



**Interim Results Presentation
for the period ended 31 March 2022**



OVERVIEW

Agenda – Darren Wilder CEO

AGENDA

- **Business update** Darren Wilder
- **Office update** Alon Kirkel
- **Industrial update** Alon Kirkel
- **Retail update** Riaz Kader
- **Financial update** Jacques Kriel
- **E.S.G.** Darren Wilder



BUSINESS UPDATE

Darren Wilder CEO

FAIRVEST AT A GLANCE

Diverse portfolio
of R11.77bn

Market Cap
R5.74bn

1 160 585 m²
of GLA

Effective date of merger
26 January 2022

Gearing levels
39.2%

Investments
61.0% in Indluplace
8.6% in Dipula

KEY HIGHLIGHTS

61.52 cps
distribution
per A share

21.33 cps
distribution per
B share

100%
Pay-out ratio

Disposals of
4 assets
transferred at
value of R61.6m

Like for like
increase of 2%
in net property
income

Solar investments
produced 9.79% of
the portfolio's
electricity cost

Loan-to-Value
of 39.2%

88.5%
overall tenant
retention

NAV per share
Per A share
R14.90

.....
Per B share
R4.72

WALE of
28 months

Capex spend
of R86.4m
during first
6 months

Vacancy
of 7.2%



MERGER UPDATE

What did we achieve

- Effective date of the merger 26 January 2022
- Commercial effective date 1 October 2021
- Value enhancing transaction for shareholders
- Share register diversification
- Validation of swap ratio
- Business integration in progress
- Introduction of bottom-up strategies per business unit
- Focus on creating a strong platform to grow distributions



KEY FOCUS AREAS 2022/23

Creating a strong platform of growth

Strategic objectives

- To maintain collectable arrears below 2% of gross income
- Weighted average growth on lease expiry to between 2% to 6%
- Ensure that our 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%



CIVIL UNREST

- 21 properties affected by social unrest in July 2021
- Has recovered R48.9m to date (R8.4m claims still pending)
- Expect >95% of claims to be settled
- All assets are trading again
- Security became a strong focus area

KZN FLOODS

- Limited effect on the portfolio



FAIRVEST PROPERTY PORTFOLIO

FAIRVEST PORTFOLIO AT A GLANCE

Diverse portfolio
of **R11.77bn**
Average value
per property **R82.3m**

143 assets
(excl. Indluplace)

1 160 585m²
of GLA

Sectoral split by GLA

Retail	Office	Industrial
49%	27%	24%

Vacancy of
7.2%

Tenant retention
88.5%

Weighted average
rental per m² **R113.90**

Weighted average
escalation **6.7%**

WALE
28 months

LEASING ACTIVITY

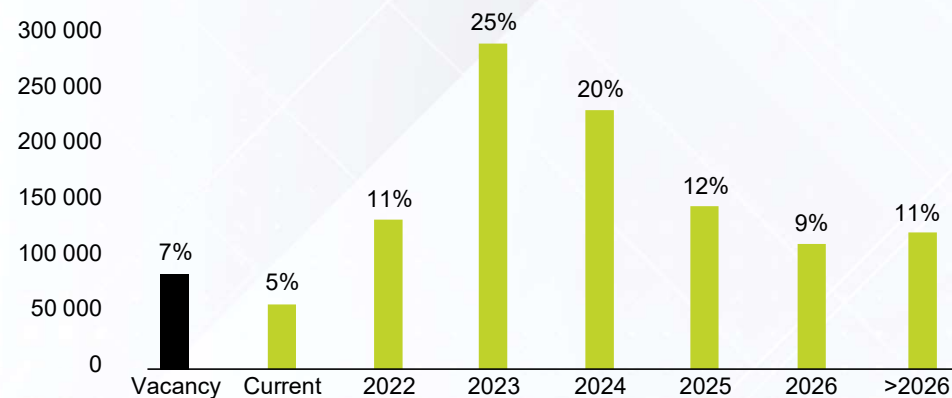
New deals

Number of leases	209
Total GLA m ²	35 268
Weighted average gross rental achieved (R/m ²)	102.82
Weighted average escalations	6.50%
WALE	28 mths

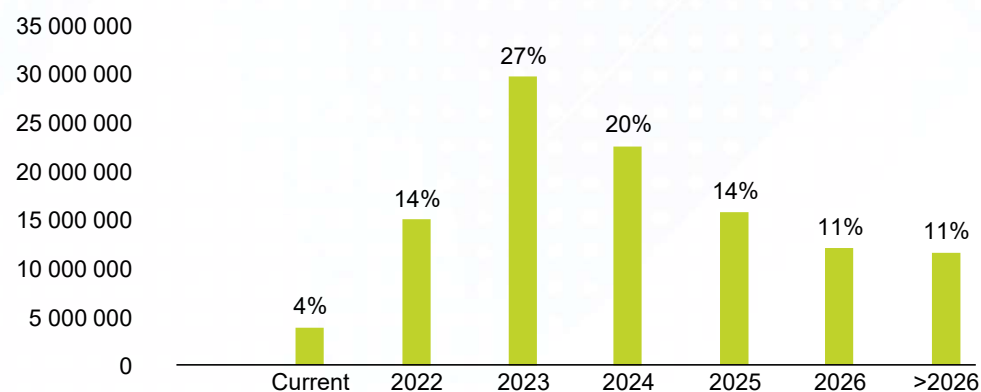
Renewals

Number of leases	251
Total GLA m ²	97 398
Average gross rental expiry (R/m ²)	121.31
Average gross rental achieved (R/m ²)	111.83
Budgeted vs renewal rate	10.40%
Weighted average reversion rate	-7.80%
Weighted average escalation	5.63%
WALE	39 mths

Lease expiry profile by GLA

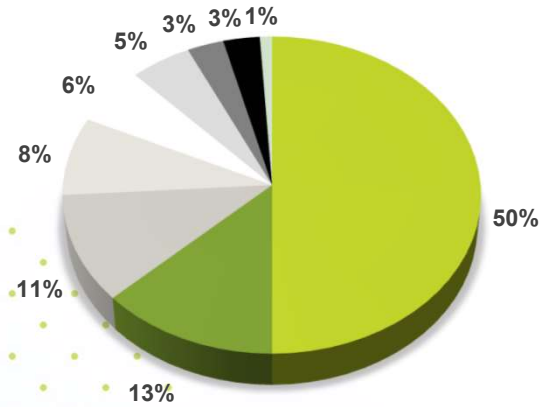


Lease expiry profile by Revenue

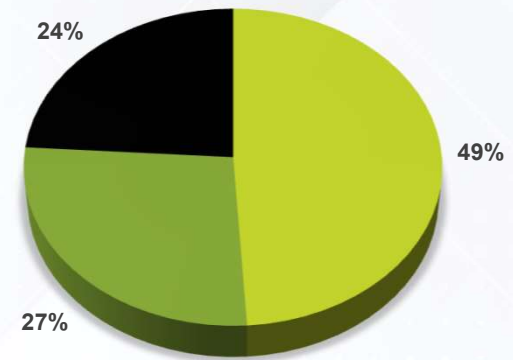


REGIONAL & SECTOR SPLIT

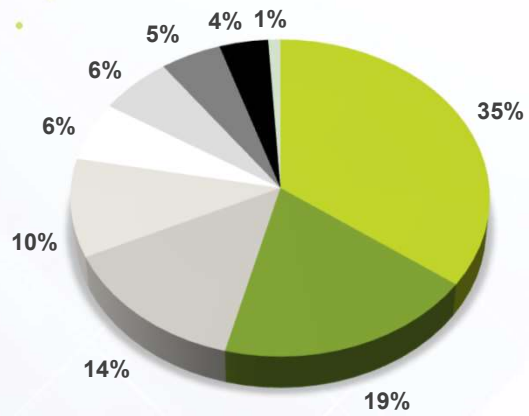
Total GLA per region



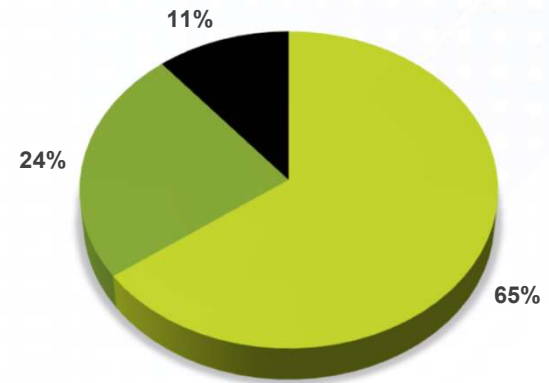
Total GLA per Sector



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





OFFICE UPDATE

Alon Kirkel Office & Industrial COO

FAIRVEST OFFICE PORTFOLIO AT A GLANCE

38 assets

**317 294m²
of GLA**

% of total portfolio by:
GLA – **27.3%**
Revenue – **24.2%**

Vacancy steady at
16.73%

Tenant retention
83.18%

Capex
Capital expenditure (R'm) **24.5**
Property value (R'bn) **2.8**
% of Value spend **0.9**

