THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this cover.

ACTION REQUIRED BY FAIRVEST LINKED UNITHOLDERS

- This entire Circular is important and should be read with particular attention to the section entitled "Action required by Fairvest Linked Unitholders", which commences on page 3.
- If you are in any doubt as to what action you should take, you should consult your CSDP, Broker, banker, legal adviser, accountant or other professional adviser immediately.
- If you have disposed of all of your Linked Units, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser to whom, or the CSDP, Broker or other agent through whom the disposal was effected.
- Fairvest does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any holder of Dematerialised Linked Units to notify such Linked Unitholder of the transactions and actions set out in this Circular.

FAIRVEST
property holdings limited

Fairvest Property Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

CIRCULAR TO FAIRVEST LINKED UNITHOLDERS

Relating to:

- **the proposed acquisition by the Company of the SA Corporate Real Estate Property Portfolio, the Put Option Properties and the Isolenu Property Portfolio, for the Combined Purchase Consideration, constituting a Category 1 transaction for Fairvest in terms of the JSE Listings Requirements;**
- **the Changes to the Linked Unit Capital;**
- **the Authority to Issue the Vendor Consideration Linked Units and the Authority for Specific Issue;**
- **the adoption of the New Memorandum of Incorporation;**
- **the adoption of the New Debenture Trust Deed;**

and incorporating:

- **Revised Listing Particulars in respect of the Company;**
- **the Notice of General Meeting; and**
- **a form of proxy *(yellow)* in respect of the General Meeting (for use by Certificated Linked Unitholders and dematerialised Linked Unitholders with "own-name" registration only).**

Sponsor and corporate adviser
PSG CAPITAL

Independent Reporting Accountants and auditors
BDO

Transaction adviser and bookrunner
JAVA CAPITAL

Independent property valuers
DDP VALUERS

Independent property valuers and Property Managers
JHI

Corporate attorney – L Goldberg, a member of Corporate Law Alliance
CORPORATE LAW ALLIANCE

Property Managers
blend PROPERTY GROUP

Asset Manager
NEW STAR ASSET MANAGEMENT

Date of issue: **5 October 2012**

Copies of this Circular incorporating the Revised Listing Particulars, are available in English only and may, from **Friday, 5 October 2012** until **Monday, 5 November 2012** (both days inclusive), be obtained from the registered office of Fairvest, the sponsor and the Transfer Secretaries, at the addresses set out in the "Corporate Information" section of this Circular. A copy of this Circular will also be available on Fairvest's website (www.fairvest.co.za).

CORPORATE INFORMATION

The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this Corporate Information section.

Company secretary

SecCorp Secretarial Services (Proprietary) Limited
(Registration number 2001/007821)
Suites 41 and 42 Bueno Vista Office Park
Corner of Durban and Kendal Roads
Durbanville, 7550
(Postnet Suite #113, Private Bag X7, Tyger Valley, 7536)

Registered office of the Company

1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town, 8001
(PO Box 4083, Durbanville, 7551)

Date of incorporation of Fairvest

17 March 1998

Place of incorporation of Fairvest

Pretoria

Sponsor and corporate adviser

PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7599
(PO Box 7403, Stellenbosch, 7599)

and at

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands 2121)

Independent property valuers of Current Property Portfolio

DDP Valuers (Proprietary) Limited
(Registration number 2000/030732/07)
Jan de Waalhuis
93 Bree Street
Cape Town, 8001
(PO Box 1278, Cape Town, 8000)

Independent property valuers of Acquisition Portfolios and Property Manager

JHI Properties (Proprietary) Limited
(Registration number 2007/021131/07)
JHI Place, 2 Norwich Close
Sandton, 2196
(PO Box 65181, Benmore 2010)

Trustee for Ordinary Debenture Holders

A Tugendhaft
Tugendhaft Wapnick Banchetti and Partners
20th Floor, Sandton City Office Towers
5th Street, Sandown, 2196
(PO Box 786728, Sandton, 2146)

Transaction adviser and bookrunner

Java Capital (Proprietary) Limited
(Registration number 2002/031862/07)
Redefine Place, 2 Arnold Road
Rosebank, 2196
(PO Box 2087, Parklands, 2121)

Independent Reporting Accountants and auditors

BDO South Africa Incorporated
(Registration number 1995/002310/21)
2nd Floor, Block D
The Boulevard
Searle Street
Woodstock, 8000
(PO Box 3883, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Corporate attorney

L Goldberg (a member of Corporate Law Alliance)
First Floor, Oakdale House
The Oval, 1 Oakdale Road
Claremont, 7708

Property Manager

Blend Property Management (Proprietary) Limited
(Registration number 1998/019130/07)
1st Floor East Wing, The Palms
145 Sir Lowry Road
Cape Town, 8001
(PO Box 3290, Cape Town, 8000)

Asset Manager

New Star Asset Management (Proprietary) Limited
(Registration number 2005/029006/07)
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town, 8001
(PO Box 3290, Cape Town, 8000

Bankers

FirstRand Bank Limited.
(Registration number 1929/001225/06)
6th Floor, 1 First Place, BankCity
Corner Simmonds and Pritchard Streets
Johannesburg, 2001
(PO Box 1153, Johannesburg, 2000)

FORWARD-LOOKING STATEMENT DISCLAIMER

The definitions set out on page 5 of this Circular apply to this forward-looking statement disclaimer.

This Circular contains statements about Fairvest that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Fairvest cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Fairvest operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Fairvest, as communicated in publicly available documents by Fairvest, all of which estimates and assumptions, although Fairvest believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Fairvest or not currently considered material by Fairvest.

Linked Unitholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Fairvest not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Fairvest has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

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ACTION REQUIRED BY LINKED UNITHOLDERS

The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this section on the action required by Fairvest Linked Unitholders.

Please take careful note of the following provisions regarding the action required by Fairvest Linked Unitholders.

1. If you are in any doubt as to what action to take, please consult your CDSP, Broker, banker, attorney, accountant or other professional adviser immediately.

2. If you have disposed of all your Linked Units in Fairvest, please forward this Circular together with the attached form of proxy (*yellow*), to the purchaser of such Linked Units or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

3. **A general meeting of Fairvest Linked Unitholders will be held at 11:00 on Monday, 5 November 2012 at 1st Floor East Wing, The Palms, 145 Sir Lowry Road, Cape Town, Western Cape, to consider and, if deemed fit, to pass the resolutions set out in the Notice of General Meeting attached to this Circular.**

4. **GENERAL MEETING**

4.1 **If you hold Dematerialised Linked Units:**

4.1.1 ***Own-name registration***

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 1 November 2012.

4.1.2 ***Other than own-name registration***

If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and provide them with your voting instructions. If your CSDP or Broker does not obtain instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker. You must **not** complete the attached form of proxy. In accordance with the Custody Agreement between you and your CSDP or Broker you must advise your CSDP or Broker timeously if you wish to attend, or be represented at the General Meeting. Your CSDP or Broker will be required to issue the necessary letter of representation to you to enable you to attend, or to be represented at the General Meeting.

4.2 **If you hold Certificated Linked Units**

You are entitled to attend, or be represented by proxy, and may vote at the General Meeting. If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*yellow)*, in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Thursday, 1 November 2012.

IMPORTANT DATES AND TIMES

The definitions commencing on page 5 of this Circular apply *mutatis mutandis* to this important dates and times section.

	2012
Circular containing Revised Listing Particulars, Notice of General Meeting and form of proxy posted to Linked Unitholders on	Friday, 5 October
Notice convening the General Meeting released on SENS on	Friday, 5 October
Notice convening the General Meeting published in the South African press on	Monday, 8 October
Last day to trade in order to be eligible to vote at the General Meeting	Friday, 19 October
Record date to be eligible to vote at the General Meeting	Friday, 26 October
Last day to lodge forms of proxies in respect of the General Meeting by 11:00 on	Thursday, 1 November
General Meeting of Linked Unitholders to be held at 11:00 on	Monday, 5 November
Results of the General Meeting released on SENS on	Monday, 5 November
Results of the Vendor Consideration Placement and/or the Specific Issue (as applicable) released on SENS on	Monday, 5 November
Results of the General Meeting published in the South African press on	Tuesday, 6 November
Results of the Vendor Consideration Placement and/or the Specific Issue (as applicable) released in the South African press on or about	Tuesday, 6 November
Anticipated date for listing on the JSE of Fairvest Linked Units issued in terms of the Vendor Consideration Placement and/or the Specific Issue (as applicable) on [(3)]	Monday, 12 November
Accounts at CSDP or Broker updated in respect of Dematerialised Linked Unitholders participating in the Vendor Consideration Placement and/or the Specific Issue (as applicable) on	Monday, 12 November
Posting of Linked Unit certificates (Certificated Linked Unitholders only) to Fairvest Linked Unitholders participating in the Vendor Consideration Placement and/or the Specific Issue (as applicable) on or about	Monday, 12 November
Registration of transfer of the Acquisition Portfolios anticipated to occur on or about	Friday, 30 November

Notes:

(1) The above dates and times are subject to amendment. Any such amendment will be released on SENS.

(2) Fairvest Linked Unitholders are referred to page 3 of the Circular for information on the action required by Linked Unitholders.

(3) The date for listing of any A Linked Units issued pursuant to the Vendor Consideration Placement and/or the Specific Issue is subject to the registration of the New Memorandum of Incorporation with the Companies and Intellectual Property Commission. The Changes to the Linked Unit Capital, including the Share Capital Conversion, shall occur on registration with the Companies and Intellectual Property Commission of the New Memorandum of Incorporation and relevant resolutions adopted by Linked Unitholders at the General Meeting.

(4) If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

(5) All times referred to in this Circular are references to South African time.

DEFINITIONS AND INTERPRETATION

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the following words and expressions bear the meanings assigned to them below:

"210 Church Street"	the property situated at 210 Church Street, Pietermaritzburg, KwaZulu-Natal and forming part of the SA Corporate Real Estate Property Portfolio;
"A Debenture"	an unsecured, unsubordinated variable rate "A" debenture in Fairvest with a face value of R4.99, governed by the New Debenture Trust Deed, it being recorded that no A Debentures are currently in issue;
"A Linked Unit"	following the Creation of the A Linked Units, a linked unit comprising one A Ordinary Share indivisibly linked to one A Debenture, governed by the preferences, rights and limitations set out in the New Memorandum of Incorporation, it being recorded that no A Linked Units are currently in issue;
"A Linked Unitholder"	following the Creation of the A Linked Units, and any subsequent issue of the A Linked Units, the holder of an A Linked Unit;
"A Share" or "A Ordinary Share"	following the Share Capital Increase, an ordinary no par value class "A" share in the share capital of the Company, governed by the preferences, rights and limitations set out in the New Memorandum of Incorporation, it being recorded that no A Shares are currently in issue;
"the Act" or "Companies Act"	the Companies Act, No 71 of 2008 (as amended);
"the Acquisition Agreements"	the SA Corporate Real Estate Acquisition Agreements, the Put Option Provisions and the Isolenu Acquisition Agreements;
"Acquisition Portfolios"	collectively, the SA Corporate Real Estate Property Portfolio, the Put Option Properties and the Isolenu Property Portfolio;
"the Acquisitions"	the SA Corporate Real Estate Acquisition, the Put Option Acquisition and the Isolenu Acquisition;
"Asset Management Agreement"	the asset management agreement concluded on or about 12 December 2011 between the Company and the Asset Manager, setting out the terms and conditions of the appointment of the Asset Manager;
"Asset Manager" or "New Star"	New Star Asset Management (Proprietary) Limited (registration number 2005/029006/07), a private company incorporated under the laws of South Africa, further particulars of which appear in paragraph 7.1 of the Revised Listing Particulars;
"Authority for Specific Issue"	the authority to issue Ordinary Linked Units, in terms of section 41(3) and section 41(1) of the Companies Act, in terms of paragraph 5.51 of the JSE Listings Requirements and in terms of the Existing Memorandum of Incorporation, as set out in paragraph 13 of this Circular;
"Authority to Issue the Vendor Consideration Linked Units"	the authority to issue the Vendor Consideration Linked Units, in terms of section 41(3) and section 41(1) of the Companies Act and in terms of the Existing Memorandum of Incorporation, as set out in paragraph 13 of this Circular;
"Blend"	Blend Property Management (Proprietary) Limited (registration number 1998/019130/07), a private company incorporated under the laws of South Africa, being the management company appointed to manage and administer the individual properties forming part of the Property Portfolio of Fairvest in the Western Cape, further particulars of which appear in paragraph 7.2 of the Revised Listing Particulars;
"Blend Management Agreement"	the management agreement concluded on or about 1 September 2010**,** setting out the terms and conditions of the appointment of Blend;
"the Board" or "the Directors"	the board of directors of Fairvest;
"Broker"	a "stockbroker" as defined in the Securities Services Act, or its nominee;
"Business Day"	any day, other than a Saturday, Sunday or official public holiday in South Africa;
"Castleridge"	Castleridge Property Holdings (Proprietary) Limited (registration number 2003/002498/07), a private company incorporated under the laws of South Africa, located at Unit 1, Quadrant 1, The Centenary, 30 Meridian Drive, Umhlanga New Town Centre, Durban, 4000, further particulars of which appear in paragraph 8.2 of the Circular;
"Cents"	South African cents;
"Certificated Linked Unitholders"	Fairvest Linked Unitholders who hold Certificated Linked Units;

"Certificated Linked Units"	Fairvest Linked Units which have not been dematerialised, title to which is represented by a Linked Unit certificate or other Document of Title;
"Changes to the Linked Unit Capital"	the changes to the Linked Unit capital, which consists of the Share Capital Conversion, the Share Capital Increase, the Creation of the A Linked Units, the Creation of Additional Ordinary Linked Units and the Preference Share Cancellation, as set out in paragraphs 12.1 to 12.3 of this Circular;
"the Circular"	this bound document distributed to Linked Unitholders, dated 5 October 2012, containing the circular to Linked Unitholders and annexures hereto, the Notice of General Meeting and a form of proxy and incorporating Revised Listing Particulars and prepared in accordance with the JSE Listings Requirements;
"Clubview Corner"	the property situated at Clubview Corner, Zwartkop, Gauteng and forming part of the SA Corporate Real Estate Property Portfolio;
"Colossus"	Colossus Developments (Proprietary) Limited (registration number 2002/015179/07), a private company incorporated under the laws of South Africa, located at Unit 1, Quadrant 1, The Centenary, 30 Meridian Drive, Umhlanga New Town Centre, Durban, 4000, further particulars of which appear in paragraph 8.2 of the Circular;
"Combined Purchase Consideration"	the sum of the SA Corporate Real Estate Purchase Consideration, the Put Option Purchase Consideration and the Isolenu Purchase Consideration;
"the Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"the Competition Authorities"	the Competition Commission of South Africa, the Competition Tribunal of South Africa and/or the Competition Appeal Court of South Africa, being the regulatory and/or judicial authorities established in terms of the Competition Act, No 89 of 1998 (as amended);
"Conditions Precedent"	collectively, SA Corporate Real Estate Conditions Precedent, the Put Option Conditions Precedent and the Isolenu Conditions Precedent;
"the Creation of Additional Ordinary Linked Units"	the creation of the additional Ordinary Linked Units as set out in paragraph 12.2 of the Circular;
"the Creation of the A Linked Units"	the creation of the A Linked Units, as set out in paragraph 12.2 of this Circular;
"CSDP"	a central securities depository participant registered in terms of the Securities Services Act, with whom a beneficial holder of Linked Units holds a dematerialised Linked Unit account;
"Current Property Portfolio"	the entire current property portfolio of the Fairvest Group as at the Last Practicable Date, but excluding, for the avoidance of doubt, the Acquisition Portfolios;
"Custody Agreement"	the agreement which regulates the relationship between the CSDP or Broker and each beneficial holder of Dematerialised Linked Units;
"DDP"	DDP Valuers (Proprietary) Limited (registration number 2000/030732/07), a private company incorporated under the laws of South Africa;
"Debentures"	Ordinary Debentures and A Debentures;
"Debenture Holders"	as the date of issue of this Circular, the Ordinary Debenture Holders and following the Creation of the A Linked Units and any subsequent issue of the A Linked Units, collectively, the Ordinary Debenture Holders and the A Debenture Holders;
"Dematerialised Linked Units"	Fairvest Linked Units which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
"Dematerialised Linked Unitholders"	Linked Unitholders who hold Dematerialised Linked Units;
"Dematerialised own-name Linked Unitholders"	Linked Unitholders who hold Dematerialised Linked Units and who have instructed their CSDP to hold their Linked Units in their own name on the sub-register;
"Documents of Title"	Linked Unit certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Fairvest Linked Units in question acceptable to the Board;
"Existing Debenture Trust Deed"	the existing debenture trust deed entered into between Fairvest and the Trustee for the Ordinary Debenture Holders, recording the terms and conditions of the Ordinary Debentures, and which will be replaced by the New Debenture Trust Deed, pursuant to this Circular;
"Existing Memorandum of Incorporation"	in accordance with the terminology used in the Companies Act, collectively, the existing memorandum of association and the existing articles of association of the Company;
"Existing Preference Shares" or "Preference Shares"	the existing cumulative, redeemable, convertible preference shares with a par value of R0.01 in the authorised share capital of the Company (of which, as at the date of this Circular, none are in issue);

"Fairvest" or "the Company"	Fairvest Property Holdings Limited (registration number 1998/005011/06), a public company incorporated under the laws of South Africa and listed on the JSE;
"General Meeting"	the general meeting of Linked Unitholders to be held at 11:00 on Monday, 5 November 2012 at 1st Floor, East Wing, The Palms, 145 Sir Lowry Road, Cape Town, Western Cape, to consider and, if deemed fit, approve the resolutions proposed in the Notice of General Meeting;
"Gingindlovu Property"	the property situated at Main Street, Gingindlovu, KwaZulu-Natal, forming part of the Put Option Properties;
"GLA"	the gross lettable area, being the total area of a property that can be rented to a tenant;
"the Group" or "the Fairvest Group"	the Company and its subsidiaries;
"IFRS"	International Financial Reporting Standards;
"Income Tax Act"	Income Tax Act, No 58 of 1962, as amended;
"Independent Reporting Accountants"	BDO South Africa Incorporated (registration number 1995/002310/21), a personal liability company incorporated under the laws of South Africa;
"Isolenu"	collectively, Richacres, Castleridge and Colossus;
"Isolenu Acquisition"	the transaction entered into between Fairvest and Isolenu by means of the Isolenu Acquisition Agreements, in terms of which Fairvest will acquire the Isolenu Property Portfolio from Isolenu for the Isolenu Purchase Consideration, subject to the fulfilment of the Isolenu Conditions Precedent;
"Isolenu Acquisition Agreements"	collectively, the: – agreements of sale between Richacres and the Company; – agreements of sale between Colussus and the Company; and – agreements of sale between Castleridge and the Company, all of which were concluded on or about 25 April 2012, regarding the acquisition of the Isolenu Property Portfolio by the Company from Isolenu;
"Isolenu Conditions Precedent"	the conditions precedent to the Isolenu Acquisition, as detailed in paragraph 5.5 of the Circular;
"Isolenu Property Portfolio"	the portfolio of retail properties, including the letting enterprises conducted in respect of such properties, as detailed in Annexure 9 to this Circular, to be acquired by Fairvest from Isolenu pursuant to the Isolenu Acquisition Agreements;
"Isolenu Purchase Consideration"	the purchase consideration due under the Isolenu Acquisition Agreements for the Isolenu Property Portfolio and amounting to R67 433 400 (sixty seven million four hundred and thirty three thousand four hundred Rand);
"Java Capital"	Java Capital (Proprietary) Limited (registration number 2002/031862/07), a private company incorporated under the laws of South Africa;
"JHI"	JHI Properties (Proprietary) Limited (registration number 2007/021131/07), a private company incorporated under the laws of South Africa, further particulars of which appear in paragraph 7.3 of the Revised Listing Particulars;
"JHI Management Agreement"	the management agreement concluded on or about 20 September 2012**,** setting out the terms and conditions of the appointment of JHI as Property Manager;
"JSE"	the exchange, licensed under the Securities Services Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, being Thursday, 20 September 2012;
"Linked Unit" or "Fairvest Linked Unit"	as at the date of issue of this Circular, an Ordinary Linked Unit and following the Creation of the A Linked Units, an Ordinary Linked Unit and/or an A Linked Unit, as the case may be;
"Linked Unitholders" or "Fairvest Linked Unitholders"	Certificated Linked Unitholders, Dematerialised Linked Unitholders and Dematerialised own-name Linked Unitholders;
"LSM"	living standards measure;
"Middelburg Property"	the property leased to Pick n Pay, Middelburg, Mpumalanga, forming part of the Put Option Properties;
"Nedbank"	Nedbank Limited (registration number 1951/000009/06), a public company incorporated under the laws of South Africa;

"New Debenture Trust Deed"	the new debenture trust deed entered into between Fairvest and the Trustee for the Debenture Holders, recording the terms and conditions of the A Debentures and the Ordinary Debentures and which is proposed to be adopted by Linked Unitholders pursuant to this Circular, the salient features of which are set out in Annexure RLP 10 to the Revised Listing Particulars, as amended from time to time;
"New Linked Unit Structure"	the new linked unit structure proposed to be adopted by Linked Unitholders pursuant to this Circular, consisting of the new A Linked Units and the existing Ordinary Linked Units;
"New Memorandum of Incorporation"	the new memorandum of incorporation proposed to be adopted by Linked Unitholders pursuant to this Circular, the extracts of which are set out in Annexure RLP 8 to the Revised Listing Particulars, as amended from time to time;
"Notice of General Meeting"	the notice of the General Meeting forming part of this Circular;
"Ordinary Debentures"	an existing unsecured, unsubordinated variable rate debenture in Fairvest with a face value of R0.01, governed by the Existing Debenture Trust Deed and which will, subject to approval of Linked Unitholders, be governed on the same terms by the New Debenture Trust Deed;
"Ordinary Debenture Holders"	the holders of the Ordinary Debentures;
"Ordinary Linked Unit"	an existing linked unit comprising of one Ordinary Share indivisibly linked to one Ordinary Debenture, governed by the preferences, rights and limitations set out in the Existing Memorandum of Incorporation, as will, subject to approval of Linked Unitholders, be duplicated in the New Memorandum of Incorporation;
"Ordinary Share"	an authorised ordinary share with a par value of R0.01 in the share capital of the Company, which following the Share Capital Conversion will have no par value;
"Own-name Registration"	the registration of Linked Unitholders who hold Linked Units that have been dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Linked Unitholder;
"Preference Share Cancellation"	the cancellation of the Company's Existing Preference Shares, as set out in paragraph 12.3 of this Circular;
"Property Managers"	collectively, Blend and JHI;
"Property Portfolio"	the Current Property Portfolio together with the Acquisition Portfolios;
"PSG Capital"	PSG Capital (Proprietary) Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa;
"Put Option"	the put option granted by Fairvest to SA Corporate Real Estate by means of the Put Option Provisions, in respect of the Put Option Properties, subject to the fulfilment of the Put Option Conditions Precedent;
"Put Option Acquisition"	the acquisition by Fairvest (subject to the exercise by SA Corporate Real Estate of the Put Option) of the Put Option Properties, subject to the fulfilment of the Put Option Conditions Precedent;
"Put Option Conditions Precedent"	the conditions precedent to the Put Option Acquisition detailed in paragraph 4.5 of the Circular;
"Put Option Properties"	the properties, including the letting enterprises to be conducted in respect of such properties, as detailed in Annexure 8 to this Circular, to be acquired by Fairvest in terms of the Put Option Provisions, in the event that SA Corporate Real Estate exercises the Put Option;
"Put Option Provisions"	the put option provisions, contained in addendums to the SA Corporate Real Estate Acquisition Agreements, which addendums were concluded on or about 13 July 2012 between Fairvest and SA Corporate Real Estate, in terms of which the Put Option is granted by Fairvest to SA Corporate Real Estate;
"Put Option Purchase Consideration"	the purchase consideration due by Fairvest to SA Corporate Real Estate under the Put Option Provisions, in the event that the Put Option is exercised by SA Corporate Real Estate, as set out in paragraph 4.3 of this Circular;
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the register of Certificated Linked Unitholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Linked Unitholders maintained by the relevant CSDPs;
"Revised Listing Particulars"	the revised listing particulars of Fairvest, as required by the JSE Listings Requirements and as set out in Annexure 11, which will only be effective if the Acquisitions are approved by Fairvest Linked Unitholders;
"Richacres"	Richacres Investments Five (Proprietary) Limited (registration number 2003/007763/07), a private company incorporated under the laws of South Africa, located at Unit 1, Quadrant 1, The Centenary, 30 Meridian Drive, Umhlanga New Town Centre, Durban, 4000, further particulars of which appear in paragraph 8.2 of the Circular;

"SA Corporate Real Estate"	collectively, SA Retail Properties and SA Corporate Real Estate Fund;
"SA Corporate Real Estate Acquisition"	the transaction entered into between Fairvest and SA Corporate Real Estate by means of the SA Corporate Real Estate Agreements, in terms of which Fairvest will acquire the SA Corporate Real Estate Property Portfolio from SA Corporate Real Estate for the SA Corporate Real Estate Purchase Consideration, subject to the fulfilment of the SA Corporate Real Estate Conditions Precedent;
"SA Corporate Real Estate Acquisition Agreements"	collectively, the: – agreement between SA Corporate Real Estate Fund and the Company; – agreement between SA Retail Properties and the Company; and – agreement between SA Corporate Real Estate Fund, SA Retail Properties and the Company, all of which were concluded on or about 12 April 2012, as subsequently amended, regarding the acquisition of the SA Corporate Real Estate Property Portfolio by the Company from SA Corporate Real Estate;
"SA Corporate Real Estate Conditions Precedent"	the conditions precedent to the SA Corporate Real Estate Acquisition detailed in paragraph 3.7 of the Circular;
"SA Corporate Real Estate Fund"	SA Corporate Real Estate Fund, a collective investment scheme in property as provided for in terms of the Collective Investment Schemes Control Act, No 45 of 2002, and listed on the JSE, located at c/o Old Mutual Property Proprietary Limited, Property on Fifth, Block G, Mutualpark, Jan Smuts Drive, Pinelands, 7450;
"SA Corporate Real Estate Property Portfolio"	the portfolio of retail and office properties, including the letting enterprises to be conducted in respect of such properties, as detailed in Annexure 7 to this Circular, to be acquired by Fairvest in terms of the SA Corporate Real Estate Acquisition Agreements from SA Corporate Real Estate;
"SA Corporate Real Estate Purchase Consideration"	the purchase consideration due under the SA Corporate Real Estate Acquisition Agreements for the SA Corporate Real Estate Property Portfolio, as set out in paragraph 3.3 of the Circular;
"SA Retail Properties"	SA Retail Properties (Proprietary) Limited (registration number 1999/025764/07), a private company incorporated under the laws of South Africa, located at c/o Old Mutual Property Proprietary Limited, Property on Fifth, Block G, Mutualpark, Jan Smuts Drive, Pinelands, 7450, being wholly owned by SA Corporate Real Estate Fund;
"Securities Services Act"	the Securities Services Act, No 36 of 2004, as amended;
"SENS"	the Securities Exchange News Service of the JSE;
"Shares"	Ordinary Shares and A Ordinary Shares;
"Share Capital Conversion"	the conversion of the Company's Ordinary Shares from par value shares to no par value shares, as set out in paragraph 12.1 of this Circular;
"Share Capital Increase"	the increase in the authorised share capital of the Company, as set out in paragraph 12.1 of this Circular;
"South Africa"	the Republic of South Africa;
"Specific Issue"	the specific issue of Fairvest Linked Units for cash to the Specific Issue Participants, to be undertaken by the Company in the alternative to, or in combination with, the Vendor Consideration Placement, in order to part-fund the Acquisitions, the details of which are set out in paragraph 9;
"Specific Issue Participants"	collectively, the participants to the Specific Issue, to which Fairvest Linked Units may be issued by the Company, and which are anticipated to include institutional investors and other third party funders and which may include existing Linked Unitholders and non-public shareholders;
"Strate"	Strate Limited (registration number 1998/022242/06), a public company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa;
"Trustee"	Ashley Tugendhaft;
"Vendor Consideration Linked Units"	the Linked Units to be issued in terms of the Vendor Consideration Placement; and
"Vendor Consideration Placement" or "the Placement"	the vendor consideration placement of Fairvest Linked Units for cash with third party placees, to be undertaken by the Company in order to part-fund the Acquisitions, the details of which are set out in paragraph 9.

Fairvest Property Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

Directors

JF du Toit *(Chairman)**
D Wilder (*Chief Executive Officer)*
BJ Kriel *(Chief Financial Officer)*
A Marcus *(Chief Operating Officer)*
PJ van der Merwe (Lead Independent Director)*+
M Epstein*+
LW Andrag*+

* *Non-executive*
\+ Independent

CIRCULAR TO FAIRVEST LINKED UNITHOLDERS

1. **INTRODUCTION**

1.1 **Introduction**

1.1.1 Linked Unitholders are referred to the announcements released by the Company on SENS on 13 April 2012, 30 May 2012 and 17 July 2012 regarding the Acquisitions. As detailed in those announcements, the Company proposes to acquire the SA Corporate Real Estate Property Portfolio, the Put Option Properties and the Isolenu Property Portfolio in terms of the Acquisition Agreements.

1.1.2 It is intended that the Acquisitions be funded partly by debt and partly through the proposed Vendor Consideration Placement of Fairvest Linked Units with third parties, on the terms detailed in this Circular. The Company may, as an alternative to or in combination with the Vendor Consideration Placement, undertake the Specific Issue to partly fund the Acquisitions.

1.1.3 In order to have sufficient Linked Units available to facilitate the Vendor Consideration Placement and/or the Specific Issue and future capital raisings, it will be necessary for the Company to convert the Ordinary Shares from par value shares to no par value shares and to increase the authorised share capital of the Company.

1.1.4 Following the Share Capital Conversion and the Share Capital Increase and in order to provide the Company with greater flexibility in the Vendor Consideration Placement, the Company wishes to create the A Linked Units as a new class of Linked Units and to create additional Ordinary Linked Units. A Linked Units shall entitle Linked Unitholders to a first right to the net distributable income of the Company and provide investors with a preferential claim to distributions as detailed in Annexure RLP 8, with the distribution increasing at 5% per annum from 1 January 2014 and Ordinary Linked Units shall entitle Linked Unitholders to receive the residual net income after settlement of the A Linked Unit distribution entitlement.

1.1.5 As the Company does not have any Preference Shares in issue and does not foresee issuing the Preference Shares in the future, the Company wishes to cancel the Preference Shares.

1.1.6 It is anticipated that Linked Units holding more than 30% of the voting power of all Linked Units will be issued in terms of the Vendor Consideration Placement and/or the Specific Issue (as applicable) and therefore it will be necessary for the Company to obtain the approval of Linked Unitholders by Special Resolution in terms of section 41(3) of the Companies Act in order to issue Linked Units pursuant to the Vendor Consideration Placement and/or pursuant to the Specific Issue.

1.1.7 In order to provide for the New Linked Unit Capital Structure and to bring the Company's constitutional documents into harmony with the Companies Act and the JSE Listings Requirements, the Company wishes to adopt the New Memorandum of Incorporation.

1.1.8 In order to provide for the New Linked Unit Capital Structure and the consequential changes to the Existing Debenture Trust Deed, as a result of the New Linked Unit Capital Structure, the Company wishes to adopt the New Debenture Trust Deed.

1.2 **Purpose of this Circular**

1.2.1 The Acquisitions constitute a Category 1 acquisition in terms of the JSE Listings Requirements and therefore require Linked Unitholder approval by way of an ordinary resolution.

1.2.2 The Changes to the Linked Unit Capital, the Authority to Issue the Vendor Consideration Linked Units, the Authority for Specific Issue, the adoption of the New Memorandum of Incorporation and the adoption of the New Debenture Trust Deed require Linked Unitholder approval by way of special resolutions.

1.2.3 The purpose of this Circular is to provide Linked Unitholders with the requisite information in accordance with the JSE Listings Requirements and the Companies Act, to enable Linked Unitholders to make an informed decision in respect of the resolutions set out in the Notice of the General Meeting enclosed with this Circular.

1.2.4 The Acquisitions constitute a reverse take-over in terms of the JSE Listings Requirements. In addition, the Vendor Consideration Placement combined, to the extent applicable, with the Specific Issue, will result in more than 25% of the issued Linked Units being issued to placees and/or to Specific Issue Participants.

1.2.5 Accordingly, the purpose of this Circular is to issue Revised Listing Particulars pursuant to and conditional upon the implementation of the Acquisitions and the Vendor Consideration Placement and/or the Specific Issue.

2. RATIONALE FOR THE ACQUISITIONS

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

3. SA CORPORATE REAL ESTATE ACQUISITION

Introduction

3.1 The Company has entered into the SA Corporate Real Estate Acquisition Agreements, in terms of which the Company will acquire as a going concern from SA Corporate Real Estate the portfolio of retail and office properties, including the letting enterprises to be conducted in respect of such properties, comprising the SA Corporate Real Estate Property Portfolio.

3.2 Particulars regarding the SA Corporate Real Estate Property Portfolio appear in Annexure 7 to this Circular.

Purchase consideration

3.3 The SA Corporate Real Estate Purchase Consideration amounts to R325 955 786 (three hundred and twenty five million nine hundred and fifty five thousand seven hundred and eighty six Rand), payable in cash against transfer of each of the properties comprising the SA Corporate Real Estate Property Portfolio into the name of the Company. SA Corporate Real Estate Fund will be paid R191 505 786 (one hundred and ninety one million five hundred and five thousand seven hundred and eighty six Rand) and SA Retail Properties R134 450 000 (one hundred and thirty four million four hundred and fifty thousand R and) of the total SA Corporate Real Estate Purchase Consideration.

3.4 The SA Corporate Real Estate Purchase Consideration is calculated as the sum of the individual purchase considerations (**"Individual Property Purchase Price"**) for each of the properties forming part of the SA Corporate Real Estate Property Portfolio.

3.5 The Individual Property Purchase Price for each property forming part of the SA Corporate Real Estate Property Portfolio is listed in the table appearing in Annexure 7 to this Circular, and shall be payable in cash on the date of transfer.

3.6 Should the date of transfer in respect of 210 Church Street or Clubview Corner not have occurred by 1 December 2012, or in respect of any of the remaining properties forming part of the SA Corporate Real Estate Property Portfolio not have occurred by 1 November 2012 (**"Escalation Date"**), then, unless the delay has been caused by SA Corporate Real Estate, with effect from the Escalation Date until the date of transfer of the property in question, the SA Corporate Real Estate Purchase Consideration attributable to such property will escalate at 8% per annum, compounded monthly in arrears at the end of each month or part thereof, commencing on 1 December 2012 or 1 November 2012, as the case may be.

SA Corporate Real Estate Conditions Precedent

3.7 The SA Corporate Real Estate Acquisition is subject to fulfilment of the SA Corporate Real Estate Conditions Precedent set out below:

3.7.1 that the unconditional approval of the Competition Authorities be obtained for the SA Corporate Real Estate Acquisition in terms of the Competition Act by 30 November 2012;

3.7.2 that the Company provides written proof to SA Corporate Real Estate by no later than 11 October 2012 or 30 days after the approval of the Competition Authorities is obtained pursuant to paragraph 3.7.1 above, whichever is the later, that the Company has raised funding for the SA Corporate Real Estate Acquisition, as follows:

3.7.2.1 loan finance on terms acceptable to the Company, to be secured by the registration of first covering mortgage bonds over the properties forming part of the SA Corporate Real Estate Property Portfolio. For details of the debt financing arrangement refer to paragraph 10;

3.7.2.2 the written confirmation by the Company (supported by signed unconditional irrevocable undertakings from third party placees) to SA Corporate Real Estate of the successful placement of Fairvest Linked Units for cash with third party placees in terms of a vendor consideration placement and/or an issue of Linked Units for cash.

The condition precedent set out in paragraph 3.7.2 above, is for the benefit of the Company and may be waived by the Company on written notice to SA Corporate Real Estate prior to the expiry of the applicable period.

Warranties

3.8 SA Corporate Real Estate has not provided warranties in respect of the SA Corporate Real Estate Property Portfolio.

3.9 The SA Corporate Real Estate Property Portfolio is sold *voetstoots* and subject to all defects whether patent or latent. The properties forming part of the SA Corporate Real Estate Property Portfolio are sold subject to all servitudes and conditions, whether contained in the title deeds or otherwise.

3.10 The Company has performed a due diligence investigation in respect of the SA Corporate Real Estate Property Portfolio and has confirmed in writing to SA Corporate Real Estate that it is satisfied with the due diligence investigation.

Additional material terms

3.11 SA Corporate Real Estate has indemnified the Company against any claim, which may be made by a tenant or a third party in respect of a cause of action relating to the SA Corporate Real Estate Portfolio, which arises from an event which occurs before the date of transfer.

3.12 Costs of transfer of the properties forming part of the SA Corporate Real Estate Property Portfolio shall be paid by the Company.

3.13 Possession of each part of the SA Corporate Real Estate Portfolio shall be given to the Company on the relevant date of transfer from which date the risk in and benefit of that part of the SA Corporate Real Estate Property Portfolio shall pass to the Company.

3.14 No accrued taxation will be acquired in terms of the SA Corporate Real Estate Acquisition, as the SA Corporate Real Estate Property Portfolio consisting of underlying assets will be acquired.

3.15 The SA Corporate Real Estate Acquisition Agreements do not prevent or restrict SA Corporate Real Estate from carrying on business in competition with the Company and do not place any restraint of trade on SA Corporate Real Estate or its directors.

3.16 Following fulfilment of the SA Corporate Real Estate Conditions Precedent and on implementation of the SA Corporate Real Estate Acquisition, transfer of title in respect of the properties comprising the SA Corporate Real Estate Property Portfolio to the Company will be registered. The Acquisition Portfolios have not been ceded or pledged.

4. PUT OPTION ACQUISITION

Introduction

4.1 The Put Option Properties were originally included in the SA Corporate Real Estate Portfolio, to be acquired by the Company under the SA Corporate Real Estate Acquisition. However, as indicated in the Company's SENS announcement dated 17 July 2012, following additional negotiations between the Company and SA Corporate Real Estate, it was agreed that the properties now comprising the Put Option Properties would no longer be acquired by the Company as part of the SA Corporate Real Estate Property Portfolio, but that the Company will instead grant the Put Option to SA Corporate Real Estate, entitling SA Corporate Real Estate to put the Put Option Properties to the Company on the terms set out in the Put Option Provisions, as set out in paragraphs 4.3 to 4.9 below.

4.2 Particulars regarding the Put Option Properties appear in Annexure 8 to this Circular.

Purchase consideration

4.3 The Put Option Purchase Consideration is calculated as follows:

4.3.1 the purchase consideration for the Gingindlovu Property will be the higher of R5 000 000 (five million Rand) or the projected net operating income of that property for the 12-month period commencing from the date that the Put Option is exercised, capitalised at the rate of 11.5% and shall be payable in cash against transfer of that property into the name of the Company; and

4.3.2 the purchase consideration for the Middelburg Property will be the projected net operating income of that property for the 12-month period commencing from the date that the Put Option is exercised, capitalised at the rate of 10% and shall be payable in cash against transfer of that property into the name of the Company.

It has been assumed, for purposes of the *pro forma* financial effects set out in paragraph 11.3 below, the *pro forma* financial information set out in Annexure 1 and the forecast financial information on the Acquisition Portfolios set out in Annexure 3, that the Put Option Properties are acquired for a Put Option Purchase Consideration of R36.1 million (inclusive of acquisition costs of R533 000). Please refer to paragraph 11.3 below, Annexure 1 and Annexure 3 for further particulars in this regard.

4.4 Should the date of transfer in respect of the Gingindlovu Property and/or Middelburg Property not have occurred by 1 July 2013, then, unless the delay has been caused by SA Corporate Real Estate, with effect from 1 July 2013 until the date of transfer, the purchase consideration in respect of the Gingindlovu Property and/or the Middelburg Property, as the case may be, will escalate at 8% per annum, compounded monthly in arrears at the end of each month or part thereof, commencing from the last day of the calendar month in which the Escalation Date falls.

Put Option Conditions Precedent

4.5 The Put Option Acquisition is subject to fulfilment of the Put Option Conditions Precedent set out below:

4.5.1 that the unconditional approval of the Competition Authorities be obtained for the Put Option Acquisition in terms of the Competition Act by 30 November 2012;

4.5.2 that the Put Option be exercised by SA Corporate Real Estate on or before 31 March 2013; and

4.5.3 that, in respect of the Middelburg Property, SA Corporate Real Estate refurbishes the property at its own cost before 31 March 2013.

Warranties

4.6 SA Corporate Real Estate has not provided warranties in respect of the Put Option Properties.

4.7 In the event that the Put Option is exercised by SA Corporate Real Estate, the Put Option Properties will be sold *voetstoots* and subject to all defects whether patent or latent. The Put Option Properties will be sold subject to all servitudes and conditions, whether contained in the title deeds or otherwise.

4.8 The Company has performed a due diligence investigation in respect of the Put Option Properties and has confirmed in writing to SA Corporate Real Estate that it is satisfied with the due diligence investigation.

Additional material terms

4.9 Additional material terms, identical, *mutatis mutandis*, to those set out in paragraph 3.11 to 3.16 above, apply to the acquisition of the Put Option Properties.

5. ISOLENU ACQUISITION

Introduction

5.1 The Company has entered into the Isolenu Acquisition Agreements, in terms of which the Company will acquire as a going concern from Isolenu, the portfolio of retail and office properties, including the letting enterprises to be conducted in respect of such properties, comprising the Isolenu Property Portfolio.

5.2 Particulars regarding the Isolenu Property Portfolio appear in Annexure 9 to this Circular.

Purchase consideration

5.3 The Isolenu Purchase Consideration amounts to R67 433 400 (sixty seven million four hundred and thirty three thousand four hundred Rand), payable in cash against transfer of each of the properties comprising the Isolenu Property Portfolio into the name of the Company.

5.4 The Isolenu Purchase Consideration is the aggregate purchase consideration for all the properties forming part of the Isolenu Property Portfolio. The purchase consideration per property appears in the table at Annexure 9 to this Circular, and shall be payable in cash on the date of transfer.

Isolenu Conditions Precedent

5.5 The Isolenu Acquisition is subject to fulfilment of the Isolenu Conditions Precedent set out below, namely that, by no later than 30 October 2012, the Company obtains funding for the Isolenu Acquisition, as follows:

5.5.1 that a bank or other financial institution grants a loan to the Company on its normal terms and conditions, in such amount as the Company agrees to accept in writing; and

5.5.2 that the Company confirms in writing to Isolenu the successful placement of Fairvest Linked Units with third party placees in terms of a vendor consideration placement and/or an issue of linked units for cash.

Warranties

5.6 Isolenu has provided warranties to the Company that are normal for a transaction of this nature. Other than the aforesaid warranties, the Isolenu Property Portfolio is sold *voetstoots*.

5.7 Isolenu shall not be liable to the Company in respect of any breach of warranty unless a written claim is made to Isolenu within 24 months of transfer of the Isolenu Portfolio.

Additional material terms

5.8 Costs of transfer of the properties forming part of the Isolenu Property Potfolio shall be paid by the Company.

5.9 The effective date of the Isolenu Acquisition shall be the date of transfer of the Isolenu Property Portfolio into the name of the Company, which, subject to fulfilment of the Isolenu Conditions Precedent, is expected to be on or about 1 December 2012. Isolenu shall give the Company possession of the Isolenu Property Portfolio on the transfer date, from which date all risk and benefit in the Isolenu Property Portfolio shall pass to the Company.

5.10 No accrued taxation will be acquired in terms of the Isolenu Acquisition, as the Isolenu Property Portfolio consisting of underlying assets will be acquired.

5.11 The Isolenu Acquisition Agreements do not prevent or restrict Isolenu from carrying on business in competition with the Company and do not place any restraint of trade on Isolenu.

6. CONDITIONS PRECEDENT

6.1 The SA Corporate Real Estate Conditions Precedent, the Put Option Conditions Precedent and the Isolenu Conditions Precedent are set out in, respectively, paragraphs 3.7, 4.5 and 5.5 of this Circular.

6.2 The SA Corporate Real Estate Acquisition, the Put Option Acquisition and the Isolenu Acquisition are not inter-conditional. Accordingly, should the conditions precedent to one or more of the Acquisitions not be fulfilled, this will not prevent implementation of the remaining Acquisitions.

7. ACQUISITION PORTFOLIOS

7.1 Following implementation of the Acquisitions, the Company will have a Property Portfolio consisting of 25 properties with a rentable retail and commercial area of 89 986 m^2 and will be valued at R585 089 000. The full details of the Property Portfolio, following implementation of the Acquisitions, appears in Annexure RLP 5 to the Revised Listing Particulars. In addition, please refer to the opinion by the Independent Reporting Accountant at Annexure 5 to this Circular (Review opinion on value and existence).

Analysis of the Acquisition Portfolios

7.2 A sector analysis of the properties which are or may be acquired in terms of the SA Corporate Real Estate Acquisition, the Put Option Acquisition and the Isolenu Acquisition are as follows:

Sector	Purchase consideration (R'm)	GLA (m^2)	Purchase consideration per GLA (R/m^2)	Forward Purchase Yield (%)	Vacancy % by GLA
Retail	408.94	66 430	6 155.89	10.74	10.47
Office	20.00	2 714	7 370.01	11.06	21.90
Total	428.94	69 144	6 203.54	10.76	10.92

Notes:

– Average Gross Rental per m^2 excludes recoveries.

– The purchase price of the Put Option Properties assumes a Put Option Purchase Consideration of R35.6 million. Please refer to paragraph 11.3 below, Annexure 1 and Annexure 3 for further particulars in this regard.

7.3 An analysis of the Acquisition Portfolios, as at 1 July 2012, in respect of sectoral, geographic, tenant, vacancy and lease expiry profiles is provided below.

SECTORAL PROFILE

	GLA per sector	Gross Rentals per sector
Retail	96%	96%
Office	4%	4%
	100%	**100%**

GEOGRAPHICAL PROFILE

	GLA per area	Gross Rentals per area
Gauteng	30%	30%
Western Cape	30%	37%
KwaZulu-Natal	29%	22%
Mpumalanga	11%	11%
	100%	**100%**

TENANT PROFILE

	Based on GLA	Number of tenants
A	59%	51
B	7%	17
C	34%	71
	100 %	**139**

The following key applies to the above table:

A Anchor and national tenants with low default risk

B Large independent business with medium default risk

C Line shops and small businesses with higher default risk.

