

FAIRVEST

PROPERTY HOLDINGS

INVESTOR BOOKLET
FOR THE YEAR ENDED 30 JUNE 2014



FAIRVEST PROPERTY HOLDINGS LIMITED

PROFILE

Fairvest is a property investment holding company and Real Estate Investment Trust (REIT), with a unique focus on retail assets weighted toward non-metropolitan and rural shopping centres, as well as convenience and community shopping centres servicing the lower LSM market, in high-growth nodes, close to commuter networks. The Fairvest property portfolio consists of 32 properties, with 125 520m² of gross lettable area (GLA) and valued at R1 109.1 million, up from R774.8 million in June 2013.

VISION

Our vision is to be a dynamic Real Estate Investments Trusts listed on the JSE, investing in quality retail assets with sustainable income streams and thereby maximizing stakeholder value. We are committed to enhancing our built environment by collaborating with the communities we operate in and we strive to be the landlord of choice, treating our tenants with respect and understanding.

We seek out mutually beneficial, strategic partnerships to gain critical mass and reduce operating costs by sharing excellent resources and the latest technology. We also aim to create a work environment that is conducive to innovative thinking, efficiency and growth.

We have an experienced driven team, who brings fresh thinking to our deal making, always geared to maximising profits and enhancing our built environment and in so doing, generate superior sustainable returns for our stakeholders.

VALUES

We strive for excellence through living our values.

Social contribution

Wherever we are, we enhance our built environment and provide tangible benefits to the communities in which we operate.

Knowledge

Know your game is our mantra – research and understanding our market and clients enables us to deliver a quality service.

Relationships

We build relationships by being honest in our dealings, respectful in our engagements and collaborative in our approach.

Innovation

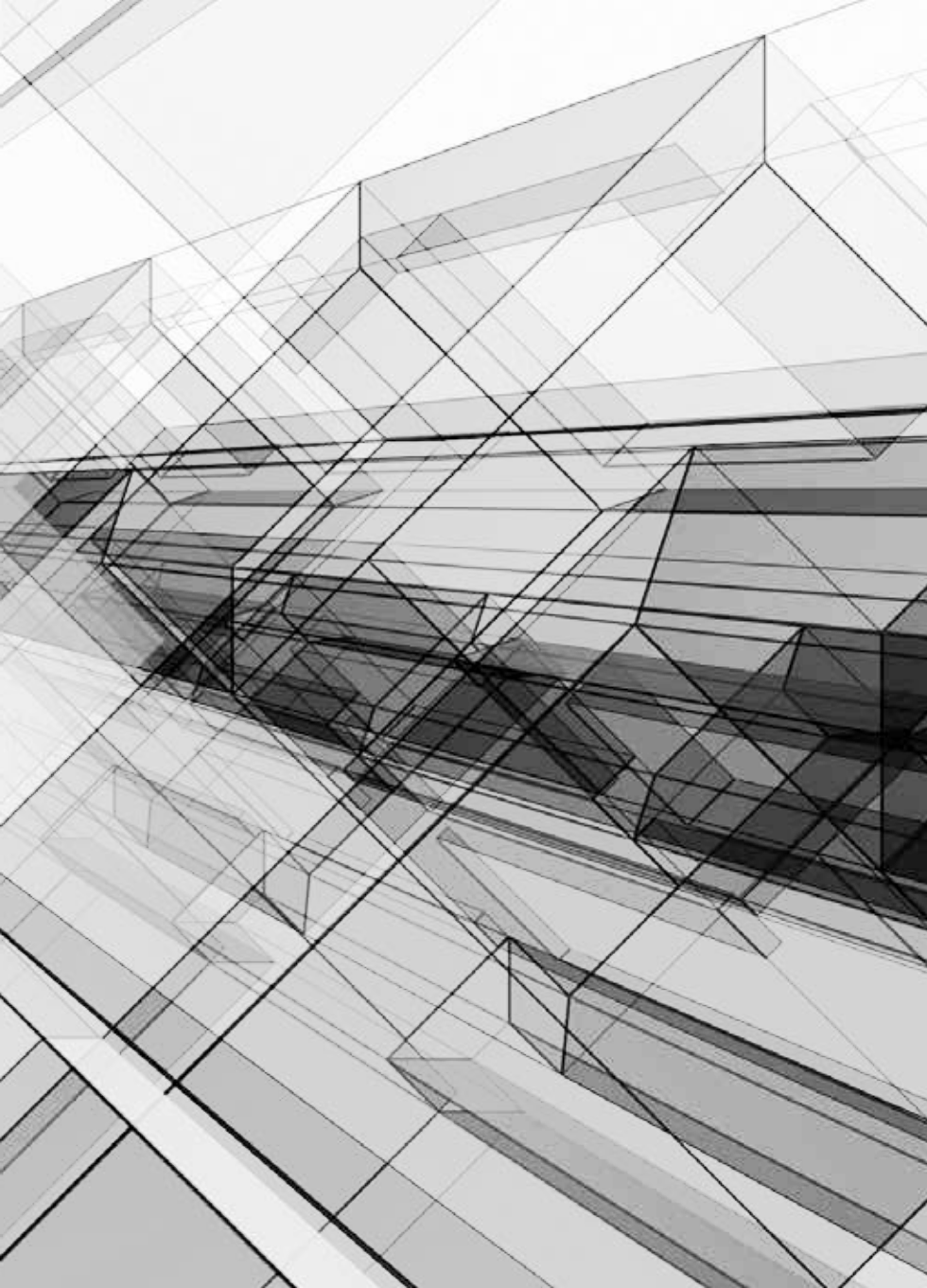
We have a creative, solution orientated approach in all our dealings. We are proactive in our approach.

