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")
(Approved as a REIT by the JSE)

ACQUISITION OF A NEW PROPERTY PORTFOLIO

1. ACQUISITION AGREEMENT CONCLUDED

Linked unitholders of the Company are hereby advised that the Company has entered into an agreement("Acquisition Agreement") with Redefine Properties Limited ("the Seller") to acquire, as a going concern, the retail enterprises conducted by the Seller at, and the properties comprising, Erf 15942, Bloemfontein, Free State, commonly known as Middestad Centre ("First Property") and the remaining extent of Erf 27819, Bloemfontein Extension 54, Free State, commonly known as Mega Park("Second Property").

The First and Second Properties are hereafter collectively referred to as "the Properties", while the acquisition of the Properties is referred to as "the Acquisition".

The effective date of the Acquisition shall be the date of registration of transfer of the Properties into the name of Fairvest at the relevant Deeds Office and is anticipated to occur on or about 1 June 2015("Transfer Date").

2. RATIONALE FOR THE ACQUISITION

The Acquisition is consistent with the Company's growth strategy whereby the Company will focus on acquiring retail assets with a weighting in favour of non-metropolitan areas and lower LSM sectors.

3. PURCHASE CONSIDERATION

The Acquisition Agreement provides for a purchase consideration of R229,000,000 (two hundred and twenty-nine million Rand) ("Purchase Consideration"), which includes VAT at the rate of 0%, payable in cash on the Transfer Date.

The Purchase Consideration is subject to escalation for the period from 15 January 2015 up to and including the Transfer Date at the rate of 0.583% per month (compounded monthly in arrears)("Final Purchase Consideration"). It is anticipated that the Final Purchase Consideration will amount to R236,439,863, based on the anticipated Transfer Date of 1 June 2015.

The Company will fund the purchase consideration through debt and/or equity funding.

4. THE PROPERTIES

Details of the Properties are as follows:

Property Name and Address	**Geographical Location**	**Sector**	**GLA (m^2)**	**Weighted Average Gross Rental/m^2 (R/m^2)**
Erf 15942, Bloemfontein, Free State	Cnr. Wes Burger & Charles Streets, Bloemfontein, Free State	Retail	19,943	97.21
Remaining extent of Erf 27819, Bloemfontein Extension 54, Free State	Curie Avenue, Hospital Park, Bloemfontein, Free State	Retail	5,963	80.10

5. PROPERTY SPECIFIC INFORMATION

Details regarding the Acquisition, as at the expected Transfer Date, are set out below:

Property Name and Address	**Purchase Yield attributable to Linked Unitholders**	**Weighted Average Escalation**	**Lease Duration (years)**	**Vacancy % by GLA**

Erf 15942, Bloemfontein, Free State	10%	7.1%	2.06	3%
Remaining extent of Erf 27819, Bloemfontein Extension 54, Free State	10%	8.1%	2.21	0.7%

Notes:

a) The costs associated with the Acquisition are estimated at R4,137,698.

b) The costs of the Properties are considered to be their fair market value, as determined by the directors of the Company. The directors of the Company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.

6. CONDITIONS PRECEDENT

The Acquisition is subject to the following conditions precedent, namely:

6.1. the completion by Fairvest of a comprehensive due diligence investigation and confirmation by Fairvest to the Seller in writing, by no later than 5 days from signature date of the Acquisition Agreement that Fairvest has completed such investigation and has elected to proceed with the Acquisition (with the date of fulfilment of this condition precedent being hereafter referred to as the "Due Diligence Approval Date";

6.2. by no later than 7 business days from the Due Diligence Approval Date, Fairvest shall furnish the Seller with written notice of the securing of the approval of

Fairvest’s investment committee to the conclusion and implementation of the Acquisition Agreement;

6.3. by no later than 10 business days from the Due Diligence Approval Date, the Seller shall furnish Fairvest with written notice of the securing of the approval of the Seller’s investment committee to the conclusion and implementation of the Acquisition Agreement;

6.4. by no later than 10 business days from the Due Diligence Approval Date, the board of directors of Fairvest approves the Acquisition and adopts all resolutions that may be required in terms of the Company’s memorandum of incorporation and delivers copies of such resolutions to the Seller;

