

## Arrowhead's distribution up 13.6%

Arrowhead Properties has reported 13.6% distribution growth for the quarter ended March to 28.04c per combined A and B unit.



Arrowhead is the only JSE listed property loan stock company to pay quarterly distributions.

Chief operating officer Mark Kaplan attributed the results to a model designed to outperform the market in terms of income growth per unit.

"The results reflect a well-executed strategy based on strong letting activities along with the strategy for purchasing yield enhancing properties," he said.

Arrowhead owns a diversified property portfolio valued at more than R2.8bn.

Vacancy levels decreased in the past six months from 12.67% to 9.8%, partly because of a reduction in vacancies in the initially acquired portfolio and new acquisitions which were well let.

Arrowhead took transfer of seven properties valued at about R525m at an average net yield of 11%. The acquisitions are spread across the three sectors with R331m invested in offices, R65m in industrial property and R129m in retail centres.

Arrowhead's gearing ratio is 21% compared with 42% at financial year end in September last year. The average interest rate over the six month period was 8.28%.

"We intend to increase our long-term gearing levels to between 35% and 40%," Kaplan said.

He said the business pipeline was looking healthy and growing. Management was confident that a further R300m in property purchases would be transferred before the end of the financial year. These properties would provide an average net yield of about 11%. There was also a further R300m of potential properties under due diligence investigations at a similar yield.

The Arrowhead A unit price increased from R6.50 at the September year-end to R7.72 in March this year, which together

with the distribution of 30c equates to a total return of 23% in six months.

Its B unit price increased from R5.85 in September to R7.60 in March, which together with the distribution of 25.14c equates to a total return of 35% for six months.

Arrowhead said it was confident it would meet its previous forecast of 10% distribution growth for the financial year.

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