Profitability

We strive to maximize profits by being operationally efficient and financially disciplined.

Team driven

Our well qualified team is passionate, committed to service excellence with a strong focus on honesty, accountability and responsibility.



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HIGHLIGHTS

Full year distribution of **13.72 cents** per linked unit exceeded the 13.70 cents per linked unit forecast

18.9% annualised return to shareholders since December 2012 recapitalisation

Distribution growth of **9%-10%** expected for the 2015 financial year

Net asset value increased to **159.0 cents** per linked unit

R235 million of new equity raised during the period.

13.3% increase in historic property values

Conversion of Fairvest to a REIT approved by JSE with effect from 1 July 2013.

Portfolio transformation resulting in a more diversified and better quality portfolio with attractive returns

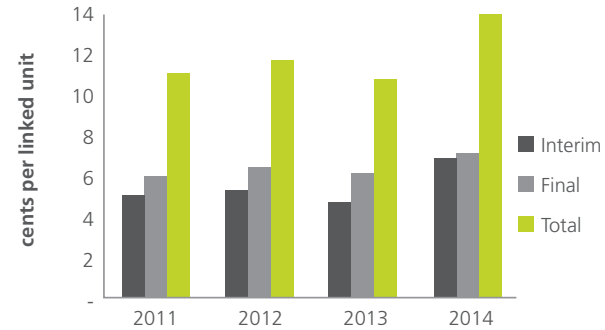
DISTRIBUTIONS

DISTRIBUTABLE INCOME STATEMENT

	2014	2013
	R'000	R'000
Income		
Rental income	108 380	43 078
Recoveries	29 991	7 298
Investment revenue	629	4 998
	139 000	55 374
Expenses		
Property expenses	(49 158)	(16 055)
Finance cost	(20 071)	(5 824)
Corporate administrative expenses	(10 099)	(6 217)
Distributable earnings	59 672	27 278

DISTRIBUTIONS HISTORY

The distribution for the 6 months ended 30 June 2014 is 6.97 cents per linked unit, bringing the total distribution for the year to 13.72 cents per linked unit.

