INTEGRATED ANNUAL REPORT 2021

ARROWHEAD PROPERTIES

Focused on sustainable value

Capitals


Manufactured Capital

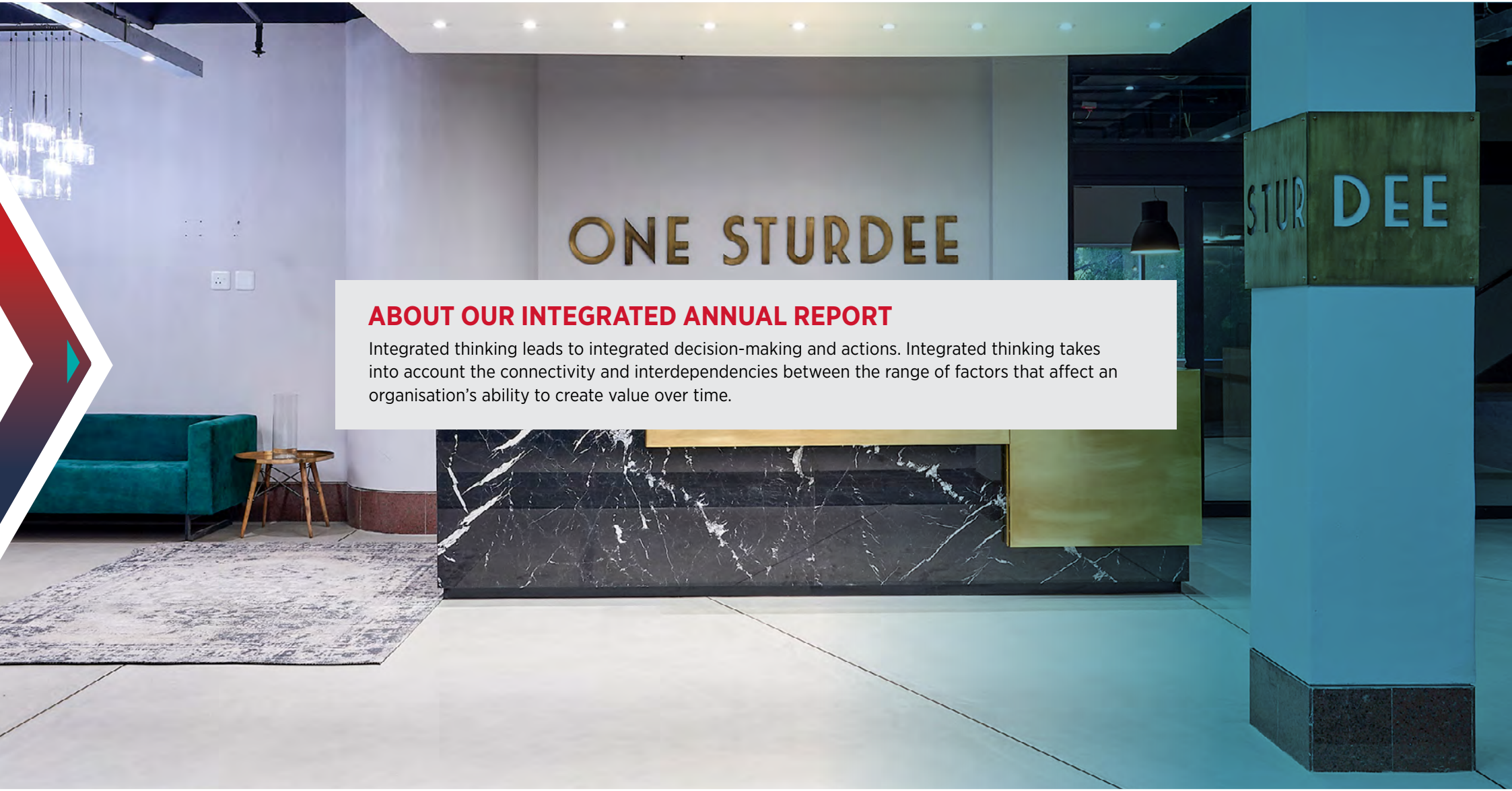

Human Capital


Natural Capital


Intellectual Capital


Social & Relationship Capital


Financial Capital



ABOUT OUR INTEGRATED ANNUAL REPORT

Integrated thinking leads to integrated decision-making and actions. Integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value over time.

Arrowhead places great importance on the creation and preservation of value over the short, medium and long-term as well as the factors that serve, or may in the medium or long-term serve to erode this. This requires integrated thinking and the active consideration of Arrowhead's resources and relationships used and affected by it, including external relationships.

The resources and relationships used and affected by Arrowhead are referred to as capitals and may be broken down into Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Social and Relationship Capital and Natural Capital.

For ease of reference, in this Integrated Annual Report, the respective capitals will be referenced as follows:

Financial Capital

Manufactured Capital

Intellectual Capital

Human Capital

Social and Relationship Capital

Natural Capital

At the heart of value creation is Arrowhead's business model which draws on the various capitals as inputs and, through its business activities, converts them to outputs, the highlights of which are set out on page 5.

HIGHLIGHTS

- 5.2% increase in distributable earnings per B share
- 4.1% increase in dividend per A share
- 44.6% increase in dividend per B share
- 216% increase in price per B share
- 37 non-core assets disposed of for R1.047 billion at an 11.5% forward yield and a 2.2% discount to book value
- Gearing reduced to 36.9% (38.2% including derivatives), from 39.3% (42.6% including derivatives) as at the prior year-end
- Capital expenditure of R227 million (excluding Indluplace)
- Active investment in solar power plants: 6.7 megawatts installed or under construction, with over 5% of the portfolio's electricity requirement met at an annual yield of 19.8%
- Vacancies reduced to 8.4% compared with 8.6% in the prior year
- Arrow for Change disbursement of R2.5 million towards 26 projects assisting communities close to Arrowhead assets

1 Sturdee Avenue, Rosebank Office Building

BUSINESS MODEL

Arrowhead is a diversified South African REIT listed on the JSE.

Arrowhead owns a portfolio of 106 assets (Retail, Industrial and Office properties) (bricks-and-mortar stores) both directly as well as indirectly through various subsidiary companies. The properties are let to a variety of different tenants in terms of lease agreements. The average lease length of the lease agreements within the portfolio is 3.6 years. Arrowhead follows an outsourced property management model with ERES being responsible for the day-to-day property management with hands-on oversight by Arrowhead's internal asset management team which each have their core areas of focus (Industrial, Retail and Office).

Arrowhead's business model has evolved over time to reflect the changing business environment and market demands. Arrowhead acquires properties in South Africa at competitive yields and thereafter manages the portfolio so that it delivers sustainable value. Arrowhead is cognisant that sustainable value is impacted by the conduct and actions of the Company across financial and non-financial dimensions.

Arrowhead is performance driven to obtain sustainable value from its property assets by managing costs while remaining cognisant of its impact on the environment, the community within which it operates as well as governance requirements.

Assets that are underperforming or are expected to decline in performance in the short to medium-term are considered for sale. Arrowhead has continued to invest in its core portfolio throughout the negative cycle of the property market and successfully enhanced the profitability of several of its underperforming properties by undertaking refurbishments and incurring capital expenditure of approximately R227 million (excluding Indluplace), for the 2021 financial year. This defensive strategy has proven to be successful in protecting and rebuilding revenue streams, which will benefit the Company going forward.

In recent years, Arrowhead has placed enhanced emphasis on tenant centricity so as to improve relationships with current and future tenants. This has produced positive results and tenant retention increased from 69%, 75% and 83% in 2018, 2019 and 2020 respectively and it was at 88% as at 30 September 2021. Arrowhead has appointed tenant relationship managers to facilitate this.

Arrowhead in addition owns 61% of the shares of Indluplace, a REIT listed on the JSE which owns a portfolio of 132 residential properties as well as an 8.6% shareholding in Dipula. Arrowhead receives interim and final dividend payments from Indluplace and Dipula when declared by the respective Boards.

NATURE OF THE BUSINESS

Arrowhead is a diversified South African Real Estate Investment Trust ("**REIT**") focused on creating long-term shareholder value.

Arrowhead holds a diverse portfolio of retail, office and industrial properties valued at R8.3 billion. As at 30 September 2021, Arrowhead also held a 61% interest (2020: 60.0%) in its subsidiary, Indluplace Properties Limited ("**Indluplace**"), which owns a portfolio of residential properties.

The average value per direct property held as at 30 September 2021 was R78.2 million (R68.0 million as at 30 September 2020 and R57.2 million at the end of 30 September 2019). The sale of non-core assets over the last 2 years has improved the quality of the core portfolio with the average size of the asset base improving.

Arrowhead has a 8.6% (2020: 8.6%) interest in Dipula Income Fund Limited ("**Dipula**") at 30 September 2021.

STRATEGIC FOCUS AND OUTLOOK

Despite a tumultuous year, Arrowhead has continued to deliver on its strategic objectives. The Company has remained focused on selling properties that do not have strong letting demand and that it views as not being capable of rental growth over the long-term. Arrowhead sold 37 properties worth R1.047 billion during the 2021 financial year. Arrowhead has sold 137 properties since 2018 that further strengthened its goal to build a portfolio capable of generating sustainable income returns and net asset value in the long-term. Arrowhead further recognised the need to strengthen its balance sheet ahead of the current crisis.

Arrowhead's strategic sales program complemented the strengthening of its balance sheet, reducing its loan to value ratio. Despite declining valuations, its loan to value reduced from 39.3% to 36.9% at 30 September 2021. All expiring finance facilities were renewed. Arrowhead's goal was to enhance the portfolio returns through a tenant centric approach which was implemented at the beginning of the financial year and proved to be invaluable in the COVID-19 crisis. There was a drive to prioritise our existing tenants and to understand their intrinsic needs. A curated space was sourced for new tenants. The tenant relationship team was bolstered to support the Group's increased tenant centric approach. Over the past few years, there has been a consistent move to further supplement Arrowhead's external property managers with internal resources to drive efficiencies and extract more value from the portfolio. Arrowhead's in-house utilities, collections and letting team has added tremendous value which is evident in the results of the portfolio. The Arrowhead team has responded well to the most difficult of environments including the riots and looting experienced primarily in KZN and Gauteng during July 2021.

Unfortunately, certain properties within the portfolio were damaged. However, the damage was contained to approximately R12.9 million due to support received from local communities and other stakeholders with whom the Company has built strong relationships. Arrowhead's hands-on approach to its property management once again bore fruit as all available resources were accessed so as to ensure that lives were not endangered and damage to its properties averted, or where this was not possible, minimised.

We have engaged extensively with our insurers and continue to do so, and to date have received payment of R9.4 million.

The drive to improve and build the Company culture continues with the Company having a zero staff attrition rate for 2021. The new property management system, MRI, was implemented during the year under review which has enhanced the access to and control of information. Environmental, Social and Corporate Governance ("**ESG**") remained top of mind during the 2021 financial year with increased commitment to enhancing the Company's ESG focus and reporting.

PROSPECTS

Arrowhead has made significant progress over the past few years in delivering on its strategy of stabilising its portfolio and strengthening its balance sheet and the Company believes it is now well positioned to deliver sustainable income over the medium to long-term. As previously communicated, the trade off in taking and implementing the decision to strengthen the balance sheet is that, in the current market, disposals typically dilute distributable income, and the full impact of this dilution will be felt in the upcoming financial year to end September 2022. This dilution is likely to be exacerbated by a number of factors including anticipated negative rental reversions in what remains a very difficult office market and a likely reduction in distributions from Dipula (as a consequences of either their recently announced proposed capital restructuring or the potential changes to the distribution policy highlighted in their recent results announcement).

Given the continued uncertainty surrounding the economic environment in which the Company operates and because of the potential impact of the Fairvest initiated merger between Arrowhead and Fairvest (the "**Fairvest merger**") on the Company's strategy, operations and distribution policy going forward, the Company is not in a position to provide the market with guidance as to its distributable income per share and dividend per share for the year ending 30 September 2022. However, shareholders are advised that, in compliance with the JSE Listing Requirements, the category 1 circular and accompanying revised listing particulars have been made available to Arrowhead shareholders in relation to the Fairvest merger which includes detailed forecasts for the periods ended 30 September 2022 and 2023, prepared in accordance with the relevant JSE Listing Requirements.

CHAIRMAN'S REPORT

The general state of the economy typically provides the context against which a review of a year's trading should take place. In South Africa's case, however, the economy's performance has been both overshadowed and influenced by two extraordinary events which have placed further strain on businesses operating in the country.

COVID-19 is of course a global phenomenon which has left a trail of economic hardship in its wake, particularly among poorer countries. In South Africa, the pandemic's legacy has compounded already high levels of unemployment, poverty and inequality.

South Africa's economy was underperforming before COVID-19, and government's limited response to supporting economic activity during COVID-19 was further compromised by poor governance and continued alleged deep-seated corruption. The government has also been the subject of criticism at its slow and ineffective healthcare response, only further delaying a recovery and restoration of business confidence.

Nevertheless, after 15 months of varying levels of lockdown, vaccines have become something of a game changer which, along with established protocols such as social distancing, mask wearing and sanitising offer the most hopeful and promising way out of COVID-19's storm, notwithstanding the occurrence of newer strains.

Some companies were already looking for ways to cut costs before the pandemic, and the reduction of rental costs has been seen as a meaningful way to do this. COVID-19 only exacerbated this.

The debate between employer and employee around "where to work" is active in many parts of the world – work from the office, a hybrid solution or work from home. While it is true that in some lines of work there will inevitably be a greater degree of location flexibility, in others, the model will shift back to offices in time, albeit at a lower level than before.

There are many factors which have unsurprisingly softened demand for office and retail space in the past year, and we expect the market to remain fluid until society adjusts to the "new normal" of learning to live and work with a constant presence of the virus and any mutations and new strains that may evolve.

If a sluggish economy and the pandemic's effects were not enough, an attempted insurrection in July 2021 began in KwaZulu-Natal and quickly spread to parts of Gauteng. The state's response was slow, the damage to property significant, the scale of theft from shops and factories enormous – and lives were lost. The damage to investor confidence and the economy were immeasurable.

Fortunately, communities united to restore order, as did Arrowhead's team. We deployed additional security to our sites and damage to property was relatively limited. We did, however, sacrifice rental income as we helped affected tenants recover.

The healthcare and lockdown consequences of COVID-19, coupled with the unrest, are derailing what economic recovery momentum there might have been, and exacerbating an already difficult property market with added pressure on rental escalations and rising vacancy levels.

Section 2 **Message from the Chairman**

Despite these conditions, we have successfully sold many properties which did not fit our plans, reducing gearing, and strengthening our balance sheet. We have also done extremely well in reletting space, both in terms of renewals and new lease activity.

Sadly however, my predecessor Matthew Nell passed away earlier this year. Matthew was appointed as an independent non-executive director when Arrowhead listed in 2011 and had been Chairman since 2015. We all will miss his positive energy, his wisdom and his passion for Arrowhead, the property market, and the country. He was undeniably committed to all three and felt it was his responsibility, no matter the time commitment, to be fully involved and apprised with all aspects of the business.

Just as Matthew had been ever-present since Arrowhead's founding in 2011, so too has Mark Kaplan, who was appointed CEO in 2017.

Arrowhead Properties listed on the JSE in December 2011

Mark had been managing director of Aengus Property Holdings and involved in various entrepreneurial ventures before co-founding Arrowhead together with the late Gerald Leissner in 2011. As co-founder, Mark joined Arrowhead as COO in 2011 to support Gerald as CEO, before taking over as CEO upon Gerald's untimely passing. During Mark's decade-long tenure he has led with integrity, determination, drive and ambition. He has demonstrated excellent management and leadership skills, building, from the ground up, a highly capable, cohesive, and motivated management team, driven by performance and results. Mark will be leaving Arrowhead once the merger with Fairvest is finalised. His absence will no doubt be profoundly felt, and he will be sorely missed.

Our CFO, Junaid Limalia, will also be leaving Arrowhead when the merger is finalised. Junaid, a CA, held various positions at SARS before joining Gemgrow as CFO in January 2017 and thereafter continuing in the same role post the merger with Arrowhead in 2019. He has been an outstanding CFO, demonstrating a deep knowledge of all aspects of the business and involving himself beyond the scope of a traditional CFO role, adding real value in many aspects of the business. Junaid's commitment, integrity and work capacity are hard to match.

We thank Mark and Junaid sincerely for their immense contributions to Arrowhead and wish them well for the future.

For personal reasons, pursuant to the merger, Taffy Adler, Sam Mokorosi, and I have decided to step down from the board. It has been an absolute pleasure serving the Company.

It is also my pleasure to thank the Board, management, and staff at Arrowhead and Indluplace for successfully navigating another challenging, turbulent year. Collaboration, resilience, and innovation have been their guiding lodestars.

We are confident the transaction involving Arrowhead and Fairvest is in the best interests of shareholders and stakeholders and the friendly nature of pre-merger discussions provides the platform for constructive engagement and integration in the months ahead.

The year ends, then, on a positive note. Arrowhead has weathered the storms and starts 2022 with the right properties to deliver long-term income growth. Darren Wilder and Jacques Kriel will lead the business into the new year with the support and best wishes of all in the business.

G Kinross
Chairman Arrowhead Properties

CEO'S REPORT

Arrowhead has had a successful year despite the continuing economic and political shocks to our operating world.

We go into the next year in a strong position, well served by consistently executing a clear strategy and ideally positioned to leverage the benefits that will flow from the merger with Fairvest.

Our strong performance must be seen in the context of a broader society in distress.

Socio-economic conditions in SA were challenging prior to COVID-19, and varying degrees of lockdown have taken their toll on the economy and the mental and physical wellness of people. An estimated one million jobs have been lost, many who kept their jobs were placed on reduced pay and businesses have shut or scaled back.

While state employees – from national to municipal – retained their jobs and pay, services became increasingly erratic as absenteeism increased in response to COVID-19 cases manifesting at work.

At municipal level, property owners are voicing their concerns that the disconnect between ever-rising municipal rates and poor service delivery is not sustainable, and again, this trend was evident before COVID-19 disrupted service delivery still further.

In July 2021 disaffection boiled over in KwaZulu-Natal in what government called an attempted "insurrection". It says something about the state of politics and law and order in South Africa that months after this catastrophic event which cost lives, jobs and significant damage to businesses, property and state infrastructure, there is little evidence of anyone being held to account.

Despite this perfect storm – COVID-19, unrest and the underperforming economy – Arrowhead is emerging better off than might have been anticipated.

Staying true to a robust strategy

Our strategy – to keep improving the portfolio, actively manage our balance sheet, invest in the business, innovatively engage with tenants, both current and prospective, and pay dividends – has remained consistent over many years.

Of course, we make tactical adjustments, when necessary, typically anticipating where the market is moving rather than reacting to its ebb and flow, and our contrarian moves four years ago positioned us well to weather the storms of recent years.

We remain an SA focused fund with a diversified portfolio valued at R8.3 billion, with retail accounting for 50% of revenue, office 35% and industrial 15%. In addition to the properties in our portfolio, Arrowhead has a 61% interest in Indluplace.

Our properties must be in demand and deliver long-term income growth

By 2018 we were anticipating difficult times ahead and decided to dispose of properties which were not in demand by tenants and which we thought were unlikely to provide long-term income growth.

Since then, we have sold 137 assets for R2.9 billion, of which R331 million in respect of 16 assets will be transferred after year end. This achievement, under the most difficult of circumstances, is a tribute to all at Arrowhead.

We also committed R227 million in capital expenditure to ensure our properties remain competitive, and this defensive strategy – continued investment despite

adverse conditions – has successfully helped to protect and rebuild revenue streams. Our increase in capital expenditure over the past two years contrasts with much of the market which has decreased spend.

Our portfolio now consists of 106 multi-class assets that deliver both capital and income growth.

Relentlessly improving tenant focus and property management

Retaining tenants and sourcing new tenants is our lifeblood, and our tenant-centric strategy unlocks value for Arrowhead and our tenants.

Our hybrid model blends the skills of ERES, our external property manager, with our internal relationship managers, who bridge the gap between the managing agents and asset managers and the in-house utilities and collections teams.

We have recently moved to the MRI property management system for full control of data.

Despite the difficult market conditions, the success of our tenant-centric property management programme is evident in the results: vacancies have reduced from 8.6% in 2020 to 8.4% in 2021, and tenant retention remained constant at 89%. Collections were especially pleasing at 96% compared to 86% in 2020.

Strengthening the balance sheet

Strengthening our balance sheet is a core strategic objective. As mentioned, we have transferred R1.047 billion worth of property during the year and reduced debt from R5.6 billion to R4.6 billion.

The Group's LTV improved to 36.9% excluding derivatives, and 38.2% including derivatives, and we have renewed four loan facilities for the 2022 calendar year worth R859 million.

Despite spending R227 million on capex, the Group finished the year with cash of R620.7 million.

Evolving property landscape and portfolio challenges

Difficult economic conditions, the effects of COVID-19 and the consequences of the unrest are building a more robust, resilient, and sustainable tenant base.

At the same time, Arrowhead has moved quickly and with flexibility to engage the evolving needs of tenants in terms of space rationalisation, lease relocations and renewals and capex deployment by retailers themselves.

Space rationalisation requests have diminished over time and there is a greater degree of stability with respect to renewals and new leases. Importantly, there is growing comfort to commit to medium-term timeframes.

With all this, there is a realisation that remote working is not universally feasible and that for certain categories of worker, a hybrid model offers the benefits of collaboration and identity but also flexibility.

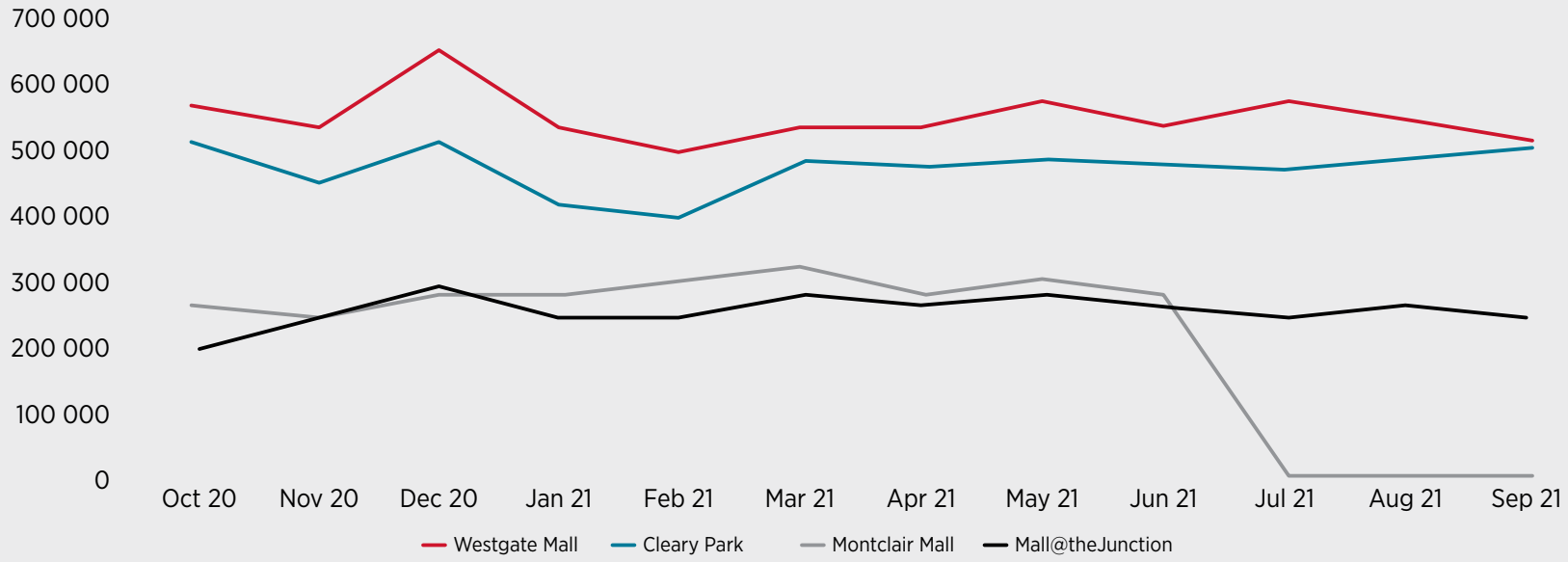
Both Arrowhead and tenants are having to adapt to dysfunctional state services. Eskom's tribulations are well documented, and load shedding continues to lead to loss of tenant trade and its negative impact on revenue. We are continuing to roll out additional power back-up solutions where possible, and the third phase of our solar project is well under way.

We have dedicated personnel to deal with erratic municipal policies and behaviour regarding rates charges, and as mentioned earlier, the property industry is taking up this challenge as it only has negative consequences for economic activity.

Safety and security are increasingly important considerations, brought into sharp relief by the July 2021 unrest.

We were grateful that no one from Arrowhead was injured during the KZN unrest, and relieved that our properties suffered little damage, relatively speaking. Montclair Mall is expected to be fully operational by early 2022, and Mkuze Shopping Centre is fully functional. (The graph below demonstrates the impact of the unrest on Montclair Mall).

Foot count trends



Arrowhead responded decisively and inclusively at the outset of the unrest, deploying security resources across all nine provinces to ensure we protected our assets. The team again worked collaboratively to mitigate the risk, initiating dialogue with local communities and taxi associations to help assess risk levels.

We are using local labour and service providers where possible. We anticipate continued investment in security to keep our assets safe for those who use them.

Enhancing ESG

We established Arrow for Change in 2020, primarily to support communities in and around our assets and to support national initiatives to address the negative impact of the pandemic and civil disturbances.

Arrow for Change disbursed R2.5 million to 26 projects in the last year, 70% of which were in areas surrounding Arrowhead assets.

We continue to source local labour for projects wherever possible and invest in utility management, specifically solar and water projects.

As mentioned elsewhere, Arrowhead is moving rapidly to address energy issues. 5% of electricity used by our properties is generated from solar power. Other projects under way include aircon plant monitoring and management, smart water monitoring and early leak detection implemented at four properties, three ground water harvesting and backup water plants are operational and further backup water and harvesting projects currently in exploratory process.

As at the end of 2021, Arrowhead had a B-BBEE level rating of 3.

Farewell to Matthew Nell

Our Chairman and close confidant Matthew Nell passed away in September 2021.

Matthew had been Chairman for six years and a director from the time Arrowhead was listed in 2011. He was a clear thinker, passionate, engaged and extremely supportive to me personally and the board and management generally.

Being Chairman of a property fund during COVID-19 has been no easy task but Matthew was always available to share his wisdom and knowledge in helping us navigate a way through the pandemic.

Matthew managed a development consultancy, Shisaka Development Management Services, and had been involved in urban and housing development for more than 30 years.

He held a bachelor's degree in Building Science and a Master's degree in Town and Regional Planning, both from the University of the Witwatersrand. He also attended the Programme for Management Development at the Harvard Business School in Boston, USA.

Fairvest and Arrowhead

The acquisition of Fairvest, will place the combined business in a strong position as it will have the critical mass to be a highly relevant property vehicle.

The transaction will be good for shareholders and the combined business will benefit from efficiencies of scale.

Thanks

Arrowhead's story thus far has been written by the extraordinary efforts of all our people, each making their specialist contribution while collaboratively and collectively ensuring the sum is always greater than the parts. We recalibrated our journey four years ago, and have held our line, no matter the storms we have passed through.

To the people of Arrowhead, my profound thanks, and special gratitude to the board for the generosity of support and time during what has been the most interesting, challenging, and successful of times.

Mark Jonathan Kaplan

Mark Kaplan

Chief Executive Officer

THE BOARD

Taffy Adler

Taffy is the director of the Property Revitalisation Programme for the University of the Witwatersrand. He was previously CEO of the Housing Development Agency and the Johannesburg Housing Company. He is also the non-executive Chairman of Indluplace.

Arnold Basserabie

After graduating with a BSc, Arnold joined Fedsure Financial Services Group. In 1988 he was appointed Group Chief Executive, and in this position its asset base grew from R2 billion to R40 billion during his 13-year tenure. In the 1990s, Arnold contributed to the advancement of a number of emerging businesses in South Africa. Since the early 2000s he has practised as a strategic consultant, focusing on strategy, business development and related activities, across a diverse range of industries. Arnold is a member of a number of corporate boards and Chairman of the Wits University Foundation's Board of Governors and Chairman of Wits University's Investment Committee.

Mark Kaplan

Mark is the CEO of Arrowhead. Mark was the co-founder of Arrowgem, which was acquired by Arrowhead with effect from 23 September 2019. Mark was previously involved in managing a large residential portfolio focused on affordable student housing.

Greg Kinross

Greg qualified as a chartered accountant in 1997. The following year, he founded his own private equity business. In 2005, he became CEO and President of Tau Capital Corp., a mining and resource finance business. In 2013, he formed Innovo Capital (Pty) Ltd to pursue private equity opportunities. Greg is currently a partner in Evolve Capital Partners (Pty) Ltd, a private equity and investment holding business.

Junaid Limalia

Junaid began his career over 20 years ago as a chartered accountant at PricewaterhouseCoopers. He spent two years in the United Kingdom, whereafter he moved to IBM South Africa's IT outsourcing division. From 2003, he held various positions at the South African Revenue Service ("SARS"), from tax auditor to executive of the investigative audit division for large business. He worked on redesigning the operating model of SARS's large business centre, project managed its implementation and represented SARS on IRBA's Committee for auditing standards.

Nozipho Makhoba

Nozipho qualified as a chartered accountant in 2003. She completed her articles at KPMG and gained both local and UK audit experience. She has extensive experience in the real estate sector and has a strong finance, investment and operations background.

Nozipho is currently the Portfolio and Business Manager at STANLIB Limited, responsible for a property development portfolio in the Rest of Africa. Previously she held the role of Chief Financial Officer and Acting Chief Executive Officer for STANLIB Fahari I-REIT, a REIT listed on the Nairobi Securities Exchange. Nozipho has previously served in various roles within the Liberty Group Limited, including Manager: Group Corporate Finance; Executive Assistant to the Liberty Holdings Limited Managing Director; Executive Assistant to the STANLIB Limited CEO; and Project Manager at Liberty Properties Limited. From 2005 to 2010, Nozipho was the Finance and Operations Manager at the Public Investment Corporation where she helped manage a R26 billion property fund and spearheaded the establishment of an in-house property management function.

Sam Mokorosi

Sam is the Head of Origination and Deals at JSE Limited. He is a seasoned financial services executive, with 20 years experience in property finance, the bond market, corporate finance and private equity. He has successfully executed corporate finance and private equity transactions worth R40 billion. He has worked at Vunani Capital, Standard Bank, Quartile Capital, IHS Investments and Cadiz Corporate Solutions.

THE BOARD

Taffy Adler | 71

Independent non-executive director

Qualifications:
BA, Bphil in African Studies, MSc in Building Science

Appointed:
23 September 2019

Committees:
Remuneration, Nomination, Social and Ethics

Arnold Basserabie | 76

Independent non-executive director

Qualifications:
BSc (Mathematics and Statistics), ASA, CFP

Appointed:
14 February 2017

Committees:
Chairman of Audit and Risk, Investment, Remuneration

Greg Kinross | 48

Chairman, independent non-executive director

Qualifications:
BCom, BAcc, CA (SA)

Appointed:
22 December 2016

Committees:
Chairman of Nomination, Investment, Remuneration

Mark Kaplan | 41

Executive director - CEO

Qualifications:
BBusSc, Finance (Hons)

Appointed:
13 January 2017

Committees:
Investment, Social and Ethics

THE BOARD

Junaid Limalia | 49

Executive director - CFO

Qualifications:
CA (SA), BCom, (Hons) BAcc

Appointed:
01 January 2017

Nozipho Makhoba | 44

Independent non-executive director

Qualifications:
CA (SA), BCom Accounting, Post-graduate Diploma: Accounting (Hons)

Appointed:
01 November 2019

Committees:
Audit and Risk, Investment, Chairman of Social and Ethics

Sam Mokorosi | 42

Independent non-executive director

Qualifications:
BCom (Hons) in Economics

Appointed:
23 September 2019

Committees:
Chairman of Investment, Audit and Risk

THE TEAM

Riaz Kader
COO

BCom

Riaz was previously a director of Excellerate Real Estate Services Proprietary Limited t/a JHI. With 14 years of property experience, he's been involved in the Arrowgem property portfolio management since inception, overseeing the performance of the Arrowhead Group portfolio, with particular focus on leveraging efficiencies at the national level, debt management, lease negotiations and ensuring that income is optimised.

Alon Kirkel
CIO

BCom (Acc and HR)

Alon completed a BCom at the University of the Witwatersrand, majoring in accounting and human resources. He worked in the diamond industry for 15 years at Diacore, formerly the Steinmetz Group. His role included purchasing and analysing high quality investment diamonds for the Group. Alon has also been successful in purchasing neglected office and industrial buildings and turning them into quality, high yielding assets. Alon was instrumental in the successful individual sales of 137 buildings for Gemgrow and Arrowhead.

Gerritt Biermann
Leasing Executive

BA Hons Anthropology & Development Studies

Gerritt graduated from the University of Johannesburg and has been working in property since 2017. He is responsible for negotiating new incoming deals, broker liaison for external teams and sending out the vacancy schedule to the market.

Arend de Kock
Group Accountant

BCompt Accounting

Arend completed his studies at UNISA. He is responsible for the daily financial operations of Arrowhead under the guidance of the CFO, Junaid Limalia. Arend has 9 years property experience.

Elmarie Engelbrecht
Utilities Manager

BCom

Elmarie is responsible for the utility management and efficiency function of Arrowhead. Elmarie has 15 years experience in the utility management sector.

THE TEAM

Anthony Gardner
Senior Leasing Executive

Anthony is our senior deal maker. He negotiates new lease agreements and sends out the vacancy schedule to all brokers focusing on Arrowhead properties. Anthony studied Architecture in Durban and for the past 8 years has been in the office property industry negotiating deals.

Nicholas Kaplan
Asset Manager: Retail Portfolio

BCom Honours in Financial Management

With 8 years asset management experience within the Arrowhead Group, Nicholas has experience in managing all sectors of the office listed property market including; retail, office and industrial. With a current focus on the retail portfolio, his core responsibility is to maximise income growth through tenant retention, efficient building management and the reduction of vacancies.

Felancia Karaush
Leasing Executive

Felancia worked in the property industry for over 15 years and has been employed in different capacities. Felancia specialises in retail, industrial and office property. She sources new tenants, plans, negotiates and prepares new lease agreements, as well as assisting external brokers in closing out deals.

Mfana Khanyile
Legal Advisor

BA Law, LLB

Mfana provides corporate legal expertise and advice on acquisitions and disposals and advises on the Companies Act, the JSE Listing Requirements and the B-BBEE Act. Mfana also serves as the Arrowhead Group's Information Officer and also assists the legal team in mitigating legal risks when they arise.

Talia Kilfoil
Relationship Manager

BCom Honours in Logistics

Talia obtained her qualification through UNISA. Talia has been in the property industry since 2011 and has experience in the management of residential, office and retail property. This experience provides Talia with the knowledge to successfully maintain and improve tenant relationships and ultimately maximise tenant retentions.

THE TEAM

Geraldine Maarschalk
Director Assistant

Geraldine is responsible for assisting the Directors within the Legal, Financial, Operations and Investment Departments. Geraldine is key in driving the Company's Arrow for Change projects. She has 20 years experience as an executive assistant and in office management in the telecommuncations and FMCG industries and 10 years in the travel and events industry.

Buyisile Mkhize
Relationship Manager

Diploma in Accounting

Buyisile has 11 years experience in the property industry with a focus on the management of office, retail and industrial properties.

Diantha Moodley
Accountant

BCom, FMVA Certification

Diantha has obtained her certification as financial modeling and valuation analyst through the CFI institute, she also holds a BCom degree from the university of SA. She has 12 years experience in the property management industry. Diantha is responsible for the full accounting function of the retail portfolio.

Andrea Morgan
Asset Manager: Industrial Portfolio

Andrea Morgan has 11 years experience in the property industry. She heads up the asset management of the industrial portfolio of properties, ensuring that a sustainable income stream is attained through tenant retention and the adaption of core fundamentals on a daily basis.

Tumisang Motsami
Receptionist

Tumi has been with Arrowhead since March 2012. Tumi is responsible for the reception and hospitality of visitors.

THE TEAM

Senesipho Mpongwana
Accountant

BCom, Post graduate Diploma in Accounting

Sinesipho graduated from Wits University in 2012 and completed a Post graduate Diploma in Accounting to 2020 through UNISA. Sinesipho has seven years property management experience and is responsible for the full accounting function of Arrowhead properties in the office & Industrial portfolio under the guidance of Arend de Kock.

Carl Muller
Finance Executive

CA (SA), Bcom Accounting, Bcom Accounting (Honours)

Carl qualified as a Chartered Accountant in 2010 after completing his articles at Grant Thornton Pretoria. He stayed on as audit manager at Grant Thornton Pretoria from 2010 to 2015. In 2015 Carl joined Grant Thornton Johannesburg as a Senior Audit Manager and was promoted to Associate Director in 2018. He joined Arrowhead in March 2020.

Anusha Naidoo
Executive Assistant to CEO

BA (Communication Science)

Anusha is responsible for assisting the CEO of Arrowhead, as well as office management, employee wellness and skills development. She started her career in telecommunications with experience in sales, retail and operations management. Anusha has over 15 years experience as an executive assistant and in operations management.

Bhavesh Natha
Asset Manager: Retail Portfolio

BSC Property Studies (Honours)

Bhavesh graduated with honours from the University of the Witwatersrand and has over 12 years working experience in the property space. His most recent role was at JHI, where he started in 2012 as a Portfolio Manager and worked his way up to the role of Portfolio Executive of the Arrowhead account. During this time, he was also awarded Portfolio Manager of the Year (Regionally and Nationally) in both 2013 and 2014.

David Samson
Asset Manager: Office Portfolio

BCom

David Samson has 13 years property experience and obtained his BCom degree from the University of Pretoria in 2001. David heads up the office portfolio focusing on extracting value from the portfolio by way of managing the budgets, vacancies, letting, arrears and the day to day operations of the properties.

THE TEAM

Simon Stubbings
New Business Development Executive

BSC in Property Studies

Simon graduated from University of Cape Town and has been working in the property industry for 9 years. He is responsible for tracking, negotiating and finalising all new leases as well as assisting internal and external brokers in closing out deals.

Katlego Tloubatla
Leasing Executive

BCom Honours in Property Valuation & Management

Katlego graduated from University of Johannesburg and has 2 years experience in property, with a focus on leasing, building improvement and tenant relationships. Katlego has a direct report to the New business development executive, Simon Stubbings.

Vicki Turner
Head of Legal and Company Secretary

BA LLB, LLM, PG Diploma in Cyber Law

Vicki obtained a BA LLB from the University of the Witswatersrand and a LLM in corporate law and a Post Graduate Diploma in cyber law from the university of Johannesburg. Vicki assists in a variety of legal aspects regarding acquisitions and disposals and advises on the JSE Listings Requirements and other legislative and legal matters. Vicki is in addition the Company Secretary to Arrowhead and responsible for ESG related matters.

Khanyisile Tshabalala
Investor Relations

BCom Honours in Financial Management, Advanced diploma in Financial Markets

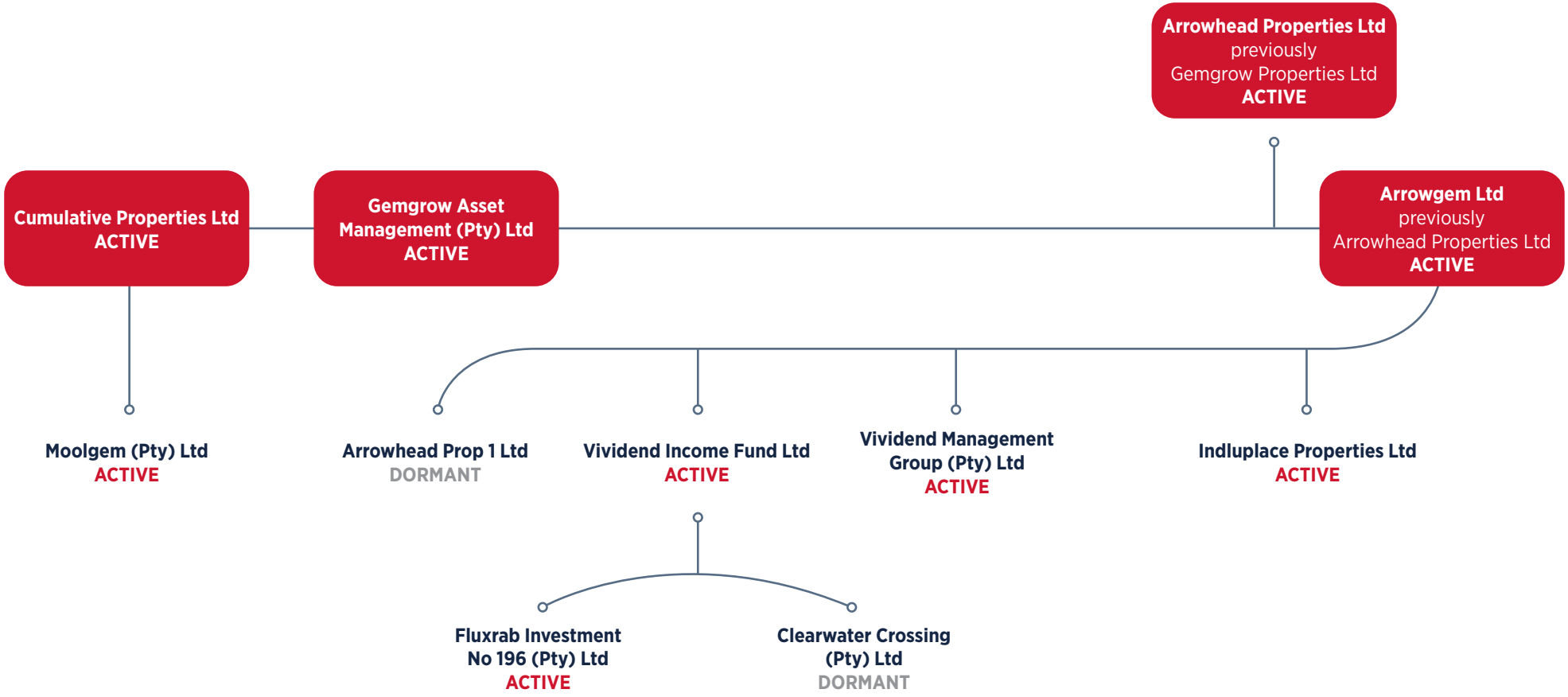
Khanyisile joined Arrowhead in 2021, she previously worked in Investments as Equity Sales with 5 years of experience on the sell-side. She brings knowledge about the markets and interactions with the investors to ensure efficient communication with all stakeholders.

Ilze Wandrag
Legal Advisor

LLB

Ilze assists in a variety of legal aspects, including mitigating legal risk as and when it arises. She is Arrowhead's dedicated debt and litigation manager and assists with compliance and general legal advice. Ilze has a LLB degree, is an admitted attorney and has 14 years property experience.

GROUP STRUCTURE



NOTE: Save for Indluplace Properties Ltd (which is a separately listed entity) and Arrowgem Limited which has a 0.3% minority shareholding, all other subsidiaries are wholly-owned by the holding company Arrowhead Properties Ltd (formerly known as Gemgrow Properties Ltd). Arrowhead, Arrowgem, Cumulative, Moolgem and Vividend hold assets/properties in their own name.

CORPORATE GOVERNANCE

The COVID-19 pandemic has brought about a changed world with heightened risks, evolving compliance obligations, increased stakeholder expectations and scrutiny in every area of business. As organisations grapple with this shifting landscape, the need for contemporary governance has never been more urgent.

> "We cannot be mere consumers of good governance, we must be participants; we must be co-creators."
>
> Rohini Nilekani

Arrowhead's Board considers sound corporate governance practices which are consistently applied to be an essential element in delivering sustainable growth for the benefit of all stakeholders. In conducting the affairs of the Company, the Board strives for fairness, responsibility, transparency and accountability and ensures that this is embued in the fabric of Company and its culture.

South Africa is highly regulated and as a listed company Arrowhead complies not only with the Companies Act and the JSE Listings Requirements but also endorses the principles of King IV.

In regularly reviewing Arrowhead's governance structures, the Board exercises and ensures effective and ethical leadership, always acting in the best interests of the Company, and at the same time concerning itself with the sustainability of its business operations. During the year under review, a considerable amount of time was spent on increasing environmental awareness both by the Board as well as management as a whole.

The Board recognises that it is the ultimate custodian of corporate governance.

The Board appreciates that strategy, risk, performance and sustainability are inseparable from the Company's purpose which is placed at the centre.

The directors of the Company are cognisant that they are accountable to shareholders as well as having an obligation to all stakeholders, to ensure that the Company is a good corporate citizen and that there is a symbiotic relationship between a company and the society within which it operates, with their actions and decisions impacting one another.

There are various committees appointed by the Board to focus on specific areas. The respective committees spend a great deal of time considering a matter before making informed decisions within the committee's terms of reference and before placing these and other recommendations before the Board for information or for approval as the case may be.

There are five Board committees, namely the Audit and Risk Committee, the Investment Committee, the Social and Ethics Committee, the Remuneration Committee and the Nomination Committee.

BOARD CHARTER

King IV recommends that every board should have a Charter setting out its responsibilities.

Successful companies have moved from focusing exclusively on profitability and recognising that an organisation operates in a natural environment and forms part of general society.

The Board Charter approved by the Board details the Board's responsibilities and terms of reference. The Board Charter enables the directors to maintain effective control over the strategic, financial and compliance matters of Arrowhead and to balance economic efficiency and society's broader objectives, taking into account conformance with governance principles and performance in an entrepreneurial market economy.

The Charter specifically sets out a description of roles, functions, responsibilities and powers of the Board, the shareholders, the Chairman, individual directors, Company Secretary, and other executives of the Company.

There is an appropriate balance of power and authority of the Board so that no individual has unfettered powers of decision-making and no individual dominates the Board's deliberations and decisions. The Board regularly reviews the decision-making authority given to management as well as those matters reserved for decision-making by the Board.

The Board's responsibilities include:

- determining Arrowhead's purpose, values and stakeholders relevant to its business and the development of strategies combining all three elements. The Board ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, senior management's performance criteria and the Company's business plans;
- reviewing and approving the financial objectives, plans and actions, including significant capital allocations and expenditure;
- exercising leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency;
- providing strategic direction to Arrowhead and ensuring that succession planning is in place;
- ensuring that Arrowhead complies with all relevant laws, regulations and codes of best business practice and communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly in substance and form;
- reviewing processes and procedures to ensure the effectiveness of Arrowhead's internal systems of control, so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times;
- defining the levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management;

- having unrestricted access to all Arrowhead's information, records, documents and property;
- having an agreed procedure whereby, if necessary, directors may take independent professional advice at Arrowhead's expense;
- considering whether or not its size, diversity and skills mix makes it effective;
- identifying key risk areas and key performance indicators, which are regularly monitored with particular attention given to technology and systems;
- identifying and monitoring the non-financial aspects including ESG, relevant to the business of Arrowhead;
- recording the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead;
- finding the correct balance between performing in an entrepreneurial way while ensuring compliance with best practice in terms of corporate governance;
- establishing committees to facilitate efficient decision making. The Board has established an Investment Committee, an Audit and Risk Committee, a Remuneration Committee, Nomination Committee and a Social and Ethics Committee;
- having clearly defined parameters for the sub-committees and;
- assessing its own effectiveness in fulfilling these and other Board responsibilities.

A copy of the Board Charter can be found on Arrowhead's website www.arrowheadproperties.co.za.

COMPOSITION AND SKILLS OF THE BOARD

The Board exercises control through a governance framework that includes the review and implementation of detailed reporting presented to it and its committees and the implementation of a continuously updated risk management programme. As at 30 September 2021 , the Board comprised of seven directors, five of whom are independent non-executive directors. The executive directors comprised a chief executive officer (CEO), M. Kaplan and a chief financial officer (CFO), J. Limalia. Mr. S. Noik resigned from the Board at the Company's annual general meeting held on 25 February 2021 and did not make himself available for re-election, and the Company's Chairman Mr. M. Nell passed away on 3 September 2021 and was replaced by Mr. G. Kinross as Chairman. Mr. R. Kader and Mr. A. Kirkel resigned with effect from 1 October 2020.

The Chairman, Mr. G. Kinross is an independent non-executive director whose role is separate and distinct from that of the CEO.

The Company recognises the importance of, and value added by diversity in the composition of a board of directors. The Board recognises that diversity of skills, experience, background, knowledge, thought, culture, race and gender strengthens the Board's ability to carry out its duties effectively and to add value to the Group. Such a diversity policy not only adds to the Company's ability to do business better, but also contributes to the development of the social fabric and long-term sustainability of South Africa as a whole.

