

DISTRIBUTION FOR THE YEAR INCREASED BY **10.29%** TO **16.660 cents** PER SHARE, EXCEEDING GUIDANCE ▲

THE TOTAL PROPERTY PORTFOLIO INCREASED BY **41.4%** TO **R1.92 billion** ▲

NET ASSET VALUE INCREASED BY **9.3%** TO **201.60 cents** PER SHARE ▲

VACANCIES REDUCED FROM **4.4%** TO **3.8%** OF THE TOTAL LETTABLE AREA ▼

11.6% INCREASE ACHIEVED ON RENEWALS ▲

LIKE-FOR-LIKE ANNUALISED NET PROPERTY INCOME INCREASED BY **10.5%** ▲

INCREASED TENANT RETENTION FROM **81.0%** TO **85.2%** ▲

77.6% ANCHOR AND NATIONAL TENANT COMPONENT ▲

DISTRIBUTION GROWTH OF **9% TO 10%** FOR THE YEAR TO 30 JUNE 2017 EXPECTED ▲

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 30 June 2016 R'000	Audited 30 June 2015 R'000
ASSETS		
NON-CURRENT ASSETS	1 895 958	1 365 593
Investment property	1 849 158	1 337 428
Loans receivable	11 377	3 761
Investments	2 064	1 979
Office equipment	504	269
Operating lease asset	32 855	22 156
CURRENT ASSETS	31 229	20 856
Current portion of interest bearing loans	1 482	1 399
Trade and other receivables	19 831	16 030
Cash and cash equivalents	9 916	3 427
Non-current asset held for sale	40 000	–
TOTAL ASSETS	1 967 187	1 386 449
EQUITY AND LIABILITIES		
SHAREHOLDERS INTEREST	1 327 079	1 105 421
Share capital	105 332	5 994
Retained earnings	1 221 747	1 099 427
Non-controlling interest	1 081	–
TOTAL EQUITY	1 328 160	1 105 421
NON-CURRENT LIABILITIES	593 799	209 239
Interest-bearing borrowings	571 227	203 063
Amounts owing to minorities	13 398	–
Derivative financial instrument	1 945	411
Other non-current liabilities	6 948	5 490
Deferred taxation	281	275
CURRENT LIABILITIES	45 228	71 789
Interest-bearing borrowings	3 530	44 371
Trade and other payables	41 698	27 418
TOTAL EQUITY AND LIABILITIES	1 967 187	1 386 449

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12 months to 30 June 2016 R'000	Audited 12 months to 30 June 2015 R'000
GROSS REVENUE	279 735	187 926
Rental income – contractual	268 140	178 698
– straight-line accrual	11 595	9 228
Property expenses	(103 416)	(65 773)
Net profit from property operations	176 319	122 153
Corporate administrative expenses	(16 680)	(12 142)
OPERATING PROFIT	159 639	110 011
Fair value adjustment to investment properties	107 571	82 386
Fair value adjustment to derivatives	(1 534)	(411)
Fair value adjustment to debentures	–	(8 242)
Fair value adjustment to investments	85	(21)
Finance cost	(43 717)	(23 702)
Investment revenue	2 050	1 025
PROFIT BEFORE DEBENTURE INTEREST	224 094	161 046
Debenture interest	–	(38 992)
PROFIT AFTER DEBENTURE INTEREST	224 094	122 054
Capital expenses	(870)	(4 198)
PROFIT BEFORE TAXATION	223 224	117 856
Taxation	(6)	3 348
COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	223 218	121 204

