

**FAIRVEST**  
LIMITED

**COMING OF AGE**

# PRE-CLOSE PRESENTATION

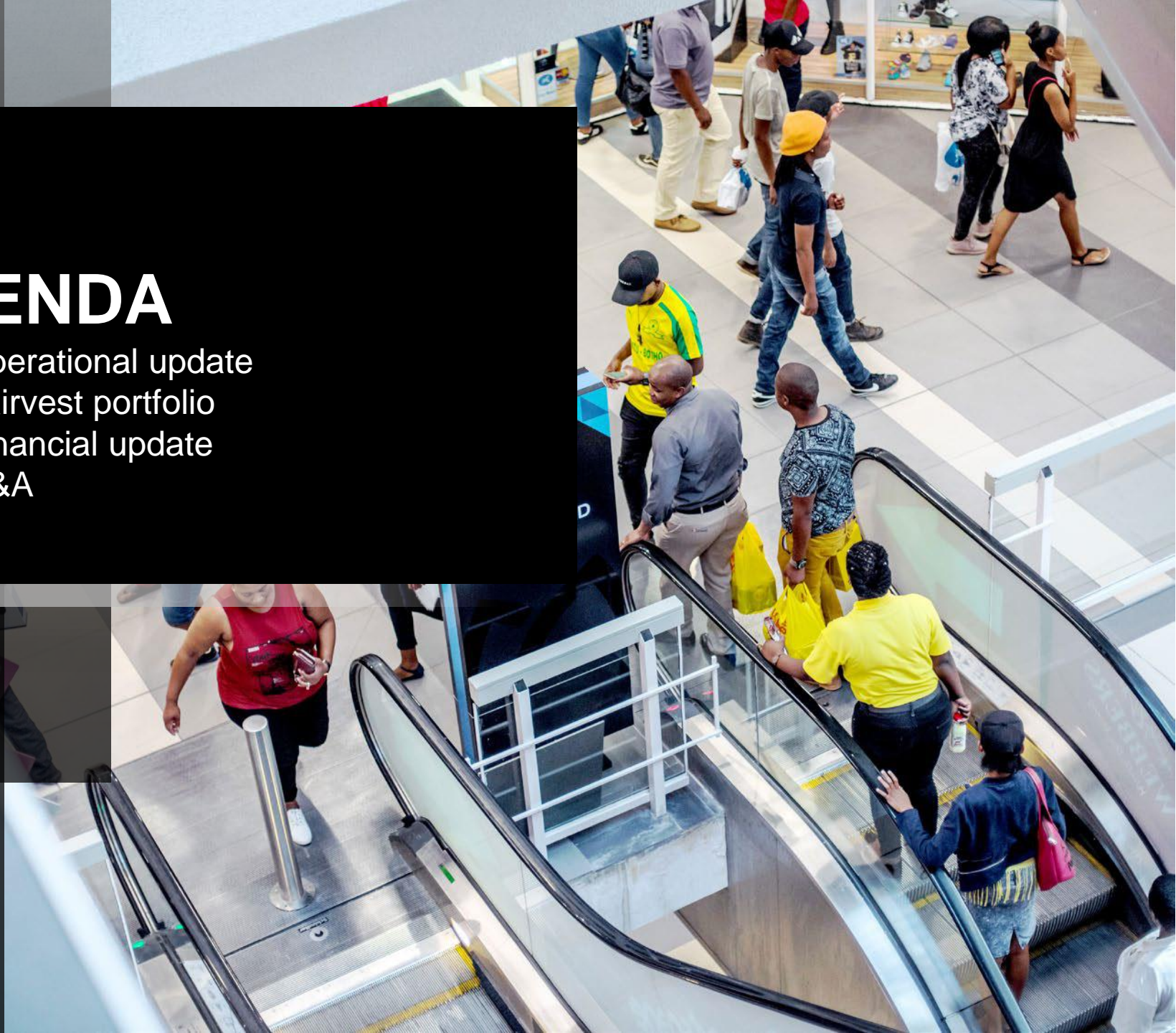
For the six months ending 31 March 2023



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# AGENDA

- Operational update
- Fairvest portfolio
- Financial update
- Q&A



**DARREN  
WILDER**

**CEO**

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**OPERATIONAL UPDATE**

# FAIRVEST AT A GLANCE AT 28 FEBRUARY

**FAIRVEST**  
LIMITED

Diverse portfolio  
of **R11.9bn**  
(excl. Indluplace)

