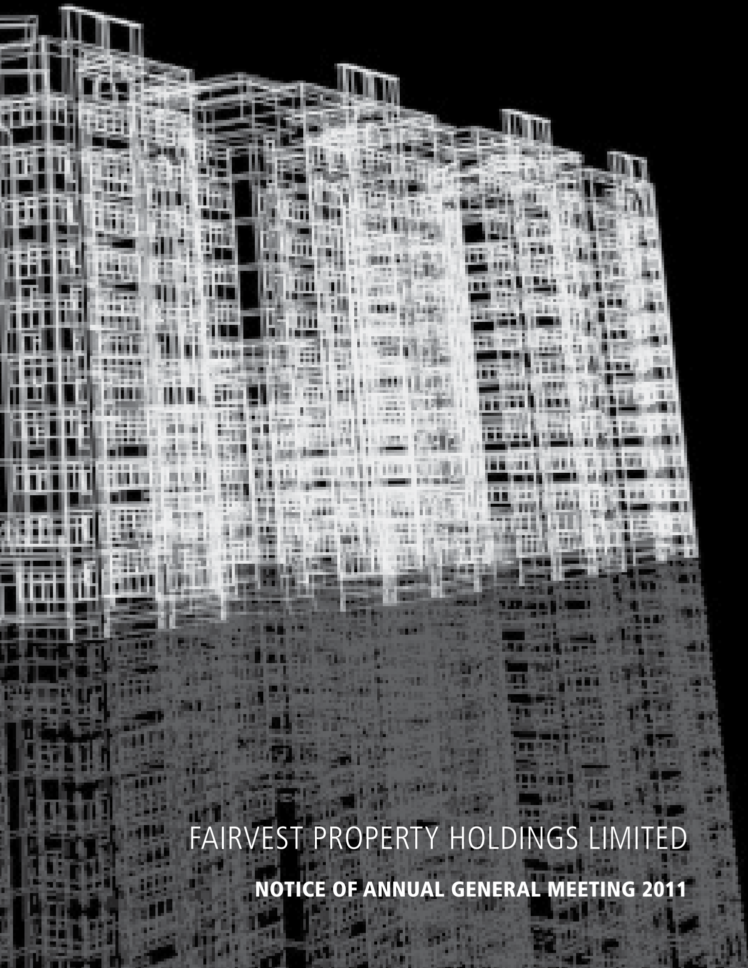
FAIRVEST
property holdings limited



FAIRVEST PROPERTY HOLDINGS LIMITED

NOTICE OF ANNUAL GENERAL MEETING 2011

FAIRVEST PROPERTY HOLDINGS LIMITED
(Incorporated in the Republic of South Africa) (Registration number 1998/005011/06)
JSE Share code: FVT ISIN: ZAE 000034658
("Fairvest" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Fairvest Property Holdings Limited ("Fairvest" or "the Company") in respect of the year ended 30 June 2011 will be held in the boardroom, 1st Floor East Wing, The Palms, 145 Sir Lowry Road, Cape Town on Thursday, 17 November 2011, at 11:00.

PURPOSE
The purpose of the meeting is to transact the business set out in the agenda below.

AGENDA
1. Presentation of the audited annual financial statement of the Company, including the reports of the directors and the audit committee for the year ended 30 June 2011. The annual report containing the complete audited annual financial statements will be available on the Company's website at www.fairvest.co.za or can be obtained from the Company's registered office in due course. A condensed version of the audited annual financial statements is included in Annexure 1 of this notice.
2. To consider and, if deemed fit, pass, with or without modification, the following ordinary and special resolutions:

For any of the ordinary resolution numbers 1 to 7 and 9 and 10 to be adopted more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 8 to be adopted, more than 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Ordinary Resolution Number 1 – Appointment of auditors

"RESOLVED AS AN ORDINARY RESOLUTION that BDO South Africa Inc. is hereby reappointed as the auditors of the Company for the ensuing financial year. The audit and risk committee has recommended the reappointment of BDO South Africa Inc. as auditors of the Company."

The reason for Ordinary Resolution Number 1 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed at the annual general meeting of the Company as required by the Companies Act 71 of 2008, as amended.