7.4 **Lease expiry profile**

Expiry Profile – Year to 30 June	Total GLA	Total GR	Office GLA	Office GR*	Retail GLA	Retail GR*
Vacant	11%	0%	22%	0%	10%	0%
Monthly	5%	6%	0%	0%	5%	6%
2013	4%	6%	11%	12%	4%	6%
2014	14%	16%	36%	48%	13%	15%
2015	27%	29%	0%	0%	28%	30%
Beyond	39%	42%	31%	40%	40%	43%
Total	100%	100%	100%	100%	100%	100%

* GR: Gross rental revenue

7.5 **Rental escalations and rental per square metre**

7.5.1 The annualised weighted average rental escalation for 30 June 2012 is as follows:

Sector	Percentage
Office	8.8%
Retail	7.4%
Total	**7.5%**

7.5.2 The forward average acquisition yield for the 12 months commencing from the anticipated effective date of acquisition is 10.76%.

7.5.3 The table below reflects the weighted average gross rental per m^2 per month, excluding vacant GLA, per sector:

Sector	Weighted average gross rental per m^2 per month, excluding vacant GLA
Office	73.7
Retail	70.0
Total	**70.1**

7.5.4 The abridged valuation report on the Acquisition Portfolios is set out in Annexure 6 to this Circular. The detailed valuation report is available for inspection as set out in paragraph 25 of this Circular.

7.6 **Original acquisition of properties**

7.6.1 All properties included in the SA Corporate Real Estate Property Portfolio were originally acquired by SA Corporate Real Estate more than three years preceding the date of this Circular.

7.6.2 All Put Options Properties were originally acquired by SA Corporate Real Estate more than three years preceding the date of this Circular.

7.6.3 All properties included in the Isolenu Property Portfolio were originally acquired by Isolenu more than three years preceding the date of this Circular.

8. **VENDOR INFORMATION**

8.1 **SA Corporate Real Estate**

SA Corporate Real Estate Fund is a diversified real estate investment fund, invested in retail, industrial and office property primarily in the major metropolitan centres of South Africa. Its portfolio consists of 157 properties, covering 1.3 million square metres of lettable area, which has been independently valued at R8.55 billion as at 31 December 2011. The SA Corporate Real Estate Fund is listed on the JSE under Real Estate Investment Trusts. SA Retail Properties is wholly owned by SA Corporate Real Estate Fund.

8.2 **Isolenu**

Isolenu is a property development company valued at approximately R1.6 billion and owns shares in publicly listed companies and private entities. Colossus and Castleridge are wholly-owned subsidiaries of Colossus Property Group, while the issued share capital of Richacres is held by Colossus Property Group (75% of issued share capital), PE Rutzen (20%) and MR Sonto (5%). In turn, the shareholders of Colossus Property Group are Carcor Trust (50% of issued share capital) and Germishuizen Trust (50%).

9. **THE VENDOR CONSIDERATION PLACEMENT AND THE SPECIFIC ISSUE**

9.1 **Purpose**

9.1.1 The Vendor Consideration Placement is being undertaken in order to partially fund the Combined Purchase Consideration payable for the Acquisitions. The Company will seek the authority of Linked Unitholders at the General Meeting to undertake, should the Board deem it necessary, the Specific Issue in the alternative to, or in combination with, the Vendor Consideration Placement. The remaining portion of the Combined Purchase Consideration payable in respect of the Acquisitions will be financed by debt funding to be secured by the Company, the particulars of which are disclosed in paragraph 10 below.

9.2 **Particulars regarding the Vendor Consideration Placement**

9.2.1 The Vendor Consideration Placement will take place following the General Meeting. It is anticipated that Ordinary Linked Units and A Linked Units will be issued in terms of the Vendor Consideration Placement but the Company may always, at its discretion, issue only Ordinary Linked Units or only A Linked Units or a combination should it elect to do so.

9.2.2 The number of Ordinary Linked Units and A Linked Units to be issued and the prices at which they will be issued will be determined at the time of the Vendor Consideration Placement. In accordance with the JSE Listings Requirements, the minimum issue price of Ordinary Linked Units will be the lower of 10% discount to the 30 business day weighted average traded price prior to the date that the placing is authorised by the Directors, or a 10% discount to the three business day weighted average traded price prior to the date of placing. The Board considers that, if issued, the A Linked Units would be issued at an initial yield of between 9% and 10.5% (equating to an issue price of between R4.29 and R5.00 per A Linked Unit), in line with prevailing yields for similar instruments currently listed on the JSE. For purposes of this Circular, specifically the forecast statements of comprehensive income set out in Annexure 3 and the unaudited *pro forma* statement of financial position set out in Annexure 1 it has been assumed that 80 000 000 Ordinary Linked Units will be issued at R1.25 per Ordinary Linked Unit and that 41 111 111 A Linked Units will be issued at R4.86 per A Linked Unit to raise an amount of R300 million and that the balance of the Combined Purchase Consideration for the Acquisitions will be financed through debt.

9.2.3 The amount of R1.25 per Ordinary Linked Unit reflects a premium to the current trading price of Ordinary Linked Units. This is due to the fact that Ordinary Linked Units are currently tightly held, meaning that the current trading price does not reflect the full value of such Linked Units. In addition, the Acquisitions are anticipated to have a yield-enhancing effect.

9.2.4 The Company has not paid, and has not agreed to pay, any placement fees in respect of the Vendor Consideration Placement.

9.3 **Particulars regarding the Specific Issue**

9.3.1 The Company will seek the authority of Linked Unitholders at the General Meeting to undertake, should the Board deem it necessary, the Specific Issue in the alternative to, or in combination with, the Vendor Consideration Placement.

9.3.2 The number of Linked Units to be issued pursuant to the Specific Issue will be limited to a maximum of 240 000 000 Ordinary Linked Units. The price at which Ordinary Linked Units will be issued pursuant to the Specific Issue to each Specific Issue Participant will not be at a discount to the weighted average traded price of such Ordinary Linked Units for the 30 business days prior to the date on which the issue price is agreed in writing between the Company and the Specific Issue Participant in question.

9.3.3 It is anticipated that Linked Units holding more than 30% of the voting power of all Linked Units will be issued in terms of the Vendor Consideration Placement and/or the Specific Issue and therefore it will be necessary for the Company to obtain the approval of Linked Unitholders by Special Resolution in terms of section 41(3) of the Companies Act in order to issue Linked Units pursuant to the Vendor Consideration Placement or pursuant to the Specific Issue. In terms of paragraph 5.51(g) of the JSE Listings Requirements, the Specific Issue requires the approval by ordinary resolution of a 75% majority of the votes cast in favour of such resolution by all Linked Unitholders present or represented by proxy at the General Meeting, on which any Specific Issue Participants and their associates have not voted on or whose votes have not been counted. Should Linked Unitholders approve, at the General Meeting, Special Resolution Number 7, authorising the Specific Issue in terms of section 41(3) of the Companies Act, such approval shall also constitute and include approval of the Specific Issue as an ordinary resolution in terms of paragraph 5.51(g) of the JSE Listings Requirements.

9.4 **Conditions precedent to the Vendor Consideration Placement and the Specific Issue**

9.4.1 Implementation of the Vendor Consideration Placement is subject to fulfilment of the condition precedent that the resolutions set out in the Notice of General Meeting be approved by the requisite majority of Linked Unitholders at the General Meeting.

9.4.2 Implementation of the Specific Issue is subject to fulfilment of the condition precedent that the resolutions set out in the Notice of General Meeting be approved by the requisite majority of Linked Unitholders at the General Meeting.

10. DEBT FUNDING

10.1 It is anticipated that the Debt Funding will be secured by way of a loan facility from Nedbank. The Company has, to this end, obtained in-principle approval from Nedbank for a loan facility on the following terms:

10.1.1 a total loan amount of R211 600 000 will be granted with a view to part-funding the Acquisitions.

10.1.2 the loan facility will be repaid within three years, alternatively, within five years;

10.1.3 interest will accrue on the outstanding balance due by the Company on the rates set out below:

10.1.3.1 three-month Johannesburg Interbank Agreed Rate (**"Jibar"**) plus a credit spread of 300 basis points (three-year term) or three-month Jibar plus a credit spread of 320 basis points (five-year term);

10.1.3.2 alternatively, the prime rate of interest less 0.6% (three-year term) or the prime rate less 0.4% (five-year term);

10.1.4 interest will become payable upon final payment of the remaining loan capital and all other outstanding amounts payable at the end of the loan term;

10.1.5 the facility will be secured by first covering mortgage bonds registered over the Property Portfolio in the amount of R423 330 000; and

10.1.6 the maximum loan to value shall be 50% based on Nedbank's valuations of the Property Portfolio.

10.2 The above in-principle approval of the Nedbank loan facility is subject *inter alia* to a formal valuation of the Property Portfolio being performed by Nedbank and Nedbank credit committee approval.

11. FINANCIAL INFORMATION

11.1 **Historical financial information of Fairvest**

A report of historical financial information of the Company, showing the financial results of the Company for the financial years ended 30 June 2010, 30 June 2011 and 30 June 2012 is presented in Annexure RLP 1 to the Revised Listing Particulars and is the responsibility of the Directors.

11.2 **Forecast financial information**

11.2.1 The forecast statement of comprehensive income in respect of the Acquisition Portfolio is presented in Annexure 3 to this Circular, while the Independent Reporting Accountant's report thereon is included at Annexure 4 to this Circular.

11.2.2 The forecast statement of comprehensive income in respect of the Property Portfolio, including the Acquisition Portfolios, is presented in Annexure RLP 2 to the Revised Listing Particulars, while the Independent Reporting Accountant's report thereon is included at Annexure RLP 3 to the Revised Listing Particulars. The forecast financial information includes the effects of the Acquisitions, the Vendor Consideration Placement and the Specific Issue on Fairvest.

11.2.3 The forecast financial information is the responsibility of the Directors.

11.3 **Unaudited *pro forma* financial effects on Fairvest**

The unaudited consolidated *pro forma* financial effects of the Acquisitions and the Vendor Consideration Placement, as set out below, are the responsibility of the Directors. The unaudited consolidated *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of the Company's accounting policies. The unaudited *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of the Company's financial position post the adjustments set out in Annexure 1, including the implementation of the Acquisitions and the Vendor Consideration Placement.

The unaudited consolidated *pro forma* financial effects set out below, should be read in conjunction with the unaudited consolidated *pro forma* statement of financial position as set out in Annexure 1, together with the assumptions upon which the financial effects are based, as indicated in the notes thereto in Annexure 1. The Independent Reporting Accountants' report on the unaudited consolidated *pro forma* financial information appears at Annexure 2 to this Circular. The Independent Reporting Accountants' review report on the value and existence of the assets and liabilities acquired is set out in Annexure 5.

The table below sets out the unaudited *pro forma* financial effects of the adjustments on the Company, based on the reviewed annual financial results for the financial year ended 30 June 2012 and on the assumption that, for calculating the net asset value per Linked Unit and net tangible asset value per Linked Unit, the adjustments were effected on 30 June 2012.

Whereas the *pro forma* financial effects of the Specific Issue are identical to the *pro forma* financial effects of the Vendor Consideration Placement, the *pro forma* financial effects set out below only refer to the Vendor Consideration Placement, but should be read as including the *pro forma* financial effects of the Specific Issue, to the extent that same may be applicable.

	Reviewed results before the adjustments	***Pro forma* results after the Placement, Disposal, Debt Funding and the Acquisitions (excluding the Put Option Acquisition)**	**Change (%)**	***Pro forma* results after the Placement, Disposal, Debt Funding and the Acquisitions (including the Put Option Acquisition) (4)**	**Change (%)**
Net asset value per A Linked Unit (cents)	–	486	–	486	–
Net asset value per Ordinary Linked Unit (cents)	168	156	(7.1%)	156	–
Net tangible asset value per A Linked Unit (cents)	–	486	–	486	–
Net tangible asset value per Ordinary Linked Unit (cents)	173	161	(6.9%)	161	–
Number of A Linked Units in issue ('000)	–	41 111	–	41 111	–
Number of Ordinary Linked Units in issue ('000)	85 722	165 722	93.3%	165 722	–

Notes and assumptions:

1. The table set out above has been extracted from the reviewed statement of financial position of Fairvest at 30 June 2012 (as set out in Annexure RLP 1).
2. It is assumed that Fairvest will raise R300 million in terms of the Placement and/or Specific Issue by issuing 80 million Ordinary Linked Units at R1.25 per Ordinary Linked Unit and 41.11 million A Linked Units at R4.86 per A Linked Unit. Net proceeds are R291.8 million after deducting capital raising costs of R8.2 million.
3. Both of the *Pro forma* Results columns:
   - 3.1 reflect the disposal of Jozen Place to Capital Property Fund for R6.5 million, the transfer of which was registered in the Deeds Office on 25 July 2012, and raising of debt facilities of R98.9 million resulting in a cash inflow of R105.4 million. The assumed facility is secured from Nedbank as set out in paragraph 10 of the Circular, and incurs interest at the prime rate of interest less 0.5%. Debt raising costs of R1.0 million are funded using the debt facility resulting in a gross increase in interest-bearing borrowings of R99.9 million.
   - 3.2 reflect the SA Corporate Real Estate Acquisition for R330.8 million (comprising a combined acquisition cost of R326.0 million and capitalised acquisition costs of R4.9 million). The properties are revalued to R362.8 million resulting in an upwards revaluation adjustment of R26.0 million after deducting deferred tax of R6.0 million. The acquisition consideration and acquisition costs are settled from proceeds of the Placement and/or Specific Issues and Debt Funding.
   - 3.3 reflect the Isolenu Acquisition for R68.4 million (comprising a combined acquisition cost of R67.4 million and capitalised acquisition costs of R1.0 million). The properties are revalued to R65.2 million resulting in a downwards revaluation adjustment of R2.6 million after deducting deferred tax of R0.6 million. The acquisition consideration and acquisition costs are settled from the proceeds of the Placement and/or Specific Issue and Debt Funding.
4. Includes the Put Option Acquisition for R36.1 million (comprising a Put Option Consideration of R35.6 million and capitalised acquisition costs of R0.5 million). The Put Option Consideration is based on the projected net operating income of the Put Option Properties for the 12 months commencing 1 April 2013 (the assumed date that the Put Option is exercised by SA Corporate Real Estate) capitalised

at the applicable rate (10.0% for the Middleburg Property and 11.5% for the Gingindlovu Property). The Put Option Consideration of R35.6 million comprises R27.9 million for the Middleburg Property and R7.7 million for the Gingindlovu Property). The valuations of the Put Option Properties acquired are assumed to equate to their respective purchase considerations (inclusive of capitalised acquisition costs). The acquisition consideration and acquisition costs are assumed funded by a drawdown from the Nedbank facility. Debt raising costs of R0.4 million are funded using the debt facility resulting in a gross increase in interest-bearing borrowings of R36.5 million.

5. Total transaction expenses amount to R14.6 million comprising capital raising costs of R8.2 million and acquisition costs of R6.4 million (allocated between the SA Corporate Real Estate Acquisition, Isolenu Acquisition and Put Option Acquisition at R4.9 million, R1.0 million and R0.5 million respectively).
6. The net asset value ("NAV") and net tangible asset value ("NTAV") per Linked Unit is based on the actual number of Linked Units in issue at 30 June 2012 and on the basis that the Placement, Disposal, Debt Funding, SA Corporate Real Estate Acquisition, Isolenu Acquisition and the Put Option Acquisition were effected on 30 June 2012.
7. All adjustments except for total estimated transaction costs of R14.6 million are expected to have a continuing effect.

12. CHANGES TO THE LINKED UNIT CAPITAL

12.1 Share Capital Conversion and the Share Capital Increase

12.1.1 The Ordinary Shares of the Company currently comprise of par value shares. In terms of the Companies Act, which came into force on 1 May 2011, a company is not permitted to increase its authorised share capital by the creation of additional par value shares.

12.1.2 Therefore in order to have sufficient Linked Units available to facilitate the Vendor Consideration Placement, the Specific Issue and future capital raisings, it will be necessary for the Company to convert the Ordinary Shares from par value shares to no par value shares and to increase the authorised share capital of the Company.

12.1.3 Following the Share Capital Conversion, the no par value shares, shall have the same rights and privileges as those currently attaching to the par value shares.

12.1.4 The Board has prepared a report on the Share Capital Conversion, as set out in Annexure 10, which report will be submitted to CIPC and SARS prior to the General Meeting in accordance with regulation 31(7) of the Companies Regulations.

12.1.5 The Share Capital Increase will be implemented after the Share Capital Conversion. In terms of the Share Capital Increase, it is proposed that the authorised share capital of the Company be increased by:

12.1.5.1 the creation of an additional 2 700 000 000 Ordinary Shares of no par value so that the authorised Ordinary Share capital is increased from 300 000 000 Ordinary Shares of no par value to 3 000 000 000 Ordinary Shares of no par value; and

12.1.5.2 the creation of 3 000 000 000 A Ordinary Shares on the terms and with the preferences, rights and limitations set out in the New Memorandum of Incorporation.

12.1.6 The Share Capital Conversion and the Share Capital Increase requires Linked Unitholder approval by way of a Special Resolution in terms of section 36(2)(a) and section 16(1)(c) of the Act.

12.2 Creation of the A Linked Units and the Creation of Additional Ordinary Linked Units

12.2.1 In order to provide the Company with greater flexibility in the Vendor Consideration Placement, the Specific Issue and future capital raisings, the Company wishes to create 3 000 000 000 A Linked Units, as a new class of authorised linked units. The A Linked Units shall entitle A Linked Unitholders to a first right to the net distributable income of the Company with a preferential claim to an initial fixed annual distribution of 45 cents per A Linked Unit, increasing at 5% per annum from 1 January 2014 to 1 January 2018 and thereafter increasing at the lower of 5% and the Consumer Price Index per annum until repayment. The Ordinary Linked Units shall entitle Ordinary Linked Unitholders to receive the residual net income after settlement of the A Linked Unit distribution entitlement. The full terms relating to the A Linked Units and the Ordinary Linked Units are contained in the New Memorandum of Incorporation, as read with the New Debenture Trust Deed, copies of which are available for inspection and extracts of which are set out in, respectively, Annexure RLP8 and Annexure RLP10 to the Revised Listing Particulars.

12.2.2 Following the creation of the A Linked Units, the Company wishes to increase its authorised Ordinary Linked Units from 300 000 000 Ordinary Linked Units to 3 000 000 000 Ordinary Linked Units.

12.2.3 The Creation of the A Linked Units and the Creation of Additional Ordinary Linked Units each require Linked Unitholder approval by way of a Special Resolution in terms of section 36(2)(a) and section 16(1)(c) of the Act and Ordinary Debenture Holder approval by way of a special resolution in terms of the Existing Debenture Trust Deed. For the avoidance of doubt, and given that Ordinary Linked Units comprise of one Ordinary Share indivisibly linked to one Ordinary Debenture, a separate resolution of Ordinary Debenture Holders will not be required or taken and each of the aformentioned resolutions shall be deemed to be taken by Ordinary Linked Unitholders in their capacity as Ordinary Linked Unitholders and in their capacity as Ordinary Debenture Holders.

12.3 Preference Share Cancellation

12.3.1 As the Company does not have any Preference Shares in issue and does not foresee issuing the Preference Shares in the future, the Company wishes to cancel the Preference Shares.

12.3.2 The cancellation of the Preference Shares will require the approval of Linked Unitholders by way of a Special Resolution in terms of section 36(2)(a) and section 16(1)(c) of the Act.

13. AUTHORITY TO ISSUE THE VENDOR CONSIDERATION LINKED UNITS AND AUTHORITY FOR SPECIFIC ISSUE

13.1 Section 41(3) of the Companies Act requires that Linked Unitholders approve, by way of a special resolution, an issue of Linked Units (which includes shares) if the voting power of the class of linked units that are issued as a result of a transaction will be equal to or exceed 30% of the voting power of all the linked units of that class held immediately before such a transaction.

13.2 The Linked Units that will be issued in terms of the Vendor Consideration Placement and/or the Specific Issue will exceed 30% of the voting power of all the Linked Units, of the relevant class, held immediately before such issue and will therefore requires approval from Linked Unitholders by special resolution in terms of section 41(3) of the Companies Act.

13.3 Linked Unit Holders are further required in terms of the Existing Memorandum of Incorporation to place the increased Ordinary Linked Units and the newly created A Linked Units under the control of the Directors to enable the Company to issue Linked Units pursuant to the Vendor Consideration Placing and/or the Specific Issue. In approving the special resolutions referred to in paragraph 13.2, the Linked Unitholders will be deemed to have simultaneously placed sufficient of the Linked Units under control of the Directors as is required to implement the Vendor Consideration Placing and/or the Specific Issue, both in their capacity as Ordinary Debenture Holders and in their capacity as Linked Unit Holders.

14. THE ADOPTION OF THE NEW MEMORANDUM OF INCORPORATION AND THE NEW DEBENTURE TRUST DEED

14.1 In terms of item 4(2) of Schedule 5 to the Act, a company that existed prior to the effective date of the Act may at any time within two years immediately following the effective date file, without charge, an amendment to its memorandum and articles of association to bring it into harmony with the Act.

14.2 Accordingly, the Company wishes to adopt the New Memorandum of Incorporation, which proposed document will replace the Existing Memorandum of Incorporation and will bring the Company's constitutional documents into harmony with the provisions of the Act and to provide for the New Capital Structure.

14.3 In order to provide for the New Capital Structure and the consequential changes to the Existing Debenture Trust Deed, as a result of the New Linked Unit Structure, the Company wishes to adopt the New Debenture Trust Deed.

14.4 Accordingly, the Company wishes to adopt the New Debenture Trust Deed, which proposed document will replace the Existing Debenture Trust Deed and will bring the Company's constitutional documents into harmony with the New Linked Unit Structure.

14.5 The adoption of the New Memorandum of Incorporation requires Linked Unitholder approval by way of a Special Resolution in terms of section 16(1)(c) of the Act.

14.6 The adoption of the New Debenture Trust Deed requires Debenture Holder approval by way of a special resolution in terms of the Existing Debenture Trust Deed. For the avoidance of doubt, and given that the Linked Units comprise of one Ordinary Share indivisibly linked to one Ordinary Debenture, a separate resolution of Ordinary Debenture Holders will not be required or taken and the aforementioned resolution shall be deemed to be taken by Linked Unitholders in their capacity as Linked Unitholders and Ordinary Debenture Holders.

15. GENERAL MEETING

A general meeting of Fairvest Linked Unitholders will be held at 11:00 on Monday, 5 November 2012 at 1st Floor, East Wing, The Palms, 145 Sir Lowry Road, Cape Town, Western Cape, to consider and, if deemed fit, to pass, with or without modification, the resolutions set out in the Notice of General Meeting attached to this Circular.

16. DIRECTORS

16.1 Save for being a Linked Unitholder of Fairvest, no Director (including any person who may have resigned as a Director within the last 18 months) has any material beneficial interest, directly or indirectly in the Acquisitions or the Vendor Consideration Placement or the Specific Issue or in any transactions that were (1) effected by the Company during the current or immediately preceding financial year, or (2) during an earlier financial year and remain in any respect outstanding or unperformed.

16.2 Save for being a Linked Unitholder of Fairvest, no Director has had any material beneficial interest, either direct or indirect, in the Acquisitions or in any property acquired in terms of the Acquisitions and no promoter or director of Fairvest is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

16.3 Save for being a Linked Unitholder of Fairvest, no Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

16.4 A breakdown of the emoluments paid or accrued as payable to Directors during the last financial year ended 30 June 2012, appears in paragraph 6.6 of the Revised Listings Particulars.

16.5 JF du Toit and BJ Kriel, in aggregate, directly and indirectly, held approximately 85.2% of Fairvest's Ordinary Linked Units at the Last Practicable Date, as set out in paragraph 18 below. Other than Messrs Du Toit and Kriel, no other

Director (or his associates), including any Director who has resigned within the last 18 months, holds any direct or indirect beneficial interest in the Linked Units of the Company. There has been no change in the Linked Unitholding of the Directors between the end of the financial year ended 30 June 2012 and the Last Practicable Date.

17. SHARE CAPITAL

17.1 The Linked Unit capital of the Company before the Vendor Consideration Placement and the Specific Issue and the Changes to the Linked Unit Capital is set out below:

	R'000
Authorised share capital	
300 000 000 Ordinary Shares of R0.01 each	**3 000**
30 000 000 Preference Shares of R0.01 each	**3 00**
Issued share capital	
85 795 988 Ordinary Shares of R0.01 each	**858**
Debenture capital	
85 795 988 Ordinary Debentures of R0.01 each	**858**
Debenture premium	**142 474**

Note:

1. Only Ordinary Linked Units are currently in issue and listed on the JSE.

17.2 The expected Linked Unit capital of the Company following implementation of the Vendor Consideration Placement, the Specific Issue (if applicable) and the Changes to the Linked Unit Capital is set out below:

	R'000
Authorised	
3 000 000 000 no par value A Ordinary Shares	**–**
3 000 000 000 no par value Ordinary Shares	**–**
Issued share capital	
41 111 111 no par value A Ordinary Shares	**411**
165 721 986 no par value Ordinary Shares	**1 657**
Debenture capital	
41 111 111 A Debentures of R4.99 each	**205 144**
165 721 986 Ordinary Debentures of R0.01 each	**1 657**
Debenture premium	**227 115**

Note:

1. Assumes that 41 111 111 A Linked Units at R4.86 and 80 000 000 Ordinary Linked Units at R1.25 will be successfully placed and issued in terms of the Vendor Consideration Placement and/or the Specific Issue.

17.3 The issued share capital, reflected in paragraphs 17.1 and 17.2 above, includes 74 002 treasury shares.

17.4 In terms of the New Memorandum of Incorporation and the New Debenture Trust Deed, A Shares are linked to unsecured, unsubordinated variable rate A Debentures in the ratio of one A Share to one A Debenture forming an A Linked Unit or Ordinary Shares are linked to unsecured, unsubordinated variable rate Ordinary Debentures in the ratio of one Ordinary Share to one Ordinary Debenture forming an Ordinary Linked Unit. The linkage means that each Share may only be issued and traded as a 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 New Memorandum of Incorporation and the New Debenture Trust Deed.

18. MAJOR LINKED UNITHOLDERS

18.1 As far as the Company is aware, as at the Last Practicable Date the following persons are beneficially interested, directly or indirectly, in 5% or more of the Linked Units in issue:

Name of Linked Unitholder	Number of Linked Units held	Percentage of Linked Units in issue
JF du Toit[1]	51 600 078	60.14%
BJ Kriel[1]	21 500 000	25.06%
Total	**73 100 078**	**85.20%**

Note:

1. Held indirectly through various entities.

18.2 Should the Vendor Consideration Placement and/or the Specific Issue be implemented fully, the above beneficial interests of JF du Toit and BJ Kriel, will be reduced to, respectively, 24.95% and 10.39% of the Ordinary Linked Units in issue.

19. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the Fairvest Group is sufficient for the Fairvest Group's present working capital requirements and will, post-implementation of the Acquisitions, the Vendor Consideration Placement and the Specific Issue (if applicable), be adequate for at least 12 months from the date of issue of this Circular.

20. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the Fairvest Group.

21. EXPENSES

21.1 The estimated costs of preparing and distributing this Circular, including the Revised Listing Particulars and all other annexures, holding the General Meeting and implementing the Acquisitions, the Vendor Consideration Placement and (if applicable) the Specific Issue, including the fees payable to professional advisors, are approximately R14.6 million, excluding Value Added Tax, and include the following:

Expenses

	R'000
Sponsor and corporate advisor – PSG Capital	750
Transaction adviser and bookrunner – Java Capital	6 000
Independent reporting accountants – BDO	225
Independent property valuer – JHI	50
Due diligence fees – JHI	442
Transfer Secretaries – Computershare	10
JSE documentation fee	57
JSE listing fee	239
Strate fees	25
Printing and postage costs – Ince	92
Announcements and publication	250
Transaction costs – transfer, conveyancing, registration, etc	2 145
Acquisition fee – New Star[1]	4 289
Other – contingency	64
Estimated total	**14 638**

Note:

1. An acquisition fee of 1% of the Combined Purchase Consideration is payable to New Star in terms of the Asset Management Agreement.

21.2 Fairvest has incurred no preliminary expenses in relation to the Acquisitions and the Vendor Consideration Placing during the three years preceding this Circular.

22. DIRECTORS' RECOMMENDATION

22.1 The Directors have considered the terms and conditions of the Acquisitions, the Changes to the Linked Unit Capital, the Authority to Issue the Vendor Consideration Linked Units, the Authority for Specific Issue, the adoption of the New Memorandum of Incorporation and the adoption of the New Debenture Trust Deed and are of the opinion that they are in the interests of Fairvest Linked Unitholders.

22.2 The Directors recommend that Linked Unitholders vote in favour of the resolutions to be proposed at the General Meeting in respect of the Acquisitions.

22.3 The Directors, in their personal capacities, intend to vote the Linked Units held by them in favour of the resolutions to be proposed at the General Meeting.

23. ADVISORS' CONSENTS

The parties referred to in the Corporate Information section of this Circular have consented in writing to act in the capacities stated and to their names being stated in the Circular and, in the case of the Independent Reporting Accountants, JHI and DDP have consented to the reference to their reports in the form and context in which they appear, and have not withdrawn their consents prior to the publication of the Circular.

24. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 10 of this Circular collectively and individually accept full responsibility for the accuracy of the information furnished relating to the Fairvest Group and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that this Circular contains all information required by law and the JSE Listings Requirements.

25. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Linked Unitholders during normal business hours at the registered office of Fairvest and at the Johannesburg office of PSG Capital from 5 October 2012 until 5 November 2012 (both days inclusive):

25.1 the New Memorandum of Incorporation of Fairvest and the memorandums of incorporation of its subsidiaries;

25.2 the Acquisition Agreements;

25.3 the Asset Management Agreement, the Blend Management Agreement and the JHI Management Agreement;

25.4 the New Debenture Trust Deed;

25.5 the following reports by the Independent Reporting Accountants:

25.5.1 Independent Reporting Accountants' report on the *pro forma* financial information of Fairvest, as reproduced at Annexure 2 of this Circular;

25.5.2 Independent Reporting Accountants' report on the forecast financial information in respect of the Acquisition Portfolios, as reproduced at Annexure 4 of this Circular;

25.5.3 Independent Reporting Accountants' review opinion on the acquisition of the Acquisition Portfolios, as reproduced at Annexure 5 of this Circular;

25.5.4 Independent Reporting Accountants' report on the forecast financial information of Fairvest, as reproduced at Annexure RLP 3 to the Revised Listing Particulars;

25.6 the detailed independent property valuers' report by JHI in respect of the Acquisition Portfolios, as well as the abridged report as reproduced at Annexure 6 of this Circular;

25.7 the audited annual financial statements of Fairvest for the last three financial years ended 30 June 2010, 30 June 2011 and 30 June 2012;

25.8 the detailed independent property valuers' report by DDP in respect of the Current Portfolio, as well as the abridged report as reproduced at Annexure RLP 4 to the Revised Listing Particulars;

25.9 a copy of the employment agreement of BJ Kriel with the Company; and

25.10 a copy of this Circular, including the Revised Listing Particulars and all other annexures hereto.

SIGNED AT CAPE TOWN ON 4 OCTOBER 2012 BY JF DU TOIT ON BEHALF OF ALL THE DIRECTORS OF FAIRVEST PROPERTY HOLDINGS LIMITED, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

JF du Toit
Chairman

JF du Toit
D Wilder
M Epstein
LW Andrag

BJ Kriel
A Marcus
PJ van der Merwe

UNAUDITED CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF FAIRVEST

Set out below is the unaudited consolidated *pro forma* statement of financial position of Fairvest based on the reviewed statement of financial position of Fairvest as at 30 June 2012 (as set out in Annexure RLP 1). The unaudited consolidated *pro forma* statement of financial position has been prepared to reflect the financial position of Fairvest after adjusting for the Placement and/or Specific Issue ("Placement") disposal of Jozen Place as set out in paragraph 11.1.2 of the Revised Listing Particulars ("Disposal"), the debt facility secured from Nedbank as set out in paragraph 10 ("Debt Funding"), SA Corporate Real Estate Acquisition, Isolenu Acquisition and Put Option Acquisition (collectively, "the adjustments"), on the assumption that the adjustments took place on 30 June 2012 and on the basis set out in the notes to the unaudited consolidated *pro forma* statement of financial position below.

Whereas the *pro forma* financial effects of the Specific Issue are identical to the *pro forma* financial effects of the Vendor Consideration Placement, the *pro forma* information effects set out below only refer to the Vendor Consideration Placement, but should be read as including the *pro forma* financial effects of the Specific Issue, to the extent that same may be applicable.

The unaudited consolidated *pro forma* statement of financial position is the responsibility of the Directors of Fairvest and has been prepared for illustrative purposes to illustrate the effects of the adjustments on Fairvest's financial position at 30 June 2012. Due to the nature of the unaudited consolidated *pro forma* statement of financial position, it may not give a fair reflection of the financial position of Fairvest after the adjustments.

The Independent Reporting Accountants' report on the unaudited consolidated *pro forma* statement of financial position is set out in Annexure 2. The Independent Reporting Accountants' report on the value and existence of the assets and liabilities to be acquired by the Company is set out in Annexure 5.

The unaudited consolidated *pro forma* financial information has been prepared in terms of IFRS, The Guide on *Pro forma* Financial Information issued by SAICA and the accounting policies of the company set out in Annexure RLP 1.

R'000	Before (1)	Placement (2)	After the Placement	Disposal and Debt Funding (3)	SA Corporate Real Estate Acquisition (4)	Isolenu Acquisition (5)	After the Placement, Disposal, Debt Funding, SA Corporate Real Estate Acquisition and Isolenu Acquisition	Put Option Acquisition (6)	After the Placement, Disposal, Debt Funding and Acquisitions
ASSETS									
Non-current assets	**125 209**	**–**	**125 209**	**–**	**362 800**	**65 249**	**553 258**	**36 079**	**589 337**
Investment property	97 079		97 079		362 800	65 249	525 128	36 079	561 207
Investment property under construction	27 768		27 768				27 768		27 768
Equipment	13		13				13		13
Operating lease asset	349		349				349		349
Current assets	**31 728**	**291 796**	**323 524**	**105 371**	**(330 845)**	**(68 445)**	**29 605**		**29 605**
Listed investments	3 275		3 275				3 275		3 275
Trade and other receivables	3 591		3 591				3 591		3 591
Taxation	127		127				127		127
Cash and cash equivalents	24 735	291 796	316 531	105 371	(330 845)	(68 445)	22 612		22 612
Investment property held for sale	6 450		6 450	(6 450)			–		–
Total assets	163 387	291 796	455 183	98 921	31 955	(3 196)	582 863	36 079	618 942
EQUITY AND LIABILITIES									
Equity and reserves	857	1 211	2 068	–	–	–	2 068	–	2 068
Ordinary share capital	857	1 211	2 068				2 068		2 068
Reserves	–		–				–		–

R'000	Before (1)	Placement (2)	After the Placement	Disposal and Debt Funding (3)	SA Corporate Real Estate Acquisition (4)	Isolenu Acquisition (5)	After the Placement, Disposal, Debt Funding, SA Corporate Real Estate Acquisition and Isolenu Acquisition	Put Option Acquisition (6)	After the Placement, Disposal, Debt Funding and Acquisitions
Liabilities									
Non-current liabilities	147 043	290 585	437 628	98 921	31 955	–3 196	565 308	36 079	601 387
Linked unit debentures and premium	143 331	290 585	433 916	–989	25 995	–2 600	456 322	–361	455 961
Interest bearing borrowings	–		–	99 910			99 910	36 440	136 350
Deferred taxation	3 712		3 712		5 960	–596	9 076	–	9 076
Current liabilities	15 487	–	15 487	–	–	–	15 487	–	15 487
Taxation	–		–				–		–
Trade and other payables	15 487		15 487				15 487		15 487
Total equity and liabilities	**163 387**	**291 796**	**455 183**	**98 921**	**31 955**	**–3 196**	**582 863**	**36 079**	**618 942**
Number of A Linked Units ('000)	–	41 111	41 111	–	–	–	41 111	–	41 111
Number of Ordinary Linked Units ('000)	85 722	80 000	165 722	–	–	–	165 722	–	165 722
Total Linked Units in issue ('000)	85 722	121 111	206 833	–	–	–	206 833	–	206 833
NAV and TNAV per A Linked Unit (cents)	–		4.86				4.86		4.86
NAV and TNAV per Ordinary Linked Unit (cents)	1.68		1.42				1.56		1.56
NAV and TNAV per A Linked Unit excluding deferred tax (cents)	–		4.86				4.86		4.86
NAV and TNAV per Ordinary Linked Unit excluding deferred tax (cents)	1.73		1.45				1.61		1.61

Notes and assumptions:

1. Extracted from the reviewed statement of financial position of Fairvest at 30 June 2012 (as set out in Annexure RLP 1).
2. It is assumed that Fairvest will raise R300 million in terms of the Placement by issuing 80 million Ordinary Linked Units at R1.25 per Ordinary Linked Unit and 41.11 million A Linked Units at R4.86 per A Linked Unit. Net proceeds are R291.8 million after deducting capital raising costs of R8.2 million.
3. Represents the disposal of Jozen Place to Capital Property Fund for R6.5 million, the transfer of which was registered in the Deeds Office on 25 July 2012, and raising of debt facilities of R98.9 million resulting in a cash inflow of R105.4 million. The assumed facility is secured from Nedbank as set out in paragraph 10 of the Circular, and incurs interest at the prime rate of interest. Debt raising costs of R1.0 million are funded using the debt facility resulting in a gross increase in interest-bearing borrowings of R99.9 million.
4. Represents the SA Corporate Real Estate Acquisition for R330.8 million (comprising a combined acquisition cost of R326.0 million and capitalised acquisition costs of R4.9 million). The properties are revalued to R362.8 million resulting in an upwards revaluation adjustment of R26.0 million after deducting deferred tax of R6.0 million. The acquisition consideration and acquisition costs are settled from the proceeds of the Placement and Debt Funding.
5. Represents the Isolenu Acquisition for R68.4 million (comprising a combined acquisition cost of R67.4 million and capitalised acquisition costs of R1.0 million). The properties are revalued to R65.2 million resulting in a downwards revaluation adjustment of R2.6 million after deducting deferred tax of R0.6 million. The acquisition consideration and acquisition costs are settled from the proceeds of the Placement and Debt Funding.
6. Represents the Put Option Acquisition for R36.1 million (comprising a Put Option Consideration of R35.6 million and capitalised acquisition costs of R0.5 million). The Put Option Consideration is based on the projected net operating income of the Put Option Properties for the 12 months commencing 1 April 2013 (the assumed date that the Put Option is exercised by SA Corporate Real Estate) capitalised at the applicable rate (10.0% for the Middleburg Property and 11.5% for the Gingindlovu Property). The Put Option Consideration of R35.6 million comprises R27.9 million for the Middleburg Property and R7.7 million for the Gingindlovu Property). The valuations of the Put Option Properties acquired are assumed to equate to their respective purchase considerations (inclusive of capitalised acquisition costs). The acquisition consideration and acquisition costs are assumed funded by a drawdown from the Nedbank facility. Debt raising costs of R0.4 million are funded using the debt facility resulting in a gross increase in interest-bearing borrowings of R36.5 million.
7. Total transaction expenses amount to R14.6 million comprising capital raising costs of R8.2 million and acquisition costs of R6.4 million (allocated between the SA Corporate Real Estate Acquisition, Isolenu Acquisition and Put Option Acquisition at R4.9 million, R1.0 million and R0.5 million respectively).
8. The net asset value ("NAV") and net tangible asset value ("NTAV") per linked unit is based on the actual number of linked units in issue at 30 June 2012 and on the basis that the adjustments were effected on 30 June 2012.
9. All adjustments except for the transaction expenses of R14.6 million are expected to have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION OF FAIRVEST

The Directors
Fairvest Property Holdings Limited
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

Introduction

The definitions contained in the Definitions and Interpretation section of the circular to which this report is annexed ("the Circular"), apply in this report.

We have performed our limited assurance engagement with regard to the unaudited *pro forma* statement of financial position of Fairvest set out in Annexure 1 of the Circular to be dated on or about 3 October 2012 issued in connection with the acquisition by Fairvest of the Acquisition Portfolios (the "Acquisitions").

The *pro forma* statement of financial position has been prepared for the purposes of complying with the JSE Listings Requirements, for illustrative purposes only, to provide information about how the Acquisitions might have affected the reported financial information of Fairvest had the Acquisitions been undertaken on 30 June 2012 for statement of financial position purposes.

Because of its nature, the unaudited *pro forma* statement of financial position may not present a fair reflection of the financial position of Fairvest after the Acquisitions.

Directors' responsibility

The Directors of Fairvest are solely responsible for the compilation, contents and presentation of the unaudited *pro forma* statement of financial position contained in the Circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the unaudited *pro forma* statement of financial position contained in the Circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Fairvest as detailed in Annexure 1 to the Revised Listing Particulars and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* statement of financial position as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the unaudited *pro forma* statement of financial position included in the Circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial information and the Revised Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* statement of financial position, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted reviewed historical statement of financial position of Fairvest with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Fairvest, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the unaudited *pro forma* statement of financial position with the Directors.

In arriving at our conclusion, we have relied upon financial information prepared by the Directors and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical reviewed statement of financial position and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Consent

We hereby consent to the inclusion of this letter and the sentences thereto in the Circular of Fairvest in the form and context in which they appear.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of sections 8.17 and 8.30 of the Listings Requirements:

- the unaudited *pro forma* statement of financial position has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Fairvest;
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* statement of financial position as disclosed pursuant to sections 8.30 and 13.16 of the JSE Listings Requirements.

Yours faithfully

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

Per **Nick Lazanakis**
Chartered Accountant (SA)
Registered Auditor
22 Wellington Road
Parktown, 2193

FORECAST FINANCIAL INFORMATION OF THE ACQUISITION PORTFOLIOS

Forecast statements of comprehensive income

Set out below are the forecast statements of comprehensive income ("Forecasts") of:

- the SA Corporate Real Estate Property Portfolio on a stand-alone basis for the seven months ending 30 June 2013 and year ending 30 June 2014;
- the Isolenu Property Portfolio on a stand-alone basis for the seven months ending 30 June 2013 and year ending 30 June 2014;
- the Put Option Properties on a stand-alone basis for the year ending 30 June 2014; and
- the existing Fairvest portfolio and the Acquisition Portfolios ("Combined Property Portfolio) on a combined basis for the years ending 30 June 2013 and 30 June 2014 ("Forecast Periods").

The Forecasts have been prepared on the assumption that the SA Corporate Real Estate Acquisition and Isolenu Acquisition will be implemented on 1 December 2012 and the Put Option Acquisition will be implemented on 1 July 2013.

The Forecasts include forecast figures for the Forecast Periods.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The Forecasts must be read in conjunction with the Independent Reporting Accountants' limited assurance report thereon which is attached as Annexure 4. The Forecasts have been prepared in compliance with IFRS and in accordance with the Group's accounting policies as set out in Annexure RLP 1.

