FAIRVEST
LIMITED

COMING OF AGE

SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND CASH DIVIDEND DECLARATION

FOR THE 15 MONTHS ENDED 30 SEPTEMBER 2022

HIGHLIGHTS

- **Merger between Arrowhead Properties Limited ("Arrowhead") and Fairvest Property Holdings Limited ("Old Fairvest") successfully concluded**
- Distribution of **126.22** cents per A share for the twelve months ended 30 September 2022
- Distribution of **43.29** cents per B share for the twelve months ended 30 September 2022
- Distributable income per B share for the financial year to 30 September 2022 exceeded guidance by **4.4%**
- Pay-out ratio of **100%**
- Direct core portfolio has remained stable year on year
- Vacancies reduced to **5.9%**
- Tenant retention at **87.4%**
- Loan to value of **38.1%**

NATURE OF THE BUSINESS

Fairvest Limited ("**Fairvest**"), previously Arrowhead Properties Limited, is a diversified South African Real Estate Investment Trust ("**REIT**") focused on creating long-term shareholder value.

The merger between Arrowhead Properties Limited ("**Arrowhead**") and Fairvest Property Holdings Limited ("**Old Fairvest**") was implemented during the current reporting period (the "**merger**"). Arrowhead, the legal acquiring entity, was renamed Fairvest Limited.

Fairvest holds a portfolio of 141 retail, office and industrial properties valued at R12.1 billion (held directly and through subsidiaries). The average value per property held as at 30 September 2022 was R85.8 million.

As at 30 September 2022, Fairvest held a 61.0% interest (2021: 61.0%) in its subsidiary, Indluplace Properties Limited ("**Indluplace**"), which owns a portfolio of residential properties. In addition, Fairvest held a 5.1% interest (2021: 8.6%) in Dipula Income Fund Limited ("**Dipula**") at 30 September 2022, this interest diluted due to the Dipula capital restructure which took effect on 6 June 2022.

DISCLOSURE

The **Commercial Effective Date** of the merger was 1 October 2021. Shareholders of Fairvest received an interim distribution for the **six months** ended 31 March 2022 and will receive a final distribution for the **six months** ended 30 September 2022. Any analysis of distributable income, distributable income per share and distribution per share refers to the 12 month period ended 30 September 2022.

The **Acquisition Date** in terms of the International Financial Reporting Standards ("**IFRS**") is 26 January 2022 as this is the date the accounting acquiror, Old Fairvest, obtained control of the accounting acquiree, Arrowhead. The merger is accounted for as a reverse acquisition in terms of IFRS 3. These summarised audited consolidated financial statements are therefore a continuation of Old Fairvest and present the reporting period from 1 July 2021 to 30 September 2022, being a period of **15 months**. Arrowhead has been consolidated into these results from the IFRS Acquisition Date of 26 January 2022.

Furthermore, following the reverse acquisition, Old Fairvest changed its year end from 30 June to 30 September to align with the year end of Arrowhead.

DISTRIBUTION ANALYSIS

To provide meaningful disclosure, the consolidated distributable income for the 12 months from 1 October 2021 (being the Commercial Effective Date of the merger) to 30 September 2022 are disclosed, which includes Indluplace.

DISTRIBUTABLE INCOME ANALYSIS

R'000 – Unaudited	**12 months ended 30 September 2022**	Comparable 12-month period 2021*
Revenue (excluding straight-line rental income)	**2 467 992**	2 542 056
Sundry income	**25 873**	3 541
Operating costs	**(1 104 312)**	(1 083 605)
Administration and corporate costs	**(134 064)**	(165 425)
Finance charges	**(528 381)**	(557 689)
Finance income	**39 067**	57 014
Dividends received from Dipula	**33 363**	40 882
Income retained and not distributed by Indluplace	**(17 361)**	(17 965)
Non-controlling interest share in distributable income	**(70 549)**	(72 133)
Distributable income	**711 628**	746 676
A share – distributable income for the 12 month period	**79 165**	75 395
B share – distributable income for the 12 month period	**632 463**	671 281
Total amount available for distribution	**711 628**	746 676
Distributable income/dividend per A share (cents) for the 12 month period	**126.22**	120.21
Distributable income/dividend per B share (cents) for the 12 month period	**43.29**	45.95#

* *For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the 12 months ended 30 September 2021 and 30 June 2021, respectively.*

\# *The distributable income per B share for the 2021 comparative period was calculated on the combined comparable period distributable income for Old Fairvest and Arrowhead, using the number of shares in issue at 30 September 2022.*

ANALYSIS OF DISTRIBUTABLE INCOME PER SHARE

Cents per share – Unaudited	12 months ended 30 September 2022	Comparable 12-month period 2021*
Total distributable income		
Fairvest's operations – Core portfolio	**76.05**	76.07
Fairvest's operations – Income attributable to sold assets	**0.96**	5.67
Net finance cost	**(25.34)**	(25.86)
Head office and admin costs	**(7.14)**	(9.53)
Income from operations attributable to minority interests	**(2.29)**	(1.73)
Net income from operations before listed investments	**42.24**	44.62
Income from Dipula	**2.28**	2.80
Income from Indluplace	**4.19**	3.69
Total distributable income	**48.71**	51.11
Minus distributable income to A shares	**(5.42)**	(5.16)
Total distributable income to B shares#	**43.29**	45.95

* *For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the 12 months ended 30 September 2021 and 30 June 2021, respectively.*

\# *The distributable income per B share for the 2021 comparative period was calculated on the combined comparable period distributable income for Old Fairvest and Arrowhead B shares, using the number of shares in issue at 30 September 2022.*

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

R'000 – Unaudited	12 months ended 30 September 2022	Comparable 12-month period 2021*
Income as per statement of profit or loss and other comprehensive income ("**SOCI**") – 15 months	**2 120 367**	289 342
Add: Income attributable to shareholders of Arrowhead from 1 October 2021 to 25 January 2022	**159 008**	–
Add: Income attributable to shareholders of Arrowhead for the 12 months ended 30 September 2022	**–**	181 197
Total income attributable to shareholders of the Group	**2 279 375**	470 539
Adjustments:		
Changes in fair values of investment property	**(187 822)**	745 364
Changes in fair values of listed securities and financial instruments	**(230 841)**	(332 901)
Changes in fair values of loans in respect of the share purchase and option scheme	**47 478**	(133 727)
Capital expenses	**90 644**	2 385
Contract cancellation fees	**133 873**	–
Gain on bargain purchase related to merger	**(1 406 658)**	–
Loss on sale of investment properties	**1 141**	30 245
Straight-line rental income accrual	**31 989**	15 191
Impact of IFRS 16: *Lease*	**(1 560)**	(814)
Accrued distribution of financial assets	**14 120**	20 325
Accrued distribution on financial assets recognised in prior financial year	**(20 329)**	–
Taxation	**40 168**	18 684
IFRS 2: *Share-Based Payment Expense*	**7 511**	–
Adjustment for income to be retained and not distributed by Indluplace	**(17 361)**	(17 965)
Clean-out distribution to Old Fairvest shareholders for the three months to 30 September 2021#	**(57 075)**	–
Non-controlling interest share in above adjustments	**(13 025)**	(70 650)
Distributable earnings attributable to shareholders	**711 628**	746 676

* *For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the 12 months ended 30 September 2021 and 30 June 2021, respectively.*

\# *The Arrowhead/Fairvest merger became effective from 1 October 2021. Any distributable income prior to this date has been distributed to the respective shareholders as a final and clean-out distribution. The above adjustment is therefore required as the income per the SOCI includes the income for Old Fairvest for 15 months, with the first three months relating to the pre-merger period. This income has been distributed to Fairvest shareholders as a clean-out distribution on 28 January 2022.*

CORE DIRECT PORTFOLIO (EXCLUDING DIPULA AND INDLUPLACE)

Net income movement on properties owned at 1 July 2020 and still owned on 30 September 2022