2. Ordinary Resolution Number 2 – Approval of the remuneration payable to the auditors

"RESOLVED AS AN ORDINARY RESOLUTION that the auditor's remuneration for the year ended 30 June 2011 as determined by the audit and risk committee of the Company be and is hereby confirmed."

The reason for Ordinary Resolution Number 2 is that the Articles of Association of the Company requires that the remuneration of the auditor be considered at the annual general meeting of the Company.

3. Ordinary Resolution Number 3 – Appointment of directors

"RESOLVED AS AN ORDINARY RESOLUTION that Mr JF du Toit who retires by rotation in terms of the Company's Articles of Association and, being eligible, offers himself for re-election."

Summarised *curricula vitae* of directors appear in Annexure 2 of this report.

The reason for Ordinary Resolution Number 3 is that the Articles of Association of the Company and, to the extent applicable, the Companies Act, 71 of 2008, as amended, require that a component of the non-executive directors rotate at the annual general meeting and, being eligible, may offer themselves for re-election as directors.

4. **Ordinary Resolution Number 4 – Confirmation of appointment of director**

"RESOLVED AS AN ORDINARY RESOLUTION to re-elect as directors, Mr LW Andrag, Mr D Wilder and Mr A Marcus, who was appointed during the year, and retires in terms of Article 66 of the Company's Articles of Association and, being eligible, offer themselves for re-election."

Summarised *curricula vitae* of directors appear in Annexure 2 of this report.

The reason for Ordinary Resolution Number 4 is that the Articles of Association of the Company require that any newly appointed directors retire at the following annual general meeting and being eligible may offer themselves for re-election as directors.

5. **Ordinary Resolution Number 5 – Approve directors' remuneration**

"RESOLVED AS AN ORDINARY RESOLUTION to approve the remuneration of the directors for the year ended 30 June 2011 as set out in note 19 of the audited annual financial statements."

The reason for Ordinary Resolution Number 5 is that the Articles of Association of the Company requires that the remuneration paid to the directors be ratified at the annual general meeting of the Company.

6. **Ordinary Resolution Number 6 – Appointment of the members of the audit and risk committee**

"RESOLVED AS AN ORDINARY RESOLUTION that the following individuals, being eligible, be and are hereby appointed or reappointed as the case may be, as members of the audit and risk committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company."

6.1. Mr PJ van der Merwe;
6.2. Mr LW Andrag; and
6.3. Mr JF du Toit.

Summarised *curricula vitae* of directors appear in Annexure 2 of this report.

The reason for Ordinary Resolution Number 6 is that the Company, being a public listed company, must appoint an audit committee, and the Companies Act, 71 of 2008, as amended, requires that the members of such audit committee be appointed, or reappointed, as the case may be, at each annual general meeting of the Company.

7. **Ordinary Resolution Number 7 – Placing unissued linked units under the control of the directors**

"RESOLVED AS AN ORDINARY RESOLUTION that all the authorised but unissued linked units of the Company, be and are hereby placed under the control of the directors until the next Annual General Meeting and that they be and are hereby authorised to issue any such linked units as they may deem fit, subject to the Companies Act, No 71 of 2008, as amended ("the Companies Act"), the Articles of Association of the Company and the provisions of the Listings Requirements of the JSE Limited ("JSE")."

The reason for Ordinary Resolution Number 7 is that the board requires authority from linked unitholders in terms of its Articles of Association to issue linked units in the Company. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue linked units as may be required, inter alia, in terms of capital-raising exercises and to maintain a healthy capital adequacy ratio.

8. **Ordinary Resolution Number 8 – General authority to issue linked units for cash**

"RESOLVED AS AN ORDINARY RESOLUTION that the directors of the Company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to allot and issue linked units for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 71 of 2008, as amended, the Articles of Association of the Company and its subsidiaries and the Listings Requirements of the JSE Limited ("JSE") from time to time, which currently provide, *inter alia*, the following limitations:"