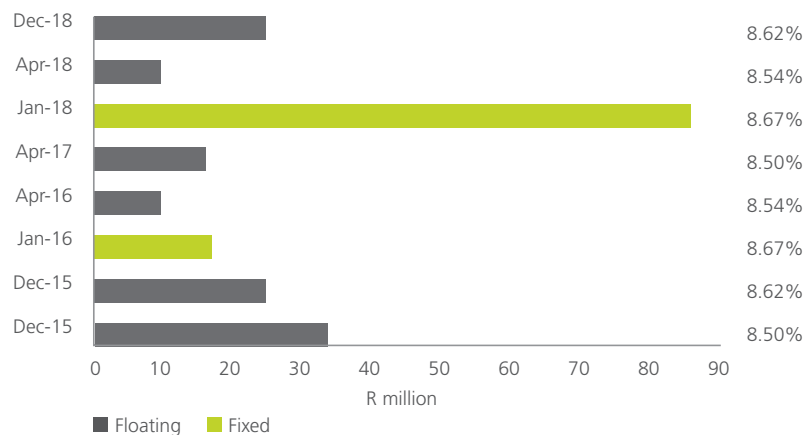


DEBT

DEBT STRUCTURE

Interest bearing debt to asset ratio (LTV)	20.1%
% of fixed rate interest bearing debt	46.2%
Weighted average cost of funding	8.66%
Weighted maturity	34 months

MATURITY PROFILE OF INTEREST BEARING DEBT



FUNDING STRATEGY

Strategy

At least three funding providers

Diversify funding structures to get access to the following:

- Commercial paper
- Short-term facilities

Spread of debt maturity, with no more than 25% expiring in one year

Fix at least 70% of interest bearing debt

Manage cash flow effectively to minimise negative carry

Loan to value target of 35% to 40%

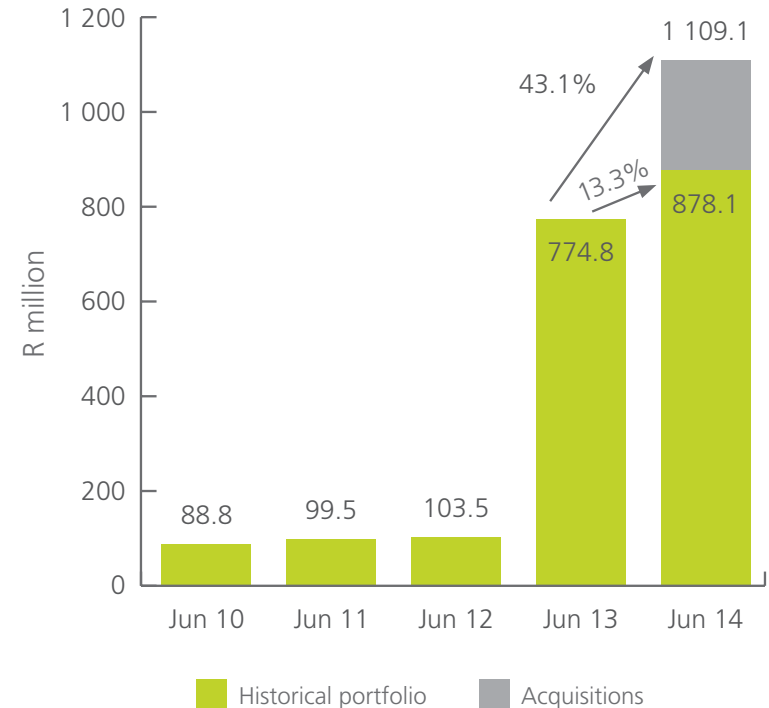
PORTFOLIO ANALYSIS

	As at 30 June 2014	As at 30 June 2013
Number of properties	32	28
Valuation (R million)	1 109.1	774.8
Average value per property (R million)	34.7	27.7
Average value per m ² (R/m ²)	8 836	7 703
Gross lettable area ("GLA") (m ²)	125 520	100 578
Retail	88.0%	85.1%
Office	12.0%	14.9%
Vacancy (m ²)	8 772	9 023
Vacancy as percentage of GLA	7.0%	9.0%
Arrears (% of revenue)	3.5%	5.0%
Weighted average rental escalation	7.2%	7.1%
Retail	7.3%	
Office	7.2%	
Weighted average rental per square meter (R/m ²)	86.4	81.4
Retail	84.4	
Office	101.2	
Weighted average lease term (months)	41	37

