 158 062**	**94 071**	**92.49**	**7.51**

Listed securities dividend

Dividend from listed securities comprises a dividend received from Dipula. During the current financial period, Arrowhead's holding in Dipula of 8.6% remained in line with that at 30 September 2018.

Rebosis has not declared a dividend for its interim period nor for the year ended 31 August 2019. We were mindful of the challenges that Rebosis faced and in our November 2018 SENS announcement we communicated that our dividend forecast for the 2019 financial year would exclude any contribution from our holding in Rebosis.

Operating costs

R'000	30 September 2019	Total (%)	30 September 2018	Total (%)
Municipal expenses	624 964	65	559 556	66
Property management	73 161	8	62 085	7
Security	36 209	4	33 355	4
Repairs and maintenance	36 026	4	29 345	3
Letting commission	22 566	2	20 228	2
Cleaning	25 865	3	24 160	3
Insurance	11 740	1	9 004	1
Other	136 548	13	114 079	14
Total	**967 079**	**100**	**851 812**	**100**

Operating costs have increased mainly due to the acquisition of the additional 36 properties early in the financial year. The higher property management fees were in line with the increase in rental income and the new properties transferred during the year. There was increased expenditure on repairs and maintenance so as to enhance and maintain our portfolio. The gross expense to income ratio has increased from 37% to 40% due to higher than inflationary increases for services from municipal councils. The net expense to income ratio remained in line with previous years at 14% of revenue.

Administration expenses and corporate costs

R'000	30 September 2019	Total (%)	30 September 2018	Total (%)
Salaries	65 755	74	41 397	72
Professional service fees	9 677	11	7 536	13
Other	13 992	15	8 307	15
Total	**89 424**	**100**	**57 240**	**100**

The increase in salaries is in line with the growth of the team from 20 to 32. Furthermore, in the current year, the group implemented the newly adopted long-term incentive for all employees. Despite these awards only vesting subsequently in future years, the cost of these awards are expensed proportionately over the vesting period in terms of IFRS.

R'000	2019	% of total	2018	% of total
Interest on group share purchase and option schemes	62 604	85	71 018	84
Interest on cash balances and tenant deposits	11 288	15	13 244	16
Total	**73 892**	**100**	**84 262**	**100**

Interest on the group share purchase and option schemes is in respect of outstanding loan balances in terms of the old Arrowhead Share Purchase and Option Scheme, the Indluplace Share Purchase and Option Scheme, the Arrowhead Share Purchase and Option Scheme and group loans to executives for the purpose of funding the purchase of B shares in the Company. The executives or their related entities (as the case may be) remain liable for the value of the loans outstanding. These loans bear interest at fixed rates, which are deemed to be market related and at rates equal to the dividend on other loans of the group for the year ended 30 September 2019. The shares have been pledged to the respective companies which advanced the loans as security for the outstanding loans.

R'000	2019	% of total	2018	% of total
Interest paid - secured financial liabilities	597 064	95	534 313	95
Interest on swaps, amortised structuring fees and other interest paid	30 784	5	25 843	5
Total	**627 848**	**100**	**560 156**	**100**

The increase in finance costs is primarily related to the funding of the acquisitions early in the year.

Dividend payable - Reconciliation of loss before tax to dividend distributable

R'000	Reviewed for the year ended 30 September 2019	Audited for the year ended 30 September 2018
(Loss) before tax attributable to shareholders	(857 259)	(59 308)
Changes in fair values of investment property	284 778	198 458
Changes in fair values of listed securities and financial instruments	1 072 516	608 697
Changes in fair values of loans of the share option scheme	395 307	-
Loss on sale of investment properties	457	36 879
Straight line rental income accrual	(4 536)	(16 252)
Dividend to the Arrowhead Charitable Trust and corporate fees	17 360	25 491
Accrued distribution of financial assets	20 998	55 903
Accrued distribution on financial assets recognised in prior financial year	(55 902)	(109 980)
NCI earnings net of fair value adjustments	(104 458)	(300 292)
Goodwill	-	337 449
Antecedent interest - subsidiaries	-	306
Distributable earnings attributable to shareholders	**769 261**	**777 351**

Note - It should be noted that while the dividend payable is higher than the guidance communicated to the market in the circular and prospectus sent to shareholders on 22 July 2019, Arrowhead's earnings have been negatively affected by the fair value adjustments in relation to investment property of R285 million, fair value adjustments in relation to derivatives of R97 million, the devaluation of the group's listed holdings in Dipula and Rebosis of R975 million. The adoption of IFRS 9 has also resulted in a negative fair value adjustment in relation to the loans to the participants of the Arrowhead group's share purchase and option schemes of R395 million.

Investment properties

The portfolio consists of 188 retail, industrial and office properties valued at R10.8 billion with an average property value of R57 million. In addition, the group had 167 residential properties held by its subsidiary, Indluplace, valued at just under of R4.2 billion with an average value of R25 million.

