

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 4 of this circular have, where appropriate, been used on this cover page.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

### Action required

If you have disposed of all your Arrowhead linked units, then this circular, together with the attached forms of proxy, should be handed to the purchaser of such Arrowhead linked units or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial linked unitholders who hold dematerialised Arrowhead linked units through a CSDP or broker who wish to attend the general meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Arrowhead linked unitholders are referred to page 2 of this circular, which sets out the detailed action required of them in respect of the corporate actions set out in this circular.

**Arrowhead does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised Arrowhead linked units to notify such linked unitholder of the transaction set out in this circular.**



## CIRCULAR TO ARROWHEAD LINKED UNITHOLDERS

relating to:

- the issue of 15 500 000 Arrowhead A linked units and 15 500 000 Arrowhead B linked units to the Arrowhead Charitable Trust in terms of a specific issue of shares for cash;
- the granting by Arrowhead of a loan to the Arrowhead Charitable Trust to fund the subscription of such Arrowhead linked units; and
- the adoption of the Arrowhead Unit Purchase and Option Scheme,

and enclosing:

- a notice of general meeting of Arrowhead shareholders; and
- a form of proxy to vote at the general meeting of Arrowhead shareholders (for use by certificated Arrowhead linked unitholders and dematerialised Arrowhead linked unitholders who have elected "own-name" registration only).

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Corporate advisor, sponsor and trustee for  
debenture holders

JAVACAPITAL

Legal advisor

DLA CLIFFE DEKKER  
HOFMEYR

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Date of issue: Wednesday, 13 May 2015

*This circular is available in English only. Copies of this circular may be obtained from the offices of Arrowhead, being 2<sup>nd</sup> Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, during normal office hours from Wednesday 13 May 2015 to Thursday, 11 June 2015. This circular is also available on the company's website at [www.arrowheadproperties.co.za](http://www.arrowheadproperties.co.za).*

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## CORPORATE INFORMATION

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**Registered office**

2nd Floor  
18 Melrose Boulevard  
Melrose Arch  
Johannesburg, 2196  
(PO Box 685, Melrose Arch, 2076)

**Corporate advisor**

Java Capital Proprietary Limited  
(Registration number 2012/089864/07)  
6A Sandown Valley Crescent  
Sandton, 2031  
(PO Box 2087, Parklands, 2121)

**Legal advisor**

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

**Company secretary**

CIS Company Secretaries Proprietary Limited  
(Registration number 2006/024994/07)  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

**Date and place of incorporation of the company**

Incorporated on 5 January 2011 in the Republic of South Africa

**Trustee for debenture holders and sponsor**

Java Capital Trustees and Sponsors Proprietary Limited  
(Registration number 2006/005780/07)  
6A Sandown Valley Crescent  
Sandton, 2031  
(PO Box 2087, Parklands, 2121)

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

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## ACTION REQUIRED BY ARROWHEAD LINKED UNITHOLDERS

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The definitions commencing on page 4 of this circular apply to this section.

### THE GENERAL MEETING

#### Action required by shareholders

The implementation of the transaction and the adoption of the Arrowhead Unit Purchase and Option Scheme are subject, *inter alia*, to Arrowhead shareholders passing the requisite resolutions at the general meeting of Arrowhead shareholders to be held at 10:00 on Thursday, 11 June 2015 at the offices of Arrowhead, 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg.

A notice convening the general meeting to be held on Thursday, 11 June 2015 is attached to and forms part of this circular.

Certificated shareholders and dematerialised shareholders who have elected “own-name” registration in the sub-register of Arrowhead maintained by a CSDP, who are unable to attend the general meeting but who wish to be represented thereat, are requested to complete and return the attached form of proxy in accordance with the instructions contained therein. The duly completed forms of proxy must be received by the transfer secretaries by no later than 10:00 on Tuesday, 9 June 2015.

Dematerialised shareholders who have not elected “own-name” registration in the sub-register of Arrowhead maintained by a CSDP, and who wish to attend the general meeting, must instruct their CSDP or broker timeously in order that such CSDP or broker may issue them with the necessary letter of representation.

Dematerialised shareholders who have not elected “own-name” registration in the sub-register of Arrowhead maintained by a CSDP, and who do not wish to attend the general meeting, must provide their CSDP or broker with their instruction for attendance or voting at the relevant general meeting in the manner stipulated in the agreement between the Arrowhead shareholder concerned and the CSDP governing the relationship between such Arrowhead shareholder and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

**Arrowhead does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be conducted thereat.**

#### Action required by debenture holders

The implementation of the transaction and the adoption of the Arrowhead Unit Purchase and Option Scheme are subject, *inter alia*, to Arrowhead shareholders passing the requisite resolutions at the general meeting of Arrowhead shareholders to be held at 10:00 on Thursday, 11 June 2015 at the offices of Arrowhead, 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg.

A notice convening the general meeting to be held on Thursday, 11 June 2015 is attached to and forms part of this circular.

Due to Arrowhead’s linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the general meeting are matters which the shareholders and not debenture holders are entitled to vote on. As a result, a proxy has only been included for shareholders.

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## SALIENT DATES AND TIMES

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The definitions commencing on page 4 of this circular apply to this section.

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**2015**

Record date for receipt of notice purposes on	Thursday, 30 April
Circular posted on	Wednesday, 13 May
Last day to trade in order to be eligible to vote at the general meeting on	Friday, 29 May
Record date in order to be eligible to vote at the general meeting on	Friday, 5 June
Last day to lodge forms of proxy in respect of the general meeting (by 10:00) on	Tuesday, 9 June
General meeting at 10:00 on	Thursday, 11 June
Results of the general meeting published on SENS on	Thursday, 11 June
Results of the general meeting published in the press on	Friday, 12 June
Subscription units issued to the Arrowhead Charitable Trust on	Monday, 22 June

**Notes:**

1. All dates and times in this circular are local times in South Africa.
2. The above dates and times are subject to change. Any changes will be released on SENS and, if required, published in the press.

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## DEFINITIONS

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In this circular and the annexures hereto, unless inconsistent with the context, an expression which denotes a gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“Act” or “Companies Act”	the Companies Act, 71 of 2008, as amended;
“A debenture” or “Arrowhead A debenture”	an “A class” unsecured subordinated variable rate debenture issued by Arrowhead, with a nominal value of 101,76 cents, each of which is indivisibly linked to an ordinary share, so as to form an A linked unit;
“A debenture holder”	the registered holder of an A debenture;
“A linked unitholder” or “Arrowhead A linked unitholder”	the registered holder of an A linked unit;
“A linked unit” or “Arrowhead A linked unit” or “A unit”	an Arrowhead A linked unit, comprising one ordinary share indivisibly linked to one Arrowhead A debenture;
“Arrowhead” or the “company”	Arrowhead Properties Limited (Registration number 2011/000308/06), a public company duly incorporated in accordance with the laws of South Africa and listed on the JSE;
“Arrowhead Charitable Trust” or “Trust”	the Arrowhead Charitable Trust (Registration number IT4179/2012), a trust duly incorporated in accordance with the laws of South Africa;
“Arrowhead share” or “share” or “ordinary share”	an ordinary share of no par value in the share capital of Arrowhead, having the rights set out in the Memorandum of Incorporation;
“Arrowhead linked unit/s” or “linked unit/s”	any of the Arrowhead A linked units and/or Arrowhead B linked units;
“Arrowhead linked unitholder” or “linked unitholder”	the registered holder of an Arrowhead linked unit;
“Arrowhead Unit Purchase Trust” or “existing executive incentive scheme”	the existing Arrowhead Unit Purchase Trust adopted by the company on 1 December 2011;
“Arrowhead Unit Purchase and Option Scheme” or “scheme”	the scheme proposed to be adopted by the company, the salient features of which are set out in <b>Annexure 3</b> ;
the “board”	the board of directors of Arrowhead;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“B debenture”	a “B class” unsecured subordinated variable rate debenture issued by Arrowhead, with a nominal value of 101,76 cents, each of which is indivisibly linked to an ordinary share, so as to form a B linked unit;
“B debenture holder”	the registered holder of a B debenture;
“B linked unitholder” or “Arrowhead B linked unitholder”	the registered holder of a B linked unit;
“B linked unit” or “Arrowhead B linked unit” or “B unit”	an Arrowhead B linked unit, comprising one ordinary share indivisibly linked to one Arrowhead B debenture;
“circular”	this circular, dated 13 May 2015, including the attached annexures, notice of general meeting and form of proxy, which has been prepared in compliance with the Listings Requirements;
“CSDP”	Central Securities Depository Participant;

<b>“dematerialise” or “dematerialisation”</b>	the process whereby certificated linked units are replaced by electronic records of ownership under Strate and recorded in the sub-register of linked unitholders maintained by a CSDP or broker;
<b>“dematerialised linked units”</b>	linked units which have been dematerialised and incorporated into the Strate system and which are no longer evidenced by physical documents of title;
<b>“general meeting”</b>	the general meeting of Arrowhead shareholders called for the purpose of adopting, with or without modification, the special and ordinary resolutions set out in the notice of general meeting attached to this circular;
<b>“group”</b>	the company and its subsidiaries;
<b>“independent trustee”</b>	a trustee who is not (and/or does not represent) a party related to Arrowhead (as ‘related party’ is defined in the Listings Requirements from time to time);
<b>“insolvency event”</b>	if the Trust: <ul style="list-style-type: none"> <li>• is voluntarily or compulsorily wound up or sequestered (whether provisionally or finally) or takes any steps for its voluntary winding up or sequestration;</li> <li>• commits an act or omission that would constitute an act of insolvency, within the meaning of section 8 of the Insolvency Act No. 24 of 1936 (or any similar act or omission within the meaning of any replacement legislation); or</li> <li>• enters into any compromise with its creditors;</li> </ul>
the <b>“JSE”</b>	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 19 of 2012, as amended;
the <b>“last practicable date”</b>	29 April 2015, being the last practicable date prior to the finalisation of this circular;
<b>“Listings Requirements”</b>	the JSE Listings Requirements, as amended from time to time, whether by way of practice note or otherwise;
<b>“loan and subscription agreement”</b>	the loan and subscription agreement entered into between Arrowhead and the Trust, dated on or about 4 May 2015, in terms of which, <i>inter alia</i> , subject to certain conditions precedent, Arrowhead undertakes to allot and issue the subscription units to the Trust for the subscription price;
<b>“Memorandum of Incorporation” or “MOI”</b>	the memorandum of incorporation of the company;
<b>“offer”</b>	an offer made under the scheme to an offeree, as detailed in <b>Annexure 3</b> ;
<b>“participant” or “offeree”</b>	an employee nominated in terms of the provisions of the scheme to receive an offer;
<b>“R” or “Rand”</b>	South African Rand;
<b>“SENS”</b>	the Stock Exchange News Service, the news service operated by the JSE;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“specific issue”</b>	the specific issue to the Arrowhead Charitable Trust of the subscription units at the subscription price;
<b>“sponsor” or “Java Capital”</b>	Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), a private company duly incorporated in accordance with the laws of South Africa;
<b>“Strate”</b>	Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;

