

ARROWHEAD REPORTS 4TH CONSECUTIVE YEAR OF STRONG DOUBLE DIGIT

Wednesday, 18 November 2015

- Year-on-year distribution of 150,30 cents per combined A and B shares, growth of 13%
- Core property portfolio growth of 8,5 %
- Growth in NAV per share of 27%
- Forecast distribution growth of between 8% to 10% to September 2016

Arrowhead, the South African JSE listed REIT, has declared distribution of 150,30 cents for the year ended 30 September 2015. This is a 12,8% improvement on the 133,24 cents distribution declared for the year ended 30 September 2014.

Revenue increased from R712 million to R1,2 billion as at year-end. The substantial increase is due to the full effect of the acquisitions concluded during the previous financial year, together with the partial impact of acquisitions concluded during this year and annual escalations to existing leases. The main driver of the increase in revenue was the acquisition of Vividend Income Fund ("Vividend") in 2014. Arrowhead's core portfolio growth for the year was 8,5%.

"Our total portfolio value is currently R8,5 billion, comprising 157 commercial properties and 95 residential properties through our 70% interest in our subsidiary Indluplace. Income growth to our investors remain our focus and we hold a firm grip on our lease terms and renewals, vacancies and costs associated with our portfolio," Gerald Leissner CEO of Arrowhead said.

"This was an exciting year for us, especially with the listing of Indluplace, the only focused residential REIT on the JSE, of which we are a substantial shareholder. Our shareholding in Indluplace provides us with the opportunity to participate in the substantial growth opportunities within the residential sector," commented Mark Kaplan, COO of Arrowhead.

Vacancies are down from 8,2% at March 2015 to 7,3% at year-end in the commercial (office, retail and industrial) portfolio, while vacancies within the residential portfolio was 3,0%.

Net asset value per combined share increased by 27%. The loans of R2,4 billion (2014: R2,3 billion) measured against investment properties of R8,5 billion (2014: R7 billion) represents a loan to value of 28% (2014: 33%).

"90% of our debt remains fixed and during the past financial year we entered into further interest rate swaps to hedge our exposure to fluctuations in interest rates. We are very comfortable with our current level of gearing, which compares favourably with the rest of the market," says Imraan Suleman, CFO of Arrowhead.

Post the year-end, Arrowhead has concluded an agreement with Redefine for the acquisition of the centre known as Cleary Park in the Eastern Cape, increasing retail as part of its portfolio to 46%. Retail now being the largest sector within the portfolio.

“The year ahead will have its challenges due to the economic environment we find ourselves in. I have full confidence in the team to manage and grow Arrowhead with quality properties which are in our view correctly priced and still revenue enhancing.

“We expect that Arrowhead should produce distribution growth of between 8% and 10% in 2016,” concluded Leissner.

Ends/

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