Deliberations and appointments of the Board are formal and transparent and a matter for the Board as a whole, with the Board assisted by the Nomination Committee. Any director appointed during the year is required to have the appointment confirmed by shareholders at the next Annual General Meeting.

Each Board member contributes to the wide range of knowledge, expertise, commercial and technical experience and business acumen that allows the Board to exercise independent judgement in Board deliberations and decision-making. Brief curricula vitae for each Board member as at 30 September 2021 are set out on pages 18 to 20 of this Integrated Annual Report.

The CEO has overall responsibility and accountability for the operations of the Company. The Chairman leads the Board and ensures that relations between the executive and the Board are constructive. The Chairman does not hold the position of Chairman in respect of any other listed company.

The CEO and other executive directors are responsible for the implementation of strategy and decisions in respect of operational issues. Non-executive directors contribute their independent and objective knowledge and experience to Board deliberations. All non-executive directors are appropriately qualified, with the necessary skills and expertise to make a positive contribution to the operations.

After following the approved procedure, directors are encouraged to take independent advice at the cost of the Company for the proper execution of their duties and responsibilities. The Board has unrestricted access to the external auditors, professional advisors, the services of the Company Secretary, the executives and the staff of the Company. An induction programme is provided for new directors.

INDEPENDENCE OF BOARD MEMBERS

The independent non-executive directors exercise significant influence at meetings. Competency in conducting the affairs of Arrowhead carries as much weight as independence.

The responsibilities of the independent non-executive Chairman and CEO, and likewise the responsibilities of executive and non-executive directors, are kept strictly separate, to ensure that no director can exercise unrestricted powers of decision-making.

ROTATION AND TENURE

The Board on recommendation by the Nomination Committee assesses the need for new appointments to the Board, with directors appointed through a formal process.

At each Annual General Meeting ("**AGM**") one third of the directors for the time being, or if their number is not three or a multiple of three, the number nearest to one third but not less than one third, retire from office and, if eligible, offer themselves for re-election.

The appointment of directors to fill any casual vacancy that arises during the year is confirmed at the next AGM.

It should be noted that in light of the Fairvest transaction, two Arrowhead directors and one newly appointed director from the Fairvest Board will retire by rotation.

The directors retiring by rotation and who are nominated for re-election can be found in the notice of AGM commencing on page 214 of this Integrated Annual Report.

INDUCTION AND DEVELOPMENT TRAINING

Upon appointment, all new directors undergo an approved induction programme. This is done with the express intent of ensuring that directors fully appreciate and understand the complexities of Arrowhead's businesses.

Training of Board members is arranged at the Company's expense as and when required.

There is no formal Board mentorship programme in place, as it is not deemed necessary at this stage and mentorship is provided to directors when guidance is required.

INFORMATION REQUIREMENTS

So as to make informed decisions, it is vital that directors are provided with adequate information to inform their understanding in respect of the matter at hand. The Board keeps under review the information needed by directors to enable them to perform their duties and fulfil their obligations responsibly.

All directors have access to the Company's records, information, documents and property as required. Non-executive directors also have unfettered access to management at any time.

Directors are informed timeously of matters that will be discussed at meetings and are provided with comprehensive information packs well in advance of meetings.

BOARD PROCESSES

Company Secretary

The Company Secretary provides company secretarial services, oversees corporate governance processes at holding company level, and attends all Board and committee meetings, save for the Remuneration Committee meetings which have been outsourced to specialist external consultants.

The Board and the individual directors have unrestricted access to the Company Secretary who guides them when necessary on how they should discharge their duties and responsibilities in the best interests of the Company.

During the year under review, the Company Secretary continued to assist the Board and its committees, as required, in preparing annual plans, agendas, minutes, and terms of reference.

The Company Secretary, Vicki Turner holds a BA LLB from the University of the Witwatersrand, a LLM from the University of Johannesburg and a Post Graduate Diploma in Cyber Law from the University of Johannesburg.

In line with the JSE Listings Requirements the Board undertook an annual performance appraisal of the Company Secretary. The Board was satisfied with the quality of assistance received as well as the knowledge, competence and experience of the incumbent.

The Company Secretary is not a director of the Company nor of any of its subsidiaries and maintains an arm's length relationship with the Company and the directors.

Regulatory and legislative compliance

The Board has delegated to executive management the implementation of an effective compliance framework and processes. The Board and each individual director have a good working knowledge of the effect of the applicable laws, rules, codes and standards on the Company and its operations.

The Company's internal legal resources, external legal advisors, Sponsor and Company Secretary advise the Board in respect of any amendments to legislation and regulations applicable to the Company. The Social and Ethics Committee monitors the Company's compliance with all applicable legislation and regulations. Compliance risk is monitored on an ongoing basis both by the Company Secretary, internal legal resources and the Company's external legal advisors.

Arrowhead's compliance with legislative and regulatory requirements is an agenda item for certain Board and committee meetings.

Arrowhead has complied with the Companies Act, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with Arrowhead's Memorandum of Incorporation during the year under review.

Board and committee effectiveness

In the 2021 financial year self-assessments were conducted following the Board meeting held to approve the Company's interim financial results as well as its results for its year-end. Given the skill and experience of the current Board, the Board believes that an informal assessment was adequate at this time.

Self assessments were also undertaken by the Audit and Risk Committee and the Remuneration Committee.

Succession planning

The Nomination Committee is responsible for ensuring adequate succession planning for directors and management, and that all committees are appropriately constituted and chaired. The Board is satisfied that the depth of skills amongst current directors meets succession requirements. Succession planning at management level is actively monitored by management and communicated to the Board.

DELEGATION OF AUTHORITY — BOARD COMMITTEES

Function of the Board committees

The committees assist the Board in discharging its responsibilities and duties, while overall responsibility remains with the Board. Full transparency and disclosure of committee deliberations is encouraged, and the minutes of all committee meetings are available to all directors.

There is a clear balance of power between the various Board members. The Board delegates certain of its functions to the committees and others to the executive in terms of a comprehensive delegation of authority matrix, and terms of reference of the committees.

Formal terms of reference set out the purpose, membership, duties and reporting procedures of the various Board committees, which are reviewed annually and updated where necessary. Each committee acts within the scope of these terms of reference, which have been adopted and approved by the Board.

While retaining overall accountability and responsibility, the Board has delegated the authority to run the day-today affairs of Arrowhead to the CEO. The CEO reports to the Board.

Audit and Risk Committee

The Audit and Risk Committee members have the requisite financial and commercial skills to make an effective contribution to the committee's deliberations.

The Board oversees the management of risk and has delegated the process to the Audit and Risk Committee. It reports to shareholders on the extent to which it carried out its statutory oversight duties in respect of the external auditors, the appropriateness of the financial statements and the accounting practices, as well as the internal financial controls.

The risk management policy adopted by the Board is aligned with industry best practice and Arrowhead may not enter into any derivative transactions that are not in the normal course of its business in compliance with REIT provisions of the JSE Listings Requirements.

As at 30 September 2021, the committee comprised of three independent non-executive directors with Mr. A. Basserabie as the Chairman.

The CEO, COO, CIO and CFO, as well as representatives of the external auditors, attend meetings by invitation. Well in advance of meetings, members of the Audit and Risk Committee receive reports on the financial performance, internal controls, adherence to accounting policies, compliance and areas of significant risk as well as written reports from the Company's auditors.

It is the responsibility of the Audit and Risk Committee to monitor the adequacy and effectiveness of internal controls and risk management processes generally. The Company has an effective ongoing process for identifying risk, measuring its potential impact and initiating and implementing measures to reduce exposure to an acceptable level.

External specialist consultants are utilised, where required, to assist the Audit and Risk Committee with risk management measures. The Audit and Risk Committee also has unrestricted access to independent expert advice, after following the agreed procedure, should the need arise.

In addition, the committee oversees tax compliance. As a REIT, Arrowhead is regulated by amongst others the JSE Listings Requirements. In addition to meeting the standard requirements for listed companies, it must:

- Own at least R300 million of property.
- Keep its debt below 60% of its gross asset value
- Earn 75% of its income from rental or from property owned or investment income from indirect property ownership.
- Have a committee to monitor risk.
- Not enter into derivative instruments that are not in the ordinary course of business.
- Pay at least 75% of its taxable earnings available for distribution to its investors each year.

Only after the JSE grants a listed entity SA REIT status does section 25BB of the Income Tax act apply to it. Section 25BB allows an SA REIT to deduct all distributions paid to shareholders as an expense on a see-through basis.

For information pertaining to the Audit and Risk Committee, refer to the Audit and Risk Committee report on page 115 of this Integrated Annual Report.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Remuneration Committee

As at 30 September 2021, the Remuneration Committee comprised of three independent non-executive directors. Mr. T. Adler (Chairperson), Mr A. Basserabie and Mr. G. Kinross whose primary responsibilities include recommending the Remuneration Policy of the Company to the Board, monitoring its implementation, ensuring that directors and senior executives are remunerated fairly and responsibly, and that remuneration is used to ensure that the business creates value in a sustainable manner within the economic, social and environmental context within which the Company operates.

In addition, the Remuneration Committee recommends directors' fees payable to non-executive directors and members of Board committees, for ultimate approval by shareholders.

The CEO, COO, CIO and CFO attend meetings by invitation.

For information pertaining to the Company's Remuneration Policy and the Remuneration Implementation Report please refer to pages 103 to 113 of this Integrated Annual Report.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Nomination Committee

The Nomination Committee comprises of two independent non-executive directors Mr. G. Kinross (Chair) and Mr. S. Mokorosi whose primary responsibilities include reviewing the structure, size and composition of the Board (including its skills, knowledge, experience and diversity), identifying and nominating for approval of the Board, candidates to fill Board vacancies as and when they arise, director rotation and re-election related matters, establishing a Board evaluation process and evaluating the performance of directors including the Chairman.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Social and Ethics Committee

A formally appointed Social and Ethics Committee of the Board has been constituted in accordance with the provisions of the Companies Act. The Social and Ethics Committee serves as the social conscience of the business and it is responsible for ensuring that the Company behaves responsibly, socially, commercially and environmentally.

The Social and Ethics Committee has all the functions and responsibilities provided for in the Companies Act including but not limited to:

1.1 monitoring the Company's activities with regards to matters relating to social and economic development, including the UN Global Compact Principles as follows.

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2:

Ensure that they are not complicit in human rights abuses;

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour;

Principle 6:

The elimination of discrimination in respect of employment and occupation;

Principle 7:

Businesses should support a precautionary approach to environmental changes;

Principle 8:

Undertake initiatives to promote greater environmental responsibility;

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies; and

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

1.2 the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act);

1.3 good corporate citizenship, including promotion of equality, prevention of unfair discrimination, elimination of corruption, contribution to the development of the communities in which its products or services are marketed and the recording of sponsorships, donations and charitable endowments;

1.4 the environment, health and public safety, including the impact of the Company's activities;

1.5 consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws;

1.6 the Company's employment relationships with and its contribution towards the educational development of its employees;

1.7 drawing matters within its mandate to the attention of the Board as occasion requires; and

1.8 reporting through one of its members to the shareholders at the Company's annual general meeting on the matters within its mandate.

As at 30 September 2021, the Social and Ethics Committee was chaired by Ms Nozipho Makhoba and otherwise comprises of Mr Taffy Adler and Mr Mark Kaplan.

For information pertaining to the Social and Ethics Committee, refer to the Social and Ethics Committee report commencing on page 80 of this Integrated Annual Report.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Investment Committee

The role of the Investment Committee is to consider and approve, on behalf of the Company and its subsidiaries, investment opportunities in line with the investment strategy of Arrowhead, to approve capital expenditure relating to improvements to the property portfolio, to approve the sale of properties which have been identified for disposal, as defined in its terms of reference as well as approve on an annual basis the methodology used to value the Group's property portfolio as well as the actual valuations. The Investment Committee gives due regard to the principles of sound governance and codes of best practice in the execution of its duties.

The Investment Committee comprises five members appointed by the Board namely one executive (Mark Kaplan) and four independent non-executive directors (Mr. G Kinross, Mr. S. Mokorosi, Ms. N Makhoba and Mr. A Basserabie).

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Subsidiaries

Arrowhead's subsidiary companies subscribe to the holding company's governance framework. Subsidiary oversight is managed through the process of delegated authority, which is in place between the holding and operating companies to ensure adherence to Arrowhead's overall commitment to the principles of ethical leadership and good corporate governance.

The subsidiary companies (excluding Indluplace) have delegated the approval of acquisitions and disposals to the Investment Committee.

Board meetings

The Board met 9 times during the year. The Board meets with management annually to agree on Arrowhead's strategy. Additional meetings are convened when required. All necessary information, including a detailed Board pack, is provided to directors in advance to enable them to discharge their responsibilities.

The Board agenda and meeting structure focuses on financial matters, strategy, performance monitoring, governance and related matters. Management ensures that Board members are provided with all relevant information and facts to enable them to make objective and informed decisions.

The Company's Memorandum of Incorporation provides for decisions to be taken between Board meetings by way of written resolution, where necessary. Non-executive directors meet without the presence of management as and when deemed necessary.

The terms of reference of the Board committees are reviewed annually as standard practice, committee Chairpersons provide the Board with reports on committee activities and the minutes of committee meetings are made available to the Board. There is full transparency and disclosure between these committees and the Board.

In addition, the Chairpersons of the committees, or a nominated committee member attends the Company's Annual General Meeting to answer any questions from stakeholders pertaining to the relevant matters handled by their respective committees. All committees have met their key responsibilities during the year under review.

Attendance registers of meetings

Meetings and attendance: Board meetings

Name	24.11.20	23.02.21	30.04.21	04.05.21	13.05.21	19.05.21	24.05.21	25.05	24.08.21.
M. Nell #	✔	✔	✔	✔	✔	✔	✔	✔	A
T. Adler	✔	✔	✔	✔	✔	✔	✔	✔	✔
A. Basserabie	✔	✔	✔	✔	✔	✔	✔	✔	✔
M. Kaplan	✔	✔	✔	✔	✔	✔	✔	✔	✔
G. Kinross	✔	✔	✔	✔	✔	✔	✔	✔	✔
J. Limalia	✔	✔	✔	✔	✔	✔	✔	✔	✔
N. Makhoba	✔	✔	✔	✔	✔	✔	✔	✔	✔
S. Mokorosi	✔	✔	✔	A	A	A	✔	✔	✔
S. Noik *	✔	✔	-	-	-	-	-	-	-

Meetings and attendance: Board strategy meetings

Name	07.10.20	24.03.21
M. Nell #	✔	✔
T. Adler	✔	✔
A. Basserabie	✔	✔
M. Kaplan	✔	✔
G. Kinross	✔	✔
J. Limalia	✔	✔
N. Makhoba	✔	✔
S. Mokorosi	✔	✔
S. Noik *	✔	-

Passed away 3 September 2021 * Retired 25 February 2021 A - Apologies ✔ - Present

Meetings and attendance: Audit and Risk

Name	19.11.20	23.11.20	23.11.20	18.02.21	20.04.21	20.05.21	19.08.21
A. Basserabie	✔	✔	✔	✔	✔	✔	✔
G. Kinross	✔	✔	✔	✔	✔	✔	✔
N. Makhoba	✔	✔	✔	✔	✔	✔	✔
S. Mokorosi	✔	✔	✔	✔	✔	✔	✔
S. Noik	✔	✔	✔	✔	-	-	-

Meetings and attendance: Remuneration

Name	15.10.20	04.11.20	13.11.20	18.01.21	10.05.21	23.08.21
T. Adler	✔	✔	✔	✔	✔	✔
A. Basserabie ^	✔	✔	✔	✔	✔	✔
G. Kinross @	✔	✔	✔	✔	✔	✔
M. Nell#	✔	✔	✔	✔	✔	A
S. Noik *	✔	✔	✔	✔	-	-

Meetings and attendance: Nomination

Name	11.03.21
M. Nell #	✔
T. Adler	✔
S. Noik *	-
G. Kinross ^ (appointed as Chairperson on 12 September 2021)	✔

Passed away 3 September 2021 * Retired 25 February 2021 ^ Appointed 11 May 2021 @ Appointed 12 September 2021 A - Apologies ✔ - Present

Meetings and attendance: Social and Ethics

Name	22.02.21	20.08.21
S. Mokorosi ~	✔	✔
T. Adler	✔	✔
M. Kaplan	✔	✔
A. Kirkel >	✔	✔
N. Makhoba +	✔	✔

Meetings and attendance: Investment

Name	11.11.20	15.01.21	10.02.21	01.04.21
M. Nell #	✔	✔	✔	A
A. Basserabie	✔	✔	✔	✔
M. Kaplan	✔	✔	✔	✔
G. Kinross	✔	✔	✔	✔
J. Limalia	✔	✔	✔	✔
N. Makhoba	✔	✔	✔	✔
S. Mokorosi	✔	✔	✔	✔

Passed away 3 September 2021 ~ Resigned 11 May 2021 > Resigned 11 May 2021 + Appointed 11 May 2021 A - Apologies ✔ - Present

Internal audit

Having regard to the size and life-stage of the Company, the Board has determined that a dedicated internal audit functions is not warranted at this stage. Use is made of external specialists, including resources of the external property managers in respect of the internal audit function. The Audit and Risk Committee has oversight of the outsourced internal audit function. A representative from ERES attends Audit and Risk Committee meetings on a quarterly basis so as to provide feedback directly to the Committee.

Information technology ("IT") management

The Company the Board believes that the IT governance policy is appropriate and is aligned with the performance and sustainability objectives of the Company.

The Board assigns IT and the Company's technology assets the necessary importance and, in furtherance hereof, it ensures that its information assets are managed effectively. Use is made of external specialists in respect of the IT functions.

The Board monitors and evaluates investment and expenditure in respect of IT on an annual basis. IT forms an integral part of the Company's risk management processes.

During the 2021 financial year the Group migrated its data to a MRI software system thereby establishing control over its own data, disaster recovery processes and business continuity planning.

Ethical performance

Share dealings and disclosure of interests

The Board individually and collectively, understands the fiduciary duty to act in the best interests of the Company. Conflicts of interest are disclosed in terms of section 75 of the Companies Act, with disclosures of interest and director's dealings reported on in accordance with a policy adopted by the Board in this regard.

All directors (and the Company Secretary) require clearance before trading in the Company's securities. Prior to trading, approval must be obtained from the CEO or, in his absence, from the Chairman. The CEO must obtain clearance from the Chairman or a designated director, prior to trading in the Company's securities. Directors are required to inform their portfolio/investment managers not to trade in the securities of the Company, unless they have specific written clearance from that director to do so.

Directors cannot trade in Arrowhead shares during closed periods. The Company, the directors and all staff members are further prohibited from dealing in the Company's shares at any time when they are in possession of unpublished and price-sensitive information, or where clearance to trade has yet to be confirmed.

The required notification and disclosure by directors to the Company of their interests is a standard agenda item at each Board meeting. Information regarding directors' interests is set out in the annual financial statements. All trading in Arrowhead's shares by directors or Company Secretary is disclosed by way of a SENS announcement in terms of the JSE Listings Requirements.

Stakeholder communications

The Company engages in regular, open and transparent dialogue with stakeholders (including institutional investors). Half-yearly and annual financial results, corporate actions, trading updates and announcements are published in accordance with the JSE Listings Requirements informing stakeholders via SENS and results announcements. The Integrated Annual Report and presentations to shareholders and analysts are also published on Arrowhead's website. The importance of good relationships with tenants, employees and service providers is recognised.

The CEO and CFO, together with the COO and CIO, present Arrowhead's performance and strategy to analysts, institutional investors and the media in South Africa at least twice a year. Arrowhead also keeps in regular contact with the media by circulating relevant information.

For further information on stakeholder communications, refer to stakeholder engagement. See page 87 to 89 of this Integrated Annual Report.

Annual General Meeting

The Annual General Meeting will be held on 28 February 2022 at 11h00. Information relating to the Annual General Meeting is contained in the notice of Annual General Meeting commencing on page 214 of this Integrated Annual Report. The Chairpersons of all the Board committees as well as the external auditors will be in attendance and available at the Annual General Meeting to answer any questions.

KING IV COMPLIANCE

This report is to be read in conjunction with the Company's Integrated Annual Report for 2021 in particular the corporate governance section on pages 27 to 40 the Audit and Risk Committee report on page 115, the Social and Ethics Committee report on page 80, the Remuneration Policy on pages 103 to 108 and the Remuneration Implementation Report commencing on page 108 to 113.

As announced in January 2022, Arrowhead has acquired the issued share capital of Fairvest by way of a scheme of arrangement. As the merger was Fairvest led, the Arrowhead Board will be reconstituted following the implementation of the merger to comprise of a majority of Fairvest directors.

PRINCIPLE 1

The Board should lead ethically and effectively.

Explanation

Integrity, trust, respect, dignity, competency, responsibility, fairness, transparency and accountability are all relevant words and concepts within the Company.

The Board ensures that an ethical culture is imbued in its culture, strategy, plans and performance of the Company.

The Board leads by example and has adopted a code of ethics as well as a code of conduct to which all directors and employees are expected to subscribe. The code of ethics and code of conduct commits all directors and employees in writing to the Group's philosophy including zero tolerance for corruption, integrity in business dealings, fair and ethical competition in the marketplace and the process of transformation.

The Board leads with the intended outcome of providing effective leadership that results in the Company achieving stated strategic objectives.

During the 2021 financial year, Board self-assessments were conducted following Board meetings held in May 2021 and November 2021. Self-assessments were in addition conducted by committee members following the Audit and Risk Committee meeting held in May 2021 and November 2021 as well as the Remuneration Committee meetings held in August 2021 and November 2021.

PRINCIPLE 2

The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Explanation

The Board assumes responsibility for the governance of ethics by setting the direction for how ethics should be approached and addressed by the organisation. The Board has adopted a code of ethics which clearly sets out the business practices which the Company will follow as well as the standards of behaviour for all persons within the Company.

The Board has delegated to management the responsibility for the implementation and execution of codes of conduct and ethics policies.

Management ensures that the code of ethics is well communicated and understood. Specifically, the Company will continue to:

- Promote ethical business practices;
- Operate responsibly in accordance with all relevant laws and regulations;
- Ensure equal opportunities;
- Provide a safe and healthy working environment;
- Value diversity in the workplace;
- Conduct its dealings with third parties in an ethical manner;
- Provide a safe route for people to highlight non-compliance;
- Conduct relationships with employees, tenants and stakeholders in a manner which ensures respect for all parties.

These principles sit alongside the Company's principles of agility, integrity, trust, simplicity and accountability and together are at the heart of all its dealings and drive the way the Company operates as a collective to benefit all employees, tenants, suppliers, shareholders and other stakeholders.

Adherence to corporate governance is entrenched in the Company's day-to-day operations. The code of ethics is disseminated within the organisation and has been placed on the Company's website.

The application of the Company's ethics is monitored regularly by management which reports back to the Board. No adverse outcomes were found pursuant to the monitoring as aforesaid. The key areas of focus during the reporting period were as follows:

- A gift and hospitality policy was implemented to provide guidance on the receiving and offering of gifts and hospitality to promote transparency and avoid conflicts of interest.
- Complying with all legal and regulatory requirements.
- Reviewing, updating and upgrading the Company's risk framework to one appropriate to that of the Company given its growing maturity including risks posed by climate change and transition risks.
- Monitoring the Group's online portal "Fraudcracker" which was established to combat any fraud, corruption, bullying and harassment and enables employees, customers, suppliers, partners, shareholders and members of the public to report wrongdoing anonymously to senior employees, to upload evidence, and to discuss this anonymously with them online.

The key focus areas for the 2022 financial year will be to continue monitoring compliance with the policies and process implemented during the 2021 financial year so that these are embedded in the culture of the Company as well as to provide training where required.

PRINCIPLE 3

The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.

Explanation

Corporate citizenship refers to a company's responsibilities toward society, the intention being to produce higher standards of living and quality of life for the communities that surround them whilst maintaining profitability for stakeholders.

The Board assumes responsibility for corporate citizenship by directing how it should be approached and addressed by the Company. The Board ensures that that Company complies with the Constitution of South Africa as well as its own codes of conduct, ethics and policy.

The Board has taken cognisance of the approach contained in both the Companies Act and King IV that the Company has a role to play in society and has an obligation to conduct itself as a responsible corporate citizen. The Board assumes responsibility for setting the tone and direction for the Company with regards to compliance with the constitution of the Country, the law and adherence to its own codes of conduct, ethics and policies.

Arrowhead held a level 3 B-BBEE certificate as at 30 September 2021 and it is the intention to obtain B-BBEE certification for the Company in the 2022 financial year.

As reported in the previous financial year, the Company implemented a social initiative, as detailed on page 91 of this Integrated Annual Report.

The initiative was primarily established to support communities in and around the assets of the Group but was also used to support national initiatives, addressing the negative impact of the COVID-19 pandemic and the recent civil unrest. To date the Company has disbursed R3.5 million of these funds and further funding for the 2022 year will be approved.

During the 2021 financial year the Arrowhead Board, on the basis of a recommendation made by the Audit and Risk Committee, approved the adoption of the TCFD disclosure framework for disclosure and over time to align Arrowhead's ESG disclosures with this standard. External consultants were appointed to perform a TCFD Gap analysis as well as determine the Group's base carbon emissions.

PRINCIPLE 4

The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Explanation

The Board recognises that the Company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board assumes responsibility for Arrowhead's strategy (strategy is defined as the setting of the organisation's short-, medium- and long-term direction towards realising its core purpose and values). Arrowhead's strategic focus for the 2021 financial year was to continue disposing of properties that were underperforming or that did not meet its investment criteria. In the medium to long-term Arrowhead will continue to strengthen its portfolio by retaining and enhancing those properties that meet its investment criteria; and (ii) enhancing the returns on those properties through a tenant centric approach that places tenants at the heart of all property management decisions.

The Board has delegated to management the formulation and development of the Group's strategy and the ultimate implementation following approval by the Board.

The Board convenes separate strategy meetings annually and reassesses and robustly debates the strategy of the Company taking into account then prevailing market conditions.

Recent events have highlighted that in order to create sustainable value Arrowhead cannot only consider the effects of relevant events on it, but also the impact that Arrowhead has on the wider environment and society (multiple stakeholder approach).

The Board as a whole monitors the progress made with regards to the implementation of the strategy at its quarterly Board meetings and will continue to do so for the 2022 financial year.

PRINCIPLE 5

The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

Explanation

The Board ensures that reports issued by the Company enable stakeholders to make informed assessments of the Company's performance, and its short-, medium- and long-term prospects, subject to statutory and regulatory requirements.

The Company has during the year under review released numerous SENS announcements providing investors with updates on the Group's disposal programme, the impact of COVID-19 on operations as well as the impact of civil unrest experienced in July 2021 on operations.

The Board is provided with copies of circulars and Integrated Annual Reports and given an opportunity to comment so as to ensure the integrity thereof prior to dispatch.

The Board ensures that corporate, strategic and financial advisors appointed for purposes of transactions are competent, with the requisite knowledge and skill set to ensure that reports and circulars produced by the Company meet with legal requirements and meet the legitimate and reasonable information needs of shareholders.

All SENS announcements, circulars and Integrated Annual Reports and notices of Annual General Meeting are placed on the Company's website www.arrowheadproperties.co.za.

PRINCIPLE 6

The Board should serve as the focal point and custodian of corporate governance in the organisation.

Explanation

The Board exercises its leadership by setting strategic direction, delegating authority to give effect to strategy to management and providing oversight.

The Board serves as the focal point and custodian of corporate governance. The Board has adopted a Board Charter and a code of ethics and conduct. Certain functions have been delegated to Board committees namely the Audit and Risk Committee, the Remuneration Committee, Nomination Committee, Investment Committee and the Social and Ethics Committee each of which have adopted terms of reference, copies of which can be viewed on the Company's website www.arrowheadproperties.co.za.

Each of the committees mentioned above meets once every 3 months or more as may be required from time to time. All the members of the committees attend the meetings whether in person or by electronic participation. Details of meetings held during the financial year under review may be found on pages 36 to 38 of this Integrated Annual Report.

The Chairman of each Board committee provides feedback to the Board on matters considered and decisions made by the committee for the quarter in question (the Board meets quarterly). The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board Charter for the reporting period.

PRINCIPLE 7

The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board was chaired by Mr. M Nell and following his passing by Mr. G Kinross who is considered to be independent. The Board does not have a lead independent director.

Explanation

The Board is committed to the principle of diversity (including gender and race diversity in accordance with the applicable policies). All new appointments to the Board will be considered in the context of achieving voluntary diversity targets including gender and race while keeping the operational requirements of the Company in mind.

All new directors are inducted, and their appointment formalised in letters of appointment.

The Board provides signed declarations to the Company Secretary on an annual basis detailing all financial, economic and other interests held by the respective members. Meetings are commenced with the Chairman requesting disclosure of any conflicts of interest which are minuted.

During the 2021 financial year Mr. S Noik, Mr. R Kader and Mr. A Kirkel resigned from the Board and Mr. M Nell passed away in September 2021, reducing the size of the Board to 7 members, down from 11 members in the 2020 financial year.

The CEO does not have other professional commitments. There is succession planning in place for the CEO.

The Board is satisfied that the composition of the Board for the 2021 financial year reflected the appropriate mix of knowledge, skills, experience, diversity and independence.

PRINCIPLE 8

The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Explanation

The Board has established an Audit and Risk Committee, a Remuneration Committee, Nomination Committee, an Investment Committee and a Social and Ethics Committee which have certain roles and responsibilities contained in terms of reference adopted by the various committees. The terms of reference of the various committees have been placed on the Company's website www.arrowheadproperties.co.za.

During the 2021 financial year, a comprehensive delegation of authority matrix was put in place, pursuant to which various matters are delegated to management. The Board retains overarching oversight.

The Board is satisfied that the delegation of authority matrix contributes to role clarity and effective exercise of authority and responsibilities.

The Board is satisfied that each committee's composition reflects the appropriate mix of knowledge, skills, experience, diversity, and independence. Each of the abovementioned committees meets once every 3 months or more as may be required from time to time. All committee members attend meetings whether in

person or by electronic participation. Further details on the meetings held and the attendance at meetings may be found on pages 36 to 38.

The Audit and Risk Committee of the Board is satisfied that its external auditor, BDO South Africa Inc., is independent of the organisation.

PRINCIPLE 9

The Board should ensure that the evaluation of its own performance and that of its individual members support continued improvement in its performance and effectiveness.

Explanation

The Board assumes responsibility for the evaluation of its performance and that of its committees, its chair and individual directors by determining how such evaluation should be approached and conducted.

Board evaluations were undertaken in May 2021 and November 2021 as well as self-evaluations by committee members following Audit and Risk Committee meetings as well as Remuneration Committee meetings.

The Board is satisfied that the evaluation process is improving its performance and effectiveness.

PRINCIPLE 10

The Board should ensure that the appointment of and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.

Explanation

The CEO is responsible for the implementation and execution of the approved strategy and policy, the Chief Operating Officer for operational planning, the Chief Financial Officer for finance and risk and the Chief Investment Officer for acquisitions and disposals.

The CEO is in regular contact with the Chairman of the Board and is accountable to the Board.

The CEO is not a member of the Remuneration Committee, Nomination Committee nor of the Audit and Risk Committee but attends meetings by invitation.

The Board approved a comprehensive delegation of authority matrix delegating an extensive range of functions to management with the Board and Board committees retaining ultimate oversight.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

PRINCIPLE 11

The Board should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

Explanation

The Board governs risk in a manner that supports the Company in setting and achieving strategic objectives as well as being a responsible corporate citizen. In this regard:

- Opportunities and associated risks have been considered by the Board in determining the strategy including risks and opportunities emanating from the social, political, economic and environmental context within which the Company operates in South Africa.
- Obstacles to achieving organisational objectives were assessed.

The risk register on page 49 to 55 was updated on an ongoing basis during the 2021 financial year as and when new risks were identified, and a process or policy put in place as required. Additional risks which were identified added in the 2021 financial included climate risk, transition risk as well as civil unrest.

PRINCIPLE 12

The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Explanation

The Board assumes responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed by the Company.

The focus for the year under review was on the appointment of an Information Officer for purposes of compliance with the POPI Act as well as the implementation of policies and procedures to ensure compliance. The Board appointed Mr. Mfana Khanyile as the Company's information officer for purposes of the POPI Act and all directors and employees received training on the POPI Act and related matters.

The Board assumes responsibility for the governance of technology and information and has delegated to management the responsibility to implement and execute effective technology and information management.

An outsourced model for all technology requirements is utilised. There is a flat infrastructure with an on-site file server, with cloud back-ups managed remotely by the outsourced supplier. There is a non-disclosure agreement in place with the supplier. There is a strict log-in processes for email management which is hosted off-site by an external third-party supplier. Email is also cloud hosted, archived and backed up accordingly.

During the year under review, employees' antivirus and malware software was updated and the Company's information technology processes and security was evaluated for compliance with the POPI Act.

PRINCIPLE 13

The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation's being ethical and a good corporate citizen.

Explanation

The Board assumes responsibility for the governance of compliance with applicable laws, regulations, codes and standards. The Board has delegated to management the responsibility for implementation and execution of effective compliance management.

During the year under review, legislation which had an effective date announced for example, the POPI Act, or in respect of which an effective date is yet to be announced such as the Property Practitioner's Act, were considered and where necessary, external attorneys and counsel were consulted.

PRINCIPLE 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term.

Explanation

The Remuneration Committee assumes responsibility for the governance of remuneration and ensures that the Company remunerates fairly, responsibly and transparently.

The Remuneration Committee's terms of reference can be found on the Company's website: www.arrowheadproperties.co.za.

Refer to the Remuneration Report commencing on page 103 setting out the Remuneration Policy, and page 108 for the Remuneration Implementation Report.

PRINCIPLE 15

The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.

Explanation

The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The Board has delegated to the Audit and Risk Committee the responsibility for overseeing that those arrangements are effective in enabling an effective internal control environment, supporting the integrity of information used for internal decision making and supporting the integrity of external reports.

The Audit and Risk Committee's terms of reference are on the Company's website www.arrowheadproperties.co.za.

From time to time, as necessary, the Board utilises the services of external specialist advisors in various fields including remuneration, governance and risk management.

ERES, the Company's outsourced property manager, has an internal audit department which provides assurance on the internal controls of ERES.

PRINCIPLE 16

In the execution of its governance role and responsibilities, the Board should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Explanation

The Board assumes responsibility for the governance of stakeholder relationships and sets the direction for the way in which stakeholder relationships are approached and conducted by the Company. The responsibility for the implementation and execution of effective stakeholder relationship management resides with the management of the Company.

In the execution of its governance role and responsibilities, the Board adopts a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation.

When engaging with stakeholders, the Board is guided by among others, the JSE Listings Requirements and its Memorandum of Incorporation. The Company's website www.arrowheadproperties.co.za is widely used to disseminate information as well as the Stock Exchange News Service.

RISK REGISTER
Methodology

During the course of the financial year, the Audit and Risk Committee assess and stress test the risk register for continued applicability, likelihood of occurrence and controls. New risks are identified internally and externally by management and/or the Board including operational, governance, environmental, social and/or economic risks and then processed as below.

Various risks have been identified which where **grouped into 5 major categories** being:

- **FINANCIAL**
- **HUMAN RESOURCES**
- **IT**
- **OPERATIONAL**
- **REGULATORY, COMPLIANCE AND STRATEGIC**

These where then classified as either "**external**" or "**internal**" risks. External risks are those that arise from outside the Group and internal risks are those that come from within the Group.

The colour coded rating scale is as follows:

- Each risk was then assigned an "**Impact**" rating of between 1 - 5. 1 having a low impact and level 5 having a high or critical impact.

Low	Minor	Moderate	Major	Critical
1	2	3	4	5

- A "**Likelihood**" rating was then also assigned to each risk with a rating scale of 1 - 5 with 1 having a low likelihood of occurring and 5 having a very high likelihood of occurring.

Rare	Unlikely	Possible	Likely	Common
1	2	3	4	5

- The "**Inherent risk**" for each risk is a result of the "Impact" multiplied by the "Likelihood" and works on a scale from 1 - 25. A level 25 inherent risk is thus a extremely high risk and a level 1 risk being a very low or mild risk. The risk register is sorted by the inherent risk from high to low as these high inherent risks are considered the most critical to the Group.

Mild	Minor	Moderate	Major	Extreme
0-4	5-9	10-14	15-19	20-25

- The controls, if any, for each risk are then documented. Further an evaluation is done on these controls to determine to what extent they mitigate the inherent risk. 100% implies the controls ensure that the risk is definitely preventable and a 0% implies the risk is completely out of the Group's control. The "Residual Risk not mitigated by controls" is then the remaining risk after taking any controls into account and is effectively the portion of the risk that is out of the Group's control.

Definitely preventable		Probable to prevent		Difficult to prevent
100%	75%	50%	25%	0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
Strategic/financial	Liquidity remains under pressure due to the ongoing impact of the COVID-19 pandemic. The 5 main sub-risks are mentioned below:	Ext.	5	4	20-25	0%	The sales program implemented to improve liquidity and strengthen the balance sheet, both of which have been vital in navigating through the pandemic.	20-25	20-25
	1. Billing collections remain under pressure as a result of COVID-19	Ext.	5	3	15-19	50%	Collections are monitored on a daily basis to identify the tenants not paying the required amounts. These tenants are engaged on an ongoing basis to ensure the best outcome possible with regard to these non paying tenants.	5-9	5-9
	2. Failure to renew bank facilities	Ext.	5	2	10-14	50%	This risk has materially reduced as we emerge out of a COVID-19 environment as Banks have greater line of sight and certainty in relation to their funding arrangements. Whilst stating this, there is a much lower risk appetite on the part of Bank, who require higher security and more stringent covenants to secure their funding. The risk of non-renewals therefore persist.	5-9	10-14
	3. Failure to achieve bank covenants	Ext.	5	3	15-19	75%	Management is actively engaging the funders to ensure the Bank's requirements are met. Further forward looking covenant estimate scenarios are being run to identify any risk areas so the Banks can be engaged as soon as possible to deal with any potential breaches.	5-9	10-14
	4. Expected property sales falling through	Ext.	5	4	20-25	50%	Management is monitoring the properties held for sale closely to identify which property sales are at risk of not being concluded. This includes weekly calls with Adams & Adams to track the transfer process.	10-14	5-9
	5. Expected income from Dipula and Indluplace not realising	Ext.	4	3	10-14	25%	There is a limited course of action available as these are separate listed investments with their own Boards and strategy.	5-9	20-25
Strategic	South African economy remains depressed over the long-term.	Ext.	5	4	20-25	0%	Sell non key assets and reduce LTV and be in a stronger position going forward. Monitoring of cash flow and bank covenants movements on a weekly basis. Despite the sales resulting in income dilution in the short-term, a stronger balance sheet does position the Company to potentially take advantage of acquisitions or corporate action to grow earnings in the future.	20-25	20-25

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
Operational	Reliance on ERES staff for accounting and operational purposes	Ext.	5	3	15-19	25%	We are one of ERES's key clients and source of revenue, so we both are vested in this property management relationship.	10-14	0-4
Strategic	Inability to compete with REIT's with offshore exposure	Int.	4	5	20-25	50%	Despite the fact that SA investors have a preference for offshore exposure, we do have the ability to attract foreign companies seeking emerging market exposure. Investment patterns also a cyclical and provided that we position the business to provide consistent and predictable returns, we could still attract SA investors.	10-14	10-14
Operational	Tenant failures and bad debts - due to increased economic pressure businesses are placed into business rescue or are liquidated	Ext.	4	4	15-19	50%	The impact has been managed considering that we have a limited number of tenants that have material letting positions within the Group. Tenants who appear to be in financial difficulty are closely monitored to manage the risk of default. Our relationship management team engages with the larger tenants on the financial impact of the economy on their businesses.	5-9	5-9
Strategic	Land expropriation without compensation is implemented on a large scale impacting property rights and valuations negatively	Ext.	5	3	15-19	50%	We, together with the rest of the REIT industry needs to actively participate in dialogue with government on the implications of implementation of this policy. Industry (especially the Banking Association of South Africa) have actively put forward a strong case for the negative implications of this policy to Government.	5-9	10-14
Operational	Office sector does not recover post COVID-19 pandemic	Ext.	4	3	10-14	25%	Focus on sales program - sell non key buildings; Look at repurposing or redeveloping buildings (cost vs benefit); Tenant retention is critical, lease flexibility, compete to provide the best quality product at the best value; Relocate head office to less desirable address to unlock value at 1 Sturdee.	5-9	NEW RISK
Operational	Eskom and load shedding - load shedding could result in business interruptions as well as disruption to tenants.	Ext.	3	5	15-19	50%	Solar plants (with batteries) and generators installed at certain buildings. Challenge is that with the number of assets in our portfolio, the capital outlay is too material to ensure that every building has a generator. A staggered approach is therefore being implemented across the portfolio to mitigate this risk.	5-9	5-9
Financial	High loan to value ratio - balance sheet and liquidity risks.	Int.	5	3	15-19	50%	Regular cash forecasts are prepared and monitored. Maturity of loans is managed. LTV ratio is being monitored and reported on monthly. Risks in respect of share covered loans and property valuations undermine our ability to fully control this risk.	5-9	5-9

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
Financial	Default on repayment of loans advanced to executive directors' and members of staff in terms of share schemes.	Int.	5	2	10-14	25%	Director loans are reviewed at Board level quarterly. The underlying security (shares issued in lieu of loans) are managed by the Company. The loans are fair valued against the Company share price at every reporting period, meaning that the loans reported in the accounts of the Company are a reflection of what is actually realisable for the shares.	5-9	5-9
Operational	Climate Change - Increased heat and drought are all linked to climate change resulting in increased wildfires. Declining water supplies may impact health due to heat. Flooding and erosion in coastal areas are additional concerns.	Ext.	2	4	5-9	0%	ESG oversight delegated by the Board to the Social and Ethics Committee which will report to the Board. Increased training of staff members to begin implementing processes to reduce the Group's carbon footprint and impact on the environment. Disclosures in alignment with the TCFD's will be implemented to provide investors with comparable and necessary information. ESG considerations to inform strategic decisions.	5-9	NEW RISK
IT	Load shedding could impact IT infrastructure and could result in data loss, low employee productivity and lost work time.	Ext.	2	5	10-14	50%	The head office has generator back up to mitigate this risk.	5-9	5-9
Strategic	Failure of the Company strategy due to poor communication to the market.	Int.	4	3	10-14	50%	The Company does update the market through SENS on key transactions or matters. It also reports to the market at 2 preclose sessions in March and September, and reports results in May and November of each year.	5-9	5-9
Operational	Unreasonable increases in utilities and other expenses that cannot be passed onto tenants.	Ext.	4	3	10-14	50%	All rates increases are evaluated and objections are processed to municipalities where necessary. The implementation of solar on the larger properties enables us to generate our own electricity, thereby mitigating the risk of increased tariffs by Council, which is unaffordable to tenants. Over the next 2 years, we will increase the number of solar installations across our property portfolio. We have also implemented borehole installations at some of our properties and will expand our footprint where applicable across our portfolio.	5-9	0-4

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
Operational	Online retail keeps growing & other COVID-19 trends negatively impacting our brick and mortar retail assets.	Ext.	3	2	5-9	25%	Keep catering for convenience neighbourhood and small retail offerings; Acquisition opportunity for industrial boxes that support online retail; Repurposing assets to mitigate risk e.g. industrial boxes that support online retail or convert office assets to data centres.	0-4	NEW RISK
Operational	Portfolio shrinking but costs remain high due to significant dilution as a result of the sales program.	Int.	4	2	5-9	50%	Unlock vacancy in current portfolio (increase income); Grow fund via asset acquisitions/corporate action (increase scale); Internalisation of property management (cost efficiency).	0-4	NEW RISK
Human Resources	Loss of executives/key staff members.	Int.	4	2	5-9	50%	Remuneration packages are competitive, and bonuses and incentives are, subject to certain criteria being met, paid. The CEO, CFO, COO and CIO are on 5-year contracts which expire in August 2024. Long-term incentives are issued to all staff to ensure that staff are retained in the long-term.	0-4	0-4
Financial	Inability to sell under performing assets or assets that do not meet the investment criteria (red assets) and convert assets that have the potential of being converted (yellow assets) into assets the Group intends holding (green assets).	Int.	2	3	5-9	50%	The fund has many small assets, which is a good price point for sale to smaller purchasers of assets. Where assets cannot be sold, it may mean that they are sold at larger discounts to book value. The fund evaluates assets on a case by case basis and often invests in upgrading assets to make them more saleable.	0-4	0-4
Operational	Vacancies increase and empty space cannot be filled without incurring undue costs.	Int.	3	2	5-9	50%	The portfolio has properties which are widely spread from a geographic perspective. Tenants are contacted timeously to negotiate lease renewals. Active marketing policies and incentives are pursued.	0-4	0-4
Operational	Concentration of lease expiries - could result in a loss in rental income with premises being let at below market rentals and increased holding costs.	Int.	3	2	5-9	50%	Management regularly monitors lease expiries which are well spread. Ongoing efforts are made to lengthen lease periods. Leases are negotiated in advance of expiries.	0-4	0-4

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
Strategic	Failure of the Company strategy due to inadequate employees to implement the strategy.	Int.	4	3	10-14	75%	The Company has doubled its headcount in the last 2 years. We monitor the requirement for additional capacity in certain areas of the business and to that extent will employ resources when the need arises.	0-4	0-4
IT	Unauthorised users gain access to the system and information is compromised or withheld.	Ext.	4	2	5-9	75%	Virus protection and anti-malware software is installed on all computers and are updated regularly. The on-site server is remotely backed up as are emails.	0-4	0-4
Strategic	Not being able to execute on the tenant centric vision - due to inadequate employees to implement the strategy.	Int.	4	2	5-9	75%	This is a new concept to us, where we have to implement a culture shift and execute this value proposition in an environment where the demands may be overwhelming.	0-4	0-4
Regulatory and Compliance	Non-compliance with legal and/or financial laws and regulations.	Int.	4	2	5-9	75%	Adequate insurance is in place to manage key insurance risk. Board members endeavour to ensure compliance with the highest professional standards. There is ongoing consultation with professional advisors to ensure compliance.	0-4	0-4
Financial	Errors are made or fraud is committed either by an employee of the Company or the Company's appointed property manager.	Int.	4	2	5-9	100%	Internal controls, schedules of payments and cash balances are tested and reviewed regularly.	0-4	0-4
Regulatory and Compliance	Failure to adequately mitigate risk in legal agreements.	Int.	3	2	5-9	75%	The legal department vets all legal agreements and is assisted by external legal counsel where the need arises.	0-4	0-4
Operational	Damage to properties by fire or other causes could result in a loss of income.	Ext.	3	1	0-4	50%	All properties are insured at replacement value and for loss of income. The policy provides a window in which to cover new acquisitions.	0-4	0-4
Financial	Upward movement in interest rates reduce dividends.	Ext.	3	3	5-9	100%	The Groups hedging policy is to hedge 70%+. The cost of borrowing is monitored closely and where appropriate borrowing is restructured. As part of the treasury function, the Company deposits excess funds into its access facilities.	0-4	0-4

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

Section 4 **How Arrowhead Operates**

Level	Risk identified	Internal or External	Impact rating	Likelihood rating	Inherent rating	% Control rating	Controls and process in place to mitigate risk identified	Residual risk not mitigated by controls	
								Current assessment	Previous assessment
IT	Data breach resulting in personal information being leaked potentially resulting in non compliance with the POPI Act.	Ext.	4	1	0-4	75%	Strong IT controls and systems are in place. Further agreements have been signed with various service providers which afford further protection to Arrowhead should a breach occur due to service provider negligence.	0-4	NEW RISK
Regulatory and Compliance	Hijacking of Company.	Ext.	4	1	0-4	75%	The Company Secretary conducts regular checks of the details recorded at CIPC.	0-4	0-4
Financial	Failure of or lack of financial controls.	Int.	4	2	5-9	100%	We have strict controls around payments, with delegations of authority and segregation of duties. Additional controls have been instituted in respect of the Company rewards. As far as reporting is concerned, there are some manual processes, which pose a risk of human error. However, we have implemented detective controls aimed at mitigating such risks.	0-4	0-4
Operational	Poor investment and property purchasing decisions are made.	Int.	2	2	0-4	100%	The Investment Committee approves all acquisitions after a detailed due diligence is performed. All decisions made by the Investment Committee must be unanimous. No property should represent more than 10% of the value of the Company's portfolio unless the investment proposition merits the acquisition.	0-4	0-4
Operational	Loss of earnings due to poor processes and controls.	Int.	3	2	5-9	100%	Monthly management meetings are held with property managers to assess the performance of the portfolio. There is regular feedback from the internal audit function of the property manager and the adoption and monitoring by management of appropriate management practices.	0-4	0-4