<b>“subscription date”</b>	the fifth business day after the date on which the conditions precedent to the specific issue, as detailed in paragraph 2 of this circular, are fulfilled, or such other date as the JSE may prescribe in terms of the Listings Requirements;
<b>“subscription price”</b>	R9.95 per A linked unit and R9.98 per B linked unit, being the respective prices per A and B linked unit equivalent to the volume weighted average price at which Arrowhead A and B linked units traded for the 30 trading days immediately preceding the last practicable date;
<b>“subscription units”</b>	15 500 000 A linked units and 15 500 000 B linked units;
<b>“transaction” or “Arrowhead Charitable Trust transaction”</b>	the specific issue, which remains subject to the fulfilment of the conditions precedent detailed in paragraph 2, on or before 30 June 2015;
<b>“transfer secretaries” or “Computershare”</b>	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
<b>“trust loan”</b>	the loan to be provided by Arrowhead to the Arrowhead Charitable Trust pursuant to the terms and conditions of the loan and subscription agreement to fund the subscription price, as more fully described in paragraph 2 of this circular;
<b>“trustees”</b>	the trustees holding office as such in terms of the Arrowhead Charitable Trust; and
<b>“voting record date”</b>	the date on, and the time at which a shareholder must be recorded in the share register of the company in order to vote at the general meeting, being the close of business on the Friday of the week immediately preceding the date of the general meeting, or such other date or time as the JSE may direct.





## ARROWHEAD PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 2011/000308/06)  
(Approved as a REIT by the JSE)  
JSE Code: AWA ISIN: ZAE000158101  
JSE Code: AWB ISIN: ZAE000158119  
("Arrowhead" or the "company")

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### Directors

Taffy Adler (*Independent Non-Executive Chairperson*)  
Gerald Leissner (*Chief Executive Officer*)  
Mark Kaplan (*Chief Operating Officer*)  
Imraan Suleman (*Chief Financial Officer*)  
Matthew Nell (*Independent Non-Executive Director*)  
Selwyn Noik (*Independent Non-Executive Director*)  
Elize Stroebel (*Independent Non-Executive Director*)

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## CIRCULAR TO ARROWHEAD LINKED UNITHOLDERS

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### PART I: THE ARROWHEAD CHARITABLE TRUST

#### 1. INTRODUCTION

- 1.1 The Arrowhead Charitable Trust was established for purposes of enhancing the welfare of persons and educational institutions where Arrowhead has a presence. The Arrowhead Charitable Trust wishes to increase its capital base. In furtherance hereof, the Arrowhead Charitable Trust will, subject to the passing of the necessary resolutions at the general meeting, utilise the trust loan in order to subscribe for the subscription units.
- 1.2 Arrowhead owns a diverse portfolio of retail, office, residential and industrial properties throughout South Africa. Its main focus is to pay increasing income returns to its investors. This is achieved through escalating rentals in terms of leases with tenants, satisfactory renewal of leases with existing tenants, renting of vacant space within the portfolio, managing and reducing, where possible, costs associated with the portfolio and by acquiring revenue enhancing properties. The object of the Arrowhead Charitable Trust is to make charitable donations and distributions to its beneficiaries being:
  - 1.2.1 underprivileged communities or individuals in cities, towns and areas where Arrowhead is invested;
  - 1.2.2 projects designed to benefit the aforesaid communities or individuals; and/or
  - 1.2.3 charitable organisations benefitting the aforesaid communities or individuals.
- 1.3 The company is managed internally by the executive management team, further details of which are set out in **Annexure 1** hereto.

#### 2. THE ARROWHEAD CHARITABLE TRUST

- 2.1 Subject to fulfilment of the conditions precedent set out below, Arrowhead will issue the subscription units to the Arrowhead Charitable Trust on the subscription date, at the subscription price. The issue of the subscription units will increase Arrowhead's linked units in issue by approximately 4%. However, these linked units will be treated, from an accounting perspective, as being held in treasury (and thus not included in issued capital), until such time as they are sold by the Trust or the trust loan repaid, whichever is the earliest. These linked units are not, however, "treasury shares" as contemplated in the Listings Requirements.

- 2.2 The total subscription price payable for the subscription units will be financed by the trust loan. The granting of the trust loan is subject to Arrowhead shareholder approval being granted. The trust loan, which will be secured by a pledge and *cession in securitatem debiti* of the subscription units (although Arrowhead's right to repurchase the subscription units in terms of the pledge and *cession in securitatem debiti* will be subject to any necessary unitholder approval at that time), will be repayable out of the proceeds of the sale by the Arrowhead Charitable Trust of the subscription units. The interest on the trust loan will be equivalent to the dividend distributions received on the subscription units. The trust loan shall be repayable in full on the earlier of:
- 2.2.1 the fifth anniversary of the subscription date;
  - 2.2.2 the date on which the Trust and Arrowhead agree in writing that the trust loan will be repaid; and
  - 2.2.3 the date immediately preceding the occurrence of an insolvency event.
- 2.3 The specific issue remains subject to the following conditions precedent, namely:
- 2.3.1 Arrowhead shareholders passing all resolutions required to approve the specific issue of the subscription units to the Trust for the subscription price payable in cash, including the placement of 15 500 000 A linked units and 15 500 000 B linked units in the authorised but unissued share capital of Arrowhead under the control of the board of directors for that purpose; and
  - 2.3.2 Arrowhead shareholders passing all resolutions required to authorise the board of directors of Arrowhead to grant financial assistance to the Trust as is envisaged in sections 44 and 45 of the Companies Act; on or before 30 June 2015, or such later date as is agreed to in writing between Arrowhead and the Trust before such date.
- 2.4 The Arrowhead Charitable Trust will only be entitled to dispose of the subscription units, with the consent of Arrowhead or pursuant to a scheme of arrangement or offer in terms of sections 114 or 121 to 127 of the Act.
- 2.5 The Arrowhead Charitable Trust will generate its capital from the profit on the sale of the subscription units. Once the trust loan has been repaid, the income generated from the Trust capital will be used to make donations and distributions to its beneficiaries being:
- 2.5.1 underprivileged communities or individuals in cities, towns and areas where Arrowhead is invested;
  - 2.5.2 projects designed to benefit the aforesaid communities or individuals; and/or
  - 2.5.3 charitable organisations benefitting the aforesaid communities or individuals.
- 2.6 It has been agreed between the Trust and Arrowhead that for so long as the trust loan is still outstanding the linked units held by the Arrowhead Charitable Trust will not be taken into account for Listings Requirements resolution approval purposes or for the purposes of determining categorizations, as they will be treated as securities held by a share trust or scheme as provided in Schedule 14 of the Listings Requirements. Once the trust loan has been repaid this limitation will no longer apply to the subscription units.
- 2.7 While Arrowhead will have the right to appoint a trustee the Trust will operate independently of Arrowhead and will have a majority of independent trustees. The key features of the Arrowhead Charitable Trust are detailed in **Annexure 2**.

### 3. **PRO FORMA FINANCIAL EFFECTS AND ACCOUNTING TREATMENT**

- 3.1 Given that the interest received by Arrowhead on the trust loan will be equivalent to the distributions payable on the subscription units, the issue of the subscription units will have no effect on distributions per unit until such time as the subscription units are sold by the Arrowhead Charitable Trust.
- 3.2 There is no charge to the company in accordance with IFRS 2 on the date of issue of the subscription units because at such date the beneficiaries of the Arrowhead Charitable Trust have not been identified, when read in conjunction with the definition of "beneficiary" as detailed in IFRS 2.
- 3.3 To the extent that the subscription units are 'in the money', the company will have to recognise the dilutionary effect thereof in accordance with IAS33. However, on the date of issue of the subscription units to the Arrowhead Charitable Trust, the subscription units will not be 'in the money' as the market price would equate to the subscription price.
- 3.4 Until such time as the trust loan is repaid, Arrowhead will consolidate the Arrowhead Charitable Trust into the group financial statements. As a result of this consolidation neither the subscription units nor the trust loan will be reflected in Arrowhead's consolidated financial statements and accordingly the transaction will have no effect

on the *pro forma* historical earnings, headline earnings or asset value per unit. Therefore no *pro forma* financial information has been provided.

- 3.5 On the repayment of the trust loan Arrowhead will cease to consolidate the Arrowhead Charitable Trust. At that point, Arrowhead's group financial statements will reflect:
- 3.5.1 the issue of the subscription units at their then market value by crediting share and debenture capital and premium by the appropriate amount;
  - 3.5.2 the repayment of the trust loan by debiting cash;
  - 3.5.3 the difference between the trust loan and the then market value of the subscription units (i.e. the profit earned by the Arrowhead Charitable Trust) as a debit to donations (this charge to the group income statement will not affect interest distributions made by Arrowhead).

