

# ARROWHEAD PROPERTIES

Focused on sustainable value

## Short-Form Announcement Unaudited Condensed Consolidated INTERIM RESULTS for the six months ended 31 March 2021

ARROWHEAD 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

- 57% increase in distributable earnings per B share for the 6-month period ended 31 March 2021 compared to the previous 6-month period ended 30 September 2020
- 20 assets disposed of and transferred during the six months at a book and sales value of R498 million. A further 20 properties of R647 million are held for sale, the majority of which are expected to transfer during the remainder of the 2021 financial year
- Active investment in solar power plants – 7.3 megawatt installed with a further 3.6 megawatt currently under construction. As at the end of March 2021, Arrowhead's energy generation stood at 4.7% of total energy consumption
- Overall tenant retention and re-letting of 85%
- Group Loan-to-Value of 39.8% (41.4% including derivatives)
- Rental collections stabilised to pre-COVID-19 levels. Rental relief reduced from R77 million in the 6-month period ending 30 September 2020 to R5 million for the 6-month period ending 31 March 2021
- Improved bank covenant terms
- B-share price increased by 108% from R1.30 at 30 September 2020 to R2.70 at 31 March 2021 after paying a full year 2020 dividend per B share of 32.99 cents in the same period

R'000	31 March 2021	31 March 2020	% Increase / (decrease)
Revenue (excluding straight line rental income)	989 091	1 173 524	(16%)
Basic earnings (loss) per combined shares in issue (cents)	42.07	(10.89)	486%
Basic and diluted earnings (loss) per combined shares in issue (cents)	41.65	(10.89)	482%
Headline earnings (loss) per combined shares in issue (cents)	42.38	(7.54)	662%
Headline diluted earnings (loss) per combined shares in issue (cents)	41.96	(7.54)	656%
Net asset value per A share at reporting date (cents)	923	1 003	(8%)
Net asset value per B share at reporting date (cents)	635	679	(6%)
Distributable income per A share (cents) for the 6 months ended 31 March	58.59	56.77	3%
Distributable income per B share (cents) for the 6 months ended 31 March	23.19	30.65	(24%)

### 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 properties valued at R9.3 billion. The average value per property held by the Group (excluding Indluplace) at 31 March 2021, was R75.9 million (R68.0 million at 30 September 2020).

At 31 March 2021, Arrowhead held a 60.0% interest (2020: 60.0%) in its subsidiary, Indluplace Properties Limited ("Indluplace"), which owns a portfolio of residential properties.

In addition, Arrowhead held an interest of 8.6% (2020: 8.6%) in Dipula Income Fund Limited ("Dipula") at 31 March 2021. During the current six-month period, the last of the Group's holding in Rebosis Property Fund Limited ("Rebosis") was disposed of.

### Dividend for the six months ended 31 March 2021

The board believes that, given the continued prevailing uncertainty brought about 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 has resolved to defer the decision on the declaration of an interim dividend, for the six month period ended 31 March 2021, until not later than the release of its financial results for the year ending 30 September 2021, expected to be on or about 25 November 2021.

### Subsequent events

On 18 May 2021 Fairvest Property Holdings Limited ("Fairvest") announced that, *inter alia*, it had concluded agreements with various Arrowhead B ("AHB") shareholders to acquire their Fairvest shares in return for 1,85 AHB shares per Fairvest share, subject to various terms and conditions. Fairvest has advised Arrowhead that it wishes to engage on a scheme of arrangement between Arrowhead and its AHB shareholders, in order to facilitate a 'single-step merger'. Arrowhead is always open to considering proposals that may unlock value and has begun a process to more fully assess Fairvest's proposal. These results do not take into consideration the impact of the merger between the companies should it materialise in the future.

### Prospects

Arrowhead is pleased with the progress it has made in the current period and is well on track to stabilising its core portfolio as it faces the challenges of a third wave of the COVID-19 pandemic. Given the uncertainty surrounding the unpredictable environment in which the Company will be operating for the foreseeable future, the Company is not in a position to provide the market with guidance as to its distributable income per share and dividend per share for the year ending 30 September 2021.

### 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](http://www.arrowheadproperties.co.za))

<https://arrowheadproperties.co.za/cmsAdmin/uploads/interim-results/arrowhead-interim-results-2021.pdf>

and on the JSE website at

<https://senspdf.jse.co.za/documents/2021/jse/isse/AHAE/IE2021.pdf>

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@arrowprop.co.za](mailto:info@arrowprop.co.za)

By order of the Board  
26 May 2021

**Directors** M Nell\* (Chairperson), M Kaplan (CEO), J Limalia (CFO), T Adler\*, A Basserabie\*, G Kinross\*, N Makhoba\*, S Mokorosi\*  
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**Transfer secretaries** JSE Investor Services Proprietary Limited  
**Sponsor** Nedbank Corporate and Investment Banking, a division of Nedbank Limited  
**Company secretary** Vicki Turner  
**Website** [www.arrowheadproperties.co.za](http://www.arrowheadproperties.co.za)

\* Independent non-executive. All directors are South African.