

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 31 December 2012 R'000	Unaudited Restated 31 December 2011 R'000	Audited 30 June 2012 R'000
ASSETS			
Non-current assets	403 289	104 008	125 209
Investment property	356 737	97 372	97 079
Investment property under construction	41 040	4 673	27 768
Equipment	24	15	13
Operating lease asset	5 488	1 948	349
Current assets	38 237	45 530	31 728
Listed investments	–	2 949	3 275
Trade and other receivables	8 462	2 407	3 591
Taxation	–	–	127
Cash and cash equivalents	29 775	40 174	24 735
Investment property held for sale	–	–	6 450
Total assets	441 526	149 538	163 387
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	2 890	857	857
Non-current liabilities			
Linked unit debentures	386 862	138 377	143 331
Long-term liabilities	28 461	–	–
Deferred taxation	8 175	2 187	3 712
Current liabilities	15 138	8 117	15 487
Taxation	406	352	–
Trade and other payables	14 732	7 765	15 487
Total equity and liabilities	441 526	149 538	163 387

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited 6 months to 31 December 2012 R'000	Unaudited 6 months to 31 December 2011 R'000	Audited 12 months to 30 June 2012 R'000
Cash (outflow)/inflow from operating activities	(23 207)	2 122	4 358
Cash (outflow)/inflow to investing activities	(250 214)	4 211	(13 464)
Cash inflow from financing activities	278 461	–	–
Net increase/(decrease) in cash and cash equivalents	5 040	6 333	(9 106)
Cash and cash equivalents at beginning of period	24 735	33 841	33 841
Cash and cash equivalents at end of period	29 775	40 174	24 735

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital R'000	Retained income R'000	Total R'000
Balance at 1 July 2011	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 31 December 2011	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 30 June 2012	857	–	857
Total comprehensive income for the period	–	–	–
Shares issued	2 033	–	2 033
Balance at 31 December 2012	2 890	–	2 890

STATEMENTS OF CHANGES IN LINKED UNIT DEBENTURES

	Linked unit debt capital R'000	Linked unit fair value adjustment R'000	Total R'000
Balance at 1 July 2011	857	132 378	133 235
Restatement – Early adoption of amendments to IAS 12	–	3 220	3 220
Restated balance at 1 July 2011	857	135 598	136 455
Net fair value adjustment	–	1 922	1 922
Balance at 31 December 2011	857	137 520	138 377
Net fair value adjustment	–	4 954	4 954
Balance at 30 June 2012	857	142 474	143 331
Debentures issued	2 033	245 934	247 967
Net fair value adjustment	–	(4 436)	(4 436)
Balance at 31 December 2012	2 890	383 972	386 862

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 2012							
Revenue – external customers	4 103	606	611	3 899	1 094	–	10 313
Intersegmental revenue	–	–	–	–	81	(81)	–
Operating profit	3 319	414	201	2 431	736	(2 265)	4 836
Total assets	35 813	7 771	11 393	181 327	167 106	38 116	441 526
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 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

FAIRVEST PROPERTY HOLDINGS LIMITED

Incorporated in the Republic of South Africa (Registration number: 1998/005011/06) Linked unit code: FVT ISIN: ZAE00034658 ("Fairvest" or "the company" or "the group")

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

Preparer of financial statements: BJ Kriel

Directors: Executive: DM Wilder (Chief Executive Officer), BJ Kriel (Chief Financial Officer), AJ Marcus (Chief Operating Officer)

