

FAIRVEST

PROPERTY HOLDINGS

Notice of Annual General Meeting 2020

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NOTICE OF ANNUAL GENERAL MEETING

FAIRVEST PROPERTY HOLDINGS LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number: 1998/005011/06)
 Share code: FVT ISIN: ZAE000203808
 (Approved as a REIT by the JSE)
 ("Fairvest" or "the Company")

Notice is hereby given that the Annual General Meeting of shareholders of Fairvest in respect of the year ended 30 June 2020 will be held in the boardroom, 8th Floor, The Terraces, 34 Bree Street, Cape Town on Tuesday, 17 November 2020, at 10:00 ("AGM").

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, please consult your broker, Central Securities Depository Participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately.

Agenda

- (i) Presentation of the audited annual financial statements of the Company, including the reports of the directors and Audit and Risk Committee for the year ended 30 June 2020. The Integrated Annual Report containing the complete audited annual financial statements will be available on the Company's website at <https://fairvest.co.za/news/reports> or may be requested and obtained, at no charge, from the Company's registered office during office hours. **A summarised version of the audited annual financial statements is included in Annexure A to this notice of AGM ("Notice").**
- (ii) To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

For any of the Ordinary Resolutions Numbers 1 to 7 (inclusive) and 10 to 12 (inclusive) to be adopted, more than 50% (fifty percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof. For Ordinary Resolutions Numbers 8 and 9 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Ordinary Resolution Number 1 – Re-appointment of auditors

"RESOLVED AS AN ORDINARY RESOLUTION that, on the recommendation of the Audit and Risk Committee of the Company, BDO South Africa Inc. be and are hereby re-appointed as the auditors of the Company for the ensuing financial year or until the next annual general meeting of the Company, whichever is the later, with the designated auditor being Stephan Cillié, as registered auditor and partner in the firm."

The reason for Ordinary Resolution Number 1 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the Company as required by the Companies Act, No. 71 of 2008, as amended ("Companies Act").

NOTICE OF AGM CONTINUED

2. Ordinary Resolution Number 2 – Retirement and re-election of director

(Mr LW Andrag)

“RESOLVED AS AN ORDINARY RESOLUTION that Mr LW Andrag, who retires by rotation in terms of the Company’s Memorandum of Incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-Executive Director of the Company.”

Summarised curriculum vitae of Mr LW (Louis) Andrag

Louis graduated from the University of Stellenbosch in 1996 with a B.Engineering (Industrial Mechanical) degree and worked in Germany and the USA as an engineer before returning to South Africa, and joined Stellenbosch Farmers’ Winery as site engineer. He joined an agricultural business as logistics manager and obtained his Honours and Master’s degree in Business Administration through part-time studies from the University of Stellenbosch. He was later appointed as general manager of the Agricultural Machinery Division and Director. In 2009, Louis started his privately owned property investment and residential development company, Leggato Investments, with investments in South Africa and Germany. He serves as chairman and director on the boards of a number of private companies.

3. Ordinary Resolution Number 3 – Retirement and re-election of director

(Mr TJ Cohen)

“RESOLVED AS AN ORDINARY RESOLUTION that Mr TJ Cohen, who retires by rotation in terms of the Company’s Memorandum of Incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-Executive Director of the Company.”

Summarised curriculum vitae of Mr TJ (Trevor) Cohen

Trevor holds BComm and Bachelor of Law (LLB) degrees from the University of Witwatersrand. Trevor has over 35 years of experience in the retail real estate sector. His experience includes being a senior member of the real estate division at Ellerines Group of Companies, joint head of the Real Estate Division at OK Bazaars, head of the Gauteng branch of the New Business Development Division of Shoprite and, until his retirement in April 2017, was a Senior Consultant at Shoprite.

4. Ordinary Resolution Number 4 – Retirement and re-election of director

(Mr BJ Kriel)

“RESOLVED AS AN ORDINARY RESOLUTION that Mr BJ Kriel, who retires by rotation in terms of the Company’s Memorandum of Incorporation and, being eligible and offering himself for re-election, be and is hereby re-elected as an Executive Director of the Company.”

Summarised curriculum vitae of Mr BJ (Jacques) Kriel

Jacques was the CEO and financial director of Fairvest from January 2010 until October 2012. Jacques is qualified as a chartered accountant. After completing his training he relocated to the United Kingdom where he joined Ernst & Young, London. Jacques joined the Bank of England in 2008 and was, until he joined Fairvest, responsible for the financial reporting of the United Kingdom’s Foreign Currency Reserves.

The reason for Ordinary Resolutions Numbers 2, 3 and 4 is that the Memorandum of Incorporation of the Company, the Listings Requirements of the JSE Limited (“JSE Listings Requirements”) and, to the extent applicable, the Companies Act, require that a component of the directors rotate at each annual general meeting of the Company and, being eligible, may offer themselves for re-election as directors.

Note:

For avoidance of doubt, all references to the Audit and Risk Committee of the Company refer to the audit committee as contemplated in the Companies Act.

5. Ordinary Resolution Number 5 – Re-appointment of member of the Audit and Risk Committee (Mr N Mkhize)

“RESOLVED AS AN ORDINARY RESOLUTION that Mr N Mkhize, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company.”

Summarised curriculum vitae of Mr N (Ndabe) Mkhize

Ndabe is the Chief Investment Officer of the Eskom Pension and Provident Fund with overall investment oversight over R135 billion in assets. His previous experience includes co-portfolio management positions at STANLIB Asset Management and Coronation Fund Managers as well as an equity analyst role at Prudential Portfolio Managers. Ndabe holds a BSc (Actuarial Science) degree from the University of Cape Town (UCT) and the designations of Chartered Financial Analyst and Chartered Alternative Investment Analyst. In addition, he has gone through the Property Development Programme at the UCT Graduate School of Business.

6. Ordinary Resolution Number 6 – Re-appointment of member of the Audit and Risk Committee (Adv JD Wiese)

“RESOLVED AS AN ORDINARY RESOLUTION that Adv JD Wiese, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company.”

Summarised curriculum vitae of Adv JD (Jacob) Wiese

Jacob holds a BA (Value & Policy studies) degree from the University of Stellenbosch, a Master’s degree in International Economics and Management from Università Commerciale Luigi Bocconi in Italy and an LLB degree from the University of Cape Town. In 2009 Jacob completed his pupillage at the Cape Bar and was admitted as an Advocate of the High Court. Jacob is a non-executive director of Pepkor Holdings Limited and Invicta Holdings Limited. He is also involved with the management of Lourensford Wine Estate, one of South Africa’s largest and most prestigious wine farms.

7. Ordinary Resolution Number 7 – Re-appointment of member of the Audit and Risk Committee (Ms KR Nkuna)

“RESOLVED AS AN ORDINARY RESOLUTION that Ms KR Nkuna, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the Company, as recommended by the Board of Directors of the Company, until the next annual general meeting of the Company.”

