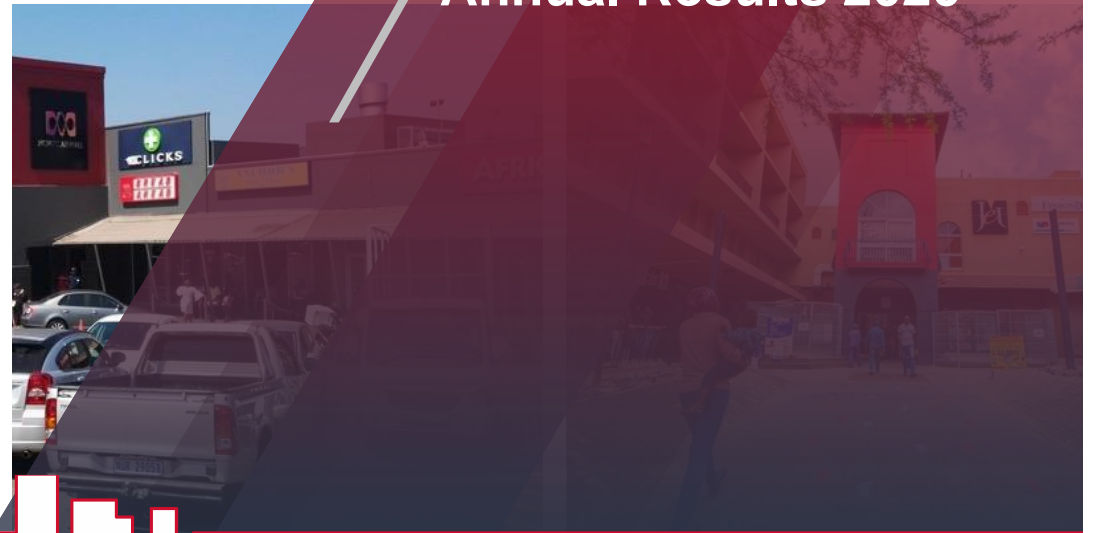


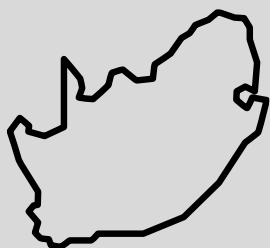


Annual Results 2020



ARROWHEAD PROPERTIES
Focused on sustainable value

Highlights for the year



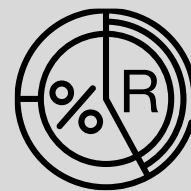
South African focus – proximity and control



Defensive COVID-19 performance

Collections of **85%** for 6 months

(April to September)
Pre-COVID-19 relief



Capex spend **R230m Group**

SOLD

R1.7 bn @ 7%
discount to book



Transferred **R840m**



Gearing **41.2%**
Pre-COVID-19
to 39.3%
(Gearing moved down when market moved up)

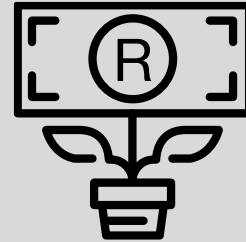
Highlights for the year *continued*

Low risk gearing

(no cross currency swaps, no debt capital markets and no offshore borrowings)

Sales pipeline over
R900m

Vacancy well managed
at 8.6%



**Dividend
being
paid**



Available
Group cash of
R786m

Sustainable decision to
reduce the payout ratio to
75%

Strategic successes



Goal to sell all properties which do not have strong tenant demand and are not capable of long-term income growth

- Sell all properties which do not meet this criteria
- Sold 75 properties which moves us closer to our target portfolio
- Capex (excluding Indluplace) of R196m (R141m spent)



Goal to improve tenant focus

- COVID-19 relief
- Increased the tenant relationship management team by 1 person
- External consultant held focus “groups” to build awareness and develop change in thinking and behaviour
- Tenant retention of 84% (average over 3 years 76%)



Strategic successes *continued*



Goal to strengthen the balance sheet

- Transferred R840m worth of property
- Debt reduced from R6.5bn to R5.6bn
- Gearing reduced to 39.3%
- 2021 expected transfers R900m before new sales
- Renewed all expiring debt facilities
- Group cash at R786m after spending R175m on capex



Goal to Strengthen property management

- Enhanced performance with hybrid model
- In-house utilities, collections and letting team
- Prior work paying off
- Integrated team
- Alignment of KPI's



Strategic successes *continued*

Goal to enhance ESG awareness

- B-BBEE level 3
- An Arrow for Change launched
- Investment in outlying properties using locally sourced labour with skills transfer
- Solar and environmentally friendly initiatives
- COVID-19 implementation plan
- Improved ESG annual report disclosure

Arrowhead team



- **Team has increased** from 20 to 36 over 2 years
- Prior **strong culture and relationships** ensured top performance and sustainability
- Young and flexible team that could adapt to **new environment**
- **Innovative** operational management and reporting required to manage during COVID-19
- **Driven and motivated**
- **Special well done and thanks to the whole team** for an incredible effort and result in the most difficult of times



An Arrow for Change

- Social initiative created out of the necessity to address the needs of the pandemic
- Executives donated 1 month's salary
- Non-executives donated generously
- Suppliers, staff and other anonymous donations were also received
- Company matched the amount raised
- Total fund value of **R3m**
- Total disbursed **R1.7m**
- Projects completed focussed on food, PPE and childcare
- Partnered with registered NGO's
- Tenants invited to participate
- Initiative to evolve going forward

Westgate Mall in Western Cape

Partnered with NGO to distribute:

- 20 000 meals
- 1 000 socks
- 240 blankets
- 40 trays lucky star tin fish
- 40 additional blankets from Soxbox
- Baby care goodies from Clicks
- Blankets from Pep Stores
- Cash donation from Woolworths
- 1 000 party packs from Remax
- Distribution in centre court



Louis Trichardt - Checkers Centre in Limpopo

Partnered with NGO to distribute:

- 41 500 meals
- R5 400 of Nutrigo Instant Meals
- R18 700 of school uniforms
- R3 400 worth of blankets
- R5 000 worth of basic toiletries
- 6 boxes of shoes and clothes from Legit



Cleary Park in Eastern Cape

Partnered with NGO to distribute:

- 35 000 meals
- 20 x R150 Shoprite vouchers
- R3 000 worth of non-perishables from Boxer



Rosettenville Primary School – Mall@theJunction in Gauteng

- Direct project with the school
- Repair damaged stairways
- 1 050 masks
- 100 litres sanitizer
- 10 thermometers
- Supplied safe-sand for the playground
- Supplied and installed toilets and basins



Before - Damaged unsafe stairways



After – stairways meets the safety requirements



Hand over to School Principal



Filling the playground with safe-sand

Rosettenville Primary School – Mall@theJunction in Gauteng *continued*

- Painted sick bay
- Supplied paint for murals
- Arrowhead, JHI, Indluplace and IDS staff assisted with painting
- Project supervised by IDS



Entrance mural



Ablution block murals



Sick bay

Arrowhead summary

Diverse portfolio of
R9.7 billion

143 assets
(excluding Indluplace)

1 130 972
m² of GLA

Sectoral split
by revenue
50% retail, 33% office
& 17% industrial

60%
in Indluplace






Sales program

- Sold 105 assets since the launch of our disposal program in 2019
- Totalling R2.3bn
- 75 assets valued at R1.4bn has transferred
- 30 assets R900m still to transfer