#### 4. APPROVAL FOR THE TRUST LOAN

As the trust loan constitutes financial assistance by Arrowhead in relation to the subscription by the Arrowhead Charitable Trust for the subscription units, the granting of the loan has to be sanctioned by a special resolution of Arrowhead shareholders in terms of section 44 of the Companies Act.

As required in terms of section 44(3)(b) of the Act the board confirms that it is satisfied that:

- 4.1 immediately after granting the trust loan the company would satisfy the solvency and liquidity test; and
- 4.2 the terms under which the trust loan is proposed to be granted are fair and reasonable to the company.

#### 5. LINKED UNIT CAPITAL CONVERSION

- 5.1 As announced on SENS on 30 April 2015, the company has issued a circular to its linked unitholders relating to the proposed conversion of the company's current linked unit capital structure to an ordinary share structure, in terms of two separate schemes of arrangement pursuant to which each Arrowhead A linked unit will be converted to an A ordinary share of no par value, and each Arrowhead B linked unit will be converted to a B ordinary share of no par value, with the subsequent listing of all issued A and B ordinary shares and simultaneous de-listing and cancellation of all A and B linked units (the "**proposed capital conversion**").
- 5.2 It is envisaged that the proposed capital conversion will be implemented on or about 6 July 2015. As recorded in the circular to linked unitholders relating to the proposed capital conversion, dated 30 April 2015, upon implementation of the proposed capital conversion, any and all references to A and B linked units in any authority granted to the directors that may be in force from time to time, or any other relevant resolution of shareholders or directors, minutes of meeting or other company document (which includes the resolutions contemplated in the notice of general meeting attached hereto), shall, to the fullest extent possible, be read as a reference to A and B ordinary shares respectively, *mutatis mutandis*.
- 5.3 Notwithstanding that the company foresees, subject to all requisite approvals being obtained, that the subscription units will be issued to the Trust, as contemplated in this circular, prior to the implementation of the proposed capital conversion, it is nevertheless hereby recorded that, insofar as the proposed capital conversion is implemented at any time prior to the specific issue, any and all references to A and B linked units in this circular and, in particular, in this Part I and the notice of general meeting attached hereto, shall be read as a reference to A and B ordinary shares respectively.

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## **PART II: THE ARROWHEAD UNIT PURCHASE AND OPTION SCHEME**

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### **6. ADOPTION OF THE SCHEME**

- 6.1 The company intends to replace the existing executive incentive scheme with the Arrowhead Unit Purchase and Option Scheme. The purpose of the scheme is to align the interests of the group's employees and executive directors with those of the linked unitholders of the company by providing an opportunity to acquire linked units in the company.
- 6.2 In accordance with the Listings Requirements, the adoption of the Arrowhead Unit Purchase and Option Scheme must be approved by Arrowhead shareholders passing an ordinary resolution (requiring a 75% majority of the votes cast in favour of such resolution, excluding all votes attaching to all Arrowhead units owned or controlled by persons who are participants in the scheme).

### **7. SALIENT FEATURES OF THE SCHEME**

Salient features of the Arrowhead Unit Purchase and Option Scheme are set out in **Annexure 3**.

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## PART III: GENERAL

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### 8. GENERAL MEETING

- 8.1 A general meeting of Arrowhead shareholders will be held at 10:00 on Thursday, 11 June 2015 at the offices of the company (2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg) for Arrowhead shareholders to consider and, if deemed fit, pass, the proposed resolutions necessary to implement the transaction and adopt the Arrowhead Unit Purchase and Option Scheme.
- 8.2 Details of the actions required by Arrowhead linked unitholders are set out on page 2 of this circular.

### 9. LINKED UNITS

Details of Arrowhead's linked unit capital are set out in **Annexure 4** hereto. The linked unit price history of Arrowhead's A and B linked units are set out in **Annexure 5** hereto.

### 10. DIRECTORS AND MANAGERS

**Annexure 1** hereto contains the following information:

- 10.1 details of directors and executive management including their qualifications and experience;
- 10.2 directors' interests in transactions and linked units;
- 10.3 directors' emoluments; and
- 10.4 linked units granted to directors.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in **Annexure 1** hereto, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no other 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 this circular contains all information required by law and the Listings Requirements.

### 12. LITIGATION

There are no legal or arbitration proceedings which may have, or have during the twelve months preceding the date of this circular, had a material effect on the financial position of the company. The company is not aware of any proceedings that would have a material effect on the financial position of the company or which are pending or threatened against the company.

### 13. CONSENTS

Each of the corporate advisor, sponsor and trustee for debenture holders, legal advisor and the transfer secretaries have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

#### 14. EXPENSES

The estimated total amount of expenses (excluding VAT) relating to the transaction which have been incurred by the company or that are expected to be incurred are set out below:

	<b>Rand</b>
Corporate advisor fees payable to Java Capital	30 000
Legal advisor fees payable to Cliffe Dekker Hofmeyr	180 000
JSE – Documentation fee	13 359
– Listing fee	137 122
Announcements	50 000
Printing costs payable to Ince	100 000
Contingency	50 000
<b>Total</b>	<b>560 481</b>

#### 15. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed below will be available for inspection at the offices of the company, 2nd Floor, 18 Melrose Boulevard, Melrose Arch, during normal office hours on business days from the date this circular is posted to Arrowhead linked unitholders to the date of the general meeting:

- 15.1 the Memorandum of Incorporation of the company and its subsidiaries;
- 15.2 the debenture trust deed in respect of the Arrowhead A and B debentures;
- 15.3 the rules of the Arrowhead Unit Purchase and Option Scheme;
- 15.4 the trust deed in respect of the Arrowhead Charitable Trust;
- 15.5 the loan and subscription agreement;
- 15.6 the directors' service contracts;
- 15.7 the consent letters referred to in paragraph 13 above; and
- 15.8 the audited financial statements of Arrowhead for the years ended 30 September 2014, 30 September 2013 and 30 September 2012.

Signed at Johannesburg by Mark Kaplan on his behalf and on behalf of all of the directors of the company on 13 May 2015 in terms of powers of attorney granted by them dated 30 April 2015.

**Mark Kaplan**

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## DETAILS OF DIRECTORS AND MANAGEMENT

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### 1. DETAILS OF THE DIRECTORS AND FOUNDERS OF ARROWHEAD

- 1.1 The full names, ages, nationalities, business addresses, qualifications and functions of the directors are set out below:

<b>Name and age</b>	<b>Gerald George Leo Leissner (73)</b>
<b>Business address</b>	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg
<b>Qualification</b>	CA(SA)
<b>Position</b>	CEO
<b>Experience</b>	Gerald is a chartered accountant with 50 years' experience in the property industry, both in South Africa and abroad. Gerald was a non-executive director of the Johannesburg Housing Company, which led a pioneering path in the development of social housing in the Johannesburg inner city. Gerald was the CEO of ApexHi Properties Limited from its founding in 2001 until ApexHi Properties Limited was acquired by Redefine Properties Limited (" <b>Redefine</b> ") in 2009, after which he served as a non-executive director of Redefine. He retired from Redefine when Arrowhead was formed in 2011.
<b>Name and age</b>	<b>Imraan Ebrahim Suleman (43)</b>
<b>Business address</b>	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg
<b>Qualification</b>	BCom (Hons) Acc, CA(SA)
<b>Position</b>	Chief financial officer
<b>Experience</b>	Imraan is a chartered accountant. He is the financial director of Arrowhead. He joined Java Capital in 2005 from one of the big four audit firms for which he had worked in both South Africa and the UK. Imraan advised clients on a wide range of transactions including listings, mergers and acquisitions, capital raisings and empowerment transactions. He is a non-executive director of the Johannesburg Housing Company, which provides homes to more than 12 000 people in the low to middle income communities.
<b>Name and age</b>	<b>Mark Jonathan Kaplan (34)</b>
<b>Business address</b>	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg
<b>Qualification</b>	BBusSc, Finance (Hons)
<b>Position</b>	Chief operating officer
<b>Experience</b>	Mark is the chief operating officer of Arrowhead. He was previously managing director of Aengus Property Holdings, which pioneered up-market student accommodation in South Africa.
<b>Name and age</b>	<b>Taffy Monty Adler (64)</b>
<b>Business address</b>	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg
<b>Qualification</b>	BA, BPhil in African Studies, MSC in Building Science
<b>Position</b>	Independent non-executive director (Chairman)
<b>Experience</b>	Taffy is the CEO of the Housing Development Agency whose mission is fast-tracking the acquisition and release of state, private and community owned land for human settlement developments. He was previously CEO of the Johannesburg Housing Company.

<b>Name and age</b>	<b>Selwyn Noik (68)</b>
<b>Business address</b>	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg
<b>Qualification</b>	CA (SA)
<b>Position</b>	Independent non-executive director
<b>Experience</b>	After qualifying as a chartered accountant, Selwyn joined listed property company, Pioneer Holdings & Finance Corporation Limited in a managerial position, which he held for over 10 years. Selwyn was an executive director of Reichmans Limited and after its acquisition by Investec, he assumed the position of Group Secretary of Investec, a position he held for thirteen years until his retirement in 2007. Thereafter he filled a company secretarial and compliance role with Investec Property Limited until the end of 2011.
<b>Name and age</b>	<b>Elize Stroebel (46)</b>
<b>Business address</b>	53 Main Street, Marshalltown, Johannesburg
<b>Qualification</b>	B.Proc, Masters in Business Management
<b>Position</b>	Independent non-executive director
<b>Experience</b>	Elize, a lawyer, is CEO of the Johannesburg Housing Company. She has served as the country director for International Housing Solutions and before that was one of the founding trustees and CEO of the Gauteng Partnership Fund.
<b>Name and age</b>	<b>Matthew Nell (64)</b>
<b>Business address</b>	158 Jan Smuts Avenue, Rosebank, Johannesburg
<b>Qualification</b>	BSc (Building Science), MSc (Town and Regional Planning)
<b>Position</b>	Independent non-executive director
<b>Experience</b>	Matthew has over 30 years' experience in urban and housing development and manages a development consultancy, Shisaka Development Management Services Proprietary Limited.