Summarised curriculum vitae of Ms KR (Khegu) Nkuna

Khegu is a qualified chartered accountant and currently the Group Financial Director of the Masingita Group of Companies. Khegu has experience in both private and public companies spanning across diverse industries. She has diverse professional experience in auditing, finance management, strategic financial management, strategy development, financial risk analysis and corporate governance.

The reason for Ordinary Resolutions Numbers 5, 6 and 7 is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of the Company.

NOTICE OF AGM CONTINUED

8. Ordinary Resolution Number 8 – General authority to issue shares for cash

“RESOLVED AS AN ORDINARY RESOLUTION that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company’s unissued shares for cash, to such person/s on such terms and conditions and at such times as the directors may, from time to time, in their discretion deem fit, without restriction, subject to the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements from time to time, which currently provide, *inter alia*, the following limitations:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- any such issue may only be made to public shareholders, as defined by the JSE Listings Requirements, and not to related parties;
- the number of shares issued for cash hereunder shall not, in aggregate, exceed 10% (ten percent) of the number of the Company’s issued shares of that class. The number of shares which may be issued shall be based on the number of shares in issue as at the date of this Notice. As at the date of this Notice, 10% (ten percent) of the number of issued shares, excluding treasury shares, amounts to 98 026 111 ordinary shares;
- this general authority will be valid until the earlier of the Company’s next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- in the event that the shares issued represent, on a cumulative basis, 5% or more of the number of shares in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of the shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- the approval of this general authority to issue shares for cash resolution, by achieving a 75% (seventy-five percent) majority of the votes cast at the AGM; and
- this authority includes the authority to issue any options/convertible securities that are convertible into an existing class of equity securities, where applicable.”

The reason for Ordinary Resolution Number 8 is that, for the Company to issue shares for cash, it must obtain the prior authority of shareholders to the extent required under the JSE Listings Requirements. The effect of Ordinary Resolution Number 8, if passed, is to obtain such general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements.

9. Ordinary Resolution Number 9 – Authority to sell treasury shares

“RESOLVED AS AN ORDINARY RESOLUTION that, to the extent that any treasury shares may be acquired and held by any subsidiary of the Company (“Treasury Shares”), and whereas paragraph 5.75 of the JSE Listings Requirements states that whenever a listed company wishes to use such Treasury Shares, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of securities, the directors of the Company be and are hereby authorised, by way of a general authority, to sell any or all such Treasury Shares for cash, to such person/s on such terms and conditions and at such times as the directors may, from time to time, in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements from time to time, including the limitations listed in Ordinary Resolution Number 8 above, and which are hereby incorporated, *mutatis mutandis*, in this Ordinary Resolution Number 9, and which include, *inter alia*, the following:

- any such sale of Treasury Shares may only be made to public shareholders, as defined by the JSE Listings Requirements, and not to related parties;
- this general authority will be valid until the earlier of the Company’s next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;

- in determining the price at which any Treasury Shares may be sold in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price on the JSE of the Company's shares over the 30 (thirty) business days prior to the sale of such Treasury Shares. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period; and
- the approval of this general authority to sell Treasury Shares for cash by achieving a 75% (seventy-five percent) majority of the votes cast at the AGM."

The reason for Ordinary Resolution Number 9 is that, for the Company to sell any Treasury Shares for cash, it must obtain the prior authority of shareholders to the extent required under the JSE Listings Requirements. The effect of Ordinary Resolution Number 9, if passed, is to obtain such general authority from shareholders to sell Treasury Shares for cash in compliance with the JSE Listings Requirements.

The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance. Should an opportunity arise which the Board of Directors of the Company deems fitting to the Company's growth strategy then the Board shall utilise this authority accordingly.

10. Ordinary Resolution Number 10 – Non-binding advisory vote on Fairvest's remuneration policy

"RESOLVED AS AN ORDINARY RESOLUTION that shareholders endorse the Company's remuneration policy, as set out on page 64 in the Company's 2020 Integrated Annual Report, which is available on the Company's website at <https://fairvest.co.za/news/reports>."

The reason for Ordinary Resolution Number 10 is that the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") recommends, and the JSE Listings Requirements require, that the remuneration policy of a Company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the Company. This enables shareholders to express their views on the remuneration policy adopted. The effect of Ordinary Resolution Number 10, if passed, will be to endorse the Company's remuneration policy. Ordinary Resolution Number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

11. Ordinary Resolution Number 11 – Non-binding advisory vote on Fairvest's implementation report on the remuneration policy

"RESOLVED AS AN ORDINARY RESOLUTION that shareholders endorse the Company's implementation report on the remuneration policy, as set out on page 65 in the Company's 2020 Integrated Annual Report, which is available on the Company's website at <https://fairvest.co.za/news/reports>."

The reason for Ordinary Resolution Number 11 is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the Company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of Ordinary Resolution Number 11, if passed, will be to endorse the Company's implementation report in relation to the remuneration policy. Ordinary Resolution Number 11 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy and its implementation.

Should 25% or more of the votes exercised in respect of Ordinary Resolution Number 10 or Ordinary Resolution Number 11 be against either resolution, or both, the Company will issue an invitation to those shareholders who voted against the applicable resolutions to engage with the Company.

NOTICE OF AGM CONTINUED

12. Ordinary Resolution Number 12 – Authority to execute requisite documentation

“RESOLVED AS AN ORDINARY RESOLUTION that any director of the Company or, where appropriate, the Company Secretary, be and is hereby authorised to do all such things and to sign all such documents issued by the Company as are required to give effect to the special and ordinary resolutions passed at the AGM.”

The reason for Ordinary Resolution Number 12 is to provide the necessary authority to any director of the Company or the Company Secretary to implement the special and ordinary resolutions which were passed at the AGM.

For any of the Special Resolutions Numbers 1 to 4 (inclusive) to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such special resolution must be exercised in favour thereof.

13. Special Resolution Number 1 – Share repurchases by Fairvest and its subsidiaries

“RESOLVED AS A SPECIAL RESOLUTION that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements, including, *inter alia*, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time that this general authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company’s issued share capital at the time the authority is granted;
- a resolution has been passed by the Board of Directors approving the repurchase, that the Company and its subsidiaries (“**the Group**”) have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the Company’s Memorandum of Incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company’s securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company’s behalf; and
- the Company may not effect a repurchase during any prohibited period, as defined in terms of the JSE Listings Requirements, unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements.”

The reason for and effect, if passed, of Special Resolution Number 1 is to grant the directors a general authority in terms of the Company’s Memorandum of Incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in Special Resolution Number 1. The Board of the Company may decide to utilise this general authority to effect share repurchases as and when suitable opportunities present themselves.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a *pro rata* repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent required by the Companies Act.