- the linked units which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such linked units or rights that are convertible into a class already in issue;
- any such issue may only be made to public unitholders as defined by the JSE Listings Requirements and not to related parties;
- the number of linked units issued for cash shall not in any one financial year, in the aggregate, exceed 15% (fifteen percent) of the number of issued linked units. The number of linked units which may be issued shall be based, *inter alia*, on the number of linked units in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any linked units issued or to be issued during the current financial year; plus any linked units to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the number of linked units issued, the average discount to the weighted average traded price of the linked units over the 30 days prior to the date that the price of the issue was determined or agreed by the directors of the Company, and the impact on net asset value per linked unit, net tangible asset value per linked unit, earnings per linked unit and headline earnings per linked unit, will be published when the Company has issued linked units representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of linked units in issue prior to the issue;
- in determining the price at which an issue of linked units may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE of the linked units over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to by the directors of the Company;
- whenever the Company wishes to use linked units, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of linked units; and
- approval of the general issue for cash resolution by achieving a 75% majority of the votes cast in favour of such resolution by all linked unitholders present or represented by proxy at the Annual General Meeting convened to approve such resolution. The resolution must be worded in such a way as to include the issue of any options/convertible linked units that are convertible into an existing class of linked units, where applicable."

The reason for Ordinary Resolution Number 8 is that for listed entities to issue linked units for cash, it is necessary for the board not only to obtain the prior authority of the linked unitholders as may be required in terms of their articles of association contemplated in Ordinary Resolution Number 7 above, but it is also necessary to obtain the prior authority of linked unitholders in accordance with the Listings Requirements of the JSE Limited. The reason for Ordinary Resolution Number 8 is accordingly to obtain a general authority from linked unitholders to issue linked units for cash in compliance with the Listings Requirements of the JSE Limited.

9. Ordinary Resolution Number 9 – Adoption of Management Agreement

"RESOLVED AS AN ORDINARY RESOLUTION that the management agreement which has been tabled at this annual general meeting and initialled by the Chairman of the annual general meeting for purposes of identification, be and is hereby approved and adopted by linked unitholders."

The reason for this resolution is to enable linked unitholders to consider the adoption of the management agreement, the details of which has been set out in Annexure 3 to the notice of annual general meeting. In terms of the Listings Requirements of the JSE, it is also required that in the event that a property entity enters into a management agreement, same cannot take place without a majority of the votes cast by securities holders (excluding the votes of any parties or their associates who are party to or have an interest in the management agreement).

The management agreement will be available for inspection during normal business hours at the registered office of the Company and at the office of the sponsor from the date of this notice, up to and including the date of the annual general meeting.

10. Ordinary Resolution Number 10 – Authority to execute requisite documentation

"RESOLVED AS AN ORDINARY RESOLUTION that any director of the Company or the Company Secretary where appropriate, be and hereby is authorised to do all such things and to sign all such documents issued by the Company and required to give effect to the special and ordinary resolutions passed at this meeting."

The reason for Ordinary Resolution Number 10 is to provide the necessary authority to any director of the Company or the Company Secretary to implement the special and ordinary resolutions which are to be tabled at the annual general meeting.

For any special resolution to be adopted more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

11. Special Resolution Number 1 – Approve directors remuneration to non-executive directors

"RESOLVED AS A SPECIAL RESOLUTION that remuneration payable to non-executive directors payable for the year ended 30 June 2012 will remain unchanged at R120,000 per year."

The passing of this special resolution will have the effect of approving the remuneration of each of the non-executive directors of the Company for the year ending 30 June 2012 in accordance with section 66(9) of the Companies Act, 71 of 2008, as amended.

12. Special Resolution Number 2 – Acquisition of own linked units

"RESOLVED AS A SPECIAL RESOLUTION that the mandate be given to the Company (or any of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own linked units, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Company's Articles of Association, the provisions of the Companies Act, 71 of 2008, as amended ("the Companies Act") and the Listings Requirements of the JSE Limited ("JSE"), provided that:"

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

- Repurchases by the Company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 20% (twenty per cent) of the Company's issued share capital as at the date of passing this special resolution or 10% (ten per cent) of the Company's issued share capital in the case of an acquisition of linked units in the Company by a subsidiary of the Company;
- a resolution has been passed by the board of directors approving the repurchase, that the Company has satisfied the solvency and liquidity test as defined in terms of the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- Repurchases may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the linked units for the 5 (five) business days immediately preceding the date on which the transaction was effected; and
- Repurchases may not be undertaken by the Company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on unitholder spread as required by the JSE."