FORECAST OF THE SA CORPORATE REAL ESTATE PROPERTY PORTFOLIO

	Seven months ending 30 June 2013 R	Year ending 30 June 2014 R
Rental income	31 512 374	57 931 299
Straight-line rental accrual	2 664 030	1 688 997
Revenue	34 176 404	59 620 296
Property expenses	(11 448 106)	(21 635 347)
Net property income	22 728 299	37 984 949
Administrative expenses	(1 996 304)	(2 145 782)
Asset management fee	(1 219 447)	(1 786 546)
Operating profit	19 512 547	34 052 621
Fair value adjustment to investment properties	31 954 877	–
Fair value adjustment to debentures	(21 008 315)	(1 068 350)
Finance cost	(3 542 908)	(7 063 266)
Investment revenue	–	–
Profit before debenture interest	26 916 201	25 921 005
Debenture interest	(13 454 754)	(25 505 536)
Profit after debenture interest	13 461 447	415 469
Capital raising expenses	(6 797 695)	–
Profit before taxation	6 663 752	415 469
Taxation	(6 663 752)	(415 469)
Total comprehensive income attributable to Linked Unitholders	–	–
Reconciliation between earnings headline earnings and distributable earnings		
Profit for the period	–	–
Adjusted for:		
Debenture interest	13 454 754	25 505 536
Capital raising expenses	6 797 695	–
Earnings (Linked Units)	20 252 449	25 505 536
Adjusted for:		
Fair value adjustment to investment properties (net of taxation)	(25 995 293)	–
Fair value adjustment to debentures	21 008 315	1 068 350
Headline earnings (Linked Units)	15 265 471	26 573 886
Adjusted for:		
Straight-line rental accrual (net of taxation)	(1 918 102)	(1 216 078)
Amortisation of debt raising fees	107 384	147 728
Distributable earnings (Linked Units)	13 454 754	25 505 536

FORECAST OF THE ISOLENU PROPERTY PORTFOLIO

	Seven months ending 30 June 2013 R	Year ending 30 June 2014 R
Rental income	4 780 464	8 613 501
Straight-line rental accrual	489 197	245 590
Revenue	5 269 661	8 859 091
Property expenses	(400 259)	(742 311)
Net property income	4 869 402	8 116 780
Administrative expenses	(302 842)	(319 045)
Asset management fee	(184 992)	(265 632)
Operating profit	4 381 569	7 532 103
Fair value adjustment to investment properties	(3 195 901)	–
Fair value adjustment to debentures	3 676 159	(146 263)
Finance cost	(732 953)	(1 461 241)
Investment revenue	–	–
Profit before debenture interest	4 128 874	5 924 598
Debenture interest	(3 190 273)	(5 867 718)
Profit after debenture interest	938 600	56 880
Capital raising expenses	(1 406 300)	–
Profit before taxation	(467 700)	56 880
Taxation	467 700	(56 880)
Total comprehensive income attributable to Linked Unitholders	–	–
Reconciliation between earnings headline earnings and distributable earnings		
Profit for the period	–	–
Adjusted for:		
Debenture interest	3 190 273	5 867 718
Capital raising expenses	1 406 300	–
Earnings (Linked Units)	4 596 573	5 867 718
Adjusted for:		
Fair value adjustment to investment properties (net of taxation)	2 599 865	–
Fair value adjustment to debentures	(3 676 159)	146 263
Headline earnings (Linked Units)	3 520 280	6 013 981
Adjusted for:		
Straight-line rental accrual (net of taxation)	(352 222)	(176 825)
Amortisation of debt raising fees	22 216	30 562
Distributable earnings (Linked Units)	3 190 273	5 867 718

FORECAST OF THE PUT OPTION PROPERTIES

	Year ending 30 June 2014 R
Rental income	9 292 718
Straight-line rental accrual	(5 050)
Revenue	9 287 668
Property expenses	(5 591 276)
Net property income	3 696 392
Administrative expenses	(344 203)
Asset management fee	(286 579)
Operating profit	3 065 610
Fair value adjustment to investment properties	–
Fair value adjustment to debentures	19 746
Finance cost	(770 263)
Investment revenue	–
Profit before debenture interest	2 315 093
Debenture interest	(2 322 772)
Profit after debenture interest	(7 679)
Capital raising expenses	–
Profit before taxation	(7 679)
Taxation	7 679
Total comprehensive income attributable to Linked Unitholders	–
Reconciliation between earnings headline earnings and distributable earnings	
Profit for the year	–
Adjusted for:	
Debenture interest	2 322 772
Capital raising expenses	–
Earnings (Linked Units)	2 322 772
Adjusted for:	
Fair value adjustment to investment properties (net of taxation)	–
Fair value adjustment to debentures	(19 746)
Headline earnings (Linked Units)	2 303 026
Adjusted for:	
Straight-line rental accrual (net of taxation)	3 636
Amortisation of debt raising fees	16 110
Distributable earnings (Linked Units)	2 322 772

FORECAST OF THE COMBINED PORTFOLIO (INCLUDING THE SA CORPORATE REAL ESTATE PROPERTY PORTFOLIO, ISOLENU PROPERTY PORTFOLIO AND PUT OPTION PROPERTIES)

	Year ending 30 June 2013 R	**Year ending 30 June 2014 R**
Rental income	54 944 417	101 489 382
Straight-line rental accrual	5 004 490	4 528 225
Revenue	59 948 907	106 017 607
Property expenses	(18 297 572)	(35 070 140)
Net property income	41 651 335	70 947 467
Administrative expenses	(3 480 721)	(3 759 179)
Asset management fee	(2 126 207)	(3 129 836)
Operating profit	36 044 408	64 058 452
Fair value adjustment to investment properties	28 758 976	–
Fair value adjustment to debentures	(18 467 965)	(2 829 402)
Finance cost	(6 814 888)	(15 610 539)
Investment revenue	819 644	472 194
Profit before debenture interest	40 340 175	46 090 705
Debenture interest	(25 498 423)	(44 990 382)
Profit after debenture interest	14 841 751	1 100 323
Capital raising expenses	(8 203 995)	–
Profit before taxation	6 637 756	1 100 323
Taxation	(6 637 756)	(1 100 323)
Total comprehensive income attributable to Linked Unitholders	–	–
Reconciliation between earnings headline earnings and distributable earnings		
Profit for the year	–	–
Adjusted for:		
Debenture interest	25 498 423	44 990 382
Capital raising expenses	8 203 995	–
Earnings (Linked Units)	33 702 419	44 990 382
Adjusted for:		
Fair value adjustment to investment properties (net of taxation)	(23 395 427)	–
Fair value adjustment to debentures	18 467 965	2 829 402
Headline earnings (Linked Units)	28 774 956	47 819 784
Adjusted for:		
Straight-line rental accrual (net of taxation)	(3 603 233)	(3 260 322)
Amortisation of debt raising fees	326 700	430 920
Distributable earnings (Linked Units)	25 498 423	44 990 382
Actual number of A Linked Units in issue	41 111 111	41 111 111
Actual number of Ordinary Linked Units in issue	165 721 986	165 721 986
Weighted average number of A Linked Units in issue	23 981 481	41 111 111
Weighted average number of Ordinary Linked Units in issue	132 388 653	165 721 986
Distribution per A Linked Unit (cents)	26.32	46.13
Distribution per Ordinary Linked Unit (cents)	10.44	15.71
Earnings per A Linked Unit (cents)	26.32	46.13
Earnings per Ordinary Linked Unit (cents)	10.44	15.71
Headline earnings per A Linked Unit (cents)	31.57	46.13
Headline earnings per Ordinary Linked Unit (cents)	15.69	15.71

FORECAST OF THE COMBINED PORTFOLIO (INCLUDING THE SA CORPORATE REAL ESTATE PROPERTY PORTFOLIO AND ISOLENU PROPERTY PORTFOLIO)

	Year ending 30 June 2013 R	Year ending 30 June 2014 R
Rental income	54 944 417	92 196 664
Straight-line rental accrual	5 004 490	4 528 225
Revenue	59 948 907	96 724 889
Property expenses	(18 297 572)	(29 478 864)
Net property income	41 651 335	67 246 025
Administrative expenses	(3 480 721)	(3 759 179)
Asset management fee	(2 103 088)	(3 030 095)
Operating profit	36 067 526	60 456 751
Fair value adjustment to investment properties	28 758 976	–
Fair value adjustment to debentures	(18 467 965)	(2 829 402)
Finance cost	(7 094 108)	(12 558 382)
Investment revenue	819 644	472 194
Profit before debenture interest	40 084 073	45 541 161
Debenture interest	(25 242 321)	(44 440 838)
Profit after debenture interest	14 841 751	1 100 323
Capital raising expenses	(8 203 995)	–
Profit before taxation	6 637 756	1 100 323
Taxation	(6 637 756)	(1 100 323)
Total comprehensive income attributable to Linked Unitholders	–	–
Reconciliation between earnings headline earnings and distributable earnings		
Profit for the year	–	–
Adjusted for:		
Debenture interest	25 242 321	44 440 838
Capital raising expenses	8 203 995	–
Earnings (Linked Units)	33 446 316	44 440 838
Adjusted for:		
Fair value adjustment to investment properties (net of taxation)	(23 295 427)	–
Fair value adjustment to debentures	18 467 965	2 829 402
Headline earnings (Linked Units)	28 518 854	47 270 240
Adjusted for:		
Straight-line rental accrual (net of taxation)	(3 603 233)	(3 260 322)
Amortisation of debt raising fees	326 700	430 920
Distributable earnings (Linked Units)	25 242 321	44 440 838
Actual number of A Linked Units in issue	41 111 111	41 111 111
Actual number of Ordinary Linked Units in issue	165 721 986	165 721 986
Weighted average number of A Linked Units in issue	23 981 481	41 111 111
Weighted average number of Ordinary Linked Units in issue	132 388 653	165 721 986
Distribution per A Linked Unit (cents)	26.32	46.13
Distribution per Ordinary Linked Unit (cents)	10.28	15.37
Earnings per A Linked Unit (cents)	26.32	46.13
Earnings per Ordinary Linked Unit (cents)	10.28	15.37
Headline earnings per A Linked Unit (cents)	31.57	46.13
Headline earnings per Ordinary Linked Unit (cents)	15.53	15.37

Notes and assumptions:

The Forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the Directors:

- Fairvest management's Forecasts for the years ending 30 June 2013 and 30 June 2014 are based on analysis of historical information and information provided by the Property Manager and Independent Valuers;
- Fairvest will not acquire or dispose of any properties during the Forecast Periods other than the Acquisitions and the disposal of Jozen Place as set out in paragraph 11.1.2 of the Revised Listing Particulars;
- contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid;
- uncontracted revenue in respect of:
  - the SA Corporate Real Estate Property Portfolio:
    - comprises 11.2% of rental income from basic, parking, marketing and operating cost recoveries of the R25.14 million gross revenue for the seven months ending 30 June 2013;
    - comprises 22.6% of rental income from basic, parking, marketing and operating cost recoveries of the R45.66 million gross revenue for the year ending 30 June 2014;
  - the Isolenu Property Portfolio:
    - comprises 0% a of rental income from basic, parking, marketing and operating cost recoveries of the R4.62 million gross revenue for the seven months ending 30 June 2013;
    - comprises 4.3% of rental income from basic, parking, marketing and operating cost recoveries of the R8.31 million gross revenue for the year ending 30 June 2014;
  - the Put Option Properties:
    - comprises 76.8% of rental income from basic, parking, marketing and operating cost recoveries of the R5.35 million gross revenue for the year ending 30 June 2014;
  - the Combined Property Portfolio:
    - comprises 17.7% of rental income from basic, parking, marketing and operating cost recoveries of the R46.85 million gross revenue for the year ending 30 June 2013;
    - comprises 29.8% of rental income from basic, parking, marketing and operating cost recoveries of the R83.31 million gross revenue for the year ending 30 June 2014;
- current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates;
- leases expiring during the Forecast Periods have been forecast on a lease-by-lease basis, and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease;
- a vacancy profile (including possible bad debts) has been forecast for each property;
- property operating expenditure has been forecast on a line-by-line basis for each property based on management's review of historical expenditure, view on inflation and discussion with the Property Manager; and
- Fair value adjustments to investment properties have been provided for, as further set out below.

The Forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the Directors:

- the effective date of transfer of the SA Corporate Real Estate Property Portfolio and the Isolenu Property Portfolio is 1 December 2012;
- the SA Corporate Real Estate Property Portfolio is acquired for R330.8 million (comprising a combined acquisition cost of R326.0 million and capitalised acquisition costs of R4.9 million). The properties are revalued to R362.8 million resulting in an upwards revaluation adjustment of R32.0 million;
- the Isolenu Property Portfolio is acquired for R68.4 million (comprising a combined acquisition cost of R67.4 million and capitalised acquisition costs of R1.0 million). The properties are revalued to R65.2 million resulting in a downwards revaluation adjustment of R3.2 million;
- the Put Option is exercised by SA Corporate Real Estate on 1 April 2013 and the effective date of transfer of the Put Option Properties is 1 July 2013. The Put Option Consideration is based on the projected net operating income of the Put Option Properties for the 12 months commencing 1 April 2013 capitalised at the applicable rate (10.0% for the Middleburg Property and 11.5% for the Gingindlovu Property). The Put Option Consideration of R35.6 million comprises R27.9 million for the Middleburg Property and R7.7 million for the Gingindlovu Property. The valuations of the Put Option Properties acquired are assumed to equate to their respective purchase considerations (inclusive of capitalised acquisition costs);
- interest-bearing borrowings of R135 million will be advanced to Fairvest on 1 December, and will incur interest at a fixed rate of 8.5% p.a.;
- in terms of the Placement and/or the Specific Issue, 80 million Ordinary Linked Units are issued at R1.25 per Ordinary Linked Unit and 41.11 million A Linked Units are issued at R4.86 per A Linked Unit raising gross proceeds of R300 million;
- the combined gross proceeds of R300 million are utilised as follows:
  - R8.2 million will be used settle to capital raising fees;
  - R291.8 million will be used to partly finance the Acquisitions;
- the allocation of costs associated with the interest-bearing borrowings to the Acquisition Portfolios is based on their *pro rata* acquisition costs;
- unutilised proceeds from the Placement will be used to partly settle interest-bearing borrowings; and
- there will be no unforeseen economic factors that will affect the lessees' abilities to meet their commitments in terms of existing lease agreements.

Material items of expenditure within the property expenses line item include in respect of:

- the SA Corporate Real Estate Property Portfolio
  - R2.02 million in rates, R4.65 million in electricity and R0.72 million in property management fees in respect of the seven months ending 30 June 2013;
  - R3.74 million in rates, R9.16 million in electricity and R1.32 million in property management fees in respect of the year ending 30 June 2014;
- the Isolenu Property Portfolio
  - R127 000 in rates, R88 000 in electricity and R48 000 in property management fees in respect of the seven months ending 30 June 2013;
  - R235 000 in rates, R173 000 in electricity and R86 000 in property management fees in respect of the year ending 30 June 2014;
- the Put Option Properties
  - R634 000 in rates, R3.43 million in electricity and R232 000 in property management fees in respect of the year ending 30 June 2014;
- the Combined Property Portfolio
  - R3.44 million in rates, R5.78 million in electricity and R1.13 million in property management fees in respect of the year ending 30 June 2013; and
  - R6.34 million in rates, R13.97 million in electricity and R2.17 million in property management fees in respect of the year ending 30 June 2014.

Property expenses, administrative expenses and the asset management fee are expected to increase by more than 15% from historical costs due to the increase in the size of the portfolio as a result of the Acquisitions and the reletting and development of the Existing Portfolio.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST FINANCIAL INFORMATION IN RESPECT OF THE ACQUISITION PORTFOLIOS

The Directors
Fairvest Property Holdings Limited
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED PROFIT FORECASTS OF THE ACQUISITIONS

1. INTRODUCTION

The definitions contained in the Definitions and Interpretation section of the circular to which this report is annexed and which is to be dated on or about 3 October 2012 ("the Circular"), apply in this report.

We have examined the forecast statements of comprehensive income for the forecast periods and the related assumptions of the SA Corporate Real Estate Property Portfolio, the Put Option Properties and the Isolenu Property Portfolio ("The Acquisitions") as set out in Annexure 3 to the Circular (collectively, the "Forecast Information").

We have also examined the forecast vacancy profiles by gross lettable area, and the forecast lease expiry profiles for the periods ended 31 July 2013 and 31 July 2014, based on existing lease agreements, respectively. The forecast vacancy profile for the Acquisition Properties and the forecast lease expiry profile for the periods ended 31 July 2013, 31 July 2014, 31 July 2015 and beyond ("Lease Expiry Profile'') are set out on page 15 of the Circular.

2. DIRECTORS' RESPONSIBILITY

The Directors are responsible for the Forecast Information, including the assumptions set out in Annexure 3, on which it is based, and for the financial information from which it has been prepared.

This responsibility, arising from compliance with the Listings Requirements, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the Forecast Information;
- whether the Forecast Information has been properly compiled on the basis stated; and
- whether the Forecast Information is presented on a basis consistent with the accounting policies of Fairvest.

3. RESPONSIBILITY OF THE INDEPENDENT REPORTING ACCOUNTANT

Our responsibility is to provide a limited assurance report on the Forecast Information prepared for the purpose of complying with the JSE Listings Requirements and for inclusion in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information, the South African Institute of Chartered Accountants "SAICA" Revised Guide on Forecasts and the SAICA circular entitled *The reporting accountant's reporting responsibilities in terms of section 13 of the Listings Requirements of the JSE Limited.* This standard requires us to obtain sufficient appropriate evidence as to whether:

- management's best-estimate assumptions on which the Forecast Information is based are not unreasonable and are consistent with the purpose of the information;
- the Forecast Information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the Forecast Information is prepared and presented on a basis consistent with the accounting policies of Fairvest.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

4. INFORMATION AND SOURCES OF INFORMATION

In arriving at our conclusion, we have relied upon forecast financial information prepared by the management of Fairvest and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- the Historical Financial Information;

- management prepared forecasts for the years ending 31 July 2013 and 31 July 2014;
- selected existing lease agreements for the Investment Properties;
- recent historical financial information in respect of other listed PLS companies;
- agreements with the providers of the senior debt;
- the property management agreements and the acquisition agreements;
- discussions with the Directors regarding the Forecast Information;
- discussions with Directors regarding the prevailing market and economic conditions;
- discussions with the Directors regarding reasonableness of the forecast renewals of expiring leases; and
- valuation reports, prepared by JHI Properties (Proprietary) Limited and by DDP Valuers (Proprietary) Limited, in respect of the Investment Properties.

5. **PROCEDURES**

In arriving at our conclusion we performed the following procedures:

(a) **Rental income**

(i) The forecast contracted rental income streams, comprising income from basic rentals and rentals for parking amounting to R25.462 million and R41.489 million for the periods ending 31 July 2013 and 31 July 2014 respectively, and recoveries in respect of operating costs and marketing costs, as contained in the profit forecast model, were selected for a sample of tenants from each Property and agreed to the underlying lease agreements. The total coverage obtained was 87.15 per cent. and 85.64 per cent. of the forecast contracted rental income for the years ending 31 July 2013 and 31 July 2014 respectively. This translates to 79.42 per cent. and 69.80 per cent. of the total forecast rental income from basic rentals and rentals from parking for the years ending 31 July 2013 and 31 July 2014 respectively.

(ii) The forecast rental income streams from the above sample were recalculated to ensure accuracy of the Forecast Information.

(iii) For the same sample of tenants from each Property as for point 5(a)(i) above, forecast recoveries in respect of operating costs and marketing costs were agreed to the terms of the lease agreements to ensure that the basis of the recoveries was correct. The forecast recoveries from this sample were recalculated to ensure the accuracy of the Forecast Information. The coverage obtained was 86.87 per cent. and 83.54 per cent. of the forecast contractual recoveries in respect of operating costs and marketing costs for the periods ending 31 July 2013 and 31 July 2014, respectively.

(iv) The forecast recoveries in respect of municipal costs were compared to the historical recoveries achieved. Differences in the forecast recovery rates were discussed with the Directors and considered in the context of Fairvest's legal rights to recover these expenses from the tenants. The coverage obtained was 88.28 per cent. of the forecast recoveries in respect of municipal costs for the respective forecast periods.

(v) For the same sample of leases in respect of which the detailed procedures on the contracted rental income were performed, the following procedures were performed in respect of each Property to test the uncontracted revenue:

- the timing and quantum of movements out of contracted revenue were compared to the movements into uncontracted revenue;
- the expiry dates per the profit forecast model were compared to the expiry dates per the original lease agreements and discrepancies were noted; and
- the escalation rates inherent in these movements were assessed for reasonableness through discussion with the Directors and through an inspection of recently signed leases;

(vi) A sample of the forecast uncontracted rental streams comprising 6.83 per cent. and 12.42 per cent. of the total forecast rental revenue for the years ending 31 July 2013 and 31 July 2014 respectively were selected for each of the Properties and the following procedures were performed:

- forecast uncontracted rental income was broken down by category, namely, A grade tenants, B grade tenants and C grade tenants to determine what percentage of the forecast uncontracted rental income was attributable to each category;
- the likelihood of C grade tenants continuing to occupy the premises and the ease with which vacating C grade tenants could be replaced in the various properties in the Portfolio was then discussed with the Directors and the explanations given were assessed for reasonableness; and
- the total forecast vacant space as a percentage of total lettable GLA included in the Forecast Information was compared to the historical vacant space as a percentage of total lettable GLA for a number of competitor listed PLS companies to determine the reasonableness of this percentage; and

(vii) the calculation in respect of the straight-lining of revenue was re-performed.

(b) **Expenses**

For a selection of properties, all forecast expenses amounting to 2 per cent. or more of the total forecast expenses were compared to the historical financial information and our inspection of various invoices, payrolls and other supporting documentation. Explanations were obtained for any significant differences and, in some circumstances; quotations in support of expense items were inspected.

The total expenses tested amounted to 86.60 per cent. and 69.48 per cent. of the total forecast expenses for the periods ending 31 July 2013 and 31 July 2014 respectively.

An explanation for the expense item(s) that varied by 15 per cent. or more from the Historical Financial Information is detailed in Annexure 3 in terms of paragraph 13.14(g) of the Listings Requirements.

(c) **Portfolio expenses**

The forecast interest receivable, interest expense, head office costs, property management fees and other portfolio expenses were assessed for reasonableness and, where applicable, recalculated. Certain expenses were also compared to industry benchmarks in order to assess their reasonableness. Material expenses were compared to supporting documentation in the form of quotations and management and third party prepared calculations.

The calculation of the fair value adjustment was re-performed to ensure that it was accurate and in line with Fairvest's accounting policies.

(d) **Application of accounting policies**

We ascertained that the accounting policies as set out in Annexure 1 to the Circular were applied consistently in arriving at the forecast income and agreed to the disclosed accounting policies and International Financial Reporting Standards for the respective forecast periods. Variances and principles were primarily discussed with the Directors.

(e) **Model review**

In order to ensure that the forecast model for the property income and expenses was mathematically accurate we performed a high level review to determine the consistency and mathematical accuracy of the model.

(f) **Forecast vacancy profile and forecast lease expiry profiles**

The Vacancy Profile and the Forecast Lease Expiry Profile included in the Circular were recalculated to ensure the accuracy of the information presented.

For a sample of the individual leases for each of the Properties, we agreed the dates of expiry of such leases as reflected in the individual Properties worksheets to the signed lease agreements and found them to be in agreement.

We compared the Vacancy Profile of the Acquisition Properties included on page 15 of the Circular to the Vacancy Profile per our calculations and found them to be in agreement.

We compared the Forecast Lease Expiry Profile included on page 15 of the Circular to the Forecast Lease Expiry Profile per our calculations and found them to be in agreement.

(g) **Accuracy of the information**

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the Directors. While our work has involved an analysis of the Historical Financial Information and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Auditing Standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, in respect of the Forecast Information included in the Circular.

(h) **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the Forecast Information;
- the Forecast Information has not been properly compiled on the basis stated;
- the Forecast Information has not been properly presented and all material assumptions are not adequately disclosed; and
- the Forecast Information is not presented on a basis consistent with the accounting policies of Fairvest.

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the Forecast Information.

Our report and the conclusion contained herein is provided solely for the benefit of the Board, and existing and prospective Linked Unitholders of Fairvest for the purpose of their consideration of the transaction. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Yours faithfully

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

Per **Nick Lazanakis**
Chartered Accountant (SA)
Registered Auditor
22 Wellington Road
Parktown, 2193

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE VALUE AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED

The Directors
Fairvest Property Holdings Limited
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE VALUE AND EXISTENCE OF THE PROPERTIES TO BE ACQUIRED, *INTER ALIA*, BY FAIRVEST PROPERTY HOLDINGS LIMITED ("FAIRVEST") AS REFLECTED IN THE UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

Introduction

The definitions contained in the Definitions and Interpretation section of the circular to which this report is annexed (**"the Circular"**), apply in this report.

Fairest will acquire the Acquisition Portfolios of investment properties ("Acquisition Properties"), which is a category 1 acquisition requiring Linked Unitholder approval, to be partly paid for by a specific issue of Linked Units by the Company and their listing on the JSE. At your request, and for the purpose of the Circular of Fairvest, to be dated on or about 3 October 2012, we present in compliance with the JSE Listings Requirements, our review report on the acquisition of these properties as detailed in the unaudited *pro forma* balance sheet set out in annexure 1 to the Circular ("the *pro forma* balance sheet").

We have performed our limited assurance engagement for purposes of Paragraph 13.16(e) of the JSE Listings Requirements with regard to the value and existence of the Investment Properties to be acquired by Fairvest and the value at which the Investment Properties are reflected in the adjustment column of the unaudited *pro forma* statement of financial position of Fairvest set out in Annexure 1 to the Circular.

Responsibilities of the directors

The Directors of Fairvest are solely responsible for the compilation, contents and presentation of the unaudited *pro forma* statement of financial position contained in the Circular and for the financial information from which it has been prepared.

Their responsibility is to satisfy themselves that the Investment Properties reflected in the adjustment column of the unaudited *pro forma* statement of financial position of Fairvest exist and have been valued in accordance with Fairvest's accounting policies and the IFRS recognition and measurement criteria and in accordance with the JSE Listings Requirements.

Responsibility of the independent reporting accountants

Our responsibility is to express our limited assurance conclusion regarding the existence and value of the Investment Properties being acquired, as reflected in the adjustment column of the unaudited *pro forma* statement of financial position of Fairvest based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and paragraph 13.16(e) of the JSE Listings Requirements. This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below. We have also considered the guidance in ISA 620: Using the work of an expert in respect of the valuations provided by the independent valuer.

Summary of work performed

Our procedures included making such inquires and obtaining such representations from the Directors as we considered necessary, and in addition we:

- physically inspected the Investment Properties acquired, to establish their existence, and examined the related title deeds, comparing the registered owner to the vendor reflected in the agreements;
- obtained confirmation of the existence and value of liabilities to bondholders in respect of the mortgage bonds registered over the Investment Properties (where applicable) and examined the Acquisition Agreements to ascertain whether provision had been made therein for the settlement or cancellation of any other encumbrances over the Investment Properties identified during the inspection of the title deeds;
- compared the value at which each Investment Property is being acquired reflected in the unaudited *pro forma* statement of financial position to the value per the Acquisition Agreements;

- inspected the supporting documentation in respect of the transaction costs which have been capitalised in terms of paragraph 20 of IAS 40: Investment Property; and
- considered the valuations provided by the independent valuer in accordance with the guidance in ISA 620: Using the work of an expert and obtained evidence of the following:
  - the professional competence of the independent valuer, in particular, membership of an appropriate professional body and experience and reputation in the field;
  - the independence of the independent valuer and obtained confirmation from the valuer regarding any apparent conflicts of independence that might impair objectivity;
  - the scope of the independent valuer's work to determine whether or not the procedures performed were appropriate for the purposes of the unaudited *pro forma* statement of financial position; and
  - the appropriateness of the independent valuer's work as audit evidence regarding the values at which the Investment Properties are being reflected in the unaudited *pro forma* statement of financial position.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our work preformed, nothing has come to our attention that causes us to believe that, in terms of paragraph 13.16(e) of the JSE Listings Requirements:

- the Investment Properties comprising the Acquisition Portfolios do not exist; and
- the value at which the Investment Properties are reflected in the unaudited *pro forma* statement of financial position is not, in all material respects, in accordance with the accounting policies adopted by Fairvest and the recognition and measurement criteria of IFRS.

Yours faithfully

BDO South Africa Incorporated
Chartered Accountants (SA)
Registered Auditors

Per **Nick Lazanakis**
Chartered Accountant (SA)
Registered Auditor
22 Wellington Road
Parktown, 2193

ABRIDGED VALUATION REPORT BY JHI ON THE ACQUISITION PORTFOLIOS

The Directors

Fairvest Property Holdings Limited
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Sirs/Madams,

VALUATIONS

Made on account of Fairvest Property Holdings Limited ("the Fund')
In relation to Portfolio of Properties

I, BD van Vuuren, a duly authorised Associated Professional Valuer, registered without restriction in terms of section 19 of the Property Valuers Professional Act, 2000 (Act No. 47 of 2000), of JHI Properties Pty Ltd do hereby certify that to the best of my knowledge, I have valued the Properties as at 1 October 2012 (as per the table below) in order to determine their value on a comparable sales approach, discounted cash flow or capitalisation of net income basis.

Value of Properties valued as at 01/10/2012 = R448 989 000

I herewith confirm that the information set out below comply with all particulars of section 13.23 of the JSE Listing Requirements.

Set out below are particulars relating to the Properties, as detailed in the category 1 circular to be dated on or about 3 October 2012, to which this report is attached and the values that I have attributed to them:

No.	Stand description	Building name	Address	Date of physical inspection	Effective date of valuation	Market value R
1	Portion 7 of Erf 2520 Pietermaritzburg	210 Church Street	210 Church Street	2 May 2012	1 October 2012	21 900 000
2	Portion 18 of Erf 2521 and Portion 1 of Erf 2564 Pietermaritzburg	212 Church Street	212 Church Street	2 May 2012	1 October 2012	23 000 000
3	The Remainder and Portion 1 of Erf 11014, Erf 11016 and Portions 1 to 3 of Erf 11017	425 West Street	425 Dr Pixley Kasame Street	2 May 2012	1 October 2012	71 800 000
4	Erven 20 and 698 Gingindlovu	Main Street	Main Street	3 May 2012	1 October 2012	6 700 000
5	Portion 1 of Erf 59 Mkuze	Mkuze Corner	Corner Eagle Avenue and Falcon Street	4 May 2012	1 October 2012	14 100 000
6	Erf 49 Honeydew Ridge x 5 and Erf 50 Honeydew Ridge x 12 (SS The Ridge 143/2003 and 271/2006)	The Ridge	Corner Paul Kruger Street and Mozart Avenue	4 May 2012	1 October 2012	25 536 000
7	Erf 1951 George	St. Georges Square	Corner 3rd Street and Knysna Road	24 April 2012	1 October 2012	42 600 000
8	Portion 527 of the farm Zwartkop 356 JR	Club View Corner	180 Harvard Avenue corner Lyttleton Road	2 May 2012	1 October 2012	41 164 000
9	Erf 5180 Middelburg	Middleburg Pick'n Pay	25 Walter Sisulu Road	30 April 2012	1 October 2012	14 240 000
10	Erf 10800 Constantia	Tokai Junction	238 Main Road	19 April 2012	1 October 2012	94 600 000
11	Erf 31291 Bellville	Omniplace	24 Bella Rosa Street	20 April 2012	1 October 2012	28 100 000
12	Erf 1440 Vereeniging	Pick'n Pay Vereeniging	Corner Voortrekker and MarK Avenue	26 July 2012	31 July 2012	10 557 000

No.	Stand description	Building name	Address	Date of physical inspection	Effective date of valuation	Market value R
13	Portion 1 of Erf 4000 Zamdela	Zamdela Shopping Centre	Oposite Zamdela Police Station	26 July 2012	31 July 2012	12 300 000
14	Erf 15800 Orange Farm Ext. 4	Orange Farm	Corner Link and Palm Streets	30 July 2012	31 July 2012	18 804 000
15	Erf 16145 Stretford Ext. 9	Score Stratford	Unknown	30 July 2012	31 July 2012	10 014 000
16	Erven 9189 and 9190 Sharpeville	Score Sharpeville	9189 and 9190 Seeiso Street Sharpeville	30 July 2012	31 July 2012	6 174 000
17	Erf 12704 Nyanga	Nyanga Shopping Centre	E Mjodo Street to Sombo Street	3 August 2012	31 July 2012	7 400 000

No.	Nature of Property	Site area	GLA	Existing use	Major tenants	Town Planning Conditions and Restrictions	Age of building	Tenure
1	Retail	735	1 898	Stand alone retail unit	Mr Price	City Centre Zone – General Business 1 subzone	75	Freehold
2	Retail	840	1 963	Stand alone retail unit	Truworths	City Centre Zone – General Business 1 subzone	75	Freehold
3	Retail	3 511	9 559	Stand alone retail unit	The Hub	Zoned: General Business	75	Freehold
4	Retail	9 238	2 992	Local Convenience Centre	Vacant	Zoned: Business	10	Freehold
5	Retail	6 917	4 452	Local Convenience Centre	Spar and Fairdeal Furnishers	Zoned: Business	30	Freehold
6	Retail	6 841	4 655	Local Convenience Centre	Spar	Zoned: Business 1	6	Sectional Title
7	Retail	25 696	11 190	Neighbourhood Centre	Checkers, Standard Bank, Waltons	Zoned: Business	15	Freehold
8	Retail	18 420	5 830	Neighbourhood Centre	Spar	Zoned: Commercial Use Zone 12	10	Freehold
9	Retail	9 918	7 698	Neighbourhood Centre	Pick'n Pay	Zoned: Business 1	20+	Freehold
10	Retail	25 101	7 617	Neighbourhood Centre	Pick'n Pay, Toys R Us, ABSA	Zoned: Business	15	Freehold
11	Offices	2 444	2 714	Offices	Eskom	Zoned: Business	10	Freehold
12	Retail	3 965	2 626	Shopping Centre in CBD	Pick'n Pay	Zoned: Business 1	20+	Freehold
13	Retail	8 120	2238	Neighbourhood Centre	Saverite	Zoned: Business	8	Freehold
14	Retail	17 479	2 695	Neighbourhood Centre	Pick'n Pay, Cashbuild	Zoned: Business 1	20+	Freehold
15	Retail	8 942	1 548	Neighbourhood Centre	Spar	Zoned: Business 1	20+	Freehold
16	Retail	2 623	1 065	Neighbourhood Centre	Boxer	Zoned: Business	20+	Freehold
17	Retail	3575	1189	Stand Alone Retail	Spar	Zoned: Business	10	Freehold

Valuation commentary

The tenanted properties have been valued using the Discounted Cash Flow Approach, which values the contracted income and then reverts to market related rentals. The reversion to market, in all cases has been calculated on the next day after the expiry of the last lease. All of which are discounted at the appropriate discount rate.

Assumptions

Not all of the properties were fully let at the effective date of valuation. Our assumptions are reflective of the micro-economy surrounding these properties. In all instances we have allowed for a number of months after the valuation date within which no income is budgeted for and then on a sliding scale have assumed certain tenancies at market related rentals. The period decided for the vacancies is based on our physical inspection of the immediate surrounds and the vacancies (if any) evident in surrounding buildings. We have referenced published documentation from the SAPOA/IPD data-base (Vacancy Surveys) and The Rode Report.

In each of the valuations we have allocated provisions for Repairs and Maintenance. With regard the unlet components (as at the effective date of the valuation) in addition to the non-income producing months allocated in the cash flows, we have further provided for Tenant Installation costs and Commissions payable to brokers. In addition to all of this we have also allocated default vacancy provisions as a percentage of the Annualised Gross Incomes generated by the properties valued for the Fund.

Rentals used in our Discounted Cash Flow valuations are based on the terms and conditions contracted in the leases. On expiry of same, we have assumed that they will revert to market related rentals. The market related rentals have been determined by comparing similar buildings in comparable areas to the properties valued. Due consideration to the extent of the lettable areas, their location within the buildings and profile of tenant has been applied in the determination of the reversionary market rentals.

The market rentals have also been compared with the fundamentals listed in various published indices including the South African Property Owners Association (SAPOA/IPD) index and the Rode Report.

Sources of information

Information relating to the Properties has been obtained and, where applicable, verified, from:

Fairvest
SA Corporate Real Estate
JHI Properties Property Managers

Our physical inspection of the properties which confirmed the nature of improvements and the tenancies reflected in the lease schedules.

A sample lease audit being undertaken by ourselves.

Deeds Office; and Surveyor General's Office and Local Authorities for verification of the Title Deeds, Erf diagrams, Municipal Valuations and Town Planning conditions.

The Sellers

SAPOA/IPD Index with regards to vacancy surveys, comparable market rentals, operating expense profiles, annualised rental and expense growth plus the Discount and Capitalisation Rate surveys.

Rode Report to confirm those fundamentals referred to in the point above.

Town planning restrictions/conditions and any material contravention of statutory requirements

Full town planning details and title deeds have been requested from the respective Local Authorities and those which have been supplied are reflected in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of statutory requirements, including town planning regulations, local authority regulations or title deed conditions and conditions of establishment by any of the properties.

The valuations have further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvement are in accordance with the relevant town planning regulations.

OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

No valuation has been required detailing the benefit or detriment of contractual arrangements in respect of the Properties or where there may be a benefit in options held.

I am unaware of any options in favour of any parties for the purchase of any of the Properties.

As stated above there are no intra-group leases.

I confirm that to the best of my knowledge and belief there:

1. are no options held by any third parties to purchase any of the Properties;
2. have been no material changes between the date of the valuations and the last practical date in any circumstances relating to the Properties, which would affect the valuation thereof.

BRIEF DESCRIPTION

The properties have generally been developed to their best use. In no case has alternative use or speculative use been used to consider or calculate value. There is still further development potential on some properties where they have not been developed to their highest use.

The properties have been constructed within the accepted building industry norms, in some instances have sufficient on-site parking facilities and are well tenanted, with exception of a few buildings where tenants are in the process of being replaced. The leases tend to be of a general contractual rental nature with provision for the recovery of services consumed by the lessees and turnover rental from various retail outlets. Escalations are market related and the properties are generally well located with an acceptable demand for the accommodation if it had to become vacant.

VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of : leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other contingent expenses to maintain the lettability of the building; potential expropriations or servitudes that may be enforced; poor lease recordals whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

Related party leases

Having inspected all the tenant schedules and leases, it is noted that there are no related party leases.

CURRENT STATE OF DEVELOPMENT

The properties are all developed and capable of accommodating tenants.

EXTERNAL PROPERTY

None of the properties are situated outside the Republic of South Africa.

RENTALS USED IN VALUATIONS

The current rental has been calculated from the current contractual leases, as well as the estimated future rental and these details are reflected in the detailed report cash flows. From my calculations I expect the future annual gross income to escalate by approximately 9 – 10% for the next two years.

OTHER GENERAL MATTERS AND VALUATION SUMMARY

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details.

I confirm that I have no pecuniary interest that would conflict with a proper valuation of the Properties, other than normal professional fees. With 38 years experience in property valuation, the undersigned is qualified to express an opinion on the value of the Properties.

Yours faithfully

Brian van Vuuren | Head Valuations
JHI Place, 2 Norwich Close, Sandton, South Africa | Private Bag X45, Benmore, 2010
Phone +27 11 911 8139 | Fax +27 86 678 0384 | Cell +27 82 570 0592
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INFORMATION RELATING TO THE SA CORPORATE REAL ESTATE PROPERTY PORTFOLIO

Information relating to the SA Corporate Real Estate Property Portfolio is set out below:

Property name and address	Geographical location	Sector	Estimate purchase consideration (R'm)	GLA (m^2)	Estimate purchase consideration per GLA (R/m^2)	Average gross rental per m^2 (R/m^2)	Market value attributed by the Independent Property Valuer# R'000
210 Church Street, Pietermaritzburg – Mr Price Weekend	KwaZulu-Natal	Retail	19.56	1 898	10 306	102.00	**21.90**
212 Church Street, Pietermaritzburg – Truworths	KwaZulu-Natal	Retail	30.00	1 963	15 283	139.83	**23.00**
425 West Street, Durban – The Hub	KwaZulu-Natal	Retail	54.50	9 559	5 701	47.58	**71.80**
Corner Eagle Avenue and Falcon Street, Mkuze – Mkuze Corner	KwaZulu-Natal	Retail	15.00	4 452	3 369	58.24	**14.10**
Tokai Junction, Tokai	Western Cape	Retail	84.90	7 617	11 145	107.03	**94.60**
Omniplace, Bellville	Western Cape	Retail	20.00	2 714	7 370	73.68	**28.10**
St Georges Square, George	Western Cape	Retail	44.00	11 190	3 932	65.12	**42.60**
Clubview Corner, Zwartkop	Gauteng	Retail	28.00*	5 830	4 803	67.95	41.16
The Ridge, Honeydew Ridge	Gauteng	Retail	30.00	4 655	6 445	104.02	**25.54**
Total			**325.96**	**49 878**	**6 535**	**77.13**	**362.80**

Notes:

* The net operating income of Clubview Corner for the 12-month period ended 30 September 2012 capitalised at the rate of 10%. The purchase consideration in respect of Clubview Corner will be determined based on the quantum of the final lease concluded. The purchase consideration will further be adjusted in the event that transfer is delayed beyond 1 December 2012 by a factor of 0.67% per month.

\# Valuation performed by JHI, which is an external valuer as defined in section 13 of the JSE Listings Requirements (effective date of the valuation: 1 October 2012).

INFORMATION RELATING TO THE PUT OPTION PROPERTIES

Information relating to the Put Option Properties is set out below:

Property name and address	Geographical location	Sector	Estimate purchase consideration (R'm)	GLA (m^2)	Estimate purchase consideration per GLA (R/m^2)	Average gross rental per m^2 (R/m^2)	Market value attributed by the Independent Property Valuer+ R'000
Main Street, Gingindlovu	KwaZulu-Natal	Retail	7.65*	2 992	2 556	–	6.70
Pick'n Pay, Middelburg	Mpumalanga	Retail	27.89#	7 698	3 623	47.20	14.24
Total			**35.54**	**10 690**	**3 324**	**47.20**	**20.94**

Notes:

* Higher of R5 000 000 (five million Rand) or the projected net operating income of the property for the 12-month period commencing from the date that the Put Option is exercised, capitalised at the rate of 11.5%. The estimated purchase consideration based is based on the projected net operating income of the property for the 12 months commencing 1 April 2013 (the assumed date that the Put Option is exercised by SA Corporate Real Estate) capitalised at 11.5%. Please refer to paragraph 11.3, Annexure 1 and Annexure 3 for further particulars in this regard.

The projected net operating income of the property for the 12-month period commencing from the date that the Put Option is exercised, capitalised at the rate of 10%. The estimated purchase consideration based is based on the projected net operating income of the property for the 12 months commencing 1 April 2013 (the assumed date that the Put Option is exercised by SA Corporate Real Estate) capitalised at 11.5%. Please refer to paragraph 11.3, Annexure 1 and Annexure 3 for further particulars in this regard.

+ Valuation performed by JHI, which is an external valuer as defined in section 13 of the JSE Listings Requirements (effective date of the valuation: 1 October 2012).

INFORMATION RELATING TO THE ISOLENU PROPERTY PORTFOLIO

Information relating to the Isolenu Property Portfolio is set out below:

Property name and address	Geographical location	Sector	Purchase consideration (R'm)	GLA (m^2)	Purchase consideration per GLA (R/m^2)	Average gross rental per m^2 (R/m^2)	Market value attributed by the Independent Property Valuer# R'000
Pick'n Pay, Vereeniging	Gauteng	Retail	12.93	2 626	4 925	53.04	10.56
Pick'n Pay, Orange Farm	Gauteng	Retail	15.78	2 695	5 856	53.91	18.80
Pick'n Pay, Zamdela	Gauteng	Retail	13.87	2 238	6 196	59.15	12.30
Pick'n Pay, Stretford	Gauteng	Retail	9.51	1 548	6 143	54.58	10.01
Pick'n Pay, Sharpeville	Gauteng	Retail	6.91	1 065	6 488	59.58	6.17
Pick'n Pay, Nyanga	Western Cape	Retail	8.43	1 189	7 090	65.63	7.40
Total			**67.43**	**11 361**	**5 936**	**56.59**	**65.24**

Note:

Valuation performed by JHI, which is an external valuer as defined in section 13 of the JSE Listings Requirements (effective date of the valuation: 1 October 2012).

REPORT IN TERMS OF REGULATION 31(7) OF THE COMPANIES REGULATIONS

1. **INTRODUCTION**

1.1. Capitalised terms in this report have the same meanings as the meanings assigned to them in the Circular to which this report is attached as Annexure 10.

1.2. In the event that the Acquisitions are approved by the Linked Unitholders of the Company, the Company intends to issue Linked Units pursuant to the Vendor Consideration Placement and/or the Specific Issue. In order to implement the Vendor Consideration Placement and/or the Specific Issue it is necessary to increase the authorised share capital of the Company, as there are insufficient authorised but unissued par value shares to implement the aforesaid Vendor Consideration Placement and/or the Specific Issue.

1.3. The entire authorised and issued ordinary share capital of the Company currently comprise of par value shares.

1.4. The Companies Act came into force on 1 May 2011. The Companies Act changed the share capital regime in South Africa in that, *inter alia*, new shares created may no longer have a par value, and although companies with par value shares are not required to convert their par value shares into no par value shares, the Company will not be permitted to increase its authorised share capital by the creation of further par value shares.

1.5. In order to authorise the requisite increase in the Company's authorised share capital, it is accordingly necessary for the Company to convert its authorised and issued ordinary par value shares into no par value shares, having the same rights and privileges as those currently attaching to the par value shares ("**Share Capital Conversion**").

1.6. In terms of the Companies Act, the Company may convert all of its par value shares into no par value shares if adopted by a special resolution of the Linked Unitholders. The Companies Regulations, also require that the conversion of existing companies' par value shares into no par value shares be adopted by way of a special resolution. In addition and in terms of regulation 31(7) of Part D of the Companies Regulations, the Company must publish a report in respect of the proposed resolution to convert the par value shares into no par value shares. This document constitutes that report of the Company.

2. **REPORT ON THE SHARE CAPITAL CONVERSION**

2.1. **Information in relation to the value of the securities affected by the Share Capital Conversion**

2.1.1. There will be only one class of ordinary shares, and the rights attaching to the no par value Ordinary Shares after the Share Capital Conversion will be identical to the rights attaching to the par value Ordinary Shares prior the Share Capital Conversion.

2.1.2. The Board of the Company is of the opinion that the Share Capital Conversion will not affect the value of the Ordinary Shares.

2.2. **Shareholders affected by the Share Capital Conversion**

2.2.1. Although the Company's authorised unissued share capital comprises two classes of shares (Ordinary Shares and Preference Shares), the Company has only one class of shares in issue (being the Ordinary Shares) with a par value of 1 cent each. The Company proposes to cancel, pursuant to the adoption of Special Resolution Number 5 (as set out in the Notice of General Meeting annexed to the Circular) all Preference Shares forming part of the authorised share capital.

2.2.2. The holders of Ordinary Shares will be affected by the Share Capital Conversion. Given that all the Company's authorised and issued Ordinary Shares are proposed to be converted in terms of Special Resolution Number 1, as set out in the Notice of General Meeting annexed to the Circular, all shareholders are affected equally and on the same terms and conditions.

2.3. **Material effects that the Share Capital Conversion will have on the rights of the Linked Unitholders affected by the Share Capital Conversion**

The rights attaching to the Company's no par value shares will, upon their conversion from par value shares, be identical to the rights currently attaching to the Company's par value shares. The Share Capital Conversion will accordingly not have any effects on the rights of Linked Unitholders.

2.4. **Material adverse effects of the Share Capital Conversion against the compensation that any of those persons will receive in terms of the arrangement**

The Share Capital Conversion will not have any adverse effects on any of the Linked Unitholders and no Linked Unitholder will receive any compensation pursuant to the conversion.

Fairvest Property Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

REVISED LISTING PARTICULARS

These Revised Listing Particulars have been prepared on the assumption that the resolutions proposed in the Notice of General Meeting, forming part of the Circular, to which these Revised Listing Particulars are attached, will be passed at the General Meeting of Linked Unitholders to be held on Monday, 5 November 2012, and that the Acquisitions, the Vendor Consideration Placement and, if applicable, the Specific Issue detailed in the Circular will be implemented.

These Revised Listing Particulars are not an invitation to the public to subscribe for securities, but are issued in compliance with the JSE Listings Requirements, for the purpose of providing information to the public and Linked Unitholders with regard to the Company.

As at the date of these Revised Listing Particulars, the authorised Linked Unit capital of the Company consists 300 000 000 Ordinary Shares having a par value of R0.01 each. As at the date of these Revised Listing Particulars, the issued Linked Unit capital of the Company consists of 85 795 988 Ordinary Linked Units, comprising 85 795 988 Ordinary Shares, each linked to an unsecured, unsubordinated variable rate Ordinary Debenture. All Ordinary Linked Units rank *pari passu* with each other. The Company has 74 002 Ordinary treasury shares in issue.