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2012 R'000	Unaudited Restated 6 months to 31 December 2011 R'000	Audited 12 months to 30 June 2012 R'000
Gross revenue	10 384	8 905	16 421
Rental income – contractual	10 313	9 469	18 928
– straight-line accrual	71	(564)	(2 507)
Operating profit	4 836	2 915	3 527
Fair value adjustment to listed investments	284	(29)	279
Fair value adjustment to investment properties	12 991	–	9 737
Fair value adjustment to debentures	4 436	(1 922)	(6 876)
Profit on sale of investment property	–	1 840	1 840
Finance cost	(118)	–	–
Foreign exchange gains	42	629	624
Investment revenue	979	1 837	2 856
Dividends received	–	325	353
Profit before debenture interest	23 450	5 595	12 340
Debenture interest	(5 551)	(4 461)	(9 867)
Profit after debenture interest	17 899	1 134	2 473
Capital raising expenses	(12 900)	–	–
Profit before taxation	4 999	1 134	2 473
Taxation	(4 999)	(1 134)	(2 473)
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			
<i>Shares are traded as part of linked units</i>			
Profit attributable to linked shareholders*	–	–	–
Capital raising expenses	12 900	–	–
Fair value adjustment to investment properties (net of taxation)	(10 568)	–	(7 921)
Headline and diluted headline loss attributable to shareholders	2 332	–	(7 921)
Fair value adjustment to debentures	(4 436)	1 922	6 876
Debenture interest	5 551	4 461	9 867
Headline and diluted headline profit attributable to linked unitholders	3 447	6 383	8 822
Distribution (debenture interest)*			
Special interest distribution per linked unit (cents)	3.71	–	–
Interim interest distribution per linked unit (cents)	0.86	5.2	5.2
Final interest distribution per linked unit (cents)	–	–	6.3
Total interest distribution per linked unit (cents)	4.57	5.2	11.50
Earnings per share			
Basic and diluted earnings per share (cents)**	–	–	–
Headline and diluted headline earning/(loss) per share (cents)**	2.0	–	(9.2)
Headline and diluted headline earnings per linked unit (cents)**	3.0	7.4	10.3
Net asset value per linked unit and net tangible asset value per linked unit (cents)***	134.8	162.3	168.1
Linked unit statistics (excluding treasury shares)			
Linked units in issue	289 048 021	85 795 988	85 795 988
Effective linked units in issue	288 974 019	85 721 986	85 721 986
Weighted average number of linked units	116 651 643	85 721 986	85 721 986

OTHER SEGMENTAL INFORMATION

	Unaudited 31 December 2012 R'000	Unaudited 31 December 2011 R'000	Audited 30 June 2012 R'000
Regional profile based on leasable area			
Eastern Cape	14.5%	25.7%	30.0%
Free State	4.4%	10.2%	9.1%
Gauteng	5.9%	21.2%	15.7%
KwaZulu-Natal	30.3%	42.9%	45.2%
Western Cape	44.9%	–	–
Vacancy area based on gross leasable area			
Gross lease area in metres squared as at end of period*	44 169	21 436	21 436
Vacancy area in metres squared*	3 743	2 398	3 751
Vacancy area as % of gross lease area	8.5%	11.2%	17.5%
Regional vacancy profile			
Eastern Cape	–	–	–
Free State	–	12.4%	–
Gauteng	40.6%	67.2%	40.5%
KwaZulu-Natal	–	20.4%	59.5%
Western Cape	59.4%	–	–

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these condensed consolidated results for the six months ended 31 December 2012, 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, except for the adoption of new and amendments to IFRS and IFRIC interpretations, these did not impact on the financial position or performance of the group but have resulted in additional disclosures. These condensed consolidated results as set out in this report have been prepared in accordance with 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 Financial Reporting Standards Council, the Companies Act of South Africa 71 of 2008, and the Listings Requirements of JSE Limited.

These condensed consolidated results for the six months ended 31 December 2012 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.

The condensed consolidated financial results have not been reviewed by the company's auditors, BDO South Africa Inc.

Restatement of comparatives
During the previous reporting period, the group early adopted the amended IAS 12 – Income Taxes. This amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 has been updated to include a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. This resulted in a change to the rate of deferred taxation from 28% to the capital gains tax inclusion rate.

The effect of the changes are summarised as follows:

Condensed consolidated statement of financial position

Increase in linked unit debentures 3 609
Decrease in deferred taxation (3 609)

Condensed consolidated statement of comprehensive income

Increase in fair value adjustment to debentures 389
Decrease in deferred taxation (389)

Earnings per share and headline earnings per share

Increase in headline and diluted headline earnings per linked unit (cents) 0.4
Increase in net asset value per linked unit and net tangible asset value per linked unit (cents) 4.2

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.

