



Arrowhead Properties Limited
("Arrowhead")

**ARROWHEAD AND STANLIB SIGN AGREEMENT FOR
ACQUISITION OF VIVIDEND MANCO**

Tuesday, 25 February 2014. Arrowhead, the JSE-listed property company announced on 6 December, 2013 that it had acquired 31,7% of Vividend Income Fund.

Arrowhead has now purchased the Vividend Management Group, which manages the Vividend Income Fund, for R88,6 million.

Stanlib, the owner of 22% of Vividend Income Fund units, has agreed to support a scheme of arrangement for Arrowhead to acquire all the Vividend units it does not already own for a consideration of not less than 0,374 Arrowhead A unit and 0,374 Arrowhead B unit for every Vividend unit. Arrowhead is paying Stanlib an option premium of R4 461 500 to acquire Stanlib's 22% interest should the scheme of arrangement not go ahead.

Gerald Leissner, Arrowhead CEO, says, *"Arrowhead's acquisition of a stake in any quoted property company must be revenue enhancing and should only be entered into if there is a realistic possibility of Arrowhead acquiring property assets as a result of such acquisition. It is not the intention of Arrowhead to become a "hybrid" i.e. to own a property portfolio as well as owning stakes in listed property companies.*

"The initial Vividend transaction as well as the acquisition of the Vividend Management Company and the launching of the scheme of arrangement will result in Arrowhead managing and controlling an additional R2 billion revenue enhancing property portfolio."

Ari Jacobson, CEO of Vividend, says, *"The various Vividend transactions have had the support of the Vividend management and board and Arrowhead is engaging with the board regarding the scheme of arrangement."*

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Arrowhead Properties

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TO EDITORS:

Arrowhead Properties

Arrowhead Properties has a Real Estate Investment Trust (REIT) status with the JSE Limited. It holds a diverse portfolio of retail, industrial, commercial and residential buildings in secondary locations throughout South Africa. It was established through an unbundling of a portfolio of 98 properties from Redefine Properties in November 2011 and subsequently listed on the JSE main board on Friday, 9 December 2011.

Secondary properties bring additional business risk. This will be managed by having a growing portfolio, as diversified as possible in terms of the number of properties, a spread of tenants, a spread of locations throughout South Africa and a spread of properties over the retail, office, industrial and residential sectors of the property market.

Arrowhead's main focus is to pay growing income returns to its investors. This will be 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.

Assets are managed internally by Arrowhead's executive and asset managers with property management provided by JHI.

Arrowhead holds an A and B unit structure which caters for investors with different risk and reward appetites. The A unit is aimed at risk averse investors, earning distributions of 15 cents or 50% of the distributable income per quarter, whichever is the greater, and the B units for investors with a greater appetite for risk, earning the balance.

Leadership and Management Team

- Arrowhead is led by an experienced management team with strong credentials who manage the fund internally and who have extensive experience of the sector and the asset portfolio. Executive directors include Chief Executive Officer Gerald Leissner, Chief Operating Officer Mark Kaplan and Imraan Suleman as Chief Financial Officer:
- **Leissner** brings with him 50 years worth of experience in the listed property sector. He was previously CEO of ApexHi Properties Limited for eight years until its merger with Redefine
- **Kaplan** was managing director of Aengus Property Holdings which controlled a portfolio of assets with a value in excess of R300 million
- **Suleman** is a Chartered Accountant previously with Java Capital and has significant experience on a wide range of transactions including listings, mergers and acquisitions, capital raisings and empowerment transactions.

Non-Executive Directors

- Taffy Adler Independent non-executive chairman
- Elize Stroebel Independent non-executive director
- Matthew Nell Independent non-executive director
- Selwyn Noik Independent non-executive director

ARROWHEAD PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2011/000308/06)
JSE share code: AWA ISIN: ZAE000158101
JSE share code: AWB ISIN: ZAE000158119
(Approved as a REIT by the JSE)
("Arrowhead")

VIVIDEND INCOME FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2010/003232/06)
JSE share code: VIF ISIN: ZAE000150918
(Approved as a REIT by the JSE)
("Vividend")

ACQUISITION OF VIVIDEND MANCO, CHANGES TO VIVIDEND BOARD, OPTION TO ACQUIRE ADDITIONAL VIVIDEND UNITS AND JOINT CAUTIONARY ANNOUNCEMENT

Arrowhead announced on 6 December 2013 that it had acquired 31.7% of Vividend's issued units. Arrowhead has now concluded an agreement to acquire all the shares in and claims on loan against Vividend Management Group Proprietary Limited ("Vividend Manco") from the existing Vividend Manco shareholders for a purchase price of R88.6 million (the "acquisition"). The effective date of the acquisition is 1 March 2014.

As a result of the change in control of Vividend Manco, Michael Jacobson, Gavin Rabinowitz, Mark Sandak-Lewin and Alan Witt, will resign from the Vividend board with effect from 1 March 2014. Ari Jacobson, Robert Amoils and Bruce Rubenstein have agreed to remain on (as CEO, Financial Director and non-executive director respectively) for a three month period from the effective date.

In addition to the acquisition, Arrowhead has concluded an agreement with Stanlib, in respect of the approximately 60.2 million Vividend units controlled by Stanlib (representing approximately 22% of Vividend's issued units), in terms of which:

- Stanlib has irrevocably undertaken that, if Arrowhead proposes a scheme of arrangement (the "scheme") in terms of section 114 of the Companies Act, Act 71 of 2008 (the "Act") to acquire all the Vividend units it does not already own for a consideration of not less than 0.374 Arrowhead A and 0.374 Arrowhead B units per Vividend unit, Stanlib will vote in favour of all resolutions necessary to approve the scheme; and
- Stanlib has granted Arrowhead an option (the "option") to require them to accept an offer from Arrowhead to acquire their Vividend units for a consideration of 0.374 Arrowhead A and 0.374 Arrowhead B units per Vividend unit if, for any reason, the scheme is not implemented. As consideration for the option, Arrowhead has paid Stanlib an option premium of R4,461,500.

Arrowhead has advised the Vividend board that it would like to engage with the board with regard to a potential scheme of arrangement to acquire the Vividend units that it does not already own. However formal engagements in this regard have not yet begun. Accordingly Arrowhead and Vividend unitholders are advised to exercise caution when trading in their securities until further announcements are made.

24 February 2014

Sponsor, corporate advisor and joint legal advisor to Arrowhead
Java Capital

Attorneys to Arrowhead
Cliffe Dekker Hofmeyr Inc

Sponsor and corporate advisor to Vividend
PSG Capital

Attorneys to Vividend
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