Market Cap  
**R5.3bn**

**1 131 204 m<sup>2</sup>**  
of GLA

## Sectoral split by revenue

Retail: 66.5%

Office: 22.5%

Industrial: 11.0%

## Sectoral split by GLA

Retail: 49.8%

Office: 24.8%

Industrial: 25.4%

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

Gearing levels expected  
**Below 39%**

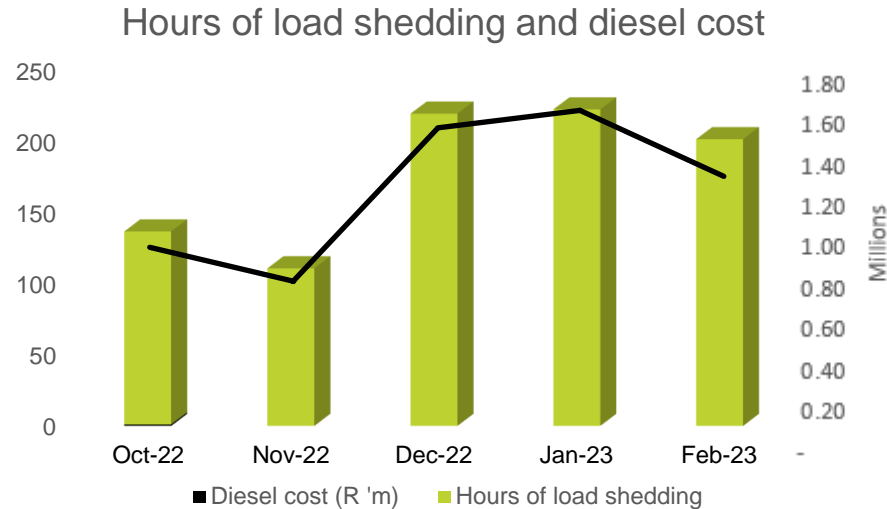
# KEY FOCUS AREAS

- 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% of GLA
- Continue to target a fixed debt component above 70%



Bara Precinct: Soweto

# FAIRVEST: LOADSHEDDING MANAGEMENT



- Total diesel cost for the period of R6.1 million.
- Estimated running costs of generator supply of R9.00/kWh compared to R2.50-R4.00/kWh for grid power.
- Diesel recovery ratio expected to be in excess of 75%.
- Total of 40 Fairvest owned generators installed with 11 MW of capacity.
- 5 generators due for installation.
- 113 generators installed by tenants.



# ESG: SOLAR UPDATE

- 2 new plants completed during the period with 1.4 MW capacity.
- 37 solar plants operating with 16.3 MW installed capacity.
- 11 new plants approved for installation with 6.6 MW of capacity.



Cleary Park: Port Elizabeth

# INDLUPLACE DISPOSAL

*\*Fairvest owns 61.0% of the issued share capital of Indluplace Properties Limited*

- An offer has been received from SA Corporate Real Estate for Fairvest's entire stake in Indluplace at **R3.40** per share.
- Expected proceeds of **R651.4 million**.
- Fairvest has concluded an **irrevocable undertaking** to support the offer.
- The effective date expected to be **30 June 2023**.
- The disposal is in line with the **communicated strategy**, refocussing the portfolio towards **lower LSM** and **convenience retail**.
- Proceeds are expected to be initially applied towards **debt** which will result in an approximately **5%+ reduction** in Fairvest's **LTV** and will improve the group ICR.
- The above benefits can be achieved while **reaffirming** Fairvest's **distribution guidance**.



# FAIRVEST DISPOSALS

## Properties transferred during the period:

PROPERTY	SECTOR	DISPOSAL VALUE (Rm)	GLA (m <sup>2</sup> )	R/m <sup>2</sup>	BOOK VALUE (Rm)	% above (below) book	YIELD	DATE TRANSFERRED
SARS Durban	Office	230.0	23 105	9 955	220.0	4.5%	11.5%	12-Jan-23
79 Hans Van Rensburg	Office	4.0	875	4 571	3.9	1.7%	-9.4%	08-Mar-23
71 Biccard	Retail	5.2	877	5 928	3.8	37.3%	10.0%	22-Mar-23
		<b>239.2</b>	<b>24 857</b>	<b>9 623</b>	<b>227.7</b>	<b>5.0%</b>	<b>11.1%</b>	