Weighted average
rental per m² **R115.38**

Weighted average
escalation **6.81%**

WALE
19 months

OFFICE LEASING ACTIVITY

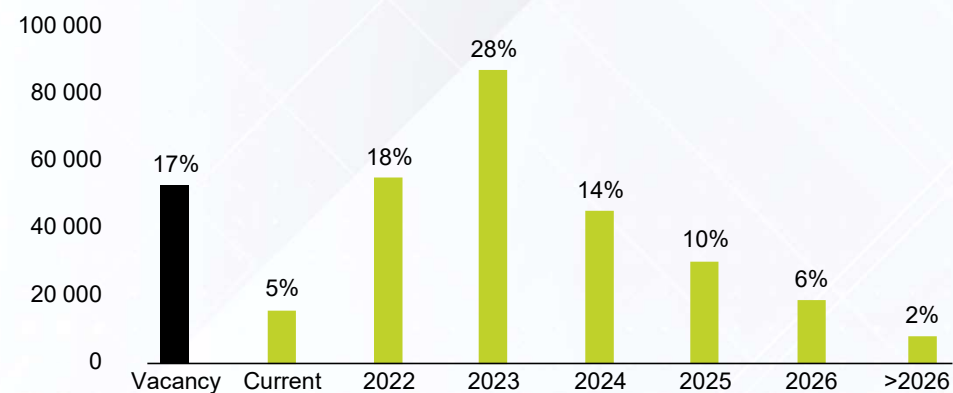
New deals

Number of leases	49
Total GLA m ²	7 745
Weighted average gross rental achieved (R/m ²)	80.53
Weighted average escalations	8.00%
WALE	20 mths

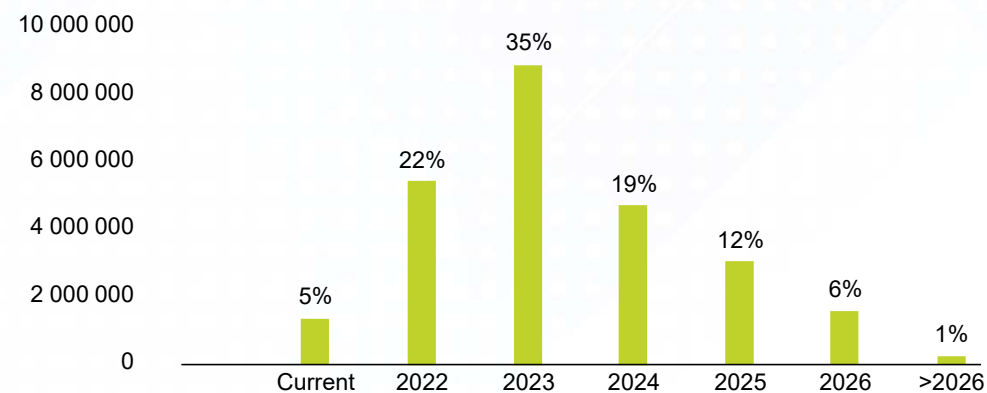
Renewals

Number of leases	47
Total GLA m ²	19 073
Average gross rental expiry (R/m ²)	147.00
Average gross rental achieved (R/m ²)	116.30
Budgeted vs renewal rate	13.55%
Weighted average reversion rate	-20.85%
Weighted average escalation	6.32%
WALE	31 mths