Assuming the Acquisitions are approved by Linked Unitholders, the number of Linked Units to be issued and the prices at which they will be issued will be determined at the time of the Vendor Consideration Placement and the Specific Issue. It has been assumed for purposes of these Revised Listing Particulars, that 80 000 000 Ordinary Linked Units will be issued at R1.25 per Ordinary Linked Unit and 41 111 111 A Linked Units will be issued at R4.86 per A Linked Unit in terms of the Vendor Consideration Placement. The Ordinary Linked Units issued in terms of the Vendor Consideration Placement and/or Specific Issue will rank *pari passu* with the Company's existing Ordinary Linked Units and, without derogating from the generality of the aforesaid, will rank together with the existing Ordinary Linked Units of the Company for distributions (no A Linked Units are currently in issue).

Following the Changes to the Linked Unit Capital, the authorised Linked Unit capital of the Company will consist of 3 000 000 000 no par value Ordinary Shares and 3 000 000 000 no par value A Ordinary Shares, while it is anticipated that the issued Linked Unit capital, following the Vendor Consideration Placement and/or the Specific Issue, will consist of 165 721 986 Ordinary Linked Units, comprising 165 721 986 no par value Ordinary Shares, each linked to an unsecured, unsubordinated variable rate Ordinary Debenture with a face value of R0.01 and 41 111 111 A Linked Units, comprising 41 111 111 no par value A Ordinary Shares, each linked to an unsecured, unsubordinated variable rate A Debenture with a face value of R4.99. The total value of the stated capital of the Company's issued Linked Unit capital will be R435 984 000.

Linked Unitholders are advised that their Linked Units will only be traded on the JSE in dematerialised form and accordingly all Linked Unitholders who hold their Linked Units in certificated form will have to dematerialise their Linked Unit certificates in order to trade their Linked Units on the JSE. Such Linked Unitholders must make necessary arrangements with their CDSP or Broker, in terms of the Custody Agreement with their CSDP or Broker.

The Directors, whose names are given in paragraph 6 of these Revised Listing Particulars collectively and individually accept full responsibility for the accuracy of the information furnished relating to the Fairvest Group and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that these Revised Listing Particulars contain all information required by law and the JSE Listings Requirements.

An abridged version of these Revised Listing Particulars will be published on SENS on Friday, 5 October 2012 and in the press on Monday, 8 October 2012.

Sponsor and corporate adviser	Independent Reporting Accountants and auditors	Transaction adviser and bookrunner	Independent property valuers
PSG CAPITAL	BDO	JAVA CAPITAL	DDP VALUERS
Independent property valuers and Property Managers	**Corporate attorney – L Goldberg, a member of Corporate Law Alliance**	**Property Managers**	**Asset Manager**
JHI	CORPORATE LAW ALLIANCE	blend PROPERTY GROUP	NEW STAR ASSET MANAGEMENT

Date of issue: **5 October 2012**

Copies of these Revised Listing Particulars are available in English only and may, from Friday, 5 October 2012 until Monday, 5 November 2012 (both days inclusive), be obtained from the registered office of Fairvest, the sponsor and the Transfer Secretaries, at the addresses set out in the "Corporate Information" section of the Circular to which these Revised Listing Particulars are annexed. A copy of the Circular, including these Revised Listing Particulars, will also be available on Fairvest's website (www.fairvest.co.za).

CORPORATE INFORMATION, DEFINITIONS AND INTERPRETATIONS

The corporate information relating to Fairvest which appears in the Corporate Information section of the Circular, applies to these Revised Listing Particulars.

In these Revised Listing Particulars, unless stated otherwise or the context indicates otherwise, all words, terms and/or expressions will have the same meaning as ascribed to them in the Circular. Reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, words and expressions denoting natural persons shall include juristic persons and associations of persons.

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Fairvest Property Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

Directors

JF du Toit *(Chairman)**
D Wilder (*Chief Executive Officer)*
BJ Kriel *(Chief Financial Officer)*
A Marcus *(Chief Operating Officer)*
PJ van der Merwe*+ *(Lead Independent Director)*
M Epstein*+
LW Andrag*+

* *Non-executive*
+ *Independent*

REVISED LISTING PARTICULARS

1. **BACKGROUND**

1.1 **Incorporation**

1.1.1 Fairvest was incorporated on 17 March 1998 under the name Basfour 429 (Proprietary) Limited. The Company converted to a public company and changed its name to Fairvest Property Holdings Limited on 13 December 2001.

1.1.2 Details relating to the incorporation of Fairvest's subsidiaries, their issued capital, main business and the date upon which they became subsidiaries of Fairvest are set out in Annexure RLP 12 to these Revised Listing Particulars.

2. **THE BUSINESS OF FAIRVEST**

2.1 Fairvest is a property investment holding company and is listed in the "Real estate and Development" sector of the JSE.

2.2 The Company's investment strategy is to create a portfolio of significant critical mass through acquisition of quality, high-yielding properties with a weighting in favour of non-metropolitan areas and lower LSM sectors. Accordingly, investment opportunities are evaluated for acquisition on an ongoing basis.

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

2.4 The Company believes it will achieve this objective by relying on the experienced and hands-on management teams of the Asset Manager and Property Managers, clearly focused and incentivised on proactive portfolio management and aggressive cost maintenance.

2.5 The main purposes of these Revised Listing Particulars are to:

2.5.1 provide Linked Unitholders, both existing and potential, with the relevant information regarding Fairvest and its assets (with particular emphasis on its Property Portfolio), its liabilities and its Directors and management; and

2.5.2 provide Linked Unitholders, both existing and potential, with information on the strategy and vision of Fairvest.

3. **OVERVIEW OF FAIRVEST**

3.1 **Overview of Fairvest**

3.1.1 ***Company Structure***

3.1.1.1 The existing structure of the Fairvest Group, as at the date of these Revised Listing Particulars, is shown in Annexure RLP 13 in the diagram headed "*Fairvest Group Structure – Current Group Structure*".

3.1.1.2 The Company is in the process of implementing a group restructuring. All properties are currently held in various subsidiaries resulting in significant operational inefficiencies. Making use of the various income tax relief provisions for group companies all the properties will be transferred to the Company. It is expected that the restructuring will be fully implemented by October 2012. The anticipated future structure of the Fairvest Group, following implementation of the restructuring, is shown in Annexure RLP 13 in the diagram headed "*Fairvest Group Structure – Post-restructuring*".

3.1.2 The structure of the Company is streamlined and transparent in that:

3.1.2.1 Fairvest currently only has one type of Linked Unit in issue;

3.1.2.2 the asset management of the Property Portfolio is outsourced to the Asset Manager as more fully set out in paragraph 3.1.4;

3.1.2.3 the property management and administration of the Property Portfolio is outsourced to the Property Managers, with the property management and administration of certain properties being outsourced to the Asset Manager.

3.1.3 ***Investment Strategy***

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

3.1.3.2 The Company invests in retail assets in townships and non-metropolitan areas, with a specific focus on middle to lower income consumers.

3.1.3.3 The Company is of the view that an opportunity exists to acquire properties in the retail sector targeting the increasing purchasing power of LSM 4 to 7 bands.

3.1.3.4 Further particulars regarding the investment strategy also appear in paragraph 5 below.

3.1.4 ***Asset and property management***

3.1.4.1 The Asset Manager provides asset management services to the Company in terms of the Asset Management Agreement, the salient details of which are set out in Annexure RLP 9 of these Revised Listing Particulars.

3.1.4.2 The management and administration of the individual properties in the Property Portfolio are dealt with as follows:

3.1.4.2.1 The property management and administration of single tenanted properties is outsourced to the Asset Manager. The lease renewals of all national and anchor tenants will be outsourced to the Asset Manager and not to the Property Managers.

3.1.4.2.2 Property management of the Current Property Portfolio excluding single tenanted properties is outsourced to Blend.

3.1.4.2.3 Property management in respect of the properties forming part of the Acquisition Portfolios, excluding single tenanted properties, is outsourced to JHI.

3.1.5 ***Blend Property Management Consideration***

3.1.5.1 Management fee of 1.5% of tenant charges recovered.

3.1.5.2 Commission

3.1.5.2.1 Monthly leases

3.1.5.2.1.1 One month's rental provided that the full commission is to be refunded if the tenancy endures for less than six months.

3.1.5.2.2 New *Lease agreements*

3.1.5.2.2.1 5% of the first two year's rental, 2.5% on the next three year's rental, 1.5% on the following three year's rental and 1% on the balance, provided that the commission is to be refunded *pro rata* if the tenancy is terminated prior to the agreed duration of the lease agreement.

3.1.5.2.3 Renegotiation of existing leases

3.1.5.2.3.1 Commission on lease renewals will be at 30% of the rates set out in paragraph 3.1.5.2.2.1 above, as applicable.

The Company and Blend are currently renegotiating certain of the commercial terms contained in the Blend Management Agreement, excluding the management fee set out above, which has been agreed.

3.1.6 ***JHI Property Management Consideration***

3.1.6.1 Management fee of 2.5% of tenant charges recovered on properties with three or more leases.

3.1.6.2 Management fee of 1.5% on properties with three or less leases.

3.1.6.3 A fixed fee on property with a single tenant triple net lease.

3.1.6.4 Commission

3.1.6.4.1 Monthly leases

3.1.6.4.1.1 One month's rental provided that the full commission is to be refunded if the tenancy endures for less than six months.

3.1.6.4.2 New *Lease agreements*

3.1.6.4.2.1 5% of the first two year's rental, 2.5% on the next three year's rental, 1.5% on the following three year's rental and 1% on the balance, provided that the commission is to be refunded *pro rata* if the tenancy is terminated prior to the agreed duration of the lease agreement.

3.1.6.4.3 Renegotiation of existing leases

3.1.6.4.3.1 Commission on lease renewals will be at 30% of the rates set out in paragraphs 3.1.6.4.2.1 above, as applicable.

4. **PROPERTY PORTFOLIO**

4.1 After the implementation of the Acquisitions, the Company will have a Property Portfolio consisting of 26 properties with a rentable retail and commercial area of 93.867 m^2 and will be valued at R584 856 000. The full details of the Current Property Portfolio, appear in Annexure RLP 5 to these Revised Listing Particulars, while full details of the Acquisition Portfolios appear in Annexures 7, 8 and 9 of the Circular.

4.2 Fairvest has concluded the Acquisition Agreements to purchase the Acquisition Portfolios, the details and salient terms of which are set out in paragraphs 3, 4 and 5 of the Circular. The Acquisition Agreements are subject to certain conditions precedent, as more fully set out in the Circular. The abridged valuation report on the Acquisition Portfolios is set out in Annexure 6 of the Circular. The detailed valuation report is available for inspection, as set out in paragraph 25 of the Circular.

4.2.1 ***Analysis of the Property Portfolio***

4.2.1.1 An analysis of the Property Portfolio, including the Acquisition Portfolios, at 31 July 2012 in respect of sectoral, geographic, tenant, vacancy and lease expiry profiles is provided below.

Sectoral profile	**GLA per sector**	**Gross rentals per sector**
Commercial	14.8%	8.3%
Retail	82.6%	91.7%
Other	2.6%	–
	100%	100%

Geographical profile	**GLA per area**	**Gross rentals per area**
KwaZulu-Natal	35.0%	26.0%
Gauteng	24.6%	26.0%
Western Cape	22.3%	30.8%
Mpumalanga	8.2%	9.2%
Eastern Cape	6.9%	6.5%
Free State	3.0%	1.5%
	100%	100%

Tenant profile	**Based on GLA**	**Number of tenants**
A	59.8%	60
B	6.1%	19
C	34.1%	117
	100 %	196

For this table the following key is applicable:

A Anchor and national tenants with low default risk

B Large independent business with medium default risk

C Line shops and small businesses with higher default risk

Sector	**Vacancy based on GLA**
Commercial	21.3%
Retail	58.5%
Other	20.2%
Total	**100%**

Lease expiry profile

Expiry Profile – year to 30 June	Total GLA	Total GR*	Commercial GLA	Commercial GR*	Retail GLA	Retail GR*
Vacant	12.8%	0.0%	18.3%	0.0%	9.1%	0.0%
Monthly	10.7%	11.4%	37.1%	54.6%	6.3%	7.6%
2013	6.7%	8.9%	6.1%	13.8%	7.0%	8.5%
2014	13.1%	17.4%	6.9%	15.6%	14.7%	17.6%
2015	21.8%	25.4%	1.6%	2.9%	26.1%	27.4%
Beyond	34.9%	36.9%	30.0%	13.1%	36.9%	39.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

* GR: Revenue including operating cost recoveries but excluding 1) all other recoveries 2) straight-lining of leases adjustments.

Rental escalations and rental per square metre

The annualised weighted average rental escalation is as follows:

Sector	Percentage
Commercial	8.2%
Retail	7.5%
Total Property Portfolio	**7.5%**

The forward average property yield for the 12 months ending 30 November 2013 is 10.6%.

The table below reflects the weighted average gross rental per m^2 per month, excluding vacant GLA, per sector:

Sector	Weighted average gross rental per m^2 per month, excluding vacant GLA
Commercial	R105.40
Retail	R66.90
Total Property Portfolio	**R70.30**

4.2.1.2 The abridged valuation report on the Current Property Portfolio is set out in Annexure RLP 4. The detailed valuation report is available for inspection, as set out in paragraph 25 of the Circular.

5. **PROSPECTS**

5.1 Fairvest's objective is to build a focused retail property investment fund predominately comprising of convenience, community and regional shopping centres as well as stand-alone retail stores that service the lower LSM markets.

5.2 Key to the composition of the fund is to acquire properties with specific key national tenants dominant in the lower income sector such as Shoprite, Spar, Pick'n Pay, Boxer, Cambridge Food, Edcon, Pep, Cash Build and Build It so as to ensure that the lease covenant of the fund is such that the national component exceeds 60%.

5.3 In the realisation of the fund's objective, there are several important components of the acquisition strategy which should be noted:

5.3.1 The establishment of a network of property developers active in the development of lower income shopping centres and assisting these developers in the realisation of their developments by providing a guaranteed exit on completion to Fairvest, either wholly or in part. The purchase of new developments forms a significant part of the acquisition strategy.

5.3.2 The growth and development of relationships with national retailers so as to access the ongoing development opportunities which arise as a result of these retailers store roll-out strategies.

5.3.3 The identification of existing dominant retail nodes and to grow the funds representation in these areas.

5.3.4 The identification of future growth areas within South Africa and to acquire properties in these areas.

6. **MANAGEMENT AND CORPORATE GOVERNANCE**

6.1 **Directors of the Company**

The full names, ages, business addresses and capacities of the Directors of the Company are provided below:

Full name	Age	Capacity	Business address
Jacobus Francois du Toit	41	Chairman	1st Floor, East Wing The Palms 145 Sir Lowry Road Woodstock 8000
Barry Jacques Kriel	33	Chief Financial Officer	1st Floor, East Wing The Palms 145 Sir Lowry Road Woodstock 8000

Full name	Age	Capacity	Business address
Darren Wilder	43	Chief Executive Officer	1st Floor, East Wing The Palms 145 Sir Lowry Road Woodstock 8000
Adam Marcus	38	Chief Operating Officer	1st Floor, East Wing The Palms 145 Sir Lowry Road Woodstock 8000
Pieter Johannes van der Merwe	64	Lead independent non-executive director	18 Vygeboord Village Moredou Street Durbanville 7551
Martin Epstein	42	Independent non-executive director	1st Floor, East Wing The Palms 145 Sir Lowry Road Woodstock 8000
Louis Wessel Andrag	39	Independent non-executive director	24 Templeman Street Aurora Durbanville 7551

6.1.1 All of the Directors are South African citizens.

6.1.2 A list of other directorships held by the Directors is set out in Annexure RLP 11. None of the Directors are partners with unlimited liability.

6.1.3 The Board intends to appoint a further independent non-executive director following the implementation of the Acquisitions.

6.2 **Experience of Directors**

6.2.1 ***Jacobus Francois du Toit***

(Non-executive Chairman) (41) (CFA)

Jacques has been on the Fairvest Board as a non-executive director since October 2007. 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 at HSBC in 2003 and headed up the investment process until 2005 when he joined Investec Securities Limited as senior portfolio manager. In August 2008 he jointly set up a financial services company, Cohesive Capital. He serves as a director on the boards of a number of private companies.

6.2.2 ***Barry Jacques Kriel***

(Chief Financial Officer) (33) (CA(SA))

Jacques has been the CEO and financial director of Fairvest since February 2010. Jacques is qualified as a Chartered Accountant. After completing his training he relocated to the United Kingdom where he joined Ernst & Young London's audit division. Jacques joined the Bank of England in 2008 and was, until he joined Fairvest, responsible for the financial reporting of the United Kingdom's Foreign Currency Reserves.

6.2.3 ***Darren Marc Wilder***

(Chief Executive Officer) (43)

Darren has been in the property industry for over 20 years and has gained experience in the leasing, asset management, development and investment sectors having the skills and expertise to manage and maintain sizeable developments and property portfolios. Darren worked for Seeff Commercial Properties in various positions from 1991 until 1997. During 1997 he was appointed to the board of the then JSE-listed company Capital Alliance Properties and was a participant in its management buy-out of the then JSE-listed company Braite Property. Darren co-founded Spearhead Property Group and was part of the team that listed the company on the JSE. He was appointed Chief Operating Officer of Spearhead in 1999. Darren's work experience also includes group leasing director for Madison Asset Management, business development director of the V&A Waterfront and also a consultant to the chief executive officer of the V&A Waterfront.

6.2.4 ***Adam Marcus***

(Chief Operating Officer) (38) (BSC (Construction Management))

Adam Marcus has over 16 years experience in the procurement, development and management of residential and commercial property. After completing his BSC (Construction Management) at UCT Adam spent the formative years of his career in the property broking environment focusing on building commercial property portfolio's for his clients. In 1999 Adam formed Gateway Property Developments which initially focused on the development and marketing of multi-storey residential apartment blocks. The company later expanded it's development portfolio to include commercial and industrial projects. Adam's experience and skill set in the negotiation and acquisition process and the ability to add value to existing properties through the redevelopment process are key components required for the successful implementation of Fairvest's vision.

6.2.5 ***Pieter Johannes van der Merwe***

(Lead Independent Non-executive Director) (64) (MBA)

*Pieter has ov*er 30 years' experience in senior management. Pieter is currently an executive director/owner of various companies in the local and international retail, packaging manufacturing, property development, chemical manufacturing, and residential and industrial property ownership and letting industries.

6.2.6 ***Martin Epstein***

(Independent Non-executive Director) (42) (BCom (Hons))

Martin has been in the property industry for over 15 years and has gained experience in both the development and investment sectors, with total projects exceeding R1 billion. Martin has grown a number of property businesses organically, having the skills and expertise to manage and maintain sizeable developments and property portfolios. Martin is the CEO of Blend Property Group (Proprietary) Limited, an asset and property management business.

6.2.7 ***Louis Wessel Andrag***

(Independent Non-executive Director) (39) (BEng, MBA)

Louis obtained his BEng and MBA degrees from the University of Stellenbosch. He joined a private company in the agricultural industry in 1999 as divisional manager. He started his own property development and investment company in 2009. He serves as chairman and director on the boards of a number of private companies.

6.3 **Financial director**

The executive financial director of the Company is Mr BJ Kriel. The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr BJ Kriel.

6.4 **Directors' service contracts**

6.4.1 The Company has concluded a service contract with BJ Kriel, which includes standard termination and other provisions for a contract of this nature. The Company has not concluded service agreements with any other Directors.

6.4.2 No restraints of trade have been imposed on any of the Directors and no payments will be made in this regard.

6.5 **Qualification, appointment, voting power, retirement, remuneration and borrowing powers of Directors**

6.5.1 The relevant provisions of the New Memorandum of Incorporation relating to qualification, appointment, voting powers, retirement, remuneration and borrowing powers of Directors are set out in Annexure RLP 8 to these Revised Listing Particulars.

6.5.2 None of the Directors of Fairvest have:

6.5.2.1 been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

6.5.2.2 entered into any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such Directors are or were Directors with an executive function during the preceding 12 months;

6.5.2.3 entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such Directors are or were partners during the preceding 12 months;

6.5.2.4 entered into any receiverships of any asset(s) or of a partnership where such Directors are or were partners during the preceding 12 months;

6.5.2.5 been publicly criticised by a statutory or regulatory authority, including recognised professional bodies or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

6.5.2.6 been involved in any offence of dishonesty, fraud or embezzlement;

6.5.2.7 been removed from an office of trust on the grounds of misconduct and involving dishonesty;

6.5.2.8 been the subject of a court order declaring such person delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, No 69 of 1984, as amended, or disqualifying him to act as director in terms of section 219 of the Companies Act, No 61 of 1973, as amended.

6.6 **Directors' emoluments and incentives**

6.6.1 Details of the directors' emoluments are as follows:

Director	Salary (R'000)	Directors' fees (R'000)	Fees for other services (R'000)	Provident fund, medical aid and pension contributions (R'000)	Bonuses (R'000)	Expense allowance (R'000)	Total (R'000)
JF du Toit	–	122	–	–	–	–	122
BJ Kriel	–	367	320	–	–	–	687
M Epstein	–	122	–	–	–	–	122
PJ van der Merwe	–	122	–	–	–	–	122
LW Andrag	–	122	–	–	–	–	122
Total	**–**	**856**	**320**	**–**	**–**	**–**	1 176

6.6.2 Fairvest has not paid any other fees or incurred any fees that are payable to a third party in lieu of Directors' fees.

6.6.3 There will be no variation in the estimated remuneration receivable by any of the Directors as a direct consequence of the Acquisitions and of the Vendor Consideration Placement and/or the Specific Issue, save for additional remuneration receivable by the Directors of the Management Company as a result of the escalated management fee receivable by the Management Company as a result of the larger Property Portfolio.

6.6.4 Fairvest has not paid any amounts (whether in cash or in securities), nor given any benefits to any Directors or to any company in which Directors are beneficially interested, or to any partnership, syndicate or other association of which the Directors are members, or to any director as an inducement to become a director or otherwise, or for services rendered by Directors, or otherwise for services rendered by Directors or by the associate company or associate entity in connection with the promotion or formation of the company in the three years preceding the date of this circular.

6.6.5 Save for the relationship with the Asset Manager and the Property Managers, no part of the business of the Fairvest Group is managed, or proposed to be managed, by any third party under contract or arrangement.

6.6.6 Neither Fairvest nor any of its subsidiaries has provided any security or made any loans to or for the benefit of any director, manager or associate of any director or manager of Fairvest.

6.7 **Directors' interests**

6.7.1 The Directors (and their associates), in aggregate, directly and indirectly hold 85.2% of Fairvest's Linked Units at the Last Practicable Date. The full particulars of their holdings are presented in paragraph 18 of the Circular.

6.7.2 Save for being a Linked Unitholder of Fairvest, no director of Fairvest or the Asset Manager has or had any interest, directly or indirectly, in any transaction which is, or was, material to the business of Fairvest and which was effected by Fairvest during the current financial year or in any previous financial year which remains in any respect outstanding or unperformed.

6.7.3 Save for being a Linked Unitholder, no director of Fairvest or the Asset Manager has had any material beneficial interest, either direct or indirect, in the promotion of the Company.

6.7.4 Save for being a Linked Unitholder of Fairvest, no director or Promoter, including the Asset Manager, of Fairvest has had any material beneficial interest, either direct or indirect, in any property acquired or to be acquired by Fairvest or any property acquired or disposed of in the last two years preceding this Circular.

6.8 **Details of other directorships**

Details of other directorships held by the Directors of Fairvest are contained in Annexure RLP 11 to these Revised Listing Particulars.

6.9 **Directors' responsibility statement**

The Directors of Fairvest, whose names are given in paragraph 6 of these Revised Listing Particulars, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these Revised Listing Particulars contains all information required by law and the JSE Listings Requirements.

6.10 **King III Code and corporate governance**

6.10.1 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 Code of Corporate Governance Principles (**"King III Code"** or **"King III"**).

6.10.2 Linked Unitholders are referred to Annexure RLP 6, which concerns the application of the King III Code and other corporate governance principles.

7. ASSET MANAGER, MANAGEMENT COMPANY, VALUERS

7.1 **Asset Manager**

7.1.1 The asset management function of the Company is undertaken by the Asset Manager, which was formed in 2011 by Adam Marcus and Darren Wilder, being Directors of the Company. The management team of the Asset Manager have a depth of experience in the asset management arena with a strong focus on yield enhancement through the effective management of the leasing and operational aspects of the property.

7.1.2 The directors of the Asset Manager are Darren Wilder, Adam Marcus and Hilton Datnow.

7.1.3 The shareholders of the Asset Manager are:

Shareholder	Percentage shareholding in the Asset Manager (%)
The Wilder Family Trust	35.0
The Marcus Family Trust	35.0
The Du Toit Family Trust	15.6
The Gela Trust	9.6
Hilton Datnow	4.8
Total	**100**

7.1.4 Experience of the directors of the Asset Manager:

7.1.4.1 **Darren Wilder**

Please refer to paragraph 6.2.3 above.

7.1.4.2 **Adam Marcus**

Please refer to paragraph 6.2.4 above.

7.1.4.3 **Hilton Datnow**

Hilton is a qualified chartered accountant. After completing his articles at Horwarth Zeller Karro, he worked in the financial services industry in Europe for four years. He returned to South Africa in 2004 to take a position with Investec Private Bank as a private client wealth manager. Hilton joined Cohesive Capital as a director in January 2009.

7.1.5 A copy of the Asset Management Agreement is open for inspection by Linked Unitholders, as set out in paragraph 25 of the Circular.

7.2 **Property Manager – Blend**

7.2.1 Founded in 2006, Blend Property Group is a vertically integrated property company focussed on development and investment in the office, industrial and retail sectors. The company has core expertise in all facets of the property industry, including asset management and development skills.

7.2.2 Blend supplies an in-house, full property management service to the Group as well as third party property owners. The executive team of Blend has a wealth of experience in the property industry, both in the listed corporate space as well as substantial private property enterprises.

7.2.3 Blend specialises in the management of commercial, industrial and retail premises, managing a portfolio of over R700 million.

7.2.4 The directors of Blend are Martin Epstein, Hashmat Upadhey and Darren Epstein.

7.2.5 The shareholders of Blend are:

Shareholder	Percentage shareholding in Blend (%)
DE Epstein	30.0
M Epstein	25.0
HA Upadhey	20.0
Rebis Trust	6.2
Harlomane Investements	18.7
Jointly held by Rebis Trust and Harlomane Investments	0.1
Total	**100**

7.2.6 Neither Blend, nor its directors have any beneficial interest, direct or indirect, in any property held by Fairvest.

7.2.7 Experience of the directors of Blend:

7.2.7.1 **Martin Epstein**

After completing his articles in Cape Town with the chartered accounting firm Moores Rowland (now Mazars International), Martin left to begin a career in more entrepeneurial exploits, which included, amongst others, consulting to retail and operational businesses.

In 1995 Martin was one of the founding members of a property development company, mainly focused on Western Cape opportunities. After a successful period of developing residential, commercial and industrial projects, culminating in the completion of the 22-storey mixed-use property, Martin left the business to form Blend Property Group.

The focus of Blend is investing in value enhancing properties in the major metropoles of South Africa. He divides his time between Cape Town, Johannesburg and Durban.

7.2.7.2 **Hashmat Upadhey**

Hashmat heads up Blend Property Group's finance department, ensuring tight control on all financial aspects of the business as well as the managed property portfolios.

After graduating with a BCom Honours degree, Hashmat spent five years in the banking industry where he learnt the importance of good financial management through both accuracy and compliance.

In 1998, he joined Swish Properties as Head of Finance, where he stayed until 2006 when he joined the Epstein brothers to establish Blend.

7.2.7.3 **Darren Epstein**

Darren is flexible and problem-solving approach, with the ability to adapt to client and market needs, ensures Blend's systems and processes are the most efficient in the business.

Besides being responsible for driving the property and facilities management divisions of Blend, he has ensured that all operational aspects of the business have been taken care of since 2002. Having qualified with a BSc Mechanical Engineering degree from UCT in 1991, Darren spent his formative years working in product development and engineering in the motor industry, both locally and the UK. The importance of efficiency and accuracy, so critical to the motor industry, is key to ensuring properties are well managed.

Darren spent a further three years working in IT for oil exploration company Energy Africa, where he was also responsible for facilities management.

7.2.8 A copy of the Blend Management Agreement is available for inspection by Linked Unitholders, as set out in paragraph 25 of the Circular. The Company and Blend are currently renegotiating certain of the commercial terms contained in the Blend Management Agreement, excluding the management fee set out in paragraph 3.1.5.1 above, which has been agreed.

7.3 **Property Manager – JHI**

7.3.1 The directors of JHI are JE Wellsted, M van der Walt and J Boshoff. The business address of JHI is 2 Norwich Close Sandton, 2196

7.3.2 Neither JHI, nor its directors have any beneficial interest, direct or indirect, in any property held by Fairvest.

7.3.3 JHI is a wholly-owned subsidiary of Nevada Trading (Proprietary) Limited, which in turn has as its shareholders Excellerate Investment Holdings Limited (52.94%), P.E.A.C.E Foundation (25.01%) and Rehna Investments (Proprietary) Limited (22.05%).

7.3.4 Experience of the directors of JHI:

7.3.4.1 **Johan Boshoff**

Johan Boshoff (BEcon) has 41 years of property management experience, during which time he has dealt with all aspects of property and facility management and has had experience in dealing with a variety of clients, including Sanlam, Vukile, Capital Property Fund, Vusani and Pangbourne.

7.3.4.2 **James Wellsted**

James Wellsted (BCompt, CA(SA)) completed his articles with Ernst & Young in 1996, qualifying as a CA(SA). On completion of his articles, he joined Ernst & Young's corporate and structured finance division, specialising in corporate debt origination, mergers and acquisitions and valuations. Following a short period working for a boutique finance house facilitating project finance within sub-Saharan Africa, James became a founding partner of the boutique finance and equity group, Eton Capital. He joined Excellerate in June 2007 as Head of Acquisition and Special Projects and was appointed as the financial director of JHI in April 2009.

7.3.4.3 **Marna van der Walt**

Marna van der Walt (BA Compt (Hons), CA(SA), MComm (financial management) has been chief executive officer of JHI from 2003 to date and was prior to that general manager of Gensec Property Services.

7.3.5 A copy of the property management agreement between the Company and JHI is available for inspection by Linked Unitholders, as set out in paragraph 25 of the Circular.

8. **CAPITAL STRUCTURE**

8.1 The Linked Unit capital of the Company before and after the Vendor Consideration Placement and/or the Specific Issue is set out in paragraph 17 of the Circular. Linked Unitholders are further referred to the details set out on the cover page of these Revised Listing Particulars.

8.2 The Company at the Last Practicable Date had, and will following implementation of the Vendor Consideration Placement and/or the Specific Issue have, 74 002 treasury shares in issue.

8.3 **Options and preferential rights in respect of Linked Units**

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Linked Units or Shares in the Fairvest Group.

8.4 **Other Listings**

The Linked Units of the Company are not listed on any other stock exchange.

8.5 **Major and controlling Linked Unitholders and Linked Unitholder spread**

8.5.1 Linked Unitholders who, as at the Last Practicable Date, beneficially held, directly or indirectly, an interest of 5% or more of the Fairvest Linked Units currently in issue, are presented in paragraph 18 of the Circular. The Linked Unitholders who, after the Vendor Consideration Placement and/or the Specific Issue, will beneficially hold, directly or indirectly, an interest of 5% or more of the Fairvest Linked Units in issue at the time, is presented in paragraph 18 of the Circular.

8.5.2 On 16 November 2009 Rossouw en Van der Westhuizen (Proprietary) Limited, represented by JF du Toit, together with other concert made an offer to acquire all or any of the Fairvest linked units held by linked unitholders for an offer consideration of 110 cents per linked unit. This offer was accepted by the majority of unitholders resulting in an indirect shareholding by JF du Toit and BJ Kriel of 85.2%

9. **FINANCIAL INFORMATION**

9.1 **Dividend and Distribution Policy**

9.1.1 The Directors do not intend to declare dividends but intend to rather make interest distributions in respect of the Debenture portion of the Linked Units.

9.1.2 The Company makes semi-annual interest distributions in terms of the Debenture Trust Deed.

9.1.3 Any interest distributions remaining unclaimed for a period of three years from the declaration date thereof may be forfeited by resolution of the Directors for the benefit of Fairvest.

9.1.4 There are no arrangements in terms of which future dividends or interest distributions are waived or agreed to be waived.

9.2 **Historical financial information, Forecast financial information and *pro forma* financial effects**

9.2.1 ***Historical financial information of Fairvest***

A report on the historical financial information of Fairvest, showing the financial results of the Company for the financial years ended 30 June 2012, 30 June 2011 and 30 June 2010 is presented in Annexure RLP 1 to these Revised Listing Particulars, and is the responsibility of the Directors of Fairvest.

9.2.2 ***Forecast financial information of Fairvest***

The forecast financial information of Fairvest is presented in Annexure RLP 2 to these Revised Listing Particulars, while the Independent Reporting Accountant's report thereon is included at Annexure RLP 3 to these Revised Listing Particulars. The forecast financial information includes the effects of the forecast financial information of the Acquisitions and the Vendor Consideration Placement on Fairvest. The effect of the Specific Issue on the forecast financial information will be identical to the effect on such forecast financial information by the Vendor Consideration Placement.

9.2.3 ***Unaudited pro forma financial effects on Fairvest***

The *pro forma* financial effects of the Acquisitions and of the Vendor Consideration Placement and/or Specific Issue on Fairvest are provided in paragraph 11 of the Circular and should be read in conjunction with the unaudited *pro forma* financial information of Fairvest as set out in Annexure 1 of the Circular. The Independent Reporting Accountant's report on the *pro forma* financial information appears at Annexure 2 of the Circular.

9.2.4 ***Material changes***

9.2.4.1 There have been no material changes in the financial or trading position of Fairvest and its subsidiaries since its results for the year ended 30 June 2012.

9.2.4.2 There have been no material changes in the business of Fairvest within the past five years preceding these Revised Listing Particulars.

9.2.5 ***Material commitments, lease payments and contingent liabilities***

9.2.5.1 As at the Last Practicable Date, Fairvest had no material commitments, lease payments or contingent liabilities, save that capital commitments of R16.2 million have been provided to complete CHEP development.

9.2.5.2 Subject to the fulfilment of the Conditions Precedent to the Acquisitions, Fairvest will be obliged to settle the Combined Purchase Consideration relating to the Acquisitions, which obligations Fairvest intends settling from 1) the proceeds of the Vendor Consideration Placement and/or the proceeds of the Specific Issue and 2) a debt funding facility, secured by the Property Portfolio.

9.2.6 ***Loans and borrowing powers***

9.2.6.1 As at the Last Practicable Date, save for the indebtedness of Fairvest to Linked Unitholders in respect of the Debentures and save as set out below, the Fairvest Group has no material loans that are outstanding or owing:

9.2.6.1.1 *Investec loan facility*

9.2.6.1.1.1 Loan funding in the amount of R67.5 million has been obtained from Investec in order to fund the construction of the Chep Office Building, the redevelopment of Blue Heights Shopping Centre and to upgrade Deal House. A portion of the facility will be utilised to acquire the land on which the Chep Office Building and Blue Heights Shopping Centre are situated from Ethekwini Municipality to convert the ownership from leasehold to freehold.

9.2.6.1.1.2 The abovementioned loan facility is to be settled within 36 months from the date of the first draw-down, with disbursements under the loan being limited to a maximum of 50% of the value of the Property Portfolio.

9.2.6.1.1.3 The loan facility is an interest only facility, with interest accruing on the outstanding balance at the prime rate from time to time less 0.5%.

9.2.6.1.1.4 The loan is secured over the Current Property Portfolio by means of a first covering mortgage bond. No early repayment fee is provided for.

9.2.6.2 The borrowing powers of the Group have not been exceeded during the three years preceding the Last Practicable Date.

9.2.6.3 No exchange control or other restrictions have been imposed on the Company's borrowings powers since incorporation.

9.2.6.4 As at the Last Practicable Date, Fairvest has undertaken no off-balance sheet financing and has no outstanding loans receivable.

9.2.7 ***Adequacy of working capital***

The Directors are of the opinion that the working capital available to the Fairvest Group is sufficient for the Fairvest Group's present working capital requirements and will, post-implementation of the Acquisitions and of the Vendor Consideration Placement and/or the Specific Issue, be adequate for at least 12 months from the date of issue of this Circular.

10. ACQUISITIONS

Save for the Acquisitions, there have been no material acquisitions by the Fairvest Group within the three years preceding these Revised Listing Particulars, of any securities in, or the business undertakings of, any other companies, or business enterprises or any immovable property or other fixed assets, or any option to acquire the aforesaid.

11. DISPOSALS

11.1 Save as set out below, no material immovable properties and/or fixed assets and/or securities and/or business undertakings have been disposed of in the three years preceding these Revised Listing Particulars, or are to be disposed of within the first six months after the Last Practicable Date:

11.1.1 CAPAB House property was sold on auction on 11 August 2011 for R2.15 million to Grandselect 150 (Proprietary) Limited of 10 Princess Drive, Beacon Bay, East London, settled in cash. The transfer of the property was registered in the Deeds Office on 9 November 2011. The property was valued at R2.15 million on 30 June 2011.

11.1.2 Jozen Place property was sold to Capital Property Fund, of 4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, for R6.45 million on 12 April 2012, settled in cash. The transfer of the property was registered in the Deeds Office on 25 July 2012. The property was valued at R4.8 million on 30 June 2011.

11.2 No Director or promoter of Fairvest had any interest, directly or indirectly, in the above disposals and no Director or promoter was a member of a partnership, syndicate or other association of persons that had such an interest.

12. ADDITIONAL INFORMATION

12.1 Secretarial and technical fees

During the last financial year ending 30 June 2012, Fairvest paid in aggregate secretarial fees of R63 450 to the company secretary for the provision of company secretarial services to the Fairvest Group.

12.2 **Promoters' and other interests**

12.2.1 No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member.

12.2.2 No Director or promoter has any material beneficial interest, direct or indirect, in the promotion of Fairvest.

12.2.3 No commissions were paid, or accrued as payable, by Fairvest within the three years preceding the date of these Revised Listing Particulars in respect of any underwriting.

12.2.4 No commissions, discounts, brokerages or other special terms have been granted by Fairvest within the three years preceding the date of these Revised Listing Particulars in connection with the issue or sale of any securities, stock or debentures in the capital of Fairvest.

12.3 **Material contracts**

12.3.1 Save for the agreements listed below, no material contracts (being contracts entered into otherwise than in the ordinary course of business that contain an obligation or settlement that is material to the Fairvest Group) (1) have been entered into within the two years prior to the date of these Revised Listing Particulars or (2) have been entered into at any time, where such agreements contain an obligation or settlement that is material to the Fairvest Group at the date of these Revised Listing Particulars:

12.3.2 the Acquisition Agreements;

12.3.3 the Management Agreements;

12.3.4 the Asset Management Agreement; and

12.3.5 The Fairvest Group is not subject to any royalty agreements.

12.4 **Government protection and investment encouragement law**

There is no government protection or investment encouragement law affecting the business of Fairvest and the Acquisition Portfolios.

13. ADVISERS' CONSENTS

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of the Circular, have given and have not, prior to formal approval of these Revised Listing Particulars by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports being included in these Revised Listing Particulars.

14. EXPENSES

The estimated costs of preparing and distributing the Circular, including these Revised Listing Particulars and all other annexures, holding the General Meeting and implementing the Acquisitions and Vendor Consideration Placement and/or the Specific Issue, including the fees payable to professional advisors, are approximately R14.6 million, excluding Value Added Tax. The full particulars are presented in paragraph 21 of the Circular.

15. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Company is aware, which may have or have over the previous 12 months had a material effect on the financial position of the Fairvest Group.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed in paragraph 25 of the Circular, or copies thereof, will be available for inspection by Linked Unitholders during normal business hours at the registered office of Fairvest and at the office of PSG Capital from 5 October 2012 until 5 November 2012 (both days inclusive).

SIGNED AT CAPE TOWN ON 4 OCTOBER 2012 BY JF DU TOIT ON BEHALF OF ALL THE DIRECTORS OF FAIRVEST PROPERTY HOLDINGS LIMITED, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

JF du Toit
Chairman

JF du Toit
D Wilder
M Epstein
LW Andrag

BJ Kriel
A Marcus
PJ van der Merwe

HISTORICAL FINANCIAL INFORMATION OF FAIRVEST

The abridged consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, cash flow statements and notes of Fairvest Property Holdings Limited for the financial years ended 30 June 2010, 2011 and 2012, have been extracted and compiled from the reported results of Fairvest Property Holdings Limited for the year ended 30 June 2012. The preparation of this Annexure RLP 1 is the responsibility of the Directors of Fairvest.

The historical financial information of Fairvest Property Holdings Limited for the financial years ended 30 June 2010, 2011 was audited by BDO South Africa Incorporated and was reported on without qualification for all of the aforementioned financial periods. The historical financial information of Fairvest Property Holdings Limited for the financial year ended 30 June 2012 was reviewed by BDO South Africa and was reported on without qualification for all of the aforementioned financial periods.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Reviewed 12 months to 30 June 2012 R'000	Audited Restated 12 months to 30 June 2011 R'000	Audited Restated 15 months to 30 June 2010 R'000
Revenue			
Rental income	**16 421**	17 295	19 801
– contractual	**18 928**	17 502	19 541
– straight-line accrual	**(2 507)**	(207)	260
Other costs	**(12 894)**	(11 385)	(10 839)
Operating profit	**3 527**	5 910	8 962
Fair value adjustment to listed investments	**279**	288	12
Fair value adjustments to investment properties	**9 737**	10 756	2 340
Fair value adjustments to debentures	**(6 876)**	(10 055)	(1 052)
Finance costs	**–**	(6)	(810)
Foreign exchange gains	**624**	588	–
Investment revenue	**2 856**	2 256	4 389
Dividends received	**353**	290	–
Profit on sale of fixed asset	**1 840**	–	–
Profit before debenture interest	**12 340**	10 027	13 841
Debenture interest	**(9 867)**	(9 352)	(11 832)
Profit before taxation	**2 473**	675	2 009
Taxation	**(2 473)**	(675)	(2 009)
Net profit for the period	**–**	–	–
Other comprehensive income	**–**	–	–
Comprehensive income attributable to shareholders	**–**	–	–
Net Profit attributable to:			
– Owners of the parent	**–**	–	–
– Non-controlling interest	**–**	–	–
	–	–	–
Reconciliation between profit attributable to shareholders and headline earnings per linked unit			
Shares are traded as part of linked units			
Profit attributable to shareholders**	**–**	–	–
Fair value adjustment to investment properties (net of taxation	**(7 921)**	(9 250)	(2 012)
Headline and diluted headline loss attributable to shareholders	**(7 921)**	(9 250)	(2 012)
Fair value adjustment to debentures	**6 876**	10 055	1 052
Debenture interest	**9 867**	9 352	11 832
Headline and diluted headline profit attributable to linked unitholders	**8 822**	10 157	10 872
Distribution (debenture interest)*			
Interim interest distribution per linked unit (cents)	**5.2**	5.0	10.0
Final interest distribution per linked unit (cents)	**6.3**	5.9	3.8
Total interest distribution per linked unit (cents)	**11.5**	10.9	13.8
Earnings per share			
Basic and diluted earnings per share (cents) **	**–**	–	–
Headline and diluted headline loss per share (cents) *	**(9.2)**	(10.8)	(2.3)
Headline and diluted headline loss per linked unit (cents) *	**10.3**	11.8	12.7
Net asset value per linked unit and net tangible asset value per linked unit (cents)***	**168.1**	160.1	148.4

* Debenture interest is calculated on the capital at a variable rate equal to 99.9% of the net profit of the company before taxation, but after adjusting for extraordinary income and expenditure, capital gains and losses, and capital expenditure.

** Headline earnings have been presented in accordance with IAS 33. The linked unit structure of the Group whereby every shareholder is a debenture holder, coupled with the terms of the Debenture Trust Deed which states that 99.9% of profits are attributable to Debenture Holders, results in the benefits of improved trading which would be ordinarily attributable to shareholders being 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.

