



The Pivotal Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2005/030215/06)
("Pivotal" or "the Fund")

Pivotal delivers consistently

- **Net asset value excluding deferred tax per share increased by 23.91% to R22.80 year-on-year**
- **Development pipeline of 674 000m²**
- **Construction commenced at Loftus Park phase 1, Kyalami Corner retail, Hill on Empire and Wonderboom Junction**
- **Total assets increased by 33% to R13.8 billion**
- **Investment in international assets of R1.2 billion**
- **Gross rental income increased by 56.7% to R739.2 million**

25 May 2016. The Pivotal Fund Limited ('Pivotal'), a development focused investment fund, today reported strong growth for the financial year ended 29 February 2016 with a 23.91% increase in net asset value per share to R22.80, excluding deferred tax. Pivotal's strategy of developing and managing high quality retail, office and industrial assets in key nodes continued to underpin its consistent results in a politically and economically uncertain environment.

As at 29 February 2016, Pivotal's combined property portfolio was valued at R11.3 billion and R1.2 billion for directly and indirectly held assets respectively. During the year under review, Pivotal acquired properties and strategic land for development to the value of R494 million. Pivotal also concluded the purchase of its first asset in the rest of Africa being a 37.1% share in the Oando Wings Office development currently under construction in Nigeria.

Pivotal's Chief Executive, Jackie van Niekerk commented: ***"Our focus remains on creating sustainable value for our investors by focusing on consistent growth through our extensive development pipeline, international investments and pro-active management of our portfolio. Pivotal has a secure long-term development pipeline that was further bolstered with the acquisition of additional development land to the value of R494 million."***

"The conversion of our secured pipeline to current development commenced at Loftus Park mixed used development phase 1, Kyalami Corner shopping centre phase 1, Hill on Empire building A as well as the redevelopment at Wonderboom Junction."

At 29 February 2016, Pivotal's net asset value per share, excluding deferred tax, was R22.80, an increase of 23.91% in comparison to the net asset value per share for the year ending 28 February 2015 of R18.40.

***“The growth in our net asset value per share was attributable to the revaluation of the income producing properties, fair value adjustments on current developments and financial instruments, an increase in net working capital and gains on foreign currency translation.*”**

Our strategic objective remains generating consistent returns from our portfolio of investments over time achieved through capital growth from our completed portfolio, unlocking development margin on key developments and growth from our offshore investments,” commented Aaron Suckerman, Pivotal's Financial Director.

Pivotal currently has borrowings of R5.8 billion which represents 45.8% of the current property portfolio value which includes indirect property investments. At 29 February 2016, the average cost of funding increased marginally to 9.56% from 9.36% at 28 February 2015 and interest rates have been fixed in respect of 84% of borrowings for an average period of four years.

Aaron Suckerman says: ***“Our interest rate hedge policy remains conservative and forms part of our risk mitigation strategy. We believe we are well positioned to weather the current economic and political uncertainty by de-risking our current development pipeline through pre-letting activity, development contracts which are fixed so we are not exposed to currency fluctuations and cashflows that are underpinned by quality income producing assets which account for 74% of our property portfolio.”***

The Fund will build on its growth and diversification strategy by pursuing opportunities to expand and diversify its investment portfolio through selective investment in emerging and mature markets.

Pivotal has entered into an agreement with Mara Delta Property Holdings Limited (“Mara Delta”) (previously Delta Africa) to incorporate its rest of Africa investments into Mara Delta and to invest up to R370 million in the company. During the year Pivotal completed its first investment into Mara Delta by way of a subscription of approximately two million shares in Mara Delta at a cost of USD3.41 million.

Jackie van Niekerk said: ***“The transaction gives Pivotal the benefits of diversification of risk by way of a spread of quality income producing investments and quality development opportunities.”***

Post year end Pivotal entered into a share sale agreement and a co-investors agreement with Redefine Properties Limited which will result in Pivotal acquiring approximately 6.06% of Echo Prime Properties B.V. (“Echo”) for a consideration of €31.07 million.

Jackie van Niekerk commented: ***“We are very excited about the Echo transaction as part of our diversification strategy. Echo has in-country knowledge and the portfolio comprises high quality and modern assets with solid property fundamentals to the value of €1.2 billion.”***

Echo owns a €1.18 billion portfolio of prime shopping centres and offices across Poland. The effective date of the transaction will be 31 May 2016.

