FAIRVEST PROPERTY HOLDINGS LIMITED

ANNUAL REPORT

for the year ended 31 March 2009

CONTENTS

CORPORATE INFORMATION

Country of incorporation	Republic of South Africa
Registration number	1998/005011/06
Share code	FVT
ISIN	ZAE000034658
Nature of business	Property investment holding company
Directors	TA Bell (Chairman) TP Botsis* JF du Toit* DA Johnston** KJ Peter (Financial Director) AB Platt *Non-executive **Independent non-executive
Registered office and business address	9th Floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive Umhlanga Rocks, 4319 PO Box 18, Umhlanga Rocks, 4320 Telephone: 031 561 2355
Company Secretary	JA Lupton, FCIS Highway Corporate Services (Proprietary) Limited Suite 13, Marwick Centre, Lucas Drive, Hillcrest, 3610 PO Box 1319, Hillcrest, 3650
Transfer secretaries	Computershare Investor Services (Proprietary) Limited Ground Floor, 70 Marshall Street, Johannesburg, 2001 PO Box 61051, Marshalltown, 2107
Auditors	BDO Spencer Steward (KZN) Incorporated 59 Musgrave Road, Berea, Durban, 4001
Sponsor	Merchantec (Proprietary) Limited 2nd Floor, North Block, Hyde Park Office Tower Corner 6th Road and Jan Smuts Avenue, Hyde Park, 2196 PO Box 41480, Craighall, 2024
Property valuer	Galleon Valuation Services (Proprietary) Limited PO Box 11931, Aston Manor, 1631
Trustee for debenture holders	O Tugendhaft Tugendhaft Wapnick Banchetti and Partners PO Box 786728, Sandton, 2146 Telephone: 011 291 5000
Legal advisers	Mageza Le Roux Vivier & Associates PO Box 411771, Dunkeld, 2125 Fluxmans Inc Private Bag X41, Saxonwold, 2132
Commercial banker	FirstRand Limited PO Box 923, Durban, 4000

SALIENT FEATURES

for the year ended 31 March 2009

		31 March 2009	31 March 2008
Properties managed at beginning of year		**13**	15
Properties disposed of during the year		**(2)**	(2)
Properties managed at end of year		**11**	13
Valuation of property portfolio	(R million)	**89,6**	128,8
Total interest-bearing borrowings	(R million)	**–**	15,9
Interest cover (trading profit/net interest paid)	(times)	**–**	3,7
Net asset value per linked unit	(cents)	**146**	138
Net tangible asset value per linked unit	(cents)	**146**	138
Linked unit market price at year end	(cents)	**100**	84
Market capitalisation at year end	(R million)	**85,7**	72,1

COMPANY PROFILE

Fairvest Property Holdings Limited is a property investment holding company, which is listed in the "Real Estate Holdings and Development" sector of the JSE Limited. The market capitalisation of Fairvest at 31 March 2009 was R85,7 million, an increase of 19% since 31 March 2008. Fairvest is a widely held public company with 1 670 linked unitholders and management holds 31,85% of the issued share capital of the Company.

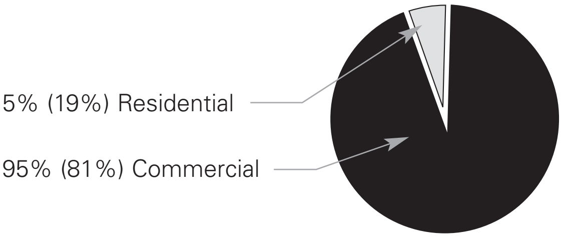
Its investment property portfolio, comprising 11 commercial properties, is valued at R90 million. Based on income receivable, the property portfolio is weighted 95% commercial and 5% residential with a regional split of 34% KwaZulu-Natal, 18% Gauteng, 5% Free State and 43% Eastern Cape.

The Group's short-term investment strategy is to create a property portfolio of significant critical mass through the acquisition of quality, high yielding properties. Accordingly, investment opportunities are being evaluated for acquisition on an ongoing basis.

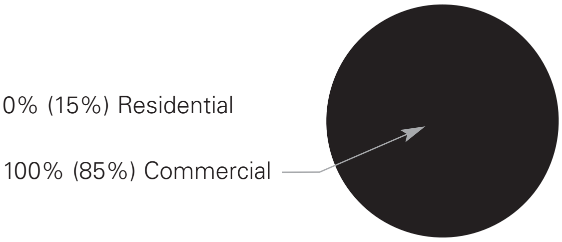
PORTFOLIO ANALYSIS

for the year ended 31 March 2009

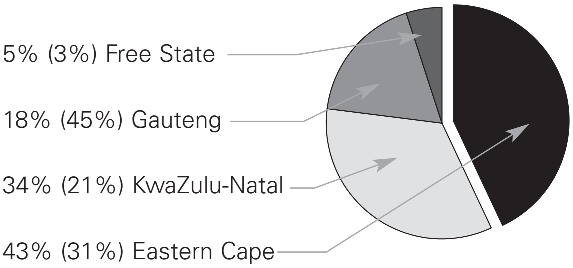
Sectoral profile based on income receivable



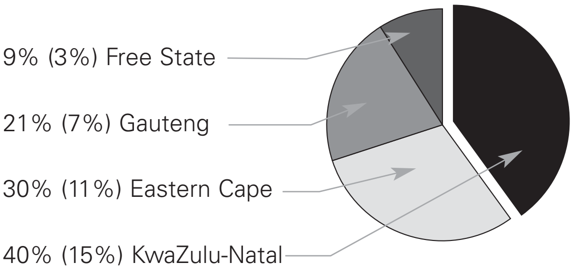
Sectoral profile based on gross lease area



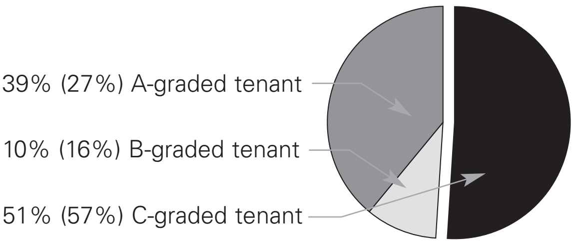
Regional profile based on income receivable



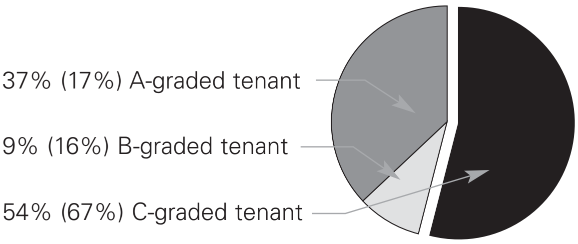
Regional profile based on gross lease area



Tenant profile based on income receivable



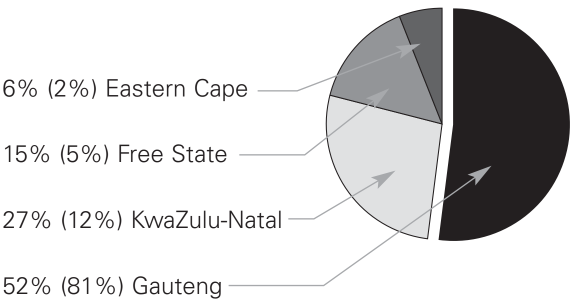
Tenant profile based on lease area



Vacancy profile

The vacancy in the portfolio at 31 March 2009 amounted to 8 275 m² (25 548 m²), equating to 32% (35%) of gross lease area. 100% (100%) of vacancy is commercial.

Vacancy profile based on gross lease area



Notes

Gross lease area is based on metre squared as at the end of the year.
Comparative figures are shown in brackets.

CHAIRMAN'S REPORT

for the year ended 31 March 2009

It is my privilege to report on the performance of Fairvest Property Holdings Limited. At the Annual General Meeting in 2006, I was tasked with returning value to linked unitholders. Our efforts over the last three years resulted in the Company's return to profitability and we are proud to declare an interest distribution to linked unitholders of 9 cents per linked unit, the first interest distribution in six years. Another highlight was Fairvest being recognised in the Sunday Times Top Companies report as the top company in the Return on Equity section as it has achieved a compound growth of 228% over the last five years. Fairvest was also recognised as one of the top performers on the JSE with female directors in another Sunday Times survey and one of the few companies that increased its share price by 19% in these turbulent market conditions.

The significant improvement in the financial position of Fairvest is attributable to an improvement in overall occupancy levels and the receipt of proceeds from the disposal of properties with high vacancy factors requiring upgrading. The Group elected to repay all its property funding and had cash and cash equivalents of R46,2 million at year end. Excluding properties disposed of, properties under management increased from R80 million to R90 million, largely as a result of renovations and improved occupancy in certain of the properties.

Net tangible asset value per linked unit continued to increase. Since March 2007 the net tangible asset value per linked unit has increased by 60% to 146,4 cents. Including the interest payment of 9 cents per linked unit, the net tangible asset value has increased by 70%.

Fairvest's debt-free balance sheet and good operating cash flows have positioned it well to acquire investment properties which will enhance linked unitholder value. With the downturn in the economy and the resultant drop in property prices to more realistic levels, exciting investment opportunities are once again being offered to the Company and your directors will continue to make every effort to further improve the quality of the portfolio in the year ahead.

Thanks are due to my fellow colleagues on the Board and to our professional advisers for their invaluable support and guidance during the period under review

A circular was sent to linked unitholders on 2 July 2009 with regard to the requisitioning of a general meeting to be held on 5 August 2009 for the purpose of removing all of the directors, with the exception of Mr Jacques du Toit, from office. The circular gives a full explanation of the particular circumstances. The directors whom it is proposed to remove from office do not believe that the present state of affairs of the Company, as set out in this annual report, warrants a change of direction for the Company and linked unitholders are urged to attend the general meeting, if at all possible, and vote against the resolution or alternatively, ensure that they send in their proxy forms or letters of representation instructing their proxies to vote against the resolution.

TA Bell
Executive Chairman

17 July 2009

Fairvest is committed to the promotion of good corporate governance and to following the principles of fairness, accountability, responsibility and transparency as advocated in the King Report on Corporate Governance for South Africa (King II Report).

In supporting the Code of Corporate Practices and Conduct (the Code) as set out in the King II Report, the Board recognises the need to conduct the business of the Group with integrity and in accordance with generally accepted corporate practices. The Board endorses, has addressed, and, where possible and relevant to the Company, has applied the Code. However, given that the Company has no full-time directors at present, there are certain instances where it has not been possible to achieve "best practice" and these areas are highlighted and explained below.

The Board of Directors

The Company has a unitary Board of directors that consists of a balance between executive and non-executive directors. The Board has taken cognisance of the recent addition of paragraph 3.84(h) of the JSE Listings Requirements, in terms of which the Company must appoint a financial director before 1 June 2009, and has appointed Mrs KJ Peter, a Chartered Accountant of South Africa, as Financial Director of the Company.

Fairvest has a small board and as it is a property holding company it does not require any fulltime executive directors. Three of its directors are deemed to be "executive" as they are directly involved in the management of the Company and its properties, albeit on a part-time basis. There is only one independent non-executive director and the Board is aware of the need to appoint additional non-executive directors who can act independently, in line with recent changes to the existing Companies Act and the new Companies Act 2008 which becomes operative in 2010. A policy detailing the procedures for appointments to the Board, in compliance with paragraph 3.84(a) of the JSE Listings Requirements, will be drawn up but in the meantime the Board as a whole will deal with any new appointments.

Mr Terry Bell accepted the position of Chairman of the Company at the request of the members at the Annual General Meeting held in 2006. The Company acknowledges that this is not an ideal situation as Mr Bell is also deemed to be an executive director. However this is an interim measure that will be rectified once the Company has grown to a size where the appointment of additional directors to the Board is warranted.

The non-executive directors are fully independent of management and are free to make their own decisions. They enjoy no benefits from the Company other than their fees and potential capital gains and dividends on their interests in the linked units of the Company.

All the directors have access to the advice and services of the Company Secretary and, in appropriate circumstances, may seek independent professional advice about the affairs of the Group, at the Group's expense.

The Board has not, at this stage, adopted a Board Charter.

The Board met three times during the year under review and the attendance of directors at these board meetings is indicated at the end of this report.

BOARD COMMITTEES

Audit Committee

The Audit Committee, which had been suspended since mid-2004, was re-constituted during the year and consisted of the following members, both of whom were independent non-executive directors at the time:

- JF du Toit (Chairman)
- DA Johnston

with TA Bell, the executive chairman, KJ Peter, the Financial Director, the external auditors of the Company and the Company Secretary in attendance. The Committee met twice during the year under review to review the preliminary profit announcement and interim statements and to receive reports on audits carried out by the external auditors. The Audit Committee assisted the Board by providing an objective and independent view on the organisation's finance, accounting and control mechanisms and reviews and ensures that consideration is given to the following:

- The accounting policies of the Group and any proposed revisions thereto
- The effectiveness of the Group's information systems and internal controls
- The appointment and monitoring of the effectiveness of the external auditors
- The appropriateness, expertise and experience of the Financial Director
- Setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum
- The annual report and specifically the annual financial statements included therein
- The reports of the external auditors
- The Group's going concern status
- Compliance with applicable legislation and requirements of regulatory authorities

The Committee adopted a Charter during the period under review, which sets out the terms of reference of the Committee and will be reviewed on an annual basis. The external auditors have unrestricted access to the Audit Committee and its Chairman with a view to ensuring that their independence is not impaired.

The Committee satisfied itself that the Financial Director has the requisite qualifications and experience to carry out her duties as required by the Companies Act and the JSE Listings Requirements.

In recent months the independence of one of the non-executive directors has been compromised by the change in control in certain linked units in which he has an interest. The activities of the Audit Committee have accordingly now been suspended and the Board as a whole approved the audited annual financial statements for the year ended 31 March 2009. In recommending the re-appointment of BDO Spencer Steward Inc. as auditors of the Company, the Board has confirmed that they are registered on the JSE Register of Auditors and that they have a registered IFRS specialist with knowledge of the JSE Listings Requirements.