Description	**12 months ended 30 September 2022 R'000**	Comparable 12-month period 2021* R'000	Growth %
Revenue	**1 900 356**	1 823 613	4.2
Property expenses	**(789 428)**	(712 145)	10.9
Net operating income	**1 110 928**	1 111 468	0.0

* *For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the 12 months ended 30 September 2021 and 30 June 2021, respectively.*

DISPOSALS (EXCLUDING DISPOSALS BY INDLUPLACE)

For the 12 month period 1 October 2021 to 30 September 2022

Asset class	Number	Sales value	Book value	(Discount)/ premium to book value %	Average yield %	Average price per asset	Vacancy %
Retail	4	71 934 366	72 880 228	(1.3)	9.7	17 983 592	26.3
Office	1	2 300 000	–	–	–	2 300 000	100.0
Industrial	2	22 300 000	22 300 000	0.0	12.5	11 150 000	0.0
Total	**7**	**96 534 366**	**95 180 228**	**1.4**	**10.1**	**13 790 624**	**15.8**

There were seven sales consisting of the sale of six assets and 1 Erf (the remainder of the asset is still within the portfolio). A further seven properties at a value of R500.9 million (excluding Indluplace) are currently classified as held-for-sale pending registration and transfer.

LISTED SECURITIES INCOME

On 16 November 2022, Dipula declared a final dividend of 30.98 cents per share which is payable on 12 December 2022. This income of R12.6 million for the period has been included as part of Fairvest's distributable income.

Indluplace is consolidated into the Group IFRS results, but for distributable income purposes it is accounted for as a listed investment with a declared final dividend of 18.79 cents per share. This income of R34.2 million for the period has been included as part of Fairvest's distributable income.

OPERATING COSTS

R'000 – Unaudited	12 months ended 30 September 2022	% of total	Comparable 12-month period 2021	% of total
Municipal expenses	514 429	65%	499 861	67%
Security	57 229	7%	55 707	7%
Property management	48 640	6%	56 567	8%
Repairs and maintenance	40 497	5%	18 284	2%
Other	35 409	5%	28 723	5%
Cleaning	22 800	3%	23 961	3%
Bad debts	22 467	3%	14 439	2%
Letting commission	22 044	3%	23 297	3%
Insurance	10 209	1%	10 068	1%
Building salaries	7 706	1%	8 556	1%
Meter reading fees	7 123	1%	7 467	1%
Fairvest's operating costs (excluding Indluplace)	**788 553**		746 930	
Plus Indluplace's operating costs	315 759		336 675	
Total operating cost as per distributable income analysis	**1 104 312**		1 083 605	

In general operating expenses increased in line with inflation. The more substantial increase in repairs and maintenance is largely attributable to riot-related expenses that were incurred. The majority of these expenses were recovered through SASRIA claims, which have been included under sundry income.

FINANCE INCOME

R'000 – Unaudited	12 months ended 30 September 2022	% of total	Comparable 12-month period 2021	% of total
Interest received from loans	19 506	50%	24 413	43%
Interest on Group share purchase and option schemes	14 356	37%	26 989	47%
Interest on cash balances and tenant arrears	5 205	13%	5 612	10%
Total as per distributable income analysis	**39 067**		57 014	

The loans provided under the Group share purchase and option schemes bear interest at a rate equal to the declared distributions. The reduction in this interest received is attributable to the reduction in loans issued under these Group share purchase and option schemes.

FINANCE COST

R'000 – Unaudited	**12 months ended 30 September 2022**	% of total	Comparable 12-month period 2021	% of total
Secured financial liabilities and swap facilities	**504 336**	96%	540 770	97%
Amortisation of structuring fee and other interest paid	**11 027**	2%	5 104	1%
Lease liability and solar funding	**7 109**	1%	3 905	1%
Amounts owing to non-controlling interests	**5 909**	1%	7 910	1%
Total as per distributable income analysis	**528 381**		557 689	

Finance costs decreased due to a reduction in interest-bearing liabilities as a result of the disposal programme. Further, certain derivatives were settled at the end of February 2021 in line with Fairvest's hedging policy. The decrease is offset by increases in the interest rates in the last 12 months.

PROPERTY PORTFOLIO

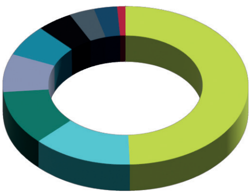
At 30 September 2022, the direct property portfolio comprised 141 retail, industrial and office properties valued at R12.1 billion with an average property value of R85.8 million.

In addition, Indluplace owned 119 residential properties valued at R3.4 billion with an average property value of R28.2 million as at 30 September 2022.

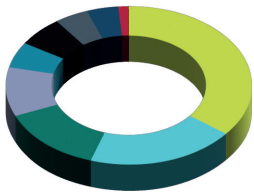
	Fairvest's property portfolio		Indluplace's residential portfolio		Total	
	Number of buildings	Value R'000	Number of buildings	Value R'000	**Number of buildings**	**Value R'000**
Balance at the beginning of the period	147	11 729 775	132	3 516 198	**279**	**15 245 973**
Capital expenditure and other	–	149 689	–	42 517	**–**	**192 206**
Fair value adjustments	–	330 667	–	(139 115)	**–**	**191 552**
Straight-lining and other	–	(14 027)	–	(413)	**–**	**(14 440)**
Disposals	(6)	(95 180)	(13)	(63 156)	**(19)**	**(158 336)**
Balance at the end of the period	141	12 100 924	119	3 356 031	**260**	**15 456 955**

The direct portfolio comprise of 141 properties. 77 retail, 26 industrial and 38 office properties made up as follows:

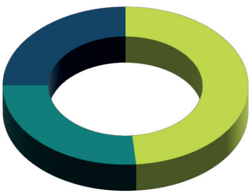
TOTAL GLA PER REGION | **TOTAL REVENUE PER REGION**



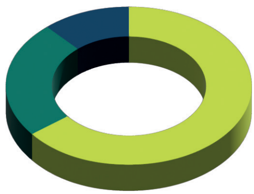
TOTAL GLA PER REGION		TOTAL REVENUE PER REGION
49.6%	Gauteng	35.7%
12.9%	Western Cape	19.5%
11.3%	KwaZulu-Natal	13.6%
7.8%	Eastern Cape	9.9%
6.2%	Limpopo	5.2%
4.7%	North West	6.1%
3.6%	Northern Cape	4.6%
3.0%	Free State	4.2%
0.9%	Mpumalanga	1.2%



TOTAL GLA PER SECTOR | **TOTAL REVENUE PER SECTOR**



TOTAL GLA PER SECTOR		TOTAL REVENUE PER SECTOR
48.8%	Retail	64.5%
26.3%	Office	24.1%
24.9%	Industrial	11.4%



The average gross monthly rental per m² per sector was R147.17 for retail, R112.50 for office and R49.16 for industrial. Gross rental includes parking, fixed cost recoveries and rates recoveries. The average net monthly rental per m² per sector was R133.12 for retail, R95.58 for office and R43.96 for industrial.

CAPITAL EXPENDITURE

The Group continued to invest in its property portfolio over the reporting period with total capital expenditure of R149.7 million (excluding Indluplace) incurred, of which R20.2 million relates to further investments in solar initiatives.