Impact: Low 1 | Minor 2 | Moderate 3 | Major 4 | Critical 5

Likelihood: Rare 1 | Unlikely 2 | Possible 3 | Likely 4 | Common 5

Inherent and Residual Risk: Mild 0-4 | Minor 5-9 | Moderate 10-14 | Major 15-19 | Extreme 20-25

Control: Definitely preventable 100% | 75% | Probable to prevent 50% | 25% | Difficult to prevent 0%

ANALYSIS OF ORDINARY SHARES

Arrowhead Properties Limited A

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**2**	**0.24%**	**7 535 522**	**12.01%**
Directors and Associates (Direct holding)	1	0.12%	215 000	0.34%
Beneficial Holders > 10%	**1**	**0.12%**	**7 320 522**	**11.67%**
Public shareholders	**863**	**99.76%**	**55 183 136**	**87.99%**
Total	**865**	**100.00%**	**62 718 658**	**100.00%**

Beneficial shareholders with a holding greater than 5% of the issued shares

Coronation Fund Managers	11 998 417	19.13%
East & West Investment (Pty) Ltd	7 320 522	11.67%
36ONE	6 358 945	10.14%
Sanlam Group	3 281 625	5.23%
Old Mutual Group	3 259 956	5.20%
Total	**32 219 465**	**51.37%**

Total number of shares in issue	**62 718 658**

Arrowhead Properties Limited B

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**6**	**0.08%**	**145 760 752**	**15.32%**
Directors and Associates (Direct holding)	3	0.04%	17 622 302	1.85%
Directors and Associates (Indirect holding)	2	0.03%	13 699 886	1.44%
Beneficial Holders > 10%	**1**	**0.01%**	**114 438 564**	**12.03%**
Public shareholders	**11 460**	**99.92%**	**805 661 277**	**84.68%**
Total	**11 466**	**100.00%**	**951 422 029**	**100.00%**
Beneficial shareholders with a holding greater than 5% of the issued shares				
Vukile Property Fund Limited			114 438 564	12.03%
36ONE			81 602 843	8.58%
Old Mutual Group			78 748 913	8.28%
Eskom Pension & Provident Fund			49 759 053	5.23%
Total			**324 549 373**	**34.12%**

Total number of shares in issue	**951 422 029**

PROPERTY PORTFOLIO SUMMARY
1 October 2020 to 30 September 2021

Arrowhead disposals

Property name	Province	Sold date	Sector	GLA (m²)	Disposal price (R)
115 Paul Kruger	Gauteng	2021/03/12	Office	4 079	30 000 000
51 Schoeman - Polokwane	Limpopo	2021/09/29	Retail	1 196	6 400 000
ABSA Gezina	Gauteng	2021/08/20	Retail	2 053	6 000 000
Allied - Krugersdorp	North West	2021/03/11	Retail	1 122	2 700 000
BEKA Bloemfontein	Free State	2021/01/18	Industrial	400	892 500
Cape Town Parow Industrial Park	Western Cape	2020/11/27	Industrial	19 834	95 000 000
CMH Spartan	Gauteng	2020/12/21	Industrial	2 467	8 200 000
Federal Mogul	Mpumalanga	2020/12/09	Industrial	900	4 000 000
Foschini - Kimberley	Free State	2020/11/13	Retail	1 763	11 000 000
Jane Furse Crossing	Limpopo	2021/08/11	Retail	10 766	172 000 000
Jet building Phalaborwa	Limpopo	2021/08/24	Retail	2 305	14 000 000
Jet Industrial Park	Gauteng	2020/11/20	Industrial	10 209	16 750 000
Jet Potchefstroom	North West	2020/12/14	Retail	1 636	6 250 000
John Orr - Klerksdorp	North West	2020/11/18	Retail	272	1 000 000
Karoo Junction	Western Cape	2021/09/30	Retail	6 899	20 500 000
Kimberley Clark	Gauteng	2021/02/03	Industrial	6 817	19 529 000
Klein Brothers	Northern Cape	2020/10/28	Retail	915	3 000 000
Lowveld Lifestyle Centre	Mpumalanga	2021/07/23	Retail	11 170	59 000 000
Metcash Welkom	Free State	2021/09/07	Industrial	6 812	12 250 000
Motswedi House	Gauteng	2021/05/04	Office	1 630	13 700 000

Arrowhead disposals continued

Property name	Province	Sold date	Sector	GLA (m²)	Disposal price (R)
Nelspruit Centre	Mpumalanga	2021/02/09	Retail	1 060	12 050 000
Nizams Phalaborwa	Limpopo	2021/08/24	Retail	2 263	18 000 000
Plantation Road 18	Gauteng	2021/09/16	Industrial	3 954	14 300 000
Plantation Road 20	Gauteng	2021/09/16	Industrial	4 209	14 300 000
Propstars	Gauteng	2021/09/16	Industrial	6 622	13 000 000
Randburg Tungsten Industrial	Gauteng	2021/08/16	Industrial	10 365	41 500 000
Rivonia Boulevard	Gauteng	2020/11/23	Office	3 708	13 000 000
Sandton Bryanston Grosvenor	Gauteng	2021/09/08	Retail	4 992	62 000 000
Sanlam Centre Vryburg	Northern Cape	2021/09/03	Retail	1 861	12 000 000
SAPS Worcester	Western Cape	2021/07/13	Office	3 848	24 000 000
Sibasa Centre	Limpopo	2021/01/08	Retail	4 102	39 700 000
The Crossing	Limpopo	2020/12/18	Retail	1 393	19 400 000
Thohoyandou CBD	Limpopo	2021/05/05	Retail	2 723	45 000 000
Thohoyandou Centre	Limpopo	2021/01/08	Retail	4 006	34 750 000
Thohoyandou Shopping Centre	Limpopo	2021/01/08	Retail	4 359	39 000 000
Transwire	Gauteng	2021/03/16	Industrial	6 500	24 000 000
Valley View Industrial Park	KwaZulu-Natal	2021/02/26	Industrial	30 791	119 000 000
				190 001	**1 047 171 500**

Properties in the process of being transferred

Property name	Province	Sector	GLA (m²)	Disposal price (R)
54 Schoeman	Limpopo	Office	2 001	12 000 000
Access City	Gauteng	Industrial	24 932	39 000 000
Diesel Road	Gauteng	Industrial	7 923	15 900 000
Ellerines Northam	Limpopo	Retail	877	6 500 000
Ellerines Thohoyandou	Limpopo	Retail	829	9 250 000
Harley House	Gauteng	Office	400	2 300 000
JM Investments	Gauteng	Industrial	2 700	6 400 000
Mae West Building	Limpopo	Office	2 922	26 000 000
Maverick Corner	Gauteng	Industrial	1 570	9 500 000
Parc Du Bel	Western Cape	Office	2 299	13 000 000
Philippi Court	Western Cape	Office	1 357	14 800 000
Selby Building	Gauteng	Office	16 346	40 000 000
Simunye Shopping Centre	Mpumalanga	Retail	6 538	23 176 000
Tsolo	Eastern Cape	Retail	4 097	30 000 000
			74 791	**247 826 000**

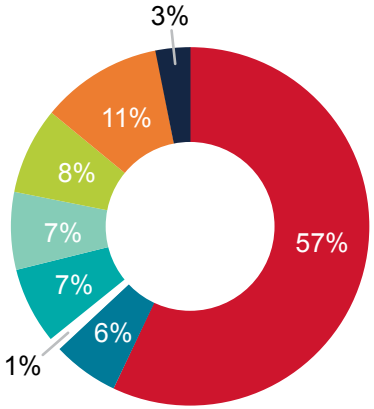
Top 10 properties by value

Property name	Province	Vacancies (m^2)	Vacant (%)	GLA (m^2)	Address
Access Park	Western Cape	374	2%	20 493	81 Chichester Rd, Kenilworth, Cape Town
Cleary Park	Eastern Cape	1 604	4%	36 283	Cnr of Norman Middleton Dr, Stanford and Rensburg Str, Port Elizabeth
Cape Town Westgate Mall Shops	Western Cape	-	0%	28 366	cnr Morgenster Rd & Vanguard, Weltevreden Valley, Mitchells Plain, Cape Town
Cape Town Bellville Tijger Park	Western Cape	876	4%	20 238	3 Tijger Park, Belville Park
Midtown Mall	North West	398	2%	16 425	Loop Str, Rustenburg
Durban Receiver Of Revenue	KwaZulu-Natal	-	0%	23 105	201 Dr Pixley Kaseme Str, Durban
Transforum Centre	North West	-	0%	4 777	Cnr Nelson Mandela Str & Bethlehem Dr, Rustenburg, Northwest
Isle of Houghton	Gauteng	3 579	13%	28 271	36 Boundry Rd, Houghton Estate
Montclair Mall	KwaZulu-Natal	217	2%	12 801	169 Wood Rd, Montclair, Durban
1 Sturdee	Gauteng	584	4%	13 350	1 Sturdee Av, Rosebank
		7 632	**4%**	**204 109**	

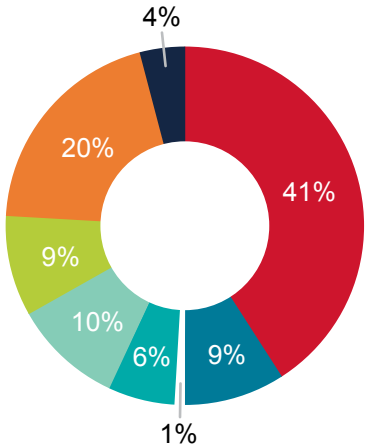
Combined 12 month letting report

	Total m²	Let m²	Vacant m²	Let %	Vacant %
At the beginning of the period (1 October 2020)	**1 130 972**	**1 033 949**	**97 023**	**91.42%**	**8.58%**
Disposals	(190 001)	(185 416)	(4 585)	97.59%	2.41%
Adjustments	(1 485)	(400)	(1 085)		
Adjusted totals	**939 486**	**848 132**	**91 353**	**90.28%**	**9.72%**
Net gain / loss		12 653	(12 652)		
At the end of the period (30 September 2021)	**939 486**	**860 785**	**78 701**	**91.62%**	**8.38%**

Geographical profile by GLA

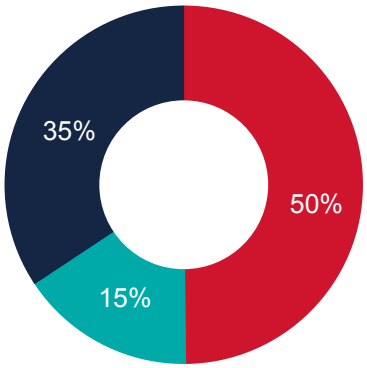


Geographical profile by gross revenue (R)

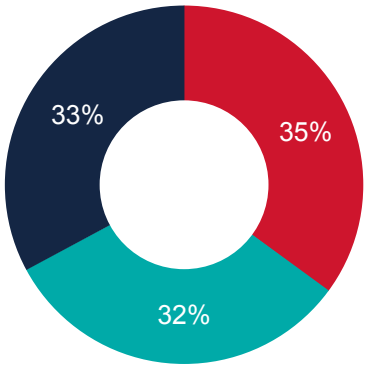


Gauteng | Free State | North West | Mpumalanga | Limpopo | Eastern Cape | KwaZulu-Natal | Western Cape | Northern Cape

Sectoral profile by revenue (R) YTD



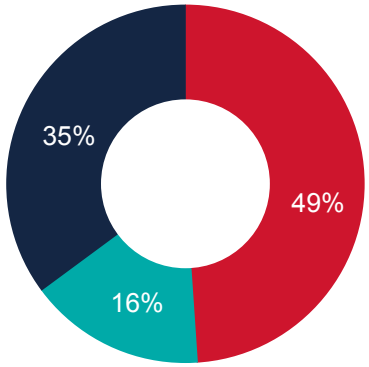
Sectoral profile by m²



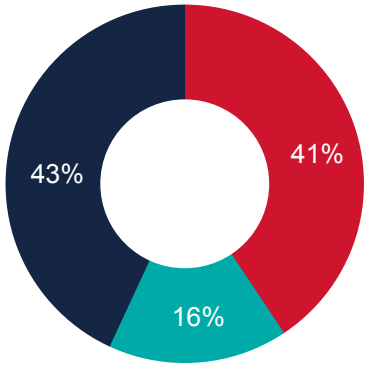
Retail | Industrial | Office

The annualised property yield for 2021 is 9.41%

Tenant grading by revenue



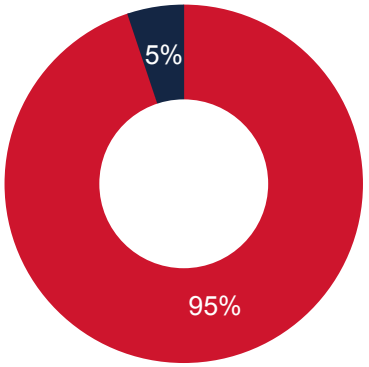
Tenant grading by GLA



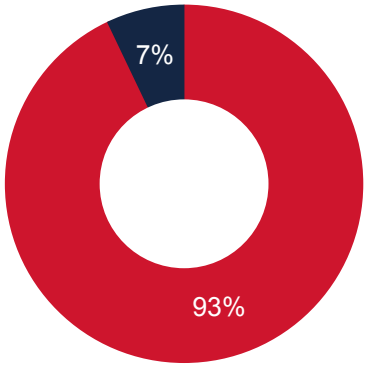
A Grade B Grade C Grade

A Grade - Large national tenants, large listed tenants, government and major franchisees.
B Grade - National tenants, listed tenants, franchisees, medium to large professional firms.
C Grade - Small tenants (SMEs), start up companies and individuals, tenants who do not fall within the above categories (A and B). These comprise 1 288 tenants.

Percentage of Government GLA of total portfolio

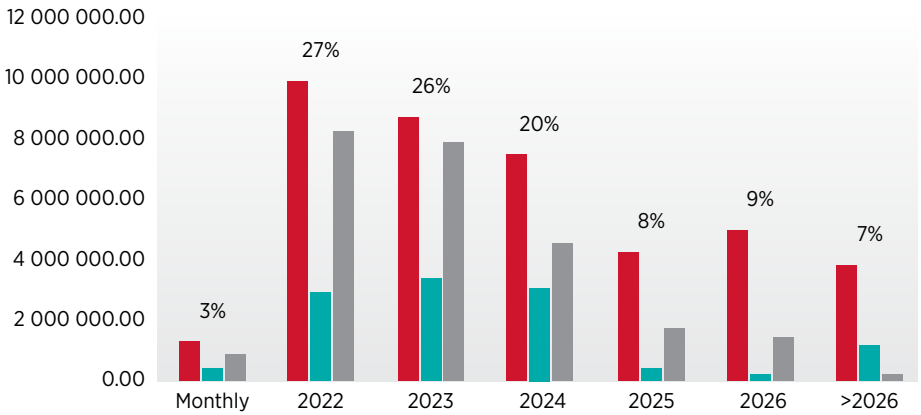


Percentage of Government (R) of total portfolio

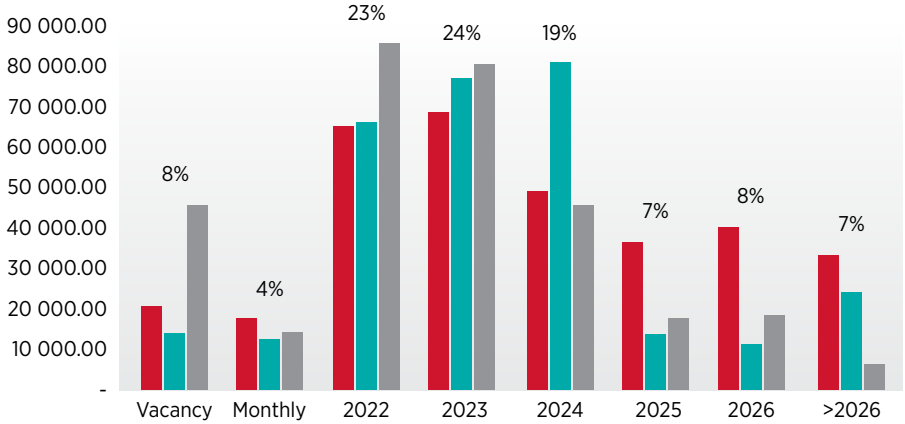


Non-government Government

Combined lease expiry profile by revenue



Combined lease expiry profile by GLA



Retail Industrial Office

New deals concluded for the year

Sector	GLA	Gross rental - new (R)	Average R/m²	Gross rental - old (R)	Step up escalation (%)
Retail	35 174	3 637 469	103	4 745 765	(23.35%)
Office	37 425	3 331 179	89	4 142 220	(19.58%)
Industrial	42 349	1 668 973	39	1 883 832	(11.41%)
	114 948	**8 637 621**		**10 771 817**	**(19.81%)**

Renewals concluded for the year

Sector	GLA	Gross rental - new (R)	Average R/m²	Gross rental - old (R)	Step up escalation (%)
Retail	42 904	6 726 783	157	7 545 750	(10.85%)
Office	45 378	5 197 033	115	6 012 349	(13.56%)
Industrial	45 387	2 014 952	44	2 134 763	(5.61%)
	133 669	**13 938 768**		**15 692 862**	**(11.18%)**

PROPERTY PORTFOLIO - RETAIL

Retail makes up 50% of the portfolio on a revenue basis and 35% in m². Retail has perfomed reasonably well and vacancies are currently 6.07%. Gross rentals average R139/m², Nett rentals average R128/m² and the average annual lease escalation is 6.70%

Top 10 RETAIL PROPERTIES by value

Property name	Province	Vacancies (m²)	Vacant (%)	GLA (m²)
Access Park	Western Cape	374	2%	20 493
Cleary Park	Eastern Cape	1 604	4%	36 283
Cape Town Westgate Mall Shops	Western Cape	-	0%	28 366
Midtown Mall	North West	398	2%	16 425
Transforum Centre	North West	-	0%	4 777
Montclair Mall	KwaZulu-Natal	217	2%	12 801
Game Centre	Northern Cape	-	0%	7 934
King Williams Town Market Square	Eastern Cape	-	0%	13 264
The Lane	Limpopo	3 075	38%	8 117
Taung Forum	Northern Cape	1 112	11%	10 231
		6 780	**4%**	**158 691**

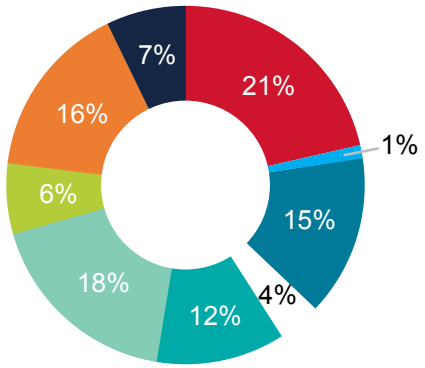
Top 10 RETAIL TENANTS by revenue

Property name	Province	Tenant name	GLA (m²)	R/m²
Cape Town Westgate Mall Shops	Western Cape	Shoprite Checkers (Pty) Ltd	4 811	143
Game Centre	Limpopo	Masstores (Pty) Ltd	4 314	138
The Grove	Limpopo	Shoprite Checkers (Pty) Ltd	3 705	115
Access Park	Western Cape	Footgear (Pty) Ltd	1 178	352
Wonderboom Carvenience Centre	Gauteng	Kia Motors	3 395	113
Access Park	Western Cape	Adidas South Africa	673	496
Midtown Mall	North West	Mr Price Group Limited	1 429	231
Cape Town Westgate Mall Shops	Western Cape	Zone Fitness Mitchells Plain (Pty) Ltd	3 285	98
Terminus Shopping Centre	North West	Shoprite Checkers (Pty) Ltd	3 152	102
Cleary Park	Eastern Cape	Shoprite Checkers (Pty) Ltd	3 024	100
			28 966	

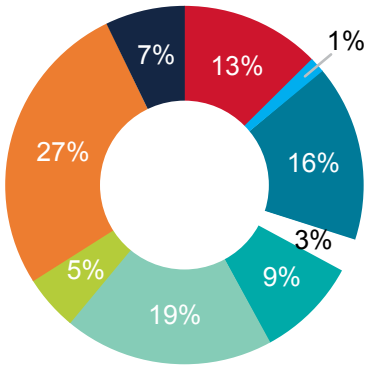
12 month retail letting report

	Total m²	Let m²	Vacant m²	Let %	Vacant %
At the beginning of the period (1 October 2020)	**394 053**	**366 070**	**27 983**	**93%**	**7.10%**
Disposals	(66 856)	(63 904)	(2 951)	95.59%	4.41%
Adjustments	(334)	188	(523)		
Adjusted totals	**326 863**	**302 354**	**24 509**	**93%**	**7.50%**
Net gain / (loss)		9 614	(4 352)		
At the end of the period (30 September 2021)	**332 125**	**311 968**	**20 157**	**94%**	**6.07%**

Retail GLA

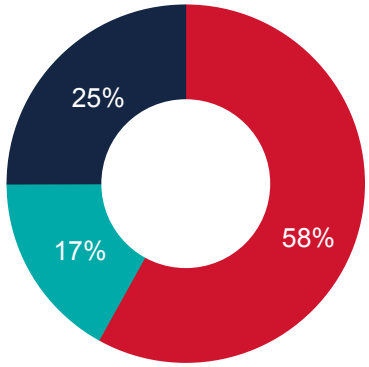


Retail geographic spread (R)

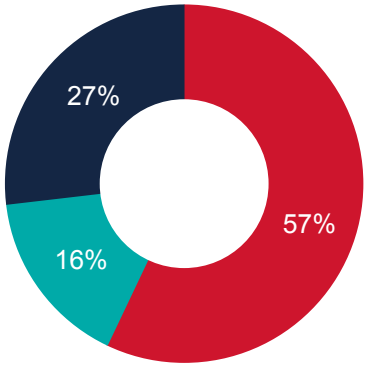


Gauteng | Free State | North West | Mpumalanga | Limpopo | Eastern Cape | KwaZulu-Natal | Western Cape | Northern Cape

Retail tenant grading by GLA

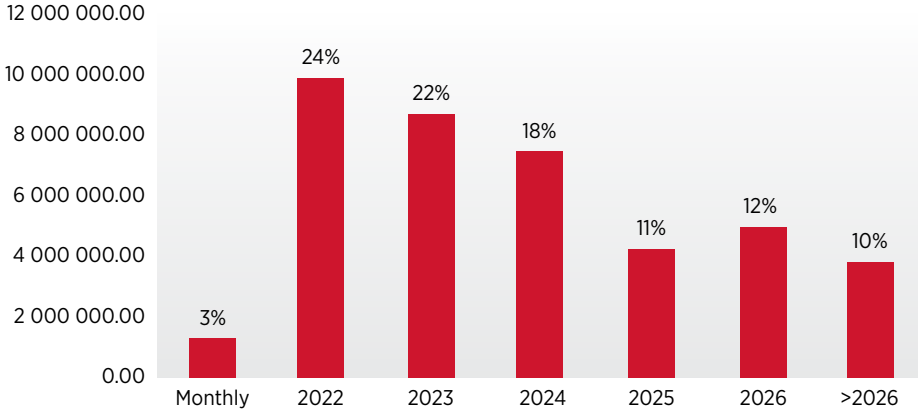


Retail tenant grading by revenue

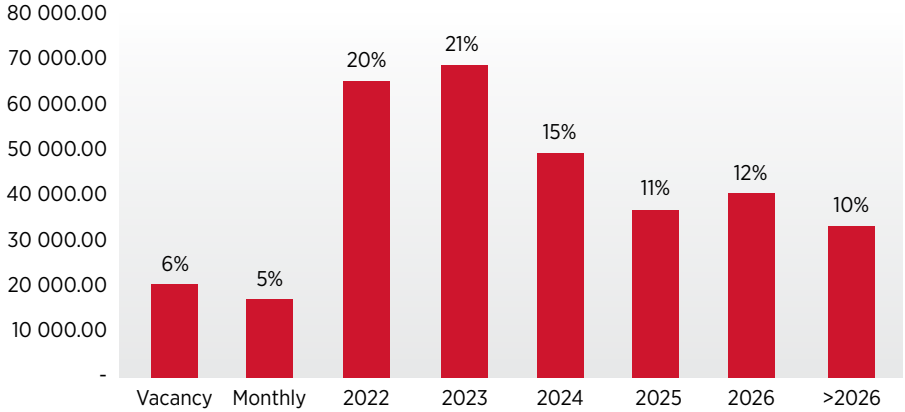


A grade B grade C grade

Retail lease expiry profile by revenue



Retail lease expiry profile by GLA



PROPERTY PORTFOLIO - OFFICE

Office makes up 35% of the portfolio on a revenue basis and 33% in m². Arrowhead's vacancy percentage is currently 14.6%. Gross rentals average R115/m², Nett rentals average R98/m² and the average annual lease escalation is 7.13%.

Top 10 OFFICE PROPERTIES by value

Property name	Province	Vacancies (m²)	Vacant (%)	GLA (m²)
Cape Town Bellville Tijger Par	Western Cape	876	4%	20 238
Durban Receiver Of Revenue	KwaZulu-Natal	0	0%	23 105
Isle of Houghton	Gauteng	3 579	13%	28 271
1 Sturdee	Gauteng	584	4%	13 350
Jhb Rosebank 158 Offices	Gauteng	4 653	24%	19 274
Sanlynn	Gauteng	373	4%	8 625
2Twenty Madiba	Gauteng	7 151	59%	12 093
Crownwood Office Park	Gauteng	1 276	10%	13 249
MetalBox	Gauteng	913	6%	15 056
RCS	Western Cape	0	0%	7 143
		19 405	**12%**	**160 404**

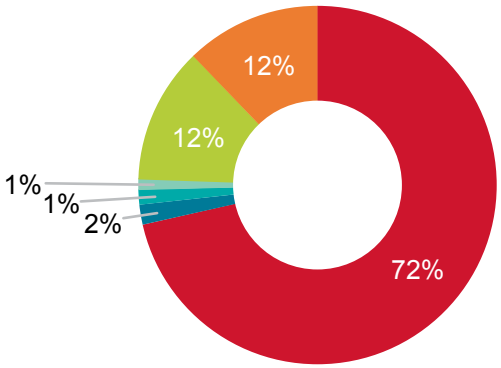
Top 10 OFFICE TENANTS by revenue

Property name	Province	Tenant name	GLA (m²)	R/m²
Durban Receiver Of Revenue	KwaZulu-Natal	South African Revenue Service	23 105	112
RCS	Western Cape	RCS Cards (Pty) Ltd	7 143	108
Sanlynn	Gauteng	Sanlam Life Insurance Ltd	4 181	133
Crownwood Office Park	Gauteng	The Gauteng Provincial Dep. of Inf	5 830	95
Cape Town Bellville Tijger Par	Western Cape	Pepkorfin - Div of Pepkor Trading (Pty)	4 297	120
Cape Town Bellville Tijger Par	Western Cape	Mediclinic (Pty) Ltd	3 187	145
Sandton Sunninghill Place	Gauteng	Syspro (Pty) Ltd	4 530	96
1 Sturdee	Gauteng	ERG Management (SA) (Pty) Ltd	3 298	115
Mae West Building	Limpopo	The Gov. of the Republic of SA	2 922	125
Isle of Houghton	Gauteng	Gauteng City College (Pty) Ltd	3 882	78
			62 375	

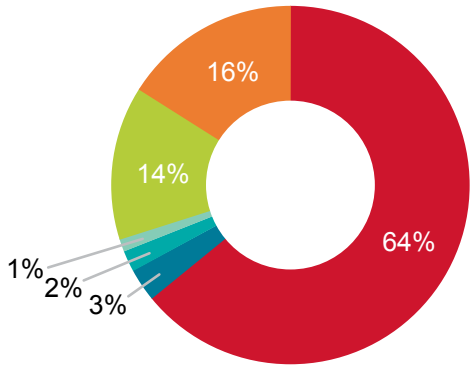
12 month office letting report

	Total m²	Let m²	Vacant m²	Let %	Vacant %
At the beginning of the period (1 October 2020)	**328 891**	**273 025**	**55 866**	**83%**	**16.99%**
Disposals	(13 265)	(12 032)	(1 233)	91%	9.30%
Adjustments	(715)	0	(715)		
Adjusted totals	**314 911**	**260 993**	**53 918**	**83%**	**17.12%**
Net gain / (loss)		3 528	(8 790)		
At the end of the period (30 September 2021)	**309 649**	**264 521**	**45 128**	**85%**	**14.57%**

Office GLA

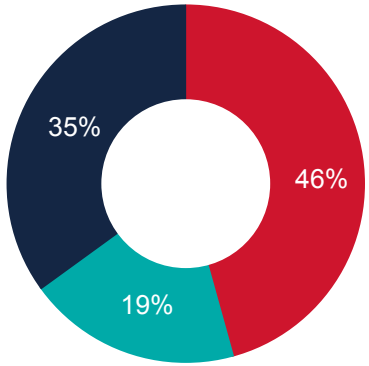


Office geographic spread (R)

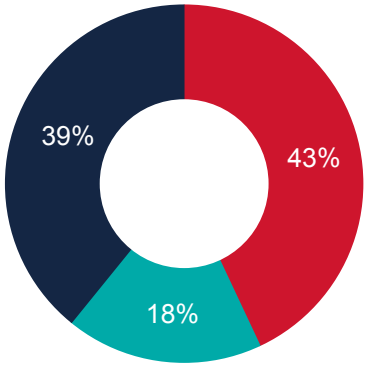


Gauteng | North West | Limpopo | Eastern Cape | KwaZulu-Natal | Western Cape

Office tenant grading by revenue



Office tenant grading by GLA



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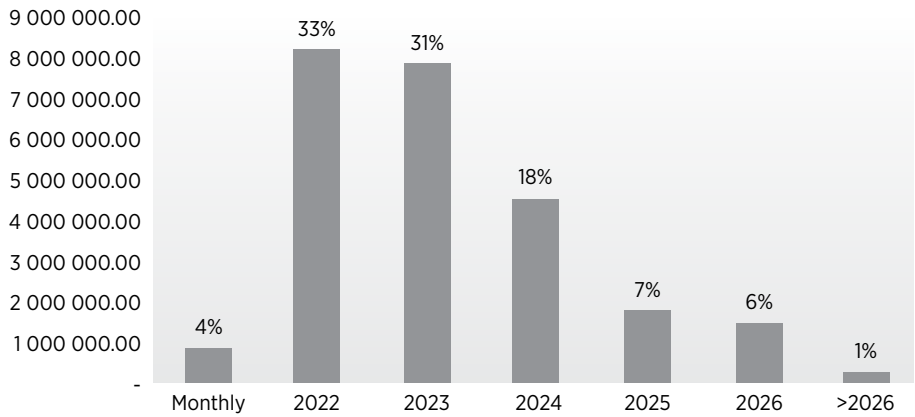
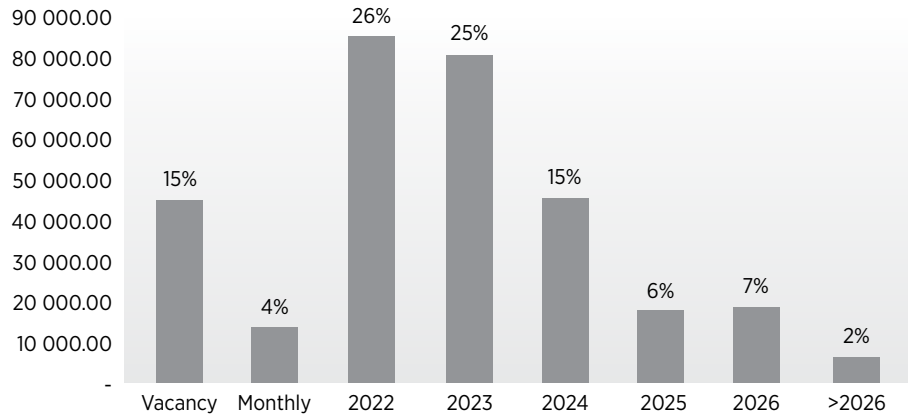
Office lease expiry profile by revenue



Office lease expiry profile by GLA



PROPERTY PORTFOLIO - INDUSTRIAL

Industrial properties makes up 15% of the portfolio on a revenue basis and 32% in m². Vacancies are 4.5% and gross rentals are R44/m², Nett rentals average R41/m² and the average annual lease escalation is 6.92%

Top 10 INDUSTRIAL PROPERTIES by value

Property name	Province	Vacancies (m²)	Vacant (%)	GLA (m²)
Germiston Route 24	Gauteng	350	1%	35 016
Randburg Trevallyn	Gauteng	916	3%	31 993
Beka Candela	Gauteng	0	0%	20 338
Roodepoort Robertville Industr	Gauteng	0	0%	28 225
Pinetown Westmead Kyalami Park	KwaZulu-Natal	0	0%	16 914
1 Range Road	Western Cape	311	2%	15 450
Trador	Limpopo	1 422	9%	14 978
MCG	Gauteng	0	0%	13 998
Access City	Gauteng	969	4%	24 932
Pretoria Silverton 294 Battery	Gauteng	0	0%	5 787
		3 968	**2%**	**207 631**

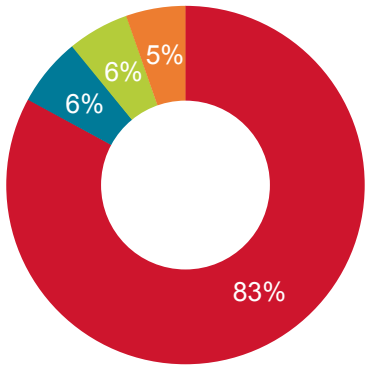
Top 10 INDUSTRIAL TENANTS by revenue

Property name	Province	Tenant name	GLA (m²)	R/m²
Beka Candela	Gauteng	Beka Schreder (Pty) Ltd	15 722	63
MCG	Gauteng	MCG Industries (Pty) Ltd	13 998	31
Access City	Gauteng	Traclo (Pty) Ltd	12 028	28
Pretoria Silverton 294 Battery	Gauteng	Masstores (Pty) Ltd	5 787	51
Waterworld	Gauteng	East Rand Power Sports (Pty) Ltd	5 409	46
1 Range Road	Western Cape	Xanita (Pty) Limited	6 745	37
Pretoria Silverton 309 Battery	Gauteng	Topmed Healthcare Distributors (Pty) Ltd	3 770	60
Germiston Route 24	Gauteng	Industrial Clothing Company (Pty) Ltd	4 980	45
Beka Candela	Gauteng	Castor and Ladder (Pty) Ltd	4 616	48
Spark Schools	Gauteng	Eadvance (Pty) Ltd	864	29
			73 919	

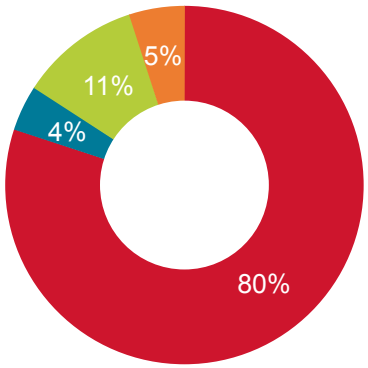
12 month industrial letting report

	Total m²	Let m²	Vacant m²	Let %	Vacant %
At the beginning of the period (1 October 2020)	**408 029**	**394 855**	**13 174**	**97%**	**3.23%**
Disposals	(109 880)	(109 480)	(400)	0%	
Adjustments	(436)	(436)	0		
Adjusted totals	**297 713**	**284 939**	**12 774**	**96%**	**4.29%**
Net gain / (loss)		(642)	642		
At the end of the period (30 September 2021)	**297 713**	**284 297**	**13 416**	**95%**	**4.51%**

Industrial GLA

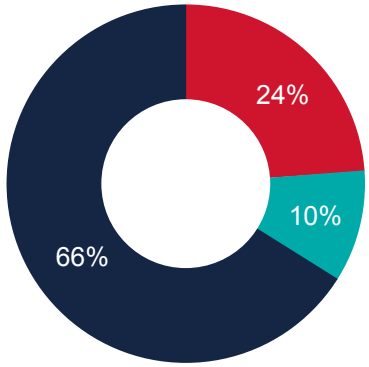


Industrial geographic spread (R)

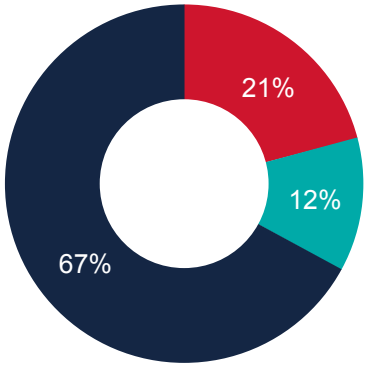


Gauteng · Limpopo · KwaZulu-Natal · Western Cape

Industrial tenant grading by revenue

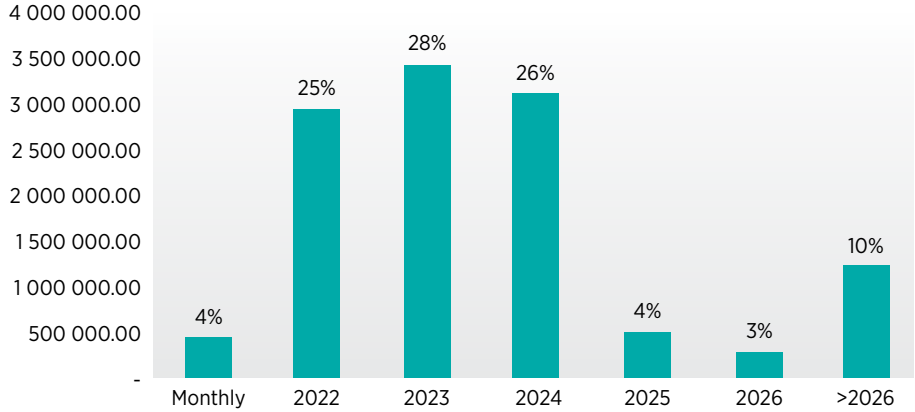


Industrial tenant grading by GLA

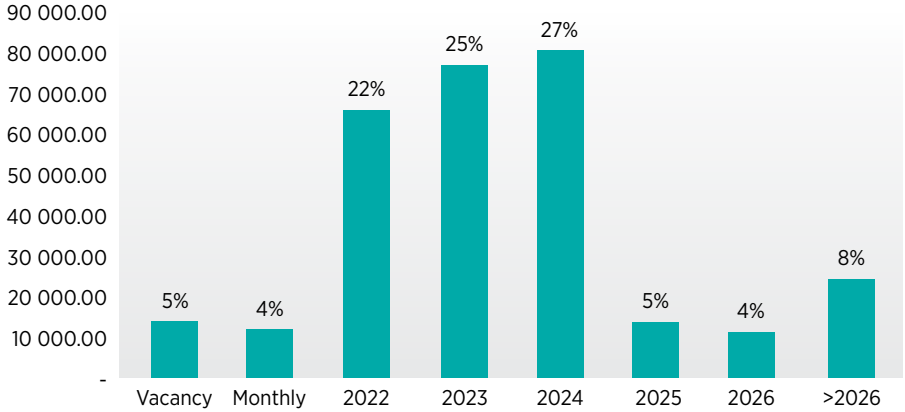


A grade B grade C grade

Industrial lease expiry profile by revenue



Industrial lease expiry profile by GLA

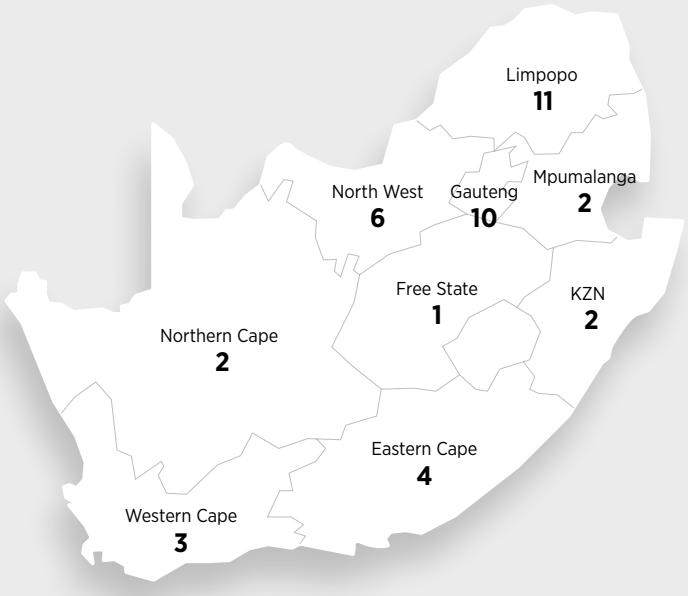


PROPERTY SCHEDULE - RETAIL

Property name	Province	GLA (m²)	Vacancies (m²)	% Vacant	Rental R/m²
Access Park	Western Cape	20 493	374	2%	348.46
Cleary Park	Eastern Cape	36 283	1 604	4%	150.04
Cape Town Westgate Mall Shops	Western Cape	28 366	-	0%	177.18
Midtown Mall	North West	16 425	398	2%	159.90
Transforum Centre	North West	4 777	-	0%	397.79
Montclair Mall	KwaZulu-Natal	12 801	217	2%	119.12
Game Centre	Limpopo	7 934	-	0%	174.57
King Williams Town Market Sq	Eastern Cape	13 264	-	0%	111.31
The Lane (ex Choppies)	Limpopo	8 117	3 075	38%	159.99
Taung Forum	Northern Cape	10 231	1 112	11%	113.08
Terminus Shopping Centre	North West	11 377	160	1%	78.95
The Grove	Limpopo	7 894	424	5%	135.04
Wonderboom Carvenience Centre	Gauteng	8 670	480	6%	100.99
Mall@TheJunction	Gauteng	14 229	1 441	10%	63.69
Impala Centre	North West	3 604	-	0%	219.91
Matsulu Shopping Centre	Mpumalanga	6 087	-	0%	123.30
Sterkspruit	Eastern Cape	6 385	172	3%	116.04
Clearwater Crossing	Gauteng	10 092	-	0%	76.53
Pta Eersterust Shopping Centre	Gauteng	6 950	-	0%	97.74
The Avenue (ex ABSA)	Limpopo	9 481	859	9%	51.86
Lyndhurst Square	Gauteng	6 352	193	3%	97.52
Mkuze Plaza	KwaZulu-Natal	8 535	1 939	23%	81.34
Odendaalsrus Shopping Centre	Free State	3 683	-	0%	97.36
Kathu Shopping Centre	Northern Cape	5 088	293	6%	130.36
Boxer Boksburg	Gauteng	3 429	42	1%	118.65
Oudehuis Centre	Western Cape	4 182	78	2%	98.33
Shoprite Brakpan	Gauteng	6 954	1 328	19%	52.25
Tsolo	Eastern Cape	4 096	-	0%	110.43
18 Thabo Mbeki	Limpopo	3 931	1 226	31%	66.95
FNB Building	Limpopo	2 370	-	0%	154.86

PROPERTY SCHEDULE - RETAIL continued

Property name	Province	GLA (m²)	Vacancies (m²)	% Vacant	Rental R/m²
Alberton Voortrekker Rd	Gauteng	4 958	-	0%	65.49
Town Centre Boksburg	Gauteng	6 883	674	10%	27.65
68 Hans van Rensburg	Limpopo	2 697	-	0%	108.11
Simunye Shopping Centre	Mpumalanga	6 538	2 906	44%	78.70
Thompsons Building	Limpopo	3 727	323	9%	59.40
Vereeniging Voortrekker Str	Gauteng	2 727	-	0%	81.02
OK Klerksdorp	North West	7 931	839	11%	25.80
54 Schoeman	Limpopo	2 001	-	0%	26.63
Ellerines Thohoyandou	Limpopo	829	-	0%	118.30
Ellerines Northam	North West	877	-	0%	91.99
71 Biccard	Limpopo	877	-	0%	93.32



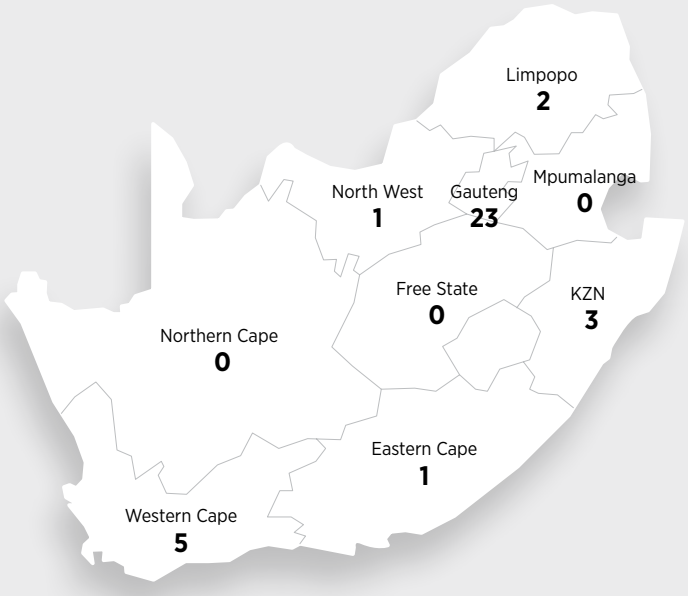
Year	Number of retail buildings	Average size (m²)
2021	41	8 101
2020	61	6 546
2019	90	5 164
2018	21	11 594
2017	21	11 594
2016	54	6 236
2015	54	5 653
2014	53	5 624
2013	42	4 060
2012	37	4 277

PROPERTY SCHEDULE - OFFICE

Property name	Province	GLA (m²)	Vacancies (m²)	% Vacant	Rental R/m²
Cape Town Bellville Tijger Par	Western Cape	20 238	876	4%	145.26
Durban Receiver Of Revenue	KwaZulu-Natal	23 105	-	0%	124.86
Isle of Houghton	Gauteng	28 271	3 579	13%	96.58
1 Sturdee	Gauteng	13 350	584	4%	136.96
Jhb Rosebank 158 Offices	Gauteng	19 274	4 653	24%	91.82
Sanlynn	Gauteng	8 625	373	4%	169.99
2Twenty Madiba	Gauteng	12 093	7 151	59%	83.22
Crownwood Office Park	Gauteng	13 249	1 276	10%	133.92
MetalBox	Gauteng	15 056	913	6%	96.21
RCS	Western Cape	7 143	-	0%	132.43
Lakeview Terrace	KwaZulu-Natal	13 056	6 230	48%	61.88
Sandton Sunninghill Place	Gauteng	8 774	861	10%	99.75
Cape Town Bellville Suntyger	Western Cape	6 372	173	3%	116.97
St Andrews Office Park	Gauteng	10 154	2 088	21%	57.11
Bridge On Bond	Gauteng	12 243	1 465	12%	61.58
Midrand Gate	Gauteng	8 515	-	0%	87.38
127 Bethlehem Street	North West	5 736	98	2%	168.90
Bedfordview	Gauteng	9 243	2 834	31%	70.56
Urban Brew	Gauteng	9 804	384	4%	34.63
Sunwood Park	Gauteng	6 342	1 772	28%	85.58
Selby Building	Gauteng	16 346	385	2%	71.03
353 Festival Street	Gauteng	5 388	757	14%	74.62
Aviary	Gauteng	5 037	3 278	65%	37.11
Endemol - Kent	Gauteng	2 526	-	0%	127.72
Mae West Building	Limpopo	2 922	-	0%	123.80

PROPERTY SCHEDULE - OFFICE continued

Property name	Province	GLA (m²)	Vacancies (m²)	% Vacant	Rental R/m²
The District	Gauteng	3 888	1 071	28%	69.28
Sandton 36 Homestead	Gauteng	2 459	-	0%	144.91
Absa Cash Centre	KwaZulu-Natal	2 359	-	0%	117.93
The Main Change	Gauteng	5 268	2 689	51%	44.72
Excel Park	Gauteng	3 056	945	31%	75.96
Philippi Court	Western Cape	1 357	-	0%	121.14
Media Shop	Gauteng	2 522	-	0%	108.29
Parc Du Bel	Western Cape	2 299	-	0%	64.65
The Arches	Eastern Cape	2 707	-	0%	70.99
79 Hans Van Rensburg	Limpopo	875	693	79%	38.48

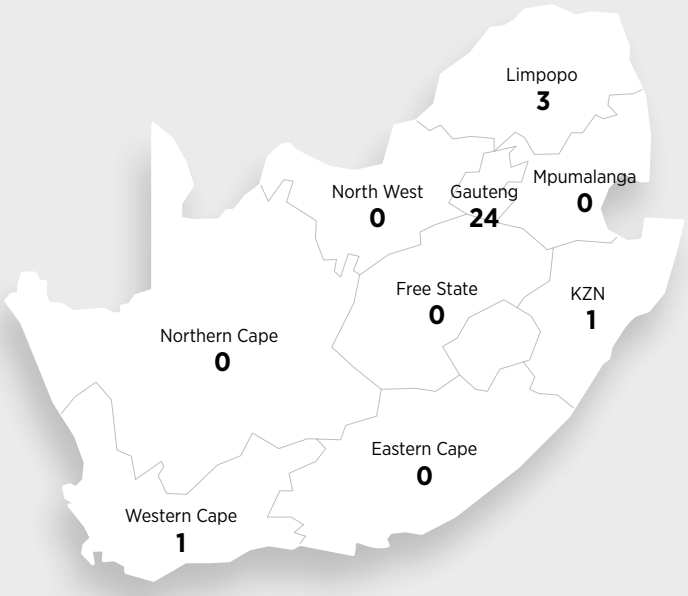


Year	Number of office buildings	Average size (m²)
2021	35	8 847
2020	40	8 091
2019	47	7 544
2018	19	6 635
2017	21	8 717
2016	59	5 468
2015	62	5 389
2014	61	5 501
2013	44	4 264
2012	44	3 168

PROPERTY SCHEDULE - INDUSTRIAL

Property name	Province	GLA (m²)	Vacancies (m²)	% Vacant	Rental R/m²
Germiston Route 24	Gauteng	35 016	350	1%	48.53
Randburg Trevallyn	Gauteng	31 993	916	3%	45.42
Beka Candela	Gauteng	20 338	-	0%	68.67
Roodepoort Robertville Industr	Gauteng	28 225	-	0%	38.47
Pinetown Westmead Kyalami Park	KwaZulu-Natal	16 914	-	0%	81.18
1 Range Road	Western Cape	15 450	311	2%	36.17
Trador	Limpopo	14 978	1 422	9%	25.48
MCG	Gauteng	13 998	-	0%	34.24
Access City	Gauteng	24 932	969	4%	28.95
Pretoria Silverton 294 Battery	Gauteng	5 787	-	0%	52.72
Waterworld	Gauteng	6 524	-	0%	32.56
Pretoria Silverton 34 Bearing	Gauteng	5 000	-	0%	58.48
Creston	Gauteng	6 826	-	0%	41.23
Spark Schools	Gauteng	9 439	-	0%	32.42
Pretoria Silverton 309 Battery	Gauteng	3 770	-	0%	65.73
Kolbenco	Gauteng	12 050	-	0%	21.00
Pretoria Silverton 301 Battery	Gauteng	3 784	-	0%	56.28
McCarthy Centre - Turffontein	Gauteng	5 935	5 935	100%	0.00
Diesel Road	Gauteng	7 923	-	0%	40.06
Simgold	Gauteng	8 026	-	0%	28.57
46 Steel Road	Gauteng	3 790	-	0%	0.00
Virgin Active Benoni	Gauteng	3 154	3 154	100%	0.00
Lea Glen	Gauteng	3 411	-	0%	44.08
Pretoria Silverton 22 Axle Str	Gauteng	1 817	-	0%	58.36
Maverick Corner	Gauteng	1 545	359	23%	99.10
Pretoria Silverton 330 Alwyn	Gauteng	1 185	-	0%	59.43
JM Investments	Gauteng	2 700	-	0%	35.45
41 Emerald	Limpopo	1 362	-	0%	78.70
5 Sapphire	Limpopo	1 840	-	0%	35.22

PROPERTY SCHEDULE - INDUSTRIAL continued



Year	Number of industrial buildings	Average size (m^2)
2021	29	10 266
2020	42	9 715
2019	51	8 486
2018	9	11 020
2017	9	11 020
2016	40	6 144
2015	40	6 185
2014	41	5 723
2013	28	6 667
2012	26	5 072

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Companies Act and King IV have guided the detailed terms of reference that have been approved by the Board. The committee is responsible for evaluating all Social and Ethics responsibilities and making recommendations to the Board with regard thereto. The Board may in its discretion delegate authority to the committee to act on its behalf in respect of certain matters and may authorise it to approve projects within specified limits or parameters. The committee has due regard to the principles of sound governance and codes of best practice in its functioning and deliberations.

