



**FAIRVEST**  
LIMITED

**COMING OF AGE**

**Pre-Close Results Presentation  
for the period ended 30 September 2022**

# AGENDA

- **Key Focus Areas**..... Darren Wilder
- **Fairvest Portfolio** ..... Darren Wilder
- **Financial Update** ..... Jacques Kriel
- **Conclusion**..... Darren Wilder
- **Q & A** ..... Nazeem Samsodien



# KEY FOCUS AREAS/**Business Update**

## Creating a strong platform of growth

### Strategic Objectives

- Recycle out of Industrial, Office and Residential assets into Retail assets
- Continue to simplify the business
- To maintain collectable arrears at below 2% of gross income
- Weighted average growth on lease expiry to between 2% and 6%
- Ensure that 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 de-risk balance sheet – target a fixed debt component above 70%
- Guidance communicated maintained at between 0% and 5% ahead of RLP guidance

# ▶ FAIRVEST AT A GLANCE

**Darren Wilder** CEO

## FAIRVEST AT A GLANCE

Diverse portfolio  
of **R11.8bn**

Market Cap  
**R5.5bn**

**1 149 170 m<sup>2</sup>**  
of GLA

Effective date of  
merger **26 January**  
**2022**

Gearing levels  
**39.8%**

**Investments**  
**61.0%** in Indluplace  
**5.1%** in Dipula



# FAIRVEST PROPERTY PORTFOLIO

# FAIRVEST PORTFOLIO AT A GLANCE

Diverse portfolio  
of **R11.8bn**  
Average value  
per property **R84.0m**

**141 assets**  
(excl. Indluplace)

**1 149 170m<sup>2</sup>**  
of GLA

Sectoral split by GLA  
**Retail** | **Office** | **Industrial**  
**48.5%** | **26.6%** | **24.9%**

Vacancy stable at  
**7.4%**  
(31 March – 7.2%)

Tenant retention  
**86.5%**  
(31 March – 88.5%)

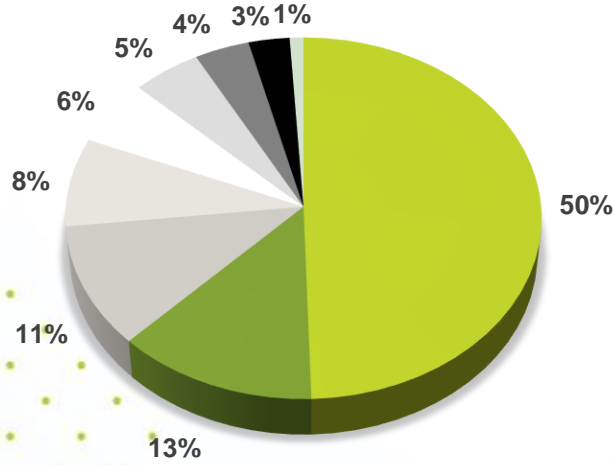
Weighted average  
rental per m<sup>2</sup> **R112.93**

Weighted average  
escalation **6.6%**  
(31 March – 6.7%)

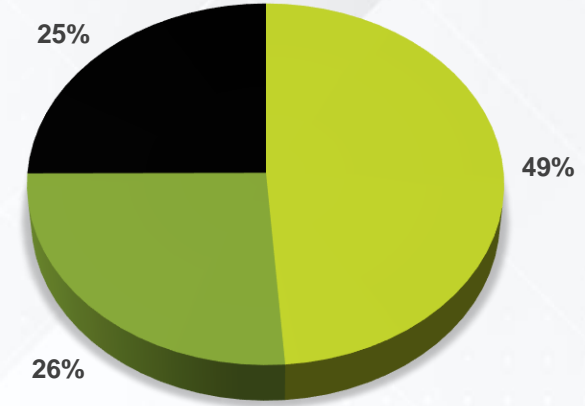
WALE  
**27.6 months**  
(31 March – 27.6)