	Commercial portfolio		Residential portfolio*		Total	
	No. of buildings	R'000	No. of buildings	R'000	No. of buildings	R'000
Balance at the beginning of the year	184	10 476 958	176	4 270 426	360	14 747 384
Acquisitions, additions and fair value adjustments	36	807 917	-	(61 192)	36	746 725
Disposals	(32)	(525 576)	(9)	(34 228)	(41)	(559 804)
Balance at the end of the year	**188**	**10 759 299**	**167**	**4 175 006**	**355**	**14 934 305**

Investment property increased from R14.7 billion at 30 September 2018 to R14.9 billion at 30 September 2019. The movement was attributable to acquisitions and capital expenditure of R1 billion, downward fair value of adjustments of R286 million and disposals of R560 million.

Core direct portfolio

Net income growth on properties owned at 1 October 2018 and still owned on 30 September 2019

Description	1 October 2018 to 30 September 2019 R'000	1 October 2017 to 30 September 2018 R'000	Growth
Revenue	1 511 883	1 442 615	4.8%
Property Expenses	(603 226)	(560 063)	7.7%
Net Operating Income	**908 657**	**882 552**	**3.0%**

Loans to participants of group share purchase and option schemes
A Conditional Share Plan was approved for the various group companies at the Annual General Meeting held on 5 February 2019 to replace the previous share purchase and option scheme with effect from the 2019 financial year. The loans to the group participants are held at fair value in accordance with IFRS 9 - " Financial Instruments" have been adjusted to fair value which approximates the differences between the loans and the current share prices.

Trade and other receivables
Unlike previous years, the company disclosed its trade receivable accruals on a gross basis instead of a net basis, primarily contributing to the increase from R334 million to R532 million. The significant contributors to the balance comprise trade debtors of R67 million with an associated bad debts provisions of R24 million. The group applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade receivables. The adoption of this new standard has not had a significant effect on the reviewed financial results.

Other receivables include R160 million of income accruals in respect of utility accruals, interest income from loans issued to participants of the share purchase and option scheme, R98 million receivables in respect of municipal clearances, credits and deposits, R25 million in respect of an adjustment account, trade debtor balances in respect of properties sold and purchased and R168 million of trade receivables in respect of Indluplace.

Secured financial liabilities
Group loans of R6.5 billion (2018: R6.1 billion) reduced by cash and cash equivalents, measured against investment and financial assets of R15.6 billion (2018: R15.9 billion) representing a group loan to value ("**LTV**") of 40.5% (2018: 38.0%). The increase in the LTV is mainly as a result of downward fair value adjustments of the company's listed holdings in Rebosis and Dipula. At the time of the group reporting its results, the LTV dropped to 38.9%. The interest rate swaps of R5 billion result in 77% of the total loans being fixed.

Excess funds are placed in access facilities to reduce the overall interest charge. The effective interest rate for the year ended 30 September 2019 was 9.48% (30 September 2018: 9.79%) for the group. The group has a loan facility of R522 million which expires in March 2020, and Indluplace has a R150 million facility which expires in September 2020. The group has been in discussions with the funders and is confident that it will be able to renew these facilities. Post expiry of these facilities, the next expiry will only be in the 2022 financial year, so the group is well positioned in respect of its funding.

Maturity	3 month Jibar margin %	Prime rate margin %	R'000
March 2020 (old Arrowhead)	-	Minus 1.30	42 020
March 2020 (old Arrowhead)	2.08	-	480 000
September 2020 (Indluplace)	-	Minus 1.30	150 000
October 2020 (Indluplace)	-	Minus 1.35	40 150
October 2020 (Indluplace)	2.05	-	275 025
October 2020 (Indluplace)	2.05	-	67 832
October 2020 (Indluplace)	2.05	-	275 025
October 2020 (Indluplace)	2.05	-	67 832
December 2021 (old Arrowhead)	1.85	-	300 000
April 2022 (old Arrowhead)	1.89	-	330 000
June 2022 (old Arrowhead)	2.10	-	146 283
July 2022 (old Arrowhead)	2.10	-	157 533
September 2022	-	Minus 1.60	50 000
October 2022	2.15	-	525 000
October 2020 (Indluplace)	2.20	-	302 143
October 2020 (Indluplace)	2.20	-	302 143
November 2022	2.20	-	480 000
November 2022	2.20	-	56 000
November 2022 (old Arrowhead)	2.05	-	280 000
November 2022 (old Arrowhead)	2.05	-	200 000
December 2022 (old Arrowhead)	-	Minus 1.15	269 513
July 2023 (old Arrowhead)	2.05	-	661 000
November 2023 (old Arrowhead)	-	Minus 1.15	146 899
December 2023	2.25	-	200 000
December 2023	2.35	-	490 624
September 2024	2.25	-	139 000
September 2024	-	Minus 1.00	105 000
Total exposure			**6 539 021**

3 month Jibar as at 30 September 2019 was 6.79%.