Internal Control

The Board, assisted by the Audit Committee, is responsible for the systems of internal control. The purpose of the systems of internal control is to detect and minimise the risk of fraud, potential liability, loss and misstatement. In addition, the systems of internal control assist the Board in behaving responsibly to all stakeholders and ensuring business sustainability under general as well as adverse conditions.

The Board recognises that there are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls, and highlights that these systems provide reasonable, but not absolute, assurance regarding compliance with statutory laws and regulations and the maintenance of proper accounting records. The systems are therefore designed to manage rather than mitigate the risks to which the Group is exposed.

Nothing has come to the attention of the Board to indicate that there has been a material breakdown in the systems of internal control during the year under review.

Remuneration Philosophy

The Group's property portfolio is administered by the Group and the staff complement remained at seven individuals in 2009, the majority of whom are administrative staff. These employees are remunerated at market-related rates. During the year under review, the Board assumed the duties of the Remuneration Committee and agreed all the employees' and non-executive directors' remuneration, the fees for services rendered by executive directors and all consultants' and other professional advisers' fees.

Fees paid to directors in respect of the year under review are fully disclosed in the Directors' Report on page 14.

Company Secretary

The Board is of the opinion that the Company Secretary is suitably qualified and experienced to carry out her duties as stipulated under S268G of the Companies Act. The Company Secretary provides board members with guidance in respect of their statutory duties and ensures that they are up to date on all relevant statutory requirements. All directors have access to the advice and services of the Company Secretary and in appropriate circumstances, may seek independent professional advice about the affairs of the Group at the Company's expense.

Relationship and Reporting

Code of conduct

Fairvest is committed to the highest standards of honesty, integrity, behaviour and ethics in dealing with all stakeholders.

Communication with Stakeholders

Communication to the public and members embodies the principles of balanced reporting, understandability, openness and substance over form. Positive and negative aspects of both financial and non-financial information are provided. Detailed interim and annual results are issued in the form of written reports, profit announcements in national newspapers and updates on the JSE Limited news service (SENS).

Going concern

The going concern statement appears in the Directors' Report on page 12.

Directors' attendance at Board and Committee meetings during the year under review

Board		**Total of 3 meetings**
TA Bell		3
TP Botsis		3
JF du Toit		3
DA Johnston		3
KJ Peter	(of 1 during her tenure)	1
AB Platt		2

Audit Committee		**Total of 2 meetings**
JF du Toit		2
DA Johnston		2
TA Bell		2
KJ Peter	(of 1 during her tenure)	1

DIRECTORS' RESPONSIBILITY AND APPROVAL

of the annual financial statements for the year ended 31 March 2009

The directors of Fairvest are responsible for preparing the Group and Company annual financial statements and other information presented in the report in a manner that fairly presents the state of affairs and results of the operations of the Group. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting on their findings thereof.

The annual financial statements of the Group and Company for the year ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No. 61 of 1973, as amended. They are based on appropriate policies and are supported by reasonable and prudent judgements and estimates. No event, other than as disclosed in the Chairman's and Directors' reports, material to the understanding of this report, has occurred between the financial period end and the date of this report.

In the context of their audit, carried out for the purposes of expressing an opinion on the fair presentation of the annual financial statements, the auditors have concurred with the disclosures of the directors on going concern.

These annual financial statements, set out on pages 11 to 56, have been approved and authorised for issue by the Board of Directors and are signed on its behalf by:

TA Bell
Executive Chairman

KJ Peter
Financial Director

17 July 2009

REPORT OF THE COMPANY SECRETARY

for the year ended 31 March 2009

I declare that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act No. 61 of 1973, as amended, and that all such returns are true, correct and up to date.

JA Lupton, FCIS
Company Secretary

17 July 2009

REPORT OF THE INDEPENDENT AUDITORS

for the year ended 31 March 2009

To the linked unitholders of Fairvest Property Holdings Limited

We have audited the Group and Company annual financial statements of Fairvest Property Holdings Limited, set out on pages 11 to 56, which comprise the Directors' Report, the balance sheet as at 31 March 2009, the income statement, the statement of changes in equity and the cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and the fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing normal procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group and Company's annual financial statements present fairly, in all material respects, the financial position of Fairvest Property Holdings Limited as at 31 March 2009, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

BDO Spencer Steward (KZN) Inc.

BDO Spencer Steward (KZN) Inc.
Registered Auditors
Per **Sally Juckes**
Chartered Accountant (SA)
Registered Auditor
Director

17 July 2009
59 Musgrave Road
Durban

DIRECTORS' REPORT

for the year ended 31 March 2009

The directors have pleasure in submitting their report which forms part of the audited financial statements of the Group and Company for the year ended 31 March 2009.

Nature of business

Fairvest Property Holdings Limited is listed in the "Real Estate Holdings and Development" sector of the JSE Limited.

Fairvest is a property investment holding company with investments in commercial and residential properties in South Africa. Its short-term investment strategy is to create a property portfolio of significant critical mass through the acquisition of quality, high-yielding properties. Accordingly, investment properties are being evaluated for acquisition purposes on an ongoing basis.

There have been no changes to the nature of business.

Financial results

The results for the year under review are set out on pages 16 to 56 of this report. The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations of those Standards, as adopted by the International Accounting Standards Board, the Companies Act of South Africa, and the JSE Listings Requirements.

The Group continued to produce pleasing results. Over the last five years, Fairvest achieved 228% compound growth and was voted number 1 in the Sunday Times Top Companies report in the Return on Equity section.

The net tangible asset value per linked unit increased from 138,3 cents to 146,4 cents equating to a compound growth of 27% per annum over the last two years. The net tangible asset value per linked unit, including the interest distribution of 9 cents per linked unit, has achieved a compound growth of 31% per annum since 31 March 2007. This increase in net asset value has resulted from the disposal of underperforming properties and an improvement in the property portfolio under management.

During the year, the property portfolio under management increased from R77,4 million to R86,4 million largely as a result of renovations and improved occupancy in certain of the properties.

The decline in revenue and trading profits is largely attributable to the disposal of the Nedbank Circle and Mangrove Beach Centre properties in the 2008 financial year and the disposal of the Kempton City and Broadway Nordic properties in the current year. Excluding the property disposals, revenue declined by 3%. Operating profit increased by R20,8 million from a loss of R15,2 million to a profit of R5,6 million.

The proceeds from the disposal of the Kempton City and Broadway Nordic properties were utilised to settle all outstanding property debt financing, which resulted in a significant reduction in interest paid from R3,9 million to R0,4 million. Interest on debentures has been calculated in terms of the Debenture Trust Deed. As the Company has returned to profitability, an interest payment of 9 cents per debenture unit, equating to R7,7 million, has been declared for the year ended 31 March 2009 and is payable to linked unitholders registered in the books of the Company at the close of business on Friday, 31 July 2009.

The Group reported no profit attributable to ordinary shareholders and a headline loss of R1,1 million (2008: profit R25,2 million) for the reasons to be explained below.

The linked unit capital structure of the group results in every shareholder being a debenture holder. The Debenture Trust Deed states that 99,9% of profits are attributable to debenture holders. As a result the benefit of improved trading performance is expensed in the income statement as a fair value adjustment to debentures and debenture interest. This results in no profit being attributable to ordinary shareholders.

Headline earnings have been presented in accordance with IAS 33. Headline earnings are calculated after adding back the improved trading performance, which is reflected as a fair value adjustment to debentures, and deducting any appreciation in the property valuations.

The receipt of proceeds from the sale of investment properties resulted in a significant improvement in cash and cash equivalents from R10,5 million to R46,2 million and a reduction in debt financing from R15,9 million to nil. The strong balance sheet of the group has positioned it well to take advantage of opportunities that are arising in the present uncertain economic conditions.

Directors' responsibility
The directors' statement of responsibility is addressed on the approval page of these financial statements.

Borrowings
The Group has not exceeded its borrowing powers in terms of the Articles of Association of the Company.

State of affairs – property transactions
Acquisitions
There were no property acquisitions during the year as the properties evaluated did not yield the requisite financial returns.

Disposals
The proceeds of the disposal of the Kempton City property were received during the year in the amount of R47,8 million.

On 16 May 2008 the agreement for the sale of the Broadway Nordic property was concluded and the property was disposed for a consideration of R850 000.

Dividends and interest distributions
Interest on debentures has been calculated in terms of the Debenture Trust Deed. As the Company has returned to profitability, an interest payment of 9 cents per debenture unit has been declared for the year ended 31 March 2009 and is payable to linked unitholders registered in the books of the Company at the close of business on Friday, 31 July 2009.

Last date to trade linked units cum interest payments	Friday, 24 July 2009
Linked units commence trading ex-interest payments	Monday, 27 July 2009
Record date	Friday, 31 July 2009
Payment date	Monday, 3 August 2009

No dividend has been declared for the year in respect of the linked units.

Going concern and future of the Company
The annual financial statements have been prepared on the going concern basis. In concluding that this basis is appropriate, the directors have considered the Group's positive cash flows and the present net asset value of the Group. The directors, after due deliberation, have every reason to believe that the Group has adequate resources to continue in operation in the foreseeable future.

The directors are currently exploring ways of increasing the profitability and critical mass of the property portfolio with a view to repositioning the Group for growth and renewed accumulation of assets under management.

Post-balance sheet events
The directors are not aware of any material matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affects the financial position of the Company or the results of its operations to the date of this report.

Board of Directors
The following directors were directors of the Company during the year and up to the date of this report:

Terence (Terry) Ackroyd Bell (65) (Chairman)
Terry has been a Chartered Accountant of South Africa for more than 45 years. At 30, he was appointed senior partner of Forsyth & Nel Chartered Accountants. He has successfully managed various businesses in the paint, food and automotive industries. He has been involved in all aspects of the property industry for some 25 years. He has been an executive director of the Company since 2004 and was appointed executive chairman at the Annual General Meeting in July 2006.

Trevor Peter Botsis (55)
Trevor has been involved in all aspects of the property industry including syndication, sales, marketing, leasing, administration and development for the past 28 years. Trevor has extensive development experience which includes high-rise apartment buildings, high-density residential accommodation, office blocks and golf estate developments. He has been a non-executive director of the Company since 2003.

Jacobus (Jacques) Francois du Toit (37)
Jacques is a chartered financial analyst, and has been involved in the financial services industry since joining HSBC Simpson McKie as a stockbroker in 1998. He joined the portfolio management side of HSBC in 2003 and headed up the investment process until 2005 when he joined Investec Securities Limited as senior portfolio manager. He resigned from Investec in August 2008 to set up a financial services company. He serves on the boards of a number of private limited companies. Jacques was appointed to the Board in October 2007 as a non-executive director.

Donald (Don) Alexander Johnston (78)
Don has been an independent non-executive director of Fairvest since 2002. He attended Stellenbosch University's Business School and holds an Estate Agency Board certificate. He started his career in property in SA Breweries property division and has extensive knowledge of the share block industry gained over 14 years as a director of Dikholo Shareblock Company Limited. He is past chairman of the Services Seta.

Karen Jean Peter (38)
Karen received numerous academic awards including Standard Bank Top Bachelor of Commerce Student from 1989 to 1991 prior to qualifying as a Chartered Accountant in 1993. She was a senior investment analyst at RMB Asset Management before joining Super Group Limited in 2003. At Super Group, in addition to her duties as group investor relations manager, she assisted the executive directors with strategic acquisitions, improving returns of existing businesses, the successful implementation of a R1 billion B-BBEE transaction, R900 million corporate bond and other strategic initiatives. In 2007, Karen joined Spence & Peter Chartered Accountants. Karen was appointed financial director of Fairvest in 2009.

Arnold Platt (42)
Arnold has been a director of Millennium Property Holdings Limited for eight years and is a director of several other property-owning companies. He has consulted to various government departments and parastatals. Arnold has served as a director of Fairvest for five years, initially as a non-executive director, but subsequently as executive director for the past four years. Arnold plays an important role in dealing extensively with Government Departments and Municipalities on behalf of Fairvest.

Directors' remuneration

Policy on directors' remuneration
The directors are appointed to the Board to bring to the management and direction of the Group the skills and experience appropriate to its needs as a property holding business. They are, accordingly, remunerated on terms commensurate with market rates that reflect such responsibilities, taking into account industry norms.

In terms of the Company's Articles of Association directors are appointed by the members at a general meeting. Interim Board appointments may be made between general linked unitholder meetings but such appointees are required to retire at the next Annual General Meeting where they make themselves available for re-election by members.

Executive directors' remuneration
Executive directors' remuneration is compared to other South African companies to ensure sustainable performance and market competitiveness. The individual fees paid to directors are reviewed annually and approved by members at the Annual General Meeting. As mentioned in the Corporate Governance report, none of the directors deemed to be executive directors are involved full time in the affairs of the Company.

Non-executive directors' remuneration
Non-executive directors generally receive fixed fees for services. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The fees paid to non-executive directors are approved by members at the Annual General Meeting.

Directors' emoluments

Company 2009	**Management fees R'000**	**Directors' fees R'000**	**Total R'000**
TA Bell	**–**	**122**	**122**
TP Botsis	**–**	**122**	**122**
JF du Toit*	**–**	**41**	**41**
DA Johnston	**–**	**66**	**66**
KJ Peter**	**–**	**20**	**20**
AB Platt	**508**	**–**	**508**
	508	**371**	**879**

Company 2008	Management fees R'000	Directors' fees R'000	Total R'000
TA Bell	–	120	120
TP Botsis	–	120	120
JF du Toit*	–	20	20
DA Johnston	–	40	40
AB Platt	557	–	557
	557	300	857

* *Appointed as a director on 8 October 2007.*

** *Appointed as a director on 27 October 2008.*

Directors' service contracts

There are no fixed-term service contracts for executive or non-executive directors.