** Linked unit debentures are included in the net asset value and net tangible asset value calculation.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Reviewed 12 months to 30 June 2012 R'000	Audited Restated 12 months to 30 June 2011 R'000	Audited Restated 15 months to 30 June 2010 R'000
ASSETS			
Non-current assets	**125 209**	100 186	91 622
Investment property	**97 079**	97 372	88 766
Investment property under construction	**27 768**	623	–
Equipment	**13**	17	20
Operating lease asset	**349**	2 174	2 836
Current assets	**31 728**	44 692	53 147
Listed investments	**3 275**	8 450	2 684
Trade and other receivables	**3 591**	2 401	2 127
Taxation	**127**	–	–
Cash and cash equivalents	**24 735**	33 841	48 336
Investment property held for sale	**6 450**	2 150	–
Total assets	**163 387**	147 028	144 769
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	**857**	857	857
Non-current liabilities	**147 043**	138 006	126 555
Linked unit debentures and premium	**143 331**	136 455	126 400
Deferred taxation	**3 712**	1 551	155
Current liabilities	**15 487**	8 165	17 357
Taxation	**–**	35	2 017
Trade and other payables	**15 487**	8 130	15 340
Total equity and liabilities	**163 387**	147 028	144 769

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Reviewed 12 months to 30 June 2012 R'000	Audited Restated 12 months to 30 June 2011 R'000	Audited Restated 15 months to 30 June 2010 R'000
Cash inflow/(outflow) from operating activities	**4 358**	(8 991)	4 838
Cash outflow from investing activities	**(13 464)**	(5 504)	(2 693)
Net (decrease)/increase in cash and cash equivalents	**(9 106)**	(14 495)	2 145
Cash and cash equivalents at beginning of period	**33 841**	48 336	46 191
Cash and cash equivalents at end of period	**24 735**	33 841	48 336

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital R'000	Retained income R'000	Total R'000
Balance at 1 April 2009	857	–	857
Total comprehensive income for the period		–	–
Balance at 30 June 2010	857	–	857
Total comprehensive income for the period		–	–
Balance at 30 June 2011	857	–	857
Total comprehensive income for the period		–	–
Balance at 30 June 2012	**857**	**–**	**857**

STATEMENTS OF CHANGES IN LINKED UNIT DEBENTURES

	Linked unit debenture capital R'000	Linked unit debenture premium R'000	Total R'000
Balance at 1 April 2009	857	123 801	124 658
Restatement		690	690
Restated balance at 1 April 2009	857	124 491	125 348
Restatement		833	833
Net fair value adjustment		219	219
Balance at 30 June 2010	857	125 543	126 400
Restatement		1 697	1 697
Net fair value adjustment		8 358	8 358
Balance at 30 June 2011	857	135 598	136 455
Net fair value adjustment		6 876	6 876
Balance at 30 June 2012	**857**	**142 474**	**143 331**

CONDENSED CONSOLIDATED SEGMENT REPORT

	Eastern Cape R'000	Free State R'000	Gauteng R'000	KwaZulu-Natal R'000	Western Cape R'000	Reconciling item/ (Eliminations) R'000	Total R'000
For the 12 months ended 30 June 2012							
Revenue – external Customers	8 121	1 162	1 651	7 994	–	–	**18 928**
Intersegmental revenue	–	–	–	–	2 264	(2 264)	**–**
Operating profit	4 019	568	(5)	2 848	–	(3 903)	**3 527**
Total assets	**36 509**	**7 801**	**17 850**	**70 560**	**–**	**30 667**	**163 387**
For the 12 months ended 30 June 2011							
Revenue – external customers	8 067	1 036	1 001	7 398	–	–	**17 502**
Intersegmental revenue	–	–	–	–	1 285	(1 285)	**–**
Operating profit	5 212	(408)	(671)	4 253	–	(2 476)	**5 910**
Total assets	**36 716**	**6 459**	**18 463**	**42 961**	**–**	**42 429**	**147 028**
For the 15 months ended 30 June 2010							
Revenue – external customers	9 145	982	1 090	8 324	–	–	**19 541**
Intersegmental revenue	–	–	–	–	3 866	(3 866)	**–**
Operating profit	6 919	501	(158)	4 133	–	(2 433)	**8 962**
Total assets	**35 361**	**4 686**	**16 439**	**37 243**	**–**	**51 040**	**144 769**

OTHER SEGMENTAL INFORMATION

	Reviewed 30 June 2012 %	Audited 30 June 2011 %	Audited 30 June 2010 %
Regional profile based on leasable area			
Eastern Cape	30	29	29
Free State	9	10	12
Gauteng	16	20	20
KwaZulu-Natal	45	41	39
Vacancy profile based on gross lease area			
Gross lease area in metres squared as at end of period	21 436	24 356	25 108
Vacancy area in metres squared	3 751	3 740	5 594
Vacancy area as % of gross lease area	17.5	15.4	27.8
Regional vacancy profile			
Eastern Cape	–	23	12
Free State	–	–	25
Gauteng	40	62	52
KwaZulu-Natal	60	15	12

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these reviewed condensed consolidated results for the year ended 30 June 2012, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual financial statements for the year ended 30 June 2011 except for the early adoption of IAS 12 (Amended) *Income taxes*. Restatements in the prior years are as a result of early adoption of IAS 12. Any other new and amendments to IFRS and IFRIC interpretations did not impact on the financial position or performance of the company but has resulted in additional disclosures. These reviewed condensed consolidated results as set out in this report have been prepared in accordance and containing the information required by IAS 34 Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, the Companies Act of South Africa 71 of 2008, and the Listings Requirements of JSE Limited.

Restatement of comparatives

During the period under review, the group has early adopted the amended IAS12 – *Income Taxes*. This amendment is effective for annual periods beginning on or after 1 January 2012. IAS 12 has been updated to include a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. This resulted in a change to the rate of deferred taxation from 28% to the capital gains tax inclusion rate.

The effect of the changes are summarised as follows:

	30 June 2011 R'000	30 June 2010 R'000
Condensed consolidated statement of financial position		
Decrease in deferred taxation	(3 220)	(1 523)
Increase in linked unit debenture premium	3 220	1 523
Condensed consolidated statement of comprehensive income		
Increase in fair value adjustment to debentures	1 697	833
Decrease in deferred taxation	(1 697)	(833)
Earnings per share and headline earnings per share		
Decrease in headline and diluted headline loss per share	(1.8)	(0.3)
Increase in headline and diluted headline earnings per linked unit	0.2	0.6
Increase in net asset value per linked unit and net tangible asset value per linked unit	3.8	1.8

These reviewed condensed consolidated results for the year ended 30 June 2012 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties, debentures and certain financial assets and financial liabilities which are stated at fair value.

The financial results are presented in Rands, which is Fairvest's functional and presentation currency, and have been prepared on a going concern basis.

The condensed consolidated financial results have been reviewed by the Company's auditors, BDO South Africa Inc, in accordance with International Standards on Review Engagements 2410. They expressed an unmodified review opinion on the financial information for the year ended 30 June 2012. A copy of their report is available for inspection at the Company's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditors.

Estimates and critical judgements

Except for the measurement of investment properties, debentures and certain financial assets and financial liabilities the financial statements do not include any material estimates.

The investment in related shareblock company, which constitutes the commercial portion of a mixed-use building are classified as investment property and measured at fair value.

COMMENTARY

Introduction

Fairvest is a property investment holding company with investments in commercial properties in South Africa. The Group appointed a new asset management company in October 2011, which is in the process of implementing a significant growth strategy for the Group, focusing on retail assets in non-metropolitan areas servicing the lower LSM market.

Linked Unit holders are referred to the Company's detailed announcement dated 17 July 2012 regarding the SA Corporate Real Estate Property Portfolio Acquisition, the Put Option Acquisition and the Isolenu Property Portfolio Acquisition. The Acquisitions will change the Group materially. The quality of assets and sustainability of income will be significantly enhanced as a result of the acquisition. Further announcements on the transaction containing the *pro forma* financial effect and the forecast financial information will be made shortly and a detailed circular will be distributed to Linked Unitholders in due course.

Review of results

The number of properties in the portfolio reduced to 10 during the year under review, as one vacant property was disposed of. During the year under review R23.0 million was spent on the development of a new A-grade single tenant office block with a further R20.0 million of capital committed. The project is scheduled for completion by November 2012 on time and on budget with occupation by the tenant in December 2012. The completed project will enhance the quality of the yield and asset value of the current portfolio.

Fairvest has commenced the redevelopment of the Blue Heights Shopping Centre, scheduled for completion by the end of the first quarter 2013. This project will position the asset to attract quality tenants and secure a more sustainable income.

During the period, the value of the property portfolio under management increased to R103.5 million and the investment property held for sale in the previous period was sold. The investment property held for sale in the current period was sold after year-end.

Revenue increased by 8.1% to R18.9 million and if revenue previously derived from CAPAB House which was sold in the previous period is excluded, revenue increased by 12.2%.

Vacancies increased from 15.4% (restated to exclude unlettable space) in the previous year to 17.5%. The increase is as a result of the redevelopment of Blue Heights Shopping Centre which accounts for 59.5% of the vacant space and should that be excluded, the vacancy decreased to 7.1%. Operating profit decreased by 12.1% to R2.9 million during the period under review. By excluding IFRS rental straight-line accrual adjustments, operating profits increased by 4.9%.

During the period under review Fairvest sold shares held in the Australian listed property sector to the value of R6.111 million (AU$0.772 million) resulting in a realised gain of R1.159 million. These surplus funds were utilised in the development currently under way.

The Group therefore declares a final distribution of 6.3 cents per linked unit for the six months ended 30 June 2012, bringing the total distribution for the year to 11.5 cents per linked unit, an increase of 5.5% The restated net asset value increased from 160.1 cents per share to 168.1 cents per share.

Subsequent events

The investment property held for sale was disposed of after year-end. The Directors of Fairvest are not aware of any other material matter or circumstance arising between 30 June 2012 and this report which may materially affect the financial position of the Group or the results of its operations.

ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) issued by the International Accounting Standards Board (IASB), JSE Listings Requirements and in terms of the Companies Act of South Africa and AC 500 issued by the Accounting Practices Board.

1.2 BASIS OF PREPARATION

The financial statements are presented in Rands rounded to the nearest thousand. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties, linked units and certain financial assets and liabilities which are stated at fair value and incorporate the principal accounting policies set out below. 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 annual financial statements have been prepared on a going concern basis.

The accounting policies applied confirm with IFRS and are consistent with those followed in the preparation of the annual financial statements for the period end 30 June 2010 and are consistently applied by all group companies, except for the adoption of the following IFRS's, IFRIC's, Circulars and amendments to IFRS's and IFRIC's in the table as set out in accounting policy 1.29 that are relative and that became effective during the current period and of which had no significant impact on the reported results other than giving rise to additional disclosures and a revision to the relevant accounting policies. Included in the table as set out in accounting policy 1.29 are also those IFRS's, IFRIC's and amendments to IFRS's and IFRIC's that are not yet effective of which at present are not expected to have a significant impact on the reported results at the time of initial adoption. No IFRS's, IFRIC's and amendments thereto have been early adopted.

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.

1.2.1 Basis for preparing the statement of cash flows

The statement of cash flows has been prepared in accordance with the indirect method.

1.2.1 Basis for presenting an analysis of expenditure

The analysis of expenditure has been prepared using classification based on the nature of the expenses.

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 related share block company is measured on the basis that it is accounted for as an investment property, which is measured initially at cost and subsequently at fair value. The investment in related share block company was reclassified in prior periods from an equity investment under IAS 39 to investment property. Accordingly, this reclassification resulted in the initial and subsequent measurement at fair value. Refer to note 1.4.2.1 for the judgements applied in accounting for this investment.

1.4.1 Critical accounting estimates and assumptions

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1.4.1.1 *Impairment*

The carrying value of the Group's assets, other than investment property and deferred tax assets, are reviewed at each reporting 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 statement of comprehensive income 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.

1.4.1.2 *Deferred taxation*

Deferred tax is provided for on a basis that is reflective of management's intention at period 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.

1.4.1.3 *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.

1.4.2 Critical judgements in applying an entity's accounting policy

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

1.4.2.1 *Investment properties*

Blue Heights property is owned by Polpoint Share Block Limited. 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. 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.

1.5 OPERATING SEGMENTS

Segment information is determined on the same basis as the information used by the chief operating decision maker for the purposes of allocating resources to segments and assessing segments' performance. The chief operating decision maker has been identified as the Board that makes strategic decisions. All intersegment transactions are eliminated and occur at arm's length.

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 valuator. The valuators use either the discounted cash flow method or the capitalisation of net income method or a combination of these methods. 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.

Investment property under development

Property that is being constructed or developed for future use as investment property is classified as investment property under development and is measured at fair value.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment is recognised.

Investment property held for sale

Immediately before classification as held for sale, the measurement of the investment property is brought up to date in accordance with applicable IFRS. On classification as held for sale, the investment property is measured at the lower of their carrying amount and fair value less costs to sell.

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 carrying value. Equipment is depreciated over its useful life of five years. The useful lives and residual values are assessed annually at reporting date, along with depreciation methods.

1.8 NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS (OTHER THAN INVESTMENT PROPERTIES)

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.

1.9 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, which are recognised initially at fair value. Financial instruments include cash and cash equivalents, trade and other receivables, financial assets, loans to subsidiaries, loans from subsidiaries, trade, debentures and other payables 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 other comprehensive income and presented in equity; 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 statement of comprehensive income. The concept is further illustrated in note 13.

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

1.9.1 Listed investments

Listed investments comprise investment in listed equity securities. Listed investments are classified as at fair value through profit and loss (held for trading) financial assets. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

1.9.2 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, call deposits and other short-term financial assets readily realisable in cash, which have been classified as loans and receivables. These non-derivative financial instruments are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

1.9.3 Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. The carrying amount of trade receivables is reduced directly when the facts about the trade debtor indicate that liquidation has occurred or has been applied for thereby indicating uncollectability, and the debt has not been previously impaired. In all other cases impairment is recognised through an allowance account. Amounts charged to the allowance account are written off against trade receivables balance when the Company becomes aware that a debt previously impaired, is no longer recoverable and would remain uncollectible. The following objective evidence is considered in determining when an impairment loss has been incurred:

1) Significant financial difficulty of the debtor;
2) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted to the borrower a concession that the Group would not otherwise consider;
3) A breach of contract, such as a default or delinquency in interest or principal repayments; and
4) It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

1.9.4 Trade and other payables

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

1.9.5 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.

1.9.6 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 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 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, using the effective interest rate method.

1.10 OFFSET

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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 reporting 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.

1.12 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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group, comprising ordinary shares, are recorded at the proceeds received, net of direct issue costs. Where the Group or its subsidiaries purchase the Company's equity share capital (treasury shares), the amount paid, including any directly attributable incremental external costs net of income taxes, is deducted from total shareholders' equity as treasury shares. When treasury shares are subsequently reissued or sold, the amount received, net of any directly attributable incremental transaction costs and the related income tax effects is recognised as an increase 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. Debentures are initially and subsequently measured 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.

The increase in the fair value of the debentures that are designated at fair value through profit or loss is largely attributable to the increase in the value of the investment property, which is asset –specific performance risk, not credit risk. As a result, no element of the increase in the fair value of the debenture is attributable to credit risk.

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

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 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

1.19 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.

1.20 LEASES

1.20.1 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 statement of comprehensive income.

1.20.2 Leases as lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

1.21 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.22 TAXATION

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

1.22.1 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 reporting date.

1.22.2 Deferred taxation

Deferred taxation is provided using the comprehensive 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 reporting 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.

1.22.3 **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.

1.22.4 **Value-added taxation (VAT)**

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of non-financial instruments in receivables or payables in the statement of financial position.

1.23 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 service that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.24 DIVIDEND DISTRIBUTION

Dividend distributions to the Linked Unitholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.25 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, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise).

1.26 EARNINGS PER LINKED UNIT

The Group presents basic earnings per Linked Unit for its Linked Units. Basic earnings per Linked Unit is calculated by dividing the profit or loss attributable to Linked Unit holders of the Group by the weighted average number of Linked Units outstanding during the period.

1.27 HEADLINE EARNINGS PER LINKED UNIT

Headline earnings per 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 Linked Unit holders, after excluding those items as required by Circular 3/2009 issued by the South African Institute of Chartered Accountants ("SAICA").

1.28 FOREIGN CURRENCY

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

1.29 STATEMENTS AND INTERPRETATIONS AND AMENDMENTS THERETO THAT HAS BEEN ADOPTED OR REMAINS NOT YET EFFECTIVE

The following standards, interpretations, circulars, amendments to standards and amendments to interpretations have been adopted in accordance with the respective transitional provisions or remain as not yet effective:

Standard	Comment	Effective date	Adopted in CY	Not yet effective	Impact
IFRS 9 – Financial instruments	This standards forms part of the first phase of the three phase project to replace IAS 39 Financial Instruments: Recognition and measurement.	1 January 2013		√	Not significant*
IFRS 10 – Consolidated Financial Statements	This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within consolidated financial statements of the parent company and provides additional guidance to assist in determination of control where this is difficult to assess.	1 January 2013		√	None***

Standard	Comment	Effective date	Adopted in CY	Not yet effective	Impact
IFRS 11 – Joint Arrangements	This standard deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interest in jointly controlled entities.	1 January 2013		√	None
IFRS 12 – Disclosure of interest in Other Entities	This standard addresses disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013		√	None
IFRS 13 – Fair Value Measurement	This standard provides new guidance on fair value measurement and related disclosure requirements addresses disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013		√	Not significant*
IFRIC 19 – Extinguishing financial liabilities with equity instruments	The Interpretation addresses divergent accounting by entities issuing equity instruments in order to extinguish all or part of a financial liability (often referred to as "debt for equity swaps").	1 July 2010	√		None
IFRS 1 – First-time Adoption of International Financial Reporting Standards	A further amendment was made relating to oil and gas assets and determining whether an arrangement contains a lease.	1 January 2010	√		None
	A further amendment has been made that relieves the first time adopters of IFRS's from providing the additional disclosures introduced through the amendment of IFRS 7 in March 2009.	1 July 2010	√		None
	More recently, amendments were made to further clarify that changes in accounting policies in the year of adoption fall outside the scope of IAS 8, the use of revaluation carried out after the date of transition as a basis for deemed cost is now permitted and the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation is also now permitted.	1 January 2011		√	None
	The standard was further amended to provide guidance for entities emerging from severe hyperinflation and resuming presentation of IFRS compliant financial statements, or presenting IFRS complaint financial statements for the first time as well as to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.	1 July 2011		√	None
IFRS 2 – Share-based payment	A further amendment was made relating to the accounting for group cash-settled share-based payment transactions and provides more guidance on the definition of the term 'Group'.	1 January 2010	√		None
IFRS 3 – Business combinations	Further amendments have been made that deal with the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS 3, provide clarity on the measurement of non-controlling interest and provides additional guidance on un-replaced and voluntary replaced share-based payment awards.	1 January 2011		√	None

Standard	Comment	Effective date	Adopted in CY	Not yet effective	Impact
IFRS 5 – Non-current assets held for sale and Discontinued Operations	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.	1 January 2010	√		Not significant*
IFRS 7 – Financial instruments: Disclosures	Further amendments were made that clarify the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed disclosure items which were seen to be superfluous or misleading.	1 January 2011		IFRS 7 – Financial instruments: Disclosures	Not significant*
	Further amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.	1 July 2011		√	Not significant*
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.	1 January 2010	√		None
IAS 1 – Presentation of Financial Statements	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.	1 January 2010	√		None
	A more recent amendment provides clarification on the statement of changes in equity.	1 January 2011	√		Not significant
IAS 7 – Statements 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.	1 January 2010	√		Not significant
IAS 12 – Income Taxes	The amendment introduces a rebuttable presumption that an investment property will be recovered in its entirety through sale.	1 January 2012		√	Significant**
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.	1 January 2010	√		Not significant
IAS 21 – The Effects of Changes in Foreign Exchange Rates	A further amendment arose as a consequence from amendments to IAS 27 which provides clarity on the transitional rules in respect of the disposal or partial disposal of an interest in a foreign operation.	1 July 2010	√		None
IAS 24 – Related Party Disclosure	This amendment deals with the simplification of the disclosure requirements for government related entities and the clarification of the definition of a related party.	1 January 2011		√	Not significant*
IAS 27 – Consolidated and Separate Financial Statements	A further amendment has been made that deals with the transition requirements for previous amendments arising from changes to IAS 27.	1 July 2010	√		Not significant
	Further consequential amendments arose from the issue of IFRS 10, IFRS 11 and IFRS 12.	1 January 2013		√	Not significant
IAS 28 – Investments in Associates	A further amendment arose as a consequence from amendments to IAS 27 which provides clarity on the transitional rules in respect of the disposal or partial disposal of an interest in a foreign operation.	1 July 2010	√		None

Standard	Comment	Effective date	Adopted in CY	Not yet effective	Impact
	Further consequential amendments arose from the issue of IFRS 10, IFRS 11 and IFRS 12.	1 January 2013		√	None
IAS 31 – Interests in Joint Ventures	A further amendment arose as a consequence from amendments to IAS 27 which provides clarity on the transitional rules in respect of the disposal or partial disposal of an interest in a foreign operation.	1 July 2010	√		None
IAS 32 – Financial Instruments: Presentation	A further amendment deals with accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.	1 February 2010	√		None
IAS 34 – Interim Financial Reporting	A more recent amendment has been made that deals with the clarification of disclosure requirements around significant events and transactions including financial instruments.	1 January 2011		√	None
IAS 36 – Impairment of Assets	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).	1 January 2010	√		None
IAS 39 – Financial Instruments: Recognition and Measurement	Further amendments have been processed and 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.	1 January 2010	√		None
IFRIC 13 – Customer Loyalty Programmes	An amendment made to clarify the intended meaning of the term "fair value" in respect of award credits.	1 January 2011		√	None

* Not significant – The amendments adopted during the year, and amendments not yet effective did not or will not impact the financial position or performance of the Group, but certain disclosure requirements have been or will be amended when the amendment becomes effective.

* Significant – The impact of the amendment will impact the financial position of the Group, as the rate that deferred tax is being provided on investment properties will change from 28% to 14%. This would reduce the deferred tax liability.

*** None – The amendments did not have any impact on the accounting policies, financial position or performance of the Group.

ADDITIONAL DISCLOSURES IN TERMS OF SECTION 8.11 OF THE JSE LISTINGS REQUIREMENTS

a. There have been no major changes in the nature of property, plant and equipment or any change in policy regarding the use thereof.

b. There were no material loans receivable from third parties at 30 June 2012 other than loans between wholly owned subsidiaries.

c. There were no loans made or security furnished by Fairvest Property Holdings Limited or any of its subsidiaries for the benefit of any Director or manager, or any associate of any Director or manager during the year ended 30 June 2012.

d. No material borrowings were advanced to Fairvest Property Holdings Limited during the year ended 30 June 2012.

e. There were no shares and/or convertible securities issued during the year ended 30 June 2012.

f. There are no schemes involving the staff of Fairvest Property Holdings Limited or its subsidiaries.

g. Refer to Annexure RLP 12 with regards to details of Fairvest Property Holdings Limited's investments in its subsidiaries. Fairvest Property Holdings Limited did not have any investments in joint ventures, partnerships, associates and/or other long-term investments during or at the end of the year ended 30 June 2012.

h. Refer to paragraph 6.6.1 of the Revised Listing Particulars for details regarding remuneration and benefits paid to Directors of Fairvest Property Holdings Limited during the year ended 30 June 2012.

i. Refer to the Condensed Consolidated Statement of Financial Position of Fairvest Property Holdings Limited above for details regarding its net asset value and its tangible net asset value at 30 June 2012.

j. Refer to the Condensed Consolidated Statement of Comprehensive Income of Fairvest Property Holdings Limited above for details regarding its earnings, diluted earnings and headline earnings per share, for the year ended 30 June 2012. A final interest distribution of 6.3 cents per Ordinary Linked Unit was declared for the six months ended 30 June 2012 bringing the total distribution for the year to 11.5 cents per Ordinary Linked Unit.

k. There has been no material change in the nature of the business of Fairvest Property Holdings Limited and/or its subsidiaries.

l. Other than those items noted under Point 5 of the Commentary above, there were no other material facts and/or circumstances that have occurred between the end of the latest financial year of Fairvest Property Holdings Limited and the date of this document

FORECAST FINANCIAL INFORMATION OF FAIRVEST

Forecast statements of comprehensive income

Set out below are the forecast statements of comprehensive income of Fairvest ("**Forecasts**") for the years ending 30 June 2013 and 30 June 2014 ("**Forecast Periods**").

The Forecasts include forecast figures for the Forecast Periods.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Directors. The Forecasts must be read in conjunction with the Independent Reporting Accountants' limited assurance report thereon, which is attached as **Annexure RLP 3**. The Forecasts have been prepared in compliance with IFRS and in accordance with the Group's accounting policies as set out in **Annexure RLP 1**.

FORECAST OF FAIRVEST

	Five months ending 30 November 2012 R	**One month ending 31 December 2012 R**	**Six months ending 30 June 2013 R**	**Year ending 30 June 2013 R**	**Year ending 30 June 2014 R**
Rental income	**6 505 126**	6 837 481	41 601 810	54 944 417	101 489 382
Straight-line rental accrual	**2 085 204**	417 041	2 502 245	5 004 490	4 528 225
Revenue	**8 590 330**	7 254 522	44 104 055	59 948 907	106 017 607
Property expenses	**(2 602 392)**	(2 287 330)	(13 407 850)	(18 297 572)	(35 070 140)
Net property income	**5 987 939**	4 967 192	30 696 205	41 651 335	70 947 467
Administrative expenses	**(1 450 300)**	(290 060)	(1 740 361)	(3 480 721)	(3 759 179)
Asset management fee	**(461 160)**	(225 754)	(1 439 293)	(2 126 207)	(3 129 836)
Operating profit	**4 076 478**	4 451 378	27 516 552	36 044 408	64 058 452
Fair value adjustment to investment properties	**–**	28 758 976	–	28 758 976	–
Fair value adjustment to debentures	**(1 426 017)**	(15 455 791)	(1 586 156)	(18 467 965)	(2 829 402)
Finance cost	**(104 625)**	(847 453)	(5 862 810)	(6 814 888)	(15 610 539)
Investment revenue	**819 644**	–	–	819 644	472 194
Profit before debenture interest	**3 365 480**	16 907 110	20 067 585	40 340 175	46 090 705
Debenture interest	**(2 810 917)**	(3 236 759)	(19 450 747)	(25 498 423)	(44 990 382)
Profit after debenture interest	**554 562**	13 670 351	616 839	14 841 751	1 100 323
Capital raising expenses	**–**	(8 203 995)	–	(8 203 995)	–
Profit before taxation	**554 562**	5 466 355	616 839	6 637 756	1 100 323
Taxation	**(554 562)**	(5 466 355)	(616 839)	(6 637 756)	(1 100 323)
Total comprehensive income attributable to shareholders	**–**	–	–	–	–
Reconciliation between earnings headline earnings and distributable earnings					
Profit for the year	**–**	–	–	–	–
Adjusted for:					
Debenture interest	**2 810 917**	3 236 759	19 450 747	25 498 423	44 990 382
Capital raising expenses	**–**	8 203 995	–	8 203 995	–
Earnings (Linked Units)	**2 810 917**	11 440 755	19 450 747	33 702 419	44 990 382
Adjusted for:					
Fair value adjustment to investment properties (net of taxation)	**–**	(23 395 427)	–	(23 395 427)	–
Fair value adjustment to debentures	**1 426 017**	15 455 791	1 586 156	18 467 965	2 829 402
Headline earnings (Linked units)	**4 236 934**	3 501 119	21 036 903	28 774 956	47 819 784
Adjusted for:					
Straight-line rental accrual (net of taxation)	**(1 501 347)**	(300 269)	(1 801 616)	(3 603 233)	(3 260 322)
Amortisation of debt raising fees	**75 330**	35 910	215 460	326 700	430 920
Distributable earnings (Linked Units)	**2 810 917**	3 236 759	19 450 747	25 498 423	44 990 382

	Five months ending 30 November 2012 R	One month ending 31 December 2012 R	Six months ending 30 June 2013 R	Year ending 30 June 2013 R	Year ending 30 June 2014 R
Actual number of A Linked Units in issue	**–**	41 111 111	41 111 111	41 111 111	41 111 111
Actual number of Ordinary Linked Units in issue	**85 721 986**	165 721 986	165 721 986	165 721 986	165 721 986
Weighted average number of A Linked Units in issue	**–**	41 111 111	6 851 852	23 981 481	41 111 111
Weighted average number of Ordinary Linked Units in issue	**85 721 986**	165 721 986	99 055 319	132 388 653	165 721 986
Distribution per A Linked Unit (cents)	**–**	3.82	22.50	26.32	46.13
Distribution per Ordinary Linked Unit (cents)	**3.28**	1.01	6.16	10.44	15.71
Earnings per A Linked Unit (cents)	**–**	3.82	22.50	26.32	46.13
Earnings per Ordinary Linked Unit (cents)	**3.28**	1.01	6.16	10.44	15.71
Headline earnings per A Linked Unit (cents)	**–**	7.79	22.50	31.57	46.13
Headline earnings per Ordinary Linked Unit (cents)	**3.28**	4.97	6.16	15.69	15.71

Notes and assumptions:

The Forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the Directors:

- Fairvest management's Forecasts for the years ending 30 June 2013 and 30 June 2014 are based on analysis of historical information and information provided by the Property Manager and Independent Valuers;
- Fairvest will not acquire or dispose of any properties during the Forecast Periods other than the Acquisitions and the disposal of Jozen Place as set out in paragraph 11.1.2 of the Revised Listing Particulars;
- contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid;
- uncontracted revenue comprises
  - o 17.7% of rental income from basic, parking, marketing and operating cost recoveries of R46.85 million for the year ending 30 June 2013;
  - o 29.8% of rental income from basic, parking, marketing and operating cost recoveries of R83.31 million for the year ending 30 June 2014;
- current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates;
- leases expiring during the Forecast Periods have been forecast on a lease-by-lease basis, and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease;
- a vacancy profile (including possible bad debts) has been forecast for each property;
- property operating expenditure has been forecast on a line-by-line basis for each property based on management's review of historical expenditure, view on inflation and discussion with the Property Manager; and
- Fair value adjustments to investment properties have been provided for, as further set out below.

The Forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the Directors:

- the effective date of transfer of the SA Corporate Real Estate Property Portfolio and the Isolenu Property Portfolio is 1 December 2012.
- The SA Corporate Real Estate Property Portfolio is acquired for R330.8 million (comprising a combined acquisition cost of R326.0 million and capitalised acquisition costs of R4.9 million). The properties are revalued to R362.8 million resulting in an upwards revaluation adjustment of R32.0 million
- the Isolenu Property Portfolio is acquired for R68.4 million (comprising a combined acquisition cost of R67.4 million and capitalised acquisition costs of R1.0 million). The properties are revalued to R65.2 million resulting in a downwards revaluation adjustment of R3.2 million;
- the Put Option is exercised by SA Corporate Real Estate on 1 April 2013 and the effective date of transfer of the Put Option Properties is 1 July 2013. The Put Option Consideration is based on the projected net operating income of the Put Option Properties for the 12 months commencing 1 April 2013 capitalised at the applicable rate (10.0% for the Middleburg Property and 11.5% for the Gingindlovu Property). The Put Option Consideration of R35.6 million comprises R27.9 million for the Middleburg Property and R7.7 million for the Gingindlovu Property. The valuations of the Put Option Properties acquired are assumed to equate to their respective purchase considerations (inclusive of capitalised acquisition costs);
- interest-bearing borrowings of R135 million will be advanced to Fairvest on 1 December 2012, and will incur interest at a fixed rate of 8.5% p.a.;
- in terms of the Placement and/or the Specific Issue, 80 million Ordinary Linked Units are issued at R1.25 per Ordinary Linked Unit and 41.11 million A Linked Units are issued at R4.86 per A Linked Unit raising gross proceeds of R300 million
- the combined gross proceeds of R300 million are utilised as follows:
  - o R8.2 million will be used settle to capital raising fees;
  - o R291.8 million will be used to partly finance the Acquisitions; and
- the allocation of costs associated with the interest-bearing borrowings to the Acquisition Portfolios is based on their pro rata acquisition costs;
- Unutilised proceeds from the Placement will be used to partly settle interest-bearing borrowings; and
- there will be no unforeseen economic factors that will affect the lessees' abilities to meet their commitments in terms of existing lease agreements.

Material items of expenditure within the property expenses line item include:

- R3.44 million in rates, R5.78 million in electricity and R1.13 million in property management fees in respect of the year ending 30 June 2013; and
- R6.34 million in rates, R13.97 million in electricity and R2.17 million in property management fees in respect of the year ending 30 June 2014.

Property expenses, administrative expenses and the asset management fee are expected to increase by more than 15% from historical costs due to the increase in the size of the portfolio as a result of the Acquisitions and the reletting and development of the Existing Portfolio.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST FINANCIAL INFORMATION OF FAIRVEST

The Directors
Fairvest Property Holdings Limited
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED PROFIT FORECASTS OF FAIRVEST

1. INTRODUCTION

The definitions contained in the Definitions and Interpretation section of the circular to which this report is annexed and which is to be dated on or about 3 October 2012 ("the Circular"), apply in this report.

We have examined the forecast statements of comprehensive income for the forecast periods and the related assumptions of Fairvest as set out in Annexure RLP 2 to the revised listing particulars annexed to the Circular (collectively, the "Forecast Information").

We have also examined the forecast vacancy profiles for the years ended 31 July 2013 and 31 July 2014, by gross lettable area and the forecast lease expiry profiles for the years ended 31 July 2013 and 31 July 2014, based on existing lease agreements. The forecast vacancy profile and the forecast lease expiry profile for the periods ended 31 July 2013, 31 July 2014, 31 July 2015 and beyond ("Lease Expiry Profile'') are set out on page 56 of the Revised Listing Particulars

2. DIRECTORS' RESPONSIBILITY

The Directors are responsible for the Forecast Information, including the assumptions set out in Annexure RLP 2, on which it is based, and for the financial information from which it has been prepared.

This responsibility, arising from compliance with the Listings Requirements, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the Forecast Information;
- whether the Forecast Information has been properly compiled on the basis stated; and
- whether the Forecast Information is presented on a basis consistent with the accounting policies of Fairvest.

3. RESPONSIBILITY OF THE INDEPENDENT REPORTING ACCOUNTANT

Our responsibility is to provide a limited assurance report on the Forecast Information prepared for the purpose of complying with the JSE Listings Requirements and for inclusion in the Circular. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information, the South African Institute of Chartered Accountants "SAICA" Revised Guide on Forecasts and the SAICA circular entitled *The reporting accountant's reporting responsibilities in terms of section 13 of the Listings Requirements of the JSE Limited.* This standard requires us to obtain sufficient appropriate evidence as to whether:

- management's best-estimate assumptions on which the Forecast Information is based are not unreasonable and are consistent with the purpose of the information;
- the Forecast Information is properly prepared on the basis of the assumptions;
- the forecast information is properly presented and all material assumptions are adequately disclosed; and
- the Forecast Information is prepared and presented on a basis consistent with the accounting policies of Fairvest.

In a limited assurance engagement, the evidence gathering procedures are more limited than for a reasonable assurance engagement and therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

4. INFORMATION AND SOURCES OF INFORMATION

In arriving at our conclusion, we have relied upon forecast financial information prepared by the management of Fairvest and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- the Historical Financial Information;
- management prepared forecasts for the years ending 31 July 2013 and 31 July 2014;

- selected existing lease agreements for the Investment Properties;
- recent historical financial information in respect of other listed PLS companies;
- agreements with the providers of the senior debt;
- the property management agreements and the acquisition agreements;
- discussions with the Directors regarding the Forecast Information;
- discussions with Directors regarding the prevailing market and economic conditions;
- discussions with the Directors regarding reasonableness of the forecast renewals of expiring leases; and
- valuation reports, prepared by DDP Valuers (Proprietary) Limited and JHI Properties (Proprietary) Limited, in respect of the Investment Properties.

5. **PROCEDURES**

In arriving at our conclusion we performed the following procedures:

a. ***Rental income***

i. The forecast contracted rental income streams, comprising income from basic rentals and rentals for parking amounting to R38.282 million and R58.358 million for the years ending 31 July 2013 and 31 July 2014 respectively, and recoveries in respect of operating costs and marketing costs, as contained in the profit forecast model, were selected for a sample of tenants from each Property and agreed to the underlying lease agreements. The total coverage obtained was 83.42 per cent. and 80.11 per cent. of the forecast contracted rental income for the years ending 31 July 2013 and 31 July 2014 respectively. This translates to 69.14 per cent. and 60.09 per cent. of the total forecast rental income from basic rentals and rentals from parking for the years ending 31 July 2013 and 31 July 2014 respectively.

ii. The forecast rental income streams from the above sample were recalculated to ensure accuracy of the Forecast Information.

iii. For the same sample of tenants from each Property as for point 5.a.i above, forecast recoveries in respect of operating costs and marketing costs were agreed to the terms of the lease agreements to ensure that the basis of the recoveries was correct. The forecast recoveries from this sample were recalculated to ensure the accuracy of the Forecast Information. The coverage obtained was 86.94 per cent. and 83.58 per cent. of the forecast contractual recoveries in respect of operating costs and marketing costs for the years ending 31 July 2013 and 31 July 2014, respectively.

iv. The forecast recoveries in respect of municipal costs were compared to the historical recoveries achieved. Differences in the forecast recovery rates were discussed with the Directors and considered in the context of Fairvest's legal rights to recover these expenses from the tenants. The coverage obtained was 95.90 per cent. of the forecast recoveries in respect of municipal costs for the respective forecast periods.

v. For the same sample of leases in respect of which the detailed procedures on the contracted rental income were performed, the following procedures were performed in respect of each Property to test the uncontracted revenue:

- the timing and quantum of movements out of contracted revenue were compared to the movements into uncontracted revenue;
- the expiry dates per the profit forecast model were compared to the expiry dates per the original lease agreements and discrepancies were noted; and
- the escalation rates inherent in these movements were assessed for reasonableness through discussion with the Directors and through an inspection of recently signed leases;

vi. A sample of the forecast uncontracted rental streams comprising 14.37 per cent. and 19.15 per cent. of the total forecast rental revenue for the years ending 31 July 2013 and 31 July 2014 respectively were selected for each of the Properties and the following procedures were performed:

- forecast uncontracted rental income was broken down by category, namely, A grade tenants, B grade tenants and C grade tenants to determine what percentage of the forecast uncontracted rental income was attributable to each category;
- the likelihood of C grade tenants continuing to occupy the premises and the ease with which vacating C grade tenants could be replaced in the various properties in the Portfolio was then discussed with the Directors and the explanations given were assessed for reasonableness; and
- the total forecast vacant space as a percentage of total lettable GLA included in the Forecast Information was compared to the historical vacant space as a percentage of total lettable GLA for a number of competitor listed PLS companies to determine the reasonableness of this percentage; and

vii. the calculation in respect of the straight-lining of revenue was re-performed.

b. ***Expenses***

For a selection of properties, all forecast expenses amounting to 2 per cent. or more of the total forecast expenses were compared to the Historical Financial Information and our inspection of various invoices, payrolls and other supporting documentation. Explanations were obtained for any significant differences and, in some circumstances; quotations in support of expense items were inspected.

The total expenses tested amounted to 89.21 per cent. and 75.18 per cent. of the total forecast expenses for the years ending 31 July 2013 and 31 July 2014 respectively.

An explanation for the expense item(s) that varied by 15 per cent. or more from the Historical Financial Information is detailed in Annexure RLP 2 in terms of paragraph 13.14(g) of the Listings Requirements.

c. ***Portfolio expenses***

The forecast interest receivable, interest expense, head office costs, property management fees and other portfolio expenses were assessed for reasonableness and, where applicable, recalculated. Certain expenses were also compared to industry benchmarks in order to assess their reasonableness. Material expenses were compared to supporting documentation in the form of quotations and management and third party prepared calculations.

The calculation of the fair value adjustment was re-performed to ensure that it was accurate and in line with Fairvest's accounting policies.

d. ***Application of accounting policies***

We ascertained that the accounting policies as set out in Annexure RLP 1 to the Circular were applied consistently in arriving at the forecast income and agreed to the disclosed accounting policies and International Financial Reporting Standards for the respective forecast periods. Variances and principles were primarily discussed with the Directors.

e. ***Model review***

In order to ensure that the forecast model for the property income and expenses was mathematically accurate we performed a high level review to determine the consistency and mathematical accuracy of the model.

f. ***Forecast vacancy profile and forecast lease expiry profiles***

The Vacancy Profile and the Lease Expiry Profile included in the Revised Listing Particulars were recalculated to ensure the accuracy of the information presented.

For a sample of the individual leases for each of the Properties, we agreed the dates of expiry of such leases as reflected in the individual Properties worksheets to the signed lease agreements and found them to be in agreement.

We compared the Vacancy Profile included on page 56 of the Revised Listing Particulars to the Vacancy Profile per our calculations and found them to be in agreement.

We compared the Forecast Lease Expiry Profile included on page 56 of the Revised Listing Particulars to the Forecast Lease Expiry Profile per our calculations and found them to be in agreement.

g. ***Accuracy of the information***

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the Directors. While our work has involved an analysis of the Historical Financial Information and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with International Auditing Standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us, in respect of the Forecast Information included in the Circular.

h. ***Conclusion***

Based on our examination of the evidence obtained, nothing has come to our attention which causes us to believe that:

- the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the Forecast Information;
- the Forecast Information has not been properly compiled on the basis stated;
- the Forecast Information has not been properly presented and all material assumptions are not adequately disclosed; and
- the Forecast Information is not presented on a basis consistent with the accounting policies of Fairvest.

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly no assurance is expressed regarding the achievability of the Forecast Information.

Our report and the conclusion contained herein is provided solely for the benefit of the Board, and existing and prospective Linked Unitholders of Fairvest for the purpose of their consideration of the transaction. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Yours faithfully

BDO South Africa Incorporated
Chartered Accountants (SA)

Registered Auditors
Per **Nick Lazanakis**
Chartered Accountant (SA)

Registered Auditor
22 Wellington Road
Parktown, 2193

ABRIDGED VALUATION REPORT BY DDP VALUERS ON THE CURRENT PROPERTY PORTFOLIO

The Directors
Fairvest Property Holdings Limited (**"Fairvest"**)
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town
8001

21 September 2012

Dear Sirs

INDEPENDENT VALUERS REPORT ON THE PORTFOLIO – FAIRVEST PROPERTIES

Brief:

Fairvest, as represented by Mr Jacques Kriel, instructed DDP Valuers to determine the fair market value of the subject properties for financial reporting purposes.

Method of Valuation:

The discounted cash flow method of valuation will be utilised for this valuation.

The International Valuation Standards 2007 defines discounted cash flow (DCF) analysis as "a financial modelling technique based on explicit assumptions regarding the prospective income and expenses of a property or business". Discounted cash flow analysis involves the projection of a series of periodic cash flows, to which an appropriate market-derived discount rate is applied. This allows the present value of the income stream to be determined. The series of net operating incomes and an estimate of the terminal value anticipated at the end of the projection period are then discounted.

For the purpose of this valuation, Argus Valuation-DCF Software (Version 15) has been utilised. This software is a sophisticated application, which allows the forecasting of income streams to be modelled and assumptions to be made accordingly. For the purpose of this valuation, a ten-year DCF approach has been utilised as this is considered the most suitable given the nature of the portfolio and the lease tenure.

Concerning the property that is currently being developed, namely the Chep Building the value of the property on completion has been determined utilising the ten-year DCF approach. However, as the subject property is under construction the cost to complete the building will be deducted from the value on completion. With regards to the property that will be refurbished, namely Blue Heights Centre the value of the subject property has been determined on completion and the construction cost has been deducted.

Date of Valuation:

30 June 2012

Definition of Market Value:

The estimated amount for which a property (asset) should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Portfolio of Properties:

The table below indicates the properties forming part of the portfolio.

No.	Property name	Market value
1	Deals House	R35 900 000.00
2	Bradlows Building	R7 800 000.00
3	Blue Height Centre	R23 000 000.00
4	CHEP Building	R38 300 000.00
5	Coronation Walk	R4 000 000.00
6	Spar	R15 700 000.00

No.	Property name	Market value
7	Palms 215	R2 700 000.00
8	Palms 216	R4 200 000.00
9	Palms 217	R4 500 000.00
	Total	R136 100 000.00

The total value of the portfolio as determined by DDP Valuers is R136 100 000.00 (One Hundred and Thirty Six Million One Hundred Thousand Rand Only).

Assumptions:

The properties referred to in this letter have been valued based on their existing uses, as these are considered the highest and best use of the properties. Therefore no market value for an alternative use has been considered.

It must be noted that the properties included in this letter, do not include external property and therefore this has not been addressed in the valuation.

The rentals used in the valuations are based on current contractual rental income and market related rentals have been applied upon expiry of the lease agreements and for the vacant accommodation. Refer to the valuation reports for further details in this regard.

With regards to the vacancy factors applied to the valuations comprising this portfolio, various vacancy factors have been applied, based on the attributes of each property. The following provides a summary of the vacancy factors applied.

Deals House:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7 and thereafter
2%	50%	40%	30%	20%	10%	5%

Bradlows Building:

Year 1	Year 2	Year 3	Year 4 and thereafter
1%	10%	5%	3%

Blue Heights Centre:

Year 1	Year 2	Year 3 and thereafter
3%	3%	2%

Chep Offices:

No vacancy factor applied.

Coronation Walk:

A nominal factor of 2% applied.

Spar:

A nominal factor of 3% applied.

Palms 215:

Year 1	Year 2	Year 3 and thereafter
10%	5%	3%

Palms 216:

Year 1	Year 2	Year 3	Year 4 and thereafter
20%	10%	5%	3%

Palms 217:

Year 1	Year 2	Year 3	Year 4 and thereafter
20%	10%	5%	3%

Where a property has vacant accommodation, a market related rental has been applied to this area. The market rentals applied are based on the market rentals of similar properties in the surrounding area and then a suitable rental is applied. Where refurbishment will be undertaken, for the Blue Heights Centre, the rental has only been applied once the unit has been refurbished and is available for occupation.

Chep Offices:

With regards to the development of the new Chep Offices, the value of the subject property as at 30 June 2012 has been determined, by deducting the cost of the outstanding from the valuation on completion.

The Payment Certificate Seven, as prepared by the Principal Agent states that as at 29 June 2012, the percentage contract sum executed was 47.63%. Therefore, if the cost to complete is deducted from the valuation on completion, it is possible to determine the value as at 30 June 2012. Based on the construction details provided and applying the percentage, the cost to complete was R19 999 026.23 as at 30 June 2012.

Therefore, the value of the subject property equates to R38 300 973.77, say R38 300 000.00 (Thirty Eight Million Three Hundred Thousand Rand Only) as at 30 June 2012.

Blue Heights Centre:

In order to determine the value of the subject property as at 30 June 2012, it is necessary to analyse the value after ten years and then deduct the construction cost. It must be noted that a staggered time frame has been utilised to allow for the refurbishment of the subject property. The rental income prior to commencement of the refurbishment has been stopped as per the cancellation terms agreed with the tenants. After completion of the refurbishment the rental has been applied. Therefore, the DCF value equates to R60 204 300.00 and the construction cost of R37 205 731.13 must be deducted.

Therefore, the value of the subject property equates to R23 000 000.00 (Twenty Three Million Rand Only) as at 30 June 2012.

It must be noted that no other matters materially affect the valuations of the properties stated in this report.

Qualifications:

The valuations for the properties stated in this report are subject to the following conditions. These qualifications are split between general conditions and property specific conditions. The reasons for the qualifications is to ensure a minimum valuation of the valuations. The rental rates stated below are based on comparable market rentals and are considered achievable under current market conditions.

General Conditions

1. The valuations of the properties stated in this letter are based on the information provided by Fairvest Properties and the valuer reserves the right to amend the valuation should this information be incorrect.