All directors are South African nationals. No directors have resigned during the last 18 months.

## 2. DIRECTORS' INTERESTS IN SECURITIES

2.1 As at the last practicable date the following directors and their associates beneficially hold, directly or indirectly, the following interests in linked units:

### 2.1.1 *A linked units*

Director	Beneficially held			% of A linked units in issue <sup>(1)</sup>
	Directly	Indirectly	Total	
G Leissner	–	6 273 051	6 273 051	1.49
M Kaplan	5 205 210	–	5 205 210	1.24
I Suleman	5 451 036	–	5 451 036	1.30
M Nell	70 000	–	70 000	– <sup>(2)</sup>
<b>Total</b>	<b>10 726 246</b>	<b>6 273 051</b>	<b>16 999 297</b>	<b>4.03</b>

**Notes:**

- Based on 421 607 408 Arrowhead A linked units in issue on the last practicable date.
- Less than 1%.

### 2.1.2 *B linked units*

Director	Beneficially held			% of B linked units in issue <sup>(1)</sup>
	Directly	Indirectly	Total	
G Leissner	–	6 227 051	6 227 051	1.48
M Kaplan	5 790 914	–	5 790 914	1.37
I Suleman	5 451 036	–	5 451 036	1.29
M Nell	91 000	–	91 000	– <sup>(2)</sup>
S Noik	70 000	–	70 000	– <sup>(2)</sup>
<b>Total</b>	<b>11 402 950</b>	<b>6 227 051</b>	<b>17 630 001</b>	<b>4.14</b>

**Notes:**

- Based on 421 607 408 Arrowhead B linked units in issue on the last practicable date.
- Less than 1%.



- 2.2 Set out below are the changes in directors' interests (including their associates) occurring between the end of the preceding financial year (that is end September 2014) and the last practicable date:
- 2.2.1 On 10 November 2014, Gerald Leissner acquired a direct beneficial interest in 2 655 009 "A" linked units at a price of R7.95 per security, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.2 On 10 November 2014, Gerald Leissner acquired a direct beneficial interest in 2 655 009 "B" linked units at a price of R7.92 per security, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.3 On 10 November 2014, Imraan Suleman acquired a direct beneficial interest in 2 124 008 "A" linked units at a price per security of R7.95, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.4 On 10 November 2014, Imraan Suleman acquired a direct beneficial interest in 2 124 008 "B" linked units at a price per security of R7.92, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.5 On 10 November 2014, Mark Kaplan acquired a direct beneficial interest in 2 124 008 "A" linked units at a price per security of R7.95, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.6 On 10 November 2014, Mark Kaplan acquired a direct beneficial interest in 2 124 008 "B" linked units at a price per security of R7.92, pursuant to an off-market acceptance of linked units in terms of The Arrowhead Unit Purchase Trust.
  - 2.2.7 On 11 November 2014, ApexHi Charitable Trust, of which Gerald Leissner and Taffy Adler are trustees, acquired an indirect non-beneficial interest in 1 500 000 "A" linked units at a price per security of R8.10, pursuant to an on-market purchase.
  - 2.2.8 On 11 November 2014, ApexHi Charitable Trust, of which Gerald Leissner and Taffy Adler are trustees, acquired an indirect non-beneficial interest in 1 500 000 "B" linked units at a price per security of R8.10, pursuant to an on-market purchase.
  - 2.2.9 On 12 November 2014, Gerald Leissner disposed of 147 238 "A" linked units at a weighted average price per security of R8.1507, pursuant to an on-market sale.
  - 2.2.10 On 10 December 2014, Mark Kaplan disposed of a direct beneficial interest in 68 000 "A" linked units at a price per security of R8.99, pursuant to an on-market sale.
  - 2.2.11 On 10 December 2014, Mark Kaplan disposed of a direct beneficial interest in 238 000 "A" linked units at a price per security of R9.00, pursuant to an on-market sale.
  - 2.2.12 On 10 December 2014, Mark Kaplan disposed of a direct beneficial interest in 365 000 "B" linked units at a price per security of R9.03, pursuant to an on-market sale.
  - 2.2.13 On 2 March 2015, Gerald Leissner disposed of a direct beneficial interest in 52 587 "A" linked units at a price per security of R9.70, pursuant to an on-market sale.
  - 2.2.14 On 3 March 2015, Gerald Leissner disposed of a direct beneficial interest in 152 651 "A" linked units at a price per security of R9.65, pursuant to an on-market sale.
  - 2.2.15 On 3 March 2015, Gerald Leissner disposed of a direct beneficial interest in 12 524 "A" linked units at a price per security of R9.70, pursuant to an on-market sale.

**3. DIRECTORS' INTERESTS IN TRANSACTIONS AND PROPERTY ACQUIRED OR TO BE ACQUIRED**

No directors of the company, including a director who resigned within the last 18 months, has or had any interest, direct or indirect, in transactions entered into by the company during the current or immediate preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

**4. DIRECTORS' ACTIVITIES**

No activities performed by any director outside of the Arrowhead group (being the company and its subsidiaries) is significant with respect to the group.

**5. DIRECTORS' EMOLUMENTS**

There will be no variation of directors' remuneration as a result of the transaction.

**6. LINKED UNIT OPTIONS TO DIRECTORS**

No linked unit options have been issued to any directors in terms of any linked unit option scheme.

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## SALIENT FEATURES OF THE ARROWHEAD CHARITABLE TRUST DEED

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Salient features of the trust deed of the Arrowhead Charitable Trust are set out below. A complete copy of the trust deed is available for inspection as detailed in paragraph 15 of the circular.

### 2. **“Introduction and the trust objective**

- 2.1 Arrowhead has founded the trust as part of its commitment to the sustainable and long-term economic and social development of underprivileged communities in cities, towns and areas in which Arrowhead is invested.
- 2.2 In terms of the subscription and loan agreement, the trust will subscribe for the Arrowhead units and will receive a loan from Arrowhead (the **“Arrowhead loan”**) enabling it to do so. The interest rate on the Arrowhead loan will be a variable rate equivalent to the distributions received on the Arrowhead units.
- 2.3 It is the intention that the trust (with consent from Arrowhead) will dispose of the Arrowhead units within a 5 year period in order to repay the Arrowhead loan. The profit generated on the sale of all the Arrowhead units will constitute the trust capital which will be invested by the trust.
- 2.4 The net income earned as a result of the investment of the trust capital will be used to, at the discretion of the trustees, provide grants and make donations designed to have a significant positive impact on underprivileged communities and individuals in areas in which Arrowhead is invested. It being recorded that donations and grants in respect of large sustainable projects or programmes will be favoured over small donations that would have a less meaningful impact.”

### 5. **“Elections of and loss of office by trustees**

- 5.1 There shall at all times be not less than 3 trustees the majority of which must be independent trustees. If at any time the number of trustees shall fall below 3 and/or the majority of the trustees cease to be independent trustees, the remaining trustee or trustees shall, as soon as practicable, assume some other person or persons to act with him or them, but until such assumption is made, the remaining trustee or trustees shall be entitled to continue to act in all matters affecting the trust.
- 5.2 The trustees may co-opt any number of additional trustees. If at any time there are no trustees, the founder may co-opt 3 trustees (at least 2 of whom must be independent trustees).
- 5.3 The founder shall be entitled to appoint one person as a trustee and remove or replace its appointee from time to time, by written notice to the trust, it being recorded that Gerald Leissner is the first appointee of the founder.”

### 6. **“Meetings and proceedings of trustees**

- 6.1 Save as otherwise provided in this deed, decisions of trustees shall be taken by majority vote of those present at a meeting, each trustee having one vote.
- 6.2 A quorum for meetings of trustees shall be 2 trustees, provided that if, within 30 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or, if that day be a public holiday, a Saturday or a Sunday, to the next succeeding day other than a public holiday, a Saturday or a Sunday and if, at such adjourned meeting, a quorum is not present within 30 minutes from the time appointed for the meeting, the trustees then present shall constitute a quorum.”

8. **“Trustees’ discretion and powers**

- 8.1 Subject to all relevant statutes and regulations and subject to the provisions of clause 8.2, the trustees shall have all the powers necessary to perform their duties in terms of this deed including, without being limited to, the power:
- 8.1.1 to conclude, implement and discharge all of the trusts’ obligations under the subscription and loan agreement;
  - 8.1.2 instead of acting personally, to employ and to pay any other person to transact any business or do any act of whatsoever nature required to be done pursuant to this deed, including without being limited to the receipt and payment of money, the undertaking of secretarial and accounting or book-keeping duties and other administrative duties;
  - 8.1.3 to take and act upon any expert or professional advice;”
- 8.2 “Without the prior written consent of the founder, the trustees shall not have the power to sell, transfer or otherwise dispose of or in any way encumber any of the Arrowhead units except in terms of a scheme of arrangement in terms of section 114 of the Act or an offer in terms of sections 121 to 127 of the Act which in either case must be conditional upon the proposer of the scheme or the offeror, as the case may be, acquiring 100% of the Arrowhead units in issue.”

13. **“Trust beneficiaries**

The beneficiaries of the trust shall be:

- 13.1 underprivileged communities or individuals in cities, towns and areas where Arrowhead is invested; and/or
  - 13.2 projects designed to benefit the communities or individuals referred to in clause 13.1; and/or
  - 13.3 charitable organisations benefiting the communities or individuals or individuals referred to in clause 13.1,
- as selected by the trustees from time to time having regard to the trust objective.”

