

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 31 December 2011 R'000	Unaudited 31 December 2010 R'000	Audited 30 June 2011 R'000
ASSETS			
Non-current assets	104 008	91 329	100 186
Investment property	97 372	88 766	97 372
Investment property under construction	4 673	–	623
Equipment	15	17	17
Operating lease asset	1 948	2 546	2 174
Current assets	45 530	45 356	44 692
Listed investments	2 949	8 280	8 450
Trade and other receivables	2 407	2 543	2 401
Cash and cash equivalents	40 174	34 533	33 841
Investment property held for sale	–	–	2 150
Total assets	149 538	136 685	147 028
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	857	857	857
Non-current liabilities	140 564	127 376	138 006
Linked unit debentures and premium	134 768	125 772	133 235
Deferred taxation	5 796	1 604	4 771
Current liabilities	8 117	8 452	8 165
Taxation	352	1 143	35
Trade and other payables	7 765	7 309	8 130
Total equity and liabilities	149 538	136 685	147 028

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited 6 months to 31 December 2011 R'000	Unaudited 6 months to 31 December 2010 R'000	Audited 12 months to 30 June 2011 R'000
Cash inflow/(outflow) from operating activities	2 122	(8 922)	(8 991)
Cash inflow/(outflow) from investing activities	4 211	(4 881)	(5 504)
Net increase/(decrease) in cash and cash equivalents	6 333	(13 803)	(14 495)
Cash and cash equivalents at beginning of period	33 841	48 336	48 336
Cash and cash equivalents at end of period	40 174	34 533	33 841

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital R'000	Retained income R'000	Total R'000
Balance at 1 July 2010	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 31 December 2010	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 30 June 2011	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 31 December 2011	857	–	857

STATEMENTS OF CHANGES IN LINKED UNIT DEBENTURES

	Linked unit debenture capital R'000	Linked unit debenture premium R'000	Total R'000
Balance at 1 July 2010	857	124 020	124 877
Net fair value adjustment	–	895	895
Balance at 31 December 2010	857	124 915	125 772
Net fair value adjustment	–	7 463	7 463
Balance at 30 June 2011	857	132 378	133 235
Net fair value adjustment	–	1 533	1 533
Balance at 31 December 2011	857	133 911	134 768

CONDENSED CONSOLIDATED SEGMENT REPORT

	Eastern Cape R'000	Free State R'000	Gauteng R'000	KwaZulu- Natal R'000	Western Cape R'000	Reconciling items/ (Eliminations) R'000	Total R'000
FOR THE 6 MONTHS ENDED 31 DECEMBER 2011							
Revenue – external customers	4 053	569	788	4 059	–	–	9 469
Intersegmental revenue	–	–	–	–	945	(945)	–
Operating profit	2 702	369	(150)	2 334	–	(2 340)	2 915
Total assets	33 611	6 415	18 400	46 688	–	44 424	149 538
FOR THE 6 MONTHS ENDED 31 DECEMBER 2010							
Revenue – external customers	4 270	489	430	3 807	–	–	8 996
Intersegmental revenue	–	–	–	–	710	(710)	–
Operating profit	3 116	(143)	(562)	2 314	–	(1 407)	3 318
Total assets	35 179	4 671	16 602	37 369	–	42 864	136 685
FOR THE 12 MONTHS ENDED 30 JUNE 2011							
Revenue – external customers	8 067	1 036	1 001	7 398	–	–	17 502
Intersegmental revenue	–	–	–	–	1 285	(1 285)	–
Operating profit	5 212	(408)	(671)	4 253	–	(2 476)	5 910
Total assets	36 716	6 459	18 463	42 961	–	42 429	147 028