Composition

The Social and Ethics Committee was chaired by Sam Mokorosi and later by Nozipho Makhoba and additionally comprised of Taffy Adler and Mark Kaplan.

Abridged biographies of the members are published on pages 18 to 20.

Meetings

The committee met twice during the year under review. Attendance at this meeting is contained in the table set out in the corporate governance report on page 38.

Statutory and other duties

In terms of the regulations to the Companies Act, a Social and Ethics Committee is required to monitor the Company's activities with regard to matters relating to amongst others:

- The Employment Equity Act;
- The Broad-Based Black Economic Empowerment Act;
- Good corporate citizenship, including the Company's:
  - Promotion of equality, prevention of unfair discrimination and measures to address corruption;
  - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
  - Record of sponsorship, donations and charitable giving;
  - The environment, health and public safety, including the impact of the Company's activities and of its products or services;
  - Consumer relationships, including the Company's policies and record relating to advertising, public relations and compliance with consumer protection laws; and
  - Labour and employment matters.

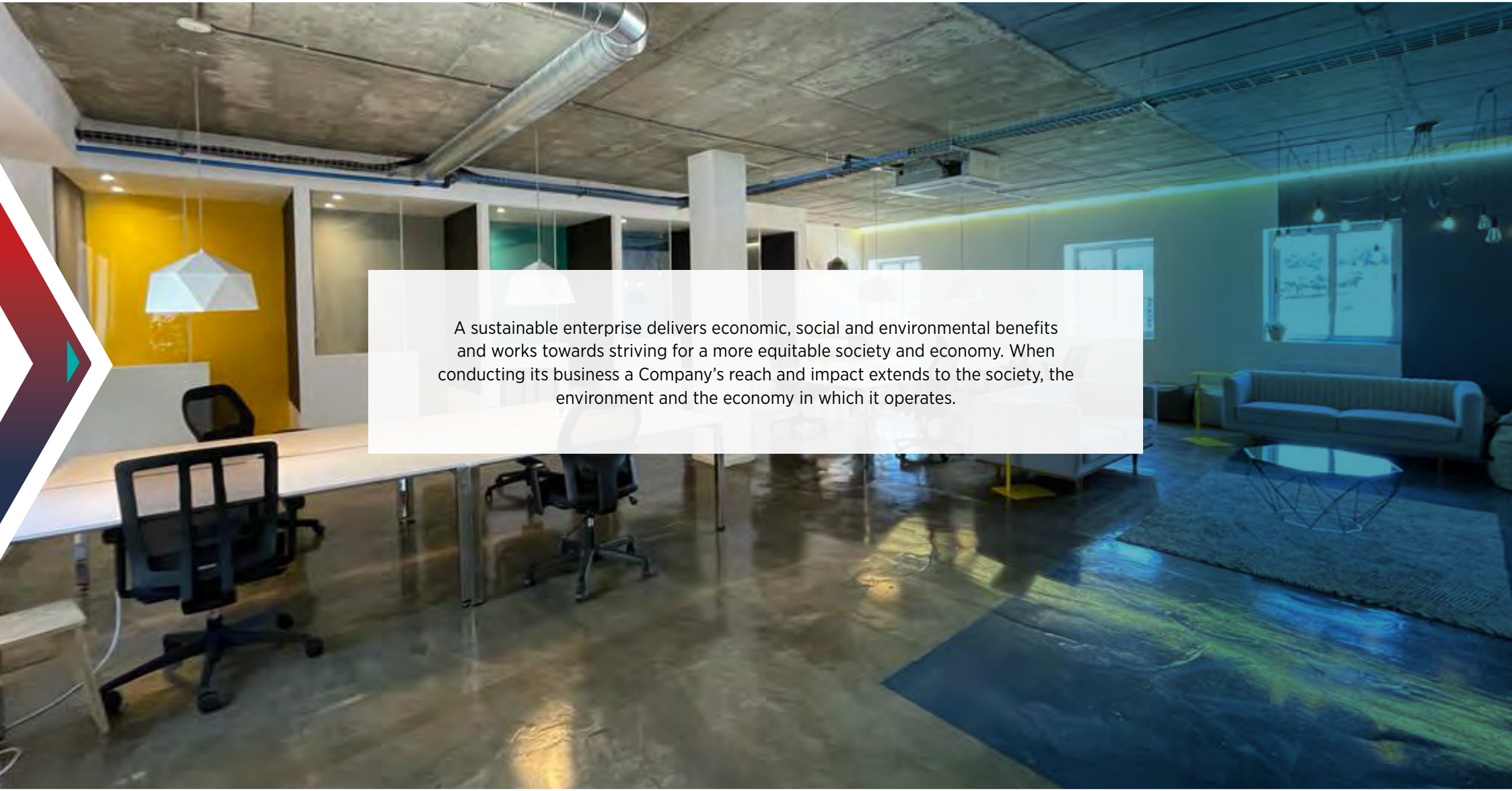
For further information on projects that were overseen by the Social and Ethics Committee during the 2021 financial year please see pages 90 to 102 of this Integrated Annual Report.

On behalf of the Social and Ethics Committee.

N Makhoba

Social and Ethics Committee Chairman

20 January 2022



A sustainable enterprise delivers economic, social and environmental benefits and works towards striving for a more equitable society and economy. When conducting its business a Company's reach and impact extends to the society, the environment and the economy in which it operates.

Environmental, Social and Governance ("ESG") considerations

In the 2021 financial year, Arrowhead appointed external consultants, Incite, for purposes of undertaking an ESG disclosure review and GCX Consult, to undertake a carbon footprint assessment, a TCFD alignment review as well as an ESG data quality review. The reports provided by Incite and GCX will inform future policies and assist in determining the metrics and indicators to inform future commitments.

NATURAL CAPITAL

The inclusion of natural capital in strategy and governance structures can provide strategic opportunities and by recognising its inter connectedness to the business as a whole, can result in the mitigation of risks.

158 Jan Smuts, Rosebank

ENVIRONMENT

Arrowhead recognises the link between its strategy, governance and financial performance and the social, environmental and economic context within which it operates.

Natural Capital is considered to be a strategic sustainability issue and associated risks and opportunities increasingly recognised in its core business strategy.

The responsibility for environmental policies and practices is that of the Board and delegated to the executive management.

The environmental policies and practices of the Group are regularly assessed in order to consider both the direct and indirect financial impact of implementation or failure to implement such policies.

CLIMATE CHANGE

During the year under review the Company commenced a journey to obtain a greater understanding of climate change in relation to the greater environment, society and governance in which it operates. The Board recognised that climate change was a risk and that climate-related risk encompassed both physical and transition characteristics and opportunities.

Carbon Emissions

The outcome of the Greenhouse Gas (GHG) emission inventory for the Arrowhead Group for the financial year 1 October 2020 to 30 September 2021 showed that 98% of Arrowhead's carbon footprint comprises emissions resulting from electricity consumption. GHG emissions were measured in accordance with the GHG Protocol Corporate Standard (WRI & WBCSD, 2004) using the Operational Control approach. All Scope 1 and Scope 2 emissions were measured while limited Scope 3 emissions were included as follows:

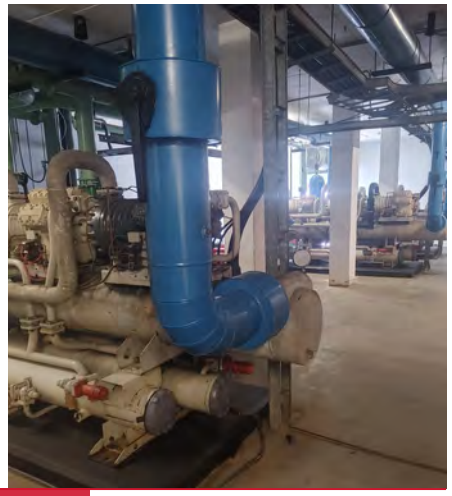
Type	Source	Tonnes CO2e			Total tonnes CO2e	% of total
Scope 1	Stationary fuels (Diesel)	21	66	-	87	0.07%
	Fugitive emissions (Kyoto gases)	31	161	-	192	0.14%
Scope 2	Purchased electricity (unrecovered)	3 944	4 630	1 872	10 446	8%
Sub-total - Scope 1 and 2		**3 996**	**4 857**	**1 872**	**10 725**	**8%**
Scope 3	Category 1: Purchased goods and services (water consumption)	291	157	134	582	0.4%
	Category 5: Water generated in operations	1 655	79	28	1 762	1%
	Category 6: Business travel	-	-	-	-	0.01%
	Category 7: Employee commuting	-	-	-	-	0.03%
	Category 13: Downstream leased assets - tenant electricity use	59 851	35 462	25 386	120 699	90%
	Category 13: Downstream leased assets - tenant Diesel use	0.5	0.5	0.3	1.3	0.001%
Sub-total - Scope 3		**61 798**	**35 699**	**25 548**	**123 044**	**92%**
Other direct	Fugitive emissions (non-Kyoto gases)	29	69	-	98	0.1%
Total emissions		**65 823**	**40 625**	**27 420**	**133 868**	**100%**

Intensity metrics

On average, retail properties measured the highest energy intensity, which is a common finding within property portfolios with multiple property types.

Arrowhead's greatest source of emissions is tenant electricity consumption. Although the Company has limited control over this activity, Arrowhead will continue investigating possible energy efficiency measures across the property portfolio that would impact this source, as well as engaging with tenants regarding energy use mitigation and behaviour change within the context of its tenant centric policy and approach.

During the year under review, strategic air conditioning plant monitoring and management measures were successfully implemented.



Cape Town Westgate Mall - Air conditioning plant

Mall@theJunction - Air conditioning system

Renewable energy

Solar PV installations operating at 15 Arrowhead properties, (3 properties were sold during the financial year) resulted in 10.681 tCO2e of avoided GHG emissions. (GCX reported on 6.556 tCO2e based on 10 properties, 3 of which were sold during the year). This figure shows the emissions resulting from grid electricity consumption at each of those properties, as well as the emissions that have been avoided due to the use of Arrowhead's alternative renewable energy source.

In 2021, the Group secured a green funding facility of which R21 million was utilised during the 2021 financial year.

Arrowhead distinguishes between phase I, phase II, phase III and phase IV solar. All plants are 100% owned by the Group.

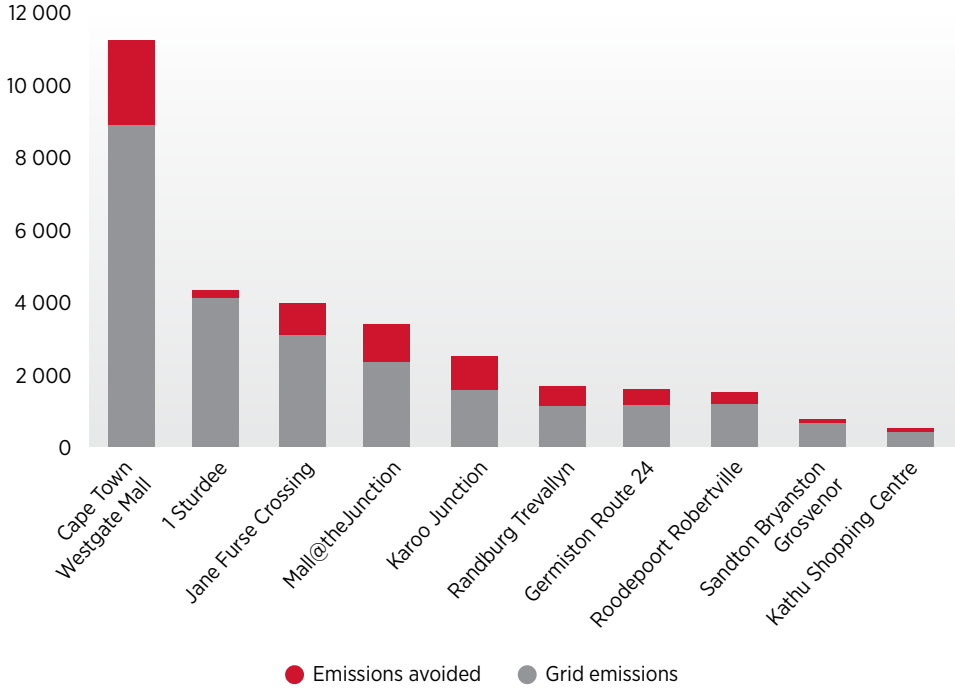
For **phase I** solar, four plants are operational, with an aggregate installed capacity of 2.5 megawatt and the total energy produced was 3.98% of the financial year consumption value. The actual revenue generated exceeded the guaranteed amount by R1 559 274.

Phase II solar comprises of seven plants with a combined installed capacity of 3.2 megawatt. Six plants are fully operational, and two are in the construction phase. The total clean energy produced was 1.09% of the 2021 financial year consumption value. The actual revenue generated exceeded the guaranteed amount by R193 266.

Phase III solar constitutes nine plants with a combined installed capacity of 3.6 megawatt, two plants are fully operational since September 2021 and seven are in the construction phase.

Phase IV is in a exploratory phase and comprises of 5 properties.

A portion of property emissions saved by solar power (tCO2e)




King Williams Town Market Square


Montclair Mall


Terminus Shopping Centre


Taung Forum

Water analysis

Smart water monitoring and early leak detection was implemented during the year under review at four large industrial properties and three ground water harvesting and backup water plants were commissioned and are in operation. In addition, three key shopping centres reduced reliance on municipal water and ten office parks now have backup water systems. Additional backup water and harvesting projects are currently in an exploratory phase.

Mall@theJunction
640 kWp

Cleary Park
Ground water harvesting system

Cape Town Westgate Mall
1 354kWp

Waste recycling and responsible disposal

The Company has strategically partnered with ten recycling and management companies across South Africa and the Company currently operates recycling and responsible disposal contracts across 28 properties.

TASK FORCE FOR CLIMATE RELATED FINANCIAL DISCLOSURES (“TCFD”)

During the 2021 financial year the Arrowhead Board, on the basis of a recommendation made by the Audit and Risk Committee, approved the adoption of the framework for disclosure as contained in the TCFD policy.

Over time, Arrowhead’s ESG disclosures will be aligned with this standard. To assist with this, Arrowhead appointed an external consultant, GCX to undertake a TCFD disclosure gap analysis and to provide high level recommendations to Arrowhead that will allow it to align with the TCFDs more closely. Arrowhead is looking forward to reporting on the progress made going forward.

STAKEHOLDER ENGAGEMENT

King IV™ states that an organisation **"can no longer be seen as existing in its own narrow universe (or society) of internal stakeholders or resources needed to create value, as it also operates in, and forms part of general society. In this view, the licensor of an organisation is not just those individuals and entities within its narrowly defined value chain, but society as a whole."**

Arrowhead has through the years proactively engaged with its stakeholders on an ongoing basis. Investing time and effort in identifying and building these stakeholder relationships which has stood the Company in good stead since the start of the COVID-19 pandemic and again during the civil unrest experienced in July 2021. Arrowhead's stakeholder relationships are based on its principles of honesty and transparency and are the responsibility of the Board.

Emergency engagement and communication with stakeholders during the riots in July 2021 assisted in minimising damage and disruption to tenants. The Company, ERES, tenants and the community came together and worked as a team to protect not only the properties but also the livelihood of persons dependent on those assets remaining operational.

Arrowhead's various methods of stakeholder engagement are listed in the table on the following page.

The management team communicates regularly with the Company's Sponsor, which provides best practice advice concerning information communicated to the market generally or by way of integrated reporting, year-end and interim results. In addition, the Company's Sponsor assists in maintaining contact with an array of stakeholders by way of SENS announcements and where necessary publications in the press. In order to ensure that all communications are in compliance with the JSE Listings Requirements, Companies Act and any other legislation and regulations, such communications are confirmed with the Company's Sponsor and legal advisors, prior to being released to the market.

During the year under review, the executive team engaged with ERES at least monthly with regards to the management the Group's property portfolio.

COVID-19 has restricted in-person meetings with many of the Company's stakeholders, but conference facilities enabled directors to engage with stakeholders after the Company's release of its interim results for the six months ended 31 March 2021 and again for its financial year ended 30 September 2021.

The following table discusses the methods of engagement Arrowhead's team utilises in respect of each stakeholder group:

Stakeholders	Methods of Engagement
Stakeholders, brokers, investors and analysts	Direct communication with management, telephonic meetings, integrated reporting, interim and year-end results presentations, SENS announcements, Annual General Meetings, investor presentations, announcements and roadshows.
Financiers	Regular meetings with debt providers, covenant reporting, ad-hoc meetings and discussions, integrated reporting, interim and year-end results presentations, SENS releases and site visits.
Employees	Daily interaction and report back, performance appraisals, training and development, induction and exit interviews, roadshows and presentations.
Tenants	Executive directors and property managers ERES engage with tenants through regular ad-hoc site visits, face-to-face meetings or telephonic conference facilities as appropriate, monthly statements, written communications, and Arrowhead's website.
Property managers	Direct communication with management, regular monthly telephonic and face-to-face meetings, Board meetings, site visits and Arrowhead's website.
Suppliers and service providers	Service level agreements and trading terms, relationship building, direct communication with property managers and executive management.
Regulatory/industry bodies	Members of SA REIT, SAPOA, the Property Sector Transformation Council, the South African Council of Shopping Centres, SAICA, SA Institute of Valuers and the Green Building Council of South Africa. Active members of the office property industry.
Communities	Social and community-related activities and communications via the portfolio's retail properties.
Government	Compliance with regulations and laws, timeous payment of rates and taxes, interaction and consultations with local government, municipalities, SARS and utilities suppliers.
Media	Direct access to management, honest, transparent and informative media briefings, promoting corporate brand reputation and awareness.

When determining the method of engagement, Arrowhead strives to be inclusive and to remain cognisant that stakeholder groups and individuals within those groups have different needs.

Tenant Relationships

During the year under review the focus on strengthening tenant relationships continued.

Active communication by the Relationship Managers with tenants was a key driver to ensuring tenants were updated regularly.

This was achieved with the following:

- Implementation of building surveys. Previous tenant surveys highlighted certain concerns from tenants, however, due to anonymity, the buildings in question were not identifiable. Specific building surveys were then conducted which underscored challenges which were building specific.
- Implementation of ad-hoc communication through QR codes. QR code posters have been piloted at a few properties, allowing tenants to immediately communicate concerns to the Relationship Managers. This increased efficiency and turnaround time on resolution of the queries or concerns reported. This method of communication is not limited to tenants, and includes retail centre patrons, clients and visitors at office buildings and industrial sites.
- Continuation of the annual survey. The annual survey conducted this year remained anonymous.

An annual tenant survey was once again conducted, with additional feedback provided to tenants on completion of projects, addressing of concerns and general communication.

Relationship with ERES

The Relationship Managers conducted a survey to better understand the relationship dynamics between the Company and ERES so as to ensure that the Group's tenant centric model was being deployed effectively at all tenant touch points.

This survey further assisted the Company in understanding what was required to empower those persons who work at an operational level to effectively implement the tenant centric model to which the Group has committed itself.

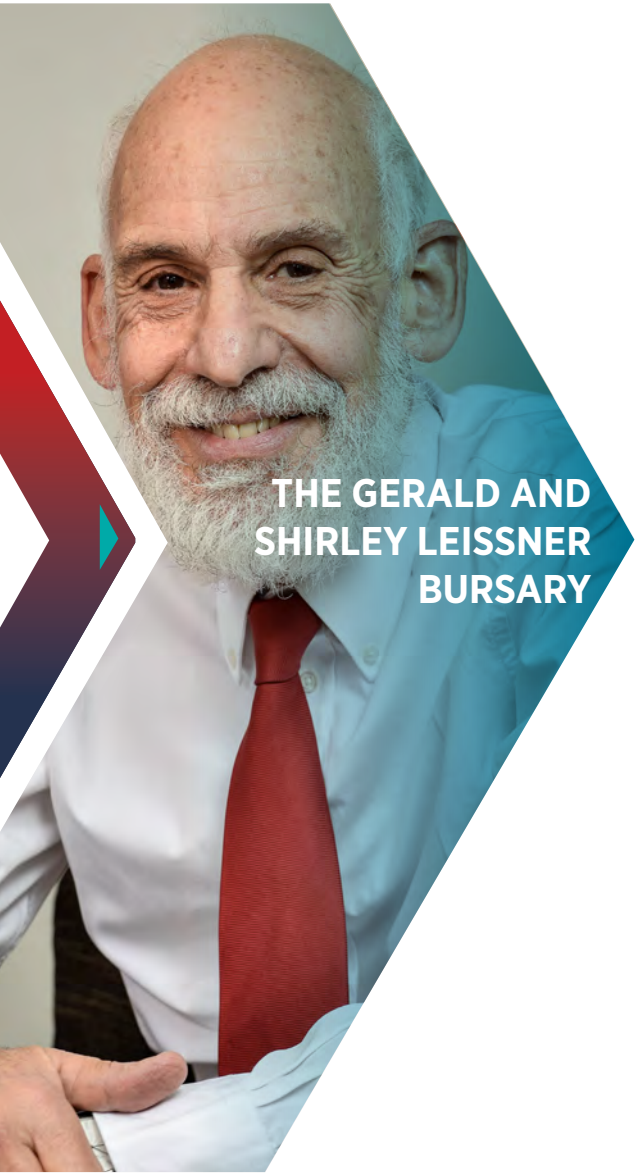
Supplier Partnerships

The Company values its relationships with its suppliers and tenants and has been working on creating a mutually beneficial ecosystem whereby the Company sources various goods and services from its tenant base and suppliers in turn are encouraged to rent space from the Company.

Partnering with the Broker Community

Subject to compliance with COVID-19 protocols, broker functions are held regularly to assist brokers in advertising vacant spaces that have been difficult to let. The functions focus on showing the asset to the brokers, by the Leasing Executives, pointing out key features that may be suitable for prospective tenants.

Broker incentives are available throughout the year and are advertised on the Company website and mailed out at the start of the incentive. This provides brokers with an opportunity to work on several properties at once.



THE GERALD AND SHIRLEY LEISSNER BURSARY

The Gerald and Shirley Leissner Bursary that was started in 2018 has continued to be successful.

The first recipient of the bursary, Nqobile Dinge (BSc Honours Urban & Regional Planning, Wits) completed six months work-based experience at the Company and was subsequently awarded an external opportunity to complete her master's degree, MUS Urban Management.

The recipients of the 2019 bursary have been successful in their qualifications. Lerato Tlale (BSc Honours Urban & Regional Planning, Wits) has been able to secure a learnership for one year and Sonto Mkize (BSc Honours Urban & Regional Planning, Wits) was accepted by an external bursary for a two-year master's degree in Sustainable Urban Planning.

The Social and Ethics Committee approved bursaries for three students, Ronnie Molaba, Nqobile Malinga and Tholithembelihle Memela, all enrolled for a BSc Honours Quantity Surveying for the 2021 year.

All three students are performing well under the guidance and support of the Tomorrow Trust. All the students adjusted to lockdown and distance learning and received support for any personal challenges experienced.

Ronnie Maleba graduated at the end of 2020 with a BSc Honours in Quantity Surveying from the University of the Witwatersrand. Following his graduation, Ronnie began a one-year internship at Redefine Properties in January 2021.

Tholithembelihle Memela graduated at the end of 2020 with a BSc Honours Construction Studies from the University of the Witwatersrand. She has now been employed as a business developer with a company called KKL IT Solutions and Projects. With a focus on projects in the property development, construction, logistics and transport industry, Tholithembelihle is eager to obtain experience in various fields.

Nqobile Malinga graduated at the end of 2020 with a BSc Honours Construction Studies from the University of the Witwatersrand.

Arrowhead could not complete work based experienced for these students due to COVID-19 restrictions. The Company will explore opportunities to complete the work-based experience in 2022 given the vaccine roll out.

The Social and Ethics Committee approved bursaries for three students for the 2021 year as follows:

- Madidimalo Malema, BSc Honours in Construction Management;
- Tshenolo Maimane, BSc Honours in Quantity Surveying; and
- Tumelo Lediga, BSc Honours in Urban and Regional Planning.

All three students are completing their studies at the University of the Witwatersrand.

An Arrow For Change

An Arrow for Change was initially established to provide emergency relief for those persons and communities impacted by the COVID-19 pandemic. Strict compliance checks were put in place so as to verify the governance, protocols and where applicable registration as non-profit organisations of the beneficiaries prior to the disbursement of funds. Every effort was made to disburse the funds such that the communities within which the Group operates would benefit from the donations in a sustainable manner, including but not limited to by way of job creation.

Health and Safety is an important part of owning a property portfolio and where projects included the maintenance or replacement of safety equipment, training was provided on the correct use and maintenance of fire equipment. ERES Operations and building managers assisted with training at the relevant schools on maintenance and how to execute rudimentary building checks.

The Group was excited with its 2021 tree-planting initiative to reduce carbon emissions and providing education to Norridge Primary School students on the importance of looking after the environment.

The Arrow for Change initiative provided an additional opportunity for employees to get involved in the various projects.

Westgate Mall, Western Cape
Teachers getting involved in the preparation of the beds for planting trees

Hearts of Hope, Gauteng
Arrowhead staff, Elmarie and Geraldine, handover appreciation gifts to Hearts of Hope caregivers and staff

Kids Haven
Delivered linen and mattresses being assembled

CSI

The Company embarked on various projects within the retail portfolio with the focus on utilising skills from communities within the area for refurbishments.

In implementing the projects, emphasis was placed on skills transfer and health and safety training. In addition, partnerships with established design and construction companies that facilitate the transfer of skills as well as health and safety training, were established.

Non-Government Organisations

Rental negotiations have allowed the Company to assist various non-government organisations, public benefit organisations and non-profit organisations.

The Readucate Trust is a non-government, non-profitmaking (section 18A) education and literacy organisation that strives to combat illiteracy on all levels and by all means available. Readucate operates in the Lyndhurst Square retail property in Gauteng.

The Company is proud to partner with Readucate Trust to assist them in continuing the work completed. More information about Readucate can be found here: https://www.readucate.org/.

The Tomorrow Trust is a proudly South African non-profit organisation.

It was founded in 2005 to provide holistic support to orphaned and vulnerable children, helping them on their journey towards a comprehensive and integrated education. The Tomorrow Trust works with government, business and ordinary South Africans to realise the vision of a society with conscious and holistically educated leaders.

The Tomorrow Trust operates out of the Isle of Houghton office property in Gauteng.

The Company has had the opportunity to partner with the Tomorrow Trust for the last four years.

More information about the Tomorrow Trust can be found here: https://tomorrow.org.za/.

Interns

The Company embarked on a mentoring project to recruit junior post-graduates with limited experience within the property sector to provide them with an opportunity to develop their skills.

B-BBEE Rating

For the 2021 year, the Company achieved a level 3 B-BBEE rating on the Property Sector Charter Scorecard.

Ownership and Management Control Elements

Skills Development Element

Enterprise and Supplier Development Element

Socio-Economic Development Element

COVID-19 Pandemic

During the year under review, the Company continued to implement stringent health and safety protocols for those employees working at the office so as to ensure the well-being of all employees. A hybrid working model allowed employees to work from home when required.

Employees that had contracted the COVID-19 virus were well supported during their recovery. There was little to no impact to the business as there is on-going skills transfer within business units.

Vaccine awareness information was regularly communicated, and employees encouraged to contact ICAS for assistance if required.

Focus for the Year Ahead

During the 2022 financial year, the anticipated focus will be as follows:

- To continue providing health and safety as well as maintenance training to communities in close proximity to the Group's properties.
- To continue health and safety and maintenance training interested persons within the communities in proximity to the Group's property portfolio. This will aid in providing suitable employment opportunities when required.
- Maintaining and further strengthening tenant relationships.
- Imbuing a tenant centric culture throughout the Group and ERES.

Wellness

The wellness of employees both personally and professionally remains of utmost importance to the Company.

The Company utilises the outsourced services of a wellness provider, ICAS, to provide support to employees and members of their households in the areas psychological, financial and health wellbeing. This support is available throughout the year on a 24-hour basis.

The Company also embarked on various awareness programmes throughout the year including but not limited to:

- COVID-19: information and updates, coping with loss and understanding the vaccine.
- Work from home: challenges encountered, coping mechanisms and team assistance.
- Return to the office – how to re-integrate employees that have been working from home for extended periods and implementing a hybrid model.
- Heritage and diversity: awareness of all cultures and religions across the Company.
- Annual health check ups and the importance of regular screenings.

Employment Equity

The Company has an Employment Equity Committee comprising stakeholders across all levels and incorporating all elements of diversity to the extent to which this is possible. The committee is responsible for producing an employment equity plan which is approved by the management team. The employment equity plan seeks to achieve reasonable progress towards employment equity where no person is denied employment opportunities or benefits for reasons unrelated to their abilities, to assist in eliminating unfair discrimination in the workplace, and to achieve equitable representation of employees from designated groups. The committee furthermore monitors recruitment to ensure alignment with the employment equity plan.

The Company is committed to transformation at all levels.

During the year under review the Company's staff complement had zero attrition and one new appointment that was made in line with the employment equity plan.

Employment equity and transformation awareness training completed during the year included:

- Disability in the workplace.
- Broad-Based Black Economic Empowerment.
- Prevention of bullying and harassment in the world of work.

The Company has a formal, anonymous platform to report any incidents of bullying and/or harassment and fraud and corruption on a confidential basis.

During the year under review, no reports were received.

COVID-19

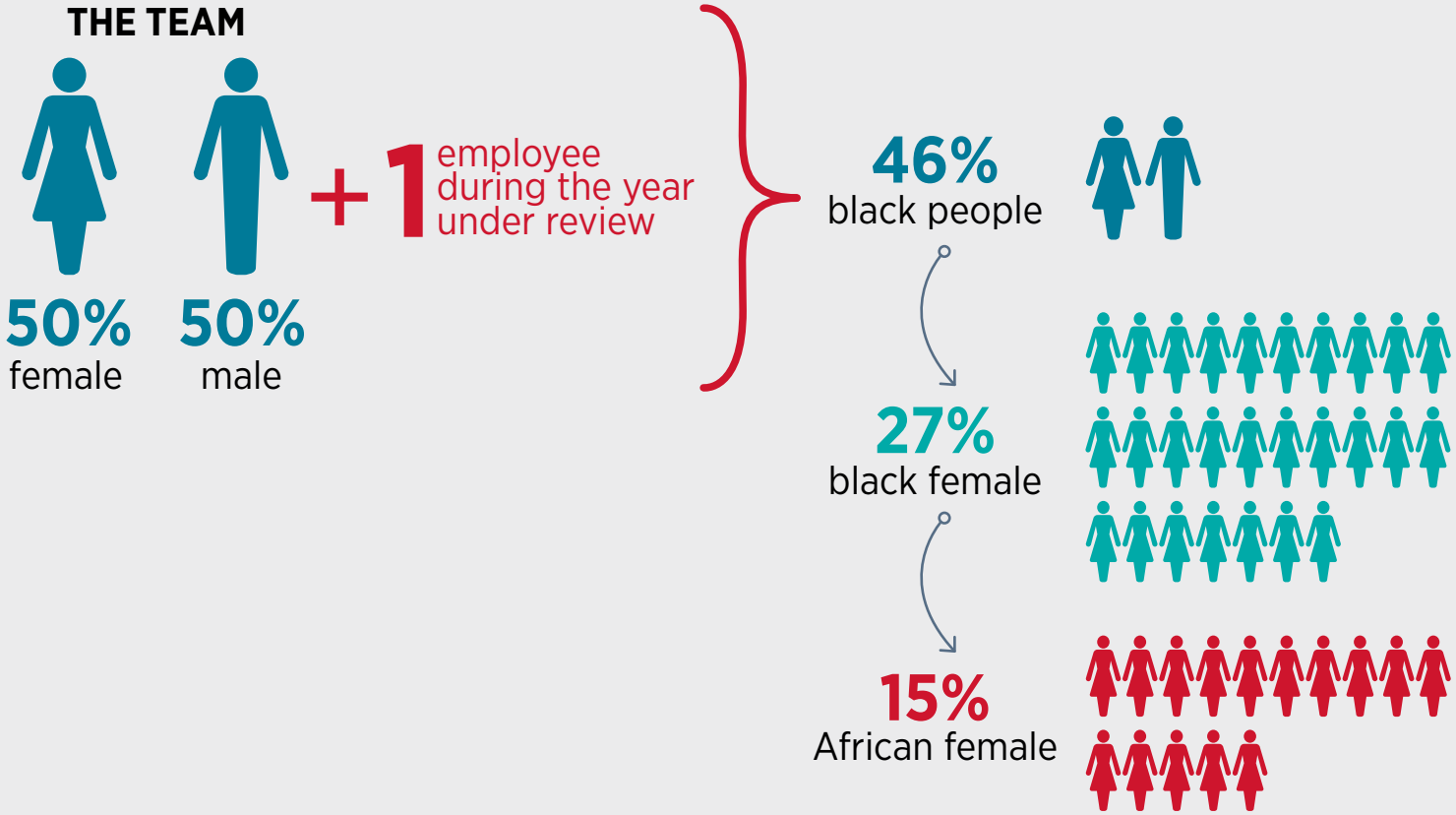
Employees that had contracted COVID-19 were well supported throughout their recovery with little to no impact to the business as there is ongoing skills transfers within business units .

Vaccine awareness information was regularly communicated, and employees encouraged to contact ICAS for assistance if required.

Diversity

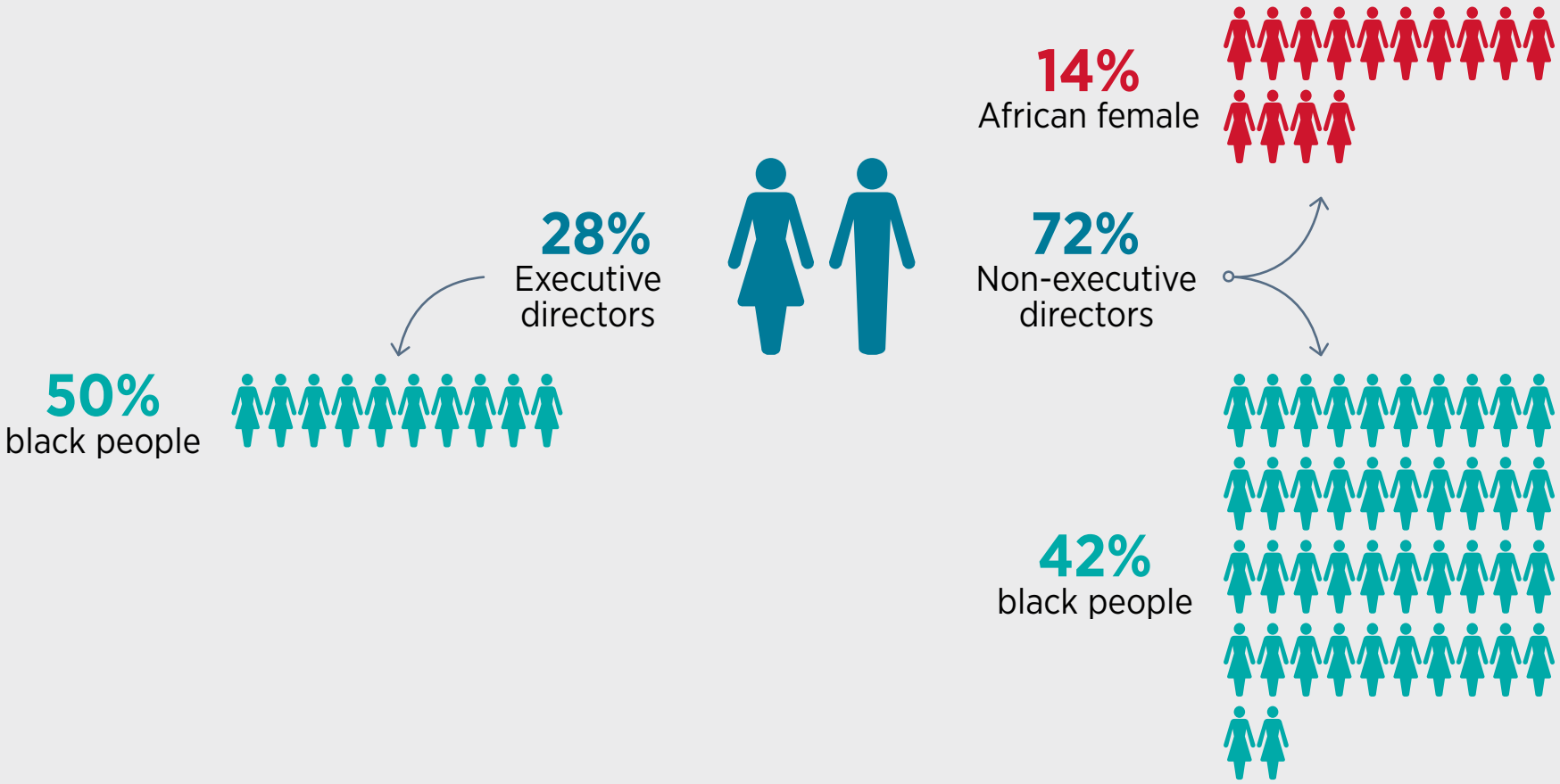
The team (including executive management) as at 30 September 2021 comprised of **25 full time employees and one consultant**.

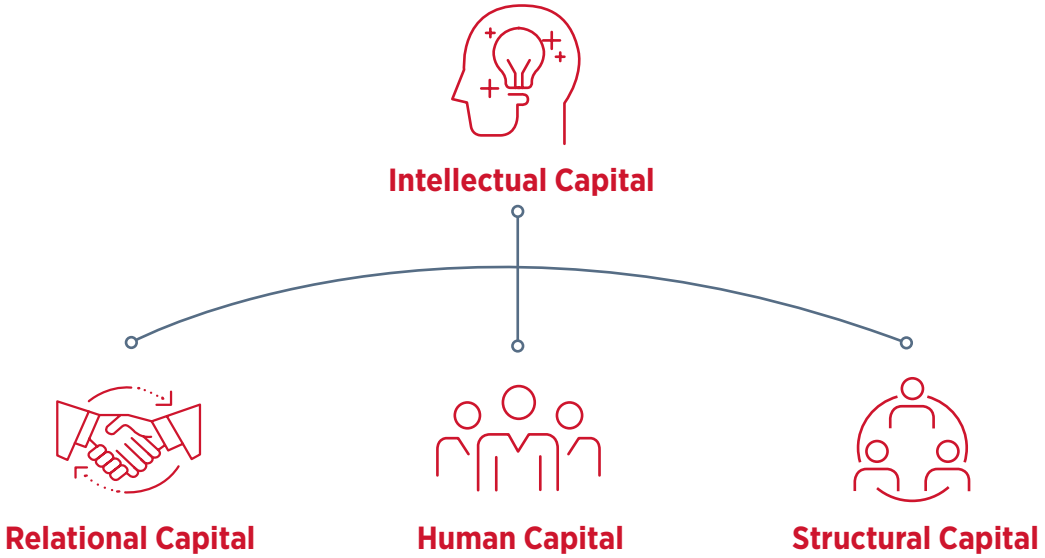
Employee demographics:



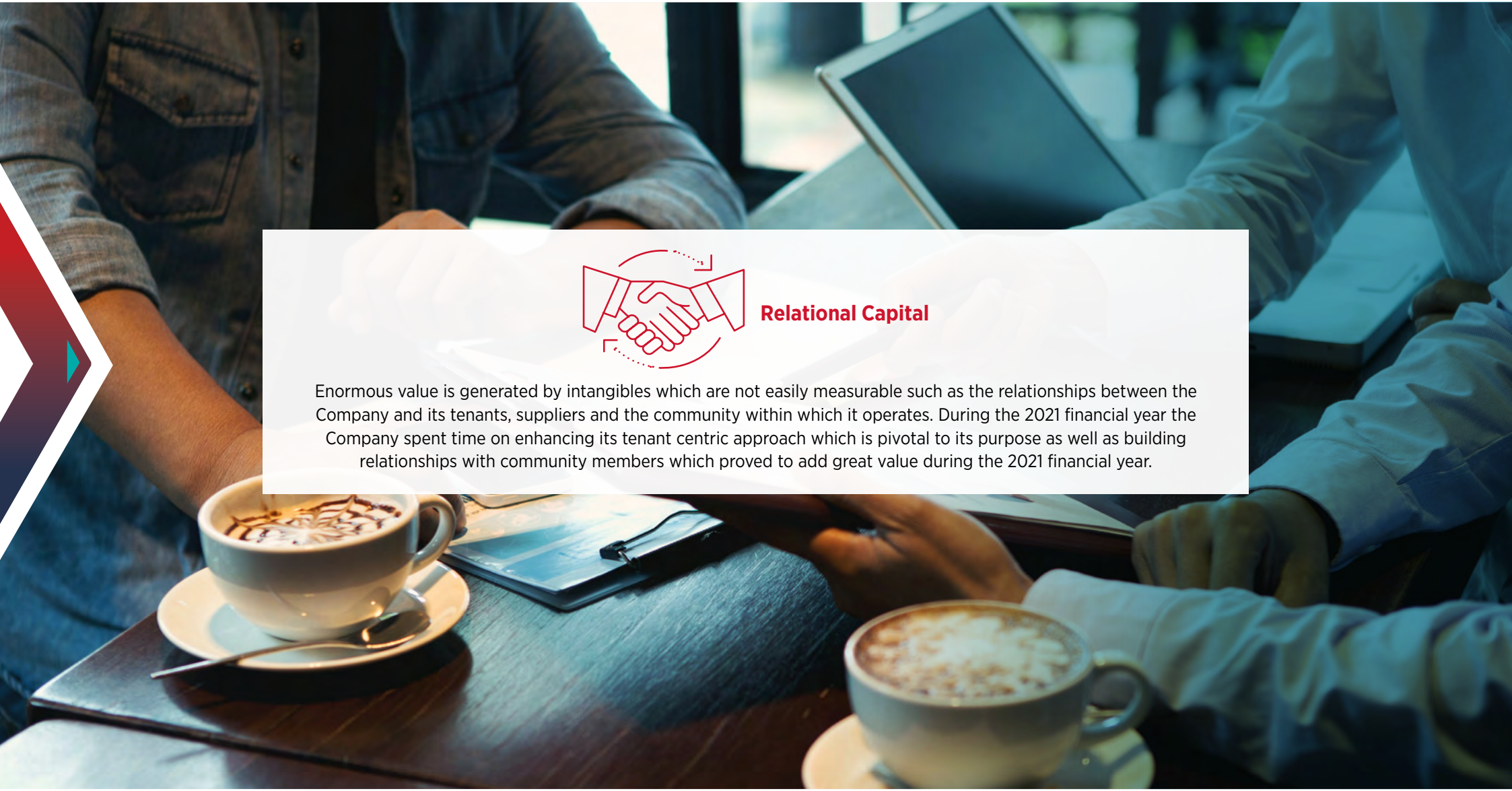
The Board

The Board comprises:





Intellectual capital is considered a business asset and is the value of the Company's employees' knowledge, skills, business training, or any proprietary information that may provide the Company with a competitive advantage.



Relational Capital

Enormous value is generated by intangibles which are not easily measurable such as the relationships between the Company and its tenants, suppliers and the community within which it operates. During the 2021 financial year the Company spent time on enhancing its tenant centric approach which is pivotal to its purpose as well as building relationships with community members which proved to add great value during the 2021 financial year.

Training

The Company is fortunate to have a highly skilled and competent workforce with a wealth of experience.

Skills retention, succession planning and the personal development of employees remained a key focus in 2021. During the year under review, performance development plans were completed with all employees to assess their skills and qualities and to consider and set goals in order to realise and maximise their potential and assist in self-actualisation. It was also an opportunity to consider each employee's career trajectory and succession planning.

Training intended to keep employees up to date with legal and regulatory changes took place with the assistance of internal and external facilitators and courses. During the 2021 year, this included, inter alia:

- Environmental, Social and Governance Programmes;
- Post graduate Diploma in Accounting;
- The POPI Act;
- Understanding and implementation Broad-Based Black Economic Empowerment;
- Employment Equity;
- Understanding disability in the workplace;
- Bullying and Harassment in the workplace;
- Technology, software updates and implementation;
- Enhanced hybrid working solutions.

During the 2021 financial year, the Company embarked on a tenant centricity training workshop with ERES to ensure that the Group's tenant centric approach extends to all touch points that a tenant encounters on its journey from inception right through to the expiry of its lease. This successful training intervention added value to all tenant interactions, which was evident during lock down periods and during the rioting in July 2021. All tenant facing employees, both internally and from ERES, were able to communicate effectively with all stakeholders. All tenants were informed, updated and action plans communicated to minimise the effect of these challenges and to assist all concerned in ensuring business continuity and minimal disruption.

During the year under review, the Company once again had 100% employee retention.

Mentoring

Katlego Tloubatla (BCom Hons in Property Valuation & Management), a graduate was retained on a consultancy basis, to further his work experience with a focus on leasing, building improvement and tenant relationships. The office portfolio asset manager and leasing teams have been vital in mentoring Katlego during the year.

The executive management team regularly provide employees with opportunities to develop their skills in various settings including reporting, delivery of presentations and the leadership of teams. The management team guide and provide constructive methods to employees to develop these skills in line with the personal development goals.