# REGIONAL & SECTOR SPLIT

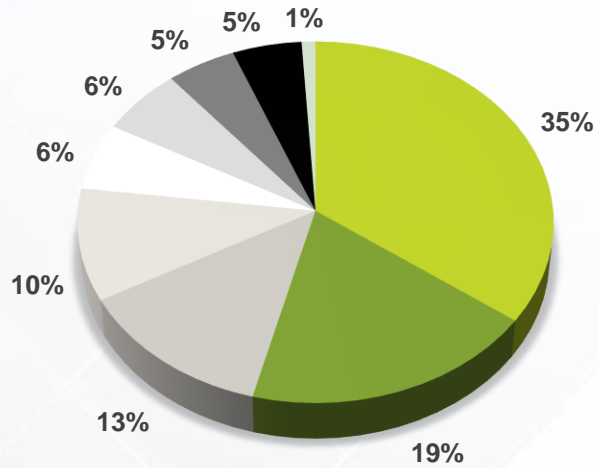
Total GLA per region



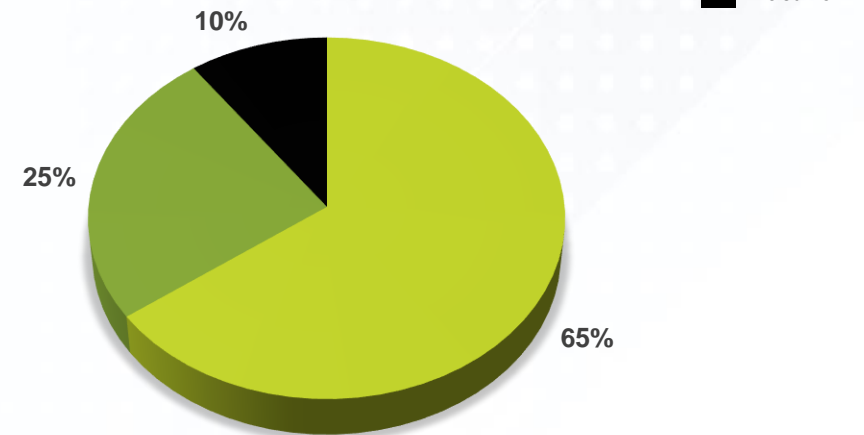
Total GLA per Sector



Total revenue per region



Total Revenue per Sector



- Gauteng
- Western Cape
- KwaZulu-Natal
- Eastern Cape
- Limpopo
- North West
- Northern Cape
- Free State
- Mpumalanga