FAIRVEST PROPERTY HOLDINGS LIMITED

Incorporated in the Republic of South Africa (Registration number: 1998/005011/06) Linked unit code: FVT ISIN: ZAE000034658 ("Fairvest" or "the Company" or "the Group")
These condensed consolidated results were prepared by the Financial Director, BJ Kriel.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2011 R'000	Unaudited 6 months to 31 December 2010 R'000	Audited 12 months to 30 June 2011 R'000
Gross revenue	8 905	8 990	17 295
Rental income – contractual	9 469	8 996	17 502
– Straight-line accrual	(564)	(6)	(207)
Operating profit	2 915	3 318	5 910
Fair value adjustment to listed investments	(29)	619	288
Fair value adjustment to investment properties	–	–	10 756
Fair value adjustment to debentures	(1 533)	(895)	(8 358)
Profit on sale of investment property	1 840	–	–
Finance cost	–	(6)	(6)
Foreign exchange gains	629	85	588
Investment revenue	1 837	1 243	2 256
Dividends received	325	–	290
Profit before debenture interest	5 984	4 364	11 724
Debenture interest	(4 461)	(4 247)	(9 352)
Profit before taxation	1 523	117	2 372
Taxation	(1 523)	(117)	(2 372)
Comprehensive income attributable to shareholders	–	–	–
Profit and total comprehensive income attributable to:			
– Owners of the parent	–	–	–
– Non-controlling interest	–	–	–
Reconciliation between profit attributable to shareholders and headline earnings per linked unit			
Shares are traded as part of linked units			
Profit attributable to linked shareholders*	–	–	–
Fair value adjustment to investment properties (net of taxation)	–	–	(7 744)
Headline and diluted headline loss attributable to shareholders	–	–	(7 744)
Fair value adjustment to debentures	1 533	895	8 358
Debenture interest	4 461	4 247	9 352
Headline and diluted headline profit attributable to linked unitholders	5 994	5 142	9 966
Distribution (debenture interest)			
Interim interest distribution per linked unit (cents)	5.2	5.0	5.0
Final interest distribution per linked unit (cents)	–	–	5.9
Total interest distribution per linked unit (cents)	5.2	5.0	10.9
Earnings per share			
Basic and diluted earnings per share (cents)*	–	–	–
Headline and diluted headline loss per share (cents)*	–	–	(9.0)
Headline and diluted headline earnings per linked unit (cents)**	7.0	6.0	11.6
Net asset value per linked unit and net tangible asset value per linked unit (cents)**	158.1	147.6	156.3
Linked unit statistics (excluding treasury shares)			
Linked units in issue	85 795 988	85 795 988	85 795 988
Effective linked units in issue	85 721 986	85 721 986	85 721 986
Weighted average number of linked units	85 721 986	85 721 986	85 721 986

* Headline earnings have been presented in accordance with IAS 33. The linked unit structure of the Group whereby every shareholder is a debenture holder, coupled with the terms of the Debenture Trust Deed which states that 99.9% of profits are attributable to debenture holders, results in the benefits of improved trading which would be ordinarily attributable to shareholders being expensed in the income statement as a fair value adjustment to debentures and debenture interest. This results in no profit being attributable to ordinary shareholders.

** Linked unit debentures are included in the net asset value and net tangible asset value calculation.

OTHER SEGMENTAL INFORMATION

	Unaudited 31 December 2011 R'000	Unaudited 31 December 2010 R'000	Audited 30 June 2011 R'000
Regional profile based on leasable area			
Eastern Cape	26%	29%	29%
Free State	10%	12%	10%
Gauteng	21%	20%	20%
KwaZulu-Natal	43%	39%	41%
Vacancy profile based on gross lease area			
Gross lease area in metres squared as at end of period	24 967	27 021	26 269
Vacancy area in metres squared	4 922	5 044	5 653
Vacancy area as % of gross lease area	19.7%	18.7%	21.5%
Regional vacancy profile			
Eastern Cape	0%	16%	23%
Free State	12%	0%	0%
Gauteng	67%	66%	62%
KwaZulu-Natal	20%	18%	15%

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim results for the six months ended 31 December 2011, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual financial statements for the year ended 30 June 2011 except for the adoption of new and amended IFRS and IFRIC interpretations, these did not impact on the financial position or performance or performance of the company but has resulted in additional disclosures. These condensed consolidated results as set out in this report have been prepared in accordance and containing the information required by IAS 34 – Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, the Companies Act of South Africa, as amended, and the Listings Requirements of JSE Limited.