Pivotal made a number of changes to the board post year end. Tom Wixley has stepped down as chairman of the board but will remain on the board as an independent non-executive director with Sakumzi Macozoma (Saki) being appointed as an independent non-executive director and chairman of the board. Dave Savage stepped down as executive director and will remain on the board as a non-executive director.

***“We would like to welcome Saki to the board as chairman and thank Tom for his valuable input and guidance as chairman.*”**

“We anticipate that sluggish economic growth both in South Africa and internationally, coupled with high volatility in financial markets, will continue. Our risk mitigation by way of conservative borrowing and interest rate hedging policies, quality income-producing assets and development pipeline as well as an increasing international investment exposure places Pivotal in a strong position to weather the storm in these uncertain times.

“Pivotal will continue to re-invest in its portfolio of properties to ensure delivery of sustainable growth with focused attention being placed on the key fundamentals,” concluded Van Niekerk.

END

ENQUIRIES

The Pivotal Fund Limited

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Pivotal website

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NOTES TO EDITORS

Pivotal was listed on 8 December 2014, raising R1 billion by way of a private placement at an issue price of R17.00 per share. The Fund has delivered a compound annual growth rate of 25.40% for the past six years.

Pivotal’s portfolio consists of A-grade, strategically located retail and commercial office assets, resulting in an exceptionally low vacancy rate across the portfolio of 1.82% of GRA. (2014: 2.13% of GRA).

LEADERSHIP AND MANAGEMENT TEAM

Pivotal is led by a pro-active management team, with strong credentials, who have extensive experience in the sector.

Executive Directors

- Jackie van Niekerk Chief Executive Officer
- Aaron Suckerman Financial Director

Non-executive Directors

- Dave Savage Non-executive Director
- Thys Nesor Non-executive Director
- Stewart Shaw-Taylor Non-executive Director

Independent Non-Executive Directors

- Sakumzi Macozoma Independent Non-executive Chairman
- Tom Wixley Independent Non-executive Director
- Tony Dixon Independent Non-executive Director
- Chris Ewing Independent Non-executive Director
- Thando Sishuba Independent Non-executive Director

Summarised audited consolidated financial results

for the year ended
29 February 2016



Highlights

NAVPS excluding deferred tax up

23.91% to R22.80



Development pipeline of

674 000m²

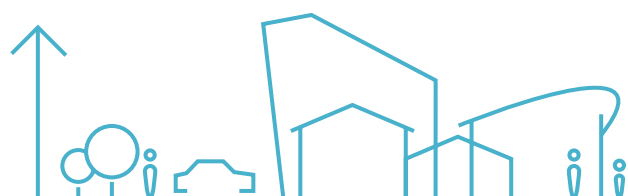


Construction commenced at Loftus Park phase 1, Kyalami Corner Shopping Centre, Hill on Empire Office Park and Wonderboom Junction



Total assets up

33% to R13.8bn



Investments in international assets

R1.2bn



Net rental income up

56.7% to R739.2m



Summarised consolidated statement of financial position

AT 29 FEBRUARY 2016

	Audited As at Feb 2016 R'000	Audited As at Feb 2015 R'000
ASSETS		
Non-current assets	11 989 983	9 812 489
Investment property	8 771 992	7 992 125
Straight-line rental income accrual	397 305	318 287
Lease costs and incentives	54 501	39 285
Fair value of investment property	9 223 798	8 349 697
Investment property under construction	2 048 336	907 964
Interest in associate	1 368	1 472
Intangibles and goodwill	536 870	551 670
Plant and equipment	2 987	1 686
Investments	57 288	–
Interest rate swaps	119 336	–
Current assets	1 767 952	497 665
Trade and other receivables	113 388	197 540
Loans receivable	97 226	56 885
Cash and cash equivalents	382 480	243 240
Non-current assets held for sale	593 094	497 665
	1 174 858	–
Total assets	13 757 935	10 310 154
EQUITY AND LIABILITIES		
Capital and reserves	6 490 933	4 849 504
Stated capital	4 548 753	3 979 559
Share-based payment reserve	5 037	290
Foreign currency translation reserve	234 351	–
Reserves	1 702 792	869 655
Non-current liabilities	6 190 853	5 031 038
Interest-bearing liabilities	5 230 268	4 306 947
Interest rate swaps	–	76 101
Deferred taxation	960 585	647 990
Current liabilities	1 076 149	429 612
Trade and other payables	192 548	236 930
Loans from shareholders	–	1 306
Interest-bearing liabilities	883 601	191 376
Total equity and liabilities	13 757 935	10 310 154
Net asset value per ordinary share (R)	19.78	16.23
Net asset value per ordinary share, excluding deferred taxation (R)	22.80	18.40