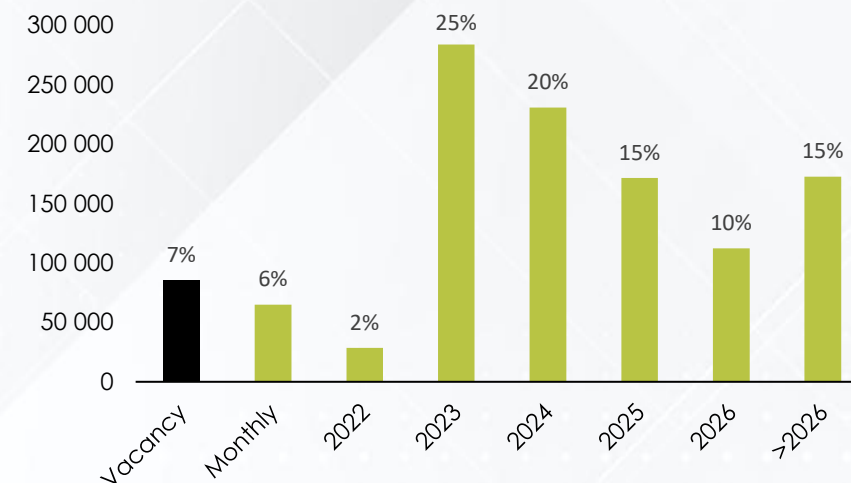
- Retail
- Office
- Industrial



# PORTFOLIO LEASING ACTIVITY

<b>New deals</b>	<b>Aug-22</b>	<b>Mar-22</b>
Number of leases	389	209
Total GLA m <sup>2</sup>	70 821	35 268
Weighted average gross rental achieved (R/m <sup>2</sup> )	104.82	102.82
Weighted average escalations	6.5%	6.5%
WALE (months)	25.5	27.6
<b>Renewals</b>		
Number of leases	431	251
Total GLA m <sup>2</sup>	164 065	97 398
Average gross rental expiry (R/m <sup>2</sup> )	127.26	121.31
Average gross rental achieved (R/m <sup>2</sup> )	117.36	111.83
Budgeted vs renewal rate	10.4%	10.4%
Weighted average reversion rate	-7.8%	-7.8%
Weighted average escalation	5.9%	5.6%
WALE (months)	35.8	38.4

## Lease expiry profile by GLA



## Portfolio Update

- Vacancy peaked to approx. 8% in May and July.
- Strong letting and tenant retention has enabled stable vacancy levels.
- We anticipate vacancy to be below 6.5% by financial year end.
- Seeing green shoots across all sectors, as consumer confidence slowly increases.



# OFFICE UPDATE

# FAIRVEST OFFICE PORTFOLIO AT A GLANCE

**38 assets**

**305 869m<sup>2</sup>**  
of GLA

**% of total portfolio by:**  
GLA – **26.6%**  
Revenue – **24.0%**

Vacancy decreased  
to  
**15.4%**  
(31 March – 16.7%)

Tenant retention  
**at 84.0%**  
(31 March – 83.2%)

Weighted average  
rental per m<sup>2</sup> **R111.43**

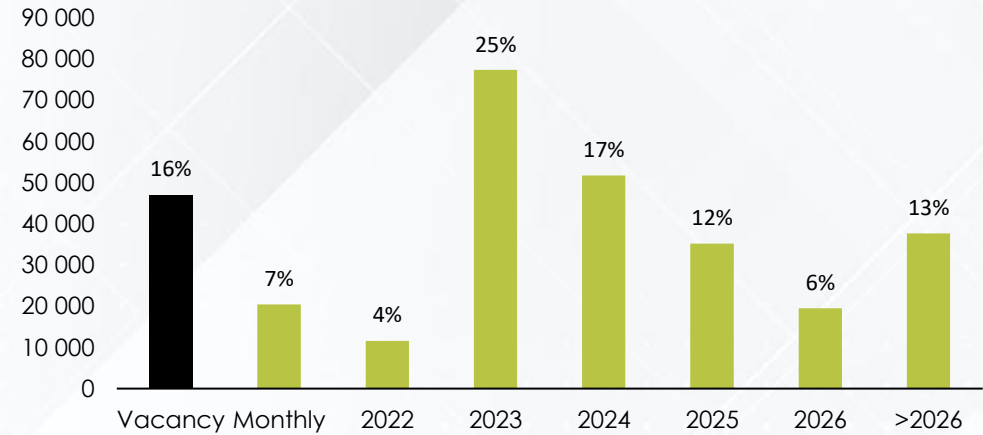
Weighted average  
Escalation **6.7%**

WALE  
**23 months**  
(31 March – 19.1  
months)

# OFFICE LEASING ACTIVITY

<b>New deals</b>	<b>Aug-22</b>	<b>Mar-22</b>
Number of leases	98	49
Total GLA m <sup>2</sup>	16 292	7 745
Weighted average gross rental achieved (R/m <sup>2</sup> )	92.96	80.53
Weighted average escalations	7.6%	8.0%
WALE (months)	20.7	20.3
<b>Renewals</b>		
Number of leases	80	47
Total GLA m <sup>2</sup>	49 269	19 073
Average gross rental expiry (R/m <sup>2</sup> )	137.71	147.00
Average gross rental achieved (R/m <sup>2</sup> )	112.48	116.30
Budgeted vs renewal rate	13.7%	13.6%
Weighted average reversion rate	-18.3%	-20.9%
Weighted average escalation	3.0%	6.3%
WALE (months)	34.9	30.6

## Office Lease expiry profile by GLA



## Portfolio Update

- Large demand for office space under 500m<sup>2</sup>.
- Continuous evaluation of repurposing office assets.
- Existing tenants taking up additional space.
- Slow recovery in rental reversions and WALE further pointing to stabilization in the sector.
- Oversupply in certain nodes reaching an equilibrium leading to increased demand.



