

The image features a dark, abstract background with light rays emanating from the top left. A horizontal band of yellow and green light stretches across the middle. The bottom half of the image shows a blurred, grayscale photograph of a busy indoor space, possibly a shopping mall or a public area, with many people walking and interacting. The text is overlaid on these elements.

**FAIRVEST**  
LIMITED

**COMING OF AGE**

**FINAL RESULTS**

FOR YEAR ENDED 30 SEPTEMBER 2022

1

# INTRODUCTION



**DARREN  
WILDER**

**CEO**

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**BUSINESS OVERVIEW**



# 2023 CREATING A STRONG PLATFORM FOR GROWTH

- Recycle out of industrial, office and residential into retail.
- To maintain collectable arrears below 2% of gross income
- Weighted average growth on lease expiry between 2% to 6%
- Target a weighted average lease term remains above 36 months
- Determined focus on leasing of vacant space – strong leasing team
- Vacancies to be maintained at below 7% GLA
- Continue to simplify the business
- Continue to target a fixed debt component above 70%



Bara Square: Soweto

# FAIRVEST AT A GLANCE

**FAIRVEST**  
LIMITED

Diverse portfolio  
of **R12.1bn**  
(excl. Indluplace)

Market Cap  
**R5.5bn**

**1 150 862 m<sup>2</sup>**  
of GLA

## Sectoral split by revenue

Retail: 65.6%

Office: 23.0%

Industrial: 11.4%

**Investments**  
**61%** in Indluplace  
**5.1%** in Dipula

Gearing levels  
**38.1%**

# FULL YEAR SEPTEMBER 2022

**FAIRVEST**  
LIMITED

**126.22 cps**  
distribution  
per A share

**43.29 cps**  
distribution  
per B share

**100%**  
Pay-out ratio

Disposals of  
**7 assets**  
transferred at  
value of R96.5m

Direct core  
portfolio has  
remained stable  
year on year

Solar investment  
produced **8.1%** of  
the portfolio's  
electricity cost

Loan-to-Value  
of **38.1%**

**87.4%** overall  
tenant  
retention

NAV per share  
Per A share  
**R13.19**  
Per B share  
**R5.19**

**BEE**  
Level 3

Capex spend  
of **R149.7m**

Vacancy of  
**5.9%**  
(31 March – 7.2%)

# FAIRVEST PORTFOLIO HIGHLIGHTS

**FAIRVEST**  
LIMITED

Diverse portfolio of R12.1bn  
Average value per property R85.8m

## Sectoral Split by GLA

Retail: 48.8%

Office: 26.3%

Industrial: 24.9%

**141 assets**  
(excl. Indluplace)

**1 150 862m<sup>2</sup>**  
of GLA

Vacancy decreased  
to **5.9%**

Average gross  
rental per m<sup>2</sup>  
**R113.09**

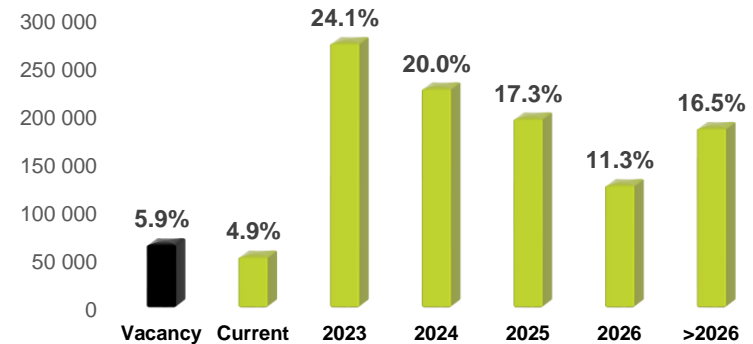
Weighted average  
built in escalation **6.4%**

WALE  
**28.6 months**

# FAIRVEST STRONG LETTING ACTIVITY

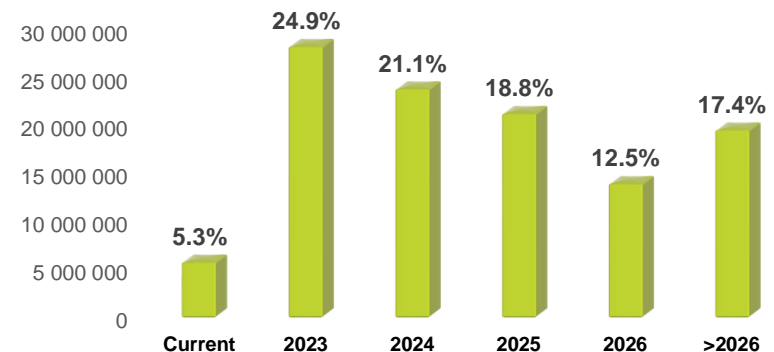
<b>New deals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>404</b>	209
Total GLA m <sup>2</sup>	<b>76 472</b>	35 268
Average gross rental achieved (R/m <sup>2</sup> )	<b>103.24</b>	102.82
Weighted average escalations	<b>6.9%</b>	6.5%
WALE (months)	<b>26.4</b>	28.0

**Fairvest Lease expiry profile by GLA**



<b>Renewals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>488</b>	251
Total GLA m <sup>2</sup>	<b>179 222</b>	97 398
Average gross rental expiry (R/m <sup>2</sup> )	<b>127.50</b>	121.31
Average gross rental achieved (R/m <sup>2</sup> )	<b>119.36</b>	111.83
Budget vs actual	<b>10.5%</b>	10.4%
Average reversion rate	<b>-6.4%</b>	-7.8%
Weighted average escalation	<b>5.9%</b>	5.6%
WALE (months)	<b>34.7</b>	39.0