Maturity Date	Arrowhead Capital Amount (R`000)	Old Arrowhead Capital Amount (R`000)	Indluplace Capital Amount (R`000)	Total Capital Amount (R`000)
2020	-	522 020	150 000	672 020
2021	-	-	725 865	725 865
2022	50 000	933 816	-	983 816
2023	1 061 000	1 410 512	604 286	3 075 798
2024	934 623	146 899	-	1 081 522
	2 045 623	**3 013 247**	**1 480 151**	**6 539 021**

The group has further entered interest rate swaps to hedge its exposure to fluctuations in interest rates of its debt as follows

Arrowhead (formerly Gemgrow)

Notional Amount (R'000)	Maturity Date
525 000	2022-10-31
600 000	2022-11-15
200 000	2022-12-04
139 000	2024-10-03
106 000	2024-10-03
1 570 000	

Old Arrowhead

Notional Amount (R'000)	Maturity Date
275 000	2021-08-25
65 729	2021-10-19
41 681	2021-10-25
51 772	2021-10-27
300 000	2021-11-09
112 450	2021-12-15
742 163	2021-12-31
200 000	2022-06-30
200 000	2022-07-04
595 000	2024-09-12
2 583 797	

Indluplace

Notional Amount (R'000)	Maturity Date
275 025	2024-10-07
28 485	2024-10-07
144 979	2024-10-07
275 025	2024-10-07
28 485	2024-10-07
144 979	2024-10-07
896 979	

Trade and other payables

The significant contributors were municipal accruals of R261 million, contract expense and repairs & maintenance accruals of R29 million, trade payables of R27 million, income received in advance of R18 million, tenant deposits of R103 million, value added tax of R31 million and trade payables in respect of the group's residential subsidiary, Indluplace of R123 million. We are comfortable that the group has sufficient cash available on hand and available cash in its loan access facilities to settle its creditor commitments.

Share capital

During the year, the group issued 15 366 455 A shares valued at R150 million to fund the acquisitions concluded early in the year. Arrowhead issued 3 142 856 B shares under the previous share purchase and option scheme and also issued 860 254 092 B shares in terms of the merger between Arrowhead and old Arrowhead. At year end, the company had 62 718 658 A shares in issue and 1 268 439 054 B shares in issue, of which 251 160 816 B shares are treasury shares that attract no earnings or dividends. These treasury shares will be redeemed at a nominal value and cancelled.

Merger between Arrowhead (formerly Gemgrow) and old Arrowhead (formerly Arrowhead)

The effective date of the merger was 23 September 2019.

Consolidated statement of financial position of the Arrowhead group at 30 September 2019

Prior to the merger, old Arrowhead already exercised control over Arrowhead (formerly called Gemgrow) by virtue of its shareholding in Arrowhead. Consequently, Arrowhead's assets and liabilities were consolidated into old Arrowhead's statement of financial position. The only adjustment related to the acquisition of the remaining Arrowhead non-controlling interests.

Transaction adjustments

For accounting purposes under IFRS, the transactions were treated as the acquisition of the non-controlling interest of Arrowhead even though, legally, Arrowhead was the acquirer and is the entity that issued the consideration shares to the shareholders of old Arrowhead. Changes in holdings while control was retained were accounted for as equity transactions. Any premium or discount on purchase or sale is recognised directly in equity. For the purposes of the pro forma financial information, the purchase consideration and impact on retained earnings was as follows:

	Amount	Note
Number of old Arrowhead shares deemed to be issued ('000)	258 797	a
Old Arrowhead share price (R') as at the effective date of the merger	3.21	
Value of old Arrowhead shares deemed to be issued to Arrowhead shareholders (R'000)	830 739	a
Carrying value of old Arrowhead non-controlling interest acquired	2 020 679	b
Transaction between owners	1 189 940	c

Notes:

a) Under IFRS, the fair value of the consideration transferred by the accounting acquirer is based on the number of shares that the accounting acquirer (the then subsidiary - Arrowhead) would have had to issue to the owners of the accounting acquiree (the then Parent - old Arrowhead) to give the owners of the legal parent the same percentage of equity interests in the combined entity that results from the reverse acquisition. 258.8 million Arrowhead shares were deemed to be issued by old Arrowhead in consideration for Arrowhead's B shares. For the purpose of estimating the fair value of the consideration transferred in the pro forma financial information, the existing shares of Arrowhead were deemed to be acquired on 23 September 2019 based upon the acquisition date closing price of Arrowhead's existing shares (being R3.21)

b) Carrying value of the Arrowhead NCI as at 23 September 2019

c) Changes in a parent's ownership interest that did not result in a change in control of the subsidiary were accounted for as equity transactions. Thus, as the parent already maintained control, the parent did not record any additional acquisition adjustments to reflect its subsequent purchases of additional shares in its subsidiary as there was no change in control. Instead, the carrying amount of the NCI was adjusted to reflect the change in the NCI's ownership interest in the subsidiary. Any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received is recognised in equity and attributed to the equity holders of the parent.