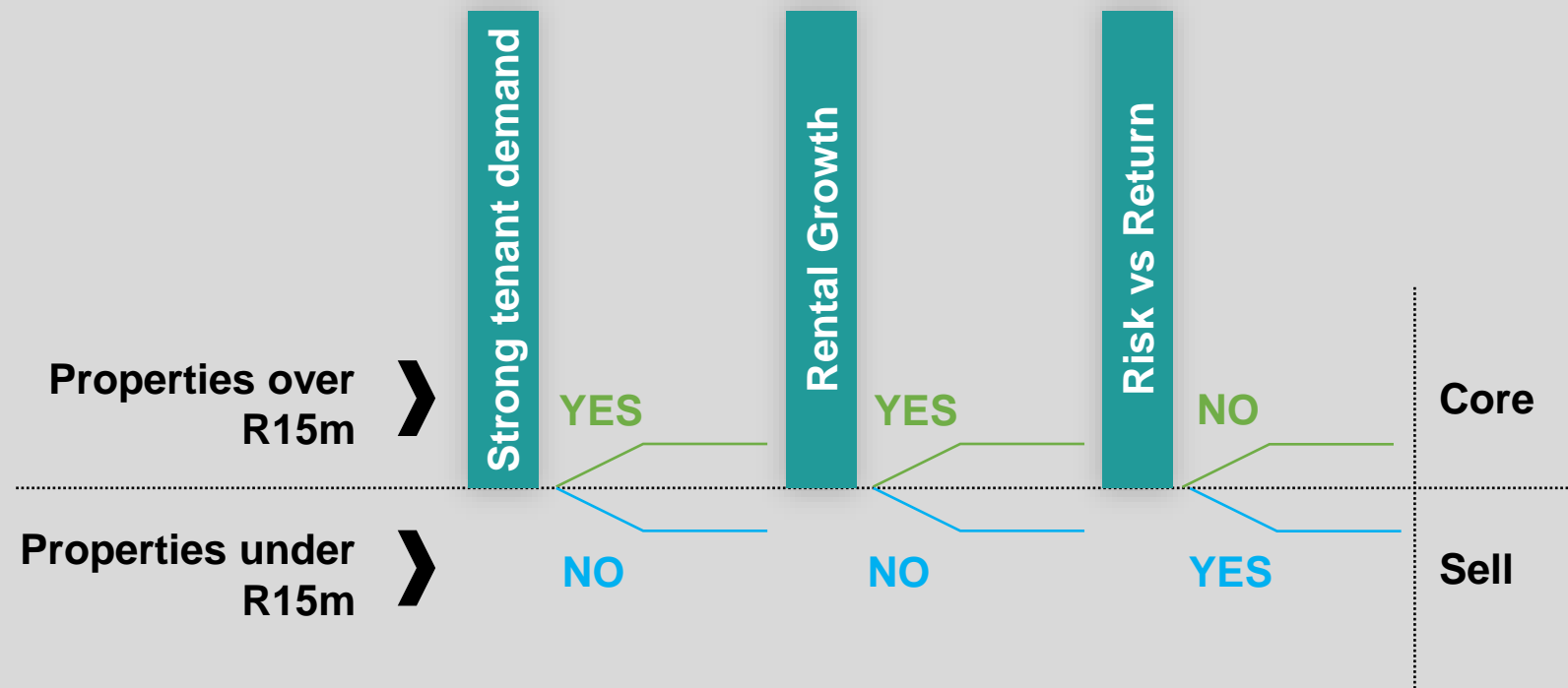
Sales

- Transferred 45 assets totalling R840m
- There are a further 30 assets to transfer of R904m
- Total sales of R1.7bn
- Total recorded sales over the last 24 months of R2.3bn 105 assets
- 113 total assets post transfer from 212 assets in 2019
- Target of another R500m in sales in 2021

Asset Class	Number	Sales value (Rm)	Book value (Rm)	Sector Breakdown in %	Discount / (premium) to book value	Average Yield	GLA disposed	Vacant GLA	Vacancy %
 Retail	44	1 020	1 096	58%	6.9%	11.5%	146 034	7 543	5%
 Office	13	328	375	20%	12.7%	9.9%	47 642	11 013	23%
 Industrial	19	395	408	22%	3.0%	10.5%	107 593	6 763	6%
Total	76	1 743	1 879	100%	7.2%	11.0%	301 269	25 319	8%

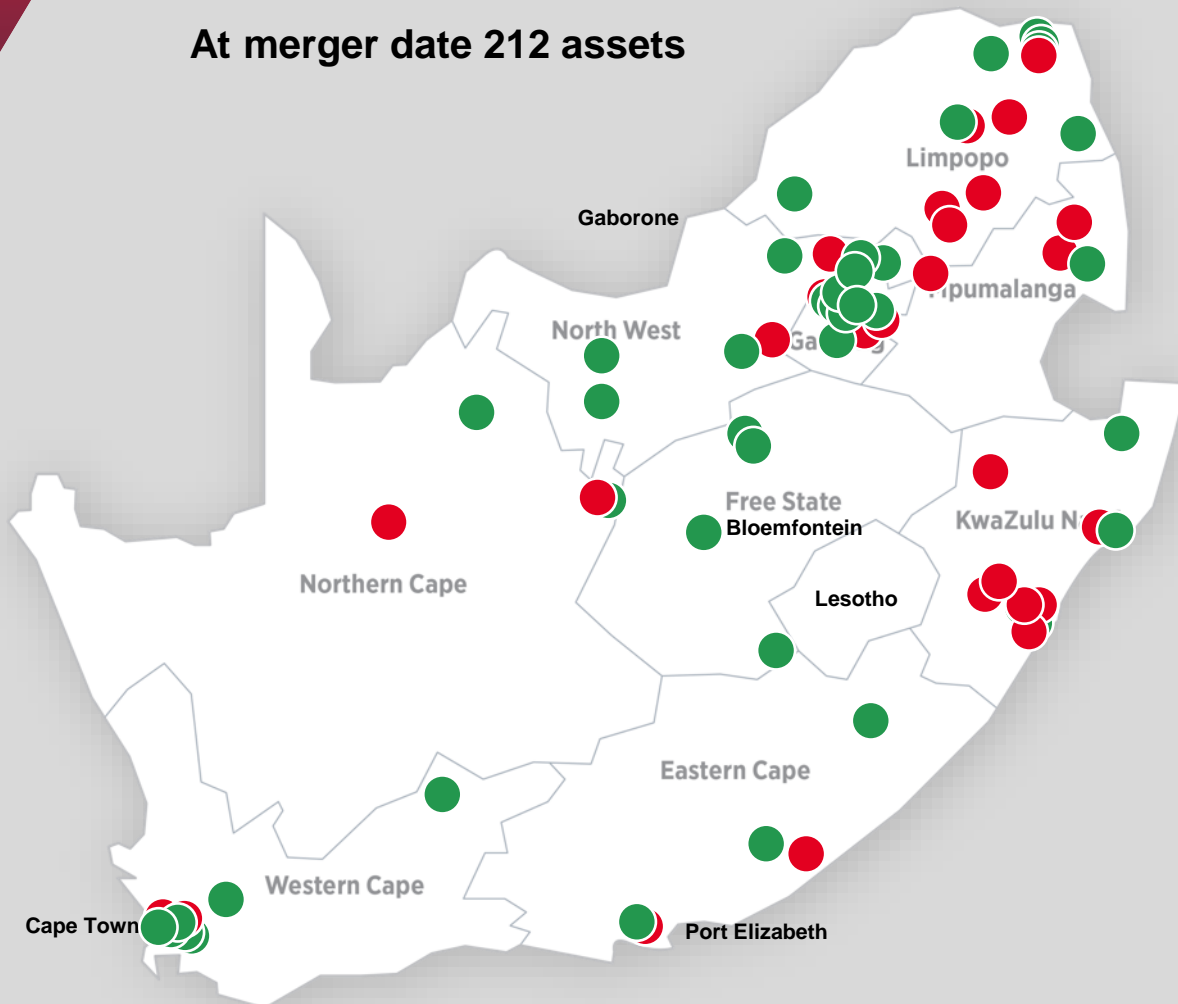
Note: There were 76 sales consisting of a sale of 75 assets and 1 Erf of a property that is still within the property portfolio