The investment in related sharelock company, which constitutes the commercial portion of a mixed used building is classified as investment property and measured at fair value.

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.

Acquisitions and associated capital raising activities

Linked unit holders 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.

For the purposes of the forecasts set out in the RLP it had been assumed that the company would raise R300 million through the issue of a combination of A linked units and ordinary linked units.

As a result of the company's capital structure differing from that assumed in the forecast set out in RLP, the projected distribution for the 6 months ended 30 June 2013 is 5.99 cents per linked unit. All other key assumptions underlying the forecast set out in the RLP remain unchanged.

The new linked units issued under the vendor consideration placement were issued and listed on the JSE on 3 December 2012.

Transfer of new properties

Properties transferred by 31 December 2012

Property	Location	Purchase Price R'000	Valuation R'000
Mkuze Corner	KwaZulu-Natal	15 000	14 100
Omniplace	Western Cape	20 000	28 100
St George Square	Western Cape	44 000	42 600
212 Church Street	KwaZulu-Natal	30 000	23 000
Tokai Junction	Western Cape	84 900	94 600
210 Church Street	KwaZulu-Natal	19 556	21 900

Properties transferred after 31 December 2012

Property	Location	Purchase Price R'000	Valuation R'000
Zamdela	Gauteng	13 867	12 300
Clubview Corner	Gauteng	28 000	41 164
425 West Street	KwaZulu-Natal	54 500	71 800
Stretford	Gauteng	9 509	10 014
Sharpville	Gauteng	6 914	6 174
Orange Farm	Gauteng	15 781	18 804
The Ridge Shopping Centre	Gauteng	30 000	25 536

Properties pending transfer

Property	Location	Purchase Price R'000	Valuation R'000
Score Nyanga	Western Cape	8 427	7 400
Pick n Pay Vereeniging	Gauteng	12 934	10 557

Initial portfolio

As at 31 December 2012 Fairvest has taken transfer of 6 of the 15 properties in the initial portfolio and at the date of this report all but two smaller assets have transferred. Transfers of these assets are expected to register by early April 2013. SA Corporate Real Estate exercised their option on one of the Put Option Properties and has until 31 March 2013 to exercise their option on the other.

Subsequent acquisitions

On 28 January 2013, Fairvest concluded an agreement for the acquisition of Nyanga Junction with Momentum Property Investments Proprietary Limited. This acquisition is subject to the Passenger Rail Agency of South Africa consenting to the assignment of the Notarial Lease. We are still awaiting the consent and expect the cession of the lease to be no earlier than 1 July 2013.

On 6 February 2013, Fairvest concluded an agreement for the acquisition of Matsulu Centre with Huwani Projects Proprietary Limited. After completion of the due diligence investigation, Fairvest has decided not to proceed with this acquisition.

On 6 March 2013, Fairvest concluded an agreement for the acquisition of a 50% undivided share in Sebokeng Plaza from Fortress Income 3 Proprietary Limited. This acquisition remains subject to the fulfilment of certain conditions precedent and the expected date of transfer of the asset is on or about 1 June 2013.

Review of results

Fairvest board of directors are pleased to announce a distribution of 0.86 cents per linked unit for the one month ended 31 December 2012 and further to the distribution of 3.71 cents declared for the 5 months to 30 November 2012.

The distribution for the one month ended 31 December 2012 is less than expected as a result of the delays in transfer of the SA Corporate Real Estate Portfolio and the Isolenu Property Portfolio, also discussed above. However, favourable renewals and investment estimates in our initial forecasting assisted the company in reaching the 0.86 cent distribution.

Fairvest completed the development of the 3,336 m² Chep Office in Westville during the period under review and the project was completed on time and on budget. The 10 year lease commenced on 1 December 2012 and the asset was valued at R58.3 million. The redevelopment of the Blue Heights Shopping Centre is also underway, with the centre estimated to reopen by the end of April 2013. The centre is 94% pre-let, with 80% to national tenants.

The total property portfolio increased from R131.3 million in June 2012 to R397.8 million in December