Chep Offices:

2. A copy of the Resolution signed by the shareholders of the Polpoint Share Block Limited, authorising the conversion from share block to sectional title must be obtained.

Deals House:

1. This valuation is subject to the termination of the Department of Public Works lease agreement and a minimum rental of R65.00/m^2 being obtained for this area.

Bradlows Building:

1. This valuation is subject to a minimum rental of R30.00/m^2, with 8% escalation being achieved for the office component.

Blue Heights Centre:

1. A copy of the Resolution signed by the shareholders of the Polpoint Share Block Limited, authorising the conversion from share block to sectional title must be obtained.
2. This valuation is subject to the Local Authority approval for the redevelopment of the centre.
3. The lease agreement with Pick n Pay Retailers (Pty) Ltd must be signed.
4. This valuation is based on the assumption that the lease agreements will be signed by the tenants stated in this report at the rentals indicated.

Palms 215, Palms 216 and Palms 217:

1. This valuation is subject to a minimum rental of R50.00/m^2 being achieved for the vacant component and after expiry of the existing lease agreements.

It must be noted that the directors have not required the valuations of the above mentioned properties for the benefit or detriment of contractual arrangements. Therefore, there is no need to disclose a reconciliation of the costs and values.

At the time of valuation, there was no option for any party to purchase any of the properties comprising this portfolio.

Summary:

The table below lists the properties and shows the aggregate value. Furthermore, a split between the freehold and leasehold (shareblock) property is indicated.

No.	Property name	Market value	Freehold	Leasehold
1	Deals House	R35 900 000.00	R35 900 000.00	
2	Bradlows Building	R7 800 000.00	R7 800 000.00	
3	Blue Height Centre	R23 000 000.00		R23 000 000.00
4	CHEP Building	R38 300 000.00		R38 300 000.00
5	Coronation Walk	R4 000 000.00	R4 000 000.00	
6	Spar	R15 700 000.00	R15 700 000.00	
7	Palms 215	R2 700 000.00	R2 700 000.00	
8	Palms 216	R4 200 000.00	R4 200 000.00	
9	Palms 217	R4 500 000.00	R4 500 000.00	
	Total	R136 100 000.00	R74 800 000.00	R61 300 000.00

Conclusion:

We, Pieter Venter and Gemma Cazalet of DDP Valuers do hereby certify that to the best of our knowledge, we have valued the properties as at 30 June 2012 in order to determine their market value utilising the ten year Discounted Cash Flow method. We have been assisted in the valuations by the following members of staff, Steyn Malan (Bloemfontein), Li-Alet Starke (Pretoria), Mellisa Cloete (Durban) and Rob Hood (East London).

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Gemma Cazalet
Professional Associated Valuer
(Reg No.: 7273/7)
(Registered with restrictions in terms of The Property Valuers Act No. 47 of 2000 – Category 's' Restrictions)

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Pieter Venter MRICS, MIVSA
Professional valuer
(Reg. No.: 3575)
(Registered without restrictions in terms of The Property Valuers Act No. 47 of 2000)

Date: 21 September 2012

No	Registered description	Property name	Physical address	Physical inspection	Date of valuation	Market value	Description	Existing use
1	Erf 15511, East London	Deals House	5 Terminus Street, East London	26 June 2012	30 June 2012	R35 900 000.00	Building, Erf Extent 2 428m^2; GLA 6 409m^2	Retail and office
2	The remaining extent of Erf 814, Bloemfontein, Manangaung	Bradlows Building	37 Maitland Street, Bloemfontein	3 July 2012	30 June 2012	R7 800 000.00	Building, Erf Extent 715m^2; GLA 6 409m^2	Retail and office
3	Portion 1 of Erf 1686, Westville, eThekwini Remaining Extent of Erf 1686, Westville, eThekwini	Blue Height Centre	31 Westville Road, Westville, Durban	17 June 2012	30 June 2012	R23 000 000.00	Buildings, Erf Extent 18 733.4m^2, GLA 6 615m^2	Retail and office
4	Portion 1 of Erf 1686, Westville, eThekwini Remaining Extent of Erf 1686, Westville, eThekwini	CHEP Building	Corner of Westville Road and Buckingham Terrace, Westville, Durban	17 June 2012	30 June 2012	R38 300 000.00	Buildings, Erf Extent 18 733.4m^2, GLA 3 337m^2	Office
5	Erf 971, Queensburgh, eThekwini Municipality	Coronation Walk	6 Purity Lane, Queensburgh, Durban	17 June 2012	30 June 2012	R4 000 000.00	Building, Erf Extent 1 647m^2, GLA 667m^2	Retail
6	Erven 974, 975 and 976, Queensburgh, eThekwini Municipality	Spar	Corner of Main Road and Coronation Road, Queensburgh, Durban	17 June 2012	30 June 2012	R15 700 000.00	Building, Erf Extent 4 952m^2, GLA 2 108m^2	Retail
7	Erf 215 Halfway House Extension 12	Palms 215	Nupen Crescent, Halfway House	2 July 2012	30 June 2012	R2 700 000.00	Building, Erf Extent 1 684m^2, GLA 749.5m^2	Office
8	Erf 216 Halfway House Extension 12	Palms 216	Nupen Crescent, Halfway House	2 July 2012	30 June 2012	R4 200 000.00	Building, Erf Extent 1 684m^2, GLA 929m^2	Office
9	Erf 216 Halfway House Extension 12	Palms 217	Nupen Crescent, Halfway House	2 July 2012	30 June 2012	R4 500 000.00	Building, Erf Extent 1 552m^2, GLA 929m^2	Office

Date: 21 September 2012

No	Town Planning Restrictions and Conditions	Material Contravention	Tenure	Lease Summary	Age of Building	Intragroup Leases	Vacancy Factor	Discount Rate %	Terminal Rate %	Valuation Methodolgy	Source of Information
1	Zoned: Business 1	None	Freehold	Fair Lease Expiry Profile. Large office tenant expires 2012	±80 years	None	Stepped factors.	16.5	12.5	10 year DCF	Fairvest Properties; Blend Property Management
2	Zoned: Business Subzone H	None	Freehold	Good Lease Expiry Profile.	±100 years	None	Stepped factors.	16	11.5	10 year DCF	Fairvest Properties; Blend Property Management
3	Zoned: General Commercial and Road Reserve	None	Share Block Scheme to be converted to Sectional Title	Good Lease Expiry Profile.	±50 years	None	Stepped factors.	15	10.5	10 year DCF	Fairvest Properties; Blend Property Management
4	Zoned: General Commercial and Road Reserve	None	Share Block Scheme to be converted to Sectional Title	Strong Lease Expiry Profile.	Under Construction	None	None	15.5	10.5	10 year DCF	Fairvest Properties; Blend Property Management
5	Zoned: General Commercial	None	Freehold	Fair Lease Expiry Profile.	±40 years	None	2%	17	12.5	10 year DCF	Fairvest Properties; Blend Property Management
6	Zoned: General Commercial	None	Freehold	Fair Lease Expiry Profile.	±40 years	None	3%	17	12.5	10 year DCF	Fairvest Properties; Blend Property Management
7	Zoned: Residential 2 (Business buildings are permitted)	None	Freehold	Poor Lease Expiry Profile.	±25 years	None	Stepped factors.	16.5	11.5	10 year DCF	Fairvest Properties; Blend Property Management
8	Zoned: Residential 2 (Business buildings are permitted)	None	Freehold	Poor Lease Expiry Profile.	±25 years	None	Stepped factors.	16.5	11.5	10 year DCF	Fairvest Properties; Blend Property Management
9	Zoned: Residential 2 (Business buildings are permitted)	None	Freehold	Poor Lease Expiry Profile.	±25 years	None	Stepped factors.	16.5	11.5	10 year DCF	Fairvest Properties; Blend Property Management

Date: 21 September 2012

Process of development

Chep building

Property description Portion 1 on Erf 1686, Westville, eThekwini
Remaining extent of Erf 1686, Westville eThekwini

Planning consent	Date of approval	Conditions of approval	Date of completion	Lease commencement date	Total cost	Value as at 30 June 2012	Value on completion
Yes	24 November 2011	No onerous conditions	17 September 2012	1 December 2012	R54 583 377.47	R38 300 000.00	R58 300 000.00

Property held for development

Blue Heights Centre

Property description Portion 1 on Erf 1686, Westville, eThekwini
Remaining extent of Erf 1686, Westville eThekwini

Planning consent	Date of approval	Conditions of approval	Commencement date	Estimated completion date	Duration of project	Total cost	Value as at 30 June 2012	Value on completion
Submitted to Local Authority	Unknown	Unknown	1 September 2012	28 February 2013	Six months	R48 849 291.13	R23 000 000.00	R60 200 000.00

Brief description

Blue Heights Centre is currently a dated retail centre in Westville. The accommodation offered is of a poor standard and the centre is on need of an upgrade. On completion of the redevelopment, the subject property will offer superior quality retail accommodation. The refurbishment will include a full upgrade to the centre and the installation of a new anchor tenant. On completion, the subject property will offer good quality retail accommodation, with an office component.

INFORMATION RELATING TO THE PROPERTY PORTFOLIO

This Annexure contains information relating to the Current Property Portfolio of Fairvest. Please refer to Annexures 7, 8 and 9 of the Circular for detailed particulars regarding the Acquisition Portfolios.

CURRENT PROPERTY PORTFOLIO, EXCLUDING THE ACQUISITION PORTFOLIOS

Properties owned and managed

Property name	Physical address	Sector	Rentable area (m^2)	Weighted average rental per m^2 (Rand)	Cost of acquisition (R'000)(1)	Market value attributed by the Independent Property Valuer(2)(3) R'000	Date acquired
Standard Bank, Queensburgh	Corner of Main Road and Coronation Road Queendburgh KwaZulu-Natal	Retail	2 108	90.1	7 300	15 700	19 November 2001
Bradlows Building	37 Maitland Street, Bloemfontein Free State	Retail	2 853	38.7	4 100	7 800	19 November 2001
Coronation Walk	6 Purity Lane Queensburgh KwaZulu-Natal	Retail	667	68.6	1 700	4 000	19 November 2001
Deals House	5 Terminus Street East London Eastern Cape	Retail and office	6 409	89.0	19 017	35 900	19 November 2001
Fattis Mansions(4)	Corner Jeppe and Harrison Streets Johannesburg Gauteng	Retail	1 913	NIL	6 520	NIL	19 November 2001
Palms 215	Erf 215 Nupen Crescent Halfway House	Office	750	–	3 352	2 700	2 March 2007
Palms 216	Erf 216, Nupen Crescent, Halfway House	Office	929	54.5	3 854	4 200	2 March 2007
Palms 217	Erf 217, Nupen Crescent, Halfway House	Office	929	71.5	3 352	4 500	2 March 2007

Property owned by related property share block company

Property name	Physical address	Sector	Rentable area (m^2)	Weighted average rental per m^2 (Rand)	Cost of acquisition (R'000)[1]	Market Value attributed by the Independent Property Valuer[2][3] R'000	Date acquired
Blue Heights[5]	31 Westville Road Westville, KwaZulu-Natal	Retail and office	6 615	30.7	16 500	23 000	19 November 2001
CHEP South Africa[6]	31 Westville Road Westville, KwaZulu-Natal	Office	3 337	136.1	24 155	38 300	Under construction

Property held for sale

Property name	Physical address	Property description and use	Rentable area (m^2)	Weighted average rental per m^2 (Rand)	Cost of acquisition (R'000)[1]	Disposal price R'000	Date acquired
Jozen Place[7]	17 Georgian Crescent Bryanston	Office	760	40.3	3 460	6 450	19 November 2001

Notes:

(1) Paid in cash.

(2) 30 June 2012 valuation date.

(3) Valuation performed by DDP, which is an external valuer as defined in section 13 of the JSE Listings Requirements.

(4) Property is vacant and untenantable, therefore valued at zero.

(5) Property being refurbished, to be complete by March 2013. Value upon completion of R60.2million.

(6) Fully let office block under constructions. Lease to commence on 1 December 2012. Value upon completion of R58.3 million.

(7) Property was disposed off and transferred during July 2012.

CORPORATE GOVERNANCE STATEMENT

PART A

1. **KING III CODE**

1.1 **Introduction**

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 Code of Governance Principles (**"King III Code"** or **"King III"**). In supporting King III, the Board recognises the need to conduct the business of the Fairvest Group with integrity and in accordance with generally accepted corporate practices.

1.2 **Application of the King III Code**

The Board endorses, has addressed, and, where possible and relevant to the Company, has applied the King III Code. However, given the size of the Fairvest Group and the nature of its operations, there are instances where it has not been possible or appropriate to apply certain of the principles of the King III Code. The elements of the King III Code that are partially applied or are under review are as follows:

1.2.1 ***Boards and Directors***

- The chairman of the Board in not independent for purposes of the King III Code. Accordingly, the Board has appointed a lead independent director in compliance with the King III Code and the JSE Listings Requirements.
- There are currently three independent non-executive directors on the Board. The Board intends to appoint a further independent non-executive director following implementation of the Acquisitions.
- There is an informal performance evaluation of the Board, its committees and individual directors. This is under review.
- The Board is currently drawing up a charter to be adopted in due course.

1.2.2 ***Integrated Reporting and Disclosure***

- Sustainability reporting and disclosure is currently being reviewed.

2. **THE BOARD OF DIRECTORS**

2.1 **Introduction**

Fairvest has a relatively small board, as it is a property holding company and as the management of the property portfolio has been outsourced to the Asset Management Company.

Four of its Directors are non-executive and are not directly involved in the management of the Company and its properties. There are three independent non-executive directors and the Board intends to appoint a further independent non-executive director following implementation of the Acquisitions

There is a policy evidencing a clear balance of power and authority at Board level to ensure that no one Director has unfettered powers of decision-making.

The independent 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. They are free from any business or other relationship, which could be seen to materially interfere with the individual's capacity to act in an independent manner.

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 Fairvest Group, at the Fairvest Group's expense.

Fairvest does not have a nomination committee and director appointments are considered to be a matter for the Board as a whole with all appointments being made in a formal and transparent manner.

2.2 **Board committees**

2.2.1 ***Audit and Risk Committee***

The Audit and Risk Committee consists of the following members, all of whom are non-executive directors:

- PJ van der Merwe (Chairman)
- LW Andrag
- JF du Toit

with BJ Kriel, the external auditors of the Company and the company secretary in attendance.

The Audit and Risk Committee met twice in the last 12 months.

The Audit and Risk Committee assists 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 Fairvest Group and any proposed revisions thereto;
- the effectiveness of the Fairvest 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 Fairvest Group's going concern status; and
- compliance with applicable legislation and requirements of regulatory authorities.

In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor enterprise-wide risks.

The committee satisfied itself that the financial director has the requisite qualifications, expertise and experience to carry out his duties as required by the Companies Act and the JSE Listings Requirements.

The Board is aware of the need, as required by section 94(2) of the Companies Act, that the Audit and Risk Committee should consist of at least three members who should all be independent non-executive directors. The Board is therefore in the process of identifying an additional independent non-executive director for possible appointment to the Board who will serve on the Audit and Risk Committee.

2.2.2 ***Remuneration Committee***

The Remuneration Committee consists of the following members, all of whom are non-executive Directors:

- PJ van der Merwe (Chairman)
- JF du Toit
- Mr LW Andrag

and the company secretary in attendance.

The committee assists the Board to ensure that the Company remunerates Directors fairly and responsibly. Such fees are market-related, commensurate with the time required to undertake their duties and are approved by the Board and shareholders.

2.2.3 ***Investment Committee***

The Board is also in the process of setting up an Investment Committee and has identified three independent non-executive directors together with executive directors BJ Kriel, A Marcus and D Wilder for appointment to the committee. The Board is also in the process of identifying an independent non-executive director to act as Chairman of the Investment Committee.

2.2.4 ***Social and Ethics Committee***

The Board is also in the process of setting up a Social and Ethics Committee and has identified three independent non-executive directors to be appointed to the committee. The Board is also in the process of identifying an independent non-executive director to act as Chairman of the Social and Ethics Committee.

2.3 **Remuneration report**

No separate remuneration report is presented as the only remuneration paid by the Fairvest Group is fees paid to Directors. All key services are outsourced and the Fairvest Group has no employees.

2.4. **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 Fairvest 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 period under review.

2.5. **Risk management**

The Board has recognised the importance of an effective risk management process and has adopted an enterprise-wide approach to risk management.

The Board, assisted by the Audit Committee, is responsible for the risk management of the Fairvest Group. Management is responsible for establishing, monitoring and communicating the appropriate risk and control policies.

Risk management is regarded as a key business process which ensures that the Fairvest Group is protected against uncertain events which could prevent the Fairvest Group from achieving its objectives. Management is committed to developing, implementing and maintaining strategies to minimise our risks and to ensure the growth of our company for the best benefit of stakeholders.

The Board has not identified any undue, unexpected or unusual risks that require further disclosure.

2.6. **IT Governance**

The majority of the IT function of the Fairvest Group is outsourced to external service providers. The risks regarding the security, back-up, conversion and update of the information technology systems are continually assessed and addressed by the Board. Disaster recovery plans are regularly reviewed as disruptions to critical management information could have an impact on continuing operations.

2.7. **Company secretary**

The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out their duties as stipulated under section 84 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 Fairvest Group at the Company's expense.

2.8. **Relationship and reporting**

2.8.1. ***Code of conduct***

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

2.8.2. ***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 available in the form of written reports and available on www.fairvest.co.za, profit announcements in national newspapers and updates on SENS.

There was no refusal of requests for information that were lodged with the Fairvest Group in terms of the Promotion of Access to Information Act, 2000.

PART B – APPLICATION OF PRINCIPLES IN THE KING III CODE

Preamble

Fairvest is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code. It therefore strives to meet those objectives in accordance with the content of the table below.

Key – Level of compliance:

1 – Not applied/will not be applied

2 – In process/partially applied

3 – Full application

Principle		Level of compliance	Comments
1.	**Ethical leadership and corporate citizenship**		
1.1	The Board should provide effective leadership based on an ethical foundation	3	Applied. Ethics form part of the values of the Company and Board.
1.2	The Board should ensure that the company is, and is seen to be, a responsible corporate citizen	3	Applied. Projects for corporate social investments are regularly assessed.
1.3	The Board should ensure that the company's ethics are managed effectively	3	Applied. Ethical principles are always applied during decision-making.

Principle		Level of compliance	Comments
2.	**Board and Directors**		
2.1	The Board should act as the focal point for and custodian of corporate governance	3	Applied. The Board as a whole is responsible for effective corporate governance.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	3	Applied. Strategy, risk, performance and sustainability are considered collectively by the Board in the decision-making process.
2.3	The Board should provide effective leadership based on an ethical foundation	3	Applied. Ethics form part of the values of the Company and Board.
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen	3	Applied and in line with the image the Company would like to project.
2.5	The Board should ensure that the company's ethics are managed effectively	3	Applied. Ethics are the responsibility of the Board as a whole.
2.6	The Board should ensure that the company has an effective and independent audit committee	3	Applied –The audit committee consists of two independent non-executive directors one non-executive director.
2.7	The Board should be responsible for the governance of risk	3	Applied. The Board has established an audit and risk committee.
2.8	The Board should be responsible for information technology (IT) governance	3	This role will initially be the responsibility of the executive director Adam Marcus.
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Applied. Such compliance forms part of the values of Company.
2.10	The Board should ensure that there is an effective risk-based internal audit	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation	3	Applied. The Board monitors stakeholders' perceptions, in light of the importance of the Company's reputation.
2.12	The Board should ensure the integrity of the company's integrated report	3	Applied. Due care is applied during the completion of the integrated report.
2.13	The Board should report on the effectiveness of the company's system of internal controls	3	Applied. This is reported on in the Company's annual report.
2.14	The Board and its directors should act in the best interests of the company	3	Applied. The Board acts in the best interests of the Company.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	3	This will be considered, if applicable.
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	2	The Board is also in the process of identifying an independent non-executive Chairman for possible appointment to the Board in the interim we have appointed a lead independent non-executive.
2.17	The Board should appoint the chief executive officer and establish a framework for the delegation of authority	2	The Board is currently reviewing the process with a view to the implementation thereof.
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	2	The Board comprises of three executive directors and three non-executive independent this is under review.
2.19	Directors should be appointed through a formal process	3	The Board is currently reviewing the process.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	2	The Board is currently reviewing the process.

Principle		Level of compliance	Comments
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary	3	Seccorp have been appointed and have the necessary and required experience.
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year	3	Applied. Such performance is reviewed annually.
2.23	The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	Applied. Committees make recommendations which are approved at board level.
2.24	A governance framework should be agreed between the group and its subsidiary boards	3	Applied. The same principles apply for subsidiaries as for the group.
2.25	Companies should remunerate directors and executives fairly and responsibly	3	Applied. The remuneration committee determines the remuneration of Directors and executives.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	3	Applied. This is disclosed in the annual report.
2.27	Shareholders should approve the company's remuneration policy	3	The Board is currently reviewing the process.
3.	**Audit committees**		
3.1	The Board should ensure that the company has an effective and independent audit committee	3	Applied. The audit committee consists of majority independent directors.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	3	Applied. Audit committee members are suitably skilled and experienced.
3.3	The audit committee should be chaired by an independent non-executive director	3	PJ van der Merwe, lead independent non-exectutive director of the Company, is the chairman of the audit committee.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information) The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	3	Applied. Performed by the audit committee.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	3	Reasonably applied.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	3	Applied. The audit committee has satisfied itself in this regard.
3.7	The audit committee should be responsible for overseeing of internal audit	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
3.8	The audit committee should be an integral component of the risk management process	3	Applied. This forms part of the audit committee role and function.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	Applied. This forms part of the audit committee's responsibilities.

	Principle	Level of compliance	Comments
3.10	The audit committee should report to the Board and shareholders on how it has discharged its duties	3	Applied. Reported at Board level and in the annual report.
4.	**The governance of risk**		
4.1	The Board should be responsible for the governance of risk	3	Applied. Governed by the Board as a whole.
4.2	The Board should determine the levels of risk tolerance	3	Applied. Risk levels are discussed at board level.
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	3	Applied. Performed by the audit committee.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	2	The Board is currently reviewing the process.
4.5	The Board should ensure that risk assessments are performed on a continual basis	3	The Board is currently reviewing the process with a view to the implementation of a consistent process.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	Applied. All risk factors within the current business model are continually monitored.
4.7	The Board should ensure that management considers and implements appropriate risk responses	3	Applied. Responses are monitored.
4.8	The Board should ensure continual risk monitoring by management	3	Applied. Risk-monitoring forms part of planning and decision making.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	3	Applied. This occurs at Board level.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	3	Applied. Disclosed in the annual report and further disclosures are assessed when needed.
5.	**The governance of Information Technology**		
5.1	The Board should be responsible for information technology (IT) governance	3	The Board is currently reviewing the process.
5.2	IT should be aligned with the performance and sustainability objectives of the company	3	Applied. Objectives are aligned.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	3	Applied. Performed by the executive team.
5.4	The Board should monitor and evaluate significant IT investments and expenditure	3	Applied. No significant IT investment planned, but needs assessed regularly.
5.5	IT should form an integral part of the company's risk management	3	Applied. IT is considered as part of risk management.
5.6	The Board should ensure that information assets are managed effectively	3	Applied. The Board is comfortable with the current practice.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	3	Applied. The Board is assisted by the audit committee in carrying out its IT responsibilities.
6.	**Compliance with laws, codes, rules and standards**		
6.1	The Board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	3	Applied. The Board considers applicable laws, codes, rules and standards and changes thereto.
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	3	The Board is currently reviewing the process.

	Principle	Level of compliance	Comments
6.3	Compliance risk should form an integral part of the company's risk management process	3	Applied. Compliance forms part of the process.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	3	Applied. This is performed by the executive team.
7.	**Internal Audit**		
7.1	The Board should ensure that there is an effective risk-based internal audit	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
7.2	Internal audit should follow a risk-based approach to its plan	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
7.4	The audit committee should be responsible for overseeing internal audit	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
7.5	Internal audit should be strategically positioned to achieve its objectives	1	Given the Company's current size, the Board does not believe that the conduct of internal audits is necessary or applicable. The Board's position in this regard will be reviewed annually.
8.	**Governing stakeholder relationships**		
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation	3	Applied. The Board monitors the stakeholders' perceptions, as our reputation is very important.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	3	Applied. Stakeholder relationships are critical for the Company and performed by the executive team and company secretary.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	3	Applied. All stakeholders are considered during decision-making.
8.4	Companies should ensure the equitable treatment of shareholders	3	Applied. Treatment of stakeholders is important to the Company.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	Applied. Communication with stakeholders is the responsibility of the executive team and the company secretary.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	Applied. The Board is informed of any disputes to ensure speedy and effective resolutions.
9.	**Integrated reporting and disclosure**		
9.1	The board should ensure the integrity of the company's integrated report	3	Applied. The Board ensures the integrity of the Company's integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	2	The Board is currently reviewing the process with a view to the implementation of a consistent process.
9.3	Sustainability reporting and disclosure should be independently assured	2	The Board is currently reviewing the process with a view to the implementation of a consistent process

LINKED UNIT TRADING HISTORY

The high, low and closing prices and the aggregated volumes and values at which the Linked Units traded on the JSE quarterly from 30 September 2009 to 30 June 2011, are provided below:

Quarter ended	High (cents)	Low (cents)	Close (cents)	Aggregate value (cents)	Aggregate volume (Linked Units)
30 Jun 11	115	113	115	13 666 100	118 839
31 Mar 11	120	110	113	22 647 600	192 838
31 Dec 10	120	95	115	1 558 076 200	14 154 495
30 Sep 10	115	99	106	43 258 400	385 097
30 Jun 10	130	113	115	13 450 900	114 953
31 Mar 10	115	100	111	74 210 700	677 491
31 Dec 09	119	90	110	602 195 192	5 624 119
30 Sep 09	115	90	99	751 659 800	7 690 606

The high, low and closing price of Linked Units on the JSE and the aggregated monthly value and volumes traded for each month over the 12 months prior to the date of issue of these Revised Listing Particulars are as follows:

Month ended	High (cents)	Low (cents)	Close (cents)	Aggregate value (cents)	Aggregate volume (Linked Units)
31 Aug 12	115	115	115	514 740	4 476
31 Jul 12	130	110	111	7 301 900	64 007
29 Jun 12	125	110	125	3 090 300	25 237
31 May 12	112	105	105	121 470 200	1 139 821
30 Apr 12	129	110	110	64 437 800	564 592
30 Mar 12	132	110	110	3 694 100	31 147
29 Feb 12	132	110	120	8 912 300	71 486
31 Jan 12	130	125	125	15 447 500	122 580
30 Dec 11	128	113	128	16 186 000	135 791
30 Nov 11	125	116	116	13 596 900	112 312
31 Oct 11	130	125	130	28 763 200	225 027
30 Sep 11	135	112	135	18 675 800	148 032

The high, low and closing price of Linked Units on the JSE for each trading day over the 30 days up to the Last Practicable Date, and the daily trading volumes and values are as follows:

Day	High (cents)	Low (cents)	Close (cents)	Aggregate value (cents)	Aggregate volume (Linked Units)
19 Sep 2012	0	0	110	0	0
18 Sep 2012	0	0	110	0	0
17 Sep 2012	0	0	110	0	0
14 Sep 2012	0	0	110	0	0
13 Sep 2012	0	0	110	0	0
12 Sep 2012	110	110	110	1 939 080	17 628
11 Sep 2012	0	0	110	0	0
10 Sep 2012	0	0	110	0	0
7 Sep 2012	0	0	110	0	0
6 Sep 2012	111	110	110	8 910 000	81 000
5 Sep 2012	0	0	111	0	0

Day	High (cents)	Low (cents)	Close (cents)	Aggregate value (cents)	Aggregate volume (Linked Units)
4 Sep 2012	115	111	111	1 091 130	9 830
3 Sep 2012	0	0	115	0	0
31 Aug 2012	115	115	115	4 140	36
30 Aug 2012	0	0	115	0	0
29 Aug 2012	0	0	115	0	0
28 Aug 2012	115	115	115	510 600	4 440
27 Aug 2012	0	0	111	0	0
24 Aug 2012	0	0	111	0	0
23 Aug 2012	0	0	111	0	0
22 Aug 2012	0	0	111	0	0
21 Aug 2012	0	0	111	0	0
20 Aug 2012	0	0	111	0	0
17 Aug 2012	0	0	111	0	0
16 Aug 2012	0	0	111	0	0
15 Aug 2012	0	0	111	0	0
14 Aug 2012	0	0	111	0	0
13 Aug 2012	0	0	111	0	0
10 Aug 2012	0	0	111	0	0
8 Aug 2012	0	0	111	0	0

EXTRACTS FROM THE NEW MEMORANDUM OF INCORPORATION OF FAIRVEST

The following sections use the definitions as set out in the New Memorandum of Incorporation of the Company.

Extracts from the New Memorandum of Incorporation of the Company providing *inter alia* for the appointment, qualification, remuneration and borrowing powers, interests of Directors and dividends are set out below.

For a full appreciation of the provisions of the New Memorandum of Incorporation, Linked Unitholders are referred to the text of the New Memorandum of Incorporation, which is available for inspection as provided for in paragraph 25 of the Circular.

5. **ISSUE OF SHARES AND VARIATION OF RIGHTS**

5.1 The Company is authorised to issue Shares as set out in clauses 6 and 7.

5.2 The Board shall not have the power to:

5.2.1 create any class of Shares;

5.2.2 vary any preferences, rights, limitation and other share terms attaching to any class of Shares;

5.2.3 increase the number of authorised Shares of any class of the Company's Shares; or

5.2.4 consolidate the number of the Company's issued and authorised Shares of any class;

5.2.5 subdivide its Shares of any class;

5.2.6 convert one class of Shares into one or more other classes;

5.2.7 reclassify any classified Shares that have been authorised but not issued;

5.2.8 classify any unclassified Shares that have been authorised but not issued; or

5.2.9 determine the preferences, rights, limitations or other terms of any Shares,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution of the Shareholders.

5.3 For as long as the "A" Linked Units and the Ordinary Linked Units remain linked in terms of the Debenture Trust Deed and unless otherwise resolved by the Company by means of a special resolution:

5.3.1 each of the issued "A" Shares in the capital of the Company shall be irrevocably linked to 1 (one) "A" Debenture; and no holder of an "A" Linked Unit may deal with any "A" Debenture separately from the "A" Share making up the "A" Linked Unit and the Company may not register any transfer of any "A" Debenture or "A" Share separately from the "A" Share or "A" Debenture comprising an "A" Linked Unit; and

5.3.2 each of the issued Ordinary Shares in the capital of the Company shall be irrevocably linked to 1 (one) Ordinary Debenture; and no holder of an Ordinary Linked Unit may deal with any Ordinary Debenture separately from the Ordinary Share making up the Ordinary Linked Unit and the Company may not register any transfer of any Ordinary Debenture or Ordinary Share separately from the Ordinary Share or Ordinary Debenture comprising an Ordinary Linked Unit.

5.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share.

5.5 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements and such amendments shall not be implemented without a special resolution adopted by the holders of Shares in that class at a separate meeting.

5.6 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act and the powers of the Board are limited accordingly.

5.7 The Company may only issue Shares which are freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation. All Shares which are issued by the Company shall rank *pari passu* with all other Shares of the same class.

5.8 All issues of Shares for cash and all issues of options and convertible securities granted must, in addition, be in accordance with the JSE Listings Requirements.

5.9 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

5.10 The Board may only issue unissued Shares if such Shares have first been offered to existing Shareholders of the same class in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine, unless such Shares are issued for the acquisition of assets by the Company.

5.11 Notwithstanding the provisions of clause 5.10, the Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.

5.12 Notwithstanding any provisions to the contrary in this Memorandum of Incorporation, for as long as the "A" Linked Units and the Ordinary Linked Units remain linked in terms of the Debenture Trust Deed and unless otherwise resolved by the Company by means of a special resolution, the Board may not issue:

5.12.1 unissued "A" Shares in the capital of the Company separately from the "A" Debenture comprising an "A" Linked Unit, and the Company may not register any issue of any "A" Debenture or "A" Share separately from the "A" Share or "A" Debenture comprising an "A" Linked Unit; and

5.12.2 Ordinary Shares in the capital of the Company separately from the Ordinary Debenture comprising an Ordinary Linked Unit, and the Company may not register any issue of any Ordinary Debenture or Ordinary Share separately from the Ordinary Share or Ordinary Debenture comprising an Ordinary Linked Unit.

5.13 Notwithstanding the provisions of clauses 5.2, 5.10 and 5.11, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

5.14 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or otherwise provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

6. **"A" SHARES**

6.1 The Company is authorised to issue 3 000 000 000 (three billion) "A" Shares of the same class, with no nominal or par value, each of which ranks *pari passu* with the other "A" Shares and each of which entitles the "A" Shareholder:

6.1.1 to 1 (one) vote on any resolution to be determined by the Shareholders in accordance with this MOI and the Companies Act, in person or by proxy;

6.1.2 to participate in distributions made by the Company *pari passu* with the other Shares, provided that, for as long as the "A" Shares remain linked to the "A" Debentures in terms of the Debenture Trust Deed, the sum of the distributions on the "A" Linked Units in respect of any Income Period shall:

6.1.2.1 not exceed an amount equal to the Fixed Distribution; and

6.1.2.2 up to an amount equal to the Fixed Distribution, be made in priority to any distributions that may be made by the Company to the holders of any Ordinary Linked Units; and

6.1.3 upon a winding up of the Company, participate in the proceeds of the winding up, provided that if the "A" Shares remain linked to the "A" Debentures in terms of the Debenture Trust Deed, the "A" Linked Unit Holders shall be entitled to:

6.1.3.1 the Fixed Proceeds in priority to any proceeds to which the Ordinary Linked Unit Holders are entitled in terms of clause 7.1.3 below; or

6.1.3.2 an amount not exceeding the Fixed Proceeds.

6.2 For as long as the "A" Shares remain linked to the "A" Debentures in terms of the Debenture Trust Deed, the "A" Shares shall be automatically redeemed in the event of a redemption of the "A" Debentures in accordance with the provisions of the Debenture Trust Deed, at the issue price of such "A" Shares.

6.3 For as long as the "A" Shares remain linked to the "A" Debentures in terms of the Debenture Trust Deed, the "A" Shares shall, in the event of a conversion of the "A" Linked Units into Ordinary Linked Units in terms of the Debenture Trust Deed, be automatically converted into such number of Ordinary Shares as is determined in accordance with the provisions of the Debenture Trust Deed.

6.4 For the sake of clarity, other than as set out in this clause 6 and as may be specifically otherwise provided in this Memorandum of Incorporation read with the Debenture Trust Deed, the "A" Shares and the Ordinary Shares rank *pari passu* in all respects.

7. **ORDINARY SHARES**

7.1 The Company is authorised to issue 3 000 000 000 (three billion) Ordinary Shares of the same class, with no nominal or par value, each of which ranks pari passu with the other Ordinary Shares and each of which entitles the Ordinary Shareholder:

7.1.1 to 1 (one) vote on any resolution to be determined by the Shareholders in accordance with this MOI and the Companies Act, in person or by proxy;

7.1.2 to participate in distributions made by the Company *pari passu* with the other Shares, provided that, for as long as the Ordinary Shares remain linked to the Ordinary Debentures in terms of the Debenture Trust Deed:

7.1.2.1 the rights of the Ordinary Shareholders to receive distributions in any Income Period shall be subordinated to the rights of the "A" Linked Unit Holders to receive the Fixed Distribution; and

7.1.2.2 the Ordinary Shareholders shall be entitled to any distributions made by the Company in excess of the Fixed Distribution; and

7.1.3 upon a winding up of the Company, to participate in the proceeds of the winding up, provided that, if the Ordinary Shares remain linked to the Ordinary Debentures in terms of the Debenture Trust Deed:

7.1.3.1 the rights of the Ordinary Linked Unit Holders to receive proceeds upon a winding up of the Company shall be subordinate to the rights of "A" Linked Units Holders to receive the Fixed Proceeds; and

7.1.3.2 the Ordinary Linked Unit Holders shall be entitled to all proceeds of the winding up in excess of the Fixed Proceeds.

13. **DEBT INSTRUMENTS**

13.1 The Board may authorise the Company to issue secured or unsecured debt instruments, as set out in section 43(2).

13.2 The Board may not grant any special privileges associated with any debt instruments to be issued by the Company relating to attending and voting at general meetings and the appointment of Directors, as contemplated in section 43(3)(a), and the authority of the Board in such regard is limited by this Memorandum of Incorporation.

13.3 The Directors may create and issue secured or unsecured Debentures in accordance with clause 31.1, which Debentures may, subject to the Act, be issued at a discount or at a premium to their nominal value. The Board may grant such special privileges associated with the Debentures as are contemplated in section 43(3)(b), provided that such special privileges have been approved by the JSE.

26. **COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS**

26.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee and a social and ethics committee, the Board must comprise at least 4 (four) Directors and the Shareholders shall be entitled by ordinary resolution to determine such maximum number of Directors as they from time to time shall consider appropriate.

26.2 All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company, provided that such meeting is not conducted in terms of section 60.

26.3 Until 1 (one) or more Directors have been so elected, each incorporator of the Company shall, in terms of section 67(1), serve as a Director of the Company. Where the Company was already incorporated at the effective date of the Act, every person holding office as a Director, prescribed officer, company secretary or auditor of the Company immediately before the effective date will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

26.4 In any election of Directors:

26.4.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and

26.4.2 in each vote to fill a vacancy:

26.4.2.1 each vote entitled to be exercised may be exercised once; and

26.4.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate,

provided only that, in the event that the Company only has 1 (one) Shareholder, the provisions of this clause 26.4 will not apply and the election of Directors shall take place in such manner as the Shareholder shall determine.

26.5 The Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).

26.5.1 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a prescribed officer of the Company.

26.6 The elected Directors shall rotate in accordance with the following provisions of this clause 26.6:

26.6.1 at the first annual general meeting of the Company contemplated in clause 20.4 all the elected Directors shall retire from office, and at each subsequent annual general meeting referred to in clause 20.4.2 1/3 (one third) of the elected Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a elected Director is appointed as managing Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

26.6.2 the elected Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

26.6.3 a retiring Director shall be eligible for re-election;

26.6.4 the Company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy in accordance with clause 25;

26.6.5 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.11 to 20.14 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.

26.7 The Board shall, through its nomination committee constituted in terms of clause 32, provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the Company's office from any part in the Republic.

26.8 The Board has the power to:

26.8.1 fill any vacancy on the Board on a temporary basis, as set out in section 68(3), provided that such appointment must be confirmed by the Shareholders, in accordance with clause 26.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i); and

26.8.2 exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1),

and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 26.

26.9 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the members, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

26.10 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

26.11 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

26.12 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 26.8.1 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

26.13 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 26.12, their number remains reduced below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

26.14 A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

26.15 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise and (except insofar as otherwise decided by the Directors) he shall not be accountable for any remuneration or other benefits received by him as a director or officer of or from his interest in such other company.

26.16 Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

29. **MANAGING DIRECTOR**

29.1 The Directors may from time to time appoint 1 (one) or more of their body to the office of managing Director for such term and at such remuneration as they may think fit (subject only to the requirements of section 66(8) and (9) and provided, for the avoidance of doubt, that such managing Director has been appointed by the Shareholders as Director in accordance with clause 26.2), and may revoke such appointment subject to the terms of any agreement entered into in any particular case, provided that the period of office of a managing Director appointed in terms of an agreement shall be for a maximum period of 5 (five) years at any one time. A Director so appointed shall be subject to retirement in the same manner as the other Directors except during the period of his agreement, and his appointment shall terminate if he ceases for any reason to be a Director.

29.2 Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to appointment as a Director, disqualification and removal as the other Directors of the Company.

29.3 The Directors may from time to time entrust to and confer upon a managing Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

31. **BORROWING POWERS**

31.1 Subject to the provisions of this Memorandum of Incorporation, and to the extent applicable, the Debenture Trust Deed, the Directors may from time to time -

31.1.1 borrow for the purpose of the Company such sums as they think fit;

31.1.2 secure the payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of Debentures, mortgage or charge upon all or any of the property or assets of the Company;

31.1.3 make such regulations regarding the issue and transfer of Debentures (subject to clauses 5.3 and 9.10) and all such other matters incidental to the Debentures as the Directors think fit.

31.2 No special privileges as to:

31.2.1 allotment of Shares in the Company; or

31.2.2 the attending and voting at general meetings; or

31.2.3 the appointment of Directors,

or otherwise, shall be given to the holders of Debentures of the Company except with the sanction of the Shareholders in general meeting.

35. **DISTRIBUTIONS**

35.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution:

35.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or

35.1.2 is authorised by resolution of the Board, provided that such distribution complies with the JSE Listings Requirements.

35.2 No Distributions may be made on the basis that capital of the Company shall be repaid on the basis that it may be called up again.

35.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

35.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.

35.5 No larger distribution shall be declared by the Company in general meeting than is recommended by the Directors, but the Company in general meeting may declare a smaller dividend.

35.6 All unclaimed Distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that distributions unclaimed for a period of 3 (three) years from the date on which they were declared may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monies, other than distributions, that are due to Shareholder/s shall be held by the Company in trust until lawfully claimed or forfeited by such Shareholder/s.

35.7 Any distribution, interest or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to:

35.7.1 the holder at his registered address; or

35.7.2 in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

35.7.3 such person and at such address as the holder or joint holders may in writing direct.

35.8 Every such cheque or warrant shall:

35.8.1 be made payable to the order of the person to whom it is addressed; and

35.8.2 be sent at the risk of the holder or joint holders.

35.9 The Company shall not be responsible for the loss in transmission of any cheque or warrant or of any document (whether similar to a cheque or warrant or not) sent by post as aforesaid.

35.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a Share held by such holder or joint holders.

35.11 When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.

35.12 A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

35.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part:

35.13.1 by the distribution of specific assets; or

35.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or

35.13.3 in cash; or

35.13.4 in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

35.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

35.15 The Directors may:

35.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

35.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

35.16 All dividends must be made payable to Shareholders registered as at a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later date.

SALIENT TERMS OF THE ASSET MANAGEMENT AGREEMENT

"3. **APPOINTMENT AND DURATION**

3.1 Fairvest hereby appoints the asset manager, which hereby accepts such appointment, to render the asset management services in accordance with the terms and conditions of this agreement.

3.2 The asset manager shall be an independent contractor and not an agent (save to the extent expressly authorised in terms of this agreement) employee or partner of Fairvest.

3.3 The asset manager shall not have the authority to represent Fairvest and to contract in the name of and for the benefit of Fairvest except where such authority is expressly conferred upon it in terms of this agreement and when so representing Fairvest, the asset manager will act in the best interests of Fairvest.

3.4 This agreement shall commence on the commencement date and shall be for a fixed period of 10 (ten) years ("initial period") unless Fairvest purchases the business conducted by the asset manager in accordance with the provisions of clause 16 below or it is otherwise terminated in accordance with the provisions of clause 18 below. The agreement shall be renewable for subsequent 5 (five) year periods on the same terms and conditions. In terms of the JSE Listings Requirements, any renewal of the agreement requires the approval by a majority of disinterested unitholders.

4. **DUTIES OF THE ASSET MANAGER**

4.1 **Asset management services**

4.1.1 The asset manager shall perform the asset management services set out in Annexure A1, together with such other duties as Fairvest may reasonably direct and which are services normally expected from property asset managers from time to time. In this regard the asset manager undertakes to Fairvest that the key individuals will be full time employees of the asset manager and that it will procure that the key individuals dedicate the requisite time and attention to the provision of the asset management services in their capacity as employees of the asset manager.

4.1.2 Notwithstanding anything to the contrary in this agreement, the services and activities set out in Annexure A2 shall at all times remain the responsibility of Fairvest, to be performed by the CFO seconded to the asset manager in accordance with clause 4.3.2 below in the ordinary course of his duties to Fairvest.

4.1.3 The asset manager shall strategically manage the property portfolio in an efficient manner, in good faith and diligently in accordance with sound, reasonable and prudent asset management practices and in keeping with directives issued by Fairvest from time to time.

4.2 **Property management services**

4.2.1 The asset manager shall, with the prior written consent of Fairvest, which consent shall not be unreasonably withheld, appoint one or more property managers to perform the property management and administration services on terms and conditions to be agreed between Fairvest and such property manager/s. It is recorded that, at present, Fairvest has appointed The Blend Group to undertake its property management.

4.2.2 The asset manager shall, as part of its asset management services rendered in terms of clause 4.1, oversee and monitor the property manager/s appointed by Fairvest and endeavour to ensure that the property manager/s comply with their management and other responsibilities and obligations.

4.3 **Arrangements regarding Chief Financial Officer**

4.3.1 It is recorded that as at the commencement date the Chief Financial Officer ("CFO") of Fairvest will be Jacques Kriel. In the event of his ceasing to be the CFO Fairvest shall, with the prior written consent of the asset manager, which consent shall not unreasonably withheld, appoint a new CFO. The CFO shall at all times be an employee of Fairvest and Fairvest shall bear all costs associated with the employment of the CFO. Notwithstanding the aforementioned, the appointment of the CFO will always be subject to the provisions of the Fairvest's articles of association or memorandum of incorporation, as may be in force at the time, and the Companies Act, 2008.

4.3.2 Notwithstanding the provisions of clause 4.3.1 above, the CFO shall be permanently seconded to the asset manager and shall perform his duties and functions under the supervision of the asset manager and in accordance with the responsibilities of the asset manager as set out in this agreement.

5. **BASE REMUNERATION**

5.1 The base remuneration payable by Fairvest to the asset manager for asset management services rendered by it in terms of this agreement shall be:

5.1.1 prior to the initial acquisition, a monthly fee equivalent to 1/12th of 1% of the aggregate of the market capitalisation and the borrowings of Fairvest; and

5.1.2 following the initial acquisition, a monthly fee equivalent to 1/12th of 0.5% of the aggregate of the market capitalisation and the borrowings of Fairvest.

5.2 For the purpose of clause 5.1 above:

5.2.1 "**borrowings**" means the aggregate of Fairvest's borrowings (excluding the face value of any debentures forming part of any linked units issued by Fairvest) on the day in question; and

5.2.2 "**market capitalisation**" means the market capitalisation of Fairvest on the JSE at the close of business on the trading day in question, calculated as the volume weighted average traded price of each class of linked unit on the JSE for the 14 calendar day period prior to the last trading day in question multiplied by the number of that class of linked units in issue on the day in question.

