



Arrowhead Properties Limited

("Arrowhead")

ARROWHEAD BUYS EIGHT BUILDINGS IN MABONENG

Tuesday, 8 April 2014. Arrowhead Properties (Arrowhead) and Propertuity have concluded an agreement whereby Arrowhead will acquire eight buildings in the Maboneng Precinct for R180 million. The acquisition, at a forward yield of 11%, is in line with Arrowhead's strategy of acquiring revenue enhancing properties. The buildings will be managed by Mafadi Property Management, who are specialist managers of CBD properties. The agreement provides for a guaranteed return to Arrowhead of 11% in year one with an 8 % escalation into year two.

Maboneng is a mixed-use urban neighbourhood, east of the Johannesburg CBD, which comprises 40 commercial, residential, industrial and retail buildings. The eight buildings acquired by Arrowhead, with a lettable area of 58 000m², are mainly industrial, with a smaller component being office and retail.

Propertuity is focused on transforming neighbourhoods by designing and developing iconic properties and innovative strategies that create an integrated and uplifted urban environment.

CEO of Propertuity, Jonathan Liebmann, says, *"The 2020 vision for Maboneng is for the community to grow to over 20 000 people within 1km² area. We will use the funds from this sale to propel Maboneng into its next development phase."*

It is the intention of Propertuity to further develop and sell properties to Arrowhead. The relationship makes sense in that Propertuity is focused on development while Arrowhead is focused on acquiring developed property with solid yields.

Arrowhead's overall strategy is to increase its portfolio to R10bn by 2016 through the acquisition of properties that offer attractive yields. It currently owns properties valued at more than R5bn.

Mark Kaplan, COO of Arrowhead, said, *"This transaction further reinforces the continued interest in the Johannesburg inner city where regeneration efforts have resulted in improved property values."*

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TO EDITORS:

Arrowhead Properties

Arrowhead Properties the JSE-listed SA REIT (Real Estate Investment Trust). It holds a diverse portfolio of retail, industrial, commercial and residential buildings in secondary locations throughout South Africa. It was established through an unbundling of a portfolio of 98 properties from Redefine Properties in November 2011 and subsequently listed on the JSE main board on Friday, 9 December 2011.

Secondary properties bring additional business risk. This 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 will be 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 Gerald Leissner, Chief Operating Officer Mark Kaplan and Imraan Suleman as Chief Financial Officer:
- **Leissner** brings with him 50 years' worth of experience in the listed property sector. He was previously CEO of ApexHi Properties Limited for eight years until its merger with Redefine
- **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.

Non-Executive Directors

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