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Audited 12 months to 30 June 2016 R'000	Audited 12 months to 30 June 2015 R'000
Profit and total comprehensive income attributable to:		
– Owners of the parent	222 137	121 204
– Non controlling interest	1 081	–
	223 218	121 204
Reconciliation between profit attributable to shareholders, distributable earnings and headline earnings per share		
Comprehensive income attributable to owners of the parent	222 137	121 204
Fair value adjustment to investment properties (attributable to owners of the parent)	(106 584)	(82 386)
Headline and diluted headline earnings attributable to shareholders	115 553	38 818
Fair value adjustment to debentures	–	8 242
Debenture interest	–	38 992
Headline and diluted headline profit attributable to shareholders	115 553	86 052
Distributable earnings calculation		
Net profit from property operations	176 319	122 153
Straight-line rental income accrual	(11 595)	(9 228)
Corporate administrative expenses	(16 680)	(12 142)
Finance cost	(43 162)	(20 153)
Investment revenue	2 050	1 025
Share issued cum distribution	2 749	3 519
Non-controlling interest share of distribution	(12)	–
Distributable earnings	109 669	85 174
Distribution	109 669	85 174
DISTRIBUTION (Dividend and debenture interest)*		
Interim dividend per share/distribution per linked unit (cents)	8.171	7.427
Final dividend declaration per share (cents)	8.489	7.679
Total distribution per share/linked unit (cents)	16.660	15.106
EARNINGS PER SHARE		
Basic and diluted earnings per share (cents) **	34.65	22.44
Headline and diluted headline earnings per share (cents) **	18.03	7.19
Headline and diluted headline earnings per share (cents) **	18.03	15.93
Net asset value per share and net tangible asset value per share (cents)***	201.60	184.41
Share statistics		
Shares in issue	658 261 805	599 438 276
Weighted average number of shares	641 064 762	540 053 358

* Distributions consists of dividends declared and debenture interest paid in the prior year (prior to the conversion to a share only capital structure). Prior to the conversion of the capital structure debenture interest was 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. In the prior year in terms of the linked unit structure of the group every shareholder was a debenture holder. This coupled with the terms of the Debenture Trust Deed, which stated that 99.9% of profits are attributable to debenture holders, resulted in the benefits of improved trading, which would be ordinarily attributable to shareholders, being expensed in the statements of comprehensive income as a fair value adjustment to debentures and debenture interest. This resulted in no profit being attributable to ordinary shareholders.

*** In the prior year linked unit debentures were included in the net asset value and net tangible asset value calculation.

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12 months to 30 June 2016 R'000	Audited 12 months to 30 June 2015 R'000
Cash inflow from operating activities	19 697	4 239
Cash outflow to investing activities	(444 230)	(168 953)
Cash inflow from financing activities	431 022	164 475
Net increase/(decrease) in cash and cash equivalents	6 489	(239)
Cash and cash equivalents at beginning of period	3 427	3 666
Cash and cash equivalents at end of period	9 916	3 427

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Retained earnings R'000	Shareholders' interest R'000	Non-controlling interest R'000	Total Equity R'000
Balance at 1 July 2014	5 254	–	5 254	–	5 254
Disposal of treasury linked units	22	–	22	–	22
Linked units issued	718	–	718	–	718
Conversion of debentures	–	978 223	978 223	–	978 223
Total comprehensive income for the period	–	121 204	121 204	–	121 204
Balance at 30 June 2015	5 994	1 099 427	1 105 421	–	1 105 421
Shares issued	100 000	–	100 000	–	100 000
Capital issue expenses	(662)	–	(662)	–	(662)
Total comprehensive income for the period	–	222 137	222 137	1 081	223 218
Dividends paid and declared	–	(99 817)	(99 817)	–	(99 817)
Balance at 30 June 2016	105 332	1 221 747	1 327 079	1 081	1 328 160

OTHER SEGMENTAL INFORMATION

	Audited 30 June 2016	Audited 30 June 2015
Regional profile based on lettable area		
KwaZulu-Natal	23.3%	31.0%
Western Cape	18.9%	22.0%
Gauteng	16.1%	21.6%
Free State	16.1%	3.0%
Northern Cape	9.6%	6.3%
Eastern Cape	7.3%	4.5%
Limpopo	6.2%	8.2%
Mpumalanga	2.5%	3.4%
Vacancy profile based on gross lease area		
Gross lease area in metres squared as at end of period *	185 937	139 247
Properties held	39	34
Vacancy area in metres squared *	7 060	6 058
Vacancy area as % of gross lease area	3.8%	4.4%

Regional vacancy profile (m²)

(regions where vacancies are located)

Western Cape	3 409	1 708
Gauteng	1 160	894
Free State	1 093	–
KwaZulu-Natal	771	2 653
Northern Cape	379	207
Limpopo	248	101
Eastern Cape	–	495

* Gross lease area and vacancy in the prior and current periods has been updated after the remeasurement of various properties and excludes unlettable space.