Sales thought process

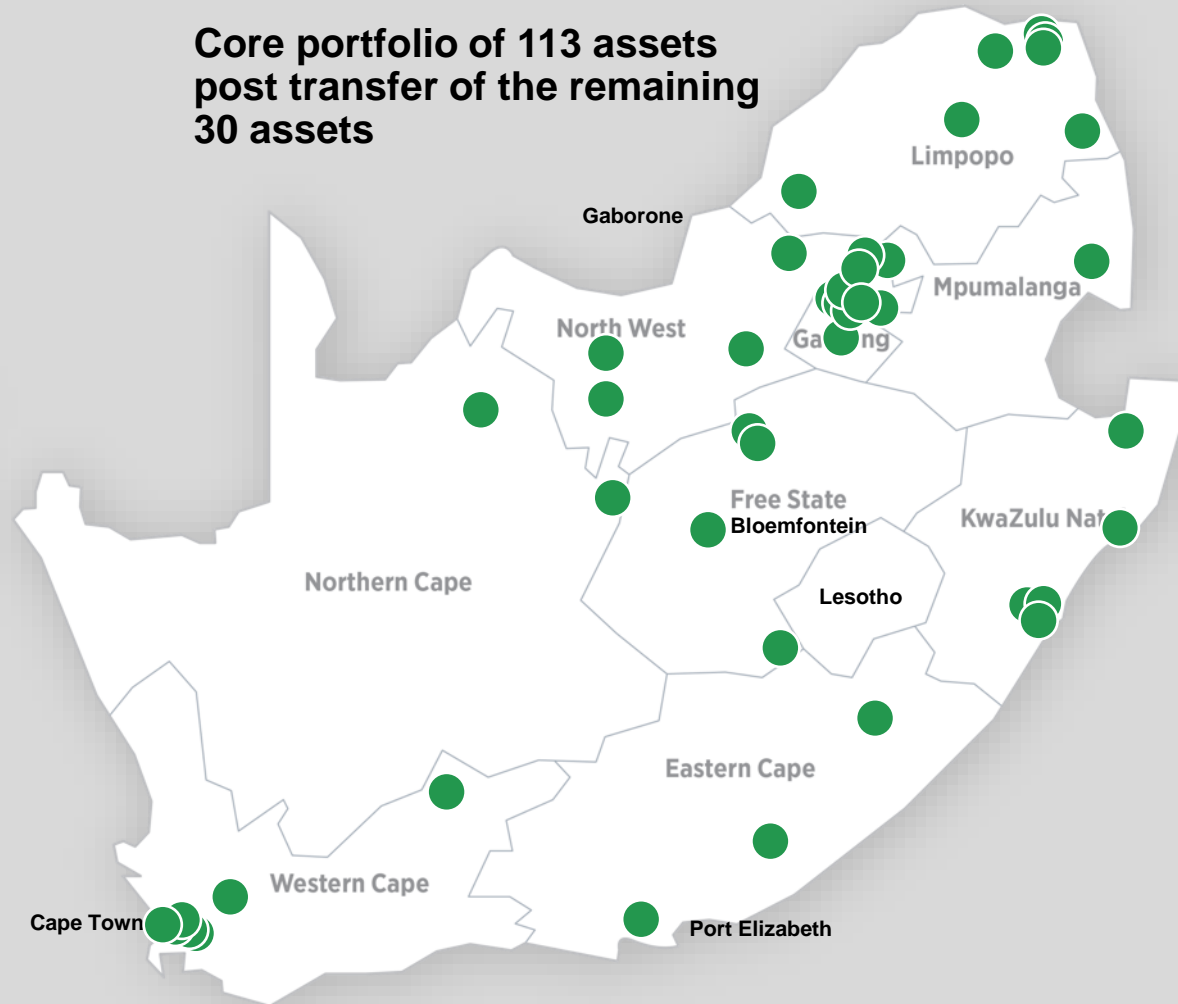


So what have we sold?

At merger date 212 assets



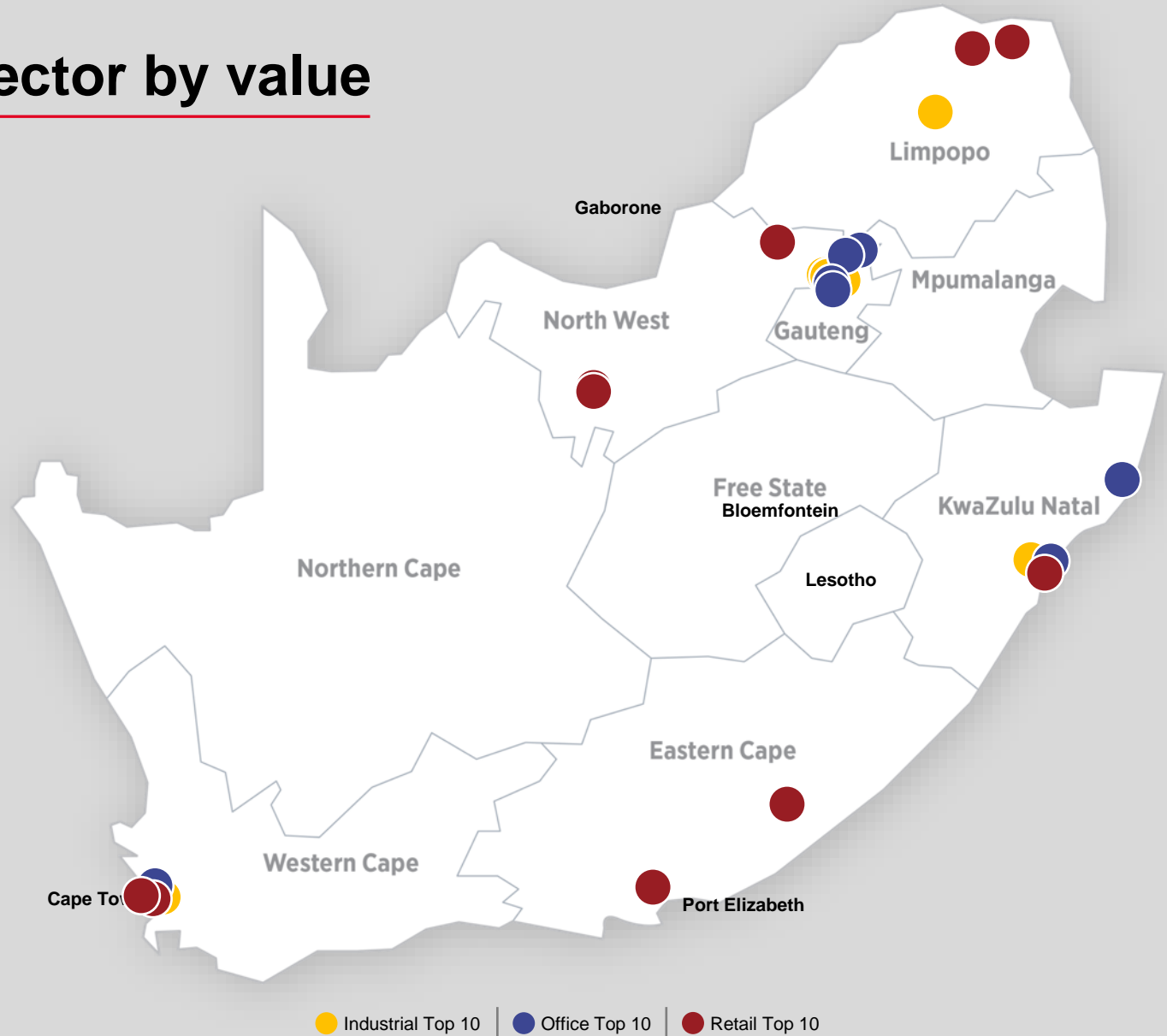
Core portfolio of 113 assets post transfer of the remaining 30 assets



● Sold assets | ● Core portfolio

Top 10 properties per sector by value

- R5.8bn 60% of portfolio value
- 50% of portfolio GLA
- 🏠 Retail R3bn (60%)
- 🏢 Office R1.9bn (60%)
- 🏭 Industrial R900m (57%)



Distributable income analysis for the year ended 30 September 2020




R'000	2020	2019
Revenue (excluding straight line rental income)	2 189 241	2 419 947
Listed securities income	18 325	81 775
Property expenses	(954 869)	(967 079)
Administration and corporate costs	(104 052)	(89 424)
Finance charges	(574 350)	(627 848)
Finance income	46 014	73 891
Loss due to Indluplace's payout ratio	(18 012)	-
Non-controlling interest share in distributable income	(68 238)	(104 458)
Distributable income	534 060	786 805
Accrued dividend on listed securities	-	20 998
Listed securities income recognised in the prior period	(18 325)	(55 902)
Total dividend	515 735	751 901
Dividend to Arrowhead Charitable Trust	8 424	17 360
Total amount available for distribution after the effects of Arrowhead Charitable Trust	524 159	769 261
Property expenses as a percentage of revenue - gross	44%	40%
Property expenses as a percentage of revenue - net	21%	19%
A share – distributable income for the 6 months ended 31 March	35 608	34 206
B share – distributable income for the 6 months ended 31 March	305 056	346 707
A share – distributable income for the 6 months ended 30 September	36 807	35 735
B share – distributable income for the 6 months ended 30 September	146 687	352 613
Total amount available for distribution	524 159	769 261
Distributable income per A share (cents) for the 6 months ended 31 March	56.77	54.53
Distributable income per B share (cents) for the 6 months ended 31 March	30.65	34.08
Distributable income per A share (cents) for the 6 months ended 30 September	58.69	56.98
Distributable income per B share (cents) for the 6 months ended 30 September	14.74	34.66
Distributable income per A share (cents) for the 12 months ended 30 September	115.46	111.51
Distributable income per B share (cents) for the 12 months ended 30 September	45.39	68.74

Note: R524m distributable income achieved exceeds our best scenario at interim of R490m

Distributable income and dividend reconciliation

	2020 Forecast	Actual 2020	Variance (cents)	Variance (%)
Total distributable income				
Allocated to the A shares	117.09	115.46	(1.63)	(1%)
Allocated to the B shares	66.00	45.39	(20.61)	(31%)
Reconciliation of B share distributable income to forecast				
Arrowhead's contribution to B shareholder distributable income	42.83	41.57	(1.26)	(3%)
COVID-19 relief	-	(7.73)	(7.73)	
Arrowhead's operations - net	42.83	33.84	(8.99)	(21%)
Add: Interest on loans	6.02	3.07	(2.95)	(49%)
Add: Indluplace	13.53	8.47	(5.06)	(37%)
Add: Dipula	3.62	-	(3.62)	(100%)
Distributable income per B share	66.00	45.39	(20.61)	(31%)
Dividend – at 75% payout ratio				
A share – full entitlement (CPI growth)	117.09	115.46	(1.63)	(1%)
B share – impacted by payout ratio	66.00	32.99	(33.01)	(50%)

