

Short-Form Announcement Unaudited Condensed Consolidated INTERIM RESULTS for the six months ended 31 March 2020

ARROWHEAD PROPERTIES LIMITED (formerly known as Gemgrow Properties Limited)
(Incorporated in the Republic of South Africa) | (Registration number 2007/032604/06)
JSE share code: AHA ISIN: ZAE000275491 | JSE share code: AHB ISIN: ZAE000275509
(Approved as a REIT by the JSE) | ("Arrowhead" or "the company" or "the group")

Highlights

- Solid property performance ahead of expectations in a tough economic environment.
- The company's recent focus on strengthening its balance sheet means it is now better positioned to navigate the challenges as South Africa deals with the impact of the COVID-19 pandemic.
- Vacancies reduced from 7.5% at 30 September 2019 to 7.1% at 31 March 2020.
- 41 assets disposed of at R840 million at a 10.3% forward yield and 1.5% discount to book value. R395 million has transferred as at 31 March 2020.
- Overall tenant retention of 88%.
- Intense management focus to minimise impact of COVID-19 on the group.
- Liquidity strengthened by deferring decision on interim dividend.

R'000	31 March 2020	31 March 2019	% Increase / (decrease)
Revenue (excluding straight line rental income)	1 173 523	1 182 597	(0.77)
Headline and diluted headline earnings per share (cents)	(7.54)	(71.02)	89.38
Basic and diluted earnings per combined shares in issue (cents)	(10.89)	(64.17)	83.03
Net asset value per share at reporting date (cents)	N/A	690	
Net asset value per A share at reporting date (cents)	1 003	N/A	
Net asset value per B share at reporting date (cents)	679	N/A	
Distributable income per A share (cents) for the 6 months ended 31 March [#]	56.77*	54.53	4.11
Distributable income per B share (cents) for the 6 months ended 31 March [#]	31.46*	34.08	(7.69)

[#] In September 2019, Gemgrow Properties Limited ("Gemgrow") acquired old Arrowhead (now known as Arrowgem) by way of a reverse takeover. Following the merger, Gemgrow was renamed "Arrowhead". Arrowhead has a dual share structure comprising of A & B ordinary shares. The figures as at 31 March 2019 have been restated based on the assumption that the merger had taken place at 31 March 2019. These numbers therefore do not correlate with those contained in the company's interim results for the period ended 31 March 2019.

* The company has resolved to defer the declaration for the period hence no dividend has been reported.

Nature of the business

Arrowhead is a diversified South African Real Estate Investment Trust ("REIT") focused on creating long-term shareholder value.

Arrowhead holds a diverse portfolio of retail, office and industrial (collectively "commercial") properties valued at R10.5 billion (held directly and through subsidiaries). As at 31 March 2020, Arrowhead held a 59.9% interest (2019: 59.6%) in its subsidiary, Indluplace Properties Limited ("Indluplace"), which owns a portfolio of residential properties.

The average value per direct property held as at 31 March 2020 was R62.6 million (R57.2 million as at 30 September 2019).

In addition, Arrowhead held an interest of 16.4% (2019: 16.4%) in Reboasis Property Fund Limited ("Reboasis") as well as an 8.6% interest (2019: 8.6%) in Dipula Income Fund Limited ("Dipula") at 31 March 2020.

Dividend for the six months ended 31 March 2020

The board of directors believes that, given the current unprecedented circumstances and prevailing uncertainty brought on by the COVID-19 pandemic, it is important that Arrowhead retain as much capital as possible to protect its balance sheet and bolster liquidity. Accordingly, the board of directors has resolved to defer the decision on the payment of an interim dividend, for the six-month period ended 31 March 2020, until the release of its financial results for the year ending 30 September 2020, expected to be on or about 25 November 2020.

Prospects

Given the uncertainty surrounding the environment in which Arrowhead will be operating for the foreseeable future as a consequence of COVID-19, we are not in a position to provide the market with guidance as to our distributable income per share or dividend per share for the year ending 30 September 2020, having previously withdrawn our dividend per share guidance for the year ending 30 September 2020.

We are pleased with the progress we made in the first half of the year in strengthening our balance sheet and delivering solid earnings. Our focus during the balance of the year will be on managing our response to the impact of COVID-19 on our operations. We are dedicating all our resources to addressing these challenges.

https://arrowheadproperties.co.za/assets/downloads/2020/interim_results_2020.pdf

Short-form announcement

This short-form announcement is the responsibility of the board of directors of the company. This short-form announcement is only a summary of the full announcement released on SENS, published on Arrowhead's website (www.arrowheadproperties.co.za) and on the JSE website at <https://senspdf.jse.co.za/documents/2020/jse/isse/AHAE/HY2020.pdf>, on 27 May 2020 and does not contain the complete or full announcement details. Any investment decision by investors and shareholders should be based on consideration of the full announcement. Copies of the full announcement may be requested from info@arrowheadproperties.co.za.

By order of the Board
27 May 2020

Directors M Nell* (Chairperson), M Kaplan (CEO), J Limalia (CFO), R Kader (COO), A Kirkel (CIO), T Adler*, A Basserabie*, G Kinross*, N Makhoba*, S Mokorosi*, S Noik*
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* Independent non-executive. All directors are South African.