	Capital expenditure R'000	Property value R'000	% of value spend
Office	42 430	2 728 439	1.6%
Industrial	37 202	1 254 047	3.0%
Retail	70 057	8 118 438	0.9%
	149 689	12 100 924	1.2%

SUSTAINABILITY

The Group has continued to invest in renewable energy. We have the following highlights to report as at 30 September 2022:

- 35 solar plants are fully operational with 14.9 Megawatt installed capacity
- Solar plants produced 8.1% of the combined portfolio's electricity cost for the 12 months to 30 September 2022
- Clean energy to the value of R28.3 million produced for the 12 months to 30 September 2022
- We currently have a further 4 solar plants in construction which will add 1.9 Megawatt of capacity
- The combined value after construction of our 39 solar plants will be R174.3 million at a capacity of 16.8 Megawatt

A strong emphasis has also been placed on water management, with the following highlights to report:

- Strategic installation of smart monitoring equipment completed at 8 properties to enable early leak detection
- 13 ground water harvesting plants in operation, with further plants in the exploration phase
- Benchmarking on water usage across the portfolio is being implemented to identify high users and implement strategic water savings

LETTING ACTIVITY

In what has been a very challenging economic environment we have experienced positive letting activity and a strong performance from the direct portfolio. Vacancies have decreased from 7.4% at 30 June 2021/ 30 September 2021 (retail 5.0%, office 14.3% and industrial 4.4%) to 5.9% at 30 September 2022 (retail 4.3%, office 13.6% and industrial 1.0%).

For the year ended 30 September 2022, GLA of 246 797m^2 came up for renewal, of which 215 632m^2 was renewed or re-let therefore, aggregate retention was 87.4% of GLA. Rental reversions were -6.4% overall, comprising retail -2.6%, office -16.6% and industrial +0.4%. These negative reversions were in line with our expectation and exceeded the budgeted rental by 10.5%.

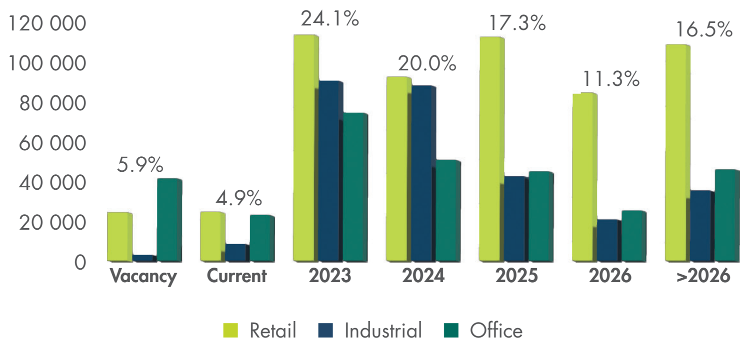
New deals in respect of 76 472m^2 were concluded for the year ended 30 September 2022.

The weighted average lease escalation across the portfolio was 6.4%, with retail at 6.4%, office at 6.3% and industrial at 6.8%. The weighted average lease length was 4.2 years.

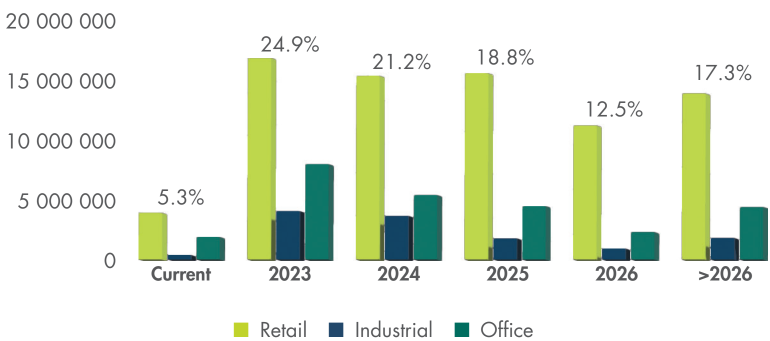
LEASE EXPIRY PROFILE

The lease expiry profile at 30 September 2022 was as follows:

COMBINED LEASE EXPIRY PROFILE BY GLA



COMBINED LEASE EXPIRY PROFILE BY REVENUE



CIVIL UNREST UPDATE

During the July 2021 civil unrest, the Group suffered damages to 21 of its properties. These damages amounted to R43.0 million in capital repairs and R20.4 million in loss of rental. The Group has filed insurance claims for these losses and has recovered R59.8 million to date with R3.6 million of claims still pending finalisation from our insurers. The affected 21 properties are fully operational with no lasting damage to report.

LOANS TO PARTICIPANTS OF GROUP SHARE PURCHASE AND OPTION SCHEMES

The loans to the participants of the Group share schemes are held at fair value in accordance with IFRS 9: *Financial Instruments*. The fair value has been determined by calculating a future share price, considering forward-looking parameters based on a dividend growth model. These loans all bear interest at a rate equal to the dividend declared for the period.

SECURED FINANCIAL LIABILITIES

Group loans of R6.1 billion which, net of cash and cash equivalents, represents a Group SA REIT loan to value ("**LTV**") 38.1%.

Excess funds are deposited into access facilities to reduce the overall interest charge. The weighted average interest rate for the period ended was 8.97% (2021: 8.30%) for the Group. The increase is a result of the increase in the South African Reserve Bank repo rate. The Group has loan facilities of R2.6 billion which expire within the next 12 months. The refinancing of a significant portion of these loan facilities is well progressed and expected to be concluded within the next few months.

At its current LTV of 38.1%, Fairvest is well within the Group and portfolio LTV covenants in respect of its facilities. The Group interest cover ratio ("**ICR**") is 2.5 times, which is in excess of the two times cover required by its funders and also well above the portfolio ICR covenants of all funders. As at 30 September 2022, the Group (excluding Indluplace) had cash on hand and undrawn debt facilities of approximately R304.7 million.

Maturity date	Fairvest capital amount R'000	Indluplace capital amount R'000	Consolidated capital amount R'000
Expiring in the next 12 months	1 966 027	604 286	2 570 313
Expiring in the next 24 months	1 216 040	467 182	1 683 222
Expiring in the next 36 months	1 292 579	151 153	1 443 732
Expiring in the next 48 months	290 000	133 776	423 776
	4 764 646	**1 356 397**	**6 121 043**

The Group has entered into interest rate swaps to hedge its exposure to fluctuations in the interest rates of its debt. The interest rate swaps of R4.1 billion equate to 67.4% (65.6% for Fairvest and 73.5% for Indluplace) of the total loans hedged. The interest rate swaps have a 1.3 years weighted average maturity (1.1 years for Fairvest and 2.0 years for Indluplace).

ANALYSIS OF NET ASSET VALUE

	30 September 2022	30 September 2021	30 June 2021
Number of Fairvest ordinary shares in issue			
– Fairvest (previously Arrowhead) A shares	**62 718 658**	62 718 658	–
– Fairvest (previously Arrowhead) B shares	**1 460 863 899**	951 422 029	–
– Old Fairvest	**–**	–	989 246 076
Net asset value per share (Rand)			
– Fairvest (previously Arrowhead) A shares	**13.19**	11.69	–
– Fairvest (previously Arrowhead) B shares*	**5.19**	5.94	–
– Old Fairvest (applied swap ratio of 0.54054)	**–**	–	4.25
Excludes treasury shares of:			
– Fairvest (previously Arrowhead) B shares	**33 278 933**	–	–
– Old Fairvest	**–**	–	38 086 599

* *The above net asset values per B share have been calculated using the IFRS derived shareholders' interest as per the relevant statement of financial position at each reporting period date and therefore differs from the "SA REIT net asset value" per share reported elsewhere in these results.*

PROSPECTS

High inflation, continuing loadshedding and a rising interest rate environment are expected to continue to impact the economy and the challenging operating environment to persist.

The merger was successfully implemented during the current financial year and the integration between the two teams is now complete. During the year, the Group developed a new combined strategy with clearly defined strategic objectives, aimed at creating a retail focussed fund, by recycling non-core assets. We have reduced vacancies significantly during the year and the focus on the letting of vacant space and retaining tenants, will continue in the 2023 financial year.

We expect strong growth from the retail and industrial sectors, partially offset by further pressure on the office sector. We anticipate net property income from the core portfolio, on a like-for like basis, to increase by between 2% and 4% for the 2023 financial year and operational performance to remain robust. The significant increases in interest rates during the year will, however, impact earnings for the 2023 financial year, leading to distributable earnings per B share of between 40.50 cents per share and 42.00 cents per share. In line with the Group's memorandum of incorporation distribution per A share will increase by the lesser of 5% or the most recent CPI.