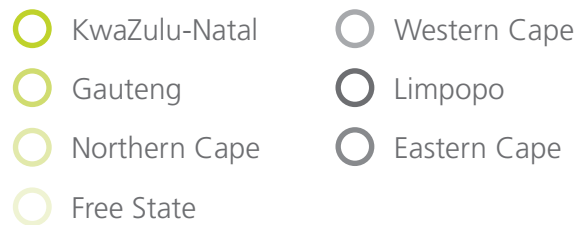
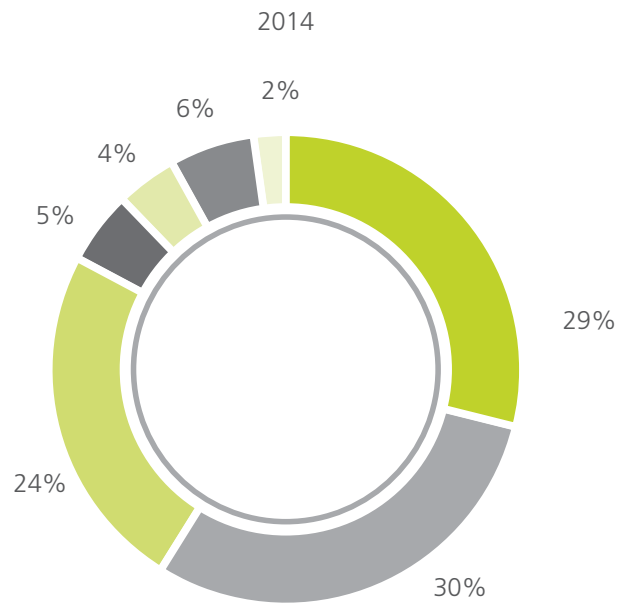
10 LARGEST PROPERTIES

Property Name	Location	Sector	GLA (m ²)	Value R'million	% of total
Tokai Junction	Tokai, Western Cape	Retail	7 617	103.2	9.3%
Nyanga Junction	Nyanga, Western Cape	Retail	9 906	85.9	7.7%
Westville Junction	Westville, Kwazulu-Natal	Retail/Office	6 285	73.7	6.6%
425 West Street	Durban, Kwazulu-Natal	Retail	9 559	73.4	6.6%
CHEP Building	Westville, Kwazulu-Natal	Office	3 337	72.9	6.6%
Qualbert Centre	Durban, Kwazulu-Natal	Retail	4 771	67.6	6.1%
Mala Plaza	Malamulele, Limpopo	Retail	6 193	67.2	6.1%
Kim Park	Kimberley, Northern Cape	Retail	8 976	53.1	4.8%
St Georges Square	George, Western Cape	Retail	8 918	51.5	4.6%
Sebokeng Plaza	Sebokeng, Gauteng	Retail	5 704	51.2	4.6%
			71 266	699.7	63.0%