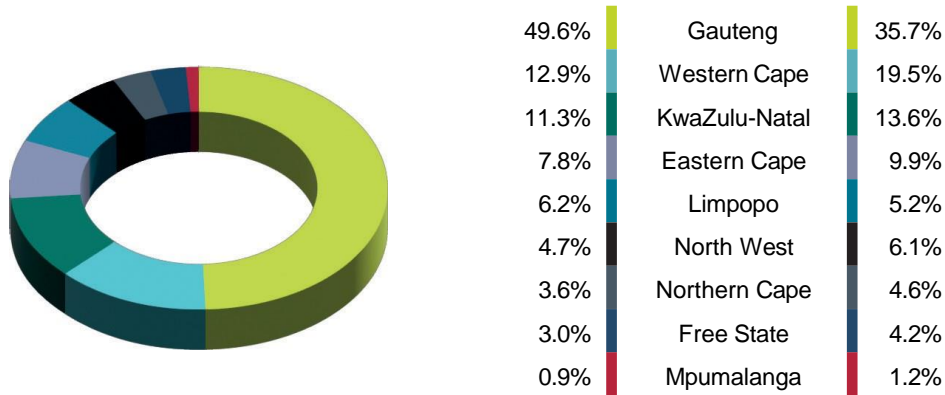
**Fairvest Lease expiry profile by Revenue**



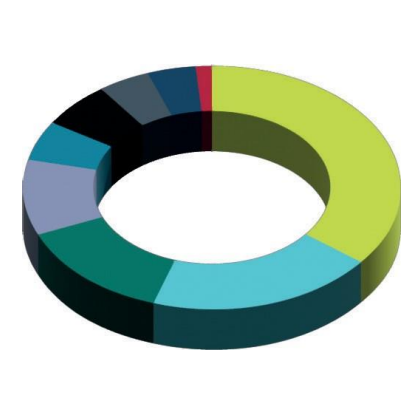


# REGIONAL & SECTORAL SPLIT

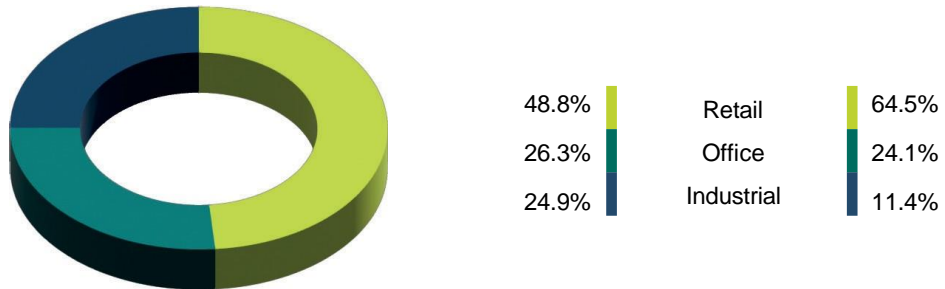
**Total GLA per region**



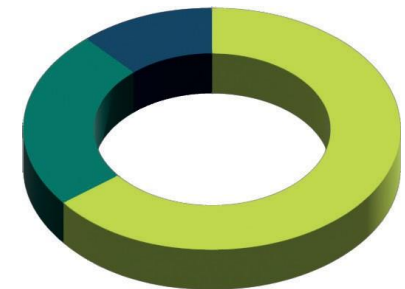
**Total revenue per region**



**Total GLA per Sector**



**Total Revenue per Sector**



**ALON  
KIRKEL**

**COO**

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**OFFICE PORTFOLIO**

# OFFICE PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

**38 assets**

**303 179 m<sup>2</sup>**  
of GLA

Tenant retention  
**at 85.0%**  
(31 March – 83.2%)

Vacancy decreased  
to **13.6%**  
(31 March – 16.7%)

% of total portfolio  
**GLA – 26.3%**  
**Value – 22.5%**

**Capex**  
Expenditure (R42.4m)  
Property value (R2.7b)  
1.6% of Value spend

Average gross  
rental per m<sup>2</sup>  
**R112.50**

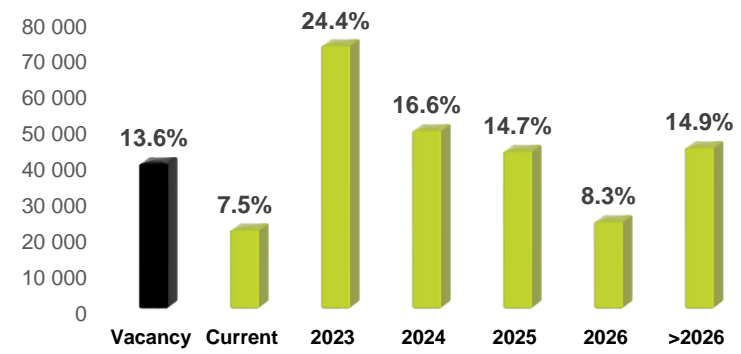
Weighted average  
built in escalation  
**6.3%**

WALE  
**25.0 months**

# OFFICE LEASING ACTIVITY

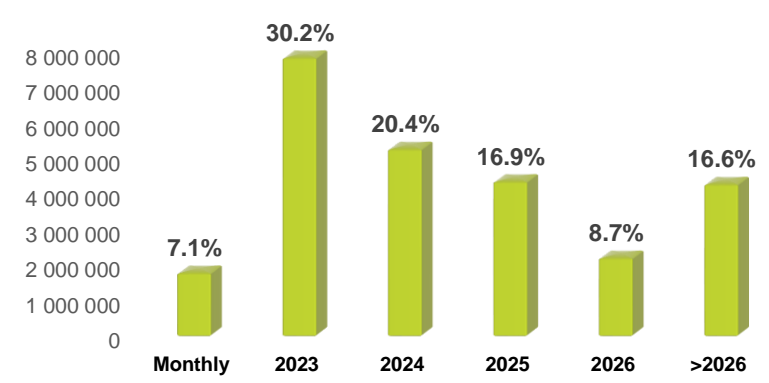
New deals	Sep '22	Mar' 22
Number of leases	101	49
Total GLA m <sup>2</sup>	17 249	7 745
Average gross rental achieved (R/m <sup>2</sup> )	81.36	80.53
Weighted average escalations	7.4%	8.0%
WALE (months)	18.8	20.0