Summarised consolidated statement of comprehensive income

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Audited Year ended Feb 2016 R'000	Audited Year ended Feb 2015 R'000
Contractual rental income	777 804	460 357
Straight-line rental income accrual	85 743	88 308
Sundry income	–	506
Revenue	863 547	549 171
Property expenses	(124 347)	(77 098)
Net property income	739 200	472 073
Other operating expenses	(63 484)	(29 788)
Operating profit	675 716	442 285
Other income	21 259	5 642
Amortisation of intangibles	(14 800)	(7 400)
Changes in fair value – other financial liabilities	(49 784)	–
Income from associates	216 296	9 229
Changes in fair values	680 027	434 683
– Investment properties	481 041	504 316
– Financial instruments	198 986	(69 633)
Income from operations	1 528 714	884 439
Finance charges	(437 004)	(268 748)
Finance and other investment income	54 021	5 136
Profit before taxation	1 145 731	620 827
Taxation	(312 594)	(121 523)
– Current	–	(199)
– Deferred	(312 514)	(121 324)
Profit after taxation	833 137	499 304
OTHER COMPREHENSIVE INCOME		
Items that are or may be reclassified to profit and loss:		
Translation of foreign operations	234 351	–
Total comprehensive income	1 067 488	499 304
EARNINGS PER SHARE		
Basic profit is reconciled to headline earnings as follows		
Profit after taxation	833 137	499 304
– Profit on disposal of associate	–	(5 642)
– Fair value adjustment on investment property	(481 041)	(504 316)
– Deferred tax thereon	107 753	94 139
– Deferred tax as a result of rate adjustment	89 105	–
– Fair value adjustment on associate held properties	(243 924)	–
– Deferred tax thereon (10%)	24 392	–
Headline earnings	329 422	83 485
Number of shares in issue (adjusted for treasury shares)	327 679 771	298 233 827
Weighted average number of shares in issue	311 573 209	177 411 886
Basic earning per share (cents)*	267	281
Headline earnings per share (cents)*	106	47

* There are no dilutionary instruments in issue.

Summarised consolidated statement of cash flows

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Audited Year ended Feb 2016 R'000	Audited Year ended Feb 2015 R'000
Cash flows from operating activities		
Cash generated from operations	603 796	435 301
Finance and other investment income	19 675	5 136
Finance charges	(493 139)	(267 277)
Taxation paid	–	(199)
Net cash generated from operating activities	130 332	172 961
Net cash utilised in investing activities	(2 129 605)	(1 984 776)
Net cash generated from financing activities	2 138 513	1 991 884
Net increase in cash and cash equivalents	139 240	180 069
Cash and cash equivalents at the beginning of the year	243 240	63 171
Cash and cash equivalents at the end of the year	382 480	243 240

Summarised consolidated statement of changes in equity

FOR THE YEAR ENDED 29 FEBRUARY 2016

	Audited Year ended Feb 2016 R'000	Audited Year ended Feb 2015 R'000
Opening balance	4 849 504	1 157 139
Total comprehensive income for the year	1 067 488	499 304
Share-based payment expenses	4 747	290
Issue of ordinary shares and share buyback	573 502	3 213 747
Share issue costs	(3 263)	(21 950)
Issue of preference shares	4 595	976
Cancellation of preference shares	(5 640)	–
Closing balance	6 490 933	4 849 504

