

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 6 of this circular have, where appropriate, been used on this cover page.

**Action required**

If you have disposed of all of your Fairvest shares, this circular, together with the attached notice of general meeting and form of proxy, should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial shareholders who hold dematerialised shares through a CSDP or broker but who have not elected own-name registration who wish to attend the general meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting or must instruct their CSDP or broker to vote on their behalf in terms of their agreement with their CSDP or broker.

Shareholders are referred to page 3 of this circular, which sets out the detailed action required of them in respect of the transaction and ancillary matters set out in this circular. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

**Fairvest does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised shares to notify such shareholder of the action required of them in respect of the transaction and ancillary matters set out in this circular.**

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**FAIRVEST**  
PROPERTY HOLDINGS  
**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")

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## CIRCULAR TO FAIRVEST SHAREHOLDERS

relating to:

- the acquisition by Fairvest of 507 778 681 AHB shares in consideration for the issue of 939 390 559 Fairvest shares in terms of the AHB share swap agreements concluded with identified AHB shareholders and approval to acquire further AHB shares and the AHA shares thereafter pursuant to acceptances, if any, of offers triggered by implementation of this acquisition;
- the conclusion of an AHB share swap agreement with a related party;
- the conclusion of the Fairvest Manco share purchase agreement to give effect to the internalisation of Fairvest's asset management function or alternatively the renewal of the asset management agreement, being a transaction with a related party;
- an authority to increase Fairvest's authorised share capital in terms of section 36(2) of the Companies Act; and
- an authority to issue shares in excess of 30% of the current issued share capital of the Company,

and enclosing:

- revised listing particulars;
- a notice of general meeting of Fairvest shareholders; and
- a form of proxy to attend and vote at the general meeting of Fairvest shareholders, for use by certificated shareholders and dematerialised shareholders who have elected own-name registration only.

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Corporate advisor and transaction sponsor

**JAVACAPITAL**

Independent expert

**mazars**

Attorneys and competition law advisors

  
**WERKSMANS**  
ATTORNEYS

Independent reporting accountants

**IBDO**

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Date of issue: Tuesday, 10 August 2021

*This circular is available in English only. Due to the COVID-19 pandemic and the resultant lockdown regulations, hard copies of this circular will not be available at the registered address of the Company. The circular will only be available on Fairvest's website ([www.fairvest.co.za/news/notices](http://www.fairvest.co.za/news/notices)) from Tuesday, 10 August 2021.*

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## CORPORATE INFORMATION

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### **Registered office of Fairvest**

Fairvest Property Holdings Limited  
(Registration number 1998/005011/06)  
8<sup>th</sup> Floor, The Terraces  
34 Bree Street  
Cape Town, 8001  
(Postnet Suite 30, Private Bag X3, Roggebaai, 8012)

### **Corporate advisor**

Java Capital Proprietary Limited  
(Registration number 2012/089864/07)  
6<sup>th</sup> Floor, 1 Park Lane  
Wierda Valley  
Sandton, 2196  
(PO Box 522606, Saxonwold, 2132)

### **Independent expert**

Mazars Corporate Finance Proprietary Limited  
(Registration number 2003/029561/07)  
Mazars House  
54 Glenhove Road  
Melrose Estate  
Johannesburg, 2196  
(PO Box 6679, Johannesburg 2000)

### **Independent reporting accountants**

BDO South Africa Incorporated  
(Registration number 1995/002310/21)  
6<sup>th</sup> Floor, 123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001  
(PO Box 3883, Cape Town, 8000)

### **Date and place of incorporation of Fairvest**

Incorporated in the Republic of South Africa on 17 March 1998

### **Company secretary**

FluidRock Co Sec Services Proprietary Limited  
(Registration number 2016/093836/07)  
Unit 5 First Floor Right, Berkley Office Park  
8 Bauhinia Street  
Highveld Techno Park  
Centurion, 0169  
(PO Box 25160, Monument Park, Pretoria, 0105)

### **Transaction sponsor**

Java Capital Trustees and Sponsors Proprietary Limited  
(Registration number 2006/005780/07)  
6<sup>th</sup> Floor, 1 Park Lane  
Wierda Valley  
Sandton, 2196  
(PO Box 522606, Saxonwold, 2132)

### **Attorneys and competition law advisors**

Werksmans Incorporated  
(Registration number 1990/007215/21)  
The Central  
96 Rivonia Road  
Sandton, 2196  
(Private Bag 10015, Sandton, 2146)

### **Transfer secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)

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## ACTION REQUIRED BY FAIRVEST SHAREHOLDERS

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The definitions and interpretations commencing on page 6 of this circular have, where appropriate, been used in this section.

### THE GENERAL MEETING

A general meeting of Fairvest shareholders will be held at 10:00 on Tuesday, 7 September 2021 virtually and at the offices of the Company in the boardroom, 8th Floor, The Terraces, 34 Bree Street, Cape Town, 8001 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to be approved by shareholders in order to authorise and implement the transaction and the Fairvest Manco internalisation or the renewal of the asset management agreement. The notice of general meeting is attached to and forms part of this circular.

Certificated shareholders and own-name dematerialised shareholders who are unable to attend the general meeting but who wish to be represented thereat are requested to complete and return the attached form of proxy (*green*) in accordance with the instructions contained therein. The duly completed forms of proxy are requested to be received by the transfer secretaries by no later than 10:00 on Friday, 3 September 2021. Forms of proxy not lodged with the transfer secretaries in time may be handed to the transfer secretaries or to the chairperson of the general meeting prior to the commencement of voting on any resolution at the general meeting.

Dematerialised shareholders who have not elected own-name registration and who wish to attend the general meeting must instruct their CSDP or broker timeously in order that such CSDP or broker issues them with the necessary letter of representation.

Dematerialised shareholders who have not elected own-name registration and who do not wish to attend the general meeting but wish to vote thereat, must provide their CSDP or broker with their instruction for voting at the general meeting in the manner stipulated in the agreement governing the relationship between such shareholders and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature. Such shareholders should **not** complete the form of proxy (*green*).

**Fairvest does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be conducted thereat.**

### ELECTRONIC PARTICIPATION

The Company has made provision for Fairvest shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should you wish to participate in the general meeting by telephone conference, you, or your proxy, should advise the Company as such by no later than 10:00 on Friday, 3 September 2021 by submitting by e-mail to the company secretary at [ronelle@fluidrockgovernance.com](mailto:ronelle@fluidrockgovernance.com) relevant contact details, including an e-mail address, cellular number and landline as well as full details of your title to Fairvest shares and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) or written confirmation from your CSDP confirming your title to the dematerialised shares (in the case of dematerialised shares). Upon receipt of the required information, you will be provided with a secure code and instructions to access the electronic communication during the general meeting. Shareholders should note that access to the electronic communication will be at the expense of the Fairvest shareholders who wish to utilise the facility.

Fairvest shareholders and their appointed proxies attending by telephone conference will not be able to cast their votes at the general meeting through this medium. Accordingly, Fairvest shareholders making use of the electronic participation facility are requested to either complete the form of proxy (*green*) (in the case of certificated shareholders and dematerialised shareholders who have elected own-name registration) or contact their CSDP or broker (in the case of dematerialised shareholders who have not elected own-name registration), in both instances, as set out above.

In light of the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic, shareholders are encouraged to make use of the telephone conferencing facility and proxies for purposes of voting at the general meeting.

In the event of future regulations or directives or preventative measures relating to COVID-19, shareholders or their proxies may be prevented from attending the general meeting in person. In such circumstances, Fairvest may determine, by way of notice to shareholders published on SENS, ANS and in the South African press by no later than 10 (ten) business days prior to the general meeting, that the general meeting will take place entirely by electronic means and/or that shareholders or their proxies will be entitled to vote electronically, which notice will include details and instructions of such arrangement.

## **VOTING PROCEDURE AND QUORUM FOR THE GENERAL MEETING**

The quorum requirement for the general meeting to begin or for a matter to be considered at the general meeting is at least three shareholders entitled to attend and vote and who are present in person or able to participate in the meeting by electronic communication, or represented by a proxy who is present in person or able to participate in the meeting by electronic communication. In addition:

- the general meeting may not begin until sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the general meeting; and
- a matter to be decided at the general meeting may not begin to be considered unless sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every shareholder present in person or represented by proxy and entitled to exercise voting rights at the general meeting shall be entitled to vote on a show of hands, irrespective of the number of voting rights that shareholder would otherwise be entitled to exercise. On a poll, a shareholder who is present in person or represented by proxy shall be entitled to one vote in respect of each share he holds. No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

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## SALIENT DATES AND TIMES

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Set out below are the salient dates and times in relation to the AHB share swap:

**2021**

Record date to receive the circular and notice of general meeting	Friday, 30 July
Circular and notice of general meeting issued	Tuesday, 10 August
Announcement relating to the issue of the circular and notice of general meeting announced on SENS and ANS	Tuesday, 10 August
Announcement relating to the issue of the circular and notice of general meeting published in the press	Wednesday, 11 August
Last day to trade in order to be eligible to participate in and vote at the general meeting	Tuesday, 24 August
Voting record date	Friday, 27 August
Expected date of receipt of approval of the transaction from the Competition Authorities	Friday, 3 September
Last day to lodge forms of proxy for the general meeting with the transfer secretaries, by 10:00 (forms of proxy not lodged with the transfer secretaries in time may be handed to the chairperson of the general meeting immediately before the commencement thereof)	Friday, 3 September
General meeting at 10:00	Tuesday, 7 September
Results of the general meeting announced on SENS and ANS on or before	Tuesday, 7 September
Results of the general meeting published in the press on or before	Wednesday, 8 September

**Notes:**

1. All dates and times in this circular are local dates and times in South Africa and are subject to change. Any changes will be announced on SENS and ANS and published in the press.
2. Fairvest shareholders are referred to page 6 of this circular for information on the action required to be taken by them.
3. Fairvest shareholders should note that as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three business days after such trades. Therefore, Fairvest shareholders who acquire Fairvest shares after close of trade on Tuesday, 24 August 2021 will not be eligible to vote at the general meeting.
4. No dematerialisation and rematerialisation of Fairvest shares may take place between Wednesday, 25 August 2021 and Friday, 27 August 2021, both days inclusive.

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## DEFINITIONS AND INTERPRETATIONS

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In this circular and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

“A2X”	the exchange operated by A2X Proprietary Limited (Registration number 2014/147138/07), a private company incorporated and registered in accordance with the laws of South Africa, and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
“AHA share”	an “A” ordinary share of no par value in Arrowhead;
“AHA shareholder”	the holder of an AHA share;
“AHB share”	a “B” ordinary share of no par value in Arrowhead;
“AHB shareholder”	the holder of an AHB share;
“AHB share swap”	the proposed acquisition by Fairvest of the committed AHB shares from the committed AHB shareholders, in consideration for the issue of FVT shares in accordance with the swap ratio, as more fully detailed in this circular;
“AHB share swap agreements”	written agreements between Fairvest and each of the committed AHB shareholders, in terms of which Fairvest will acquire, in aggregate, the committed AHB shares in consideration for which it will issue new Fairvest shares at the swap ratio;
“AHB share swap implementation date”	the date on which the AHB share swap is to be implemented;
“ANS”	A2X news service;
“Arrowhead”	Arrowhead Properties Limited (Registration number: 2007/032604/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE;
“Arrowhead shareholders”	collectively, the holders of AHA and/or AHB shares;
“Arrowhead shares”	collectively, AHA and AHB shares;
“asset management agreement”	the asset management agreement between the Company and New Star, setting out the terms and conditions of the appointment of New Star as asset manager to Fairvest;
“asset manager” or “Fairvest Manco” or “New Star”	New Star Asset Management Proprietary Limited (Registration number 2005/029006/07), a private company incorporated and registered in accordance with the laws of South Africa which company oversees Fairvest’s asset management function and is owned by the Fairvest Manco shareholders, as defined below;
“Board” or “Fairvest Board” or “board of directors” or “directors”	the board of directors of Fairvest;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“category 1 acquisition”	an acquisition in respect of which the consideration payable is or is anticipated to constitute 30% or more of the market capitalisation of the Company or may result in a dilution of 30% or more of the issued shares of the Company, as contemplated in the JSE Listings Requirements;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	shares which have not been dematerialised into the Strate system, title to which is represented by a share certificate or other physical documents of title;



“CIPC”	the Companies and Intellectual Property Commission;
“circular”	this circular to Fairvest shareholders dated Tuesday, 10 August 2021, including all annexures, the notice of general meeting and the form of proxy;
“committed AHB shareholders”	collectively, the AHB shareholders detailed in paragraph 3.1 of the circular, who have entered into the share swap agreements with Fairvest in terms of which they have agreed to swap an aggregate of 507 778 681 AHB shares in consideration for the issue to them of FVT shares in accordance with the swap ratio, as more fully detailed in this circular;
“committed AHB shares”	an aggregate of 507 778 681 AHB shares to be acquired by the Company from the committed AHB shareholders pursuant to implementation of the AHB share swap, as further detailed in paragraph 3;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“company secretary”	the company secretary of Fairvest, full details of which are set out in the Corporate Information section;
“comparable offer”	implementation of the AHB share swap will trigger an obligation for Fairvest, in terms of section 125 of the Companies Act, to make a comparable offer to acquire AHA shares in addition to the mandatory offer for AHB shares;
“comparable offer participants”	any AHA shareholders who validly accept the comparable offer;
“Competition Act”	the Competition Act, No. 89 of 1998;
“Competition Authorities”	the Competition Commission of South Africa, the Competition Tribunal of South Africa and/or the Competition Appeal Court of South Africa, as the case may be, being the regulatory and/or judicial authorities established in terms of the Competition Act;
“corporate advisor”	Java Capital Proprietary Limited (Registration number 2012/089864/07), a limited liability private company duly incorporated in South Africa, full details of which are set out in the Corporate Information section;
“CSDP”	a Central Securities Depository Participant in South Africa, appointed to hold and administer dematerialised shares;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	shares which have been incorporated into the Strate system, title to which is not represented by physical documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the board;
“Fairvest” or the “Company”	Fairvest Property Holdings Limited (Registration number: 1998/005011/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE, full details of which are set out in the “Corporate Information” section;
“Fairvest Manco internalisation”	the internalisation of Fairvest’s asset management function through the acquisition of 100% of the issued share capital of the Fairvest Manco;
“Fairvest Manco share purchase agreement”	the share purchase agreement entered into between Fairvest, New Star and Fairvest Manco shareholders on 30 July 2021;
“Fairvest Manco internalisation implementation date”	the date on which the Fairvest Manco internalisation will be implemented, being the first day of the calendar month following the month in which the Fairvest Manco share purchase agreement becomes unconditional;
“Fairvest Manco shareholders”	collectively, Hilton Datnow, the Trustees for the time being of the Marcus Family Trust, the Trustees for the time being of the Wilder Family Trust, the Trustees for the time being of the Labora Trust, the Trustees for the time being of the Gelz Trust and the Trustees for the time being of the Universal Long Term Investment Trust;
“Financial Markets Act”	the Financial Markets Act, No. 19 of 2012;

<b>“general meeting”</b>	the general meeting of Fairvest shareholders to be held at 10:00 on Tuesday, 7 September 2021 virtually and at the offices of the Company, 8 <sup>th</sup> Floor, The Terraces, 34 Bree Street, Cape Town, 8001, convened for the purpose of considering, and if deemed fit passing, with or without modification, the resolutions set out in the notice of general meeting which is attached to and forms part of this circular;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“independent expert” or “Mazars”</b>	Mazars Corporate Finance Proprietary Limited (Registration number 2003/029561/07), full details of which are set out in the “Corporate information” section;
<b>“independent reporting accountants” or “BDO”</b>	BDO South Africa Incorporated (Registration number 1995/002310/21), full details of which are set out in the “Corporate Information” section;
<b>“JSE”</b>	the exchange operated by the JSE Limited (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012, as amended from time to time;
<b>“JSE Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“last practicable date”</b>	Thursday, 29 July 2021, being the last practicable date prior to the finalisation of this circular;
<b>“legal advisor” or “Werksmans”</b>	Werksmans Incorporated, (Registration number 1990/007215/21), full details of which are set out in the “Corporate Information” section;
<b>“long stop date”</b>	the date agreed between Fairvest and the committed AHB shareholders as being the last date by which Fairvest must have implemented the AHB share swap, being 20 business days after fulfilment of all conditions to the AHB share swap agreements (unless a later date is agreed);
<b>“LSM”</b>	means living standards measure, a marketing and research tool used in the Republic of South Africa to classify standard of living and disposable income;
<b>“M&amp;A”</b>	mergers and acquisitions;
<b>“m<sup>2</sup>”</b>	square metres;
<b>“mandatory offer”</b>	implementation of the AHB share swap will trigger an obligation for Fairvest, in terms of section 123 of the Companies Act, to make a mandatory offer to acquire AHB shares for the same consideration as agreed in terms of the AHB share swap agreements, which will be in addition to the comparable offer for AHA shares;
<b>“mandatory offer participants”</b>	if Fairvest makes the mandatory offer, any AHB shareholders who validly accept the mandatory offer will become entitled to receive the same consideration as provided for in the share swap agreements, being 1.85 FVT shares for every 1 AHB share (unless adjusted as provided for in the AHB share swap agreements);
<b>“material contracts”</b>	restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, by the Company and (i) entered into within the two years prior to the date of this circular; or (ii) entered into at any time and containing an obligation or settlement that is material to a company as at the date of this circular;
<b>“MOI”</b>	the memorandum of incorporation of the Company;
<b>“NAV”</b>	net asset value;
<b>“notice of general meeting”</b>	the notice of the general meeting attached to and forming part of this circular;
<b>“offers”</b>	collectively, the mandatory offer and the comparable offer;
<b>“own-name dematerialised shareholders”</b>	dematerialised shareholders who have elected own-name registration;
<b>“press”</b>	the Business Day newspaper;

<b>“property managers”</b>	collectively, Broll Property Group Proprietary Limited (Registration number 2008/027519/07), Mainstream Property Group Proprietary Limited (Registration number 2006/002364/07), Axis Asset Management Proprietary Limited (Registration number 2011/102928/07), Abreal Proprietary Limited (Registration number 1991/004365/07) and AJ Property Holdings Proprietary Limited (Registration number 2017/168593/07), all private companies incorporated and registered in accordance with the laws of South Africa;
<b>“Rand” or “R”</b>	South African Rand;
<b>“record date”</b>	the date on which Fairvest shareholders are to be recorded in the register in order to be eligible to attend, speak and vote at the general meeting (or any adjournment thereof), being Friday, 3 September 2021;
<b>“register”</b>	the securities register of Fairvest;
<b>“REIT”</b>	Real Estate Investment Trust;
<b>“required resolutions”</b>	the resolutions proposed to shareholders in the notice of general meeting attached to and forming part of this circular;
<b>“SENS”</b>	the Stock Exchange News Service operated by the JSE;
<b>“share” or “Fairvest share” or “FVT share”</b>	an ordinary share of no par value in the share capital of Fairvest;
<b>“shareholders” or “Fairvest shareholders” or “FVT shareholder”</b>	the registered holders of FVT shares;
<b>“single-step merger”</b>	a possible transaction under discussion between Fairvest and Arrowhead, which may take the form of either Fairvest acquiring all AHB shares in issue or Arrowhead acquiring all Fairvest shares in issue, in either case the acquisition to be effected by share swap pursuant to a scheme of arrangement;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Strate”</b>	Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, a registered central securities depository responsible for the electronic settlement system used by the JSE;
<b>“swap ratio”</b>	1.85 FVT shares for every AHB share, possibly, subject to adjustment, as provided for in the AHB share swap agreements;
<b>“Takeover Regulations”</b>	Chapter 5 of the Regulations to the Companies Act, 2011, published in terms of the Companies Act;
<b>“TRP” or “Takeover Regulation Panel”</b>	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
<b>“TNAV”</b>	tangible net asset value;
<b>“transaction”</b>	the term “transaction” as used in this circular encompasses: <ul style="list-style-type: none"> <li>i) the acquisition by Fairvest of the committed AHB shares in terms of the AHB share swap agreements, including the AHB share swap with Vukile which is a related party transaction; and thereafter,</li> <li>ii) the acquisition by Fairvest of further AHB shares pursuant to acceptances, if any, of the mandatory offer; and</li> <li>iii) the acquisition by Fairvest of AHA shares pursuant to acceptances, if any, of the comparable offer;</li> </ul>

<b>“transaction sponsor”</b>	Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), in its capacity as transaction sponsor to the Company, a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
<b>“transfer secretaries” or “Computershare”</b>	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in South Africa, full details of which are set out in the “Corporate Information” section;
<b>“VAT”</b>	value added tax as defined in the Value Added Tax Act, No. 89 of 1991;
<b>“voting record date”</b>	the date on which Fairvest shareholders must be recorded in the register in order to participate in and vote at the general meeting;
<b>“Vukile”</b>	Vukile Property Fund Limited (Registration number: 2002/027194/06), a public company incorporated and registered in accordance with the laws of South Africa, which is a material shareholder of Fairvest, and therefore a related party to Fairvest in terms of the JSE Listings Requirements; and
<b>“VWAP”</b>	value-weighted average price.