The Board of Directors of the Company undertakes that, to the extent it is still required by the JSE Listings Requirements and the Companies Act, they will not implement a repurchase as contemplated in this special resolution while this general authority is valid, unless:

- the assets of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements, will exceed the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of the AGM and for a period of 12 months after the date of the repurchase;
- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 (twelve) months after the date of the AGM and for a period of 12 months after the date of the repurchase;
- the Company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the AGM and for a period of 12 months after the date of the repurchase;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the AGM and for a period of 12 months after the date of the repurchase; and
- a resolution is passed by the Board of Directors of the Company that they have authorised the repurchase, that the Group has passed the solvency and liquidity test, and that since the solvency and liquidity test was performed there have been no material changes to the financial position of the Group.

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the Company to repurchase shares, appears in Annexure B of this Notice:

- directors' interests in securities;
- major shareholders;
- share capital of the Company; and
- material changes.

14. Special Resolution Number 2 – Remuneration of non-executive directors

"RESOLVED AS A SPECIAL RESOLUTION, in terms of section 66(9) of the Companies Act, that the remuneration payable to Non-Executive Directors of the Company to remunerate them for their services as directors, which includes serving on various board committees, payable for the year ended 30 June 2021 (refer to the Company's remuneration policy, as set out on pages 62 to 64 in the Company's 2020 Integrated Annual Report) will be as follows:

	Current annual remuneration (excluding VAT)	Proposed annual remuneration (excluding VAT)
1. Board membership		
Chairman of the Board	R251 900.00	R267 014.00
Non-Executive Directors	R171 600.00	R181 896.00
	Current meeting attendance fee (per meeting attended) (excluding VAT)	Proposed meeting attendance fee (per meeting attended) (excluding VAT)
2. Attendance of Board and board committee meetings		
Chairman of the Board	R17 175.00	R18 205.50
Non-Executive Directors	R11 700.00	R12 402.00

NOTICE OF AGM CONTINUED

14. Special Resolution Number 2 – Remuneration of Non-Executive Directors (continued)

The reason for Special Resolution Number 2 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its Non-Executive Directors in accordance with the requirements of the Companies Act. The passing of this special resolution will have the effect of approving the remuneration of each of the Non-Executive Directors of the Company for the year ending 30 June 2021, in accordance with section 66(9) of the Companies Act.

15. Special Resolution Number 3 – Inter-company financial assistance

“RESOLVED AS A SPECIAL RESOLUTION, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“**financial assistance**” will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related to the Company (“**related**” and “**inter-related**” will herein have the meanings attributed to such terms in section 2 of the Companies Act), on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect, if passed, of Special Resolution Number 3 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

16. Special Resolution Number 4 – Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company

“RESOLVED AS A SPECIAL RESOLUTION, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of Directors of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (“**financial assistance**” will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any person, including any company or corporation that is related or inter-related to the Company (“**related**” and “**inter-related**” will herein have the meanings attributed to such terms in section 2 of the Companies Act), and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or in any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with, the subscription for any option, or any shares or other securities, issued or to be issued by the Company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or of a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.”

The reason for and effect, if passed, of Special Resolution Number 4 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of, or in connection with, the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a wholly-owned subsidiary raises funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its wholly-owned subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the Board will satisfy itself that, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in Special Resolutions Numbers 3 and 4 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company); and
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the Board will only approve the provision of any financial assistance contemplated in Special Resolutions Numbers 3 and 4 above, where:

- the Board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's Memorandum of Incorporation have been met.

17. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Responsibility statement

The directors of the Company, collectively and individually, accept full responsibility for the accuracy of the information given in this Notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Notice contains all information required by law and the JSE Listings Requirements.

Voting and proxies

1. The date on which shareholders must have been recorded as such in the share register maintained by the Transfer Secretaries of the Company for purposes of being entitled to receive this Notice is Friday, 9 October 2020.
2. The date on which shareholders must be recorded in the share register maintained by the Transfer Secretaries of the Company for purposes of being entitled to attend and vote at the AGM is Friday, 6 November 2020, with the last day to trade being Tuesday, 3 November 2020.
3. Certificated shareholders and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Forms of proxy must be completed and lodged at or posted to the Transfer Secretary, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2312), or emailed to proxy@computershare.co.za, so as to be received by the Transfer Secretary by not later than 10:00 on Friday, 13 November 2020, provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.
4. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM, will need to request their CSDP or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner stipulated therein. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

NOTICE OF AGM CONTINUED

Voting and proxies (continued)

6. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretary for guidance.

Electronic participation

1. Shareholders or their proxies may participate in the AGM by way of telephone conference call ("**teleconference facility**").
2. Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:
 - complete the form of proxy and return it to the Transfer Secretary in accordance with paragraph 3 on page 11; or
 - contact their CSDP or broker in accordance with paragraphs 4 or 5 on page 11.
3. Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must notify the Company by emailing the Company Secretary at meeting@fairvest.co.za by no later than 10:00 on Friday, 13 November 2020. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and thereafter provide further details on using the teleconference facility.
4. The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.
5. The Company cannot guarantee there will not be a break in communication which is beyond the control of the Company.
6. The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

By order of the Board



R Kleyn (on behalf of FluidRock Co Sec Services Proprietary Limited)

Company Secretary

19 October 2020

Registered office

8th Floor
The Terraces
34 Bree Street
Cape Town
8001

Postal address

PostNet Suite 30
Private Bag X3
Roggebaai
8012

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2020 R'000	Audited 30 June 2019 R'000
Assets		
Non-current assets	3 621 615	3 452 025
Investment property	3 233 390	3 092 382
Right-of-use asset	137	–
Loans receivable	315 023	297 933
Investments	4 766	4 816
Office equipment	155	258
Operating lease and other receivables	5 739	–
Operating lease asset	62 405	56 636
Current assets	90 458	98 042
Loans receivables	–	10 699
Amounts owing by non-controlling interests	12 370	10 594
Operating lease and other receivables	64 331	61 393
Cash and cash equivalents	13 757	15 356
Non-current asset held for sale	179 300	–
Total assets	3 891 373	3 550 067
Equity and liabilities		
Shareholders' interest	2 168 158	2 335 351
Stated capital	734 046	804 177
Retained earnings	1 434 112	1 531 174
Non-controlling interest	135 916	127 816
Total equity	2 304 074	2 463 167
Non-current liabilities	1 432 407	937 910
Interest-bearing borrowings	1 190 494	810 829
Amounts owing to non-controlling interests	146 052	106 001
Lease liability	15 522	–
Derivative financial instrument	67 578	7 963
Deposits received	11 043	11 712
Deferred tax liability	1 718	1 405
Current liabilities	154 892	148 990
Interest-bearing borrowings	80 154	74 549
Lease liability	1 002	–
Amounts owing to non-controlling interests	–	8 206
Trade and other payables	73 736	66 235
Total equity and liabilities	3 891 373	3 550 067