SUMMARISED CONSOLIDATED SEGMENT REPORT

	KwaZulu-Natal	Western Cape	Free State	Gauteng	Northern Cape	Limpopo	Eastern Cape	Mpumalanga	Reconciling items/ (Eliminations)	Total
FOR THE YEAR ENDED 30 JUNE 2016										
Revenue - external customers	64 323	51 469	42 898	39 881	31 205	18 551	10 241	9 572	–	268 140
Operating profit	52 401	33 449	24 239	23 427	16 036	12 747	7 845	6 175	(16 680)	159 639
Total assets	546 571	375 630	269 066	283 825	177 193	118 543	101 917	61 680	32 762	1 967 187

FOR THE YEAR ENDED 30 JUNE 2015

	KwaZulu-Natal	Western Cape	Free State	Gauteng	Northern Cape	Limpopo	Eastern Cape	Mpumalanga	Reconciling items/ (Eliminations)	Total
Revenue - external customers	49 962	46 182	36 978	3 357	14 752	16 570	8 657	2 240	–	178 698
Operating profit	42 519	30 632	18 937	2 714	7 121	11 665	6 716	1 849	(12 142)	110 011
Total assets	491 142	320 117	246 707	26 046	64 607	120 040	40 087	60 304	17 399	1 386 449

Basis of preparation and accounting policies

The preparation of these provisional summarised consolidated financial statements was supervised by the Chief Financial Officer, BJ Kriel CA (SA).

The accounting policies applied in the preparation of these audited summarised consolidated results for the year ended 30 June 2016, 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 2015. Any other new and 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 audited summarised 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 Guidelines as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Council, the Companies Act of South Africa, No 71 of 2008, as amended ("Companies Act") and the Listings Requirements of JSE Limited.

These summarised consolidated results for the year ended 30 June 2016 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties 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.

Audit report

The audited summarised consolidated results for the year ended 30 June 2016 set out above, have been extracted from the group's annual financial statements which have been audited by BDO South Africa Inc. A copy of their unmodified audit opinion 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.

The directors take full responsibility for the preparation of the audited summarised consolidated results presented and that the financial information has been correctly extracted from the underlying financial statements.

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 is a 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 39 properties, with 185 937m² of lettable area and valued at R1 925.1 million.

CAPITAL RAISING ACTIVITIES

Shareholders are referred to the company's SENS announcement dated 15 October 2015, regarding the placement of 58 823 529 new ordinary shares which were issued through a vendor consideration placement at an issue price of R1.70 per share, raising R100 million of new equity.

REVIEW OF RESULTS

Fairvest board of directors are pleased to announce a 10.55% increase in the final dividend distribution of 8.489 cents per share for the six months ended 30 June 2016. This brings the total combined dividend for the year to 16.660 cents per share, which is a 10.29% increase from the previous year, exceeding our updated guidance issued in March 2016 of between 9.25% and 10.25% growth in distribution for the full year.

Distribution history (cents per share/linked unit)	Interim	Final	Total
Jun-12	5.200	6.300	11.500
Jun-13	4.570	6.000	10.570
Jun-14	6.750	6.970	13.720
Jun-15	7.427	7.679	15.106
Jun-16	8.171	8.489	16.660

Revenue for the year ended 30 June 2016 increased by 48.9% to R279.7 million, as a result of income growth in the historic portfolio as well as the acquisitions during the year. Net profit from property operations increased by 44.3% to R176.3 million, while corporate administration expenses increased by 37.4% to R16.7 million, resulting in distributable earnings increasing by 28.8% to R109.7 million. Gross property expenses as a ratio of revenue increased marginally from 36.8% for the year to 30 June 2015 to 38.6%, as a result of the increases in rates and taxes and electricity, as well as higher cost to income ratios on assets acquired during the year. The net property expense ratio (expenses net of utility recoveries) remained well contained and in line with the previous year at 17.3%, which continues to demonstrate good cost containment and effective recoveries.

Gross rentals across the portfolio trended upwards, with an 8.2% increase in the weighted average rental to R99.40/m² at 30 June 2016 compared to R91.85/m² at 30 June 2015. The weighted average contractual escalation for the portfolio improved from 7.4% as at 30 June 2015 to 7.5% at 30 June 2016.

The net asset value increased by 20.1% from R1.11 billion to R1.33 billion at 30 June 2016, which equates to 201.60 cents per share, a 9.3% increase from the previous year.