The Board has resolved to maintain the current dividend pay-out ratio of 100% of distributable earnings as a dividend. The policy is reviewed on a bi-annual basis and any changes will be communicated to shareholders before any changes are implemented.

This forecast assumes that there is no material deterioration in the macroeconomic environment relative to current levels, that no major corporate and tenant failures will occur, that no civil unrest events occur, that tenants will be able to absorb increases in municipal as well as utility costs and that no further significant trading restrictions related to the COVID-19 pandemic are implemented by government. Forecast rental income is based on contractual lease terms and anticipated market related renewals. This forecast further assumes that Dipula and Indluplace will continue to pay distributions in line with distributions for the current year.

This forecast is the responsibility of the Board and has not been reviewed or reported on by the auditors.

DECLARATION OF DIVIDEND FOR THE PERIOD ENDED 30 SEPTEMBER 2022

The Board has resolved to declare a final dividend equal to 100% of the distributable income (2021: 100%), dividend number 15, of 64.70106 cents per A share and 21.96204 per B share for the six months ended 30 September 2022. Shareholders are advised that the dividend payment number of the interim dividend declared for the period to 31 March 2022 should have been dividend number 14 and not dividend number 13 as originally disclosed.

The dividend will be paid to shareholders in accordance with the timetable set out below:

	2022
Last date to trade *cum* distribution	**Tuesday, 20 December**
Shares trade *ex*-distribution	**Wednesday, 21 December**
Record date	**Friday, 23 December**
Payment date	**Tuesday, 27 December**

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 December 2022 and Friday, 23 December 2022, both days inclusive. Payment of the dividend will be made to shareholders on Tuesday, 27 December 2022. In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depositary Participant ("**CSDP**") accounts/broker accounts on Tuesday, 27 December 2022. Certificated shareholders' dividend payments will be deposited on or about Tuesday, 27 December 2022 into certificated shareholders' bank accounts.

Tax implications

In accordance with Fairvest's status as a REIT, shareholders are advised that the dividends meet the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**"). The distributions on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Company, in respect of certificated shares:

(a) a declaration that the dividend is exempt from dividends tax; and
(b) a written undertaking to inform the CSDP, broker or the Company should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company to arrange for the above mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Dividend withholding tax is 20% and accordingly, any dividends received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders in respect of the interim dividend per A share is 51.76085 cents per A share. The net dividend amount due to non-resident shareholders in respect of the interim dividend per B share is 17.56963 cents. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker in respect of uncertificated shares, or the Company, in respect of certificated shares:

(a) a declaration that the dividends are subject to a reduced rate as a result of the application of a DTA; and
(b) a written undertaking to inform their CSDP, broker or the Company should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the Company to arrange for the above mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

A shares in issue at the date of declaration of the dividend: 62 718 658

B shares in issue at the date of declaration of the dividend: 1 494 142 832

Fairvest's income tax reference number: 9068/723/17/1

EVENTS AFTER REPORTING PERIOD

The directors of Fairvest are not aware of any other material matters or circumstances arising between 30 September 2022 and the date of this report which may materially affect the financial position of the Group or the results of its operations.

CHANGES TO THE COMPANY SECRETARY

On 23 August 2022, Ms V Turner resigned as company secretary. Subsequently, on 14 October 2022, FluidRock Co Sec Proprietary Limited was appointed as interim company secretary.

RELATED PARTY TRANSACTIONS

On 7 September 2021 shareholders of Old Fairvest approved the acquisition of 100% of New Star Asset Management Proprietary Limited ("**New Star**") for R133 million and cancellation of the management contract.

GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the reviewed results have been prepared on a going concern basis.

At face value the current liabilities are higher than the current assets. However, negotiations with debt providers are in an advance stage for debt facilities maturing during the first quarter of the 2023 financial year and these are expected to be refinanced at least at current levels. All other debt facilities expiring for the remainder of the 2023 financial year are also expected to be refinanced. Furthermore, the Group has access to undrawn unrestricted cash facilities of R492.5 million and has concluded property sales agreements in excess of R584.1 million which are expected to transfer in the next 12 months.

LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Fairvest is aware, that may have or have had in the recent past, being the previous 12 months, a material impact on the Group's financial position.

APPRECIATION

We extend our appreciation to our directors, management, and staff for their valued efforts, as well as our advisors and shareholders for their continued support and belief in Fairvest.

For and on behalf of the Board

Fairvest Limited
30 November 2022

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 September 2022

R'000	**Audited for the 15 months ended 30 September 2022**	Audited for the year ended 30 June 2021
Contractual rental income	**1 981 421**	541 348
Straight-line rental income accrual	**(19 990)**	8 765
Sundry income	**19 329**	3 541
Net income	**1 980 760**	553 654
Operating costs	**(854 656)**	(198 759)
Administration and corporate costs	**(122 369)**	(31 079)
Contract cancellation fees	**(133 873)**	–
Profit from operations	**869 862**	323 816
Finance income	**44 357**	25 912
Finance charges	**(416 713)**	(99 485)
Dividends received	**24 167**	–
Changes in fair values and impairments	**318 408**	84 695
Gain on bargain purchase	**1 406 658**	–
Profit before capital expenses	**2 246 739**	334 938
Capital expenses	**(74 556)**	(2 385)
Profit before taxation	**2 172 183**	332 553
Taxation	**(8 943)**	107
Total comprehensive income	**2 163 240**	332 660
Income for the period attributable to:		
Equity shareholders of Fairvest	**2 120 367**	289 342
Non-controlling interest	**42 873**	43 318
Total comprehensive income for the year	**2 163 240**	332 660
Weighted average number of shares		
Fairvest A shares	**62 718 658**	–
Fairvest B shares	**1 037 657 471**	–
Fairvest B shares – Dilutive	**1 050 332 533**	–
Old Fairvest shares*	**–**	530 887 805
Basic earnings per share (cents)		
Fairvest shares	**192.69**	54.50
Diluted earnings per share (cents)		
Fairvest shares	**190.50**	54.50

* *In line with the requirements of IFRS 3 paragraphs B19 to B27 the comparative number of shares were calculated by taking the legal subsidiary's (Old Fairvest) weighted average ordinary shares multiplied by exchange ratio established at acquisition of 0.54054.*

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

R'000	**Audited at 30 September 2022**	Audited at 30 June 2021
Assets		
Non-current assets	**15 234 975**	3 612 219
Investment property	**14 872 881**	3 385 761
Fair value of property portfolio	**14 679 221**	3 319 421
Straight-line rental income accrual	**193 660**	66 340
Right-of-use assets	**2 740**	3 794
Deferred tax	**2 568**	–
Property, plant and equipment	**4 446**	161
Loans to participants of Group share purchase option schemes	**105 642**	–
Financial assets	**196 816**	4 533
Derivatives	**36 102**	–
Loans receivable	**13 780**	215 833
Trade and other receivables	**–**	2 137
Current assets	**495 693**	174 430
Trade and other receivables	**218 252**	69 597
Current tax receivable	**9**	–
Loan receivable	**118 677**	69 245
Amounts owing by non-controlling interests	**24 186**	20 326
Cash and cash equivalents	**134 569**	15 262
Non-current assets held-for-sale	**584 074**	36 200
Total assets	**16 314 742**	3 822 849
Equity and liabilities		
Shareholders' interest	**8 409 164**	2 274 932
Stated capital	**5 269 499**	750 474
Share -based payments reserve	**14 564**	–
Retained income	**3 125 101**	1 524 458
Non-controlling interest	**984 874**	166 592
Other non-current liabilities	**3 713 045**	689 557
Deferred tax	**3 915**	1 458
Interest-bearing borrowings	**3 549 738**	491 650
Lease liabilities	**71 649**	19 480
Derivatives	**884**	39 715
Deposits received	**64 052**	15 870
Amounts owing to non-controlling interests	**22 807**	121 384
Current liabilities	**3 207 659**	691 768
Interest-bearing borrowings	**2 570 313**	592 172
Derivatives	**3 385**	–
Lease liabilities	**11 063**	1 340
Trade and other payables	**596 879**	89 827
Amounts owing to non-controlling interests	**26 019**	8 429
Total equity and liabilities	**16 314 742**	3 822 849