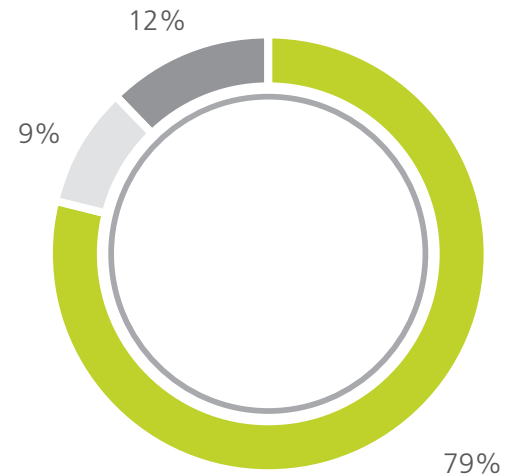
PORTFOLIO VALUATION



INCOME RECEIVED BY GEOGRAPHIC AREA



TENANT PROFILE

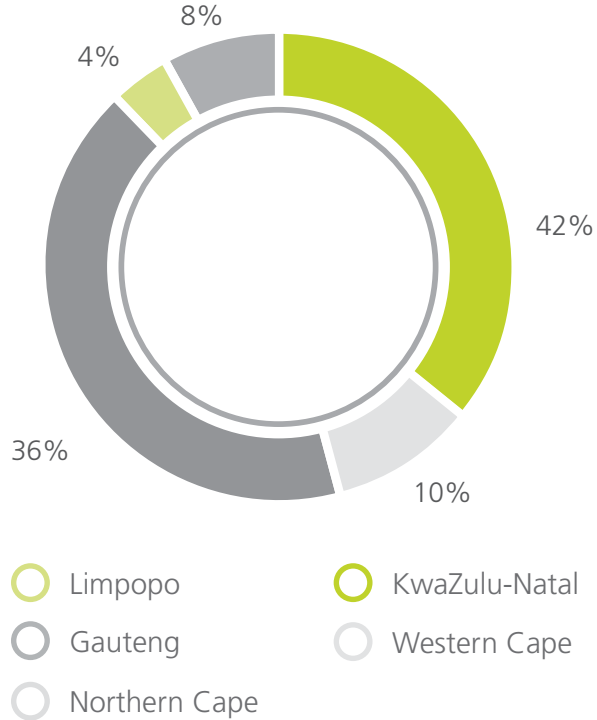


- A – Anchor and national tenants
- B – Franchise, professional and large tenants
- C – other

VACANCY ANALYSIS

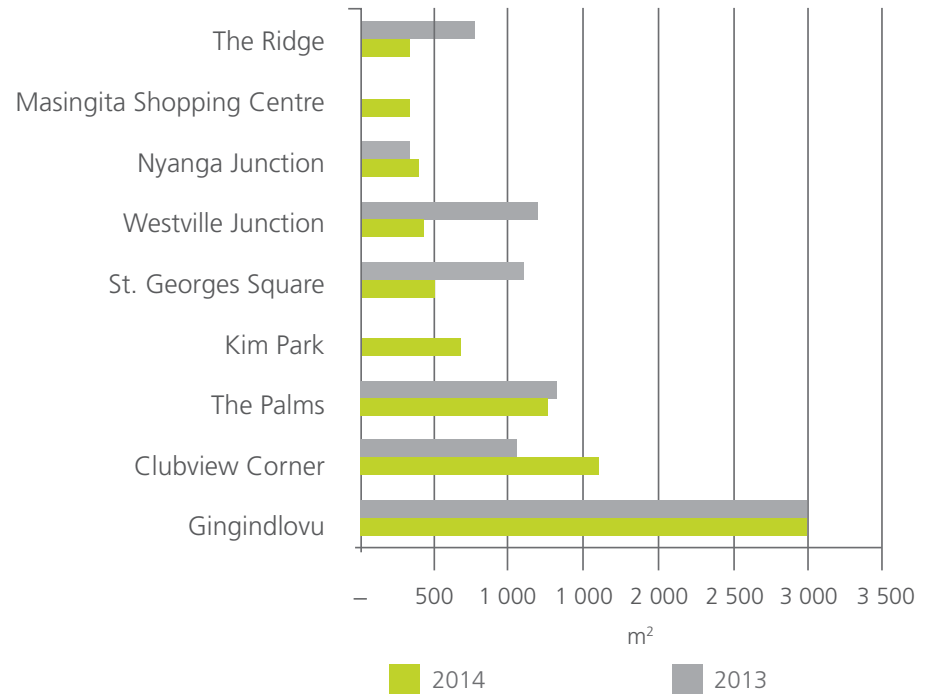
VACANCY BY SECTOR

(sector where the vacancies are situated)



