

# Arrowhead runs into dissent on remuneration

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Arrowhead Properties, which has forecast that its dividend will shrink in the year to September, is facing criticism over its remuneration policy. Nearly a quarter of the shareholders at its annual general meeting on Tuesday, 30 January, voted against the diversified real estate group's remuneration policy.



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As much as 22.51% voted against and 5.4% abstained. Of the 662,539,212 shares voted for, 513,407,880 (77.49%) voted in favour of the remuneration policy.

Robert Lewenson, head of environmental, social and governance engagement at Old Mutual Investment Group, said the group had voted against the remuneration policy after a “detailed engagement” about the practices prior to the meeting.

“We acknowledged that they are a company in transition since the unfortunate passing of former CEO Gerald Leissner and offered to assist them in ensuring their remuneration policy is better linked to value creation and the board welcomed our approach and openness to discuss,” he said.

“We will hopefully be able to provide further input into their remuneration philosophy in due course.” However, the group was “unable to support a vote in favour of their remuneration policy”, Lewenson said. Old Mutual Investment Group published the rationale for the vote against the remuneration policy on its website.

“A vote against these items is warranted. Executive directors received large increases in fixed remuneration, 32%, and no sufficient explanation has been provided. Although the CEO was promoted during the year, this is not addressed in the remuneration report, and it is unclear why the CFO [chief financial officer] has received a similar increase,” it read.

“The variable incentive framework is highly geared and reliant on the provision of loans to executive directors on preferential terms. Moreover, for the long-term incentive scheme, the vesting of these shares does not appear to be subject to performance conditions,” it read.

In November 2017, Arrowhead forecast that its dividend would shrink 6.5% for the financial year to September.

CEO Mark Kaplan said subsidiaries Gemgrow Properties and Indluplace Properties were both set to enhance the income of Arrowhead.

*Source: Business Day*

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