## Properties sold but have not yet transferred:

PROPERTY	SECTOR	DISPOSAL VALUE (Rm)	GLA (m <sup>2</sup> )	R/M <sup>2</sup>	BOOK VALUE (Rm)	% above (below) book	YIELD	Expected Transfer Date
Philippi Court	Office	13.3	1 357	9 764	14.2	-6.6%	12.6%	Mar-23
Parc du bel	Office	13.0	2 299	5 655	13.0	0.0%	10.4%	Apr-23
54 Schoeman	Office	12.5	2 001	6 248	12.5	0.0%	5.4%	Apr-23
425 West Street	Retail/Office	60.0	8 737	6 867	64.8	-7.4%	8.0%	Apr-23
Urban Brew	Office	31.5	8 248	3 819	37.7	-16.4%	4.9%	Jul-23
Isle of Houghton	Office	168.0	28 554	5 884	168.0	0.0%	8.8%	Jul-23
Selby Building	Office	40.0	16 346	2 447	39.9	0.3%	-6.4%	Jul-23
Thohoyandou Ellerines	Office	9.3	829	11 158	9.3	0.0%	12.5%	Jul-23
Access City	Industrial	45.3	25 124	1 804	45.6	-0.7%	4.8%	Sep-23
Spark Schools	Industrial	30.0	9 439	3 178	21.3	40.9%	9.1%	Jan-26
		<b>422.8</b>	<b>102 934</b>	<b>4 108</b>	<b>426.2</b>	<b>-0.8%</b>	<b>6.7%</b>	

**DARREN  
WILDER**

**CEO**

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**FAIRVEST PORTFOLIO**

# FAIRVEST PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

**140 assets**

**1 131 204 m<sup>2</sup>**  
of GLA

Tenant retention  
**at 89.2%**  
(Sep'22 – 87.4%)

Vacancy  
**at 6.7%**  
(Sep'22 – 5.9%)

Positive reversion rate  
**at 1.2%**  
(Sep'22 – (-6.4%))

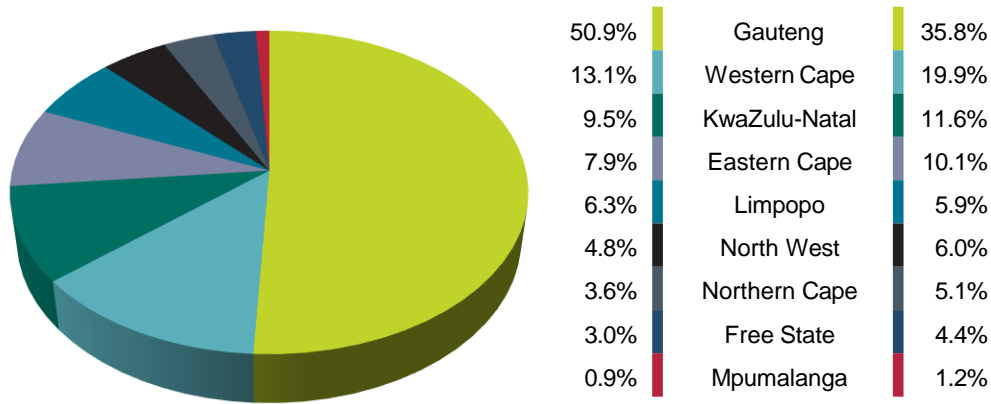
Average gross  
rental per m<sup>2</sup>  
**R113.96**  
(Sep'22 – R113.09)

Weighted average  
built in escalation  
**6.4%**  
(Sep'22 – 6.4%)

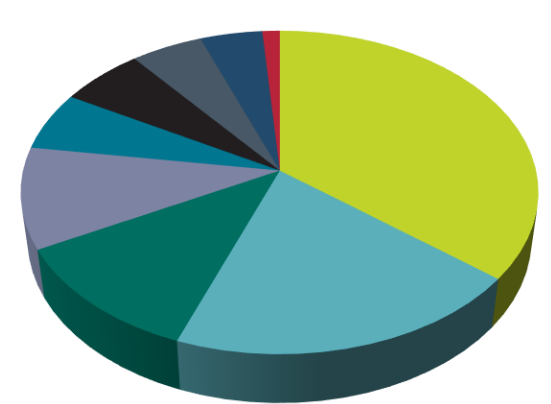
WALE  
**25.0 months**  
(Sep'22 – 28.6 months)