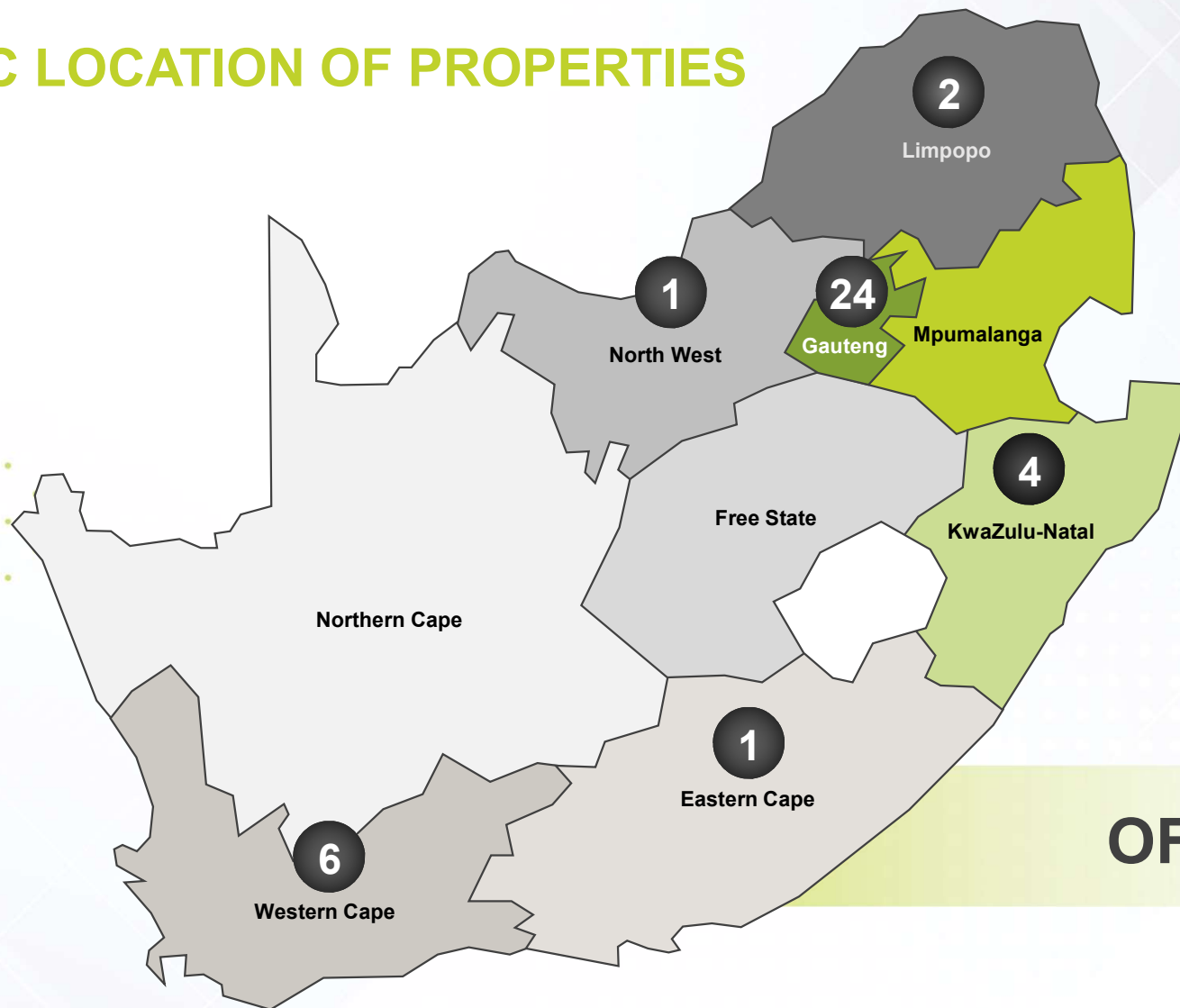
Office Lease expiry profile by GLA



Office Lease expiry profile by Revenue



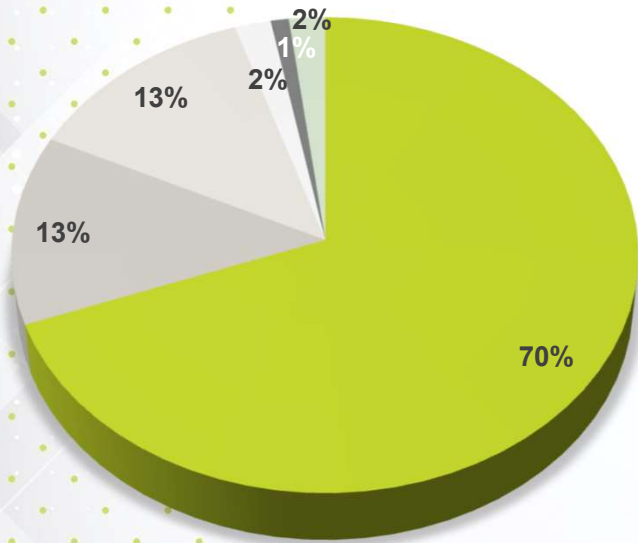
GEOGRAPHIC LOCATION OF PROPERTIES BY NUMBER



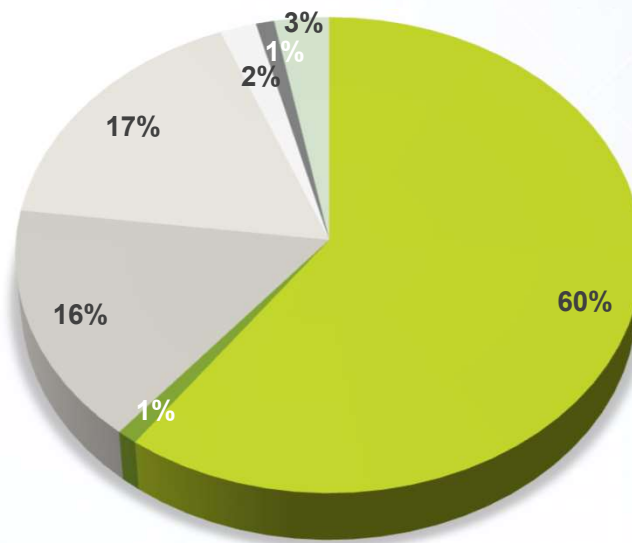
OFFICE

OFFICE REGIONAL SPLIT

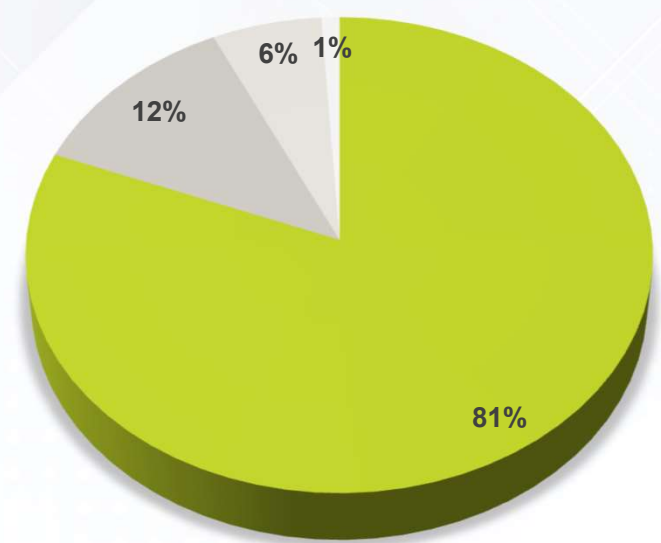
Office GLA per region



Office revenue per region



Office vacancy per region (GLA)



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



INDUSTRIAL PORTFOLIO

FAIRVEST INDUSTRIAL PORTFOLIO AT A GLANCE

27 assets

**278 192m²
of GLA**

% of total portfolio by:
GLA – **24.0%**
Revenue – **10.8%**

**Vacancy decreased to
1.04%**

**Tenant retention
100%**

Capex
Capital expenditure (R'm) **18.8**
Property value (R'bn) **1.2**
% of Value spend **1.6**

**Weighted average
rental per m² R45.00**

**Weighted average
escalation 6.70%**

**WALE
25 months**

INDUSTRIAL LEASING ACTIVITY

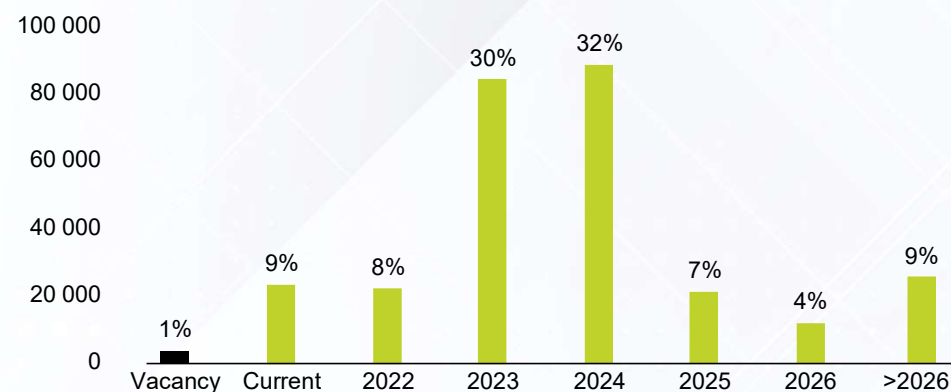
New deals

Number of leases	29
Total GLA m ²	10 128
Weighted average gross rental achieved (R/m ²)	41.73
Weighted average escalations	7.27%
WALE	16 mths

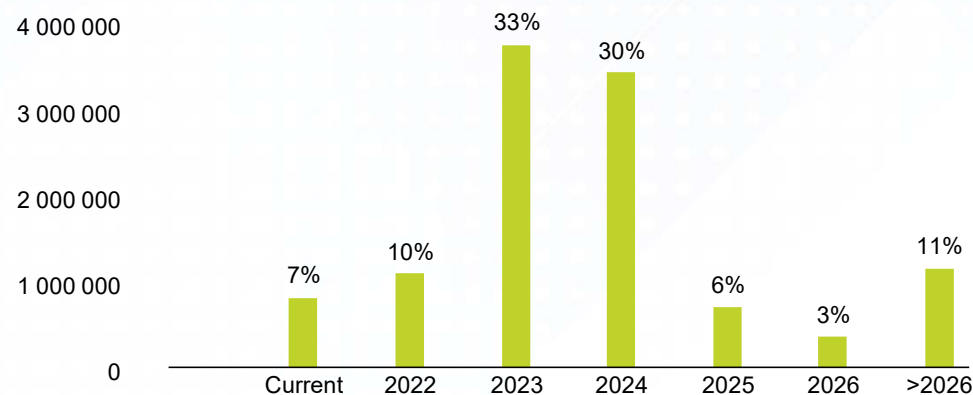
Renewals

Number of leases	31
Total GLA m ²	23 872
Average gross rental expiry (R/m ²)	49.00
Average gross rental achieved (R/m ²)	48.04
Budgeted vs renewal rate	4.70%
Weighted average reversion rate	-1.16%
Weighted average escalation	4.35%
WALE	21 mths