6.5. by no later than 30 April 2015 (“Finance Commitment Date”), Fairvest shall provide the Seller with confirmation in a form acceptable to the Seller, from either its corporate sponsor or any third party that the Seller may elect, that: i) the Company has raised sufficient funds to discharge the Purchase Consideration and ii) a detailed and indicative timetable setting out the process as to when the aforesaid funds will be available to discharge the Purchase Consideration in totality;

6.6. by no later than 45 business days from the fulfilment of the condition set out in paragraph 6.8 below, Fairvest has obtained all shareholder, JSE and other regulatory approvals that may be required for the Acquisition, other than as described in paragraph 6.7 below;

6.7. by no later than 5 business days from the date that the transfers of the Properties are lodged at the relevant Deeds Office, the parties have obtained all JSE and other regulatory approvals that may be required for the issue and listing of the Linked Units, it being recorded that such approvals will be conditional on the registration of transfer of the Properties (with “Linked Units” referring to such number of linked units to be issued by Fairvest and traded on the JSE, that are sufficient, at the issue price thereof, to discharge the Purchase Consideration); and

6.8. by no later than 90 days from the signature date of the Acquisition Agreement, the Acquisition is unconditionally approved by the Competition Authorities in terms of the Competition Act, Act 89 of 1998.

Fairvest is entitled to waive fulfilment of the condition precedent set out in paragraph 6.1 above and the parties may by agreement waive fulfilment of the conditions precedent set out in paragraphs 6.2 to 6.4 above. The conditions precedent set out in paragraphs 6.5 to 6.8 may not be waived.

7. GUARANTEES

The Seller shall, on the Transfer Date, provide Fairvest with a rental guarantee, for a period of 24 months, in respect of Shop 19, the lettable area of which measures 3,050m^2, which forms part of the First Property.

8. WARRANTIES

The Seller has provided warranties to the Company that are standard for a transaction of this nature. Save for such warranties, the Properties are sold voetstoots.

9. LONGSTOP DATE

Should transfer of the Properties not be effected within 240 days from the signature date of the Acquisition Agreement, for any reason whatsoever, (other than by reason of delay occasioned by the Seller due to negligence) save for non-fulfilment of the conditions precedents) the Seller may elect to cancel the Acquisition Agreement with immediate force and effect or to proceed with the Acquisition.

10. FORECAST FINANCIAL INFORMATION OF THE ACQUISITION

The forecast financial information relating to the Acquisition for the financial periods ended 30 June 2015 and 30 June 2016 are set out below. The forecast financial information has not been reviewed or reported on by a reporting accountant in terms of section 8 of the JSE Listings Requirements and is the responsibility of the Company's directors.

	Forecast for the 1 month period ended 30 June 2015	Forecast for the 12 month period ended 30 June 2016

Rental income	3,880,220	48,782,968
Straight-line rental accrual	149,327	1,138,726
Gross revenue	4,029,547	49,921,694
Property expenses	(1,902,949)	(24,761,683)
Net property income	2,126,598	25,160,011
Asset management fee	(100,241)	(1,202,888)
Operating profit	2,026,357	23,957,123
Fair value adjustment to debentures	(149,327)	(1,138,726)
Finance cost	(863,072)	(10,356,864)
Profit before debenture interest	1,013,958	12,461,533
Debenture interest	(1,013,958)	(12,461,533)
Profit before taxation	-	-
Taxation	-	-
Total comprehensive income attributable to linked unitholders	-	-

Notes:

a) Rental income includes gross rentals and other recoveries, but excludes any adjustment applicable to the straight lining of leases.

b) Property expenses include all utility and council charges applicable to the Properties.

c) The forecast information for the 1 month period ended 30 June 2015 has been calculated from the anticipated Transfer Date, being on or about 1 June 2015.

d) Uncontracted revenue constitutes 9.31% of the revenue for the 1 month period ended 30 June 2015.

e) Uncontracted revenue constitutes 15.53% of the revenue for the 12 month period ended 30 June 2016.

f) Leases expiring during the forecast period have been assumed to renew at the future value of current market related rates.
g) This forecast has been prepared on the assumption that 50% of the Acquisition is funded through existing debt facilities at the average cost of debt of 8.61% and the balance through new equity. The Company could elect to partially or fully utilise its existing debt facilities.
h) Distributions to linked unitholders occur through the payment of debenture interest.

11. CATEGORISATION

The Acquisition qualifies as a Category 2 acquisition for the Company in terms of the JSE Listings Requirements.

17 March 2015
Cape Town

Sponsor
PSG Capital (Pty) Ltd