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

The following information, which is required by the JSE Listings Requirements with regard to the resolution granting a general authority to the Company to repurchase linked units, appears in Annexure 2 of this report:

- Directors of the Company
- Major unitholders
- Directors' interests in securities
- Share capital of the Company
- Responsibility statement
- Material changes

13. Special Resolution Number 3 – Intercompany loans

"RESOLVED AS A SPECIAL RESOLUTION in terms of section 45(3)(a)(ii) of the Companies Act, 71 of 2008, as amended ("the Companies Act"), as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related to the Company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act, to the Company, on the terms and conditions and for amounts that the board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect of Special Resolution Number 3 is to grant the directors of the Company the authority until the next annual general meeting to provide financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

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

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

The directors of the Company hereby state that:

a) the intention of the directors of the Company is to utilise the authority if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and will ensure that any such utilisation is in the interests of the unitholders; and
b) the method by which the Company intends to repurchase its linked units and the date on which such repurchase will take place, have not yet been determined.

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

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the Annual General Meeting;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the Annual General Meeting;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the business of the Company and its subsidiaries for a period of 12 (twelve) months after the date of the Annual General Meeting;
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements for a period of 12 (twelve) months after the date of the Annual General Meeting; and
- the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

14. Other business

To transact such other business as may be transacted at an annual general meeting or raised by linked unitholders with or without advance notice to the Company.

VOTING AND PROXIES

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

The date on which linked unitholders must have been recorded as such in the linked unit register maintained by the transfer secretaries of the Company for purposes of being entitled to receive this notice is 14 October 2011 .

The date on which linked unitholders must be recorded in the linked unit register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at the annual general meeting is Friday, 11 November 2011, with the last day to trade being Friday, 4 November 2011.

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

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

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

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

Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly bring a copy of their identity document, passport or drivers' licence to the annual 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.

By order of the board

J van der Merwe
(on behalf of SecCorp Secretarial Services (Proprietary) Limited)

Company Secretary
14 October 2011

Registered office address	**Postal address**
1st Floor East Wing, The Palms	PO Box 4083
145 Sir Lowry Road	Durbanville
Cape Town	7551
8001	

GENERAL INSTRUCTIONS

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

1. The date on which linked unitholders must have been recorded as such in the linked unit register maintained by the transfer secretaries of the Company for purposes of being entitled to receive this notice is 14 October 2011.

2. The date on which linked unitholders must be recorded in the linked unit register maintained by the transfer secretaries of the Company for purposes of being entitled to attend and vote at the annual general meeting is Friday, 11 November 2011, with the last day to trade being Friday, 4 November 2011.

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

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

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

   or, alternatively,

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

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

   or, alternatively

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

ANNEXURE 1

Condensed consolidated results for the 12 months ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited 30 June 2011 R'000	Audited 30 June 2010 R'000
ASSETS		
Non-current assets	**100 186**	91 622
Investment property	**97 372**	88 766
Investment property under construction	**623**	–
Equipment	**17**	20
Operating lease asset	**2 174**	2 836
Current assets	**44 692**	53 147
Listed investments	**8 450**	2 684
Trade and other receivables	**2 401**	2 127
Cash and cash equivalents	**33 841**	48 336
Investment property held for sale	**2 150**	–
Total assets	**147 028**	144 769
EQUITY AND LIABILITIES		
Equity and reserves		
Ordinary share capital	**857**	857
Non-current liabilities	**138 006**	126 555
Linked unit debentures and premium	**133 235**	124 877
Deferred taxation	**4 771**	1 678
Current liabilities	**8 165**	17 357
Taxation	**35**	2 017
Trade and other payables	**8 130**	15 340
Total equity and liabilities	**147 028**	144 769

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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		219	**219**
Balance at 30 June 2010	857	124 020	**124 877**
Net fair value adjustment		8 358	**8 358**
Balance at 30 June 2011	857	132 378	**133 235**