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## SALIENT FEATURES OF THE ARROWHEAD UNIT PURCHASE AND OPTION SCHEME

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### 1. PRINCIPAL TERMS

- 1.1 “**auditors**” means the auditors for the time being of the company;
- 1.2 “**capitalisation issue**” means the issue of units on a capitalisation of the company’s profits and/or reserves;
- 1.3 “**company**” means Arrowhead Properties Limited, registration number 2011/000308/06, a public company duly incorporated in accordance with the laws of South Africa;
- 1.4 “**conversions**” means collectively the first conversion and the second conversion;
- 1.5 “**conversion shares**” means collectively the “A” shares and the “B” shares as constituted post the first conversion, and the ordinary shares post the second conversion;
- 1.6 “**directors**” or “**board**” means the board of directors for the time being of the company acting either itself or through any committee thereof to or upon whom the powers of the directors in respect of this scheme are delegated or conferred;
- 1.7 “**employee**” means:
  - 1.7.1 for purposes of the purchase scheme, an executive director, non-executive director, senior manager and/or employee of any member company of the group, including any present or future executive and non-executive director holding or to be holding employment or office; and
  - 1.7.2 for purposes of the option scheme, a non-executive director, senior manager and/or employee of any member company of the group, including any present or future non-executive director holding or to be holding employment or office;
- 1.8 “**exercise**” means the exercising by an option scheme participant of all or any of his vested options in terms of the scheme;
- 1.9 “**first conversion**” means the proposed conversion of the “A” linked units and “B” linked units into respectively “A” shares and “B” shares in the share capital of the company;
- 1.10 “**funder company**” means the company in the group that extends credit to a purchase scheme participant in terms of the rules;
- 1.11 “**group**” means the company and its subsidiaries;
- 1.12 “**option date**” means the date on which an option offer is made to an option offeree;
- 1.13 “**option offer**” means an offer made under the scheme to an option offeree to acquire an option, on acceptance of which an option shall arise;
- 1.14 “**option offeree**” means an employee nominated in terms of the provisions of the scheme to receive an option offer;
- 1.15 “**option scheme**” means the option scheme contained in Part III of these rules;
- 1.16 “**option scheme units**” means any units acquired in terms of the option scheme;
- 1.17 “**option scheme unit purchase price**” means at any relevant time in respect of units settled to an option scheme participant, the purchase price in respect of such units;
- 1.18 “**participants**” means purchase scheme participants and option scheme participants, and “**participant**” means any one of them;
- 1.19 “**purchase offer**” means an offer made under the scheme to a purchase offeree to either purchase or subscribe for purchase scheme units;
- 1.20 “**purchase offer date**” means the date on which a purchase offer is made to a purchase offeree;
- 1.21 “**purchase offeree**” means a qualifying juristic person of an employee nominated in terms of the provisions of the scheme to receive a purchase offer;

- 1.22 “**purchase scheme**” means the purchase scheme as contained in Part II of these rules;
- 1.23 “**purchase scheme unit debt**” means at any relevant time in respect of a tranche of units purchased or subscribed for pursuant to a purchase offer, the original purchase price at which such units were subscribed for, lent to a participant pursuant to the scheme;
- 1.24 “**purchase scheme units**” means any units subscribed for by the participant in terms of the purchase scheme;
- 1.25 “**purchase price**” means the volume weighted average price of a unit (as shown by the official price list published by the JSE) on the trading day immediately preceding the purchase offer date or the option offer date, as the case may be;
- 1.26 “**qualifying juristic person**” means:
- 1.26.1 a trust (i) with three or more trustees who are individuals or (ii) with at least one trustee who is a juristic person, established only for the benefit of the relevant employee or his immediate relations;
- 1.26.2 any company, all the units of which are, and continue to be, held or beneficially owned by the relevant employee or his immediate relations; or
- 1.26.3 any close corporation, the full member’s interest of which is held or beneficially owned by the relevant employee or his immediate relations;
- 1.27 “**REIT**” means a Real Estate Investment Trust, as contemplated in the JSE Listings Requirements;
- 1.28 “**rights issue**” means the offer of any securities of the company to all unitholders of the company *pro rata* to their holdings at the record date;
- 1.29 “**rights issue units**” means, in relation to purchase scheme units, in the case of a rights issue, those units offered in terms of such rights issue by virtue of being a purchase scheme participant;
- 1.30 “**rules**” means the rules of the scheme, as amended from time to time;
- 1.31 “**scheme**” means the Arrowhead Properties Limited Unit Purchase and Option scheme;
- 1.32 “**scheme allocation**” means:
- 1.32.1 the lesser of:
- 1.32.1.1 5% (five percent) of the total issued “A” linked unit capital of the company from time to time; and
- 1.32.1.2 40 000 000 (forty million) “A” linked units in number in the company; and
- 1.32.2 the lesser of:
- 1.32.2.1 5% (five percent) of the total issued “B” linked unit capital of the company from time to time; and
- 1.32.2.2 40 000 000 (forty million) “B” linked units in number in the company;
- 1.33 “**second conversion**” means, after the implementation of the first conversion, the:
- 1.33.1 conversion of each “B” share in the issued share capital of the company to an “A” share in accordance with the terms of the rules governing the “B” shares; and
- 1.33.2 the conversion of the “A” shares into ordinary shares of no par value in the share capital of the company;
- 1.34 “**settled**” in relation to exercised options, shall mean the subscription of option scheme units by the option scheme participant and the subsequent allotment, issue and listing of the option scheme units in accordance with the rules and the words “**settlement**” and “**settle**” shall be construed accordingly;
- 1.35 “**unit**” means:
- 1.35.1 an “A” linked unit; and/or
- 1.35.2 a “B” linked unit,
- as the case may be, and after implementation of the conversions, unit shall mean the conversion shares with which such unit was substituted;

- 1.36 “**vest**”, “**vesting**” and “**vested**” when used in relation to an option, shall mean that a vesting date has occurred and the option became capable of being exercised in accordance with the rules; and
- 1.37 “**vesting date**” means in relation to an option, the date from which the option may be exercised by participants as described in the rules.

## 2. INTRODUCTION AND PURPOSE

- 2.1 The purpose of this scheme is to align the interests of the group’s employees with those of the unitholders of the company by providing such persons an opportunity to acquire units in the company.
- 2.2 The scheme is administered by the board in terms of the rules.

## 3. NATURE OF THE SCHEME

- 3.1 The scheme is comprised of a purchase scheme and an option scheme in terms whereof purchase scheme units are offered to qualifying juristic persons of employees and option scheme units are offered to employees.

### 3.2 Purchase scheme

- 3.2.1 The board, in its sole discretion, but subject to the provisions of the statutes and of the provisions of these rules may from time to time by resolution offer units and grant credit to purchase offerees, provided that such an offer of units and granting of credit has been approved by the company’s remuneration committee. Such credit may be repaid at any time by the employee but not later than 10 (ten) years from making the loan.
- 3.2.2 Once the board has resolved to make a purchase offer, the purchase scheme operates as a scheme whereby qualifying juristic persons of employees are offered purchase scheme units in the company for subscription at the purchase price, which is to be paid to the funder company by the purchase scheme participant. The purchase offer is open for acceptance within a 2 (two) day period after it is actually made or granted, failing which the purchase scheme units which are the subject of the purchase offer shall revert back to the scheme.
- 3.2.3 Purchase scheme units offered and accepted in terms of a purchase offer, shall participate in full in all rights issues, capitalisation issues and receive dividends declared by the company. Upon acceptance of the purchase offer, ownership in the purchase scheme units (including rights issue units and capitalisation units) shall vest in the purchase scheme participant but is pledged to the funder company as security for the payment of the specific purchase scheme unit debt. Acceptance of the purchase offer also entitles the purchase scheme participant to all dividends and other distributions (including distributions *in specie*) made on such purchase scheme units (including rights issue units and capitalisation units). The purchase scheme (including rights issue units and capitalisation units) units may be freely sold or transferred by the purchase scheme participant, the proceeds of which will first be applied to the settlement of the purchase scheme unit debt.
- 3.2.4 Early repayment of a purchase scheme unit debt will result in the release of a pro rata number of purchase scheme units in respect of such purchase scheme unit debt from the funder company pledge. The purchase scheme participant is entitled to on-sell his purchase scheme units to another qualifying juristic person provided that the qualifying juristic person agrees to be bound by the rules and to be held jointly and severally liable for payment. In addition, the purchase scheme participant is also required to furnish a suretyship or guarantee in favour of the funder company.
- 3.2.5 The voting rights attaching to all purchase scheme units owned by participants in terms of this scheme and all rights issue units and capitalisation units linked thereto shall at all times vest in the participants and be exercised by the participants, provided that purchase scheme units will not have their votes at general meeting or annual general meetings of the company taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE, nor will scheme units be taken into account for purposes of determining categorisations of transactions in terms of section 9 of the Listings Requirements of the JSE.
- 3.2.6 Subject to rules 3.2.7 and 3.2.8, the aggregate maximum number of units:
- 3.2.6.1 which may be utilised in terms of the purchase scheme, together with the number of units used in terms of the option scheme, shall not in aggregate exceed the scheme allocation; and
- 3.2.6.2 in respect whereof any one purchase offeree shall be entitled to accept an offer pursuant to the purchase scheme shall not exceed:

- 3.2.6.2.1 12 000 000 (twelve million) “A” linked units in number in the company; and
- 3.2.6.2.2 12 000 000 (twelve million) “B” linked units in number in the company.
- 3.2.7 The limits in rule 3.2.6.1 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of (i) the second conversion, and/or (ii) the subdivision or consolidation of units.
- 3.2.8 The limits in rule 3.2.6.2 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of (i) the issue of additional units whether by way of a capitalisation of the company’s profits and/or reserves (including the unit premium account and capital redemption reserve fund); and/or (ii) a rights issue.
- 3.2.9 Any adjustment in terms of rules 3.2.7 and 3.2.8 should give a purchase offeree entitlement to the same proportion of units as that to which he was entitled before the event in rule 3.2.7 or 3.2.8 which gave rise to the adjustment. Upon finalisation of the adjustment in terms of rules 3.2.7 or 3.2.8, the auditors shall confirm to the JSE in writing that the adjustment was made in accordance with the terms of the scheme.