Linked units held by directors

The following table reflects the number of linked units held by directors, or in which directors have an interest at the date of approval of the annual financial statements:

	Beneficial holdings		**Non-beneficial holdings**		
2009	**Direct**	**Indirect**	**Direct**	**Indirect**	**%**
TP Botsis[2]	**2 106 139**	**2 995 210**	**–**	**43 067**	**5,99**
TA Bell [1]	**–**	**2 592 791**	**–**	**–**	**3,02**
JF du Toit	**–**	**20 630 203**	**–**	**4 798 875**	**29,64**
KJ Peter [1]	**–**	**–**	**2 592 791**	**–**	**–**
Total	**2 106 139**	**26 218 204**	**2 592 791**	**4 841 942**	**36,20**

1 *The shares, in which Mr TA Bell has a beneficial interest, are registered in the name of Mrs KJ Peter.*

	Beneficial holdings		Non-beneficial holdings		
2008	Direct	Indirect	Direct	Indirect	%
TP Botsis [2]	4 101 349	1 995 210	–	43 067	8,16
TA Bell	–	2 592 791		–	3,02
Total	4 101 349	4 588 001	–	908 327	11,18

2 *Due to an administrative miscommunication in the CSDP these shares were incorrectly recorded in 2008. The correct position is as set out in the 2009 table above.*

There have been no changes to the directors' interests in linked units subsequent to year end.

Interest of directors in contracts
The directors have certified that they were not materially interested in any transaction of material significance and which significantly affected the business of the Group with the Company or any of its subsidiaries. Accordingly, no conflict of interest with regard to directors' interests in contracts exists. There have been no material changes in the aforegoing between 31 March 2009 and the date of this report.

Directors trading in the Company's securities
All directors are required to obtain clearance prior to trading in the Company's securities. Such clearance must be obtained from the Chairman or, in his absence, by a designated director. Directors are required to inform their portfolio/investment managers not to trade in the securities of the Company unless they have specific written instructions from that director to do so. Directors also may not trade in their shares during closed periods. Directors are further prohibited from dealing in their shares at any time when they are in possession of unpublished price-sensitive information in relation to those securities, or otherwise where clearance to deal is not given.

Linked unitholders' capital and special resolutions
The authorised ordinary share capital of the Company remains unchanged at 300 000 000 ordinary shares with a par value of 1 cent each and 30 000 000 cumulative redeemable convertible preference shares of 1 cent each.

The issued ordinary share capital remains unchanged at 85 795 988 ordinary shares and 85 795 988 linked unit debentures of 1 cent each. The 31 615 616 linked units repurchased in respect of the Gorfil Settlement and from the insolvent estate of NG Vontas have finally been cancelled and the linked units were delisted on 7 July 2009.

No special resolutions were passed by the Company or its subsidiary companies during the financial period under review or subsequently.

Linked unitholders in excess of 5%
Details of linked unitholders in excess of 5% of the issued linked units, together with the spread of linked units between "public" and "non-public" holders, are set out in the analysis of linked unitholders on page 58 of this report.

Company Secretary
The Secretary of the Company is JA Lupton, (FCIS) of Highway Corporate Services (Pty) Limited, Suite 13, Marwick Centre, Lucas Drive, Hillcrest, 3610, PO Box 1319, Hillcrest, 3650.

Subsidiary companies
Details of the Company's investment in subsidiary companies are set out in note 29 to the annual financial statements.

Auditors
The auditors of the Company are BDO Spencer Steward (KZN) Inc, 59 Musgrave Road, Berea, Durban, 4001. A resolution to re-appoint the auditors will be proposed at the Annual General Meeting of shareholders.

BALANCE SHEETS

as at 31 March 2009

		Group		Company	
		31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	Notes	**R'000**	R'000	**R'000**	R'000
ASSETS					
Non-current assets		**89 685**	80 364	**123 355**	113 307
Investment property	2	**86 426**	77 442	**–**	–
Equipment	3	**4**	5	**–**	–
Investment in subsidiaries	4	**–**	–	**1**	1
Loans to subsidiaries	5	**–**	–	**123 354**	113 306
Operating lease asset	6	**3 255**	2 917	**–**	–
Non-current assets held for sale					
Investment property held for sale	2	**–**	48 650	**–**	–
Current assets		**47 156**	11 254	**–**	–
Trade and other receivables	7	**965**	709	**–**	–
Cash and cash equivalents	8	**46 191**	10 545	**–**	–
Total assets		**136 841**	140 268	**123 355**	113 307
EQUITY AND LIABILITIES					
Equity and reserves					
Ordinary share capital	9	**857**	857	**857**	857
Non-current liabilities		**125 594**	133 109	**110 432**	110 168
Linked unit debentures and premium	10	**124 658**	117 809	**110 024**	109 723
Long-term liabilities	11	**–**	14 047	**–**	–
Deferred taxation	12	**936**	1 253	**408**	445
Current liabilities		**10 390**	6 302	**12 066**	2 282
Taxation		**868**	574	**203**	282
Trade and other payables	13	**9 522**	2 367	**7 957**	241
Provisions	14	**–**	–	**–**	–
Loans from subsidiaries	15	**–**	–	**3 906**	1 759
Current portion of long-term liabilities	11	**–**	3 361	**–**	–
Total equity and liabilities		**136 841**	140 268	**123 355**	113 307

INCOME STATEMENTS

for the year ended 31 March 2009

	Notes	Group 31 March 2009 R'000	Group 31 March 2008 R'000	Company 31 March 2009 R'000	Company 31 March 2008 R'000
Revenue	16	**16 180**	24 095	**360**	300
Other costs		**(11 568)**	(14 064)	**(2 067)**	(2 546)
Trading profit/(loss)		**4 612**	10 031	**(1 707)**	(2 246)
Other expenses		**1 011**	(25 243)	**65**	(12 790)
– Fair value adjustment – debentures	17	**(6 849)**	(40 767)	**(301)**	(22 274)
– Fair value adjustment – investment properties	17	**7 860**	19 502	**–**	–
– Loss on sale of investment	18	**–**	(1 952)	**–**	–
– Loss on sale of investment properties	18	**–**	(2 026)	**–**	–
– Provision for impairment of interest in subsidiaries	18	**–**	–	**366**	9 484
Operating profit/(loss)	18	**5 623**	(15 212)	**(1 642)**	(15 036)
Finance costs	21	**(8 075)**	(3 902)	**(7 715)**	–
Investment revenue	22	**3 739**	1 202	**9 322**	2 543
Profit/(loss) before taxation		**1 287**	(17 912)	**(35)**	(12 493)
Taxation	23	**(1 287)**	17 912	**35**	12 493
Profit attributable to shareholders		**–**	–	**–**	–
Earnings per linked unit	24	**–**	–	**–**	–
Diluted earnings per linked unit	24	**–**	–	**–**	–

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2009

	Notes	Share capital R'000	Distributable reserve R'000	Total R'000
GROUP				
Balance at 1 April 2007		857	–	857
Profit for the year		–	–	–
Balance at 31 March 2008	9	857	–	857
Profit for the year	9	–	–	–
Balance at 31 March 2009	9	**857**	**–**	**857**
COMPANY				
Balance at 1 April 2007		857	–	857
Profit for the year		–	–	–
Balance at 31 March 2008	9	857	–	857
Profit for the year	9	–	–	–
Balance at 31 March 2009	9	**857**	**–**	**857**

STATEMENTS OF CHANGES IN DEBENTURES

for the year ended 31 March 2009

	Notes	Linked unit debenture capital R'000	Linked unit debenture premium R'000	Total R'000
GROUP				
Balance at 1 April 2007	10	857	76 185	77 042
Fair value adjustment	10	–	40 767	40 767
Balance at 31 March 2008	10	857	116 952	117 809
Fair value adjustment	10	-	6 849	6 849
Balance at 31 March 2009	10	**857**	**123 801**	**124 658**
COMPANY				
Balance at 1 April 2007	10	857	86 592	87 449
Fair value adjustment	10	–	22 274	22 274
Balance at 31 March 2008	10	857	108 866	109 723
Fair value adjustment	10	-	301	301
Balance at 31 March 2009	10	**857**	**109 167**	**110 024**

CASH FLOW STATEMENTS

for the year ended 31 March 2009

		Group		Company	
		31 March 2009	31 March 2008	**31 March 2009**	31 March 2008
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities		**5 527**	2 139	**7 534**	(154)
Cash generated from/(used in) operations	26	**11 173**	5 769	**6 007**	(2 440)
Finance costs	21	**(8 075)**	(3 902)	**(7 715)**	–
Investment revenue	22	**3 739**	1 202	**9 322**	2 543
Taxation paid	27	**(1 310)**	(930)	**(80)**	(257)
Cash inflow from investing activities		**47 526**	40 600	**(7 534)**	154
Disposal of properties	28	**48 650**	40 600	**–**	–
Improvements to investment properties	2	**(1 124)**	–	**–**	–
Amounts advanced to subsidiaries		**–**	–	**(9 681)**	(1 605)
Amounts received from subsidiaries		**–**	–	**2 147**	1 759
Cash outflow from financing activities		**(17 407)**	(33 863)	**–**	–
Decrease in long-term liabilities		**(17 407)**	(33 863)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**35 646**	8 876	**–**	–
Cash and cash equivalents at beginning of year		**10 545**	1 669	**–**	–
Cash and cash equivalents at end of year		**46 191**	10 545	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

1. ACCOUNTING POLICIES

Fairvest Property Holdings Limited (the Company) is a company domiciled in South Africa. The consolidated annual financial statements of the Company for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group").

1.1 Statement of compliance

The Company and Group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretation adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa and are consistent with the previous year.

1.2 Basis of preparation

The annual financial statements are presented in Rands rounded to the nearest thousand. They are prepared on the historical cost basis except for investment properties, linked units and certain financial instruments which are stated at fair value. Fair value adjustments, where applicable, do not affect the calculation of distributable earnings but do affect the calculation of the net asset value per linked unit to the extent that adjustments are made to the carrying value of assets and liabilities.

The accounting policies set out below have been applied consistently by all Group entities. The annual financial statements have been prepared on a going concern basis. The entity's owners do not have the power to amend the financial statements after issue.

1.3 Basis of consolidation

The consolidated annual financial statements include those of the Company and all its subsidiaries. The results of any subsidiaries acquired or disposed of during the period are included from the effective dates of acquisition to the effective dates of disposal.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

In the case of the Company, investments in subsidiaries are carried at cost less impairment losses. Intragroup transactions and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

The investment in the related company, which is not a subsidiary, is measured initially and subsequently at fair value.

1.4 Significant judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not apparent from other sources.

Significant estimates are required in the determination of future cash flows, probabilities in assessing net recoverable amounts and fair value disclosure purposes. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

Significant judgements include:

1. ACCOUNTING POLICIES continued

1.4.1 Impairment

The carrying value of the Group's assets, other than investment property and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement in the period in which they are incurred.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. In the case of receivables carried at cost and other assets, an impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

The impairment for trade and other receivables and loans receivable is assessed for impairment on an individual debtor basis, based on historical data and future factors. This may or may not be adjusted by national or industry-specific economic conditions and other indicators present at the reporting date.

1.4.2 Deferred taxation

Deferred tax is provided for on a basis that is reflective of management's intention at year end relating to the expected manner of recovery of the carrying amount of the asset, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

1.4.3 Income taxes

Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.4.4 Investment properties

Blue Heights property is owned by Polpoint Share Block company. This property comprises both commercial and residential areas. Fairvest has the right of use of the commercial area but no rights to the residential flats and so does not control the share block company. If this property had no residential flats, Fairvest would control the share block and therefore would account for it as an investment property. In the previous financial year, Fairvest's investment in Polpoint Share Block company was not consolidated and reclassified as an investment in related property companies. The deconsolidation of Polpoint Share Block resulted in no change to the value and the property ceased being accounted for as investment property and was reclassified as an investment in shares. On reconsideration it is management's opinion that the accounting should not differ simply because the Blue Heights property has residential flats above the commercial area as opposed to it being a stand-alone property. Furthermore, the valuation method is the same as if it were investment property. Based on the above, management has accounted for Blue Heights property as investment property.

1. **ACCOUNTING POLICIES** continued

1.5 Business and geographical segments

For management purposes, the Group is currently organised into two segments, namely commercial and residential. This is the basis on which the Group reports its primary segment information. The geographical split is a secondary segment, with the major geographical segments being Gauteng, Free State, KwaZulu-Natal and Eastern Cape. Segment information is presented in note 37.

1.6 Investment properties

Investment properties are properties held for the purpose of earning rental income and/or capital appreciation or both. Properties are stated initially at cost on acquisition, which comprises the purchase price and directly attributable expenditure.

Subsequent expenditure is capitalised to the extent that it is probable that future economic benefits will flow to the Group as a result of the expenditure and the cost can be measured reliably. Costs include costs incurred initially and costs incurred subsequently to add to, or replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition investment properties are measured at fair value. Fair value is determined annually based on the open market value basis as determined at the end of the financial period by an independent registered valuer. Any surpluses or deficits arising from the change in the fair value of the investment properties are included in profit or loss in the period in which it arises. These surpluses and deficits affect the value of the debentures as the fair value of the debentures is equivalent to the fair value of the Group's investment properties.

Realised profit and losses on disposal of investment properties are included in profit or loss in the period in which they arise and are calculated as the difference between the sale price and the carrying amount of the investment property.

1.7 Equipment

The cost of an item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all equipment to write down the cost to its estimated residual value. Equipment is depreciated over its useful life of five years. The useful lives and residual values are assessed annually at balance sheet date, along with depreciation methods.

1.8 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through its continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a complete sale within one year from the date of classification. Management must also be actively looking for a buyer and the price must be reasonable in relation to the market price.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1. ACCOUNTING POLICIES continued

1.9 Financial instruments

Financial instruments are initially measured at fair value, which includes transaction costs, except for those instruments that are classified as at fair value through profit or loss. Financial instruments include cash and cash equivalents, trade and other receivables, loans to subsidiaries, loans from subsidiaries, trade and other payables, debentures and other liabilities.