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2022

R'000	Stated capital	Reserves	Retained income	Non-controlling interest	Total
Balance at 30 June 2020	734 046	–	1 434 112	135 916	2 304 074
Total comprehensive income for the year	–	–	289 342	43 318	332 660
Share buy-backs	(357)	–	–	–	(357)
Shares issued	16 785	–	–	–	16 785
Acquisition of non-controlling interest	–	–	1 669	(1 801)	(132)
Dividends paid	–	–	(200 665)	(10 841)	(211 506)
Balance at 30 June 2021	750 474	–	1 524 458	166 592	2 441 524
Total comprehensive income for the period	**–**	**–**	**2 120 367**	**42 873**	**2 163 240**
Shares issued	**41 782**	**–**	**–**	**–**	**41 782**
Issue of shares as a result of reverse acquisition of Arrowhead	**4 477 243**	**–**	**–**	**–**	**4 477 243**
Reserves acquired as a result of the reverse acquisition of Arrowhead	**–**	**9 250**	**–**	**845 971**	**855 221**
Acquisition of non-controlling interest	**–**	**–**	**–**	**(30 124)**	**(30 124)**
Employee share schemes – value of employee services	**–**	**5 314**	**–**	**915**	**6 229**
Dividends paid	**–**	**–**	**(519 724)**	**(41 353)**	**(561 077)**
Balance at 30 September 2022	**5 269 499**	**14 564**	**3 125 101**	**984 874**	**9 394 038**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2022

R'000	**Audited for the 15 months ended 30 September 2022**	Audited for the year ended 30 June 2021
Cash flows/(used in) from operating activities	**(17 240)**	47 116
Cash generated from operations	**891 807**	337 887
Finance charges paid	**(409 326)**	(91 726)
Finance income received	**11 358**	1 167
Dividends received	**24 167**	–
Tax received/(paid)	**604**	(153)
Dividends paid	**(535 850)**	(200 059)
Cash flows from investing activities	**208 522**	69 334
Acquisition of property, plant and equipment	**(782)**	(111)
Acquisition of and improvements to investment property	**(129 499)**	(51 501)
Proceeds from disposal of investment property (including held-for-sale)	**86 490**	103 045
Business combinations	**133 109**	–
Acquisition of investment	**–**	(52)
Advances paid to loans receivable	**(30 433)**	(7 377)
Proceeds from repayments of loans receivable	**164 087**	38 052
Repayment of amounts owing by non-controlling interests	**1 742**	280
Amounts owing by non-controlling interests raised	**(16 192)**	(13 002)
Cash flows used in financing activities	**(71 975)**	(114 945)
Proceeds from issue of shares	**–**	16 785
Cost incurred in buy back of share capital	**–**	(357)
Proceeds from borrowings	**2 479 646**	504 100
Repayment of borrowings	**(2 457 057)**	(614 296)
Amounts owing to non-controlling interests raised	**402**	–
Amounts owing to non-controlling interests repaid	**(59 207)**	(21 258)
Repayment on lease liabilities	**(8 046)**	–
Proceeds from other borrowings	**–**	81
Acquisition of additional interest in subsidiary	**(27 713)**	–
Total cash movement for the period	**119 307**	1 505
Cash and cash equivalents at the beginning of the period	**15 262**	13 757
Cash and cash equivalents at the end of the period	**134 569**	15 262

RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS

for the period ended 30 September 2022

R'000	**Audited for the 15 months ended 30 September 2022**	Audited for the year ended 30 June 2021
Comprehensive income attributable to owners of the parent	**2 120 367**	289 342
Change in fair value of investment property	**(188 244)**	(72 882)
Change in fair value of investment property – non-controlling interest	**(54 050)**	14 674
Loss on sale of investment property	**1 141**	–
Loss on sale of investment property – non-controlling interest	**(3)**	–
Gain on bargain purchase	**(1 406 658)**	–
Headline profit attributable to shareholders	**472 553**	231 134
Number of A shares in issue	**62 718 658**	–
Number of B shares in issue	**1 460 863 899**	–
Number of Old Fairvest shares in issue*	**–**	530 887 805
Weighted average number of A shares in issue	**62 718 658**	–
Weighted average number of B shares in issue	**1 037 657 471**	–
Weighted average number of B shares in issue after dilutive impact of Conditional Share Plan	**1 050 332 533**	–
Weighted average number of Old Fairvest shares in issue*	**–**	530 887 805
Basic earnings per share/combined shares in issue (cents)	**192.69**	54.50
Diluted earnings per share/combined shares in issue (cents)	**190.50**	54.50
Headline earnings per share/combined shares in issue (cents)	**42.94**	43.54
Diluted headline earnings per share/combined shares in issue (cents)	**42.46**	43.54

* *In line with the requirements of IFRS 3 paragraphs B19 to B27 the comparative number of shares were calculated by taking the legal subsidiary's (Old Fairvest) weighted average ordinary shares multiplied by exchange ratio established at acquisition of 0.54054.*

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

for the period ended 30 September 2022

The Company has nine reportable segments based on the geographic split of the country, which determines the Company's strategic business segments. The Company's executive directors review internal management reports on a monthly basis and all segments greater than 5% are considered strategic. All segments are located in South Africa. There are no single major tenants. The following summary describes the operations in each of the entity's reportable segments.

Geographical

R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape	Limpopo	Mpumalanga	North West	Northern Cape	Free State	Other	Total
30 September 2022											
Contractual rental income	896 659	288 813	239 915	154 067	98 246	50 655	80 041	81 913	90 487	625	1 981 421
Straight-line rental income	(14 541)	1 882	(5 147)	372	996	(285)	(56)	(3 060)	(151)	–	(19 990)
Sundry income	10 709	1 012	4 932	648	56	33	–	702	176	1 061	19 329
Operating costs and administrative costs	(454 352)	(106 208)	(92 210)	(59 578)	(25 766)	(20 816)	(30 057)	(34 585)	(32 854)	(120 599)	(977 025)
Contract cancellation fees	–	–	–	–	–	–	–	–	–	(133 873)	(133 873)
Profit from operations	438 475	185 499	147 490	95 509	73 532	29 587	49 928	44 970	57 658	(252 786)	869 862
Interest received	7 011	236	692	80	2 865	15	88	74	47	33 249	44 357
Finance charges	(776)	(15)	(24)	(6)	8	(17)	(1 828)	(1)	–	(414 054)	(416 713)
Listed securities income	–	–	–	–	–	–	–	–	–	24 167	24 167
Changes in fair values	(122 257)	115 053	59 299	54 419	8 654	6 180	11 125	35 609	21 779	128 547	318 408
Gain on bargain purchase	–	–	–	–	–	–	–	–	–	1 406 658	1 406 658
Capital expenses	–	–	–	–	–	–	–	–	–	(74 556)	(74 556)
Profit before taxation	322 453	300 773	207 457	150 002	85 059	35 765	59 313	80 652	79 484	851 225	2 172 183
Taxation	–	–	–	–	–	–	–	–	–	(8 943)	(8 943)
Reportable segment profit after tax	322 453	300 773	207 457	150 002	85 059	35 765	59 313	80 652	79 484	842 282	2 163 240
Reportable segment assets	7 276 390	2 628 646	1 587 638	1 223 524	857 842	386 054	741 404	442 945	527 890	642 409	16 314 742
Reportable segment liabilities	(305 080)	(52 475)	(53 718)	(25 691)	(34 667)	(8 124)	(71 201)	(15 901)	(8 611)	(6 345 236)	(6 920 704)
	6 971 310	2 576 171	1 533 920	1 197 833	823 175	377 930	670 203	427 044	519 279	(5 702 827)	9 394 038