Condensed segmental analysis

R'000	Retail	Commercial	Other	Total
YEAR ENDED 29 FEBRUARY 2016				
Revenue, excluding straight-line rental income accrual	357 229	409 672	10 903	777 804
Property expenses	(76 643)	(46 810)	(894)	(124 347)
Segment results	280 586	362 862	10 009	653 457
Fair value adjustment – investment property	131 538	297 134	52 369	481 041
Investment properties	4 371 557	6 297 028	603 549	11 272 134
YEAR ENDED 28 FEBRUARY 2015				
Revenue, excluding straight-line rental income accrual	268 789	187 501	4 067	460 357
Property expenses	(52 079)	(22 417)	(2 602)	(77 098)
Segment results	216 710	165 084	1 465	383 259
Fair value adjustment – investment property	128 817	354 202	21 297	504 316
Investment properties	3 916 740	5 194 221	146 700	9 257 661

Commentary

1. Profile

Pivotal is a development-focused investment fund listed on the JSE main board, focusing on delivering sustainable capital returns through A-grade property developments and investments in South Africa and other selected countries. Pivotal's portfolio consists of geographically well diversified assets across South Africa and a growing investment base internationally. The property portfolio is divided into completed income producing properties and developments (including property under development and land held for future development). Completed income producing properties consist of well-located retail centres in established and expanding nodes and A-grade office precinct developments, which are enhanced by lifestyle elements such as piazzas, coffee shops and gyms.

Pivotal focuses on creating sustainable value for its investors by achieving above average portfolio growth through its extensive development pipeline, international investments and active management of its existing portfolio. To ensure long-term sustainability and high tenant retention, the A-grade nature of the properties is maintained by continuous re-investment through preventative maintenance, as well as with regular upgrades and refurbishments.

As at 29 February 2016, Pivotal's directly owned portfolio and indirect property portfolio were valued at R11.3 billion and R1.2 billion respectively. During the year under review, Pivotal acquired properties and strategic land for development to the value of R494 million. Pivotal also concluded the purchase of its first asset in the rest of Africa being a 37.1% share in the Oando Wings Office development, currently under construction in Nigeria.

2. Performance

Pivotal's net asset value per share, excluding deferred tax ("NAVPS"), increased year-on-year by 23.91% to R22.80 at 29 February 2016 (28 February 2015: R18.40). The growth in NAVPS was attributable to the revaluation of the income producing properties, fair value adjustments on current developments, an increase in net working capital generated from operating activities, as well as positive fair value adjustments on financial instruments and a gain on foreign currency translation. This pleasing performance is in keeping with Pivotal's strategic objective of generating above average total returns from its portfolio of investments.

Given the nature of its business, Pivotal uses NAVPS as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.

3. Property portfolio

NUMBER OF PROPERTIES

	Retail	Office	Industrial	Africa	Total
Income producing	11	24	3	0	38
Current development	2	6	0	1	9
Land and available development bulk	2	12	2	0	16