A gain or loss arising from change in a financial asset or liability is recognised as follows:

- a gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss;
- a gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss; and
- a gain or loss on financial assets and financial liabilities, carried at amortised cost, is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

The group has designated the linked unit debentures at fair value through profit and loss as in doing so results in more relevant information because it significantly reduces measurement inconsistencies (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The value of the linked unit debentures is significantly dependent on the fair value of the investment properties. By designating the linked unit debentures at fair value through profit and loss, the fair value movements on the linked unit debentures would correlate with the fair value adjustments on the investment properties so as to reduce the mismatch effect in the income statement. The concept is further illustrated in note 10.

Subsequent to initial recognition, financial instruments are measured on the basis set out below.

1.9.1 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value. Cash and cash equivalents are subsequently stated at amortised cost, which equates to fair value.

1.9.2 Trade and other receivables

Trade and other receivables are stated at amortised cost. Appropriate allowance for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that an asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade and other receivables are directly written off as irrecoverable when there is certainty of irrecoverability, in all other instances the allowance account will be utilised.

1.9.3 Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest rate method.

1.9.4 Other financial liabilities

Interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest rate basis.

1. ACCOUNTING POLICIES continued

1.9.5 Loans to/(from) Group companies

These loans include loans to/(from) holding companies, fellow subsidiaries and subsidiaries.

Loans to Group companies are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is clear objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment had been recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from Group companies are initially recognised at fair value and are subsequently measured at amortised cost.

1.10 Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.11 Impairment

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1. **ACCOUNTING POLICIES** continued

1.12 Investments in subsidiaries

In the Company annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.13 Share capital and share premium

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity.

1.14 Linked unit debentures and debenture premium

Debentures are financial instruments and designated on initial recognition as at fair value through profit or loss. They are therefore carried at fair value. The debentures bear interest as determined by the Trust Deed. The debt element of the costs of new linked units issued is capitalised against the face value of the debenture and revalued to fair value annually from the date of issue until the date of repayment. Fair value is determined as the carrying value of the debentures adjusted by the net profit or loss made by the Group for the period. Net gains or losses include interest.

1.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

When some or all of the expenditure required to settle the provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

1.16 Revenue recognition

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1. ACCOUNTING POLICIES continued

1.16.1 Rental income

Revenue from the letting of investment property comprises rentals (excluding VAT) and is recognised on a straight-line basis in accordance with the relevant lease agreements and is brought into account on the first day of the monthly calendar period to which the rental relates.

1.16.2 Rendering of administration services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) the amount of revenue can be measured reliably;

(b) it is probable that the economic benefits associated with the transaction will flow to the entity;

(c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

(d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of completion for the rendering of administration services is determined by reference to the actual services rendered on a monthly basis as a percentage of the total administration services required to be rendered on a monthly basis.

1.17 Finance income

Interest earned is recognised on an accrual basis using the effective interest rate method.

1.18 Income from sale of investment property

Income from the sale of investment property is recognised when all the suspensive conditions of sale have been fulfilled.

1.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

1.19.1 Leases as lessor

Operating lease income is recognised as income on a straight-line basis over the lease term. Income from leases is disclosed under revenue in the income statement.

1.19.2 Leases as lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value on the minimum lease payments.

1.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs are capitalised.

1.21 Taxation

Income taxation on the profit or loss for the year comprises current and deferred taxation.

1.21.1 Current taxation

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability.

If the amount already paid in respect of the current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

1. ACCOUNTING POLICIES continued

1.21.2 Deferred taxation

Deferred taxation is provided using the balance sheet liability method, providing for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, no deferred taxation is recognised on temporary differences when they arise, other than as part of a business combination, on the initial recognition of assets and liabilities, and the initial recognition affects neither accounting profit nor taxable profit (tax loss). Neither is deferred tax recognised on the initial recognition of goodwill and on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred taxation assets are recognised in profit and loss for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the asset can be utilised.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Investment properties are held as long-term income-generating assets. Deferred tax is recognised on fair value adjustments at the normal company taxation rate until such time as a decision to sell the investment property has been taken. Deferred tax is provided on fair value adjustments at the applicable capital gains tax rate on properties identified for disposal.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

1.21.3 Secondary tax on companies (STC)

STC is recognised as part of the current tax charge in the income statement when the related dividend is declared. STC is provided in respect of dividends declared net of dividends received or receivable. Unused STC credits are unaccounted for in deferred taxation to the extent that it is probable that the entity will declare dividends against which the STC credits can be utilised.

1.21.4 Value-added taxation (VAT)

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.22 Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave and bonuses) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.23 Earnings per linked unit

The group presents basic earnings per linked unit which is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of linked units in issue during the period.

Headline earnings per ordinary linked unit are calculated using the weighted average number of linked units in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 8/2007 issued by the South African Institute of Chartered Accountants (“SAICA”).

1. ACCOUNTING POLICIES continued

1.24 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning.

1.25 Statements and interpretations not yet effective

1.25.1 New standards issued but not yet effective, comprise:

IFRS 8 – Operating segments

This standard requires an entity to report financial and descriptive information about its reportable segments or aggregation of operating segments that meet specified criteria. This standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

1.25.2 Interpretations issued but not yet effective, comprise:

IFRIC 13 – Customer Loyalty Programmes

This interpretation addresses accounting by entities that grant loyalty award credits (such as "points" or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ("awards") to customers who redeem award credits. This interpretation requires the allocation of some of the proceeds of the initial sale to the award credits and recognises these proceeds as revenue only when they have fulfilled their obligations. They may fulfil their obligations by supplying awards themselves or engaging (and paying) a third party to do so. This interpretation is effective for annual periods beginning on or after 1 July 2008. The Group does not intend to adopt this interpretation early. Management is of the opinion that the adoption of this interpretation will not have a significant impact on the consolidated financial statements.

IFRIC 15 – Agreements for the Construction of Real Estate

The interpretation addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. Agreements within the scope of IFRIC 15 are described as "agreements for the construction of real estate", and may include the delivery of other goods or services. IFRIC 15 addresses two (related) issues being determining whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised. The interpretation is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this interpretation early. Management is of the opinion that the adoption of this interpretation will not have a significant impact on the consolidated financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

The interpretation provides guidance on net investment hedging, including: which foreign currency risks qualify for hedge accounting, and what amount can be designated; where within the group the hedging instrument can be held; and what amount should be reclassified to profit or loss when the hedged foreign operation is disposed of. The interpretation is effective for annual periods beginning on or after 1 October 2008. A further amendment was made to clarify that hedging instruments may be held by any entity or entities within the group; this includes a foreign operation that itself is being hedged. This amendment is effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt this interpretation early. Management is of the opinion that the adoption of this interpretation will not have a significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES continued

1.25.2 Interpretations issued but not yet effective, comprise: continued

IFRIC 17 – Distribution of Non-cash Assets to Owners

The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders. The interpretation is to be applied prospectively for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt this interpretation early. Management is of the opinion that the adoption of this interpretation will not have a significant impact on the consolidated financial statements.

IFRIC 18 – Transfers of Assets from Customers

The interpretation provides guidance on when an item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient. It addresses measurement on the date of transfer and the corresponding credit entry. The interpretation is to be applied prospectively to transfer of assets from customers received on or after 1 July 2009. The Group does not intend to adopt this interpretation early. Management is of the opinion that the adoption of this interpretation will not have a significant impact on the consolidated financial statements.

1.25.3 Amendments to existing standards issued but not yet effective, comprise:

IFRS 1 – First-time Adoption of International Financial Reporting Standards

This amendment deals with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this amendment early. Management is of the opinion that the adoption of this amendment will not have a significant impact on the consolidated financial statements.

IFRS 2 – Share-based Payments

This amendment deals with vesting conditions and cancellations. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. A further amendment confirms that in addition to business combinations as defined in IFRS 3 (2008) Business Combinations, contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 Share-based Payments. This amendment is effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt this amendment early. Management is of the opinion that the adoption of this amendment will not have a significant impact on the consolidated financial statements.

IFRS 3 – Business Combinations

This amendment deals with the accounting for business combinations. This amendment to the standard is effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt this amendment early. Management is of the opinion that the adoption of this amendment will not have a significant impact on the consolidated financial statements.

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations

This amendment deals with plans to sell the controlling interest in a subsidiary. This amendment to the standard is effective for annual periods beginning on or after 1 July 2009. A further amendment has been made to clarify that IFRS 5 Non-current Assets Held for Sale and Discontinued Operations specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. This further amendment to the standard is effective for annual periods beginning on or after 1 January 2010 and is to be applied prospectively with earlier application permitted. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES continued

1.25.3 Amendments to existing standards issued but not yet effective, comprise: continued

IFRS 7 – Financial Instruments: Disclosures

This amendment deals with presentation of finance costs. A further amendment has been made that deals with enhanced disclosures about fair value measurements and liquidity risk. These amendments to the standard are effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IFRS 8 – Operating Segments

A textual amendment has been made to the standard to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker. This amendment is effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IFRIC 9 – Reassessment of Embedded Derivatives

The amendment confirms that in addition to business combinations as defined by IFRS 3 (2008), derivatives acquired in the formation of a joint venture and in common control transactions are outside the scope of IFRIC 9. This amendment is effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements

This amendment deals with amendments to the structure of Financial Statements and current/non-current classification of derivatives. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. A further amendment has been made to clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. This further amendment is effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 7 – Statement of Cash Flows

The amendment requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. This amendment is effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

This amendment deals with the status of implementation guidance. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES continued

1.25.3 Amendments to existing standards issued but not yet effective, comprise: continued

IAS 10 – Events after the Reporting Period

This amendment deals with dividends declared after the end of the reporting period. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. In conjunction with IFRIC 17 a further amendment has been made to IAS 10 that clarifies the recognition of a liability for a dividend payable. This amendment is effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 16 – Property, Plant and Equipment

This amendment deals with recoverable amount and sale of assets held for rental. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 17 – Leases

The amendment resulted in the deletion of specific guidance regarding the classification of leases of land so as to eliminate inconsistency with the general guidance on lease classification. As a consequence, the classification of land as finance or operating lease should be established by the application of the general principles of IAS 17. This amendment is effective for annual periods beginning on or after 1 January 2010 with earlier application permitted. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 18 – Revenue

This amendment deals with costs of originating a loan. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 19 – Employee Benefits

This amendment deals with curtailments and negative past service cost, plan administration costs, replacement of term "fall due" and guidance on contingent liabilities. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

This amendment deals with government loans with a below-market rate of interest and consistency of terminology with other IFRSs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 23 – Borrowing Costs

This amendment only allows the capitalisation model and components of borrowing costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES continued

1.25.3 Amendments to existing standards issued but not yet effective, comprise: continued

IAS 27 – Consolidated and Separate Financial Statements

This amendment deals with the measurement of the cost of investments when adopting IFRS for the first time, consequential amendments from changes to Business Combinations and measurement of a subsidiary held for sale in the separate financial statements. The first amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The latter two amendments are effective for annual periods beginning on or after 1 July 2009. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 28 – Investments in Associates

This amendment deals with consequential amendments from changes to Business Combinations, required disclosures when investments in associates are accounted for at fair value through profit or loss and impairment of investment in associate. The first amendment to the standard is effective for annual periods beginning on or after 1 July 2009. The latter amendments are effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies

This amendment deals with description of measurement basis in financial statements and consistency of terminology with other IFRSs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 31 – Interests in Joint Ventures

This amendment deals with consequential amendments from changes to Business Combinations and required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 32 – Financial Instruments: Presentation

This amendment deals with certain financial instruments that will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 34 – Interim Financial Reporting

This amendment deals with earnings per share disclosures in interim financial reports. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

1. ACCOUNTING POLICIES continued

1.25.3 Amendments to existing standards issued but not yet effective, comprise: continued

IAS 36 – Impairment of Assets

This amendment deals with disclosure of estimates used to determine the recoverable amount. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. A further amendment was made to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments (i.e. before the aggregation of segments with similar economic characteristics permitted by IFRS 8.12). This amendment is effective for annual periods beginning on or after 1 January 2010. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 38 – Intangible Assets

This amendment deals with advertising activities, promotional activities and unit of production method of amortisation. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. Two further amendments where made. One includes clarifying the requirements under IFRS 3 (2008) regarding accounting for intangible assets acquired in a business combination. This amendment is effective for annual periods beginning on or after 1 July 2009. The second amendment clarifies the description of the valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets. This amendment is effective for annual periods beginning on or after 1 January 2010. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 39 – Financial Instruments: Recognition and Measurement

This amendment deals with reclassification of derivatives into or out of the classification of at fair value through profit or loss, designating and documenting hedges at the segment level and applicable effective interest rate on cessation of fair value hedge accounting. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. Several further amendments have been processed that are effective at different dates. Amendments effective for annual periods beginning on or after 1 January 2010 deal with treating loan prepayment penalties as closely related embedded derivatives, scope exemption for business combination contracts, cash flow hedge accounting and hedging using internal contracts. An amendment effective for annual periods beginning on or after 1 July 2009 deals with the clarification of two hedge accounting issues surrounding inflation in a financial hedged item and a one-sided risk in a hedged item. An amendment effective for annual periods ending on or after 30 June 2009 deals with embedded derivatives when reclassifying financial instruments. The Group does not intend to adopt these amendments early. Management is of the opinion that the adoption of these amendments will not have a significant impact on the consolidated financial statements.

IAS 40 – Investment Property

This amendment deals with property under construction or development for future use as investment property, consistency of terminology with IAS 8 and investment property held under lease. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

IAS 41 – Agriculture

This amendment deals with discount rate for fair value calculations, additional biological transformation, examples of agricultural produce and products and point-of-sale costs. This amendment to the standard is effective for annual periods beginning on or after 1 January 2009. The Group does not intend to adopt this standard early. Management is of the opinion that the adoption of this standard will not have a significant impact on the consolidated financial statements.