Structural Capital

During the 2021 financial year, Arrowhead migrated operational data from its property manager JHI to a MRI operating system such that the Company now has access to and controls its own data. Arrowhead has an open plan working environment where information and knowledge sharing is encouraged so that information and knowledge is pooled.

REMUNERATION REPORT

1. PART 1: BACKGROUND STATEMENT

We are pleased to present our Remuneration Report for 2021, which is presented in three parts:

- Background statement (Part I).
- Overview of the Remuneration Policy for the 2022 financial year (Part II).
- The Remuneration Implementation Report indicating the actual remuneration paid based on the Remuneration Policy for the 2021 financial year (Part III).

Parts II and III will be put to a non-binding advisory shareholder vote at the upcoming Annual General Meeting of the Company to be held in 2022 ("**AGM**").

How did Arrowhead perform in 2021

Notwithstanding another challenging year with COVID-19 restrictions and wide-spread looting experienced in July 2021, Arrowhead saw a 5.2% increase in distributable earnings per B share, a 4.1% increase in dividend per A share, a 44.6% increase in dividend per B share and a 216% increase in the Arrowhead B share price. In addition, a further 37 non-core assets were disposed of for R1.047 billion at a 2.2% discount to book value and gearing was reduced to 36.9% (38.2% including derivatives), from 39.3% (42.6% including derivatives) as at the prior year-end. Vacancies reduced to 8.4% compared with 8.6% in the prior year.

During the year under review, Arrowhead briefed external consultants to assist it on its ESG journey, whereafter a baseline for the Group's carbon emissions was established with a view to determining metrics and targets in the future for the reduction of the Group's carbon emissions. 2021 moreover brought about:

- an active investment in solar power plants with 6.7 megawatts installed or under construction, with over 5% of the portfolio's electricity requirements met at an annual yield of 19.8%;
- a disbursement of R2.5 million by Arrowhead's social initiative, Arrow for Change, towards 26 projects assisting communities in or around Arrowhead property portfolio; and
- an improvement in Arrowhead's B-BBEE rating from a level 4 to a level 3.

Shareholder feedback and engagement

At the Company's annual general meeting held on 25 February 2021, both the Remuneration Policy and Remuneration Implementation Report were presented for non-binding advisory votes. Votes were received as follows:

- Remuneration Policy – 35.56% (64.44% against)
- Implementation Report – 21.15% (78.85% against)

In response to the advisory vote, extensive shareholder engagement was undertaken both telephonically, by way of email and in person meetings. The SENS announcement released for purposes of the 25 February 2021 annual general meeting furthermore extended an invitation to Arrowhead shareholders to address their concerns on the Remuneration Policy and Remuneration Implementation Report to the Chairman of the Remuneration Committee.

Proposed Arrowhead/Fairvest transaction

During the 2021 financial year, shareholders were advised regarding:

- the proposed acquisition by Arrowhead of the entire issued share capital of Fairvest to be implemented by way of a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 ("**Transaction**"), which would result in Fairvest becoming a wholly owned subsidiary of Arrowhead and delisted from the JSE and A2X. Further, on implementation of the Transaction, the Board will be reconstituted and comprise a majority of Fairvest directors post the resignation of the majority of the Arrowhead directors and subsequent appointment of a majority of Fairvest directors to the Arrowhead board.

  The current Remuneration Policy might well be re-assessed in light of the Transaction which will be implemented on 31 January 2022.

2. PART II: OVERVIEW OF THE REMUNERATION POLICY

2.1 Introduction

There were no amendments to the Remuneration Policy in the 2021 financial year. Substantial changes were made in the previous financial year and these changes were implemented, for the first time, in the 2021 financial year.

2.2 Remuneration Philosophy

The Company understands the importance of remuneration in its ability to attract, secure and retain key talent that supports its performance. The key objectives of the policy are:

- to ensure that all staff are fairly and equitably rewarded, according to a systematic set of principles;
- to ensure that all staff understand the way in which salaries are determined;
- to ensure that Arrowhead is able to attract and retain skilled resources;
- to ensure that remuneration packages are competitive with regard to the market and similar organisations, and that overall market trends and practices are considered and reviewed on a regular basis in line with the organisational strategy and risk profile;
- to recognise and reward individual contribution in overall organisational success;
- to ensure remuneration and all factors related to remuneration are affordable for the organisation as a whole.

It is also aware of the importance of aligning the Remuneration Policy with the prevailing market and the economic environment. The Remuneration Committee believes these objectives will support the overall organisation and align with the changed market environment.

2.3 Remuneration Committee

The separation of the Remuneration Committee from the Nomination Committee was implemented in the 2021 year.

The committee comprises three independent non-executive directors. Taffy Adler is the Chairperson of the committee. The CEO and CFO attend the meetings by invitation. The members of the committee are:

- Taffy Adler (Chairperson)
- Matthew Nell (until 3 September 2021)
- Selwyn Noik (until 25 February 2021)
- Arnold Basserabie (from 11 May 2021)
- Greg Kinross (from 12 September 2021)

The passing of Matthew Nell has already been noted in the Report. At this point, his major contribution to the work of the Remuneration Committee must also be specifically acknowledged.

2.3.1 Responsibilities

The summary of responsibilities of the Remuneration Committee include to:

- determine, agree, develop and monitor the Company's general policy on remuneration;
- have due regard to the principles of sound governance and codes of best practice;
- liaise with the Board in relation to the preparation of Remco's report to shareholders;
- determine executive remuneration packages, performance criteria and the granting of incentives in line with the short- and long-term incentive structures defined in the policy; and
- ensure that executive directors are fairly and responsibly rewarded for their contributions and performance in a manner that is market aligned.

2.3.2 Key 2021 Remuneration Decisions

2.3.2.1 Salary Reviews

In line with the revised Remuneration Policy as contained in the Company's 2020 Integrated Annual Report, for purposes of aligning salaries with the midpoint of the market, commencing with effect from the 2021 financial year no salary adjustments would be approved for the Chief Executive Officers ("**CEO**"), Chief Financial Officer ("**CFO**"), Chief Operating Officer ("**COO**") and the Chief Investment Officer ("**CIO**") until the CEO, CFO, COO and CIO's ("**Executive**") remuneration was in line with the 50th percentile of the market. Subject to the aforesaid, the salary band for the Executives would be updated annually in line with revised market data.

Salary increases of 4.5% for all other employees for the 2022 financial year were approved.

2.3.2.2 Non-Executive Director Remuneration

Non-executive directors' fees comprise an annual fee in recognition of their ongoing fiduciary duties and responsibilities. Non-executive directors who serve on committees are paid an additional fee for the various committees of which they are members.

The proposed non-executive directors' fees for the 2022 financial year are set out in the notice of AGM for shareholder approval.

2.4 Remuneration Policy for 2022 Financial Year

The Company's Remuneration Policy may be assessed post the implementation of the Transaction and the reconstitution of the Board, with the key focus being on:

- the adherence to best practice and governance standards and to include key metrics linked to the strategy of the Company;
- monitoring the implementation of the Remuneration Policy;
- continuing to ensure fair and responsible remuneration that attracts, retains and motivates talented employees and encourages superior performance; and
- the recommendation of the non-executive director fees for approval by shareholders.

2.4.1 Components of Remuneration and Remuneration Policy Position

The elements of remuneration that are applicable to the executive are defined as follows:

Element	Detail	Policy position
Total Guaranteed Package "TGP"	A total guaranteed package is paid which comprises of an annual salary. There are no additional benefits or allowances payable.	TGP is set around the median (50th percentile) of the market. Broad based salary bands, informed by market related data, are developed per job grade to guide the TGP paid. Annual increases are applied consistently across employees and are informed by market, affordability and CPI. They are not guaranteed.
Short-term incentive "STI"	The STI is payable annually in cash and is linked to the achievement of strategically important company-wide performance measures. STI calculations are expressed as a percentage of TGP.	All staff participate in the STI. The extent of participation is dependent on the classification of staff and their ability to influence the outcome of the business as a whole. The STI has three different classification groups. These are: • Executives: these are positions that are on the executive leadership team. • Senior management: these are positions that are responsible for interpretive decisions in the business. • Staff: all other positions in the business **Executive Bonus Structure** The Executive STI is calculated on a 70% weighting of the business score and a 30% weighting of the personal score. Business indicators, weightings and targets are set annually by the Board in line with the strategic plan of the business. Personal indicators, weightings and targets are developed by the Remuneration Committee and recommended to the Board for approval. The **business performance** is measured as follows: • If budget has NOT been achieved, no contribution is given; • If budget is achieved, a 40% contribution will be given; • If the target has been achieved, 100% of the contribution will be given; • If the stretch target is achieved, 175% of the contribution will be given; • If an actual score is achieved between the budget and target or between target and the stretch target the contribution will be prorated based on the actual performance; The **personal performance** is measured as follows: • A 3 rating is regarded as good and competent and will result in a 100% allocation. • A 4 rating is regarded as excellent and will result in a 112.5% allocation. • A 5 rating is regarded as outstanding and result in a 125% allocation. The definitions of the rating scale are as follows: • Good and competent is performance that meets the standards and targets required in all areas. • Excellent is performance that has been above the targets set and standards required in some areas. • Outstanding is performance that has consistently been substantially above the targets set and the standards required. Performance below good and competent is defined as follows: • Moderate is performance that has failed to meet the standards and targets required in some areas • Poor is performance that has consistently failed to meet the standards and targets required in all areas. Performance rated at moderate (2) and poor (1) levels do not meet the criteria for consideration in the incentive system.

Section 13 **Remuneration Report**

Element	Detail	Policy position
		Senior Management Bonus Structure The bonus structure for senior managers is as follows: • A bonus allocation is made by the Remuneration Committee based on the overall performance of the business. • This bonus allocation for senior managers is capped at a maximum of 100% of the annual salary bill for the senior management positions. • The distribution of the bonus to the participating members of the senior management team will be informed by individual performance ratings which are provided by the respective line managers. • Bonuses are not guaranteed and are awarded at the discretion of the Remuneration Committee and the CEO. **Staff Bonus Structure** The staff bonus policy is as follows: • A bonus allocation is made by Remco based on the overall performance of the business. • This bonus allocation for staff is capped at a maximum of 50% of the respective staff member's annual salary. • The distribution of the bonus to the participating members of staff will be informed by individual performance ratings which are done by the respective line managers. • Bonuses are not guaranteed and are awarded at the discretion of Remco and the CEO.
Conditional Share Plan "CSP" or Long-term incentive "LTI"	A CSP was introduced in the 2020 financial year. This replaced the loan share scheme that was in place. The CSP is aligned with best practice and good governance principles and is aligned to the Company's principle of 'pay-for-performance'. Annual awards of conditional shares, appropriately aligned to market levels, will be made in terms of the CSP.	LTI indicators are developed in line with the strategic plan of the business. All staff are eligible for participation in the CSP. The focus of participation however is on the senior leadership. The CSP provides for the annual award of performance shares to participants which vest after 3 years subject to: • Specific performance conditions being met at a Company level; and • The participant remaining employed with the Company for the duration of the vesting period • Only staff who leave Arrowhead as a result of retirement, retrenchment or termination due to ill health or similar (good leavers) will receive LTI benefits. They will be prorated in line with their service during the vesting period. • Staff who are dismissed, resign or opt for early retirement will be deemed bad leavers and will forfeit their entire award. • Good leaver principles will be applied in the event of a change of control. The total limit of shares that are allocated as part of the CSP is 20 252 105 Arrowhead B shares. The calculation of the number of shares issued is a function of percentage of TGP. The percentage of TGP is determined at the time of allocation. The value of shares as a percentage of TGP at vesting could be substantially different from the percentage on award as a result of changes in the share price. There are two levels of allocation: • Executive and senior management may earn a maximum of 60% of their TGP in shares if they achieve target. They can earn up to a maximum of 90% of their TGP in shares if they achieve stretch targets. Contribution above target is calculated on a proportional rate linked to the extent to which the target has been exceeded. • Other staff may earn a maximum of 50% of their TGP in shares if they achieve target. They can earn a maximum of 75% of their TGP in shares if they achieve stretch targets. The specific factors that detail the allocation of shares are defined in the CSP rules. The performance conditions that must be met are determined annually.

2.5 Revised Scorecard Report for 2021/2022

The business indicators and personal key performance measures for the Executive for the 2022 financial year will be determined post the implementation of the Transaction, with the key focus being on the adherence to best practice and governance standards and where applicable to include key metrics linked to the strategy of the Company.

2.5.1 Long-Term Incentive

The Long-Term Incentive for the 2022 financial year will be determined post the implementation of the Transaction, with the key focus being on the adherence to best practice and governance standards.

3. PART III: IMPLEMENTATION OF THE POLICY IN THE 2021 FINANCIAL YEAR

The amended policy approved in 2020 was implemented for the first time in the 2021 year.

Arrowhead in 2021

3.1 Executive Remuneration

Executive remuneration is made up of three components (as described above). These include TGP, STI and LTI. The application of the 2021 remuneration policy is detailed below.

3.1.1 Executive Directors Remuneration

The policy provisions for the 2021 financial year for executive directors are as follows:

- Business score is weighted at 70%
- Personal score is weighted at 30%
- Business performance is calculated as follows:
  - If budget has NOT been achieved, no contribution is given
  - If budget is achieved, a 40% contribution will be given
  - If the target has been achieved, 100% of the contribution will be given
  - If the stretch target is achieved, 175% of the contribution will be given
  - If an actual score is achieved between the budget and target or between target and the stretch target the contribution will be prorated based on the actual performance.
- Personal performance is calculated as follows:
  - A rating of 2 and below will result in a 0% allocation
  - A 3 rating is regarded as good and competent and will result in a 100% allocation
  - A 4 rating is regarded as excellent and will result in a 112.5% allocation
  - A 5 rating is regarded as outstanding and will result in a 125% allocation

3.1.2 STI 2020/2021 Executive KPI Scorecard Weighing

The scores that are reflected below are the assessment of the performance of the executive in the context of the business and personal indicators.

3.1.2.1 Annual STI Outcomes

The STI for Mark Kaplan and Junaid Limalia were determined in terms of the 2021 Remuneration Policy contained in the 2020 Integrated Annual Report. The indicators against which business performance was measured exceeded the stretch targets set in 67% of the indicators and achieved target or between target and stretch in the remaining 33% of the indicators. The business score has a weighting of 70%.

The **business performance measures** that were used to determine the business score were as follows:

Results	Budget	Target	Stretch	Actual achieved	Actual achieved as %	Weighting	Weighted contribution
Dividend forecast	37.66	39.66	40.66	47.72	175%	50	87.50
Loan to Value (Company with Indluplace at market value)	42.84	41.55	40.18	35.43	175%	21	36.75
Loan to Value (Group with Indluplace consolidated)	43.64	42.39	41.59	38.23	175%	9	15.75
Vacancy	12.00%	10.00%	7.50%	8.38%	149%	10	14.86
ESG (% of solar generation)		3.00%	4.00%	5.10%	175%	2.5	4.38
ESG (water development of plan to reduce water consumption and implement water pilot project)		1.0	2.0	7.0	175%	2.5	4.38
ESG (Arrow for Change - develop plan for funding by March 2021 and disburse by 30 September 2021)		1.0	2.0	2.0	175%	1.25	2.19
ESG (Arrow for Change - develop plan for funding by March 2021 and disburse by 30 September 2021) - R2.5 million		2 500 000	N/A	2 500 000	100%	1.25	1.25
ESG (BEE level accreditation)		3	2	3	100%	2.5	2.50
Total						**100**	**169.56**
STI contribution *							**118.68**

*pro rata to 70% for Business KPI's

The personal score is calculated based on performance assessment rating received by the executive. Personal ratings were reviewed and finalised by the Remuneration Committee and the Board again the key performance measures and indicators detailed below. Mark Kaplan's personal score total was 66.13%. Junaid Limalia's personal score total was 90.50%. The personal score is weighted 30%. Personal ratings were reviewed and finalised by the Remuneration Committee and the Board.

CHIEF EXECUTIVE OFFICER - MARK KAPLAN

Key performance measure	Key performance indicators	KPM weighting
Strategy Leadership	Regularly review strategy relevance and review as and when required	40%
	Drive strategy internally and externally	
	Drive programme to strengthen balance sheet and profit available for distribution	
Employee Management	Highly co-ordinated driven executive and team	20%
	Build internal culture	
	Ensure staff are effectively incentivised and remunerated	
Board	Ensure Board's time is effectively managed	20%
	Ensure governance and compliance requirements are met	
Shareholders	Ensure an open door to shareholders and sharing issues raised within Arrowhead	20%
	Ensure constant and regular engagement around key announcements	

CHIEF FINANCIAL OFFICER - JUNAID LIMALIA

Key performance measure	Key performance indicators	KPM weighting
Balance sheet and enhance profit available for distribution	Achievement of gearing levels below Company budget	25%
	Look for ways to enhance profit available for distribution above budget	
	ICR within limits	
	Strengthen balance sheet	
Financial reporting	Monthly/ Quarterly tracking of performance against budget. Quarterly rolling forecasts. Early warnings of non-delivery of metrics	10%
	Accurate and timely delivery of financial related information to the board and market	
Board	Monitoring of financial related risks and implementation of controls to mitigate risks	15%
	Oversight of financial and statutory compliance (JSE, Tax, Regulatory Bodies)	
Shareholders	Ensure an open door to shareholders and sharing issues raised within Arrowhead	15%
	Ensure constant and regular engagement around key announcements	
Strategy	Regularly review strategy relevance and review as and when required together with CEO	15%
	Drive strategy internally and externally together with CEO	
	Oversee implementation of ESG and ESG reporting	
KPIs	Track Company KPIs - early warning of non-delivery	20%
	Monitor team KPIs at interims and year-end	
	Meaningful KPIs to Arrowhead team	

The sum of the business (70%) and personal (30%) ratings resulted in the following total STI being awarded to Mark Kaplan and Junaid Limalia:

Name	Title	Total Company and personal score	STI
Mark Kaplan	CEO	138.53%	R7 499 412
Juniad Limalia	CFO	145.84%	R4 860 741
Total			**R12 360 153***

* These amounts are slightly higher than the amounts reported in the 30 September 2021 annual financial statement as a portion of the bonus was deferred until such time as a certain KPI metric was finalised, which was only done subsequent to the publication of the annual financial statements.

3.1.2.2 LTI Outcomes for 2021

Calculations were made in respect of historic LTI awards vesting in 2021. This was based on the performance in line with the two long-term indicators which were as follows:

Performance measure	Definition	Weighting	Target
Loan to value	As per the Groups (including the consolidation of Indluplace) loan to value reported in the Company's financials at the year end. LTV would be measured at the end of September 2023 for the LTI	35%	40%
Share price growth	Measures the capital return of the Arrowhead B share price from 1 October 2020 to 30 September 2023 compared to the SAPY (or another agreed property index) capital return over the same period.	65%	Performance in line with SAPY or other applicable index

The total LTI for Mark Kaplan and Junaid Limalia is as follows:

LTI - 2018 GEMGROW PHANTOM SHARE

Name	Title	Loan to value criteria score	Capital return criteria score	LTI
Mark Kaplan	CEO	128.19%	101.24%	R4 617 450
Juniad Limalia	CFO	128.19%	101.24%	R1 899 788
Total				**R6 517 238**

LTI - 2018 ARROWHEAD PHANTOM SHARE

Name	Title	Loan to value criteria score	Capital return criteria score	LTI
Mark Kaplan	CEO	128.19%	134.08%	R1 838 368
Juniad Limalia	CFO	N/A did not form part of this scheme		
Total				**R1 838 368**

3.2 Non-Executive Remuneration

The fees payable to non-executive directors for the 2021 financial year were paid on the basis approved by shareholders at the Annual General Meeting held on 25 February 2021 as follows:

Name	2021 (R')#
M. Nell	564 492
T. Adler	340 126
A. Basserabie	443 600
G. Kinross	436 100
N. Makhoba	369 667
S. Mokorosi	406 634
S. Noik	400 639
Total	**2 961 258**

Exclusive of VAT

3.3 Termination of office payments and details regarding service contracts

There were no payments in terms of terminations of employment during the financial year.

The CIO and COO have contracts ending 30 August 2024 whereafter the respective executives are entitled to provide two months' notice of termination of employment. Pursuant to the Transaction, subject to certain terms and conditions, Mark Kaplan and Junaid Limalia have agreed to the termination of their employment with the Company on the earlier of i) five business days after the fulfilment of the conditions to which the Transaction was subject, or 31 January 2022, accordingly they will be entitled to receipt of termination payments provided for in their employment contracts in the event of a change of control that results in their removal or replacement.

3.4 Statement regarding compliance with, and any deviations from, the Remuneration Policy

The committee is satisfied that there was compliance with the Remuneration Policy during the year and that there were no deviations from the Policy during the year.

4. VOTING ON THE REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

Arrowhead will once again put the Remuneration Policy and Remuneration Implementation Report to two separate, non-binding votes at the AGM to be held on 25 February 2022. In the event that 25% or more of the shareholders vote against either or both the Remuneration Policy and / or Remuneration Implementation Report, Arrowhead will invite dissenting shareholders to engage with them on their reasons for voting against either or both of these resolutions. The precise method of shareholder engagement will be decided by the committee, but these will include correspondence via email and investor roadshows (where deemed appropriate).

The outcome of the shareholder engagement, and the committee's response to shareholder concerns, will thereafter be published in Part I of the Remuneration Report at the end of the following financial year.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS for the year ended 30 September 2021

Issued: 15 December 2021
Internally compiled by: C C Muller under supervision of J. Limalia CA (SA)

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is satisfied that it has fulfilled its responsibilities in terms of its mandate, King IV, the JSE Listings Requirements and the Companies Act. The committee carried out its duties by reviewing:

- Financial management reports;
- External audit reports; and
- Internal audit reports of Excellerate JHI.

The committee is satisfied:

- with the independence of the external auditor, including the provision of non-audit services and compliance with the Company policy in this regard. The external auditor attended all meetings of the committee by invitation. The external auditor was appointed on 1 December 2018. The designated individual auditor will rotate in compliance with the Companies Act, King IV and the JSE Listings Requirements;
- with the terms, nature, scope and fee of the external auditor for the year ended 30 September 2021;
- that the Key Audit Matters identified by the auditors are reasonable and appropriate;
- with the financial statements and the accounting practices utilised in the preparation thereof;
- with the Company's continuing viability as a going concern;
- that J. Limalia CA(SA), the CFO for the financial year ended 30 September 2021, has the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE; and
- that it had access to all the financial information of the Group and that appropriate financial reporting procedures have been established and that these procedures are operating.

Independence of the external auditors

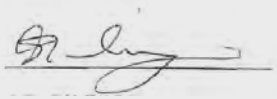
The committee has satisfied itself that BDO South Africa Incorporated, the external auditor during the year under review, and Mr. S. Vittone, the designated individual auditor, are independent of the Company and of the Group. The Audit and Risk Committee has reviewed sections 3, 8, 13, 15 and 22 and Schedule 8 of the JSE Listings Requirements and confirms that it was satisfied that:

(i) the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;

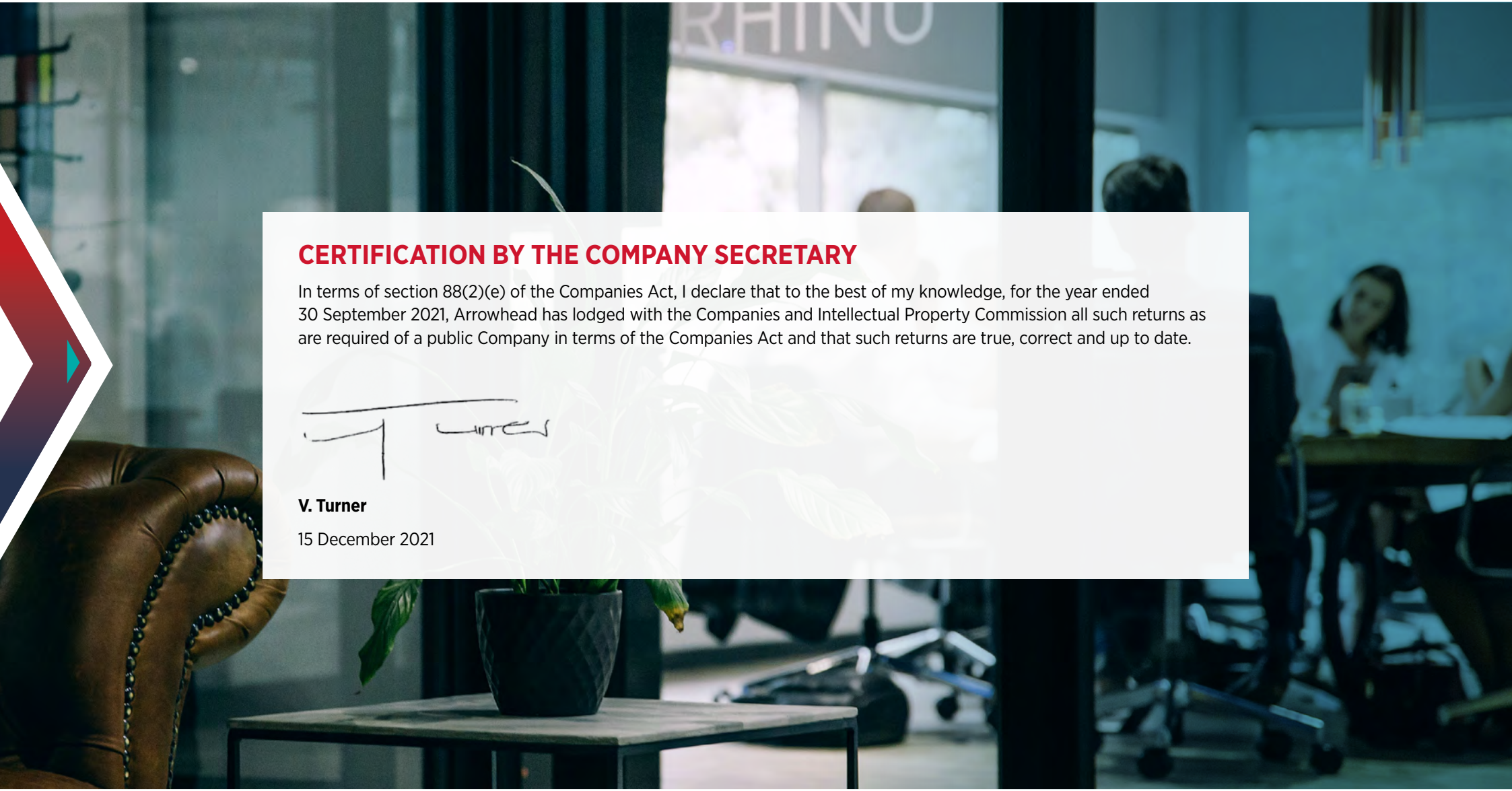
(ii) the auditors have provided to the Audit and Risk Committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and

(iii) both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

On behalf of the Audit and Risk Committee



A Basserabie
Audit and Risk Committee Chairman
15 December 2021



CERTIFICATION BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I declare that to the best of my knowledge, for the year ended 30 September 2021, Arrowhead has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public Company in terms of the Companies Act and that such returns are true, correct and up to date.

V. Turner

15 December 2021

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa, No. 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 30 September 2022 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on pages 125 to 128.

The consolidated and separate financial statements set out on pages 129 to 205, which have been prepared on the going concern basis, were approved by the board of directors on 15 December 2021 and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

G. Kinross
Chairman

M. Kaplan
Chief Executive Officer

CEO AND CFO RESPONSIBILITY STATEMENT

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 129 to 205, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Mark Jonathan Kaplan

M. Kaplan
Chief Executive Officer

J. Limalia
Chief Financial Officer

15 December 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Arrowhead Properties Limited and its subsidiaries for the year ended 30 September 2021.

1. Nature of business

Arrowhead is a diversified South African REIT focused on creating long-term sustainable shareholder value.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Group are set out in these consolidated and separate financial statements.

3. Share capital

The Company's authorised share capital comprises of 1 000 000 000 (2020: 1 000 000 000) A ordinary shares and 2 000 000 000 (2020: 2 000 000 000) B ordinary Arrowhead shares of no par value. The Company's ordinary shares trade as shares on the JSE.

As at 30 September 2021, there were 62 718 658 (2020: 62 718 658) A shares in issue and 951 422 029 (2020: 995 341 876) B shares in issue.

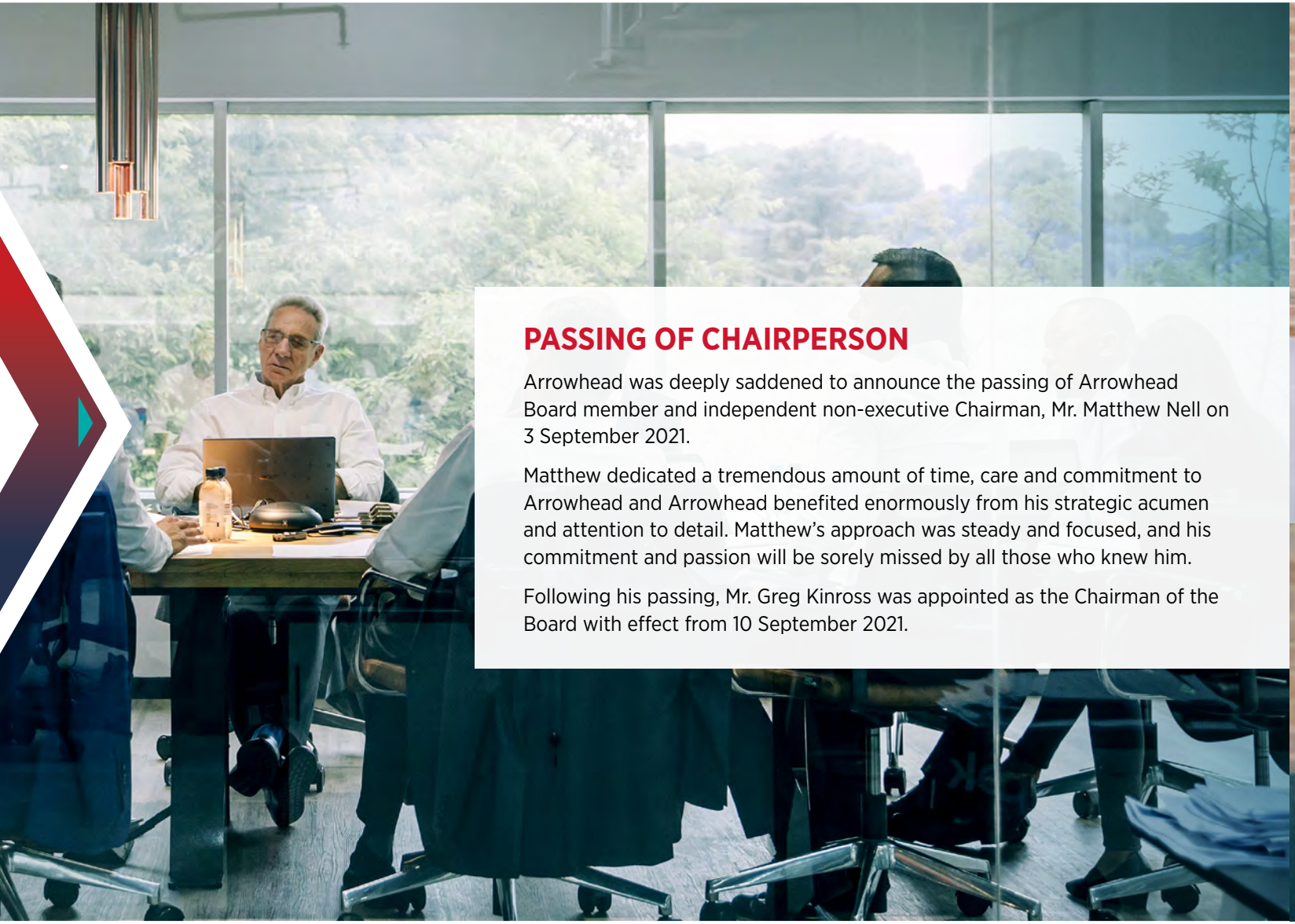
4. Dividends

On 23 November 2021 the Board has resolved to declare an interim dividend (dividend number 11) of 58.59120 cents per A share and 23.18748 per B share and a final dividend for the six months ended 30 September 2021 ("final dividend") (dividend number 12) of 61.62004 cents per A share and 24.53188 cents per B share. Accordingly, a combined gross interim and final dividend of 120.21124 cents per A share and 47.71936 cents per B share for the year ended 30 September 2021 will be paid to shareholders. The total dividend amounts to R529.4 million (2020: R400.7 million).

5. Directorate

The directors in office at the date of this report are as follows:

Name	Title	Executive / non-executive	Changes
G. Kinross	Chairman	Non-executive	
M. Nell	Former Chairman	Non-executive	Resigned Friday 03 September 2021
M. Kaplan	Chief Executive Officer	Executive	
J. Limalia	Chief Financial Officer	Executive	
R. Kader		Executive	Resigned Thursday 01 October 2020
A. Kirkel		Executive	Resigned Thursday 01 October 2020
T. Adler		Non-executive	
A. Basserabie		Non-executive	
N. Makhoba		Non-executive	
S. Mokorosi		Non-executive	
S. Noik		Non-executive	Resigned Tuesday 16 February 2021

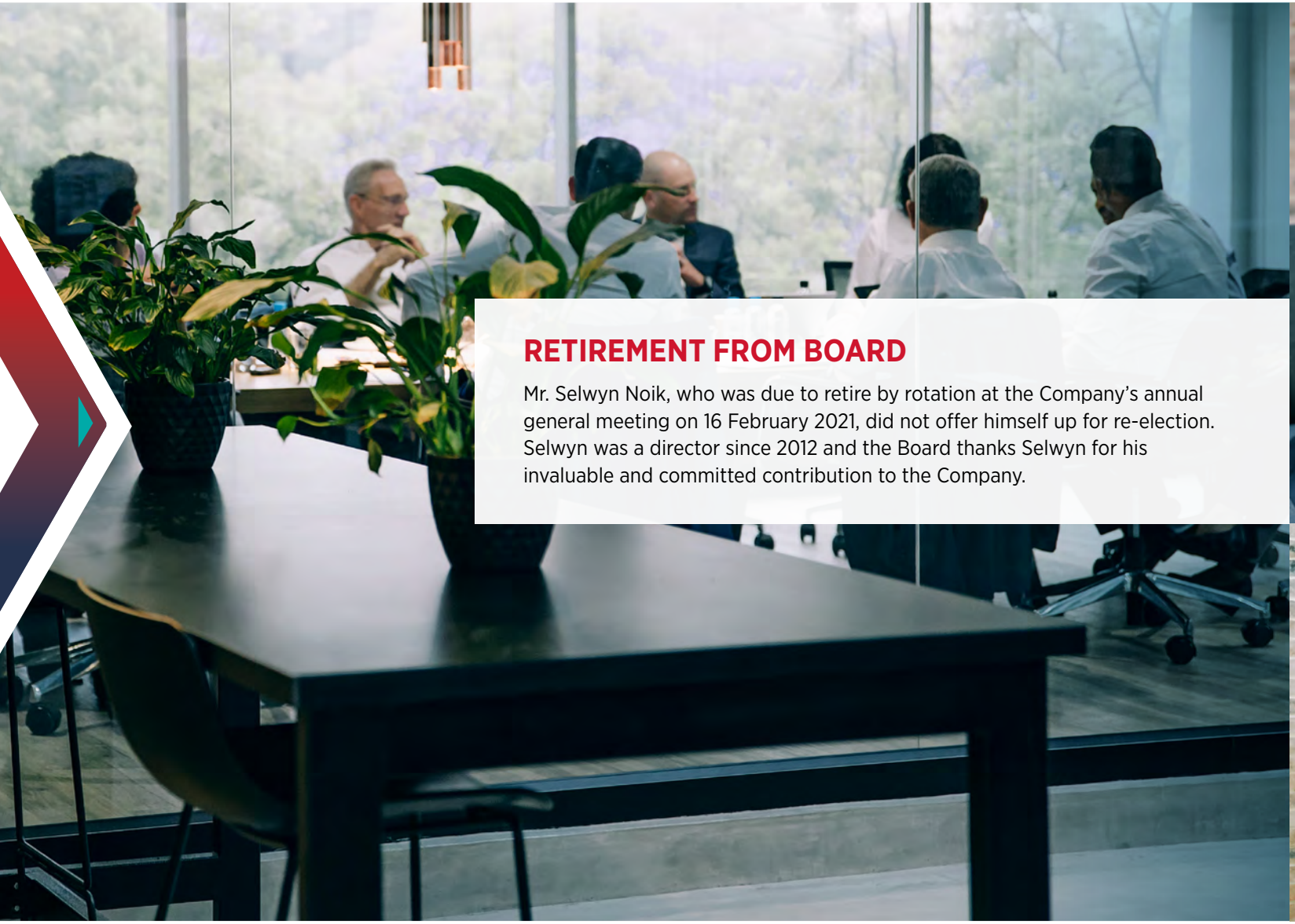


PASSING OF CHAIRPERSON

Arrowhead was deeply saddened to announce the passing of Arrowhead Board member and independent non-executive Chairman, Mr. Matthew Nell on 3 September 2021.

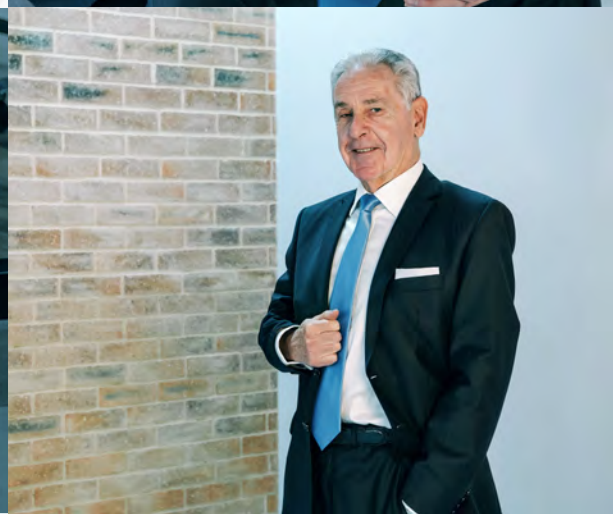
Matthew dedicated a tremendous amount of time, care and commitment to Arrowhead and Arrowhead benefited enormously from his strategic acumen and attention to detail. Matthew's approach was steady and focused, and his commitment and passion will be sorely missed by all those who knew him.

Following his passing, Mr. Greg Kinross was appointed as the Chairman of the Board with effect from 10 September 2021.



RETIREMENT FROM BOARD

Mr. Selwyn Noik, who was due to retire by rotation at the Company's annual general meeting on 16 February 2021, did not offer himself up for re-election. Selwyn was a director since 2012 and the Board thanks Selwyn for his invaluable and committed contribution to the Company.



6. Directors' interests in shares

As at 30 September 2021, the directors of the Company held direct and indirect beneficial interests in its issued ordinary shares, as set out below.

Executive directors		2021 Direct	2020 Direct	2021 Indirect	2020 Indirect
M. Kaplan	B shares	14 575 063	14 575 063	9 853 309	9 853 309
J. Limalia	B shares	3 025 000	3 025 000	3 846 577	3 846 577
Non-executive directors					
A. Basserabie	A shares	215 000	194 208	-	-
N. Makhoba	B shares	22 239	22 239	-	-
		17 837 302	**17 816 510**	**13 699 886**	**13 699 886**

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

8. Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate financial statements have been prepared on a going concern basis. The directors are satisfied that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. This assessment includes a detailed analysis of the expected future economic impact as a result of the COVID-19 pandemic.

The directors are not aware of any new material changes that may adversely impact the Group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

At face value the current liabilities are higher than the current assets. However, all short-term loans reflected in current liabilities have in principle been renewed post year end with the respective funders. Furthermore, the Company has access to undrawn unrestricted cash facilities of R682 million and other current assets of approximately R430 million which is sufficient to cover all current liabilities.

9. Auditors

BDO South Africa Incorporated continued in office as auditors for the Company and its subsidiaries for 2021.

10. Secretary

The Company Secretary is V. Turner.

11. Group structure

The Company's major direct and indirect subsidiaries are listed in the table below:

Name of subsidiary	Ownership %
Arrowgem Limited	99.7%
Cumulative Properties Limited	100.0%
Indluplace Properties Limited	61.0%

12. Events after the reporting period

Restitution of performance in relation to purchase offers implemented in terms of the UPS and Cumulative loans

Between November 2012 and December 2014, loan funding was advanced to certain employees of the Arrowhead Group in terms of the subsequently discontinued Arrowgem Unit Purchase Scheme (the "**UPS**") and in December 2016 by Cumulative Properties Limited ("**Cumulative**") (a subsidiary of "**Arrowhead**") (collectively the "**Scheme Loans**") to finance the acquisition of shares in the Arrowhead Group (the "**Loan Shares**").

In common with a number of other companies in the listed sector, the Scheme Loans were put in place with and on the basis of expert legal advice received at the time.

Having regard to the implications of the Fairvest merger and issues raised in the litigation with Imraan Suleman, the Arrowhead Board sought a further, formal legal opinion on the application of the National Credit Act, No 35 of 2005, as amended (the "**NCA**") to the Scheme Loans and Scheme Shares (the "**NCA Opinion**"). The key conclusions of the NCA Opinion (received by the Company on 28 October 2021, post the Company's year end) are that:

- the conclusion of the Scheme Loans was prohibited in terms of the NCA and, as a result the Scheme Loans were void ab initio;
- the legal consequences of this are that the parties to the Scheme Loans must tender restitution of the performance which took place under the Scheme Loans, in order to restore the parties as near as possible in the circumstances to the position they would have been in had the Scheme Loans not been concluded (the "**Restitution**").

The NCA Opinion is based in part on relatively recent legal precedent, which has provided greater clarity on the court's interpretation of the scope of the NCA and its potential application to the Scheme Loans and the Loan Shares. Based on this Opinion and having taken further legal advice, the Group has addressed letters to the employees concerned advising them that the Group intends to give effect to the Restitution with effect from 30 November 2021 (the "**Restitution Effective Date**"), such that with effect from that date:

- the Loan Shares (currently held as security for the Scheme Loans) are placed under the control and at the disposal of the Group to be disposed of in a responsible manner at an appropriate time by way of an on-market disposal; a sale by private treaty; a sale to Arrowhead or one of its subsidiaries; or otherwise (with the proceeds of such disposal accruing to and being for the benefit of the Group);
- any benefits accruing to or in favour of the Loan Shares shall accrue to and be for the benefit of the Group; and the voting rights attaching to the Loan Shares shall be exercisable by the Group (provided that such exercise is permitted in terms of the JSE Listings Requirements, the Companies Act, Arrowhead's MOI or otherwise).
- the Scheme Loans will be derecognised, resulting in an estimated decrease in total assets of R91.7 million.

Restitution will take place on and with effect from the Restitution Effective Date as a non-adjusting post balance sheet event.

Given that the Group took the decision in 2019, 2020 and again in these financial results, to materially impair the value of the Scheme Loans to a value calculated with reference to the value of the Loan Shares, the Restitution will not have a material impact on the financial position of the Group.

The NCA Opinion does not impact the other loan schemes in the Group (namely the Arrowgem Unit Purchase and Option Scheme, the Arrowhead Share Purchase and Option Scheme and the Indluplace

Share Purchase and Option Scheme) where loans were provided, not to individuals, but to participation SPVs and which the Group has been advised are, accordingly, exempt from the provisions of the NCA. The aforesaid Group loan schemes have been discontinued in that the Boards of the relevant Group companies have resolved not to issue any further shares nor advance further loans pursuant to these schemes.

Dividends

A combined gross interim and final dividend of 120.21124 cents per A share and 47.71936 cents per B share for the year ended 30 September 2021 has been declared post year end.

Potential merger with Fairvest

Shareholders are referred to the cautionary announcements released by Arrowhead and Fairvest (the Parties) on SENS, the latest being on 9 September 2021 and 17 September 2021, respectively; and the SENS announcement released by Fairvest on 7 September 2021.

In those announcements Fairvest and Arrowhead shareholders were advised that:

- at the general meeting of Fairvest shareholders held on Tuesday, 7 September 2021, all the resolutions required to be passed by Fairvest shareholders in order to authorise and approve, inter alia, (i) the acquisition by Fairvest of certain Arrowhead B ordinary shares (AHB Shares) in exchange for the issue of Fairvest ordinary shares (Fairvest Shares), based on a ratio of 1.85 Fairvest Shares per AHB Share (Share Swap Ratio), which would, if implemented, result in Fairvest acquiring control of the majority of the Arrowhead shares in issue and entitling Fairvest to exercise the majority of the voting rights attaching to all Arrowhead shares in issue (Fairvest Acquisition)
- as an alternative to the acquisition by Fairvest of a controlling shareholding in Arrowhead, Arrowhead and Fairvest were engaging regarding the possibility of a single-step merger (Merger). In line with what has been communicated in the circular issued to Fairvest shareholders on 10 August 2021 (Fairvest Circular), if Arrowhead and Fairvest agree on the terms of a Merger, they will work together on the appropriate process to obtain the required approvals. However, the Merger may succeed or fail and accordingly, Fairvest proceeded to seek Fairvest shareholder approval for, inter alia, the Fairvest Acquisition but will only implement this transaction, once unconditional, if the Merger does not succeed for any reason.

Fairvest and Arrowhead have entered into a scheme implementation agreement and an addendum thereto (the Implementation Agreement) setting out, inter alia, the terms and conditions of the Merger. Although the Merger remains Fairvest-led, for structural reasons, it is proposed that Arrowhead will acquire Fairvest.

The Merger will be implemented by way of a scheme of arrangement (Scheme) in terms of section 114 of the Companies Act, No. 71 of 2008 (Companies Act), to be proposed by Fairvest to its shareholders (Transaction), and to which Arrowhead will be a party. The pricing of the Transaction will mirror the Share Swap Ratio with Arrowhead offering to issue 0.54054 AHB Shares per Fairvest Share acquired pursuant to the Transaction (i.e. the inverse of the Share Swap Ratio) (Scheme Consideration or Scheme Consideration Shares).

The vote to approve the scheme is expected to occur at the general meeting of Arrowhead shareholders to be held on or about Friday, 14 January 2022.

In the event that the Scheme is implemented, the listing of Fairvest Shares on the Main Board of the JSE Limited (JSE) and on A2X will be terminated. Arrowhead shall remain listed on the Main Board of the JSE and (subject to the necessary shareholder approval) will change its name to Fairvest Limited or the like.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Arrowhead Properties Limited

Opinion

We have audited the consolidated and separate financial statements of Arrowhead Properties Limited and its subsidiaries ("the Group and Company") set out on pages 129 to 205, which comprise the consolidated and separate statements of financial position as at 30 September 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Arrowhead Properties Limited and its subsidiaries as at 30 September 2021, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants* (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of Investment Property (Group and Company)
 	
Investment property is the Groups and Company's most significant asset and is fair valued on an annual basis as set out in note 4.
 	
Valuations are prepared by either management or independent valuators, using either the capitalization methodology or the discounted cash flow methodology. These valuations are reviewed by the respective directors and Investment Committee members of the Group.
 	
Forecasting future cash flows, or net operating income and applying an appropriate discount and capitalisation rates, inherently involves a high degree of estimation uncertainty and judgement by management.
 	
Due to the significance of the balance to the financial statements as a whole, combined with judgement and estimates associated with calculating the fair value, this has been determined to be a matter of most significance in our audit of the consolidated and separate financial statements of the current year.
	Our audit procedures performed included, among others,the following:
	• We assessed the design and tested implementation of key controls over the valuation process
	• We assessed the competence, capabilities, and objectivity of the independent valuators, as well as the competence and capabilities of management and the respective directors who perform and/or review the internal valuations;
	• We evaluated the methodologies and valuation model used by both the independent valuators, as well as management and the respective directors to ensure compliance with the industry norms and the reporting framework;
	• We evaluated, on a sample basis, the significant inputs and assumptions applied by the external valuators and management, in particular those relating to the discount, capitalisation and growth rates, by comparing to historical information, independent market data and our knowledge of the client and industry;
	• We critically evaluated the forecast financial information used for reasonability which included comparing forecasted 2022 net income to actual net income achieved in 2021 for the various properties;
	• We made use of internal valuation expertise and evaluated all the valuations by assessing:
	  • the capitalization and discount rates for the current year valuations to those used in the prior year.
	  • queried significant differences with management.
	  • compared the capitalisation and discount rates used to other similar properties and queried reasons for any differences;
	• We assessed the adequacy of the disclosures to the financial statements in relation to the requirements of the reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Arrowhead Properties Limited and its subsidiaries 30 September 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, and the Integrated Annual Report, which will be made available to us to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Arrowhead Properties Limited for 7 years.