## Office Lease expiry profile by GLA



Renewals	Sep '22	Mar '22
Number of leases	81	47
Total GLA m <sup>2</sup>	49 942	19 073
Average gross rental expiry (R/m <sup>2</sup> )	132.00	147.00
Average gross rental achieved (R/m <sup>2</sup> )	110.20	116.30
Budget vs actual	13.8%	13.6%
Average reversion rate	-16.6%	-20.9%
Weighted average escalation	2.9%	6.3%
WALE (months)	29.6	31.0

## Office Lease expiry profile by Revenue



# OFFICE STRATGIC OBJECTIVES

- Reduce vacancy by 1% to 3%
- Tenant Retention a key focus area
- Contractual lease escalations of 7% driving growth
- Execution of special projects





# OFFICES RENEWALS



## **SIGNIFICANT RENEWALS** over the past 12 months

<b>Company</b>	<b>Building</b>	<b>GLA m<sup>2</sup></b>
Government tenant 1	Government building	<b>23 105</b>
Private tenant 1	1 Sturdee	<b>3 298</b>
Private tenant 2	Building 1	<b>3 260</b>
Government tenant 2	127 Bethlehem Street	<b>1 990</b>
Private tenant 3	Crownwood Office Park	<b>1 060</b>
Private tenant 4	Selby Building	<b>1 023</b>
Private tenant 5	1 Sturdee Avenue	<b>1 001</b>
Private tenant 6	MetalBox	<b>835</b>
Government tenant 3	Parc Du Bel	<b>687</b>
Private tenant 7	Isle of Houghton	<b>568</b>



## SIGNIFICANT LEASE NEW DEALS over the past 12 months

Company	Building	GLA m <sup>2</sup>
Private tenant 1	353 Festival Street	1 600
Private tenant 2	The District	855
Private tenant 3	MetalBox	835
Private tenant 4	Bridge On Bond	565
Government tenant 1	Crownwood Office Park	530
Private tenant 5	MetalBox	529
Private tenant 6	Bridge On Bond	506
Church client 1	The Palms	478

**ALON  
KIRKEL**

**COO**

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**INDUSTRIAL PORTFOLIO**

# INDUSTRIAL PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

26 assets

286 584 m<sup>2</sup>  
of GLA

Tenant retention  
at **88.6%**  
(31 March – 100%)

Vacancy stable at **1.0%**  
(31 March – 1.0%)

% of total portfolio  
**GLA – 24.9%**  
**Value – 10.4%**

**Capex**  
Expenditure (R37.2m)  
Property value (R1.3b)  
3.0% of Value spend

Average gross  
rental per m<sup>2</sup>  
**R49.16**

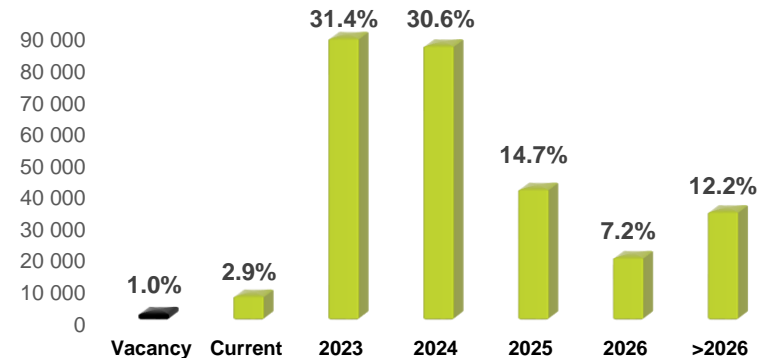
Weighted average  
built in escalation  
**6.8%**

WALE  
**24.4 months**

# INDUSTRIAL LEASING ACTIVITY

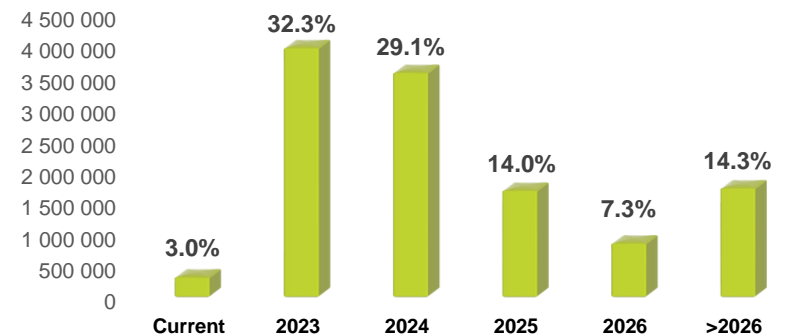
<b>New deals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>56</b>	29
Total GLA m <sup>2</sup>	<b>23 245</b>	10 128
Average gross rental achieved (R/m <sup>2</sup> )	<b>39.53</b>	41.73
Weighted average escalations	<b>7.0%</b>	7.3%
WALE (months)	<b>15.0</b>	16.0

## Industrial Lease expiry profile by GLA



<b>Renewals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>59</b>	31
Total GLA m <sup>2</sup>	<b>37 597</b>	23 872
Average gross rental expiry (R/m <sup>2</sup> )	<b>48.97</b>	49.00
Average gross rental achieved (R/m <sup>2</sup> )	<b>49.20</b>	48.04
Budget vs actual	<b>5.7%</b>	4.7%
Average reversion rate	<b>0.4%</b>	-1.2%
Weighted average escalation	<b>6.2%</b>	4.4%
WALE (months)	<b>23.2</b>	21.0

