

FAIRVEST PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1998/005011/06)

Share Code: FVT

ISIN: ZAE000203808

(Approved as a REIT by the JSE)

("Fairvest" or "the Company")



SUMMARISED AUDITED CONSOLIDATED RESULTS AND CASH DIVIDEND DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

1. HIGHLIGHTS

- Distribution for the year increased by 4.9% to 22.063 cents per share
- Loan-to-value ratio decreased from 36.3% to 31.4%
- Arrears reduced from 4.4% to 2.8% of revenue
- Vacancies reduced from 4.5% to 3.7% of total lettable area
- Interest cover ratio high at 3.3 times
- Like-for-like property portfolio increased by 3.9% and valued at R3.44 billion

2. PROFILE

Fairvest is a property investment holding company and Real Estate Investment Trust ("REIT"), with a unique focus on retail assets weighted toward non-metropolitan and rural shopping centres, as well as convenience and community shopping centres servicing the lower-LSM market, in high-growth nodes close to commuter networks. The Fairvest property portfolio consists of 43 properties, with 250 896m² of lettable area and valued at R3.44 billion.

3. SALIENT FEATURES

Dividend per share for the year increased by 4.9% to 22.063 cents per share, from 21.038 cents per share in the prior year. For the six months to 30 June 2021 a final gross dividend of 11.473 cents per share was approved and declared, a 16.1% increase from the prior corresponding period's final gross dividend of 9.883 cents per share.

Net asset value per share increased by 4.0% to 229.97 cents per share, from 221.18 cents per share as at 30 June 2020.

Revenue increased by 3.4% to R550.1 million, from R532.1 million in the prior year.

Headline earnings per share increased by 115.1% to 23.53 cents per share, from 10.94 cents per share in the prior year.

Earnings per share increased by 136.4% to 29.46 cents per share, from 12.46 cents per share in the prior year.

4. PROSPECTS

The global macro-outlook remains uncertain. This, together with the uncertainty around the lasting impact of the COVID-19 pandemic on the South African economy and coupled with record local unemployment, will likely result in muted economic growth in the short-to-medium term. The vaccine rollout in South Africa has gained traction over the past few months, however further waves of infections could continue, with trading restrictions for certain tenants being a possibility. Fairvest however remains well positioned, with a clearly focused strategy of mainly investing in grocery anchored assets, servicing non-metropolitan and lower-LSM markets. These assets proved more resilient during the COVID-19 pandemic with the recovery being quicker than anticipated, without significant increases in vacancies.

Given the approval of all resolutions relating to the share swap transaction and the internalisation of Fairvest's asset manager at the general meeting held on 7 September 2021, together with the various SENS announcements relating to ongoing engagements with Arrowhead regarding a single step merger, forecasting distribution per share for the 2022 financial year would be difficult. The board of directors of Fairvest ("**Board**") therefore provides guidance on Fairvest in its current form with further guidance and transaction documentation to follow at a later stage.

Therefore, excluding the Arrowhead transaction, however including the asset manager internalisation, growth in distribution of 4%-5% is expected for the 2022 financial year.

This forecast assumes no material deterioration in the macroeconomic environment relative to current levels, that no major corporate and tenant failures will 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 is the responsibility of the Board and has not been reviewed or reported on by the auditors.

The Board has again 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 at least 12 months before any changes are implemented.

5. DIVIDEND DISTRIBUTION DECLARATION

The Board has approved and declared a final gross dividend of 11.473 cents per share for the year ended 30 June 2021, payable to shareholders registered as such at the close of business on Friday, 8 October 2021, from income.

	2021
Declaration date	Monday, 13 September
Last day to trade <i>cum</i> dividend	Tuesday, 5 October
Shares commence trading <i>ex</i> dividend	Wednesday, 6 October
Record date	Friday, 8 October
Payment date	Monday, 11 October

Share certificates may not be dematerialised or rematerialised between Wednesday, 6 October 2021 and Friday, 8 October 2021, both days inclusive.

6. TAX IMPLICATIONS

In accordance with Fairvest's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**").

Qualifying distributions received by shareholders who are South African tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated shares, or Fairvest's transfer secretaries, Computershare Investor Services Proprietary Limited, ("**transfer secretaries**"), in respect of certificated shares:

- (a) a declaration that the distribution is exempt from dividends tax; and
- (b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the distribution cease to be exempt from dividend withholding tax,

both in the form prescribed by the Commissioner for the South African Revenue Service ("**SARS**") and shareholders are advised to contact their CSDP or broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1) (k) of the Income Tax Act. Any qualifying distribution 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 shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 9.17840 cents per share. A reduced dividend withholding tax 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, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

- (a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- (b) a written undertaking to inform their CSDP or broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by SARS. Non-resident shareholders are advised to contact their CSDP or broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Local tax resident shareholders as well as non-resident shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Shares in issue at the date of declaration of the final distribution: 1 027 332 675

Fairvest income tax reference number: 9205/066/06/1

7. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the Board. It contains only a summary of the information in the full announcement (“**Full Announcement**”) and does not contain the full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2021/JSE/ISSE/FVT/JUN-21.pdf>

A copy of the Full Announcement is also available on the Company’s website <https://fairvest.co.za/news/results/39> and may also be requested in person, at the Company’s registered office or the offices of the Sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on a consideration of the Full Announcement, as a whole.

The annual results have been audited by the Company’s auditors, BDO South Africa Incorporated, who expressed an unmodified audit opinion thereon. The full auditor’s report includes details of key audit matters. This auditor’s report is available, along with the annual financial statements, on the Company’s website at <https://fairvest.co.za/news/results/38>.

Cape Town
13 September 2021

Sponsor

PSG Capital