Sectoral

R'000	Office	Industrial	Retail	Residential	Overheads	Total
30 September 2022						
Contractual rental income	307 957	131 999	1 144 269	396 571	625	1 981 421
Straight-line rental income	(10 742)	(1 990)	(6 846)	(412)	–	(19 990)
Sundry income	80	–	18 188	–	1 061	19 329
Operating costs and administrative costs	(154 296)	(70 644)	(443 022)	(188 464)	(120 599)	(977 025)
Contract cancellation fees	–	–	–	–	(133 873)	(133 873)
Net operating income before interest	142 999	59 365	712 589	207 695	(252 786)	869 862
Interest received	456	282	4 562	5 808	33 249	44 357
Finance charges	185	(670)	(2 174)	–	(414 054)	(416 713)
Listed securities income	–	–	–	–	24 167	24 167
Changes in fair values	(69 990)	45 101	350 581	(135 831)	128 547	318 408
Gain on bargain purchase	–	–	–	–	1 406 658	1 406 658
Capital expenses	–	–	–	–	(74 556)	(74 556)
Profit before taxation	73 650	104 078	1 065 558	77 672	851 225	2 172 183
Taxation	–	–	–	–	(8 943)	(8 943)
Reportable segment profit after tax	73 650	104 078	1 065 558	77 672	842 282	2 163 240
Reportable segment assets	2 813 462	1 289 159	8 162 738	3 406 974	642 409	16 314 742
Reportable segment liabilities	(142 610)	(56 720)	(285 519)	(90 619)	(6 345 236)	(6 920 704)
	2 670 852	1 232 439	7 877 219	3 316 355	(5 702 827)	9 394 038

Geographical

R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape	Limpopo	Mpumalanga	North West	Northern Cape	Free State	Other	Total
30 June 2021											
Contractual rental income	125 143	101 389	118 552	46 191	25 670	13 227	–	46 915	63 538	723	541 348
Straight-line rental income	2 504	1 932	2 201	937	(380)	(244)	–	(548)	2 363	–	8 765
Sundry income	10	2 449	332	36	1	–	–	541	172	–	3 541
Operating costs and administrative costs	(48 577)	(36 478)	(36 911)	(13 432)	(8 717)	(7 224)	–	(23 193)	(24 227)	(31 079)	(229 838)
Net operating income/(loss) before interest	79 080	69 292	84 174	33 732	16 574	5 759	–	23 715	41 846	(30 356)	323 816
Interest received	–	–	–	–	–	–	–	–	–	25 912	25 912
Finance charges	–	–	–	–	–	–	–	–	–	(99 485)	(99 485)
Listed securities income	–	–	–	–	–	–	–	–	–	–	–
Changes in fair values	12 699	16 960	1 626	2 137	13 079	7 863	–	13 994	4 911	11 426	84 695
Gain on bargain purchase	–	–	–	–	–	–	–	–	–	–	–
Capital expenses	–	–	–	–	–	–	–	–	–	(2 385)	(2 385)
Profit/(loss) before taxation	91 779	86 252	85 800	35 869	29 653	13 622	–	37 709	46 757	(94 888)	332 553
Taxation	–	–	–	–	–	–	–	–	–	107	107
Reportable segment profit/(loss) after tax	91 779	86 252	85 800	35 869	29 653	13 622	–	37 709	46 757	(94 781)	332 660
Reportable segment assets	832 375	625 929	796 793	309 451	174 805	81 852	–	251 921	416 374	333 349	3 822 849
Reportable segment liabilities	(44 313)	(14 975)	(21 247)	(12 642)	(4 166)	(3 009)	–	(6 428)	(11 291)	(1 263 254)	(1 381 325)
	788 062	610 954	775 546	296 809	170 639	78 843	–	245 493	405 083	(929 905)	2 441 524

Sectoral

R'000	Office	Industrial	Retail	Residential	Overheads	Total
30 June 2021						
Contractual rental income	19 264	–	521 361	–	723	541 348
Straight-line rental income	(1 931)	–	10 696	–	–	8 765
Sundry income	–	–	3 541	–	–	3 541
Operating costs and administrative costs	(4 341)	–	(194 418)	–	(31 079)	(229 838)
Net operating income/(loss) before interest	12 992	–	341 180	–	(30 356)	323 816
Interest received	–	–	–	–	25 912	25 912
Finance charges	–	–	–	–	(99 485)	(99 485)
Listed securities income	–	–	–	–	–	–
Changes in fair values	(10 675)	–	83 944	–	11 426	84 695
Gain on bargain purchase	–	–	–	–	–	–
Capital expenses	–	–	–	–	(2 385)	(2 385)
Profit/(loss) before taxation	2 317	–	425 124	–	(94 888)	332 553
Taxation	–	–	–	–	107	107
Reportable segment profit/(loss) after tax	2 317	–	425 124	–	(94 781)	332 660
Reportable segment assets	121 498	–	3 368 002	–	333 349	3 822 849
Reportable segment liabilities	(3 328)	–	(114 743)	–	(1 263 254)	(1 381 325)
	118 170	–	3 253 259	–	(929 905)	2 441 524

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

The annual consolidated results for the period ended 30 September 2022 have been audited by the Group's auditors, BDO South Africa Incorporated. The auditors have issued an unqualified opinion on the audited consolidated results for the period ended 30 September 2022 and a copy of the audit opinion (which includes communication of key audit matters), together with the underlying audited annual financial statements are available for inspection at the Company's registered office, and available on the Company's website at: https://fairvest.co.za/cmsAdmin/uploads/annual-results/afs-2022.pdf.

These summarised consolidated audited financial statements for the period ended 30 September 2022 ("**summarised results**") have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**"), IAS 34: *Interim Financial Reporting*, Financial Pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of South Africa 2008. The accounting policies applied in preparing these financial statements are in terms of IFRS and are consistent with those applied in the previous period. These results have been prepared under the supervision of BJ Kriel, CA(SA), Fairvest's Chief Financial Officer.

These summarised results have been extracted from the audited consolidated results for the period ended 30 September 2022 but are not audited. The directors take full responsibility for the preparation of the summarised results and for ensuring that the financial information has been correctly extracted from the underlying audited consolidated results for the period ended 30 September 2022.

The auditor's report does not necessarily report on all of the information contained in these summarised results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

NEW STANDARDS AND INTERPRETATIONS ADOPTED

All amendments to standards that are applicable to Fairvest for its financial year beginning 1 July 2021 have been considered. The accounting policies applied in these summarised results are the same as those applied in the Group's consolidated financial statements for the year ended 30 June 2021.

COMMENTARY ON SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Contractual rental income increased by 266% compared to the comparable prior 12 months period ended June 2021. Further total comprehensive income increased by 550% compared to this prior period. These increases should however be seen in context with the reverse acquisition of Arrowhead (refer business combination note later in this document) which has resulted in the consolidation of Arrowhead from 26 January 2022. Furthermore, following the reverse acquisition, Old Fairvest changed its year end from 30 June to 30 September to align with the year end of Arrowhead which has in turn resulted in these results being for a 15 month period compared to the 12 month comparative period ended 30 June 2021.

BUSINESS COMBINATIONS

Reverse acquisition of Arrowhead

During the year, Old Fairvest merged with Arrowhead. Subsequently Arrowhead changed its name to Fairvest Limited. Arrowhead issued B shares to Old Fairvest shareholders in lieu of their shares, constituting Old Fairvest a subsidiary of Arrowhead. Old Fairvest was subsequently delisted.

The business combination was entered into with the main purpose to unlock value for shareholders of both Arrowhead and Fairvest.

For accounting purposes under IFRS 3: *Business Combinations*, the transaction is treated as the acquisition of Arrowhead by Old Fairvest even though, legally, Arrowhead is the acquirer and was the entity which issued shares to Old Fairvest shareholders in consideration for their shares in Old Fairvest. Applying the guidance contained in IFRS 3: B15-B17 the acquirer was identified as Old Fairvest.

