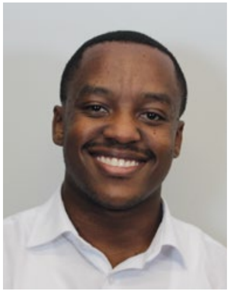
INTUITION
21 AUGUST 2026

Brace for Yield: How Fairvest, Dipula and Exemplar stay airborne

In his 2011 comedy special "Crazy Normal", Trevor Noah poked fun at British understatement through the story of a passenger describing an in-flight emergency: "We was flying, yeah. Then the captain said, 'brace yourselves', and then we weren't flying no more!" Humorous as it is, the anecdote feels strikingly relevant to the South African economy. Expectations entering the year pointed to improving conditions for both households and investors, only for global geopolitical tensions and persistent uncertainty to ground much of that optimism. Fortunately, not every corner of the market has lost altitude. The property sector, and retail-focused funds in particular, have continued to demonstrate an ability to protect capital and generate attractive returns, even as broader market conditions remain unsettled.



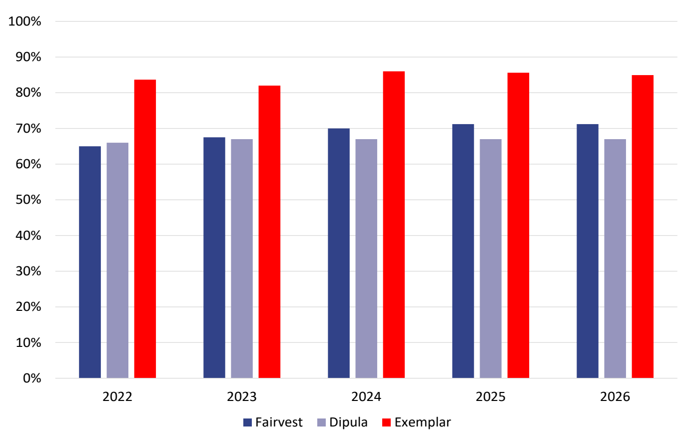
Takalani Karedi

A fortnight ago, Jana van Rooyen wrote an article ("Winter's Big Freeze Puts Margin Management in the Hot Seat") highlighting a few themes which will frame how we see the South African consumer and investments going forward:

- Sticky inflation, linked to higher fuel prices, which will delay monetary policy easing.
- Muted wage growth, which will erode consumer's purchasing power.
- Waning momentum of retail sales.

Taken together, these factors paint a picture of a consumer who remains financially constrained, supporting continued demand for value-oriented retail offerings. As a result, retailers such as Shoprite, Boxer, Pepkor and Mr Price appear well positioned to sustain earnings momentum over the near term. This, in turn, provides a favourable read-through for the landlords that house these businesses, given the extent to which rental income is ultimately supported by tenant performance. Against this backdrop, retail-focused property funds including Fairvest, Dipula and Exemplar present a compelling defensive allocation, offering investors exposure to resilient cash flows and attractive risk-adjusted returns.

EXPOSURE TO A- GRADE TENANTS



National tenants like Shoprite, Boxer and Pepkor form the backbone of retail REITs earnings.

SPEED READ

- **The sustained outperformance of value retailers reinforces the investment case for retail-focused property funds as a defensive element to portfolios.**
- **Fairvest's distribution growth is expected to be driven by three key pillars: value creation from its fibre infrastructure investment, ongoing asset management initiatives to optimise office and industrial assets, and inorganic growth through accretive acquisitions of defensive retail properties as it strengthens its retail-focused strategy.**
- **Dipula is successfully pivoting from a "value" recovery play to a quality-led income growth story.**
- **Fairvest, Dipula & Exemplar are all guiding towards distribution growth of 7% or more, with an anticipation that they will achieve the upper end of their respective guidance assuming macroeconomic conditions do not worsen materially from present**

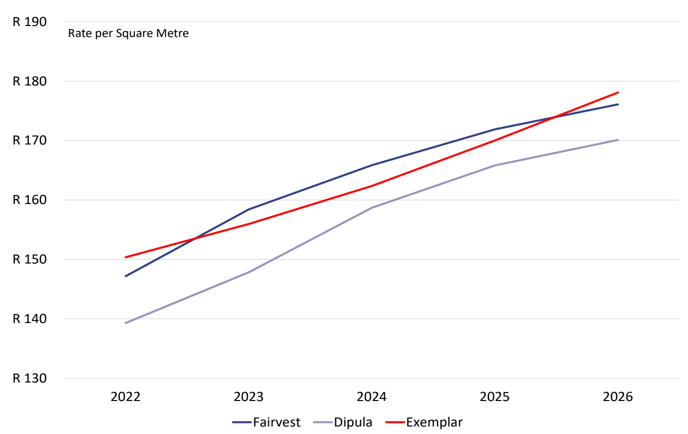
Exemplar

Exemplar REITail provides a unique offering to investors as the only JSE-listed retail-focused REIT with its entire portfolio and operations based in South Africa. This