## Industrial Lease expiry profile by Revenue





# INDUSTRIAL STRATEGIC OBJECTIVES

- Maintain vacancy at 1%
- Strong growth forecasted
- Intensive arrears management
- Continue the trend of positive reversion



Trevallyn Industrial Park: Kyasands

**RIAZ  
KADER**  
COO

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**RETAIL PORTFOLIO**

# RETAIL AT A GLANCE

- Strong focus on the defensive retail in under serviced nodes
- Continue to improve the defensive nature of the assets & our market share by enhancing the tenant mix
- The continued expansion of successful existing tenants
- Identified opportunities to extract income from creating additional GLA
- Focus on non GLA income and opportunities on vacant land
- Attention and focus on improving our retail lease to ensure optimal recoveries
- ESG focused , with a foundation based on value extraction via Solar and water opportunities – by optimizing recoveries and sustainable renewable generation.
- Specialized Retail leasing team with a focused strategy to grow income streams.



Southview Centre:  
Soshanguve

# RETAIL PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

**77 assets**

**561 099m<sup>2</sup>**  
of GLA

Tenant retention  
**at 88.0%**  
(31 March – 86.4%)

Vacancy decreased  
to **4.3%**  
(March – 4.9%)

% of total portfolio  
**GLA – 48.8%**  
**Value – 67.1%**

**Capex**  
Expenditure (R70.1m)  
Property value (R8.1b)  
0.9% of Value spend

Average gross  
rental per m<sup>2</sup>  
**R147.17**

Weighted average  
built in escalation  
**6.4%**

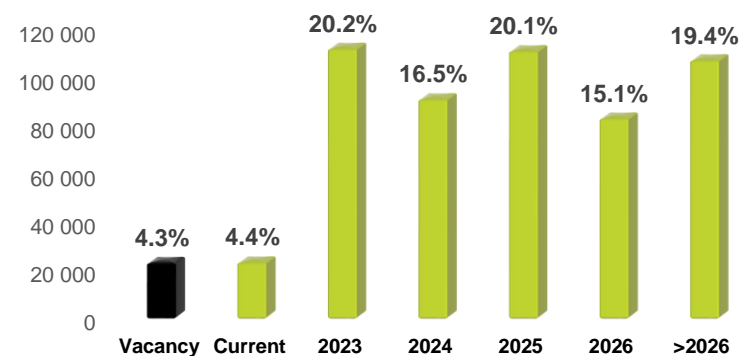
WALE  
**31.7 months**

# RETAIL LEASING ACTIVITY

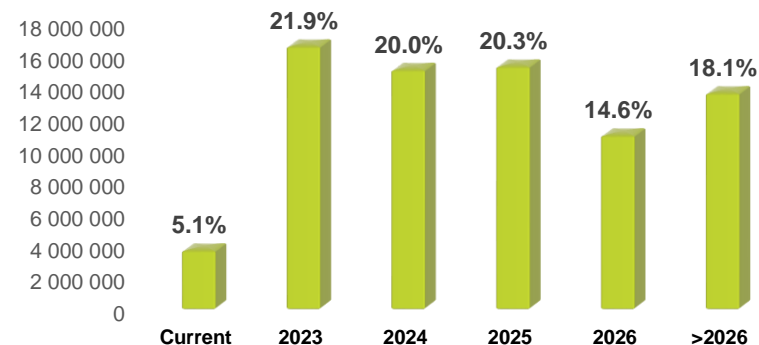
<b>New deals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>247</b>	131
Total GLA m <sup>2</sup>	<b>35 979</b>	17 394
Average gross rental achieved (R/m <sup>2</sup> )	<b>154.89</b>	146.89
Weighted average escalations	<b>6.8%</b>	6.2%
WALE (months)	<b>37.3</b>	36.0

<b>Renewals</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>348</b>	173
Total GLA m <sup>2</sup>	<b>91 683</b>	54 453
Average gross rental expiry (R/m <sup>2</sup> )	<b>157.00</b>	144.00
Average gross rental achieved (R/m <sup>2</sup> )	<b>153.00</b>	138.24
Budget vs actual	<b>9.9%</b>	10.4%
Average reversion rate	<b>-2.6%</b>	-4.2%
Weighted average escalation	<b>7.0%</b>	5.9%
WALE (months)	<b>40.6</b>	49.0

