



# ARROWHEAD PRE-CLOSE PRESENTATION

Year-end September 2019

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ARROWHEAD PROPERTIES  
Focused on sustainable value



## MERGER COMPLETE

- Overwhelming support for the merger
- Unconditional on 9 September 2019
- 18 September 2019 new merged shares trade
- Operative date on 23 September 2019
- Name of merged entity is Arrowhead



# ANNUAL RESULTS INFORMATION 2019

## **1 set of merged entity results**

Released on Wednesday, 27 November 2019

## **Year-end roadshow**

Wednesday, 27 November 2019 until Friday, 6 December 2019

## **Payment of dividend**

23 December 2019





## NEW MERGED ENTITIES STRATEGY

- South African focused
- Pure property
- Specialist in sustainable income properties
- Across the country in all sectors
- Strong balance sheet (i.e. low gearing)
- Indluplace remains core part of business



# TEAM CAPACITY

Increased from 12 to 29 over the last 18 months

New in-house deal team increased to unlock vacant space

Additional legal resource to manage risk and enhance group compliance



Asset management strengthened



Dedicated utilities manager to improve recoveries



Debt manager to improve collections



Relationship manager to enhance relationship with tenants and improve tenant retention



# NEW ARROWHEAD PORTFOLIO

**201**

properties  
value at R11 bn

**1,26 m**

m<sup>2</sup> GLA

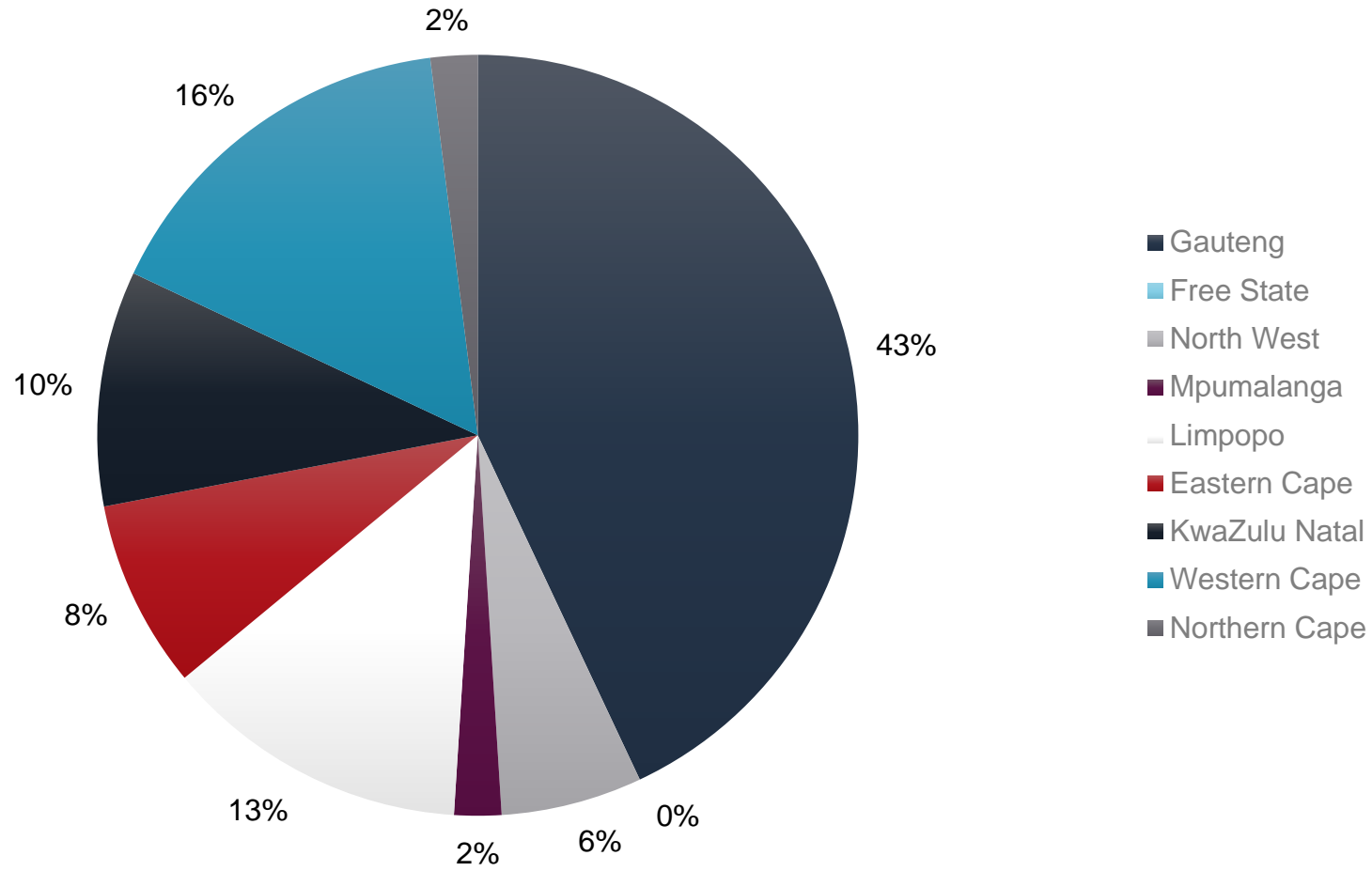
Sectoral split  
GLA

retail 36%  
office 30%  
industrial 34%

Sectoral split  
revenue

retail 47%  
office 36%  
industrial 17%

# GEOGRAPHIC PROFILE BY REVENUE





## S A L E S

- Sold tail
- R900 m of sales in 2019 (R500 m already transferred, balance by calendar year-end)
- 49 properties sold
- Smaller assets sold
- 1% discount to NAV
- Sold at a yield of 8,7% (excluding vacancy assumption)
- Split (69% office, 5% industrial and 26% retail) by value
- Target another R500 m in next financial year





## GEARING

- Peaked at 43,5% due to devaluation of listed portfolio
- Around 40% at financial year-end
- R528 m debt was repaid before financial year-end
- Group gearing will be under 39% once rest of properties transfer (expected before calendar year-end)
- R1,3 bn debt renewed in current year
- Short term target of 35% by year-end September 2020



## LEASE RENEWAL UPDATE 2019

- Approximately 340 000 m<sup>2</sup> expired in 2019
- 79% renewed
- 6% re-let
- Overall retention around 85%