# REGIONAL & SECTORAL SPLIT

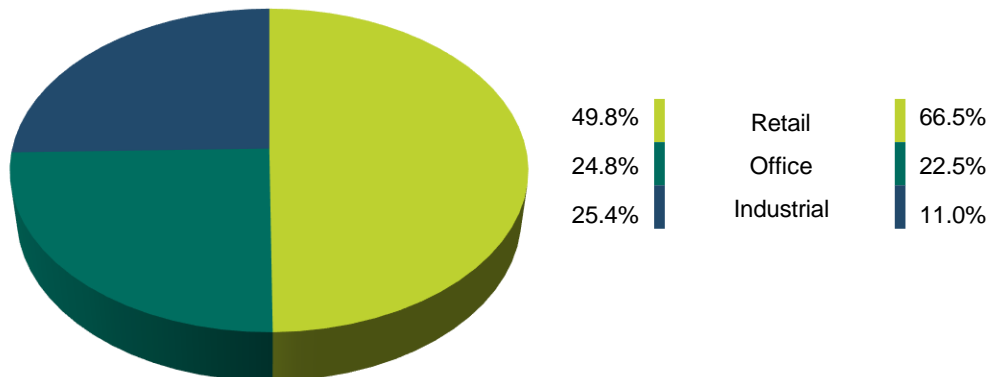
**Total GLA per region**



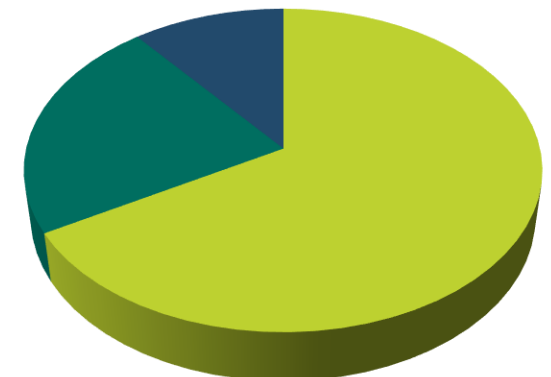
**Total revenue per region**



**Total GLA per Sector**



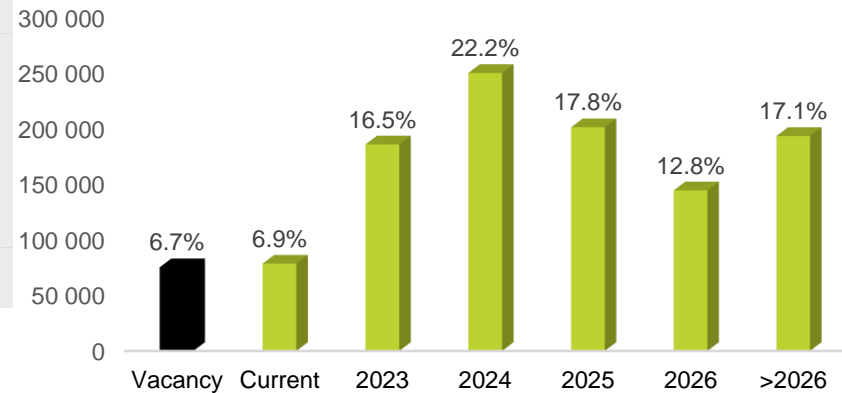
**Total Revenue per Sector**



# FAIRVEST LETTING ACTIVITY

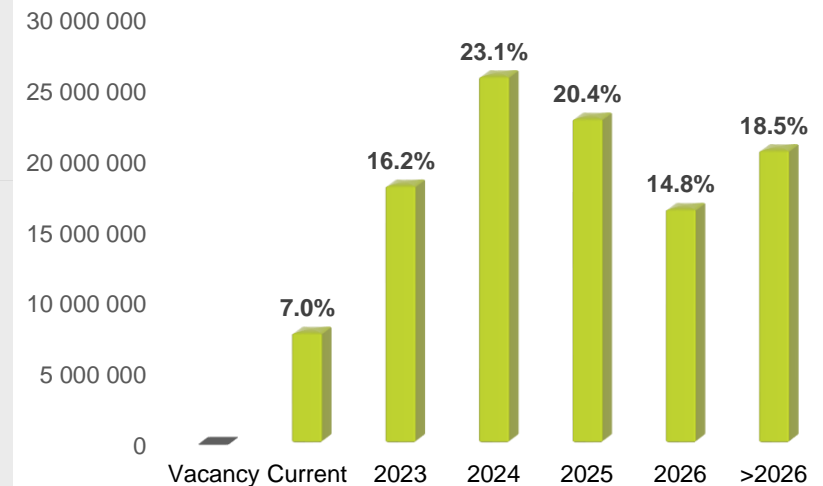
<b>New deals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>159</b>	404	209
Total GLA m <sup>2</sup>	<b>41 613</b>	76 472	35 268
Average gross rental achieved (R/m <sup>2</sup> )	<b>111.01</b>	103.24	102.82
Weighted average escalations	<b>6.6%</b>	6.9%	6.5%
WALE (months)	<b>37.7</b>	26.4	28.0

