



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 31 December 2010 R'000	Unaudited 30 September 2009 R'000	Audited 30 June 2010 R'000
ASSETS			
Non-current assets	91 329	89 507	91 622
Investment property	88 766	86 426	88 766
Equipment	17	4	20
Operating lease asset	2 546	3 077	2 836
Current assets	45 356	44 915	53 147
Listed investments	8 280	–	2 684
Trade and other receivables	2 543	1 399	2 127
Cash and cash equivalents	34 533	43 516	48 336
Total assets	136 685	134 422	144 769
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	857	857	857
Non-current liabilities	127 376	130 112	126 555
Linked unit debenture capital	857	857	857
Linked unit debentures premium	124 915	128 292	124 020
Deferred taxation	1 604	963	1 678
Current liabilities	8 452	3 453	17 357
Taxation	1 143	827	2 017
Trade and other payables	7 309	2 626	15 340
Total equity and liabilities	136 685	134 422	144 769

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Cash (outflow)/inflow from operating activities	(8 922)	(2 675)	4 838
Cash outflow from investing activities	(4 881)	–	(2 693)
Net (decrease)/increase in cash and cash equivalents	(13 803)	(2 675)	2 145
Cash and cash equivalents at beginning of period	48 336	46 191	46 191
Cash and cash equivalents at end of period	34 533	43 516	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 September 2009	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 30 June 2010	857	–	857
Total comprehensive income for the period	–	–	–
Balance at 31 December 2010	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
Net fair value adjustment	–	4 492	4 492
Balance at 30 September 2009	857	128 293	129 150
Net fair value adjustment	–	(4 273)	(4 273)
Balance at 30 June 2010	857	124 020	124 877
Net fair value adjustment	–	895	895
Balance at 31 December 2010	857	124 915	125 772

CONDENSED CONSOLIDATED SEGMENT REPORT

	Eastern Cape R'000	Free State R'000	Gauteng R'000	KwaZulu-Natal R'000	Western Cape R'000	Reconciling items/ Eliminations R'000	Total R'000
FOR THE 6 MONTHS ENDED 31 DECEMBER 2010							
Revenue – external customers	4 270	489	430	3 807	–	–	8 996
Intersegmental revenue	–	–	–	–	710	(710)	–
Operating profit	3 116	(143)	(562)	2 314	–	(1 407)	3 318
Total assets	35 179	4 671	16 602	37 369	–	42 864	136 685
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2009							
Revenue – external customers	3 649	376	424	3 215	–	–	7 664
Intersegmental revenue	–	–	–	–	1 517	(1 517)	–
Operating profit	3 180	220	(124)	1 791	–	(2 131)	2 936
Total assets	30 761	6 570	19 936	33 635	–	43 520	134 422
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	16 349	37 243	–	51 040	144 679

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" or "the Group")

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Gross revenue	8 990	7 771	19 801
Rental income – contractual	8 996	7 664	19 541
– straight-line accrual	(6)	107	260
Operating profit	3 318	2 936	8 962
Fair value adjustment to listed investments	619	–	12
Fair value adjustment to investment properties	–	–	2 340
Fair value adjustment to debentures	(895)	(4 492)	(219)
Foreign exchange gains	85	–	–
Finance cost	(6)	–	(810)
Investment revenue	1 243	1 702	4 389
Profit before debenture interest	4 364	146	14 674
Debenture interest	(4 247)	–	(11 832)
Profit before taxation	117	146	2 842
Taxation	(117)	(146)	(2 842)
Comprehensive income attributable to shareholders	–	–	–
Profit and total comprehensive income 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

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Profit attributable to shareholders*	–	–	–
Fair value adjustment to investment properties	–	–	(2 340)
Fair value adjustment to debentures	895	4 492	219
Headline and diluted headline profit/(loss) attributable to shareholders	895	4 492	(2 121)
Debenture interest	4 247	–	11 832
Headline and diluted headline profit attributable to linked unitholders	5 142	4 492	9 711

Distribution (debenture interest)

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Interim interest distribution per linked unit (cents)	5.0	–	10.0
Final interest distribution per linked unit (cents)	–	9.0	3.8
Total interest distribution per linked unit (cents)	5.0	9.0	13.8

Earnings per share

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Basic and diluted earnings per share (cents)*	–	–	–
Headline and diluted headline earnings/(loss) per share (cents)*	1.0	5.2	(2.5)
Headline and diluted headline earnings per linked unit (cents)*	6.0	5.2	11.3
Net asset value per linked unit and net tangible asset value per linked unit (cents)**	147.6	151.7	146.6

Linked unit statistics (excluding treasury shares)

	Unaudited 6 months to 31 December 2010 R'000	Unaudited 6 months to 30 September 2009 R'000	Audited 15 months to 30 June 2010 R'000
Linked units in issue	85 795 988	85 795 988	85 795 988
Effective linked units in issue	85 721 986	85 721 986	85 721 986
Weighted average number of linked units	85 721 986	85 721 986	85 721 986

* 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.