The following factors were considered in identifying the acquirer:

- The acquirer is usually the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity. Due to the commonality in shareholders across Arrowhead and Old Fairvest, there will be no change in the specific shareholders who will have the largest portion of voting rights in the Combined Group.
- After the implementation of the transaction, Old Fairvest's Chief Executive Officer and Chief Financial Officer continued in their respective roles in the Combined Group. Furthermore, five of the seven non-executive directors from the Old Fairvest board of directors were appointed to the Fairvest Board.
- The transaction was initiated by Old Fairvest. Further the transaction was both led by Old Fairvest and controlled by Old Fairvest.

Fair value of assets acquired and liabilities assumed

R'000	Audited for the 15 months ended 30 September 2022
Assets	
Property, plant and equipment	4 750
Investment property – Fair value of property portfolio	11 595 311
Investment property – Straight-line rental income accrual	129 270
Loans to participants of Group share purchase option scheme	128 582
Deferred tax	9 035
Financial assets	216 001
Trade and other receivables	219 606
Current tax receivable	632
Cash and cash equivalents	133 109
Non-current assets held-for-sale	84 353
Equity	
Share-based payments reserve	(9 250)
Liabilities	
Borrowings	(5 008 824)
Lease liabilities	(69 938)
Derivatives	(104 793)
Trade and other payables	(559 898)
Total identifiable net assets	6 767 946
Non-controlling interest	(845 971)
Fair value of equity interest held before the business combination	(38 074)
Gain on bargain purchase recognised	(1 406 658)
	4 477 243
Acquisition date fair value of consideration paid	
Equity – 542 720 803 Fairvest Limited B shares	4 477 243

Equity issued as part of consideration paid

Under IFRS, the fair value of the consideration transferred by the accounting acquirer is based on the number of shares that the accounting acquirer (Old Fairvest) would have had to issue to the owners of the accounting acquiree (Arrowhead) to give the owners of the legal parent the same percentage of equity interests in the combined entity that results from the reverse acquisition. 2 184 021 145 Old Fairvest shares were deemed to be issued by Old Fairvest in consideration for Arrowhead's shares. For the purpose of estimating the fair value of the consideration transferred, the existing shares of Arrowhead were deemed to be acquired on 26 January 2022 based upon the closing price on the acquisition date of Old Fairvest's existing shares (being R2.05).

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Gain on acquisition

A gain on bargain purchase of R1 406 658 000 was recognised on acquisition. The gain resulted due to Arrowhead being acquired at a discount to net asset value.

Revenue and profit or loss of reverse acquisition of Arrowhead

Revenue of R1.3 billion and profit of R437.8 million have been included in the Group's results since the date of acquisition.

Group revenue and profit for full period

Had the business combination taken place at the beginning of the 15 month reporting period, the revenue for the group would have been R3.1 billion and the net profit would have been R1.8 billion.

Shares issued during the period

542 720 803 new Fairvest B shares were issued to Old Fairvest shareholders in exchange for 1 004 034 490 Old Fairvest shares.

Acquisition costs

The Group incurred acquisition-related costs of R74.2 million to 30 September 2022. This cost is disclosed as part of "Capital expenses" in the statement of profit or loss and other comprehensive income.

Trade and other receivables

The fair value of the trade and other receivables acquired as part of the business combination amounted to R219.6 million with a gross contractual amount of R254.0 million. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to R34.4 million.

FAIR VALUE HIERARCHY

The different levels have been defined as:

Level 1: fair value is determined from quoted prices (unadjusted) in active markets for identical asset or liabilities;
Level 2: fair value determined through the use of valuation techniques based on observable inputs, either directly or indirectly; and
Level 3: fair value is determined through the use of valuation techniques using significant inputs.

The investment in Dipula shares is valued using a level 1 model.

The loans to participants of Group share purchase option schemes are valued based on a level 3 model.

The investment Cadiz Life Limited is valued using a level 2 model.

The derivative instruments are valued by the various financial institutions by discounting the future cash flows using the JIBAR swap curve based on a level 2 model.

Investment property is valued using a level 3 model.

Measurement of fair value for level 3

Investment property

Investment property is valued using a combination of the discounted cash flow and yield capitalisation methodology. These methods are based on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate.

The key inputs applied in the last valuation cycle are as follows:

- Expected net operating income;
- Discount rate (13.3% – 16.3%; 2021: 14.0% – 16.0%);
- Exit cap rate (8.5% – 12.0%; 2021: 9.8% – 11.0%);
- Growth rate (0% – 7.0%; 2021: 0% – 7.0%).

Sensitivity analysis if key inputs change as follows:

	Cap rates		Discount rates	
R'000	**+ 0.25%**	**– 0.25%**	**+ 0.25%**	**– 0.25%**
Office	(40 045)	42 101	(24 626)	25 008
Retail	(121 402)	131 672	(69 889)	72 625
Industrial	(18 097)	18 992	(11 087)	11 216
Residential	(77 400)	81 212	–	–
	(256 944)	273 977	(105 602)	108 849

Loans to participants of Group share purchase option schemes

To determine the fair value, a future share price assessment was carried out taking forward looking parameters such as expected dividend yield and dividend growth into account and applying these factors to a Dividend Growth Model based on a weighted scenario probability analysis, resulting in the fair market value of the future share price at the expiry of the loan discounted back to present value using a discount rate.

The key inputs are as follows:

- Dividend yield (13.6%; 2021: 11.0%);
- Growth in annual dividend (3.5% – 9.0%; 2021: 0% – 5.0%);
- Discount rate (6.5%; 2021: 5.0% – 8.0%).

Sensitivity analysis if key inputs change as follows:

R'000	**Up 2%**	**Down 2%**
Dividend yield	(13 641)	18 036
Growth rate	8 103	(7 764)
Discount rate	(7 629)	8 267

Reconciliation of loans to participants of Group share purchase option schemes

R'000	Audited for the 15 months ended 30 September 2022
Opening balance	–
Acquisition of Arrowhead through reverse acquisition	128 582
Fair value adjustments	(22 940)
Closing balance	**105 642**

30 September 2022 – Audited

R'000	Designated at fair value	Level 1	Level 2	Level 3
Investment property (including non-current assets held-for-sale)	15 456 955	–	–	15 456 955
Listed securities	179 109	179 109	–	–
Financial assets	4 517	–	4 517	–
Derivatives	36 102	–	36 102	–
Loans to participants of Group share option scheme	105 642	–	–	105 642
Total assets	**15 782 325**	**179 109**	**40 619**	**15 562 597**
Derivatives	4 269	–	4 269	–
Total liabilities	**4 269**	**–**	**4 269**	**–**

30 June 2021 – Audited

R'000	Designated at fair value	Level 1	Level 2	Level 3
Investment property (including non-current assets held-for-sale)	3 421 961	–	–	3 421 961
Financial assets	4 533	–	4 533	–
Total assets	3 426 494	–	4 533	3 421 961
Derivatives	39 715	–	39 715	–
Total liabilities	39 715	–	39 715	–

SA REIT BEST PRACTICE DISCLOSURES (NON-IFRS DISCLOSURE)