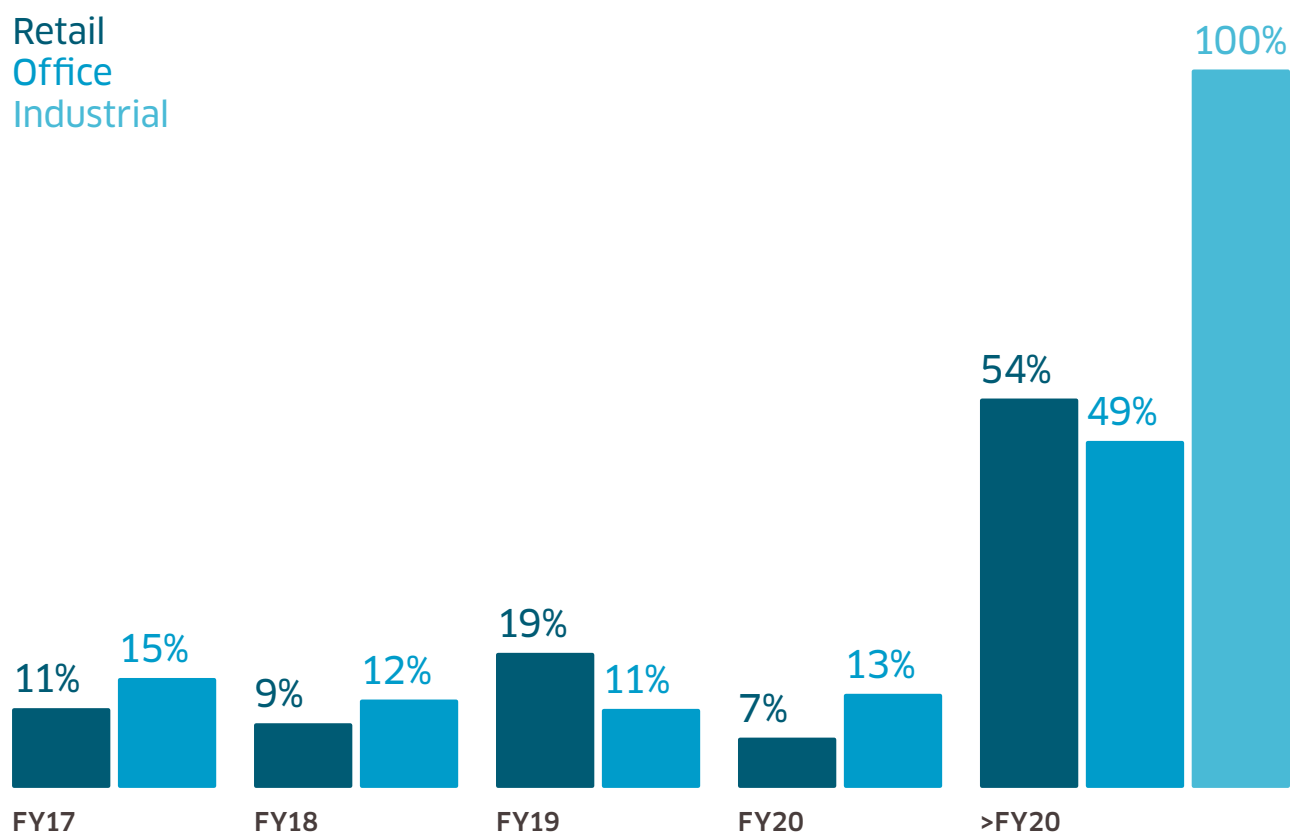
INDEPENDENT PROPERTY PORTFOLIO VALUE AT 29 FEBRUARY 2016

R billion	Retail	Office	Industrial	Africa	Total
Income producing	4.01	5.04	0.17	–	9.22
Current development	0.21	1.10	–	1.20	2.51
Land and available development bulk	0.15	0.15	0.44	–	0.74
Total	4.37	6.29	0.61	1.20	12.47

Commentary

continued

4. Lease expiry profile by GRA



5. Vacancies

Sector	% of GRA vacant	
	Feb 2016	Feb 2015
Retail	2.0	3.0
Office	2.2	1.0
Total	2.1	1.8

6. South African property transactions

The following transactions were concluded during the year:

- 6.1. Acquisition of a 45% undivided share in prime industrial development land, S&J Industrial Estate for R312 million. The property which has a total net usable land area of 1 600 919m² is ideally located on the N3 highway at the Geldenhuys interchange.
- 6.2. Acquisition of a 55% undivided share in Atlantic Hills for R98 million. The development is industrial-focused, situated 15km north of Cape Town on the N7.