VACANCY PER PROPERTY

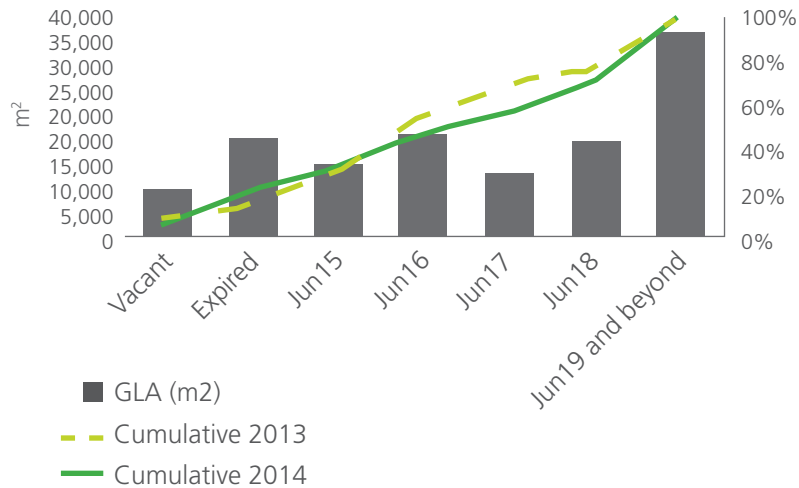
(for vacancies greater than 200m²)



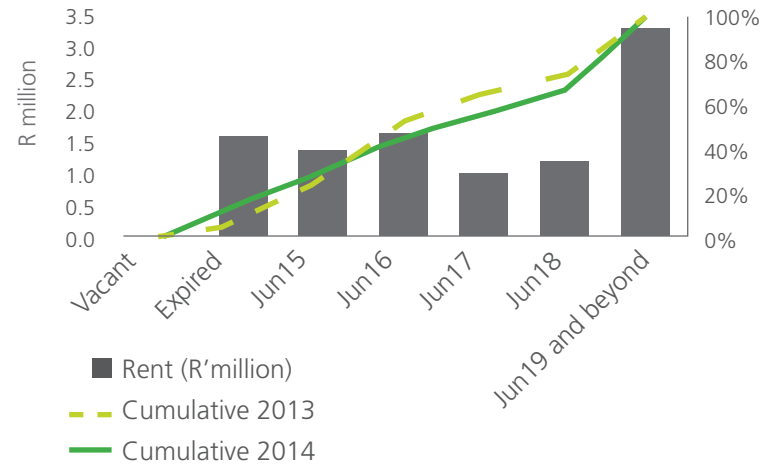
LEASING OVERVIEW

Weighted average contractual rental escalation	7.2%
New lease concluded during the year	13,626m ²
Renewals concluded during the year	14,313m ²
Weighted average escalation on renewals	7.8%
Tenant retention	81.7%

LEASE EXPIRY PROFILE BY GLA (m²)