**Retail Lease expiry profile by GLA**

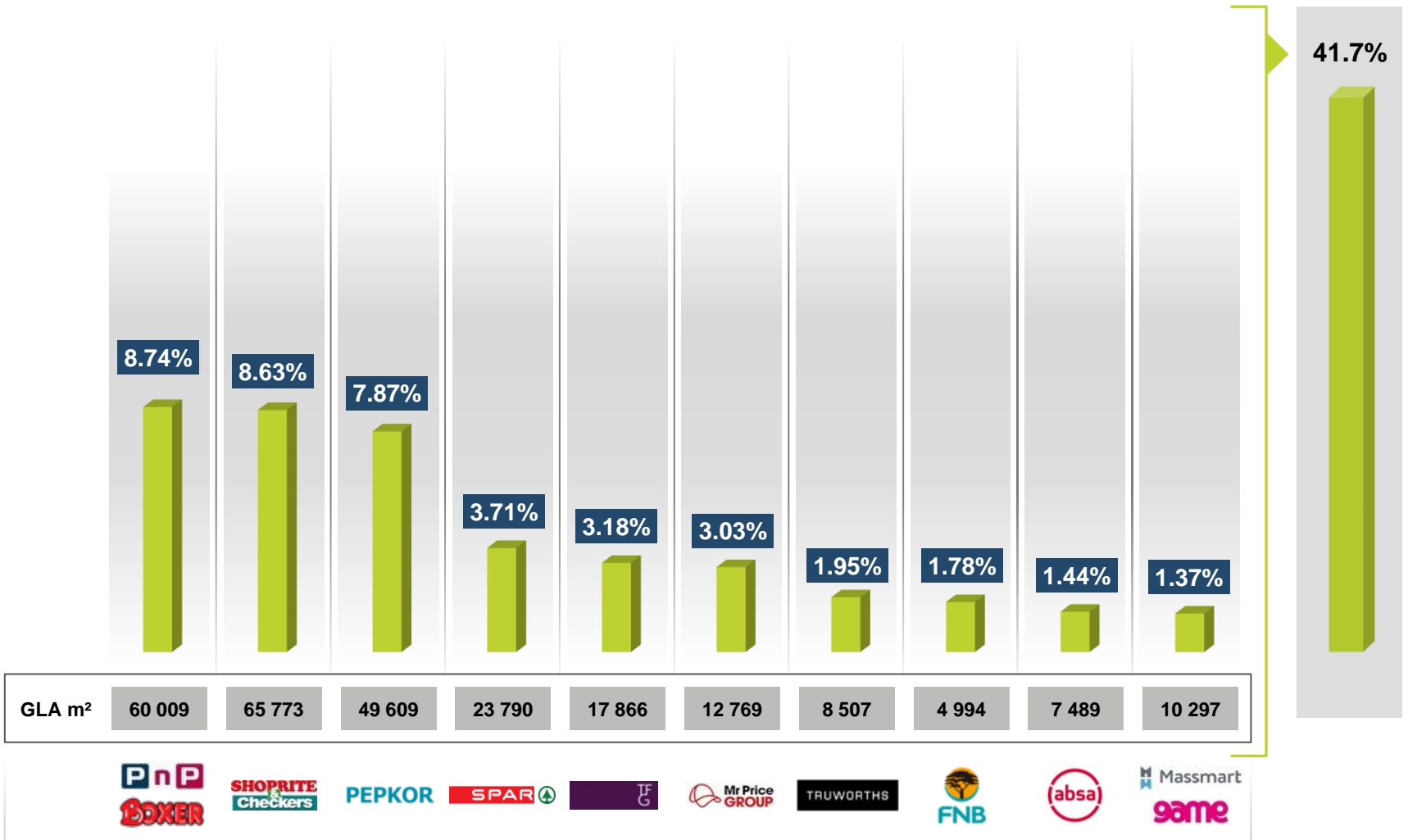


**Retail Lease expiry profile by Revenue**





# RETAIL TOP 10 TENANT EXPOSURE BY GLA AND REVENUE



■ Monthly revenue

# RETAIL NEW DEALS AND RENEWALS



## SIGNIFICANT NEW LEASES over the past 12 months



5 186 m<sup>2</sup>



1 990 m<sup>2</sup>



1 505 m<sup>2</sup>



1 130 m<sup>2</sup>



## SIGNIFICANT LEASE RENEWALS over the past 12 months



9 138 m<sup>2</sup>



7 133 m<sup>2</sup>



3 051 m<sup>2</sup>

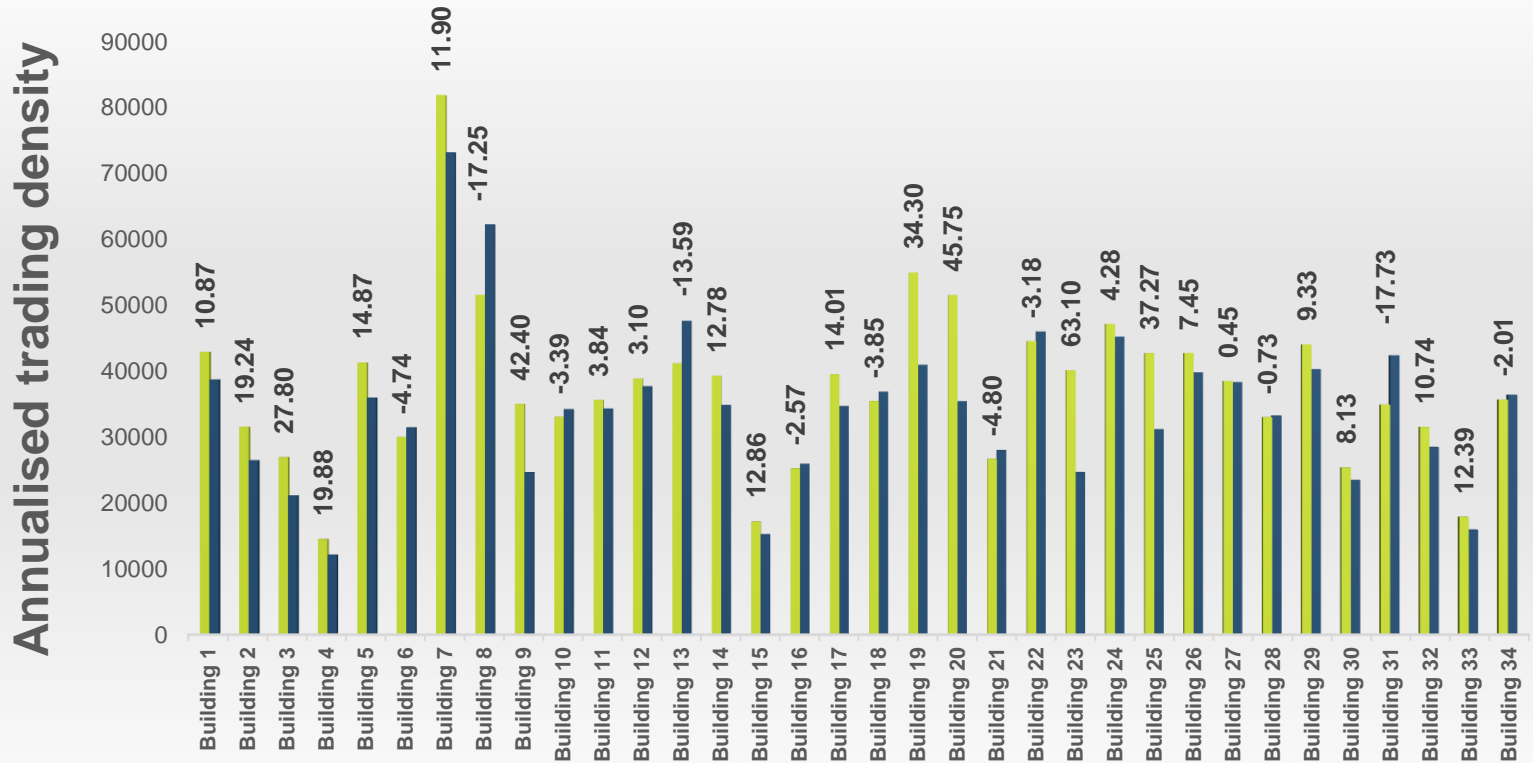


1 897 m<sup>2</sup>



1 421 m<sup>2</sup>

# TRADING DENSITIES



Overall growth year on year 8.3%

■ Sep-22 ■ Sep-21

# RETAIL STRATEGIC OBJECTIVES

- A team culture based on performance & innovation
- Execution on value extraction projects ,additional GLA, expanding tenants, solar and water initiatives
- Maintain and improve our Cost to Income ratios under 36%
- Stronger tenant retention will minimize income loss and capital outlay
- Drive built in escalations to be greater than 7% in an inflationary market
- Focus on utility recovery ratios to be 100% as a minimum
- Retain and enhance the required resources and skills to execute on the Retail strategy
- Ensure BEE is imbedded in all aspects of the business from contractual expenses to procurement



Access Park: Kenilworth

**JACQUES  
KRIEL**  
CFO

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**FINANCIAL UPDATE**



# ANALYSIS OF DISTRIBUTABLE INCOME PER SHARE

**FAIRVEST**  
LIMITED

Cents per share – Unaudited	12 months ended 30 September 2022	Comparable 12-month period 2021*#
<b>Total distributable income</b>		
Fairvest's operations – Core portfolio	<b>76.05</b>	76.07
Fairvest's operations – Income attributable to sold and assets under development	<b>0.96</b>	5.67
Net finance cost	<b>(25.34)</b>	(25.86)
Head office and admin costs	<b>(7.14)</b>	(9.53)
Income from operations attributable to minority interests	<b>(2.29)</b>	(1.73)
<b>Net income from operations before listed investments</b>	<b>42.24</b>	44.62
Income from Dipula	<b>2.18</b>	2.80
Income from Indluplace	<b>4.19</b>	3.69
Total distributable income	<b>48.71</b>	51.11