5.3 The base fee referred to above shall be payable to the asset manager monthly in arrears on the 10th day of each month, together with the applicable VAT thereon.

6. **ASSET ACQUISITION FEE**

Fairvest shall pay the asset manager a fee (ex VAT) equal to 1% of the purchase price of any property or portion of a property acquired, whether directly or indirectly, by Fairvest, which amounts shall be payable on registration of transfer of ownership to Fairvest or a subsidiary of it or the equivalent.

7. **ASSET DISPOSAL FEE**

7.1 In respect of the disposal, after the commencement date, of any property or portion of property:

7.1.1 owned, whether directly or indirectly, by Fairvest prior to the commencement date (meaning properties in respect of which Fairvest, directly or indirectly, is the registered title holder and properties in respect of which Fairvest, directly or indirectly, has entered into legally binding purchase agreements and which properties are only transferred to Fairvest after the commencement date); and

7.1.2 acquired by Fairvest after the commencement date and identified for disposal by way of a Fairvest board resolution at the time of its acquisition,

Fairvest shall pay the asset manager a fee (ex VAT) equal to 1% of the disposal price of any such property or portion of property, payable on registration of transfer of ownership to the purchaser.

7.2 No fee shall be paid to the asset manager in respect of the disposal of any property or portion of property by Fairvest which property is acquired on or after the commencement date other than in the circumstances contemplated in clause 7.1.2 above.

8. **LEASING COMMISSIONS**

Fairvest shall pay the asset manager a leasing commission for any new leases negotiated and for the re-negotiation of existing leases by the asset manager in accordance with the asset manager's responsibilities set out in paragraph 2 of Annexure A to this agreement, which commissions shall be calculated in accordance with the commission rates set out in Annexure C to this agreement.

9. **APPOINTMENTS IN RESPECT OF DEVELOPMENTS**

The asset manager shall not, by virtue of its appointment in terms of this agreement only, be precluded from being appointed by Fairvest to oversee or manage any new developments being undertaken by or on behalf of Fairvest; it being recorded that any such appointment shall be on an arms-length basis, at marked related fees and subject to approval by the Fairvest board of directors (excluding any directors who have an interest in the asset manager, are directors of the asset manager or are employees of the asset manager).

16. **ACQUISITION OF THE ASSET MANAGER BY FAIRVEST**

16.1 Fairvest:

16.1.1 shall have the right (but shall not be obliged) to purchase the business conducted by the asset manager at any time after Fairvest's market capitalisation exceeds R2 billion for an uninterrupted period of six months; and

16.1.2 must purchase the business conducted by the asset manager when or in the event that the agreement terminates (i) pursuant to an event contemplated in clause 18.2.1.3 below in circumstances where the acquirer has not agreed to take over the rights and obligations of Fairvest in respect of the property sold, alienated or disposed of in terms of this agreement; or (ii) in accordance with the provisions of clause 18.2.2 or 18.2.3.

16.2 In the event of Fairvest exercising its right to, or becoming obliged to purchase the business conducted by the asset manager in accordance with the provisions of clauses 16.1.1 or 16.1.2 above, a sale of business shall be deemed to have been concluded on the following terms and conditions:

16.2.1 the acquisition shall be subject to Fairvest complying with the requirements of the JSE Listings Requirements and without derogating from the generality of the aforegoing, that Fairvest procure a fairness opinion from an independent advisor should the JSE rule that the transaction is a related party transaction and requires a fairness opinion;

16.2.2 the assets shall be delivered to Fairvest against payment of the purchase price;

16.2.3 if applicable, Fairvest shall bear the costs of any VAT payable in respect of the acquisition of the business;

16.2.4 the effective date of the acquisition ("the effective date") shall be:

16.2.4.1 in circumstances where Fairvest is purchasing the business as a consequence of the provisions of clause 16.1.1 being applicable, on the 30th day following written notification by Fairvest to the asset manager that it will be exercising its right to purchase the asset manager; and

16.2.4.2 in circumstances where Fairvest is purchasing the business as a consequence of the provisions of clause 16.1.2 becoming applicable, the date on which this agreement terminates;

16.2.5 the business shall be acquired *voetstoots*;

16.2.6 the purchase price of the business shall be the greater of:

16.2.6.1 the fair market value thereof, which for purposes hereof shall be an amount equivalent to the anticipated aggregate base fees payable to the asset manager for the year following the effective date (calculated by multiplying the base fees, calculated in accordance with clause 5 above, payable in the last month prior to the effective date, by 12) and capitalised at a rate equivalent to the forward yield; and

16.2.6.2 an amount of R30 million;

16.2.7 the auditors of Fairvest shall be responsible for calculating the purchase price on the basis set out in clause 16.2.6 above. In determining the purchase price the auditors shall act as expert and not as arbitrator;

16.2.8 the purchase price of the business shall be settled in cash unless the asset manager and Fairvest agree that it may be settled partly or wholly in linked units.

16.3 Notwithstanding the provisions of clause 16.2.6 above, until the earlier of the expiry of a period of 24 months from the commencement date and the date on which the asset manager has on behalf of Fairvest submitted an offer to purchase on any property, if the asset manager has not successfully raised at least R200 million through the issue of linked units (on terms acceptable to the Fairvest board), the purchase price of the business shall be the anticipated aggregate base fees payable to the asset manager for the remainder of the initial 24-month period (calculated by multiplying the base fees, calculated in accordance with clause 5 above, payable in the last month prior to the effective date by the number of month's remaining until the expiry of the 24-month period).

16.4 In circumstances where Fairvest is purchasing the business conducted by the asset manager as a consequence of the provisions of clause 16.1.1 becoming applicable Fairvest shall be entitled to require as a term and condition of the sale of business contemplated in clause 16.2 that the key individuals enter into new fixed term service agreements for a period of 24 months from the effective date on market related terms given the size of the company at the time and the responsibilities of the key individuals, provided that for the first 12 months of such 24-month period the key individuals will not earn salaries but will be remunerated on a performance related basis to be agreed at the time that the fixed term service agreements are entered into.

16.5 No right or obligation to purchase the business conducted by the asset manager shall arise in terms of this agreement other than as contemplated in clause 16.1 above.

18. **TERMINATION**

18.1 **Events of default**

An event of default shall have occurred if a party:

18.1.1 fails to comply with any provision of this agreement and if such failure is not rectified within 20 business days after receipt of a written notice from the other party, provided, however, with respect to any matter where rectifying such failure reasonably requires more than 20 business days, the time period for rectifying shall be extended for up to a total of 60 business days provided that the party who failed, promptly commences to rectify the failure after the effective date of the notice and thereafter pursues such rectification; or

18.1.2 enters into a compromise or arrangement with its creditors, otherwise than for a reconstruction, restructuring or amalgamation without insolvency; or

18.1.3 is placed under judicial management or a liquidation whether provisional or final; or

18.1.4 has a judgement enforced upon or sued out against its property which is not discharged or steps are not taken to set it aside or the judgement is appealed within 14 business days and such steps are not diligently pursued to conclusion; or

18.1.5 is unable to pay its debts in the normal course of business; or

18.1.6 ceases or threatens to cease wholly or substantially to carry on its business, otherwise than for a reconstruction, restructuring or amalgamation, in solvent circumstances; or

18.1.7 is subject to an encumberer taking possession of or a liquidator or trustee is appointed over the whole or material part of its undertaking, property or assets; or

18.1.8 is subject to an order or passes a resolution for its winding up or placing under judicial management, whether provisionally or finally and, otherwise than for the purpose of a reconstruction or amalgamation, in solvent circumstances previously approved by the other party, which approval shall not be unreasonably withheld.

18.2 **Fairvest's right to cancel or terminate and termination on expiry of the initial period**

18.2.1 Fairvest shall have the right, but not be obliged, to terminate this agreement with effect from the 1st day of a calendar month upon at least 30 days' written notice to the asset manager:

18.2.1.1 upon the occurrence of an event of default by the asset manager, provided that if the event of default complained of is the event of default contemplated in clause 18.1.1, Fairvest shall only have the right to cancel if such event of default is material, goes to the root of this agreement and cannot be remedied by the payment of monetary compensation; and/or

18.2.1.2 in the event of proven fraud or proven wilful misconduct on the part of the asset manager; and/or

18.2.1.3 upon a sale or alienation or other disposition of all or substantially all of Fairvest's property portfolio to an entity which is not associated with Fairvest; and/or

18.2.1.4 in the event that following a period of 24 months from the commencement date the asset manager has raised less than R200 million through the issue of linked units (on terms acceptable to the Fairvest board) which capital has been deployed for the acquisition of new properties by Fairvest; and/or

18.2.1.5 upon the performance criteria and written demands set out in Annexure B not being met, subject to the provisions of Annexure B.

18.2.2 In the event that the linked unitholders of Fairvest in general meeting pass an ordinary resolution in terms of which they cancel this agreement (as they are entitled to do in terms of the Listing Requirements of the JSE), this agreement shall terminate on the 30th day from the date of the passing of such resolution.

18.2.3 In the event that the linked unitholders of Fairvest in general meeting do not pass an ordinary resolution in terms of which they renew this agreement prior to the expiry of the initial period (as they are required to do in terms of the Listings Requirements of the JSE), this agreement shall terminate on the 10 (ten) year anniversary of the commencement date.

18.3 **The asset manager's right to terminate**

The asset manager shall have the right, but not be obliged, to terminate this agreement with effect from the 1st day of a calendar month upon at least 60 days' written notice to Fairvest

18.3.1 upon the occurrence of an event of default by Fairvest or in the event of fraud or wilful misconduct on the part of Fairvest, provided that if the event of default complained is the event of default contemplated in clause 18.1.1, the asset manager shall only have the right to terminate if such event of default is material and goes to the root of the agreement and cannot or is not remedied by the payment of monetary compensation; and/or

18.3.2 upon a sale or alienation or other disposition of all or substantially all of the properties by Fairvest to an entity which is not associated with Fairvest.

18.4 **Duties upon termination**

On the effective date of a termination, the asset manager shall deliver to Fairvest promptly all of Fairvest' materials, supplies, keys, leases, contracts, other documents, insurance policies, plans, specifications, permits, licenses, promotional materials and such other accounting papers and records including general correspondence as pertain to this agreement. The asset manager shall also assign to Fairvest, without recourse to the asset manager, executed contracts, if any, in the asset manager's name relating to the asset management services, provided that such contracts are on market related terms and acceptable to Fairvest. The asset manager shall deliver to Fairvest a final accounting of the portfolio up to and including the effective date of the termination within 60 days after such effective date of termination. No further services shall be performed by the asset manager under this agreement after the effective date of a termination or rely on or represent any association with Fairvest, except that the asset manager shall co operate fully with Fairvest to accomplish an orderly transfer of the asset management services and operational management of Fairvest to Fairvest itself or an entity designated by Fairvest to succeed the asset manager.

18.5 **Remedies and survival**

18.5.1 If either party terminates this agreement pursuant to an event of default, the party so terminating may exercise any and all remedies available at law or in terms of this agreement for breach of contract, unless and to the extent limited herein.

18.5.2 Upon expiration or any termination:

18.5.2.1 both parties shall remain liable for all obligations accrued and not fully performed under this agreement during the term of this agreement;

18.5.2.2 the asset manager shall remain entitled to be remunerated until the actual date of expiration or termination;

18.5.2.3 the provisions of clause 13 and clause 17 shall continue to apply and shall survive such expiration or termination."

Annexure A1 – Asset management services

1. **General**

   1.1 Formalise a strategic plan for the property portfolio and make recommendations regarding portfolio re-engineering, streamlining and risk balancing within the portfolio.

   1.2 Scrutinise the maintenance plan prepared by each property manager and revise the program and budget in terms of affordability, if the asset manager deems it necessary.

   1.3 Perform quarterly performance analysis of property managers and for the property portfolio as a whole in terms of performance against budgets and relevant industry benchmarks, with a focus on gross revenue growth, expense control and management of a comprehensive utility cost program (i.e. actual recoveries to actual costs).

   1.4 Risk and exposure analysis on a semi-annual basis and review of the perceived potential and current risks to which each property is or might be exposed and to which Fairvest is or might be exposed and reporting thereon.

   1.5 Building lifecycle forecasting and revision of the business plan for each property on an annual basis.

   1.6 Make recommendations regarding improvements to the property portfolio and more specifically regarding upgrades, renovations, developments, selling of assets and acquisitions on a quarterly basis.

   1.7 Have prepared viability and feasibility studies to appraise upgrades, development and acquisition opportunities.

   1.8 Have prepared, if required by Fairvest, annual property valuations for multi and single tenant buildings.

   1.9 Manage marketing strategy at property management level to include target market identification, compilation of tenant mix, tenant procurement and selection of objectives.

   1.10 Make use of market research and available surveys, together with market intelligence to ensure that the property managers implement at property level, a relevant marketing strategy for all rentable premises, including rent reviews with lease renewals.

   1.11 Advising on long-term loan funding structures, maintaining debt to open market value ratios and implementing approved interest rate hedging strategies.

   1.12 Managing the appointment process and assessing the performance of property managers against agreed industry benchmarks. Constant reviewing and advising on any contractual issues relating to property managers.

   1.13 The asset manager shall prepare and deliver to Fairvest prior to the commencement of each financial year a strategic plan for approval by Fairvest. The strategic plan will be reviewed half yearly and the progress in implementation shall be reported upon quarterly to Fairvest within 60 days after the end of each quarter, unless Fairvest agrees otherwise.

   1.14 The asset manager shall from time to time recommend general strategies to maximise the performance of the property portfolio and strategies with regard to property acquisitions, property disposals, funding the expansion of the property portfolio and interest rate strategies in respect of the liabilities of Fairvest. The asset manager will also recommend such other strategies to Fairvest which it deems to be in the best interests of Fairvest.

   1.15 The asset manager shall market the group to investors, analysts, bankers, financiers, the press and the investment community generally.

   1.16 The asset manager shall cause to be conducted or use available research into the state and relative investment merits of the various sectors and geographical localities of the property market. Such research shall be made available to the Fairvest board.

2. **Negotiation and re-negotiation of leases**

   The asset manager shall, to the exclusion of any property manager, unless the asset manager otherwise agrees in writing, be responsible for the negotiation of leases or re-negotiation of existing leases with anchor tenants (meaning the leading tenant or tenants in a shopping centre, as this term is generally understood) and/or national tenants (meaning tenants who operate retail outlets across the country such as Edcon, Pepkor, Pick 'n Pay, Shoprite Checkers and the Spar Group) of any property within the property portfolio.

3. **Annual budget**

   Not later than 30 days before the commencement of each financial year, the asset manager shall cause to be prepared an annual budget for submission to Fairvest for approval for the next financial year. The asset manager shall cause to be revised the income and expenditure forecasts from time to time as is or becomes necessary and shall from time to time submit revised forecasts to Fairvest, in such form and containing such information as may reasonably be required by Fairvest, for approval, provided that any negative revisions to income shall be reported to the next following meeting of Fairvest and any unbudgeted expenditure, save for increases in local authority taxes and charges which were not anticipated, shall likewise be reported to Fairvest. In addition to the above, the business of Fairvest shall be managed in accordance with the annual budget on a continual basis with projections for the next financial year being presented to Fairvest in the annual budget together with the projected earnings for the linked units of Fairvest, on the understanding that the annual budget will be reviewed by Fairvest within 60 days after the end of each half year.

4. **Financial reporting**

   The asset manager shall manage the budgeted projections in respect of both operating expenditure and operating income and all other related financial controls and cause to be prepared monthly management accounts, quarterly reports and such other reports as may be reasonably required by Fairvest.

5. **Letting policy**

The asset manager shall ensure that the letting policies and leasing terms adopted by Fairvest take into account prevailing market conditions from time to time in furtherance of the objectives for the property portfolio.

6. **Operational research**

The asset manager shall cause to be conducted or use available research into prevailing rental rates and leasing terms offered in localities where the property portfolio is represented and comparative localities and research of general market conditions prevailing in such localities. Such research shall be made available to the Fairvest board.

7. **Operational responsibilities**

The asset manager shall, inter alia, cause to be prepared and/or implemented:

7.1 valuations of the property portfolio by an independent valuer as directed by Fairvest, or as required by IFRS;

7.2 a review of municipal valuations in relation to market value, formulating objections and procuring the attendance by the requisite professionals at any valuation court proceedings as may be required and taking such further actions as may be required as a result thereof;

7.3 the inspection of the properties and the improvements thereto at least annually in order to formulate recommendation reports on maintenance and refurbishment required;

7.4 any legal, statutory, JSE or any other relevant processes necessary on behalf of Fairvest (but this shall not include the authority to appoint or remove any service providers of Fairvest);

7.5 all other responsibilities which could ordinarily comprise operational management responsibilities, save for as specifically excluded in terms of clause 4.1.2 of the agreement.

8. **Operational management**

8.1 Manage the process of risk assessment of tenants, including the taking of any legal action when required.

8.2 Appraisal of project definition and design concept.

8.3 Manage the function/process of project quality, cost and time control as well as building inspections.

8.4 Zoning and Town Planning controls.

8.5 Retain responsibility for audits and inspections regarding compliance requirements in respect of national building regulations, including local authority laws and Occupational Health and Safety Act.

8.6 Rates and tax objections.

8.7 Replacement costing.

8.8 Marketing of the group's image.

8.9 Preparation of all committee documentation and documentation pertaining to directors of Fairvest.

8.10 Manage the approval and authorisation processes to correct levels of authority.

9. **Acquisitions, developments and disposals**

The asset manager shall insofar as the approved strategic plan envisages acquisitions and/or disposals of properties, the asset manager shall endeavour to negotiate and conclude such acquisition and/or disposals to the maximum advantage of Fairvest (subject to the instructions and approval of the Fairvest board).

10. **Administration of properties**

The asset manager shall oversee and monitor the activities of the property manager appointed by Fairvest and endeavour to ensure that the property manager comply with their management and other responsibilities and obligations. "

Annexure A2 – Excluded services

1. **Operational management**

1.1 Daily management and supervision of bank statements and reconciliation.

1.2 Financial control.

1.3 Cash flow management.

1.4 Bank accounts.

1.5 Bank exposure limits policy.

1.6 Overdraft and funding facilities.

1.7 System and internal controls review.

1.8 Deposits/securities.

1.9 Tender documentation.

1.10 Annual review of insurance.

1.11 Manage the process of insurance claims processing and settling.

1.12 Monitoring and reporting on changes to regulatory requirements.

1.13 Ensure that the group's requirements as required by regulatory and statutory authorities, are attended to.

1.14 Corporate governance controls.

1.15 Control professional appointments of auditors, corporate advisors, legal advisors, sponsors (if applicable), insurers, consultants and service providers.

1.16 Retain responsibility for communication including communication and announcements, on a regular basis in respect of results, informal press and SENS releases (if applicable) and the annual reports.

1.17 Manage the approval and authorisation processes to correct levels of authority.

2. **Secretarial and accounting**

Fairvest shall be responsible for:

2.1 investing surplus funds;

2.2 maintaining full, accurate and up to date books of account and other records relating to the management of each property in the property portfolio;

2.3 maintaining the group's secretarial documentation including minutes and resolutions (provided that the costs of any company secretary shall be borne by Fairvest);

2.4 providing all required information to the auditors of Fairvest for the annual audit;

2.5 attending to the annual audit and preparation of the annual financial statements;

2.6 the preparation and timeous circulation of all agendas, reports, minutes and other documentation required for board meetings of Fairvest including round robin resolutions;

2.7 attending to the requirements of the JSE, including without limitation, procuring the preparation and distribution of circulars, payments of distributions and the convening of general meetings of the unitholders, to the extent necessary or requested; and

2.8 liaising adequately and properly with Fairvest's sponsors, corporate advisers, legal advisors, auditors and other professional advisors on all relevant matters.

3. **Compliance**

3.1 Fairvest shall be responsible for compliance by the group with all the legal, statutory, JSE and secretarial obligations and the insurance requirements of each property in the property portfolio. The asset manager shall promptly notify Fairvest of, and use its best endeavours to remedy, any violation of any statutory obligations which comes to its attention.

3.2 Fairvest shall be responsible for compliance by the group with all insurance, tax and other laws relating to the group."

Annexure B – Performance criteria

1. The parties agree that it is necessary to record as a material term of the agreement the performance criteria against which the performance of the asset manager will be measured.

2. The basis for determining the performance criteria shall lie in a comparison of the annual growth in distribution per linked unit (the "Fairvest growth") compared to the average growth in distributions achieved by the property loan stock companies listed on the main board of the JSE over the immediately preceding three-year period (including the year of comparison) (the "Market growth").

3. Fairvest's performance is affected by the quality of the property portfolio, which quality may in turn be affected by adjustment events or events of force majeure. The effects of any adjustment events and/or events of force majeure must be taken into account by the independent directors of Fairvest (being directors with no interest (whether direct or indirect) in the asset manager (the "independent body")), in determining whether or not the asset manager has breached its obligations in terms of this Annexure .

4. Accordingly, within 45 days after the end of each financial year, the asset manager shall furnish Fairvest with a schedule showing:

4.1 the Fairvest growth;

4.2 the Market growth; and

4.3 the impact of any adjustment event or any event of force majeure on the Fairvest growth.

5. If the Fairvest growth, adjusted for any appropriate adjustment event or force majeure on the Fairvest growth, is less than 60% of the Market growth where the Market growth is positive or more than 166% of the Market growth where the Market growth is negative, the asset manager shall be in breach of the performance criteria, provided that this provision shall not be of effect until the commencement of the second calendar year following the commencement date.

6. Where the asset manager is in breach of the performance criteria for:

   6.1 two consecutive financial years, the independent body shall be entitled (on written notice to the asset manager) to reduce the percentage in 5.1 to 0.25%, provided that such reduction shall only for so long as the asset manager remains in breach of the performance criteria;

   6.2 three consecutive financial years, the independent body shall be entitled (on written notice to the asset manager) to terminate the asset management agreement in terms of clause 18.2.1.5 of the asset management agreement.

7. **Dispute resolution**

   In the event of a dispute arising between the parties in respect of the performance criteria set out in this Annexure B, the calculation thereof and/or any adjustments to the performance criteria pursuant to any adjustment event or an event of force majeure, such dispute shall be referred to an independent person elected by the independent body, who shall, after having called for expert evidence and/or expert assistance, attempt to mediate the dispute with a view to settle the matter, failing which such person shall refer the dispute for arbitration in terms of clause 19 of the agreement."

Annexure C – Commission rates

1. **Monthly leases**

   One month's rental provided that the full commission is to be refunded if the tenancy endures for less than six months.

2. **Lease agreements**

   5% of the first two year's rental, 2.5% on the next three year's rental, 1.5% on the following three year's rental and 1% on the balance, provided that the commission is to be refunded pro rata if the tenancy is terminated prior to the agreed duration of the lease agreement.

3. **Re-negotiation of existing leases**

   Commission on lease renewals will be at 1/3 of the rates set out in paragraphs 2 above, as applicable."

SALIENT TERMS OF THE NEW DEBENTURE TRUST DEED

The following does not purport to be exhaustive summary of the provisions of the New Debenture Trust Deed. Copies of the New Debenture Trust Deed are available for inspection, as set out in paragraph 25 of the Circular.

The numbering and wording used below matches that of the applicable provisions in the new Debenture Trust Deed.

The salient features of the New Debenture Trust Deed are set out below:

5. **TRUSTEES**

5.1 There shall at all times be at least one Trustee in office.

5.2 A juristic person may be a Trustee of the Trust.

5.3 Only a person who may in terms of the Act be appointed as a Trustee shall be appointed as a Trustee.

5.4 The office of Trustee shall become vacant if:

5.4.1 the Trustee is found guilty of any offence involving dishonesty;

5.4.2 the Trustee is liquidated or wound up (provisionally or otherwise) or, in the case of an individual, the Trustee's estate is sequestrated (provisionally or otherwise);

5.4.3 the Trustee becomes incapacitated in law to hold the office of Trustee;

5.4.4 the Directors remove the Trustee at any time on 1 (one) calendar month's notice in writing to such Trustee;

5.4.5 the Trustee resigns on 1 (one) calendar month's notice in writing to the Company and his co-Trustees, provided that the Directors may, at the request of the Trustees, waive the full notice period;

5.4.6 in the case of a Trustee who is a natural person, he is disqualified from acting as a director in terms of the Act; or

5.4.7 if the Trustee ceases to meet the requirements for the appointment of a Trustee in terms of the Act.

5.5 The Directors will immediately appoint another Trustee to succeed a Trustee who has ceased to hold office in terms of clause 5.4, but such appointment will be subject to the approval of Linked Unit Holders by way of a Special Resolution or such other requirement applicable in terms of the Act from time to time.

7. **TRUSTEES' RIGHTS**

In addition to any other rights of the Trustees set out in this Trust Deed, the Trustees shall have the following powers and rights:

7.1 the Trustees shall be entitled from time to time, and subject to such conditions as they may determine, to condone any breach or failure by the Company or to waive, either wholly or in part, any rights arising therefrom;

7.2 the Trustees may, notwithstanding their position of trust, enter into any contract with the Company or any of its subsidiaries which arises in the ordinary course of business, and may acquire and hold any Linked Units or Debentures, and shall not be required to surrender or to account to the Company or to the Linked Unit Holders for any profit so arising;

7.3 the Trustees shall be entitled to appoint any person as their representative to exercise on their behalf any power or rights which the Trustees have in terms of the Trust Deed;

7.4 the Trustees shall be entitled, but not obliged, to perform any act or incur any expenditure which the Company should have performed or incurred in terms of the Trust Deed, and to recover all costs or expenses so incurred from the Company;

7.5 neither the Trustees nor any of its officers or employees shall be liable for any act or failure to act in pursuance of a resolution passed by a meeting of Linked Unit Holders, if the Trustees or such officer or employee is *bona fide* under the impression that such resolution was properly passed, even though it might subsequently appear that the resolution for one or other reason was not properly adopted;

7.6 the Trustees may, in their sole discretion and at the Company's expense, seek advice from any legal practitioner, accountant, valuator, broker or other expert, if it should appear necessary to the Trustees to do so;

7.7 the Trustees may exercise all their powers and rights in such manner and when they, in their sole discretion, deem fit, and provided they do so reasonably, they shall not be liable for any loss, expense, damage or inconvenience arising out of such exercise or non-exercise. In particular the Trustees shall not be obliged to do anything at the request of the Linked Unit Holders, unless the Trustees are properly indemnified against all possible costs, expenses and liabilities which the Trustees may incur as a result thereof;

7.8 the Trustees may recover from the Company any costs, expenses or disbursements whatsoever (together with interest thereon at a rate per annum equal to the Prime Rate) incurred by the Trustees in the exercise of their duties, and the Trustees shall be entitled to deduct from any amounts they hold in terms of the Trust Deed any amount which the Company may owe to the Trustees (including an amount arising from any indemnity);

7.9 notwithstanding the provisions hereof, the Trustees shall be entitled, if they so deem fit, to convene a meeting of Linked Unit Holders to obtain from them a specific mandate in regard to anything which the Trustees might do, whether or not such act is within the Trustees' discretion;

7.10 the Trustees shall be entitled to invest all amounts which they hold in terms of the Trust Deed as they deem fit in any bank registered in the Republic of South Africa;

7.11 the Trustees shall be entitled, if a certificate to that effect has been signed by any two Directors, to assume that any statement of fact referred to in that certificate is true and correct, and the Trustees shall not be required to investigate the matter any further and shall not be liable for any loss or damage arising as a result thereof;

7.12 the Trustees shall have all other powers and rights necessary to protect the interests of the Linked Unit Holders and to carry out their duties in terms hereof;

7.13 subject to any provisions of the Trust Deed to the contrary, the Trustees shall have absolute discretion in the exercise or non-exercise of any powers and discretions vested in them and shall not (despite any provision of the Trust Deed to the contrary) be bound to act at the request of the Linked Unit Holders unless the persons requiring the Trustees to act shall first have sufficiently indemnified them against and, insofar as the Trustees may reasonably require, provided them with funds to enable them to meet all costs, charges, expenses and liabilities likely to be incurred in complying with such request;

7.14 if and to the extent that the Trust or the Trustees is/are subject to the Trust Property Control Act 57 of 1988, the Trustees shall not be required by the Master of the High Court having jurisdiction under such act, to furnish security for the due and faithful performance by the Trustees of the Trustees' duties as Trustees, and the said Master is hereby specifically directed to dispense with such security;

7.15 the Trustees shall not be bound or required to take any steps to ascertain whether any event has occurred which results in any of the terms or conditions of this Trust Deed becoming enforceable;

7.16 the Trustees shall not be responsible for any loss caused to the Company if they act on any resolution purporting to have been passed at any meeting of Linked Unit Holders and in respect of which minutes have been made and signed though it may subsequently be found that there was some defect in the holding of that meeting or the passing of that resolution or for any other reason that the resolution is not binding on Linked Unit Holders;

7.17 the Trustees shall be entitled, notwithstanding any other provisions contained in this Trust Deed, as regards all powers, authorities and discretions vested in them to use their discretion as to the manner and time of the exercise thereof and provided that they have acted diligently and carefully, they shall not be responsible for any loss caused to the Company or any Holder as a result thereof; and

7.18 the Trustees shall not be responsible for the monies subscribed for the Debentures or any part thereof and shall not be bound to see to the application thereof.

10. **CREATION AND ISSUE OF DEBENTURES**

10.1 The Directors may, by resolution, create and issue Debentures subject to the provisions contained in this Trust Deed.

10.2 Any issue of Debentures shall also be subject to the consent of the Trustees, which shall not be unreasonably withheld or delayed.

10.3 Debentures may only be issued (subject to compliance with the Listings Requirements of the JSE, to the extent that the Debentures are listed on the JSE or the regulations applicable to any other exchange on which the Debentures are listed):

10.3.1 by way of a rights issue to the Debenture Holders at the relevant time;

10.3.2 as the consideration for any Permitted Acquisition;

10.3.3 in order to raise cash to be used solely:

10.3.3.1 as the consideration for Permitted Acquisitions; and/or

10.3.3.2 for the development or maintenance of any immovable property already held or to be acquired by the Company or any of its subsidiaries; and/or

10.3.3.3 to reinstate the cash holdings of the Company or any of its subsidiaries; and/or

10.3.3.4 to replace and/or repay funding made available to the Company and/or its subsidiaries by third parties other than Debenture Holders; and/or

10.3.3.5 in terms of an incentive scheme duly approved and adopted by the Company.

10.4 The Debentures shall be allotted and issued by the Company:

10.4.1 to such subscribers and on such dates as the Directors may deem fit; and

10.4.2 on condition that:

10.4.2.1 payment in full of the subscription price (including any premium) for the Debentures has been received by the Company or the subscription price has been credited as fully paid; and

10.4.2.2 until unlinking occurs, each "A" Debenture is linked to 1 (one) "A" Share and each Ordinary Debenture is linked to 1 (one) Ordinary Share.

10.5 The Debentures when allotted:

10.5.1 shall rank *pari passu* with Debentures of the same class in all respects from the date of allotment thereof;

10.5.2 shall be held subject to the terms and conditions of this Trust Deed, which terms and conditions shall be binding on the Company, the Trustees, each Holder and anyone claiming title through the Company or a Holder or the Trustees, and will not be subject to any other terms whatsoever unless agreed to by Linked Unit Holders by way of a Special Resolution in terms of the provisions of this Trust Deed.

10.6 For so long as there are both "A" Linked Units and Ordinary Linked Units in issue, no "A" Debentures may be issued if, as a result, there will be more "A" Debentures in issue than Ordinary Debentures.

10.7 The Debentures shall be unsecured.

10.8 The Debenture Holders of each class shall be entitled, by Special Resolution, to agree to any variation or modification of any of the rights of the holders of that class of Debenture, in each case subject to the consent of the Company and provided that if any variation or modification also affects the rights of Debenture Holders of any other class, the variation or modification shall also be subject to the approval of such other class of Debenture Holders by Special Resolution. The Debenture Holders of each class shall similarly be entitled, by Special Resolution, to bind the Debenture Holders of that class of Debenture to any arrangement or compromise made or to be made between the Company and the Debenture Holders of that class of Debentures or any of them, provided that if any such arrangement or compromise also affects the rights of Debenture Holders of any other class, the arrangement or compromise shall also be subject to the approval of such other class of Debenture Holders by Special Resolution. The provisions of this clause 10.8 (1) shall always be subject to the provisions of the Act and (2) provide additional rights to the extent that their existence is consistent with the Act.

10.9 The Company may issue Debentures at a price which is lower or higher than the nominal value thereof, and nothing in this Trust Deed shall be construed as limiting the ability of the Company to do so.

11. LINKING

11.1 The Linked Units created and issued by the Company shall be governed by the Act, the Memorandum of Incorporation and this Trust Deed.

11.2 Until the Company unlinks the Linked Units as envisaged in clause 12, Debentures shall only be issued in combination with Shares as Linked Units, and more particularly:

11.2.1 all issues of "A" Debentures in terms of this Trust Deed, unless otherwise authorised by a Special Resolution passed by the Debenture Holders of each class of Debentures then in issue, may only be issued indivisibly linked to an "A" Share, as an "A" Linked Unit; and

11.2.2 all issues of Ordinary Debentures in terms of this Trust Deed, unless otherwise authorised by a Special Resolution passed by the Debenture Holders of each class of Debentures then in issue, may only be issued indivisibly linked to an Ordinary Share, as an Ordinary Linked Unit.

11.3 Until the Company unlinks the Linked Unit as envisaged in clause 12, a Linked Unit Holder of:

11.3.1 an "A" Linked Unit may not deal with an "A" Debenture separately from the "A" Share making up the "A" Linked Unit and the Company may not register any issue or transfer of any "A" Debenture from the "A" Share comprising an "A" Linked Unit; and

11.3.2 an Ordinary Linked Unit may not deal with an Ordinary Debenture separately from the Ordinary Share making up the Ordinary Linked Unit and the Company may not register any issue or transfer of any Ordinary Debenture from the Ordinary Share comprising an Ordinary Linked Unit.

12. UNLINKING

12.1 If there is a change in any circumstances affecting the Company, which change, in the opinion of the Directors, necessitates the consideration by the Linked Unit Holders of a restructuring of the Share and Debenture structure or holding of the Company, the Company shall be entitled to convene a meeting of Linked Unit Holders at which proposals will be considered, including the unlinking of the Linked Units, or any other Capital restructuring which may be appropriate.

12.2 Any such proposal must in order to be adopted, be approved by way of a Special Resolution of Linked Unit Holders and separate Special Resolutions of the Linked Unit Holders of each class of Linked Unit.

13. DISTRIBUTABLE EARNINGS

13.1 Each Debenture in issue on a Record Date shall confer on the holder thereof the right to receive interest in respect of the Income Period concerned (unless otherwise agreed between the Company and the relevant Debenture Holder/s) on the basis set out in this clause 13 (unless otherwise agreed between the Company and the relevant Debenture Holder/s).

13.2 **Clean-out distribution in respect of existing Ordinary Debentures**

13.2.1 Each Ordinary Debenture which is in issue as at the Clean-out Record Date, shall confer on the Ordinary Debenture Holder the right to receive Interest in respect of the Clean-out Period ("**Clean-out Distribution**"), in accordance with the following formula:

$$D = \frac{PBT - T}{n}$$

Where:

D, is the distribution per Ordinary Debenture for the Clean-out Distribution Period;

PBT, not less than 99.9% (ninety nine comma nine percent) of the profits of the Company before taxation and before distributions to Debenture Holders as determined in accordance with the Applicable Accounting Standards, then adjusted to:

- eliminate capital profits and capital losses and to reverse all non-cash items (other than accruals for short-terms receivables and payables) brought to account in the determination of ***PBT***, which non-cash items may include, for example: the straight-lining of leases; the revaluation of any property or other investments; fair value adjustments to issued Linked Units, investments and derivatives; the write-off, amortisation or impairment of any intangible asset including goodwill; and
- eliminate costs and/or expenses incurred in respect of (i) the acquisition or disposal of any capital asset, (ii) the raising or settlement of any debt or other funding and (iii) the entering into, re-negotiation of or early termination of any interest hedging arrangements;

T, is any normal taxation (including deferred taxation) relating to the period concerned, but excluding any normal taxation (including deferred taxation) in respect of capital profits or losses and non-cash items (other than depreciation); and

n, is the number of Ordinary Debentures in issue on the Clean-out Distribution Record Date.

13.3 **A Debentures**

13.3.1 The Company may issue, but will not necessarily issue, "A" Debentures.

13.3.2 The Interest applicable to, and resulting distributions to be made in respect of, the "A" Debentures shall be as follows:

13.3.2.1 ***Financial year ending 30 June 2013***

13.3.2.1.1 For the Interim Income Period for the financial year ending 30 June 2013, a fixed distribution per "A" Debenture in issue on the relevant Record Date, of 22.5 cents.

13.3.2.1.2 For the Final Income Period for the financial year ending 30 June 2013, a fixed distribution per "A" Debenture in issue on the relevant Record Date, of 22.5 cents.

13.3.2.2 ***Financial year ending 30 June 2014***

13.3.2.2.1 For the Interim Income Period for the financial year ending 30 June 2014, a fixed distribution per "A" Debenture in issue on the relevant Record Date, of 22.5 cents.

13.3.2.2.2 For the Final Income Period for the financial year ending 30 June 2014, a fixed distribution per "A" Debenture in issue on the relevant Record Date, of 22.5 cents escalated by 5% (five percent).

13.3.2.3 ***Financial years ending 30 June 2015, 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019***

13.3.2.3.1 For the Interim Income Periods for the financial years ending 30 June 2015, 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019 respectively, a fixed distribution per "A" Debenture in issue on the relevant Record Date, equivalent to the prior year's fixed distribution per "A" Debenture for the Interim Income Period, escalated by 5% (five percent).

13.3.2.3.2 For the Final Income Periods for the financial years ending 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018 respectively, a fixed distribution per "A" Debenture in issue on the relevant Record Date, equivalent to the prior year's fixed distribution per "A" Debenture for the Final Income Period, escalated by 5% (five percent).

13.3.2.4 ***Financial years ending 30 June 2019 and 30 June 2020, and all subsequent financial years until repayment of the "A" Debentures***

13.3.2.4.1 For the Interim Income Periods for the financial year ending 30 June 2020 and for the financial years thereafter until repayment of the "A" Debentures, a fixed distribution per "A" Debenture in issue on the relevant Record Date, equivalent to the prior year's fixed distribution per "A" Debenture for the Interim Income Period, escalated by the lower of 5% (five percent) and CPI for the preceding 12 months as at the commencement of that Income Period.

13.3.2.4.2 For the Final Income Periods for the financial year ending 30 June 2019 and for the financial years thereafter until repayment of the "A" Debentures, a fixed distribution per "A" Debenture in issue on the relevant Record Date, equivalent to the prior year's fixed distribution per "A" Debenture for the Final Income Period, escalated by the lower of 5% (five percent) and CPI [for the preceding 12 months as at the commencement of that Income Period].

13.3.2.5 ***Partial distribution in respect of first Income Period during which "A" Debentures are issued***

Notwithstanding the aforegoing, the distribution per "A" Debenture to be made in respect of all the "A" Debentures in issue at the Record Date for the Income Period during which the first of the "A" Debentures were issued, shall be calculated in accordance with the following formula:

A = B/C x D

Where:

A, is the amount of the distribution;

B, is the number of calendar days counted from the date of the issue of the first the "A" Debentures to have been issued to the last day of the relevant Income Period, both days included;

C, is the number of calendar days in the relevant Income Period; and

D, is the fixed distribution per "A" Debenture for the relevant Income Period, as set out in clause 13.3.2.1, 13.3.2.2, 13.3.2.3, or 13.3.2.4, as applicable.

13.3.2.6 ***Partial distribution in respect of last (uncompleted) Income Period during which "A" Debentures are issued***

Notwithstanding the aforegoing, if the "A" Debentures are for any reason redeemed on a day which is not the last day of an Income Period, the distribution per "A" Debenture to be made in respect of all the "A" Debentures in issue at the Record Date for such redemption, shall be calculated in accordance with the following formula:

A = B/C x D

Where:

A, is the amount of the distribution;

B, is the number of calendar days counted from the commencement of the relevant Income Period to the date of redemption, both days included;

C, is the number of calendar days in the relevant Income Period; and

D, is the fixed distribution per "A" Debenture for the relevant Income Period, as set out in clause 13.3.2.1, 13.3.2.2, 13.3.2.3, or 13.3.2.4, as applicable.

13.3.3 The payment of Interest referred to in clause 13.3.2 is not guaranteed by the Company in the event that the Interest available for payment for any particular Income Period is less than the amount required to make the payment of Interest as determined in clause 13.3.2, and in such event the Interest payment in respect to the "A" Debenture for such income period shall be the result of PBT-T for that period as contemplated in clause 13.4.1, apportioned pro rata to each "A" Debenture in issue on the Record Date concerned. In the event that the Interest payment for any Income Period is less than the amount provided in clause 13.3.2, the difference in the amount paid and that which would have been payable in terms of the applicable sub-clause in clause 11 had the requisite amount of Interest being available, shall not accrue or accumulate to the "A" Debenture Holders and there shall be no right to claim any shortfall.

13.3.4 In determining the Interest distributions with reference to any prior period's distribution, the prior period's distribution shall be the distribution for the equivalent period in the prior year calculated in terms of the relevant sub-clause of clause 13.3.3, whether or not such amount was paid having regard to the availability of funds. For the sake of clarity, the escalations of the fixed distribution amounts as set out in each of the relevant sub-clauses of clause 13.3.3 shall apply irrespective of whether or not any "A" Debentures were in fact in issue during the relevant Income Period/s.

13.4 **Ordinary Debentures**

13.4.1 In addition to the Clean-out Distribution contemplated in clause 13.2 to which Ordinary Debenture Holders as at the Clean-out Distribution Record Date are entitled, each Ordinary Debenture shall confer on the Ordinary Debenture Holder the right to receive Interest in respect each other Income Period, in accordance with the following formula:

$$D = \frac{PBT - T - A}{n}$$

Where:

D, is the distribution per Ordinary Debenture for the Income Period concerned;

PBT, not less than 99.9% (ninety nine comma nine percent) of the profits of the Company before taxation and before distributions to Debenture Holders as determined in accordance with the Applicable Accounting Standards, then adjusted to:

- eliminate capital profits and capital losses and to reverse all non-cash items (other than accruals for short-terms receivables and payables) brought to account in the determination of ***PBT***, which non-cash items may include, for example: the straight-lining of leases; the revaluation of any property or other investments; fair value adjustments to issued Linked Units, investments and derivatives; the write-off, amortisation or impairment of any intangible asset including goodwill; and
- eliminate costs and/or expenses incurred in respect of (i) the acquisition or disposal of any capital asset, (ii) the raising or settlement of any debt or other funding and (iii) the entering into, re-negotiation of or early termination of any interest hedging arrangements;

T, is any normal taxation (including deferred taxation) relating to the period concerned, but excluding any normal taxation (including deferred taxation) in respect of capital profits or losses and non-cash items (other than depreciation);

A, is the aggregate distribution payable to the holders of the "A" Debentures for the Income Period concerned; and

n, is the number of Ordinary Debentures in issue on the Record Date for the Income Period concerned.

13.5 **Special Distributions**

13.5.1 In the event that the Directors consider it to be appropriate, they may at any time may declare an Interest distribution (a "**Special Distribution**") to Debenture Holders in respect of a period ending earlier than the last day of an Income Period, in accordance with the following:

13.5.1.1 the Special Distribution will be in respect of a period ("**the Special Income Period**") commencing on the first day of the relevant Income Period but ending on the date designated by the Directors as the "**Special Distribution Designated Date**" and the Directors shall fix an appropriate Record Date for that Special Distribution, for the determination of the Debenture Holders entitled to receive that Special Distribution;

13.5.1.2 the amount of Interest to be paid in respect of each A Debenture for that Special Income Period will be the amount that would have been payable for the full Income Period in which such Special Income Period falls as provided in clause 13.3.2, but pro-rated to take account of the number of days in the Special Income Period;

13.5.1.3 the amount of Interest to be paid in respect of each Ordinary Debenture for that Special Income Period shall be determined *mutatis mutandis* in accordance with the provisions of clause 13.4, provided that references to the "Income Period" in that clause shall be deemed to be references to the Special Income Period and "PBT" shall be calculated for the period up to the Special Distribution Designated Date; and

13.5.1.4 the calculation of the amount of Interest to be paid in respect of each A Debenture and each Ordinary Debenture in respect of the remainder of the Income Period in which such Special Income Period falls shall be calculated *mutatis mutandis* in accordance with the provisions of clauses 13.3.2 and 13.4, provided that the first day of the Income Period shall be the day immediately after the Special Distribution Designated Date.

13.6 In the event of the Directors being in any doubt as regards the determination of the Distributable Earnings for the Income Period in question, the Directors shall refer the matter to an appropriate independent advisor appointed by the Board, acting as expert and not as arbitrator, whose decision shall be final and binding, in the absence of manifest error, on the Board. In the event of a dispute as to the appropriateness of the advisor, the chairman of the Board shall determine the advisor.

13.7 If the Directors, in consultation with the Company's auditors, decide that the distribution to Linked Unit Holders could be deemed to be excessive from the perspective of the applicable fiscal legislation and/or practice at the time, the Board can recommend to the Trustees, in the interest of Linked Unit Holders, to limit the Interest to an agreed maximum percentage with the balance available for distribution to be paid out as a dividend (net of any dividend tax, South African income tax and other direct taxes).

13.8 Only Linked Unit Holders registered as such on a relevant Record Date shall be entitled to the payment of Interest. In that regard, to the extent that the Linked Units and/or Debentures are listed on the JSE or any other exchange:

13.8.1 the Company shall, not less than 15 (fifteen) business days before any Record Date (or such shorter period as may be permitted or prescribed by the JSE and/or any relevant exchange), publish a notice of such Record Date on SENS and/or any other news service of the relevant exchange and such other publications as may be required by the JSE or the relevant exchange on which the Debentures are listed, provided that if the JSE or such other exchange disposes with any such notice requirement, the Company shall also, with the consent of the Trustees, be entitled to dispense therewith; and

13.8.2 provided that the prior written approval of the JSE (or the relevant exchange on which the Debentures are listed) has been obtained, the Directors may, in their sole discretion, close the Register for a period not exceeding 10 (ten) business days subsequent to each Record Date.