# INDUSTRIAL UPDATE



# INDUSTRIAL PORTFOLIO

# FAIRVEST INDUSTRIAL PORTFOLIO AT A GLANCE

**26 assets**

**285 723 m<sup>2</sup>**  
of GLA

**% of total portfolio by:**  
GLA – **24.9%**  
Revenue – **10.2%**

Vacancy increased to  
**4.0%**  
(31 March – 1.0%)

Tenant retention  
**87.6%**  
(31 March – 100%)

Weighted average  
rental per m<sup>2</sup> **R44.76**

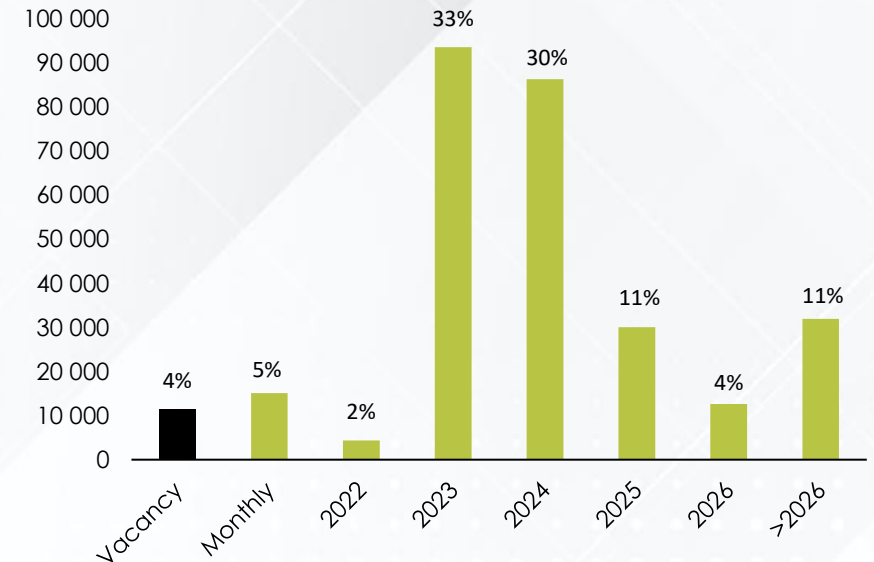
Weighted average  
escalation **6.6%**

WALE  
**23.3 months**  
(31 March – 24.6  
months)

# INDUSTRIAL LEASING ACTIVITY

<b>New deals</b>	<b>Aug-22</b>	<b>Mar-22</b>
Number of leases	52	29
Total GLA m <sup>2</sup>	21 996	10 128
Weighted average gross rental achieved (R/m <sup>2</sup> )	43.31	41.73
Weighted average escalations	7.0%	7.3%
WALE (months)	15.9	20.3
<b>Renewals</b>		
Number of leases	50	31
Total GLA m <sup>2</sup>	33 641	23 872
Average gross rental expiry (R/m <sup>2</sup> )	49.00	49.00
Average gross rental achieved (R/m <sup>2</sup> )	49.00	48.04
Budgeted vs renewal rate	4.0%	4.7%
Weighted average reversion rate	-0.1%	-1.2%
Weighted average escalation	6.1%	4.4%
WALE (months)	23.0	30.6

## Industrial Lease expiry profile by GLA



## Portfolio Update

- Vacancy increased & tenant retention dropped due to medium size boxes becoming vacant post interim results (Majority of these vacancies have since been relet).
- Continued strong demand for large multi-let parks which run at approx. 1% vacancy.
- Strategic investment into certain assets to unlock yield and value.