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited 12 months to 30 June 2020 R'000	Audited 12 months to 30 June 2019 R'000
Gross revenue	532 106	489 653
Rental income – contractual	518 061	480 521
– straight-line adjustment	14 045	9 132
Other income	5 696	1 946
Property expenses	(207 675)	(175 872)
Net property income	330 127	315 727
Corporate administrative expenses	(29 974)	(30 174)
Operating profit	300 153	285 553
Fair value adjustment to investment properties	17 068	27 839
Fair value adjustment to derivatives	(59 615)	(5 890)
Fair value adjustment to investments	(25)	44
Finance costs	(108 559)	(89 486)
Finance and other investment income	40 810	40 823
Impairment of loan receivable	(44 004)	–
Profit before capital expenses	145 828	258 883
Capital expenses	(2 158)	(1 205)
Profit before tax	143 670	257 678
Income tax	(313)	(735)
Total comprehensive income for the year	143 357	256 943
Profit and total comprehensive income attributable to:		
– Owners of the parent	124 224	230 440
– Non-controlling interest	19 133	26 503
	143 357	256 943
Reconciliation between profit attributable to shareholders, distributable earnings and headline earnings per share		
Comprehensive income attributable to owners of the parent	124 224	230 440
Fair value adjustment to investment properties (attributable to owners of the parent)	(15 137)	(15 555)
Headline and diluted headline profit attributable to shareholders	109 087	214 885

	Audited 12 months to 30 June 2020 R'000	Audited 12 months to 30 June 2019 R'000
Distributable earnings calculation*		
Net property income	330 127	315 727
Straight-line rental income adjustment	(14 045)	(9 132)
Corporate administrative expenses	(29 974)	(30 174)
Finance costs	(107 994)	(87 543)
Finance and other investment income	40 810	40 823
IFRS 16 adoption	(73)	–
Depreciation	272	–
Finance costs	1 310	–
Lease payments	(1 655)	–
Share issued <i>cum</i> distribution	–	1 709
Non-controlling interest share of distribution	(10 841)	(11 033)
Distributable earnings	208 010	220 377
Distribution	208 010	220 377
Dividend		
Interim dividend per share (cents)	11.155	10.616
Final dividend declaration per share (cents)	9.883	11.157
Total distribution per share (cents)	21.038	21.773
Earnings per share		
Basic and diluted earnings per share (cents)	12.46	22.94
Headline and diluted headline earnings per share (cents)	10.94	21.39
Net asset value per share (cents)	221.18	229.38
Share statistics		
Shares in issue	1 018 125 441	1 018 125 441
Treasury shares	(37 864 324)	–
Effective shares in issue	980 261 117	1 018 125 441
Weighted average number of shares	996 871 197	1 004 697 875

* This is a voluntary non-IFRS disclosure and has been included to align the disclosure of the group with the REIT sector.

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12 months to 30 June 2020 R'000	Audited 12 months to 30 June 2019 R'000
Cash generated from operations	290 270	270 903
Finance costs	(97 581)	(79 983)
Finance and other investment income	2 201	2 570
Dividends paid	(231 672)	(213 838)
Cash outflow from operating activities	(36 782)	(20 348)
Acquisitions of and improvements to investment properties	(233 327)	(138 772)
Development of investment property	(50 897)	(13 360)
Acquisition of office equipment	–	(102)
Disposal of investment	25	–
Cash outflow to investing activities	(284 199)	(152 234)
Net interest-bearing borrowings advanced	383 895	131 186
Net amounts owing to non-controlling interests raised/(repaid)	19 369	(13 282)
Net (advances)/repayments to loans receivable	(12 095)	3 263
Proceeds from issue of share capital	–	56 828
Repayments to lease liability	(1 656)	–
Repurchase of treasury shares	(70 131)	–
Cash inflow from financing activities	319 382	177 995
Net (decrease)/increase in cash and cash equivalents	(1 599)	5 413
Cash and cash equivalents at beginning of year	15 356	9 943
Cash and cash equivalents at end of year	13 757	15 356

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Retained earnings R'000	Equity attributable to owners of the company R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 July 2018	747 349	1 510 036	2 257 385	106 469	2 363 854
Shares issued	57 333	–	57 333	–	57 333
Capital issue expenses	(505)	–	(505)	–	(505)
Dividends paid and declared	–	(209 302)	(209 302)	(5 156)	(214 458)
Total comprehensive income for the year	–	230 440	230 440	26 503	256 943
Balance at 30 June 2019	804 177	1 531 174	2 335 351	127 816	2 463 167
Acquisition of treasury shares	(70 131)	–	(70 131)	–	(70 131)
Dividends paid and declared	–	(221 286)	(221 286)	(11 033)	(232 319)
Total comprehensive income for the year	–	124 224	124 224	19 133	143 357
Balance at 30 June 2020	734 046	1 434 112	2 168 158	135 916	2 304 074

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

OTHER SEGMENTAL INFORMATION

	Audited 30 June 2020	Audited 30 June 2019
Regional profile based on leasable area		
Gauteng	23.6%	25.0%
KwaZulu-Natal	21.6%	23.4%
Western Cape	20.4%	17.5%
Free State	11.4%	11.8%
Eastern Cape	10.1%	8.5%
Northern Cape	6.6%	7.2%
Limpopo	4.4%	4.7%
Mpumalanga	1.8%	1.9%
Vacancy profile based on gross lease area		
Gross lease area in metres squared as at end of year	262 702	243 030
Properties held	44	42
Vacancy area in metres squared	11 836	9 670
Vacancy area as % of gross lease area	4.5%	4.0%
Regional vacancy profile (m²) (regions where vacancies are located)		
Gauteng	3 538	2 581
KwaZulu-Natal	2 981	3 249
Western Cape	2 111	1 820
Free State	1 105	1 081
Limpopo	754	305
Eastern Cape	680	124
Northern Cape	617	510
Mpumalanga	50	–

CONDENSED CONSOLIDATED SEGMENT REPORT

	KwaZulu-Natal	Western Cape	Gauteng	Free State	Northern Cape	Limpopo	Eastern Cape	Mpumalanga	Reconciling items/ (eliminations)	Total
For the year ended 30 June 2020										
Revenue – external customers	112 425	106 779	118 745	59 265	44 376	24 390	39 429	12 652	–	518 061
Operating profit	76 964	67 544	74 792	36 073	22 511	17 252	28 145	6 846	(29 974)	300 153
Total assets	780 178	780 379	802 810	404 121	236 744	159 496	299 306	74 100	354 239	3 891 373
For the year ended 30 June 2019										
Revenue – external customers	113 606	89 990	114 445	55 101	43 048	23 359	30 557	10 268	147	480 521
Operating profit	79 868	52 702	75 419	36 369	25 174	16 025	22 769	6 860	(29 633)	285 553
Total assets	787 171	576 414	789 327	381 378	228 781	145 050	223 999	67 736	350 211	3 550 067

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

NOTES TO SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation and accounting policies

The preparation of these summarised audited consolidated financial statements was supervised by the Chief Financial Officer, BJ Kriel CA(SA).