Core portfolio

	Actuals 12 months Oct – Sep 2019 R'000	Actuals 12 months Oct - Sep 2020 R'000	Variance 12 months Oct - Sep (%)
Revenue	1 466 226	1 370 910	(6.5%)
Property expenses	(569 782)	(544 984)	(4.4%)
Net Operating income	896 444	825 926	(7.9%)
 Commercial			(8.6%)
 Industrial			(6.5%)
 Retail			(7.8%)

Note: If we exclude the effects of Covid19 relief granted to tenants, the core portfolio growth was (0.5%)

Tenant arrears and COVID-19 relief

Evaluation criteria	COVID-19	Bad debts
Tenant	Applicable to tenants in good standing whose rentals were up to date prior to COVID-19	Applicable to tenants in poor standing with arrears
Period	Relief only available for during COVID-19	Bad debt write-offs or provision applicable throughout the year
Factual circumstances	Tenants requesting rental remission because of the trading restrictions under government lockdown regulations	The rental is due and payable and there is no legal dispute around whether the tenant is liable to pay.
Accounting treatment	Credit notes passed to tenant accounts. Relief netted off against revenue	Accounting entries to provide for or write-off bad debt. Reported as bad debts and increase to expected credit loss

Arrears and bad debt provisioning

Description	Group arrears (Rm)	Group arrears provision (Rm)	Credit provisions as a % of debtors
30 September 2019	76.3	28.8	38%
30 September 2020	80.5	42.3	53%
Increase in provisioning split		13.5	
Arrowhead		7.5	
Indluplace		6	

COVID-19 relief (Arrowhead – excluding Indluplace)

- Total COVID-19 relief of R77m

Condensed consolidated statement of financial position at 30 September 2020

R'000	Audited for the year ended 30 September 2020	Audited for the year ended 30 September 2019
Assets		
Investment property (incl. properties held for sale)	13 539 459	14 934 305
Loans to participants of Group share purchase and option schemes	180 446	384 122
Listed investments and other financial assets	97 832	210 069
Deferred tax	58 100	-
Trade and other receivables	388 181	536 605
Cash and cash equivalents	170 089	160 999
Total assets	14 434 107	16 226 100
Equity		
Shareholders' interest	6 619 225	7 795 764
Non-controlling interest	992 364	1 210 368
Liabilities		
Secured financial liabilities	5 618 498	6 527 044
Deferred taxation	-	10 040
Derivative instruments	458 213	76 334
Finance lease liability	24 598	-
Trade and other payables	674 714	606 550
Current tax payable	46 495	-
Total equity and liabilities	14 434 107	16 226 100
Net asset value per A share	7.91	9.90
Net asset value per B share	6.31	7.05

A photograph of two men in business attire. One man is standing and looking towards the other man who is sitting at a desk. They appear to be in a meeting or discussion. The background shows a window with greenery outside. The image is partially obscured by a red and white geometric overlay.

Arrowhead property portfolio overview (excluding Indluplace)




Portfolio Value Group (excluding Indluplace)

- R9.7bn
- 2% devaluation (3,7% devaluation including capex incurred)

Portfolio Value Group (including Indluplace)

- 3.5% devaluation (5.1% devaluation including capex incurred)

Portfolio Average Cap Rate

- 10.3%
-  Office – 10.5%
-  Industrial – 10.9%
-  Retail – 10.0%

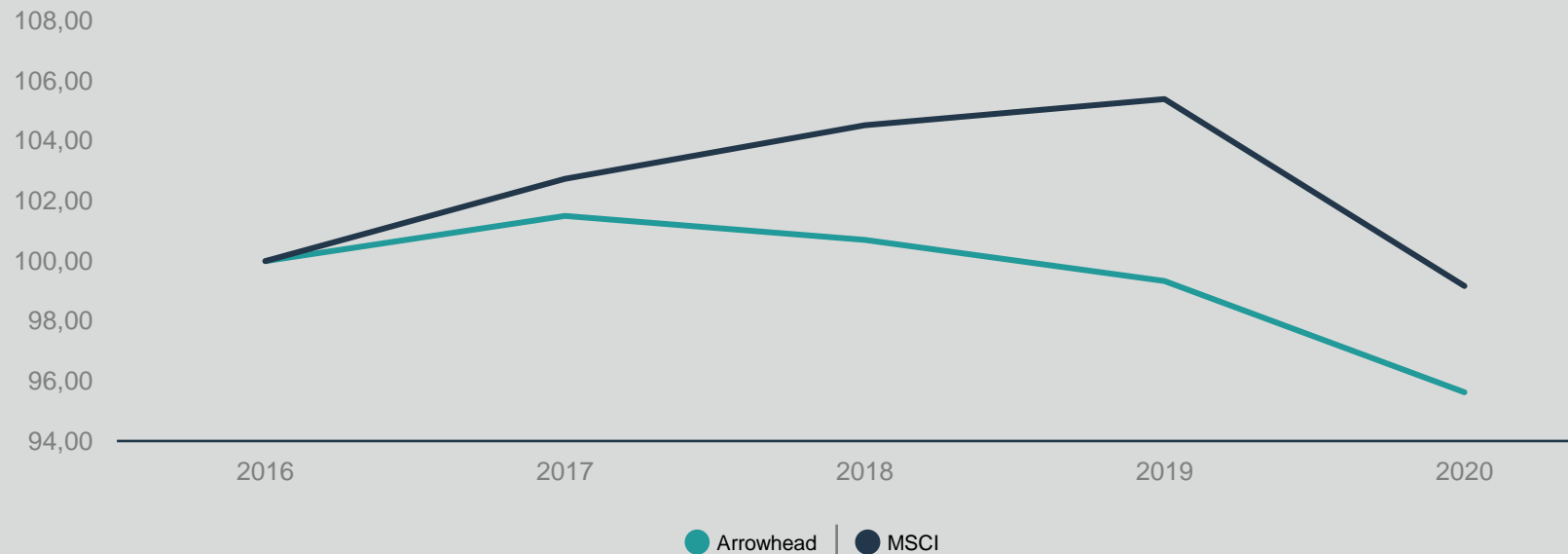
Average rate per square meter

- Overall – R8 411
-  Office – R9 570
-  Industrial – R3 910
-  Retail – R11 844

Impact of valuation growth - Arrowhead vs MSCI (2017 to 2020)

DESCRIPTION	2017	2018	2019	2020	TOTAL
Peers	2.74%	1.73%	0.84%	(5.91%)	(0.61%)
Arrowhead	1.50%	(0.79%)	(1.36%)	(3.72%)	(4.37%)
Variance (YOY)	1.23%	2.53%	2.20%	-	-
Variance (Cumulative)	-	-	5.96%	(2.19%)	3.76%










Capital growth – MSCI vs Arrowhead



Capitalisation rates

	Arrowhead - 2020	MSCI Benchmark June 2020
Asset class:		
 Industrial – Multiple Parks	11.1%	9.5%
 Industrial – Warehousing & Distribution	10.8%	8.7%
 Office – City Decentralised	10.2%	8.8%
 Office – Inner city (excl. Sandon CBD)	11.2%	9.5%
 Office – Provincial	11.3%	9.5%
 Retail – Community Shopping centres	9.1%	8.6%
 Retail – Neighbourhood Shopping centres	10.8%	9.4%
 Retail – Other retail	11.2%	9.8%
 Retail – Small Regional Shopping centres	9.0%	8.1%

Rate per square meter

	Arrowhead - 2020	MSCI Benchmark June 2020
Asset class:		
 Industrial – Multiple Parks	4 008	5 356
 Industrial – Warehousing & Distribution	3 849	7 591
 Office – City Decentralised	9 805	18 617
 Office – Inner city (excl. Sandon CBD)	9 553	10 481
 Office – Provincial	7 985	13 501*
 Retail – Community Shopping centres	19 126	18 503
 Retail – Neighbourhood Shopping centres	8 818	13 401
 Retail – Other retail	9 118	11 166
 Retail – Small Regional Shopping centres	15 439	20 790

(Removing Access Park, thus number is R10 388 per square meter)

* June 2019 used as June 2020 benchmark is not available

Capex spend

Breakdown of Capital spend (in Rm)

	2020	2019
Description	Full year	Full year
Total	141	140
Retail	64	49
Industrial	30	27
Office	46	63
Investment property	9 732	10 759
Capital spend as a % of investment property	1.5%	1.3%

Note: Capex of R56m over and above the R141m accrued at year-end

Debt

- Arrowhead loans of R4.2bn and Group of R5.6bn
- Arrowhead Group LTV of 39.3%
- Loans fixed – Group 91.5% and 98.6% Arrowhead
- ICR of 2.2 (1 Funder had a ICR 2.25X but has condoned)
- Arrowhead Group weighted average interest rate of 9.15%

Looking forward 12 months from 1 October 2020:

Debt expiry	R'000 000	Percentage %
2021	264	6%
2021	1 672	
2022	922	22%
2023	2 370	57%
2024	633	15%
Total	4 188	100%