Prospects

Arrowhead continues to position itself to weather the current unpredictable economic environment in South Africa. We anticipate that 2020 will be another tough financial year with continued risk of tenant failures and the non-renewal of leases by tenants. The difficult economic environment requires harder work and more hands on deck to retain existing tenants and compete for new tenants. To address this, Arrowhead has strengthened its operational team, with a particular focus on tenant retention, rental collections, utility efficiencies (which are increasing components of revenue and expenses) and the generation of new deals in respect of vacant space. This approach helped us achieve positive operational results for 2019 and we are confident that we will be able to build on the current successes. Vacancies reduced marginally during 2019 from 7.7% to 7.5% while 90% of expiring space was either renewed or re-let to new tenants. New leases were concluded in respect of approximately 129 000 m^2 of space as a result of the newly implemented leasing initiatives. The operational team was also successful in improving the group's lease expiry profile, thereby reducing the renewal risk for the 2020 financial year.

The core portfolio grew by just under 3% in the 2019 financial year. We believe that as a result of the steps taken in 2019, we are now well positioned to continue delivering a solid level of performance from our direct property portfolio in 2020 and beyond.

Despite the positive outlook under difficult conditions, our 2020 forecast has been negatively impacted due to the reduction in our forecast income from our listed investments in Indluplace and Dipula, sales of non-core properties and a major tenant failure at one of our Randburg properties. Taking all of the above into account, our forecast for the 2020 financial year is for total dividend income to reduce by 3.5%, with the dividend on the A shares to increase by the lower of CPI or 5% to approximately 117 cents per A share; and the dividend on the B shares to reduce by 4% to 66 cents per B share compared to the 2019 year.

In the budget for 2020 we have not taken into account the letting of vacant space and have excluded rental from those tenants which we know will not be renewing, from the expiry of their leases. Rentals have been assessed on a case by case basis and where appropriate negative reversions have been assumed.

Excluding administrative and finance cost, the direct property portfolio will contribute 84% of the dividend income forecast for the 2020 financial year, or 97% if we include our majority investment in Indluplace. We have forecast that no dividend will be received from Rebosis. Dipula accounts for the remaining 3% of the dividend income for the year ahead. As stated last year, it has been our intention to reduce our reliance on our non-core listed investments and focus on our direct property portfolio as well as core investment in Indluplace. Our investments in Rebosis and Dipula now account for less than 1% of Arrowhead's total assets.

Over R1 billion of sales of non-core assets have been concluded at an average 2% discount to book value, highlighting our realistic valuations. R551 million was transferred in the 2019 financial year. R119 million has already transferred post year-end and the balance of just under R350 million is expected to transfer in the first 6 months of the current financial year. We will continue with our sales program and are looking to further dispose of properties which do not meet our long term sustainable value criteria. Capital allocation will be carefully considered with a focus on reducing loan to value. It is our goal to reduce our LTV to 35% within 2 years. It has already reduced from 40.5% at year-end to below 39% at the time of this announcement. Once the existing sales transfer, LTV is expected to reduce further to below 38%.

We believe the decisions we started implementing two years ago with a focus on long term sustainability mean that our portfolio is well positioned to sustain this tough environment and achieve growth when the economy eventually starts to recover.

The forecast, which has not been reviewed or reported on by the group's auditors, assumes that there will be no further material deterioration in prevailing macroeconomic conditions, that no major corporate failures will occur and that tenants will be able to absorb rising utility costs and rates recoveries.

Summary of financial performance

R'000	Reviewed for the 12 months ended 30 September 2019	Audited for the 12 months ended 30 September 2018
Dividend per Arrowhead share (cents)		74.1
Dividend per Arrowhead A share (cents)	111.51	
Dividend per Arrowhead B share (cents)	68.74	
Arrowhead ordinary A shares in issue	62 718 658	47 352 203
Arrowhead ordinary B shares in issue*	1 017 278 238	405 042 105
Net asset value per share at reporting date (cents) - excluding Non-controlling interest	715	754
Net asset value per A share at reporting date (cents) - excluding Non-controlling interest	990	
Net asset value per B share at reporting date (cents) - excluding Non-controlling interest	698	
Loan to value ratio - group (%)	40.5%	38.0%

* Includes shares issued to the Arrowhead Charitable Trust as at 30 September 2019 only.
* After the reporting period no additional shares were issued.
* The shares in issue at the end of the year end were 1 268 439 054, which include the 251 160 816 shares held by old Arrowhead which comprise treasury shares that do not attract earnings or dividends.