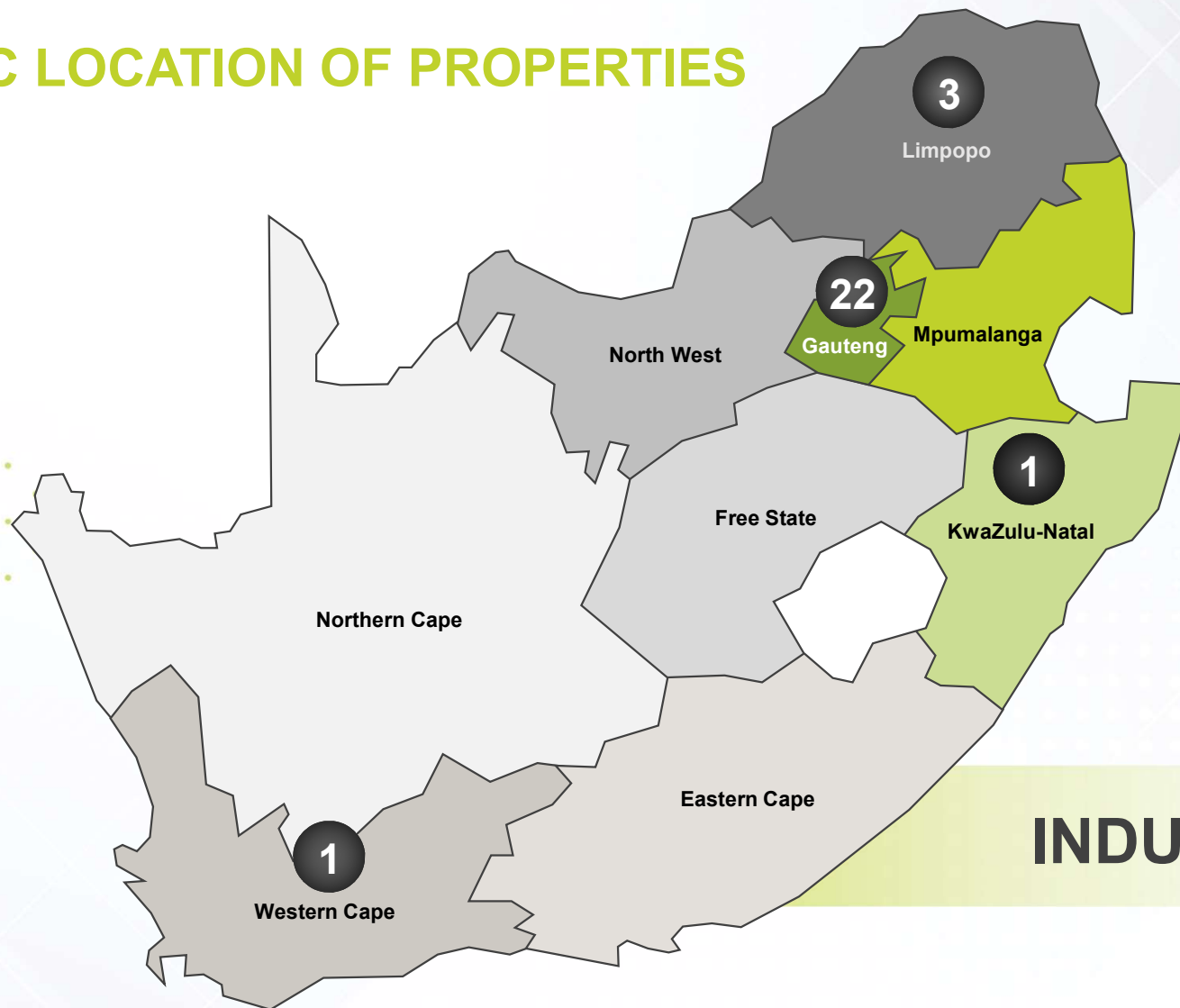
Industrial Lease expiry profile by GLA



Industrial Lease expiry profile by Revenue



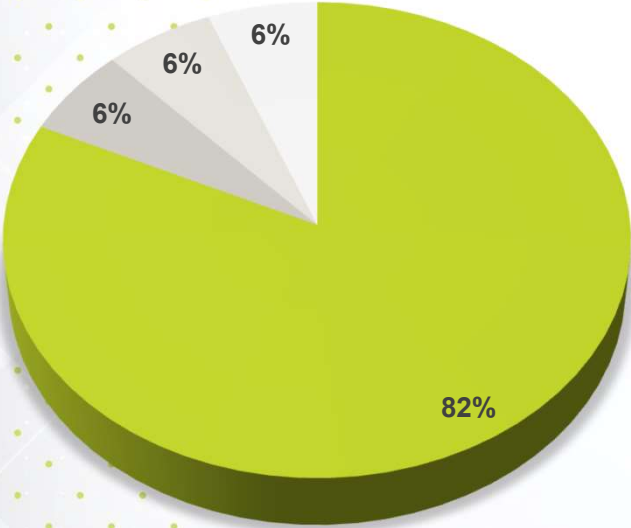
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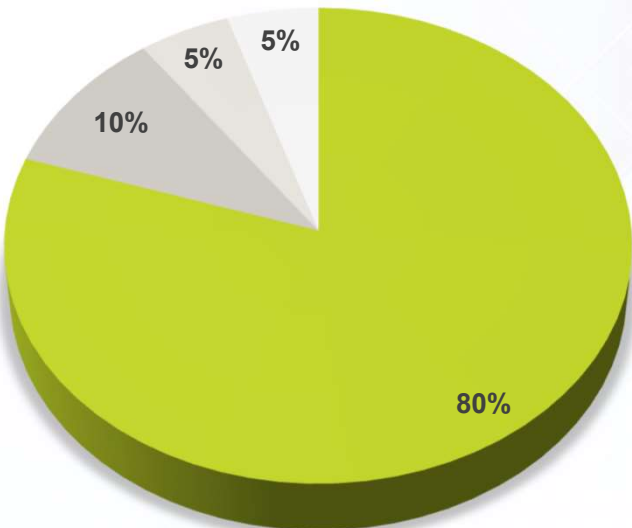
INDUSTRIAL

INDUSTRIAL VACANCY

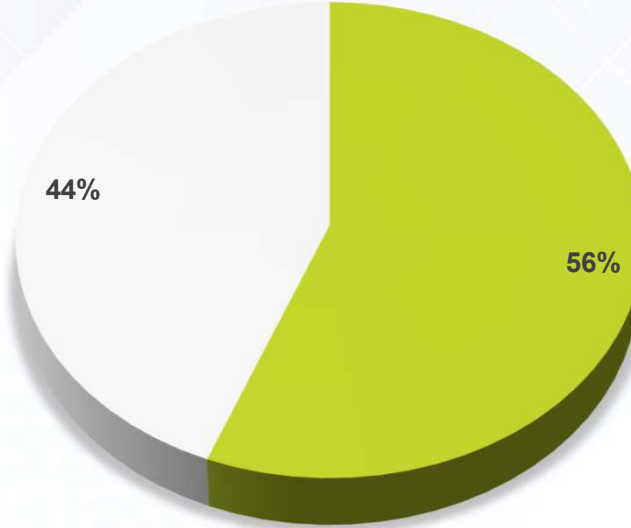
Industrial GLA per region



Industrial by revenue



Industrial vacancy per region (GLA)



Gauteng KwaZulu-Natal Western Cape Limpopo



Food Court
Toilets
Shoprite
Exit
Phones



Hier ruk'ie joi
K KIE
20:00 18:30
Vir net R249 per maand
DStv

AWARD WINNING
SMOOTH SCOTCH
Not For Sale To Persons Under The Age Of 18. Drink Responsibly

MEGHNA
Take Away & Pizzeria



OPERATIONAL UPDATE

Riaz Kader Retail COO

FAIRVEST RETAIL PORTFOLIO AT A GLANCE

Tenant grading:

A Grade	B Grade	C Grade
64%	13%	23%

78 assets

565 100m²
of GLA

% of total portfolio by:

GLA	– 48.7%
Revenue	– 65.0%

Vacancy
steady at
4.86%

Tenant
retention
86.44%

Capex

Capital expenditure (R'm)	43.1
Property value (R'bn)	7.8
% of Value spend	0.6

Weighted average
rental per m² **R143.90**

Weighted average
escalation **6.60%**

WALE
34 months

RETAIL LEASING ACTIVITY

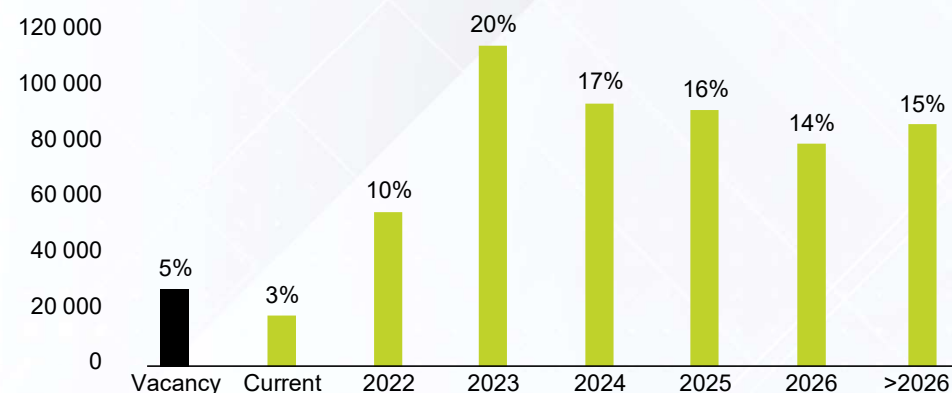
New deals

Number of leases	131
Total GLA m ²	17 394
Weighted average gross rental achieved (R/m ²)	146.89
Weighted average escalations	6.17%
WALE	36 mths