Minus distributable income to A shares	<b>(5.42)</b>	(5.16)
<b>Total distributable income to B shares</b>	<b>43.29</b>	45.95

\* For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the 12 months ended 30 September 2021 and 30 June 2021, respectively.

# The distributable income per B share for the 2021 comparative period was calculated on the combined comparable period distributable income for Old Fairvest and Arrowhead B shares, using the number of shares in issue at 30 September 2022.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**FAIRVEST**  
LIMITED

R'000	Audited at 30 September 2022	Audited at 30 June 2021
<b>Assets</b>		
Investment property	15 456 955	3 421 961
Financial assets	196 816	4 533
Trade and other receivables	218 252	71 734
Loans receivable	132 457	285 078
Cash and cash equivalents	134 569	15 262
Derivatives	36 102	-
Loans to participants of group share purchase option schemes	105 642	-
Remaining assets	33 949	24 281
<b>Total assets</b>	<b>16 314 742</b>	<b>3 822 849</b>
<b>Equity</b>		
Shareholders' interest	8 409 164	2 274 932
Non-controlling interest	984 874	166 592
<b>Total equity</b>	<b>9 394 038</b>	<b>2 441 524</b>
<b>Liabilities</b>		
Secured financial liabilities	6 120 051	1 083 822
Derivatives	4 269	39 715
Trade and other payables including tenant deposits	660 931	105 697
Amounts owing to non-controlling interests	48 826	129 813
Lease liabilities	82 712	20 820
Remaining liabilities	3 915	1 458
<b>Total liabilities</b>	<b>6 920 704</b>	<b>1 381 325</b>
<b>Net asset value per share (Rand) - at period end</b>		
- Fairvest (Old Arrowhead) A shares	13.19	-
- Fairvest (Old Arrowhead) B shares	5.19	-
- Old Fairvest (Applied swap ratio of 0.54054)	-	4.25
<b>Net asset value per share (Rand) – calculating using REIT Best Practice</b>		
- Fairvest A shares	13.19	Not applicable
- Fairvest B shares	4.89	Not applicable

# ARREARS AND BAD DEBT

<b>R000</b>	<b>Total arrears</b>	<b>Total provision</b>	<b>Total net arrears</b>	<b>% of revenue on an annualised basis</b>
Retail	47 133	24 437	22 696	1.8%
Office	27 912	16 972	10 940	2.3%
Industrial	23 736	18 201	5 535	2.7%
	<b>98 781</b>	<b>59 610</b>	<b>39 171</b>	<b>2.0%</b>