**Fairvest Lease expiry profile by GLA**



<b>Renewals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>204</b>	488	251
Total GLA m <sup>2</sup>	<b>72 075</b>	179 222	97 398
Average gross rental expiry (R/m <sup>2</sup> )	<b>107.56</b>	127.50	121.31
Average gross rental achieved (R/m <sup>2</sup> )	<b>108.88</b>	119.36	111.83
Budget vs actual achieved	<b>2.6%</b>	10.5%	10.4%
Average growth/ (reversion rate)	<b>1.2%</b>	-6.4%	-7.8%
Weighted average escalation	<b>6.7%</b>	5.9%	5.6%
WALE (months)	<b>28.9</b>	34.7	39.0

**Fairvest Lease expiry profile by revenue**



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# OFFICE PORTFOLIO

# OFFICE PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

**37 assets**

**280 563 m<sup>2</sup>**  
of GLA

Tenant retention  
at **83.4%**  
(Sep'22 – 85.0%)

Vacancy  
at **15.1%**  
(Sep'22 – 13.6%)

% of total portfolio  
**GLA – 24.8%**  
**Value – 21.1%**

Average gross  
rental per m<sup>2</sup>  
**R113.57**  
(Sep'22 – R112.50)

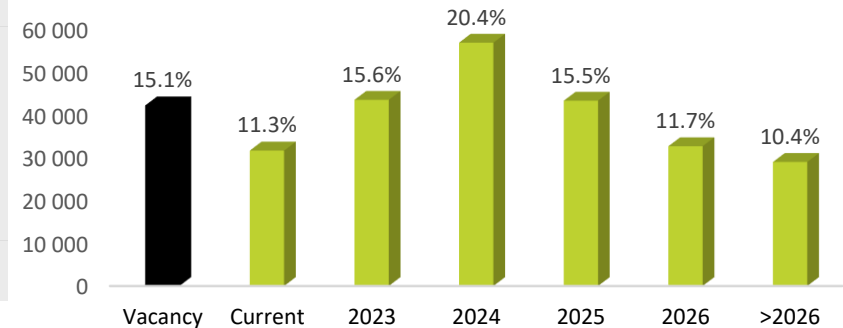
Weighted average  
built in escalation  
**6.2%**  
(Sep'22 – 6.3%)

**WALE**  
**20.8 months**  
(Sep'22 – 25.0 months)

# OFFICE LEASING ACTIVITY

<b>New deals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>38</b>	101	49
Total GLA m <sup>2</sup>	<b>20 678</b>	17 249	7 745
Average gross rental achieved (R/m <sup>2</sup> )	<b>87.78</b>	81.36	80.53
Weighted average escalations	<b>6.8%</b>	7.4%	8.0%
WALE (months)	<b>40.1</b>	18.8	20.0

## Office Lease expiry profile by GLA



<b>Renewals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>38</b>	81	47
Total GLA m <sup>2</sup>	<b>22 173</b>	49 942	19 073
Average gross rental expiry (R/m <sup>2</sup> )	<b>90.95</b>	132.00	147.00
Average gross rental achieved (R/m <sup>2</sup> )	<b>89.90</b>	110.20	116.30
Budget vs actual achieved	<b>-4.0%</b>	13.8%	13.6%
Average reversion rate	<b>-1.2%</b>	-16.6%	-20.9%
Weighted average escalation	<b>6.7%</b>	2.9%	6.3%
WALE (months)	<b>25.5</b>	29.6	31.0

## Office Highlights

- Power independence at our office assets assisting in deal flow.
- Continue to dispose of office at the right price.
- Office vacancy increased due to disposal of fully let SARS Building.
- Strong letting demand.