OTHER SEGMENTAL INFORMATION

	Unaudited 31 December 2010 R'000	Unaudited 30 September 2009 R'000	Audited 30 June 2010 R'000
Regional profile based on lettable area			
Eastern Cape	29%	30%	29%
Free State	12%	9%	12%
Gauteng	20%	21%	20%
KwaZulu-Natal	39%	40%	39%
Vacancy profile based on gross lease area			
Gross lease area in metres squared as at end of period	27 021	25 850	27 021
Vacancy area in metres squared	5 044	8 031	7 507
Vacancy area as % of gross lease area	19%	31%	28%
Regional vacancy profile			
Eastern Cape	16%	6%	11%
Free State	0%	16%	25%
Gauteng	66%	56%	52%
KwaZulu-Natal	18%	22%	12%

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim results for the six months ended 31 December 2010, 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 15 months ended 30 June 2010. These 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, as amended, and the Listings Requirements of JSE Limited.

These condensed consolidated interim results for the six months ended 31 December 2010 have been prepared in accordance with the historic cost basis, except for the measurement of investment properties, linked units 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.

These condensed consolidated interim results for the six months ended 31 December 2010 have not been reviewed by the Group's auditors and have been prepared on the fair value and going concern basis.

Estimates

The financial statements do not include any material estimates.

COMMENTARY

Introduction

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

Change of financial year end

During the previous financial period the Group changed their financial year end from 31 March to 30 June. Consequently the comparative interim reporting period is the six months ended 30 September 2009 which is the most recent comparable interim reporting period.

Review of results

During the period under review revenue continued to increase as vacancies reduced to 19%, off which 7% is an unlettable property and 5% relates to properties being refurbished, bringing the effective vacancies to below 10%.

We continue with projects to enhance the current portfolio through refurbishments and some general maintenance, however, new opportunities are continually evaluated to utilise excess cash and increase the gearing of the Group.

The Group declared an interim distribution of 5.0 cents per linked unit for the six months ended 31 December 2010. The net asset value per linked unit increased from 146.6 cents as at 30 June 2010 to 147.6 cents as at 31 December 2010.

Revenue increased by 15.7% to R8.99 million largely as a result of reduced vacancies. Trading profits increased by 13.0% to R3.3 million largely as a result of cost containment and streamlining of operations, in spite of general maintenance projects to the value of R1.5 million which reduced trading profits. These projects are ongoing and will have a further impact on the full year's trading profits.

The number of properties in the portfolio has remained unchanged during the period under review at 11 as we continue to focus on extracting value out of the current portfolio. The value of the portfolio remained unchanged since 30 June 2010 as the properties are valued at year end, however we do not expect negative revisions being made to the properties at year end.

An additional R4.9 million has been invested in the listed property sector in Australia during the six months under review. Listed investments increased by 9.2% to R8.3 million since 30 June 2010.

With R34.5 million of available cash resources and a debt free balance sheet the Group remains well positioned to take advantage of opportunities in the current market.

Interest distributions and dividends

Interest on debentures has been calculated in terms of the Debenture Trust Deed. An interim interest distribution of 5.0 cents per debenture unit has been declared for the six months ended 31 December 2010 and is payable to linked unitholders registered in the books of the company at the close of business on Friday, 1 April 2011. No dividend has been declared for the period in respect of the linked units.

Last date to trade linked units cum interest payment Friday, 25 March 2011
Linked units commence trading ex interest payment Monday, 28 March 2011
Record date Friday, 1 April 2011
Payment date Monday, 4 April 2011

Linked units may not be dematerialised or rematerialised between Monday, 28 March 2011 and Friday, 1 April 2011, both days inclusive.

Directorate

LW Andrag was appointed as an independent non-executive director on 1 December 2010.

Subsequent events

The directors of Fairvest are not aware of any material matter or circumstance arising between 31 December 2010 and this report which may materially affect the financial position of the Group or the results of its operations.

Appreciation

We extend our appreciation to our directors, management and staff for their valued efforts as well as our advisers and linked unitholders for their continuing belief in and support of Fairvest.

For and on behalf of the board

JF du Toit **BJ Kriel**
Chairman Chief Executive Officer and Financial Director

10 March 2011
Cape Town

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 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107

Auditor: BDO South Africa Incorporated Registered Auditors

Sponsor: PSG Capital (Proprietary) Limited

Company Secretary: SecCorp Secretarial Services (Proprietary) Limited

Property managers: Blend Property Management (Proprietary) Limited

Directors: Executive: BJ Kriel (Chief Executive Officer and Financial Director)

Non-executive: JF du Toit (Chairman), M Epstein, PJ van der Merwe*, LW Andrag* * Independent