FAIRVEST PROPERTY HOLDINGS

Provisional reviewed condensed consolidated results for the year ended 30 June 2013

R349 million new equity raised	18 properties acquired and transferred during the year	Property Portfolio exceeds 100 000 m²	Increased market capitalisation from R107.2 million to R503.7 million	Achieved forecasted distribution of 6.00 cents per linked unit	Conversion to a REIT approved by JSE with effect from 1 July 2013

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Reviewed 30 June 2013 R'000	Audited 30 June 2012 R'000	Audited Restated 30 June 2011 R'000
ASSETS			
Non-current assets	774 810	125 209	100 186
Investment property	770 307	97 079	97 372
Investment property under construction	–	27 768	623
Equipment	354	13	17
Operating lease asset	4 149	349	2 174
Current assets	10 269	31 728	44 692
Listed investments	–	3 275	8 450
Trade and other receivables	7 506	3 591	2 401
Taxation	59	127	–
Cash and cash equivalents	2 704	24 735	33 841
Investment property held for sale	–	6 450	2 150
Total assets	785 079	163 387	147 028
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	3 598	857	857
Non-current liabilities	743 363	147 043	138 006
Linked unit debentures and premium	543 309	143 331	136 455
Interest-bearing borrowings	200 047	–	–
Deferred taxation	7	3 712	1 551
Current liabilities	38 118	15 487	8 165
Taxation	–	–	35
Trade and other payables	38 118	15 487	8 130
Total equity and liabilities	785 079	163 387	147 028

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Reviewed 12 months to 30 June 2013 R'000	Audited 12 months to 30 June 2012 R'000	Audited 12 months to 30 June 2011 R'000
Cash (outflow)/inflow from operating activities	(1 859)	4 358	(8 991)
Cash outflow to investing activities	(567 995)	(13 464)	(5 504)
Cash inflow from finance activities	547 823	–	–
Net decrease in cash and cash equivalents	(22 031)	(9 106)	(14 495)
Cash and cash equivalents at beginning of period	24 735	33 841	48 336
Cash and cash equivalents at end of period	2 704	24 735	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 30 June 2011	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 30 June 2012	857	–	857
Total comprehensive income for the period	–	–	–
Disposal of treasury units	1	–	1
Linked units issued	2 740	–	2 740
Balance at 30 June 2013	3 598	–	3 598

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	125 543	126 400
Net fair value adjustment	–	10 055	10 055
Balance as at 30 June 2011	857	135 598	136 455
Net fair value adjustment	–	6 876	6 876
Balance at 30 June 2012	857	142 474	143 331
Net fair value adjustment	–	57 407	57 407
Disposal of treasury units	1	–	1
Linked units issued	2 740	339 830	342 570
Balance at 30 June 2013	3 598	539 711	543 309

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Reviewed 12 months to 30 June 2013 R'000	Audited 12 months to 30 June 2012 R'000	Audited Restated 12 months to 30 June 2011 R'000
Gross revenue	54 184	16 421	17 295
Rental income – contractual	50 376	18 928	17 502
– straight-line accrual	3 808	(2 507)	(207)
Operating profit	31 520	3 527	5 910
Fair value adjustment to listed investments	284	279	288
Fair value adjustment to investment properties	67 745	9 737	10 756
Fair value adjustment to debentures	(57 407)	(6 876)	(10 055)
Profit on sale of investment property	–	1 840	–
Finance cost	(7 048)	–	(6)
Foreign exchange gains	42	624	588
Investment revenue	4 998	2 856	2 256
Dividends received	–	353	290
Profit before debenture interest	40 134	12 340	10 027
Debenture interest	(27 255)	(9 867)	(9 352)
Profit after debenture interest	12 879	2 473	675
Capital raising expenses	(16 126)	–	–
(Loss)/Profit before taxation	(3 247)	2 473	675
Taxation	3 247	(2 473)	(675)
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)	(67 745)	(7 921)	(9 250)
Headline and diluted headline loss attributable to shareholders	(67 745)	(7 921)	(9 250)
Fair value adjustment to debentures	57 407	6 876	10 055
Debenture interest	27 255	9 867	9 352
Headline and diluted headline profit attributable to linked unitholders	16 917	8 822	10 157
Distribution (debenture interest)*			
Special distribution per linked unit (cents)	3.71	–	–
Interim interest distribution per linked unit (cents)	0.86	5.20	5.00
Final interest distribution per linked unit (cents)	6.00	6.30	5.90
Total interest distribution per linked unit (cents)	10.57	11.50	10.90
Earnings per share			
Basic and diluted earnings per share (cents)**	–	–	–
Headline and diluted headline loss per share (cents)**	(32.1)	(9.2)	(10.8)
Headline and diluted headline earnings per linked unit (cents)**	8.0	10.3	11.8
Net asset value per linked unit and net tangible asset value per linked unit (cents)***	151.9	168.1	160.1
Linked unit statistics (excluding treasury shares)			
Linked units in issue	359 762 307	85 795 988	85 795 988
Effective linked units in issue	359 762 307	85 721 986	85 721 986
Weighted average number of linked units	210 840 698	85 721 986	85 721 986