# FAIRVEST

PROPERTY HOLDINGS

## FAIRVEST PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/005011/06)

JSE share code: FVT ISIN: ZAE000203808

(Approved as a REIT by the JSE)

("Fairvest" or the "Company")

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### Directors

Jacques du Toit (*Non-Executive Chairman*)

Darren Wilder (*Chief Executive Officer*)

Jacques Kriel (*Chief Financial Officer*)

Adam Marcus (*Alternate Director to Darren Wilder*)

Louis Andrag (*Lead Independent Non-Executive Director*)

Khegu Nkuna (*Independent Non-Executive Director*)

Ndabezinhle Mkhize (*Independent Non-Executive Director*)

Jacob Wiese (*Independent Non-Executive Director*)

Trevor Cohen (*Independent Non-Executive Director*)

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## CIRCULAR TO FAIRVEST SHAREHOLDERS

### PART I: THE AHB SHARE SWAP AND RELATED PARTY TRANSACTION

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#### 1. INTRODUCTION

- 1.1 Fairvest is a South African REIT listed on the JSE and A2X with a 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 portfolio comprises 43 properties located throughout South Africa, with a total gross lettable area of 250 911m<sup>2</sup> and valued in aggregate at R3.43 billion.
- 1.2 As announced on SENS and ANS on 18 May 2021, Fairvest has concluded the AHB share swap agreements in order to acquire, on implementation after fulfilment of conditions, in aggregate 507 778 681 AHB shares from the committed AHB shareholders, in exchange for 939 390 559 FVT shares (being 91.4% of the total Fairvest shares currently in issue), based on the swap ratio.
- 1.3 After fulfilment of all conditions, including approval of the transaction and on implementation of the AHB share swap, Fairvest will become able to exercise more than 35% of all the voting rights attached to Arrowhead shares and shall thereupon become obliged to make the offers in terms of the Companies Act and the Takeover Regulations. Acceptances of the offers, if any, would result in Fairvest acquiring further AHA and/or AHB shares (up to a theoretical maximum of all such shares in issue) in exchange for Fairvest shares.
- 1.4 As the transaction entails a category 1 acquisition in terms of section 9.5(b) of the JSE Listings Requirements, it requires the approval of Fairvest shareholders by way of an ordinary resolution, which approval incorporates an authority to acquire further AHB shares and AHA shares (up to a theoretical maximum of all such shares in issue) pursuant to the AHB share swap and acceptances, if any, of the offers.
- 1.5 As Vukile is a material shareholder in Fairvest, the AHB share swap agreement concluded with Vukile constitutes a related party transaction in terms of the JSE Listings Requirements, requiring the Fairvest Board to obtain a fairness opinion, as well as the approval of Fairvest shareholders by way of an ordinary resolution (excluding the votes of Vukile and its associates).

- 1.6 The purpose of this circular is to:
- 1.6.1 provide Fairvest shareholders with information relating to the transaction and the internalisation of Fairvest's asset management function or, in the alternative, the renewal of the asset management agreement (as further detailed in part II of this circular), to enable shareholders to make an informed decision as to whether or not they should approve the required resolutions; and
  - 1.6.2 give notice convening the general meeting at which the required resolutions will be considered and, if deemed fit, approved with or without modification. The notice convening a general meeting of Fairvest shareholders is attached to and forms part of this circular.

## 2. RATIONALE AND PROSPECTS

- 2.1 Arrowhead is a diversified South African REIT holding a portfolio of retail, office and industrial properties valued at R9.3 billion. As at 31 March 2021, Arrowhead held a 60.0% interest in Indluplace Properties Limited, which owns a portfolio of residential properties. Arrowhead also holds an 8.6% interest in Dipula Income Fund Limited. Further details are available on Arrowhead's website at [www.arrowheadproperties.co.za](http://www.arrowheadproperties.co.za).
- 2.2 Fairvest's views are that:
- 2.2.1 investors in the listed property sector generally favour larger REITs in which their investment is liquid;
  - 2.2.2 while investors understand the numerous hurdles that must be overcome to be able to achieve any merger, they welcome initiatives aimed at achieving consolidation between REITs;
  - 2.2.3 investors have expressed confidence in Fairvest to unlock value both operationally and through capital allocation within its traditional low-income retail focus as well as from other sub-classes of investment property;
  - 2.2.4 in a market with limited access to growth capital, Fairvest should seek opportunities to grow through M&A activity, even if doing so may, for a period, result in Fairvest being invested in non-core assets; and
  - 2.2.5 if Fairvest is proposing to issue more shares pursuant to M&A activity, it should seek shareholder approval to internalise its asset management, with investors expecting that an internally managed Fairvest will be well-positioned to drive value-adding cost efficiencies both internally and through M&A activity.
- 2.3 Fairvest's intentions regarding Arrowhead are supported by the committed AHB shareholders who have concluded the AHB share swap agreements with Fairvest in terms of which Fairvest proposes to acquire, in aggregate, a majority of the Arrowhead shares in issue. The AHB share swap agreements are subject to the conditions precedent set out in paragraph 4 of this circular.
- 2.4 Fairvest is continuing to engage with Arrowhead regarding the possibility of proposing a single-step merger subject to a shareholder approval process for both companies. If Arrowhead and Fairvest agree on the terms of a single-step merger, they will work together on the appropriate process to obtain the required approvals. However, the process to achieve a single-step merger shall be completed and may succeed or fail after the general meeting referred to in this circular. Accordingly, Fairvest is proceeding to seek shareholder approval for the required resolutions, but will only implement the transaction, once unconditional, if a single-step merger is not achieved by the long-stop date for any reason.
- 2.5 If a single-step merger is not achieved, then on implementation of the AHB share swap (once unconditional), Fairvest will become the controlling shareholder of Arrowhead, whereafter Fairvest will become obliged to make the offers to Arrowhead shareholders.

### 3. TERMS OF THE AHB SHARE SWAP

- 3.1 Fairvest has concluded the AHB share swap agreements with the following committed AHB shareholders to acquire the committed AHB shares in exchange for FVT shares at a share swap ratio of 1.85 FVT shares per AHB share:

Name of committed AHB shareholder	Number of AHB shares committed to be swapped for FVT shares	Percentage that committed AHB shares constitute of total Arrowhead shares in issue <sup>(1)</sup>
36ONE Asset Management (Pty) Ltd	139 987 801	13.8
Vukile	114 438 564	11.3
Catalyst Fund Managers SA (Pty) Ltd	90 050 346	8.9
Visio Fund Management (Pty) Ltd	87 400 000	8.6
Ninety One SA (Pty) Ltd	30 271 219	3.0
Counterpoint Asset Management	17 320 000	1.7
Catalyst Fund Managers Alternative Investments (Pty) Ltd	14 357 152	1.4
Bridge Fund Managers (Pty) Ltd	10 073 699	1.0
Knight Capital (Pty) Ltd	2 279 900	0.2
Cohesive Capital (Pty) Ltd	1 600 000	0.2
<b>Total</b>	<b>507 778 681</b>	<b>50.1%</b>

**Note:**

1. Total Arrowhead shares in issue of 1 014 140 687 calculated as 62 718 658 AHA shares plus 976 956 729 AHB shares, less the specific repurchase of 25 534 700 AHB shares from the Arrowhead Charitable Trust approved at the Arrowhead annual general meeting held on Thursday, 25 February 2021.

- 3.2 **Equality of treatment of vendors of AHB shares:** While Fairvest has concluded separate AHB share swap agreements with the committed AHB shareholders, it has done so on common terms reflecting the principle of equality of treatment of all committed AHB shareholders. While Fairvest has agreed that it will afford the committed AHB shareholders the benefit of any increased swap ratio that Fairvest may agree to in the six months after implementation of the AHB share swap, the circumstances in which this may become applicable are if Fairvest acquires AHB shares at an increased swap ratio or agrees to facilitate the single-step merger at a materially more favourable swap ratio.
- 3.3 **Share swap ratio:** Fairvest proposes to acquire AHB shares in exchange for newly issued FVT shares at a share swap ratio of 1.85 FVT shares per AHB share.
- 3.4 **Adjustment to share swap ratio for near-term disposal by Arrowhead:** In order to account for implementation of any accretive disposals by Arrowhead in the near term, Fairvest has agreed to adjust the swap ratio should any such disposal improve Arrowhead's distributable earnings and/or TNAV per share. The adjustment to the share swap ratio will be in proportion to:
- 3.4.1 the extent to which Arrowhead's distributable earnings per AHB share for the year ending 30 September 2021 exceeds 44.989 cents per AHB share as a direct result of the transaction in question, taking into account the forward yield of the asset disposed of and any reduction in interest costs arising from the use of the net proceeds of the disposal (net of transaction fees and any taxes and hedge breakage costs); or
- 3.4.2 the extent to which Arrowhead's TNAV per AHB share exceeds 631 cents per AHB share (as reported at 30 September 2020) as a direct result of the transaction in question, taking into account the net proceeds of the disposal (net of transaction fees and any taxes and hedge breakage costs).

- 3.5 **Committed AHB shareholders released in the event of a superior offer for AHB shares not matched by Fairvest:** If a committed AHB shareholder receives a *bona fide* offer from a third party (“**superior offer**”) that is legally binding and enforceable, is qualitatively superior to the AHB share swap and offers such committed AHB shareholder an aggregate consideration for all of its AHB shares that is, or implies, a value per AHB share that exceeds the value per AHB share implied by the share swap ratio by 10% or more, such committed AHB shareholder may notify Fairvest thereof in writing (“**offer notice**”). Within 5 business days of receipt of the offer notice, Fairvest may either match or exceed the superior offer by improving the share swap ratio and/or undertaking to make a cash payment. If Fairvest does not match or exceed the superior offer, the AHB share swap agreement between the committed AHB shareholder and Fairvest shall terminate.
- 3.6 **Increase or decrease in the number of AHB shares committed to be swapped for FVT shares:** Some committed AHB shareholders own or control more AHB shares than currently committed to the AHB share swap. Fairvest believes that, at implementation, such committed AHB shareholders will swap all AHB shares they own or control. Where committed AHB shareholders manage third party funds invested in AHB shares and their client has the right to decide whether or not to agree to the AHB share swap, some committed AHB shareholders have undertaken to recommend to their clients that they also agree to the AHB share swap, which would increase the number of AHB shares to be acquired by Fairvest. Where committed AHB shareholders manage third party funds invested in AHB shares, withdrawals of third-party funds or liquidity requirements may result in adjustment to the number of committed AHB shares.
- 3.7 **Committed AHB shareholder support:** The committed AHB shareholders have indicated that, to the extent applicable, they will vote in favour of the resolutions required to implement the acquisition of AHB shares (whether such acquisition is implemented through the AHB share swap, the single-step merger or otherwise) and ancillary matters.
- 3.8 **AHA shares:** AHA shares have a fixed entitlement to a dividend in preference to AHB shares and do not participate in any residual dividend that may be declared in respect of AHB shares. Strategically, it is not Fairvest’s preference to issue its ordinary shares in consideration for AHA shares. Accordingly, Fairvest shall acquire AHA shares in exchange for FVT shares only if and to the extent that a comparable offer is made and accepted by AHA shareholders.
- 3.9 Fairvest currently has an authorised share capital of 3 000 000 000 ordinary shares and an issued share capital of 1 027 332 675 shares. In order to ensure that the Company has more than sufficient authorised share capital following the implementation of the transaction to provide Fairvest with headroom for any future share issuances which may arise as a consequence of the transaction, a merger or otherwise, Fairvest proposes amending its memorandum of incorporation and increasing the number of authorised shares in issue to 6 000 000 000 ordinary shares, requiring the approval of Fairvest shareholders by way of a special resolution.
- 3.10 The number of FVT shares to be issued to give effect to the transaction will exceed 30% of the voting power of all FVT shares currently in issue, as contemplated in section 41(3) of the Companies Act, and will thus also require the approval of Fairvest shareholders by way of a special resolution.

#### 4. **CONDITIONS PRECEDENT TO THE AHB SHARE SWAP**

- 4.1 In terms of the AHB share swap agreements, the implementation of the AHB share swap is subject to the fulfilment of the following conditions precedent within 120 days from signature of the AHB share swap agreements:
- 4.1.1 Fairvest acquiring sufficient Arrowhead shares to exercise a 50% +1 majority of the voting rights attached to all issued Arrowhead shares at a combined general meeting of AHA and AHB shareholders;
  - 4.1.2 Fairvest shareholders approving all resolutions required to implement every component of the transaction; and
  - 4.1.3 all applicable regulatory and statutory approvals having been obtained from the CIPC, TRP and Competition Authorities, as appropriate.
- 4.2 The AHB share swap is to be implemented by the long stop date, which (unless extended by agreement) is 20 business days after the fulfilment of the conditions precedent.



## 5. RELATED PARTY TRANSACTION AND FAIRNESS OPINION

- 5.1 As Vukile is a material shareholder in Fairvest, the AHB share swap agreement concluded between Fairvest and Vukile constitutes a related party transaction in terms of the JSE Listings Requirements. As a result, this AHB share swap agreement is conditional on receipt of shareholder approval by a 50% + 1 majority (excluding the votes of Vukile and its associates).
- 5.2 In accordance with the provisions of paragraph 10.4(f) of the JSE Listings Requirements, the Fairvest Board has obtained a fairness opinion on the related party transaction from the independent expert, which fairness opinion is set out in **Annexure 1** to this circular. Taking into consideration the terms and conditions of the related party transaction, the independent expert is of the opinion that the AHB share swap between Fairvest and Vukile is fair to shareholders.
- 5.3 The statement of the Board as to whether the related party transaction is fair to shareholders is included in paragraph 33 below.

## 6. FAIRVEST SHAREHOLDER SUPPORT

Fairvest has received undertakings of support from the following Fairvest shareholders, to vote in favour of the shareholder resolutions required to implement the transaction:

<b>Name of Fairvest shareholder</b>	<b>Number of FVT shares held</b>	<b>Percentage of FVT shares held<sup>(1)</sup></b>
Vukile	140 387 931	14.2
MICC Properties (Pty) Ltd, a subsidiary of Vukile	130 006 881	13.1
Counterpoint Asset Management	67 278 865	6.8
Stanlib Asset Management (Pty) Ltd	66 123 451	6.7
Visio Fund Management (Pty) Ltd	53 100 000	5.4
Ninety One SA (Pty) Ltd	44 574 642	4.5
Bridge Fund Managers (Pty) Ltd	37 508 545	3.8
Cohesive Capital (Pty) Ltd	34 837 653	3.5
Catalyst Fund Managers SA (Pty) Ltd	31 023 859	3.1
Catalyst Fund Managers Alternative Investments (Pty) Ltd	14 000 000	1.4
36ONE Asset Management (Pty) Ltd	6 515 986	0.7
Knight Capital (Pty) Ltd	4 480 518	0.5
<b>Total</b>	<b>629 838 331</b>	<b>63.7</b>

**Note:**

1. Total FVT shares in issue of 989 246 076 calculated as 1 027 332 675 less 38 086 599 treasury shares.

## 7. SHAREHOLDER APPROVAL REQUIRED FOR THE TRANSACTION

The following resolutions will be put to shareholders at the general meeting in order to approve the transaction, including the related party component thereof:

- 7.1 a special resolution of shareholders in terms of section 36(2) of the Companies Act;
- 7.2 a special resolution of shareholders in terms of section 41(3) of the Companies Act;
- 7.3 an ordinary resolution of shareholders in terms of section 9.20 of the JSE Listings Requirements; and
- 7.4 an ordinary resolution of shareholders in terms of section 10.4(e) of the JSE Listings Requirements.

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## PART II: THE FAIRVEST MANCO INTERNALISATION

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### 8. INTRODUCTION AND RATIONALE

- 8.1 The asset management function of the Fairvest portfolio is outsourced to the Fairvest Manco pursuant to the asset management agreement, salient details of which are set out in **Annexure 6**. The conclusion and terms of the asset management agreement were approved by Fairvest shareholders and implemented nearly ten years ago.
- 8.2 The appointment of the asset manager in terms of the asset management agreement is for a fixed period of 10 years (the “**initial period**”) terminating on 30 November 2021 (the “**date of termination**”). The asset management agreement envisages that it may be renewed for subsequent periods of five years on the same terms and conditions, subject to Fairvest shareholder approval. If it is not renewed, the asset management agreement will terminate on the date of termination. In these circumstances, the asset management agreement provides that Fairvest will become obliged to acquire the business conducted by the asset manager for a cash consideration calculated as provided for in the asset management agreement as set out in **Annexure 6**.
- 8.3 In order to consider how best to deal with the asset manager in the context of the transaction and the impending expiry of the initial 10-year term of the asset management agreement, Fairvest constituted an independent committee of the Board comprising Louis Andrag, Khengu Nkuna, Ndabezinhle Mkhize, Jacob Wiese and Trevor Cohen (the “**independent board**”). No member of the independent board has any interest in the asset manager.
- 8.4 The independent board is of the view that it is in the best interests of Fairvest that the Fairvest Manco internalisation be approved and implemented as proposed. On implementation of the AHB share swap, Fairvest will issue a large number of new FVT shares which should be expected to increase its market capitalisation. An increase in Fairvest’s market capitalisation will increase the asset management fees payable in terms of the asset management agreement, including for any period of renewal. In addition, an increased market capitalisation would be likely to increase the cash consideration that will ultimately become payable on internalisation either as agreed, or alternatively as provided for in the asset management agreement as originally approved by Fairvest shareholders.
- 8.5 Accordingly, the independent board has resolved, subject to Fairvest shareholders approving the transaction and the Fairvest Manco internalisation, that Fairvest acquire the issued shares of the asset manager on the terms set out in paragraph 9 below, in order to internalise the asset management of Fairvest.
- 8.6 The proposed purchase price of the Fairvest Manco is intended to be neutral to the distributable earnings of Fairvest with reference to Fairvest’s enterprise value prior to implementation of the transaction. An evaluation of the forecast neutrality on Fairvest’s forward distributable earnings (before implementation of the transaction) was included in the scope of the independent expert’s opinion on the internalisation contained in **Annexure 2**.
- 8.7 If Fairvest shareholders do not approve the Fairvest Manco internalisation, the independent board proposes as an alternative that shareholders approve the renewal of the asset management agreement on the terms set out in paragraph 11 below.
- 8.8 If neither the Fairvest Manco internalisation nor the renewal of the asset management agreement is approved by shareholders, then the asset management agreement will terminate on 30 November 2021 and, pursuant to the provisions of the asset management agreement as originally approved, Fairvest shall in any event become obliged to purchase the asset management business and that would be for a price that should be expected to be materially higher than that proposed in respect of the Fairvest Manco internalisation.

### 9. TERMS OF THE FAIRVEST MANCO INTERNALISATION

- 9.1 In terms of the Fairvest Manco share purchase agreement, Fairvest proposes to acquire all of the issued share capital of the Fairvest Manco from the Fairvest Manco shareholders for an aggregate cash consideration of R133 000 000.00 (the “**purchase price**”).
- 9.2 Pursuant to the implementation of the Fairvest Manco internalisation, the asset management services and property management services currently performed by the asset manager will be undertaken internally.
- 9.3 The purchase price will be settled on the Fairvest Manco internalisation implementation date.
- 9.4 The New Star shares will be delivered to Fairvest against payment of the purchase price to the Fairvest Manco shareholders.

- 9.5 All risk and all benefit attaching to the shares in Fairvest Manco will be deemed to have passed to Fairvest on the Fairvest Manco internalisation implementation date, along with possession and control of the shares in the Fairvest Manco.
- 9.6 Currently, the chief executive officer (“CEO”) of Fairvest, Darren Wilder, is employed and remunerated by the Fairvest Manco. The chief financial officer (“CFO”) of Fairvest, Jacques Kriel, is employed and remunerated directly by Fairvest.
- 9.7 Pursuant to the Fairvest Manco internalisation, Darren Wilder will become employed directly by Fairvest as the CEO of Fairvest pursuant to a letter of appointment between Darren Wilder and Fairvest in terms of which, *inter alia*, the parties agree to a 24-month lock-in in that employment is terminable on six months’ notice but neither party will give notice in the 18 months after commencement of employment. Fairvest has agreed with New Star that the New Star’s employment of Adam Marcus will terminate before implementation of the Fairvest Manco internalisation at no cost to Fairvest. Fairvest has evaluated its optimal management structure and is of the view that employment of an additional asset manager and the continued oversight of leasing by the CEO will result in the best outcome for Fairvest shareholders from a cost benefit perspective.
- 9.8 The provisions of the memorandum of incorporation of New Star will not frustrate Fairvest in any way from compliance with its obligations in terms of the JSE Listings Requirements and nothing contained in the New Star memorandum of incorporation will relieve Fairvest from compliance with JSE Listings Requirements.
- 9.9 The Fairvest Manco internalisation agreement contains warranties standard for a transaction of its nature.

## 10. SUSPENSIVE CONDITIONS TO THE FAIRVEST MANCO INTERNALISATION

The Fairvest Manco internalisation is subject to the fulfilment of the following suspensive conditions:

- 10.1 Fairvest shareholders approving the required resolutions relating to the transaction; and
- 10.2 Fairvest shareholders approving the Fairvest Manco share purchase agreement in order to give effect to the Fairvest Manco internalisation by way of an ordinary resolution.

## 11. TERMS OF THE RENEWAL OF THE ASSET MANAGEMENT AGREEMENT

- 11.1 If Fairvest shareholders do not approve the Fairvest Manco internalisation, the asset management agreement will terminate on the date of termination unless it is renewed for a subsequent period of five years on the same terms and conditions as envisaged in the asset management agreement.
- 11.2 If the asset management agreement is not renewed, the asset management agreement will terminate on the date of termination and Fairvest will become obliged to acquire the business conducted by the asset manager for a cash consideration calculated as provided for in the asset management agreement as set out in **Annexure 6**.
- 11.3 Accordingly, the independent board proposes that, if Fairvest shareholders do not approve the Fairvest Manco internalisation, Fairvest shareholders approve the renewal of the asset management agreement.
- 11.4 The renewal of the asset management agreement will be effected by way of an addendum to the asset management agreement, without further amendment to the provisions of the asset management agreement as originally approved by Fairvest shareholders, including the monthly asset management fee equivalent to 1/12<sup>th</sup> of 0.5% of the aggregate market capitalisation and borrowings of Fairvest.
- 11.5 Subject to the fulfilment of the suspensive condition set out in paragraph 12 below, the renewal of the asset management agreement will be for a period of five years terminating on 30 November 2026 (the “**renewal period**”), whereafter the asset management agreement will terminate and Fairvest will become obliged to acquire the business conducted by the asset manager for a cash consideration calculated as provided for in the asset management agreement as set out in **Annexure 6**.
- 11.6 The salient terms and conditions of the asset management agreement which will be applicable during the renewal period, including the salient details of the services to be provided by the Fairvest Manco, are set out in **Annexure 6** of this circular.