13.9 If there is any change in the financial year end of the Company, the Company shall be and it is hereby authorised to change the dates by reference to which the Record Dates are determined and the dates from which Interest is calculated, falls due, accrues and/or becomes payable, provided that:

13.9.1 the rights of the Debenture Holders to Interest on the Debentures shall not be diminished or adversely affected by such changes;

13.9.2 the changes are approved by the Trustees, which approval shall not be unreasonably withheld or delayed; and

13.9.3 the Company shall forthwith notify Linked Unit Holders of the changes made by notice in terms of clause 35 or if the Debentures are listed on the JSE or any other exchange, on SENS (if listed on the JSE) or on any other news service of the relevant exchange and in such other manner prescribed by the relevant exchange.

13.10 Interest will be payable not later than 4 (four) months after the end of the relevant Income Periods or if the Linked Units are listed on the JSE or any other exchange, such shorter period prescribed in terms of the Listings Requirements of the JSE or the regulations applicable to any other exchange on which the Linked Units are listed.

13.11 Any Interest not paid on the due date therefor, shall bear Interest from such date up until but excluding the date of payment, at the Prime Rate plus 2% (two percent).

15. **REDEMPTION AND REPURCHASE**

15.1 Subject to any Subordination, the "A" Debentures shall become redeemable, by way of a Special Resolution of Linked Unit Holders passed on or after the 5^{th} (fifth) anniversary of the New Issue Date ("**Redemption Resolution**"), upon not less than 30 (thirty) business days written notice to the holders of the "A" Debenture.

15.2 Upon the passing of the Redemption Resolution, an "A" Debenture Holder, registered as such on the relevant Record Date, shall, in relation to the A" Debenture, have the right to receive and be paid on the date of redemption as stipulated in the Redemption Resolution ("**Redemption Date**"), in priority to the Ordinary Debenture Holders, an amount equal to the higher of (1) the 90 (ninety) day VWAP of the "A" Linked Units as at the date immediately preceding the date on which written notice of the redemption is given to the holders of the "A" Debentures in terms of clause 15.1 and (2) the nominal value of the "A" Debenture plus R0.01 (one cent) plus an amount equal to the interest distribution contemplated in clause 13.3.2.6 (collectively, the "**Redemption Total**"), which amount shall be apportioned to:

15.2.1 firstly, the nominal value of the "A" Debenture;

15.2.2 secondly, any unpaid Interest that accrued in terms of clause 13.3.2 (plus accrued interest on the unpaid Interest), and, if applicable, in respect of any uncompleted Interest period, the interest contemplated in clause 13.3.2.6; and

15.2.3 finally, the balance, if any, the repurchase price of the "A" Share.

15.3 If the "A" Linked Units remain Linked upon the passing of the Redemption Resolution, each of the "A" Shares linked to the "A" Debentures shall, in accordance with the MOI, be automatically redeemed by the Company at R0.01 (one cent) per "A" Share, which amount shall be included in the Redemption Total as contemplated in clause 15.2.

15.4 Interest shall accrue on the Redemption Total at the Prime Rate, from the Redemption Date to the date of payment of the Redemption Total.

15.5 An "A" Debenture shall be redeemed once the Company duly pays to the "A" Debenture Holder (1) the Redemption Total plus interest as contemplated in clause 15.2, if any and (2) the amount payable in respect of the "A" Share linked to each "A" Debenture as contemplated in clause 15.3.

16. **SUMMARY REPAYMENT OF DEBENTURES**

16.1 Subject to clause 16.3 and any Subordination, the amounts payable in terms of clause 16.2 will become repayable to Debenture Holders of any class summarily if:

16.1.1 the Company defaults in its obligations to Debenture Holders of that class, and the Company will be deemed to have so defaulted in its obligations in terms hereof if:

16.1.1.1 it defaults in the payment on the due date thereof of any Interest or other monies due by it and persists in such default for 14 (fourteen) business days after receipt by it of a written notice from the Trustees demanding that the default be remedied by payment;

16.1.1.2 it commits a material breach of any of its other material obligations under the Trust Deed which cannot be remedied;

16.1.1.3 it commits a material breach of any non-material obligation and fails within 14 (fourteen) business days after the receipt by the Company of written notice from the Trustees so requiring, to initiate and thereafter to pursue all proper steps designed to prevent its recurrence;

16.1.2 a final order of court is made or an effective resolution for the winding-up of the Company is passed other than a winding-up for the purposes of amalgamation, reconstruction, rationalisation or otherwise;

16.1.3 any assets of the Company are attached under a writ of execution issued out of any court other than a writ of attachment *ad fundandam jurisdictionem or ad confirmandam jurisdictionem*, and the Company fails to satisfy such writ within 30 (thirty) business days after the date upon which the attachment comes to the notice of the Company (any such attachment being rebuttably presumed to have come to the notice of the Company with 5 (five) business days after its making) or, if proceedings have begun to set aside the writ or to remove the attachment, the Company fails to satisfy such writ within 7 (seven) business days following a final and un-appealable judgment refusing such setting aside or removal;

16.1.4 without the prior written consent of the Trustees:

16.1.4.1 the provisions of the MOI are altered in a manner which, in the reasonable opinion of the Trustees, adversely affects the interests of the Debenture Holders of the relevant class;

16.1.4.2 any provision in the MOI which in the reasonable opinion of the Trustees materially affects the rights or interests of the Debenture Holders of that class is breached;

16.1.4.3 the Company convenes a meeting to consider a resolution authorising the alienation or disposal of the whole or a major portion of its assets;

16.1.4.4 the Company passes a resolution that it make application to court for the reduction or confirmation of the reduction of any class of its share capital or of its share premium account or any share capital redemption reserve; provided that:

16.1.4.4.1 any such reduction which does not result in a reduction in the assets of the Company will be deemed not to be a default in terms of this sub-clause;

16.1.4.4.2 the redemption of redeemable preference shares will be deemed not to be a default giving rise to a default in terms of this sub-clause;

16.1.4.4.3 the application of any share premium account or share capital redemption reserve in paying up fully paid capitalisation shares will be deemed not to be a reduction giving rise to a default in terms of this sub-clause;

16.1.4.5 the Company offers or agrees to enter into any composition or arrangement with its creditors generally;

16.1.4.6 the Company defaults in the payment of its debts generally or ceases to carry on business,

provided that for the purposes of this clause 16 an order of court will be deemed not to be final unless, the order being appealable, the period for noting an appeal expires without appeal or, appeal having been noted, it is abandoned or not proceeded with within the period prescribed by the rules of court, subject to any period in question being extended to the extent (if any) that the court may permit an application by the Company against which the order is given.

16.2 Upon the occurrence of the events contemplated in clause 16.1 ("**Repayment Event**"), but subject to clause 16.3 and any Subordination:

16.2.1 an "A" Debenture Holder, registered as such on the relevant Record Date shall, in relation to the "A" Debenture, have the right to receive and be paid on the date of occurrence of the Repayment Event ("**Repayment Date**"), in priority to the Ordinary Debenture Holders, an amount equal to the 60 (sixty) day VWAP of the "A" Linked Units as at the date immediately preceding the Repayment Date, which amount shall be apportioned as the Directors may in their discretion determine; and

16.2.2 an Ordinary Debenture Holder, registered as such on the relevant Record Date, shall, in relation to the Ordinary Debenture, have the right to receive and be paid on the Repayment Date, an amount equal to the surplus assets of the Company available for distribution after payment to the "A" Debenture Holders, *pari passu* with the holders of all other Ordinary Debentures, which amount shall be apportioned as the Directors may in their discretion determine.

16.3 If the "A" Linked Units remain Linked on the Repayment Date, each of the "A" Shares linked to the "A" Debentures shall in accordance with the MOI, be automatically redeemed by the Company at R0.01 (one cent) per "A" Share, which amount shall be included in the amount to be repaid in terms of clause 16.2.1.

16.4 Upon the Debentures becoming repayable summarily in terms of clause 16.1, the Trustees may in their discretion:

16.4.1 require by written notice to the Company that the Debentures, together with Interest accrued thereon, or any other monies due, be repaid immediately and may take proper legal action to enforce such repayment; or

16.4.2 determine not to act in terms of clause 16.4.1 without prior reference to the Linked Unit Holders, whereupon the Trustees shall convene forthwith a meeting of Linked Unit Holders who may:

16.4.2.1 direct the Trustees to act in terms of clause 16.4.1; or

16.4.2.2 give such other directions as they deem fit,

16.4.2.3 and the Trustees shall carry out those directions to the extent that they are not in conflict with the Trust Deed and are capable of being carried out, provided that before carrying out the directions, the Trustees may require that provision be made to furnish them with monies to meet the expenses of giving effect to the directions.

16.5 Save as set out above in clause 16.2.1, an "A" Linked Unit Holder shall, in relation to the "A" Linked Unit, not be entitled to any participation in the profits or assets of the Company or, on a winding up, in any of the surplus assets of the Company.

17. CONVERSION OF "A" LINKED UNITS

17.1 Subject to any Subordination, the "A" Linked Units shall become convertible into Conversion Units, by way of a Special Resolution of Linked Unit Holders passed on or after 31 July 2017 ("**Conversion Resolution**").

17.2 The Conversion Ratio and the mechanism for conversion of the "A" Linked Units into Conversion Units, shall:

17.2.1 be determined by the Board on an equitable basis having regard to the market value of the "A" Linked Units relative to that of the Ordinary Linked Units and taking into account such other factors, if any, as are relevant under the circumstances; and

17.2.2 once determined by the Board, be confirmed by an Independent Expert to be fair to "A" Linked Unit Holders.

17.3 The notice of general meeting of Linked Unit Holders at which the Conversion Resolution is to be proposed, will include the Conversion Ratio and the proposed conversion mechanism.

17.4 Upon the adoption of the Conversion Resolution in terms of clause 17.1, each of the "A" Debentures shall be converted into one or more Ordinary Debentures and/or Ordinary Shares, as the case may be, and each "A" Share will be converted into one or more Ordinary Shares, in accordance with the Conversion Ratio and the conversion mechanism contemplated in clause 17.2.

17.5 The date of conversion of the "A" Linked Units in terms hereof ("**the Actual Conversion Date**") shall be the Friday (or, if that Friday is not a business day, the immediately preceding business day), in the sixth week after the date of the Conversion Resolution.

17.6 Each "A" Linked Unit Holder must surrender the necessary documents of title in respect of the "A" Linked Units by no later than the Actual Conversion Date.

17.7 The "A" Linked Units of any "A" Linked Unit Holder who fails to surrender the necessary documents of title in respect of the "A" Linked Units in accordance with clause 17.6, shall nevertheless be converted into the Conversion Units and such Conversion Units shall be allotted and issued to the Trustees as nominee for the "A" Linked Unit Holder concerned, and shall be transferred to such Holder at his expense upon surrender by him of the relevant documents of title.

17.8 No Interest shall accrue or be paid on the "A" Debentures in respect of any period after the Actual Conversion Date.

17.9 Should Interest already have been paid on the "A" Debentures in respect of a period after the Actual Conversion Date, such Interest shall be regarded as amounts owing to the Company by the Holder concerned and shall be repaid to the Company from the future dividends declared in respect of the Conversion Units.

18. **APPLICATION OF MONIES BY TRUSTEES**

18.1 All monies received by the Trustees, after they have exercised, or arising from the exercise of any power conferred upon it by this Trust Deed and all monies due to Linked Unit Holders in the Trustees' hands at the date of the exercise of any such power, shall be applied by the Trustees in making the following payments in the order set out below:

18.1.1 in paying all costs (including the Trustees' remuneration), charges and expenses and satisfying every liability incurred by the Trustees in the execution of any of the trust's powers and provisions contained in this Trust Deed;

18.1.2 in paying all amounts due to Other Creditors as provided for in this Trust Deed;

18.1.3 in paying all other amounts due in terms of this Trust Deed, excluding the amount repayable on the Debenture in accordance with clause 14;

18.1.4 in paying the Interest portion of the amount repayable on the Debentures in accordance with clause 14;

18.1.5 in paying the Capital portion of the amount repayable on the Debentures in accordance with clause 14;

18.1.6 in paying to the Company any surplus of such monies,

provided that:

18.1.6.1 if, after payment in terms of clauses 18.1.1 and 18.1.3 inclusive, insufficient monies remain to pay the amounts referred to in clauses 18.1.4 and 18.1.5 in full, the loss in respect thereof shall be borne by Linked Unit Holders *pro rata* in proportion to the Capital amounts owing to them;

18.1.6.2 the Trustees shall not be bound to make immediate distribution of any monies among Linked Unit Holders and in particular shall not be bound to make immediate distribution if the amount thereof is insufficient to enable the Trustees to make a distribution of at least R0,10 (ten cents) in the Rand on the amount repayable on the Debentures in accordance with clause 14.

19. **SUBORDINATION**

19.1 The Ordinary Debentures are subordinated to the "A" Debentures as set out in clauses 15 and 16.

19.2 The Debentures are not otherwise subordinated as at the date of issue, but will become subordinated if:

19.2.1 the Company is placed in liquidation;

19.2.2 the Debentures become summarily repayable pursuant to the provisions of clause 16; or

19.2.3 any redemption of the Debentures pursuant to the provisions of clause 16 will have the effect that the Company will not be in a position to repay the Other Creditors,

in which event the Debentures will become subordinated to the extent necessary to procure that the Other Creditors are discharged timeously and in full.

19.3 If the Debentures become subordinated pursuant to the provisions of clause 19, the following provisions shall apply in order to ensure that the amounts then repayable to Linked Unit Holders shall rank for payment after the payment of all amounts owed to all the Other Creditors:

19.3.1 the Trustees shall be the only persons entitled to make and prove claims on behalf of Linked Unit Holders and such claims shall be made by and proved in the name of the Trustees;

19.3.2 any claim made or proved by the Trustees shall be subject to the condition that no amounts shall be paid in respect of that claim if the effect of such payment would be that any amount due to the Other Creditors would be reduced;

19.3.3 if, on liquidation of the Company, the liquidator of the Company is not prepared or is unable to accept claims proved subject to the condition contained in clause 19.3.2, then the provisions set out in clause 19.4 shall apply.

19.4 In the circumstances contemplated in clause 19.3.3:

19.4.1 the Trustees shall make or prove claims for the full amount due to the Holder and any amounts paid to the Trustees in respect of the Debentures pursuant thereto, which was determined by treating all the creditors of the Company (including the Linked Unit Holders and Other Creditors) equally, shall be held by the Trustees in trust, who shall then:

19.4.1.1 distribute those amounts amongst the Other Creditors in the winding up; and

19.4.1.2 receive for distribution amongst the Linked Unit Holders only such amount, if any, as shall be available to be applied in, or towards, payment of the amounts owing in respect of their Debentures after the claims of the Other Creditors have been satisfied, paid or provided for in full.

19.5 This clause 19 shall constitute a contract for the benefit of the Other Creditors and shall be capable of acceptance by any or all of them, and in any event, be enforced by the Trustees on behalf of the other creditors of the Company.

25. JSE LISTINGS

25.1 The Company may procure and maintain a listing of the Linked Units on the JSE.

25.2 Upon unlinking of listed Linked Units, the Company shall apply for a listing of the Shares and the Debentures separately on the JSE and for the termination of the listing of the Linked Units (including the Debentures) on the JSE.

32. VARIATION

The provisions of the Trust Deed may be amended or cancelled:

32.1 by agreement between the Company and the Trustees, where such amendment or cancellation is necessary:

32.1.1 to rectify any manifest or typographical error; or

32.1.2 where applicable, to make such amendments as may reasonably be required by the JSE or in law; or

subject to the prior written consent of the Company:

32.2 with the sanction of a Special Resolution of the Linked Unit Holders; or

32.3 with the written consent of the Linked Unit Holders representing not less than 75% (seventy five percent) of the Capital then outstanding.

33. TERMINATION OF THE TRUST

33.1 The Trust may be terminated, by written agreement between the Company and the Trustees, provided that the Trust shall not be capable of termination unless and until:

33.1.1 the Capital and Interest on the Debentures have been repaid to the Linked Unit Holders in full;

33.1.2 no Linked Unit Holders have any claims pending or threatening against the Company; and

33.1.3 the Company has no obligation to issue Debentures or Linked Units to any person.

33.2 Any termination as envisaged in clause 33.1 shall not affect or modify any existing rights or obligations of Linked Unit Holders. The Trustees shall continue to administer the Trust for so long as may be necessary to give effect thereto.

33.3 Upon termination, the Trustees shall realise the assets of the Trust (if any), wind up the affairs of the Trust and pay over to the Company any surplus (after discharging liabilities) remaining in the Trust.

33.4 Should the amount paid by the Trustees to the Company in terms of clause 33.3 above fall short of the full indebtedness of the Trust to the Company, the Company shall, in the discretion of the Directors, either relieve the Trust of all liability for such shortfall or provide funds to the Trust to make good the shortfall."

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS OF FAIRVEST

The table below sets out the names of the companies and other entities of which the Directors of the Company are or have been directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of company or entity	Capacity
JF du Toit	Blue Monster	Director
	Channelprops 29	Director
	Charlia Eiendomme	Director
	Climal Properties	Director
	Cohesive Capital	Director
	Comlaser Investments	Director
	Eight Roses Properties	Director
	Erf 4643 Vygeboord	Director
	Fairvest Properties	Director
	Fairvest Properties Two	Director
	Fairvest Property Holdings	Director
	Fairvest Property Management	Director
	Fullgo Properties	Director
	Henren Beleggings	Director
	Pak-AF Beleggings	Resigned
	Panama Holdings	Director
	Polpoint Share Block	Director
	Runacan Park	Director
	RW Boerdery	Resigned
	Spotprops 48	Director
BJ Kriel	Climal Properties	Director
	Fairvest Properties	Director
	Fairvest Properties Two	Director
	Fairvest Property Holdings	Director
	Fairvest Property Management	Director
	Fullgo Properties	Director
	Polpoint Shareblock	Director
	Runacan Park	Director
	RW Boerdery	Director
A Marcus	Amalfi Development Projects	Resigned
	Boxfish Property Investments	Resigned
	Crivens Property Investments	Resigned
	Dala Property Investments	Director
	Dala Property Investments	Director
	Empire Earth Investments 17	Director
	Fairvest Property Holdings	Director
	Fiensburg Property Investments	Director
	Gateway Private Equity Investments	Director
	Gateway Property Developments	Member
	Gateway Property Income Fund	Director
	Gum Drops Property	Resigned
	Jackdaw Property Investments	Director
	Kea Property Investments	Director
	Kea Property Investments	Resigned
	Mallard Property Investments	Director
	Mediascape Outdoor	Director
	New Star Asset Management	Director
	Presidency Property	Director
	Seven Islands Property	Director
	Seven Islands Property	Resigned

Director	Name of company or entity	Capacity
A Marcus (continued)	Shake Up Property Investments	Director
	Souvaris Properties 34	Director
	Stalagmite Property	Director
	Student Vision	Director
	Sturdy Rock Property	Director
	The Green Point Improvement	Director
	Wide Development	Resigned
D Wilder	Before The Wind Investments 94	Director
	Cape Town Central City Improvement	Resigned
	Central Route Trading 27	Resigned
	Erf 4383 Murray House	Director
	Excape Adventure Tours	Resigned
	Fairvest Property Holdings	Director
	New Star Asset Management	Director
	Northern Ocean Investments 54	Director
	Rikkis Urban Safaris	Resigned
	Sammy Marks Square Management	Resigned
	Sea Point City Improvement	Resigned
M Epstein	Aluvert Blinds	Resigned
	Annenprop 5	Resigned
	Aquarella Investments 468	Director
	Benquela Property Developers	Director
	Blend Capital	Director
	Blend Property 1	Director
	Blend Property 2	Director
	Blend Property 3	Director
	Blend Property 4	Director
	Blend Property 5	Director
	Blend Property 6	Director
	Blend Property 7	Director
	Blend Property 8	Director
	Blend Property 9	Director
	Blend Property 10	Director
	Blend Property 11	Director
	Blend Property 12	Director
	Blend Property 13	Director
	Blend Property 14	Director
	Blend Property 15	Director
	Blend Property 16	Director
	Blend Property 17	Director
	Blend Property 18	Director
	Blend Property Group	Director
	Blend Property Management	Director
	Blend Securitisation (RF)	Director
	Canvas Clothing	Director
	Cedar View Property	Resigned
	Clover Property Investments	Resigned
	Crowded Property Investments	Resigned
	Dormell Properties 262	Director
	Fairvest Property Holdings	Director
	Fresnaye Investments 107	Resigned
	Fresnaye Investments 109	Resigned
	Galt Property	Resigned
	Grid Property Investments	Director
	Lodge 739 Fancourt	Resigned
	Nkathi Projects	Resigned
	Propsyn 30	Resigned
	Swish Property Finance	Resigned
	Swish Property Four	Director

Director	Name of company or entity	Capacity
M Epstein (continued)	Swish Property Five	Director
	Swish Property Seven	Resigned
	Swish Property Eight	Resigned
	Swish Property Ten	Resigned
	Swish Property Eleven	Resigned
	Swish Too	Director
	Unit 4 C Beach	Resigned
PJ van der Merwe	Comlaser Investments	Director
	D'urban Ridge Property	Director
	Elderberry Investments 5	Director
	Fairvest Property Holdings	Director
	Grapetek	Director
	Liquigro Holdings	Director
	New Heights 1328	Director
	Rifcor Enterprises	Director
	Umbra Trading 2	Director
	Wenlor Packaging	Director
LW Andrag	Agrico Machinery	Director
	Agricol	Director
	Andbell	Director
	Andlou Trading	Director
	Anicol Properties	Director
	Drivequip	Director
	Fairvest Property Holdings	Director
	Green Earth Energy Efficient Lighting	Director
	Scarlet Sun 56	Director
	Shanike Investments No 125	Director
	Wheatfields Investments No 55	Resigned

DETAILS OF SUBSIDIARIES OF FAIRVEST

Subsidiary companies – Directly held

Name of company	Date and place of incorporation	Registration number	Issued share capital	Percentage held by Fairvest	Inter-company loan (R'000)	Nature of business	Date of becoming a Subsidiary	Directors
Fairvest Properties (Proprietary) Limited	24 August 2000 South Africa	2000/021399/07	1 000	100%	46 008	Property holding company	19 November 2001	JF du Toit BJ Kriel

Subsidiary companies – Indirectly held

Name of company	Date and place of incorporation	Registration number	Issued share capital	Percentage held by Fairvest	Inter-company loan (R)	Nature of business	Date of becoming a Subsidiary	Directors
Fairvest Property Management (Proprietary) Limited	28 August 2001 South Africa	2001/020298/07	100	100%	3 646	Property management company	19 November 2001	JF du Toit BJ Kriel
Fairvest Properties Two (Proprietary) Limited	24 May 2000 South Africa	2000/009837/07	1 000	100%	26 515	Property holding company	19 November 2001	JF du Toit BJ Kriel
Climal Properties (Proprietary) Limited	9 October 2002 South Africa	2002/024983/07	100	100%	9 355	Property holding company	6 May 2003	JF du Toit BJ Kriel
Fullgo Properties (Proprietary) Limited	9 October 2002 South Africa	2002/025330/07	100	100%	5 967	Property holding company	6 May 2003	JF du Toit BJ Kriel
Runacan Park (Proprietary) Limited	13 November 2002 South Africa	2002/028766/07	600	100%	3 332	Property holding company	6 May 2003	JF du Toit BJ Kriel

The above subsidiaries' principal activities are the investment in properties and the management thereof. All subsidiaries are wholly owned and unlisted.

The loan to Fairvest Property Management (Proprietary) Limited has been subordinated in favour of the remaining creditors to the extent of R100 855 until such time as the assets of the Company fairly valued exceed its liabilities.

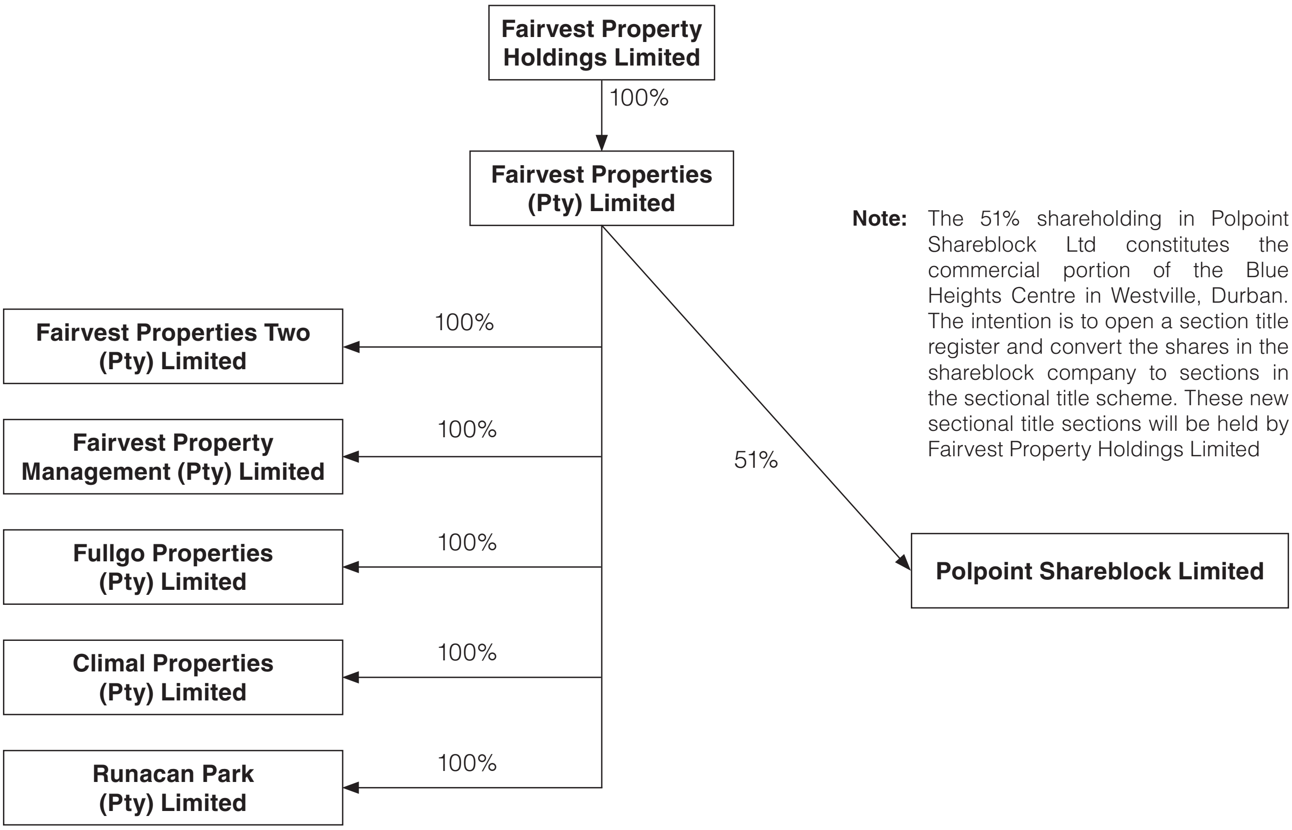
The 51% shareholding in the shareblock constitutes the commercial portion of the Blue Heights Centre in Westville, Durban. The intention is to open a section title register and transfer the shares in the shareblock company to sections in the sectional title scheme.

Related Shareblock company – Indirectly held

Name of company	Date and place of incorporation	Registration number	Issued share capital	Percentage held by Fairvest	Inter-company loan (R)	Nature of business	Date of becoming a Subsidiary	Directors
Polpoint Shareblock Limited	9 August 1979 South Africa	1979/004191/06	940	51%	–	Shareblock company	19 November 2001	JF du Toit BJ Kriel GK Gold AG Willox

STRUCTURE OF THE FAIRVEST GROUP

Fairvest Group Structure – Current Group Structure



Note: The 51% shareholding in Polpoint Shareblock Ltd constitutes the commercial portion of the Blue Heights Centre in Westville, Durban. The intention is to open a section title register and convert the shares in the shareblock company to sections in the sectional title scheme. These new sectional title sections will be held by Fairvest Property Holdings Limited

Fairvest Group Structure – Post-restructuring

Fairvest Property Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company's Linked Unitholders will be held at 11:00 on Monday, 5 November 2012 at 1st Floor, East Wing, The Palms, 145 Sir Lowry Road, Cape Town, Western Cape.

Purpose

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this Notice of General Meeting.

Note:

- *The definitions and interpretations commencing on page 5 of the circular to which this Notice of General Meeting is attached ("**the Circular**"), apply mutatis mutandis to this notice and to the resolutions set out below.*
- *For a special resolution to be approved by Linked Unitholders, it must be supported by at least 75% of the voting rights exercised on the resolution. For an ordinary resolution to be approved by Linked Unitholders, it must be supported by more than 50% of the voting rights exercised on the resolution.*
- *The date on which Linked Unitholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 28 September 2012.*
- *For the avoidance of doubt, and given that each Linked Unit is comprised of one Ordinary Share indivisibly linked to one Ordinary Debenture, to the extent that resolutions are required to be taken by Ordinary Debenture Holders, a separate resolution of Ordinary Debenture Holders will not be taken, and in such circumstances the resolutions set out in this Notice of General Meeting shall be deemed to be taken by Linked Unitholders in their capacity as both Linked Unitholders and Ordinary Debenture Holders.*

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE SA CORPORATE REAL ESTATE ACQUISITION

"RESOLVED AS AN ORDINARY RESOLUTION in terms of the JSE Listings Requirements, that the acquisition by the Company of the SA Corporate Real Estate Property Portfolio, from SA Corporate Real Estate, against payment of the SA Corporate Real Estate Purchase Consideration, on the terms set out in the SA Corporate Real Estate Acquisition Agreements, salient terms of which appear in the Circular and copies of which have been made available for inspection by Linked Unitholders, be and is hereby approved."

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE PUT OPTION ACQUISITION

"RESOLVED AS AN ORDINARY RESOLUTION in terms of the JSE Listings Requirements, that the acquisition by the Company of the Put Option Properties, from SA Corporate Real Estate, against payment of the Put Option Purchase Consideration, on the terms set out in the Put Option Provisions, salient terms of which appear in the Circular and copies of which have been made available for inspection by Linked Unitholders, be and is hereby approved."

ORDINARY RESOLUTION NUMBER 3 – APPROVAL OF THE ISOLENU ACQUISITION

"RESOLVED AS AN ORDINARY RESOLUTION in terms of the JSE Listings Requirements, that the acquisition by the Company of the Isolenu Property Portfolio, from Isolenu, against payment of the Isolenu Purchase Consideration on the terms set out in the Isolenu Acquisition Agreements, salient terms of which appear in the Circular and copies of which have been made available for inspection by Linked Unitholders, be and is hereby approved."

SPECIAL RESOLUTION NUMBER 1 – SHARE CAPITAL CONVERSION

"RESOLVED AS A SPECIAL RESOLUTION in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act, that the authorised and issued ordinary share capital of the Company be and is hereby reorganised by the conversion of each of the existing authorised and issued par value Ordinary Shares of R0.01 each into authorised and issued Ordinary Shares of no par value, on the basis that each no par value Ordinary Share shall have the same value, rights and privileges which attached to such Share immediately prior to the Share Capital Conversion."

Reason and effect

The reason for Special Resolution Number 1 is to convert the authorised and issued ordinary share capital from ordinary par value shares into ordinary shares of no par value as required by the Companies Act. The effect of Special Resolution 1 is that the authorised and issued ordinary share capital of the Company shall be converted into ordinary shares of no par value.

Linked Unitholders are referred to the report on the Share Capital Conversion prepared by the Board and presented in Annexure 10 of the Circular.

SPECIAL RESOLUTION NUMBER 2 – SHARE CAPITAL INCREASE

"**RESOLVED AS A SPECIAL RESOLUTION** in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act that, subject to the approval of Special Resolution Number 1, the authorised share capital of the Company be and is hereby reorganised by:

(a) the creation and authorisation of a further 2 700 000 000 Ordinary Shares of no par value in the authorised ordinary share capital of the Company, ranking *pari passu* in all respects with the existing Ordinary Shares of no par value in the authorised share capital of the Company, so as to result in a total of 3 000 000 000 Ordinary Shares of no par value in the authorised share capital of the Company;

(b) the creation and authorisation of 3 000 000 000 A Ordinary Shares of no par value in the authorised share capital of the Company on the terms and with the preferences, rights and limitations set out in the New Memorandum of Incorporation."

Reason and effect

The reason for Special Resolution Number 2 is to increase the Company's authorised share capital in order to create sufficient authorised Shares for the Company to implement the Vendor Consideration Placement and/or the Specific Issue to be effected by the Company. The effect of Special Resolution 2 is that the authorised share capital of the Company shall be increased by the creation of an additional 2 700 000 000 Ordinary Shares of no par value and the creation of 3 000 000 000 A Ordinary Shares of no par value.

SPECIAL RESOLUTION NUMBER 3 – CREATION OF THE A LINKED UNITS

"**RESOLVED AS A SPECIAL RESOLUTION**, to the extent required, in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act that, subject to the approval of Special Resolutions Number 1 and 2, the authorised share capital of the Company be and is hereby reorganised by the creation of 3 000 000 000 A Linked Units, subject to the preferences, rights, limitations and other terms applicable to the A Linked Units, as set out in the New Memorandum of Incorporation."

Reason and effect

The reason for Special Resolution Number 3 is to provide the Company with greater flexibility in the Vendor Consideration Placement and/or the Specific Issue and future capital raisings. The effect of Special Resolution Number 3 is that the Company will have a new class of Linked Units, namely the A Linked Units.

SPECIAL RESOLUTION NUMBER 4 – CREATION OF ADDITIONAL ORDINARY LINKED UNITS

"**RESOLVED AS A SPECIAL RESOLUTION**, to the extent required, in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act that, subject to the approval of Special Resolutions Number 1, 2 and 3, the authorised share capital of the Company be and is hereby reorganised by the creation of a further 2 700 000 000 Ordinary Linked Units ranking in all respects *pari passu* with the existing Ordinary Linked Units in the authorised capital of the Company so as to result in a total of 3 000 000 000 Ordinary Linked Units in the authorised capital of the Company."

Reason and effect

The reason for Special Resolution Number 4 is to authorise the creation of additional Ordinary Linked Units. The effect of Special Resolution Number 4 is that the authorised Ordinary Linked Units shall be increased to 3 000 000 000 Ordinary Linked Units.

SPECIAL RESOLUTION NUMBER 5 – PREFERENCE SHARE CANCELLATION

"**RESOLVED AS A SPECIAL RESOLUTION** in terms of section 36(2)(a) and section 16(1)(c) of the Companies Act that the authorised share capital of the Company be and is hereby reorganised by the cancellation of the Preference Shares, it being recorded that no Preference Shares form part of the issued share capital of the Company."

Reason and effect

The reason for Special Resolution Number 5 is to cancel the authorised Preference Shares. The effect of Special Resolution Number 5 is that the authorised Preference Shares shall be cancelled.

SPECIAL RESOLUTION NUMBER 6 – AUTHORITY TO ISSUE VENDOR CONSIDERATION LINKED UNITS

"**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 1 and/or Ordinary Resolution Number 2 and/or Ordinary Resolution Number 3 and subject to the approval of Special Resolutions Numbers 1, 2, 3 and 4, the issuing of the Vendor Consideration Linked Units as more fully set out in the Circular, be and is hereby approved in terms of section 41(3) of the Companies Act and (to the extent that a participant in the Vendor Consideration Placement is a person referred to in section 41(1) of the Companies Act) in terms of section 41(1) of the Companies Act, it being recorded that the voting power of the Vendor Consideration Linked Units may constitute more than 30% of the voting power of the Linked Units of the Company, and provided that in adopting this special resolution, Linked Unitholders will, in accordance with the requirements of the Existing Memorandum of Incorporation, be regarded as having placed sufficient of the authorised unissued Linked Units under the control of the Directors as is required to implement the Vendor Consideration Placing."

Reason and effect

The reason for Special Resolution Number 6 is that the issuing of Linked Units in terms of the Vendor Consideration Placement, requires the approval of Linked Unitholders by means of a special resolution in terms of section 41(3) of the Companies Act and by means of a special resolution in terms of section 41(1) of the Companies Act (to the extent that any Linked Units are issued hereunder to persons referred to in section 41(1) of the Companies Act) and requires that sufficient of the Linked Units be placed under the control of the Directors in terms of the Existing Memorandum of Incorporation. The effect of Special

Resolution Number 6 is to grant the requisite approval in terms of section 41(3) and section 41(1) of the Companies Act and to place sufficient of the unissued authorised Linked Units under the control of the Directors as is required to implement the Vendor Consideration Placing.

SPECIAL RESOLUTION NUMBER 7: AUTHORITY TO ISSUE ORDINARY LINKED UNITS IN TERMS OF THE SPECIFIC ISSUE

"**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 1 and/or Ordinary Resolution Number 2 and/or Ordinary Resolution Number 3 and subject to the approval of Special Resolutions Numbers 1, 2, 3 and 4, the issuing of the Ordinary Linked Units in terms of the Specific Issue, as more fully set out in the Circular, be and is hereby approved in terms of paragraph 5.51(g) of the JSE Listings Requirements, in terms of section 41(3) of the Companies Act and (to the extent that Linked Units are issued hereunder to a person referred to in section 41(1) of the Companies Act) in terms of section 41(1) of the Companies Act, it being recorded that the voting power of the Linked Units issued hereunder may constitute more than 30% of the voting power of the Linked Units of the Company, and provided that in adopting this special resolution, Linked Unitholders will, in accordance with the requirements of the Existing Memorandum of Incorporation, be regarded as having placed sufficient of the authorised unissued Linked Units under the control of the Directors as is required to implement the Specific Issue."

Reason and effect

The reason for Special Resolution Number 7 is that the issuing of Ordinary Linked Units in terms of the Specific Issue, requires the approval of Linked Unitholders by means of a special resolution in terms of section 41(3) of the Companies Act, by means of a special resolution in terms of section 41(1) of the Companies Act (to the extent that any Linked Units are issued hereunder to persons referred to in section 41(1) of the Companies Act) and by means of an ordinary resolution in terms of paragraph 5.51(g) of the JSE Listings Requirements and requires that sufficient of the Linked Units be placed under the control of the Directors in terms of the Existing Memorandum of Incorporation. The effect of Special Resolution Number 7 is to grant the requisite approval in terms of section 41(3) and section 41(1) of the Companies Act and paragraph 5.51(g) of the JSE Listings Requirements and to place sufficient of the unissued authorised Ordinary Linked Units under the control of the Directors as is required to implement the Specific Issue.

Note: *In terms of paragraph 5.51(g) of the JSE Listings Requirements, Special Resolution Number 7 requires the approval of a 75% majority of the votes cast in favour of such resolution by all Linked Unitholders present or represented by proxy at the General Meeting, on which any parties and their associates participating in the Specific Issue have not voted on or whose votes have not been counted.*

SPECIAL RESOLUTION NUMBER 8: ADOPTION OF THE NEW MEMORANDUM OF INCORPORATION

"RESOLVED AS A SPECIAL RESOLUTION in terms of section 16(1)(c) of the Companies Act that, subject to the passing of Special Resolutions Number 1, 2, 3, 4 and 5, the Existing Memorandum of Incorporation of the Company be and is hereby amended and substituted in its entirety by the New Memorandum of Incorporation, a copy of which has been made available for inspection by Linked Unitholders, with effect from the date of filing of the required notice of amendment with the Companies and Intellectual Property Commission."

Reason and effect

The reason for Special Resolution Number 8 is to bring the Company's constitutional documents into harmony with the provisions of the Companies Act and the JSE Listings Requirements and to reflect the Changes to the Linked Unit Capital. The effect of Special Resolution Number 8 is that the Company will have adopted the New Memorandum of Incorporation, which is in harmony with the provisions of the Companies Act, the JSE Listings Requirements and the Changes to the Linked Unit Capital.

SPECIAL RESOLUTION NUMBER 9: ADOPTION OF THE NEW DEBENTURE TRUST DEED

"RESOLVED AS A SPECIAL RESOLUTION, that, subject to the passing of Special Resolution Number 1, 2, 3, 4, 5 and 8 and in terms of the Existing Debenture Trust Deed, the Existing Debenture Trust Deed of the Company be and is hereby amended and substituted in its entirety by the New Debenture Trust Deed, a copy of which has been made available for inspection by Linked Unitholders, with effect from the date of filing of the New Memorandum of Incorporation with the Companies and Intellectual Property Commission."

Reason and effect

The reason for Special Resolution Number 9 is to provide for the New Linked Unit Structure and the consequential changes to the Existing Debenture Trust Deed as a result of the New Linked Unit Structure. The effect of Special Resolution Number 9 is that the company will have adopted the New Debenture Trust Deed, which provides for the New Linked Unit Structure.

ORDINARY RESOLUTION NUMBER 4 – AUTHORITY OF DIRECTORS

"RESOLVED AS AN ORDINARY RESOLUTION that any Director of the Company be and is hereby authorised to do all such things and sign all such documentation as are necessary to give effect to the resolutions set out in this notice, hereby ratifying and confirming all such things already done and documentation already signed."

VOTING AND PROXIES

The date on which Linked Unitholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 28 September 2012.

The date on which Linked Unitholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 26 October 2012. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Friday, 19 October 2012.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Accordingly, meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

A Linked Unitholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Linked Unitholder of the Company. For the convenience of Certificated Linked Unitholders and Dematerialised Linked Unitholders with "own-name" registration, a form of proxy (*yellow*) is attached hereto. Completion of a form of proxy will not preclude such Linked Unitholder from attending and voting (in preference to that Linked Unitholder's proxy) at the General Meeting.

Duly completed forms of proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address given below by not later than 11:00 on Thursday, 1 November 2012.

Dematerialised Linked Unitholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Linked Unitholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Linked Unitholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

SIGNED AT CAPE TOWN ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY ON 4 OCTOBER 2012.

By order of the Board

JF du Toit
Chairman

Registered Office
1st Floor, East Wing, The Palms
145 Sir Lowry Road
Cape Town, 8001
(PO Box 4083, Durbanville, 7551)

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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Fairvest Property Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1998/005011/06)
Linked Unit code: FVT ISIN: ZAE000034658
("**Fairvest**" or "**the Company**")

FORM OF PROXY – ONLY FOR USE BY CERTIFICATED LINKED UNITHOLDERS AND DEMATERIALISED LINKED UNITHOLDERS WITH "OWN-NAME" REGISTRATION

For use by Linked Unitholders at the General Meeting of the Company, to be held at 11:00 on Monday, 5 November 2012 at 1st Floor, East Wing, The Palms, 145 Sir Lowry Road, Cape Town, Western Cape, or any adjourned or postponed meeting.

*The definitions and interpretations commencing on page 5 of the circular to which this form of proxy is attached (**"the Circular"**) apply mutatis mutandis to this form of proxy.*

If you are a Dematerialised Linked Unitholder without "own-name" registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of [ ] Certificated Linked Units or Dematerialised Linked Units with "own-name" registration do hereby appoint (see notes 1 and 2):

1. or failing him/her,
2. or failing him/her,
3. the Chairman of the General Meeting

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the Linked Units registered in my/our name(s), in accordance with the following instruction (see notes):

	For*	Against*	Abstain*
Ordinary Resolution Number 1 Approval of the SA Corporate Real Estate Acquisition			
Ordinary Resolution Number 2 Approval of the Put Option Acquisition			
Ordinary Resolution Number 3 Approval of the Isolenu Acquisition			
Special Resolution Number 1 Share Capital Conversion			
Special Resolution Number 2 Share Capital Increase			
Special Resolution Number 3 Creation of the A Linked Units			
Special Resolution Number 4 Creation of Additional Ordinary Linked Units			
Special Resolution Number 5 Preference Share Cancellation			
Special Resolution Number 6 Authority to Issue Vendor Consideration Linked Units			
Special Resolution Number 7 Authority to issue Ordinary Linked Units in terms of the Specific Issue			
Special Resolution Number 8 Adoption of the New Memorandum of Incorporation			
Special Resolution Number 9 Adoption of the New Debenture Trust Deed			
Ordinary Resolution Number 4 Authority of directors			

* One vote per Linked Unit held by Linked Unitholders. Linked Unitholders must insert the relevant number of votes they wish to vote in the appropriate box provided.

Signed at: on 2012

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Telephone: Cellphone:

Assisted by me (where applicable)

Full name

Capacity

Signature

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- A Linked Unitholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Linked Unitholder) as a proxy to participate in, and speak and vote at, a Linked Unitholders' meeting on behalf of such Linked Unitholder.
- A Linked Unitholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Linked Unitholder.
- A proxy may delegate his authority to act on behalf of a Linked Unitholder to another person, subject to any restriction set out in the instrument appointing such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Linked Unitholder chooses to act directly and in person in the exercise of any of such Linked Unitholder's rights as a Linked Unitholder.
- Any appointment by a Linked Unitholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a Linked Unitholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a Linked Unitholder is entitled to exercise, or abstain from exercising, any voting right of such Linked Unitholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a Linked Unitholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a Linked Unitholder must be delivered by such company to:
  - the relevant Linked Unitholder; or
  - the proxy or proxies, if the relevant Linked Unitholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

Notes:

1. Each Linked Unitholder is entitled to appoint 1 (one) (or more) proxies (none of whom need be a Linked Unitholder of the Company) to attend, speak and vote in place of that Linked Unitholder at the General Meeting.
2. A Linked Unitholder may insert the name of a proxy or the names of two alternative proxies of the Linked Unitholder's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Linked Unitholder must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Linked Unitholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Linked Unitholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Linked Unitholder's votes exercisable at the meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107, to be received by them by no later than 48 hours before the commencement of the General Meeting (or any adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.
5. The completion and lodging of this form of proxy will not preclude the relevant Linked Unitholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Linked Unitholder wish to do so.
6. The chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the memorandum of incorporation of the Company.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by the Company or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where Linked Units are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Linked Unitholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company or the Transfer Secretaries.
12. Dematerialised Linked Unitholders who do not own Linked Units in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Linked Unitholder and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Linked Unit in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate her or his authority to act on behalf of the relevant Linked Unitholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.