* Debenture interest is calculated on the capital at a variable rate equal to 99.9% of the net profit of the company before taxation, but after adjusting for extraordinary income and expenditure, capital gains and losses, and capital expenditure.

** 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

	Reviewed 30 June 2013	Audited 30 June 2012	Audited 30 June 2011
Regional profile based on leasable area			
Eastern Cape	6.4%	30.0%	29.5%
Free State	1.9%	9.1%	9.7%
Gauteng	28.8%	15.7%	20.1%
KwaZulu-Natal	32.0%	45.2%	40.7%
Western Cape	30.9%	0.0%	0.0%
Vacancy profile based on gross lease area			
Gross lease area in metres squared as at end of period*	100 578	21 436	24 356
Properties held	28	10	11
Vacancy area in metres squared*	9 023	3 751	3 740
Vacancy area as % of gross lease area	9.0%	17.5%	15.4%
Regional vacancy profile			
Eastern Cape	0.0%	0.0%	23.3%
Free State	0.0%	0.0%	0.0%
Gauteng	37.2%	40.5%	62.1%
KwaZulu-Natal	46.4%	59.5%	14.6%
Western Cape	16.4%	0.0%	0.0%

* Gross lease area and vacancy in the prior and current periods has been updated to exclude unlettable areas

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these reviewed condensed consolidated results for the year ended 30 June 2013, 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 2012. Any other new amendments to IFRS and IFRIC interpretations did not impact on the financial position or performance of the company but has resulted in additional disclosures. These reviewed 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act of South Africa 71 of 2008, and the Listings Requirements of JSE Limited.

These reviewed condensed consolidated results for the year ended 30 June 2013 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties, debentures 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, and have been prepared on a going concern basis.

Review opinion

The condensed consolidated financial results have been reviewed by the company's auditors, BDO South Africa Inc, in accordance with International Standards on Review Engagements 2410. They expressed an unmodified review opinion on the financial information for the year ended 30 June 2013. A copy of their report is available for inspection at the company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

Estimates and critical judgements

Except for the measurement of investment properties, debentures and certain financial assets and financial liabilities the financial statements do not include any material estimates.

COMMENTARY

Introduction

Fairvest's objective is to build a retail focused property fund weighted toward non-metropolitan shopping centres and including convenience, community and regional shopping centres servicing the lower LSM market in high-growth nodes close to commuter networks.

Fairvest's application to the JSE for Real Estate Investment Trust ("REIT") status was approved on 3 July 2013. The conversion to a REIT is effective from 1 July 2013.

2013 marked the start of the 'new' Fairvest with the transfer of 18 properties during the first quarter of 2013 taking the property portfolio from 10 smaller assets to a portfolio of 28 assets valued at R770.3 million. Strategies as communicated previously to linked unitholders are starting to crystallise as is evident from our results.

Acquisitions and associated capital raising activities

Linked unitholders are referred to the company's circular, including revised listings particulars ("RLP"), issued on 5 October 2012 regarding the SA Corporate Real Estate Acquisition, the Put Option Acquisition and the Isolenu Acquisition. Under the vendor consideration placement undertaken to part fund these acquisitions, the company limited the capital raised to R250 million, raised through the issue of 203 252 033 new ordinary linked units at R1.23 per ordinary linked unit. These units were issued and listed on the JSE on 3 December 2012.

Linked unitholders are referred to the SENS announcements regarding the Sebokeng Plaza and Nyanga Junction acquisitions. These acquisitions were funded via a vendor consideration placement, raising R99 million, issuing 70 714 286 linked units at R1.40 per ordinary linked unit.

The Sebokeng Plaza, Nyanga Junction, Score Nyanga and Pick n Pay Vereeniging assets have transferred since we reported on our interim results in March 2013, bringing the total GLA for the portfolio to 100 578 m².

Review of results

Fairvest board of directors are pleased to announce a distribution of 6.00 cents per linked unit for the six months ended 30 June 2013 and further to the distribution of 3.71 cents declared for the five months to 30 November 2012 and 0.86 cents for the one month to 31 December 2012.