## 12. SUSPENSIVE CONDITION TO THE RENEWAL OF THE ASSET MANAGEMENT AGREEMENT

The renewal of the asset management agreement constitutes a related party transaction in terms of section 10 of the JSE Listings Requirements and remains subject to Fairvest shareholders approving the renewal of the asset management agreement by way of an ordinary resolution.

### 13. DETAILS OF THE ASSET MANAGER

- 13.1 The asset management of Fairvest is undertaken by the asset manager, which was formed in 2011 by Adam Marcus and Darren Wilder, being directors of the Company. The management team of the asset manager has sufficient and proven experience in asset management.
- 13.2 The directors of the asset manager are Darren Wilder, Adam Marcus and Jacques du Toit.
- 13.3 The Fairvest Manco shareholders are set out in paragraph 24 below. The shareholders are parties who played a role in the establishment of the asset manager nearly ten years ago and its strategy thereafter.
- 13.4 The full details and experience of the directors of Fairvest Manco is set out below:

#### 13.4.1 **Darren Wilder**

Darren worked for Seeff Properties in various positions from 1991 until 1997. During 1997, he was appointed to the board of the then JSE-listed company, Capital Alliance Properties, and was a participant in its management buy-out. Darren co-founded Spearhead Property group and was part of the team that listed the company on the JSE. He was appointed COO in 1999. Darren's work experience also includes national leasing director for Madison Properties, business development director of the V&A Waterfront and also a consultant to the chief executive officer of the V&A Waterfront.

#### 13.4.2 **Adam Marcus**

Adam graduated in 1995 from the University of Cape Town with a BSc (CM). After graduating, Adam joined a commercial property brokerage where he headed up the Investment Sales Division, structuring investment and development transactions. In 1999, he founded Gateway Property Developments, undertaking commercial and residential property developments.

#### 13.4.3 **Jacques du Toit**

Jacques, who is the chairman of Fairvest, is a chartered financial analyst and has been involved in the financial services industry since joining HSBC Simpson McKie as a stockbroker in 1998. He joined the portfolio management side at HSBC in 2003 and headed up the investment process until 2005 when he joined Investec Securities Limited as senior portfolio manager. In August 2008, he jointly set up a financial services company, Cohesive Capital. He serves as a director on the boards of a number of private companies.

### 14. RELATED PARTY TRANSACTION AND FAIRNESS OPINION

- 14.1 In terms of section 10 of the JSE Listings Requirements, the Fairvest Manco internalisation constitutes a related party transaction.
- 14.2 Should the resolutions to approve the transaction and the conclusion of the Fairvest Manco share purchase agreement in order to give effect to the Fairvest Manco internalisation not be passed by the requisite majority of Fairvest shareholders and the asset management agreement is renewed as an alternative, the renewal of the asset management agreement also constitutes a related party transaction in terms of the JSE Listings Requirements.
- 14.3 As a result, both the Fairvest Manco internalisation and the renewal of the asset management agreement are conditional on receipt of shareholder approval by a 50% + 1 majority (excluding the votes of Darren Wilder, Adam Marcus and Jacques du Toit and their associates).
- 14.4 In accordance with the provisions of paragraph 10.4(f) of the JSE Listings Requirements, the independent board has obtained a fairness opinion on the related party transaction from the independent expert, which fairness opinion is set out in **Annexure 2** to this circular. Taking into consideration the terms and conditions of the Fairvest Manco internalisation and the renewal of the asset management agreement as an alternative to the Fairvest Manco internalisation, the independent expert is of the opinion that the terms of the Fairvest Manco internalisation are fair to shareholders, while the terms of the renewal of the asset management agreement are unfair to shareholders.
- 14.5 The statement of the independent board as to the fairness of the terms of the Fairvest Manco internalisation and the renewal of the asset management agreement is included in paragraph 33 below.
- 14.6 As required in terms of section 75(5) of the Companies Act, the directors who have a personal interest in the Fairvest Manco internalisation and/or the renewal of the asset management agreement, namely Darren Wilder, Adam Marcus and Jacques du Toit have not taken part in the consideration of the terms of the Fairvest Manco share purchase agreement and these matters have been dealt with by an independent board.

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## **PART III: PROPERTY INFORMATION**

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### **15. THE ARROWHEAD PORTFOLIO**

#### **15.1 Overview of the Arrowhead portfolio**

The Arrowhead portfolio comprises 143 properties located throughout South Africa, with a total gross lettable area of 1 130 973m<sup>2</sup> and valued in aggregate at R9.3 billion as at 31 March 2021. Given the nature of the transaction in that Fairvest does not have access to non-public information on Arrowhead, a JSE dispensation was sought and received from the preparation of a full overview of the Arrowhead property portfolio in this circular. However, full details of the Arrowhead portfolio have been incorporated by reference in terms of paragraph 11.61 of the JSE Listings Requirements and can be found in Arrowhead's integrated annual report, which is available on the Arrowhead's website at the following link: [www.arrowheadproperties.co.za/annual-reports.php](http://www.arrowheadproperties.co.za/annual-reports.php).

#### **15.2 Analysis of the Arrowhead portfolio**

Given the nature of the transaction in that Fairvest does not have access to non-public information on Arrowhead, a JSE dispensation was sought and received from the preparation of a full analysis of the Arrowhead property portfolio in this circular. However, a comprehensive analysis of the Arrowhead property portfolio has been incorporated by reference in terms of paragraph 11.61 of the JSE Listings Requirements and can be found in Arrowhead's integrated annual report, which is available on the Arrowhead's website at the following link: [www.arrowheadproperties.co.za/annual-reports.php](http://www.arrowheadproperties.co.za/annual-reports.php).

#### **15.3 Valuation reports**

Given the nature of the transaction in that Fairvest does not have access to non-public information on Arrowhead, a JSE dispensation was sought and received from the preparation of detailed valuation reports in respect of the Arrowhead properties.

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## PART IV: FINANCIAL INFORMATION

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### 16. ARROWHEAD PROFITABILITY METRICS

The following profitability metrics are attributable to Arrowhead for the six months ended 31 March 2021:

	<b>Cents</b>
Distributable income per AHB share	23.19
Distribution per AHB share	–
Net asset value per AHB share	635.00
Basic earnings per combined shares in issue	42.07
Headline earnings per combined shares in issue	42.38

### 17. FORECAST FINANCIAL INFORMATION

Given the nature of the transaction in that Fairvest does not have access to non-public information on Arrowhead, a JSE dispensation was sought and received from the preparation of a forecast statement of comprehensive income in respect of the transaction.

### 18. PRO FORMA FINANCIAL INFORMATION

- 18.1 The *pro forma* statement of financial position and statement of comprehensive income of Fairvest, showing the *pro forma* effects of the transaction and the Fairvest Manco internalisation (the “*pro forma financial information*”), are set out in **Annexure 3** to this circular.
- 18.2 The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the transaction may have affected the financial position of Fairvest, assuming it was implemented on 31 December 2020 and the statement of comprehensive income assuming it was implemented on 1 July 2020. Because of its nature, the *pro forma* financial information may not fairly represent Fairvest’s financial position, changes in equity, results of operations or cash flows after the transaction and the Fairvest Manco internalisation.
- 18.3 The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of directors. The *pro forma* financial information has been prepared in accordance with Fairvest’s accounting policies and in compliance with IFRS and are consistent with those applied in the audited annual financial statements of Fairvest for the year ended 30 June 2020. The *pro forma* financial information is presented in accordance with the JSE Listings Requirements and the Guide on *pro forma* financial information issued by the South African Institute of Chartered Accountants (“SAICA”).

18.4 Extracts from the *pro forma* financial information of Fairvest are set out below:

	<b>Before the transaction and Fairvest Manco internalisation<sup>1</sup></b>	<b><i>Pro forma</i> after the transaction and Fairvest Manco internalisation<sup>2</sup></b>	<b>Percentage change</b>
Basic earnings per share (cents)	17.84	110.19	517.7
Diluted earnings per share (cents)	17.84	110.06	516.9
Headline earnings per share (cents)	10.84	12.38	14.2
Diluted headline earnings per share (cents)	10.84	12.25	13.0
Distribution per share (cents)	10.59	11.14	5.2
NAV per share (R)	2.29	2.82	23.1
TNAV per share (R)	2.29	2.81	22.7
Number of shares in issue (excl. treasury shares)	980 038 842	3 078 850 348	–
Weighted average number of shares in issue (net of treasury shares)	980 210 543	3 079 022 049	–

**Note**

1. This information has been extracted, without adjustment, from Fairvest's unaudited interim results for the six-month period ended 31 December 2020 as published on SENS on 4 March 2021.
2. The transaction and the Fairvest Manco internalisation are assumed to be implemented based on the terms and conditions as described in this circular.

18.5 Detailed notes and assumptions regarding the *pro forma* financial information are set out in **Annexure 3**. The *pro forma* financial information should be read in conjunction with the independent reporting accountant's assurance report thereon, as contained in **Annexure 4**.

## 19. HISTORICAL FINANCIAL INFORMATION

The historical financial information of Arrowhead for the three years ended 30 September 2020, 2019 and 2018, together with the audit reports thereon, as well as the historical financial information of Arrowhead for the six months ended 31 March 2021, have been incorporated by reference in terms of paragraph 11.61 of the JSE Listings Requirements and is available on Arrowhead's website at [www.arrowheadproperties.co.za/results.php](http://www.arrowheadproperties.co.za/results.php).

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## PART V: GENERAL

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### 20. GENERAL MEETING

- 20.1 A general meeting of Fairvest shareholders will be held at 10:00 on Tuesday, 7 September 2021 virtually and at the offices of the Company in the boardroom, 8<sup>th</sup> Floor, The Terraces, 34 Bree Street, Cape Town, 8001, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions required to be approved by shareholders in order to, *inter alia*, authorise and implement the transaction and the Fairvest Manco internalisation or alternatively the renewal of the asset management agreement. The notice of general meeting is attached to and forms part of this circular.
- 20.2 In light of the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic, shareholders are encouraged to make use of proxies for purposes of voting at the general meeting.
- 20.3 In the event of a future regulations or directives or preventative measures relating to COVID-19, shareholders or their proxies may be prevented from attending the general meeting in person. In such circumstances, Fairvest may determine, by way of notice to shareholders published on SENS, ANS and in the South African press by no later than 10 (ten) business days prior to the general meeting, that the general meeting will take place entirely by electronic means and/or that shareholders or their proxies will be entitled to vote electronically, which notice will include details and instructions of such arrangement.

### 21. SHARE CAPITAL

- 21.1 The authorised and issued share capital of Fairvest at the last practicable date and after the approval of the required resolutions and implementation of the AHB share swap are set out below.

*As at the last practicable date*

	<b>Stated capital R'000</b>
<i>Authorised</i>	
3 000 000 000 ordinary shares of no par value	
<i>Issued</i>	
1 027 332 675 ordinary shares of no par value	821 218
of which 38 086 599 ordinary shares are treasury shares	(70 488)
	750 730

*After the AHB share swap*

	<b>Stated capital R'000</b>
<i>Authorised</i>	
6 000 000 000 ordinary shares of no par value	
<i>Issued</i>	
1 966 723 234 ordinary shares of no par value	2 658 615
of which 38 086 599 ordinary shares are treasury shares	(70 488)
	2 588 127

- 21.2 The issued share capital of Fairvest will not change as a result of the Fairvest Manco internalisation or the renewal of the asset management agreement.



## 22. MAJOR AND CONTROLLING SHAREHOLDERS

22.1 Set out below are the names of Fairvest shareholders, other than directors, that were, directly or indirectly, beneficially interested in 5% or more of the issued shares as at the last practicable date:

Shareholder	Direct beneficial	Indirect beneficial	Total shares	% of issued share capital
Vukile	270 394 812	–	270 394 812	27.3
Counterpoint Asset Management	–	109 287 410	109 287 410	11.0
Sesfikile Capital	–	107 422 397	107 422 397	10.9
Stanlib Asset Management	–	62 570 599	62 570 599	6.3
Visio Capital	–	52 015 349	52 015 349	5.3
Catalyst Fund Managers	–	49 729 012	49 729 012	5.0
<b>Total</b>	<b>270 394 812</b>	<b>381 024 767</b>	<b>651 419 579</b>	<b>65.9</b>

22.2 Set out below are the names of Fairvest shareholders, other than directors, that are expected to be, directly or indirectly, beneficially interested in 5% or more of the issued shares following the implementation of the AHB share swap:

Shareholder	Direct beneficial	Indirect beneficial	Total shares	% of issued share capital
Vukile	482 106 155	–	482 106 155	25.0
36One Asset Management	–	265 493 418	265 493 418	13.8
Visio Capital	–	214 790 000	214 790 000	11.1
Catalyst Fund Managers	–	197 616 999	197 616 999	10.2
Counterpoint Asset Management	–	155 465 753	155 465 753	8.1
Ninety One	–	100 576 397	100 576 397	5.2
<b>Total</b>	<b>482 106 155</b>	<b>933 942 567</b>	<b>1 416 048 722</b>	<b>73.4</b>

22.3 As at the last practicable date, the Company does not have a controlling shareholder and the AHB share swap will not result in the Company having a controlling shareholder.

## 23. DIRECTORS' INTERESTS

### 23.1 Directors' interests in Fairvest shares

23.1.1 Set out below are the interests of directors (including their associates) in Fairvest shares as at 30 June 2020. Direct and indirect beneficial interests are disclosed.

Director	Direct beneficial	Indirect beneficial/ associates	Total shares	% of total shares
BJ Kriel	–	23 717 745	23 717 745	2.33
DM Wilder	–	9 978 190	9 978 190	0.98
AJ Marcus	–	4 927 326	4 927 326	0.48
TJ Cohen	109 770	–	109 770	0.01
<b>Total</b>	<b>109 770</b>	<b>38 623 261</b>	<b>38 733 031</b>	<b>3.80</b>

23.1.2 There were no changes to the interests of directors in Fairvest shares between 30 June 2020 and the last practicable date.

### 23.2 Directors' interests in transactions

Save in respect the directors' interest in Fairvest shares, as set out in paragraph 23.1 above and Darren Wilder, Adam Marcus and Jacques du Toit's interests in the Fairvest Manco, as set out in paragraph 24 below, no director of Fairvest has or had any material beneficial interest, direct or indirect, in transactions that were effected by Fairvest during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

## 24. SHAREHOLDERS OF THE ASSET MANAGER

Set out below are the shareholders of New Star as at the last practicable date:

Shareholder	Total shares	% of issued share capital
Wilder Family Trust	350	28
Marcus Family Trust	350	28
Labora Trust	156	12.5
The Gelz Trust	96	7.7
Hilton Datnow	48	3.8
Universal Long Term Investment Trust	250	20
<b>Total</b>	<b>1 250</b>	<b>100</b>

## 25. DIRECTORS' EMOLUMENTS

25.1 The emoluments of the directors of Fairvest for the year ended 30 June 2020 is as follows:

	Directors' fees R'000	Meeting attendance fees R'000	Salary R'000	Short-term bonus R'000	Total R'000
<i>Executive directors</i>					
BJ Kriel	–	–	1 821	1 265	<b>3 086</b>
DM Wilder <sup>1</sup>	–	–	2 426	509	<b>2 935</b>
A Marcus <sup>1</sup>	–	–	2 426	509	<b>2 935</b>
<i>Non-executive directors</i>					
JF du Toit	251	155	–	–	<b>406</b>
LW Andrag	172	140	–	–	<b>312</b>
JD Wiese	172	140	–	–	<b>312</b>
N Mkhize	172	117	–	–	<b>289</b>
TJ Cohen	172	81	–	–	<b>253</b>
KR Nkuna	172	105	–	–	<b>277</b>
<b>Total</b>	<b>1 111</b>	<b>738</b>	<b>6 673</b>	<b>2 283</b>	<b>10 805</b>

### Notes:

1. DM Wilder and AJ Marcus are remunerated by New Star. Fees for other services and commission are paid to entities in which the directors have a beneficial interest.

25.2 Save as set out in paragraph 25.1 above, no director of Fairvest received any emoluments for the last financial period, being the year ended 30 June 2020, in the form of:

25.2.1 fees for services as a director;

25.2.2 management, consulting, technical or other fees paid for services rendered as a director, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the Company;

25.2.3 basic salaries;

25.2.4 bonuses and performance-related payments;

25.2.5 sums paid by way of expense allowance;

25.2.6 any other material benefits;

25.2.7 contributions paid under any pension scheme; or

25.2.8 any commission, gain or profit-sharing arrangements.

- 25.3 No share options or any other right has been given to a director in respect of providing a right to subscribe for shares in Fairvest.
- 25.4 No shares or share options have been issued and allotted in terms of a share purchase or option scheme for employees or other share purchase or option scheme.
- 25.5 All directors are remunerated by Fairvest, other than Darren Wilder and Adam Marcus who are remunerated by New Star.
- 25.6 Save in respect of Darren Wilder and Adam Marcus who are remunerated by New Star, no director receives any remuneration or benefit in any form from any holding company or subsidiary of Fairvest (or from their associates), from any joint venture of Fairvest or any holding company or subsidiary of Fairvest, or from any third-party management or advisor to Fairvest or to any holding company or subsidiary of Fairvest.
- 25.7 Save as set out in this paragraph 25, the Company has not entered into any contracts relating to directors' and managerial remuneration, secretarial and technical fees or restraint payments. There are no fixed-term service contracts in place for executive or non-executive directors of Fairvest.
- 25.8 Save as set out in paragraph 9.7, the remuneration of directors of Fairvest will not be varied as a consequence of the transaction and/or the Fairvest Manco internalisation.

## 26. RELATIONSHIP INFORMATION

- 26.1 Details of the asset manager and the property managers are set out in **Annexure 7**.
- 26.2 Save by virtue of their interests in Fairvest shares as disclosed in paragraph 23 above, no director of Fairvest has any beneficial interest, whether direct or indirect, in relation to any property held or property to be acquired by the Company nor are they contracted to become a tenant of any part of the property of the Company.
- 26.3 There is no relationship between any director or promoter of Fairvest and another person that may conflict with a duty to Fairvest.
- 26.4 No securities or other participatory interests will be issued by Fairvest in order to finance the acquisition of any properties acquired or to be acquired.
- 26.5 No director of Fairvest or promoter has been beneficially interested, whether directly or indirectly, in the acquisition or disposal of any properties by the Company since 30 June 2020.

## 27. MATERIAL CONTRACTS

Save for:

- 27.1 the AHB share swap agreements entered into with the committed AHB shareholders in respect of the AHB share swap, the salient features of which are set out in paragraph 3;
- 27.2 the undertakings of support received from Fairvest shareholders as set out in paragraph 6;
- 27.3 the Fairvest Manco share purchase agreement, the salient features of which are set out in paragraph 9; and
- 27.4 the loan agreements detailed in **Annexure 5**,

no material contracts, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business have been entered into either verbally or in writing by Fairvest, any of its major subsidiaries or by any subsidiary within two years prior to the last practicable date or concluded at any time, and which contain an obligation or settlement that is material to the Company and/or its subsidiaries.

## 28. MATERIAL CHANGES

There has been no material change in the financial or trading position of the Company between 31 December 2020, being the latest reported period, and the date of this circular, save for:

- 28.1 the impact that the COVID-19 pandemic and resultant national lockdown has had and is anticipated to continue to have on Fairvest and its operations. The lasting impact of the COVID-19 pandemic on the local economy remains uncertain. While the vaccine rollout in South Africa is slow to gain traction, the Company expects the infection waves to continue, with trading restrictions for certain tenants a possibility. Fairvest remains well positioned, with a clearly focused strategy of mainly investing in grocery anchored assets, servicing non-metropolitan and lower-LSM markets which have proven resilient during the COVID-19 pandemic.

- 28.2 the impact that the COVID-19 pandemic and resultant national lockdown has had, and is anticipated to continue to have an impact on equity capital markets for an extended period; and
- 28.3 the impact that the recent civil unrest has had on Fairvest's portfolio. Twelve properties across KwaZulu-Natal and Gauteng have been affected as at the last practicable date. The extent of the damage to these properties is still being assessed, but is mainly limited to shop fronts, roller shutter doors, fixtures and fittings. Fairvest has deployed additional security measures at its properties and is closely monitoring them across the entire portfolio. All other assets across the country are expected to remain open and operate normally. Fairvest has insurance in place for losses and damage, and most of the Company's tenants have similar cover in place. Loss of rental and security costs relating to imminent danger are also insured.

## 29. MATERIAL BORROWINGS

Details of all material loans made to Fairvest and/or to its subsidiaries that remain outstanding as at the last practicable date, and that will remain outstanding following implementation of the transaction, are set out in **Annexure 5**.

## 30. STATEMENT AS TO WORKING CAPITAL

The board of directors has considered the effects of the transaction and the Fairvest Manco internalisation and are of the opinion that the working capital available to Fairvest immediately following the transaction and Fairvest Manco internalisation is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of issue of this circular.

## 31. LITIGATION

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the board of directors is aware, that may have had, or have during the 12 months preceding the last practicable date had, a material effect on Fairvest's financial position.

## 32. RESPONSIBILITY STATEMENT

The directors, whose names are given on page 15 of this circular, collectively and individually accept full responsibility for the accuracy of the information contained in this circular 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, that all reasonable enquiries to ascertain such facts have been made, and that the circular contains all information required by the JSE Listings Requirements.

## 33. OPINION AND RECOMMENDATION

- 33.1 The board of directors, after due consideration of the report of the independent expert regarding the AHB share swap with Vukile, has considered the terms and conditions thereof, and is of the opinion that the terms of the AHB share swap with Vukile are fair to shareholders.
- 33.2 The independent board, after due consideration of the report of the independent expert regarding the Fairvest Manco internalisation, has considered the terms and conditions thereof, and is of the opinion that the Fairvest Manco internalisation is fair to shareholders.
- 33.3 The independent board, after due consideration of the report of the independent expert regarding the renewal of the asset management agreement, has considered the terms and conditions thereof, and is of the opinion that the renewal of the asset management agreement is unfair to shareholders.
- 33.4 The board of directors is of the opinion that the transaction and Fairvest Manco internalisation are both beneficial to Fairvest shareholders and, accordingly, recommends that Fairvest shareholders vote in favour of the transaction and the Fairvest Manco internalisation as opposed to the renewal of the asset management agreement. The opinion of the directors as to the prospects of the Company following implementation of the transaction and Fairvest Manco internalisation is set out in paragraphs 2 and 8 above.
- 33.5 Those directors that hold a beneficial interest in Fairvest shares intend voting in favour of all resolutions to be proposed at the general meeting in respect of which they are eligible to vote.