These condensed consolidated interim results for the six months ended 31 December 2011 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties, linked units and certain financial assets and financial liabilities which are stated at fair value.

The financial results are presented in Rands, which is Fairvest's functional and presentation currency.

These condensed consolidated interim results for the six months ended 31 December 2011 have not been reviewed by the Group's auditors and have been prepared on the fair value and going concern basis.

The Group's auditors have not reviewed nor reported on any of the comments relating to future distributions.

Estimates

The financial statements do not include any material estimates.

COMMENTARY

Introduction

Fairvest is a property investment holding company with investments in commercial properties in South Africa. The Group appointed a new asset management company in October 2011, which is in the process of implementing a significant growth strategy for the Group, focusing on retail assets in non-metropolitan areas and lower LSM sector.

Review of results

Revenue has continued to increase during the period under review, however the tenancy of the two largest tenants in the portfolio is under risk which could have a significant impact on the net asset value and future distributions of the Group. The distributions for current full year to 30 June 2012 would likely remain in line with the previous period, however the inability to conclude renewals of the leases mentioned would significantly impact distributions for the six months ended 31 December 2012 and future periods. Negotiations are ongoing.

The number of properties in the portfolio reduced to 10 during the period under review, as one vacant property was disposed of. During the period under review R4.1 million was spent on the new A-grade development with a further R41.4 million of capital committed. The project is scheduled to be completed by November 2012 with occupation by the tenant in December 2012. The development is fully let and the completed project will enhance the quality of the assets and the yield of the portfolio.

Revenue increased by 5.3% to R9.5 million during the period under review and if revenue previously derived from CAPAB House which was sold in the current period is excluded, revenue increased by 11.2%. Vacancies decreased from 21.5% in the previous year to 19.7% as a result of the sale of a vacant property.

Operating profit decreased by 12.1% to R2.9 million during the period under review. By taking into account the IFRS adjustments, operating profits increased by 4.9%.

During the period under review Fairvest sold shares held in the Australian listed property sector to the value of R6.111 million (AU\$0.772 million) resulting in a realised gain of R1.159 million. These surplus funds will be utilised in the development currently under way.

The Group therefore declares an interim distribution of 5.2 cents per linked unit for the six months ended 31 December 2011.

Interest distributions and dividends

Interest on debentures has been calculated in terms of the Debenture Trust Deed. An interim interest distribution of 5.2 cents per linked unit has been declared for the six months ended 31 December 2011. The distribution is payable to linked unitholders registered in the books of the Company at the close of business on Friday, 13 April 2012. No dividend has been declared for the period in respect of the linked units.

Last date to trade linked units cum interest payment Wednesday, 4 April 2012
Linked units commence trading ex interest payment Thursday, 5 April 2012
Record date Friday, 13 April 2012
Payment date Monday, 16 April 2012

Linked units may not be dematerialised or rematerialised between Thursday, 5 April 2012 and Friday, 13 April 2012, both days inclusive.

Directorate

D Wilder was appointed as an executive director on 22 September 2011, with A Marcus appointed as his alternate to the board.

Subsequent events

The directors of Fairvest are not aware of any material matter or circumstance arising between 31 December 2011 and this report which may materially affect the financial position of the Group or the results of its operations.

Appreciation

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

For and on behalf of the board

JF du Toit

Chairman

BJ Kriel

Chief Executive Officer and Financial Director

15 March 2012

Cape Town

Registered office: 1st Floor East Wing, The Palms, 145 Sir Lowry Road, Cape Town, 8001, PO Box 4083, Durbanville, 7551

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

Auditor: BDO South Africa Incorporated Registered Auditors

Sponsor: PSG Capital (Proprietary) Limited

Company Secretary: SecCorp Secretarial Services (Proprietary) Limited

Property managers: Blend Property Management (Proprietary) Limited

Directors: Executive: BJ Kriel (Chief Executive Officer and Financial Director), D Wilder, A Marcus

Non-executive: JF du Toit (Chairman), M Epstein, PJ van der Merwe*, LW Andrag*
* independent