

Short-Form Announcement Summarised Audited Consolidated Results

FAIRVEST

LIMITED

for the period ended 30 September 2022

COMING OF AGE

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")

www.fairvest.co.za

HIGHLIGHTS

Merger between Arrowhead Properties Limited ("Arrowhead") and Fairvest Property Holdings Limited ("Old Fairvest") successfully concluded ("the Merger")

Distributable income of 126.22 cents per A share for the twelve months ended 30 September 2022

Distributable income of 43.29 cents per B share for the twelve months ended 30 September 2022

Pay-out ratio of 100%

Direct core portfolio has remained stable year on year

Vacancies reduced to 5.9%

Tenant retention at 87.4%

LTV of 38.1%

Distributable income per B share for the financial year to 30 September 2022 exceeded guidance by 4.4%

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 summarised audited condensed consolidated financial statements are therefore a continuation of Old Fairvest and represent 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. The comparative period is therefore 30 June 2021 of Old Fairvest.

R'000	Period ended 30 September 2022	Old Fairvest for the 12 months ended 30 June 2021	% Increase/ (decrease)
Revenue (excluding straight-line rental income)	1 981 421	541 348	266
Basic earnings per combined shares in issue (cents)	192.69	54.50	254
Headline earnings per combined share (cents)	42.94	43.54	(1)
Net asset value per A share at reporting date (cents)	1 318.78	n/a	n/a
Net asset value per B share at reporting date (cents)	519.01	n/a	n/a
Net asset value per Old Fairvest share at reporting date (cents)*	n/a	425.44	n/a
Dividend per A share (cents) for the period ended	126.22	n/a	n/a
Dividend per B share (cents) for the period ended	43.29	n/a	n/a
Distributable income per Old Fairvest share (cents) for the period ended	n/a	22.06	n/a

* Being reported value of 229.97 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 141 retail, office and industrial properties valued at R12.1 billion (held directly and indirectly through subsidiaries excluding Indluplace). The average value per direct property held as at 30 September 2022 was R85.8 million.

As at 30 September 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 5.1% interest in Dipula Income Fund Limited at 30 September 2022. This interest diluted due to the Dipula capital restructure which was effective on 6 June 2022.

DECLARATION OF DIVIDEND FOR THE PERIOD ENDED 30 SEPTEMBER 2022

The Board has resolved to declare a dividend equal to 100% of the distributable income (2021: 100%). The Board has resolved to declare a final dividend (dividend number 15) of 64.70106 cents per A share and 21.96204 per B share for the six months ended 30 September 2022. 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 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 Depository 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 Implication

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 declaration that the dividend is exempt from dividends tax; and
- 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 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 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 declaration that the dividends are subject to a reduced rate as a result of the application of a DTA; and
- 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

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.

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 the company's website (www.fairvest.co.za): <https://www.fairvest.co.za/documents/2022/jse/issue/FTAE/Sept2022.pdf> and on the JSE website at: <https://senspdf.jse.co.za/afvestments/2022/jse/issue/FTAE/Sept2022.pdf>. The full announcement does not contain the complete or full announcement details. 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 30 November to 7 December 2022. Copies of the full announcement may be requested via email to info@fairvest.co.za or sponsor@javacapital.co.za.

Executive Directors

DM Wilder (CEO)
BJ Kriel (CFO)

Non-Executive Directors

N Mkhize (Chairman)**; LW Andrag**, Al Basserabie*, JF du Toit**
NN Makhoba*, KR Nkuna**, JD Wiese**
* Independent non-executive. # Appointed 31 January 2022.
All directors are South African.

Company secretary

Fluid Rock Co Sec Proprietary Limited

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

Investor Relations

Khanyisile Tshabalala