7. Current and future developments

- 7.1. Alice Lane Building 3, currently under construction, is on track to be completed in Q2 2017. Building 3 has a gross rentable area of 35 000m² of which 22 000m² has been let to Bowman Gilfillan on a 12-year lease. Bowman Gilfillan is one of South Africa's 'big five' legal firms.
- 7.2. The first building of Westend Office Park in Centurion measuring 3 677m² was completed in May 2015 and is fully let. The second building of 5 079m² was completed in Q1 2016 and is 90% let. Westend Office Park is a 27 000m² A-grade development which provides excellent security and access. The development is accessible from both the N1 and N14 freeways and is within walking distance of the Centurion Gautrain station and Centurion Mall. Pivotal holds a 25% undivided share in this development.
- 7.3. Strong tenant demand is being experienced at Hertford Office Park, ideally located on the corner of Allandale and Bekker Roads opposite the completed Mall of Africa development. Building E measuring 4 236m² is nearing completion with construction of Buildings F (5 496m²) and G (7 446m²) having commenced with completion dates of Q4 2016 and Q1 2017 respectively. Hertford Office Park comprises approximately 54 000m² of gross rentable area, of which four buildings totaling 12 000m² have been completed and fully let. Pivotal holds a 33.3% undivided share of this office park.
- 7.4. Construction commenced on the second building, measuring 4 435m², at Monte Circle Office Park and is due to be completed in Q3 2016. Monte Circle, located in Fourways, is a 52 000m² A-grade office park development and forms part of the Monte Casino precinct. Monte Circle provides excellent security and is easily accessible from the N1 freeway and other major transport routes. Pivotal concluded an agreement for the acquisition of a further 5.86% undivided share in the Monte Circle Office Park and a further 7.50% undivided share in the Monte Place development, effective 1 September 2015.
- 7.5. Construction commenced at Kyalami Corner shopping centre, in which Pivotal owns an 80% undivided share. The 27 914m² retail development is ideally located at the Main Road/R55 arterial intersection and will offer upscale convenience shopping and dining. The centre will be anchored by Woolworths, Checkers and Virgin Active. The lower level will focus on convenience retail and select restaurants, while the upper level is for home and lifestyle-oriented tenants, including Virgin Active. The centre is due to commence trading in Q2 2017.
- 7.6. The phased redevelopment of Wonderboom Junction has commenced with an expected completion date in Q1 2018. The redevelopment provides for both the upgrade of the existing mall and an additional 28 000m² resulting in a total gross rentable area on completion of 60 000m². The additional floor-area will provide for an enhanced retail offering, including a wider variety in the apparel category. The upgrade includes enclosing the open mall, and creating a newly refurbished restaurant and family area.
- 7.7. Construction commenced at Loftus Park, adjacent to the iconic Loftus Versfeld rugby stadium, of phase 1 measuring 24 694m². The development will be phased, with a total GRA on completion of 54 000m². The development is mixed use and will ultimately include offices of 33 100m², a retail component of 9 800m², a 150-key hotel and a Virgin Active gym. Phase 1 is due to be completed in Q4 2017. Pivotal owns a 50% undivided share.
- 7.8. Building A of Hill on Empire development in Parktown, in which Pivotal owns a 50% undivided share, is due to be completed in Q2 2017. Building A comprises 14 822m² of which in excess of 50% has been let. A further 19 701m² is available for development.

8. Interest in associate

During the year, Pivotal incorporated a wholly-owned Mauritian entity, SB Wings Development Limited, which, in turn, acquired 37.1% of the issued share capital of Oando Wings Development Limited, incorporated in Nigeria. The agreement became unconditional on 15 July 2015 and the cost of the investment to Pivotal was R613 million ("effective date"). SB Wings Development Limited serves as the vehicle through which Pivotal holds its interest in the Oando Wings development in Lagos, Nigeria. The investment in Oando Wings Development Limited is equity accounted in the group financial statements.

The functional currency of both the aforementioned entities is US Dollar. At 29 February 2016, translation to the reporting currency resulted in a gain on translation of foreign operations in the amount of R234.4 million. The total income from associate amounted to R250 million during the year ended 29 February 2016. This included interest income of R34 million and fair value adjustments, net of deferred tax, of R219.5 million.

Commentary

continued

On 17 November 2015 Pivotal entered into a conditional agreement with Mara Delta Property Holdings Limited (previously Delta Africa) ("Mara Delta") to dispose of 100% of our investment in SB Wings, on completion of the Qando Wings development which is expected to be in August 2016. The consideration to be received by Pivotal should the agreement become unconditional is USD72 million. Due to the pending disposal, the investment is classified as held for sale. The directors of the Group expect the fair value less cost to sell of the interest in associates to be higher or equal to the aggregate carrying amount of the related interest in associates. Therefore, no fair value gain or loss was recognised in the statement of profit and loss in accordance with IFRS 5.

9. Rest of Africa investments

Pivotal has entered into an agreement with Mara Delta to incorporate its rest of Africa investments into Mara Delta and to invest up to R300 million in the company. The transaction gives Pivotal access to an experienced management team and has the benefit of diversification of risk by way of a spread of quality income producing investments. During the year Pivotal completed its first investment into Mara Delta by way of a subscription for approximately two million shares in Mara Delta at a cost of USD3.41 million.