Reconciliation of earnings to headline earnings

for the year ended 30 September 2019

R'000	Reviewed for the year ended 30 September 2019	Audited for the year ended 30 September 2018
(Loss) for the period attributable to Arrowhead shareholders	(843 293)	(193 594)
Earnings	**(843 293)**	**(193 594)**
Changes in fair value of investment property	284 778	198 458
Changes in fair value of investment property - non-controlling interest	(66 023)	(116 999)
Profit on sale of property	457	36 879
Impairment of goodwill	-	337 449
Impairment of goodwill: non-controlling interest	-	(71 446)
Profit on sale of investment property: non-controlling interest	-	6 872
Headline earnings attributable to shareholders	(624 081)	197 619
Number of A shares in issue	62 718 658	47 352 203
Number of B shares in issue*	1 017 278 238	405 042 105
Weighted average number of Arrowhead shares in issue		
Weighted average number of A shares in issue	61 101 741	47 352 203
Weighted average number of B shares in issue	435 907 602	404 199 511
Basic and diluted earnings per combined shares in issue (cents)	-169.67	-42.87
Headline and diluted earnings per combined shares in issue (cents)	-125.57	43.76

* Shares in issue of 1 268 439 054 excluding treasury shares of 251 160 816

Payment of dividend for the year ended 30 September 2019

The board of directors ("**Board**") has approved a gross dividend (dividend number 9) of 56.97647 cents per A share and 34.66247 cents per B share for the year ended 30 September 2019 in accordance with the timetable set out below:

	2019
Last date to trade *cum* distribution	Tuesday, 17 December
Shares trade *ex*-distribution	Wednesday, 18 December
Record date	Friday, 20 December
Payment date	Monday, 23 December

Share certificates may not be dematerialised or rematerialised between Wednesday, 18 December 2019 and Friday, 20 December 2019, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 23 December 2019. In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depositary Participant ("**CSDP**") accounts/broker accounts on Monday, 23 December 2019. Certificated shareholders' dividend payments will be deposited on or about Monday, 23 December 2019 to certificated shareholders' bank accounts.

In accordance with Arrowhead's status as a REIT, shareholders are advised that the dividends meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**"). The distributions on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividends tax; and
b) a written undertaking to inform the CSDP, broker or the company should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Dividends withholding tax is 20% and accordingly, any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 45.58118 cents per A share and 27.72998 cents per B share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividends are subject to a reduced rate as a result of the application of a DTA; and
b) a written undertaking to inform their CSDP, broker or the company should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

A-shares in issue at the date of declaration of dividends: 62 718 658
B-shares in issue at the date of declaration of dividends: 1 017 278 238 (*)
Arrowhead's income tax reference number: 9068/723/17/1

(*) – Total shares of 1 268 439 054 including treasury shares of 251 160 816.

Events after reporting period
Mrs Nosipho Makhoba joined the Board as non-executive director on 1 November 2019.

The group has recorded secured financial liabilities of R245 million as renewed until October 2024. The negotiations of these specific debt renewals were concluded before year end but agreements were only signed after 30 September 2019.

Dividend declaration after reporting date
In line with IAS 10 Events after the Reporting Period, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event which is not recognised in the financial statements.

Litigation statement

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Arrowhead is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the group's financial position.

Basis of preparation

The annual consolidated results for the year ended 30 September 2019 has been reviewed by the group's auditors, BDO South Africa Incorporated. The opinion expressed by the auditors remains unqualified.

These reviewed preliminary condensed consolidated financial results for the year ended 30 September 2019 ("**condensed results**") have been prepared in accordance with the requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the requirements of the South African Companies Act, 2008. The accounting policies applied in the preparation of these condensed results are consistent with those of the previous annual financial statements except for the adoption of IFRS 9. These condensed results have been prepared under the supervision of J Limalia, CA (SA), Arrowhead's Chief Financial Officer.

The directors take full responsibility for the preparation of the condensed results. The auditors BDO South Africa have issued an unmodified review conclusion for the condensed results for the year end 30 September 2019 and a copy of the review conclusion is available for inspection at the company's registered office at 3rd Floor, Upper Building, 1 Sturdee Avenue, Rosebank, Johannesburg. The auditor's report does not necessarily report on all the information contained in the announcement of the financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's review report together with the company financial information from the company's registered office.

Condensed consolidated statement of comprehensive income

for the year ended 30 September 2019

R'000	Reviewed for the year ended 30 September 2019	Audited for the year ended 30 September 2018
Rental income	2 419 947	2 283 158
Straight line rental income accrual	4 536	16 466
Listed securities income	81 775	210 018
Total revenue	**2 506 258**	**2 509 642**
Property expenses	(967 079)	(851 812)
Administration and corporate costs	(89 424)	(59 760)
Net operating profit	**1 449 755**	**1 598 070**
Changes in fair values	(1 753 058)	(844 036)
Profit from operations	**(303 303)**	**754 034**
Finance charges	(627 848)	(560 156)
Finance income	73 892	84 262
(Loss)/profit after net finance cost and before capital items	**(857 259)**	**278 140**
Impairments - Goodwill	**-**	**(337 448)**
Profit before taxation	**(857 259)**	**(59 308)**
Taxation	-	(2 011)
Total comprehensive loss for the year	**(857 259)**	**(61 319)**
Profit for the year attributable to:		
Equity shareholders of Arrowhead	(843 293)	(193 594)
Non-controlling interest	(13 966)	132 275
Total comprehensive loss for the year	**(857 259)**	**(61 319)**