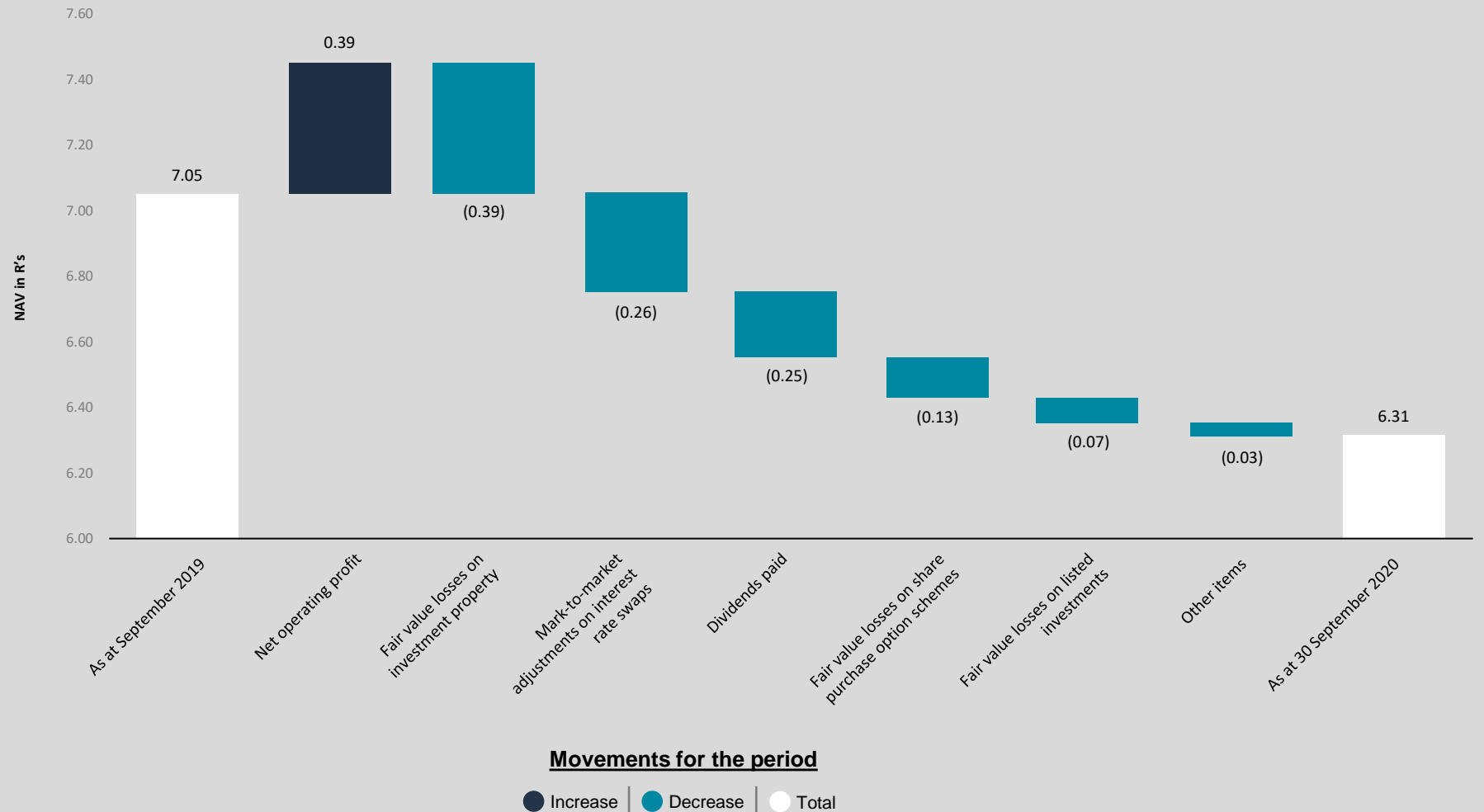
Performance against portfolio level covenants

	Interest Cover Ratio		Loan to Value	
	Covenant	Actual	Covenant	Actual
Funder 1	2.0	2.4	45.0%	40.6%
Funder 2	2.0	2.4	60.0%	45.4%
Funder 3	2.0	2.8	45.0%	33.1%
Funder 4	2.0	2.2	50.0%	39.9%

Listed investments (comparing position at September 2020 vs September 2019)

Asset	Balance sheet (Rm)				Income (R'000)			
	2020	%	2019	%	2020	%	2019	%
Property	9 732	71%	10 759	71%	409 266	83%	581 742	76%
Indluplace	3 808	29%	4 175	28%	84 325	17%	149 820	19%
Listed Investments	98	0%	210	1%	-	0%	37 699	5%
Total	13 637		15 144		493 592		769 260	

NAV Bridge per B share Group



* The A share NAV is based on the 60-day VWAP of the share based on the MOI



Property portfolio as at 30 September 2020

- 143 commercial (retail, office & industrial) properties
- Sectoral by GLA: 35% retail, 29% office and 36% industrial
- Overall vacancy 8.6% (7.0% retail, 17.3% office, 3.2% industrial)
- Average gross (net) rent per sector R129/m² retail (R120/m²), R127/m² office (R105/m²), R45/m² industrial (R43/m²)
- Average weighted lease escalation per sector (7.2% retail, 7.5% office, 7.3% industrial) overall 7.3%
- Average lease profile 3.6 years
- Renewal reversions per sector (-10.7% retail, -9.8% office, -15% industrial) overall -11.5%



Property portfolio as at 30 September 2020 *continued*

- New deals concluded per sector



Retail

R2 801 232 monthly income (R111 Gross Rental R/m²)



Office

R3 317 764 monthly income (R82 Gross Rental R/m²)



Industrial

R2 117 449 monthly income (R37 Gross Rental R/m²)

Overall

R8 236 445 monthly income

- Total number of new deals – 379
- Average lease length concluded – 2.4 years
- 45% of all new deals – concluded directly or indirectly by our internal letting team

Update on collections

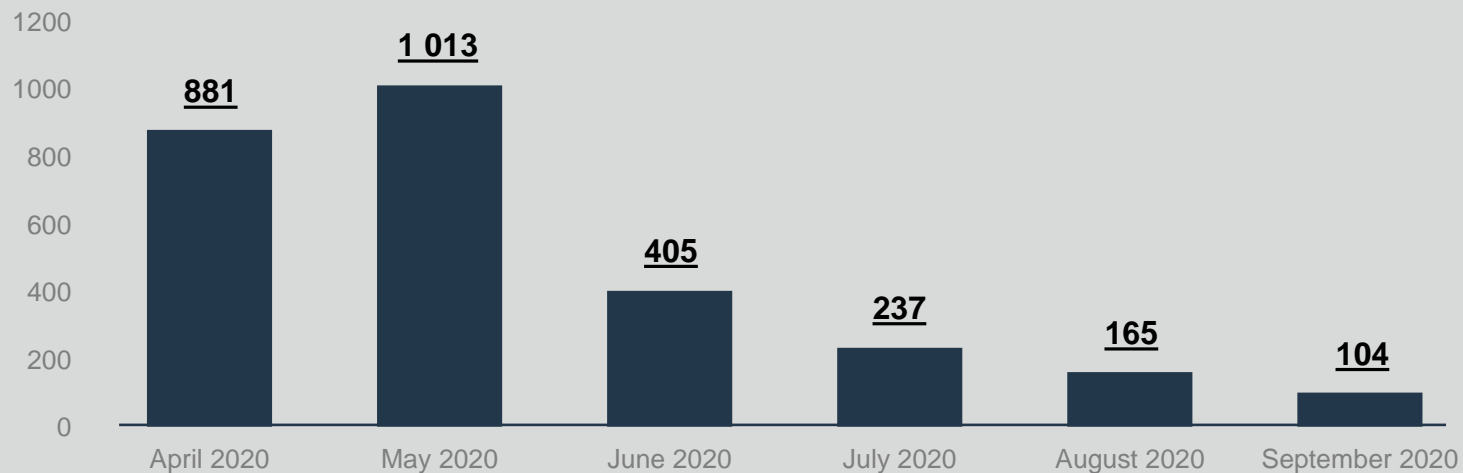
	Gross Collections BEFORE relief	Net Collections AFTER relief
April 2020	79%	98%
May 2020	76%	92%
June 2020	88%	96%
July 2020	90%	95%
August 2020	92%	96%
September 2020	93%	97%
Total Average Collections	85%	96%

- R77m in total COVID-19 relief
- R10m in defferals and R67m in discounts

Collection statistics




		Gross collections before COVID-19 relief						
	% of monthly billing	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	Average
A Grade	44%	88%	85%	97%	96%	97%	97%	93%
B Grade	14%	79%	63%	82%	87%	94%	91%	82%
C Grade	42%	69%	68%	80%	84%	85%	88%	79%
Essential	18%	95%	93%	97%	96%	98%	98%	96%
Non-Essential	82%	75%	71%	85%	88%	90%	91%	83%