10. Interest-bearing liabilities and interest rate swaps

Pivotal currently has borrowings of R5.8 billion which represents gearing of 45.80% of the current property portfolio value. At 29 February 2016, the average cost of funding was 9.56% (28 February 2015: 9.36%) and interest rates have been fixed in respect of 84% of borrowings for an average period of four years. Pivotal has consistently applied its policy on fair value measurement in respect of derivatives and there has been no change in valuation techniques, nor have there been any transfers between level 1, level 2 and level 3 during the period under review.

11. Net asset value per share

The table below details the net asset value calculation per share:

R'000	Feb 2016	Feb 2015
Total equity	6 490 933	4 849 504
Adjusted for:		
– Equity of preference shareholders	(9 523)	(10 568)
Total equity (net asset value) attributable to ordinary shareholders	6 481 410	4 838 936
Total number of ordinary shares in issue (adjusted for treasury shares)	327 679 771	298 233 827
Net asset value per ordinary share (R)	19.78	16.23
Reconciliation of net asset value, excluding deferred tax, per ordinary share to total equity		
Total equity (net asset value) attributable to ordinary shareholders	6 481 410	4 838 936
Adjusted for:		
– Total deferred tax liability (including deferred tax liability accounted for in equity accounted investments)	988 665	647 991
Net asset value (excluding deferred tax) attributable to ordinary shareholders	7 470 075	5 486 927
Total number of ordinary shares in issue (adjusted for treasury shares)	327 679 771	298 233 827
Net asset value per ordinary share, excluding deferred tax (R)	22.80	18.40

12. Changes in fair value

The portfolio, including investment properties and properties under development, was independently valued at 29 February 2016 which resulted in an increase in the portfolio value of R481 million. It is Pivotal's policy to value properties under development (including land) at cost until the fair value can be reliably measured, at which point the cost, plus the present value of the development margin is recognised on a percentage completion basis. The recognition of fair value adjustments is in line with the development spend "S-curve", with a greater portion of development margin being recognised closer to completion of the development.

The group measures its investment property at fair value. The investment property is disclosed as level 3 in terms of the fair value hierarchy with valuation inputs which are not based on observable market data (unobservable inputs).

Key unobservable inputs used in determining property valuations are set out below:

Sector	Rate/m ²	12-month forward yield (%)	Weighted average		
			Capitalisation rate (%)	Reversionary rate (%)	Discount rate (%)
Retail	17 257	7.9	7.7	8.4	13.3
Retail convenience	16 547	8.1	8.2	9.0	13.5
Small regional/regional	17 558	7.8	7.6	8.2	13.2
Office and industrial	23 660	8.1	7.8	8.5	13.4
Offices – PTA/JHB	25 216	8.1	7.8	8.5	13.4
Offices – CPT	25 642	8.1	7.1	7.8	13.5
Industrial	8 876	8.8	8.8	9.8	13.5
Total portfolio	20 439	8.0	7.8	8.5	13.4

The property portfolio has been independently valued by Jones Lang LaSalle Proprietary Limited and Broll Valuation and Advisory Services Proprietary Limited, the Network Affiliate of CBRE Global.

13. Changes to the board

During the period, a valued member of the board, Angus Mackay, passed away on 3 June 2015. Angus served as a member on the board since August 2013. Marc Wainer resigned from the board with effect from 10 December 2015. Dave Savage changed from being an executive director to a non-executive director with effect from 20 May 2016. Sakumzi "Saki" Macozoma was appointed to the board as Independent Non-executive Chairman with effect from 20 May 2016. Tom Wixley changed from being independent non-executive chairman to independent non-executive director with effect from 20 May 2016.

14. Post balance sheet transactions

14.1. MARA DELTA

Subsequent to 29 February 2016 Pivotal subscribed for an additional 8.8 million Mara Delta shares at a cost of USD15 million. In addition, the disposal of Buffalo Mall Naivasha by Pivotal to Mara Delta was approved by Mara Delta shareholders and Pivotal's consideration of 1.7 million Mara Delta shares at a price of USD2.9 million have been issued. Pivotal now holds approximately 12.5 million Mara Delta shares, representing a 12.9% shareholding in Mara Delta.