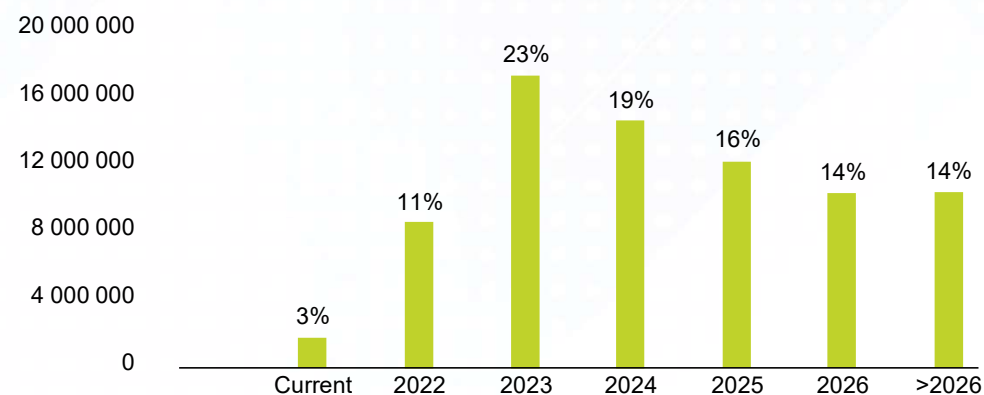
Renewals

Number of leases	173
Total GLA m ²	54 453
Average gross rental expiry (R/m ²)	144.00
Average gross rental achieved (R/m ²)	138.24
Budgeted vs renewal rate	10.43%
Weighted average reversion rate	-4.15%
Weighted average escalation	5.90%
WALE	49 mths