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# INDUSTRIAL PORTFOLIO

# INDUSTRIAL PORTFOLIO KEY HIGHLIGHTS

**FAIRVEST**  
LIMITED

**26 assets**

**287 105 m<sup>2</sup>  
of GLA**

**Tenant retention  
at 90.9%**  
(Sep'22 – 88.6%)

**Vacancy  
at 2.4%**  
(Sep'22 – 1.0%)

**% of total portfolio  
GLA – 25.4%**  
**Value – 10.6%**

**Average gross  
rental per m<sup>2</sup>  
R47.11**  
(Sep'22 – R49.16)

**Weighted average  
built in escalation  
6.7%**  
(Sep'22 – 6.8%)

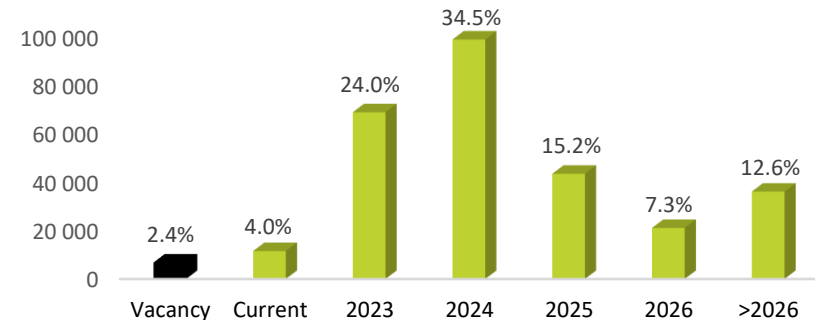
**WALE  
18.5 months**  
(Sep'22 – 24.4 months)

# INDUSTRIAL LEASING ACTIVITY

<b>New deals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>19</b>	56	29
Total GLA m <sup>2</sup>	<b>6 954</b>	23 245	10 128
Average gross rental achieved (R/m <sup>2</sup> )	<b>61.33</b>	39.53	41.73
Weighted average escalations	<b>7.2%</b>	7.0%	7.3%
WALE (months)	<b>35.3</b>	15.0	16.0

<b>Renewals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>36</b>	59	31
Total GLA m <sup>2</sup>	<b>21 751</b>	37 597	23 872
Average gross rental expiry (R/m <sup>2</sup> )	<b>56.15</b>	48.97	49.00
Average gross rental achieved (R/m <sup>2</sup> )	<b>58.23</b>	49.20	48.04
Budget vs actual achieved	<b>4.7%</b>	5.7%	4.7%
Average growth/ (reversion rate)	<b>3.7%</b>	0.4%	-1.2%
Weighted average escalation	<b>6.7%</b>	6.2%	4.4%
WALE (months)	<b>25.1</b>	23.2	21.0

## Industrial Lease expiry profile by GLA



## Industrial Highlights

- A successful eviction has resulted in a 2000m<sup>2</sup> vacancy.
- Urban park refurbishment complete and the 1500m<sup>2</sup> unit expected to be let by year-end.
- Targeting vacancy below 1% by year-end.
- The large parks are fully let and in high demand.

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# RETAIL PORTFOLIO

# RETAIL PORTFOLIO KEY HIGHLIGHTS

**77 assets**

**563 536 m<sup>2</sup>**  
of GLA

Tenant retention  
at **91.9%**  
(Sep'22 – 88.0%)

Vacancy  
at **4.7%**  
(Sep'22 – 4.3%)

% of total portfolio  
**GLA – 49.8%**  
**Value – 68.3%**

Average gross  
rental per m<sup>2</sup>  
**R149.00**  
(Sep'22 – R147.17)

Weighted average  
built in escalation  
**6.4%**  
(Sep'22 – 6.4%)

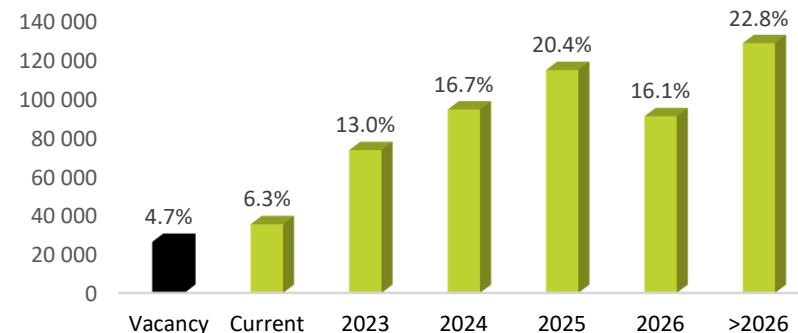
**WALE**  
**30.3 months**  
(Sep'22 – 31.7 months)