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Audited 12 months to 30 June 2011 R'000	Audited 15 months to 30 June 2010 R'000
Gross revenue	**17 295**	19 801
Rental income – contractual	**17 502**	19 541
– straight-line accrual	**(207)**	260
Operating profit	**5 910**	8 962
Fair value adjustment to listed investments	**288**	12
Fair value adjustment to investment properties	**10 756**	2 340
Fair value adjustment to debentures	**(8 358)**	(219)
Finance cost	**(6)**	(810)
Foreign exchange gains	**588**	–
Investment revenue	**2 256**	4 389
Dividends received	**290**	–
Profit before debenture interest	**11 724**	14 674
Debenture interest	**(9 352)**	(11 832)
Profit before taxation	**2 372**	2 842
Taxation	**(2 372)**	(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		
Profit attributable to linked shareholders*	**–**	–
Fair value adjustment to investment properties (net of taxation)	**(7 744)**	(1 685)
Headline and diluted headline loss attributable to shareholders	**(7 744)**	(1 685)
Fair value adjustment to debentures	**8 358**	219
Debenture interest	**9 352**	11 832
Headline and diluted headline profit attributable to linked unitholders	**9 966**	10 366
Distribution (debenture interest)		
Interim interest distribution per linked unit (cents)	**5.0**	10.0
Final interest distribution per linked unit (cents)	**5.9**	3.8
Total interest distribution per linked unit (cents)	**10.9**	13.8
Earnings per share		
Basic and diluted earnings per share (cents)*	**–**	–
Headline and diluted headline loss per share (cents)*	**(9.0)**	(2.0)
Headline and diluted headline earnings per linked unit (cents)*	**11.6**	12.1
Net asset value per linked unit and net tangible asset value per linked unit (cents)**	**156.3**	146.6
Linked unit statistics (excluding treasury shares)		
Linked units in issue	**85 795 988**	85 795 988
Effective linked units in issue	**85 721 986**	85 721 986
Weighted average number of linked units	**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.

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 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

	Audited 30 June 2011	Audited 30 June 2010
Regional profile based on leasable area		
Eastern Cape	**29%**	29%
Free State	**10%**	12%
Gauteng	**20%**	20%
KwaZulu-Natal	**41%**	39%
Vacancy profile based on gross lease area		
Gross lease area in metres squared as at end of period	**26 269**	27 021
Vacancy area in metres squared	**5 653**	7 507
Vacancy area as % of gross lease area	**21.5%**	27.8%
Regional vacancy profile		
Eastern Cape	**23%**	12%
Free State	**0%**	25%
Gauteng	**62%**	52%
KwaZulu-Natal	**15%**	12%

Basis of preparation and accounting policies

The accounting policies applied in the preparation of these audited condensed consolidated results for the year ended 30 June 2011, 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, except for the adoption of new and amended IFRS and IFRIC interpretations, these did not impact on the financial position or performance of the company but has resulted in additional disclosures. These audited condensed consolidated results as set out in this report have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the AC 500 standards as issued by the accounting practices board and containing the information required by IAS 34: Interim Financial Reporting", the Companies Act of South Africa, as amended, and the Listings Requirements of the JSE Limited.

These audited condensed consolidated results for the year ended 30 June 2011 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.

Estimates
The financial statements do not include any material estimates.

Auditors' report
The audited financial results for the year ended 30 June 2011 set out above have been extracted from the Group's annual financial statements which have been audited by BDO South Africa Inc. A copy of their unmodified audit opinion on the consolidated annual financial statements and on the audited condensed consolidated results is available for inspection at the Company's registered offices.

Annual general meeting
The annual general meeting of linked unitholders of Fairvest will be held at its registered office on Thursday 17 November 2011 at 11:00.

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.

Change of financial year end

During the previous reporting period Fairvest Property Holdings Limited and its subsidiaries changed their year end from 31 March to 30 June. Consequently the comparative reporting period represents 15 months whilst the current period represents 12 months, thus the amounts are not entirely comparable between 2011 and 2010.

Review of results

2011 marked the end of the consolidation phase of the Fairvest property portfolio. The current portfolio is now poised for growth. Management is in the process of implementing a new investment strategy and key executives will be appointed.

As mentioned in our 2010 Annual Report and interim results for the six months ended 31 December 2010, we continue to enhance our current portfolio through extensive maintenance projects. In the short term, these projects will significantly impact on our turnover growth and operating profits, while the projects are concluded, however we are confident that these projects will realise the full potential of our current portfolio. During the period under review the value of these projects were R2.9 million which reduced our operating profits and distributions accordingly.