The accounting policies applied in the preparation of these summarised audited consolidated results for the year ended 30 June 2020, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual financial statements for the year ended 30 June 2019, except for the adoption of IFRS 16. The application of IFRS 16 was done through the modified retrospective approach and the group has elected not to restate comparative figures. Any new and amendments to IFRS and IFRIC interpretations did not impact the financial position or performance of the group but has resulted in additional disclosures. These summarised audited consolidated results, as set out in this report, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and containing the information required by IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa, No. 71 of 2008, as amended ("**Companies Act**") and the Listings Requirements of JSE Limited.

In terms of IFRS 9 and IFRS 7, the group's interest rate derivatives are measured at fair value through profit or loss and are categorised as level 2 investments. Interest rate derivatives are valued using discounted cash flow techniques and observable market interest rates off the interest rate yield curve. There were no transfers between levels 1, 2 and 3 during the year. Interest rate derivatives relate to interest rate swaps and the derivative liability increased by R59.6 million during the year due to the significant decrease in interest rates.

The revaluation of investment property requires judgement in the determination of future cash flows from leases. An appropriate capitalisation rate which varies between 9.50% and 11.00%, with a discount rate of between 13.75% and 16.00% was used.

Changes in the capitalisation and discount rates are attributable to changes in market conditions and can have a significant impact on the property valuations. A 25 basis points decrease in the capitalisation rate will increase the value of investment property by R49.4 million. A 25 basis points increase in the discount rate will decrease the value of investment property by R29.9 million.

This announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34 as permitted by the JSE Listings Requirements. The information is available in the annual financial statements in Note 2.2, Note 6, and Note 38, which is available at the company's registered office upon request and on the companies' website.

These summarised audited consolidated results for the year ended 30 June 2020 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties and certain financial assets and financial liabilities which are stated at fair value.

The financial results are presented in rand, which is Fairvest's functional and presentation currency and have been prepared on a going concern basis.

Audit report

The summarised audited consolidated results for the year ended 30 June 2020 set out herein, have been extracted from the group's consolidated annual financial statements which have been audited by BDO South Africa Inc, but are not themselves audited. A copy of their unmodified audit opinion is available for inspection at the company's registered office, and the full annual financial statements including the audit opinion on the company's website. Any reference to future financial performance included in these summarised audited consolidated results has not been reviewed or reported on by the company's auditors.

The directors take full responsibility for the preparation of the summarised audited consolidated results presented and that the financial information has been correctly extracted from the underlying financial statements.

Estimates and critical judgements

Except for the measurement of investment properties, the expected credit loss allowance on operating lease and other receivables and certain financial liabilities, the financial statements do not include any material estimates. A conservative approach was maintained on estimates as in previous years, as estimates are subject to a degree of uncertainty enhanced through the current economic uncertainty due to the COVID-19 pandemic.

Change in accounting policy

The group adopted IFRS 16 from 1 July 2019 by applying the modified retrospective approach and has elected not to restate comparative figures. Adjustments resulting from the adoption of the new standard has therefore been recognised in the opening balances at 1 July 2019.

Certain properties of the group are held on long-term land leases and the group previously classified these as Investment Property using the fair value model under IAS 40. In the process of implementing IFRS 16 the group identified an immaterial error in the application of IAS 17 to operating leases of properties held on long-term land leases, which are classified as investment property. The group omitted to recognise the finance lease liability, as required by IAS 17, for these leases, and instead only recognised the property at fair value in terms of IAS 40. This immaterial error has been corrected in the current year by debiting the fair value adjustment of investment property in an amount of R10.5 million.

On adoption of IFRS 16, the group recognised a right-of-use asset and lease liabilities. The liability was measured at the present value of the remaining lease payments, discounted using the average incremental borrowing rate as at 1 July 2019 of 9.1%

The group also recognised a right-of-use asset and lease liability for its operating lease of the corporate head office property. The nature of expenses related to this lease will now change from an operating lease charge to a depreciation charge for the right-of-use asset and interest expense for the lease liability.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 July 2019:

	Balance as at 30 June 2019 R'000	IFRS 16 adjustments R'000	1 July 2019 R'000
Investment property	3 092 382	10 585	3 102 967
Right-of-use-asset	–	409	409
Lease liabilities	–	10 994	10 994

Commentary

Introduction

Fairvest is a Real Estate Investment Trust (“REIT”), with a unique focus on retail assets weighted toward non-metropolitan and rural shopping centres, as well as convenience and community shopping centres servicing the lower LSM market, in high-growth nodes, close to commuter networks. The Fairvest property portfolio consists of 44 properties, with 262 702 m² of lettable area and valued at R3.49 billion.

COVID-19 impact assessment

During the nationwide lockdown due to the COVID-19 pandemic, Fairvest’s strategy was to focus on its cash flow planning and liquidity management. Fairvest actively engaged with all tenants on the impact of COVID-19 on their businesses in order to find sustainable solutions. Concessions in the form of gross rental deferrals and rental credits were provided to tenants, dependant on their specific circumstances. Gross rental deferrals of April 2020, May 2020 and June 2020 billings were provided to certain Small, Medium and Micro Enterprises (“SMME”) tenants, with repayment terms ranging from 3 to 36 months, commencing from 1 July 2020.

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

Fairvest remained cash flow positive throughout the lockdown period and continues to generate positive cash flows. Fairvest was able to fund all operational expenditure and interest payments from cash flows without having to utilise undrawn debt facilities.

Of the gross billings in April 2020, May 2020 and June 2020, credits of 10.5%, or R15.7 million were conceded to for 364 tenants, with specific terms and conditions, and deferrals were provided on 10.8% or R16.7 million of total gross billings for 216 tenants. After taking into account the concessions provided, approximately 95.8% of collectable billings were collected for the period April to June 2020.

As at 30 June 2020 the net arrears increased to R22.8 million, which includes R9.2 million of deferments, or 4.4% of total revenue from R6.4 million at 30 June 2019. Arrears decreased in June 2020 compared to May 2020 and continued to decrease further in July 2020 and August 2020.

	April 2020	May 2020	June 2020	Total
Collections before relief (% of gross billings)	64.0%	65.6%	98.3%	75.3%
Remissions (% of gross billings)	21.3%	7.6%	1.7%	10.5%
Deferments (% of gross billings)	9.9%	11.8%	10.8%	10.8%
Increase/(decrease) in arrears (% of gross billings)	4.7%	15.1%	(10.8%)	3.3%
	100%	100%	100%	100%
Collections of collectable billings	93.1%	81.3%	112.3%	95.8%

Total credits provided resulted in a 6.0% reduction in distributable earnings and the increase in the provision for expected credit losses resulted in a further 3.2% reduction in distributable earnings.