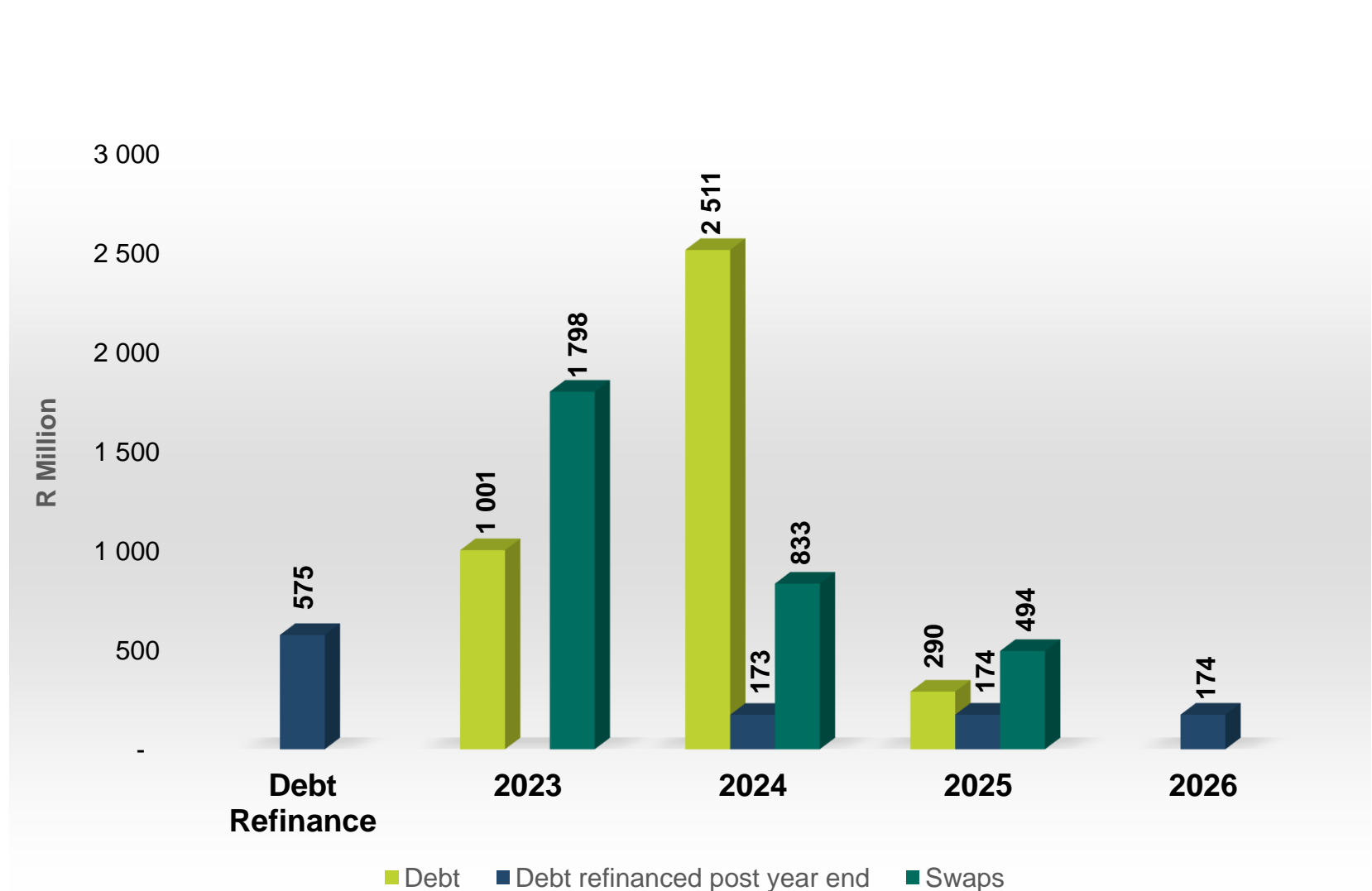
# PROPERTY PORTFOLIO VALUATIONS

	Value R'million	2022 Discount Rates	2022 Exit Cap Rate	Like-for- like increase	Rate per m <sup>2</sup> (R/m <sup>2</sup> )
Office	2 727	15.1%	10.4%	-1.7%	8 994
Retail	8 119	14.3%	9.9%	5.1%	14 472
Industrial	1 254	14.8%	10.3%	6.7%	4 375
<b>TOTAL</b>	<b>12 101</b>	<b>14.5%</b>	<b>10.1%</b>	<b>3.6%</b>	<b>10 515</b>

# CAPITAL EXPENDITURE

	<b>Capital expenditure R'000</b>	Property Value R'000	% of Value Spend
<b>Total</b>	<b>149 689</b>	<b>12 100 924</b>	<b>1.2%</b>
Retail	70 057	8 118 438	0.9%
Industrial	37 202	1 254 047	3.0%
Office	42 430	2 728 439	1.6%