### 3.3 Option scheme

- 3.3.1 The board may, in its sole and absolute discretion, from time to time resolve to make an option offer to employees on the terms and conditions set out in these rules, provided that such option offers have been approved by the company’s remuneration committee.
- 3.3.2 Once the board has resolved to make an option offer, the option scheme operates as a scheme whereby employees will from time to time be made an option offer to acquire option scheme units in the company at the purchase price determined as at the option date, which offer is to be accepted no later than 14 (fourteen) days after the option date, failing which the option scheme units which are the subject of the option offer shall revert back to the scheme. There shall be no consideration payable for an option at the time of the option offer.
- 3.3.3 The option offer vests in portions of 25% (twenty five percent) of the total number of options as set out in the offer contained in the offer letter, on each of the first and second anniversary of the option date, and 50% (fifty percent) of such options shall vest on the third anniversary of the option date in respect of such options.
- 3.3.4 An option scheme participant will then be entitled, on or after the vesting of the options but no later than 10 (ten) years from the relevant offer date, to apply to the board to exercise one or more of the vested options. Every exercise must be initiated by way of a written exercise notice by the option scheme participant which shall be delivered to the board and which shall specify the number of units in respect of which the option participants exercises the option.
- 3.3.5 An option scheme participant shall only be settled in option scheme units or cash if the option scheme unit purchase price has been paid, together with any amount in respect of deduction on account of tax as may be required by applicable laws which may arise on the exercise of the participant’s option scheme units, and all conditions attaching to the option offer have been met.
- 3.3.6 All options which have not been exercised prior to expiry shall be forfeited and cancelled.
- 3.3.7 An option scheme participant shall not be entitled to any dividends or other distributions made, and shall have no right to vote in respect of the option scheme units, unless and until the option is exercised and settled to the option scheme participant in accordance with the provisions of the scheme.
- 3.3.8 The maximum number in aggregate of units:
  - 3.3.8.1 which may be acquired by all option scheme participants, together with the number of units used in terms of the purchase scheme under the option scheme shall not in aggregate exceed the scheme allocation; and
  - 3.3.8.2 in respect whereof any one option offeree shall be entitled to accept an offer pursuant to the option scheme shall not exceed:
    - 3.3.8.2.1 6 000 000 (six million) “A” linked units in number in the company; and
    - 3.3.8.2.2 6 000 000 (six million) “B” linked units in number in the company.
- 3.3.9 The provisions of rules 3.2.7 to 3.2.9 shall apply mutatis mutandis to rule 3.3.8.

## 4. TERMINATION OF EMPLOYMENT

### 4.1 Dismissal or Resignation

4.1.1 In respect of the purchase scheme:

4.1.1.1 if a designated employee ceases to be an employee by reason of resignation or dismissal due to misconduct, such of the purchase scheme unit debt that has not been repaid, becomes payable within 6 (six) months after the date of cessation of employment; and

4.1.1.2 as soon as the purchase scheme unit debt has been paid in full, those units shall be released from the pledge or other security in favour of the funder company.

4.1.2 In respect of the option scheme:

4.1.2.1 if an option scheme participant ceases to be an employee by reason of resignation or dismissal due to misconduct:

4.1.2.1.1 any options which have not vested as at the date of cessation of employment shall be forfeited and cancelled;

4.1.2.1.2 after the vesting of any options, such vested options shall become exercisable within 30 (thirty) days after the date of cessation of employment.

### 4.2 Other Reasons for Cessation of Employment

4.2.1 In respect of the purchase scheme, if a designated employee of a purchase scheme participant ceases to be an employee by any reason other than dismissal due to misconduct or resignation, including cessation of employment of a purchase scheme participant as a result of a takeover, no further purchase scheme offers shall be made to the purchase scheme participant, and any purchase scheme offers made but not yet accepted shall automatically lapse and be of no further force or effect.

4.2.2 In respect of the option scheme:

4.2.2.1 if an option scheme participant ceases to be an employee by reason other than dismissal due to misconduct or resignation:

4.2.2.1.1 prior to the vesting of his options, the options available to vest in the option scheme participant or his estate in terms of an option offer shall immediately vest and shall become exercisable within 30 (thirty) days after the date of cessation of employment; or

4.2.2.1.2 after the vesting of his options, such vested options shall become exercisable within 30 (thirty) days after the date of such cessation of employment.

## 5. REIT CONVERSION

5.1 The company has converted from a property loan stock company into a REIT in furtherance of which the company intends to undertake the first conversion. Subsequent to the first conversion, in terms of which all "A" linked units and "B" linked units will be converted into "A" shares and "B" shares, respectively, each "B" share will on a future date automatically convert to an "A" share. The company will, on the happening of this event convert all of the "A" shares then in issue into ordinary shares upon which only 1 (one) class of shares will remain in the issued share capital of the company.

5.2 If the company implements either or both the first conversion and the second conversion at any time, these rules shall continue to apply *mutatis mutandis* to the purchase scheme participants and the option scheme participants on the basis that all provisions applicable to such purchase scheme participant's purchase scheme units and all provisions applicable to such option scheme participants option scheme units shall forthwith apply to the conversion shares with which such purchase or option scheme units were substituted. The conversion shares with which the purchase scheme units were substituted shall be pledged to the funder company.



## 6. ADJUSTMENT

- 6.1 If the company, at any time before the loan owing on any purchase scheme units has been paid in full, or before settlement of any options:
- 6.1.1 is put into liquidation for the purpose of reorganization of the company's assets, liabilities or share capital; or
  - 6.1.2 is a party to a scheme of arrangement affecting the structure of its unit capital; or
  - 6.1.3 reduces its capital or redeems any of its units; or
  - 6.1.4 makes a distribution, whether by way of the declaration of a distribution or by way of a disposal at less than fair value, of a capital asset of the company; or
  - 6.1.5 splits or consolidates its units; or
  - 6.1.6 is a party to a reorganisation of the company's assets, liabilities or share capital,
- the directors shall be entitled to effect such adjustments to the purchase price in respect of those units and/or the number of purchase scheme units and/or option scheme units as the auditors, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.
- 6.2 Upon finalisation of the adjustment in terms of rule 6.1, the auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the scheme.
- 6.3 If the company is placed in liquidation otherwise than in terms of rule 6.1.1:
- 6.3.1 the full amount owing by each participant shall forthwith become due and payable, provided that the directors may release a participant from any balance owing by him to the company or the funder company;
  - 6.3.2 all options which have not been settled shall forthwith be cancelled and lapse; and
  - 6.3.3 save as provided in rule 6.3.1, this scheme shall ipso facto lapse as from the date of liquidation.

## 7. TAKEOVER OF COMPANY OR BUSINESSES

- 7.1 In respect of the purchase scheme, should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement, the participant shall be entitled and obliged to dispose of all purchase scheme units owned by him on the terms and conditions of the scheme of arrangement, disposal or offer.
- 7.2 In respect of the option scheme:
- 7.2.1 should an offer be made to the unitholders of the company or a scheme of arrangement between the company and its unitholders be proposed by virtue of which control of the company would pass to another person or company, the directors will use their best endeavours to procure the same or similar offer be made or scheme of arrangement proposed to the option scheme participants; or
  - 7.2.2 should the control of the company pass to another person or company where provision is made for option scheme participants to receive securities in the other company on not less favourable terms than those provided for in this scheme, they shall be obliged to accept such securities; or
  - 7.2.3 should the control of the company pass to another person or company where no provision is made for the option scheme participants to receive securities in the other company, or securities are provided for in the other company which place the option scheme participant in a worse position than that provided for in this scheme, each option scheme participant shall be entitled to exercise any option within 7 (seven) days of the date upon which he is notified of the transaction and dispose of option scheme units acquired as a result of the exercise of the option and on the terms and conditions of the scheme of arrangement, disposal or offer.

## 8. DISPUTES

The scheme provides that any disputes arising under or in respect of the scheme be referred to the decision of the auditors of the company, acting as experts and not as arbitrators, whose decision shall be final and binding.

## 9. AMENDMENT OF THE SCHEME

- 9.1 The directors may amend the rules from time to time, but:
- 9.1.1 the terms or conditions of allotment of any scheme units or of any offer may not be altered without such consent on the part of the participant concerned; and
  - 9.1.2 an amendment in respect of the following matters shall operate if such amendment has been approved by equity holders passing an ordinary resolution:
    - 9.1.2.1 the basis upon which offers are made to purchase offerees or option offers are made;
    - 9.1.2.2 the persons who may become participants under the scheme;
    - 9.1.2.3 the voting, distribution, transfer and other rights (including those arising on the liquidation of the company) attaching to scheme units;
    - 9.1.2.4 the total number of securities which may be utilised for purposes of the scheme;
    - 9.1.2.5 a fixed maximum entitlement for any one participant;
    - 9.1.2.6 the basis for determining the purchase or subscription price of scheme units which is a fixed mechanism for all participants under the scheme;
    - 9.1.2.7 the terms of any loan as set out in the rules;
    - 9.1.2.8 the treatment of options (vested and unvested) in instances of mergers, takeovers or corporate actions; and
    - 9.1.2.9 the procedure to be adopted on termination of employment, retirement or death of a participant.
- 9.2 If it should become necessary or desirable by reason of the provisions of the enactment of any new act or regulation at any time after the signing of these rules, to amend the provisions of these rules so as to preserve the substance of the provisions contained in these rules but to amend the form so as to achieve the objectives embodied in these rules in the best manner having regard to such new legislation and without prejudice to the participants concerned, then the directors may amend these rules accordingly.

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**ARROWHEAD'S LINKED UNIT CAPITAL**


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1. The authorised and issued linked unit capital of Arrowhead as at the last practicable date is as follows:

	<b>R</b>
<b>Share capital</b>	
<i>Authorised</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued share capital</i>	
843 214 816 ordinary shares of no par value	184
<b>Stated capital</b>	<b>184</b>
<b>Debentures</b>	
421 607 408 A debentures of 101,76 cents each	429 027 698
421 607 408 B debentures of 101,76 cents each	429 027 698
Debenture premium	
• on debentures issued	4 390 394 767
• amortisation	(136 944 075)
<b>Debenture balance</b>	<b>5 111 506 088</b>

1.1 400 A linked units and 400 B linked units are held by the Arrowhead Charitable Trust, which Trust is, from an accounting perspective, consolidated into the group financial statements. Accordingly, these linked units are treated as being held in treasury and thus not included in issued capital. These linked units are not, however, “treasury shares” as contemplated in the Listings Requirements.

