

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” or “the Group”)

UPDATE ON DISPOSAL PROGRAM AND GENERAL REPURCHASE OF ARROWHEAD SHARES

Update on disposal program

Arrowhead’s strategy is to deliver sustainable income to shareholders by being invested in a property portfolio capable of delivering long-term growth. Key components of this strategy include the sale of assets that do not meet Arrowhead’s investment criteria (“**non-core properties**”), and the use of the bulk of the proceeds from these sales to further strengthen the balance sheet by reducing debt. This positions Arrowhead both to manage risk and to take advantage of value enhancing opportunities as these arise.

In this context, Arrowhead reported, at year end, that it had sold 57 properties for R1 billion. Since year end, a further 16 properties have been sold for R322 million. Approximately R780 million worth of the properties sold have transferred with the balance of R573 million expected to transfer before year-end. This is set out in more detail in the table below.

Description (R)	Book value	Sales price	Premium/ (Discount) to book	Transferred	Yet to transfer
Sales concluded and transferred in 2019	1 051 166 973	1 030 645 381	(2.0)%	551 195 381	-
Transfers of disposals in 2020	-	-	-	228 400 000	251 050 000
Add: Disposals concluded since reporting date	333 269 000	322 045 000	(3.4)%	-	322 045 000
Totals	1 384 435 973	1 352 690 381	(2.3)%	779 595 381	573 095 000

In line with the Group’s prudent capital allocation philosophy, the bulk of the proceeds from the sales have been (and will continue to be) used to reduce debt in order to strengthen the balance sheet. However, given the success of the disposal program Arrowhead is comfortable allocating a portion of the sale proceeds to value enhancing opportunities, the most compelling of which is currently considered the repurchase of Arrowhead’s shares.

The disposal program is continuing, and Arrowhead is confident of its ability to continue to dispose of non-core properties in a responsible manner.

Repurchase of shares

Shareholders are advised that Arrowhead has, at the date of this announcement, used approximately R74 million of the proceeds from the disposal program set out above to repurchase 19 132 488 Arrowhead B shares (representing 4.7% of the Arrowhead B shares in issue) in terms of the general authority to repurchase shares granted by shareholders at the annual general meeting held on Tuesday, 5 February 2019 (“**the repurchase**”)

The details of the repurchases are as follows:

Date of repurchase:	27 November 2019 to 27 January 2020
Number of shares repurchased:	19 132 488
Lowest repurchase price per share:	350 cents
Highest repurchase price per share:	399.91 cents
Volume weighted average price per share:	384.16330 cents
Total value of shares repurchased:	R73 499 996.37

The repurchases were made through the order book of the JSE, without any prior understanding or arrangement between the company and the counter parties. The repurchase was funded from the company's available cash resources.

Following the repurchases, the company may repurchase a further 62 504 504 Arrowhead B shares, representing 15.3% of the issued Arrowhead B share capital of the company at the time that the general authority was granted, calculated with reference to the number of shares in issue prior to the merger between the company and former Arrowhead Properties Limited.

To date, 4 602 193 repurchased shares were cancelled and delisted on 11 December 2019 and 5 705 438 repurchased shares were cancelled and delisted on 23 December 2019. An application to delist the balance of 8 824 857 repurchased shares (being the number of additional shares repurchased as at 28 January 2020) will be made in due course. No repurchased shares will be held as treasury shares and there are currently 251 160 816 Arrowhead B shares held as treasury shares. Following the above cancellations, the number of Arrowhead B shares in issue, including treasury shares, will be 1 249 306 566.

No shares were repurchased during a prohibited period.

Statement by the board of directors

The board of directors of Arrowhead has considered the effect of the repurchase and is of the opinion that, for a period of 12 months following the date of this announcement:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group will be in excess of the liabilities of the company and the group;
- the Company and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes;
- the Company and the Group will have adequate working capital for ordinary business purposes; and
- the Company and the Group have passed the solvency and liquidity test and since the test was performed, there have been no material changes to the financial position of the group.

Financial information

The repurchase has resulted in a reduction of available cash resources by R73 800 000 and 19 132 488 fewer Arrowhead B shares in issue for purposes of calculating dividend per share.

29 January 2020

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