	Group		Company	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
2. INVESTMENT PROPERTY				
Not held for sale	**86 426**	77 442	**–**	–
Held for sale	**–**	48 650	**–**	–
Valuation	**86 426**	126 092	**–**	–
Reconciliation of investment property				
Carrying value at beginning of the year	**126 092**	167 625	**–**	–
Additions and costs capitalised	**1 124**	–	**–**	–
Disposals	**(48 650)**	(61 035)	**–**	–
Fair value adjustment – valuation of investment properties	**7 860**	19 502	**–**	–
Carrying value at end of the year	**86 426**	126 092	**–**	–
Straight-line lease accrual – non-current	**3 255**	2 917	**–**	–
Straight-line lease accrual – current	**(81)**	(259)	**–**	–
Market value of investment property portfolio	**89 600**	128 750	**–**	–
Investment properties disposed of after year end	**–**	48 650	**–**	–
Investment in related share block company	**19 600**	19 600	**–**	–
Remaining investment property portfolio	**70 000**	60 500	**–**	–
Market value of investment property portfolio	**89 600**	128 750	**–**	–

2.1 Assets pledged as security

Investment properties were pledged as security for the mortgage bond facilities detailed in note 11. These mortgage bonds were repaid in the current financial year.

2.2 Details of assets

Details of the investment properties are reflected on page 57 in the summary of the valuation report. A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act of South Africa is available for inspection at the registered office of the Company.

2.3 Property valuations

Investment properties were valued by an independent valuer, Galleon Valuation Services (Pty) Limited, a registered professional valuer under the Property Valuation Professionals Bill. The valuer is not connected to the Group and has recent experience in location and category of the investment property being valued. The effective date of the valuations was 31 March 2009. The valuation was based on open market values for existing use for each individual investment property. The "Income Capitalisation Method" was used to determine the market value for each property. This capitalisation method requires the direct comparison of the property, based on market rentals as well as market-related expenditure, in order to determine a net annual income for the year forward. The net market-related income is then capitalised into perpetuity at a rate of return determined from similar property transactions within the homogeneous area. Cognisance is to be taken of specific investment demands, the overall condition of structures, the accommodation such structures supply as well as the location of the property. If the contractual rentals are higher or lower than market norm then such income is discounted for the remainder of the lease term and the positive or negative influence thereof is deducted or added to the capitalised value. Amounts are recognised in profit or loss for the period.

A summary of the valuation report is reflected on page 57 in Details of Investment Property Portfolio.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
2. INVESTMENT PROPERTY continued				
2.4 Investment property held for sale				
At valuation				
– Broadway Nordic	**–**	850	**–**	–
– Kempton City Shopping Centre	**–**	47 800	**–**	–
	–	48 650	**–**	–

For further information refer to note 28, page 12 in the Directors' Report and page 57 in Details of Investment Property Portfolio.

2.5 Investment in related share block company

This relates to property owned by a related share block company. Fairvest Holdings Limited manages the commercial area of the property. The property is recorded at the fair value of future lease rentals. For further information refer to note 39.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
3. EQUIPMENT				
Cost	**5**	20	**–**	–
Accumulated depreciation	**(1)**	(15)	**–**	–
Carrying amount	**4**	5	**–**	–
Reconciliation of equipment				
Carrying value at beginning of the year	**5**	-	**–**	–
Additions and costs capitalised	**–**	5	**–**	–
Depreciation	**(1)**	–*	**–**	–
Carrying value at end of the year	**4**	5	**–**	–
* Amount less than R1 000				
4. INVESTMENT IN SUBSIDIARIES				
At cost	**–**	–	**1**	1
Details of investment in subsidiary companies are set out in note 29.				
5. LOANS TO SUBSIDIARIES				
Loan amount	**–**	–	**123 354**	113 672
Less: Provision for impairment	**–**	–	**–**	(366)
At amortised cost	**–**	–	**123 354**	113 306

The loans to subsidiary companies are unsecured, at varying rates of interest linked to the prime rate of interest (2008: varying rates of interest linked to prime rate of interest) and with no fixed terms of repayment. These loans will not be paid within the next 12 months.

Details of loans to subsidiary companies are set out in note 29.

The provision for impairment is no longer required as the affected subsidiaries have returned to profitability.

		Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
6.	**OPERATING LEASE ASSET**				
	Non-current	**3 255**	2 917	**–**	–
	Current – classified under trade receivables in note 7	**(81)**	(216)	**–**	–
	Carrying value at end of the year	**3 174**	2 701	**–**	–
	The operating lease asset arises as a result of the straight-line effect on lease rentals. It relates to the difference between the contractual and accrued rental income.				
7.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**991**	711	**–**	–
	Operating lease asset – current portion	**(81)**	(216)	**–**	–
	Other receivables	**55**	212	**–**	–
	Prepayments	**–**	2	**–**	–
		965	709	**–**	–
8.	**CASH AND CASH EQUIVALENTS**				
	Comprises bank balances				
	Current account	**(136)**	(161)		
	Call account	**9 972**	10 706		
	90 day fixed deposit account	**36 355**	–		
		46 191	10 545	**–**	–
	A Guarantee, which expires on 31 December 2025, has been issued to the South African Post Office for R5 000.				
9.	**ORDINARY SHARE CAPITAL**				
	Authorised				
	300 000 000 ordinary shares of 1 cent each	**3 000**	3 000	**3 000**	3 000
	30 000 000 cumulative redeemable convertible preference shares of 1 cent each	**300**	300	**300**	300
	Issued				
	85 795 988 ordinary shares of 1 cent each	**858**	858	**858**	858
	Less: 74 002 treasury shares of 1 cent each	**(1)**	(1)	**(1)**	(1)
		857	857	**857**	857

In terms of the memorandum of association and the Debenture Trust Deed, the shares are linked to unsecured, unsubordinated variable rate debentures in the ratio of one ordinary share to one debenture. The linkage means that each share may only be issued and traded as part of a linked unit together with the debenture with which it was linked until such time as it is delinked in accordance with the memorandum of association and the Debenture Trust Deed.

Change in authorised and issued share capital

There was no change in the authorised or issued share capital during the year. The unissued shares are not under the control of the directors. Shares in issue are fully paid up.

	Group		Company	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
10. LINKED UNIT DEBENTURES				
Issued				
85 795 988 debentures of 1 cent each	**858**	858	**858**	858
Less: 74 002 treasury debentures of 1 cent each	**(1)**	(1)	**(1)**	(1)
	857	857	**857**	857
Face value	**112 937**	112 937	**112 937**	112 937
Fair value adjustment	**10 864**	4 015	**(3 770)**	(4 071)
Debenture premium	**123 801**	116 952	**109 167**	108 866
Linked unit debentures and premium	**124 658**	117 809	**110 024**	109 723
Reconciliation of debentures issued				
Opening balance	**117 809**	77 042	**109 723**	87 449
Fair value adjustment	**6 849**	40 767	**301**	22 274
Closing balance	**124 658**	117 809	**110 024**	109 723

Each debenture is linked to a share, which together form a linked unit. The debentures bear interest calculated on the capital at a variable rate of up to 99,9% of the net profit of the Company after certain adjustments described in the Debenture Trust Deed. No accrual for interest has been made in the current year. The fair value of debentures is equivalent to the fair value of the property portfolio, thus all profits or losses which would be ordinarily attributable to shareholders are reflected as a fair value adjustment to debentures.

The debentures will be redeemed subject to clause 8 of the Fairvest Principal Trust Deed as administered by Moss-Morris Inc. The debentures are redeemable at their nominal value at the instance of the debenture holders any time after 25 years after the date of allotment. The right of redemption may be exercised only by special resolution of the debenture holders. Upon passing of the special resolution the debentures will be redeemed by the Company at their nominal value. The Debenture Trust Deed is available for inspection by linked unitholders or their duly authorised agents at the registered office of the Company.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
11. LONG-TERM LIABILITIES The monthly repayments detailed below comprise capital and interest amounts based on year-end debt and interest rates.				
Nedcor Bank Limited Loan secured by first and second mortgage bonds over land and buildings, bearing interest at prime rate of interest less 1% per annum. Capital and interest are payable in monthly instalments in 2008 of R1 656. Capital was repaid during the year.	–	29	–	–
Nedbank Limited Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,5% per annum. Interest payable in monthly instalments in 2008 of R28 890. Capital was repaid during the year.	–	2 456	–	–
Investec Bank Limited Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest per annum. Capital and interest are payable in monthly instalments in 2008 of R75 835. Capital was repaid during the year.	–	2 010	–	–
Nedbank Limited Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,25% per annum. Capital and interest are payable in monthly instalments in 2008 of R95 290. Capital was repaid during the year.	–	3 397	–	–
Nedbank Limited Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 0,5% per annum. Capital and interest are payable in monthly instalments in 2008 of R17 921. Capital was repaid during the year.	–	417	–	–
Nedbank Limited Loan secured by mortgage bond over land and buildings, bearing interest at prime rate of interest less 1% per annum. Capital and interest are payable in monthly instalments in 2008 of R78 026. Capital was repaid during the year.	–	7 578	–	–

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
11. LONG-TERM LIABILITIES continued				
Investec Bank Limited	**–**	1 521	**–**	–
Loan secured by pledge of shares held by Blue Heights Syndicate in Polpoint Share Block (Pty) Limited, cession of rights in terms of use agreement entered into with Polpoint Share Block (Pty) Limited, cession of lease agreements and rental income, bearing interest per annum. Capital and interest are payable in monthly instalments in 2008 of R70 816. Capital was repaid during the year.				
Total liability	**–**	17 408	**–**	–
Less: Current portion	**–**	3 361	**–**	–
Non-current portion	**–**	14 047	**–**	–
12. DEFERRED TAXATION				
The net deferred taxation liability arises from the following temporary differences:				
Fair value adjustments				
– Investment properties	**2 348**	1 361	**–**	–
– Debentures	**–**	–	**408**	445
– Straight-line rental income accrual	**889**	758	**–**	–
Deferred taxation asset raised on assessed losses	**(2 301)**	(866)	**–**	–
	936	1 253	**408**	445
Movement summary				
Opening balance	**1 253**	19 493	**445**	13 268
Current year income statement charge	**(317)**	(18 240)	**(37)**	(12 823)
Closing balance	**936**	1 253	**408**	445
13. TRADE AND OTHER PAYABLES				
Trade payables	**614**	604	**–**	–
Accruals	**8 305**	308	**7 957**	241
Deposits received	**603**	1 455	**–**	–
	9 522	2 367	**7 957**	241

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
14. PROVISIONS				
Employee-related	**–**	–	**–**	–
Other	**–**	–	**–**	–
	–	–	**–**	–
Reconciliation of employee-related provisions:				
Employee-related provisions relate to retrenchment cost utilised in the current year and leave pay which have been reclassified as accruals in the current year				
Opening balance	**–**	1 070	**–**	–
Reclassified/utilised during the period	**–**	(1 070)	**–**	–
Closing balance	**–**	–	**–**	–
Reconciliation of other provisions:				
Other provisions relate to interest and unclaimed dividends which have been reclassified as accruals in the current year and legal settlements which have been utilised in the current year				
Opening balance	**–**	707	**–**	532
Reclassified/utilised during the period	**–**	(707)	**–**	(532)
Closing balance	**–**	–	**–**	–
15. LOANS FROM SUBSIDIARY COMPANIES				
Loan amount at amortised cost	**–**	–	**3 906**	1 759
The loans from subsidiary companies are unsecured, bear interest at 0% and have no fixed terms of repayment. Details of loans from subsidiary companies are set out in note 29. The highest amount outstanding during the year was R3 906 000 (2008: R1 759 000)				
16. REVENUE				
Rental income – contractual	**15 707**	23 940	**–**	–
– straight-line accrual	**473**	155	**–**	–
Rendering of services				
– administration fees	**–**	–	**360**	300
	16 180	24 095	**360**	300
17. FAIR VALUE ADJUSTMENTS				
Investment property	**7 860**	19 502	**–**	–
Debentures	**(6 849)**	(40 767)	**(301)**	(22 274)

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
18. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) is arrived at after the following items:				
Income				
– Depreciation of equipment	**1**	–*	**–**	–
– Direct operating expenses – generating rental income	**3 012**	7 194	**–**	–
– Direct operating expenses – not generating rental income	**1 568**	1 742	**–**	–
– Impairment of trade receivables	**322**	446	**–**	–
– Loss on sale of investments	**–**	1 952	**–**	–
– Loss on sale of investment properties	**–**	2 026	**–**	–
– Provision for impairment in interest in subsidiaries	**–**	–	**366**	9 484
– Staff costs	**1 138**	1 519	**–**	–
* amount less than R1 000				
19. AUDITORS' REMUNERATION				
Audit fee	**392**	419	**181**	10
20. DIRECTORS' EMOLUMENTS				
Executive directors (past and present)				
Emoluments paid by the Company				
– For services as directors of subsidiaries	**264**	240	**264**	240
– Fees for other services	**508**	557	**508**	557
	772	797	**772**	797
Non-executive directors (past and present)				
Emoluments paid by the Company				
– For services as directors	**107**	60	**107**	60
A detailed breakdown of the directors' emoluments appears on page 14 in the Directors' Report.				
21. FINANCE COSTS				
Interest paid – Other financial liabilities				
– Debentures	**7 715**	–	**7 715**	–
– Long-term liabilities	**360**	3 898	**–**	–
– Bank and others	**–**	4	**–**	–
	8 075	3 902	**7 715**	–
22. INVESTMENT REVENUE				
Interest paid – Loans and receivables				
– Interest received from subsidiaries	**–**	–	**9 322**	2 543
– Bank and others	**3 739**	1202	**–**	–
	3 739	1 202	**9 322**	2 543

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
23. TAXATION				
Major components of taxation:				
Normal taxation	**(1 604)**	(328)	**(2)**	(330)
– Current	**(518)**	(337)	**–**	(330)
– Adjustment to previous year	**(1 086)**	9	**(2)**	–
Deferred taxation	**317**	18 240	**37**	12 823
– Current	**317**	18 912	**37**	13 281
– Change in taxation rate	**–**	(672)	**–**	(458)
	(1 287)	17 912	**35**	12 493
Reconciliation between accounting profit and current taxation:				
Accounting profit/(loss)	**1 287**	(17 912)	**(35)**	(12 493)
Income taxation at applicable rate of 28%[1] (2008: 29%)	**(360)**	5 194	**10**	3 623
Tax effect of adjustments on taxable income				
– Fair value adjustments	**283**	(6 167)	**(84)**	(6 459)
– Non-deductible expenditure	**120**	(655)	**101**	2 750
– Adjustment to previous year	**(1 086)**	9	**(2)**	–
– Assessed losses utilised/(created)	**254**	1 535	**(27)**	–
– Capital gains taxation at 14% (2008: 14,5%)	**(815)**	(244)	**–**	(244)
Normal taxation	**(1 604)**	(328)	**(2)**	(330)

1 *The company is regarded as a tax resident in South Africa by the South African Revenue Services (SARS) and as such is subject to tax on its worldwide income in South Africa. On 20 February 2008, the South African Minister of Finance announced a change in the corporate tax rate from 29% to 28%. This is effective for financial years ending on any date between 1 April 2008 and 31 March 2009.*

	Group		Company	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
24. BASIC, DILUTED AND HEADLINE EARNINGS PER LINKED UNIT				
Ordinary shares are traded as part of linked units.				
Basic earnings comprise profit attributable to shareholders	**–**	–	**–**	–
Headline earnings adjustments comprise:				
– Loss on sale of investment properties	**–**	3 978		
– Fair value adjustments to debentures	**6 849**	40 767		
– Fair value adjustment to investment properties	**(7 860)**	(19 502)		
Headline earnings	**(1 011)**	25 243		
The above adjustments have no income tax effect.				
Basic earnings per linked unit (cents)	**–**	–		
Diluted earnings per linked unit (cents)	**–**	–		
Headline (loss)/earnings per linked unit (cents)	**(1,2)**	29,4		
Linked units in issue	**85 795 988**	85 795 988		
Effective number of linked units in issue	**85 721 986**	85 721 986		
Weighted average number of linked units	**85 721 986**	85 721 986		
Distribution per linked unit (cents)	**9,0**	–		

The earnings per linked unit and weighted average number of linked units used in the calculations of all diluted earnings per linked unit measures are the same as those for the equivalent basic earnings per linked unit measure as outlined above.