Net asset value and market capitalisation	Market capitalisation R'million	Net asset value R'million	Net asset value per share (cents)
Jun-13	503.7	546.5	151.90
Jun-14	733.4	838.9	159.00
Jun-15	1 079.0	1 105.4	184.40
Jun-16	1 020.3	1 327.1	201.60

PROPERTY PORTFOLIO

The total property portfolio increased by 41.4% from R1 361.8 million in June 2015 to R1 925.1 million. The increase is as a result of the acquisition during the period to the value of R412.3 million and capital expenditure incurred of R31.9 million, as well as the historic portfolio increasing by 8.8% relative to the previous year. The average value per property increased by 23.2% to R49.4 million, while the average value per square meter increased by 5.9% to R10 354/m².

Portfolio valuation history	R' million
Jun-12	103.5
Jun-13	774.8
Jun-14	1 109.1
Jun-15	1 361.8
Jun-16	1 925.1

In line with the accounting policy of the group, at least a third of the portfolio was valued by independent external valuers. Of the 39 properties in the portfolio, 14 properties equating to 38.9% by value, was valued by independent valuers, DDP Valuers and the remainder by the directors. All properties are valued by independent external valuers at least every three years. The properties are valued using the five year discounted cashflow method. Assumptions are made on the discount rates used to determine the present value of the cashflows and on the capitalisation rate on an assumed sale after five years. The weighted average discount rate used was 15.2% compared to 14.9% in 2015 and the weighted average capitalization rate used was 10.3% compared to 10.0% in 2015.

Acquisitions

Shareholders are referred to Fairvest's various SENS announcements, regarding certain acquisitions by the Company. Seven new properties were acquired during the period, of which five transferred during the current period and two transferred after year-end.

Properties transferred during the year

Property	Location	GLA (m ²)	Purchase price R'000	Anchor tenant	Date of transfer
Sibilo	Northern Cape	8 528	95 000	Shoprite	24-Aug-15
Middestad Centre	Free State	19 857		Shoprite	26-Aug-15
Mega Park	Free State	5 960		Fielli	26-Aug-15
Redefine portfolio		25 817	239 049		
Parow Valley Spar *	Western Cape	2 455	18 800	Spar	10-May-16
Elliotdale Boxer **	Eastern Cape	7 217	59 400	Boxer	09-May-16

Properties transferred after 30 June 2016

Property	Location	GLA (m ²)	Purchase price R'000	Anchor tenant	Date of transfer
Mqanduli Boxer **	Eastern Cape	6 945	37 600	Boxer	07-Jul-16
Tabankulu Boxer **	Eastern Cape	4 117	32 000	Boxer	15-Jul-16

* The Parow Valley Spar was acquired in a newly incorporated subsidiary, Parow Valley Spar Proprietary Limited, of which Fairvest owns 51%.

** The Mainstream portfolio was acquired in a newly incorporated subsidiary FPP Property Venture 103 Proprietary Limited, of which Fairvest owns 80%.

Property acquired after year-end

Property	Location	GLA (m ²)	Purchase price R'000	Anchor tenant	Expected date of transfer
Macassar Shoprite *	Western Cape	5 578	41 500	Shoprite	30-Sep-16

* The Macassar Shoprite will be acquired in a newly incorporated subsidiary, Urban Growth Properties Proprietary Limited, of which Fairvest owns 80%.

Disposals

Fairvest is in the process of concluding an agreement of sale with a black empowered consortium for the disposal of SASSA House. Fairvest will provide vendor finance for the transaction and the new shareholders will be required to conclude a lease renewal with Department of Public Works.

Value extraction

St George Square

When the property was acquired in 2012, approximately 1 867m² of the gross lettable area were unlettable space, and were therefore included in the purchase consideration at no value. During the current financial year the previously unlettable space was converted to 1 813m² of new retail and storage space has been created and certain tenants were strategically relocated into the newly created premises. In addition to the creation of additional GLA, the centre is being repainted and new signage pylons provided to improve the overall shopping experience by way of enhanced aesthetics.

Qualbert Centre

The redevelopment of the Qualbert Centre was largely concluded during year. The introduction of a food anchor, through the conclusion of a 10-year lease with Pick 'n Pay, has positively repositioned the centre and is attracting a broader customer base. Vacancies have reduced significantly and the overall tenant quality has improved. The project also included a facade upgrade to the centre, as well as improved lighting.