# RETAIL UPDATE



Food Court  
 Toilets  
 Shoprite  
 Exit  
 Phones



# RETAIL PORTFOLIO

# FAIRVEST RETAIL PORTFOLIO AT A GLANCE

Tenant grading:

A Grade	B Grade	C Grade
<b>66%</b>	<b>12%</b>	<b>22%</b>

**77 assets**

**557 578m<sup>2</sup>**  
of GLA

**% of total portfolio by:**

GLA	– <b>48.5%</b>
Revenue	– <b>65.8%</b>

Vacancy stable  
at **4.8%**

Tenant retention  
**87.2%**  
(31 March – 86.4%)

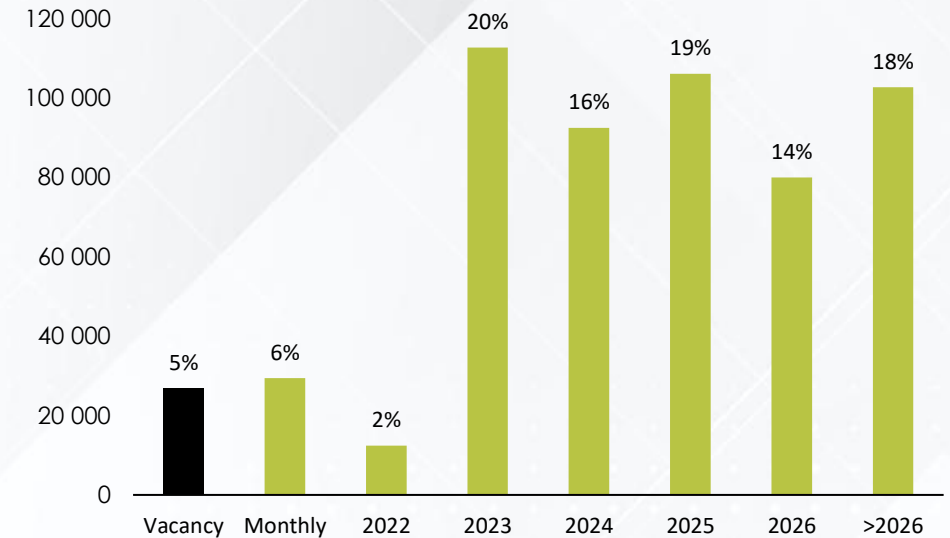
Weighted average  
rental per m<sup>2</sup> **R148.89**

Weighted average  
escalation **6.5%**

WALE  
**31.8 months**  
(31 March – 33.7  
months)

# RETAIL LEASING ACTIVITY

**Retail Lease expiry profile by GLA**



## Portfolio Update

- Vacancy remains stable with an improvement in tenant retention
- Continued drive to increase the tenant quality and tenant mix
- Strong demand from super markets and textile retailers to increase market share
- In certain nodes/assets there has been a shift from price takers to price setters with respect to letting activity
- Reversion rates have shown improvement due to a recovery in the sector and returning consumer confidence

## New deals

	Aug-22	Mar-22
Number of leases	239	131
Total GLA m <sup>2</sup>	32 533	17 394
Weighted average gross rental achieved (R/m <sup>2</sup> )	160.74	146.89
Weighted average escalations	6.2%	6.2%
WALE (months)	34.4	33.7

## Renewals

	Aug-22	Mar-22
Number of leases	301	173
Total GLA m <sup>2</sup>	81 155	54 453
Average gross rental expiry (R/m <sup>2</sup> )	153.51	144.00
Average gross rental achieved (R/m <sup>2</sup> )	148.83	138.24
Budgeted vs renewal rate	9.8%	10.4%
Weighted average reversion rate	-3.0%	-4.2%
Weighted average escalation	7.0%	5.9%
WALE (months)	41.7	49.3



