

ARROWHEAD PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2011/000308/06)
JSE share code: AWA ISIN: ZAE000203105
JSE share code: AWB ISIN: ZAE000203113
(Approved as a REIT by the JSE)
("Arrowhead" or "the company")



DISTRIBUTION FOR THE QUARTER ENDED 30 JUNE 2015 - SALIENT DATES AND TAX TREATMENT

The board of directors has approved and notice is hereby given of cash distributions (distribution number 15) of 18.90480 cents per A ordinary share (an increase of 10.5% over the 17.115 cents paid in the same quarter in the previous financial year) and 18.90480 cents per B ordinary share (an increase of 10.5% over the 17.115 cents paid in the same quarter in the previous financial year, representing an increase of 16,0% per combined A and B ordinary share for the 9 months ended 30 June 2015 compared to the 9 months ended 30 June 2014) for the quarter ended 30 June 2015, in accordance with the salient dates set out below:

| | 2015 |
|-------------------------------------|---------------------|
| Last date to trade cum distribution | Friday, 28 August |
| Shares trade ex distribution | Monday, 31 August |
| Record date | Friday, 4 September |
| Payment date | Monday, 7 September |

A ordinary and B ordinary share certificates may not be dematerialised or rematerialised between Monday, 31 August 2015 and Friday, 4 September 2015.

TAX TREATMENT OF DISTRIBUTION

In accordance with Arrowhead's status as a REIT, shareholders are advised that the distributions meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**"). The distributions on the shares will be deemed to be dividends, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The distributions received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT. These distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of shares:

- a) a declaration that the distribution is exempt from dividends tax; and
- b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Distributions received by non-resident shareholders will not be taxable as income and instead will be treated as dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax

Act. It should be noted that up to 31 December 2013 distributions received by non-residents from a REIT were not subject to dividend withholding tax. From 1 January 2014, any distribution received by a non-resident from a REIT is subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 15%, the net distribution amount due to non-resident shareholders is 16.06908 cents per A ordinary share and 16.06908 cents per B ordinary share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a) a declaration that the distribution is subject to a reduced rate as a result of the application of a DTA; and
- b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

A ordinary shares in issue at the date of declaration of this distribution: 437 607 408

B ordinary shares in issue at the date of declaration of this distribution: 437 607 408

Arrowhead’s income tax reference number: 9779/439/15/8

7 August 2015

Sponsor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a bold, sans-serif font. A blue horizontal line is drawn through the middle of the letters "A" and "V".