# RETAIL LEASING ACTIVITY

<b>New deals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>102</b>	247	131
Total GLA m <sup>2</sup>	<b>13 981</b>	35 979	17 394
Average gross rental achieved (R/m <sup>2</sup> )	<b>170.08</b>	154.89	146.89
Weighted average escalations	<b>6.4%</b>	6.8%	6.2%
WALE (months)	<b>37.1</b>	37.3	36.0

<b>Renewals</b>	<b>Feb '23</b>	<b>Sep '22</b>	<b>Mar '22</b>
Number of leases	<b>130</b>	348	173
Total GLA m <sup>2</sup>	<b>28 151</b>	91 683	54 453
Average gross rental expiry (R/m <sup>2</sup> )	<b>160.35</b>	157.00	144.00
Average gross rental achieved (R/m <sup>2</sup> )	<b>162.97</b>	153.00	138.24
Budget vs actual achieved	<b>5.2%</b>	9.9%	10.4%
Average growth/ (reversion rate)	<b>1.6%</b>	-2.6%	-4.2%
Weighted average escalation	<b>6.6%</b>	7.0%	5.9%
WALE (months)	<b>36.7</b>	40.6	49.0

## Retail Lease expiry profile by GLA



## Retail Highlights

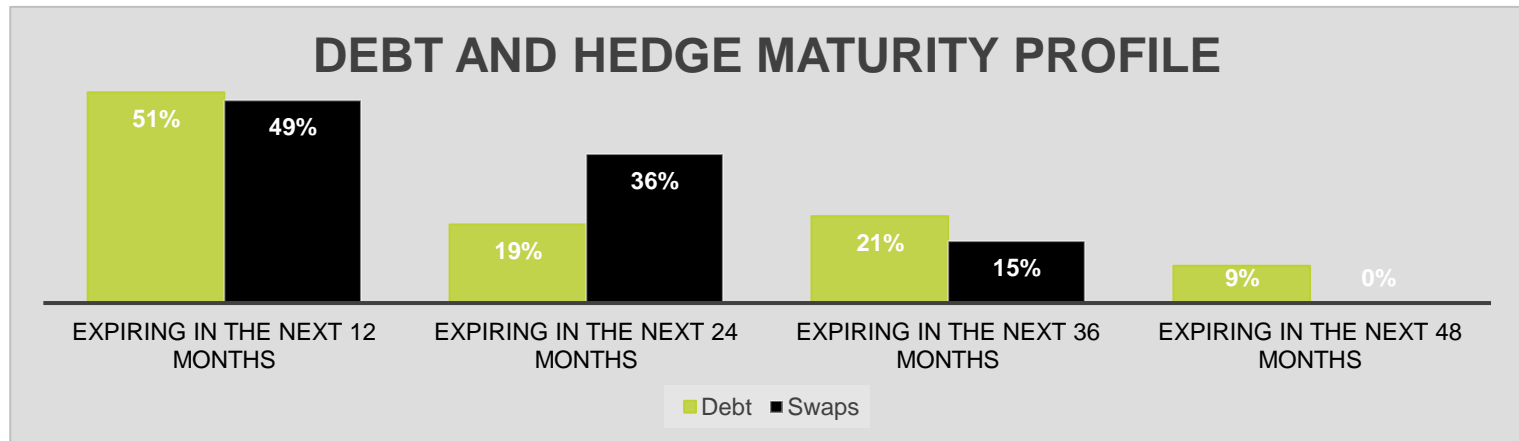
- Implementation of turnaround strategies on assets with structural vacancies.
- On the back of strong demand for our assets, we have implemented a sustained initiative to improve tenant mix and yield.

**JACQUES  
KRIEL**  
CFO

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**FINANCIAL UPDATE**

# BALANCE SHEET UPDATE



- Appointed ABSA as lead arranger for **debt syndication**.
- Expected size of first syndication between **R1.4bn and R1.6bn**, to be implemented by July 2023.
- **R125m** use of proceeds **green funding** secured.
- All bank covenants expected to be comfortably met.
- Group LTV expected to be **below 39%**.
- Fixed debt component expect to exceed 60%.
- **R500m** additional interest rate swap at a weighted fixed rate of **7.47%**.
- Proceed from Indluplace sale to be utilised against floating debt.
- R77.3m in capital expenditure to February 2023.