Condensed consolidated statement of financial position

for the year ended 30 September 2019

R'000	Reviewed for the year ended 30 September 2019	Audited for the year ended 30 September 2018
Assets		
Non-current assets	**15 064 408**	**16 371 038**
Investment property	**14 457 961**	**14 420 046**
Fair value of property portfolio for accounting purposes	14 323 464	14 290 024
Straight line rental income accrual	134 497	130 022
Property, plant and equipment	1 043	1 403
Loans to participants of group share purchase and option schemes	384 122	732 501
Financial assets	210 069	1 185 204
Derivative instruments	2 713	31 884
Current assets	**693 848**	**378 191**
Trade and other receivables	532 850	334 330
Loans to participants of group share purchase and option schemes	-	3 717
Cash and cash equivalents	160 998	40 144
Non-current assets held for sale	**476 344**	**327 337**
Total assets	**16 226 100**	**17 076 566**
Equity and liabilities		
Shareholders' interest	**7 728 191**	**7 661 742**
Stated capital	7 295 523	6 556 986
Reserves	432 668	1 104 756
Non-controlling interest	**1 210 368**	**2 934 758**
Other non-current liabilities	**5 941 399**	**5 010 383**
Secured financial liabilities	5 855 025	5 005 229
Deferred tax liability	10 040	-
Derivative instruments	76 334	5 154
Current liabilities	**1 346 142**	**1 469 683**
Trade and other payables	674 122	369 407
Secured financial liabilities	672 020	1 096 707
Derivative instruments	-	3 569
Total equity and liabilities	**16 226 100**	**17 076 566**

Condensed consolidated statement of changes in equity

for the year ended 30 September 2019

R'000	Stated capital	Reserves	Non-controlling interest	Total
Balance at 30 September 2017	**6 497 483**	**1 875 057**	**2 742 921**	**11 115 461**
Issue of shares	74 878	-	322 062	396 940
Transfers between equity holders	-	55 548	(55 548)	-
Share buyback	(15 375)	-	(8 725)	(24 100)
Share based payments	-	-	19 972	19 972
Dividends paid	-	(632 254)	(218 199)	(850 453)
Total comprehensive income for the period	-	(193 594)	132 275	(61 319)
Balance at 30 September 2018	**6 556 986**	**1 104 757**	**2 934 758**	**10 596 501**
Issue of shares	738 537	-	188 486	927 023
Reverse takeover effect on retained earnings	-	1 189 291	-	1 189 291
Disposal of NCI as part of reverse take over	-	-	(1 981 025)	(1 981 025)
Transfers between equity holders	-	(374 206)	374 206	-
Dividends paid	-	(643 880)	(292 092)	(935 972)
Total comprehensive income for the period	-	(843 293)	(13 966)	(857 259)
Balance at 30 September 2019	**7 295 523**	**432 668**	**1 210 368**	**8 938 559**

Condensed consolidated statement of cashflows

for the year ended 30 September 2019

R'000	Reviewed for the year ended 30 September 2019	Audited for the year ended 30 September 2018
Net cash utilised from operating activities	**88 558**	**219 375**
Cash generated from operations	1 496 712	1 335 704
Finance charges paid	(627 848)	(560 156)
Interest received	73 892	84 262
Dividends received	81 775	210 018
Dividends paid: non-controlling interest	(292 092)	(218 199)
Dividends paid	(643 880)	(632 254)
Net cash utilised in investing activities	**(357 831)**	**(1 814 549)**
Acquisition of investment property	(916 662)	(1 998 738)
Proceeds from disposal of investment property	559 804	175 701
Investment in listed securities	(600)	8 958
Disposal of property, plant and equipment	-	7
Acquisition of property, plant and equipment	(373)	(477)
Net cash generated from financing activities	**390 128**	**1 529 730**
Cost incurred in buyback	(28 719)	(15 770)
Proceeds from issue of shares - non controlling interest	-	130 005
Proceeds from financial liabilities	418 846	1 415 495
Net movement in cash and cash equivalents	120 854	(65 444)
Cash and cash equivalents at the beginning of the year	**40 144**	**105 588**
Cash and cash equivalents at the end of the year	**160 998**	**40 144**

In the prior year, the principal non cash flow transactions was the issue of shares to the participants of the group share purchase and option schemes of R118.5 million.