# FINANCIAL UPDATE

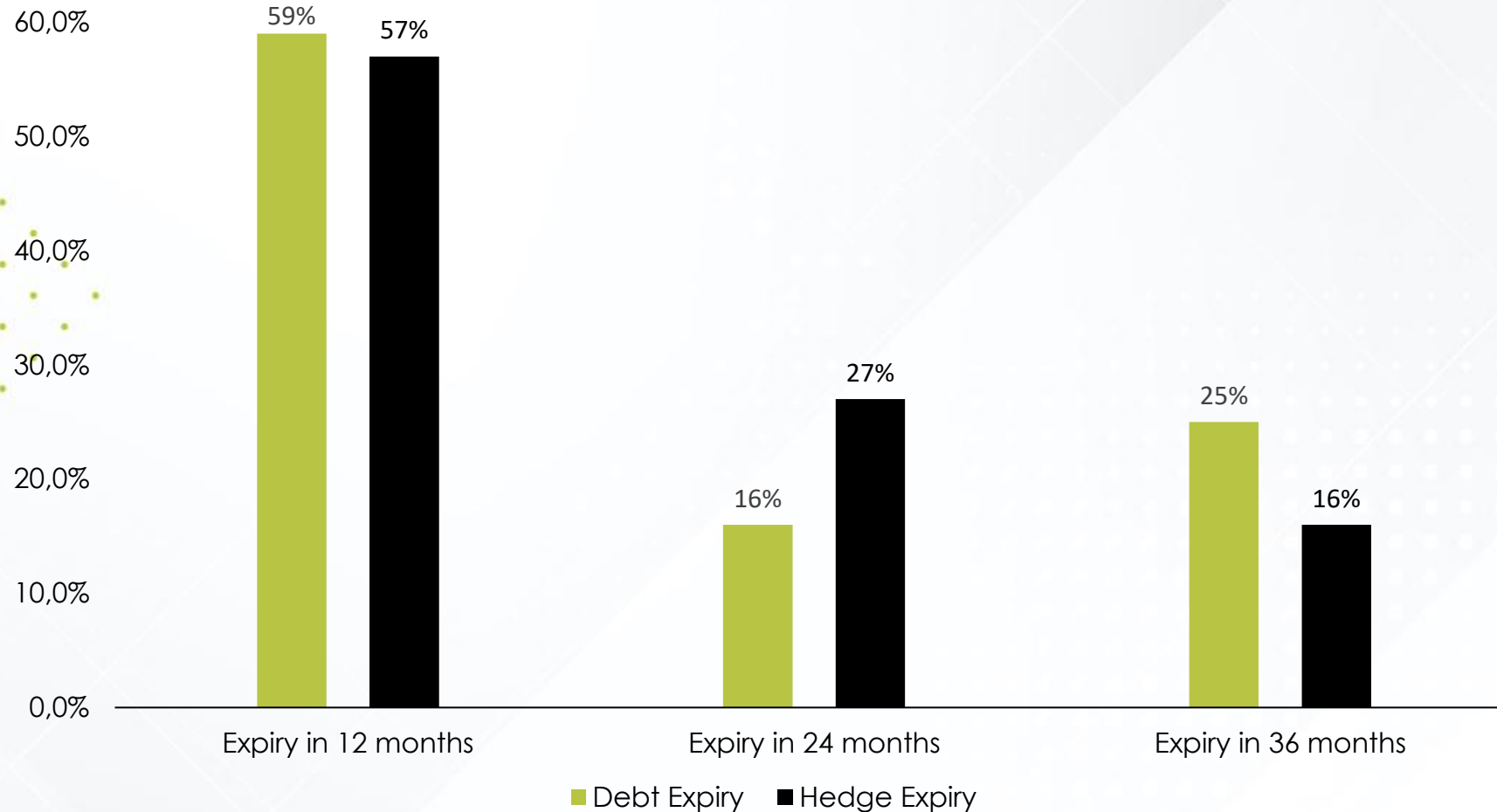
**JACQUES KRIEL** CFO



## Balance Sheet update

- LTV expected to remain below 40% by year-end.
- The company expects to meet all bank covenants comfortably.
- Loan facilities of R1.9bn expire in the next 6 months.
- Of this approx. R1.7bn has already been refinanced/renewed in principal.
- Exploring sustainability linked funding, in line with ESG strategy.
- Continue to invest in portfolio and expand solar investments.
- Three additional assets disposed of, valued at approx. R35m.

# DEBT AND HEDGE MATURITY PROFILE





# CONCLUSION

**DARREN WILDER** CEO



Q & A

**NAZEEM SAMSODIEN**