LEASE EXPIRY PROFILE BY GROSS RENTAL



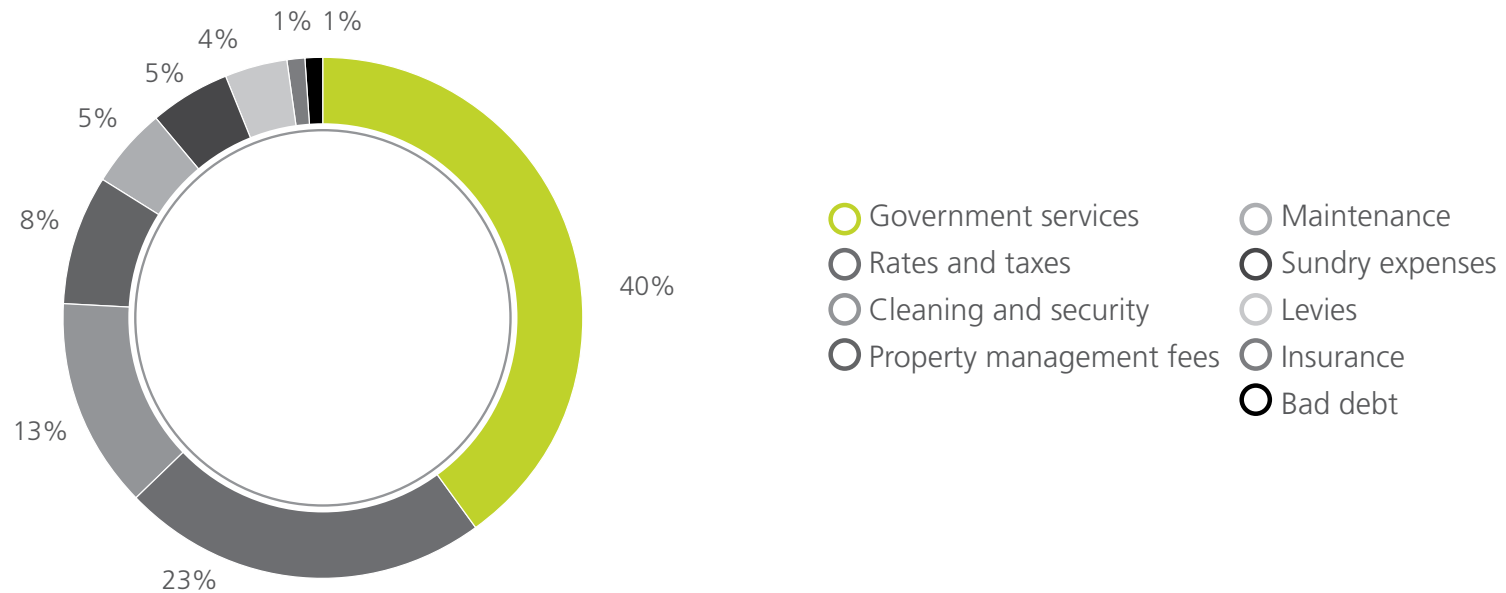
EXPENSES

EXPENSE RATIOS

Recurring expenses as a percentage of revenue **35.5%**

RECURRING EXPENSE

The following table reflects the components of recurring expenses:



STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	2014 R'000	2013 R'000
Assets		
Non-current assets	1 103 918	774 810
Investment property	1 089 481	770 307
Office equipment	342	354
Operating lease asset	14 095	4 149
Current assets	19 013	10 269
Trade and other receivables	15 347	7 506
Taxation	–	59
Cash and cash equivalents	3 666	2 704
Non-current asset held for sale	4 500	–
Total assets	1 127 431	785 079
Equity and liabilities		
Equity and reserves		
Ordinary share capital	5 254	3 598
Non-current liabilities	1 055 647	743 363
Linked unit debentures	830 024	543 309
Interest-bearing borrowings	222 000	200 047
Deferred taxation	3 623	7
Current liabilities	66 530	38 118
Trade and other payables	66 530	38 118
Total equity and liabilities	1 127 431	785 079

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014 R'000	2013 R'000
Revenue	148 961	54 184
Property expenses	(49 158)	(16 447)
Net profit from property operations	99 803	37 737
Corporate administrative expenses	(10 099)	(6 217)
Operating profit	89 704	31 520
Foreign exchange gains	–	42
Fair value adjustments	270	10 622
Finance costs	(21 015)	(7 048)
Investment revenue	629	4 998
Dividends received	–	–
Impairment of interest in subsidiary	–	–
Profit before debenture interest	69 588	40 134
Debenture interest	(59 600)	(27 255)
Profit after debenture interest	9 988	12 879
Capital raising expenses	(6 372)	(16 126)
Profit/(loss) before taxation	3 616	(3 247)
Taxation	(3 616)	3 247
Net profit for the period	–	–
Other comprehensive income	–	–
Total comprehensive income	–	–

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