The net asset value per linked unit increased from 146.6 cents to 156.3 cents. The increase is largely as a result of an increase in the valuations of the property portfolio as well as gains on the listed property investments.

The number of properties in the portfolio has remained unchanged during the period under review at 11. During the period under review a new development commenced on one of our current properties. After year end one unoccupied property was disposed of.

During the period, the property portfolio under management increased from R88.8 million to R97.3 million mainly as a result of improved occupancies and maintenance projects adding value to the current properties.

Revenue decreased by 12.7% to R17.3 million during the period under review, however the current financial period comprised of 12 months compared to 15 months in the previous year. Annualised revenue increased by 5.9% as vacancies continue to decrease. Vacancies decreased from 27.8% in the previous year to 21.5%, of which 5.0% relates to an unoccupied property that was sold after year end, 7.3% to an untenantable property and 3.5% to a property being refurbished, bringing the effective vacancies to 5.7% of the gross leasable area.

Operating profit decreased by 34.1% to R5.9 million during the period under review. Annualised operating profit decreased by 11.2%. By taking into account the one-off expenses incurred on maintenance projects, as mentioned earlier, operating profits increased by 22.8%.

In March 2011 an interim distribution of 5.0 cents per linked unit for the six months ended 31 December 2010 was paid; and together with the final interest declaration of 5.9 cents per linked unit, brings the total distribution to 10.9 cents (2010: 13.8 cents) per linked unit for the period, a decrease of 21.0% from the prior year. Annualised distribution decreased by 1.3% from the prior year mainly because of one-off expenses incurred.

During the period under review Fairvest invested a further R4.881 million (AU$0.734 million) in the Australian listed property sector. R3.936 million (AU$0.952 million) was invested in 321 519 Growthpoint Australia shares and R0.945 million (AU$0.142 million) in 141 000 Cromwell Property Group shares. Listed property investments increased by R1.185 million during the period under review as a result of favourable exchange rates and increases in the value of the share prices.

Interest distributions and dividends
Interest on debentures has been calculated in terms of the Debenture Trust Deed. A final interest distribution of 5.9 cents per linked unit has been declared bringing the total distribution to linked unitholders to 10.9 cents for the year ended 30 June 2011. The distribution is payable to linked unitholders registered in the books of the Company at the close of business on Friday, 28 October 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, 21 October 2011
Linked units commence trading ex interest payment	Monday, 24 October 2011
Record date	Friday, 28 October 2011
Payment date	Monday, 31 October 2011

Linked units may not be dematerialised or rematerialised between Monday 24 October 2011 and Friday 28 October 2011, both days inclusive.

Directorate
LW Andrag was appointed as an independent non-executive director on 1 December 2010. D Wilder was appointed as an executive director on 22 September 2011, with A Marcus appointed as his alternate on the board.

Subsequent events
The directors of Fairvest are not aware of any material matter or circumstance arising between 30 June 2011 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
Chairman

BJ Kriel
Chief Executive Officer and Financial Director

29 September 2011
Cape Town

ANNEXURE 2

General information

1. Directors

The Company's directors are as follows:

JF (Jacques) du Toit (age 40)
Non-executive Chairman
Jacques has been on the Fairvest board since October 2007 as a non-executive director. 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.

BJ (Jacques) Kriel (age 32)
CEO and Financial director
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.

D (Darren) Wilder (age 43)
Executive director
Darren worked for Seeff 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. Darren co-founded Spearhead Property Group and was part of the team that listed the company on the JSE. He was appointed COO in 1999. Darren's work experience also includes national leasing director for Madison Properties, business development director of the V&A Waterfront and also a consultant to the chief executive officer of the V&A Waterfront.

A (Adam) Marcus (age 38)
Alternate director to D Wilder
Adam graduated in 1995 from the University of Cape Town with a BSc (CM) after which he joined Golding Commercial. During his time with Golding Commercial, he headed up the investment sales division, structuring investment and development transactions. During 1999, he founded Gateway Property Developments, which has a 12-year track record of delivering commercial property developments.

M (Martin) Epstein (age 41)
Non-executive director
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.

PJ (Pieter) van der Merwe (age 63)
Independent non-executive director
Pieter has over 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.