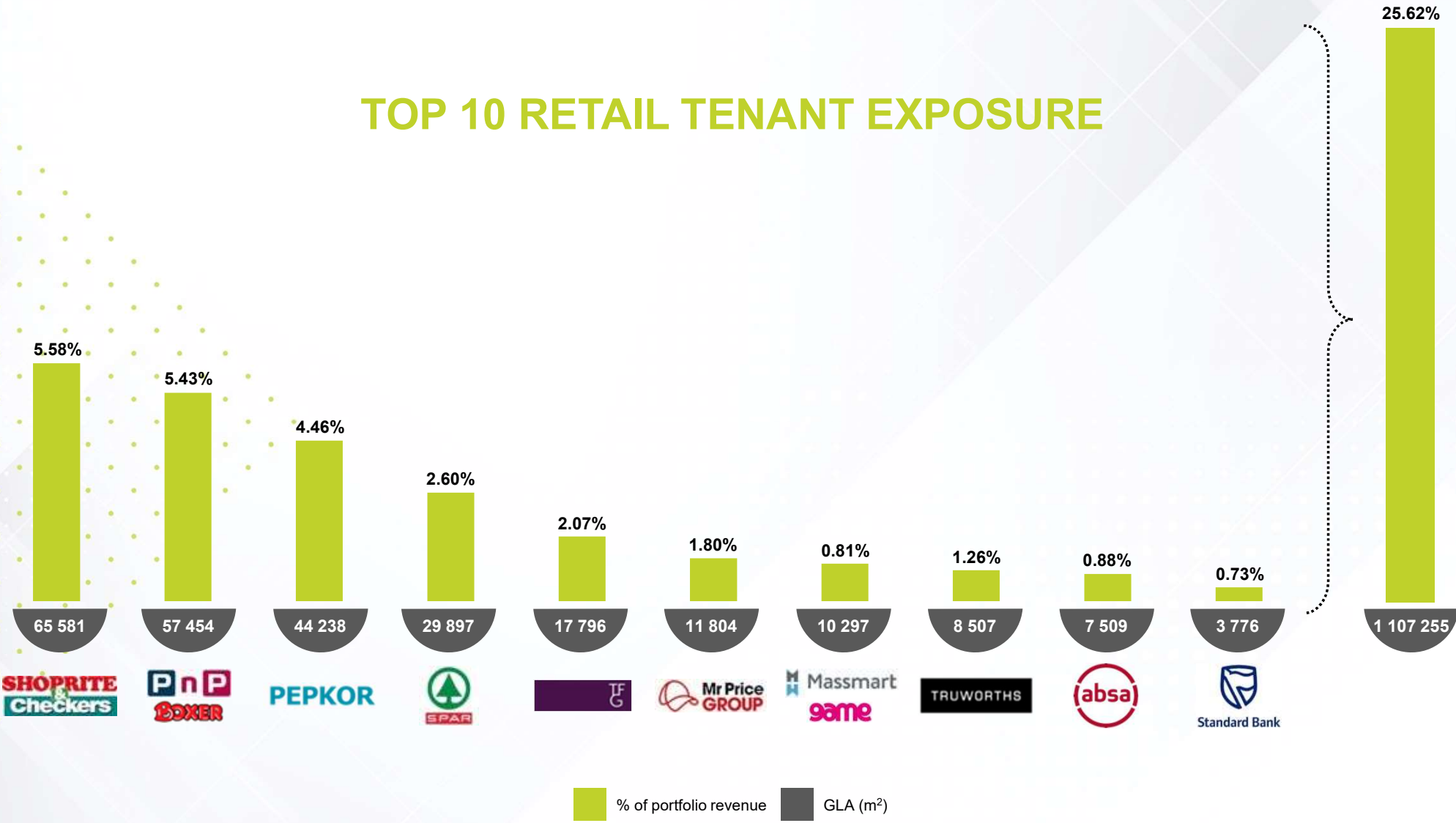
Retail Lease expiry profile by GLA



Retail Lease expiry profile by Revenue



TOP 10 RETAIL TENANT EXPOSURE



SIGNIFICANT NEW RETAIL DEALS for the past 6 months



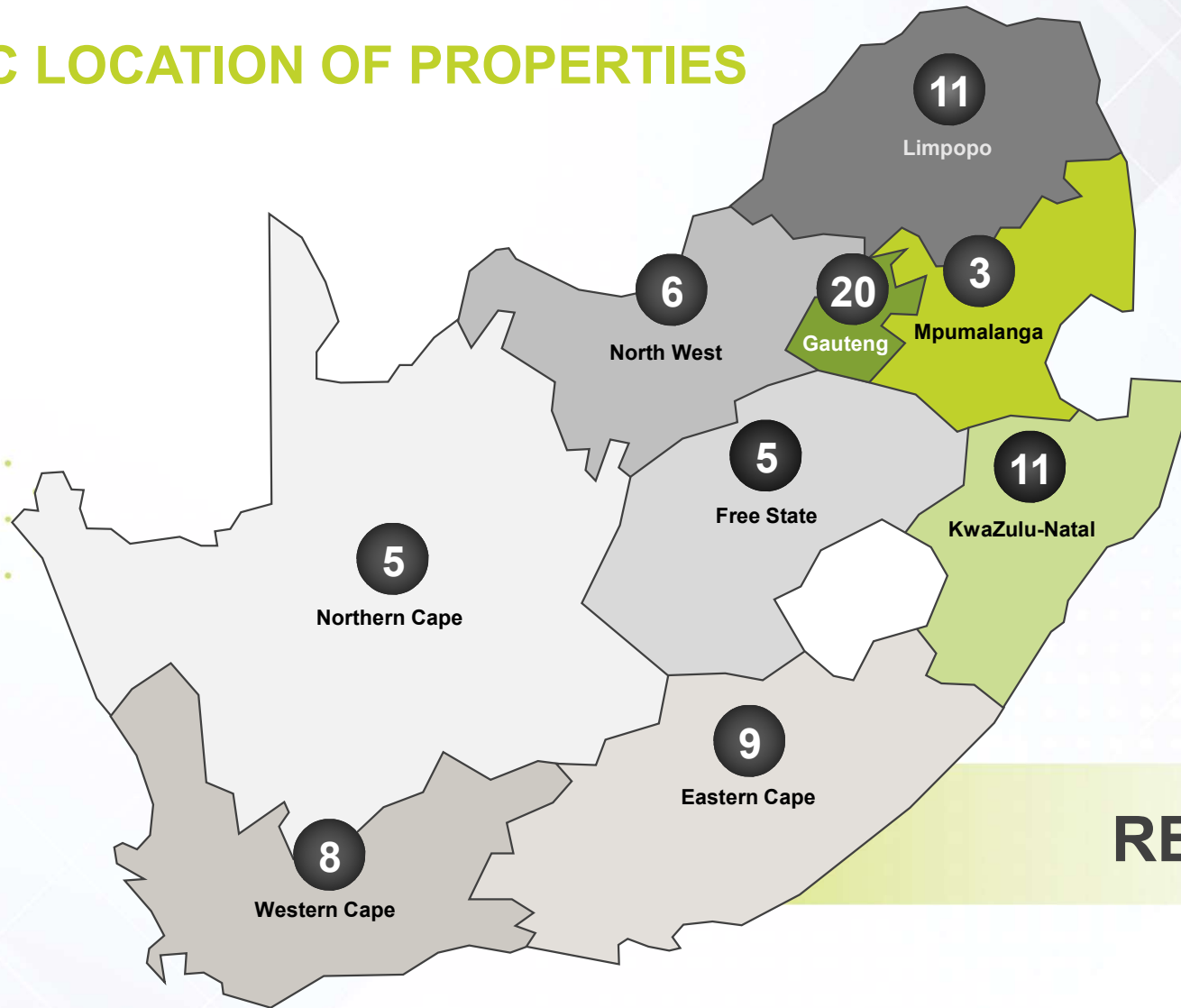
SIGNIFICANT RETAIL LEASE RENEWALS for the past 6 months - Retail



WAY FORWARD

- The sector with the lowest renewal negative reversions and looking to further improve
- Rentals rates are market related and further value extraction to be implemented
- Positioning the portfolio for growth, ensuring each retail asset remains relevant within the node
- Retail portfolio, is the perfect platform to existing and new retail tenants, providing access to many under serviced markets across all 9 provinces. A conduit for growth
- Low vacancy, with a strategy to further reduce in the medium-term
- Further strengthen relationships with the communities that surround our assets
- Stable and solid platform to improve and extract sustainable growth

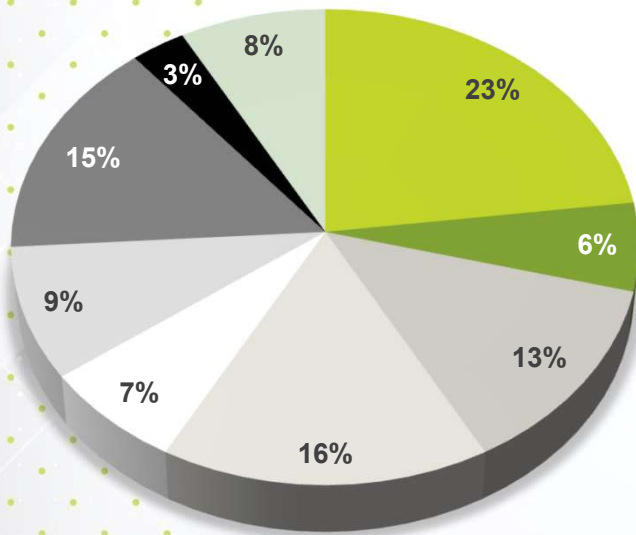
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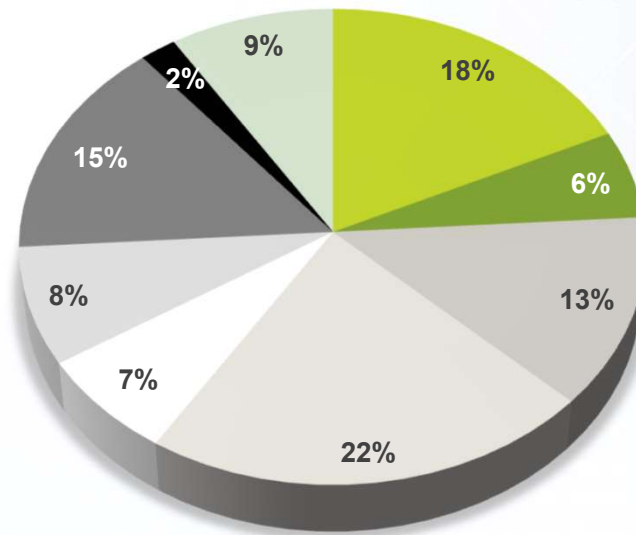
RETAIL

RETAIL REGIONAL SPLIT

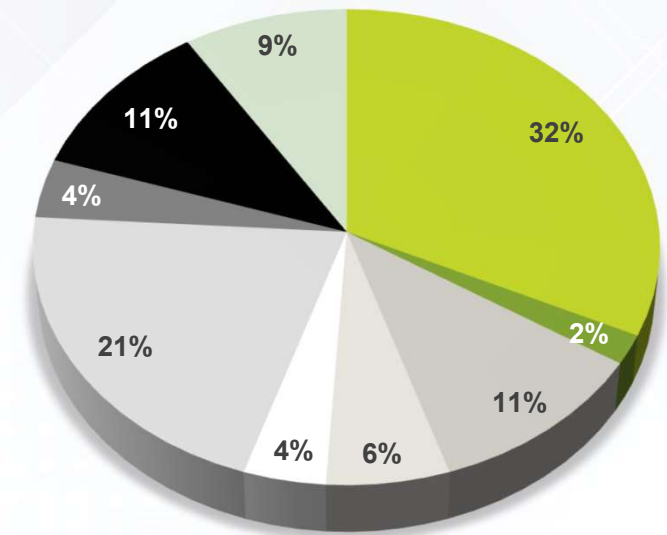
Retail GLA per region



Retail revenue per region



Retail vacancy per region (GLA)



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





FINANCIAL UPDATE

Jacques Kriel CFO

DISTRIBUTABLE INCOME PER B SHARE

Unaudited	6 months ended 31 March 2022 Cents per share	Comparable 6 month period 2021*# Cents per share
Total distributable income		
Fairvest's operations – core portfolio	37.31	36.57
Fairvest's operations – income attributable to assets disposed of	0.20	3.41
Net finance cost	(12.26)	(14.89)
Head office and admin costs	(3.05)	(3.69)
Income from operations attributable to minority interests	(1.28)	(0.79)
Net income from operations before listed investments	20.92	20.61
Income from Dipula	1.32	1.41
Income from Indluplace	1.73	1.93
Total distributable income	23.97	23.95
Minus distributable income to A shares	(2.64)	(2.52)
Total distributable income to B shares	21.33	21.43

* For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the six months ended 31 March 2021 and 31 December 2020 respectively.

The distributable income per B share for the 2021 comparable period was calculated on the combined comparable period distributable income for Old Fairvest and Arrowhead, using the number of shares in issue at 31 March 2022.