25. DIVIDEND PER LINKED UNIT

No dividends were paid in either the current or prior years.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
26. CASH GENERATED FROM/(USED IN) OPERATIONS				
Reconciliation of profit before taxation to cash generated from operations				
Profit/(loss) before taxation	**1 287**	(17 912)	**(35)**	(12 493)
Finance costs	**8 075**	3 902	**7 715**	–
Investment revenue	**(3 739)**	(1 202)	**(9 322)**	(2 543)
Adjustments for:				
– Depreciation	**1**	–*	**–**	–
– Fair value adjustment to debentures	**6 849**	40 767	**301**	22 274
– Fair value adjustment to investment properties	**(7 860)**	(19 502)	**–**	–
– Loss on sale of investment properties	**–**	3 978	**–**	–
– Provision for impairment	**–**	–	**(366)**	(9 484)
– Straight-lining of rental income	**(473)**	(155)	**–**	–
– Other non-cash items	**32**	(4 157)	**(1)**	(2)
Operating cash flow	**4 172**	5 719	**(1 708)**	(2 248)
Changes in working capital	**7 001**	50	**7 715**	(192)
– Decrease in trade and other receivables	**(153)**	1 859	**–**	97
– Increase/(decrease) in trade and other payables	**7 154**	(1 809)	**7 715**	(289)
Cash generated from/(used in) operations	**11 173**	5 769	**6 007**	(2 440)
* Amounts less than R1 000.				
27. TAXATION PAID				
Balance at beginning of year	**574**	1 176	**282**	209
Charge for current period	**1 604**	328	**2**	330
Balance at end of year	**(868)**	(574)	**(204)**	(282)
Taxation paid	**1 310**	930	**80**	257
28. PROCEEDS ON DISPOSAL OF PROPERTIES				
Carrying amount of properties disposed	**48 650**	42 626	**–**	–
Loss on sale of properties	**–**	(2 026)	**–**	–
Proceeds on disposal of properties	**48 650**	40 600	**–**	–

For further information refer to the details of investment property portfolio on page 57.

29. SUBSIDIARY COMPANIES

All subsidiaries are wholly-owned and in South Africa

	Issued ordinary share capital		Net profit/(loss) after tax		Indebtedness	
	2009	2008	**2009**	2008	**2009**	2008
Directly held						
Fairvest Properties (Pty) Limited	**1 000**	1 000	**3 318**	(18 603)	**90 915**	84 997
Indirectly held						
577 Point Road Share Block Limited	**–**	1 572	**–**	–	**–**	–
Arrowfield Properties (Pty) Limited	**–**	100	**–**	1 017	**–**	–
Broadnor Share Block (Pty) Limited	**1 000**	1 000	**–**	–	**–**	–
Climal Properties (Pty) Limited	**100**	100	**4 929**	609	**–**	–
Fairvest Property Management (Pty) Limited	**100**	100	**1 956**	(91)	**(3 906)**	(1 759)
Fairvest Properties Two (Pty) Limited	**1 000**	1 000	**3 195**	4 011	**32 439**	28 675
Frontchart Share Block (Pty) Limited	**–**	1	**–**	–	**–**	–
Fullgro Properties (Pty) Limited	**100**	100	**718**	1 308	**–**	–
Home 599 Investments Share Block (Pty) Limited	**–**	100	**–**	–	**–**	–
Kempton City Props One Share Block (Pty) Limited	**1 250**	1 250	**–**	–	**–**	–
Pro P&P (Pty) Limited	**100**	100	**–**	(3)	**–**	–
Runacan Park (Pty) Limited	**600**	600	**744**	599	**–**	–
Soundprops 10 (Pty) Limited	**–**	100	**–**	201	**–**	–
Soundprops 1203 (Pty) Limited	**–**	1 000	**–**	696	**–**	–
Wilbat Projects 209 Share Block (Pty) Limited	**–**	1 000	**–**	–	**–**	–
	5 250	9 123	**14 860**	(10 256)	**119 448**	111 913
Provision for diminution in value						
Fairvest Properties Two (Pty) Limited					**–**	(366)
					119 448	111 547

The subsidiaries' principal activities are the investment in properties and the management thereof.

30. POWER TO AMEND ANNUAL FINANCIAL STATEMENTS

The entity's owners and others do not have the power to amend annual financial statements after issue.

31. CAPITAL COMMITMENTS

No capital commitments have been authorised by the Fairvest Board of Directors to date of this report.

32. RETIREMENT BENEFITS

The Group does not operate any scheme for the provision of retirement benefits.

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

Risk management is fundamental to the Group's business and plays a crucial role in enabling management to operate more effectively in a changing environment. Over time it has evolved into one of the Group's core capabilities and is integral to the evaluation of strategic alternatives and the setting of objectives, all within a risk management framework that ensures alignment with the Group's risk appetite and overall strategy.

The approach followed by the Group to manage risk is to ensure that all significant risks are identified and managed. The Group remains committed to the objective of increasing shareholder value by developing and growing business that is consistent with the chosen risk appetite, and through building more effective risk management capabilities.

The Group's trading and financing activities expose it to various financial risks that, if left unmanaged, could adversely impact on current or future earnings. Although not necessarily mutually exclusive, these financial risks include credit risk, liquidity risk and market risk, of which comprises interest rate and price risk. These risks arise predominately from the principal financial instruments documented below.

This note describes the Group's overall risk management programme, focusing on the unpredictability of the financial markets and seeking to minimise the potential adverse effects on the financial performance of the Group. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantial changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods, unless otherwise stated in this note. Information has been disaggregated relative to the characteristics of the various financial instruments used by the Group. Trade receivables and trade payables have not been further disaggregated as these financial instruments in their own right share the same economic characteristic and market conditions.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Loans to subsidiaries
- Trade and other receivables
- Cash and cash equivalents
- Debentures
- Variable rate long-term liabilities
- Trade and other payables
- Loans from subsidiaries

The directors have an overall responsibility for the determination of the Group's risk management objectives and policies, and whilst retaining ultimate responsibility for them, they ensure that excess cash as generated from their operations is invested with recognised financial institutions. Finance is provided by counterparties that are well recognised financial institutions. The directors on a monthly basis monitor their collections from customers and movements in the prime lending rates. Risks are not hedged through the direct use of financial instruments. Furthermore, financial instruments are not used for speculative purposes.

The overall objective of the Board of directors is to set policies that seek to reduce risk that they are directly exposed to as far as possible without unduly affecting the Group's general business operations.

Company risk exposure and risk management

The Company's financial instruments are as follows:

- Loans to subsidiaries
- Debentures
- Loans from subsidiaries

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

The Company's risk exposure and risk management of these loans and debentures are included in the Group's assessment detailed in this note and their assessment does not differ from the Group's assessment.

Categories of financial instruments

Group	Risk exposure	Fair value through profit and loss R'000	Available for sale R'000	Loans and receivables/ Other financial liabilities R'000	Total R'000	Fair value R'000
2009 – Financial assets						
Trade receivables	Credit	–	–	991	991	991
Cash and cash equivalents	Credit and interest rate	–	–	46 191	46 191	46 191
Total		–	–	47 182	47 182	47 182
2008 – Financial assets						
Trade receivables	Credit	–	–	711	711	711
Cash and cash equivalents	Credit and interest rate	–	–	10 575	10 575	10 575
Total		–	–	11 286	11 286	11 286
2009 – Financial liabilities						
Debentures	Liquidity and market	124 658	–	–	124 658	124 658
Variable rate long-term liabilities	Liquidity and interest rate	–	–	–	–	–
Trade payables	Liquidity	–	–	614	614	614
Deposits	Liquidity	–	–	603	603	603
Total		124 658	–	1 217	125 875	125 875
2008 – Financial liabilities						
Debentures	Liquidity and market	117 809	–	–	117 809	117 809
Variable rate long-term liabilities	Liquidity and interest rate	–	–	17 408	17 408	17 408
Trade payables	Liquidity	–	–	604	604	604
Deposits	Liquidity	–	–	1 465	1 465	1 465
Total		117 809	–	19 477	137 286	137 286

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Categories of financial instruments

Company	Risk exposure	Fair value through profit and loss R'000	Available for sale R'000	Loans and receivables/ Other financial liabilities R'000	Total R'000	Fair value R'000
2009 – Financial assets						
Loans to subsidiaries	Credit and interest rate	–	–	123 354	123 354	123 354
Total		–	–	123 354	123 354	123 354
2008 – Financial assets						
Loans to subsidiaries	Credit and interest rate	–	–	113 306	113 306	113 306
Total		–	–	113 306	113 306	113 306
2009 – Financial liabilities						
Debentures	Liquidity and market	110 024	–	–	110 024	110 024
Loans from subsidiaries	Liquidity and interest rate	–	–	3 906	3 906	3 906
Total		110 024	–	3 906	113 930	113 930
2008 – Financial liabilities						
Debentures	Liquidity and market	109 723	–	–	109 723	109 723
Loans from subsidiaries	Liquidity and interest rate	–	–	1 759	1 759	1 759
Total		109 723	–	1 759	111 482	111 482

Financial assets	**Methods of determining fair value**
Current assets, comprising trade receivables and cash and cash equivalents	approximate carrying value due to the short-term nature of these financial instruments

Financial liabilities	**Methods of determining fair value**
Debentures	calculation is detailed in note 10
Variable rate long-term liabilities	is the loan amount as the liabilities bear interest linked to prime rate of interest
Current liabilities, comprising trade payables	approximate carrying value due to the short-term nature of these financial instruments

Credit risk

The Group's credit risk is mainly confined to the risk of customers defaulting on rental invoices raised. Any credit risk arising from cash and cash equivalents is deemed to be insignificant on the basis that all relevant counterparties are recognised financial institutions. The Group's financial instruments that are exposed to concentrations of credit risk consist primarily of trade and other receivables. However this exposure is not considered significant due to its diverse tenant base and property locations. The Group has policies in place to ensure that all properties are leased to tenants with an acceptable credit history. Trade receivables that are neither past due nor impaired are considered to be of a high credit quality, established internally, with a historic default rate of 2,1% (2008: 1,9%) The Group does not request collateral or other guarantees from existing or potential trade debtors, except where appropriate. To date, the Group does not hold any collateral with regard to trade and loans receivable, except for deposits from tenants.

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

At each balance sheet date, the Group determines on a case-by-case basis whether there is objective evidence of an impairment loss. The following factors are considered in determining whether an impairment loss should be provided for:

- The number of days that the debt is in arrears;
- Whether the debtor has been liquidated or has closed down the business;
- If provisional liquidation has been sought against the debtor;
- Any litigation proceedings against the debtor and the likely outcomes;
- Any communication from the debtor indicating an inability to pay within the agreed credit terms;
- Any evidence of liquidity difficulties experienced by the debtor; and
- Adverse credit reports.

The Group does not provide for impairment losses on a general basis. Debts that are past due are impaired based on evidence of the factors cited above. Impairment losses on trade receivables amounted to R332 000 (2008: R446 000).

The maximum exposure of financial assets to credit risk equates to the carrying amounts as presented on the balance sheet and notes thereto.

The increase in the fair value of the debentures that are designated at fair value through profit or loss is attributable to the increase in the value of the investment property. As a result, no element of the increase in the fair value of the debenture is attributable to credit risk.

Loans to subsidiaries have been individually impaired by Rnil (2008: R366 000) where the loan amount exceeds the net asset value of the subsidiary to which the loan was granted. Refer to note 5 and 30. There are no other financial assets that have been individually impaired.

Reconciliation of the doubtful debts allowance account:

	Individually assessed		Collectively assessed		Total	
	2009	2008	**2009**	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000	**R'000**	R'000
Allowances as of 1 April	**418**	1 791	**–**	–	**418**	1 791
Increase in provisions	**435**	(346)	**–**	–	**435**	(346)
Recovered amounts reversed	**(72)**	(581)	**–**	–	**(72)**	(581)
Written off as uncollectible	**(332)**	(446)	**–**	–	**(332)**	(446)
Allowances as of 31 March	**449**	418	**–**	–	**449**	418

The selected time bands used for aging in the table below were considered by management to be most reflective of the Group's operations.