1.2 The linked units of the company are not listed on any other stock exchange.

2. The authorised and issued linked unit capital of Arrowhead after the implementation of the transaction is as follows:

	<b>R</b>
<b>Share capital</b>	
<i>Authorised</i>	
2 000 000 000 ordinary shares of no par value	–
<i>Issued share capital</i>	
843 214 816 ordinary shares of no par value	184
<b>Stated capital</b>	<b>184</b>
<b>Debentures</b>	
421 607 408 A debentures of 101,76 cents each	429 027 698
421 607 408 B debentures of 101,76 cents each	429 027 698
Debenture premium	
• on debentures issued	4 390 394 767
• amortisation	(136 944 075)
<b>Debenture balance</b>	<b>5 111 506 088</b>

2.1 15 500 400 A linked units and 15 500 400 B linked units are held by the Arrowhead Charitable Trust, which Trust is, from an accounting perspective, consolidated into the group financial statements. Accordingly, these linked units are treated as being held in treasury and thus not included in issued capital. These linked units are not, however, “treasury shares” as contemplated in the Listings Requirements.

2.2 The linked units of the company are not listed on any other stock exchange.

3. **Rights attaching to units, shares and debentures**

3.1 All the authorised and issued shares are of the same class and rank *pari passu* in every respect and accordingly, no shares have any special right to dividends, capital or profits or any other right, including redemption rights and rights on liquidation or distribution of capital assets.

3.2 Any variation in rights attaching to shares will require the consent of shareholders in a general meeting in accordance with the company’s Memorandum of Incorporation.

3.3 Only such members that are registered in the company’s register on the day when a distribution is declared or on such other day as may be determined by the board as the record date for the distribution, will be entitled to receive the distribution so declared.

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**TRADING HISTORY OF ARROWHEAD'S A LINKED UNITS ON THE JSE**


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<b>Period</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R)</b>
<b>Monthly</b>					
<b>2014</b>					
March	702	656	700	5 602 726	38 099 297
April	740	693	734	9 216 317	66 128 896
May	787	735	762	9 423 781	72 058 235
June	770	705	760	6 486 880	47 849 797
July	769	725	759	8 022 434	59 820 291
August	805	740	780	13 352 749	104 331 506
September	796	737	785	13 548 722	104 066 460
October	849	760	816	12 877 944	103 009 702
November	893	783	880	24 271 905	198 833 391
December	970	871	935	13 886 871	125 038 320
<b>2015</b>					
January	1 020	905	990	7 135 725	67 951 332
February	1 020	883	980	11 502 426	112 286 072
March	1 048	944	1 006	27 009 548	26 210 511
<b>Daily</b>					
2 March	977	960	970	14 122 950	137 270 091
3 March	972	962	972	450 258	4 347 593
4 March	972	965	972	112 400	1 091 318
5 March	975	970	975	1 199 496	11 663 090
6 March	985	955	960	971 225	9 502 057
9 March	960	944	950	1 173 096	11 149 668
10 March	965	950	950	357 952	3 407 628
11 March	959	950	953	401 260	3 817 431
12 March	968	949	960	772 813	7 414 845
13 March	970	960	960	595 954	5 754 222
16 March	966	957	960	932 027	8 954 221
17 March	992	960	960	1 135 312	10 956 376
18 March	975	960	968	115 697	1 120 029
19 March	977	968	974	510 714	4 964 608
20 March	987	964	970	917 645	8 908 611
23 March	1 048	960	975	141 197	1 405 100
24 March	988	966	988	568 430	5 548 522
25 March	994	975	994	499 526	4 896 744
26 March	998	975	980	1 219 508	11 966 842
27 March	1 005	981	1 000	159 927	1 585 458
30 March	1 030	996	1 020	169 035	1 710 231
31 March	1 029	1 005	1 006	573 126	5 775 826
1 April	1 005	965	990	165 615	1 647 165
2 April	1 000	990	1 000	2 339 503	23 170 040
7 April	1 000	977	1 000	222 367	2 216 355
8 April	1 010	996	1 004	673 644	6 752 054
9 April	1 008	993	995	149 850	1 499 565
10 April	1 003	991	997	1 276 125	12 724 481

<b>Period</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R)</b>
13 April	1 011	992	1 000	922 093	9 246 164
14 April	1 005	991	1 005	571 539	5 700 353
15 April	1 017	1 000	1 012	52 307	529 079
16 April	1 015	1 009	1 012	84 152	851 994
17 April	1 022	1 012	1 020	1 244 823	12 693 030
20 April	1 020	1 005	1 015	2 577 311	26 267 062
21 April	1 035	1 012	1 035	51 184	521 665
22 April	1 055	1 010	1 024	166 041	1 716 297
23 April	1 037	1 005	1 031	1 046 677	10 755 864
24 April	1 030	1 010	1 013	281 710	2 855 713
28 April	1 026	1 010	1 014	202 519	2 054 837
29 April	1 015	1 000	1 000	444 691	4 511 189

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**TRADING HISTORY OF ARROWHEAD'S B LINKED UNITS ON THE JSE**

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<b>Period</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R)</b>
<b>Monthly</b>					
<b>2014</b>					
March	690	651	686	6 529 120	43 983 354
April	738	680	724	5 110 489	36 148 521
May	781	726	760	5 426 191	41 267 840
June	765	683	755	11 625 106	84 019 446
July	765	701	756	11 887 747	88 084 461
August	819	736	780	12 994 107	101 818 021
September	799	742	788	11 088 577	84 970 357
October	833	775	815	9 804 023	78 219 450
November	898	770	882	24 980 784	204 841 324
December	950	870	940	14 959 777	134 503 783
<b>2015</b>					
January	1 025	906	990	5 208 106	50 253 605
February	1 000	913	980	12 524 661	121 174 656
March	1 033	950	1 010	25 472 171	247 751 575
<b>Daily</b>					
2 March	985	969	973	15 410 056	149 782 417
3 March	975	966	975	186 489	1 809 369
4 March	978	969	975	115 899	1 128 491
5 March	980	974	977	91 421	892 967
6 March	985	961	964	1 277 898	12 503 993
9 March	960	950	952	1 496 705	14 224 826
10 March	953	950	951	454 863	4 328 639
11 March	961	950	960	264 072	2 522 947
12 March	965	954	960	950 832	9 127 196
13 March	985	960	970	343 171	3 326 982
16 March	980	970	972	141 142	1 374 942
17 March	980	970	975	463 842	4 507 129
18 March	980	975	978	174 604	1 706 165
19 March	977	975	975	170 940	1 669 199
20 March	980	970	975	627 299	6 110 256
23 March	980	975	979	530 647	5 189 707
24 March	980	974	980	761 446	7 438 770
25 March	990	981	990	288 553	2 850 157
26 March	995	990	995	294 945	2 929 434
27 March	999	990	999	138 214	1 376 898
30 March	1 033	996	1 005	633 737	6 365 549
31 March	1 014	980	1 010	655 396	6 585 542
1 April	1 000	990	995	92 078	917 189
2 April	995	984	995	74 368	737 369
7 April	1 000	987	999	2 046 875	20 381 312
8 April	1 005	996	998	805 298	8 054 465
9 April	1 015	989	1 000	506 516	5 053 250
10 April	1 005	992	1 000	817 339	8 169 619
13 April	1 000	986	995	528 581	5 268 504
14 April	1 000	991	995	927 878	9 234 693

<b>Period</b>	<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R)</b>
15 April	1 012	1 001	1 010	99 190	1 001 682
16 April	1 020	1 010	1 019	508 712	5 155 760
17 April	1 028	1 020	1 020	1 034 304	10 569 371
20 April	1 023	1 010	1 020	656 860	6 666 227
21 April	1 029	1 011	1 025	183 654	1 869 533
22 April	1 035	1 015	1 020	250 084	2 544 375
23 April	1 034	1 014	1 034	140 334	1 427 472
24 April	1 026	1 015	1 020	833 516	8 500 596
28 April	1 031	1 005	1 020	80 936	825 591
29 April	1 044	1 014	1 044	545 361	5 594 516





## ARROWHEAD PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 2011/000308/06)  
 (Approved as a REIT by the JSE)  
 JSE Code: AWA ISIN: ZAE000158101  
 JSE Code: AWB ISIN: ZAE000158119  
 (“Arrowhead” or the “company”)

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### NOTICE OF GENERAL MEETING OF SHAREHOLDERS

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Notice is hereby given that the general meeting of shareholders of Arrowhead (“**shareholders**”) will be held at the offices of Arrowhead, 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg on Thursday, 11 June 2015 at 10:00 (the “**general meeting**”) for the purposes of considering and, if deemed fit, adopting with or without modification, the special and ordinary resolutions set out below. Terms contained in the circular shall, unless otherwise stipulated, have the same meaning in this notice.

#### IMPORTANT DATES TO NOTE:

**2015**

Record date for receipt of notice purposes on	Thursday, 30 April
Circular posted on	Wednesday, 13 May
Last day to trade in order to be eligible to participate in and vote at the general meeting on	Friday, 29 May
Record date for voting purposes (“ <b>voting record date</b> ”) on	Friday, 5 June
Last day to lodge forms of proxy for the general meeting (by 10:00) on	Tuesday, 9 June
General meeting (at 10:00) on	Thursday, 11 June
Results of general meeting released on SENS on	Thursday, 11 June
Results of general meeting published in the press on	Friday, 12 June
Subscription units issued to the Arrowhead Charitable Trust on	Monday, 22 June

Due to the expanded meaning of “shareholder” in section 57(1) of the Companies Act, 71 of 2008, as amended (the “**Companies Act**” or “**Act**”) the company has expanded its notice to shareholders and debenture holders. Due to Arrowhead’s linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the general meeting are matters on which shareholders, and not debenture holders, are entitled to vote. As a result, a proxy form has only been included for shareholders.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder;
- a debenture holder who is entitled to attend the general meeting is entitled to appoint a proxy or two or more proxies to attend and participate (but not vote) in the meeting in the place of the debenture holder;
- a proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all Arrowhead shareholders and debenture holders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the general meeting. Forms of identification include valid identity documents, driver’s licences and passports.