Number of COVID-19 requests per month

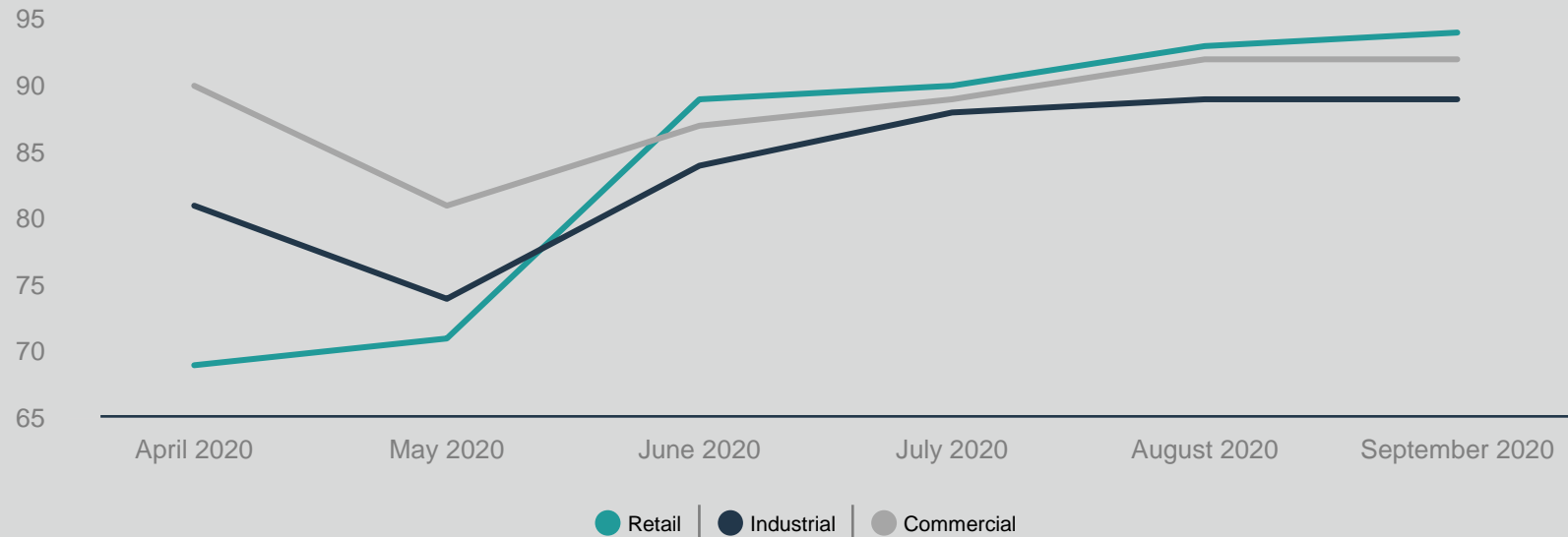


Collection statistics *continued*

Collections per sector for the period April to September 2020

	Gross collections before relief	Net collections after relief
 Commercial	89%	95%
 Industrial	84%	96%
 Retail	85%	96%
Total	86%	96%

Collections per sector per month based on gross billings

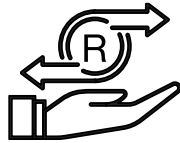


Portfolio challenges and way forward



Rustenburg Node

- Threat of new shopping centres
- Continued defensive investment into the assets and tenant mix



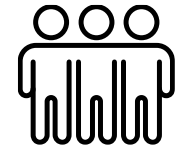
Tenant sustainability and cashflow

- Especially amongst SME's
- Closely monitor and manage arrears across the different sectors
- Adapt rapidly towards a solution



Utility Costs

- Threat of continuous unsustainable tariff increases
- Energy and water efficiency projects
- Continuously monitor and object to assessment rates valuations



Community Pressures

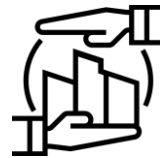
- Increase dialogue / communication
- Experience in managing these relationships

Portfolio challenges and way forward *continued*



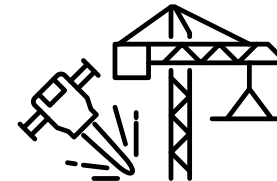
3rd party suppliers

- Sustainability question
- Closely monitor
- Continue to engage
- Identify any risk



Over supply of Property

- Tenants (Buyers), market
- Innovative letting strategies
- Aggressive incentives
- Differentiate our properties
- Ability to make quick internal decisions



220 Madiba

- Single largest vacancy
- Internal and external revamp underway
- Excellent location
- Generating decent letting interest

Operational success

3 Key variables: Create visual impact via low cost, low maintenance design scheme. Enhancing basic building form through texture.

Post redevelopment new 10 year lease signed.

Beka Schreder



Operational success

4 Key variables: Prominent entrance façade, colour and form definition, vegetation and laser cut panels.

Post redevelopment 1 000m² let.

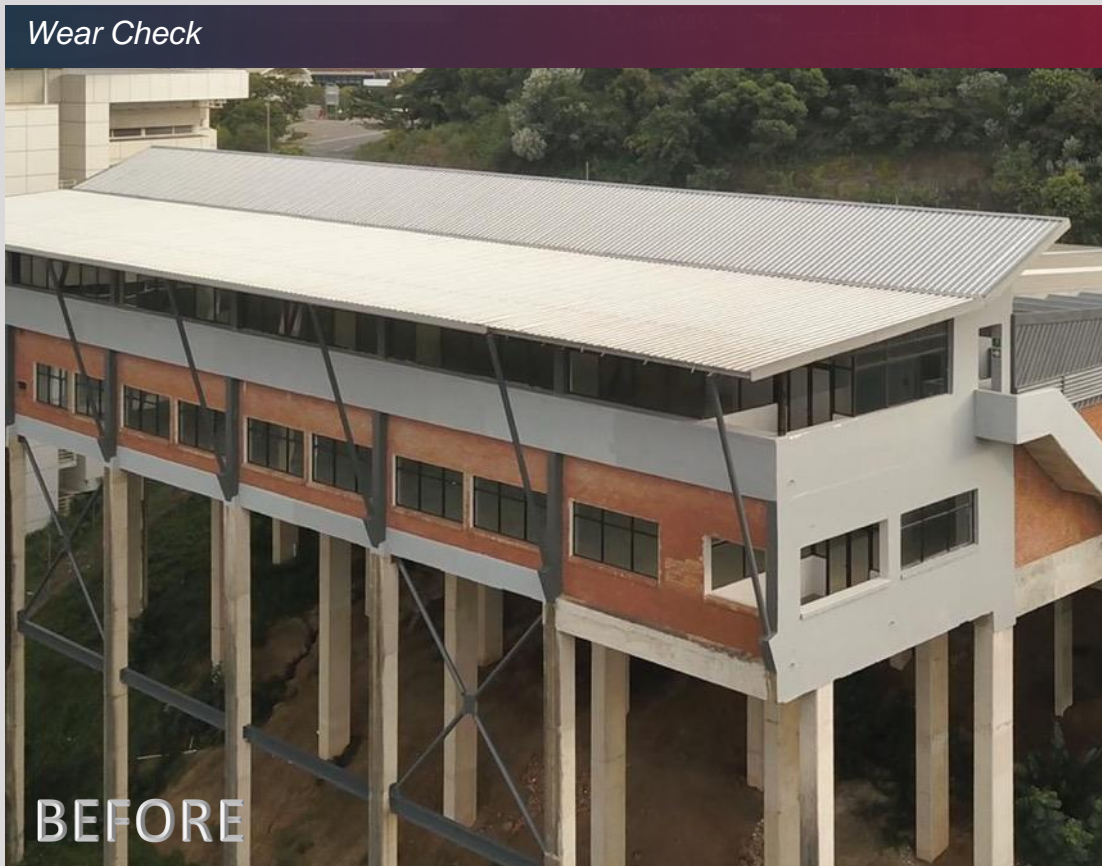
The Aviary



Operational success

3 Key variables: Emphasise the view, maximise floor area and letting potential, light laboratory space that is flexible and comfortable.

Post redevelopment 5 year lease with national tenant.