focused strategy has translated into exceptional operating performance, with net operating income increasing by 13.1% for the financial year ended 28 February 2026, outperforming both Fairvest (10.7%) and Dipula (5.9%).
The Group's outperformance has been driven by two key factors: above-sector rental escalations and exceptionally low vacancies of just 2.6%, compared with 4.3% for Fairvest and 5.4% for Dipula. These metrics underscore the strength of Exemplar's tenant base and the continued demand for its retail assets.

While Fairvest and Dipula were among the strongest performers in the listed property sector during 2025, Exemplar has emerged as the standout performer within the JSE Listed Property Index year-to-date, delivering share price appreciation of 27.0%, compared with 0.5% for Fairvest and 7.5% for Dipula. Despite these attractive fundamentals, the stock's investability remains extremely constrained by the concentrated ownership of its founders and management team, which limits free float and, by extension, its representation in portfolios. We are hoping that Exemplar will raise capital over the next few months that would allow us to broaden our ownership and improve its liquidity.

AVERAGE RENTAL CHARGED (R/SQM)

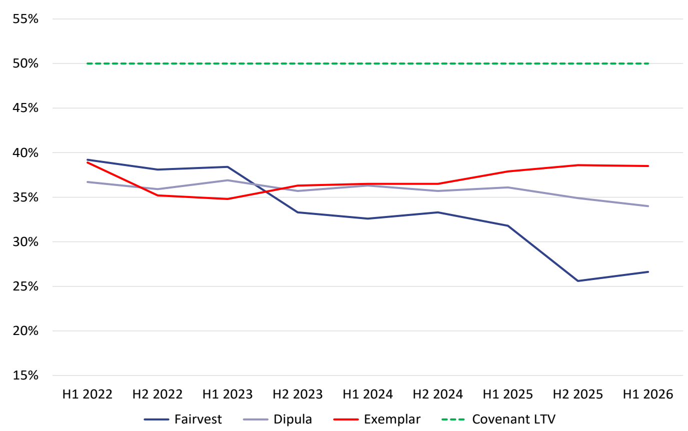


Exemplar retains exceptionally low vacancies while keeping pace with the pack in rental escalations.

Fairvest

Fairvest, a company we have discussed in previous issues of Intuition, is currently guiding for distribution growth of more than 11%. To support these ambitions, Fairvest has not been immune to the expansion trend that has driven many REITs, which often pursue geographic diversification into markets beyond their core areas of expertise. However, management has instead chosen to leverage its deep understanding of the lower-LSM consumer by investing in fibre infrastructure that provides affordable, uncapped connectivity solutions to township residents.
Fairvest began this investment through Onepath Investments in late 2024 and acquired a controlling stake in the company by July 2025. As of 31 March 2026, Fairvest held a 55.3% stake in Onepath, having invested a total of R693.8 million. After the reporting period, the group invested a further R253 million, with board approval in place to increase the total investment to R1.5 billion over the next few years.
To date, distribution yields from the investment have exceeded 14.0%, significantly higher than the 10.2% initial yields achieved on Fairvest's most recent retail acquisitions, Jozini Mall and Tugela Ferry Mall. Beyond the attractive financial returns, the investment also provides exposure to a growing infrastructure asset class that complements Fairvest's focus on underserved consumer markets.
The Group's capacity to further scale the investment is supported by one of the strongest balance sheets in the sector. In a recent investor presentation on the fibre infrastructure portfolio, management indicated that debt funding will be introduced as an additional mechanism to finance future network acquisitions. With a loan-to-value ratio of 26.6% and an interest cover ratio of 4.0x, Fairvest is well positioned to support the introduction of gearing at the Onepath level of up to 30% loan-to-cost. This should further enhance equity yields without materially affecting distributions through elevated finance costs.

COMPARATIVE LTV RATIOS



While all three companies have made significant strides in improving their balance sheets, Fairvest leads the pack, giving them ample headroom to fund acquisitions.

