

# FOUNTAINHEAD

## Property Trust

- \* 9% Distribution growth to 25.7 cents per unit
- \* Gearing of 11%
- \* Net Asset Value of R6.64 per unit
- \* Vacancies decreased to 5%

The directors of Fountainhead Property Trust Management Limited, the manager of Fountainhead Property Trust, submit their report on the unaudited results of Fountainhead Property Trust for the six months ended 31 March 2009.

### BALANCE SHEET

	Unaudited as at 31 Mar 2009 R'000	Audited as at 30 Sep 2008 R'000	Unaudited as at 31 Mar 2008 R'000
<b>ASSETS</b>			
<b>Property assets</b>	<b>7 431 695</b>	7 335 119	6 917 293
Investment properties	7 187 259	7 103 135	6 697 048
Straight-line lease accrual	244 436	231 984	220 245
<b>Current assets</b>	<b>365 807</b>	355 697	326 695
Trade and other receivables	31 997	38 513	20 188
Cash and cash equivalents	333 810	317 184	306 507
<b>Total assets</b>	<b>7 797 502</b>	7 690 816	7 243 988
<b>UNITHOLDERS' FUNDS AND LIABILITIES</b>			
<b>Unitholders' funds</b>	<b>6 609 335</b>	6 609 335	6 313 892
Capital of the fund	1 933 354	1 933 354	1 933 354
Capital reserve	501 906	501 906	501 905
Revaluation reserve	3 929 579	3 942 031	3 658 327
Retained earnings	244 496	232 044	220 306
<b>Non-current liabilities</b>			
Interest-bearing liability	831 000	731 000	609 000
<b>Current liabilities</b>	<b>357 167</b>	350 481	321 096
Trade and other payables	101 184	106 450	86 030
Unitholders for distribution	255 983	244 031	235 066
<b>Total unitholders' funds and liabilities</b>	<b>7 797 502</b>	7 690 816	7 243 988

### INCOME STATEMENT

	Unaudited 6 months to 31 Mar 2009 R'000	Audited 12 months to 30 Sep 2008 R'000	Unaudited 6 months to 31 Mar 2008 R'000
<b>Income</b>	<b>387 841</b>	704 091	336 479
Contractual rental income	375 389	689 439	333 565
Straight-line lease adjustment	12 452	14 652	2 914
<b>Expenses</b>	<b>(92 103)</b>	(173 598)	(81 986)
Administrative expenses	(16 844)	(35 871)	(18 787)
Property operating expenses	(75 259)	(137 727)	(63 199)
<b>Operating profit</b>	<b>295 738</b>	530 493	254 493
<b>Net finance costs</b>	<b>(27 303)</b>	(36 744)	(16 513)
Interest received	19 962	37 969	16 858
Interest paid	(47 265)	(74 713)	(33 371)
<b>Deficit on disposal of investment properties</b>	<b>-</b>	(1 194)	(1 194)
<b>Fair value adjustments to investment properties</b>	<b>(12 452)</b>	280 791	(2 914)
<b>Profit for the period</b>	<b>255 983</b>	773 346	233 872
<b>Basic earnings per unit (cents)</b>	<b>25.7</b>	77.6	23.5
<b>Headline earnings and distribution income reconciliation</b>			
Profit for the period	255 983	773 346	233 872
Adjust for:			
Deficit on disposal of investment properties	-	1 194	1 194
Fair value adjustments to investment properties	12 452	(280 791)	2 914
<b>Headline earnings</b>	<b>268 435</b>	493 749	237 980
Less: straight-line lease adjustment	(12 452)	(14 652)	(2 914)
<b>Distribution income</b>	<b>255 983</b>	479 097	235 066
<b>Headline earnings per unit (cents)</b>	<b>26.95</b>	49.57	23.89
<b>Distribution per unit (cents)</b>	<b>25.70</b>	48.10	23.60
Interim distribution per unit (cents)	25.70	23.60	23.60
Final distribution per unit (cents)	-	24.50	-
<b>Units in issue</b>	<b>996 043 081</b>	996 043 081	996 043 081

### COMMENTARY

#### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 – Interim Financial Reporting and the requirements of the Collective Investment Schemes Control Act. The accounting policies are consistent in all respects with those applied in the prior year.