SA REIT funds from operations (SA REIT FFO) per share

	Current 12 month period ended 30 September 2022	Comparable 12 month period 2021*
Profit or loss per IFRS statement of comprehensive income ("SOCI") attributable to the parent – 15 months	**2 120 367**	289 342
Add: Income attributable to shareholders of Arrowhead for the 12 months ended 30 September 2021	**–**	181 197
Total income attributable to shareholders	**2 120 367**	470 539
Adjusted for:		
Accounting/specific adjustments:	**(1 298 385)**	557 704
Fair value adjustments to:	**(143 209)**	503 657
– Investment property	**(188 244)**	745 364
– Loss on revaluation of listed securities	**23 711**	(118 359)
– Sundry adjustments	**(1 616)**	10 379
– Fair value loss on loans to participants of Group share purchase option schemes	**22 940**	(133 727)
Impairment of goodwill or the recognition of a bargain purchase gain	**(1 406 658)**	–
Non-distributable deferred tax movement recognised in profit or loss	**8 943**	19 163
Non-distributable income tax movement recognised in profit or loss	**–**	(632)
Straight-lining operating lease adjustment	**19 990**	15 191
Transaction costs expensed in accounting for a business combination and other capital expenses	**208 429**	–
Adjustments to dividends from equity interests held	**14 120**	20 325
Adjustments arising from investing activities:	**1 141**	30 245
Gains on disposal of investment property and property, plant and equipment	**1 141**	30 245
Foreign exchange and hedging items:	**(176 340)**	(224 921)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(176 340)**	(224 921)
Other adjustments:	**58 894**	(85 637)
Tax impact of the above adjustments	**–**	153
Non-controlling interests in respect of the above adjustments	**(13 875)**	(71 897)
Adjustments relating to subsidiary Indluplace – Adjusting for pay-out ratio and other sundry items	**(17 361)**	(13 893)
Distributable income for Old Fairvest relating to the pre-merger period	**(57 075)**	–
Distributable income from Arrowhead from 1 October 2021 to 25 January 2022	**147 205**	–
SA REIT FFO	**705 677**	747 930

	Current 12 month period ended 30 September 2022	Comparable 12 month period 2021*
Allocated to the A shares:	**79 165**	75 395
Thus balance allocated to the B shares:	**626 512**	672 535
Number of shares outstanding at end of period (net of treasury shares) – A shares	**62 718 658**	62 718 658
Number of shares outstanding at end of period (net of treasury shares) – B shares	**1 460 863 899**	1 460 863 899
SA REIT FFO per share – A shares (cents)	**126.22**	120.21
SA REIT FFO per share – B shares (cents)	**42.89**	46.04
Company-specific adjustments	**5 951**	(1 254)
Impact of IFRS 16: *Leases*	**(1 560)**	(1 254)
Share-based payment expense	**7 511**	–
Equals total dividend	**711 628**	746 676
Allocated to the A shares	**79 165**	75 395
Thus balance allocated to the B shares	**632 463**	671 281
Dividend per share – A shares (cents)	**126.22**	120.21
Dividend per share – B shares (cents)	**43.29**	45.95

SA REIT net asset value (SA REIT NAV)

		At 30 September 2022	At 30 September 2021/ 30 June 2021#
Reported NAV attributable to the parent		**8 409 164**	8 656 227
Adjustments:			
Dividend to be declared		**(361 415)**	(642 892)
Dividend to be received from Dipula		**14 120**	20 557
Fair value of certain derivative financial instruments		**(31 833)**	200 943
Deferred tax		**1 347**	(37 220)
SA REIT NAV	A	**8 031 383**	8 197 615
Allocated to the A shares		**827 120**	733 428
Thus balance allocated to the B shares		**7 204 263**	7 464 187
Number of shares outstanding at end of period (net of treasury shares) – A shares	B	**62 718 658**	62 718 658
Number of shares outstanding at end of period (net of treasury shares) – B shares		**1 460 863 899**	1 460 863 899
Effect of dilutive instruments		**12 675 063**	10 310 863
Dilutive number of shares in issue	C	**1 473 538 962**	1 471 174 762
SA REIT NAV per A share	A/B	**13.19**	11.69
SA REIT NAV per B share	A/C	**4.89**	5.07

SA REIT cost-to-income ratio

		Current 12 month period ended 30 September 2022	Comparable 12 month period 2021*
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)		**1 101 893**	1 082 791
Administrative expenses per IFRS income statement		**147 276**	165 425
Exclude:			
Depreciation expense in relation to property, plant and equipment of an administrative nature and amortisation expense in respect of intangible assets		**1 247**	244
Operating costs	A	**1 250 416**	1 248 460
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		**1 820 642**	1 899 958
Utility and operating recoveries per IFRS income statement		**670 674**	642 098
Gross rental income	B	**2 491 316**	2 542 056
SA REIT cost-to-income ratio	(A/B)	**50.2%**	49.1%
Expenses			
Administrative expenses as per IFRS income statement		**147 276**	165 425
Administrative costs	A	**147 276**	165 425
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		**1 820 642**	1 899 958
Utility and operating recoveries per IFRS income statement		**670 674**	642 098
Gross rental income	B	**2 491 316**	2 542 056
SA REIT administrative cost-to-income ratio	(A/B)	**5.9%**	6.5%

SA REIT GLA vacancy rate

		At 30 September 2022	At 30 September 2021/ 30 June 2021#
Gross lettable area of vacant space	A	**68 211**	87 905
Gross lettable area of total property portfolio	B	**1 150 862**	1 190 382
SA REIT GLA vacancy rate	(A/B)	**5.9%**	7.4%

Please note this table excludes Indluplace.

Cost of debt

	Note	Current 12 month period ended 30 September 2022	Comparable 12 month period 2021*
Variable interest-rate borrowings			
Floating reference rate plus weighted average margin		**8.6%**	5.7%
Pre-adjusted weighted average cost of debt	A	**8.6%**	5.7%
Adjustments:			
Impact of interest rate derivatives	B	**0.4%**	2.6%
Amortised transaction costs imputed into the effective interest rate	C	**0.1%**	0.1%
All-in weighted average cost of debt	A+B+C	**9.1%**	8.4%

SA REIT loan-to-value

		At 30 September 2022	At 30 September 2021/ 30 June 2021#
Gross debt		**6 202 763**	5 762 714
Less:			
Cash and cash equivalents		**(134 569)**	(197 215)
Less: Cash and cash equivalents linked to tenant deposits		**25 829**	29 977
Add/less:			
Derivative financial instruments		**(31 833)**	200 943
Net debt	A	**6 062 190**	5 796 419
Total assets – per statement of financial position		**16 314 742**	16 554 641
Less:			
Cash and cash equivalents		**(134 569)**	(197 215)
Deferred tax		**(2 568)**	(38 678)
Derivative financial assets		**(36 102)**	–
Trade and other receivables		**(218 252)**	(318 701)
Carrying amount of property-related assets	B	**15 923 251**	16 000 047
SA REIT loan-to-value ("SA REIT LTV")	A/B	**38.1%**	36.2%

* *For the purpose of providing meaningful comparatives following the merger between Old Fairvest and Arrowhead, the comparative numbers are a combination of the 12-month period ended 30 September 2021 for Arrowhead and the 12-month period ended 30 June 2021 for Old Fairvest. Further, the new share structure of the merged entities shares in issue at 30 September 2022 was used as a base for calculating the metrics for any comparative "per share" values.*

\# *Further, for any ratios compared at a point in time ("balance sheet ratios"), a further third comparative period was included which comprises the Old Fairvest numbers as at 30 June 2021 and the Arrowhead numbers as at 30 September 2021.*

CORPORATE INFORMATION

Fairvest Limited
(Previously known as Arrowhead Properties Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2007/032604/06)
JSE share code: FTA ISIN: ZAE000304788
JSE share code: FTB ISIN: ZAE000304796
LEI: 378900E93AFC4D1CAD45
(Approved as a REIT by the JSE)
("Fairvest" or "the Company" or "the Group")

Directors
N Mkhize (Chairman)*#
LW Andrag*#
AI Basserabie*
JF du Toit*#
BJ Kriel (CFO)#
NN Makhoba*
KR Nkuna*#
JD Wiese*#
DM Wilder (CEO)#
** Independent non-executive*
 # Appointed 31 January 2022

All directors are South African.

Registered office
3rd Floor
Upper building
1 Sturdee Avenue
Rosebank
Johannesburg
2196

PO Box 685
Melrose Arch
2076

Transfer secretaries
JSE Investor Services Proprietary Limited

Sponsor
Java Capital Trustees and Sponsors Proprietary Limited

Company secretary
FluidRock Co Sec Proprietary Limited

Investor Relations
Khanyisile Tshabalala

Website
www.fairvest.co.za

Date of publication
30 November 2022

www.fairvest.co.za