Fairvest was well positioned with strong cash flows, prudent balance sheet management, an LTV of below 35%, a well diversified funding profile over five South African commercial banks and with no exposure to the bond market. As a result of our positive cash flows and conservative balance sheet, one new debt facility was concluded and two debt facility were refinanced during the lockdown period. After year-end, another debt facility was refinanced earl. The group now has no expiring debt facilities over the next 12 months.

The defensive nature of Fairvest's assets, together with the strategic focus on investing in grocery anchored shopping centres and the conservative historic assumptions used for the valuation of the property portfolio, resulted in asset values remaining stable compared to the prior year. On a like-for-like basis the property portfolio increased by 1.0%, despite an increase in both the weighted average exit capitalisation rate and discount rate increased compared to the previous year.

The board continues to monitor the long-term impact of the pandemic on the economy and the operations of the group and expect an increase in vacancies in the short-term. Certain tenant groupings remain under pressure as restrictions on trading remain in place which limits their ability to trade at full capacity.

Review of results

Fairvest's board of directors is pleased to announce a final dividend distribution of 9.883 cents per share for the six months ended 30 June 2020, which brings the total combined dividend for the year to 21.038 cents per share, a 3.4% decrease from the previous year.

	Interim	Final	Total
June 2016	8.171	8.489	16.660
June 2017	8.953	9.380	18.333
June 2018	9.806	10.344	20.150
June 2019	10.616	11.157	21.773
June 2020	11.155	9.883	21.038

Total property revenue increased by 8.7% to R532.1 million, as a result of income growth in the historic portfolio, as well as acquisitions during the year. Net profit from property operations increased by 4.6% to R330.1 million, while efforts to contain corporate administration expenses culminated in a decrease of 0.7% to R30.0 million. Distributable earnings decreased by 5.6% to R208.0 million. Cost containment and efficient recoveries of municipal charges remain strong focus areas. The gross cost to income ratio increased from 36.7% to 38.9%, due to rental concessions provided to tenants, as well as a significant increase in the provision for expected credit losses on rental billed during the COVID-19 lockdown period.

The weighted average contractual escalation for the portfolio decreased from 7.4% to 7.1%. Gross rentals across the portfolio trended upwards, with an 5.7% increase in the weighted average rental to R128.61/m² at 30 June 2020 compared to R121.64/m² at 30 June 2019. This was as a result of contractual escalations, increases in rental achieved on new leases, and a 3.0% weighted average rental increase achieved on renewals. The weighted average retail rental increased to R126.91/m².

The net asset value decreased by 7.2% to R2.17 billion compared to R2.34 billion at 30 June 2019, mainly due to the treasury shares acquired during the year. The net asset value per share decreased by 3.6% to 221.18 cents per share, with the increase in the derivative liability being the largest contributor to this decrease, offset by treasury shares acquired below the net asset value per share.

Net asset value and market capitalisation

	Market capitalisation R'million	Net asset value R'million	Net asset value per share (cents)
June 2016	1 020.3	1 327.1	201.60
June 2017	1 540.2	1 723.2	218.18
June 2018	2 081.1	2 257.4	227.78
June 2019	2 015.9	2 335.4	229.38
June 2020	1 470.4	2 168.2	221.18

Property portfolio

On a like-for-like basis the historic portfolio increased by 1.0% compared to the previous year. During the year we acquired Nonkqubela Mall and Qumbu Plaza to the value of R162.8 million and R54.0 million, respectively. Capital expenditure was incurred of R17.7 million and R45.3 million was spent on solar installations. This resulted in a 10.5% increase in the value of the property portfolio from R3.16 billion at 30 June 2019 to R3.49 billion. Asset quality continues to improve, with the average value per property increasing by 5.4% to R79.3 million, and the average value per square metre increased by 2.2% to R13 288/m².

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

Portfolio valuation history

	Valuation R'million	Number of properties	Average value per property R'million	Value per m ² R
June 2016	1 925.1	36	53.5	10 355
June 2017	2 204.4	38	58.0	11 345
June 2018	2 987.0	41	72.9	12 552
June 2019	3 160.0	42	75.2	13 002
June 2020	3 490.8	44	79.3	13 288

In line with the group accounting policy, at least a third of the portfolio was valued by independent external valuers. Of the 44 properties in the portfolio, 15 properties equating to 37.8% by value, were valued by independent valuers, DDP Valuers, De Leeuw Valuers and Broll Valuers, with the remainder valued by the directors. All properties are valued by independent external valuers at least once every three years. The properties are valued using a five-year discounted cash flow. Assumptions are made on the discount rates used to determine the present value of the cash flows and on the capitalisation rate on an assumed sale. Given the uncertainty in the current market, an even more conservative approach was taken with the valuation of investment property. The weighted average exit capitalisation rate used increased from 10.1% in the prior year to 10.3%, while the weighted average discount rate also increased from 14.6% in the prior year to 14.8%. These conservative metrics continue to show prudent but fair valuations.

Additions and disposals

Shareholders are referred to Fairvest's various SENS announcements, regarding certain additions and disposals. Two new properties were acquired during the year.

Property	Location	GLA (m ²)	Value R'000	Anchor tenant	Date of transfer/ completion date
Property transferred during the year					
Nonkqubela Mall*	Western Cape	10 811	162 876	Shoprite and Pick n Pay	23 August 2019
Qumbu Plaza**	Eastern Cape	5 470	53 981	Boxer	01 November 2020

* The property was acquired in Fairvest Property Holdings Limited.

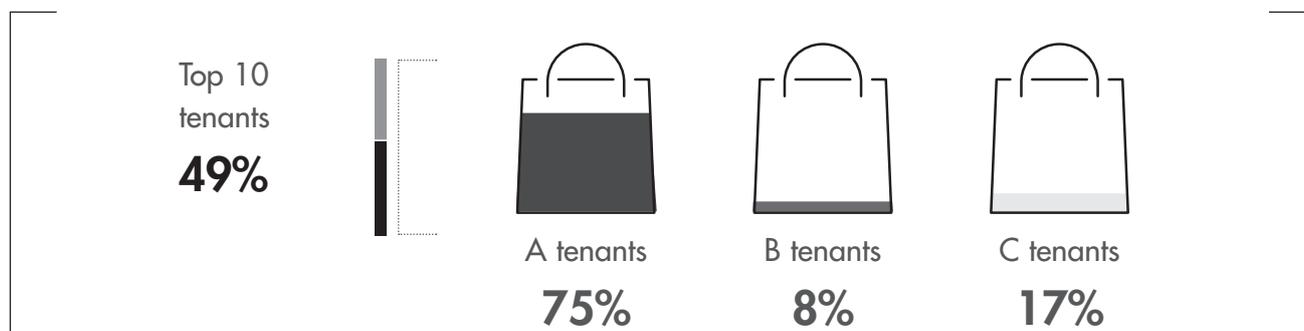
** The property was developed in a newly incorporated subsidiary, Qumbu Plaza Proprietary Limited, of which Fairvest owns 51% of the shares.