DISTRIBUTABLE INCOME ANALYSIS FOR THE PERIOD ENDED 31 MARCH 2022

R'000 Unaudited	6 months ended 31 March 2022	Comparable 6 month period 2021*
Revenue (excluding straight line rental income)	1 214 603	1 270 348
Sundry income	15 200	3 123
Property expenses	(553 989)	(548 888)
Administration and corporate costs	(59 298)	(68 475)
Finance charges	(256 790)	(300 329)
Finance income	19 863	16 497
Dividend receivable from Dipula	19 243	20 557
Adjustment for income retained and not distributed by Indluplace	(13 781)	(7 112)
Non-controlling interest share in distributable income	(34 838)	(35 880)
Distributable income	350 213	349 841
A share – distributable income for the 6 month period	38 585	36 748
B share – distributable income for the 6 month period	311 628	313 093
Total amount available for distribution	350 213	349 841
Distributable income per A share (cents) for the 6 month period	61.52	58.59
Distributable income per B share (cents) for the 6 month period	21.33	21.43 [#]

* For purposes of providing meaningful comparative information, the numbers above reflect a combination of those of Arrowhead and Old Fairvest for the six months ended 31 March 2021 and 31 December 2020 respectively.

The distributable income per B share for the 2021 comparable period was calculated on the combined comparable period distributable income for Old Fairvest and Arrowhead, using the number of shares in issue at 31 March 2022.

To create meaningful disclosure, the consolidated distributable income for the 6 months from 1 October 2021 (being the commercial effective date of the merger) to 31 March 2022 are disclosed which includes Indluplace.

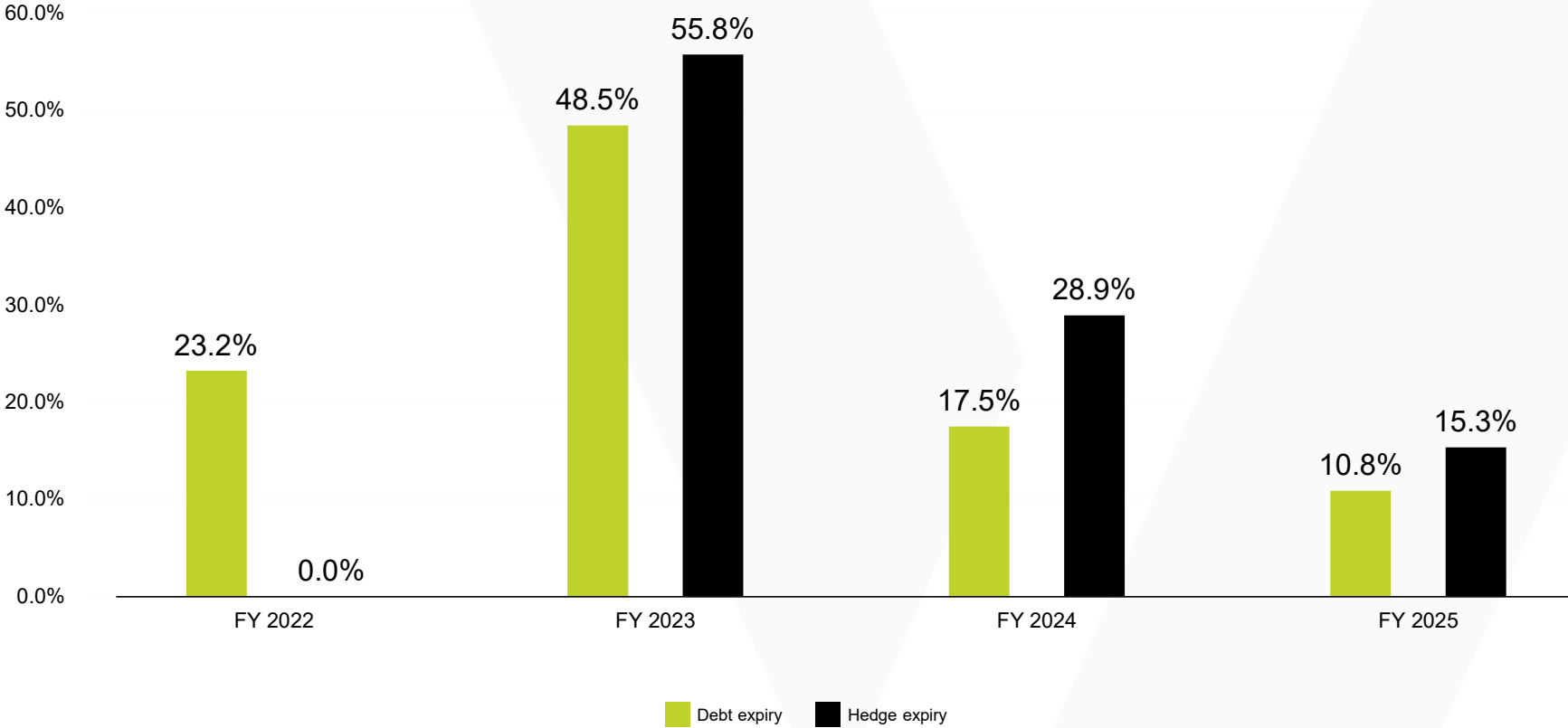
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

R'000	31 March 2022	31 December 2020	30 June 2021
Assets			
Investment property	15 252 566	3 407 376	3 421 961
Financial assets	200 013	4 545	4 533
Trade and other receivables	273 040	89 760	69 597
Loan receivable	180 061	306 657	285 078
Cash and cash equivalents	136 062	18 395	15 262
Loans to participants of Group share purchase option schemes	126 297	-	-
Remaining assets	41 095	16 817	26 418
Total assets	16 209 134	3 843 550	3 822 849
Equity			
Shareholders' interest	8 108 089	2 247 437	2 274 932
Non-controlling interest	1 035 739	144 551	166 592
Total equity	9 143 828	2 391 988	2 441 524
Liabilities			
Secured financial liabilities	6 117 447	1 106 899	1 083 822
Derivatives	94 907	71 247	39 715
Trade and other payables including tenant deposits	664 148	117 816	105 697
Amounts owing to non-controlling interests	95 993	137 691	129 813
Lease liabilities	87 413	16 428	20 820
Remaining liabilities	5 398	1 481	1 458
Total liabilities	7 065 306	1 451 562	1 381 325
Net asset value per share (Rand) - at period end			
- Fairvest (previously Arrowhead) A shares	14.90	-	-
- Fairvest (previously Arrowhead) B shares	4.91	-	-
- Old Fairvest (Applied swap ratio of 0.54054)	-	4.24	4.25
Net asset value per share (Rand) – calculating using REIT Best Practice			
- Fairvest A shares	14.90	-	-
- Fairvest B shares	4.72	-	-

CONSERVATIVE DEBT MANAGEMENT

		March 2022	June/September 2021
Loan to value ratio	%	39.2%	36.2%
% of interest-bearing debt fixed	%	69.0%	73.8%
Weighted average cost of funding	%	8.4%	8.1%
Interest cover	times	2.4	2.3
Weighted average maturity of debt	months	13	15
Weighted average maturity of fixes/swaps	months	19	25
Total debt	R'm	4 726.6	4 330.4
Total facilities	R'm	5 160.5	5 107.2
Undrawn facilities	R'm	433.9	776.8
Available cash & undrawn facilities	R'm	484.1	883.4