Condensed consolidated segmental analysis

for the year ended 30 September 2019

Geographical

30 September 2019 - R'000	Gauteng	Western Cape	Kwazulu-Natal	Limpopo	Eastern Cape	Other	Total
Contractual rental income	1 211 876	268 920	175 274	153 105	150 520	460 252	2 419 947
Straight line rental income	7 396	(5 502)	1 018	316	460	848	4 536
Listed securities income	-	-	-		-	81 775	81 775
Operating and administration costs	(526 265)	(92 129)	(68 048)	(37 422)	(58 484)	(274 155)	(1 056 503)
Net operating profit	**693 007**	**171 289**	**108 244**	**115 999**	**92 496**	**268 720**	**1 449 755**
Finance income	1 884	509	121	191	194	70 993	73 892
Finance charges	(367)	(6)	(7)	(6)	(17)	(627 445)	(627 848)
Net operating income	**694 524**	**171 792**	**108 358**	**116 184**	**92 673**	**(287 732)**	**895 799**
Changes in fair values	(565 619)	90 820	(329 982)	100 440	(16 566)	(1 032 151)	(1 753 058)
Reportable segment profit/(loss) before tax	**128 905**	**262 612**	**(221 624)**	**216 624**	**76 107**	**(1 319 883)**	**(857 259)**
Taxation	-	-	-	-	-	-	-
Reportable segment profit/(loss) after tax	**128 905**	**262 612**	**(221 624)**	**216 624**	**76 107**	**(1 319 883)**	**(857 259)**
Reportable segment assets	10 938 718	2 287 484	1 552 017	1 534 340	1 373 419	(1 459 876)	16 226 102
Reportable segment liabilities	(227 973)	(40 788)	(49 138)	(22 583)	(25 163)	(6 921 898)	(7 287 543)
	10 710 745	**2 246 696**	**1 502 879**	**1 511 757**	**1 348 256**	**(8 381 775)**	**8 938 559**

Sectoral

30 September 2019 - R'000	Residential	Commercial	Retail	Industrial	Overheads	Total
Contractual rental income	318 333	648 031	783 914	301 218	368 451	2 419 947
Straight line rental income	(173)	(2 260)	4 080	526	2 363	4 536
Listed securities income	-	-	-		81 775	81 775
Operating and administration costs	(148 730)	(263 646)	(276 115)	(130 950)	(237 062)	(1 056 503)
Net operating profit	**169 430**	**382 125**	**511 879**	**170 794**	**215 526**	**1 449 754**
Finance income	9 840	937	1 375	779	60 961	73 892
Finance charges	(58 965)	(46)	(133)	(271)	(568 433)	(627 848)
Net operating income	**120 304**	**383 016**	**513 121**	**171 302**	**(291 945)**	**895 799**
Changes in fair values	(175 374)	(227 034)	163 089	(34 926)	(1 478 813)	(1 753 058)
Reportable segment profit/(loss) before tax	**(55 070)**	**155 982**	**676 210**	**136 377**	**(1 770 758)**	**(857 259)**
Taxation	-	-	-	-	-	-
Reportable segment profit/(loss) after tax	**(55 070)**	**155 982**	**676 210**	**136 377**	**(1 770 758)**	**(857 259)**
Reportable segment assets	4 689 627	3 680 545	5 496 795	1 954 153	404 982	16 214 012
Reportable segment liabilities	(1 499 549)	(136 730)	(165 737)	(66 484)	(5 419 042)	(7 287 543)
	3 190 078	**3 543 815**	**5 331 058**	**1 887 669**	**(5 014 060)**	**8 938 559**

Condensed consolidated segmental analysis

for the year ended 30 September 2018

Geographical

30 September 2018 - R'000	Gauteng	Western Cape	Kwazulu-Natal	Eastern Cape	Other	Total
Contractual rental income	1 502 616	258 745	191 500	145 780	184 517	2 283 158
Straight line rental income	14 877	(7 634)	595	2 560	6 068	16 466
Listed securities income	-	-	-	-	210 018	210 018
Operating and administration costs	(601 250)	(85 023)	(73 652)	(52 670)	(98 977)	(911 572)
Net operating profit	**916 243**	**166 088**	**118 443**	**95 670**	**301 626**	**1 598 070**
Finance income	1 729	183	172	99	82 079	84 262
Finance charges	(443)	(19)	(3)	-	(559 691)	(560 156)
Net operating income	**917 529**	**166 252**	**118 612**	**95 769**	**(175 986)**	**1 122 176**
Changes in fair values	(323 859)	159 410	(29 084)	38 961	(689 464)	(844 036)
Profit/(loss) before capital items and tax	**593 670**	**325 662**	**89 528**	**134 730**	**(865 450)**	**278 140**
Impairments	-	-	-	-	(337 448)	(337 448)
Reportable segment profit/(loss) before tax	**593 670**	**325 662**	**89 528**	**134 730**	**(1 202 898)**	**959 308)**
Taxation	-	-	-	-	(2 011)	(2 011)
Reportable segment profit/(loss) after tax	**593 670**	**325 662**	**89 528**	**134 730**	**(1 204 909)**	**(61 319)**
Reportable segment assets	10 780 288	2 254 674	1 652 762	1 372 232	1 016 610	17 076 566
Reportable segment liabilities	(144 821)	(27 408)	(38 096)	(20 986)	(6 248 755)	(6 480 066)
	10 635 467	**2 227 266**	**1 614 666**	**1 351 246**	**(5 232 145)**	**10 596 500**