BDO South Africa Incorporated
Registered Auditors

Sergio Domenico Vittone
Director
Registered Auditor

15 December 2021

Wanderers Office Park, 52 Corlett Drive, Illovo, 2196

STATEMENT OF FINANCIAL POSITION

at 30 September 2021

R'000	Note(s)	Group 2021	Group 2020	Company 2021	Company 2020
Assets					
Non-current assets					
Investment property - Fair value of property portfolio	4	11 297 977	11 946 285	2 198 126	2 376 817
Investment property - Straight line rental income accrual	5	141 269	165 226	35 147	39 934
Deferred tax	6	38 678	58 099	22 848	35 931
Property, plant and equipment	8	5 060	632	159	116
Loans to participants of Group share purchase option schemes	9	236 504	132 183	30 720	13 454
Financial assets	10	195 490	97 833	4 599	4 599
Investments in subsidiaries	11	-	-	4 656 293	4 748 860
Loans to subsidiaries	11	-	-	1 318 161	1 114 547
		11 914 978	**12 400 258**	**8 266 053**	**8 334 258**
Current assets					
Loans to participants of Group share purchase option schemes	9	-	48 263	-	-
Loans to subsidiaries	11	-	-	31	27 316
Trade and other receivables	12	246 967	387 550	44 089	76 790
Current tax receivable		632	-	632	-
Cash and cash equivalents	13	181 953	170 089	52 650	65 830
		429 552	**605 902**	**97 402**	**169 936**
Non-current assets held for sale	7	387 261	1 427 948	-	254 000
Total assets		**12 731 791**	**14 434 108**	**8 363 455**	**8 758 194**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	14	7 160 453	7 206 556	4 570 278	4 703 422
Share-based payments reserve	15	10 199	3 059	8 572	2 578
Retained (loss) / income		(789 357)	(590 390)	1 804 055	1 886 373
		6 381 295	**6 619 225**	**6 382 905**	**6 592 373**
Non-controlling interest	38	865 376	992 364	-	-
		7 246 671	**7 611 589**	**6 382 905**	**6 592 373**
Liabilities					
Non-current Liabilities					
Borrowings	16	3 775 728	3 531 578	1 036 060	1 360 674
Lease liabilities	17	39 177	23 128	17 458	-
Derivatives	26	161 228	458 213	11 938	132 773
		3 976 133	**4 012 919**	**1 065 456**	**1 493 447**
Current Liabilities					
Loans from subsidiaries	11	-	-	737 994	211 193
Borrowings	16	858 628	2 086 920	-	226 918
Lease liabilities	17	5 359	1 471	3 732	-
Trade and other payables	18	645 000	674 714	173 368	200 888
Current tax payable		-	46 495	-	33 375
		1 508 987	**2 809 600**	**915 094**	**672 374**
Total Liabilities		**5 485 120**	**6 822 519**	**1 980 550**	**2 165 821**
Total Equity and Liabilities		**12 731 791**	**14 434 108**	**8 363 455**	**8 758 194**

STATEMENT OF PROFIT AND LOSS

and other comprehensive income for the year ended 30 September 2021

R'000	Note(s)	Group 2021	Group 2020	Company 2021	Company 2020
Contractual rental income	21	2 000 708	2 189 241	367 489	429 097
Straight line rental income accrual	5	(23 956)	14 519	(4 787)	31 449
Dividends received	19&20	20 557	18 325	409 030	376 060
Total income		**1 997 309**	**2 222 085**	**771 732**	**836 606**
Operating costs		(884 032)	(954 868)	(129 910)	(154 792)
Administration costs		(134 346)	(104 053)	(103 243)	(51 289)
Changes in fair values	24	(393 676)	(1 500 977)	(193 811)	(878 603)
Profit / (loss) from operations	22	**585 255**	**(337 813)**	**344 768**	**(248 078)**
Finance income	25	31 102	46 014	95 397	69 804
Finance charges	25	(458 888)	(574 349)	(109 338)	(171 526)
Profit / (loss) before taxation		**157 469**	**(866 148)**	**330 827**	**(349 800)**
Taxation	27	(18 791)	21 644	(12 452)	2 556
Profit / (loss) for the year		**138 678**	**(844 504)**	**318 375**	**(347 244)**
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the year		**138 678**	**(844 504)**	**318 375**	**(347 244)**
Profit / (loss) attributable to:					
Equity shareholders of Arrowhead Properties Limited		181 197	(733 284)	318 375	(347 244)
Non-controlling interest	38	(42 519)	(111 220)	-	-
		138 678	**(844 504)**	**318 375**	**(347 244)**
Total comprehensive income (loss) attributable to:					
Equity shareholders of Arrowhead Properties Limited		181 197	(733 284)	318 375	(347 244)
Non-controlling interest	38	(42 519)	(111 220)	-	-
		138 678	**(844 504)**	**318 375**	**(347 244)**
Weighted average number of shares					
- Arrowhead A shares		62 718 658	62 718 658		
- Arrowhead B shares		958 222 015	975 150 972		
- Arrowhead B shares - Dilutive		968 532 878	975 150 972		
Basic earnings (loss) per share (cents)					
- Arrowhead shares	28	17.75	(70.66)		
Diluted earnings (loss) per share (cents)					
- Arrowhead shares	28	17.57	(70.66)		

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

R'000	Stated capital	Share-based payments reserve	Retained (loss) / income	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
Group						
Balance at 01 October 2019	**7 295 523**	**-**	**500 241**	**7 795 764**	**1 210 368**	**9 006 132**
Loss for the year	-	-	(733 284)	(733 284)	(111 220)	(844 504)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(733 284)**	**(733 284)**	**(111 220)**	**(844 504)**
Share buy-backs	(88 967)	-	5 680	(83 287)	(14 157)	(97 444)
Changes in ownership interest - Moolgem	-	-	3 807	3 807	(40 430)	(36 623)
Employee share schemes - value of employees services	-	3 059	-	3 059	321	3 380
Dividends paid	-	-	(366 834)	(366 834)	(52 518)	(419 352)
Total contributions by and distributions to owners of Company recognised directly in equity	**(88 967)**	**3 059**	**(357 347)**	**(443 255)**	**(106 784)**	**(550 039)**
Balance at 01 October 2020	**7 206 556**	**3 059**	**(590 390)**	**6 619 225**	**992 364**	**7 611 589**
Profit / (loss) for the year	-	-	181 197	181 197	(42 519)	138 678
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**181 197**	**181 197**	**(42 519)**	**138 678**
Share buy-backs	(46 103)	-	12 106	(33 997)	(28 983)	(62 980)
Employee share schemes - value of employee services	-	7 140	-	7 140	734	7 874
Dividends paid	-	-	(392 270)	(392 270)	(56 220)	(448 490)
Total contributions by and distributions to owners of Company recognised directly in equity	**(46 103)**	**7 140**	**(380 164)**	**(419 127)**	**(84 469)**	**(503 596)**
Balance at 30 September 2021	**7 160 453**	**10 199**	**(789 357)**	**6 381 295**	**865 376**	**7 246 671**
Note(s)	14	15			38	

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2021

R'000	Stated capital	Share-based payments reserve	Retained (loss) / income	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
Company						
Balance at 01 October 2019	**4 792 389**	**-**	**2 617 811**	**7 410 200**	**-**	**7 410 200**
Loss for the year	-	-	(347 244)	(347 244)	-	(347 244)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(347 244)**	**(347 244)**	**-**	**(347 244)**
Share buy-backs	(88 967)	-	-	(88 967)	-	(88 967)
Employee share schemes - value of employees services	-	2 578	-	2 578	-	2 578
Dividends paid	-	-	(384 194)	(384 194)	-	(384 194)
Total contributions by and distributions to owners of Company recognised directly in equity	**(88 967)**	**2 578**	**(384 194)**	**(470 583)**	**-**	**(470 583)**
Balance at 01 October 2020	**4 703 422**	**2 578**	**1 886 373**	**6 592 373**	**-**	**6 592 373**
Profit for the year	-	-	318 375	318 375	-	318 375
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**318 375**	**318 375**	**-**	**318 375**
Share buy-backs	(133 144)	-	-	(133 144)	-	(133 144)
Employee share schemes - value of employee services	-	5 994	-	5 994	-	5 994
Dividends paid	-	-	(400 693)	(400 693)	-	(400 693)
Total contributions by and distributions to owners of Company recognised directly in equity	**(133 144)**	**5 994**	**(400 693)**	**(527 843)**	**-**	**(527 843)**
Balance at 30 September 2021	**4 570 278**	**8 572**	**1 804 055**	**6 382 905**	**-**	**6 382 905**
Note(s)	14	15				

STATEMENT OF CASH FLOWS

for the year ended 30 September 2021

R'000	Note(s)	Group 2021	Group 2020	Company 2021	Company 2020
Cash flows from operating activities					
Cash generated from operations	29	1 169 826	1 311 301	155 176	274 738
Finance charges		(458 888)	(574 349)	(109 338)	(171 526)
Finance income		10 707	46 014	95 397	67 338
Dividends received		20 557	18 325	-	-
Tax paid	30	(46 495)	-	(33 375)	-
Dividends paid - non-controlling interest		(56 620)	(52 518)	-	-
Dividends paid		(392 270)	(366 834)	(400 693)	(384 194)
Net cash from operating activities		**246 817**	**381 939**	**(292 833)**	**(213 644)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	8	(5 349)	(530)	(120)	(23)
Sale of property, plant and equipment	8	-	47	-	-
Acquisition of and improvements to investment property	4	(281 920)	(229 853)	(51 018)	(40 880)
Proceeds from disposal of investment property (incl. held for sale)		1 113 894	872 903	314 693	252 062
Loans to Group companies repaid		-	-	-	376 867
Loans advanced to Group companies		-	-	(50 443)	(479)
Loans to participants of share purchase option schemes repaid		16 200	-	-	-
Investment in financial assets		-	(5 799)	-	(4 599)
Sale of financial assets	10	21 131	8 000	-	-
Net cash from investing activities		**863 956**	**644 768**	**213 112**	**582 948**
Cash flows from financing activities					
Cost incurred in buy back of share capital		-	(97 521)	-	(88 967)
Proceeds from loans from Group companies	31	-	-	676 801	211 193
Repayment of borrowings	31	(988 919)	(912 723)	(552 747)	(454 929)
Payment on lease liabilities	31	(1 153)	(750)	-	-
Proceeds from borrowings	31	21 090	-	21 090	-
Acquisition of additional interest in subsidiary		(30 000)	(6 623)	-	-
Settlement of interest rate derivatives		(99 927)	-	(78 603)	-
Net cash from financing activities		**(1 098 909)**	**(1 017 617)**	**66 541**	**(332 703)**
Total cash movement for the year		**11 864**	**9 090**	**(13 180)**	**36 601**
Cash at the beginning of the year		170 089	160 999	65 830	29 229
Total cash at the end of the year	**13**	**181 953**	**170 089**	**52 650**	**65 830**

NOTES TO THE FINANCIAL STATEMENTS
Accounting Policies

1. Significant accounting policies
The consolidated and separate financial statements are prepared on the historical cost basis, except for investment properties, investment property held for sale and certain financial instruments which are carried at fair value, and incorporate the principal accounting policies, which conform with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the requirements of the Companies Act of South Africa, No. 71 of 2008 and the JSE Listings Requirements.

1.1 Basis of preparation
The financial statements have been prepared in accordance with IFRS, the JSE Listing Requirements, SA REIT Association Best Practice Recommendations and the requirements of the Companies Act of South Africa, No. 71 of 2008.

These accounting policies are consistent with the previous period.

1.2 Consolidation
Basis of consolidation
The Group financial statements include those of the holding company and enterprises controlled by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise.

An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:
(a) power over the investee;
(b) exposure or rights to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Group and all entities controlled by the Group. Inter-company transactions, balances and unrealised profits or losses between Group companies are eliminated on consolidation.

In the separate financial statements of the Company, investments in subsidiaries are accounted for at cost and adjusted for impairment if applicable.

Subsidiaries
Subsidiaries are entities over which the Company has the power to govern the financial and operating policies of the entities so as to obtained benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Group and all entities controlled by the Group. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the date of acquisition or up to the date of disposal. Inter-company transactions, balances and unrealised profits or losses between Group companies are eliminated on consolidation.

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

1.3 Financial instruments

Financial instruments are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group initially recognises a financial instrument as a financial asset, a financial liability or as an equity instrument in accordance with the substance of the contractual arrangement.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in financial assets that is created or retained by the entity is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are initially measured at fair value and in the case of those not measured at fair value through profit or loss, the transaction costs are capitalised. Subsequent to initial recognition, these instruments are measured as follows:

Financial Assets

Trade and other receivables

Trade and other receivables are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are presented net of an allowance for expected credit losses ("**ECL**"). The allowance for expected credit loss is raised based on the lifetime expected credit losses (simplified approach). The allowance for expected credit loss is raised based on the difference between the carrying value of the receivables and the present value of the probability weighted expected future cash flows using the discount rate calculated at initial recognition. Movements in the allowance are recognised in profit or loss. Unrecoverable amounts are written off against the allowance account. Subsequent recoveries of previously written off amounts are credited to profit or loss.

In the current year, the Group applied a simplified model of recognising lifetime ECLs on trade and other receivables at amortised cost and the general model was applied to all other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs.

Any expected credit losses recognised are presented in other operating expenses and income due to these losses not being material.

The Group considers the trade receivables in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash. These investments are subject to insignificant risk in change in value. Cash and cash equivalents are measured at amortised cost that approximates fair value.

Loans to participants of the Arrowhead and Indluplace Unit Purchase and Option Scheme

Loans to participants of the Arrowhead and Indluplace Share Purchase and Option Schemes consist of shares issued to the directors and employees of Arrowhead and Indluplace at market value.

The loans are measured at fair value through profit and loss in accordance with IFRS 9 - " Financial Instruments". The future share price assessment has taken forward looking parameters into account and applying these factors into a Dividend Growth Model, resulting in the fair market value of the future share price.

The loans bear interest either at the Company's effective rate of borrowings (in respect of earlier loans by Arrowhead) or in respect of more recent loans by Arrowhead and Indluplace at a rate equal to the dividends paid by the Company.

Loans to subsidiaries

Loans to subsidiaries are initially recognised at cost and are subsequently measured at amortised cost using the effective interest rate method.

Expected credit losses are determined using the general approach. A default event occurs when the specific subsidiaries is no longer able to fully settle their obligation with reference to their net asset position as well as cash flow and liquid asset position. A deterioration of these factors would indicate a significant increase in credit risk. An expected credit loss is then provided for to the extent that the subsidiary has a net liability or net liquid liability deficit.

Investments in listed securities

Investments in listed securities are initially measured at cost which approximates fair value. Investments in listed securities are subsequently measured at fair value through profit and loss.

Financial Liabilities

Interest bearing borrowings

Interest bearing borrowings are recognised at amortised cost using the effective interest rate method. Any raising costs that are incurred on interest bearing borrowings are offset against the debt balance and recognised as additional interest using the effective interest rate method over the term of the loan.

The finance cost is recognised in profit or loss in the period in which it accrues.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, with gains or losses being recognised in profit or loss.

Where the carrying amounts of short-term financial instruments carried at amortised cost approximate their amortised cost values and the impact of discounting is not considered to be material, no discounting is applied.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from its financing activities. Derivative financial instruments are initially recognised at fair value. Derivative financial instruments are subsequently measured at fair value through profit and loss. The gain or loss on remeasurement to fair value is recognised in profit or loss. The Group holds interest rate swaps. The fair value of the interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Loans from subsidiaries

Loans from subsidiaries are initially recognised at cost and are subsequently measured at amortised cost using the effective interest rate method.

1.4 Investment property - Fair value of property portfolio

Investment property is initially recorded at cost and includes transaction costs on acquisition. Subsequent expenditure to add to or replace a part of the property is capitalised at cost.

Investment property is valued annually and adjusted to fair value as at statement of financial position date.

Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every three years by an external independent valuer. The remaining properties are valued by the directors as at reporting date on an open market basis.

The proposed net profit budget relating to each internally valued property for the following five years is used in conjunction with a discounted cash flow model to calculate the fair value adjustment of the investment property. The discount and capitalisation rate used in the discounted cash flow calculation reflects the risks anticipated in the geographical area.

1.5 Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment.

Property, plant and equipment is depreciated on a straight line basis over the current useful lives of the assets. The estimated useful lives of the assets are:

- Computer equipment - 3 years
- Furniture, fittings and equipment - 3 years
- Leasehold property - 5 years
- Motor vehicles - 5 years

The useful lives and residual values are reassessed at the end of each reporting period and adjusted if necessary.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

The entity is a real estate investment trust ("**REIT**") and tax and deferred tax are accounted for accordingly. On this basis, dividends paid to shareholders are allowable as a tax deduction and no deferred tax is provided on movements in the fair value of investment property as no capital gains tax is payable on disposal of properties.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and is not a business combination.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group is a lessee.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance charges.

Right-of-use assets

Right-of-use assets are presented within investment property on the Statement of Financial Position.

Right-of-use assets are subsequently measured at fair value.

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately. Utility recoveries are recognised over the period for which the services are rendered. The Group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.8 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale. Investment property classified as held for sale is measured in terms of IAS 40 – 'Investment Property' at fair value with gains and losses on subsequent measurement being recognised in profit or loss.

1.9 Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares or in connection with share buy-backs are shown as a deduction in equity from the proceeds.

1.10 Share based payments

Eligible employees of the Group receive remuneration in the form of share- based payments, whereby employees render services as consideration for equity instruments.

(a) Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes-Merton Model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the years in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting year has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a year represents the movement in the cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the Group is obligated, in terms of tax legislation, to withhold an amount of employees' tax associated with an equity-settled share-based payment transaction (thus creating a net settlement feature), the full transaction is still accounted for as an equity-settled share-based payment transaction.

(b) Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date based on the quoted market price on the day. This fair value is expensed over the years until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

1.11 Income recognition

a) Property portfolio income

Property portfolio revenue comprises operating lease income and operating cost recoveries from the letting of investment property. Operating lease income is recognised on a straightline basis over the term of the lease. Operating cost recoveries are recognised two months in arrears from incurring the expense and accruals are provided at year-end to account for a full 12 months worth of operating cost recoveries. Contingent rents (turnover rentals) are included in revenue when the amount can be reliably measured.

b) Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

c) Dividend income from Investments

Dividends are recognised as revenue, when the Company's right to receive payment has been established.

d) COVID-19 relief

Many of the Company's tenants were not permitted to trade at their business premises as a result of the COVID-19 pandemic and the resultant lockdown that was introduced. A process was therefore introduced where certain qualifying tenants were provided rental rebates and deferrals.

To the extent that rebates were granted, revenue was not recognised.

1.12 Impairment of non-financial assets

The carrying value of assets is reviewed for impairment at each reporting date. Assets are impaired when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount is determined as the higher of fair value less costs to sell or value in use. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses and the reversal of impairment losses are recognised in profit or loss. An impairment loss is only reversed if there is an indication that the impairment loss no longer exists and the recoverable amount increases as a result of a change in estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

1.13 Employee short-term benefits

The cost of all short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

1.14 Letting costs

Installations and lease commissions are carried at cost less accumulated amortisation.

Amortisation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

1.15 Borrowing costs

The capitalisation rate is arrived at by reference to the actual rate payable. All other borrowing costs are expensed in the period in which they are incurred.

1.16 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The operating results are reviewed regularly by executive management to make decisions about and to assess the performance of the segment.

On a primary basis the operations are organised into geographical major business segments. The operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker (executive management).

1.17 Key estimates and assumptions

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported with respect to the Group's assets, liabilities, income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results may differ from

these estimates. Information on the key estimates and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statements:

- Accounting policies – notes 1.4 - Investment property, 1.12 - Impairment of non-financial assets
- Investment property valuation – note 4
- Recognition of deferred taxation assets – note 6
- Loans to participants of Group share purchase option schemes – note 9
- Impairment of receivables – note 12

2. Standards and interpretations applicable to the Company in the current financial year

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Amendments to IAS 1: Presentation of Financial Statements

Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020 and has been adopted in the current financial year.

The amendment did not have an impact on the Group and Company's financial statements.

Amendments to IAS 8: Accounting policies, Changes in accounting estimates and Errors

Definition of Material: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The amendment did not have an impact on the Group and Company's financial statements.

Amendments to IFRS 16: Leases

COVID-19-Related Rent Concessions: Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.

The effective date of the amendment is for years beginning on or after 01 June 2020 and has been adopted in the current financial year.

The amendment did not have an impact on the Group and Company's financial statements.

3. Standards and interpretations applicable to the Company not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 October 2021 or later periods:

Further amendments to IFRS 16: Leases

In March 2021 the IASB issued "COVID-19 Related Rent Concessions beyond 30 June 2021", in which the application was extended to also include rent concessions related to payments originally due on or before 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

Conceptual Framework for Financial Reporting (Amendments to IFRS 3)
In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)
In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss- making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)
In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the Company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)
In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

IAS 1 Presentation of Financial Statements (Amendment - Disclosure of Accounting Policies)
The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)
The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial

statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

It is unlikely that the amendment will have a material impact on the Group and Company's financial statements

4. Investment property - Fair value of property portfolio

	2021 Fair value	2020 Fair value
Group		
Investment property	**11 297 977**	**11 946 285**
Company		
Investment property	**2 198 126**	**2 376 817**

Reconciliation of investment property - fair value of property portfolio
Group 2021

	Opening balance	Improvements to investment property	Transfers	Disposals	Transfer to non-current assets held for sale (note 7)	Prior year available for sale assets transferred to investment property (note 7)	Tenant installations and lease commissions	Fair value adjustments	Total
Investment property	**11 946 285**	**260 996**	**20 924**	**(240 366)**	**(350 170)**	**463 250**	**(8 638)**	**(794 304)**	**11 297 977**

Reconciliation of investment property - fair value of property portfolio
Group 2020

	Opening balance	Improvements to investment property	Additions as a result of the adoption of IFRS 16	Disposals	Transfer to non-current assets held for sale (note 7)	Prior year available for sale assets transferred to investment property (note 7)	Tenant installations and lease commissions	Fair value adjustments	Total
Investment property	**14 323 464**	**229 853**	**25 839**	**(570 436)**	**(1 338 019)**	**37 912**	**(3 580)**	**(758 748)**	**11 946 285**

Reconciliation of investment property - fair value of property portfolio Company 2021

	Opening balance	Improvements to investment property	Disposals	Prior year available for sale assets transferred to investment property (note 7)	Tenant installations and lease commissions	Fair value adjustments	Total
Investment property	**2 376 817**	**51 018**	**(114 895)**	**40 000**	**(2 926)**	**(151 888)**	**2 198 126**

Reconciliation of investment property - fair value of property portfolio Company 2020

	Opening balance	Improvements to investment property	Disposals	Transfer to non-current assets held for sale (note 7)	Tenant installations and lease commissions	Fair value adjustments	Total
Investment property	**2 844 361**	**40 880**	**(173 004)**	**(254 000)**	**1 845**	**(83 265)**	**2 376 817**

Full details of investment properties owned by the Group are contained in the register of investment properties which is open for inspection by shareholders at the registered office of the Company.

In terms of the accounting policy, the portfolio is valued annually. One third of the properties were valued by Real Insight and Yield Enhancement Solutions, registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The remaining properties were valued by the directors.

The valuations were performed using a combination of the discounted cash flow and yield capitalisation methodology. These methods are based on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate. Refer to note 36 for the fair value hierarchy.

Investment property has been encumbered as security for secured financial liabilities (note 16).

Sector	Group 2021 high/low %	Group 2020 high/low %
Industrial		
Discount rate	16.50 / 14.00	21.00 / 14.50
Exit capitalisation rate	12.00 / 10.00	13.25 / 10.00
Vacancy assumption	15.00 / 0.00	10.00 / 3.50
Market rental growth	5.75 / 4.20	9.00 / 5.00
Commercial		
Discount rate	16.00 / 14.00	20.50 / 14.75
Exit capitalisation rate	12.00 / 9.75	13.00 / 9.00
Vacancy assumption	25.00 / 0.00	10.00 / 0.00
Market rental growth	5.75 / 4.63	8.00 / 5.50
Retail		
Discount rate	16.50 / 13.25	21.50 / 14.75
Exit capitalisation rate	12.00 / 8.50	14.00 / 8.25
Vacancy assumption	21.00 / 0.00	15.00 / 0.00
Market rental growth	5.75 / 4.57	8.00 / 5.00
Residential		
Exit capitalisation rate	13.78 / 9.25	12.67 / 9.25

	Group average Initial yield %	Group average Initial yield %
Industrial	10.62	10.89
Commercial	8.93	10.48
Retail	10.25	10.00

General assumptions

The fair values of the properties are calculated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When the actual rent differs materially from the estimated rent, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings. The properties are re-valued annually on 30 September.

The most significant inputs, all of which are unobservable, are the estimated discount rates, exit capitalisation rates, vacancy assumption and market rental growth. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if the discount rate and/or exit capitalisation rate declines. The overall valuations are most sensitive to the discount rate and exit capitalisation. If the capitalisation rate increased or decreased by 0.25%, the value of investment property, measured using the discounted net cash flow method and income capitalisation rate method, would increase by R213 million and would decrease by R202 million in totality. If the discount rate increased or decreased by 0.25%, the value of investment property, measured using the discounted net cash flow method, would increase by R75 million and would decrease by R72 million in totality. The impact on valuations is illustrated below.

Sector	Capitalisation rates decrease by 0.25%	Capitalisation rates increase by 0.25%	Discount rates decreases by 0.25%	Discount rates increase by 0.25%
Industrial	17 345	(16 538)	10 507	(10 384)
Commercial	39 762	(37 910)	23 979	(23 693)
Retail	73 136	(69 395)	40 325	(38 292)
Residential*	82 738	(78 507)	N/a	N/a
	212 981	**(202 350)**	**74 811**	**(72 369)**

* Please note the residential portfolio is not sensitive to changes in discount rates as this portfolio is valued using the income capitalisation rate method.

Reconciliation of fair value of investment property	Group 2021	Group 2020	Company 2021	Company 2020
Investment property as per valuation (incl. held for sale)	11 685 238	13 374 233	2 198 126	2 630 817
Straight line rental income accrual	141 269	165 226	35 147	39 934
	11 826 507	**13 539 459**	**2 233 273**	**2 670 751**

5. Straight line rental income accrual

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Balance at the beginning of the year	165 226	134 497	39 934	8 245
Disposal of investment property	(18 095)	16 210	(404)	240
Movement for the year	(5 862)	14 519	(4 383)	31 449
	141 269	**165 226**	**35 147**	**39 934**

6. Deferred tax

Deferred tax asset / (liability)

Investment property	(8 434)	(11 318)	(3 495)	(976)
Expected credit loss allowance	845	2 103	897	1 776
Income received in advance	4 975	1 980	2 318	1 980
Payroll accruals	19 113	9 518	16 601	7 157
Straight line rental income accrual	(10 275)	(11 605)	(9 841)	(11 182)
Derivatives	32 454	67 421	16 368	37 176
Total deferred tax asset	**38 678**	**58 099**	**22 848**	**35 931**

The deferred tax asset and the deferred tax liability are shown as follows in the statement of financial position:

Deferred tax asset	38 678	58 099	22 848	35 931
Reconciliation of deferred tax asset / (liability)				
At beginning of year	58 099	(10 040)	35 931	-
Taxable temporary difference movement on tangible fixed assets	2 884	(1 278)	(2 519)	(976)
Deductible temporary difference on expected credit loss allowance	(1 257)	2 103	(878)	1 776
Deductible temporary difference on income received in advance	2 995	1 980	338	1 980
Deductible temporary difference on payroll accruals	9 594	9 518	9 445	7 157
Taxable temporary difference on straight-lining of leases	1 330	(11 605)	1 340	(11 182)
Deductible temporary difference on derivatives	(34 967)	67 421	(20 809)	37 176
	38 678	**58 099**	**22 848**	**35 931**

A deferred tax asset has been recognised as the Group has adopted a pay out ratio in the prior year resulting in taxable income within the Group. This remains the Group's adopted policy even though it should be noted that the full distributable income for the current financial will be distributed.

7. Non-current assets held for sale

This consists of investment property that is expected to be sold in the next financial year. In the current year, there were 12 properties that were classified as held for sale in 2020 and not sold in 2021. Six of these properties still meets the criteria of IFRS 5: Non-current asset held for sale. The balance have been transferred back to investment property due to previously confirmed sales falling through and the assets no longer meeting the criteria of IFRS 5: Non-current asset held for sale.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Reconciliation of investment property held for sale				
Opening balance	1 427 948	476 344	254 000	85 500
Transferred from Investment Property	350 170	1 338 019	-	254 000
Transferred to Investment Property	(463 250)	(37 912)	(40 000)	-
Change in fair value	(23 834)	(2 293)	-	-
Disposals	(903 773)	(346 210)	(214 000)	(85 500)
	387 261	**1 427 948**	**-**	**254 000**

8. Property, plant and equipment

	2021			2020		
R'000	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Group						
Leasehold property	1 064	(94)	970	-	-	-
Furniture, fittings and equipment	3 442	(1 432)	2 010	1 338	(1 153)	185
Motor vehicles	196	(20)	176	-	-	-
Computer equipment	3 840	(1 936)	1 904	1 855	(1 408)	447
Total	**8 542**	**(3 482)**	**5 060**	**3 193**	**(2 561)**	**632**
Company						
Computer equipment	441	(282)	159	320	(204)	116

R'000		Group 2021	Group 2020	Company 2021	Company 2020
Reconciliation of property, plant and equipment					
Group 2021		**Opening balance**	**Additions**	**Depreciation**	**Total**
Leasehold property		-	1 064	(94)	970
Furniture, fittings and equipment		185	2 100	(275)	2 010
Motor vehicles		-	196	(20)	176
Computer equipment		447	1 989	(532)	1 904
		632	**5 349**	**(921)**	**5 060**
Reconciliation of property, plant and equipment					
Group 2020	**Opening balance**	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture, fittings and equipment	426	191	(47)	(385)	185
Computer equipment	616	340	-	(509)	447
	1 042	**531**	**(47)**	**(894)**	**632**
Reconciliation of property, plant and equipment					
Company 2021		**Opening balance**	**Additions**	**Depreciation**	**Total**
Computer equipment		116	120	(77)	159
Reconciliation of property, plant and equipment					
Company 2020		**Opening balance**	**Additions**	**Depreciation**	**Total**
Computer equipment		175	23	(82)	116

9. Loans to participants of Group Share Purchase and Option Schemes

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Balance at the beginning of the year	180 446	384 122	13 454	30 595
Interest charged on loans	26 991	32 608	3 567	2 466
Repayments - executives and staff *	(105 479)	(32 608)	(3 567)	(2 466)
Fair value adjustment	134 546	(203 676)	17 266	(17 141)
	236 504	**180 446**	**30 720**	**13 454**

* Included in repayments are cash receipts of R16 200 000 for Group for 2021

Owing by the following directors and former directors:
Loans to Participants of Arrowgem Unit Purchase Scheme ("UPS") and Unit Purchase and Option Scheme ("UPOS")

M.Kaplan	**173 539**	**173 539**	**-**	**-**
2013 year - Issued 1 587 302 A shares at R6.55 and 1 587 302 B shares at R6.05 on 7 December 2012				
2014 year - Issued 1 850 900 A shares at R6.99 and 1 850 900 B shares at R6.90 on 13 November 2013				
2015 year - Issued 2 124 008 A shares at R7.95 and 2 124 008 B shares at R7.92 on 10 November 2014				
2016 year - Issued 1 674 898 A shares at R9.71 and 1 674 898 B shares at R9.50 on 17 November 2015				
2017 year - Issued 3 748 005 ordinary shares at R8.66 on 17 November 2016				
2018 year - Issued 4 864 453 ordinary shares at R6.25 on 18 December 2017				
2019 year - Sold 585 704 ordinary shares at R4.67 relating to the 2012 financial year				
Fair value adjustment of the loans	(98 824)	(142 239)	-	-
I. Suleman (former director)	**123 793**	**169 205**	**-**	**-**
2013 year - Issued 1 388 889 A shares at R6.55 and 1 388 889 B shares at R6.05 on 7 December 2012				
2014 year - Issued 1 746 075 A shares at R6.99 and 1 746 075 B shares at R6.90 on 13 November 2013				
2015 year - Issued 2 124 008 A shares at R7.95 and 2 124 008 B shares at R7.92 on 10 November 2014				
2016 year - Issued 1 674 898 A shares at R9.71 and 1 674 898 B shares at R9.50 on 17 November 2015				
2017 year - Issued 3 748 005 ordinary shares at R8.66 on 17 November 2016				
2018 year - Issued 4 864 453 ordinary shares at R6.25 on 18 December 2017				
2019 year - Sold 209 332 ordinary shares at R4.67 relating to the 2012 financial year				
2021 year - Share repurchase of 18 385 148 shares at R2.47				
Fair value adjustment of the loans	(123 793)	(145 699)	-	-

R'000	Group 2021	Group 2020	Company 2021	Company 2020
R. Kader	**25 658**	**25 658**	**-**	**-**
2015 year Issued 500 000 A shares at R9.96 and 500 000 B shares at R10.08 on 10 November 2014				
2016 year - Issued 260 281 A shares at R9.71 and 260 281 B shares at R9.50 on 17 November 2015				
2018 year - Issued 1 617 701 ordinary shares at R6.25 on 18 December 2017				
Fair value adjustment of the loans	(15 034)	(21 005)	-	-
Subtotal	**85 339**	**59 459**	**-**	**-**
Owing by the following employees:				
Loans to Participants of Arrowgem Unit Purchase Scheme ("UPS") and Unit Purchase and Option Scheme ("UPOS")				
C. de Wit	**2 836**	**2 836**	-	-
2015 year - Issued 196 912 A shares at R7.95 and 196 912 B shares at R7.92 on 10 November 2014				
Fair value adjustment of the loans	(1 502)	(2 252)	-	-
V. Turner	**3 665**	**3 665**	**-**	**-**
2015 year - Issued 173 283 A shares at R7.95 and 173 283 B shares at R7.92 on 10 November 2014				
2018 year - Issued 512 512 ordinary shares at R6.25 on 18 December 2017				
Fair value adjustment of the loans	(1 671)	(2 792)	-	-
N. Kaplan	**2 866**	**2 866**	**-**	**-**
2015 year - Issued 55 135 A shares at R7.95 and 55 135 B shares at R7.92 on 10 November 2014				
Fair value adjustment of the loans	(1 371)	(2 211)	-	-
A. de Kock	**1 118**	**1 118**	**-**	**-**
2018 year - Issued 178 848 ordinary shares at R6.25 on 18 December 2017				
Fair value adjustment of the loans	(512)	(852)	-	-
Director shares repurchased by Arrowhead				
M. Kaplan - 585 704 ordinary shares sold at R4.67	2 740	2 740	-	-
I. Suleman - 209 332 shares sold at R4.67	977	977	-	-
Subtotal	**9 146**	**6 095**	**-**	**-**

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Loans to Participants of Indluplace Share Purchase and Option Scheme Owing by the following directors of Indluplace:				
2b Mervyn Road (Pty) Ltd - on behalf of estate of G. Leissner	**52 738**	**52 738**	-	-
2015 year - Issued 5 273 809 shares at R10,00 on 19 June 2015				
Fair value adjustment of the loans	(35 071)	(36 758)	-	-
M. Kaplan	**52 738**	**52 738**	**-**	**-**
2015 year - Issued 5 273 809 shares at R10.00 on 19 June 2015				
Fair value adjustment of the loans	(35 071)	(36 758)	-	-
I. Suleman (former director)	**35 862**	**52 738**	**-**	**-**
2015 year - Issued 5 273 809 shares at R10.00 on 19 June 2015				
2021 year - Share repurchase of 5 273 809 shares at R3.20				
Fair value adjustment of the loans	(35 862)	(36 759)	-	-
C. de Wit	**44 821**	**44 821**	**-**	**-**
2015 year - Issued 1 757 936 shares at R10.00 on 19 June 2015				
2016 year - Issued 900 000 shares at R9.30 on 12 December 2016				
2017 year - Issued 937 864 shares at R9.46 on 6 December 2017				
2019 year - Issued 1 424 501 shares at R7.02 on 6 December 2017				
Fair value adjustment of the loans	(28 003)	(29 610)	-	-
T. Kaplan	**24 491**	**24 491**	-	-
2016 year - Issued 810 860 shares at R9,30 on 6 February 2017			-	-
2018 year - Issued 840 380 shares at R9.46 on 6 December 2017				
2019 year - issued 1 282 051 shares at 7.02				
Fair value adjustment of the loans	(14 664)	(15 603)	-	-
Subtotal	**61 979**	**72 038**	**-**	**-**

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Loans to Participants of the Arrowhead Share Purchase and Option Scheme ("SPOS") Owing by the following directors and former directors:				
M.Kaplan	**41 004**	**41 004**	-	-
2017 year - Issued 6 000 000 shares at R6.79				
Fair value adjustment of the loans	(16 344)	(30 204)	-	-
I. Suleman (former director)	**24 804**	**41 004**	**-**	**-**
2017 year - Issued 6 000 000 shares at R6.79				
2021 year - Share sale of 6 000 000 shares at R2.70				
Fair value adjustment of the loans	(24 804)	(33 204)	-	-
A. Kirkel	**43 648**	**43 648**	**23 146**	**23 146**
2017 year - Issued 3 000 000 shares at R6.79				
2018 year - Issued 2 171 497 shares at R6.10				
2019 year - issued 1 571 428 shares at R6.30				
Fair value adjustment of the loans	(15 935)	(31 511)	(7 763)	(16 409)
J. Limalia	**43 579**	**43 579**	**23 077**	**23 077**
2017 year - Issued 3 000 000 shares at R6.79				
2018 year - Issued 2 160 149 shares at R6.10				
2019 year - issued 1 571 428 shares at R6.30				
Fair value adjustment of the loans	(15 912)	(31 462)	(7 740)	(16 360)
Subtotal	**80 040**	**42 854**	**30 720**	**13 454**
	236 504	**180 446**	**30 720**	**13 454**
Non-current portion of loans to participants of Group share purchase scheme	236 504	132 183	30 720	13 454
Current portion of loans to participant of Group share purchase scheme	-	48 263	-	-
	236 504	**180 446**	**30 720**	**13 454**

Loans to participants of the Arrowgem Unit Purchase Scheme ("UPS") and Unit Purchase and Option Scheme ("UPOS")

The loans were granted to the executive directors and employees for the purpose of subscribing for shares in the Company as per the Arrowhead Share Purchase Trust and in terms of the Companies Act.

The shares have been pledged to the Company as security against the outstanding loans and the Company has recourse against the participants for any amounts unpaid under the Scheme.

The loans incurred interest at an amount equal to the dividends declared.

The dividends received on the shares are used to repay the interest accumulated on the loans.

Loans to Participants of Indluplace Share Purchase and Option Scheme

The loans were granted to the executive directors for the purpose of subscribing for shares in the Company as per the Indluplace Share Purchase and Option Scheme and in terms of the Companies Act.

The loans bear interest at a rate equal to the dividends declared, and is calculated at 31 March and 30 September and is repayable at any time by the employee but not later than 10 years from the making of the loan.

The dividends received on the shares are used to repay the interest accumulated on the loans and the Company has recourse against the juristic entity for any amounts unpaid under the Scheme.

The shares have been pledged as security to the Company for the outstanding loans.

Arrowhead Share Purchase and Option Scheme ("SPOS")

The loans bear interest at a rate equal to the dividends declared, and is calculated bi-annually at 31 March and 30 September. The loans are repayable at any time by the employee but no later than 10 (ten) years from the making of the loan.

Fair Value of Share Purchase and Option Scheme

The directors reviewed the balances of the loans in terms of the IFRS 9 requirements in the financial period. As these loans are classified as financial assets under IFRS 9, it is measured at fair value through profit and loss.

To determine the fair value, a future share price assessment was carried out taking forward looking parameters into account and applying these factors to a Dividend Growth Model based on a weighted scenario probability analysis, resulting in the fair market value of the future share price at the expiry of the loan discounted back to present value using a discount rate. The fair value adjustments were determined as the difference between the carrying value of the loan and the fair value. Participants still remain liable for the loan value advanced.

The following inputs were used in the Dividend Growth Model:

- Dividend yield of 11% (2020: 18 - 20%)
- Growth in annual dividend of 0 - 5% (2020: 1 - 9%)
- Discount rate of 5 - 8% (2020: 7%)

10. Financial assets

Investment in Dipula

Comprises 17.2% (2020: 17.2%) of the B shares and 8.6% (2020: 8.6%) of the total shares in issue - at fair value through profit and loss. The share price at 30 September 2021 was R4.00 (2020 R1.28). The total shareholding at 30 September 2021 was of 45 581 239 Dipula B shares.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Opening balance	58 344	166 372	-	-
Fair value adjustment	123 956	(108 028)	-	-
	182 300	**58 344**	**-**	**-**

Investment in Rebosis

The total shareholding at 30 September 2020 of 105 194 254 shares was disposed of in the current financial year.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Opening balance	26 299	36 307	-	-
Fair value adjustment	(5 168)	(2 008)	-	-
Sale of shares during the year	(21 131)	(8 000)	-	-
	-	**26 299**	**-**	**-**

Investment in SA SME

At fair value through profit and loss.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Acquisitions - at cost	2 000	800	-	-
Additions	-	1 200	-	-
	2 000	**2 000**	**-**	**-**

Loan granted by Arrowhead to BEE Supplier Development

Loan granted with no interest. Repayment of the loan is at the written request from Arrowhead. Arrowhead does not intend to call on the loan in the next 12 months. Amount is shown at amortised cost. An expected loss allowance was considered in terms of IFRS 9 by assessing the credit risk and the expected default rate. As the loan is backed by a guarantee from a large commercial bank (with satisfactory credit rating) no loss allowance was considered necessary.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Acquisitions - at cost	11 190	6 591	4 599	-
Advances	-	4 599	-	4 599
	11 190	**11 190**	**4 599**	**4 599**
	195 490	**97 833**	**4 599**	**4 599**

11. Interest in subsidiaries and loans to subsidiaries

a) Company investments in subsidiaries

R'000	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Arrowgem Limited * - Cost	99.70	99.70	3 339 705	3 339 705
Arrowgem Limited * - Accumulated impairment			(323 355)	(272 599)
Cumulative Properties Limited # - Cost	100.00	100.00	2 082 257	2 082 257
Cumulative Properties Limited # - Accumulated impairment			(442 314)	(400 503)
			4 656 293	**4 748 860**

* Arrowgem Limited is a property company that operates in South Africa.
# Cumulative Properties Limited is a property company that operates in South Africa.

The investments in subsidiaries were tested for impairment by measuring the cost of the investment against the net asset value of the underlying subsidiary. Any shortfall was accounted for as an impairment. As the underlying subsidiaries net asset value in all material respects represents the fair value of the subsidiary's assets and liabilities this is considered a fair reflection of the net realisable value of the investment in the subsidiary. The increase in the accumulated impairments is mostly attributable to a reduction in the fair value of the investment property held by the subsidiaries as a result of a slightly negative economic outlook in the near term placing pressure on these valuations.

b) Loans to / (from) subsidiaries

R'000	Company 2021	Company 2020
Gemgrow Asset Management Proprietary Limited	-	11
Arrowgem Limited	1 318 161	1 114 547
Vividend Income Fund Limited	(79 303)	(3 554)
Cumulative Properties Limited	(171 381)	27 305
Moolgem Proprietary Limited	(487 310)	(207 639)
Gemgrow Asset Management Proprietary Limited	31	-
	580 198	**930 670**
Shown on statement of financial position as:		
Interest in subsidiaries	4 656 293	4 748 860
Long-term portion - loans to subsidiaries	1 318 161	1 114 547
Short-term portion - loans to subsidiaries	31	27 316
Short-term portion - loans from subsidiaries	(737 994)	(211 193)
	5 236 491	**5 679 530**

The loan to Arrowgem Limited is repayable on or after 1 October 2022 and bears interest at 9.85%. The other loans are interest free and repayable on demand. The loans are all unsecured.

Management assessed the inter-company loan recoverability. The process involved doing a solvency test for each company and in cases found where there was insufficient cash available to settle the amount owing, the following assumptions were applied:

- Asset values were based on the carrying amounts of the assets (carried at fair value) net of secured financial liabilities for the financial period.

An assumption was applied that the sales of the properties are able to happen within 12 months. The risk of a default occurring over 12 months is the same as the lifetime risk of a default occurring, and therefore the 12-month and lifetime expected credit loss will be the same. There has been no significant increase in credit risk and no default events have occurred.

Management applied a test of a best, base and worst-case scenario. Based on the results of the scenario tests management then concluded that the subsidiaries have sufficient resources to meet debt commitments.

12. Trade and other receivables

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Financial instruments:				
Trade receivables	77 674	80 493	14 129	19 335
Loss allowance	(33 408)	(42 356)	(5 340)	(10 572)
Trade receivables at amortised cost	**44 266**	**38 137**	**8 789**	**8 763**
Municipal deposits	28 410	33 855	6 286	9 651
Municipal clearances and credits	11 045	86 071	4 487	29 601
Income accruals and other receivables	113 107	217 701	13 043	21 542
Insurance claims receivable	1 882	2 086	154	367
Adjustment accounts	40 494	8 696	9 009	6 866
Non-financial instruments:				
VAT	42	-	-	-
Prepayments	7 721	1 004	2 321	-
Total trade and other receivables	**246 967**	**387 550**	**44 089**	**76 790**
Expected credit loss and specific provision				
Current	1 415	5 655	139	96
30 days	1 461	1 824	159	71
60 days	2 404	1 357	702	92
90 days	3 096	1 675	493	57
120+ days	25 032	26 115	3 847	4 526
Specific provision	-	5 730	-	5 730
	33 408	**42 356**	**5 340**	**10 572**
Movement on the allowance for impairments of trade receivables				
Balance at the beginning of the year	42 356	28 810	10 572	15 832
Impairment losses recognised (reversed) on receivables	(8 948)	13 546	(5 232)	(5 260)
	33 408	**42 356**	**5 340**	**10 572**

Trade receivables were assessed in terms of IFRS 9 by formulating a matrix that applied the historical performance of bad debts written-off to a percentage of aged credit sales to derive a historical loss rate. This matrix was adjusted to account for a forward looking economic and Group specific risk assessment based on the prevailing economic climate and tenant profile of the Group. Risks were weighted against low/medium/high assessment, resulting in a cumulative ECL risk percentage. This ECL risk percentage was applied to the 2021 trade debtors in the following categories : current 6.38% (2020: 25.31%); 30 days 15.79% (2020: 27.63%); 60 days 32.04% (2020: 40.92%); 90 days 63.42% (2020: 60.22%) and > 120 days 73.92% (2020: 78.93%). The overall assessment of trade receivables per the IFRS 9 exercise performed resulted in an expected credit loss provision in Company and Group of R5.3 million and R33.4 million, respectively.

Other receivables comprise mainly of income accruals which is deemed to be at fair value therefore no ECL was provided.

13. Cash and cash equivalents

Cash is invested with ABSA Bank, Standard Bank and First National Bank. Cash and cash equivalents is subsequently measured at amortised cost which approximates the amount receivable from banking institutions and therefore no expected credit loss has been provided for.

For purposes of the cash flow statement, cash and cash equivalents comprise:

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Bank balances*	151 976	170 089	52 650	65 830
Residential tenant deposits**	29 977	-	-	-
	181 953	**170 089**	**52 650**	**65 830**

* At the 2020 year-end the 55 Voortrekker building was sold and transferred. The proceeds attributable to the sale were held in the attorney's trust account on behalf of the Company which is included in the balances above. The building was sold for R19 100 000.

** In the prior year, the residential tenant deposits were held by the external property managers and were classified as Trade and other receivables, due to the internalisation of the residential Indluplace property management function, the tenant deposits, in the current year are held by the Group, and are classified as Cash and cash equivalents.

Credit quality of cash at bank and short-term deposits

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The banks' national long-term credit ratings are AA which is considered adequate and does not require the recognition of an expected credit loss.

14. Stated capital

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Authorised				
1 000 000 000 A ordinary no par value shares				
2 000 000 000 B ordinary no par value shares				
Issued				
Opening balance	7 206 556	7 295 523	-	-
62 718 658 (2020: 62 718 658) A shares at R0.01	-	-	1 110 842	1 110 842
951 422 028 (2020: 995 341 876) B shares at R0.01	-	-	3 592 579	3 681 547
Share buy-backs and related costs	(46 103)	(88 967)	(133 143)	(88 967)
	7 160 453	**7 206 556**	**4 570 278**	**4 703 422**
Shares in issue				
A shares				
Total shares in issue	62 718 658	62 718 658	62 718 658	62 718 658
B shares				
Balance at the beginning of the year	995 341 876	1 268 439 054	995 341 876	1 268 439 054
Share buy-backs	(43 919 848)	(21 936 362)	(43 919 848)	(21 936 362)
Treasury shares cancelled during the year	-	(251 160 816)	-	(251 160 816)
	951 422 028	**995 341 876**	**951 422 028**	**995 341 876**

During the year 18 385 148 shares were repurchased at an average price of R2.47 per share. These shares have been delisted as per the JSE Listing Requirements.