As per guidance provided at our previous results presentation, the distribution achieved for the six months ended 30 June 2013 of 6.00 cents per linked unit is in line with the company's circular, including revised listing particulars ("RLP") issued on 5 October 2012. The forecast distribution was achieved in spite of delays in transfers in assets in the SA Corporate portfolio. This was achieved through favourable renewals and conservative estimates in our initial forecasting assisted by the further acquisitions made during the period.

During the period under review the company successfully completed the new CHEP head office development and the significant redevelopment of Westville Junction. These assets are secured by long leases with national tenants, which significantly adds to the quality of the portfolio and tenant base.

Of the 9.0% vacant space, 2.2% is represented by assets currently being redeveloped and 3.0% by a vacant warehouse acquired as part of the SA Corporate portfolio acquisition, bringing the effective vacancy percentage to 3.8%. We expect the vacancy percentage to decrease as the redevelopments are completed with some positive letting after year end.

The total property portfolio increased from R131.3 million in June 2012 to R770.3 million in June 2013 as a result of the 18 new assets acquired.

Fairvest sold the remainder of the Australian and South African listed property shares during the period under review resulting in a realised gain of R0.98 million. The funds were utilised in the redevelopment completed during the period.

Prospects

As reported in our circular issued in October 2012, updated for the updated actual capital structure, the forecast distribution for 12 months to 30 June 2014 of 14.06 cents per linked unit remains achievable. These forecasts are the responsibility of the board of Fairvest and have not been reviewed or reported on by the auditors.

We will continue to focus on growing the portfolio through strategic value-enhancing acquisitions, coupled with a focus on improving the quality of the portfolio through the acquisition of larger centres that dominate in the area in which they are located.

Looking forward, growth in distributions will be delivered through the implementation of strong operational controls, tenant optimisation, rental escalations and the reduction of vacancies.

Interest distributions and dividends

Interest on debentures has been calculated in terms of the Debenture Trust Deed. The final interest distribution of 6.0 cents per linked unit is payable to linked unitholders registered in the books of the company at the close of business on Friday, 11 October 2013. No dividend has been declared for the period in respect of the linked units.

Last date to trade linked units cum interest payment	Friday, 4 October 2013
Linked units commence trading ex interest payment	Monday, 7 October 2013
Record date	Friday, 11 October 2013
Payment date	Monday, 14 October 2013

Linked units may not be dematerialised or rematerialised between Monday, 7 October 2013 and Friday, 11 October 2013, both days inclusive.

Directorate

KR Moloko was appointed as an independent non-executive director on 1 February 2013.

Subsequent events

Linked unitholders are referred to the company's SENS announcement dated 29 August 2013 advising to exercise caution when trading in the company's linked units as the company is in advanced negotiations regarding the acquisition of a portfolio of further properties. The directors of Fairvest are not aware of any other material matter or circumstance arising between 30 June 2013 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

Fairvest Property Holdings Limited

19 September 2013
Cape Town

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 12 MONTHS ENDED 30 JUNE 2013							
Revenue – external customers	8 345	1 283	9 228	17 496	14 024	–	50 376
Intersegmental revenue	–	–	–	–	191	(191)	–
Operating profit	6 334	815	5 946	14 262	10 324	(6 161)	31 520
Total assets	38 872	8 452	195 849	290 114	243 820	7 972	785 079
FOR THE 12 MONTHS ENDED 30 JUNE 2012							
Revenue – external customers	8 121	1 162	1 651	7 994	–	–	18 928
Intersegmental revenue	–	–	–	–	2 264	(2 264)	–
Operating profit	4 019	568	(5)	2 848	–	(3 903)	3 527
Total assets	36 509	7 801	17 850	70 560	–	30 667	163 387
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

DIRECTORS Executive: Darren Wilder (Chief Executive Officer), BJ Kriel (Chief Financial Officer), Adam Marcus (Chief Operating Officer) Non-executive: JF du Toit (Chairman), PJ van der Merwe (Lead Independent Non-executive)#, M Epstein#, LW Andrag#, KR Moloko# #independent **COMPANY SECRETARY**: SecCorp Secretarial Services Proprietary Limited **REGISTERED OFFICE:** Office 18003, 18th Floor, Triangle House, 22 Riebeek Street, Cape Town, 8001, Postnet Suite 30, Private Bag X3, Roggebaai, 8012 **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 **PREPARER OF FINANCIAL STATEMENTS:** BJ Kriel
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")

www.fairvest.co.za