LW (Louis) Andrag (age 38)
Independent non-executive director
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.

2. **Directors interest in securities**
2011

	Beneficial holdings		Non-beneficial holdings		
Name	**Direct**	**Indirect**	**Direct**	**Indirect**	**%**
BJ Kriel	**–**	**21 500 000**	**–**	**–**	**25.06**
JF du Toit	**–**	**51 600 078**	**–**	**–**	**60.14**
Total	**–**	**73 100 078**	**–**	**–**	**85.20**

2010					
BJ Kriel	–	16 498 875	–	–	19.23
JF du Toit	–	42 595 048	–	–	49.65
Total	–	58 093 923	–	–	68.88

Note:
1. There has been no change in the directors' interest from the financial year end of the Company up until the approval of the financial statements.

3. **Major unitholders**

	Number of linked unitholders	Per-centage of linked unitholders	Number of linked units	Per-centage of linked units
Linked unitholder spread				
1 – 1 000 linked units	892	84.71	72 659	0.08
1 001 – 10 000 linked units	60	5.70	243 144	0.28
10 001 – 100 000 linked units	61	5.79	2 323 074	2.71
100 001 – 1 000 000 linked units	33	3.13	9 819 700	11.45
1 000 001 linked units and over	7	0.67	73 337 411	85.48
Total	**1 053**	**100.00**	**85 795 988**	**100.00**
Public/non-public linked unitholders				
Non-public members	8	0.76	73 174 080	85.29
Directors and associates of the Company holdings	7	0.66	73 100 078	85.20
Own holdings	1	0.10	74,002	0.09
Public linked unitholders	1 045	99.24	12 621 908	14.71
Public linked unitholders	**1 053**	**100.00**	**85 795 988**	**100.00**

4. **Share capital of the company at 30 June 2011**
Authorised
300 000 000 (2010: 300 000 000) Ordinary shares with a par value of 1 cent each.

30 000 000 (2010: 30 000 000) Cumulative redeemable convertible preference shares of 1 cent each.

Issued
85 795 988 (2010: 85 795 988) ordinary shares of 1 cent each.

During the year no shares were issued.

5. **Material changes**
There has been no material change in the financial or trading position of the Company and its subsidiaries subsequent to the Company's financial year end, being 30 June 2011.

6. **Responsibility statement**
The directors whose names are given on page 1 of this Annexure 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 the notice contains all information required by law and the Listings Requirements of the JSE.

ANNEXURE 3: INFORMATION REGARDING THE ADOPTION OF THE MANAGEMENT AGREEMENT BY FAIRVEST PROPERTY HOLDINGS LIMITED ("FAIRVEST" OR "THE COMPANY")

1. Introduction and rationale

1.1. The board of Fairvest wish to recapitalise the Company and to change the strategy of the Company to become a predominantly retail focused property company.

1.2. The new strategy of the Company will entail the Company predominantly investing in shopping centres in townships and non-metropolitan areas with a specific focus on middle to lower income consumers. The Company will however endeavour to maintain a tenant base of predominantly national tenants.

1.3. The board of Fairvest are of the view that an opportunity exists in the retail sector targeting the increasing purchasing power of consumers in the LSM 4 to 7 bands.

1.4. In order to implement the new strategy it is necessary to appoint new management to the Company. Fairvest have identified Messrs Darren Wilder ("**Wilder**") and Adam Marcus ("**Marcus**") as the new management to drive the strategy forward ("**New Management**").

1.5. Given the size of Fairvest's current portfolio, it is more cost effective to appoint the New Management through a management company structure. In addition the formation of a management company is necessary in order to appropriately incentivise the New Management going forward.

1.6. Therefore the board of Fairvest have resolved, subject to shareholder approval, to enter into a management agreement ("**Management Agreement**") with New Star Asset Management (Proprietary) Limited ("**Manco**"). In addition, Wilder has been appointed as executive director of Fairvest and Marcus as an alternate director to Wilder.

2. Purpose of Annexure 3

The purpose of Annexure 3 is to provide Fairvest linked unitholders with the relevant information relating to the adoption of the Management Agreement, the implications thereof and to enable Fairvest linked unitholders to make an informed decision as to whether or not they should vote in favour of the requisite resolution necessary to give effect thereto. In terms of the Listings Requirements of the JSE ("**Listings Requirements**"), any parties or their associates who are party to or have an interest in the Management Agreement cannot vote on the adoption of the Management Agreement.