Rights of each class of share

Votes of shareholders

At a meeting of the Company every shareholder present and entitled to exercise voting rights shall be entitled to one vote on a show of hands and on a poll, any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder, being one vote per issued share.

Pari Passu

Save in instances detailed in the Memorandum of Incorporation of the Company, such as the entitlement to distributions and on winding up, all issued shares shall rank pari passu in all respects.

Distributions

If the Company resolves to declare a distribution to shareholders in respect of any income period, no such distribution may be declared by the Company in respect of the B ordinary shares for such income period until the A ordinary share distribution has been declared in respect of the A ordinary shares for that income period, and no such distribution shall be paid by the Company in respect of the B ordinary shares for such income period unless the relevant A ordinary share distribution has been paid. The A ordinary share distribution for the A ordinary shares in respect of the financial year ending 30 September 2019 and thereafter shall for the first income period, be a distribution per A ordinary share equivalent to the prior year's A ordinary share distribution for the first income period, escalated by an amount equal to the lesser of 5% and the most recently available CPI figure and for the second income period, a distribution per A ordinary share equivalent to the prior year's A ordinary share distribution for the second income period, escalated by an amount equal to the lesser of 5% and the most recently available CPI figure. In the event that the Company declares a distribution in an amount less than the amounts as aforesaid, then in such event that lesser amount shall be paid for that period, apportioned pro rata to each "A" ordinary share in issue on the relevant record date.

Subordination of B ordinary shares and repayment waterfall on winding-up of the Company

If the Company is wound up, the assets remaining after payment of debts and liabilities of the Company and the costs of the liquidation shall be applied firstly to each of the A ordinary shareholders who shall be entitled to an amount equal to the volume weighted average traded sales price of an A ordinary share (as shown by the official price list published by the JSE) over the 60 trading days immediately preceding the date of publication of any announcement detailing events relating to such winding up and thereafter each of the B ordinary shareholders shall be entitled to receive any surplus of such monies available for distribution.

15. Share based payments
Conditional Share Plan ("CSP")

The CSP provides for the annual award of Performance Shares which vest after three years subject to the achievement of strategically important performance conditions and the participant remaining employed with Arrowhead.

The fair value of the Performance Shares is estimated at the grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the shares were granted.

The expense recognised for employee services received during the year is as follows:

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Expense arising from equity-settled share-based payment transactions	7 140	3 059	5 994	2 578
Cumulative equity-settled share-based payment reserve	10 199	3 059	8 572	2 578
Movements during the year				
The following table illustrates the number of, and movements in the Performance shares:				
Outstanding at 1 October 2019	-	-	-	-
Granted during the year	4 252 016	4 252 016	4 252 016	4 252 016
Outstanding at 1 October 2020	4 252 016	4 252 016	4 252 016	4 252 016
Granted during the year	6 058 847	-	6 058 847	-
Outstanding at 30 September 2021	**10 310 863**	**4 252 016**	**10 310 863**	**4 252 016**

Fair value was determined by using the Black-Scholes-Merton Pricing Model.

The following inputs were used for the December 2019 CSP:

- Weighted average share price of R3.39,
- Exercise price of R Nil,
- Expected volatility of 13.87%,
- Option life of 3 years,
- Dividend yield of 20% and
- The risk-free interest rate of 8.47%

The following inputs were used for the December 2020 CSP:

- Weighted average share price of R2.47,
- Exercise price of R Nil,
- Expected volatility of 87.00%,
- Option life of 3 years,
- Dividend yield of 13.36% and
- The risk-free interest rate of 6.19%

The Group's JSE listed subsidiary, Indluplace Properties Limited, also has a CSP in place under which 2 805 620 (2020: 1 169 611) Indluplace shares have been awarded.

Long-Term Incentive Scheme ("Phantom Scheme")

A long-term incentive scheme, in the form of a Conditional Share Plan ("**CSP**"), was approved by Arrowhead (formally "Gemgrow") shareholders and Arrowgem ("old Arrowhead") shareholders respectively on 5 February 2019. However, as Gemgrow and old Arrowhead were either in prohibited or closed periods following receipt of approval of the CSP's, no awards were made in terms of either CSP to the executive directors in respect of the 2019 financial year. To rectify the inability to grant awards under the various LTI schemes and that there was a period of two years during which no LTI awards vested, the Board approved the implementation of a 'phantom scheme' to put the executive directors in the position they would have been in, had awards been capable of being made in terms of the old Arrowhead CSP (in respect of the 2018 financial year) and the Gemgrow CSP (in respect of the 2019 financial year).

The phantom awards are subject to all the same terms and vesting conditions as equivalent awards under the CSP would have been, with the sole exception that, if and to the extent that the vesting conditions are satisfied, the value of the awards are settled in cash as opposed to by the award of shares.

The expense recognised for employee services received during the year is as follows:

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Expense arising from cash-settled share-based payment transactions	15 980	2 826	15 980	2 826

Fair value was determined by assessing the expected cash settlement based on the year end share price and probability of success of the performance criteria at the end of the measurement period. The following inputs were used:

- Probability of success of performance criteria set at 101% to 132%
- Year end share price of R4.11

Refer to note 23 for directors interest in these schemes.

16. Secured financial liabilities

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Standard Bank				
Loan number 389425 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to prime less 1.26% and has been repaid in the current financial year.	-	150 000	-	-
Loan number 600622 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 1.70% and has been repaid in the current financial year.	-	200 000	-	-
Loan number 264534 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 1.85 % and is repayable on 31 December 2021.	300 000	300 000	-	-
Loan number 525197 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 1.89% repayable on 30 April 2022.	330 000	330 000	-	-
Loan number 297227 Secured by a mortgage bond over investment properties, bears interest at prime less 1.08% and is repayable on 30 September 2022. This is an access facility which can be drawn down in future.	-	45 195	-	45 195
Loan number 459394 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.05% repayable on 30 November 2022.	280 000	280 000	-	-
Loan number 148164 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.05% and is repayable on 30 November 2022.	200 000	200 000	-	-
Loan number 249812 Secured by a mortgage bond over investment properties, bears interest at prime less 1.15% and is repayable on 30 December 2022.	22 333	14 378	-	-
Loan number 600607 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.10% and is repayable by 31 July 2023.	191 002	335 624	-	-

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Loan number 146374 Secured by a mortgage bond over investment properties, bears interest at prime less 1.00% and is repayable on 30 September 2024.	28 796	85 223	28 796	85 223
Loan number 144727 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.20% repayable on 30 September 2024.	96 500	96 500	96 500	96 500
Nedbank				
Loan number 30171756 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.05% repayable on 4 July 2023.	661 000	661 000	-	-
Loan number 30169438 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.25% repayable on 4 December 2023.This is an access facility which can be drawn down in future.	-	106 000	-	106 000
ABSA Bank Limited				
Facility B1 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.20% repayable on 5 October 2022.	302 143	302 143	-	-
Facility D1 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.40% repayable on 16 November 2023.	310 236	171 429	-	-
Facility D2 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.55% repayable on 16 November 2024.	79 833	85 714	-	-
Facility D3 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to a 3 month JIBAR plus 2.70% repayable on 16 November 2025.	75 402	85 714	-	-

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Investec				
Loan number Arrowhead revolving credit facility Secured by a mortgage bond over investment properties and bears interest at a variable rate linked to 3 months JIBAR plus 3.25%. The loan is repayable on 3 October 2021. Post 30 September 2021 this loan has been refinanced for a further term of 3 years.	100 000	146 899	-	-
Loan number Arrowhead 00002 Secured by a mortgage bond over listed securities bears interest at a variable rate linked to 3 months JIBAR plus 2.10% and is repayable five years from the advance date, currently 30 June 2022. Post 30 September 2021 this loan has been refinanced for a further term of 3 years.	31 095	31 095	-	-
Loan number Arrowhead 00003 Secured by a mortgage bond over listed securities bears interest at a variable rate linked to 3 months JIBAR plus 2.10% and is repayable five years from the advance date, currently 4 July 2022. Post 30 September 2021 this loan has been refinanced for a further term of 3 years.	97 533	97 533	-	-
Facility A1 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.20% and is repayable five years from the advance date, currently 5 October 2022.	302 143	302 143	-	-
Loan number Gemgrow 1 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.15% and is repayable five years from the advance date, currently 31 October 2022.	350 854	459 079	350 854	459 079
Loan number Gemgrow 2 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.20% and is repayable five years from the advance date, currently 15 November 2022.	361 336	373 950	361 336	373 950
Gemgrow RCF Facility Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.20% and is repayable on 15 November 2022.This is an access facility which can be drawn down in future.	-	80 000	-	80 000
Facility C1 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.30% and is repayable on 16 November 2023.	165 459	171 429	-	-

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Facility C2 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.40% and is repayable on 16 November 2024.	79 833	85 714	-	-
Facility C3 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.50% and is repayable on 16 November 2025.	75 402	85 714	-	-
FirstRand Bank Limited ("RMB")				
Gemgrow 9497 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to prime less 0.85% and is repayable on 4 December 2023.	90 820	40 501	90 820	40 501
Gemgrow 9496 Secured by a mortgage bond over investment properties, bears interest at a variable rate linked to 3 months JIBAR plus 2.35% and is repayable five years from the advance date, currently 4 December 2023.	110 000	304 605	110 000	304 605
	4 641 720	**5 627 582**	**1 038 306**	**1 591 053**

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Less: Loan raising costs	(7 364)	(9 084)	(2 246)	(3 461)
Opening balance	(9 084)	(11 977)	(3 461)	(4 394)
Loan initiation fees incurred during the year	(3 425)	(1 283)	-	(358)
Amortisation for the year	5 145	4 176	1 215	1 291
	4 634 356	**5 618 498**	**1 036 060**	**1 587 592**
Split between non-current and current portions				
Non-current liabilities	3 775 728	3 531 578	1 036 060	1 360 674
Current liabilities	858 628	2 086 920	-	226 918
	4 634 356	**5 618 498**	**1 036 060**	**1 587 592**
Reconciliation of current liabilities				
Amounts with contractual maturities within 12 months included in current liabilities	858 628	414 206	-	-
Amounts reclassified to current liabilities due to covenant breaches condoned after year-end **	-	1 672 714	-	226 918
	858 628	**2 086 920**	-	**226 918**

** In the prior 2020 financial year the Group's interest cover ratio ("ICR") was 2.20. This remained within the ICR covenants of the Group's providers (which are at 2 times cover), other than Standard Bank, which has prescribed a minimum ICR of 2.25 ("2.25 times cover ratio") as long as the Group has in excess of R200 million undrawn unrestricted facilities and/or cash on hand. Standard Bank has condoned the ICR breach subsequent to year end. These loans therefore mature in accordance with their legal tenure for 2020.

For 2021 Standard Bank has lowered their minimum prescribed ICR to 2 times on a permanent basis.

For 2021 the Group and Company is compliant in respect of all loan covenants for all funders.

The Group's loans are secured by investment properties valued at R11.8 billion (2020: R13.5 billion), and listed securities valued at R824.1 million (2020: R618.9 million).

At year-end, the Group's unutilised loan facilities amounted to R770.7 million (2020: R727.9 million), the gearing ratio was 38.2% (2020: 39.3%) and the weighted average all inclusive rate of interest was 8.52% (2020: 9.15%).

17. Lease liabilities

Lease liabilities relating to IFRS 16 are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The corresponding right-of-use assets are held at fair value and are included in investment property.

In addition the Group entered into sale and leaseback agreements for certain of its solar plants. These agreements bear interest at prime minus 0.25%, are repayable in monthly instalments of R420 000 over a 5 year term and are secured by solar plants with a book value and fair value of R21 million.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Lease liabilities				
The maturity analysis of lease liabilities is as follows:				
Within one year	8 793	3 411	5 031	-
Two to five years	33 315	12 161	19 948	-
More than five years	25 708	29 488	-	-
	67 816	45 061	24 979	-
Less finance charges component	(23 280)	(20 462)	(3 789)	-
	44 536	**24 599**	**21 190**	**-**
Non-current liabilities	39 177	23 128	17 458	-
Current liabilities	5 359	1 471	3 732	-
	44 536	**24 599**	**21 190**	**-**
Lease liability reconciliation				
Arising from adoption of IFRS 16				
Opening balance	24 599	-	-	-
Lease liability arising from first time adoption of IFRS 16	-	25 349	-	-
Finance charges	2 158	2 346	-	-
Payments	(3 411)	(3 096)	-	-
	23 346	**24 599**	**-**	**-**
Arising from sale and leaseback				
Cash inflow from initial sale of solar plants giving rise to liability	21 090	-	21 090	-
Finance charges	100	-	100	-
	21 190	**-**	**21 190**	**-**

18. Trade and other payables

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Financial instruments:				
Trade payables	312 700	331 937	80 535	76 876
Accrued capital expenditure and lease commission	65 269	66 641	12 522	13 056
Adjustment accounts	1 931	2 415	-	-
Payroll accruals	20 474	2 826	18 644	2 826
Repairs & maintenance and contract accruals	41 866	40 707	8 387	10 649
Tenant accruals	4 529	35 008	3 567	34 885
Tenant advances	7	3 227	-	-
Tenant deposits	116 309	118 211	34 166	35 746
Unclaimed customer amounts	6 025	7 519	1 020	2 935
Non-financial instruments:				
Amounts received in advance and other credit amounts	73 309	57 798	14 167	20 636
VAT	2 581	8 425	360	3 279
	645 000	**674 714**	**173 368**	**200 888**

19. Listed securities income

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Dividends received				
Dipula	20 557	18 325	-	-

20. Dividends received

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Distributions received				
Arrowgem Limited	-	-	259 030	180 837
Cumulative Properties Limited	-	-	150 000	195 223
	-	**-**	**409 030**	**376 060**

21. Contractual rental income

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Rental revenue from contracts	1 509 965	1 648 496	285 286	331 480
Tenant utility recoveries	490 743	540 745	82 203	97 617
	2 000 708	**2 189 241**	**367 489**	**429 097**

22. Net operating profit

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Net operating profit includes the following items:				
Consulting and professional services	12 163	11 736	7 901	6 146
Letting commission	43 451	52 079	6 324	5 814
Repairs and maintenance	47 301	45 582	3 431	4 486
Property management fee	42 382	50 037	11 657	13 065
Electricity, water, sewer and refuse	523 832	584 029	78 483	102 720

23. Directors' emoluments

R'000	Emoluments	Bonus - STI	Bonus - LTI	Total
Executive				
2021				
M. Kaplan	5 414	7 405	6 456	19 275
J. Limalia	3 333	4 803	1 900	10 036
	8 747	**12 208**	**8 356**	**29 311**
2020				
M. Kaplan	4 963	5 663	-	10 626
J. Limalia	3 055	3 520	-	6 575
R. Kader *	3 055	3 580	-	6 635
A. Kirkel *	3 055	3 505	-	6 560
	14 128	**16 268**	**-**	**30 396**

* R. Kader and A. Kirkel resigned as directors effective 1 October 2020.

Directors interest in the share options of the Conditional share plan "CSP"

The shares under the conditional share plans will vest in December 2022 and December 2023 respectively subject to the achievement of performance targets for the three year period 1 October 2019 to 30 September 2022 and 1 October 2020 to 30 September 2023. The awards are equity settled.

Directors interest in the options of the Phantom scheme

The phantom scheme awards will vest in December 2021 subject to the achievement of performance targets for the period 1 October 2018 to 30 September 2021. The awards are cash settled.

The total number of options awarded under both schemes are as follows:

	Number of share options awarded under CSP	Number of share options awarded under Phantom Scheme
M. Kaplan	1 964 753	1 962 718
J. Limalia	1 209 620	417 656

R'000	Directors' fees	Directors' fees for services as directors' of subsidiaries	Total
Fees paid to non-executive directors			
2021			
G. Kinross	489	-	489
M. Nell	643	-	643
T. Adler	495	566	1 061
A. Basserabie	472	-	472
N. Makhoba	474	-	474
S. Mokorosi	521	-	521
S. Noik	215	403	618
	3 309	**969**	**4 278**
2020			
G. Kinross	490	-	490
M. Nell	564	-	564
T. Adler	821	-	821
A. Basserabie	444	-	444
N. Makhoba	370	-	370
S. Mokorosi	406	-	406
S. Noik	791	-	791
	3 886	-	**3 886**

24. Changes in fair value

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Loss on revaluation of investment property	(842 203)	(746 774)	(156 675)	(51 816)
Straight line rental income accrual on investment property	23 957	(14 519)	4 787	(31 449)
Fair value losses on investment property (incl. held for sale)	(818 246)	(761 293)	(151 888)	(83 265)
Gain / (Loss) on revaluation of listed securities	118 644	(110 035)	-	-
Fair value gain / (loss) on loans to participants of Group share purchase option schemes	134 546	(203 676)	17 266	(17 141)
Loss on sale of investment properties	(30 245)	(43 743)	(14 202)	(6 442)
Sundry adjustments	4 567	2 362	5 349	8 082
Fair value gain / (loss) on derivative instruments	197 058	(384 592)	42 231	(106 735)
Impairment of investment in subsidiaries	-	-	(92 567)	(673 102)
	(393 676)	**(1 500 977)**	**(193 811)**	**(878 603)**

25. Net finance (charges)/income

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Finance charges				
Interest paid - secured financial liabilities	(304 959)	(485 253)	(79 989)	(144 804)
Interest paid - interest rate swaps	(143 523)	(81 699)	(28 006)	(25 432)
Interest paid - other	(3 044)	(876)	(29)	-
Interest paid - leases	(2 257)	(2 346)	(99)	-
Amortisation of structuring fee	(5 105)	(4 175)	(1 215)	(1 290)
	(458 888)	**(574 349)**	**(109 338)**	**(171 526)**
Interest income				
Interest received - bank	2 451	8 616	275	647
Interest received - tenants	1 182	3 041	485	702
Interest received - other	479	1 748	428	1 105
Interest received - subsidiaries	-	-	90 642	64 884
Interest received - Participants of the Arrowgem Share Purchase Trust	11 102	13 740	-	-
Interest received - Participants of the Indluplace Share Purchase and Option Scheme	5 205	10 465	-	-
Interest received - Arrowhead & Cumulative Executive loans	10 684	8 404	3 567	2 466
	31 103	**46 014**	**95 397**	**69 804**
	(427 785)	**(528 335)**	**(13 941)**	**(101 722)**

26. Derivatives

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Standard Bank				
Long-term cancelable interest rate swaps				
R300 million at a 3 month JIBAR rate of 7.14% maturing 5 May 2023	(13 123)	(26 163)	-	-
R742 million at a 3 month JIBAR rate of 6.89% maturing 5 May 2023	(29 335)	(59 861)	-	-
R139 million at a 3 month JIBAR rate of 7.14% maturing 3 October 2024	(6 692)	(13 694)	(6 692)	(13 694)
R106 million at a prime rate of 10.32% maturing 3 October 2024	(5 246)	(9 629)	(5 246)	(9 629)
	(54 396)	**(109 347)**	**(11 938)**	**(23 323)**

The derivative instruments were valued by the Standard Bank of South Africa Limited by discounting the future cash flows using the JIBAR swap curve.

Nedbank				
Long-term cancelable interest rate swaps				
R595 Million at a 3 month JIBAR rate of 6.89%, maturing on 12 September 2024	(25 338)	(54 884)	-	-
	(25 338)	**(54 884)**	**-**	**-**

The fair value of the interest rate swap derivative was determined by Nedbank Capital and relates to the fixed rate swaps relative to 3 month JIBAR.

Investec				
Long-term cancelable interest rate swaps				
R275 Million at a 3 month JIBAR rate of 6.98%, maturing on 28 April 2023	(11 439)	(22 966)	-	-
R52 Million at a 3 month JIBAR rate of 7.33%, maturing on 28 April 2023	(2 979)	(4 800)	-	-
R42 Million at a 3 month JIBAR rate of 7.24%, maturing on 28 April 2023	(1 917)	(3 766)	-	-
R66 Million at a 3 month JIBAR rate of 7.20%, maturing on 28 April 2023	(2 460)	(5 869)	-	-
R112 Million at a 3 month JIBAR rate of 7.28%, maturing on 28 April 2023	(5 248)	(10 277)	-	-
R200 Million at a 3 month JIBAR rate of 7.5%, maturing on 30 June 2022 - closed out during 2021	-	(13 545)	-	-
R200 Million at a 3 month JIBAR rate of 7.47%, maturing on 4 July 2022 - closed out during 2021	-	(15 291)	-	-
R600 Million at a 3 month JIBAR rate of 7.54%, maturing on 15 November 2022 - closed out during 2021	-	(51 221)	-	(51 221)

R'000	Group 2021	Group 2020	Company 2021	Company 2020
R525 Million at a 3 month JIBAR rate of 7,24% maturing 31 October 2022 - closed out during 2021	-	(41 517)	-	(41 516)
R275 Million at a 3 month JIBAR rate of 7,07% maturing 7 October 2024	(14 845)	(28 404)	-	-
R28.5 Million at a 3 month JIBAR rate of 7,13% maturing 7 October 2024	(1 589)	(3 009)	-	-
R145 Million at a 3 month JIBAR rate of 7,68% maturing 7 October 2024	(10 501)	(18 454)	-	-
R50 Million at a prime rate of 6,55% maturing 7 January 2025	(1 861)	(4 111)	-	-
	(52 839)	**(223 230)**	**-**	**(92 737)**

The fair value of the interest rate swap derivative was determined by Investec and relates to the fixed rate swaps relative to 3 month JIBAR.

ABSA				
Long-term cancelable interest rate swaps				
R275 Million at a 3 month JIBAR rate of 7.07% maturing 5 October 2024	(14 768)	(28 440)	-	-
R28.5 Million at a 3 month JIBAR rate of 7.13% maturing 5 October 2024	(1 581)	(3 013)	-	-
R145 Million at a 3 month JIBAR rate of 7.68% maturing 5 October 2024	(10 460)	(18 473)	-	-
R50 Million at a prime rate of 6.55% maturing 5 January 2025	(1 846)	(4 113)	-	-
	(28 655)	**(54 039)**	**-**	**-**

The fair value of the interest rate swap derivative was determined by ABSA and relates to the fixed rate swaps relative to 3 month JIBAR.

RMB				
Long-term cancelable interest rate swaps				
R200 Million at a 3 month JIBAR rate of 7.61% maturing 4 December 2022 - closed out during 2021	-	(16 713)	-	(16 713)
	-	**(16 713)**	**-**	**(16 713)**

The fair value of the interest rate swap derivative was determined by RMB and relates to the fixed rate swaps relative to 3 month JIBAR. This swap was closed out during the current financial year.

Shown on the statement of financial position as follows:				
Non-current liabilities	(161 228)	(458 213)	(11 938)	(132 773)

27. Taxation

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Major components of the tax expense (income)				
Current				
Local income tax - current period	-	46 495	-	33 375
Local income tax - prior year over provision	(632)	-	(632)	-
	(632)	**46 495**	**(632)**	**33 375**
Deferred				
Originating and reversing temporary differences	19 423	(68 139)	13 084	(35 931)
	18 791	**(21 644)**	**12 452**	**(2 556)**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting (loss) profit	157 469	(866 148)	330 827	(349 800)
Tax at the applicable tax rate of 28% (2020: 28%)	44 091	(242 521)	92 632	(97 944)
Tax effect of adjustments on taxable income				
Accounting profit on disposal of capital items	7 744	12 248	3 977	1 804
Straight lining	4 966	5 416	-	-
Fair value changes in investment properties	224 872	208 782	42 565	23 314
Fair value of derivatives and listed securities	(64 817)	80 524	-	-
Fair value of loans to Participants of the Arrowhead Share Purchase and Option Scheme	(38 977)	56 958	(6 368)	4 799
Impairment to investment in subsidiaries	-	-	25 919	188 468
Other permanent differences	2 370	8 520	690	(10 785)
Qualifying distributions	(160 826)	(151 571)	(146 331)	(112 212)
Prior year over provision for income tax	(632)	-	(632)	-
	18 791	**(21 644)**	**12 452**	**(2 556)**

28. Earnings and headline earnings

R'000	Group 2021	Group 2020
Number of A shares in issue	62 718 658	62 718 658
Number of B shares in issue *	951 422 029	969 807 177
Weighted average number of A shares in issue	62 718 658	62 718 658
Weighted average number of B shares in issue	958 222 015	975 150 972
Weighted average number of B shares in issue after dilutive impact of Conditional Share Plan	968 532 878	979 402 988
Reconciliation of earnings and headline earnings		
Profit / (loss) for the year attributable to Arrowhead shareholders	181 197	(733 284)
Change in fair value of investment property	818 246	761 293
Change in fair value of investment property - non-controlling interest	(107 428)	(144 402)
Loss on sale of investment property	30 246	43 743
Headline gain (loss)	**922 261**	(72 650)
Basic earnings / (loss) per combined shares in issue (cents)	**17.75**	**(70.65)**
Diluted earnings / (loss) per combined shares in issue (cents)	**17.57**	**(70.65)**
Headline earnings / (loss) per combined shares in issue (cents)	**90.33**	**(7.00)**
Diluted headline earnings / (loss) per combined shares in issue (cents)	**89.43**	**(7.00)**

* For 2020 this excludes 25 534 700 B shares issued to the Arrowhead Charitable Trust. These shares were repurchased by the Group during the 2021 financial year and cancelled.

Given the nature of the business, Arrowhead uses dividend per share as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.

29. Cash generated from operations

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Profit (loss) before taxation	157 469	(866 148)	330 827	(349 800)
Adjustments for:				
Changes in fair values	368 817	1 441 341	185 086	880 243
Straight line rental income accrual	23 957	(14 519)	4 787	(31 449)
Dividends received	(20 557)	(18 325)	(409 030)	(376 060)
Depreciation	921	895	77	82
Loss on disposal of investment property	30 245	43 743	14 202	6 442
Interest income	(31 102)	(46 014)	(95 397)	(69 803)
Finance charges	458 888	574 349	109 338	171 526
Changes to tenant installations and lease commissions	8 638	3 580	2 926	(1 845)
Amortisation of structuring fee	4 777	4 176	1 215	1 291
Increase in share based payment reserve	7 140	3 059	5 994	2 578
Sundry adjustments	(632)	1 701	(31)	(237)
Changes in working capital:				
Trade and other receivables	160 978	145 300	32 701	27 164
Trade and other payables	287	38 163	(27 519)	14 606
	1 169 826	**1 311 301**	**155 176**	**274 738**

30. Tax paid

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Balance at beginning of the year	(46 495)	-	(33 375)	-
Current tax for the year recognised in profit or loss	632	(46 495)	632	(33 375)
Balance at end of the year	(632)	46 495	(632)	33 375
	(46 495)	**-**	**(33 375)**	**-**

31. Changes in liabilities arising from financing activities

	Opening balance	Cost capitalised in raising of new debt	Total non-cash movements	Cash inflows / (outflows)	Closing balance
Reconciliation of liabilities arising from financing activities					
Group - 2021					
Borrowings	5 618 498	4 777	4 777	(988 919)	4 634 356
Lease liabilities	24 599	-	-	19 937*	44 536
	5 643 097	**4 777**	**4 777**	**(968 982)**	**4 678 892**
Total liabilities from financing activities	**5 643 097**	**4 777**	**4 777**	**(968 982)**	**4 678 892**

* Included in the above R19 937 is R21 090 of proceeds from borrowings, refer note 17.

	Opening balance	Leases on adoption of IFRS16	Cost capitalised in raising of new debt	Total non-cash movements	Cash inflows / (outflows)	Closing balance
Reconciliation of liabilities arising from financing activities						
Group - 2020						
Borrowings	6 527 045	-	4 176	4 176	(912 723)	5 618 498
Lease liabilities	-	25 349	-	25 349	(750)	24 599
	6 527 045	**25 349**	**4 176**	**29 525**	**(913 473)**	**5 643 097**
Total liabilities from financing activities	**6 527 045**	**25 349**	**4 176**	**29 525**	**(913 473)**	**5 643 097**

	Opening balance	Non-cash dividends	Cost capitalised in raising of new debt and finance cost	Total non-cash movements	Cash inflows / (outflows)	Closing balance
Reconciliation of liabilities arising from financing activities						
Company - 2021						
Borrowings	1 587 592	-	1 215	1 215	(552 747)	1 036 060
Proceeds from borrowings	-	-	100	100	21 090	21 190
Loans from group companies	211 193	(150 000)	-	(150 000)	676 801	737 994
	1 798 785	**(150 000)**	**1 315**	**(148 685)**	**145 144**	**1 795 244**
Total liabilities from financing activities	**1 798 785**	**(150 000)**	**1 315**	**(148 685)**	**145 144**	**1 795 244**

	Opening balance	Cost capitalised in raising of new debt	Total non-cash movements	Cash inflows / (outflows)	Closing balance
Reconciliation of liabilities arising from financing activities					
Company - 2020					
Borrowings	2 041 230	1 291	1 291	(454 929)	1 587 592
Loans from group companies	-	-	-	211 193	211 193
	2 041 230	**1 291**	**1 291**	**(243 736)**	**1 798 785**
Total liabilities from financing activities	**2 041 230**	**1 291**	**1 291**	**(243 736)**	**1 798 785**

32. Commitments

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Capital commitments				
Acquisition of investment properties and improvements to existing properties				
Approved and committed	12 647	17 541	1 695	5 295
Minimum lease payments receivable				
Receivable in 2022	901 629	1 206 300	239 971	242 580
Receivable in 2023	616 418	691 204	160 511	159 963
Receivable in 2024	383 363	412 095	88 925	98 406
Receivable in 2025	216 995	218 103	43 648	47 135
Receivable in 2026	130 949	116 716	23 727	9 503
Receivable in 2027 and subsequent periods	175 471	209 886	16 412	15 593
	2 424 825	**2 854 304**	**573 194**	**573 180**

Minimum lease payments comprise contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements.

33. Related parties

Parties are considered related if they meet the definition of a related party interms of IAS 24.

Relationships

Subsidiaries	Arrowgem Limited, Arrowhead Prop 1 Limited, Clearwater Crossing Proprietary Limited, Cumulative Properties Limited, Fluxrab Investments No 196 Proprietary Limited, Gemgrow Asset Management Proprietary Limited, Indluplace Properties Limited, Moolgem Proprietary Limited, Vividend Income Fund Limited and Vividend Management Group Proprietary Limited
Key management	M. Kaplan, J. Limalia and R. Kader
Other	Participants of the Arrowhead share purchase trust; and Participants of the Indluplace share purchase option scheme.

R'000	Group 2021	Group 2020	Company 2021	Company 2020
Related party balances				
Directors' emoluments:				
Executive directors	29 311	30 396	29 311	30 396
Non-executive directors	4 278	3 886	4 278	3 886
	33 589	**34 282**	**33 589**	**34 282**
Balances owing by related parties:				
Loans to participants of share purchase schemes	236 504	180 446	30 720	13 454
Loans to subsidiaries	-	-	1 318 192	1 141 863
Loans from subsidiaries	-	-	(737 993)	(211 193)
Related party transactions				
Transactions:				
Interest received from participants of Group share purchase option schemes	26 991	32 608	3 567	2 466
Dividends received from subsidiaries	-	-	409 030	376 060
Interest received from Arrowgem Limited	-	-	90 642	64 884
Management fee received from Indluplace Properties Limited	-	-	1 887	2 700
Key management remuneration	40 138	30 396	40 138	30 396

34. Financial instruments and risk management

The Group's financial instruments consists mainly of deposits with banks, interest bearing liabilities, derivative instruments, trade and other receivables and trade and other payables. Book value approximates fair value in respect of these financial instruments. Exposure to market, credit and liquidity risks arises in the normal course of business.

Categories of financial instruments

R'000	Note(s)	At fair value through profit or loss	Amortised cost	Non-financial instruments	Total
Categories of financial assets					
Group - 2021					
Trade and other receivables	12	-	239 204	7 763	246 967
Cash and cash equivalents	13	-	181 953	-	181 953
Financial assets	10	182 300	13 190	-	195 490
Loans to participants of Group share purchase option schemes	9	236 504	-	-	236 504
		418 804	**434 347**	**7 763**	**860 914**
Group - 2020					
Trade and other receivables	12	-	386 546	1 004	387 550
Cash and cash equivalents	13	-	170 089	-	170 089
Financial assets	10	84 643	13 190	-	97 833
Loans to participants of Group share purchase and option schemes	9	180 446	-	-	180 446
		265 089	**569 825**	**1 004**	**835 918**
Company - 2021					
Loans to subsidiaries	11	-	1 318 192	-	1 318 192
Trade and other receivables	12	-	41 768	2 321	44 089
Cash and cash equivalents	13	-	52 650	-	52 650
Financial assets	10	-	4 599	-	4 599
Loans to participants of Group share purchase and option schemes	9	30 720	-	-	30 720
		30 720	**1 417 209**	**2 321**	**1 450 250**
Company - 2020					
Loans to subsidiaries	11	-	1 141 863	-	1 141 863
Trade and other receivables	12	-	76 790	-	76 790
Cash and cash equivalents	13	-	65 830	-	65 830
Loans to participants of Group share purchase and option schemes	9	13 454	-	-	13 454
Financial assets		-	4 599	-	4 599
		13 454	**1 289 082**	**-**	**1 302 536**

R'000	Note(s)	At fair value through profit or loss	Amortised cost	Non-financial instruments	Total
Categories of financial liabilities					
Group - 2021					
Trade and other payables	18	-	569 110	75 890	645 000
Borrowings	16	-	4 634 356	-	4 634 356
Derivatives	26	161 228	-	-	161 228
Lease liabilities	17	-	44 536	-	44 536
		161 228	**5 248 002**	**75 890**	**5 485 120**
Group - 2020					
Trade and other payables	18	-	608 492	66 222	674 714
Borrowings	16	-	5 618 498	-	5 618 498
Derivatives	26	458 213	-	-	458 213
Lease liabilities	17	-	24 599	-	24 599
		458 213	**6 251 589**	**66 222**	**6 776 024**
Company - 2021					
Trade and other payables	18	-	158 841	14 527	173 368
Loans from subsidiaries	11	-	737 994	-	737 994
Borrowings	16	-	1 036 060	-	1 036 060
Derivatives	26	11 938	-	-	11 938
Lease liabilities	17	-	21 190	-	21 190
		11 938	**1 954 085**	**14 527**	**1 980 550**
Company - 2020					
Trade and other payables	18	-	176 973	23 915	200 888
Loans from Group companies	11	-	211 193	-	211 193
Borrowings	16	-	1 587 592	-	1 587 592
Derivatives	26	132 773	-	-	132 773
		132 773	**1 975 758**	**23 915**	**2 132 446**

The table below sets out the items of income, expense, gains or losses of each class of financial asset and liability:

	At fair value through profit or loss	At amortised cost	Non-financial instruments	Total
For the year ended 30 September 2021				
Group				
Changes in fair value - Share Purchase and Option Scheme	133 727	-	-	133 727
Changes in fair value	315 702	-	(818 246)	(502 544)
Finance charges	-	(458 888)	-	(458 888)
Finance income	26 991	4 112	-	31 103
For the year ended 30 September 2020				
Group				
Changes in fair value - Share Purchase and Option Scheme	(203 676)	-	-	(203 676)
Changes in fair value	(536 009)	-	(761 293)	(1 297 302)
Finance charges	-	(574 349)	-	(574 349)
Finance income	32 608	13 406	-	46 014
For the year ended 30 September 2021				
Company				
Changes in fair value - Share Purchase and Option Scheme	17 266	-	-	17 266
Changes in fair value	47 580	-	(151 888)	(104 308)
Finance charges	-	(109 338)	-	(109 338)
Finance income	3 567	91 830	-	95 397
For the year ended 30 September 2020				
Company				
Changes in fair value - Share Purchase and Option Scheme	(17 141)	-	-	(17 141)
Changes in fair value	(793 720)	-	(83 265)	(876 985)
Finance charges	-	(171 526)	-	(171 526)
Finance income	2 466	67 338	-	69 804

Financial risk management

Credit risk

Credit risk arises from the risk that a tenant may default or not meet its obligations timeously. The financial position of the tenants is monitored on an ongoing basis. The risk is minimised as receivables are spread over a wide customer base. Allowance is made for specific doubtful debts and credit risk is therefore limited to the carrying amount of the financial asset at year-end.

Refer to note 12 for further credit risk analysis.

Other than mortgage bonds on investment properties, no other assets have been issued as collateral or security.

The ECL allowance at 30 September 2021 of R33 million (2020: R42 million).

The credit quality of receivables is considered satisfactory.

Management does not consider there to be any credit risk exposure that is not already covered in the expected credit loss allowance. The carrying value of receivables is considered to reasonably approximate fair value.

		2021			2020		
R'000		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Group							
Trade and other receivables	12	280 375	(33 408)	246 967	429 906	(42 356)	387 550
Cash and cash equivalents	13	181 953	-	181 953	170 089	-	170 089
Total		**462 328**	**(33 408)**	**428 920**	**599 995**	**(42 356)**	**557 639**
Company							
Loans to subsidiaries	11	1 318 192	-	1 318 192	1 141 863	-	1 141 863
Trade and other receivables	12	49 429	(5 340)	44 089	87 362	(10 572)	76 790
Cash and cash equivalents	13	52 650	-	52 650	65 830	-	65 830
		1 420 271	**(5 340)**	**1 414 931**	**1 295 055**	**(10 572)**	**1 284 483**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and a revolving loan facility and by re-negotiating the roll over of long-term loans that fall due in the next 12 months.

The Group will utilise undrawn facilities and cash on hand to meet its short-term funding requirements.

A maturity analysis of the Company's financial assets and liabilities and its exposure to interest rate risk at year-end are set out in the following table.

The derivative instruments were valued by the Standard Bank of South Africa Limited by discounting the future cash flows using the JIBAR swap curve - refer to note 36 for the fair value hierarchy.

The fair value of the interest rate swap derivative was determined by Nedbank Capital and relates to the fixed rate swaps relative to 3 month JIBAR.

The fair value of the interest rate swap derivative was determined by Investec and relates to the fixed rate swaps relative to 3 month JIBAR.

The fair value of the interest rate swap derivative was determined by ABSA and relates to the fixed rate swaps relative to 3 month JIBAR.

The fair value of the interest rate swap derivative was determined by RMB and relates to the fixed rate swaps relative to 3 month JIBAR.

R'000		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Group - 2021						
Non-current liabilities						
Borrowings	16	-	3 939 673	-	3 939 673	3 775 728
Lease liabilities	17	-	33 316	25 707	59 023	39 177
Current liabilities						
Trade and other payables	18	645 000	-	-	645 000	645 000
Borrowings	16	1 102 877	-	-	1 102 877	858 628
Lease liabilities	17	8 793	-	-	8 793	5 359
		1 756 670	**3 972 989**	**25 707**	**5 755 366**	**5 323 892**
Current assets						
Trade and other receivables	12	246 967	-	-	246 967	246 967
Cash and cash equivalents	10	181 953	-	-	181 953	181 953
		428 920	**-**	**-**	**428 920**	**428 920**
		(1 327 750)	**(3 972 989)**	**(25 707)**	**(5 326 446)**	**(4 894 972)**

R'000		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Group - 2020						
Non-current liabilities						
Borrowings	16	-	5 503 802	173 129	5 676 931	3 531 578
Lease liabilities		-	12 161	29 488	41 649	23 128
Current liabilities						
Trade and other payables	18	608 491	-	-	608 491	608 491
Borrowings	16	698 936	-	-	698 936	2 086 920
Lease liabilities		3 411	-	-	3 411	1 471
		1 310 838	**5 515 963**	**202 617**	**7 029 418**	**6 251 588**
Current assets						
Trade and other receivables	12	387 550	-	-	387 550	387 550
Cash and cash equivalents	13	170 089	-	-	170 089	170 089
		557 639	**-**	**-**	**557 639**	**557 639**
		(753 199)	**(5 515 963)**	**(202 617)**	**(6 471 779)**	**(5 693 949)**

R'000		Less than 1 year	2 to 5 years	Total	Carrying amount
Company - 2021					
Non-current liabilities					
Borrowings	16	-	1 074 110	1 074 110	1 036 060
Lease liabilities	17	-	19 948	19 948	17 458
Current liabilities					
Trade and other payables	18	173 368	-	173 368	173 368
Loans from group companies	11	737 994	-	737 994	737 994
Lease liabilities	17	5 031	-	5 031	3 732
		916 393	**1 094 058**	**2 010 451**	**1 968 612**
Non-current assets					
Loans to subsidiaries	11	1 318 161	-	1 318 161	1 318 161
Current assets					
Loans to subsidiaries	11	31	-	31	31
Trade and other receivables	12	44 089	-	44 089	44 089
Current tax receivable	27	632	-	632	632
Cash and cash equivalents	13	52 650	-	52 650	52 650
		1 415 563	**-**	**1 415 563**	**1 415 563**
		499 170	**(1 094 058)**	**(594 888)**	**(553 049)**

R'000		Less than 1 year	2 to 5 years	Total	Carrying amount
Company - 2020					
Non-current liabilities					
Borrowings	16	-	1 739 544	1 739 544	1 360 674
Current liabilities					
Trade and other payables	18	200 886	-	200 886	200 886
Loans from subsidiaries	11	211 193	-	211 193	211 193
Borrowings	16	89 144	-	89 144	226 918
		501 223	**1 739 544**	**2 240 767**	**1 999 671**
Non-current assets					
Loans to subsidiaries	11	-	1 114 547	1 114 547	1 114 547
Current assets					
Loans to subsidiaries	11	27 316	-	27 316	27 316
Trade and other receivables	12	76 788	-	76 788	76 788
Cash and cash equivalents	13	65 830	-	65 830	65 830
		169 934	**1 114 547**	**1 284 481**	**1 284 481**
		(331 289)	**(624 997)**	**(956 286)**	**(715 190)**

Interest rate risk

The Group manages its exposure to changes in interest rates by hedging its exposure to interest rates in respect of the majority of its borrowings either in the form of fixed rate loans or interest rate swaps. At year-end, interest rates in respect of 73.8% (2020: 91.5%) of borrowings were hedged.

The average rate of interest for the year was 8.52% (2020: 9.15%). The value of unhedged borrowings is R1.2b (2020: R477m).

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rates at the reporting date.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year under review would have decreased/increased by R12.2 million (2020: R9.8 million).

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year under review would have decreased/increased by R7.9 million (2020: R2.6 million).

The Company's sensitivity to interest rates has increased during the current period mainly due to the closing out of various swaps to align the hedging to reduced debt levels as a result of the asset disposal program.

	2021 +-100 basis points	2020 +-100 basis points
Group	R12.2 million	R9.8 million
Company	R7.9 million	R2.6 million

35. Capital management

The Company's borrowings, excluding debentures, are limited to 45% of the valuation of the investment property portfolio in terms of the existing debt covenants and unlimited in terms of the memorandum of incorporation of the Company.

36. 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 properties (refer to note 4) are valued using a level 3 model. Derivative instruments (refer to note 26) are valued using a level 2 model. The loans to participants of Group share purchase option schemes are valued using a level 3 model (refer to note 9). The investment in Dipula and formerly Rebosis are valued using a level 1 model (refer note 10).There are no other assets that are required to be analysed as per the hierarchy.

Levels of fair value measurements

	At fair value	Level 1	Level 2	Level 3
Group:				
Year ended 30 September 2021				
Investment property (including non-current assets held for sale)	11 826 507	-	-	11 826 507
Financial assets	**418 804**	**182 300**	**-**	**236 504**
Listed securities	182 300	182 300	-	-
Loans to participants of Group share option scheme	236 504	-	-	236 504
Total assets	**12 245 311**	**182 300**	**-**	**12 063 011**
Financial liabilities	**161 228**	**-**	**161 228**	**-**
Interest rate swaps	161 228	-	161 228	-
Total liabilities	**161 228**	**-**	**161 228**	**-**
Company:				
Year ended 30 September 2021				
Investment property (including non-current assets held for sale)	2 233 273	-	-	2 233 273
Financial assets	**30 720**	**-**	**-**	**30 720**
Loans to participants of Group share option scheme	30 720	-	-	30 720
Total assets	**2 263 993**	**-**	**-**	**2 263 993**
Financial liabilities	**11 938**	**-**	**11 938**	**-**
Interest rate swaps	11 938	-	11 938	-
Total liabilities	**11 938**	**-**	**11 938**	**-**

Levels of fair value measurements

	At fair value	Level 1	Level 2	Level 3
Group:				
Year ended 30 September 2020				
Investment property (including non-current assets held for sale)	13 539 459	-	-	13 539 459
Financial assets	**265 088**	**84 643**	**-**	**180 446**
Listed securities	84 643	84 643	-	-
Loans to participants of Group share option scheme	180 446	-	-	180 446
Total assets	**13 804 547**	**84 643**	**-**	**13 719 905**
Financial liabilities	**458 213**	**-**	**458 213**	**-**
Interest rate swaps	458 213	-	458 213	-
Total liabilities	**458 213**	**-**	**458 213**	**-**
Company:				
Year ended 30 September 2020				
Investment property (including non-current assets held for sale)	2 670 751	-	-	2 670 751
Financial assets	**13 454**	**-**	**-**	**13 454**
Loans to participants of Group share option scheme	13 454	-	-	13 454
Total assets	**2 684 205**	**-**	**-**	**2 684 205**
Financial liabilities	**132 773**	**-**	**132 773**	**-**
Interest rate swaps	132 773	-	132 773	-
Total liabilities	**132 773**	**-**	**132 773**	**-**

37. Operating segments

The entity has five reportable segments, which is in line with the prior year, based on the geographic split of the country which are the entity's strategic business segments. For each strategic business segments, the entity's executive directors review internal management reports on a monthly basis. All segments are located in South Africa. There are no single major customers.

The following summary describes the operations in each of the entity's reportable segments.

