News release

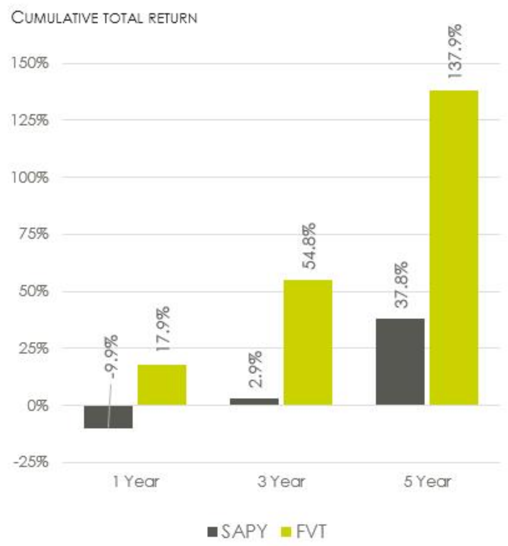
4 September 2018

FAIRVEST REAPS REWARDS FOR CONSISTENCY, OUTPERFORMS THE MARKET

Cape Town, 4 September 2018. South Africa's top performing SA REIT Fairvest Property Holdings Limited ("Fairvest") today announced solid results for the year to 30 June 2018, with annual distributions increasing by 9.91% to 20.150 cents per share. Chief Executive Officer, Darren Wilder said: "*Fairvest continues to deliver sector beating growth in distributions, while advancing the portfolio and improving the quality of the underlying properties at the same time. Annualised like-for-like net property income growth of 11.7% points to the quality of earnings, as well as healthy escalations in our portfolio.*"

Fairvest continues to create significant shareholder value. Its total return to shareholders over one, three, five and ten years, ranks the company amongst the top three REITs in each of those periods. Fairvest has over the past year produced an annual return to shareholders of 17.9%, making it the top performing REIT for the 12 months.

CONSISTENT OUTPERFORMANCE



CEO: Darren Wilder

HIGHLIGHTS

- **Like-for-like annualised property income increased by 11.7%**
- **Annual distribution per share increased by 9.91% to 20.150 cents**
- **Property portfolio increased by 35.5% to R2.99 billion**
- **Net asset value increased to 4.4% to 227.78 cents per share**

- **Raised R422.4 million of new equity**
- **Vacancies decreased to 3.5% of total lettable area**
- **Arrears were maintained at 2.0% of revenue**
- **Tenant retention remains high at 86.9%**

Fairvest maintains 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 income market, in high-growth nodes, close to commuter networks. Wilder said that this strategic focus has remained consistent for several years and, together with the quality of the portfolio, has contributed to the healthy outperformance over time. The Fairvest property portfolio consists of 44 properties, with 237 965m² of lettable area and valued at R2.99 billion.

Portfolio growth

The property portfolio increased by 35.5% from R2.20 billion at 30 June 2017 to R2.99 billion. Fairvest raised R422.4 million of new equity during the year, which, together with existing debt facilities, was utilised to fund acquisitions of R579.7 million. Fairvest acquired, among others, a 50% stake in Bara Precinct in Gauteng and entered a strategic relationship with Abland to develop South View Shopping Centre in Soshanguve, Gauteng. This recently completed, 7 620m² shopping centre, is anchored by Shoprite. Capital enhancement projects at existing properties during the year included a Shoprite extension and redevelopment at Macassar Shopping Centre, as well as completion of phase one of the redevelopment at Middestad Mall.

The historic portfolio increased by 7.4% from the prior year. Asset quality continues to improve, with the average value per property increasing by 26.3% to R67.8 million and the average value per square meter by 13.9% to R12 552/m².

Distribution growth

Revenue increased by 22.1% to R404.3 million, due to income growth in the portfolio, as well as acquisitions during the period. Net profit from property operations increased by 26.4% to R264.7 million, while corporate administration expenses increased by 29.1% to R25.0 million. Distributable earnings increased by 29.9% to R186.9 million.

A strong focus on cost containment and efficient recoveries of municipal charges, improved the property expense ratio (net of utility recoveries) to 13.0%, compared to 15.5% for the previous financial year. Certain municipal expenses provided for in the previous financial years that were lower than anticipated, also contributed to the large improvement. Gross cost to income ratio reduced from 37.6% to 36.4%.

Gross rentals across the portfolio trended upwards, with a 7.9% increase in the weighted average rental to R112.50/m² at 30 June 2018 compared to R103.99/m² at 30 June 2017.The weighted average contractual escalation for the portfolio remained unchanged at 7.4%.

The company declared a final dividend of 10.344 cents per share for the six months ended 30 June 2018, up 10.28%. This brings the total combined dividend for the year to 20.150 cents per share, a 9.91% increase from the previous year and within the issued guidance of 9% to 10%.

Property fundamentals
The portfolio remains well diversified across South Africa, with the four largest provinces, KwaZulu- Natal, Western Cape, Free State and Gauteng contributing 76.6% of revenue. The high national tenant component of 74.4% of the portfolio provides shareholders with a low risk investment profile, with national food retailers occupying more than a third of the portfolio.

Vacancies decreased from 4.7% to 3.5% during the year, due to letting at Middestad Mall, Clubview and Masingita, partly offset by new vacancies at The Palms and Bara Precinct.

During the financial year, 108 new leases were concluded with a total GLA of 11 513m². Fairvest successfully renewed 26 497m² of leases, on which a positive reversion of 6.9% was achieved. Tenant retention improved from 72.8% to 86.9%, while the weighted average lease term decreased from 38 to 32 months.

Borrowings
Fairvest's loan to value ("LTV") ratio remains conservative at 25.1%, having increased marginally from 24.4% due to acquisitions during the period. As at year-end, 45.9% of the debt was fixed through swaps, with a weighted average expiry for the fixed debt of 24 months. The various floating rate loans extended improves the effective hedged position to 80.4% at 30 June 2018.

Steady progress was made of Fairvest's funding profile, with the weighted average all-in cost of funding decreasing from 9.46% to 9.16% and the weighted average maturity of debt increasing from 15 to 17 months. Discussions on the renewal of various expiring facilities are in progress with funders and we expect the maturity profile of debt to improve and available facilities to increase during the next financial year. The company has existing available headroom for acquisitions of some R400 million.

Prospects
Fairvest said that it expects lacklustre economic conditions to continue and to potentially have a negative impact on the trading performance of its tenants. However, despite these headwinds, the company is confident that it should achieve distribution growth of between 8% and 10% for the 2019 financial year.

Wilder said "*the defensive nature of our portfolio is evident from the latest SAPOA retail trends report, which indicates that small regional centres have been recording positive growth in trading density for most of 2018, despite the decreasing trend in trading densities across the aggregate of South African shopping centres. Accessibility, convenience and daily necessities continue to attract customers to our centres throughout economic cycles. We are a hands-on team on will continue to focus on excellence in property basics - maintaining strong property fundamentals and maximising value creation. With our a low-risk tenant base our portfolio remains well positioned to continue to achieve strong sustainable property growth*".

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