

Fairvest Limited

(Incorporated in the Republic of South Africa)

JSE share code: FTA ISIN: ZAE000304788

JSE share code: FTB ISIN: ZAE000304796

LEI: 378900E93AFC4D1CAD45

(Granted REIT status with the JSE)

(“Fairvest”)



PROPOSED DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF INDLUPPLACE PROPERTIES LIMITED

1. INTRODUCTION

Shareholders are referred to the joint firm intention announcement published on 14 March 2023 (“**FIA**”) by SA Corporate Real Estate Limited (“**SA Corporate**”) and Indluplace Properties Limited (“**Indluplace**”) (together, the “**Parties**”) wherein SA Corporate and Indluplace shareholders were advised that the Parties had entered into a scheme implementation agreement in terms of which SA Corporate had expressed its firm intention to make an offer to acquire the entire issued share capital of Indluplace (excluding treasury shares) for a cash consideration of R3.40 per Indluplace share (the “**Proposed Transaction**”) by way of a scheme of arrangement (the “**Scheme**”) in terms of section 114(1)(c) of the Companies Act, No. 71 of 2008 (the “**Companies Act**”), to be proposed by Indluplace to its shareholders and to which SA Corporate will be a party.

On 14 March 2023, Fairvest provided an irrevocable undertaking to SA Corporate in terms of which Fairvest undertakes to vote the 191 581 362 Indluplace shares which they own in favour of the resolutions to be proposed to implement the Scheme. On implementation of the Scheme, Fairvest will sell all its shares in Indluplace to SA Corporate (the “**Proposed Disposal**”).

2. RATIONALE

Indluplace is a JSE-listed subsidiary of Fairvest which owns a residential property portfolio comprising 9 189 residential units (including student accommodation) and 15 549m² of associated retail space. The portfolio of 124 buildings, currently valued at R3.3 billion, is situated mainly in Gauteng, with further limited exposure in Mpumalanga and the Free State.

Fairvest’s investment in Indluplace is not strategic and implementation of the Proposed Disposal would be a step towards refocussing the Fairvest portfolio towards lower LSM and convenience retail.

On implementation of the Proposed Disposal, which is subject to the Scheme being implemented, the proceeds to Fairvest will amount to R651 376 631 (at R3.40 per share in Indluplace), which Fairvest intends to apply to reducing its unhedged debt (which would result in an approximately 500 bps reduction in Fairvest’s loan-to-value ratio).

Fairvest does not expect the Proposed Disposal to have any impact on Fairvest’s distribution per share guidance for the 2023 financial year.

3. TERMS OF THE PROPOSED DISPOSAL

Pursuant to the irrevocable undertaking, Fairvest has undertaken to:

- vote in favour of the resolutions required to implement the Scheme;
- not take any action which may be prejudicial to the Proposed Transaction or the passing of the resolutions required to implement the Scheme;
- not create or grant any encumbrance, charge, lien, security interest, option, right of pre-emption or other interest over all or any of the Indluplace shares owned by Fairvest which imposes any restriction on the right to exercise the voting rights attached to the Indluplace shares (other than pursuant to the irrevocable undertaking);
- not to sell, transfer or otherwise dispose of the Indluplace shares owned by Fairvest, unless the transferee in respect of such transfer has furnished SA Corporate with a written irrevocable undertaking on equivalent terms and conditions to those reflected in the Fairvest irrevocable undertaking;
- not to requisition any general meeting or join the requisition of any general meeting of Indluplace shareholders or vote in respect of the Indluplace shares owned by Fairvest in favour of any Indluplace shareholder resolution which may be proposed in order to effect any transaction or corporate action which would frustrate, delay or impede the Proposed Transaction; and

If, at any time before the resolutions required to implement the Scheme have been voted on by Indluplace shareholders, a *bona fide* third party has announced a firm intention to make an offer, which was not solicited by Indluplace or Fairvest, in respect of a transaction which if implemented would be a commercial substitute for the Proposed Transaction and under which shareholders of Indluplace would realise a cash consideration in respect of their shares which is at least 10% more than the cash consideration that they would realise under the Proposed Transaction, (the “**Superior Offer**”), then Fairvest shall be entitled to withdraw the undertakings given pursuant to the irrevocable undertaking on written notice given to SA Corporate.

The irrevocable undertaking will remain in effect until the earlier of (i) the implementation of the Proposed Transaction; (ii) SA Corporate announcing that the Proposed Transaction will not proceed; (iii) the undertakings having been withdrawn should a Superior Offer be received; and (iv) 30 September 2023.

4. FINANCIAL INFORMATION

The following profitability metrics are attributable to Indluplace, as extracted from Indluplace’s annual financial statements for the year ended 30 September 2022:

	Cents
Distributable income per Indluplace share	37.60
Distribution per Indluplace share*	31.96
Net asset value per Indluplace share	660.61
Earnings per share	3.56
Headline earnings per share	47.85

*Based on a pay-out ratio of 85%

5. CATEGORISATION

Implementation of the Proposed Disposal would constitute a category 2 disposal in terms of the JSE Listings Requirements. Accordingly, no Fairvest shareholder approval will be required in respect of the Proposed Disposal.

15 March 2023

Corporate advisor and sponsor

JAVACAPITAL