R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape	Limpopo	Other	Total
Geographical							
30 September 2021							
Contractual rental income	1 314 065	256 916	122 166	126 113	122 920	58 528	2 000 708
Straight line rental income	(16 572)	(6 316)	(626)	2 164	(1 748)	(858)	(23 956)
Listed securities income	-	-	-	-	-	20 557	20 557
Operating costs and administrative costs	(646 269)	(81 265)	(44 570)	(50 524)	(32 054)	(163 696)	(1 018 378)
Net operating income/(loss) before interest	**651 224**	**169 335**	**76 970**	**77 753**	**89 118**	**(85 469)**	**978 931**
Interest received	18 324	196	22	59	179	12 322	31 102
Finance charges	(2 234)	(209)	(4)	(10)	(21)	(456 410)	(458 888)
Net operating income/(loss)	**667 314**	**169 322**	**76 988**	**77 802**	**89 276**	**(529 557)**	**551 145**
Changes in fair values	(614 704)	(120 353)	(8 232)	19 986	(46 848)	376 475	(393 676)
Profit/(loss) before taxation	**52 610**	**48 969**	**68 756**	**97 788**	**42 428**	**(153 082)**	**157 469**
Taxation	-	-	-	-	-	(18 791)	(18 791)
Reportable segment profit/(loss) after tax	**52 610**	**48 969**	**68 756**	**97 788**	**42 428**	**(171 873)**	**138 678**
Reportable segment assets	6 672 520	1 900 369	724 419	853 903	675 265	1 905 315	12 731 791
Reportable segment liabilities	(378 552)	(44 291)	(25 287)	(21 041)	(38 618)	(4 977 331)	(5 485 120)
	6 293 968	**1 856 078**	**699 132**	**832 862**	**636 647**	**(3 072 016)**	**7 246 671**

R'000	Commercial	Industrial	Retail	Residential	Overheads	Total
Sectoral						
30 September 2021						
Contractual rental income	457 079	235 043	703 525	602 314	2 747	2 000 708
Straight line rental income	(4 951)	(15 338)	(2 234)	(1 433)	-	(23 956)
Listed securities income	-	-	-	-	20 557	20 557
Operating costs and administrative costs	(196 685)	(99 188)	(241 644)	(336 675)	(144 186)	(1 018 378)
Net operating income/(loss) before interest	**255 443**	**120 517**	**459 647**	**264 206**	**(120 882)**	**978 931**
Interest received	267	400	11 678	6 462	12 295	31 102
Finance charges	(316)	(230)	(1 928)	-	(456 414)	(458 888)
Net operating income/(loss)	**255 394**	**120 687**	**469 397**	**270 668**	**(565 001)**	**551 145**
Changes in fair values	(428 621)	4 029	(124 036)	(269 618)	424 570	(393 676)
Profit/(loss) before taxation	**(173 227)**	**124 716**	**345 361**	**1 050**	**(140 431)**	**157 469**
Taxation	-	-	-	-	(18 791)	(18 791)
Reportable segment profit/(loss) after tax	**(173 227)**	**124 716**	**345 361**	**1 050**	**(159 222)**	**138 678**
Reportable segment assets	2 771 073	1 268 907	4 467 986	3 581 296	642 529	12 731 791
Reportable segment liabilities	(159 697)	(64 268)	(187 165)	(121 614)	(4 952 376)	(5 485 120)
	2 611 376	**1 204 639**	**4 280 821**	**3 459 682**	**(4 309 847)**	**7 246 671**

R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape	Limpopo	Other	Total
Geographical							
30 September 2020							
Contractual rental income	1 449 843	255 770	132 570	120 802	166 129	64 127	2 189 241
Straight line rental income	(33)	(625)	1 480	(1 338)	-	15 035	14 519
Listed securities income	-	-	-	-	-	18 325	18 325
Operating costs and administrative costs	(684 613)	(90 877)	(48 130)	(45 457)	(45 154)	(144 690)	(1 058 921)
Net operating income/(loss) before interest	**765 197**	**164 268**	**85 920**	**74 007**	**120 975**	**(47 203)**	**1 163 164**
Interest received	15 717	213	83	248	495	29 258	46 014
Finance charges	(2 141)	(307)	(1)	(7)	(10)	(571 883)	(574 349)
Net operating income/(loss)	**778 773**	**164 174**	**86 002**	**74 248**	**121 460**	**(589 828)**	**634 829**
Changes in fair values	(664 355)	(557)	(24 174)	(17 749)	(47 172)	(746 970)	(1 500 977)
Profit/(loss) before taxation	**114 418**	**163 617**	**61 828**	**56 499**	**74 288**	**(1 336 798)**	**(866 148)**
Taxation	-	-	-	-	-	21 644	21 644
Reportable segment profit/(loss) after tax	**114 418**	**163 617**	**61 828**	**56 499**	**74 288**	**(1 315 154)**	**(844 504)**
Reportable segment assets	7 524 147	2 135 119	870 350	821 716	1 104 915	1 977 861	14 434 108
Reportable segment liabilities	(357 708)	(49 555)	(47 317)	(21 816)	(51 252)	(6 294 871)	(6 822 519)
	7 166 439	**2 085 564**	**823 033**	**799 900**	**1 053 663**	**(4 317 010)**	**7 611 589**

R'000	Commercial	Industrial	Retail	Residential	Overheads	Total
Sectoral						
30 September 2020						
Contractual rental income	528 276	273 657	744 180	645 878	(2 750)	2 189 241
Straight line rental income	4 168	1 697	(3 514)	(2 866)	15 034	14 519
Listed securities income	-	-	-	-	18 325	18 325
Operating costs and administrative costs	(223 101)	(116 761)	(268 379)	(357 724)	(92 956)	(1 058 921)
Net operating income/(loss) before interest	**309 343**	**158 593**	**472 287**	**285 288**	**(62 347)**	**1 163 164**
Interest received	807	890	15 319	16 147	12 851	46 014
Finance charges	(337)	(90)	(2 003)	(131 051)	(440 868)	(574 349)
Net operating income/(loss)	**309 813**	**159 393**	**485 603**	**170 384**	**(490 364)**	**634 829**
Changes in fair values	(169 404)	(153 515)	(64 290)	(505 476)	(608 292)	(1 500 977)
Profit/(loss) before taxation	**140 409**	**5 878**	**421 313**	**(335 092)**	**(1 098 656)**	**(866 148)**
Taxation	-	-	-	-	21 644	21 644
Reportable segment profit/(loss) after tax	**140 409**	**5 878**	**421 313**	**(335 092)**	**(1 077 012)**	**(844 504)**
Reportable segment assets	3 243 919	1 659 751	5 134 578	3 878 564	517 296	14 434 108
Reportable segment liabilities	(159 336)	(78 157)	(227 626)	(93 370)	(6 264 030)	(6 822 519)
	3 084 583	**1 581 594**	**4 906 952**	**3 785 194**	**(5 746 734)**	**7 611 589**

38. Non-controlling interest

There are no significant statutory, contractual or regulatory restrictions on the Group's ability to access or use its assets and settle its liabilities.

There are no contractual arrangements in place for the provision of financial support of the principal subsidiary, nor has there been any financial or other support provided to these entities during the reporting period.

The Group includes the following subsidiaries with non-controlling interests (NCIs):

	Effective interest held by NCI 2021	Effective interest held by NCI 2020	Profit/(Loss) allocated to NCI for the year - 2021	Profit/(Loss) allocated to NCI for the year - 2020	Equity allocated to NCI for the year 2021	Equity allocated to NCI for the year 2020
Moolgem	0%	0%	-	2 387	-	-
Arrowgem	0.30%	0.30%	585	9 794	10 379	9 794
Indluplace	39.00%	40.01%	(43 104)	(123 401)	854 997	982 570
			(42 519)	**(111 220)**	**865 376**	**992 364**

Set out below is the non-controlling interest (NCI) summarised financial information for the Group. The amounts disclosed are before inter-Company eliminations.

R'000	2021	2020
Indluplace		
Summarised statement of financial position		
Non-current assets	3 443 618	3 853 033
Current assets	312 277	269 860
Other non-current liabilities	(1 449 206)	(1 397 965)
Current liabilities	(115 661)	(270 178)
	2 191 028	**2 454 750**
Summarised statement of comprehensive income		
Rental income	602 314	643 011
Total comprehensive income for the year	(108 180)	(308 435)
Summarised cash flows		
Cash flows from operating activities	68 894	84 358
Cash flows from investing activities	15 709	3 811
Cash flows from financing activities	(49 877)	(48 704)
Arrowgem		
Summarised statement of financial position		
Non-current assets	5 775 509	5 835 764
Current assets	411 076	629 531
Other non-current liabilities	(2 095 607)	(2 964 438)
Current liabilities	(1 065 102)	(424 064)
	3 025 876	**3 076 793**
Summarised statement of comprehensive income		
Rental income	467 395	460 006
Total comprehensive income for the year	208 114	(474 358)
Summarised cash flows		
Cash flows from operating activities	165 109	82 536
Cash flows from investing activities	232 040	(43 662)
Cash flows from financing activities	(402 572)	(42 367)

Acquisition of NCI

During the prior financial year, the Group acquired an additional 5% interest in Moolgem Proprietary Limited ("Moolgem"), increasing its ownership from 95 to 100%. R30m out of the R36.6m consideration was accrued in 2020 and only paid in 2021.

R'000	2021	2020
Carrying amount of NCI acquired	-	40 430
Consideration paid to NCI	-	(36 623)
	-	**3 807**

During the prior financial year 2020, Indluplace Properties Limited ("Indluplace") embarked on a share buy back program resulting in the purchase of 1.9 million shares on the open market. This resulted in an effective increase in the Group's shareholding in Indluplace from 59.6% to 60.0%.

During the current 2021 financial year, Indluplace purchased 5 273 809 shares from Arrowhead's former financial director. This resulted in an effective increase in the Group's shareholding in Indluplace from 60.0% to 61.0%.

These share buy backs of Indluplace in 2020 and 2021 have been disclosed as share buy backs on the Statement of Changes in Equity.

R'000	2021	2020
Carrying amount of NCI acquired	28 983	14 157
Cost incurred in share buy back	(16 877)	(8 477)
	12 106	**5 680**

39. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

At face value the current liabilities are higher than the current assets. However, all short-term loans reflected in current liabilities have in principle been renewed post year end with the respective funders. Furthermore, the Company has access to undrawn unrestricted cash facilities of R682 million and other current assets of approximately R430 million which is sufficient to cover all current liabilities.

40. Events after the reporting period

Dividends

The Board has resolved to declare an interim dividend (dividend number 11) of 58.59120 cents per A share and 23.18748 per B share and a final dividend for the six months ended 30 September 2021 ("final dividend") (dividend number 12) of 61.62004 cents per A share and 24.53188 cents per B share. Accordingly, a combined gross interim and final dividend of 120.21124 cents per A share and 47.71936 cents per B share for the year ended 30 September 2021 will be paid to shareholders. The total dividend amounts to R529.4 million (2020: R400.7 million).

Restitution of performance in relation to purchase offers implemented in terms of the UPS and Cumulative loans

Between November 2012 and December 2014, loan funding was advanced to certain employees of the Arrowhead Group in terms of the subsequently discontinued Arrowgem Unit Purchase Scheme (the "UPS") and in December 2016 by Cumulative Properties Limited ("Cumulative") (a subsidiary of "Arrowhead") (collectively the "Scheme Loans") to finance the acquisition of shares in the Arrowhead Group (the "Loan Shares").

In common with a number of other companies in the listed sector, the Scheme Loans were put in place with and on the basis of expert legal advice received at the time.

Having regard to the implications of the Fairvest merger and issues raised in the litigation with Imraan Suleman, the Arrowhead Board sought a further, formal legal opinion on the application of the National Credit Act, No 35 of 2005, as amended (the "NCA") to the Scheme Loans and Scheme Shares (the "NCA Opinion"). The key conclusions of the NCA Opinion (received by the Company on 28 October 2021, post the Company's year end) are that:

- the conclusion of the Scheme Loans was prohibited in terms of the NCA and, as a result the Scheme Loans were void ab initio;
- the legal consequences of this are that the parties to the Scheme Loans must tender restitution of the performance which took place under the Scheme Loans, in order to restore the parties as near as possible in the circumstances to the position they would have been in had the Scheme Loans not been concluded (the "Restitution").

The NCA Opinion is based in part on relatively recent legal precedent, which has provided greater clarity on the court's interpretation of the scope of the NCA and its potential application to the Scheme Loans and the Loan Shares. Based on this Opinion and having taken further legal advice, the Group has addressed letters to the employees concerned advising them that the Group intends to give effect to the Restitution with effect from 30 November 2021 (the "Restitution Effective Date"), such that with effect from that date:

- the Loan Shares (currently held as security for the Scheme Loans) are placed under the control and at the disposal of the Group to be disposed of in a responsible manner at an appropriate time by way of an on-market disposal; a sale by private treaty; a sale to Arrowhead or one of its subsidiaries; or otherwise (with the proceeds of such disposal accruing to and being for the benefit of the Group);
- any benefits accruing to or in favour of the Loan Shares shall accrue to and be for the benefit of the Group; and the voting rights attaching to the Loan Shares shall be exercisable by the Group (provided that such exercise is permitted in terms of the JSE Listings Requirements, the Companies Act, Arrowhead's MOI or otherwise).
- the Scheme Loans will be derecognised, resulting in an estimated decrease in total assets of R91.7 million. Restitution will take place on and with effect from the Restitution Effective Date as a non-adjusting post balance sheet event.

Given that the Group took the decision in 2019, 2020 and again in these financial results, to materially impair the value of the Scheme Loans to a value calculated with reference to the value of the Loan Shares, the Restitution will not have a material impact on the financial position of the Group.

The NCA Opinion does not impact the other loan schemes in the Group (namely the Arrowgem Unit Purchase and Option Scheme, the Arrowhead Share Purchase and Option Scheme and the Indluplace Share Purchase and Option Scheme) where loans were provided, not to individuals, but to participation SPVs and which the Group has been advised are, accordingly, exempt from the provisions of the NCA. The aforesaid Group loan schemes have been discontinued in that the Boards of the relevant Group companies have resolved not to issue any further shares nor advance further loans pursuant to these schemes.

REIT RATIOS (NON IFRS DISCLOSURE)

SA REIT Associations best practise recommendations

The second edition of the SA REIT Association's best practice recommendations was issued in November 2019 and is effective for reporting periods commencing on or after 1 January 2020. The comparative figures have been disclosed on the same basis.

SA REIT FUNDS FROM OPERATIONS (SA REIT FFO) PER SHARE
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Profit / (loss) per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	**181 197**	**(733 284)**
Adjusted for:		
Accounting/specific adjustments:	**623 561**	**1 032 672**
Fair value adjustments to:	560 489	1 058 123
• Investment property	818 246	746 774
• Gain / (loss) on revaluation of listed securities	(118 644)	110 035
• Fair value gain / (loss) on loans to participants of Group share purchase option schemes	(133 727)	203 676
• Sundry adjustments	(5 386)	(2 362)
Non-distributable deferred tax movement recognised in profit/loss	19 423	(68 140)
Non-distributable income tax movement recognised in profit/loss	(632)	46 495
Straight-lining operating lease adjustment	23 956	14 519
Transaction costs expensed in accounting for a business combination	-	-
Adjustments to dividends from equity interests held	20 325	(18 325)
Adjustments arising from investing activities:		
Losses on disposal of:	30 245	43 743
• Investment property and property, plant and equipment	30 245	43 743
Foreign exchange and hedging items:	(197 058)	384 592
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(197 058)	384 592
Other adjustments:	(107 284)	(203 564)
Non-controlling interests in respect of the above adjustments	(89 319)	(194 230)
Adjustments relating to subsidiary Indluplace - adjusting for pay-out ratio and other sundry items	(17 965)	(17 757)
Interest earned from Arrowhead Charitable Trust	-	8 423
SA REIT FFO:	**530 661**	**524 159**
Allocated to the A shares:	75 395	72 415
Thus balance allocated to the B shares:	455 266	451 744
Number of shares outstanding at end of period (net of treasury shares) - A shares	62 718 658	62 718 658
Number of shares outstanding at end of period (net of treasury shares) - B shares	951 422 029	995 341 877
SA REIT FFO per share - A shares (cents)	120.21	115.46
SA REIT FFO per share - B shares (cents)	47.85	45.39

SA REIT NET ASSET VALUE (SA REIT NAV)
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Reported NAV attributable to the parent	**6 381 295**	**6 619 225**
Adjustments:		
Dividend to be declared	(529 407)	(400 760)
Dividend to be received from Indluplace and Dipula	74 218	84 326
Fair value of certain derivative financial instruments	161 228	458 213
Deferred tax	(38 678)	(58 100)
SA REIT NAV:	**6 048 656**	**6 702 904**
Allocated to the A shares:	733 428	495 781
Thus balance allocated to the B shares:	5 315 228	6 207 123
Number of shares outstanding at end of period (net of treasury shares) - A shares	62 718 658	62 718 658
Number of shares outstanding at end of period (net of treasury shares) - B shares	951 422 029	969 807 177
Effect of dilutive instruments	10 310 863	4 252 016
Dilutive number of shares in issue	**961 732 892**	**974 059 193**
SA REIT NAV per A share (cents):	1 169	790
SA REIT NAV per B share (cents):	553	637

SA REIT COST-TO-INCOME RATIO
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Expenses		
Operating expenses per IFRS income statement (incl. municipal expenses)	884 032	954 869
Administrative expenses per IFRS income statement	134 346	104 052
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature and ammortisation expense in respect of intangible assets	921	894
Operating costs	**1 019 299**	**1 059 815**
Rental income		
Contractual rental income per IFRS income statement (excl. straight-lining)	1 509 965	1 648 496
Utility and operating recoveries per IFRS income statement	490 743	540 745
Gross rental income	**2 000 708**	**2 189 241**
SA REIT cost-to-income ratio	**50.9%**	**48.4%**

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Expenses		
Administrative expenses per IFRS income statement	134 346	104 052
Operating costs	**134 346**	**104 052**
Rental income		
Contractual rental income per IFRS income statement (excl. straight-lining)	1 509 965	1 648 496
Utility and operating recoveries per IFRS income statement	490 743	540 745
Gross rental income	**2 000 708**	**2 189 241**
SA REIT administrative cost-to-income ratio	**6.7%**	**4.8%**

SA REIT GLA VACANCY RATE
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Gross lettable area of vacant space	78 677	97 023
Gross lettable area of total property portfolio	939 486	1 130 972
SA REIT GLA vacancy rate	**8.4%**	**8.6%**

* The above excludes Indluplace as Indluplace reports vacancy on a unit basis and not GLA basis.

SA REIT LOAN-TO-VALUE
Group

R'000	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Gross debt	4 678 892	5 643 096
Less:		
Cash and cash equivalents (excl. restricted cash and cash equivalents)	(151 976)	(190 234)
Add/less:		
Derivative financial instruments	161 228	458 213
Net debt	**4 688 144**	**5 911 075**
Total assets - per Statement of Financial Position	12 731 792	14 434 107
Less:		
Cash and cash equivalents	(181 953)	(190 234)
Derivative financial assets	-	-
Goodwill and intangible assets	(38 678)	(58 100)
Trade and other receivables (excl. property loan receivable)	(238 306)	(316 965)
Carrying amount of property-related assets	**12 272 855**	**13 868 808**
SA REIT loan-to-value ("SA REIT LTV")	**38.2%**	**42.6%**

SA REIT COST OF DEBT
Group

	Unaudited year ended 30 September 2021	Unaudited year ended 30 September 2020
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	5.7%	5.5%
Fixed interest-rate borrowings		
Weighted average fixed rate	0.0%	0.0%
Pre-adjusted weighted average cost of debt:	**5.7%**	**5.5%**
Adjustments:		
Impact of interest rate derivatives	2.7%	3.6%
Impact of cross-currency interest rate swaps	0.0%	0.0%
Amortised transaction costs imputed into the effective interest rate	0.1%	0.1%
All-in weighted average cost of debt:	**8.5%**	**9.2%**

Section 15 **Administration**

Commercial bankers - The Standard Bank of South Africa Limited
(Registration number 1969/017128/06)
30 Baker Street, Rosebank
Johannesburg, 2001

Nedbank Limited
(Registration number 1951/000009/16)
Nedbank 1 Block, 4th Floor, 135 Rivonia Campus
135 Rivonia Road Sandown,
Sandton, 2196

FirstRand Bank Limited
(Registration number 1929/001225/06)
25th Floor, Portside, 5 Buitengracht Street
Cape Town, 8001

Investec Bank Limited
(Registration Number 1969/004763/06)
100 Grayston Drive, Sandown
Sandton, 2196

Auditors - BDO South Africa Incorporated
(Registration number 1995/002310/21)
Wanderers Office Park 52 Corlett Drive
Illovo, 2196

Transfer secretaries - JSE Investor Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor, 19 Ameshoff Street
Braamfontein, 2001
PO Box 4844, Johannesburg, 2000

Company Secretary - Vicki Turner
3rd Floor, Upper Building, 1 Sturdee Ave,
Rosebank, 2196

Property manager - Excellerate Real Estate Services Proprietary Limited, t/a JHI, part of CBRE Excellerate
Block A/B, 3A Summit Rd, Dunkeld West,
Johannesburg, 2196
Private Bag X45, Benmore, 2010
+27 (0)11 911 8000

Arrowhead Properties Limited
(Incorporated in the Republic of South Africa)
Company registration number: 2007/032604/06)
JSE share code: AHA ISIN ZAE000275491
JSE share code: AHB ISIN ZAE000275509
3rd Floor, Upper Building, 1 Sturdee Ave,
Rosebank, 2196
PO Box 685, Melrose Arch, Johannesburg, 2076
+27 (0)10 100 0076
www.arrowheadproperties.co.za / info@arrowheadproperties.co.za

Sponsor - Nedbank Corporate and Investment Banking, a division of Nedbank Limited
(Registration number 1951/000009/16)
Nedbank 1 Block, 4th Floor, 135 Rivonia Campus
135 Rivonia Road Sandown,
Sandton, 2196

Legal advisor - Cliffe Dekker Hofmeyr Inc
1 Protea Place, c/o Fredman and Protea Place,
Sandton, 2196

Annual General Meeting

Monday, 28 February 2022 at 11h00

Proposed dividend timetable for the 2022 financial year

Six months ended	30 September 2021	31 March 2022	30 September 2022
Declaration date	24 November 2021	24 May 2022	22 November 2022
Last day to trade 'cum' dividend	13 December 2021	7 June 2022	12 December 2022
Shares trade 'ex' dividend	14 December 2021	8 June 2022	13 December 2022
Record date	17 December 2021	10 June 2022	15 December 2022
Payment date	20 December 2021	13 June 2022	19 December 2022

The above dates and times are subject to change. Any changes will be announced on SENS.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of A and B shareholders of Arrowhead (**"shareholders"**) will be held at the offices of Arrowhead, 3rd Floor, Upper Building, 1 Sturdee Avenue, Rosebank, Johannesburg on Monday, 28 February 2022 at 11h00 or by way of electronic participation (the **"Annual General Meeting"**) for the purpose of:

- presenting the directors' report, the Social and Ethics Committee report, the audited annual financial statements containing the auditor's report and the Audit and Risk Committee report of the Company for the year ended 30 September 2021, as is contained in the Integrated Annual Report to which this notice of Annual General Meeting is attached (**"Integrated Annual Report"**). A full copy of the Integrated Annual Report Report as well as the full audited financial statements of the Company, can be found on the Company's website **wwww.arrowheadproperties.co.za** or obtained from the Company's offices at 3rd Floor, Upper Building, 1 Sturdee Avenue, Rosebank, Johannesburg;
- transacting any other business as may be transacted at an Annual General Meeting of shareholders of a company including the re-appointment of the auditors and re-election of retiring directors; and
- considering and, if deemed fit, adopting with or without modification, the shareholder ordinary and special resolutions set out below.

In terms of section 59(1)(a) and (b) of the Companies Act, 71 of 2008, as amended (the **"Companies Act"**), the Arrowhead board of directors (**"Board"**) has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the Annual General Meeting (being the date on which the shareholder must be registered in the share register in order to receive notice of the Annual General Meeting); and
- participate in and vote at the Annual General Meeting (being the date on which the shareholder must be registered in the Company's share register in order to participate in and vote at the Annual General Meeting), as follows:

Event	Date
Record date for the receipt of notice purposes	Friday 14 January 2022
Notice of Annual General Meeting posted	Thursday 20 January 2022
Announcement relating to the posting of the notice of Annual General Meeting released on SENS on	Thursday 20 January 2022
Last day to trade in order to be eligible to participate in and vote at the Annual General Meeting on	Tuesday 15 February 2022
Record date for voting purposes ("**voting record date**") on	Friday 18 February 2022
Forms of proxy for the Annual General Meeting lodged by 11h00 on*	Thursday 24 February 2022
Annual General Meeting (at 11h00) on	Monday 28 February 2022
Results of Annual General Meeting released on SENS on or before	Monday 28 February 2022

* Recommended for administrative purposes.
Shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trade. Therefore, persons who acquire Arrowhead shares after Tuesday 15 February 2022 will not be eligible to vote at the Annual General Meeting.

In terms of section 62(3)(e) of the Companies Act:

A shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to:

- appoint one or more proxy/ies to attend. A proxy need not be a shareholder of the Company; and
- participate in and vote at the Annual General Meeting in the place of the shareholder, by completing the form of proxy in accordance with the instruction set out therein.

Identification of meeting participants

Kindly note that in terms of section 63(1) of the Companies Act, meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the Annual General Meeting. In this regard, all Arrowhead shareholders recorded in the register of the Company on the voting record date who wish to attend the Annual General Meeting will be required to provide identification satisfactory to the Chairman of the Annual General Meeting. Forms of identification include valid identity documents, driver's licenses and passports.

ORDINARY RESOLUTION 1

Re-election of A. Basserabie, N. Makhoba and N. Mkhize

"Resolved that the following individuals be re-elected as directors of the Company (each by way of separate vote):

1.1 A. Basserabie who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election;
1.2 N. Makhoba who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers herself for re-election; and
1.3 N. Mkhize who retires in terms of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election."

Brief curricula vitae in respect of A. Basserabie and N. Makhoba are set out on pages 18 to 20 of the Integrated Annual Report of which this notice forms part. N. Mkhize's curriculum vitae may be found on page 227 of this Integrated Annual Report.

The Board has considered each of A. Basserabie, N. Makhoba and N. Mkhize's past performances and contribution to the Company and recommends that A. Basserabie, N. Makhoba and N. Mkhize are re-elected as directors of the Company.

In order for each of ordinary resolutions 1.1, 1.2 and 1.3 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

ORDINARY RESOLUTION 2

Appointment of members of the Audit and Risk Committee

"Resolved that the members of the Company's Audit and Risk Committee set out below be and are hereby appointed, each by way of a separate vote, with effect from the end of this Annual General Meeting. The membership as proposed by the Nomination Committee is:

2.1 N. Makhoba, Chairman (subject to the passing of ordinary resolution 1.2);
2.2 K. Nkuna; and
2.3 J. Wiese,

all of whom are independent non-executive directors."

Brief curricula vitae of each of the above Audit and Risk Committee members are set out on pages 18 to 20 and 227 of the Integrated Annual Report.

In order for each of ordinary resolutions 2.1, 2.2 and 2.3 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

ORDINARY RESOLUTION 3

Re-appointment of auditors

"Resolved that BDO South Africa Incorporated together with Sergio Vittone as the designated individual auditor, be and are hereby re-appointed as auditors of the Company from the conclusion of this Annual General Meeting."

The Audit and Risk Committee has nominated BDO South Africa Incorporated for appointment as auditors of the Company under section 90 of the Companies Act and in accordance with the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") and further evaluated their appointment in accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements.

In order for ordinary resolution 3 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

ORDINARY RESOLUTION 4

General authority to issue shares for cash

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act, the JSE Listings Requirements and the Company's Memorandum of Incorporation, the directors of the Company be and are hereby authorised until this authority lapses at the next Annual General Meeting of the Company, provided that this authority shall not extend beyond 15 months, to allot and issue shares in the capital of the Company for cash on the following basis:

4.1 the shares which are the subject of the general issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares, rights or options as are convertible into a class already in issue;
4.2 the allotment and issue of shares for cash shall be made only to persons qualifying as "public shareholders", as defined in the JSE Listings Requirements, and not to "related parties";
4.3 shares which are the subject of general issues for cash shall not exceed 3 135 932 Arrowhead A shares and 47 571 102 Arrowhead B shares, being 5% of the Company's total shares in issue (excluding treasury shares) as at the date of notice of this Annual General Meeting;
4.4 accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 3 135 932 Arrowhead A shares and 47 571 102 Arrowhead B shares the Company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;

4.5 in the event of a sub-division or consolidation of shares, prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

4.6 the maximum discount at which the shares may be issued is 5% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares adjusted for a dividend where the "ex" date of the dividend occurs during the 30-day period in question;

4.7 after the Company has issued shares in terms of this general authority to issue shares for cash representing on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of that issue, including:

4.7.1 the number of shares issued;

4.7.2 the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and

4.7.3 an explanation, including supporting information (if any), of the intended use of the funds."

In terms of the JSE Listings Requirements, in order for ordinary resolution 4 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

ORDINARY RESOLUTION 5

Non-binding advisory vote on Remuneration Policy and Remuneration Implementation Report

"5.1 Resolved that on the Board's recommendation and on an advisory basis, the Company's Remuneration Policy on base salary, benefits, short- and long-term incentives for executive directors be and is hereby approved."

"5.2 Resolved that on an advisory basis the Company's Remuneration Implementation Report be and is hereby approved."

Should the Remuneration Policy and/or the Remuneration Implementation Report be voted against by 25% or more of the votes exercised, the Board undertakes to actively engage with shareholders in order to ascertain the legitimate and reasonable objections and concerns thereto and formulate and adopt metrics to develop the Remuneration Policy and/or Remuneration Implementation Report as the case may be, in the next financial year.

ORDINARY RESOLUTION 6

Authority to sell Treasury Shares

"Resolved that, to the extent that any treasury shares may be acquired and held by any subsidiary of the Company ("**Treasury Shares**"), and whereas paragraph 5.75 of the JSE Listings Requirements states that whenever a listed company wishes to use such Treasury Shares, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of securities, the Directors of the Company be and are hereby authorised, by way of a general authority, to sell any or all such Treasury Shares for cash, to such person/s on such terms and conditions and at such times as the Directors may, from time to time, in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements from time to time, including the limitations listed in ordinary resolution 4 above, and which are hereby incorporated, mutatis mutandis, in this ordinary resolution 6, and which include, inter alia, the following:

- any such sale of Treasury Shares may only be made to public shareholders, as defined by the JSE Listings Requirements, and not to related parties;
- this general authority will be valid until the earlier of the Company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- in determining the price at which any Treasury Shares may be sold in terms of this authority, the maximum discount permitted will be 5% (five percent) of the volume weighted average traded price on the JSE of the shares over the 30 (thirty) business days prior to the sale of such Treasury Shares. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period; and
- the approval of this general authority to sell Treasury Shares for cash by achieving a 75% (seventy-five percent) majority of the votes cast at the AGM."

The reason for ordinary resolution 6 is that, for the Company to sell any Treasury Shares for cash, it must obtain the prior authority of shareholders to the extent required under the JSE Listings Requirements. The effect of ordinary resolution 6, if passed, is to obtain such general authority from shareholders to sell Treasury Shares for cash in compliance with the JSE Listings Requirements.

The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance. Should an opportunity arise which the Board deems fitting to the Company's growth strategy then the Board shall utilise this authority accordingly.

Special Resolution 1
Share repurchases

"Resolved as a special resolution that the Company or any of its subsidiaries be and are hereby authorised by way of a general approval to acquire shares issued by the Company, in terms of sections 46 and 48 of the Companies Act and in terms of the JSE Listings Requirements being that:

1.1 any acquisition of shares shall be implemented through the order book of the JSE Limited (**"JSE"**) and without prior arrangement;
1.2 this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
1.3 the Company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
1.4 acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the Company's issued share capital of that class as at the date of passing this special resolution;
1.5 in determining the price at which shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;
1.6 at any point in time the Company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
1.7 repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
1.8 an announcement will be published as soon as the Company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue of that class as at the date that the general authority is granted by shareholders at the Annual General Meeting (**"the initial number"**) and for each 3% in aggregate of the initial number of shares in issue of that class acquired thereafter, containing full details of such acquisitions; and
1.9 the board of directors of the Company must resolve that the repurchase is authorised, the Company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the Group."

In order for special resolution 1 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

In accordance with the JSE Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of the shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of the notice of annual general meeting:

1.1 the Company and the Group will, in the ordinary course of business, be able to pay its debts;
1.2 the consolidated assets of the Company and the Group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the Company and the Group fairly valued in accordance with International Financial Reporting Standards and measured in accordance with the accounting policies used in the latest audited annual financial statements; and
1.3 the Company's and the Group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the Integrated Annual Report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

1.1 Major beneficial shareholders — pages 56 to 57;
1.2 Capital structure of the Company — page 161 (note 14).

Directors' responsibility statement
The directors whose names appear on pages 18 to 20 of the Integrated Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

Material changes
Other than the facts and developments reported on in the Integrated Annual Report of which this notice forms part, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report for the financial year ended 30 September 2021 and up to the date of this notice.

Reason for special resolution 1
The reason for special resolution 1 is to grant the directors of the Company (or a subsidiary of the Company) general authority to effect a repurchase of the Company's shares on the JSE.

Special Resolution 2:
Approval for the granting of financial assistance in terms of section 45 of the Companies Act
"Resolved as a special resolution that, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the Company for any purpose or in connection with any matter, such authority to endure for a period of two years after adoption or until its renewal, whichever is earlier. In as much as the Company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one tenth of 1% of the Company's net worth, the Company hereby provides notice to its shareholders of that fact."

In order for special resolution 2 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

Reason for special resolution number 2:
The Company would like the ability to provide financial assistance in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the Company to provide financial assistance in appropriate circumstances.

Under the Companies Act, in addition to the requirement that the above resolution be adopted, in order to provide such financial assistance the board of directors of the Company will be required to be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and that, immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test contemplated in the Companies Act.

In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

Therefore, the reason for and effect of special resolution number 2 is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 2 above.

Notice in terms of section 45(5) of the Companies Act in respect of special resolution number 2:
Notice is hereby given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance as specified in the special resolution above:

(a) By the time that this meeting notice is delivered to shareholders of the Company, the Board will have adopted a resolution (section 45 Board resolution), subject to the adoption of this special resolution number 2, authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or interrelated companies or corporations of the Company.

(b) The section 45 Board resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to any such resolution, will always be subject to the Board being satisfied that: (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the section 45 Board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the section 45 Board resolution to shareholders of the Company.

Special Resolution 3

Approval of fees payable to non-executive directors

"Resolved as a special resolution that the fees payable by the Company to non-executive directors for their services as non-executive directors (in terms of section 66 of the Companies Act) be and are hereby approved for a period of 2 years from the date of passing of this resolution or until the fees are reviewed by a further resolution whichever is the earliest as follows:

		2021 (R)	Proposed 2022 (R)
3.1	Chairman of the Board	478 479	478 479
3.2	Non-executive director	299 731	299 731
3.3	Chairman - Audit and Risk Committee member	79 130	79 130
3.4	Audit and Risk Committee member	71 936	71 936
3.5	Chairman - Remuneration Committee	79 130	79 130
3.6	Remuneration Committee member	71 936	71 936
3.7	Chairman - Investment Committee	79 130	79 130
3.8	Investment Committee member	71 936	71 936
3.9	Chairman - Social and Ethics Committee	79 130	79 130
3.10	Social and Ethics Committee member	71 936	71 936
3.11	Chairman - Nomination committee	79 130	79 130
3.12	Nomination Committee member	71 936	71 936

The remuneration excludes VAT (if applicable).

In order for the special resolution 3 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders, present in person or by proxy, is required.

Reason for special resolution 3

The reason for this special resolution 3 is to obtain shareholder approval by way of special resolution in accordance with section 66(9) of the Companies Act for the payment by the Company of remuneration to the non-executive directors of the Company for their services as non-executive directors for the ensuing financial year as required in terms of section 66(9) of the Companies Act.

Special Resolution 4

Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

"Resolved as a special resolution, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of Directors of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("**financial assistance**" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any person, including any company or corporation that is related or inter-related to the Company ("**related**" and "**inter-related**" will herein have the meanings attributed to such terms in section 2 of the Companies Act), and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with, the subscription for any option, or any shares or other securities, issued or to be issued by the Company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect, if passed, of Special Resolution Number 4 is to grant the Directors of the Company the authority, until the next annual general meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of, or in connection with, the subscription or purchase of

options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raises funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the Directors of the Company confirm that the Board will satisfy itself that, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in this special resolution 4:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the Board will only approve the provision of any financial assistance contemplated in this special resolution 4, where:

- the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's Memorandum of Incorporation have been met.

Quorum

A quorum for purposes of considering the resolutions above shall consist of three shareholders of the Company present at the Annual General Meeting. In addition, a meeting of shareholders may not begin until sufficient persons are present at the meeting to exercise in aggregate at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting. A matter to be decided at the Annual General Meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Shareholders

General instructions

Shareholders are encouraged to attend, speak and vote at the Annual General Meeting.

Electronic participation

The Company has made provision for Arrowhead shareholders or their proxies to participate electronically in the Annual General Meeting by way of telephone conferencing or by way of MS Teams. Should shareholders wish to participate in the Annual General Meeting by telephone conference call or by way of MS Teams as aforesaid, the shareholder or its proxy as the case may be, will be required to advise the Company thereof by no later than 11h00 on Thursday, 24 February 2022, by submitting by e-mail to the Company secretary at **vicki@arrowprop.co.za**, relevant contact details, including an e-mail address, cellular number and landline as well as full details of the Arrowhead shareholder's title to securities issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised certificated Arrowhead shares) and (in the case of dematerialised Arrowhead shares) written confirmation from the Arrowhead shareholder's CSDP confirming the Arrowhead shareholder's title to the dematerialised Arrowhead shares.

Upon receipt of the required information, the Arrowhead shareholder concerned will be provided with a secure code or MS Teams link as the case may be and instructions to access the electronic communication during the Annual General Meeting. Arrowhead shareholders must note that access to the electronic communication will be at the expense of the Arrowhead shareholders who wish to utilise the facility.

Arrowhead shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the Annual General Meeting through this

medium. Such shareholders, should they wish to have their vote counted at the Annual General Meeting must, to the extent applicable, complete the form of proxy or contact their CSDP or broker, in both instances as set out above.

Voting, proxies and authority for representatives to act
A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, vote and speak in his/her stead.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company present in person or represented by proxy shall have one vote for every share held in the Company by such shareholder.

A form of proxy is attached for the convenience of any Arrowhead shareholder holding certificated shares and own-name dematerialised shares, who cannot attend the Annual General Meeting but wishes to be represented thereat. Forms of proxy may also be obtained on request from the Company's registered office.

The attached form of proxy is only to be completed by those shareholders who are:
- holding shares in certificated form; or
- recorded on the Company's sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant (**"CSDP"**) or broker and wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.
For administrative purposes forms of proxy should be deposited with the transfer secretaries, JSE Investor Services (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or by fax on 086 674 2450 or by email to **meetfax@jseinvestorservices.co.za** to be received by 11h00 on Thursday, 24 February 2022. Alternatively, the form of proxy may be handed to the Chairman of the Annual General Meeting or to the transfer secretaries at the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the Annual General Meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the Annual General Meeting should ensure that a resolution authorising a representative to so attend and participate at the Annual General Meeting on its behalf is passed by its directors.

Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Company's transfer secretaries prior to the Annual General Meeting.

Arrowhead does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the Annual General Meeting or any business to be conducted thereat.

By order of the Board
Arrowhead Properties Limited

20 January 2022

ARROWHEAD 2021 FORM OF PROXY

Where appropriate and applicable the terms defined in the notice of Annual General Meeting to which this form of proxy is attached and forms part of bear the same meanings in this form of proxy. This form of proxy is only for use by:

- registered shareholders who have not yet dematerialised their Arrowhead shares;
- registered shareholders who have already dematerialised their Arrowhead shares and which shares are registered in their own names in the Company's sub-register.

For completion by the aforesaid registered shareholders of Arrowhead who are unable to attend the Annual General Meeting of the Company to be held at the offices of the Company at 3rd Floor, Upper Building, 1 Sturdee Avenue Rosebank, Johannesburg, on Monday, 28 February 2022 at 11h00 (the **"Annual General Meeting"**) or any postponement or adjournment thereof.

Dematerialised shareholders, other than with "own name" registration, are not to use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("**CSDP**") or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/WE (BLOCK LETTERS PLEASE)

OF (ADDRESS)

BEING THE HOLDER/S OF ARROWHEAD SHARES HEREBY APPOINT:

1.

2.

3. The Chairman of the Annual General Meeting as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the Annual General Meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the Annual General Meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner.

Section 18 **Form of Proxy**

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

Special resolution			*In favour of	*Against	*Abstain
Ordinary resolution	1.1	Re-election of A. Basserabie as director			
Ordinary resolution	1.2	Re-election of N. Makhoba as director			
Ordinary resolution	1.3	Re-election of N. Mkhize as director			
Ordinary resolution	2.1	Appointment of members of the Audit and Risk Committee - N. Makhoba			
Ordinary resolution	2.2	Appointment of members of the Audit and Risk Committee - K. Nkuna			
Ordinary resolution	2.3	Appointment of members of the Audit and Risk Committee - J. Wiese			
Ordinary resolution	3	Re-appointment of auditors			
Ordinary resolution	4	General authority to issue shares for cash			
Ordinary resolution	5.1	Non-binding advisory vote on Remuneration Policy			
Ordinary resolution	5.2	Non-binding advisory vote on the Remuneration Implementation Report			
Ordinary resolution	6	Authority to sell Treasury Shares			
Special resolution	1	Share repurchases			
Special resolution	2	Financial assistance in terms of section 45 of the Companies Act			
Special resolution	3.1	Approval of fees payable to non-executive directors - Chairman of the Board			
Special resolution	3.2	Approval of fees payable to non-executive directors - Non-executive director			
Special resolution	3.3	Approval of fees payable to non-executive directors - Chairman of the Audit and Risk Committee			
Special resolution	3.4	Approval of fees payable to non-executive directors - Member of the Audit and Risk Committee			
Special resolution	3.5	Approval of fees payable to non-executive directors - Chairman of the Remuneration Committee			
Special resolution	3.6	Approval of fees payable to non-executive directors - Member of the Remuneration Committee			
Special resolution	3.7	Approval of fees payable to non-executive directors - Chairman of the Investment Committee			
Special resolution	3.8	Approval of fees payable to non-executive directors - Member of the Investment Committee			
Special resolution	3.9	Approval of fees payable to non-executive directors - Chairman of the Social and Ethics Committee			
Special resolution	3.10	Approval of fees payable to non-executive directors - Member of the Social and Ethics Committee			
Special resolution	3.11	Approval of fees payable to non-executive directors - Chairman of the Nomination Committee			
Special resolution	3.12	Approval of fees payable to non-executive directors - Member of the Nomination Committee			
Special resolution	4	Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			

* One vote per share held by Arrowhead shareholders recorded in the register on the voting record date. Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

SIGNED AT ON 2022

SIGNATURE ASSISTED BY ME (WHERE APPLICABLE)

(STATE CAPACITY AND FULL NAME)

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the Company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the Annual General Meeting. For administrative purposes, forms of proxy should be deposited at JSE Investor Services (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or by fax on 086 674 2450 or by email to **meetfax@jseinvestorservices.co.za** to be received by 11h00 on Thursday, 24 February 2022. Alternatively, the form of proxy may be handed to the chairman of the Annual General Meeting or to the transfer secretaries, at the Annual General Meeting, at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting. Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1 Only shareholders who are registered in the register of the Company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, JSE Investor Services (Pty) Limited, being Friday, 18 February 2022 (the "**voting record date**"), may complete a form of proxy or attend the Annual General Meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration. The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a shareholder of the Company.

2 Certificated shareholders wishing to attend the Annual General Meeting have to ensure beforehand with the transfer secretaries of the Company (being JSE Investor Services (Pty) Limited) that their shares are registered in their own name.

3 Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the Annual General Meeting.

4 Dematerialised shareholders who have not elected "own name" registration in the register of the Company through a Central Securities Depository Participant ("**CSDP**") and who wish to attend the Annual General Meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

5 Dematerialised shareholders who have not elected "own name" registration in the register of the Company through a CSDP and who are unable to attend, but wish to vote at the Annual General Meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.

6 A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the Chairman of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

7 The completion and lodging of this form will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy, and to the Company.

8 The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
- stated in the revocation instrument, if any; or
- upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

9 Should the instrument appointing a proxy or proxies have been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to:
- the shareholder, or
- the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the Company for doing so.

10 A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the Company or the instrument appointing the proxy provide otherwise.

11 If the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of instrument for appointing a proxy:
- such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
- the Company must not require that the proxy appointment be made irrevocable; and
- the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Section 18 **Form of Proxy**

12 Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the Company or waived by the Chairman of the Annual General Meeting.
14 A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15 A company holding shares in the Company that wishes to attend and participate at the Annual General Meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Company's transfer secretaries prior to the Annual General Meeting.
16 Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17 On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll a shareholder who is present in person or represented by a proxy shall have one vote for every share held in the Company by such shareholder.
18 The Chairman of the Annual General Meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
19 A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
20 A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the Chairperson of the Annual General Meeting, if the Chairperson is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting or other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
21 It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, JSE Investor Services (Pty) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 or by fax on 086 674 2450 or by email to **meetfax@jseinvestorservices.co.za**, to be received by the Company no later than 11h00 on Thursday, 24 February 2022. Alternatively, the form of proxy may be handed to the Chairman of the Annual General Meeting or to the transfer secretaries at the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting. A quorum for the purposes of considering the resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the Annual General Meeting. In addition, a quorum shall consist of three shareholders of the Company present or represented and entitled to vote at the Annual General Meeting.
22 This form of proxy may be used at any adjournment or postponement of the Annual General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.

The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act.

ANNEXURE 1

Curricula Vitae of proposed Arrowhead directors:

Ndabezinhle Mkhize | 43

Independent non-executive director

Qualifications:
BSc Actuarial Science, CFA

Appointment date: 31 January 2022

Ndabezinhle is the Chief Investment Officer of the Eskom Pension and Provident Fund. He is also Chairman of IG Markets South Africa and of the Asset Owners Forum South Africa. Previous positions include co-portfolio manager at Coronation Fund Managers and STANLIB Asset Management and equity analyst at Prudential Investment Managers. Ndabezinhle holds a BSc (Actuarial Science) degree from the University of Cape Town and the designations of Chartered Financial Analyst and Chartered Alternative Investment Analyst. He completed the Property Development Programme at the UCT Graduate School of Business.

Khegu Nkuna | 34

Independent non-executive director

Qualifications:
CA (SA)

Appointment date: 31 January 2022

Khegu qualified as a Chartered Accountant after completing her articles with Deloitte in 2013. She is currently the Group Financial Director of the Masingita Group. Masingita specialises in retail property development in similar LSM categories as Fairvest, resulting in Khegu being a valuable board member with retail property specific knowledge. Khegu has experience in both private and public companies spanning across diverse industries. She has professional experience in auditing, strategic financial management, strategy development, financial risk analysis and corporate governance.

Advocate Jacob Wiese | 40

Independent non-executive director

Qualifications:
BA, LLB, Masters in International Economics and Management

Appointment date: 31 January 2022

Jacob holds a BA (Value and Policy studies) and an LLB degree. He completed his Master's degree in International Economics and Management from Universita Commerciale Luigi Bocconi in Italy. In 2009 Jacob completed his pupillage at the Cape Bar and was subsequently admitted as an Advocate of the High Court. Jacob is a non-executive director of Invicta Holdings. He is involved with the management of Lourensford Wine Estate, one of South Africa's most prestigious wine farms.

Section 19 **Definitions**

Aviary, Lynwood Glen

A	AGM	Annual General Meeting
	Albi	All Bond Index
	ALSI	All Share Index
	Arrowgem	Arrowgem Limited (Registration number 2011/000308/06)
	Arrowhead	Arrowhead Properties Limited (Registration number 2007/032604/06), a REIT listed on the JSE
	A share	An A ordinary share in the capital of Arrowhead
B	BDO	BDO South Africa Incorporated
	Black people	A generic term which means Africans, Coloureds and Indians in terms of the Employment Equity Act, 1998
	Board	Board of directors
	B-BBEE	Broad-based black economic empowerment
	B share	A B share in the capital of Arrowhead
C	CEO	Chief Executive Officer
	CFO	Chief Financial Officer
	CGT	Capital Gains Tax
	CIO	Chief Investment Officer
	CIPC	Companies and Intellectual Property Commission
	Commercial properties	Retail, office and industrial properties
	Companies Act	Companies Act, 2008 as amended
	Company	Arrowhead
	COO	Chief Operating Officer
	CPI	Consumer Price Index
	CSDP	Central Securities Depository Participant
	CSP	Conditional Share Plan
	Cumulative	Cumulative Properties Limited
D	Dipula	Dipula Income Fund Limited
	DPS	Distribution per share

Section 19 **Definitions**

E	ECL	Expected credit loss
	EPS	Earnings per share
	ERES	Excellerate Real Estate Services Proprietary Limited, t/a JHI, part of Cushman & Wakefield Excellerate
	ESG	Environmental, Social and Governance
F	Fairvest	Fairvest means Fairvest Property Holdings Limited (Registration number 1998/005011/06)
	Fairvest transaction	Fairvest transaction means the acquisition by Arrowhead of the entire issued share capital of Fairvest to be implemented by way of a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008
	2019 Financial year	The financial year of the Company ended 30 September 2019
	2020 Financial year	The financial year of the Company ended 30 September 2020
G	Gemgrow	Gemgrow Properties Limited
	GCX	GCX: Sustainable Business Specialists
	GLA	Gross lettable area
	Group	Arrowhead and its subsidiaries
H	HEPS	Headline earnings per share
I	ICAS	Independent Counselling and Advisory Services
J	Java	Java Capital Trustees and Sponsors Proprietary Limited
	JIBAR	Johannesburg Interbank Average Rate
	JSE	JSE Limited
K	King IV	King IV™ Code/Report on Corporate Governance for South Africa 2016

138 Kelvin Drive, Sandton

Section 19 **Definitions**

L	LTI	Long-term incentive
	LTV	Loan to value
M	m^2	Square metre
	Mafadi	Mafadi Property Management Proprietary Limited
	Merger	The merger between Gemgrow and old Arrowhead
	MRI	MRI Property Central software
N	NAV	Net Asset Value
	NCI	Non Controlling Interest
O	Old Arrowhead	Arrowgem Limited (Registration number 2011/000308/06)
P	POPI Act	Protection of Personal Information Act, 2013
R	R	South African Rand
	REIT	Real Estate Investment Trust
	Rebosis	Rebosis Property Fund Limited
	Remuneration Policy	Remuneration Policy of the Company
	Remuneration Implementation Report	The report on the Implementation of the Remuneration Policy

2Twenty Madiba, Pretoria

Section 19 **Definitions**

S	SAPY	SA Listed Property Index
	SA SME	South African Small Medium Enterprise Fund Limited
	SENS	Stock Exchange News Service of the JSE
	Share or ordinary share	Share or ordinary share of no par value in the capital of the Company
	SME	Small Medium Enterprise
	STI	Short-term incentive
	Strate	A licensed Central Securities Depository for the electronic settlement of financial instruments in South Africa
	Synergy	Synergy Income Fund Limited, the name of which was changed to Gemgrow Properties Limited
T	TGP	Total Guaranteed Package
	TCFD	Task Force for Climate Related Financial Disclosures
V	Vukile	Vukile Property Fund Limited

The Atrium, Pretoria

ARROWHEAD PROPERTIES

Focused on sustainable value