DEBT AND HEDGE MATURITY PROFILE

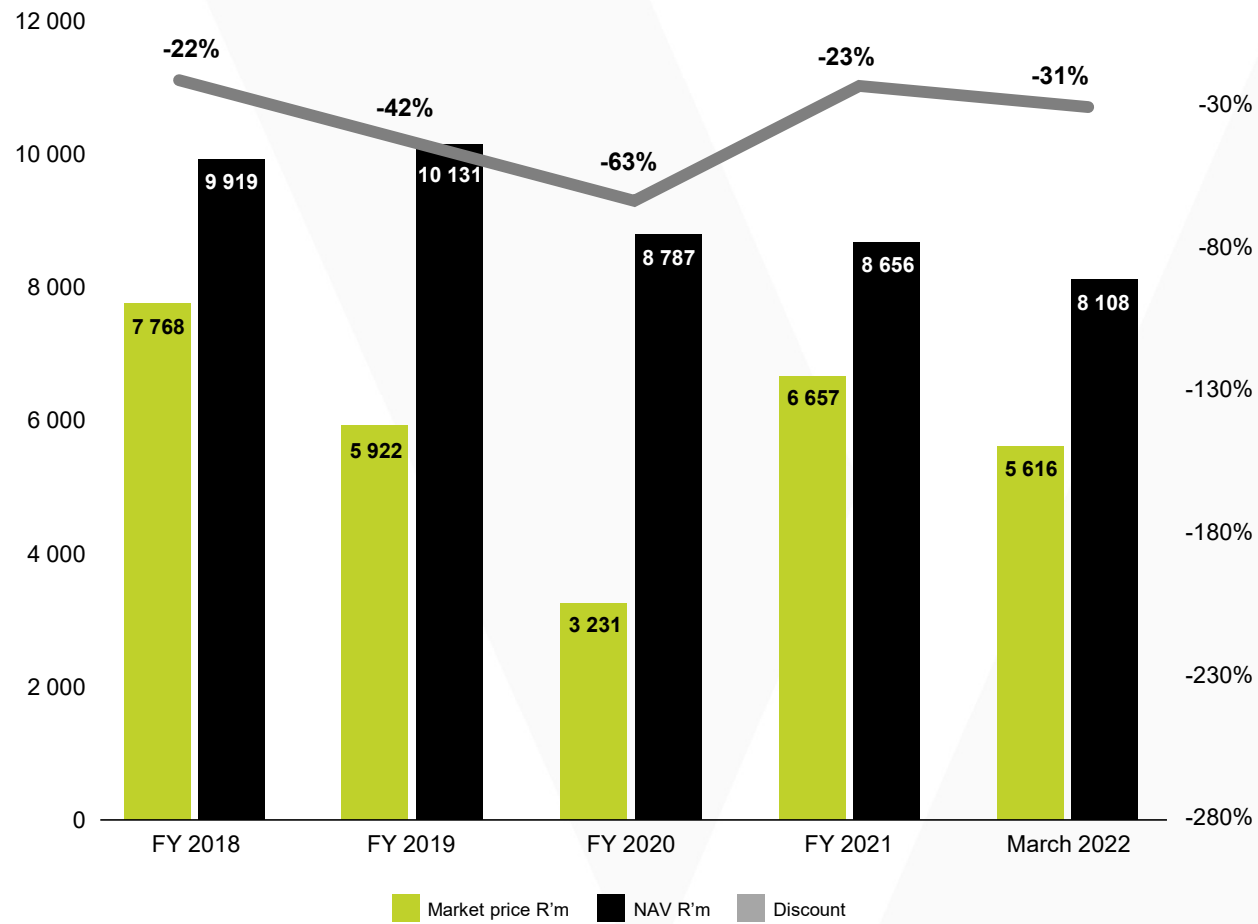


ARREARS AND BAD DEBT

R'000	Total arrears	Total provision	Total net arrears	% of revenue on an annualised basis
Retail	55 107	(19 287)	35 820	2.62%
Office	26 755	(11 800)	14 955	2.75%
Industrial	22 549	(10 142)	12 407	5.27%
Residential	13 440	(8 780)	4 660	0.72%
	117 851	(50 009)	67 842	2.43%

PRICE TO BOOK

Merged Group – combined price to book







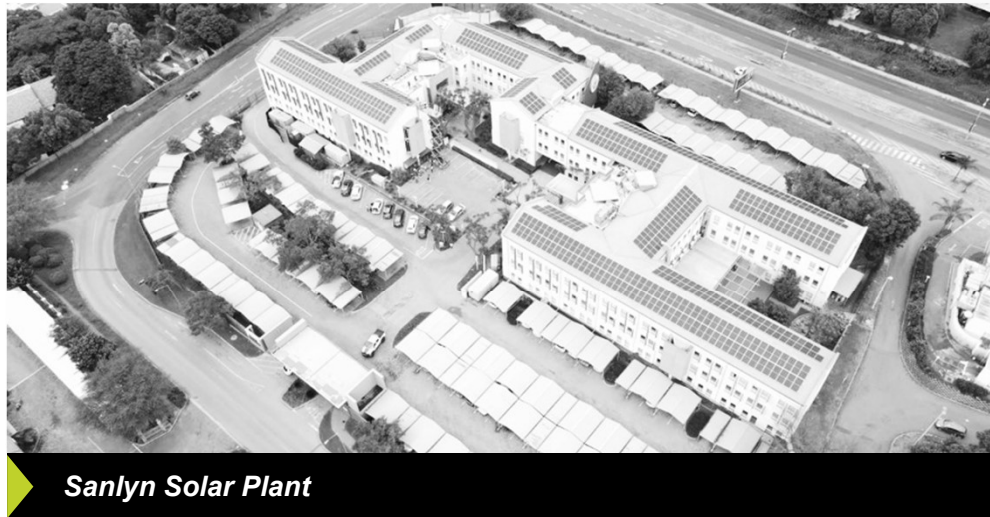
E.S.G. ENVIRONMENT

Darren Wilder CEO

SOLAR AND WATER PROJECTS AT 31 MARCH 2022

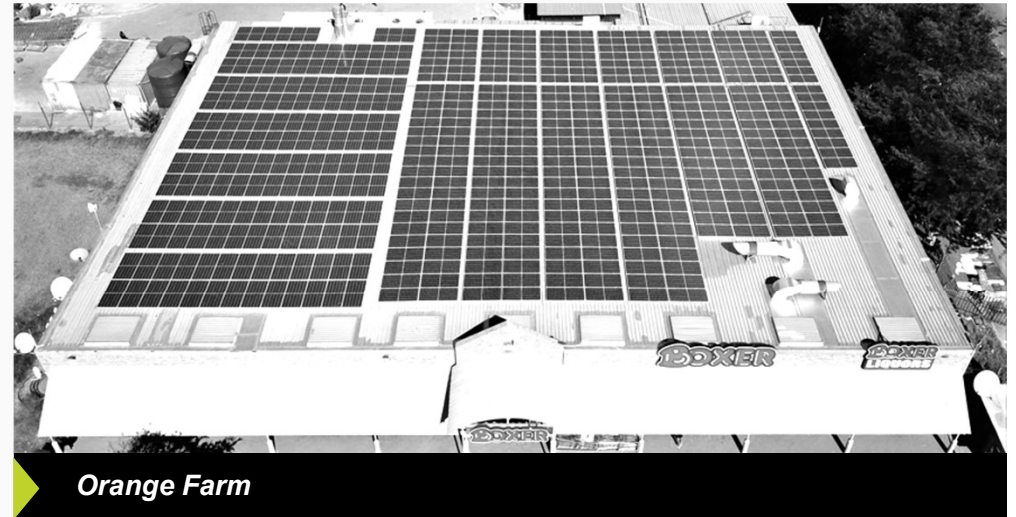
Solar

- 33 Solar plants fully operational resulting in 14.2 Megawatt capacity
- 6 Solar plants in construction resulting in 2.4 Megawatt capacity
- Solar plants produced 9.79% of the combined portfolio's electricity cost for the 6 months
- Forecast annual solar production after construction and phase 4 completion will be R37.1 million and 11% of the portfolio's electricity cost



Water

- 8 ground water harvesting plants in operation at (Qumbu, Empangeni, Bara, Macassar, Libode, Cleary Park, Metalbox, 1 Sturdee)
- Further ground water harvesting projects are currently in exploration phase





DISPOSALS

SALES FOR THE 2022 FINANCIAL YEAR

- For the period 1 October 2021 to 31 March 2022
- Group disposed of 4 assets for R61.6 million
- 10.2% forward yield

Total transferred to date:

Asset Class	Number	Sales value (R)	Book value (R)	Discount to book value	Average Yield	Average price per asset	Vacancy %
Retail	2	39 258 366	40 204 228	(2.35%)	8.9%	19 629 183	0%
Industrial	2	22 300 000	22 300 000	0.00%	12.5%	11 150 000	0%
Total	4	61 558 366	62 504 228	(1.51%)	10.2%	15 389 592	0%

A Further 6 properties valued at R89.6 million to transfer by the end of the financial year.



PROSPECTS

PROSPECTS

- On track to deliver earnings in line with guidance
- Continue with internal focus
- Remain conservatively geared
- Continue to simplify the business
- Strong focus on leasing and maintaining tenant retention at 85%
- Contain arrears to 2% to protect the balance sheet
- LTV below 40%
- Continue to target fixed debt component to 70%
- Create stable platform for growth





Q & A SESSION

FAIRVEST
LIMITED

Thank you