3. Information on New Management

Wilder and Marcus are a management team with vast skills and experience in the real estate sector.

A summary of their experience is set out below.

Wilder worked for Seeff 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. He co-founded Spearhead Property Group and was part of the team that listed the company on the JSE. He was appointed COO in 1999. His work experience also includes National Leasing Director for Madison Properties, business development director of the V&A Waterfront and also a consultant to the chief executive officer of the V&A Waterfront.

Marcus graduated in 1995 from the University of Cape Town with a BSc (CM) after which he joined Golding Commercial. During his time with Golding Commercial, he headed up the Investment Sales Division, structuring investment and development transactions. During 1999, he founded Gateway Property Developments, which has a 12-year track record of delivering commercial property developments.

4. Adoption of the Management Agreement

Fairvest and Manco have entered into the Management Agreement which, subject to unitholder approval, will commence on 1 October 2011.

In terms of the Management Agreement, Manco will:

4.1. manage the property portfolio on behalf of the Company;

4.2. facilitate the implementation of the new strategy;

4.3. facilitate the recapitalisation of the Company;

4.4. undertake the management, administration and secretarial work of the Company, save for where specifically excluded; and

4.5. ensure and procure that the underlying properties are maintained in a good order and condition (fair wear and tear excepted) and to engage the services of the necessary contractors on behalf of the Company and at the Company's expense to attend to the aforegoing.

5. Salient features of the Management Agreement

Extracts of the salient features of the Management Agreement are set out in Annexure 3A to the Notice.

6. Directors' responsibility statement

The board of directors of Fairvest:

6.1. collectively and individually, accept full responsibility for the accuracy of the information given;

6.2. 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;

6.3. that all reasonable enquiries to ascertain such facts have been made; and

6.4. that Annexure 3 contains all information required by law and the Listings Requirements.

7. Opinions and recommendations

The directors of Fairvest are of the opinion that the adoption of the Management Agreement will be to the benefit of Fairvest linked unitholders, given the expertise and knowledge of the New Management and the new strategy to be implemented by the New Management. Accordingly, the board recommends that linked unitholders vote in favour of the ordinary resolution to be proposed at the annual general meeting to approve the adoption of the Management Agreement.

The directors of Fairvest who are not excluded from voting as set out in this Annexure 3, have indicated that they will vote in favour of the ordinary resolutions to be proposed at the annual general meeting to approve the adoption of the management agreement.

8. Notice of annual general meeting

8.1. This Annexure 3 forms part of the notice convening the annual general meeting to approve the adoption of the Management Agreement. The annual general meeting will be held in the boardroom, 1st Floor East Wing, The Palms, 145 Sir Lowry Road, Cape Town on Thursday 17 November 2011, at 11:00.

8.2. **Fairvest linked unitholder approval**

The adoption of the Management Agreement is subject to approval by ordinary resolution of Fairvest linked unitholders present or represented by proxy at the annual general meeting and entitled to vote.

Mr Jacques du Toit, the Chairman of the Company holds an indirect beneficial interest in Manco and therefore Mr Jacques du Toit and his associates cannot vote will on the resolution at the annual general meeting to approve the adoption of the Management Agreement.

9. Documents available for inspection

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Fairvest and at the office of the sponsor, from the date of the posting of the notice convening the annual general meeting up to and including the date of the annual general meeting:

9.1. the memoranda and articles of association of Fairvest; and

9.2. the Management Agreement.

ANNEXURE 3A: SALIENT FEATURES OF THE 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 approved 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 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 arm's length basis, at market-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 6 months; and

16.1.2. must purchase the business conducted by the asset manager when or in the event that Fairvest terminates the agreement (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 Listings 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, licences, 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 programme 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 programme (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 advisors, 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 x 0.5%, provided that the full commission is to be refunded if the tenancy endures for less than 6 months.

2. *Lease agreements*
   2.5% of the first 2 years' rental, 1.25% on the next 3 years' rental, 0.75% on the following 3 years' rental and 0.5% 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 50% of the rates set out in paragraphs 1 and 2 above, as applicable."