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Trade receivables	Carrying amount before impairment R'000	Current* R'000	Aging of trade receivables – Financial assets are past due but not impaired – Greater than 30 days R'000	Greater than 60 days R'000	Greater than 90 days R'000	Greater than 120 days R'000
2009	**1 440**	**744**	**82**	**76**	**89**	**449**
2008	1 129	414	194	54	13	454

** Of which neither impaired nor past due on the reporting date.*

Financial assets which were individually impaired:

	Trade receivables 2009	Trade receivables 2008	Loans to subsidiaries 2009	Loans to subsidiaries 2008
Carrying amount	**713**	418	**123 354**	113 672
Actual impairment	**(449)**	(418)	**–**	(366)
	264	–	**123 354**	113 306
Fair value of collateral (deposits received)	**8**	381		

Liquidity risk

Liquidity risk arises from the Group's management of working capital, the finance charges and the principal repayments on the debt instruments. It is the risk that the Group will experience financial difficulty in meeting its obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed facilities. The Group remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements. There have been no defaults or breaches on the loan from subsidiaries and trade payables during the course of the financial year. Furthermore, no security has been provided on the trade payables and the loan from subsidiaries. Long-term liabilities have been secured with the related investment property.

The following table presents the Group's outstanding contractual maturity profile for its non-derivative financial liabilities. The selected time bands were considered by management to be most reflective of the Group's operations. The analysis presented is based on the undiscounted contractual maturities of the Group's financial liabilities.

Contractual maturity analysis for Group:

Financial liabilities	Gross undiscounted cash flow – Due on demand/ less than one year R'000	Due between two and five years R'000	Due after five years R'000	Total R'000	Unearned finance charges R'000
2009					
Debentures	**–**	**–**	**124 658**	**124 658**	**–**
Variable rate long-term liabilities	**–**	**–**	**–**	**–**	**–**
Trade payables	**614**	**–**	**–**	**614**	**–**
Deposits	**–**	**603**	**–**	**603**	**–**
Total	**614**	**603**	**124 658**	**125 875**	**–**

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

Financial liabilities	Gross undiscounted cash flow Due on demand/ less than one year R'000	Due between two and five years R'000	Due after five years R'000	Total R'000	Unearned finance charges R'000
2008					
Debentures	–	–	117 809	117 809	–
Variable rate long-term liabilities	3 361	9 469	4 578	17 408	7 113
Trade payables	604	–	–	604	–
Deposits	–	1 465	–	1 465	–
Total	3 965	9 413	122 387	137 286	7 113

Contractual maturity analysis for Company:

Financial liabilities	Gross undiscounted cash flow Due on demand/ less than one year R'000	Due between two and five years R'000	Due after five years R'000	Total R'000	Unearned finance charges R'000
2009					
Debentures	**–**	**–**	**110 024**	**110 024**	**–**
Loan from subsidiaries	**3 906**	**–**	**–**	**3 906**	**–**
Total	**3 906**	**–**	**110 024**	**113 930**	**–**
2008					
Debentures	–	–	109 723	109 723	–
Loan from subsidiaries	1 759	–	–	1 759	–
Total	1 759	–	109 723	111 482	–

Market risk

Market risk arises as a result of the Group's use of variable interest rate long-term liabilities carried at amortised cost, cash and cash equivalents and debentures. It is the risk that the future cash flow and fair value of a financial instrument will fluctuate because of changes in interest rates. Future changes to the prime lending rates will have a direct impact on the future cash payments towards the settlement of the financial obligation. The risk remains unhedged at the reporting date. This represents no change from the prior period in the method and assumptions used.

Cash flow interest rate risk arises from the use of variable rate long-term liabilities and cash and cash equivalents. Fair value interest rate risk arises from the use of debentures.

33. FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT continued

(i) Cash flow interest rate risk

Exposure to cash flow interest rate risk on financial assets and liabilities is monitored on a continuous basis. The benefits of fixing or capping interest rates on the Group's various financing activities is considered on a case-by-case basis and project-by-project basis, taking the specific and overall risk profile into consideration. Excess funds are deposited with reputable financial institutions on a rate quotation basis. This ensures that the Group earns the most advantageous rates of interest available.

The Group is sensitive to the movements in the ZAR interest rates which are the primary interest rates to which the Group is exposed. The Group has used a sensitivity analysis technique that measures the estimated change to the income statement of an instantaneous increase or decrease of 1% (100 basis points) in market interest rates on financial liabilities from the applicable rate as at 31 March, for each class of financial instrument with all other variables remaining constant. The calculations were determined with reference to the outstanding financial liability balances for the year. This analysis is for illustrative purposes only and represents management's best estimate of reasonably possible changes in interest rates.

	2009 After-tax effect on profit and loss		2008 After-tax effect on profit and loss	
	1% Increase R'000	**1% Decrease R'000**	1% Increase R'000	1% Decrease R'000
Group				
Variable rate long-term liabilities	**–**	**–**	(140)	140
Cash and cash equivalents	**461**	**(461)**	105	(105)
Company				
Loans to subsidiaries	**1 234**	**(1 233)**	287	(287)
Loans from subsidiaries	**–**	**–**	–	–

(ii) Fair value interest rate risk

Debentures

Market risk results in the fair value adjustment calculation as disclosed in note 10. An increase or decrease of 10% in the net profit will have a directly proportionate equal and opposite effect on the fair value of the debenture.

Capital risk management

The capital structure of the Group consists of interest-bearing borrowings, cash and cash equivalents, equity attributable to equity holders of the Group which comprises issued share capital. The Group's capital management objective is to achieve an effective weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements, repay borrowings as they fall due and continue as a going concern, whilst concurrently ensuring that at all times its creditworthiness is considered to be at least investment grade. This policy is consistent with that of the comparative period. The Group is not subjected to any external capital requirements. In light of the stated objectives, management took the decision to repay all external interest-bearing borrowings.

34. RELATED PARTY TRANSACTIONS

Identity of related parties

The Group has related party relationships with its subsidiaries, related investment companies and key management personnel. The details of the directors are provided in the Directors Report on page 12. Key management personnel have been identified as the executive and non-executive directors of the Company. The definition of key management includes the close members of family of key management personnel and any other entity over which key management exercises control, significant influence or joint control. Close family members are those family members who may be expected to influence or be influenced by that individual in their dealings with the Group.

Subsidiary companies

Related party transactions occur between group entities. All purchasing and selling transactions are concluded at arm's length. Where borrowing transactions are entered into with related parties these transactions are done on an arm's length basis taking due cognisance of market-related circumstances. However, there are no fixed repayment terms on certain borrowings.

Transactions with key management personnel

Directors' remuneration

Disclosure of directors' emoluments is included in the Directors' Report on page 14 and in note 20.

Loans to/from directors

There are no loans to or from directors.

Interest in contracts

No directors have a material interest in any transaction with the Company or its subsidiaries.

Other transactions with key management personnel

Transactions with key management personnel are conducted on terms no more favourable than those entered into with third parties on an arm's length basis. No abnormal or non-commercial credit terms are allowed and no impairments were recognised in relation to any transactions with key personnel during the period, nor have they resulted in any non-performing debts at period end. Similar policies are applied to key management personnel at subsidiary level who are not defined as key management personnel at Group level. Other than directors' emoluments and entities related by virtue of management personnel, there were no other transactions with key management personnel.

Shareholders

The Company's shares are widely held, mostly by public members. An analysis of linked unitholders is provided on page 58.

Details of the loan balances with related parties have been disclosed in note 29 of the financial statements.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
34. RELATED PARTY TRANSACTIONS continued				
Interest received from related parties				
Fairvest Properties (Pty) Limited			**5 737**	–
Fairvest Properties Two (Pty) Limited			**3 584**	2 543
Administration, accounting and management fees received from/(paid to) related parties				
By virtue of subsidiary				
Fairvest Properties (Pty) Limited			**180**	–
Fairvest Properties Two (Pty) Limited			**180**	300
Related by virtue of management personnel				
Cheryl Spence & Company	**–**	(135)		–
Infocus Property Administration CC*	**(576)**	(171)		–
Joytech SA (Pty) Limited	**–**	(221)		–
Peter Investments CC trading as Spence & Peter	**(325)**	(149)		–
Rental paid to related parties				
Related by virtue of management personnel				
Calicom 54 (Pty) Limited*	**(150)**	(120)		–

** Mr TA Bell has a non-controlling interest in the company.*

35. DIRECTORS' INTERESTS IN LINKED UNITS

Directors' interests in linked units are disclosed on page 14 in the Directors' Report.

36. CONTINGENCIES

There are no material contingent liabilities at the date of this report.

37. SEGMENTAL REPORT

37.1 Group results presented according to primary business segment for the 12 month period

	Commercial R'000	Residential R'000	Consolidated R'000
For the year ended 31 March 2009:			
Segment revenue	**15 444**	**736**	**16 180**
Segment result	**7 995**	**139**	**8 134**
Segment assets	**136 841**	**–**	**136 841**
Segment liabilities	**11 326**	**–**	**11 326**
For the year ended 31 March 2008:			
Segment revenue	19 622	4 473	24 095
Segment result	21 806	1 049	22 855
Segment assets	118 955	21 313	140 268
Segment liabilities	21 051	551	21 602

Segmental result shown above is based on profit before tax and before the debenture fair value adjustment as the net profit attributable to shareholders of the Group is nil because 99,9% of the profits are attributable to the debenture holders as described in note 10.

Segment liabilities shown above exclude the linked unit debentures and premium as described in note 10.

The impairment loss on trade receivables relates mainly to buildings disposed of during the period. These building comprises both commercial and residential segments.

37.2 Group results presented according to secondary business segment (geographic segment)

	Revenue R'000	Segmental assets R'000	Segmental liabilities R'000
For the year ended 31 March 2009:			
Eastern Cape	**6 852**	**30 839**	**634**
Free State	**674**	**6 651**	**3**
Gauteng	**2 663**	**66 104**	**9 594**
KwaZulu-Natal	**5 991**	**33 247**	**1 095**
	16 180	**136 841**	**11 326**
For the year ended 31 March 2008:			
Eastern Cape	5 134	9 766	4 216
Free State	671	6 697	2 402
Gauteng	10 804	95 046	12 434
KwaZulu-Natal	7 486	28 759	2 550
	24 095	140 268	21 602

No single customer contributes more than 10% of the total revenue from customers.

38. FUTURE OPERATING LEASE COMMITMENTS

Future minimum lease payments received from lessees under non-cancellable operating leases are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years
2009	**11 284**	**23 312**	**1 138**
2008	11 531	29 991	2 940

All the above payments are in respect of investment property leases. Refer to page 57 for details of investment properties. The terms and conditions vary over the tenant base. The lease period normally is within five years and includes an escalation linked to inflation.

Future minimum lease payments paid to lessors under non-cancellable operating leases amounting to R165 000 is due in one year.

39. RECLASSIFICATION ERROR (NON-ADJUSTING)

During the year it has been identified that incorrect terminology regarding the classification of the investment in related companies has been used even though the intended measurement principles were correctly and consistently applied. In the prior year the investment in related companies was incorrectly classified as available for sale and accordingly incorrectly referred to as an investment in related property company. This investment is similar to an investment in investment property and was correctly measured in line with the principles as stipulated in IAS 40 – Investment Property. A loan, which has been correctly measured at amortised cost, has been erroneously set off against the investment in related property company in the prior year. To correctly reflect the substance of the transaction, the investment in related property company has been reclassified to both investment property and a long-term liability. No reclassification was required in the income statement as the fair value movement on the investment property and interest paid on the long-term liability have been correctly presented. There is a nil effect on both retained earnings and profit or loss on beginning of the earliest period presented and the prior period that arises from the reclassification. Due to the measurement principles being consistently and correctly applied, there is no noted effect on taxation or basic earnings per linked unit or diluted earnings per linked unit or headline earnings per linked unit. Due to there being no error in the measurement principles, this error is limited to an impact on presentation.