# DEBT AND MATURITY HEDGE PROFILE

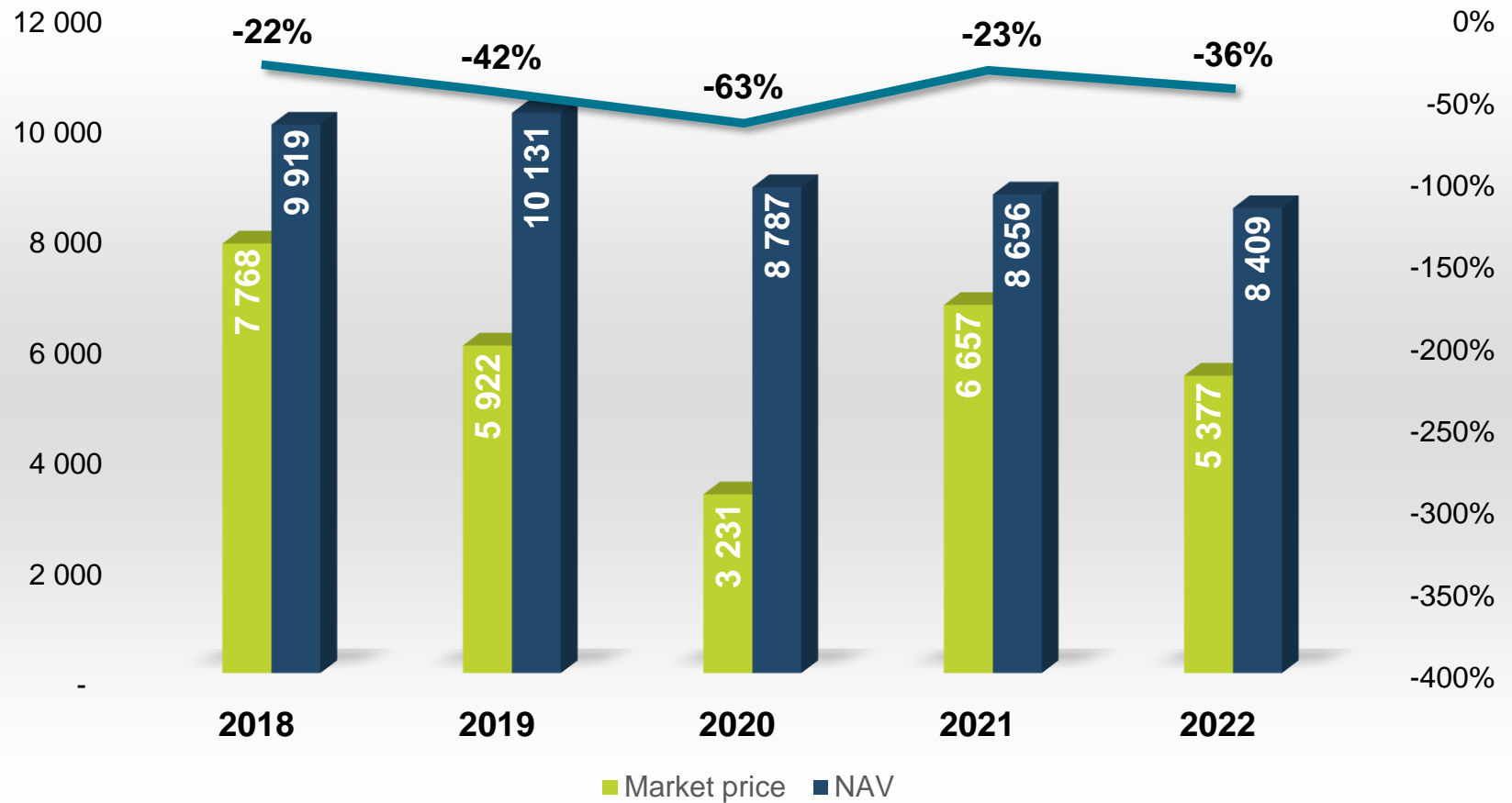




# DEBT FACILITIES

<b>R000</b>		<b>30 September 2022</b>	31 March 2022
Loan to value (SA REIT BP)	%	<b>38.1%</b>	39.2%
% of debt fixed	%	<b>65.6%</b>	69.0%
Weighted average cost of funding	%	<b>8.9%</b>	8.4%
Interest cover	Times	<b>2.5</b>	2.4
WA maturity of debt	Months	<b>18</b>	13
WA maturity of swaps	Months	<b>13</b>	19
Total Debt	R'm	<b>4 764.6</b>	4 726.6
Total facilities	R'm	<b>5 141.5</b>	5 160.5
Undrawn Facilities	R'm	<b>377.3</b>	433.9
Available cash + undrawn facilities	R'm	<b>438.4</b>	484.1

# MARKET PRICE TO BOOK



**DARREN  
WILDER**

**CEO**

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**ENVIRONMENTAL  
SOCIAL  
GOVERNANCE**

# SOLAR AND WATER PROJECTS

- 35 Solar plants fully operational – 14.9 Megawatt installed capacity
- Solar plants produced 8.1% of the combined portfolio's electricity cost for the 12 months
- R28.3 million worth of clean energy produced from Oct 2021 – Sept 2022
- 4 Solar plants in construction which will add 1.9 Megawatt capacity
- Phase 4 solar of 1.9 Megawatt is currently in various planning phases of construction
- Installation of smart monitoring equipment completed across 8 properties
- 13 ground water harvesting plants in operation with further plants in the exploration phase
- Benchmarking on water usage across the portfolio is being implemented to identify high users and implement strategic water saving



# DISPOSALS

## DISPOSALS (EXCLUDING DISPOSALS BY INDLUPLACE)

For the 12 month period 1 October 2021 to 30 September 2022

Asset class	Number	Sales value	Book value	(Discount)/ premium to book value %	Average yield %	Average price per asset	Vacancy %
Retail	4	71 934 366	72 880 228	(1.3)	9.7	17 983 592	26.3
Office	1	2 300 000	–	–	–	2 300 000	100.0
Industrial	2	22 300 000	22 300 000	0.0	12.5	11 150 000	0.0
<b>Total</b>	<b>7</b>	<b>96 534 366</b>	<b>95 180 228</b>	<b>1.4</b>	<b>10.1</b>	<b>13 790 624</b>	<b>15.8</b>

\*There were seven sales consisting of the sale of six assets and 1 Erf (the remainder of the asset is still within the portfolio).

A further seven properties at a value of R500.9 million (excluding Indluplace) are currently classified as held-for-sale pending registration and transfer.

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# PROSPECTS



# PROSPECTS

- Guidance FY '23: Distributable earnings per B share of between 40.50 cents per share and 42.00 cents per share
- Continue with internal focus
- Remain conservatively geared
- Continue to simplify the business
- Strong focus on tenant retention
- Maintain 100% payout ratio



Nyanga Junction: Nyanga



**THANK**  
YOU