#### SPECIAL RESOLUTION 1: FINANCIAL ASSISTANCE TO SUBSCRIBE FOR LINKED UNITS

“Resolved that, to the extent required by section 44 of 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

Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide financial assistance, as defined in the Companies Act, to the Arrowhead Charitable Trust for the issue of linked units to the Arrowhead Charitable Trust in accordance with the provisions of the loan and subscription agreement entered into between the company and the Arrowhead Charitable Trust dated on or about 4 May 2015, a copy of which has been tabled at this general meeting and which is initialled by the chairman of the general meeting for the purpose of identification (the “**loan and subscription agreement**”).

At the time of providing the financial assistance, as defined in the Companies Act, to the Arrowhead Charitable Trust pursuant the terms and conditions of the loan and subscription agreement, the board shall satisfy itself that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test, as set out in section 4 of the Companies Act, and the terms under which the financial assistance is given are fair and reasonable to the company.”

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, on the resolution, is required.

#### **Reasons for special resolution 1**

As part of its commitment to the sustainable and long-term economic and social development of underprivileged communities in cities, towns and areas in which Arrowhead is invested, Arrowhead would like to issue 15 500 000 Arrowhead A linked units and 15 500 000 Arrowhead B linked units to the Arrowhead Charitable Trust. The total subscription price payable for the aforesaid units is to be financed by way of a loan provided by Arrowhead to the Arrowhead Charitable Trust. Arrowhead would like the ability to provide financial assistance (within the meaning attributed to that term in section 44 of the Companies Act), to the Arrowhead Charitable Trust in accordance with the provisions of the loan and subscription agreement, as detailed in the circular of which this notice forms part, entered into between the company and the Arrowhead Charitable Trust.

Further information in respect of the Arrowhead Charitable Trust is set out in the circular of which this notice forms part.

#### **ORDINARY RESOLUTION 1: SPECIFIC AUTHORITY TO ISSUE LINKED UNITS FOR CASH**

“Resolved that, subject to special resolution 1 being passed by the requisite majority of shareholders, the directors are hereby authorised to allot and issue 15 500 000 Arrowhead A linked units and 15 500 000 Arrowhead B linked units in the authorised but unissued share capital of the company to the Arrowhead Charitable Trust at an issue price equivalent to the respective volume weighted average price at which an Arrowhead A linked unit and Arrowhead B linked unit traded on the JSE for the 30 business days immediately preceding the last practicable date, respectively, and otherwise in accordance with the provisions of the loan and subscription agreement:

- as a specific issue of Arrowhead A linked units for cash, and a specific issue of Arrowhead B linked units for cash, in terms of the Listings Requirements; and
- in accordance with the company’s Memorandum of Incorporation, by placing 15 500 000 Arrowhead A linked units and 15 500 000 Arrowhead B linked units in the authorised but unissued share capital of the company under the control of the directors for the purpose of issuing same in accordance with this ordinary resolution 1.”

In terms of the Listings Requirements, in order for ordinary 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, on the resolution, is required.

#### **ORDINARY RESOLUTION 2: ADOPTION OF THE ARROWHEAD UNIT PURCHASE AND OPTION SCHEME**

“Resolved that the Arrowhead Unit Purchase and Option Scheme, a copy of which has been tabled at this general meeting and initialled by the chairman of the general meeting for the purposes of identification, is hereby approved.”

In accordance with the Listings Requirements, in order for ordinary 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, on the resolution, is required. Further information regarding the Arrowhead Unit Purchase and Option Scheme is set out in the circular to which this notice is attached.

The Arrowhead Unit Purchase and Option Scheme will be available for inspection at the offices of Arrowhead, 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg from the date of issue of this notice of general meeting to the date on which the general meeting is held.

#### **ORDINARY RESOLUTION 3: SIGNATURE OF DOCUMENTATION**

“Resolved that any director of the company or the company secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions 1 and 2 and special resolution 1 which are passed by the shareholders with and subject to the terms thereof.”

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, on the resolution, is required.

## QUORUM

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the company personally present (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the general meeting. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by Arrowhead shareholders in respect of each matter to be decided at the general meeting.

The date on which Arrowhead shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), for the purposes of being entitled to attend, participate in and vote at the general meeting is Friday, 5 June 2015.

## SHAREHOLDERS

### General Instructions

Shareholders are encouraged to attend, speak and vote at the general meeting.

### Electronic Participation

The company has made provision for Arrowhead shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should you wish to participate in the general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Tuesday, 9 June 2015, by submitting by e-mail to the company secretary at nazli.reid@computershare.co.za or by fax to be faxed to +2711 688 5238, for the attention of Nazli Reid, 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 linked unit certificates (in the case of materialised 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 and instructions to access the electronic communication during the 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 general meeting through this medium.

### Proxies and authority for representatives to act

A form of proxy is attached for the convenience of any Arrowhead shareholder holding certificated shares, who cannot attend the general meeting but wishes to be represented thereat.

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 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.

Forms of proxy must be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg or by fax on +2711 688 5238 to be received no later than 10:00 on Tuesday, 9 June 2015. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the general meeting should ensure that a resolution authorising a representative to so attend and participate at the 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 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 general meeting or any business to be conducted thereat.**

## **DEBENTURE HOLDERS**

### **General Instructions**

Debenture holders are encouraged to attend, speak and vote at the general meeting.

### **Electronic Participation**

The company has made provision for Arrowhead debenture holders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should you wish to participate in the general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 10:00 on Tuesday, 9 June 2015, by submitting by e-mail to the company secretary at [nazli.reid@computershare.co.za](mailto:nazli.reid@computershare.co.za) or by fax to be faxed to +2711 688 5238, for the attention of Nazli Reid, relevant contact details, including an e-mail address, cellular number and landline as well as full details of the Arrowhead debenture holder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and linked unit certificates (in the case of materialised Arrowhead debentures) and (in the case of dematerialised Arrowhead debentures) written confirmation from the Arrowhead debenture holder's CSDP confirming the Arrowhead debenture holder's title to the dematerialised Arrowhead debentures. Upon receipt of the required information, the Arrowhead debenture holder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting. Arrowhead debenture holders must note that access to the electronic communication will be at the expense of the Arrowhead debenture holders who wish to utilise the facility.

### **Proxies and authority for representatives to act**

Due to Arrowhead's linked unit structure, its shareholders are also its debenture holders and the matters to be voted on at the general meeting are matters on which shareholders and not debenture holders are entitled to vote. As a result, a proxy form has only been included for shareholders.

Debenture holders wishing to appoint a proxy or two or more proxies to attend and participate (but not vote) in the general meeting, may contact the company secretary at [nazli.reid@computershare.co.za](mailto:nazli.reid@computershare.co.za) or by fax on +2711 688 5238, to obtain such form of proxy.

**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 general meeting or any business to be conducted thereat.**

By order of the board.

Arrowhead Properties Limited  
13 May 2015



# ARROWHEAD PROPERTIES

Focused on distributable income

## ARROWHEAD PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2011/000308/06)

(Approved as a REIT by the JSE)

JSE Code: AWA ISIN: ZAE000158101

JSE Code: AWB ISIN: ZAE000158119

("Arrowhead" or the "company")

### FORM OF PROXY FOR ARROWHEAD SHAREHOLDERS

#### THIS FORM OF PROXY IS ONLY FOR USE BY:

- registered shareholders who have not yet dematerialised their Arrowhead linked units;
- registered shareholders who have already dematerialised their Arrowhead linked units and which units 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 general meeting of the company to be held at the offices of the company at 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, at 10:00 on Thursday, 11 June 2015 (the "general meeting").

If you are a dematerialised shareholder, other than with "own name" registration, do not 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)

TELEPHONE NUMBER

CELLPHONE NUMBER

E-MAIL ADDRESS

being the holder/s of

Arrowhead shares hereby appoint:

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ of failing him/her,
3. the chairman of the general meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the 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 general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s):

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.

	In favour of	Against	Abstain
Special Resolution 1: Financial assistance to subscribe for linked units			
Ordinary Resolution 1: Specific authority to issue linked units for cash			
Ordinary Resolution 2: Adoption of the Arrowhead Unit Purchase and Option Scheme			
Ordinary Resolution 3: Signature of documentation			

\* 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 this

day of

2015

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the 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 general meeting.

Forms of proxy must be deposited at Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, or posted to PO Box 61051, Marshalltown, 2107 so as to arrive by no later than 10:00 on Tuesday, 9 June 2015.

**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, Computershare Investor Services Proprietary Limited, being Friday, 5, June 2015 (the “**voting record date**”), may complete a form of proxy or attend the 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 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 general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary 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 instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the 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 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 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 general meeting”. The person whose name stands first on the form of proxy and who is present at the 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 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 foregoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) 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:
  - 8.1. stated in the revocation instrument, if any; or
  - 8.2. 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, 71 of 2008, as amended (“**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:
  - 9.1. the shareholder, or
  - 9.2. 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:
  - 11.1. 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;
  - 11.2. the company must not require that the proxy appointment be made irrevocable; and
  - 11.3. 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.
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 initialed.
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 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 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 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, shall 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 be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.
18. The chairman of the 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 general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting or other proxy to vote or to abstain from voting at the 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, Computershare Investor Services Proprietary Limited at 70 Marshall Street, Johannesburg or by fax on +2711 688 5238, to be received by the company no later than 10:00 on Tuesday, 9 June 2015. 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 general meeting. In addition, a quorum shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the general meeting.
22. This form of proxy may be used at any adjournment or postponement of the general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
23. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.