While the investment presents an encouraging avenue for earnings growth, it is not without risk. The Onepath model remains intrinsically tied to the operational success of Fibretime, which currently serves as the sole tenant and network operator. Furthermore, any failure to effectively manage the anticipated rapid scaling of the fibre network could leave Fairvest exposed to specialised infrastructure assets with limited alternative-use cases.

Ultimately, Fairvest's distribution growth story rests on three key pillars. The first is its investment in fibre infrastructure, which offers a source of non-seasonal growth while generating valuable consumer data that can be leveraged to enhance the retail portfolio. The second is the continued optimisation of the office and industrial portfolio, unlocking value through active asset management and strategic disposals as Fairvest advances its transition towards a predominantly retail-focused REIT. The third is inorganic growth through accretive acquisitions of defensive retail assets, supported by the Group's strong balance sheet and disciplined capital allocation approach.

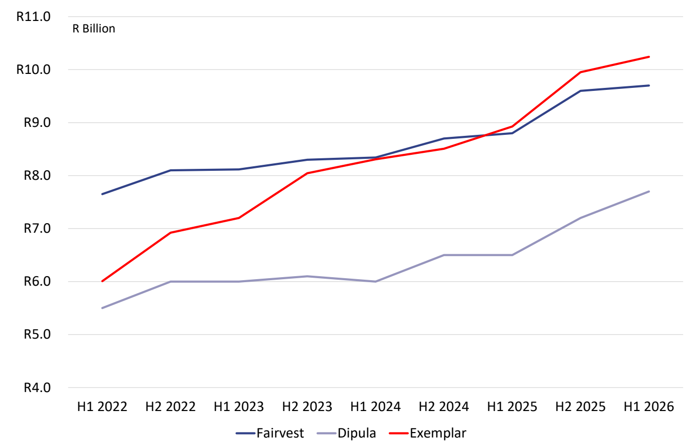
Dipula

Not to be left behind, Dipula's retail portfolio continues to anchor its performance, delivering robust 7.0% rental growth supported by consistent escalations above 6.4%. Despite modest trading density growth, the segment achieved a notable vacancy reduction to 5.4% and significant valuation uplifts, with average asset values rising to R100 million due to strategic revamp projects yielding over 9.0%.

This retail strength is critical in neutralizing the persistent drag from the office sector, where revenue declined by 4.6% amid high vacancies of 23.2%. Management is actively "crowding out" this underperforming segment to minimize its impact on overall earnings, aiming to reduce its revenue contribution from 14% to less than 10% by year-end as they pivot toward defensive, high-quality retail assets.

The Group's financial resilience further supports this transition. The balance sheet has been significantly de-risked, with LTV trending down to 34.0% and interest cover strengthening to 3.4x. Combined with portfolio-wide reversions accelerating to 6.0%, Dipula is successfully evolving into a quality-led income growth story where its stable retail cash flows effectively absorb the office segment's volatility.

RETAIL PORTFOLIO VALUE



Not to be left behind, Dipula are moving full steam ahead with their transition to become a pure-play retail focused REIT, with their retail portfolio growing the quickest among the three over recent reporting periods.

Conclusion

Fairvest, Dipula and Exemplar fall firmly into our "Supported Consumer" theme that focuses on the resilience of the lower end of the market and the township economy. Strong tenant quality, improving operational metrics and above-inflation distribution growth provide confidence in the durability of earnings. As portfolio managers, we continue to favour businesses with defensive cash flows, disciplined capital allocation and clear pathways to long-term value creation for our clients.

LOCATION, LOCATION, LOWER LSM

Left to right: Fairvest's Bara Precinct, Exemplar's Alex Mall, Dipula's Chilli On Top

Our next seminar will delve into the complicated world of AI and articulate how we have positioned portfolios to benefit from this fast-moving technology."

Topic:	Positioning your portfolio for AI
Natal Midlands	
Date:	10th of September, 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm
Johannesburg	
Date:	8th of September, 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am
Cape Town	
Date:	N/A
Venue:	J&J Belmont Square, Belmont Road, Rondebosch
Time:	7.30am
Venue:	Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town
Time:	5.30pm for 6pm

Harvard House is on Facebook

Harvard House is on YouTube

CONTACT DETAILS:

For more information on the range of products and services offered by Harvard House Investment Management and its associated companies (including Harvard House, Chartered Accountants), or for any financial advice, please contact the Company at:

HARVARD HOUSE GROUP

3 Harvard Street, Howick, 3290, South Africa

P.O. Box 235, Howick, 3290, South Africa

+27 (0) 33 330 2164

+27 (0) 33 330 2617

@ admin@hhgroup.co.za

W www.hhgroup.co.za