

ARROWHEAD PROPERTIES LIMITED

(formerly 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

(Granted REIT status with the JSE)

("Arrowhead" or "the company")

ARROWHEAD PROPERTIES
Focused on sustainable value**CHANGE STATEMENT, NOTICE OF ANNUAL GENERAL MEETING AND AVAILABILITY OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ANNUAL COMPLIANCE REPORT**

Shareholders are advised that the company's integrated annual report, incorporating the audited annual financial statements for the financial year ended 30 September 2019 ("audited annual financial statements"), on which the company's auditors expressed an unmodified audit opinion has been distributed to shareholders on 23 December 2019. The integrated annual report is available on the company's website:

<https://arrowheadproperties.co.za/cmsAdmin/uploads/annual-reports/arrowhead-integrated-annual-report-2019.pdf>

The audited annual financial statements contains restatements to the reviewed preliminary condensed consolidated results for the year ended 30 September 2019 released on SENS on 27 November 2019 ("reviewed financial results").

The restatement arose from the incorrect accounting allocation of the dividend payments from one of the company's subsidiaries, Moolgem Proprietary Limited ("Moolgem"), to Arrowhead. Moolgem recorded its dividend payment against its creditors account, instead of the intercompany account on Moolgem's accounts. The net effect was that the reviewed financial results overstated creditors by R67 million and the accumulated reserves were understated by the same amount. The incorrect allocation affected the Statement of Financial Position, the Statement of Cash Flows and Statement of Changes in Equity as noted in the tables below.

There was no change to earnings per share, headline earnings per share nor to the statement of profit and loss.

The effect of the above error on the Statement of Financial Position and Statement of Cash Flows was follows:

Statement of Financial Position at 30 September 2019

	Previously disclosed	Change statement	Difference
	R	R	R
ASSETS			
Non-current assets	15 055 907 942	15 055 907 942	-
Investment property	14 457 961 393	14 457 961 393	-
Fair value of property portfolio for accounting purposes	14 323 464 317	14 323 464 317	-
Straight line rental income accrual	134 497 076	134 497 076	-
Property, plant and equipment	1 042 696	1 042 696	-
Loans to participants of group share purchase option schemes	384 121 584	384 121 584	-
Financial assets	210 068 865	210 068 865	-
Derivative instruments	2 713 404	2 713 404	-
Current assets	693 848 694	693 848 694	-
Trade and other receivables	532 850 361	532 850 361	-
Intercompany loan			-
Cash and cash equivalents	160 998 333	160 998 333	-

Non-current assets held for sale	476 344 000	476 344 000	-
Total assets	16 226 100 636	16 226 100 636	-
EQUITY AND LIABILITIES			
Shareholders' interest	7 728 190 763	7 795 764 138	67 573 375
Stated capital	7 295 522 923	7 295 522 923	-
Reserves	432 667 840	500 241 215	67 573 375
Non-controlling interest	1 210 367 537	1 210 367 537	-
Other non-current liabilities	5 941 398 895	5 941 398 895	-
Secured financial liabilities	5 855 024 519	5 855 024 519	-
Deferred taxation - liability	10 040 000	10 040 000	-
Derivative instruments	76 334 376	76 334 376	-
Current liabilities	1 346 143 441	1 278 570 066	(67 573 375)
Trade and other payables	674 123 441	606 550 066	(67 573 375)
Secured financial liabilities	672 020 000	672 020 000	-
Total equity and liabilities	16 226 100 636	16 226 100 636	-
Net asset value per share- A share (cents per share)	990	990	-
Net asset value per share- B share (cents per share) (Note 1)	698	705	7

Note 1 - Net asset value per B share is restated from 698 cents to 705 cents.

Statement of cash flows for the year ended 30 September 2019

	Previously disclosed	Change statement	Difference
	R	R	R
Net cash utilised from operating activities	88 557 523	20 984 148	(67 573 375)
Cash generated from operations	1 496 711 746	1 429 138 371	(67 573 375)
Finance charges	(627 848 449)	(627 848 449)	-
Finance income	73 891 194	73 891 194	-
Dividends received- listed securities	81 775 313	81 775 313	-
Dividends paid – non- controlling interest	(292 091 968)	(292 091 968)	-
Dividends paid	(643 880 313)	(643 880 313)	-
Net cash utilised in investing activities	(357 830 584)	(290 257 209)	67 573 375
Acquisition of investment property (Note 2)	(916 661 003)	(849 087 628)	67 573 375
Proceeds from disposal of investment property	559 803 829	559 803 829	-
Investments in financial assets	(600 000)	(600 000)	-
Acquisition of property, plant and equipment	(373 410)	(373 410)	-
Net cash generated from financing activities	390 127 866	390 127 866	-
(Cost incurred in buy back) of share capital	(28 718 612)	(28 718 612)	-
Net proceeds from financial liabilities	418 846 478	418 846 478	-
Net movement in cash and cash equivalents	120 854 805	120 854 805	-

Cash and cash equivalents at the beginning of the year	40 143 527	40 143 527	-
Cash and cash equivalents at the end of the year	160 998 333	160 998 333	-

Note 2 – There was an incorrect allocation to acquisition investment property corrected by the change statement

Statement of Changes in Equity for the year ended 30 September 2019

	Previously disclosed	Change statement	Difference
	R	R	R
Shareholders' interest	7 728 190 763	7 795 764 138	(67 573 375)
Stated capital	7 295 522 923	7 295 522 923	-
Reserves	432 667 840	500 241 215	(67 573 375)
Non-controlling interest	1 210 367 537	1 210 367 537	-

Notice of annual general meeting

The company's integrated annual report contains a notice of annual general meeting of shareholders which will be held at the offices of Arrowhead, 3rd floor, Upper Building, 1 Sturdee Avenue, Rosebank, Johannesburg on Tuesday, 11 February 2020 at 11:00. The last day to trade in order to be eligible to participate and vote at the annual general meeting is Tuesday, 28 January 2020 and the record date for voting purposes is Friday, 31 January 2020.

Broad-Based Black Economic Empowerment ("B-BBEE") annual compliance report

Shareholders are advised that the company's B-BBEE annual compliance report for the year ended 30 September 2019 in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Act 53 of 2003 read with the Broad-Based Black Economic Empowerment Amendment Act 46 of 2013 has been made available on the company's website: <https://arrowheadproperties.co.za/cmsAdmin/uploads/bbbee-2019.pdf>

23 December 2019

Sponsor

