



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

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## ARROWHEAD REPORTS INTERIM RESULTS IN LINE WITH GUIDANCE

- Full year dividend forecast on track
- Successful disposal of 100 smaller properties to Gemgrow
- NAV growth of 23%
- Defensive and diversified South African portfolio

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**Wednesday, 24 May 2017** – Arrowhead, the South African JSE listed REIT, released its interim results today in line with guidance, despite a tough local economic and political environment. The company has declared a dividend of 43,24 cents per share, growth of 6,01%, for the six months ended 31 March 2017.

Arrowhead owns a portfolio of 51 retail, industrial and office properties. The portfolio is valued at R5,6 billion with an average value per property of R111 million as at 31 March 2017; more than double the average size of R49 million at the financial year ended September 2016. At the end of the reporting period, Arrowhead held 60% of Indluplace Properties, its JSE listed residential subsidiary with a market capitalisation of R2,4 billion and 55% of Gemgrow Properties. Gemgrow Properties, also Arrowheads' subsidiary, is a high yield, high growth fund with a market capitalisation of R3,3 billion. Arrowhead owns 19% of Reboasis Property Fund as well as a 11% interest in Dipula Income Fund.

***"Arrowhead is well diversified with properties across all nine provinces in South Africa and sectors, including residential. The company is a solid business and defensive investment with a proven track record over time, especially in the current challenging operating environment. Our performance is further supported with good growth through our investments in Indluplace and Gemgrow,"*** commented Mark Kaplan, CEO of Arrowhead.

Revenue increased to R959 million for the six months ended 31 March 2017 from R743 million at the end of the previous comparable period. The substantial increase in revenue is because of the Gemgrow transaction concluded during the period under review as well as annual escalations to existing leases.

***"Acquisition opportunities have been limited due to the current macro-economic environment. The economic conditions also impacted the ability to implement acquisitions due to a misalignment of pricing expectations between vendors and acquirers. We have however found that the gap between vendors and acquirers have recently been narrowing, resulting in funding costs moving in the right direction. This has resulted in a potential acquisition pipeline particularly in Indluplace and Gemgrow."***

***"Arrowhead has been prudent and our focused strategy of only acquiring properties on a yield enhancing basis has stood us in good stead,"*** remarked Imraan Suleman, CFO of Arrowhead.

The company's loan to value ratio remains conservative at 27,8% as at 31 March 2017. Interest rates on 86% of total borrowings are fixed.

Riaz Kader, COO of Arrowhead, concluded, ***“We remain focussed on sweating our current portfolio and are pleased to have been able to achieve satisfactory performance from our properties. We are on track to meet our dividend forecast for the year ending 30 September 2017.”***

**-Ends-**

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## **NOTE TO EDITORS:**

### **Arrowhead Properties**

Arrowhead Properties the JSE-listed SA REIT (Real Estate Investment Trust). It holds a diverse portfolio of retail, industrial, office buildings throughout South Africa. It is invested in a substantial residential property portfolio through its subsidiary Indluplace Properties Limited, the only focused listed residential REIT. It also is invested in Rebois Properties and Dipula Property Fund, both listed JSE REITS.

Risk is 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 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.**

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

### **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 Mark Kaplan and Imraan Suleman as Chief Financial Officer:
- **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.
- **Kader** has 13 years' property experience in residential, retail, office and industrial property. He was previously a director of Excellerate Real Estate Services Proprietary Limited t/a JHI, and has been involved in the management of Arrowhead's property portfolio from the company's inception.

### **Non-Executive Directors**

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