\* Above excludes Indluplace Properties Limited



# FINANCE

## CAPITAL ALLOCATION

Fairvest embarked on a share buy back program

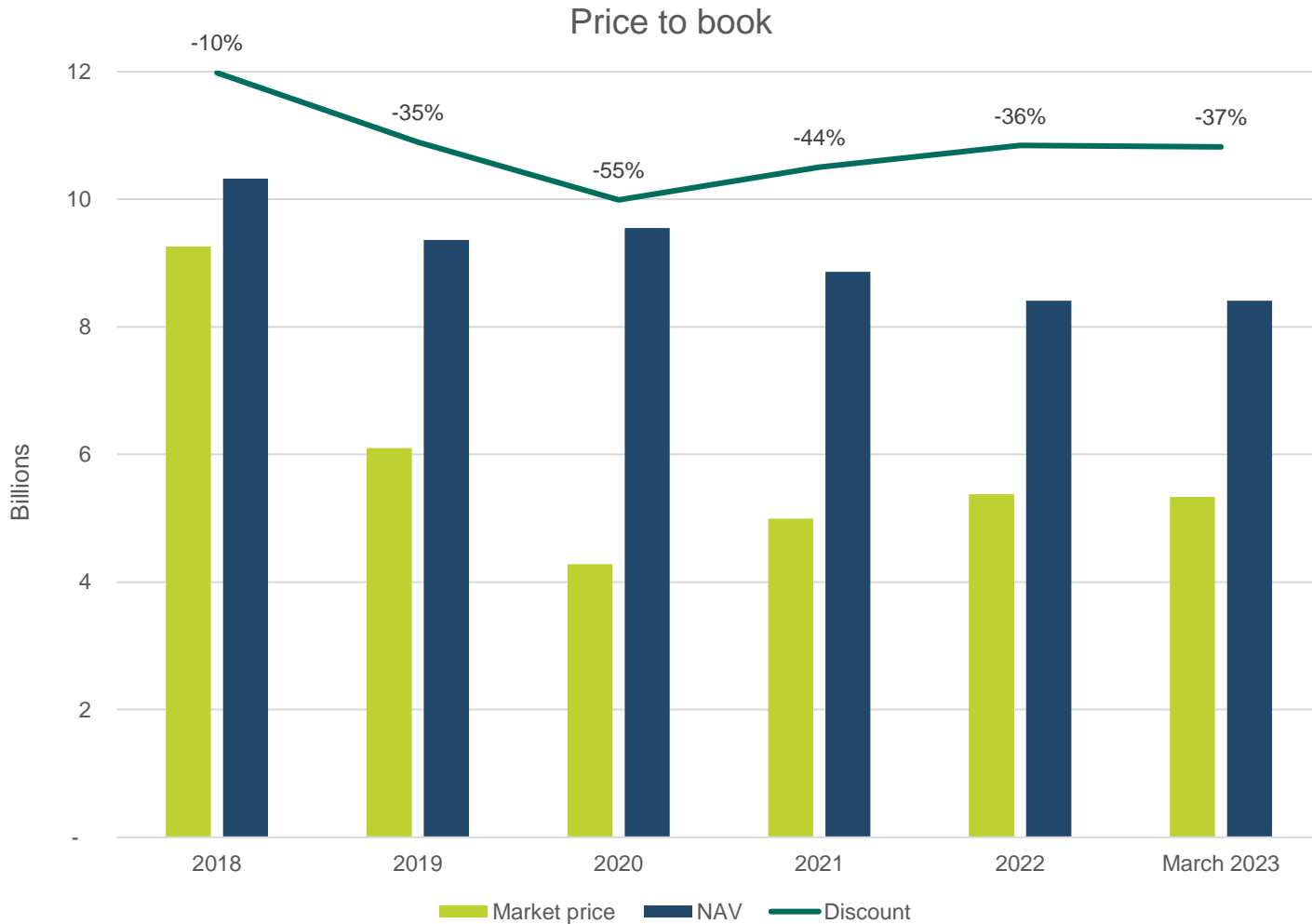
The total shares acquired to date:

- During March 2023 we have repurchased **30.5 million** Fairvest B-shares at an average price of **R3.06** on the open market.
- Buy backs are income accretive.



Southview Centre:  
Soshanguve

# MERGED GROUP: SHARE PRICE TO BOOK VALUE



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# CONCLUSION

**THANK**  
YOU

Q & A