#### 34. CONSENTS

- 34.1 The corporate advisor, transaction sponsor, independent expert, independent reporting accountant, legal advisor, company secretary, and transfer secretaries have each consented in writing to act in the capacities stated and to their names appearing in this circular, which consent has not been withdrawn prior to the issue of this circular.
- 34.2 The independent expert and independent reporting accountant have consented to the inclusion of their reports in the circular in the form and context in which they appear, which consent has not been withdrawn prior to the issue of this circular. The independent expert and independent reporting accountant have confirmed that the contents of the circular are not contradictory to the information contained in their reports.

#### 35. PRELIMINARY AND ISSUE EXPENSES

The costs that are expected or have been provided for in connection with the transaction and the Fairvest Manco internalisation (exclusive of VAT) are set out below:

<b>Fees incurred by Fairvest</b>	<b>Recipient</b>	<b>Rand</b>
Corporate advisor	Java Capital	15 995 028
Transaction sponsor fee	Java Capital Trustees and Sponsors	2 550 000
Legal advisory fee	Werksmans	2 000 000
Independent expert's fees	Mazars	750 000
Independent reporting accountants' fees	BDO	420 000
Competition Commission filing fee	Competition Commission	550 000
JSE documentation and listing fees	JSE	656 000
Printing and other costs	Ince	75 000
Contingency costs		75 000
<b>Total</b>		<b>23 071 028</b>

#### 36. CONFLICTS OF INTEREST

- 36.1 The transaction sponsor, a wholly-owned subsidiary of the corporate advisor, is acting as independent transaction sponsor to Fairvest and maintains the appropriate procedures to maintain its independence of Fairvest and any of its advisors as required under JSE Listings Requirements.
- 36.2 As required in terms of the JSE Listings Requirements, it is confirmed that in order to manage any potential or perceived conflicts of interest that might arise as a result of Java Capital acting in these roles, Java Capital has in place appropriate checks and balances, including procedures and individual responsibilities to ensure the independence of the transaction sponsor relating to the transaction and the Fairvest Manco internalisation.

#### 37. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents below will be available for inspection at the registered address of the Company from the date of issue of this circular up to and including the date of the general meeting. In light of the COVID-19 pandemic and the resultant lockdown regulations, copies of these documents will also be available for inspection electronically and may be obtained from the Company by sending a request to [investor@fairvest.co.za](mailto:investor@fairvest.co.za).

- 37.1 this circular;
- 37.2 the MOI;
- 37.3 the asset management agreement;
- 37.4 the property management agreements for each property manager detailed in **Annexure 7**;
- 37.5 the Fairvest Manco share purchase agreement;
- 37.6 the material contracts referenced in paragraph 27;
- 37.7 the signed reports by the independent expert as set out in **Annexure 1** and **Annexure 2**;

- 37.8 the signed report by the independent reporting accountant as set out in **Annexure 4**;
- 37.9 the audited annual financial statements of the Company for the financial years ended 30 June 2020, 30 June 2019 and 30 June 2018;
- 37.10 the unaudited interim results of the Company for the six months ended 31 December 2020; and
- 37.11 the written consents referenced in paragraph 34.

**38. DOCUMENTS INCORPORATED BY REFERENCE**

The following information has been incorporated by reference and is available for viewing on Arrowhead's website at [www.arrowheadproperties.co.za/](http://www.arrowheadproperties.co.za/):

- 38.1 full details of the Arrowhead property portfolio;
- 38.2 a comprehensive analysis of the Arrowhead property portfolio; and
- 38.3 the historical financial information of Arrowhead for the years ended 30 September 2020, 30 September 2019 and 30 September 2018, as well as the historical financial information of Arrowhead for the six months ended 31 March 2021.

Signed on behalf of the board of directors

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**DM Wilder**  
*Chief Executive Officer*

**10 August 2021**

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## INDEPENDENT EXPERT'S REPORT ON THE TERMS OF THE AHB SHARE SWAP

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**Fairvest Property Holdings Limited**

34 Bree Street  
 Cape Town City Centre  
 Cape Town  
 8001

30 July 2021

Dear Sirs

**INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE RELATED PARTY TRANSACTION RELATING TO THE SHARE SWAP, WHEREBY FAIRVEST PROPERTY HOLDINGS LIMITED ("FAIRVEST") WILL ACQUIRE ARROWHEAD PROPERTIES LIMITED ("ARROWHEAD") B ORDINARY SHARES ("AHB SHARES"), IN EXCHANGE FOR FAIRVEST SHARES ("FVT"), BASED ON AN AGREED SWAP RATIO**

**INTRODUCTION**

We have been appointed by the Board of Directors ("**Board**") to advise the shareholders of Fairvest whether, in our opinion, the share swap is fair to the shareholders of Fairvest.

Fairvest has proposed to acquire in aggregate 507 778 681 AHB shares from Arrowhead shareholders, in exchange for 939 390 559 FVT shares, based on the agreed swap ratio. Fairvest has concluded the share swap agreement with participating investors to acquire AHB shares in exchange for FVT shares at a swap ratio of 1.85 FVT shares per AHB share. Fairvest has concluded the share swap agreement with Vukile Property Fund Limited ("**Vukile**") (the "**Vukile share swap**").

As Vukile is a material shareholder in Fairvest, the agreement to acquire AHB shares from Vukile constitutes a related party transaction in terms of the JSE Listings Requirements. The Board is required to obtain a fairness opinion from an independent expert, prepared in accordance with Schedule 5 of the JSE Listings Requirements.

**EXPLANATION OF THE TERM 'FAIR'**

The term 'fairness' is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the proposed share swap would be considered fair to Fairvest shareholders if the value of 1.85 FVT shares is equal to or less than the arm's length market related value of an AHB share.

**ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially. This included an analysis of publicly available information relating to the forecast market outlook;
- That reliance can be placed on the audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- That reliance can be placed on the management accounts of Fairvest for the 10 months ended 30 April 2021;
- That reliance can be placed on the forecast distributable income for Fairvest for the period ending 30 June 2023;
- That reliance can be placed on the independent property valuation reports, performed by DDP Valuers, De Leeuw Valuers and Broll Valuation and Advisory Services, on the value of Fairvest's property portfolio as at 30 June 2020 and the property valuations performed by management of Fairvest as at 31 December 2020;
- That reliance can be placed on the audited annual financial statements of Arrowhead for the year ended 30 September 2020;
- That reliance can be placed on the unaudited interim results of Arrowhead for the 6 months ended 31 March 2021;
- That reliance can be placed on the independent property valuation reports, performed by Real Insight and Yield Enhancements, on the value of Arrowhead's property portfolio as at 30 September 2020. No revaluations were done between the period 30 September 2020 and 31 March 2021 as no material changes were expected by Arrowhead management (as stated in the interim results at 31 March 2021);

- That reliance can be placed on Fairvest management's view that the impact on the valuations as a result of the civil unrest will have a minimal impact on the valuations due to the Sasria insurance claims and business continuity claims to be submitted; and
- That reliance can be placed on the public information available of Arrowhead.

Where relevant, representations made by management and/or directors were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business. This included an analysis of the forecast financial information against that of the audited annual financial statements for reasonability.

## **SOURCES OF INFORMATION**

In the course of our analysis, we relied upon financial and other information, including financial information obtained from management together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the transaction include:

- Information and assumptions made available by and from discussions held with management and executive directors of Fairvest and financial advisors in terms of the rationale for the share swap;
- The audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- The management accounts of Fairvest for the 10 months ended 30 April 2021;
- The forecast distributable income for Fairvest for the period ending 30 June 2023;
- The independent property valuation reports, performed by DDP Valuers, De Leeuw Valuers and Broll Valuation and Advisory Services, on the value of Fairvest's property portfolio as at 30 June 2020 and the property valuations performed by management of Fairvest as at 31 December 2020;
- The audited annual financial statements of Arrowhead for the year ended 30 September 2020;
- The unaudited interim results of Arrowhead for the 6 months ended 31 March 2021;
- The independent property valuation reports, performed by Real Insight and Yield Enhancements, on the value of Arrowhead's property portfolio as at 30 September 2020. No revaluations were done between the period 30 September 2020 and 31 March 2021 as no material changes were expected by Arrowhead management (as stated in the interim results at 31 March 2021); and
- Publicly available information relating to Fairvest and Arrowhead together with other competitors in the same sector that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with management;
- Obtaining corroborating evidence from third parties; and
- Extracting information from the internet and the press.

We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:

- Conducting analytical reviews on the financial statements, management accounts and forecast;
- Understanding the industry in which Fairvest operates;
- Assessing the credentials, independent and qualifications of DDP Valuers, De Leeuw Valuers, Broll Valuation and Advisory Services, Real Insights and Yield Enhancements, the independent property valuers; and
- Assessing whether replies from management on certain issues were corroborated by third parties and documentary evidence.

## **LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS**

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Fairvest. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.



This letter and opinion is provided solely for the benefit of the shareholders of Fairvest in connection with and for the purposes of their consideration of the Vukile share swap.

There is no relationship between Mazars Corporate Finance (Pty) Ltd (“MCF”) and any other parties involved in this Transaction. MCF has no shares in Fairvest or any other party involved in the Transaction. MCF’s fee in respect of this opinion is not payable in Fairvest shares and is not contingent or related to the outcome of the Vukile share swap.

Each shareholder’s individual decision may be influenced by such shareholder’s particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Vukile share swap.

## **PROCEDURES**

In order to assess the fairness of the terms and conditions relating to the Vukile share swap, we have performed, amongst others, the following procedures:

- Considered information made available by and from discussions held with management and executive directors of Fairvest and financial advisors;
- Reviewed the audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- Reviewed the management accounts of Fairvest for the 10 months ended 30 April 2021;
- Reviewed the forecast distributable income for the periods ending 30 June 2022 and 30 June 2023;
- Considered the independent property valuation reports, performed by DDP Valuers, De Leeuw Valuers and Broll Valuation and Advisory Services, on the value of Fairvest’s property portfolio as at 30 June 2020 and considered the property valuations performed by management of Fairvest as at 31 December 2020;
- Reviewed the audited annual financial statements of Arrowhead for the year ended 30 September 2020;
- Reviewed the unaudited interim results of Arrowhead for the 6 months ended 31 March 2021;
- Considered the independent property valuation reports, performed by Real Insight and Yield Enhancements, on the value of Arrowhead’s property portfolio as at 30 September 2020. No revaluations were done between the period 30 September 2020 and 31 March 2021 as no material changes were expected by Arrowhead management (as stated in the interim results at 31 March 2021);
- Considered the public information available of Arrowhead;
- Considered the draft circular;
- Performed valuations of the FVT shares and AHB shares using the dividend yield methodology;
- Reviewed the methodologies available for performing valuations of businesses operating in the real estate industry;
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuations; and
- Reviewed general economic, market and related conditions in which Fairvest operates.

We believe the above procedures commercially justify the conclusion outlined below.

## **CONFIRMATION OF PERFORMANCE OF VALUATION AND VALUATION METHODOLOGY**

We have performed an independent valuation of Fairvest and Arrowhead to determine whether the consideration represents fair value to the Fairvest shareholders. The primary valuation methodology applied in determining the fair value of FVT shares and AHB shares was based on the dividend yield methodology using the income available for distribution to be earned on the by Fairvest shareholders and AHB shareholders. The adjusted NAV was used as a corroborative valuation.

The valuations were performed taking cognisance of Fairvest and Arrowhead’s current and planned operations as well as other market factors affecting these operations. Using the values derived from the above valuations, a comparison was made to the consideration.

Based on discussions with management, along with research into the sector, the following key value drivers were assessed for the dividend yield valuation and adjusted NAV valuation:

Internal:

- Ordinary share capital in Fairvest, the Arrowhead A ordinary share capital and the AHB share capital;
- The historic distribution by Fairvest and Arrowhead;
- The historic share prices of Fairvest and Arrowhead;
- The historic and forecast earnings of both Fairvest and Arrowhead;
- The quality of the property portfolios;
- The lease expiry profile and vacancy levels;

- The fair market values of assets taking into account realisable value; and
- The fair market values of liabilities.

External:

- Stability of the economy and other macroeconomic factors. This included an analysis of publicly available information in respect of macroeconomic outlook; and
- Sensitivity analyses on the long-term inflation rate assumed and assessed the impact thereof on the valuation.

The following analyses was performed on the key value drivers:

- An analysis and review of the forecast distributable income. This included sensitivity analyses performed on the forecast dividends and assessed the impact thereof on the valuation;
- An analysis of the fair values of the property portfolios, as provided by the independent property valuers, and the effect thereof on the NAV per share for FVT shares and AHB shares;
- A sensitivity analysis performed on the dividend yield of Fairvest. An 8.5% increase in the dividend yield decreased the fair value of FVT shares by approximately 8% while an 8.5% decrease in the dividend yield increased the fair value of FVT shares by approximately 9%; and
- A sensitivity analysis on the dividend yield of AHB shares. A 15% increase in the dividend yield decreased the fair value of AHB shares by approximately 12% while a 15% decrease in the dividend yield increased the fair value of AHB shares by approximately 16%.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

## **OPINION**

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We compared the outcome of the valuation of FVT shares and the valuation of AHB shares to the swap ratio of 1.85 FVT shares for one AHB share. The swap ratio ranged between 1.69 and 1.88. The swap ratio of 1.85 FVT shares for a AHB share is within the fair value swap range and is therefore fair to the Fairvest shareholders.

We have considered the terms and conditions of the Vukile share swap, and subject to the foregoing, we are of the opinion that the agreement to acquire AHB shares from Vukile at 1.85 FVT shares is fair to the shareholders of Fairvest in terms of the JSE Listings Requirements.

## **CONSENT**

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in any required regulatory announcement or document.

Yours faithfully

**Anoop Ninan**

Director

Mazars Corporate Finance (Pty) Ltd

54 Glenhove Road

Melrose Estate, 2196

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**INDEPENDENT EXPERT’S REPORT ON THE TERMS OF THE FAIRVEST MANCO  
INTERNALISATION OR RENEWAL OF THE FAIRVEST ASSET MANAGEMENT FUNCTION**

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**Fairvest Property Holdings Limited**

34 Bree Street  
Cape Town City Centre  
Cape Town  
8001

30 July 2021

Dear Sirs,

**INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE INTERNALISATION AND RENEWAL OF THE  
FAIRVEST ASSET MANAGEMENT FUNCTION**

**INTRODUCTION**

New Star Asset Management (Pty) Ltd (“**New Star**” or “**Fairvest Manco**” or “**Asset Manager**”) currently undertakes the asset management function of Fairvest Property Holdings Limited (“**Fairvest**”). We have been appointed by the Board of Directors of Fairvest (“**Board**”) to advise whether, in our opinion, the internalisation of the Fairvest Manco (the “**Fairvest Manco internalisation**”) and renewal of the asset management agreement between Fairvest and New Star (the “**renewal**”) is fair to the shareholders of Fairvest.

In terms of the asset management internalisation agreement, Fairvest will acquire all of the issued share capital of New Star for an aggregate cash consideration of R133 000 000 (the “**purchase price**”), on condition that the Arrowhead transaction is approved, whereafter the Fairvest Manco will become a wholly owned subsidiary of Fairvest.

The successful implementation of the transaction will result in a substantial increase in Fairvest’s market capitalisation, in turn resulting in (i) an increase in the purchase price payable by Fairvest in the event of the automatic internalisation, and (ii) a corresponding increase in the future remuneration payable to the asset manager (which is determined with reference to the aggregate of Fairvest’s market capitalisation and borrowings) if the asset management agreement is renewed.

If Fairvest shareholders do not vote in favour of the Fairvest Manco internalisation, they will be asked to vote on the renewal of the asset management agreement.

Should the asset management agreement be renewed for a subsequent period of five years from the date of termination, Fairvest shall pay New Star a monthly asset management fee equivalent to 1/12<sup>th</sup> of 0.5% of the aggregate market capitalisation and borrowings of Fairvest, an asset acquisition fee and asset disposal fee of 1% as well as a lease renewal fee, for the duration of the five-year contract.

Darren Wilder, Adam Marcus and Jacques du Toit are directors of both Fairvest and New Star and have either a direct or indirect beneficial interest in each entity and as such, the Fairvest Manco constitutes a related party to Fairvest.

Accordingly, the Fairvest Manco internalisation and the renewal are both deemed to be a related party transactions in terms of section 10 of the Johannesburg Stock Exchange (“**JSE**”) Listing Requirements. The Board is therefore required to obtain a fairness opinion from an independent expert, prepared in accordance with Schedule 5 of the JSE Listings Requirements.

**EXPLANATION OF THE TERM ‘FAIR’**

The term ‘fairness’ is defined in Schedule 5 of the JSE Listings Requirements as being primarily based on quantitative issues. Therefore, the consideration payable to a related party would be considered fair to the Fairvest shareholders if the consideration payable is equal to or less than the value derived for the Asset Manager or unfair if the opposite would hold true.

Additionally, the renewal would be considered fair to the Fairvest shareholders if the terms of the renewal are less than or to the same as market related terms for asset management agreements in the same industry or unfair if the opposite would hold true.

## ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially. This included an analysis of publicly available information relating to the forecast market outlook;
- That reliance can be placed on the signed Asset Management Agreement;
- That reliance can be placed on the five-year forecast of the Asset Manager for the period ending March 2026 based on the asset management agreement terms;
- That reliance can be placed on the unaudited annual financial statements of the Asset Manager for the 12 months ended 28 February 2021;
- That reliance can be placed on the audited annual financial statements of the Asset Manager for the 12 months ended 28 February 2020;
- That reliance can be placed on the audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- That reliance can be placed on the management accounts of Fairvest for the 10 months ended 30 April 2021; and
- That the Arrowhead transaction will be approved.

Where relevant, representations made by management and/or directors were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business. This included an analysis of the forecast financial information against that of the audited annual financial statements for reasonability.

## SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including financial information obtained from management together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding this transaction include:

- Information and assumptions made available by and from discussions held with management and executive directors of Fairvest and financial advisors in terms of the rationale for the internalisation of the Asset Manager;
- The Asset Management Agreement;
- The five-year forecast of the Asset Manager for the period ending March 2026 based on the asset management agreement terms;
- The unaudited annual financial statements of the Asset Manager for the 12 months ended 28 February 2021;
- The audited annual financial statements of the Asset Manager for the 12 months ended 28 February 2020;
- The audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- The management accounts of Fairvest for the 10 months ended 30 April 2021;
- The publicly available information relating to other market related asset managers; and
- Publicly available information relating to Fairvest and other competitors in the REIT industry that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with management;
- Obtaining corroborating evidence from third parties; and
- Extracting information from the internet and the press.

We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:

- The five-year forecast of the Asset Manager for the period months ending March 2026 based on the asset management agreement terms;
- The unaudited annual financial statements of the Asset Manager for the 12 months ended 28 February 2021;
- The audited annual financial statements of the Asset Manager for the 12 months ended 28 February 2020;
- The audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- The management accounts of Fairvest for the 10 months ended 30 April 2021;

- Conducting analytical reviews on the financial statements, management accounts and forecast financial information;
- Understanding the industry in which Fairvest operates; and
- Assessing whether replies from management on certain issues were corroborated by third parties and documentary evidence.

## **LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS**

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Fairvest. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion is provided solely for the benefit of the shareholders of Fairvest in connection with and for the purposes of their consideration of the Transaction.

There is no relationship between Mazars Corporate Finance (Pty) Ltd (“MCF”) and any other parties involved in this transaction. MCF has no shares in Fairvest or any other party involved in the internalisation of the Asset Manager. MCF’s fee in respect of this opinion is not payable in Fairvest shares and is not contingent or related to the outcome of the Fairvest Manco internalisation or the renewal.

Each shareholder’s individual decision may be influenced by such shareholder’s particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of this transaction.

## **PROCEDURES**

In order to assess the fairness of the terms and conditions relating to the Fairvest Manco internalisation and the renewal, we have performed, amongst others, the following procedures:

- Considered the terms and conditions of the signed Asset Management Agreement;
- Considered the rationale for the Fairvest Manco internalisation and the renewal;
- Considered the benefits of the Fairvest Manco and the renewal;
- Considered information made available by and from discussions held with management and executive directors of Fairvest and financial advisors;
- Reviewed the five-year forecast income statement of the Asset Manager for the period months ending March 2026;
- Reviewed the unaudited annual financial statements of the Asset Manager for the 12 months ended 28 February 2021;
- Reviewed the audited annual financial statements of the Asset Manager for the 12 months ended 28 February 2020;
- Reviewed the audited financial statements of Fairvest for the 12 months ended 30 June 2020, 30 June 2019 as well as the 31 December 2020 unaudited interim accounts;
- Reviewed the management accounts of Fairvest for the 10 months ended 30 April 2021;
- Assessed the pre and post impact of the internalisation of the Asset Manager on Fairvest’s forecast distributable earnings;
- Reviewed the publicly available information relating to market related fees for other asset managers;
- Performed an indicative valuation of the Asset Manager using the discounted cash flow method;
- Reviewed the methodologies available for performing valuations of businesses operating in the real estate industry; and
- Reviewed general economic, market and related conditions in which Fairvest operates.

We believe the above procedures commercially justify the conclusion outlined below.