During the year the disposal of Tokai Junction was concluded. The property was disposed of for R180 million. The disposal price represents a 10.5% premium to the 30 June 2019 valuation of the property, underscoring Fairvest's conservative valuation of its portfolio. Registration of the transfer of the property to the purchaser's name is expected to occur on or about 15 October 2020.

Solar initiatives

As part of our sustainability initiatives we commenced the installation of photovoltaic rooftop solar systems on 17 of our properties. Ten sites are complete and are generating within expectation, with the installations at all other sites expected to be completed by the second quarter of the 2021 financial year. R45.3 million was spent during the year, with a further R12.8 million committed. The estimated annual energy generation is 10 964 117 kWh.

Portfolio composition, letting and vacancies
Tenant composition as a percentage of GLA



- A** Anchor and national tenants (49.0% are occupied by the top 10 largest tenant groups)
B Franchise, professional and large tenants
C Other

The portfolio remains well diversified across South Africa, with the four largest provinces, KwaZulu-Natal, Western Cape, Free State and Gauteng contributing 76.6% of revenue. The high national tenant component of 74.9% of the portfolio provides shareholders with a low-risk investment profile with national food retailers occupying 34.4% of the portfolio in terms of GLA.

Vacancies increased from 4.0% to 4.5% or 11 836 m² during the year, mainly as a result of new vacancies at our Vereeniging and Qualbert properties. Positive letting of vacancies after year-end resulted in the vacancy percentage decreasing to 3.2%.

Lease expiry profile

	Based on rentable area %	Based on gross rental %
Vacant	4.5	–
Monthly	7.7	6.8
June 2021	19.5	20.5
June 2022	19.2	20.9
June 2023	17.3	19.7
June 2024	6.5	7.4
After June 2025	25.3	24.7

During the year under review, 124 new leases were concluded with a total GLA of 15 754 m². Fairvest successfully renewed 38 573 m² of leases, with a positive reversion of 3.0% being achieved on these renewals. Tenant retention for the year remained high at 73.2%. The weighted average lease term increased from 35 to 39 months.

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

Borrowings

The loan to value (“LTV”) ratio increased to 36.3% (2019: 27.9%) due to the acquisitions during the year and the treasury shares acquired. After the disposal of Tokai Junction, the LTV is expected to decrease to 31.0%. LTV is calculated as total interest-bearing debt divided by total property assets. Of the debt, 63.1% was fixed through interest rate swaps as at 30 June 2020, with a weighted average expiry for the fixed debt of 40 months.

The weighted average all-in cost of funding decreased to 7.57% (2019: 9.29%) due to the cumulative 3.00% interest rate decreases in the 2020 financial year. During the year a number of large facilities were refinanced resulting in increased facilities and reduced rates. The weighted average maturity of debt decreased marginally from 24 months to 23 months.

After year-end, the only facility that will have expired in the 2021 financial year, was refinanced for a further three years.

Prospects

The COVID-19 pandemic had devastating effects on local economy and the economic recovery is expected to be protracted. Fairvest is well positioned, with a clearly focused strategy of mainly investing in grocery anchored assets, servicing non-metropolitan and lower-LSM markets. These assets proved more resilient during the COVID-19 pandemic, without significant increases in vacancies. The focus areas for the next 12 months will be on maintaining viable tenancies and letting of vacancies, with a strong focus on the collection of arrears which accumulated over the last three months of the financial year. The balance sheet remains conservative, with R132.8 million of undrawn debt facilities to consider opportunistic yield accretive acquisitions.

The lasting impact of the COVID-19 pandemic and subsequent lockdown of the economy remains uncertain. In light of the above and given the uncertainty, the board expects the distribution per share for the 2021 financial year to be at least in line with the current year’s distribution per share.

This forecast assumes no material deterioration in the macroeconomic environment relative to current levels, that no major corporate and tenant failures will occur, that tenants will be able to absorb increases in municipal and utility costs, that no further trading restrictions are implemented by government and no further pandemic outbreaks similar to the COVID-19. Forecast rental income is based on contractual lease terms and anticipated market related renewals. This forecast is the responsibility of the board of directors of Fairvest and has not been reviewed or reported on by the auditors.

The board has resolved to maintain the current dividend pay-out ratio of 100% of distributable earnings as a dividend. The policy is reviewed on a bi-annual basis and any changes will be communicated to shareholders at least 12 months before any changes are implemented.

Dividend distribution declaration

The board has approved and declared a final gross dividend of 9.883 cents per share, from income for the six months ended 30 June 2020, payable to shareholders registered as such at the close of business on Friday, 23 October 2020.

	2020
Declaration date	Wednesday, 23 September
Last day to trade <i>cum</i> dividend	Tuesday, 20 October
Shares commence trading <i>ex</i> dividend	Wednesday, 21 October
Record date	Friday, 23 October
Payment date	Monday, 26 October

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 October 2020 and Friday, 23 October 2020, both days inclusive.

Tax implications

In accordance with Fairvest's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**").

Qualifying distributions received by shareholders who are South African tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant ("**CSDP**") or broker, as the case may be, in respect of uncertificated shares, or Fairvest's transfer secretaries, Computershare Investor Services Proprietary Limited, ("**transfer secretaries**"), in respect of certificated shares:

- (a) a declaration that the distribution is exempt from dividends tax; and
- (b) a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the distribution cease to be exempt from dividend withholding tax,

both in the form prescribed by the Commissioner for the South African Revenue Service ("**SARS**") and shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Qualifying distributions received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. Any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholder. Assuming dividend withholding tax will be withheld at a rate of 20%, the net amount due to non-resident shareholders will be 7.9064 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of the uncertificated shares, or the transfer secretaries, in respect of certificated shares:

- (a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- (b) a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by SARS. Non-resident shareholders are advised to contact their CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Local tax resident shareholders as well as non-resident shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Shares in issue at the date of declaration of the final distribution: 1 018 125 441

Fairvest income tax reference number: 9205/066/06/1

The annual general meeting ("**AGM**") of Fairvest shareholders been scheduled to take place on Tuesday, 17 November 2020 at 10:00 in Cape Town. The notice for the AGM will be published on SENS and dispatched to shareholders in due course, accompanied by a summary of the company's consolidated financial statements for the year ended 30 June 2020.

ANNEXURE A: SUMMARISED AUDITED CONSOLIDATED RESULTS

CONTINUED

Appreciation

We extend our appreciation to our directors, management and staff for their valued efforts as well as our advisers and shareholders for their continuing belief in and support of Fairvest.