PORTFOLIO COMPOSITION, LETTING AND VACANCIES

Tenant grade as a percentage of GLA

	Jun-16	Jun-15
A-grade tenants	77.6%	78.5%
B-grade tenants	7.0%	6.6%
C-grade tenants	15.4%	14.9%

A – Anchor and national tenants

B – Franchise, professional and large tenants

C – Other

The high national tenant component of 77.6% of the portfolio provides shareholders with a relatively low risk investment profile.

Vacancies reduced from 4.4% to 3.8% or 7 060m² during the year under review, mainly as a result of some positive letting at Qualbert Centre, Richmond Shopping Centre and SASSA House. This was partially offset by vacancies in some of the newly acquired properties, as well as additional GLA created in St Georges Square which was vacant at year-end.

Lease expiry profile	Based on rentable area	Based on gross rental
Vacant	3.8%	–
Monthly/expired	8.0%	7.5%
Jun-17	17.6%	20.1%
Jun-18	21.0%	23.4%
Jun-19	12.3%	13.0%
Jun-20	15.2%	14.5%
After Jun-21	22.1%	21.5%

During the year under review 62 new leases were concluded which equates to a GLA of 8 695m². Renewal activity was also positive with an 11.6% escalation achieved on the 19 424m² of leases that were renewed during the year. Tenant retention for the year was 85.2%, an improvement from the 81% for the previous year. The weighted average lease term is 36 months

BORROWINGS

The loan to value ("LTV") ratio was 29.7% (LTV is calculated as total interest bearing debt divided by total property assets), which increased from 19.0% in June 2015 as a result of the acquisitions during the year. As at 30 June 2016, 57.7% of the debt was fixed either through swaps or fixed rate loans, with a weighted average expiry for the fixed debt of 27 months, a significant improvement from the 36.2% fixed debt component as at 31 December 2015.

The weighted average all-in cost of funding increased from 9.02% at June 2015 to 9.42% at 30 June 2016, mainly as a result of the increases to the repo rate. The weighted average maturity of debt decreased from 31 months to 27 months.

After year-end an additional interest rate swap to the value of R100 million was entered into, which will, after the conclusion of the Macassar Shoprite acquisition, increase LTV to 33.4% and further improve the fixed component of debt to 62.7%.

PROSPECTS

Pressure will remain on tenants in a low economic growth, and rising interest rate environment and we expect trading conditions to remain challenging. Despite the weak economic outlook the portfolio is well positioned, with a low-risk tenant base and improved portfolio quality to continue to achieve strong growth in distributions. Management is confident that Fairvest should be able to achieve distribution growth of between 9% and 10% for the 2017 financial year. We will continue to remain conservatively geared and sufficiently hedged to minimize the impact of potential interest rate increases.

This view assumes no material deterioration in the macro-economic environment relative to current levels, that no major corporate failures will occur and that tenants will be able to absorb increases in municipal and utility costs. Forecast rental income is based on contractual lease terms and anticipated market related renewals. This forecast is the responsibility of the board of Fairvest and has not been reviewed or reported on by the auditors.

DIVIDEND WITH ELECTION TO REINVEST

The board has approved and declared a final gross distribution of 8.489 cents per share for the six-month period ended 30 June 2016, payable to shareholders registered as such at the close of business on Friday, 14 October 2016.

Shareholders will be entitled, in respect of all or part of their shareholdings, to elect to reinvest the cash dividend of 8.489 cents per share, in return for new Fairvest ordinary shares ("Reinvestment Alternative"), failing which they will receive the cash dividend.

Further details regarding the dividend and Reinvestment Alternative, including the tax treatment and a detailed timetable, will be included in a separate SENS announcement, to be released today, 8 September 2016.

SUBSEQUENT EVENTS

The directors of Fairvest are not aware of any further material matters or circumstances arising between 30 June 2016 and this report which may materially affect the financial position of the group or the results of its operation.

APPRECIATION

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

For and on behalf of the board

Fairvest Property Holdings Limited

8 September 2016

Cape Town

Executive

DM Wilder (*Chief executive officer*)

BJ Kriel (*Chief financial officer*)

AJ Marcus (*Chief operating officer*)*

* alternate to DM Wilder

Non-executive

J F du Toit (Chairman)

LW Andrag (Lead independent director)[#]

KR Moloko[#]

N Mkhize[#]

JD Wiese[#]

[#] independent

Company Secretary

SecCorp Secretarial Services Proprietary Limited

Registered office

8th Floor, The Terraces, 34 Bree 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