

Short-Form Announcement Unaudited Condensed Consolidated Interim Results for the period ended 31 March 2022

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: ZAE000275491 | JSE share code: FTB ISIN: ZAE000275509 | LEI: 378900E93AFC4D1CAD45
(Approved as a REIT by the JSE) | ("Fairvest")

HIGHLIGHTS

- Merger between Arrowhead Properties Limited ("**Arrowhead**") and Fairvest Property Holdings Limited ("**Old Fairvest**") successfully concluded ("**the Merger**")
- Distributable income of 61.52 cents per A share for the 6 months ended 31 March 2022
- Distributable income of 21.33 cents per B share for the 6 months ended 31 March 2022
- Pay-out ratio of 100%
- 2% increase in net property income attributable to the direct core portfolio
- Vacancies reduced to 7.2%
- Tenant retention at 88.5%
- LTV of 39.2%
- Distributable income per B share for the financial year to 30 September 2022 expected to exceed forecasted distributable income

FINANCIAL INDICATORS

The acquisition date of the Merger in terms of the International Financial Reporting Standards ("**IFRS**") is 26 January 2022 as this is the date the accounting acquirer, Old Fairvest, obtained control of the accounting acquiree, Arrowhead. The Merger is accounted for as a reverse acquisition in terms of IFRS 3. These unaudited condensed consolidated interim results are therefore a continuation of Old Fairvest and represent the reporting period from 1 July 2021 to 31 March 2022, being a period of 9 months. Arrowhead has been consolidated into these results from the IFRS acquisition date of 26 January 2022. The comparative interim period is therefore 31 December 2020 of Old Fairvest.

R'000 Unaudited	Period ended 31 March 2022	Old Fairvest for the 6 months ended 31 December 2020	% Increase/ (decrease)
Revenue (excl. straight-line rental income)	728 717	265 043	175%
Basic earnings/(loss) per combined shares in issue (cents)	180.85	33.00	448%
Headline earnings/(loss) per combined share (cents)	6.07	20.06	(70%)
Net asset value per A share at reporting date (cents)	1 490.46	n/a	n/a
Net asset value per B share at reporting date (cents)	491.03	n/a	n/a
Net asset value per Old Fairvest share at reporting date (cents)*	n/a	424.24	n/a
Dividend per A share (cents) for the period ended	61.52	n/a	n/a
Dividend per B share (cents) for the period ended	21.33	n/a	n/a
Distributable income per Old Fairvest share (cents) for the period ended	n/a	10.59	n/a

* Being reported value of 229.32 cents converted by the 0.54054 swap ratio applicable to the merger.

NATURE OF BUSINESS

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

The merger between Arrowhead and 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 143 retail, office and industrial properties valued at R11.77 billion (held directly and indirectly through subsidiaries excluding Indluplace). The average value per direct property held as at 31 March 2022 was R82.3 million.

As at 31 March 2022, Fairvest held a 61.0% interest in its subsidiary, Indluplace Properties Limited ("**Indluplace**"), which owns a portfolio of residential properties. In addition, Fairvest held an 8.6% interest in Dipula Income Fund Limited at 31 March 2022. This interest will dilute to 5.1% post the Dipula capital restructure which will be effective on 6 June 2022.

DECLARATION OF DIVIDEND FOR THE PERIOD ENDED 31 MARCH 2022

The Board has resolved to declare a dividend equal to 100% of the distributable income (2021: the Board had resolved to defer the decision on the payment on an interim dividend for the six months ended 31 March 2021). The Board has resolved to declare an interim dividend (dividend number 13) of 61.52076 cents per A share and 21.33173 per B share. The dividend will be paid to shareholders in accordance with the timetable set out below:

	2022
Last date to trade cum distribution	Tuesday, 21 June
Shares trade ex-distribution	Wednesday, 22 June
Record date	Friday, 24 June
Payment date	Monday, 27 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 June 2022 and Friday, 24 June 2022, both days inclusive. Payment of the dividend will be made to shareholders on Monday, 27 June 2022. In respect of dematerialised shareholders, the dividend will be transferred to the Central Securities Depository Participant ("**CSDP**") accounts/broker accounts on Monday, 27 June 2022. Certificated shareholders' dividend payments will be deposited on or about Monday, 27 June 2022 into certificated shareholders' bank accounts.

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 abovementioned 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. Dividends 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 49.21661 cents per A share. The net dividend amount due to non-resident shareholders in respect of the interim dividend per B share is 17.06538 cents per B share. 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 abovementioned 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

PROSPECTS

The current challenging economic environment is expected to persist due to record unemployment, limited local economic growth and rising interest rates. The remainder of the 2022 financial year will be used to focus on further bedding down the merger and implementing our new strategic direction.

In the revised listings particulars sent to shareholders on 10 December 2021, distributable income for the 2022 financial year was forecast to be 126.22 cents per A share and 41.48 cents per B share. Given the performance of the portfolio, the successful implementation of the merger and the synergies achieved through the merger, we anticipate that the distributable income per B share for the 12 months to 30 September 2022 will be between 0% and 5% higher than the forecast in respect of the B share contained in the revised listing particulars, with no change to the forecast distributable income per A share.

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

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 at least 12 months before any changes are implemented.

SHORT FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the board of directors of the Company. This short form announcement is only a summary of the full announcement released on SENS, published on Fairvest's website (www.fairvest.co.za):

<https://fairvest.co.za/cms/adm/unloads/interim-results/afs-2022.pdf> and on the JSE website at:

<https://senspdf.jse.co.za/documents/2022/jse/isse/FTAE/March2022.pdf> and on the JSE website at:

Any investment decision by investors and shareholders should be based on consideration of the full announcement. The full announcement is available for inspection at the registered office of the Company or at the office of our sponsor, Java Capital, 6th Floor, 1 Park Lane, Wierda Valley, Sandton 2196 at no charge during normal business hours from 1 June 2022 to 8 June 2022. Copies of the full announcement may be requested via info@fairvest.co.za or rsponsor@javacapital.co.za.

By order of the board

Directors
N Mkhize (Chairman)**, LW Andrag**, AI Bassarabie*,
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

Transfer secretaries

JSE Investor Services Proprietary Limited

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited

Company secretary

Vicki Turner

Website

www.fairvest.co.za

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