Upcoming projects

Access Park The Fashion Mill



Upcoming projects

Eersterust Square



Upcoming projects

Sunttyger





Office

“Work from home is okay for now, work from work is the future“

..... New York Corporate CEO

- Why is there a future?
- Remote working relies heavily on responsible staff
- The lack of connectivity and power shortages throughout South Africa (International trends aren't always applicable in South Africa)
- Remote working does not allow for collaboration, recognition, problem solving, induction of a corporate culture or skills transfer – the office environment must and will change in a post COVID-19 world



**WELCOME
BACK**

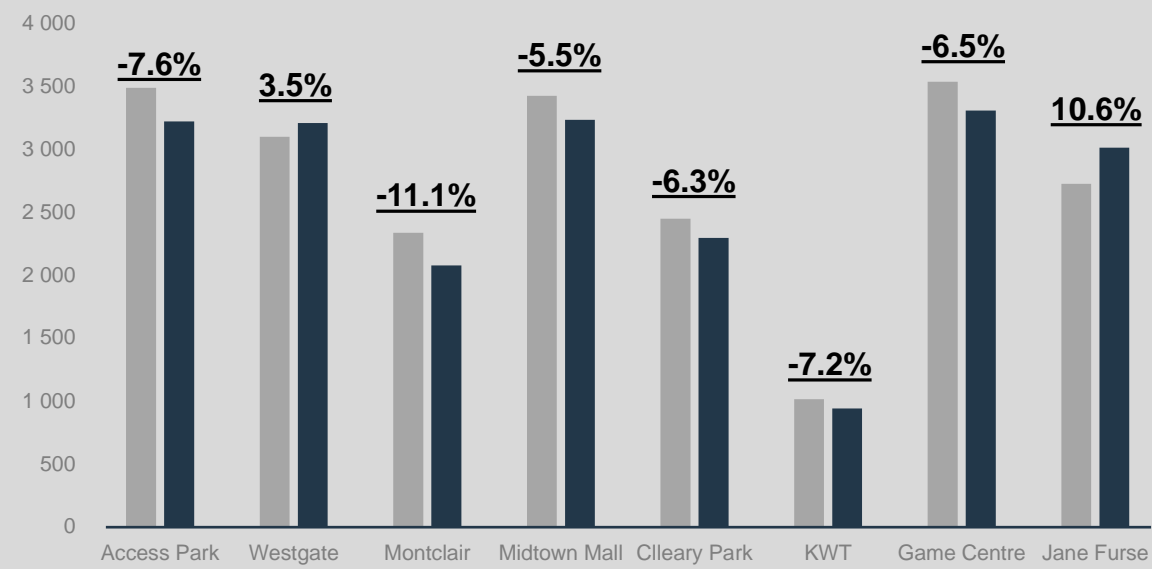
Office *continued*

How are we adapting the Arrowhead office portfolio:

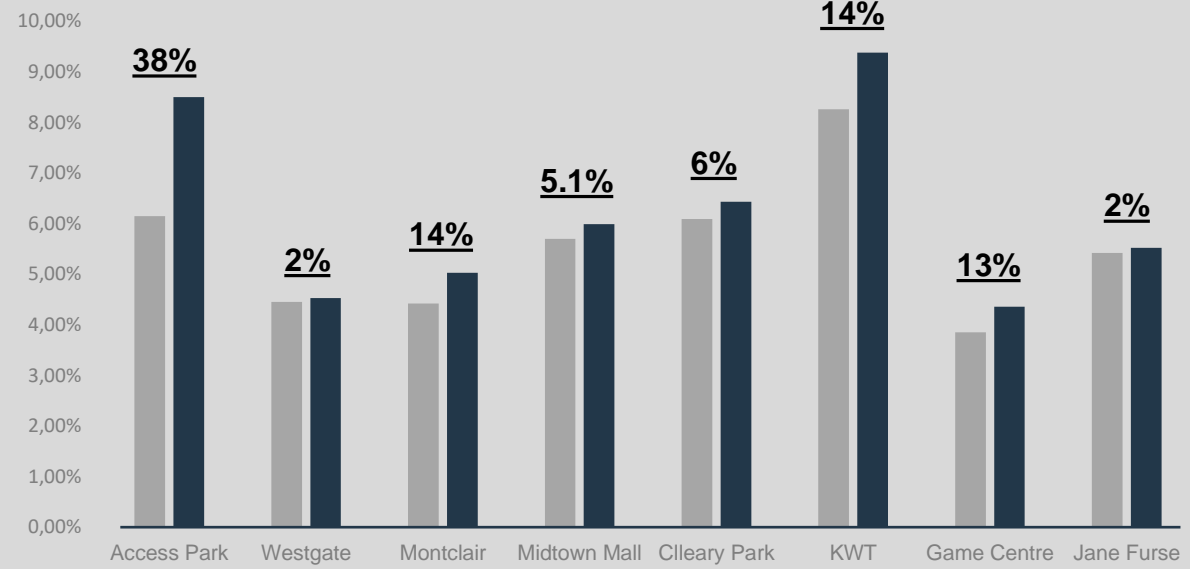
- Introducing flexibility into our spaces and leasing process
- Modular office spaces – 2 office sites implemented, with 2 more potential sites
- Partnered with a specialised 3rd party – flexible work-space operator and identified 3 assets to implement the business model
- Shorter, flexible lease terms
- Continued capex spending to ensure value and competitiveness
- Positioned office portfolio as the consolidator in the market
- Identified 3 large office assets for potential mixed-use developments
- Moving forward - introduce more technology into driving the leasing process