## **CONFIRMATION OF PERFORMANCE OF VALUATION AND VALUATION METHODOLOGY**

We have performed a valuation of 100% of the equity of New Star based on the discounted cash flow model. The valuation was performed taking cognisance of the Asset Manager’s current and planned operations as well as other market factors affecting these operations using the values derived from the above valuation, a comparison was made to the purchase consideration of R133 000 000 for the internalisation of the Asset Manager to the fair value of the Asset Manager and this was assessed for fairness. Additionally, the terms of the asset management fees associated with the renewal of the Asset Management agreement was compared to the fees of other Asset Managers in the industry and this was assessed for fairness.

Based on discussions with management, along with research into the sector, the following key value drivers were assessed for the DCF valuation:

**Internal:**

- The average revenue growth rates of 3% each year;
- The average profit margins of 56% for each year;
- Working capital assumptions;
- Free cash flows;
- Discount rate; and
- Perpetuity growth rate.

**External:**

- Stability of the economy and other macroeconomic factors;
- Comparable companies operating in the REIT sector; and
- Performed sensitivity analyses on both long-term and short-term inflation rates and assessed the impact thereof on the valuation.

The following analyses were performed on the key value drivers of the Asset Manager:

- An analysis and review of the forecast revenue growth rates. This included sensitivity analyses performed on the forecast revenue by increasing and decreasing revenue by 10% thereafter assessed the impact thereof on the valuations. The sensitivity resulted in the fair value of the Asset Manager increasing and decreasing by up to 11%; and
- An analysis and review of the forecast profit margins. This included a sensitivity analysis performed on the forecast EBITDA margins by increasing and decreasing the EBITDA margins by 1% and 2% respectively, thereafter assessed the impact thereof on the valuations. The sensitivity resulted in the fair value of the asset manager increasing and decreasing by up to 3%.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

**OPINION**

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

The outcome of the valuation of the Asset Manager based on the assumption that the Arrowhead acquisition is approved, resulted in an indicative valuation range of between R172 million and R195 million. The purchase consideration of R133 million for the Fairvest Manco internalisation falls below the valuation range and is therefore fair to the Fairvest shareholders.

The terms of the asset management fees associated with the renewal are not within the range of observed market related asset manager fees and result in a higher administrative cost ratio of 5.5% for Fairvest compared to the average observed ratios of peers of 4.2%. Therefore, the renewal is unfair to Fairvest shareholders.

We have considered the terms and conditions of the Asset Management Agreement, and subject to the foregoing, we are of the opinion that the internalisation of the Fairvest Manco for R133 million is fair and the renewal of the Asset Management Agreement is unfair to the shareholders of Fairvest in terms of the JSE Listings Requirements.

**CONSENT**

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in any required regulatory announcement or document.

Yours faithfully

**Anoop Ninan**

Director

Mazars Corporate Finance (Pty) Ltd

54 Glenhove Road

Melrose Estate, 2196

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## **PRO FORMA FINANCIAL INFORMATION**

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The definitions and interpretations commencing on page 6 of the circular have been used throughout this Annexure. The *pro forma* financial information should be read in conjunction with paragraph 18 of the circular.

### **Basis of preparation**

The *pro forma* financial information has been prepared using the most recent financial period of the Fairvest, in terms of the JSE Listings Requirements and guidelines issued by the South African Institute of Chartered Accountants.

The published numbers have been extracted, without adjustment, from Fairvest's unaudited interim results for the six month period ended 31 December 2020 as published on SENS on 4 March 2021, which can be accessed on Fairvest's website at [www.fairvest.co.za](http://www.fairvest.co.za), and will be available for inspection at the registered office of Fairvest as set out in paragraph 37 of this circular.

The consolidated *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Board. The consolidated *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the unaudited interim consolidated results of Fairvest for the six-month period ended 31 December 2020 (the "**Consolidated Pro forma Financial Information**").

The Consolidated *Pro forma* Financial Information has been prepared for illustrative purposes only, based on current information available to management of Fairvest, in order to provide information about the financial results and position of Fairvest. Due to its nature, the Consolidated *Pro forma* Financial Information may not fairly present Fairvest's financial position, changes in equity and results of operations or cash flows after the New Star and Arrowhead acquisitions and consolidations, and are based on the assumptions that:

- i. the acquisition date of New Star and the acquisition date of Arrowhead are assumed to be 1 July 2020 for the purposes of the statement of profit and loss and other comprehensive income and 31 December 2020 for the purposes of the statement of financial position.
- ii. for the purpose of calculating basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share, the New Star and Arrowhead acquisitions were implemented on 1 July 2020; and
- iii. for the purpose of calculating net asset value per share and net tangible asset value per share, the New Star and Arrowhead acquisitions were implemented on 31 December 2020.

The accounting policies of Fairvest that were applied in the unaudited interim consolidated results for the six-month period ended 31 December 2020 have been used in calculating the *pro forma* financial effects.

The independent reporting accountant's assurance report on the Consolidated *Pro forma* Financial Information is set out in **Annexure 4** of this circular.

**Fairvest Property Holdings Limited**
*Pro forma* Statement of Financial Position as at 31 December 2020

	<i>Pro forma</i> Fairvest as at 31 December 2020	New Star contract cancellation	<i>Pro forma</i> after the New Star contract cancellation	Controlling stake of Arrowhead acquired	Arrowhead acquisition transaction fees	Arrowhead consolidated as at 31 March 2021	Consolidation adjustment – gain on bargain purchase and minority movement	<i>Pro forma</i> position after Arrowhead consolidation
<i>R'000</i>	<i>Note 1</i>	<i>Note 2</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	
<b>ASSETS</b>								
<b>Non-current assets</b>	<b>3 701 084</b>	<b>109</b>	<b>3 701 193</b>	<b>3 672 920</b>	–	<b>12 737 004</b>	<b>(3 672 920)</b>	<b>16 438 197</b>
Investment property (including straight line accrual)	3 337 725	–	3 337 725	–	–	12 413 572	–	15 751 297
Property related loans receivable	284 898	–	284 898	–	–	–	–	284 898
Share scheme loans receivable	–	–	–	–	–	177 556	–	177 556
Property, plant and equipment	223	109	332	–	–	3 677	–	4 009
Goodwill/ Intangible assets	–	–	–	–	–	–	–	–
Deferred tax	–	–	–	–	–	33 314	–	33 314
Operating lease asset	69 651	–	69 651	–	–	–	–	69 651
Financial assets	–	–	–	–	–	108 885	–	108 885
Investment in subsidiary	–	–	–	3 672 920	–	–	(3 672 920)	–
Other	8 587	–	8 587	–	–	–	–	8 587
<b>Current assets</b>	<b>142 466</b>	<b>3 629</b>	<b>146 095</b>	–	–	<b>391 070</b>	–	<b>537 165</b>
Share scheme loans receivable	–	–	–	–	–	34 131	–	34 131
Loans receivable from minorities	34 311	–	34 311	–	–	–	–	34 311
Cash and cash equivalents	18 395	2 621	21 016	–	–	41 972	–	62 988
Trade and other receivables	89 760	1 008	90 768	–	–	314 967	–	405 735
Non-current assets held for sale	–	–	–	–	–	738 394	–	738 394
<b>Total assets</b>	<b>3 843 550</b>	<b>3 738</b>	<b>3 847 288</b>	<b>3 672 920</b>	–	<b>13 866 468</b>	<b>(3 672 920)</b>	<b>17 713 756</b>



	Fairvest as at 31 December 2020	New Star contract cancellation	<i>Pro forma</i> after the New Star contract cancellation	Controlling Arrowhead stake of Arrowhead acquired	Arrowhead acquisition transaction fees	Arrowhead consolidated as at 31 March 2021	Consolidation adjustment – gain on bargain purchase and minority movement	<i>Pro forma</i> position after Arrowhead consolidation
<i>R000</i>								
<b>EQUITY AND LIABILITIES</b>								
<b>Total equity</b>	<b>2 391 988</b>	<b>(132 076)</b>	<b>2 259 912</b>	<b>3 672 920</b>	<b>(38 404)</b>	<b>7 591 099</b>	<b>(3 672 920)</b>	<b>9 812 608</b>
Stated capital	733 689	–	733 689	3 672 920	(15 995)	7 160 868	(7 160 868)	4 390 614
Retained earnings	1 513 748	(132 076)	1 381 672	–	(22 409)	(550 194)	550 194	1 359 264
Share-based payments	–	–	–	–	–	6 019	(6 019)	–
Non-controlling interest	144 551	–	144 551	–	–	974 406	–	1 118 957
Gain on bargain purchase	–	–	–	–	–	–	2 943 773	2 943 773
<b>Liabilities</b>								
<b>Non-current liabilities</b>	<b>1 170 621</b>	<b>–</b>	<b>1 170 621</b>	<b>–</b>	<b>38 404</b>	<b>5 157 439</b>	<b>–</b>	<b>6 366 464</b>
Interest-bearing borrowings	939 170	–	939 170	–	38 404	4 926 088	–	5 903 662
Amounts owing to minorities	129 001	–	129 001	–	–	–	–	129 001
Financial liabilities	71 247	–	71 247	–	–	208 889	–	280 136
Other non-current liabilities	31 203	–	31 203	–	–	22 462	–	53 665
<b>Current liabilities</b>	<b>280 941</b>	<b>135 814</b>	<b>416 755</b>	<b>–</b>	<b>–</b>	<b>1 117 930</b>	<b>–</b>	<b>1 534 685</b>
Interest-bearing borrowings	167 729	133 663	301 392	–	–	498 187	–	799 579
Tax payable	–	–	–	–	–	5 404	–	5 404
Trade and other payables	112 592	2 151	114 743	–	–	612 713	–	727 456
Lease liabilities	620	–	620	–	–	1 626	–	2 246
<b>Total equities and liabilities</b>	<b>3 843 550</b>	<b>3 738</b>	<b>3 847 288</b>	<b>3 672 920</b>	<b>–</b>	<b>13 866 468</b>	<b>(3 672 920)</b>	<b>17 713 756</b>
<b>Number of shares in issue (Note 7)</b>	980 038 842	–	980 038 842	2 098 811 506	–	–	–	3 078 850 348
<b>Net asset value per share (R)</b>	2.29	–	–	–	–	–	–	2.82
<b>Tangible net asset value per share (R)</b>	2.29	–	–	–	–	–	–	2.81

## Notes and assumptions:

1. Presents the consolidated statement of financial position extracted, without adjustment, from Fairvest's interim unaudited published results for the period ended 31 December 2020.
2. Fairvest acquires 100% of New Star shares in issue for a cash consideration of R133 million ("Cancellation Price"), of which R1.6 million is specifically for the acquisition of New Star's NAV and the remainder of R131.4 million is for the cancellation of the management contract. In assessing the accounting treatment of the acquisition, management have concluded that IFRS 3 should not be applied as the payment is in substance a payment for the cancellation of a contract, and even if IFRS 3 was to be applied this would only be an acquisition of a single asset being the management contract and not the acquisition of a business. The Cancellation Price has been calculated on the basis that the cancellation will be neutral to forecast forward distributable earnings. The Cancellation Price will be fully funded with debt bearing interest at JIBAR plus 215 basis points, assumed to be 5.83% for the purpose of preparing the *pro forma*. The net *pro forma* results from the acquisition of New Star (in substance cancellation of contract) is accounted for as follows:
  - 2.1 Net assets of New Star of R1.6 million are brought into Fairvest's statement of financial position at their carrying value as at 28 February 2021.
  - 2.2 Retained earnings is adjusted for transaction costs of R662 500 and cancellation expense of R131.4 million being the difference between the Cancellation Price and the carrying value of New Star's net assets as at 28 February 2021.
  - 2.3 Short-term interest-bearing debt raised equal to the Cancellation Price and transaction costs expensed of R662 500.
3. Fairvest acquires 951 422 029 Arrowhead ordinary B shares, representing 100% of Arrowhead B ordinary shares in issue and 62 718 658 Arrowhead ordinary A shares, representing 100% of Arrowhead A ordinary shares in issue, 100% of the total shares in issue and voting rights, through the issue of 1.85 new Fairvest ordinary shares for every 1 Arrowhead B ordinary share and 5.4 new Fairvest ordinary shares for every 1 Arrowhead A ordinary share. This is an aggregate consideration of 2 098 811 506 new Fairvest shares. The acquisition has been accounted for as follows:
  - 3.1 An investment in Arrowhead is recognised at the fair value of the consideration paid of R3.673 billion ("Consideration") calculated as 2 098 811 506 new Fairvest shares issued to Arrowhead shareholders multiplied by the R1.75 Fairvest ordinary closing share spot price on the last practicable date.
  - 3.2 A corresponding increase in stated capital has been recognised as the acquisition is implemented by way of issue of Fairvest ordinary shares.
4. Transaction and share issue costs of R38.4 million, funded by interest bearing debt, are treated as follows:
  - 4.1 Transaction costs of R16 million that are directly attributable to the issuing of Fairvest shares have been recognised as a deduction from equity (stated capital) in accordance with IAS 32 Financial Instruments: Presentation.
  - 4.2 Transaction costs of R22.4 million directly attributable to the acquisition of Arrowhead have been recognised as an expense in the statement of comprehensive income.
5. Presents the consolidated statement of financial position extracted, without adjustment, from Arrowhead's interim unaudited results for the period ended 31 March 2021.
6. In terms of IFRS 3 – Business Combinations, the following consolidation adjustments in respect of the acquisition of Arrowhead ordinary B shares and ordinary A shares are passed:
  - 6.1 Elimination of the investment in subsidiary of R3.673 billion.
  - 6.2 No adjustment applied to bring the NAV of Arrowhead to fair value as the assets and liabilities already approximate fair value in the statement of financial position.
  - 6.3 Elimination of Fairvest's share of the remaining retained earnings and stated capital.
  - 6.4 Recognition of R2.944 billion gain on bargain purchase being the difference between the Consideration and Arrowhead's retained earnings and stated capital attributable to parent shareholders.
7. Fairvest ordinary shares in issue of 980 038 842, excluding shares held in treasury plus 2 098 811 506 Fairvest ordinary shares issued in consideration for Arrowhead ordinary A and B shares, resulting in total Fairvest ordinary shares in issue of 3 078 850 348 used in calculating the NAV and tangible NAV per Fairvest share.
8. There are no material subsequent events that require adjustments to the *pro forma* financial information.
9. All adjustments, except for transaction costs, are expected to have a continuing effect.
10. For illustration purposes, in the event that Fairvest acquires a 50.1% interest in Arrowhead only, the following would replace notes 3 and 6 above:
  - 10.1. Fairvest acquires 507 778 681 Arrowhead ordinary B shares, representing 53.4% of Arrowhead B ordinary shares in issue and 50.1% of the total shares in issue and voting rights, through the issue of 1.85 new Fairvest ordinary shares for every 1 Arrowhead B ordinary share. This is an aggregate consideration of 939 390 559 new Fairvest shares. The acquisition has been accounted for as follows:
    - 10.1.1. An investment in Arrowhead is recognised at the fair value of the consideration paid of R1.644 billion calculated as 939 390 559 new Fairvest shares issued to Arrowhead B shareholders multiplied by the R1.75 Fairvest ordinary closing share spot price on the last practicable date.
    - 10.1.2. A corresponding increase in stated capital has been recognised as the acquisition is implemented by way of issue of Fairvest ordinary shares.
  - 10.2. In terms of IFRS 3 – Business Combinations, the following consolidation adjustments in respect of the acquisition of Arrowhead ordinary B shares are passed:
    - 10.2.1. Elimination of the investment in subsidiary of R1.644 billion.
    - 10.2.2. Recognition of additional non-controlling interest ("NCI") share in the Arrowhead residual retained earnings of R3.394 billion. This consists of 62 718 658 Arrowhead A shareholders who, in terms of the Arrowhead MOI, have a preferential claim on the residual NAV equal to the Arrowhead A shares' 60-day VWAP. The Arrowhead A shares NCI of R578.9 million is calculated using the 31 March 2021 60-day VWAP of R9.23 multiplied by 62 718 658 shares in issue. The remaining R2.815 billion is the 46.63% NCI share of NAV after the Arrowhead A shareholders' preferential claim.
    - 10.2.3. No adjustment applied to bring the NAV of Arrowhead to fair value as the assets and liabilities already approximate fair value in the statement of financial position.
    - 10.2.4. Elimination of Fairvest's share of the remaining retained earnings and stated capital.
    - 10.2.5. Recognition of R1.578 billion gain on bargain purchase being the difference between the Consideration, the existing and additional NCI, and Arrowhead's retained earnings and stated capital.

## Fairvest Property Holdings Limited

*Pro forma* Statement of profit or loss and other comprehensive income for the six months ended 31 December 2020

	Fairvest	<i>Pro forma</i>		Arrowhead as at 31 March 2021	Consolidation adjustment	Adjustments for transaction fees and finance costs	<i>Pro forma</i> position after Arrowhead consolidation
	as at 31 December 2020	New Star contract cancellation	New Star contract as at 31 March 2021				
<i>R000</i>	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>		
<b>Property revenue</b>	<b>274 208</b>	–	<b>274 208</b>	<b>976 061</b>	–	–	<b>1 250 269</b>
Rental income – contractual and tenant recoveries/ revenue	265 043	–	265 043	989 091	–	–	1 254 134
Straight-line adjustment	9 165	–	9 165	(13 030)	–	–	(3 865)
Sundry income	3 123	1 980	5 103	–	–	–	5 103
Property expenses	(100 877)	165	(100 712)	(432 090)	–	–	(532 802)
<b>Net property income</b>	<b>176 454</b>	<b>2 145</b>	<b>178 599</b>	<b>543 971</b>	–	–	<b>722 570</b>
Corporate administrative expenses	(15 123)	(3 883)	(19 006)	(53 352)	–	(22 409)	(94 766)
<b>Operating profit</b>	<b>161 331</b>	<b>(1 738)</b>	<b>159 593</b>	<b>490 619</b>	–	<b>(22 409)</b>	<b>627 804</b>
Fair value adjustment to investment property	75 583	2 396	77 979	–	–	–	77 979
Fair value adjustment to derivative financial instruments	(3 669)	–	(3 669)	–	–	–	(3 669)
Fair value adjustment to investments	(222)	–	(222)	255 715	–	–	255 493
Gain on bargain purchase	–	–	–	–	2 943 773	–	2 943 773
Finance costs	(50 871)	(3 898)	(54 769)	(249 458)	–	(1 120)	(305 347)
Contract cancellation fees	–	(131 413)	(131 413)	–	–	–	(131 413)
Finance and other investment income	13 757	1	13 758	2 740	–	–	16 498
<b>Profit before capital expenses</b>	<b>195 909</b>	<b>(134 653)</b>	<b>61 256</b>	<b>499 616</b>	<b>2 943 773</b>	<b>(23 529)</b>	<b>3 481 117</b>
Capital expenses	(23)	–	(23)	–	–	–	(23)
<b>Profit before taxation</b>	<b>195 886</b>	<b>(134 653)</b>	<b>61 233</b>	<b>499 616</b>	<b>2 943 773</b>	<b>(23 529)</b>	<b>3 481 094</b>
Income tax expense	237	(38)	199	(30 190)	–	–	(29 991)
<b>Total comprehensive profit/(loss) for the period</b>	<b>196 123</b>	<b>(134 691)</b>	<b>61 432</b>	<b>469 426</b>	<b>2 943 773</b>	<b>(23 529)</b>	<b>3 451 103</b>
<i>Profit and total comprehensive income attributable to:</i>							
Owners of the parent	174 846	(134 691)	40 155	432 395	2 943 773	(23 529)	3 392 795
Non-controlling interests	21 277	–	21 277	37 031	–	–	58 308
<b>Total comprehensive profit/(loss) for the period</b>	<b>196 123</b>	<b>(134 691)</b>	<b>61 432</b>	<b>469 426</b>	<b>2 943 773</b>	<b>(23 529)</b>	<b>3 451 103</b>

	Fairvest as at 31 December 2020	New Star contract cancellation	Pro forma after the New Star contract cancellation	Arrowhead as at 31 March 2021	Consolidation adjustment	Adjustments for transaction fees and finance costs	Pro forma position after Arrowhead consolidation
<i>R'000</i>							
<b>Weighted average number of shares (excluding treasury shares)</b>	980 210 543						3 079 022 049
<b>Basic earnings per share (cents)</b>	17.84		4.10				110.19
<b>Diluted earnings per share (cents) (Note 6)</b>	17.84		4.10				110.06
<b>Headline earnings per share (cents) (Notes 6 and 7)</b>	10.84						12.38
<b>Diluted headline earnings per share (cents)</b>	10.84						12.25
<b>Distribution per share (cents) (Note 8)</b>	10.59						11.14

#### Notes and assumptions

- Presents the consolidated statement of profit and loss and other comprehensive income extracted, without adjustment, from Fairvest's published interim unaudited results for the six-month period ended 31 December 2020.
- Per note 2 in the *pro forma* statement of financial position Fairvest management have accounted for the acquisition of New Star as a payment for the cancellation of the asset management agreement. The accounting to give effect to this in the statement of profit and loss and other comprehensive income is as follows:
  - The income and expenses have been extracted, without adjustment, from New Star's unaudited results for the six months ended 28 February 2021.
  - Additional income of R2 million accruing to Fairvest in respect of third party fees earned by New Star.
  - Reversal of R165 000 letting commission previously capitalised and amortised.
  - Assumption of additional corporate administrative costs of R3.9 million calculated as follows:
    - New Star's total expenses of R10.9 million less corporate expense savings of R7.7 million attributable to Fairvest; and
    - recognition of transaction costs of R662 500 directly attributable to the acquisition of New Star.
  - Fair value adjustments of R2.4 million to investment property in respect of expenses capitalized.
  - Additional finance cost at an assumed interest rate of 5.83% (JIBAR plus 215 basis points) on debt of R133.7 million utilised to fund the New Star acquisition and associated transaction costs.
  - Cancellation cost of R131.4 million equal to the difference between the Cancellation Price and the carrying value of New Star's net assets as at 28 February 2021.
- Presents the consolidated statement of profit and loss and other comprehensive income extracted, without adjustment, from Arrowhead's interim unaudited results for the six-month period ended 31 March 2021.
- Recognition of bargain purchase on acquiring a controlling interest in Arrowhead. Details provided in note 6 to the *pro forma* statement of financial position.
- R22.4 million of transaction costs and R1.1 million of finance costs on debt utilised to fund transaction costs associated with the Arrowhead acquisition and Fairvest share issue.
- Dilution in earnings attributable to Fairvest from Arrowhead B ordinary shares due to the assumed exercise of 10 310 863 options in Arrowhead B shares on 1 July 2020. The reduction of R4.1 million is calculated as the earnings per Arrowhead B ordinary share assuming the current number of shares in issue multiplied by the total number of Arrowhead B shares held by Fairvest less the earnings per Arrowhead B ordinary share assuming the current number of shares in issue plus an additional 10 310 863 issued, multiplied by the total number of Arrowhead B ordinary shares held by Fairvest.