#### 2. DISTRIBUTION PER UNIT

Fountainhead Property Trust's net distributable income for the first six months of the financial year amounts to 25.7 cents per unit, 9 percent greater than the comparable period last year.

#### 3. MAJOR CAPITAL PROJECTS

Significant capital projects:

##### Kenilworth Centre

The food court, Game and Checkers are complete. The new Virgin Active gym and the general refurbishment should be completed by August 2009. The total redevelopment amounts to R122 million. The centre's trading revenue has increased 17 percent and foot count is up 4 percent since the opening of Game.

##### Benmore Gardens Shopping Centre

The redevelopment of the centre is progressing well. The conversion of the old Pick n Pay store to parking and retail stores is expected to be complete by May 2009. The construction of the new parking deck, refurbishment of the offices above the mall, as well as the general centre refurbishment is expected to be complete by July 2009.

##### Centurion Mall

The construction of the 2 024 m<sup>2</sup> Edgars extension has commenced and is expected to be complete by August 2009. Fountainhead Property Trust's share of the cost is approximately R19 million at an initial yield of 11 percent.

#### 4. SEGMENTAL INFORMATION

	March 2009 6 months			September 2008 12 months			March 2008 6 months		
	Revenue	Net income	% of total	Revenue	Net income	% of total	Revenue	Net income	% of total
	Rm	Rm		Rm	Rm		Rm	Rm	
Retail	268	215	84	497	400	83	236	192	81
Office blocks	56	44	17	101	77	16	52	40	17
Industrial	38	29	12	66	51	11	33	26	11
Specialised	13	13	5	25	25	5	13	13	6
Corporate	(45)	(18)	-	(74)	(15)	-	(36)	(15)	(15)
<b>Total</b>	<b>375</b>	<b>256</b>	<b>100</b>	<b>689</b>	<b>479</b>	<b>100</b>	<b>334</b>	<b>235</b>	<b>100</b>

### CASH FLOW STATEMENT

	Unaudited 6 months to 31 Mar 2009 R'000	Audited 12 months to 30 Sep 2008 R'000	Unaudited 6 months to 31 Mar 2008 R'000
<b>Cash effects from operating activities</b>			
Profit for the period	255 983	773 346	233 872
Adjustments for:			
Straight-line lease adjustment	(12 452)	(14 652)	(2 914)
Interest received	(19 962)	(37 969)	(16 858)
Interest paid	47 265	74 713	33 371
Deficit on disposal of investment properties	-	1 194	1 194
Fair value adjustments to investment properties	12 452	(280 791)	2 914
<b>Operating profit before changes in working capital</b>	<b>283 286</b>	515 841	251 579
Trade and other receivables decreased/(increased)	6 516	(15 226)	3 099
Trade and other payables (decreased)/increased	(5 266)	24 986	4 566
<b>Cash generated from the operations</b>	<b>284 536</b>	525 601	259 244
Interest received	19 962	37 969	16 858
Interest paid	(47 265)	(74 713)	(33 371)
Income distributions	(244 031)	(449 414)	(214 348)
<b>Cash flows from operating activities</b>	<b>13 202</b>	39 443	28 383
<b>Cash effects from investing activities</b>			
Additions to investment properties	(96 576)	(252 828)	(130 445)
Proceeds from disposal of investment properties	-	5 084	5 084
	(96 576)	(247 744)	(125 361)
<b>Cash effects from financing activities</b>			
Long-term loan raised	100 000	244 000	122 000
	100 000	244 000	122 000
Net increase in cash and cash equivalents	16 626	35 699	25 022
Cash and cash equivalents at beginning of period	317 184	281 485	281 485
<b>Cash and cash equivalents at end of the period</b>	<b>333 810</b>	317 184	306 507

### STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

(R'000)	Capital of the fund	Capital reserve	Revaluation reserve	Retained earnings	Total unitholders' funds
Balance at 1 October 2007	1 933 354	498 517	3 665 823	217 392	6 315 086
Profit/total income and expenses for the period				233 872	233 872
Loss and revaluation reserve realised on sale of properties transferred to capital reserve		3 388	(4 582)	1 194	-
Fair value adjustment on investment properties transferred to revaluation reserve			(2 914)	2 914	-
Income distributions				(235 066)	(235 066)
<b>Balance as at 31 March 2008</b>	<b>1 933 354</b>	<b>501 905</b>	<b>3 658 327</b>	<b>220 306</b>	<b>6 313 892</b>
Balance at 1 October 2008	1 933 354	501 906	3 942 031	232 044	6 609 335
<b>Profit/total income and expenses for the period</b>				<b>255 983</b>	<b>255 983</b>
<b>Loss and revaluation reserve realised on sale of properties transferred to capital reserve</b>					
<b>Fair value adjustment on investment properties transferred to revaluation reserve</b>			(12 452)	12 452	
<b>Income distributions</b>				<b>(255 983)</b>	<b>(255 983)</b>
<b>Balance as at 31 March 2009</b>	<b>1 933 354</b>	<b>501 906</b>	<b>3 929 579</b>	<b>244 496</b>	<b>6 609 335</b>

#### 5. VACANCY LEVELS

Vacancy levels in terms of rentable area at 31 March were as follows:

Sector	Mar 2009 %	Sep 2008 %	Mar 2008 %
Retail	4	6	6
Office blocks	5	8	7
Industrial	7	6	7
Specialised	-	-	-
<b>Total</b>	<b>5</b>	<b>6</b>	<b>6</b>

By value, the vacancies equated to four percent of potential rental income, an improvement on the five percent as at year-end.

In the retail sector 79 percent of the vacancies were contained in The Boulders, The Brightwater Commons and Centurion Mall. Thirteen percent of the total retail vacant area has been let for future occupation.

The office sector had a vacancy of 5 percent which is primarily situated in Grayston Ridge, as a result of Motorola relocating.

The industrial portfolio had a vacancy of 7 percent, compared to 6 percent at year-end. The slight increase is mainly due to the vacancy at Dismed House.

#### 6. PROSPECTS

As stated in the annual report, the Board anticipates that distribution per unit for the year ended 30 September 2009 will increase by approximately 8 percent compared with the year ended 30 September 2008. This forecast has not been reviewed or reported on by Fountainhead Property Trust's auditors.

#### 7. INCOME DISTRIBUTION ANNOUNCEMENT

Notice is hereby given of distribution no. 52 of 25.7 cents per unit for the six months ended 31 March 2009.

The last date to trade cum distribution will be Friday, 15 May 2009. The units of Fountainhead Property Trust will commence trading ex-distribution on Monday, 18 May 2009 and the record date will be Friday, 22 May 2009. The distribution will be paid on Monday, 25 May 2009.

Unit certificates may not be dematerialised or rematerialised between Monday, 18 May 2009 and Friday, 22 May 2009, both dates inclusive.

#### BY ORDER OF THE BOARD

Fountainhead Property Trust Management Limited  
(Reg No 1983/003324/06)  
29 April 2009



**Directors:** WM Kirchmann (*Chairman*), A Raubenheimer (*Managing*), VA Christian, H Laher, JD Rainier, SJ Segar, S Shaw-Taylor

**Transfer secretaries**  
Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

**Secretary and registered office**  
Broll Property Group (Pty) Ltd  
Broll House, 27 Fricker Road, Illovo  
Johannesburg, 2196  
(PO Box 1455, Saxonwold, 2132)

**Short name:** FPT  
**Share code:** FPT **ISIN:** ZAE000097416  
**Sponsor:** Standard Bank  
**E-mail:** fountainhead@standardbank.co.za  
**Website:** www.fountainheadproperty.co.za