Trading densities

SEPTEMBER 2019 vs SEPTEMBER 2020

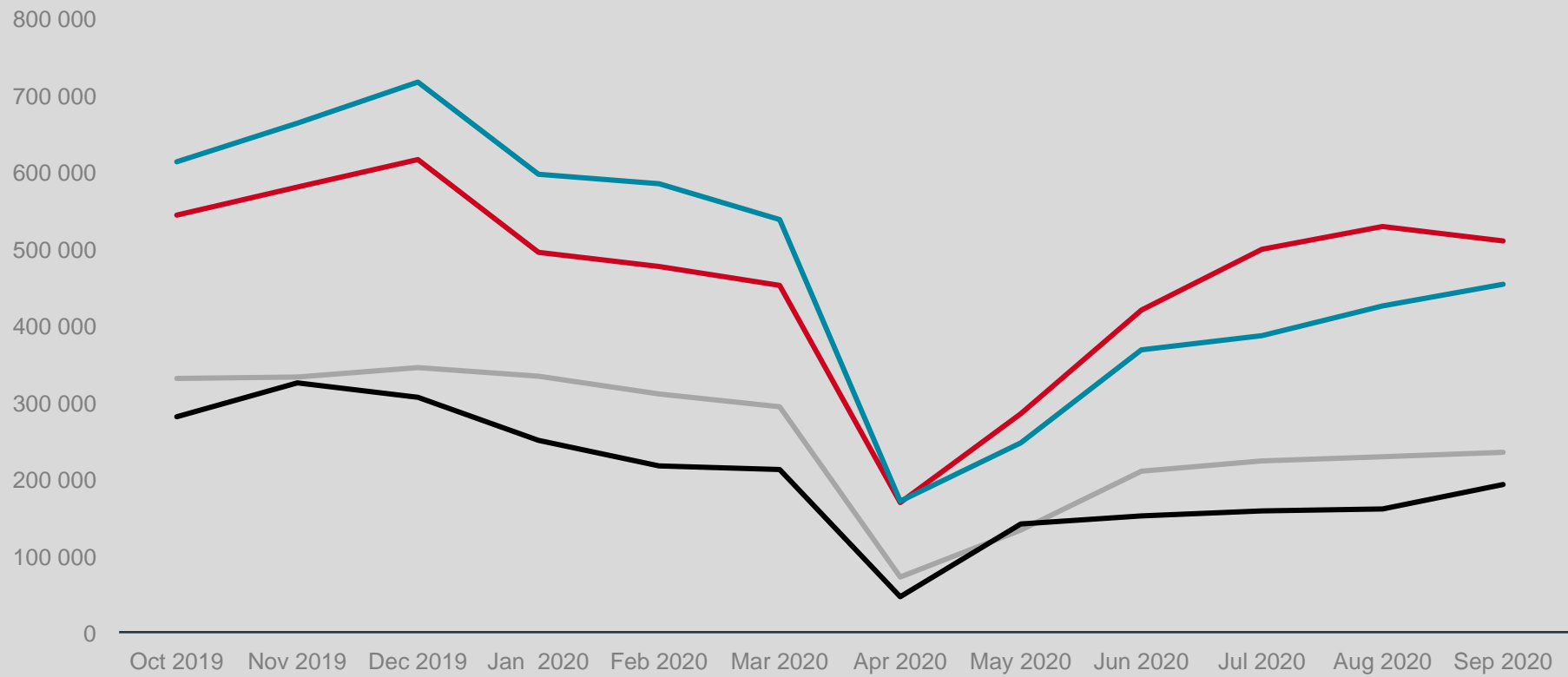


RENT TO SALES RATIO



● 2019 | ● 2020

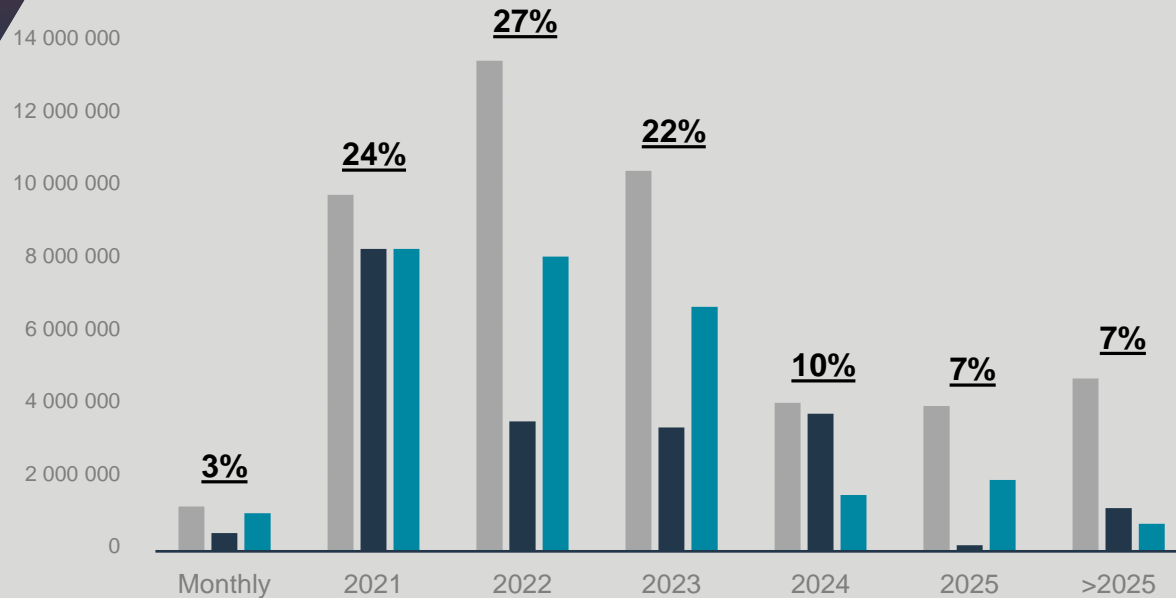
Foot count trends



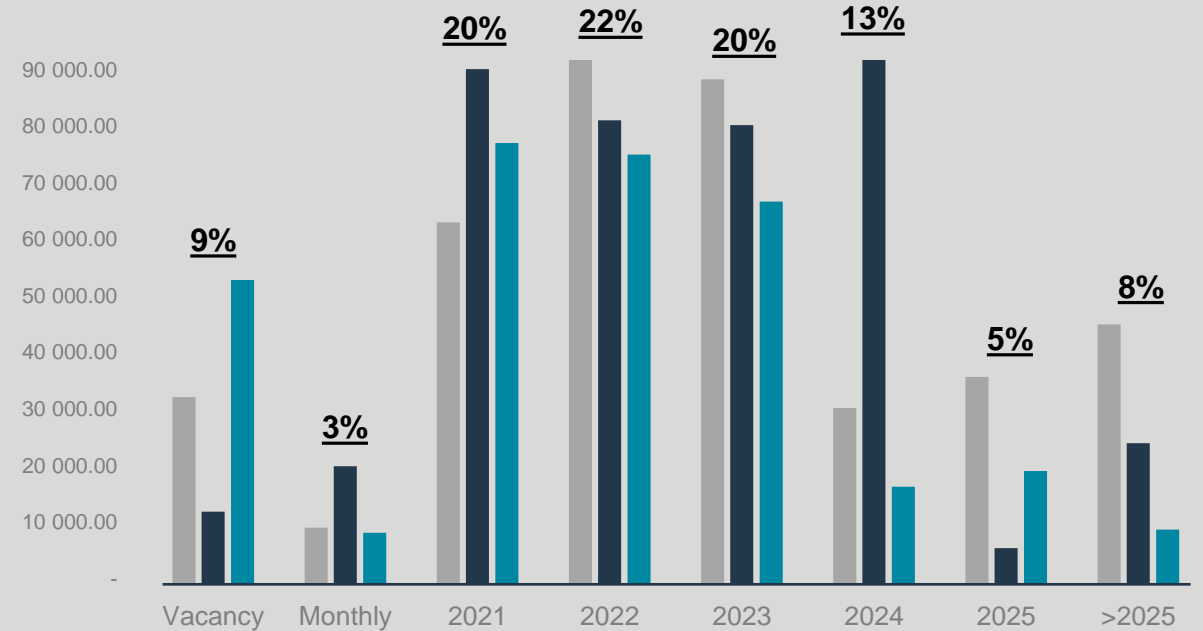
● Westgate Mall | ● Cleary Park | ● Montclair Mall | ● Mall@theJunction

Combined lease expiry profile

BY REVENUE



BY GLA



● Retail | ● Industrial | ● Office

Sustainability projects and performances

1 October 2019 – 30 September 2020

Solar

Phase 1 – 100% owned plants:

- 6 plants operational - 3.1 megawatt
- Energy generation YTD R4 951 748
- Total clean energy produced 2% of annual consumption value
- 3 633 Tonnes of CO2 emissions savings
- 403.6 South African people's carbon emissions absorbed

Phase 2 – mix of purchase power agreements (PPA) and owned plants:

- 8 plants – 3.7 megawatt (in construction phase)
- 6 plants will operate on PPA with the option to buy
- 2 plants to be purchased
- Anticipated generation start dates are staggered from November 2020 until July 2021

Phase 3 – currently in procurement process:

- Total of 9 properties being considered
- Combined size is estimated at 2-3 megawatt

Phase 4 – in exploratory process:

- Property list of +/- 8 will be finalized early 2021



Mall@theJunction – 640 kWp



Westgate Cape Town – 1 354 kWp

Sustainability projects and performances

1 October 2019 – 30 September 2020 *continued*

Energy saving projects

- LED lighting conversion projects completed - 33 properties
- Backup power solutions in exploration phase
- COVID-19 lock down protocols implemented and runtime management of air-conditioning
 - Office portfolio savings – R548 000
 - Retail portfolio savings – R544 000

Water

- Water efficiency monitoring and control projects resulted in water saving of 36 000kl year on year (R1.5 million)
- Water saving of 14.4 Olympic size swimming pools per year
- Ground water harvesting projects in development on 4 properties
- 2 key shopping centres reduced reliance of municipal water - to be used as case studies for future projects
- 6 office parks have backup water systems with a 7th under construction

Waste recycling and responsible disposal

- Strategically partnered with 10 recycling and management companies across South Africa
- Successfully rolled out recycling and disposal contracts across 28 properties
- Monthly spend of R327 000 on waste programmes to reduce CO2 emissions



Wear Check LED lighting



Refuse recycling station

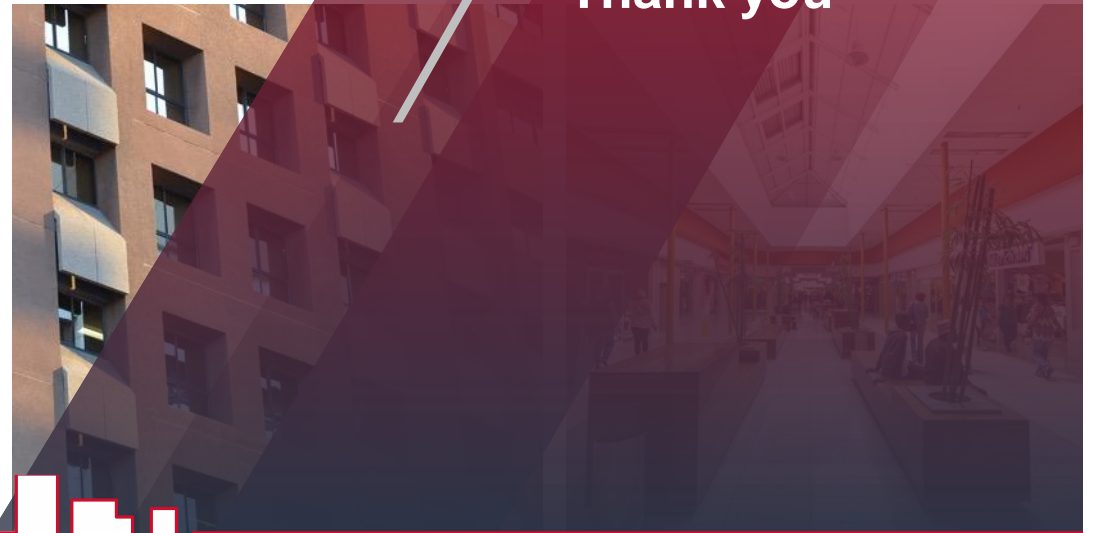


Indluplace

- Not proceeding with merger
- Balance sheet is strong
- LTV 34.7%
- Cash of over R200m
- Strong COVID-19 performance

Prospects

- Sales pipeline and transfers
- Balance sheet strength
- Management of debt
- Investment into assets
- Greater focus on ESG
- Sustainable properties
- Tenant centric value proposition
- Further simplification of business
- No intention to raise capital at massive discounts to NAV



ARROWHEAD PROPERTIES
Focused on sustainable value