7. Reconciliation between profit attributable to shareholders and headline earnings per share:

	<b>R'000</b>
Comprehensive income attributable to owners of the parent	3 392 795
Adjusted for:	
Fair value adjustment to investment property	(74 817)
Non-controlling interest portion of the fair value adjustment to investment property	7 001
Gain on bargain purchase	(2 943 773)

**Headline profit attributable to shareholders** **381 206**

Headline earnings per share (cents)	12.38
Diluted headline earnings per share (cents)	12.25
See note 6 on impact of share options in Arrowhead	

8. Distributable earnings calculation:

	<b>R'000</b>
Net property income	722 570
Straight-line rental income adjustment	3 865
Corporate administrative expenses	(72 358)
Finance costs	(305 095)
Finance and other investment income	16 498
Dividend adjustments	20 557
Adjustment for income expected to be retained and not distributed	(7 112)
IFRS 16 adjustments	41
Depreciation	137
Finance costs	762
Lease payments	(858)
Non-controlling interest share of distribution	(35 880)

**Distributable earnings** **343 086**

Distributable earnings per share	11.14
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9. All adjustments, except for transaction costs, are expected to have a continuing effect.

10. For illustration purposes, in the event that Fairvest acquires a 50.1% interest in Arrowhead only, the following would replace notes 6, 7 and 8 above:

10.1. Dilution in earnings attributable to Fairvest from Arrowhead B ordinary shares due to the assumed exercise of 10 310 863 options in Arrowhead B shares on 1 July 2020. The reduction of R2.2 million is calculated as the earnings per Arrowhead B ordinary share assuming the current number of shares in issue multiplied by the total number of Arrowhead B shares held by Fairvest less the earnings per Arrowhead B ordinary share assuming the current number of shares in issue plus an additional 10 310 863 issued, multiplied by the total number of Arrowhead B ordinary shares held by Fairvest.

10.2. Reconciliation between profit attributable to shareholders and headline earnings per share:

	<b>R'000</b>
Comprehensive income attributable to owners of the parent	1 806 224
Adjusted for:	
Fair value adjustment to investment property	(74 817)
Non-controlling interest portion of the fair value adjustment to investment property	5 423
Gain on bargain purchase	(1 578 440)
<b>Headline profit attributable to shareholders</b>	<b>158 390</b>
Headline earnings per share (cents)	8.25
Diluted headline earnings per share (cents)	8.14
10.3. Distributable earnings calculation:	
	<b>R'000</b>
Net property income	722 570
Straight-line rental income adjustment	3 865
Corporate administrative expenses	(72 358)
Finance costs	(305 095)
Finance and other investment income	16 498
Dividend adjustments	20 557
Adjustment for income expected to be retained and not distributed	(7 112)
IFRS 16 adjustments	41
Depreciation	137
Finance costs	762
Lease payments	(858)
Non-controlling interest share of distribution	(170 229)
<b>Distributable earnings</b>	<b>208 737</b>
Distributable earnings per share	10.87

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**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE  
COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION**

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**The Directors**

Fairvest Property Holdings Limited  
8<sup>th</sup> Floor, The Terraces  
34 Bree Street  
Cape Town  
8001

30 July 2021

Dear Sirs/Mesdames

**INDEPENDENT REPORTING ACCOUNTANTS’ ASSURANCE REPORT ON THE COMPILATION OF THE  
*PRO FORMA* FINANCIAL INFORMATION OF FAIRVEST PROPERTY HOLDINGS LIMITED (“FAIRVEST”  
OR “THE COMPANY”)**

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Fairvest by the directors (the “**Directors**”). The *pro forma* financial information, as set out in **Annexure 3** of the circular to be issued on or about 10 August 2021 (the “**Circular**”), consists of the *pro forma* statement of financial position, the *pro forma* statement of comprehensive income and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Listing Requirements and described in **Annexure 3**.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate actions or events, described in Part 1 and 2 of the Circular, on the company’s financial position and performance as at 31 December 2020, as if the corporate action or event had taken place at 31 December 2020 for statement of financial position and 1 July 2020 for statement of comprehensive income purposes. As part of this process, information about the company’s financial position and performance has been extracted by the directors from the company’s published unaudited interim financial information for the six months ended 31 December 2020.

**Directors’ responsibility for the *pro forma* financial information**

The Directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listing Requirements and described in **Annexure 3** of the Circular and as described in the notes to the consolidated *pro forma* statement of financial position and *pro forma* statement of comprehensive income.

**Our independence and quality control**

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised January 2018) and parts 1 and 3 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the “**IRBA Codes**”), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies the International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants’ responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listing Requirements based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a Prospectus issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in the Circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listing Requirements and described in **Annexure 3** of the Circular.

### **Consent**

This report on the *pro forma* statement of financial position and *pro forma* statement of comprehensive income is included solely for the information of the shareholders of the Company. We consent to the inclusion of our report on the *pro forma* statement of financial position, *pro forma* statement of comprehensive income and the references thereto, in the form and context in which they appear.

Yours faithfully

### **BDO South Africa Incorporated**

Chartered Accountants (SA)

Registered Auditors

### **per B van der Walt**

*Chartered Accountant (SA)*

*Registered Auditor*

*JSE Reporting Accountant Specialist*



## MATERIAL BORROWINGS

Set out below are details of all material loans made to Fairvest and/or to any of its subsidiaries, that remain outstanding as at the last practicable date:

### Amounts owing by Fairvest Property Holdings:

Details as to how loan arose	Lender	Description	Facility (R)	Interest rate	Term of loan	Maturity date	Security	If payable within 12 months how repayment is to be financed
Fund the acquisition of Sibilo Plaza Shopping Centre	ABSA Bank	Term loan	38 000 000	Prime less 1.40%	36 months	10 October 2021	1st covering mortgage bond over Erf 7362 Postmasburg	Refinance facility
	ABSA Bank	Term loan	9 500 000	Prime less 1.40%	48 months	10 August 2022	1st covering mortgage bond over Erf 7362 Postmasburg	Refinance facility
Fund the acquisition of Mala Plaza Shopping Centre, Masingita Shopping Centre, Qualbert Centre and Kimpark Centre	Nedbank	Term loan	127 584 200	3-month JIBAR plus 1.90%	60 months	1 August 2022	Erf 936 Malamulele-A, Limpopo (R70m) Remainder of Erf 12025 and Portion 1 of Erf 12025 Durban (R70m) Erf 16428 Kimberley (R50m) Portion 1 of Erf 566 Giyani-D, Limpopo (R50m)	Refinance facility
	Standard Bank Standard Bank	Term loan Term loan	165 000 000 80 000 000	Prime less 1.40% Prime less 1.40%	36 months 36 months	30 September 2021 31 March 2023	Erven 50261 and 13435 Khayelitsha Erven 50261 and 13435 Khayelitsha	Refinance facility Refinance facility
Fund the acquisition of Nonkqubela Shopping Centre	RMB	Facility A	8 807 550	1-month JIBAR plus 2.00%	36 months	31 May 2022	Erf 4000 Zamdela, Erf 1951 George, Erf 13291 Bellville, Portion 527 of Farm 356 Zwartkop, Erf 16145 Stretford, Erven 9189 & 9190 Sharpville, Erf 15800 Orange Farm, Erf 1440 Vereeniging, Erf 65558 Sebokeng (50% of Portion 3/4/7), Erf 12704 Nyanga, Erf 59 Mkuze (Portion 1), Erven 2520 & 2521 Pietermaritzburg (Portion 7 & 18), Erven 1107, 11014, 11016 Druban, The Ridge (Unit 4/6/8 in Sectional Title)	Refinance facility
	RMB	Revolving facility	30 000 000	1-month JIBAR plus 2.00%	36 months	31 May 2022		Revolving credit
	RMB	Facility B	182 250 000	1-month JIBAR plus 2.00%	36 months	31 May 2022		Refinance facility
	RMB	Facility C	122 000 000	1-month JIBAR plus 2.00%	36 months	31 May 2022		Refinance facility
	RMB	Facility C	122 000 000	1-month JIBAR plus 2.00%	36 months	31 May 2022		Refinance facility
Fund the development of Westville Junction	Investec	Term loan	128 000 000	Prime less 0.75%	36 months	31 December 2023	Erven 971 & 974 Queensburgh, Erven 215 & 216 & 217 Halfway House, Erf 814 Bloemfontein, Westville Junction (Sections 2,3,4,5,6,7,8,9,P1,P2,P3)	Refinance facility

**Amounts owing by FPP102 Property Venture Proprietary Limited<sup>1</sup>:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Shoprite Empangeni Shopping Centre	ABSA Bank	Term loan	86 000 000	1-month JIBAR + 1.85%	36 months	10 August 2023	ERF 3217 Empangeni (R100m)	Refinance facility

**Amounts owing by South View Shopping Centre Proprietary Limited<sup>2</sup>:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of South View Shopping Centre	ABSA Bank	Term loan	50 000 000	Prime less 1.40%	36 months	1 May 2022	ERF 21188 Soshanguve South Ext 7 (R80m)	Refinance facility

**Amounts owing by Bara Precinct Proprietary Limited and Diepkloof Leaseholder Proprietary Limited:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Bara Precinct	Nedbank	Term loan	160 000 000	Prime less 1.681%	24 months	10 December 2022	Erven 24459, 24463, 24464, 24470 and Portion of Erf 25170 Diepkloof (R134.01m) First covering bond over notarial lease over erven 24457 and 24462 Diepkloof (R9.99m) First covering bond by Diepkloof Leaseholder over Portion 55 of Erf 25170 Diepkloof over notarial lease over erven 24457 and 24462 Diepkloof (R16m)	Refinance facility

**Amounts owing by Parrow Valley Shopping Centre Proprietary Limited:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Parrow Valley Shopping Centre	Nedbank	Term loan	21 600 000	3-month JIBAR plus 1.95%	36 months	10 May 2022	Erf 24839 Parow (R30m)	Refinance facility

**Amounts owing by Macassar Shopping Centre Proprietary Limited:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Macassar Shopping Centre	Nedbank	Term loan	40 500 000	3-month JIBAR plus 1.95%	36 months	10 June 2022	ERF 7355 Macassar (R60m)	Refinance facility

**Amounts owing by FPP103 Property Venture Proprietary Limited<sup>3</sup>:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Tabankulu, Mqanduli and Ellitordale	ABSA Bank	Term loan	75 000 000	1-month JIBAR + 1.87%	36 months	2 May 2023	ERF871 Mqanduli (R38m), Erf93 Ellitordale (R60m), Erf87 Tabankulu (R32m)	Refinance facility

**Amounts owing by Qumbu Plaza Proprietary Limited<sup>4</sup>:**

<b>Details as to how loan arose</b>	<b>Lender</b>	<b>Description</b>	<b>Facility (R)</b>	<b>Interest rate</b>	<b>Term of loan</b>	<b>Maturity date</b>	<b>Security</b>	<b>If payable within 12 months how repayment is to be financed</b>
Fund the acquisition of Qumbu Plaza Centre	ABSA Bank	Term loan	29 000 000	1-month JIBAR + 2.15%	36 months	26 July 2024	Erf 30 Qumbu (R45m),	N/A

**Notes**

1. Fairvest has provided a limited guarantee of R86 million.
2. Fairvest has provided a limited guarantee of R50 million.
3. Fairvest has provided a limited guarantee of R75 million.
4. Fairvest has provided a limited guarantee of R29 million.
5. None of the above material loans are the subject of any conversion or redemption rights.
6. The material loans made to Fairvest and/or to any of its subsidiaries as set out above will remain outstanding following implementation of the transaction.

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## SALIENT TERMS AND CONDITIONS OF THE ASSET MANAGEMENT AGREEMENT

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### 3. APPOINTMENT AND DURATION

- 3.1 Fairvest hereby appoints the asset manager, which hereby accepts such appointment, to render the asset management services in accordance with the terms and conditions of this agreement.
- 3.2 The asset manager shall be an independent contractor and not an agent (save to the extent expressly authorised in terms of this agreement) employee or partner of Fairvest.
- 3.3 The asset manager shall not have the authority to represent Fairvest and to contract in the name of and for the benefit of Fairvest except where such authority is expressly conferred upon it in terms of this agreement and when so representing Fairvest, the asset manager will act in the best interests of Fairvest.
- 3.4 This agreement shall commence on the commencement date and shall be for a fixed period of 10 (ten) years (“initial period”) unless Fairvest purchases the business conducted by the asset manager in accordance with the provisions of clause 16 below or it is otherwise terminated in accordance with the provisions of clause 18 below. The agreement shall be renewable for subsequent 5 (five) year periods on the same terms and conditions. In terms of the JSE Listings Requirements, any renewal of the agreement requires the approval by a majority of disinterested unitholders.

### 4. DUTIES OF THE ASSET MANAGER

#### 4.1 *Asset management services*

- 4.1.1 The asset manager shall perform the asset management services set out in Annexure A1, together with such other duties as Fairvest may reasonably direct and which are services normally expected from property asset managers from time to time. In this regard the asset manager undertakes to Fairvest that the key individuals will be full time employees of the asset manager and that it will procure that the key individuals dedicate the requisite time and attention to the provision of the asset management services in their capacity as employees of the asset manager.
- 4.1.2 Notwithstanding anything to the contrary in this agreement, the services and activities set out in Annexure A2 shall at all times remain the responsibility of Fairvest, to be performed by the CFO seconded to the asset manager in accordance with clause 4.3.2 below in the ordinary course of his duties to Fairvest.
- 4.1.3 The asset manager shall strategically manage the property portfolio in an efficient manner, in good faith and diligently in accordance with sound, reasonable and prudent asset management practices and in keeping with directives issued by Fairvest from time to time.

#### 4.2 *Property management services*

- 4.2.1 The asset manager shall, with the prior written consent of Fairvest, which consent shall not be unreasonably withheld, appoint one or more property managers to perform the property management and administration services on terms and conditions to be agreed between Fairvest and such property manager/s. It is recorded that, at present, Fairvest has appointed The Blend Group to undertake its property management.
- 4.2.2 The asset manager shall, as part of its asset management services rendered in terms of clause 4.1, oversee and monitor the property manager/s appointed by Fairvest and endeavour to ensure that the property manager/s comply with their management and other responsibilities and obligations.

#### 4.3 *Arrangements regarding Chief Financial Officer*

- 4.3.1 It is recorded that as at the commencement date the Chief Financial Officer (“CFO”) of Fairvest will be Jacques Kriel. In the event of his ceasing to be the CFO Fairvest shall, with the prior written consent of the asset manager, which consent shall not unreasonably withheld, appoint a new CFO. The CFO shall at all times be an employee of Fairvest and Fairvest shall bear all costs associated with the employment of the CFO. Notwithstanding the aforementioned, the appointment of the CFO will always be subject to the provisions of the Fairvest’s articles of association or memorandum of incorporation, as may be in force at the time, and the Companies Act, 2008.

- 4.3.2 Notwithstanding the provisions of clause 4.3.1 above, the CFO shall be permanently seconded to the asset manager and shall perform his duties and functions under the supervision of the asset manager and in accordance with the responsibilities of the asset manager as set out in this agreement.

## 5. **BASE REMUNERATION**

- 5.1 The base remuneration payable by Fairvest to the asset manager for asset management services rendered by it in terms of this agreement shall be:
- 5.1.1 prior to the initial acquisition, a monthly fee equivalent to 1/12<sup>th</sup> of 1% of the aggregate of the market capitalisation and the borrowings of Fairvest; and
- 5.1.2 following the initial acquisition, a monthly fee equivalent to 1/12<sup>th</sup> of 0.5% of the aggregate of the market capitalisation and the borrowings of Fairvest.
- 5.2 For the purpose of clause 5.1 above:
- 5.2.1 “borrowings” means the aggregate of Fairvest’s borrowings (excluding the face value of any debentures forming part of any linked units issued by Fairvest) on the day in question; and
- 5.2.2 “market capitalisation” means the market capitalisation of Fairvest on the JSE at the close of business on the trading day in question, calculated as the volume weighted average traded price of each class of linked unit on the JSE for the 14 calendar day period prior to the last trading day in question multiplied by the number of that class of linked units in issue on the day in question.
- 5.3 The base fee referred to above shall be payable to the asset manager monthly in arrears on the 10<sup>th</sup> day of each month, together with the applicable VAT thereon.

## 6. **ASSET ACQUISITION FEE**

Fairvest shall pay the asset manager a fee (ex VAT) equal to 1% of the purchase price of any property or portion of a property acquired, whether directly or indirectly, by Fairvest, which amounts shall be payable on registration of transfer of ownership to Fairvest or a subsidiary of it or the equivalent.

## 7. **ASSET DISPOSAL FEE**

- 7.1 In respect of the disposal, after the commencement date, of any property or portion of property:
- 7.1.1 owned, whether directly or indirectly, by Fairvest prior to the commencement date (meaning properties in respect of which Fairvest, directly or indirectly, is the registered title holder and properties in respect of which Fairvest, directly or indirectly, has entered into legally binding purchase agreements and which properties are only transferred to Fairvest after the commencement date); and
- 7.1.2 acquired by Fairvest after the commencement date and identified for disposal by way of a Fairvest board resolution at the time of its acquisition,
- Fairvest shall pay the asset manager a fee (ex VAT) equal to 1% of the disposal price of any such property or portion of property, payable on registration of transfer of ownership to the purchaser.
- 7.2 No fee shall be paid to the asset manager in respect of the disposal of any property or portion of property by Fairvest which property is acquired on or after the commencement date other than in the circumstances contemplated in clause 7.1.2 above.

## 8. **LEASING COMMISSIONS**

Fairvest shall pay the asset manager a leasing commission for any new leases negotiated and for the re-negotiation of existing leases by the asset manager in accordance with the asset manager’s responsibilities set out in paragraph 2 of Annexure A to this agreement, which commissions shall be calculated in accordance with the commission rates set out in Annexure C to this agreement.

## 9. APPOINTMENTS IN RESPECT OF DEVELOPMENTS

The asset manager shall not, by virtue of its appointment in terms of this agreement only, be precluded from being appointed by Fairvest to oversee or manage any new developments being undertaken by or on behalf of Fairvest; it being recorded that any such appointment shall be on an arm's length basis, at marked related fees and subject to approval by the Fairvest board of directors (excluding any directors who have an interest in the asset manager, are directors of the asset manager or are employees of the asset manager).

## 10. ACQUISITION OF THE ASSET MANAGER BY FAIRVEST

### 10.1 Fairvest:

10.1.1 shall have the right (but shall not be obliged) to purchase the business conducted by the asset manager at any time after Fairvest's market capitalisation exceeds R2 billion for an uninterrupted period of 6 months; and

10.1.2 must purchase the business conducted by the asset manager when or in the event that the agreement terminates (i) pursuant to an event contemplated in clause 18.2.1.3 below in circumstances where the acquirer has not agreed to take over the rights and obligations of Fairvest in respect of the property sold, alienated or disposed of in terms of this agreement; or (ii) in accordance with the provisions of clause 18.2.2 or 18.2.3.

10.2 In the event of Fairvest exercising its right to, or becoming obliged to purchase the business conducted by the asset manager in accordance with the provisions of clauses 16.1.1 or 16.1.2 above, a sale of business shall be deemed to have been concluded on the following terms and conditions:

10.2.1 the acquisition shall be subject to Fairvest complying with the requirements of the JSE Listings Requirements and without derogating from the generality of the foregoing, that Fairvest procure a fairness opinion from an independent advisor should the JSE rule that the transaction is a related party transaction and requires a fairness opinion;

10.2.2 the assets shall be delivered to Fairvest against payment of the purchase price;

10.2.3 if applicable, Fairvest shall bear the costs of any VAT payable in respect of the acquisition of the business;

10.2.4 the effective date of the acquisition ("the effective date") shall be:

10.2.4.1 in circumstances where Fairvest is purchasing the business as a consequence of the provisions of clause 16.1.1 being applicable, on the 30<sup>th</sup> day following written notification by Fairvest to the asset manager that it will be exercising its right to purchase the asset manager; and

10.2.4.2 in circumstances where Fairvest is purchasing the business as a consequence of the provisions of clause 16.1.2 becoming applicable, the date on which this agreement terminates;

10.2.5 the business shall be acquired voetstoots;

10.2.6 the purchase price of the business shall be the greater of:

10.2.6.1 the fair market value thereof, which for purposes hereof shall be an amount equivalent to the anticipated aggregate base fees payable to the asset manager for the year following the effective date (calculated by multiplying the base fees, calculated in accordance with clause 5 above, payable in the last month prior to the effective date, by 12) and capitalised at a rate equivalent to the forward yield; and

10.2.6.2 an amount of R30 million;

10.2.7 the auditors of Fairvest shall be responsible for calculating the purchase price on the basis set out in clause 16.2.6 above. In determining the purchase price, the auditors shall act as expert and not as arbitrator;

10.2.8 the purchase price of the business shall be settled in cash unless the asset manager and Fairvest agree that it may be settled partly or wholly in linked units.

10.3 Notwithstanding the provisions of clause 16.2.6 above, until the earlier of the expiry of a period of 24 months from the commencement date and the date on which the asset manager has on behalf of Fairvest submitted an offer to purchase on any property, if the asset manager has not successfully raised at least R200 million through the issue of linked units (on terms acceptable to the Fairvest board), the purchase price of the business shall be the anticipated aggregate base fees payable to the asset manager for the remainder of the initial 24-month period (calculated by multiplying the base fees, calculated in accordance with clause 5 above, payable in the last month prior to the effective date by the number of months remaining until the expiry of the 24-month period).