14.2. POLAND

On 19 May 2016 Pivotal entered into a share sale agreement and a co-investors agreement with Redefine Properties Limited which will result in Pivotal acquiring approximately 6.06% of Echo Prime Properties B.V. ("Echo") for a consideration of €31.15 million. Echo owns a €1.18 billion portfolio of prime shopping centres and offices across Poland. The effective date of the transaction will be 31 May 2016.

14.3. GALLERIA

On 16 March 2016 Pivotal acquired and took transfer of a 20% undivided share in the development property known as "Galleria" for a purchase consideration of R100 million. Set in the heart of Rosebank, Galleria will be a mixed use development of about 80 000m² incorporating offices, retail, a hotel, serviced apartments and residential apartments.

The directors are not aware of any other significant events that occurred in the period between 29 February 2016 and the date of this report that will have a material effect on the group's results or financial position as presented in the financial statements.

15. Prospects

The sluggish economic growth both in South Africa and internationally coupled with high volatility in financial markets is anticipated to continue. Pivotal's risk mitigation by way of conservative borrowing and interest rate hedging policies, quality income-producing assets and development pipeline as well as an increasing international investment exposure places Pivotal in a strong position to weather the storm in these uncertain times.

Notwithstanding the challenging and uncertain economic environment in which we operate, Pivotal strives to maintain an above-average growth in NAVPS as a development-focused investment fund.

Pivotal remains focused on creating long-term value for its stakeholders, through the successful completion of its existing developments and the ongoing rollout of its development pipeline of 674 000m² in prime locations throughout South Africa.

Pivotal will continue to re-invest in its portfolio of properties to ensure delivery of sustainable growth with focused attention being placed on the key fundamentals.

These prospects have not been reviewed or reported on by Pivotal's independent external auditors.

16. Basis of preparation and accounting policies

The summarised audited consolidated financial results for the year ended 29 February 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the information required by IAS34: Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. The accounting policies are consistent, in all material respects, with those applied in prior years, and are consistent with those applied in the previous annual financial statements for the year ended 28 February 2015. The new standards adopted during the year had no material impact on the group's results.

Segmentation is based on the group's internal organisation and reporting to the entity's chief operating decision makers ("EXCO"). The reportable operating segments were identified based on the different sectors in which the entity operates, being retail and commercial. Other segments, including industrial assets and corporate costs, were aggregated in accordance with the guidelines set out in IFRS 8.

Segment results that are reported to EXCO include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

17. Financial statements

The financial statements have been summarised from the audited financial statements on which Grant Thornton has issued an unqualified audit opinion and which are available for inspection at the company's registered office.

The directors are not aware of any matters or circumstances arising subsequent to the year ended 29 February 2016 that require additional disclosure or adjustment to the financial statements.

The auditor's report does not necessarily cover all of the information included in this announcement. The directors take full responsibility for the preparation of the summarised audited consolidated financial results for the year ended 29 February 2016 and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements.

These results have been prepared under the supervision of the financial director, Aaron Suckerman (ACCA UK).

By order of the board

THE PIVOTAL FUND LIMITED

25 May 2016

**THE PIVOTAL FUND LIMITED (“Pivotal” or “the group”)
(Incorporated in the Republic of South Africa)**

JSE share code: PIV **ISIN:** ZAE000196440

Registration number:
2005/030215/06

Directors:

S Macozoma[#], A Dixon^{**}, C Ewing[#], MSB Nesor^{*}, DS Savage^{*},
S Shaw-Taylor^{*}, TS Sishuba^{**}, A Suckerman, JR van Niekerk,
T Wixley^{**}.

*Non-executive #Independent

Registered office:

Abcon House, Fairway Office Park, 52 Grosvenor Road,
Bryanston, 2021

Postal address:

PO Box 67663, Bryanston, 2021

Telephone:

011 510 9999

Website:

www.pivotalfund.co.za

VAT registration number:

431 022 9432

Tax reference number:

9395 691 158

Country of incorporation:

Republic of South Africa

E-mail:

admin@pivotalfund.co.za

Auditors:

Grant Thornton South Africa

Commercial bankers:

The Standard Bank of South Africa Limited

Company secretary:

Juba Statutory Services Proprietary Limited

Sponsor:

Java Capital

Transfer secretaries:

Computershare Investor Services Proprietary Limited

Property managers:

Abreal Proprietary Limited