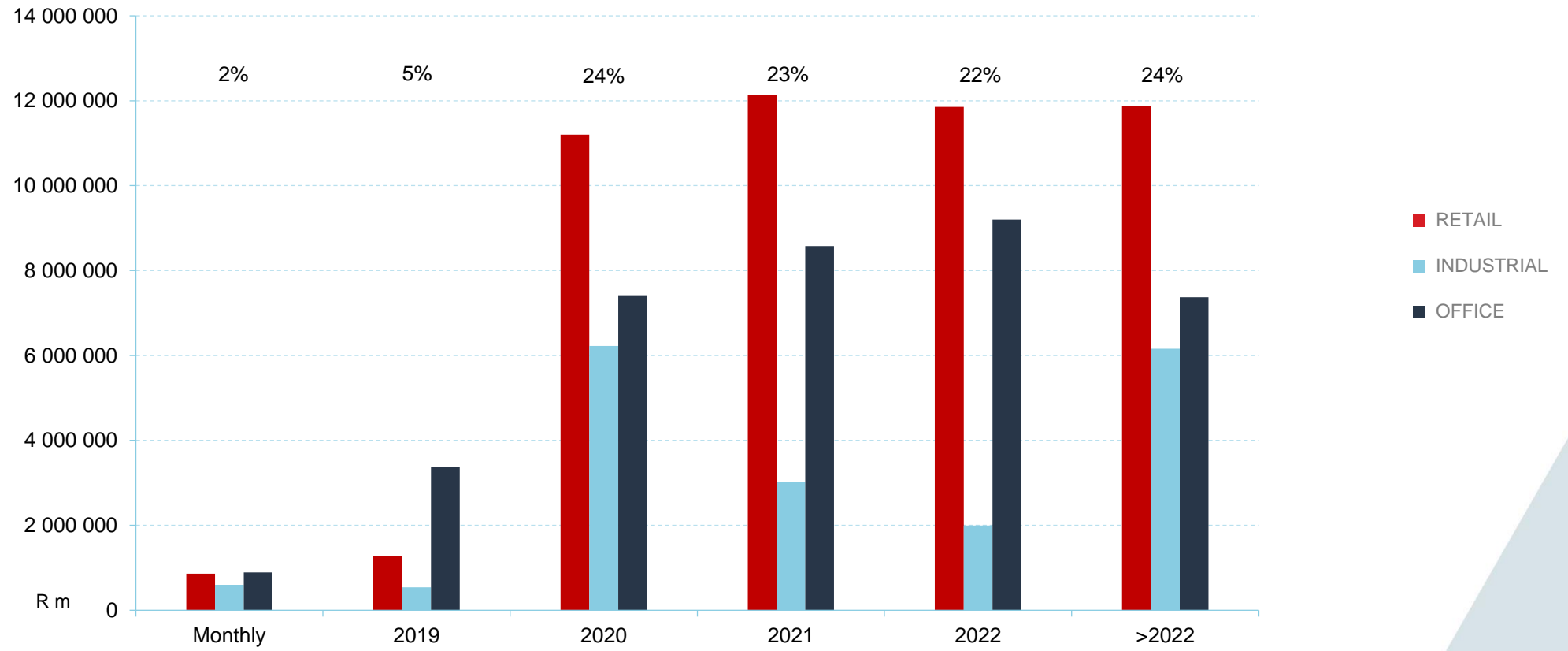


# TOP 20 LEASE RENEWALS FOR 2020

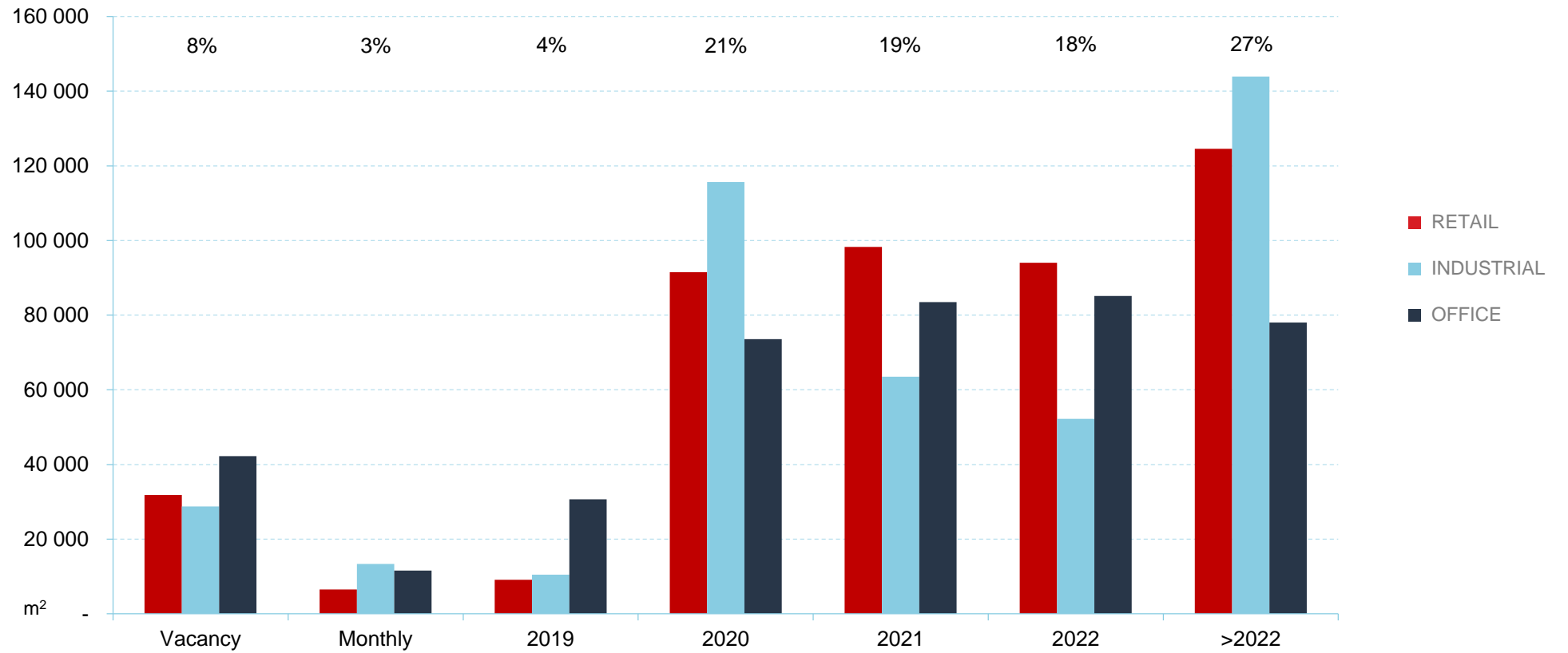
Revenue %	Monthly Revenue	GLA %	GLA m <sup>2</sup>	
53%	3 986 480	45%	38 957	Communicated intent to renew
25%	1 869 386	32%	27 783	Confident
3%	208 733	2%	2 053	Unlikely to renew
19%	1 415 747	21%	18 036	Concluded in advance
	<b>7 480 346</b>		<b>86 829</b>	



# LEASE EXPIRY PROFILE BY REVENUE



# LEASE EXPIRY PROFILE BY GLA





## VACANCIES & ARREARS MANAGEMENT

- Vacancies reduced since interims
- Expected below 8,5% at year-end
- Expect (approximately) office 11%, retail 7% and industrial 6,5%
- Increase in bad debt provision and write offs under 1%
- Tenant failure risk under control but is an increasing risk

## GUIDANCE

- Guidance as per prospectus
- 34,62c per share dividend to be paid in December 2019 for 6 months ending September 2019  
(excludes any contribution from Rebasis)



## FOCUS

- Further reduce gearing and strengthen balance sheet
- Manage lease expiries in advance
- Aggressive letting of vacant space
- Continued success of arrears management
- New R500 m asset disposal programme





THANK YOU