- 10.4 In circumstances where Fairvest is purchasing the business conducted by the asset manager as a consequence of the provisions of clause 16.1.1 becoming applicable Fairvest shall be entitled to require as a term and condition of the sale of business contemplated in clause 16.2 that the key individuals enter into new fixed term service agreements for a period of 24 months from the effective date on market related terms given the size of the company at the time and the responsibilities of the key individuals, provided that for the first 12 months of such 24-month period the key individuals will not earn salaries but will be remunerated on a performance related basis to be agreed at the time that the fixed term service agreements are entered into.
- 10.5 No right or obligation to purchase the business conducted by the asset manager shall arise in terms of this agreement other than as contemplated in clause 16.1 above.

## 18. TERMINATION

### 18.1 *Events of default*

An event of default shall have occurred if a party:

- 18.1.1 fails to comply with any provision of this agreement and if such failure is not rectified within 20 business days after receipt of a written notice from the other party, provided, however, with respect to any matter where rectifying such failure reasonably requires more than 20 business days, the time period for rectifying shall be extended for up to a total of 60 business days provided that the party who failed, promptly commences to rectify the failure after the effective date of the notice and thereafter pursues such rectification; or
- 18.1.2 enters into a compromise or arrangement with its creditors, otherwise than for a reconstruction, restructuring or amalgamation without insolvency; or
- 18.1.3 is placed under judicial management or a liquidation whether provisional or final; or
- 18.1.4 has a judgement enforced upon or sued out against its property which is not discharged or steps are not taken to set it aside or the judgement is appealed within 14 business days and such steps are not diligently pursued to conclusion; or
- 18.1.5 is unable to pay its debts in the normal course of business; or
- 18.1.6 ceases or threatens to cease wholly or substantially to carry on its business, otherwise than for a reconstruction, restructuring or amalgamation, in solvent circumstances; or
- 18.1.7 is subject to an encumberer taking possession of or a liquidator or trustee is appointed over the whole or material part of its undertaking, property or assets; or
- 18.1.8 is subject to an order or passes a resolution for its winding up or placing under judicial management, whether provisionally or finally and, otherwise than for the purpose of a reconstruction or amalgamation, in solvent circumstances previously approved by the other party, which approval shall not be unreasonably withheld.

### 18.2 *Fairvest's right to cancel or terminate and termination on expiry of the initial period*

- 18.2.1 Fairvest shall have the right, but not be obliged, to terminate this agreement with effect from the 1st day of a calendar month upon at least 30 days' written notice to the asset manager:
- 18.2.1.1 upon the occurrence of an event of default by the asset manager, provided that if the event of default complained of is the event of default contemplated in clause 18.1.1, Fairvest shall only have the right to cancel if such event of default is material, goes to the root of this agreement and cannot be remedied by the payment of monetary compensation; and/or
- 18.2.1.2 in the event of proven fraud or proven wilful misconduct on the part of the asset manager; and/or
- 18.2.1.3 upon a sale or alienation or other disposition of all or substantially all of Fairvest's property portfolio to an entity which is not associated with Fairvest; and/or
- 18.2.1.4 in the event that following a period of 24 months from the commencement date the asset manager has raised less than R200 million through the issue of linked units (on terms acceptable to the Fairvest board) which capital has been deployed for the acquisition of new properties by Fairvest; and/or

- 18.2.1.5 upon the performance criteria and written demands set out in Annexure B not being met, subject to the provisions of Annexure B.
- 18.2.2 In the event that the linked unitholders of Fairvest in general meeting pass an ordinary resolution in terms of which they cancel this agreement (as they are entitled to do in terms of the Listing Requirements of the JSE), this agreement shall terminate on the 30<sup>th</sup> day from the date of the passing of such resolution.
- 18.2.3 In the event that the linked unitholders of Fairvest in general meeting do not pass an ordinary resolution in terms of which they renew this agreement prior to the expiry of the initial period (as they are required to do in terms of the Listing Requirements of the JSE), this agreement shall terminate on the 10 (ten) year anniversary of the commencement date.
- 18.3 *The asset manager's right to terminate*
- The asset manager shall have the right, but not be obliged, to terminate this agreement with effect from the 1st day of a calendar month upon at least 60 days' written notice to Fairvest
- 18.3.1 upon the occurrence of an event of default by Fairvest or in the event of fraud or wilful misconduct on the part of Fairvest, provided that if the event of default complained is the event of default contemplated in clause 18.1.1, the asset manager shall only have the right to terminate if such event of default is material and goes to the root of the agreement and cannot or is not remedied by the payment of monetary compensation; and/or
- 18.3.2 upon a sale or alienation or other disposition of all or substantially all of the properties by Fairvest to an entity which is not associated with Fairvest.
- 18.4 *Duties upon termination*
- On the effective date of a termination, the asset manager shall deliver to Fairvest promptly all of Fairvest' materials, supplies, keys, leases, contracts, other documents, insurance policies, plans, specifications, permits, licenses, promotional materials and such other accounting papers and records including general correspondence as pertain to this agreement. The asset manager shall also assign to Fairvest, without recourse to the asset manager, executed contracts, if any, in the asset manager's name relating to the asset management services, provided that such contracts are on market related terms and acceptable to Fairvest. The asset manager shall deliver to Fairvest a final accounting of the portfolio up to and including the effective date of the termination within 60 days after such effective date of termination. No further services shall be performed by the asset manager under this agreement after the effective date of a termination or rely on or represent any association with Fairvest, except that the asset manager shall co-operate fully with Fairvest to accomplish an orderly transfer of the asset management services and operational management of Fairvest to Fairvest itself or an entity designated by Fairvest to succeed the asset manager.
- 18.5 *Remedies and survival*
- 18.5.1 If either party terminates this agreement pursuant to an event of default, the party so terminating may exercise any and all remedies available at law or in terms of this agreement for breach of contract, unless and to the extent limited herein.
- 18.5.2 Upon expiration or any termination –
- 18.5.2.1 both parties shall remain liable for all obligations accrued and not fully performed under this agreement during the term of this agreement;
- 18.5.2.2 the asset manager shall remain entitled to be remunerated until the actual date of expiration or termination;
- 18.5.2.3 the provisions of clause 13 and clause 17 shall continue to apply and shall survive such expiration or termination.



## **Annexure A1 – Asset management services**

### **1. GENERAL**

- 1.1 Formalise a strategic plan for the property portfolio and make recommendations regarding portfolio re-engineering, streamlining and risk balancing within the portfolio.
- 1.2 Scrutinise the maintenance plan prepared by each property manager and revise the programme and budget in terms of affordability, if the asset manager deems it necessary.
- 1.3 Perform quarterly performance analysis of property managers and for the property portfolio as a whole in terms of performance against budgets and relevant industry benchmarks, with a focus on gross revenue growth, expense control and management of a comprehensive utility cost program (i.e. actual recoveries to actual costs).
- 1.4 Risk and exposure analysis on a semi-annual basis and review of the perceived potential and current risks to which each property is or might be exposed and to which Fairvest is or might be exposed and reporting thereon.
- 1.5 Building lifecycle forecasting and revision of the business plan for each property on an annual basis.
- 1.6 Make recommendations regarding improvements to the property portfolio and more specifically regarding upgrades, renovations, developments, selling of assets and acquisitions on a quarterly basis.
- 1.7 Have prepared viability and feasibility studies to appraise upgrades, development and acquisition opportunities.
- 1.8 Have prepared, if required by Fairvest, annual property valuations for multi and single tenant buildings.
- 1.9 Manage marketing strategy at property management level to include target market identification, compilation of tenant mix, tenant procurement and selection of objectives.
- 1.10 Make use of market research and available surveys, together with market intelligence to ensure that the property managers implement at property level, a relevant marketing strategy for all rentable premises, including rent reviews with lease renewals.
- 1.11 Advising on long-term loan funding structures, maintaining debt to open market value ratios and implementing approved interest rate hedging strategies.
- 1.12 Managing the appointment process and assessing the performance of property managers against agreed industry benchmarks. Constant reviewing and advising on any contractual issues relating to property managers.
- 1.13 The asset manager shall prepare and deliver to Fairvest prior to the commencement of each financial year a strategic plan for approval by Fairvest. The strategic plan will be reviewed half yearly and the progress in implementation shall be reported upon quarterly to Fairvest within 60 days after the end of each quarter, unless Fairvest agrees otherwise.
- 1.14 The asset manager shall from time to time recommend general strategies to maximise the performance of the property portfolio and strategies with regard to property acquisitions, property disposals, funding the expansion of the property portfolio and interest rate strategies in respect of the liabilities of Fairvest. The asset manager will also recommend such other strategies to Fairvest which it deems to be in the best interests of Fairvest.
- 1.15 The asset manager shall market the group to investors, analysts, bankers, financiers, the press and the investment community generally.
- 1.16 The asset manager shall cause to be conducted or use available research into the state and relative investment merits of the various sectors and geographical localities of the property market. Such research shall be made available to the Fairvest board.

### **2. NEGOTIATION AND RE-NEGOTIATION OF LEASES**

The asset manager shall, to the exclusion of any property manager, unless the asset manager otherwise agrees in writing, be responsible for the negotiation of leases or re-negotiation of existing leases with anchor tenants (meaning the leading tenant or tenants in a shopping centre, as this term is generally understood) and/or national tenants (meaning tenants who operate retail outlets across the country such as Edcon, Pepkor, Pick n Pay, Shoprite Checkers and the Spar Group) of any property within the property portfolio.

### 3. ANNUAL BUDGET

Not later than 30 days before the commencement of each financial year, the asset manager shall cause to be prepared an annual budget for submission to Fairvest for approval for the next financial year. The asset manager shall cause to be revised the income and expenditure forecasts from time to time as is or becomes necessary and shall from time to time submit revised forecasts to Fairvest, in such form and containing such information as may reasonably be required by Fairvest, for approval, provided that any negative revisions to income shall be reported to the next following meeting of Fairvest and any unbudgeted expenditure, save for increases in local authority taxes and charges which were not anticipated, shall likewise be reported to Fairvest. In addition to the above, the business of Fairvest shall be managed in accordance with the annual budget on a continual basis with projections for the next financial year being presented to Fairvest in the annual budget together with the projected earnings for the linked units of Fairvest, on the understanding that the annual budget will be reviewed by Fairvest within 60 days after the end of each half year.

### 4. FINANCIAL REPORTING

The asset manager shall manage the budgeted projections in respect of both operating expenditure and operating income and all other related financial controls and cause to be prepared monthly management accounts, quarterly reports and such other reports as may be reasonably required by Fairvest.

### 5. LETTING POLICY

The asset manager shall ensure that the letting policies and leasing terms adopted by Fairvest take into account prevailing market conditions from time to time in furtherance of the objectives for the property portfolio.

### 6. OPERATIONAL RESEARCH

The asset manager shall cause to be conducted or use available research into prevailing rental rates and leasing terms offered in localities where the property portfolio is represented and comparative localities and research of general market conditions prevailing in such localities. Such research shall be made available to the Fairvest board.

### 7. OPERATIONAL RESPONSIBILITIES

The asset manager shall, *inter alia*, cause to be prepared and/or implemented:

- 7.1 valuations of the property portfolio by an independent valuer as directed by Fairvest, or as required by IFRS;
- 7.2 a review of municipal valuations in relation to market value, formulating objections and procuring the attendance by the requisite professionals at any valuation court proceedings as may be required and taking such further actions as may be required as a result thereof;
- 7.3 the inspection of the properties and the improvements thereto at least annually in order to formulate recommendation reports on maintenance and refurbishment required;
- 7.4 any legal, statutory, JSE or any other relevant processes necessary on behalf of Fairvest (but this shall not include the authority to appoint or remove any service providers of Fairvest);
- 7.5 all other responsibilities which could ordinarily comprise operational management responsibilities, save for as specifically excluded in terms of clause 4.1.2 of the agreement.

### 8. OPERATIONAL MANAGEMENT

- 8.1 Manage the process of risk assessment of tenants, including the taking of any legal action when required.
- 8.2 Appraisal of project definition and design concept.
- 8.3 Manage the function/process of project quality, cost and time control as well as building inspections.
- 8.4 Zoning and Town Planning controls.
- 8.5 Retain responsibility for audits and inspections regarding compliance requirements in respect of national building regulations, including local authority laws and Occupational Health and Safety Act.
- 8.6 Rates and tax objections.
- 8.7 Replacement costing.

- 8.8 Marketing of the group's image.
- 8.9 Preparation of all committee documentation and documentation pertaining to directors of Fairvest.
- 8.10 Manage the approval and authorisation processes to correct levels of authority.

## 9. ACQUISITIONS, DEVELOPMENTS AND DISPOSALS

The asset manager shall insofar as the approved strategic plan envisages acquisitions and/or disposals of properties, the asset manager shall endeavour to negotiate and conclude such acquisition and/or disposals to the maximum advantage of Fairvest (subject to the instructions and approval of the Fairvest board).

## 10. ADMINISTRATION OF PROPERTIES

The asset manager shall oversee and monitor the activities of the property manager appointed by Fairvest and endeavour to ensure that the property manager comply with their management and other responsibilities and obligations.

### **Annexure A2 – Excluded services**

#### 1. OPERATIONAL MANAGEMENT

- 1.1 Daily management and supervision of bank statements and reconciliation.
- 1.2 Financial control.
- 1.3 Cash flow management.
- 1.4 Bank accounts.
- 1.5 Bank exposure limits policy.
- 1.6 Overdraft and funding facilities.
- 1.7 System and internal controls review.
- 1.8 Deposits/securities.
- 1.9 Tender documentation.
- 1.10 Annual review of insurance.
- 1.11 Manage the process of insurance claims processing and settling.
- 1.12 Monitoring and reporting on changes to regulatory requirements.
- 1.13 Ensure that the group's requirements as required by regulatory and statutory authorities, are attended to.
- 1.14 Corporate governance controls.
- 1.15 Control professional appointments of auditors, corporate advisors, legal advisors, sponsors (if applicable), insurers, consultants and service providers.
- 1.16 Retain responsibility for communication including communication and announcements, on a regular basis in respect of results, informal press and SENS releases (if applicable) and the annual reports.
- 1.17 Manage the approval and authorisation processes to correct levels of authority.

#### 2. SECRETARIAL AND ACCOUNTING

Fairvest shall be responsible for –

- 2.1 investing surplus funds;
- 2.2 maintaining full, accurate and up to date books of account and other records relating to the management of each property in the property portfolio;
- 2.3 maintaining the group's secretarial documentation including minutes and resolutions (provided that the costs of any company secretary shall be borne by Fairvest);
- 2.4 providing all required information to the auditors of Fairvest for the annual audit;

- 2.5 attending to the annual audit and preparation of the annual financial statements;
- 2.6 the preparation and timeous circulation of all agendas, reports, minutes and other documentation required for board meetings of Fairvest including round robin resolutions;
- 2.7 attending to the requirements of the JSE, including without limitation, procuring the preparation and distribution of circulars, payments of distributions and the convening of general meetings of the unitholders, to the extent necessary or requested; and
- 2.8 liaising adequately and properly with Fairvest's sponsors, corporate advisers, legal advisers, auditors and other professional advisers on all relevant matters.

### 3. COMPLIANCE

- 3.1 Fairvest shall be responsible for compliance by the group with all the legal, statutory, JSE and secretarial obligations and the insurance requirements of each property in the property portfolio. The asset manager shall promptly notify Fairvest of, and use its best endeavours to remedy, any violation of any statutory obligations which comes to its attention.
- 3.2 Fairvest shall be responsible for compliance by the group with all insurance, tax and other laws relating to the group.

### Annexure B – Performance criteria

1. The parties agree that it is necessary to record as a material term of the agreement the performance criteria against which the performance of the asset manager will be measured.
2. The basis for determining the performance criteria shall lie in a comparison of the annual growth in distribution per linked unit (the "Fairvest growth") compared to the average growth in distributions achieved by the property loan stock companies listed on the main board of the JSE over the immediately preceding three year period (including the year of comparison) (the "Market growth").
3. Fairvest's performance is affected by the quality of the property portfolio, which quality may in turn be affected by adjustment events or events of force majeure. The effects of any adjustment events and/or events of force majeure must be taken into account by the independent directors of Fairvest (being directors with no interest (whether direct or indirect) in the asset manager (the "independent body")), in determining whether or not the asset manager has breached its obligations in terms of this Annexure.
4. Accordingly, within 45 days after the end of each financial year, the asset manager shall furnish Fairvest with a schedule showing:
  - 4.1 the Fairvest growth;
  - 4.2 the Market growth; and
  - 4.3 the impact of any adjustment event or any event of force majeure on the Fairvest growth.
5. If the Fairvest growth, adjusted for any appropriate adjustment event or force majeure on the Fairvest growth, is less than 60% of the Market growth where the Market growth is positive or more than 166% of the Market growth where the Market growth is negative, the asset manager shall be in breach of the performance criteria, provided that this provision shall not be of effect until the commencement of the second calendar year following the commencement date.
6. Where the asset manager is in breach of the performance criteria for:
  - 6.1 two consecutive financial years, the independent body shall be entitled (on written notice to the asset manager) to reduce the percentage in 5.1 to 0.25%, provided that such reduction shall only for so long as the asset manager remains in breach of the performance criteria;
  - 6.2 three consecutive financial years, the independent body shall be entitled (on written notice to the asset manager) to terminate the asset management agreement in terms of clause 18.2.1.5 of the asset management agreement.

## 7. **DISPUTE RESOLUTION**

In the event of a dispute arising between the parties in respect of the performance criteria set out in this Annexure B, the calculation thereof and/or any adjustments to the performance criteria pursuant to any adjustment event or an event of force *majeure*, such dispute shall be referred to an independent person elected by the independent body, who shall, after having called for expert evidence and/or expert assistance, attempt to mediate the dispute with a view to settle the matter, failing which such person shall refer the dispute for arbitration in terms of clause 19 of the agreement.

### **Annexure C – Commission rates**

#### 1. **MONTHLY LEASES**

One month's rental provided that the full commission is to be refunded if the tenancy endures for less than six months.

#### 2. **LEASE AGREEMENTS**

5% of the first two year's rental, 2.5% on the next three year's rental, 1.5% on the following three year's rental and 1% on the balance, provided that the commission is to be refunded *pro rata* if the tenancy is terminated prior to the agreed duration of the lease agreement.

#### 3. **RE-NEGOTIATION OF EXISTING LEASES**

Commission on lease renewals will be at 1/3 of the rates set out in paragraphs 2 above, as applicable.”

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## DETAILS OF THE ASSET MANAGER AND PROPERTY MANAGERS

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Details of the asset manager and property managers are set out below.

