

FAIRVEST LIMITED

(previously known as Arrowhead Properties Limited)

(Incorporated in the Republic of South Africa)

JSE share code: FTA ISIN: ZAE000304788

JSE share code: FTB ISIN: ZAE000304796

(Granted REIT status with the JSE)

(“**Fairvest**” or “**the Company**”)



FAIRVEST PRE-CLOSE AND OPERATIONAL UPDATE

This pre-close update is provided in anticipation of Fairvest’s interim reporting for the period ending 31 March 2022.

The merger between Fairvest Property Holdings Limited (“**old Fairvest**”) and Arrowhead Properties Limited (“**Arrowhead**”) has been implemented with effect from 31 January 2022 (“**the merger**”), with Arrowhead as the acquiring entity renamed “Fairvest Limited”.

Fairvest’s results for the period to 31 March 2022 will include the results of old Fairvest for the 9 months to 31 March 2022 together with the results for Arrowhead for the 6 months to 31 March 2022.

Nature of the business

Fairvest is a South African Real Estate Investment Trust (“**REIT**”) focused on transitioning to a low LSM and convenience retail portfolio while creating long-term shareholder value.

Fairvest holds a portfolio of retail, office and industrial properties valued at R11.78 billion comprising retail 67%, office 23% and industrial 10%. Fairvest also holds a 61% interest in Indluplace Properties Limited (“**Indluplace**”), which owns a portfolio of residential properties, and an 8.6% interest in Dipula Income Fund Limited (“**Dipula**”).

Fairvest’s direct property portfolio comprises 145 properties with a gross lettable area (“**GLA**”) of 1 176 474 m². The majority of the properties are located in the major metros, with 73.9% of the GLA in Gauteng, KwaZulu Natal and the Western Cape.

The operational performance of the portfolio for the period to 28 February 2022 has been in line with expectations consistent with communications to shareholders in relation to the merger.

The balance sheet

The Company’s balance sheet has remained stable, with the Company’s loan to value (“**LTV**”) for the interim period expected to be marginally below 40%. The increase from the 38.2% LTV reported by Arrowhead as at 30 September 2021 is largely attributable to the combined interim and final dividend that was paid by Arrowhead in December 2021 as well as asset sales being offset by further investments in solar initiatives and capital expenditure on certain properties to maintain or improve revenue streams.

Disposals program

Year to date Fairvest has disposed of three non-core assets valued at approximately R27.9 million. 7 properties to the value of approximately R112.8 million are expected to transfer before the end of the financial year.

Fairvest is re-evaluating Arrowhead’s approach to disposals and an updated approach will be communicated in due course.

Loan facilities

Fairvest has loan facilities to the value of approximately R1.5 billion that are due to expire before the end of the 2022 financial year. The refinance of these facilities is in process and Fairvest expects renewals to be on terms no less favourable than the current terms.

OPERATIONAL UPDATE

Vacancies and letting activity

Vacancies have been the key operational focus of management, with a particular focus on the office portfolio.

In the five months to 28 February 2022, Fairvest has renewed leases on approximately 75 709 m² comprising of 57% retail, 19% office and 24% industrial and has concluded new leases in respect of a further 33 898 m² of GLA across the portfolio. Of the new leases, 38% are of retail space, 23% office and 39% industrial.

This financial year, Fairvest is seeing increased enquiries for office space. Since the merger, Fairvest has emphasised the strategic evaluation of office assets with low demand with a view to repurposing these properties. Fairvest is close to completing its first conversion of office to residential and is seeing strong demand for the residential units.

Fairvest anticipates that its overall portfolio vacancies at 31 March 2022 will be below 8.5% by GLA.

Riots and unrest

During the unrest in July 2021; 16 properties were damaged. Total capital expenditure incurred and loss of income as a result of the riots amounted to R62.8 million. To date R40.8 million has been recovered from SASRIA. It is anticipated that the majority will be recovered.

Additional information

The financial information on which this update is based has not been reviewed or reported on by the Company's external auditors.

Fairvest will announce its results for the interim period on 1 June 2022. For further details contact investor@fairvest.co.za

23 March 2022

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