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## DISPOSAL OF JANE FURSE CROSSING TO DEPOWAY PROPRIETARY LIMITED

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### 1. INTRODUCTION

Shareholders are advised that Moolgem Proprietary Limited (the "Seller"), a subsidiary of Cumulative Properties Limited, which is a wholly-owned subsidiary of the Company, has, on 3 September 2020 (the "Signature Date"), entered into an agreement (the "Sale Agreement") with Depoway Proprietary Limited (the "Purchaser") to dispose of the rental enterprise comprising Jane Furse Crossing in Limpopo, (the "Property") as a going concern (the "Rental Enterprise"), for an aggregate disposal consideration of R174 000 000 (the "Purchase Consideration") (the "Transaction").

### 2. RATIONALE

The Transaction is in line with Arrowhead's previously announced disposal programme aimed at repositioning the Company's property portfolio through strategic disposals. The proceeds of the Transaction will be used to reduce debt in line with Arrowhead's intention to improve gearing and strengthen the Company's balance sheet.

### 3. TERMS OF THE TRANSACTION

- 3.1. The Transfer Date of the Transaction is the date of registration of transfer of ownership of the Property into the name of the Purchaser with such date expected to occur on or about 3 months from the date of signature of the Sale Agreement, but no later than 31 March 2021, at which point the Seller has the right to cancel the Sale Agreement by notice and any party who has performed in terms thereof will be restored to its position *quo ante*.
- 3.2. On the Transfer Date, delivery of the Rental Enterprise will take place, and all risks and benefits of ownership of the Rental Enterprise and the Property shall pass to the Purchaser.
- 3.3. The assets of the Rental Enterprise comprise the Property and all rights, title and interests of the Seller in and to the existing rental agreements between the Seller and the tenants occupying the Property as at 3 September 2020.
- 3.4. The Purchaser shall be entitled to conduct a due diligence investigation in respect of the Rental Enterprise, including all matters relating to the Property as the Purchaser may reasonably deem relevant (the "Due Diligence Investigation").
- 3.5. The Purchase Consideration (which includes value-added tax levied at a rate of 0%) will be payable in cash on the Transfer Date. To the extent that the Rental Enterprise has not been transferred to the Purchaser on or before 31 January 2021, the Purchase Consideration shall escalate on a pro rata basis by 0.66% per month compounded monthly in arrears calculated with effect from 1 February 2021 up to and including the Transfer Date, provided that the delay in transferring the property is not as a result of any event or circumstance beyond either the Purchaser or the Seller's control.
- 3.6. The Sale Agreement provides for undertakings, warranties and indemnities which are normal for transactions of this nature.

### 4. CONDITIONS PRECEDENT

- 4.1. The Transaction is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:
  - 4.1.1. that by no later than 30 days from the Signature Date, the Purchaser has delivered written confirmation to the Seller that it has conducted the Due Diligence Investigation to its satisfaction, acting reasonably and in good faith;
  - 4.1.2. that by no later than 5 business days from the Signature Date, the Purchaser has delivered a signed copy of the resolution of the board of directors of the Purchaser approving the conclusion of the Sale Agreement;
  - 4.1.3. that by no later than 30 days from fulfilment or waiver (as the case may be) of the condition precedent stipulated in paragraph 4.1.1 above, the Purchaser has furnished a written guarantee for the payment of the Purchase Consideration which shall be payable to the Seller on the Transfer Date; and
  - 4.1.4. that by no later than 90 days from fulfilment or waiver (as the case may be) of the condition precedent stipulated in paragraph 4.1.1 above, the Competition Authorities have unconditionally approved the Transaction, provided that the period for the fulfilment of the condition precedent in this paragraph shall be extended by agreement in writing between the Parties for such period as it reasonable in the circumstances (which will not exceed another 75 (seventy five) business days) if there is a delay in obtaining the approval of the Competition Authorities, with such delay caused by the Competition Authorities.

## 5. PROPERTY SPECIFIC INFORMATION

	<b>Property name</b>	<b>Geographical location</b>	<b>Sector</b>	<b>GLA (m<sup>2</sup>)</b>	<b>Weighted average rental per m<sup>2</sup> (R/m<sup>2</sup>)</b>	<b>Net operating profit<sup>1</sup> (R'm)</b>	<b>Valuation<sup>2</sup> (R'm)</b>
1	Jane Furse Crossing, portion 8 of the Farm Duizendannex 816 KS	Limpopo	Retail	10 766	150	8.5	179

Notes:

1. Extracted from the unaudited condensed consolidated interim results of Arrowhead for the six months ended 31 March 2020 which was prepared in terms of International Financial Reporting Standards.
2. The Property was valued as at 30 September 2019 by the board of directors of Arrowhead. The board of directors of Arrowhead is not independent, and its members are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000. The Purchase Consideration is considered to be its fair market value, as determined by the board of directors of Arrowhead.

## 6. CATEGORISATION OF THE TRANSACTION

The Transaction is classified as a category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to approval by shareholders.

7 September 2020

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Sponsor

**JAVACAPITAL**