The effects for the Group are as follows:

	2009 R'000	2008 R'000
Investment in related property company (fair value)	**18 255**	16 888
Reclassified as follows:		
Investment properties	**18 255**	18 409
Long-term liabilities	**–**	(1 521)
Total	**18 255**	16 888

DETAILS OF INVESTMENT PROPERTY PORTFOLIO

value of portfolio at year-end as per independent valuer's valuation report of 31 March 2009

Properties owned and managed

Name of property	Details	Address	Rentable area (m^2)	Valuation at 31 March 2009 (R'000)
Queensburgh	Erven 974, 975 and 976 Queensburgh	143–147 Main Road Malvern, KwaZulu-Natal	2 210	10 500
Bradlows Building	Remaining Extent Erf 814 Bloemfontein	37 Maitland Street Bloemfontein, Free State	2 470	6 550
Coronation Walk	Erf 971 Queensburgh	6 Purity Lane, Malvern Queensburgh, KwaZulu-Natal	667	3 100
Jozen Place	Erf 5191 Bryanston Ext 68	17 Georgian Crescent Bryanston Ext 68, Gauteng	711	5 200
Capab House	Erven 3763 and 3766 and RE of Erf 3713 Port Elizabeth Central	4 Military Road Central Port Elizabeth Eastern Cape	1 317	5 000
Deals House	Erf 15511 East London	5 Terminus Street East London, Eastern Cape	6 407	25 000
Fattis Mansions	Sections 3, 4, 5, 7, 8, 9 10, 13, 14, 15 and 16 SS "Fattis Mansions" (Scheme no. 72/1989)	Corner Jeppe and Harrison Streets Johannesburg Gauteng	2 315	2 200
Sante Fe 215	Erf 215 Halfway House Ext 12	Nupen Crescent Halfway House Ext 12 Midrand, Gauteng	680	4 450
Sante Fe 216	Erf 216 Halfway House Ext 12	Nupen Crescent Halfway House Ext 12 Midrand, Gauteng	834	3 800
Sante Fe 217	Erf 217 Halfway House Ext 12	Nupen Crescent Halfway House Ext 12 Midrand, Gauteng	821	4 200
				70 000

Properties managed but owned by related property share block company

Name of property	Details	Address	Rentable area (m^2)	Valuation at 31 March 2009 (R'000)
Blue Heights	Portion 1 Erf 1686, Westville and rem Erf 1686, Westville	67 Westville Road Westville, KwaZulu-Natal	7 418	19 600

Market value of investment property portfolio	**89 600**

ANALYSIS OF LINKED UNITHOLDERS

at 31 March 2009

	Number of linked unitholders	Percentage of linked unitholders	Number of linked units	Percentage of linked units
Linked unitholder spread				
1 – 1 000 linked units	1 401	83,89	107 513	0,13
1 001 – 10 000 linked units	84	5,03	315 575	0,37
10 001 – 100 000 linked units	89	5,33	3 644 650	4,25
100 001 – 1 000 000 linked units	77	4,61	22 936 337	26,73
1 000 001 linked units and over	19	1,14	58 791 913	68,52
Total	**1 670**	**100,00**	**85 795 988**	**100,00**
Distribution of linked unitholders				
Banks	10	0,60	1 019 583	1,19
Close corporations	40	2,40	8 656 050	10,09
Endowment funds	8	0,48	501	0,00
Individuals	1 387	83,05	19 874 567	23,16
Insurance companies	3	0,18	351 551	0,41
Investment companies	7	0,42	59 932	0,07
Nominees and trusts	144	8,62	15 561 971	18,14
Other corporations	18	1,08	682 201	0,80
Own holdings	1	0,06	74 002	0,09
Private companies	46	2,75	31 300 740	36,48
Public companies	4	0,24	8 194 965	9,55
Retirement funds	2	0,12	19 925	0,02
Total	**1 670**	**100,00**	**85 795 988**	**100,00**
Public/non-public linked unitholders				
Non-public members	11	0,66	27 398 345	31,94
Directors and associates of the Company holdings	10	0,60	27 324 343	31,85
Own holdings	1	0,06	74 002	0,09
Public linked unitholders	1 659	99,34	58 397 643	68,06
Total	**1 670**	**100,00**	**85 795 988**	**100,00**

	Number of shares	Percentage
Beneficial linked unitholders holding 5% or more		
JF du Toit	20 630 203	24,05
Time and Tide CC	8 035 062	9,37
RW Broderey (Pty) Limited	4 798 875	5,59
Total	**33 464 140**	**39,01**

STOCK EXCHANGE PERFORMANCE

at 31 March 2009

Month	High	Low	Volume	Value	Number of deals	Percentage of issued share capital traded
March 2008	84	84	16 000	13 440	1	0,01
April 2008	84	70	4 040	3 297	4	0,00
May 2008	85	70	539 380	392 088	13	0,63
June 2008	90	75	4 396 330	3 372 091	18	5,12
July 2008	100	80	23 238 781	23 131 612	58	27,09
August 2008	85	85	100 630	85 536	4	0,12
September 2008	88	85	17 285	14 801	6	0,02
October 2008	96	95	2 150 134	2 043 647	28	2,50
November 2008	95	85	2 035 996	1 772 275	16	2,73
December 2008	100	80	1 559 756	1 472 500	15	1,82
January 2009	90	90	155 656	140 090	7	0,18
February 2009	100	95	2 915 543	2 909 658	43	3,40
March 2009	100	100	471 221	471 221	16	0,55

JSE STATISTICS

		12 months to 29 March 2009
Traded price		
Close	(cents per linked unit)	100
High	(cents per linked unit)	100
Low	(cents per linked unit)	70
Market capitalisation		85 795 988
Value of linked units traded		35 808 816
Value of linked units traded as % of market capitalisation	(%)	41
Volume of linked units traded		37 584 752
Volume traded as % of number in issue	(%)	44
PE ratio		9,35
Dividend yield		0
Earnings yield		10,70
Period end market price/NAV		68,3
Linked units in issue net of treasury shares		85 721 986
Average number of linked units in issue		85 795 988
Number of linked unitholders		1 670

LINKED UNITHOLDERS' CALENDAR

Activity	Date
Financial year end	31 March
Release of trading update	18 June 2009
Release of abridged results on SENS	22 June 2009
Despatch of 2009 annual report	24 July 2009
Requisitioned general meeting	Wednesday, 5 August 2009
2009 Annual General Meeting	Tuesday, 18 August 2009
Release of interim statements for the six months ending 30 September 2009	late November 2009

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Fairvest Property Holdings Limited ("the Company") in respect of the year ended 31 March 2009 will be held in the boardroom, 9th Floor, Protea Hotel, corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks on Tuesday, 18 August 2009 at 11:00 for the following purposes:

1. To receive and accept the annual financial statements of the Company and the Group for the year ended 31 March 2009, including the Directors' Report and the report of the auditors thereon.

2. 2.1 To elect a director in place of Mr TP Botsis, who retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

2.2 To re-elect Mrs KJ Peter, who was appointed during the year, and retires in terms of Article 68 of the Company's Articles of Association; being eligible she offers herself for re-election:

Summarised curricula vitae of both directors appear on page 13 of this report.

3. To approve the remuneration of the directors for the year ended 31 March 2009 as set out in note 20 of the audited annual financial statements.

4. To approve the remuneration payable to the non-executive directors for the year ending 31 March 2010 at the rate of R10 000 per quarter.

5. To authorise the directors to determine the remuneration of the auditors, BDO Spencer Steward (KZN) Inc., for the past financial year.

6. To confirm the appointment of BDO Spencer Steward (KZN) Inc. auditors to remain in office until the conclusion of the next Annual General Meeting.

7. Ordinary resolution number 1 – General authority to issue shares, and to sell treasury shares, for cash

"That the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company;

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act No. 61 of 1973, as amended, the Articles of Association of the Company and its subsidiaries and the JSE Listings Requirements from time to time, which currently provide, inter alia, the following limitations:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to public members as defined by the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number or ordinary shares which may be issued shall be based, inter alia, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued or to be issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;

- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the equity securities over the 30 days prior to the date that the price of the issue was determined or agreed by the directors of the Company, and the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, will be published when the Company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the Company;
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares; and
- approval of the general issue for cash resolution by achieving a 75% majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the Annual General Meeting convened to approve such resolution. The resolution must be worded in such a way as to include the issue of any options/convertible securities that are convertible into an existing class of equity securities, where applicable."

9. To consider and, if deemed fit, pass the following resolution as a special resolution:

Special resolution number 1 – Acquisition of own securities

"That the mandate be given to the Company (or any of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Company's Articles of Association, the provisions of the Companies Act No. 61 of 1973, as amended, ("the Companies Act") and the JSE Listings Requirements provided that:

- Any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- At any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- This general authority be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- An announcement be published as soon as the Company has cumulatively repurchased 3% (three per cent) of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% (three per cent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the Company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued share capital as at the date of passing this special resolution or 10% (ten per cent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;

- Repurchases may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the securities for the 5 (five) business days immediately preceding the date on which the transaction was effected; and
- Repurchases may not be undertaken by the Company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on shareholder spread as required by the JSE;

The reason for the passing of the above special resolution is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of securities issued by the Company, which authority shall be valid until the earlier of the next Annual General Meeting, or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire securities issued by the Company.

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the Company to repurchase securities, appears on the pages of the financial statements to which this notice of general meeting is annexed, as indicated below:

Directors of the Company	page 12
Major shareholders	page 58
Directors' interests in securities	page 14
Share capital of the Company	page 11
Responsibility statement	page 9
Material changes	page 11

There are no legal or arbitration proceedings, either pending or threatened against the Company or its subsidiaries, of which the Company is aware, which may have, or have had in the last 12 (twelve) months, a material effect on the financial position of the Company or its subsidiaries.

Statement by the board of directors of the Company pursuant to and in terms of the JSE Listings Requirements:

The directors of the Company hereby state that:

a) the intention of the directors of the Company is to utilise the authority if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and will ensure that any such utilisation is in the interests of the shareholders; and

b) the method by which the Company intends to re-purchase its securities and the date on which such re-purchase will take place, have not yet been determined.

At the time that the contemplated re-purchase is to take place, the directors of the Company will ensure that:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the Annual General Meeting;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the Annual General Meeting;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the Annual General Meeting;

- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements for a period of 12 (twelve) months after the date of the Annual General Meeting; and
- the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

10. Special resolution number 2 – Amendment to articles of association

"That the Company's Articles of Association be amended by the addition of the following article:

60.4 a majority of his co-directors sign and deposit at the office a written notice wherein he is requested to vacate his office (which shall become operative on deposit at the office) but without prejudice to any claim for damages."

The reason for passing the special resolution is to facilitate the removal of a director where the Board feels it is appropriate to do so, and to avoid unnecessary costs of holding a general meeting for this purpose.

11. Ordinary resolution number 2 – Authority to execute requisite documentation

"That any director of the Company, or the Company Secretary where appropriate, be and hereby is authorised to do all such things and to sign all such documents issued by the Company and required to give effect to the special resolution numbers 1 and 2 and ordinary resolution number 1."

12. To transact such other business that may be transacted at an Annual General Meeting.

Voting and proxies

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead, subject to the general instructions attached to this notice. Any proxy so appointed need not be a member of the Company.

For the convenience of registered members of the Company, a form of proxy is enclosed herewith. The attached form of proxy is only to be completed by those members who:

- hold linked units in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Linked unitholders who have dematerialised their linked units through a Central Securities Depository Participant ("CSDP") or broker without "own name" registration and wish to attend the Annual General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms must be received at the registered office of the Company, or at the office of the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the Annual General Meeting.

By order of the Board

JA Lupton, FCIS
Company Secretary

17 July 2009

Registered office address
9th Floor, Protea Hotel
Corner Lighthouse Road and Chartwell Drive
Umhlanga Rocks
4319

Postal address
PO Box 18
Umhlanga Rocks
4320

General instructions

All members are encouraged to attend the Annual General Meeting of the Company.

1. All registered holders of linked units in the Company are entitled to attend, speak and vote at the Annual General Meeting.

2. Please note that the Company has moved to JSE Limited's electronic settlement systems Share Transfers Totally Electronic (STRATE). If you are a dematerialised shareholder (i.e. you have replaced your paper share certificates with electronic records of ownership under STRATE) and are not an own name dematerialised linked unitholder then:

   2.1 If you wish to attend the Annual General Meeting you should contact your Central Security Depository Participant (CSDP) or broker, as the case may be, and obtain the relevant letter of representation from them. The letter of representation must be obtained within the time period required by your CSDP or broker, as the case may be, and allow them sufficient time to provide such letter to the Company Secretary prior to the Annual General Meeting;

   or, alternatively,

   If you are unable to attend the Annual General Meeting, you must contact the CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the Annual General Meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You should not complete the attached form of proxy. If your CSDP or broker does not obtain voting instructions from you in respect of the Annual General Meeting, it will be obliged to act in terms of your mandate. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

   2.2 If you hold certificated linked units (i.e. you have not dematerialised your linked units in the Company) or are an own name dematerialised linked unitholder, then: You may attend and vote at the Annual General Meeting;

   or, alternatively

   You may appoint a proxy to represent you at the Annual General Meeting by completing the attached form of proxy and returning it to the registered office of the Company by no later than 48 hours prior to the commencement of the meeting, excluding Saturdays, Sundays and public holidays.

Designed by MOTIV

FORM OF PROXY

FAIRVEST PROPERTY HOLDINGS LIMITED
Incorporated in the Republic of South Africa
Registration number 1998/005011/06
("Fairvest" or "the Company")

For the sole use by the following holders of linked units in the Company at the Annual General Meeting of the Company to be held in the boardroom, 9th floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks on Tuesday, 18 August 2009 at 11:00 and at any adjournment thereof:

- Certificated linked unitholders; and
- CSPD nominee companies, brokers' nominee companies and dematerialised linked unitholders who have elected "own name" registration.

Forms of proxy must be completed and delivered to the Company's registered office, 9th floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks, 4319 (PO Box 18, Umhlanga Rocks, 4320) to be received by no later than 11:00 on Friday, 14 August 2009.

I/We (BLOCK letters please)

of (address)

Telephone work Telephone home

being the holder/custodian of linked units in the Company, hereby appoint

1. or, failing him/her

2. or, failing him/her

3. the chairman of the meeting,

as my/our proxy to attend and speak out and, on a poll, vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9th floor, Protea Hotel, Corner Lighthouse Road and Chartwell Drive, Umhlanga Rocks for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the linked units in the issued capital of the Company registered in my/our name in accordance with the following instructions:

Resolution	**In favour of**	**Against**	**Abstain**
To accept the annual financial statements			
To re-elect Mr TP Botsis as a director			
To re-elect Mrs KJ Peter as a director			
To approve the remuneration of the directors for the year ended 31 March 2009			
To approve the remuneration payable to non-executive directors			
To authorise the directors to fix the remuneration of the auditors			
To approve the appointment of auditors			
Ordinary resolution number 1 General authority to issue shares for cash			
Special resolution number 1 Acquisition of own securities			
Special resolution number 2 Amendment to articles of association			
Ordinary resolution number 2 Authority to execute requisite documentation			

(Indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2009

Signature

Please read the notes on the reverse side hereof.

NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the chairman of the meeting" but, any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of linked units than the total number of linked units that you own in the Company, insert the number of linked units held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Holders of dematerialised linked units must inform their CSDP or broker of whether or not they intend to attend the Annual General Meeting and obtain the necessary authorisation from their CSDP or broker to attend the Annual General Meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the Annual General Meeting in person.
4. Forms of proxy must be received at the registered office of the Company, 9th Floor, Protea Hotel, Corner Lighthouse Road/Chartwell Drive, Umhlanga Rocks, 4319 (PO Box 18, Umhlanga Rocks, 4320), or to the Transfer Seretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61061, Marshalltown, 2107) by no later than 11:00 on Friday, 14 August 2009.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the Annual General Meeting.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
9. The chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the member wishes to vote.

FAIRVEST PROPERTY HOLDINGS LIMITED

Registration number 1998/005011/06

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