<b>Name</b>	New Star Asset Management Proprietary Limited
<b>Address</b>	8th Floor, The Terraces, 34 Bree Street, Cape Town, 8001 (PO Box 50742, Waterfront, Cape Town, 8012)
<b>Shareholder(s)</b>	The shareholders of the asset manager are set out in paragraph 24 of the circular
<b>Director(s)</b>	Darren Wilder, Adam Marcus and Jacques du Toit
<b>Terms of contract and remuneration</b>	The salient terms and conditions of the asset management agreement are set out in <b>Annexure 6</b>
<b>Relevant experience and professional qualifications</b>	The information on the directors of the asset manager is set out in paragraph 13 of the circular
<b>Appointments to other listed property entities</b>	None
<b>Name</b>	Broll Property Group Proprietary Limited
<b>Address</b>	61 Katherine Street, Sandton, Gauteng, 2196 (PO Box 1455, Saxonwold, Gauteng, 2132)
<b>Shareholder(s)</b>	Malcolm Horne (as to 4%) BPG Seventy Four Proprietary Limited (as to 76%) K2019597625 (South Africa) (RF) Proprietary Limited (as to 20%)
<b>Director(s)</b>	Jonathan David Broll Malcolm Jeffrey Horne Elscke Badenhorst Fariyal Mukaddam Royden David Du Plooy
<b>Functions performed</b>	To oversee, report on and manage the following processes and procedures: <ul style="list-style-type: none"> <li>• Strategies, management and mandates</li> <li>• Control procedures</li> <li>• Leasing management and strategy</li> <li>• Deposits</li> <li>• Leases</li> <li>• Tenant installations</li> <li>• Invoices and monthly statements</li> <li>• Local authorities, electricity, water, refuse and sanitation</li> <li>• Expenses and disbursements</li> <li>• Credit control</li> <li>• Inspections, building works, maintenance, repairs and supervision</li> <li>• Compliance with laws and regulations</li> <li>• Arrears and legal matters</li> <li>• Records, financial reports, reporting and budgets</li> <li>• Receipting</li> <li>• Books of account</li> <li>• Tenants, tenants association, rules and promotions</li> </ul>

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<b>Name</b>	Mainstream Property Group Proprietary Limited
<b>Address</b>	73 Richefond Circle, Ridgeside, Umhlanga, 4319
<b>Shareholder(s)</b>	David Button (as to 30%) Ivan Morris (as to 30%) Lee-Ann Reid (as to 30%) Khanyi Mthethwa (as to 10%)
<b>Director(s)</b>	David Thurston Lee-Ann Reid Ivan Henry Morris Cornelia Nokanyiso Mthethwa
<b>Functions performed</b>	To oversee, report on and manage the following processes and procedures: <ul style="list-style-type: none"> <li>• Strategies, management and mandates</li> <li>• Control procedures</li> <li>• Leasing management and strategy</li> <li>• Deposits</li> <li>• Leases</li> <li>• Tenant installations</li> <li>• Invoices and monthly statements</li> <li>• Local authorities, electricity, water, refuse and sanitation</li> <li>• Expenses and disbursements</li> <li>• Credit control</li> <li>• Inspections, building works, maintenance, repairs and supervision</li> <li>• Compliance with laws and regulations</li> <li>• Arrears and legal matters</li> <li>• Records, financial reports, reporting and budgets</li> <li>• Receipting</li> <li>• Books of account</li> <li>• Tenants, tenants association, rules and promotions</li> </ul>

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<b>Name</b>	Axis Asset Management Proprietary Limited
<b>Address</b>	125 Buitengracht Street, Cape Town, 8000
<b>Shareholder(s)</b>	Gregor Klotz (as to 50%) Ronen Mazor (as to 50%)
<b>Director(s)</b>	Gregor Klotz
<b>Functions performed</b>	To oversee, report on and manage the following processes and procedures: <ul style="list-style-type: none"> <li>• Strategies, management and mandates</li> <li>• Control procedures</li> <li>• Leasing management and strategy</li> <li>• Deposits</li> <li>• Leases</li> <li>• Tenant installations</li> <li>• Invoices and monthly statements</li> <li>• Local authorities, electricity, water, refuse and sanitation</li> <li>• Expenses and disbursements</li> <li>• Credit control</li> <li>• Inspections, building works, maintenance, repairs and supervision</li> <li>• Compliance with laws and regulations</li> <li>• Arrears and legal matters</li> <li>• Records, financial reports, reporting and budgets</li> <li>• Receipting</li> <li>• Books of account</li> <li>• Tenants, tenants association, rules and promotions</li> </ul>

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<b>Name</b>	Abreal Proprietary Limited
<b>Address</b>	Abcon House Fairway Office Park, 52 Grosvenor Road, Bryanston, 2021
<b>Shareholder(s)</b>	Abman (Pty) Ltd Cert No. 18 (as to 25%) Abman (Pty) Ltd Cert No. 21 (as to 24%) Abman (Pty) Ltd Cert No. 22 (as to 51%)
<b>Director(s)</b>	Christiaan Johannes De Wet David Stanley Savage
<b>Functions performed</b>	To oversee, report on and manage the following processes and procedures: <ul style="list-style-type: none"> <li>• Strategies, management and mandates</li> <li>• Control procedures</li> <li>• Leasing management and strategy</li> <li>• Deposits</li> <li>• Leases</li> <li>• Tenant installations</li> <li>• Invoices and monthly statements</li> <li>• Local authorities, electricity, water, refuse and sanitation</li> <li>• Expenses and disbursements</li> <li>• Credit control</li> <li>• Inspections, building works, maintenance, repairs and supervision</li> <li>• Compliance with laws and regulations</li> <li>• Arrears and legal matters</li> <li>• Records, financial reports, reporting and budgets</li> <li>• Receipting</li> <li>• Books of account</li> <li>• Tenants, tenants association, rules and promotions</li> </ul>

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<b>Name</b>	AJ Property Holdings Proprietary Limited
<b>Address</b>	Suite 2, Block B, Albert Lourens Park 793 King Cetsshwayo Highway Sherwood, Durban, 4000
<b>Shareholder(s)</b>	Ibex Property Holdings (as to 50%) Yakov Yehohanan (as to 50%)
<b>Director(s)</b>	Jaco Odendaal Shaun Welgemoed Albert Lourens
<b>Functions performed</b>	To oversee, report on and manage the following processes and procedures: <ul style="list-style-type: none"> <li>• Strategies, management and mandates</li> <li>• Control procedures</li> <li>• Leasing management and strategy</li> <li>• Deposits</li> <li>• Leases</li> <li>• Tenant installations</li> <li>• Invoices and monthly statements</li> <li>• Local authorities, electricity, water, refuse and sanitation</li> <li>• Expenses and disbursements</li> <li>• Credit control</li> <li>• Inspections, building works, maintenance, repairs and supervision</li> <li>• Compliance with laws and regulations</li> <li>• Arrears and legal matters</li> <li>• Records, financial reports, reporting and budgets</li> <li>• Receipting</li> <li>• Books of account</li> <li>• Tenants, tenants association, rules and promotions</li> </ul>

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# FAIRVEST

PROPERTY HOLDINGS

## FAIRVEST PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/005011/06)

JSE share code: FVT ISIN: ZAE000203808

(Approved as a REIT by the JSE)

("Fairvest" or the "Company")

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## NOTICE OF GENERAL MEETING OF SHAREHOLDERS

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Where appropriate and applicable, the terms defined in the circular to which this notice of general meeting is attached bear the same meanings in this notice of general meeting and, in particular, in the resolutions set out below.

Notice is hereby given that a general meeting of Fairvest shareholders will be held at 10:00 on Tuesday, 7 September 2021 virtually and at the offices of the Company in the boardroom, 8<sup>th</sup> Floor, The Terraces, 34 Bree Street, Cape Town, 8001, the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

In light of the regulations, directives and/or preventative measures required to be adhered to relating to the COVID-19 pandemic as published or issued by the relevant South African authorities from time to time, and the guidance from the South African Government regarding the need for social distancing, as a result of the COVID-19 pandemic (the "**COVID-19 Restrictions**"), Fairvest shareholders are encouraged to make use of the virtual meeting facility and/or proxies for purposes of voting at the general meeting.

Shareholders are referred to the circular, which sets out the information and explanatory material that they may require in order to determine whether to participate in the general meeting and vote on the resolutions set out below.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the general meeting in the place of the shareholder;
- a proxy need not be a shareholder of the Company; and
- shareholders recorded in the register of the Company on the voting record date (including shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the general meeting. In this regard, all shareholders recorded in the register on the voting record date will be required to provide identification satisfactory to the chairperson of the general meeting. Forms of identification include valid identity documents, drivers' licenses and passports.

Ordinary resolution numbers 1, 2 and 3 as set out in this notice of general meeting are all inter-conditional and are further each subject to the fulfilment or, if applicable, waiver of the conditions precedent to the transaction, as set out in the circular, save for any such condition precedent relating to the passing of such resolution. Ordinary resolution numbers 3 and 4 are mutually exclusive and accordingly, ordinary resolution 4 is conditional on ordinary resolution number 3 not being passed by the requisite majority of Fairvest shareholders.

### Important dates to note

	<b>2021</b>
Record date in terms of section 59 of the Companies Act for shareholders to be recorded on the share register of the Company in order to receive this notice of general meeting	Friday, 30 July
Last day to trade in order to be eligible to participate in and vote at the general meeting	Tuesday, 24 August
Record date in terms of section 59 of the Companies Act for shareholders to be recorded on the share register of the Company in order to be able to attend, participate and vote at the general meeting	Friday, 27 August
Recommended last day to lodge forms of proxy for the general meeting with the transfer secretaries, by 10:00 (forms of proxy not lodged with the transfer secretaries in time may be handed to the transfer secretaries or to the chairperson of the general meeting prior to the commencement of voting on any resolution at the general meeting)	Friday, 3 September
General meeting held at 10:00	Tuesday, 7 September
Results of the general meeting announced on SENS and ANS on or before	Tuesday, 7 September

**Notes:**

1. All dates and times in this circular are local dates and times in South Africa and are subject to change. Any changes will be announced on SENS and ANS.
2. Fairvest shareholders are referred to page 6 of the circular to which this notice of general meeting is attached for information on the action required to be taken by them.
3. Only shareholders reflected on the register as such on the voting record date are entitled to vote on the resolutions set out in this notice of general meeting.

**SPECIAL RESOLUTION NUMBER 1: AMENDMENTS TO THE COMPANY'S MEMORANDUM OF INCORPORATION AND INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY**

**"RESOLVED** as a special resolution in accordance with sections 16(1)(c) and 36(2)(a) of the Companies Act, that:

- the authorised ordinary share capital of the Company, comprising 3 000 000 000 (three billion) ordinary shares of no par value, be and is hereby increased by the creation of a further 3 000 000 000 (three billion) ordinary shares of no par value in the authorised share capital of the Company, ranking *pari passu* in all respects with the existing ordinary shares in the authorised share capital of the Company, so that after the increase, the authorised share capital shall comprise 6 000 000 000 (six billion) ordinary shares of no par value in the authorised capital of the Company; and
- that the Company's memorandum of incorporation be amended as follows:

replace clause 25.4. with the following: "25.4. Notwithstanding anything to the contrary in this memorandum of incorporation, a resolution that could be voted on at a Shareholders' meeting may instead be submitted to Shareholders for consideration, voted on in writing and adopted as provided for in section 60 of the Act, provided that this clause 25.4 shall not apply to any resolution that (i) unless otherwise determined or permitted by the JSE, is expressly required by the JSE Listings Requirements to be passed "in person" (ii) in terms of clause 26.1.2 relates to the election of Directors, or (iii) relates to any business that is required to be conducted at an annual general meeting of the Company."

replace clause 6.1.1 with the following: "6.1.1 6 000 000 000 (six billion) Ordinary Shares, of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to –"

with effect from the date of filing of the required notice of amendment with the CIPC."

**Reason for and effect of special resolution number 1**

The reason for special resolution 1 is to ensure that the Company has more than sufficient authorised share capital following the implementation of the transaction to provide Fairvest with headroom for any future share issuances which may arise as a consequence of the transaction, a merger or otherwise. The effect of the resolution is to amend the Company's memorandum of incorporation and to increase its authorised share capital in order to give effect to the foregoing.

In order for special resolution number 1 to be adopted, the support of at least 75% of the voting rights exercisable by all Fairvest shareholders present or represented by proxy at this general meeting and entitled to vote is required.

**SPECIAL RESOLUTION NUMBER 2: AUTHORITY TO ISSUE SHARES IN EXCESS OF 30% OF THE CURRENT ISSUED SHARE CAPITAL OF THE COMPANY**

**"RESOLVED** as a special resolution, in accordance with section 41(3) of the Companies Act, the Company is authorised to issue additional ordinary shares of no par value in the authorised share capital of the Company, such that the voting powers of the additional shares will be equal to or exceed 30% of the voting power of the Fairvest ordinary shares held by Fairvest shareholders immediately before the issue of the additional shares on the basis that:

- (i) the directors will be authorised to allot and issue up to the aggregate number of the authorised but unissued ordinary shares of no par value of the Company (including the additional authorised shares created pursuant to special resolution 1) on such terms as may be determined by the directors of the Company for the purposes of the transaction contemplated in the circular, including the AHB share swap and/or any future issuances that may be required as a consequence of, or in connection with, the AHB share swap, whether a mandatory offer resulting from the AHB share swap or any other offer to Arrowhead shareholders; and
- (ii) such authority includes the authority to allot and issue any ordinary shares of no par value in the authorised but unissued share capital of Fairvest to persons falling within the ambit of section 41(1) of the Companies Act, being any director, future director, prescribed officer or future prescribed officer of the Company, or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons)."

## **Reason for and effect of special resolution number 2**

In expectation that the voting power of the Fairvest ordinary shares to be issued pursuant to the transaction will be equal to or exceed 30% of the voting power of all the Fairvest ordinary shares in issue immediately before the implementation thereof, section 41(3) of the Companies Act requires the approval of Fairvest shareholders by special resolution. The reason and effect of special resolution number 2 is for Fairvest shareholders to grant the approval required in terms of section 41(3). Such approval will include the authority to allot and issue any Fairvest ordinary shares in the authorised but unissued share capital of the Company pursuant to the transaction and/or to a person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer or future prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons).

In order for special resolution number 2 to be adopted, the support of at least 75% of the total number of votes cast by Fairvest shareholders present or represented by proxy at this general meeting and entitled to vote is required.

### **ORDINARY RESOLUTION NUMBER 1: APPROVAL OF THE TRANSACTION**

“**RESOLVED** as an ordinary resolution in accordance with paragraphs 9.5(b) and 9.20 of the JSE Listings Requirements that the transaction pursuant to the AHB share swap, including the authority to acquire further AHB shares and AHA shares (up to a theoretical maximum of all shares in issue), be and is hereby authorised.”

In order for ordinary resolution number 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the general meeting, is required.

### **ORDINARY RESOLUTION NUMBER 2: ACQUISITION OF ARROWHEAD B SHARES FROM VUKILE PROPERTY FUND LIMITED**

“**RESOLVED** as an ordinary resolution in accordance with paragraph 10.4(e) of the JSE Listings Requirements that the acquisition of 114 438 564 Arrowhead B shares from Vukile Property Fund Limited in exchange for 211 711 343 Fairvest shares pursuant to the AHB share swap, be and is hereby authorised.”

In order for ordinary resolution number 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the general meeting, is required. The votes of Vukile Property Fund Limited and its associates will be taken into account when determining a quorum but will not be taken into account when determining the results of voting on ordinary resolution number 2.

### **ORDINARY RESOLUTION NUMBER 3: CONCLUSION OF THE FAIRVEST MANCO SHARE PURCHASE AGREEMENT IN ORDER TO GIVE EFFECT TO THE FAIRVEST MANCO INTERNALISATION**

“**RESOLVED** as an ordinary resolution in accordance with paragraph 10.4(e) of the JSE Listings Requirements that, subject to Fairvest shareholders approving the transaction, the proposed acquisition by Fairvest of all the issued ordinary shares in New Star Asset Management Proprietary Limited, being 1 250 ordinary shares, for an aggregate consideration of R133 000 000.00 on the terms and subject to the conditions set out in the Fairvest Manco share purchase agreement concluded between Fairvest, New Star and the Fairvest Manco shareholders be and is hereby approved.”

In order for ordinary resolution number 4 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders eligible to vote, present in person or by proxy at the general meeting, is required. The votes of Darren Wilder, Adam Marcus and Jacques du Toit and their associates will be taken into account when determining a quorum but will not be taken into account when determining the results of voting on ordinary resolution number 3. If ordinary resolution number 3 is adopted, ordinary resolution number 4 will be withdrawn and will not be voted on by shareholders.

### **ORDINARY RESOLUTION NUMBER 4: RENEWAL OF THE ASSET MANAGEMENT AGREEMENT**

“**RESOLVED** as an ordinary resolution in accordance with paragraph 10.4(e) of the JSE Listings Requirements that should the Fairvest Manco internalisation proposed in ordinary resolution number 3 above not be passed by the requisite majority of Fairvest shareholders, that the asset management agreement between Fairvest and New Star Asset Management Proprietary Limited be and hereby is renewed from the date of termination, being 30 November 2021 for a further period of five years on the same terms and conditions as provided for in the asset management agreement as originally approved by Fairvest shareholders.”

In order for ordinary resolution number 4 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders eligible to vote, present in person or by proxy at the general meeting, is required. The votes of Darren Wilder, Adam Marcus and Jacques du Toit and their associates will be taken into account when determining a quorum but will not be taken into account when determining the results of voting on ordinary resolution number 4.

## **ORDINARY RESOLUTION NUMBER 5: AUTHORITY TO GIVE EFFECT TO RESOLUTIONS**

“**RESOLVED** as an ordinary resolution that any director or the company secretary of Fairvest be and is hereby authorised to do all such things and sign all such documents required to give effect to the resolutions passed at the general meeting.”

In order for ordinary resolution number 5 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by shareholders, present in person or by proxy at the general meeting, is required.

### **VOTING AND QUORUM**

The quorum requirement for the general meeting to begin or for a matter to be considered is at least three shareholders present in person. In addition:

- the general meeting may not begin until sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the general meeting; and
- a matter to be decided at the general meeting may not begin to be considered unless sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every shareholder present in person or represented by proxy and entitled to exercise voting rights at the general meeting shall be entitled to vote on a show of hands, irrespective of the number of voting rights that shareholder would otherwise be entitled to exercise. On a poll, a shareholder who is present in person or represented by proxy shall be entitled to one vote in respect of each share held by that shareholder. No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

### **SHAREHOLDERS**

#### **General instructions**

Shareholders who are entitled to attend, speak and vote at the general meeting are encouraged to do so.

#### **Electronic participation**

The Company has made provision for shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should you wish to participate in the general meeting by telephone conference, you, or your proxy, should advise the Company thereof by no later than 10:00 on Friday, 3 September 2021 by submitting by e-mail to the company secretary at [ronelle@fluidrockgovernance.com](mailto:ronelle@fluidrockgovernance.com) relevant contact details, including an e-mail address, cellular number and landline as well as full details of your title to Fairvest shares and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) or written confirmation from your CSDP confirming your title to the dematerialised shares (in the case of dematerialised shares). Upon receipt of the required information, you will be provided with a secure code and instructions to access the electronic communication during the general meeting. Shareholders should note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

Shareholders and their appointed proxies attending by telephone conference call will not be able to cast their votes at the general meeting through this medium. Accordingly, shareholders making use of the electronic participation facility are requested to submit their forms of proxy to the Company, as directed.

#### **Proxies and authority for representatives to act**

The attached form of proxy is only to be completed by:

- certificated shareholders; or
- own-name dematerialised shareholders,

who cannot attend the general meeting but wish to be represented thereat.

All other beneficial owners who have dematerialised their shares through a CSDP or broker, without own-name registration, and who wish to attend the general meeting, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy are requested to be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, posted to Private Bag X9000, Saxonwold, 2132, or emailed to [proxy@computershare.co.za](mailto:proxy@computershare.co.za), so as to arrive no later than 10:00 on Friday, 3 September 2021. Forms of proxy not lodged with the transfer secretaries in time may be handed to the transfer secretaries or to the chairperson of the general meeting prior to the commencement of voting on any resolution at the general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the general meeting should ensure that a resolution authorising a representative to so attend and participate at the general meeting on its behalf, is passed by its directors.

**Fairvest does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised Fairvest shareholder to notify such shareholder of the general meeting of or any business to be conducted thereat.**

**By order of the board**

**Ronelle Kleyn**

(on behalf of FluidRock Co Sec Services Proprietary Limited)

**Company Secretary**

10 August 2021

**Registered office**

8<sup>th</sup> Floor, The Terraces

34 Bree Street

Cape Town

8001

# FAIRVEST

PROPERTY HOLDINGS

## FAIRVEST PROPERTY HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1998/005011/06)

JSE share code: FVT ISIN: ZAE000203808

(Approved as a REIT by the JSE)

("Fairvest" or the "Company")

### FORM OF PROXY

Where appropriate and applicable, the terms defined in the circular to which this form of proxy is attached bear the same meanings in this form of proxy. For use by the following holders of shares in the Company at the general meeting of the Company to be held virtually and at the offices of the Company in the boardroom, 8th Floor, The Terraces, 34 Bree Street, Cape Town, 8001, on Tuesday, 7 September 2021 at 10:00:

- 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, 3 September 2021. Forms of proxy not lodged with the transfer secretaries in time may be handed to the transfer secretaries or to the chairperson of the general meeting prior to the commencement of voting on any resolution at the general meeting.

If you are a dematerialised shareholder, other than with own-name registration, do not use this form. Dematerialised shareholders, other than with own-name registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

Email address

Telephone number

Cellphone number

of (address)

being the holder/custodian of  ordinary shares in the Company, hereby appoint

- or failing him/her
- of failing him/her
- the chairperson of the general meeting

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the general meeting of shareholders and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the general meeting, and to vote on the resolutions in respect of the shares registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

Resolution	Number of votes		
	*In favour of	*Against	*Abstain
Special resolution number 1: Amendments to the Company's memorandum of incorporation and increase in the authorised share capital of the Company			
Special resolution number 2: Authority to issue shares in excess of 30% of the current issued share capital of the Company			
Ordinary resolution number 1: Approval of the transaction			
Ordinary resolution number 2: Acquisition of Arrowhead B shares from Vukile Property Fund Limited			
Ordinary resolution number 3: Conclusion of the Fairvest Manco share purchase agreement in order to give effect to the Fairvest Manco internalisation			
Ordinary resolution number 4: Renewal of the asset management agreement			
Ordinary resolution number 5: Authority to give effect to resolutions			

One vote per share held by shareholders, recorded in the registers on the voting record date

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this

day of

2021

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a shareholder of Fairvest. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the general meeting.

**Please read notes below hereof**

**NOTES TO THE FORM OF PROXY:**

1. Only shareholders who are registered in the registers of Fairvest under their own name on the voting record date, may complete a form of proxy or attend the general meeting. This includes certificated shareholders or own-name dematerialised shareholders. A proxy need not be a shareholder of Fairvest.
2. Certificated shareholders wishing to attend the general meeting have to ensure beforehand with the transfer secretaries that their shares are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their own-name, but in the name of another, for example, a nominee, may not complete a form of proxy unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the general meeting.
4. Dematerialised shareholders who have not elected own-name registration in the registers of Fairvest through a CSDP and who wish to attend the general meeting, must instruct the CSDP or broker to provide them with the necessary letter of representation to attend.
5. Dematerialised shareholders who have not elected own-name registration in the register of Fairvest through a CSDP and who are unable to attend, but wish to vote at the general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairperson of the general meeting of shareholders". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - delivering a copy of the revocation instrument to the proxy, and to Fairvest.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date:
  - stated in the revocation instrument, if any; or
  - upon which the revocation instrument is delivered to the proxy and Fairvest as required in section 58(4)(c)(ii) of the Companies Act.
9. Should the instrument appointing a proxy or proxies have been delivered to the transfer secretaries, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's memorandum of incorporation to be delivered by the Company to the shareholder must be delivered to:
  - the shareholder; or
  - the proxy or proxies if the shareholder has in writing directed Fairvest to do so and has paid any reasonable fee charged by Fairvest for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation or the instrument appointing the proxy provide otherwise.
11. If Fairvest issues an invitation to shareholders to appoint one or more persons named by Fairvest as a proxy, or supplies a form of instrument appointing a proxy:
  - such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
  - Fairvest must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the chairperson of the general meeting.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A Company holding shares in Fairvest that wishes to attend and participate at the general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the transfer secretaries prior to the general meeting.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if that shareholder was solely entitled thereto; but if more than one of such joint holders wishes to be present or represented at the general meeting, that one of the said persons whose name appears first in the register of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. The chairperson of the general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
18. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
19. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting or other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all of the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
20. 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 no later than 10:00 on Friday, 3 September 2021. Forms of proxy not lodged with the transfer secretaries in time may be handed to the transfer secretaries or to the chairperson of the general meeting prior to the commencement of voting on any resolution at the general meeting.
21. This form of proxy may be used at any adjournment or postponement of the general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
22. The foregoing notes include a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.