For and on behalf of the board

Fairvest Property Holdings Limited

Cape Town

22 September 2020

ANNEXURE B: GENERAL INFORMATION

1. Directors' interest in securities

Name	Beneficial holdings		Non-beneficial holdings		%
	Direct	Indirect	Direct	Indirect	
30 June 2020					
BJ Kriel	–	23 717 745	–	–	2.33
DM Wilder	–	9 978 190	–	–	0.98
AJ Marcus	–	4 927 326	–	–	0.48
TJ Cohen	109 770	–	–	–	0.01
Total	109 770	38 623 261	–	–	3.80
30 June 2019					
BJ Kriel	–	23 717 745	–	–	2.33
DM Wilder	–	9 368 190	–	–	0.92
AJ Marcus	–	4 927 326	–	–	0.48
TJ Cohen	109 770	–	–	–	0.01
Total	109 770	38 013 261	–	–	3.74

Note:

1. There has been no change in the directors' interest from the financial year-end of the Company on 30 June 2020 up until the approval of the financial statements.

2. Shareholders

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Shareholders' spread				
1 – 1 000 shares	1 118	40.76	115 732	0.01
1 001 – 10 000 shares	348	12.69	2 009 693	0.20
10 001 – 100 000 shares	948	34.56	34 105 340	3.35
100 001 – 1 000 000 shares	225	8.20	71 320 417	7.00
1 000 001 shares and over	104	3.79	910 574 259	89.44
Total	2 743	100.00	1 018 125 441	100.00
			Number of shares	%
Beneficial shareholders holding 5% or more				
Vukile Property Fund Limited			270 394 812	26.56
Nedbank Group			96 640 052	9.49
STANLIB			62 887 584	6.18
			429 922 448	42.23

ANNEXURE B: GENERAL INFORMATION CONTINUED

2. Shareholders (continued)

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Distribution of shareholders				
Banks/brokers	31	1.13	11 828 724	1.16
Close corporations	23	0.84	1 981 324	0.19
Endowment funds	12	0.44	3 736 096	0.37
Individuals	2 228	81.22	49 220 395	4.83
Insurance companies	12	0.44	2 285 744	0.22
Investment companies	2	0.07	15 002 140	1.47
Medical schemes	9	0.33	7 364 872	0.72
Mutual funds	94	3.43	395 912 286	38.89
Other corporations	12	0.44	300 963	0.03
Private companies	52	1.89	157 135 079	15.43
Public companies	5	0.18	140 389 458	13.79
Retirement funds	115	4.19	174 064 442	17.10
Treasury shares	1	0.04	37 864 324	3.72
Trusts	147	5.36	21 039 594	2.07
Total	2 743	100.00	1 018 125 441	100.00
Non-public shareholders	10	0.37	346 992 167	34.08
Directors and associates of the company holdings	7	0.25	38 733 031	3.80
Treasury shares	1	0.04	37 864 324	3.72
Strategic shareholders (more than 10%)	2	0.07	270 394 812	26.56
Public shareholders	2 733	99.63	671 133 274	65.92
	2 743	100.00	1 018 125 441	100.00

3. Share capital of the Company at the date of posting of the Notice

Authorised

3 000 000 000 (2019: 3 000 000 000) ordinary shares with no par value

Issued

1 018 125 441 (2019: 1 018 125 441) ordinary shares with no par value

Share capital

R734 046 000

The issued share capital, above, includes 37 864 324 treasury shares.

4. Material changes

There has been no material change in the financial or trading position of the Company and its subsidiaries subsequent to the Company's financial year-end, being 30 June 2020.

FORM OF PROXY

FAIRVEST PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1998/005011/06)

Share code: FVT ISIN: ZAE000203808

(Approved as a REIT by the JSE)

("Fairvest" or "the Company")

For the sole use by the following holders of shares in the Company at the Annual General Meeting of the Company to be held in the boardroom, 8th floor, The Terraces, 34 Bree Street, Cape Town on Tuesday, 17 November 2020 at 10:00 and at any adjournment thereof ("AGM"):

- certificated shareholders; and
- dematerialised shareholders with "own name" registration.

Forms of proxy must be completed and delivered to the Company's Transfer Secretary, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) or emailed to proxy@computershare.co.za, to be received, preferably, by no later than 10:00 on Friday, 13 November 2020, provided that any form of proxy not delivered to the Company's Transfer Secretary by this time may be handed to the chairman of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.

I/We (BLOCK letters please)

of (address)

Telephone work

Telephone home

being the holder/custodian of

ordinary shares in the Company, hereby appoint

1. _____ or, failing him/her

2. _____ or, failing him/her

3. the chairman of the AGM,

as my/our proxy to attend, speak and vote on my/our behalf at the AGM of the Company for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name in accordance with the following instructions:

Resolution	In favour of	Against	Abstain
To accept the presentation of the annual financial statements			
Ordinary Resolution Number 1 – Re-appointment of auditors			
Ordinary Resolution Number 2 – Retirement and re-election of Mr LW Andrag as a director			
Ordinary Resolution Number 3 – Retirement and re-election of Mr TJ Cohen as a director			
Ordinary Resolution Number 4 – Retirement and re-election of Mr BJ Kriel as a director			
Ordinary Resolution Number 5 – Re-appointment of Mr N Mkhize as member of the audit and risk committee			
Ordinary Resolution Number 6 – Re-appointment of Adv JD Wiese as member of the audit and risk committee			
Ordinary Resolution Number 7 – Re-appointment of Ms KR Nkuna as member of the audit and risk committee			
Ordinary Resolution Number 8 – General authority to issue shares for cash			
Ordinary Resolution Number 9 – Authority to sell Treasury Shares			
Ordinary Resolution Number 10 – Non-binding endorsement of Fairvest's remuneration policy			
Ordinary Resolution Number 11 – Non-binding endorsement of Fairvest's implementation report on the remuneration policy			
Ordinary Resolution Number 12 – Authority to execute requisite documentation			
Special Resolution Number 1 – Share repurchases by Fairvest and its subsidiaries			
Special Resolution Number 2 – Remuneration of non-executive directors			
Special Resolution Number 3 – Inter-company financial assistance			
Special Resolution Number 4 – Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			

NOTES TO THE FORM OF PROXY

1. A Fairvest shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the spaces provided, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the Company, insert the number of shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholders' votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. Holders of "own name" dematerialised shares must inform their CSDP or broker of whether or not they intend to attend the AGM and obtain the necessary authorisation from their CSDP or broker to attend the AGM or provide their CSDP or broker with their voting instructions should they not be able to attend the AGM.
4. Forms of proxy must be received by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, or Private Bag X9000, Saxonwold, 2132, or emailed to proxy@computershare.co.za so as to be received by the Transfer Secretary by no later than 10:00 on Friday, 13 November 2020, provided that any form of proxy not delivered to the Transfer Secretary by this time may be handed to the chairman of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.
5. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she is solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting by electronic means to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretaries or waived by the chairman of the AGM.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. The chairman of the AGM may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the shareholder wishes to vote.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

- A shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Fairvest shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder.
- Any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has:
 - (i) directed such company to do so, in writing; and
 - (ii) paid any reasonable fee charged by such company for doing so.