Sectoral

30 September 2018 - R'000	Residential	Commercial	Retail	Industrial	Overheads	Total
Contractual rental income	669 775	658 363	652 712	302 308	-	2 283 158
Straight line rental income	2 774	(6 115)	16 187	3 620	-	16 466
Listed securities income	-	-	-	-	210 018	210 018
Operating and administration costs	(268 975)	(251 757)	(228 046)	(126 483)	(36 311)	(911 572)
Net operating profit	**403 574**	**400 491**	**440 853**	**179 445**	**173 707**	**1 598 070**
Finance income	27 344	1 023	685	632	54 578	84 262
Finance charges	(117 171)	(202)	(45)	(220)	(442 518)	(560 156)
Net operating income	**313 747**	**401 312**	**441 493**	**179 857**	**(214 233)**	**1 122 176**
Changes in fair values	(141 851)	(301 531)	297 927	(44 722)	(653 859)	(844 036)
Profit/(loss) before capital items and tax	**171 896**	**99 781**	**739 420**	**135 135**	**(868 092)**	**278 140**
Impairments	-	-	-	-	(337 448)	(337 448)
Reportable segment profit before tax	**171 896**	**99 781**	**739 420**	**135 135**	**(1 205 540)**	**(59 308)**
Taxation	-				(2 011)	(2 011)
Reportable segment profit after tax	**171 896**	**99 781**	**739 420**	**135 135**	**(1 207 551)**	**(61 319)**
Reportable segment assets	4 581 928	4 225 099	4 770 825	1 873 208	1 625 506	17 076 566
Reportable segment liabilities	(1 365 829)	(90 528)	(105 781)	(30 698)	(4 887 231)	(6 480 066)
	3 216 099	**4 134 571**	**4 665 044**	**1 842 510**	**(3 261 725)**	**10 596 500**

Fair value hierarchy

The different levels have been defined as:
• Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical asset or liabilities;
• Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly; and
• Level 3 - fair value is determined through the use of valuation techniques using significant inputs.

The investment in Dipula and Rebosis shares are valued using a level 1 model.
The derivative instruments are valued by the various financial institutions by discounting the future cashflows using the JIBAR swap curve.
Investment property is valued using a level 3 model.

Measurement of fair value for level 3
Investment property is measured using the discounted net cashflow method. Using the expected net income an appropriate capitalisation rate is applied. During the year under review, 41.7% (2018: 42.6%) of the property portfolio was valued externally with the balance being valued by the executive directors.

The key inputs are as follows:
• Expected net operating income;
• Discount rate;
• Growth rate;
• Vacancy factor.

R'000 Group	Designated at fair value	Level 1	Level 2	Level 3
Year ended 30 September 2019				
Investment property (including non-current assets held for sale)	14 934 305	-	-	14 934 305
Financial assets	**212 782**	**210 069**	**2 713**	**-**
Listed securities	210 069	210 069	-	-
Interest rate swaps	2 713	-	2 713	-
Total assets	**15 147 087**	**210 069**	**2 713**	**14 934 305**
Financial liabilities	**76 334**	**-**	**76 334**	**-**
Interest rate swaps	76 334	-	76 334	-
Total liabilities	**76 334**	**-**	**76 334**	**-**

R'000 Group	Designated at fair value	Level 1	Level 2	Level 3
Year ended 30 September 2018				
Investment property (including non-current assets held for sale)	14 747 384	-	-	14 747 384
Financial assets	**1 191 534**	**1 185 204**	**6 330**	**-**
Listed securities	1 185 204	1 185 204	-	-
Interest rate swaps	6 330	-	6 330	-
Total assets	**15 938 917**	**1 185 204**	**6 330**	**14 747 384**
Financial liabilities	**8 723**	**-**	**8 723**	**-**
Interest rate swaps	8 723	-	8 723	-
Total liabilities	**8 723**	**-**	**8 723**	**-**

By order of the Board
27 November 2019

DIRECTORS:	M Nell* (Chairperson), M Kaplan (CEO), J Limalia (CFO), R Kader (COO), A Kirkel (CIO), T Adler*, A Basserabie*, G Kinross*, N Makhoba*, S Mokorosi*, S Noik* * Independent non-executive. All directors are South African.
REGISTERED OFFICE	3rd Floor upper building, 1 Sturdee Avenue, Rosebank, Johannesburg, 2196 PO Box 685, Melrose Arch, 2076
TRANSFER SECRETARIES	Link Market Services South Africa Proprietary Limited
SPONSOR	Java Capital
COMPANY SECRETARY	CIS Companies Secretaries Proprietary Limited
WEBSITE	www.arrowheadproperties.co.za

ARROWHEAD PROPERTIES
Focused on sustainable value